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Small and medium Enterprises And the enjoinment of economic human rights:Evidence from Egypt

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2007

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MPRA Paper No. 32123, posted 11 Jul 2011 02:13 UTC

Small and medium Enterprises
And the enjoiment of economic human rights:
Evidence from Egypt

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2010

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ABSTRACT:

Despite the serious and sustained attempts to promote and advance the protection of human rights and the consolidation of values and awareness of and contribute to guaranteeing them the exercise, but the Egyptian society suffers significantly from the weak suit, human rights and especially the economic ones, there was growing unemployment and poverty rates in Egypt, which requires the need to pump new investments to address the severity of this problem that accumulate day after day, with negative repercussions on the society of the proliferation of social crimes, and the high dependency ratio and delayed age of marriage, as well as the security implications and psychological trauma. Self-development in the world of the World Bank in 2005 indicates that 43.9% of Egyptians live on less than two dollars a day and about 16.7% live below the poverty line, in addition to the decline in total public spending on health in Egypt with a nearly 1.8% of the Gross domestic product, coupled with a low level of education and lack of output to the skills needed to achieve competitive at the international level and even regional levels. , confirms that the Egyptian society still has many of the major challenges to be addressed quickly in the realization of the economic rights of citizens. This research aims to shed light on Small enterprises as an instrument of enjoyment of the economic human rights in Egypt

Chapter I: Human Rights (concept - Characteristics - categories):

1 - Human rights: Definitions and Classifications:

A. Defining human rights

Human rights are commonly understood as being those rights which are inherent in the mere fact of being human. The concept of human rights is based on the belief that every human being is entitled to enjoy her/his rights without discrimination. Human rights differ from other rights in two respects. Firstly, they are characterised by being¹:

- Inherent in all human beings by virtue of their humanity alone (they do not have, *e.g.*, to be purchased or to be granted);
- Inalienable (within qualified legal boundaries); and
- Equally applicable to all.

Secondly, the main duties deriving from human rights fall on states and their authorities or agents, not on individuals.

One important implication of these characteristics is that human rights must themselves be protected by law ('the rule of law'). Furthermore, any disputes about these rights should be submitted for adjudication through a competent, impartial and independent tribunal, applying procedures which ensure full equality and fairness to all the parties, and determining the question in accordance with clear, specific and pre-existing laws, known to the public and openly declared.

The idea of basic rights originated from the need to protect the individual against the (arbitrary) use of state power. Attention was therefore initially focused on those rights

¹ <http://www.humanrights.is/the-human-rights-project/humanrightscasesandmaterials/humanrightskonceptsideasandfora/theconceptsofhumanrightsanintroduction/definitionsandclassifications/>

which oblige governments to refrain from certain actions. Human rights in this category are generally referred to as ‘fundamental freedoms’. As human rights are viewed as a precondition for leading a dignified human existence, they serve as a guide and touchstone for legislation.

The specific nature of human rights, as an essential precondition for human development, implies that they can have a bearing on relations both between the individual and the state, and between individuals themselves. The individual-state relationship is known as the ‘vertical effect’ of human rights. While the primary purpose of human rights is to establish rules for relations between the individual and the state, several of these rights can also have implications for relations among individuals. This so-called ‘horizontal effect’ implies, among other things, that a government not only has an obligation to refrain from violating human rights, but also has a duty to protect the individual from infringements by other individuals. The right to life thus means that the government must strive to protect people against homicide by their fellow human beings. Similarly, Article 17(1) and (2) of the ICCPR obliges governments to protect individuals against unlawful interference with their privacy. Another typical example is the Convention of the Elimination of All Forms of Racial Discrimination (CERD), which obliges states to prevent racial discrimination between human beings. State obligations regarding human rights may involve desisting from certain activities (*e.g.*, torture) or acting in certain ways (*e.g.*, organising free elections).

B. Classifications of Human rights:

1. *Civil rights*

The term ‘civil rights’ is often used with reference to the rights set out in the first eighteen articles of the UDHR, almost all of which are also set out as binding treaty norms in the ICCPR. From this group, a further set of ‘physical integrity rights’ has been identified, which concern the right to life, liberty and security of the person, and which offer protection from physical violence against the person, torture and

inhuman treatment, arbitrary arrest, detention, exile, slavery and servitude, interference with one's privacy and right of ownership, restriction of one's freedom of movement, and the freedom of thought, conscience and religion. The difference between 'basic rights' (see below) and 'physical integrity rights' lies in the fact that the former include economic and social rights, but do not include rights such as protection of privacy and ownership.

Although not strictly an integrity right, the right to equal treatment and protection in law certainly qualifies as a civil right. Moreover, this right plays an essential role in the realisation of economic, social and cultural rights.

Another group of civil rights is referred to under the collective term 'due process rights'. These pertain, among other things, to the right to a public hearing by an independent and impartial tribunal, the 'presumption of innocence', the *ne bis in idem* principle (freedom from double jeopardy) and legal assistance (see, e.g., Articles 9, 10, 14 and 15 ICCPR).

2. Political rights

In general, political rights are those set out in Articles 19 to 21 UDHR and also codified in the ICCPR. They include freedom of expression, freedom of association and assembly, the right to take part in the government of one's country and the right to vote and stand for election at genuine periodic elections held by secret ballot (see Articles 18, 19, 21, 22 and 25 ICCPR).

3. Economic and social rights

The economic and social rights are listed in Articles 22 to 26 UDHR, and further developed and set out as binding treaty norms in the ICESCR. These rights provide the conditions necessary for prosperity and wellbeing. Economic rights refer, for example, to the right to property, the right to work, which one freely chooses or accepts, the right to a fair wage, a reasonable limitation of working hours, and trade union rights. Social rights are those rights necessary for an adequate standard of

living, including rights to health, shelter, food, social care, and the right to education (see Articles 6 to 14 ICESCR).

4. Cultural rights

The UDHR lists cultural rights in Articles 27 and 28: the right to participate freely in the cultural life of the community, the right to share in scientific advancement and the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which one is the author (see also Article 15 ICESCR and Article 27 ICCPR).

The alleged dichotomy between civil and political rights, and economic, social and cultural rights

Traditionally it has been argued that there are fundamental differences between economic, social and cultural rights, and civil and political rights. These two categories of rights have been seen as two different concepts and their differences have been characterised as a dichotomy. According to this view, civil and political rights are considered to be expressed in very precise language, imposing merely negative obligations which do not require resources for their implementation, and which therefore can be applied immediately. On the other hand, economic, social and cultural rights are considered to be expressed in vague terms, imposing only positive obligations conditional on the existence of resources and therefore involving a progressive realisation.

As a consequence of these alleged differences, it has been argued that civil and political rights are justiciable whereas economic, social and cultural rights are not. In other words, this view holds that only violations of civil and political rights can be adjudicated by judicial or similar bodies, while economic, social and cultural rights are 'by their nature' non-justiciable.

Over the years, economic, social and cultural rights have been re-examined and their juridical validity and applicability have been increasingly stressed. During the last decade, we have witnessed the development of a large and growing body of caselaw of domestic courts concerning economic, social and cultural rights. This caselaw, at the national and international level, suggests a potential role for creative and sensitive decisions of judicial and quasi-judicial bodies with respect to these rights.

Many international fora have elaborated on the indivisibility and interdependency of human rights. As stated in the 1993 Vienna Declaration and Programme of Action: ‘All human rights are universal, indivisible and interdependent and interrelated. The international community must treat human rights globally in a fair and equal manner, on the same footing, and with the same emphasis.’ The European Union (EU) and its member states have also made it clear on numerous occasions that they subscribe to the view that both categories of human rights are of equal importance, in the sense that an existence worthy of human dignity is only possible if both civil and political rights and economic, social and cultural rights are enjoyed. In their Declaration of 21 July 1986, they affirmed that ‘the promotion of economic, social and cultural rights as well as of civil and political rights is of paramount importance for the full realisation of human dignity and for the attainment of the legitimate aspirations of every individual.’

The so-called Limburg Principles on the Implementation of the ICESCR also indicate that a sharp distinction between civil and political rights on the one hand and economic, social and cultural rights on the other is not accurate. These principles were drawn up in 1986 by a group of independent experts, and followed in 1997 by the Maastricht Guidelines on Violations of Economic, Social and Cultural Rights. Together, these documents provide a clear explanation of the nature of the state party obligations under the ICESCR. The same can be said of the 1990 General Comment 3 of the UN Committee on Economic, Social and Cultural Rights on the nature of states parties’ obligations in relation to the ICESCR.

Fortunately, continuous declarations at the international level on the indivisibility and interdependency of all rights have finally been codified by way of the recently adopted Optional Protocol to the ICESCR. States parties to the Optional Protocol will recognise the competence of the Committee on Economic, Social and Cultural Rights to receive and consider individual and collective complaints alleging violations of economic, social and cultural rights set forth in the ICESCR. The Committee will also be empowered to request interim measures to avoid possible irreparable damage to the victims of the alleged violations and, where it receives reliable information indicating grave or systematic violations, it shall conduct an inquiry which may include a visit to the state party.

The adoption of the Optional Protocol on the 60th anniversary of the UDHR, on 10 December 2008, represents an historic advance for human rights. Firstly, economic, social and cultural rights - historically demoted to an inferior status with limited protection - are now finally on an equal footing with civil and political rights. Secondly, through an individual complaints procedure the meaning and scope of these rights will become more precise, facilitating efforts to respect and guarantee their enjoyment. Thirdly, the existence of a potential 'remedy' at the international level will provide an incentive to individuals and groups to formulate some of their economic and social claims in terms of rights. Finally, the possibility of an adverse 'finding' of the Committee on Economic, Social and Cultural Rights will give economic, social and cultural rights salience in terms of the political concerns of governments; which these rights largely lack at present.

Chapter II: Economic human rights in Egypt

Reflects the concept of development, the idea of complementarity between human rights development is a (comprehensive) is also decided Declaration on the Right to Development adopted by General Assembly resolution 41/128 of December 4, 1986 the process of economic, social, cultural and political process aimed at continuous improvement of the welfare of the entire population and of all individuals, and saw this ad that all human rights and fundamental freedoms are indivisible and interdependent, and that promoting development must be given equal attention to the implementation, promotion and protection of civil and political rights, economic, social and cultural rights. With the publication of World Development Report for 2001/2002 highlighted the importance of development in addressing the multifaceted dimensions of poverty. As that efforts to increase the integration of various aspects of development thinking, went way beyond that - in recent years - so that started on social justice and human rights.

1 - The Human rights principles embodied in Egyptian legislation:

The Constitution, as a document, enjoys a special status, and was at the forefront of national demands for many years, around which evolved the national struggle from the start of Egypt's modern era in 1805 up to the promulgation of the country's first Constitution in 1882, which was abolished as a result of the British occupation. The national struggle continued until the independence Constitution was issued in 1923. Thereafter, a number of constitutions replaced each other in succession. The most important constitution came after the Revolution in 1952. It was then followed by the Constitution of the United Arab Republic in 1958, which came into force after the

establishment of union between Egypt and Syria. The State's permanent constitution was issued in 1971, and is presently applicable. This Constitution came into force after a public referendum on 11 September 1971 and was amended on 22 May 1980 to introduce the Shoura Council and the Press. At the time of drafting the Constitution, Egypt was among the signatory states (on 4 August 1967) of the International Covenant on Civil and Political Rights and of the International Covenant on Economic, Social and Cultural Rights, which were issued by the United Nations in 1966. Egypt was, in fact, a signatory of a number of international conventions on human rights then in existence and in force, such as the four Geneva Conventions for the protection of war victims; the Convention on the Prevention and Punishment of the Crime of Genocide; the Convention relating to the status of refugees; the two Conventions concerning forced or compulsory labour (1930, 1957); the Convention on slavery and its supplementary conventions; the Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others; and the Convention on the Elimination of Racial Discrimination. The instrument of proclamation of the permanent Egyptian Constitution articulated the fundamental directions and bases followed by the constitutional legislator in this field, and reaffirmed the immense importance of the principles of human rights and fundamental freedoms for all. The instrument provides that: "This Constitution establishes a faith that political and social development for all peoples can not be effected or achieved except with the freedom and free will of these peoples, and that no civilization deserves a name unless if free of any regimes of exploitation, irrespective of form or kind". It further provides that:" convinced that the nation's national and international experiences have achieved an integration that may reach unity with the universality of the human struggle for liberation of the human person politically, economically, culturally and intellectually, and of the war against all powers and the residue of backwardness, domination and exploitation". It also provides that : "recognizing that humanity and the glory of the human person is the light that guides and directs the course of the great progress of Mankind towards its ideal; that the dignity of the human person is a mirror image of the dignity of the

nation since the individual is the cornerstone in building the nation; that with his worth, work and dignity is the stature, strength and prestige of the nation; and that the rule of law is not only a security required for the freedom of the individual, but also the only basis for the legitimacy of authority". The content of the instrument of declaration of the permanent Constitution of Egypt reflects Egypt's national and stable vision throughout the annals of history, of its respect for human dignity and the Universality of human rights, and reflects its assertion of the rule of law as the basis for the legitimacy of authority. At that time, this vision was in the forefront of the movement of history and, indeed, embraced all modern global developments in the international arena, in particular those relating to the principles of human rights and fundamental freedoms, as established and developed by international efforts when the permanent Egyptian Constitution came into force. The incorporation of the principles of human rights and freedoms in the Egyptian Constitution has resulted in the enjoyment of these principles under the Egyptian legal system with the following legal effects:

1- The stability that is commonly enjoyed by constitutional provisions, represented by amendments or additions requiring that the necessary constitutional procedures be properly undertaken. These procedures are protracted, which, in itself, constitutes a security and inevitably leads to referral to the people for a referendum on the amendment (Article 189 of the Constitution).

2- These provisions, as constitutional ones, are at the top of the constitutional hierarchy and as a result shall be in a higher position than other legal provisions issued by the legislature. The legislature must undertake, in performance of its functions, to observe and act in accordance with such provisions in a manner that ensures that these provisions are not prejudiced, breached or modified by subordinate legal provisions.

3- These provisions enjoy constitutional, judicial protection through the Supreme Court, which is competent to determine the constitutionality of laws by rulings that are binding on all authorities.

4- The competence of the Supreme Constitutional Court to interpret constitutional provisions by the issuance of binding decisions ensures that the interpretation of constitutional provisions relating to human rights and freedoms is in line with regulating constitutional provisions pursuant to the rules and procedures established in such regard. In addition to the advantages provided by the Egyptian legal system to human rights principles, arising by virtue of their incorporation into the Constitution, the human rights principles embodied in the Constitution enjoy a special security that is provided in the Constitution itself in Article (57), which provides that "Any assault on individual freedom or on the inviolability of private life of citizens and any other public rights and liberties guaranteed by the Constitution and the law shall be considered a crime, the criminal and civil prosecution of which is not limited by prescription. Thus, infringement on the principles of human rights and freedoms is criminalized, and ensures punishment of every perpetrator and, accordingly, guarantees a remedy for the victim for damage sustained as a result of these acts. Moreover, neither the crime nor any action shall lapse by prescription. These principles in detail as follows²:

First: Principles of Human Rights set forth in Chapter One of the Constitution: Chapter one of the Constitution addresses matters relating to fundamentals of the State in Egypt.

1- Principle that the People are the source of authorities (Article 21 of the Universal Declaration of Human Rights):

This principle is contained in Article 3 of the Constitution, which provides that "The People are the sole source of sovereignty and authority. The People shall exercise and protect this sovereignty, and safeguard national unity in the manner specified in the Constitution".

2- Principle of political freedom (Article 21 of the Universal Declaration of Human Rights):

²Arab Republic of Egypt (2004/2005), National Council for Human Rights Annual Report of The National Council for Human

This principle is contained in Article 5 as amended on 22 May 1980, which provides that "The political system of the Arab Republic of Egypt is a multiparty one, within the framework of the basic constituents and principles of Egyptian society as stipulated in the Constitution. Political parties are regulated by law."

3- Principle of the right to a nationality (Article 15 of the Universal Declaration of Human Rights):

This principle is contained in Article 6 of the Constitution, which provides that "The Egyptian nationality is defined by the law."

Second: Principles of Human Rights set forth in Chapter Two of the Constitution

Chapter two of the Constitution, titled "BASIC CONSTITUENTS OF THE SOCIETY", contains certain human rights principles, as follows:

1- Principle of equality of opportunity and the fair allocations of the burdens of public service:

This principle is contained in Article 8 of the Constitution, which provides that "The State shall guarantee equality of opportunity to all citizens."

2- Principle of protection of the family, mothers, infants and care of young persons (Articles 16 and 25 of the Universal Declaration of Human Rights):

This principle is contained in Articles 9 and 10 of the Constitution. Article 9 provides that "The family is the basis of society, which is founded on religion, morality and patriotism. The State is keen to preserve the genuine character of the Egyptian family- the embodiments of its values and traditions."

Article 10 provides that "The State shall guarantee the protection of mothers, infants and provide for children and young persons."

3- Principle of equality between men and women (Articles 1 and 2 of the Universal Declaration of Human Rights):

This principle is contained in Articles 40 and 11 of the Constitution. Article 11 provides that "The State shall guarantee the proper coordination between the duties of women towards the family and her work within society, with equality with men in political, social, cultural and economic life in conformity with the rules of Islamic

Sharia". Article 40 of the Constitution provides that: "All citizens are equal before the law. They have equal public rights and duties without discrimination between them due to race, ethnic origin, language, religion or creed".

4- Principle of the right to work and prevention of forced labour (Articles 4 and 23 of the Universal Declaration of Human Rights):

This principle is contained in Article 13 of the Constitution, which provides that "Work is a right, a duty and an honour ensured by the State. Workers who excel in their field of work shall receive the appreciation of the State. No work shall be imposed on citizens, except by virtue of the law, for the performance of a public service and in return for a fair remuneration".

5- Principle of the right to assume public positions (Article 21 of the Universal Declaration of Human Rights):

This principle is contained in Article 14, which provides that "Public positions are the right of all citizens and responsibility of those so employed in the service of the people..."

6- Principle of the right to cultural, social, health services and social security (Articles 22 and 24 of the Universal Declaration of Human Rights):

This principle is contained in Articles 16 and 17 of the Constitution. Article 16 provides that "The State shall guarantee cultural, social and health services, and to ensure continuous access thereof to villages in particular, to raise the standard of life therein." Article 17 provides that "The State shall guarantee social and health insurance services and all citizens shall be entitled to disability, unemployment and old-age pensions, in accordance with the law".

7- Principle of the right to free education at all stages and compulsory education at the elementary stages (Article 26 of the Universal Declaration of Human Rights):

This principle is contained in Articles 18 and 20 of the Constitution. Article 18 provides that "Education is a right guaranteed by the State. It is obligatory at the primary stage and the State shall endeavour to extend obligation to other stages".

Article 20 provides that "Education in the State educational institutions in its various stages shall be free of charge".

8- Principle of equal distribution of national income, minimum wage, elimination of unemployment and raising the standard of living (Articles 23, 24 & 25 of the Universal Declaration of Human Rights):

This principle is contained in Articles 23 and 25 of the Constitution. Article 23 provides that "The national economy shall be organised in accordance with a comprehensive development plan which ensures raising the national income, fair distribution of income, raising the standard of living, eliminating unemployment, increasing work opportunities, and determining a minimum wage.."

Article 25 provides that "Every citizen shall have a share in the national product to be defined by law".

9- Principle of safeguarding and protecting the rights of private property (Article 17 of the Universal Declaration of Human Rights):

This principle is contained in Article 34 and 36 of the Constitution. Article 34 provides that "Private property shall be safeguarded and may not be sequestered except in cases specified by law and by judicial decision. Private property may not be expropriated except for the public interest and against a fair compensation in accordance with law. The right of inheritance is guaranteed". Article 36 provides that "Public sequestration of funds shall be prohibited. Private sequestration shall not be permitted except by judicial decision".

Third: Principles of Human Rights set forth in Chapter Three of the constitution

The Constitution earmarks Chapter three, which is titled "General Freedoms, Rights and Duties", to highlight several principles embodied in international human rights agreements. We will examine these principles in the order of their appearance in the Constitution, as follows:

1- Principle of equality of rights and duties, and protection against discrimination or racial discrimination (Articles 1, 2 & 7 of the Universal Declaration of Human Rights):

This principle is contained in Article 40 of the Constitution, which provides that "All citizens are equal before the law. They have equal public rights and duties without discrimination of race, ethnic origin, language, religion or creed."

2- Principle of the right to personal freedom (Article 3 of the Universal Declaration of Human Rights):

This principle is contained in Articles 41 of the Constitution, which provides that "Personal freedom is a natural right and shall not be abridged. Except for cases of apprehension in the act of commission of a crime, no person may be arrested, and searched, nor may his freedom be restricted by any restriction nor may he be prevented from free movement, except by an order resulting from investigations and for the security of the society. This order shall be issued by the competent judge or the Public Prosecution in accordance with the provisions of the law. The law shall determine the period of detention".

3- Principle of treatment of arrested persons in a manner that preserves their dignity and does not subject them to physical or moral injury or torture, and no detention may be effected in places other than those subject to laws regulating prisons, and no evidence obtained under duress or coercion shall be valid (Articles 5 & 9 of the Universal Declaration of Human Rights):

This principle is contained in Articles 42 which provides that "Any person arrested, detained or with restricted freedom shall be treated in concomitant with the preservation of his dignity. No physical or moral injury or torture shall be inflicted. He may not be detained or imprisoned except in places defined by law regulating prisons. If a confession is proved to have been obtained under duress or coercion, it shall be deemed invalid.

4- Principle of the inadmissibility of conducting medical or scientific experiments on any person without his free consent (Article 3 of the Universal Declaration of Human Rights):

This principle is contained in Article 43 of the Constitution, which provides that "Any medical or scientific experiments may not be conducted on any person without his free consent".

5- Principle of the sanctity of homes and private lives of citizens (Article 12 of the Universal Declaration of Human Rights):

This principle is contained in Articles 44 and 45 of the Constitution. Article 44 provides that "Homes shall be inviolate and may not be entered or inspected except with a judicial order justifiable according to law." Article 45 provides that "the inviolability of the private live of citizens is protected by law. Means of communication are inviolable, the private nature of which is secured, and may not be monitored except with a justified judicial order for a definite period pursuant to provisions of law".

6- Principle of the right to freedom of belief creed and worship (Article 18 of the Universal Declaration of Human Rights):

This principle is contained in Article 46, which provides that "The State shall guarantee the freedom of belief and the freedom of worship."

7- Principle of the right to freedom of opinion and expression and of mass media and publishing (Article 19 of the Universal Declaration of Human Rights):

This principle is contained in Articles 47 and 48 of the Constitution. Article 47 provides that "Freedom of opinion is guaranteed. Every individual has the right to express his opinion and to publicize it verbally or in writing or by other means of expression within the limits of law. Self-criticism and constructive criticism is a guarantee of the safety of the national structure".

Article 48 provides that "Freedom of the press, printing, publication and mass media shall be guaranteed. Censorship of newspapers is prohibited, nor may they be censored, or suspended by the administrative methods. In a state of emergency or in time of war a limited censorship may be imposed on newspapers, publications and mass media in matters related to public safety or for purposes of national security in accordance with law".

8- Principle of freedom of scientific research and literary, artistic and cultural creativity (Articles 27 of the Universal Declaration of Human Rights):

This principle is contained in Article 49 of the Constitution, which provides that "The State shall guarantee the freedom of scientific research and literary, artistic and cultural creativity and shall provide the necessary means to support such achievement."

9- Principle of the right to freedom of movement and residence, and of prohibition of deportation or prevention from return (Article 13 of the Universal Declaration of Human Rights):

This principle is contained in Articles 50 and 51 of the Constitution. Article 50 provides that "No citizen may be prohibited from residing anywhere and no citizen may be forced to reside in a particular area, except in cases specified by law."

Article 51 provides that "No citizen may be deported from the country or prevented from return".

10-Principle of the right to asylum by foreign refugees, and victims of persecution for reasons relating to the defence of the peoples' interests and human rights, peace or justice, and the principle of prohibition of extradition of political refugees (Articles 14 of the Universal Declaration of Human Rights):

This principle is contained in Article 53 of the Constitution, which provides that "The right to political asylum shall be guaranteed by the State to every foreign person persecuted for defending the peoples' interests, human rights, peace or justice. Extradition of political refugees is prohibited".

11-Principle of the right to assembly (Article 20 of the Universal Declaration of Human Rights):

This principle is contained in Article 54 of the Constitution, which provides that "Citizens shall have the right to peaceable and unarmed private assembly, without the need for prior notice. Security authorities may not attend these private meetings. Public meetings, processions and gatherings are permitted within the limit of the law".

12-Principle of the right to form and belong to associations (Article 20 of the Universal Declaration of Human Rights):

This principle is contained in Article 55 of the Constitution, which provides that "Citizens shall have the right to form associations as defined in the law. The establishment of associations with activities hostile to the social system, clandestine or of a military nature are prohibited."

13-Principle of the right to form and to join syndicates and trade unions (Article 23 of the Universal Declaration of Human Rights):

This principle is contained in Article 56 of the Constitution, which provides that "The creation of syndicates and unions on a democratic basis is a right guaranteed by law. Syndicates and unions shall have a legal personality, shall hold their members answerable for their conduct in carrying out their activity based on a code of ethics, and shall defend rights and freedoms that are established by law for its members."

14-Principle of the right to vote and nominate (Article 21 of the Universal Declaration of Human Rights)

This principle is contained in Article 62 of the Constitution, which provides that "Citizens shall have the right to vote, nominate and express their opinions in referenda according to the provisions of law. Their participation in public life is a national duty."

2 - The reality of economic and social development in Egypt:

The Constitution guarantees several economic, social and cultural rights, while the law protects a number of these rights. Further, the government shoulders the burden of the liabilities emanating from its ratification of a number of international conventions, headed by the International Covenant on Economic, Social and Cultural Rights and the Labor Organization agreement. The government programs assert its commitment to human development and governance principles: dominance of the rule of law, transparency, accountability and independence of the judiciary.

International criteria have determined the principles of graduation and capability, as a foundation for the implementation of the acknowledged rights. However, a consensus

exists on the understanding of this principle, that there are rights such as guaranteeing the non discrimination principle or the principle of equality between the male and female, which require immediate implementation and may not be postponed or carried out gradually. As for the other liabilities related to the allocation of resources, the State is under obligation to initiate this matter without delay by taking the measures to ensure gradual enjoyment of the rights.

Liberation from poverty is considered one of the basic human rights.³

This concept agrees with the right to adequate living standards for the individual and the family, promoted by international conventions. The state of poverty affects a vast group of the individuals' economic, social and cultural rights, as well as civil and political rights. The spread of poverty leads to serious social phenomena and creates a favorable environment for the spread of crimes, deviation and extremism.

Human rights literature distinguishes between two types of poverty. First, temporary poverty, such as the unemployment of academically qualified persons and skilled laborers; and, secondly, the state of chronic poverty due to structural reasons such as illiteracy or lower academic levels, absence of any professional skills or ill-health.

Additionally, the anthology warns that the harmful effects of poverty are not limited to the present generation. Rather, they flow over to the next generation affecting the children of poor families who constitute the workforce in the future. It points to what is known as "poverty duplicator" which leads to transfer of the poverty limit from generation to generation.

The studies note that poverty is an international phenomenon which is not limited only to developing countries. They also note the sensitivity of the governments of developing countries towards the poverty phenomenon, as they consider it an accusation leveled against them, and not as a feature of the underdevelopment suffered by the country, and hence the need for admitting it and taking the appropriate policies to eliminate it. The examination of the phenomenon on the

³ Arab Republic of Egypt (2004/2005), National Council for Human Rights Annual Report of The National Council for Human

national level suffers from confusion in defining the term, as well as shortage of in-depth field studies. However, since the mid 70's, the government has provided such studies and provide researchers with the available data, to assist in confronting poverty and its features. Till the end of the 90's, several in depth studies emerged, based on urban and rural populations, which used international definitions, scientific methodologies and approved a line for poverty ranging between 1332 pounds and 1500 pounds per capita annually. These studies indicated that poverty features in Egypt affect a percentage of the population ranging between 27 and 48%. They estimated that abject poverty amounts to 8.6% of the population and revealed that the poor and very poor are focused in the countryside. A study explained that the number of people living below poverty line amounts to 15.7 million citizens, while another study said they amounted to 26.8 million persons.

The studies revealed as well serious suffering on part of the poor as a result of reducing food subsidy due to the implementation of the structural conditioning program, while the compensatory means adopted by the government were not adequate. The results of such studies revealed a serious gap between the poor and non poor, particularly in the educational and health services.

The government initiated a joint study with the World Bank to lay down a comprehensive strategy to combat poverty in Egypt. The World Bank announced on 9 January 2005 the initial results of these studies, covering the period from 1996 to 2000 of the report, which revealed the following⁴ :

□ The alleviation of poverty is still one of the most persistent challenges, with the income of the individual reaching 1530 dollars in the year 2000-2001. Meanwhile, an extensive agreement was reached that the severity of poverty was reduced in the past decade. However, in the absence of a careful and organized evaluation of poverty, there were sharp objections to the correct evaluation of the extent of occurrence of poverty.

⁴ Arab Republic of Egypt (2004/2005), National Council for Human Rights Annual Report of The National Council for Human

□Poverty declined in Egypt from 19.4% in 1995/1996 to 16.7% in 1999/2000. however, despite its decline in urban cities and lower Egypt,it is increasing in upper Egypt, while the slowdown of the Egyptian economy since 1999/2000 raises concern on the potential of the increase of poverty.

□Poverty in Egypt, according to indicators which are unrelated to income such as education, represents a serious challenge. Although the net enrollment rate at primary schools amounts to 8%, yet the illiteracy of adults is still high as it amounts to approximately 35%. Official estimates indicate that unemployment amounts to 9.9% (although widely purported to be much higher) and the growth of new job-seekers at the rate of approximately 5.5%-6% annually, i.e. around 550,000 persons. Egypt needs a real and sustainable growth rate of its GDP to amount to 7% annually in order to reduce unemployment to controllable levels.

Among the most prominent findings of the study conducted by the government with the World Bank is that the geographical and regional variations are more significant in fact than the traditional decisive factors of poverty, such as the gap between urban and rural populations. The report reveals that poverty has indeed declined in the four major Egyptian cities of Cairo, Alexandria, Suez and Port Said, in addition to the Nile delta region. However, it is accelerating in Upper Egypt during the concerned five years (1996-2000) and as a result, the government has increased its emphasis on bridging the gap between the areas. Further, one of the significant results of the research was also to determine a direct link between education and poverty, as it is revealed that 46% of the poor are illiterates, while the academic level of 40% of them stops at the primary education or less. This evidence is considered as a second basis which assists the government much more than focusing on some dimensions of poverty which are unrelated to income, such as illiteracy, mortality rate and health care.

1-The right and freedom to work:

The right to work and productive employment is regarded as one of the most significant socio-economic human rights. It is a dual socioeconomic right, as

productive work does not only assist in generating income, but protects the person as well from the state of idleness which affects his social status and morale.

The unemployment problem is considered one of the most dangerous challenges confronting the country. Official statistics indicate that the rate of unemployment declined from 11.1% in 1986 to 9% in 1996, then dropped to a fixed rate of 8% during the years (1997/1998) (1999/2000) (as per the Council of Ministers figures), nevertheless some believe that these official statistics are incorrect. They argue for the amendment of the unemployment definition of the Central Agency for Mobilization and Statistics excluding from the unemployment statistics any potential member of the workforce who receives any income from any source, even if he is not holding a job. This interprets the unrealistic declining trend of unemployment. However, the latest sample survey of workforce reveals the rise of unemployment to 9.2% and 10.2% in 2001 and 2002 respectively. Due to the economic slowdown over the past three years, this problem is widely believed to be more serious than expressed by official statistics.

Studies indicate that the nature of the employment problem in Egypt is structural as a result of the existence of a severe gap between supply and demand at present, with future forecasts even more serious. They indicate that successive cabinets have not had independent employment policies, but rather relied on the assumption that achievement of economic growth and investment would lead to employment, side by side with emergency programs and temporary solutions.

Studies indicate that unemployment is basically related to the newly graduated youths who enter the labor market for the first time, while relative significance varies for the other age groups. Further, we would like to explain that unemployment has gradually transformed into a rural phenomenon since the mid 90's. The percentage of the unemployed in rural areas in 2002 amounted to 52.4% of the overall unemployed population. Moreover, in the period from 1976 - 1996 the number of unemployed women exceeded much more the unemployment levels among males. Unemployment rates among females is threefold the unemployment rates among males.

The inability of the Egyptian economy to provide employment opportunities to the new comers in the labor market has led to the appearance of a chaotic giant private economic sector, of a volume equivalent to that of the public official and private economy. In addition, the irregular employment in the regulated and unregulated private sector increased, and started in the government department units and public institutions at much higher rate than comparable rates in regular employment. A number of studies on employment policies do not hold a completely negative view of the unregulated sector in view of the employment opportunities it offers (8). Meanwhile, other studies observe that irregular work of females should not be looked at always as being an indignation, as it allows them – as a result of its flexibility- to satisfy their household and work obligations in the same time, and does not require a high standard of education or skills. Nevertheless, from the human rights perspective, it continues to lack several suitable conditions such as work stability, social insurance protection, and occupational safety and health. On another level, the problems of Egyptian work force abroad continued as one of the problems annoying the Egyptian community, particularly that Egypt is one of the biggest countries exporting manpower in the region. The problem of this work force are aggravated in the Arabian Gulf countries, where they are subjected to the oppression of the sponsor “kafeel” system with all its serious effects on their financial dues.

There is another issue infuriating tens of thousands of Egyptian workers who returned from Iraq before July 1990, as their financial transfers were not reimbursed to them upon their return to the country since this time. This issue differs from the compensations of those damaged from the Gulf War which were reimbursed to those entitled to them from the United Nations Compensations Fund. The statements of the Minister of Manpower and Immigration indicate that these transfers amount to 647 thousands, of a total value estimated at approximately 406 million dollars, and that they were frozen as part of the Iraqi financial assets as a result of its war with Kuwait (August 1990.) The government decided by mid 2003 to form a committee of the Ministries of Manpower, Foreign Affairs, the Central Bank and the Peoples’

Assembly 's Work Force Committee to follow up this issue with the United Nations, in light of the economic conditions of Iraq.

A number of the owners of these drafts complain that their drafts precede this freeze, while some of them submitted documents indicating that their drafts were completed in 1989.

Another problem related to the illegitimate immigration of work force to a number of Arab and European countries surfaced. This has led these countries to extradite big numbers of Egyptian workers who reached their borders illegally, as well as causing numerous overland and marine accidents while these workers were traveling in inappropriate transport means.

The Human Development Report for Egypt 2005 that chronic unemployment is one of the most serious problems facing the Egyptian economy at present. The total official figure for unemployment is 11% in 2003, this despite the fact that the unofficial figure could be higher.

At the same time, it is expected to grow the workforce in Egypt by about 3% per annum over the next twenty years, which means that GDP should grow at a rate between 6-7% in order to absorb additional manpower.

The significant improvement in the situation health of children, to the steady decline in the rate of infant and child mortality since the sixties, with the result that the population is of working age (15 - 64 years) constitute 51% of the total population, and that 35% of workers under the age of 24 years. In addition, young people constitute the vast majority of the unemployed who are knocking on the doors of the labor market for the first time and who find themselves waiting for luck to smile to them. The Government is aware that this is a waste of precious human resources, as it may pose a threat to stability.

It is noted increased rates of unemployment and poverty in Egypt, which requires the need to pump new investments to address the severity of this problem that

accumulate day after day, with negative repercussions on the society of the proliferation of social crimes, and the high dependency ratio and delayed age of marriage, as well as the security implications and psychological trauma. Also The report of the development in the world of the World Bank in 2005 to 43.9% of Egyptians live on less than two dollars a day and about 16.7% live below the poverty line.

2. Insurance and Retirement Rights:

Insurance rights are considered among the most significant socioeconomic rights. The extent of social progress is measured by the extent of the scope of these rights in terms of volume and coverage. Insurance and social security funds play a significant role in implementing these rights.

Several gaps stain the insurance conditions in Egypt, among the most significant of which is the absence of unemployment insurance system, and not covering the vast majority of workers in the unofficial sector and their families, as they are not subject to any institutional arrangements for retirement rights. The indexation system which automatically links between retirement pensions and annual inflation rates on timely basis is not in use , as an annual increase within the range of 10%, provided it does not exceed 60 pounds monthly is sufficed with.

The worries of citizens and their objections emerged during the year as a result of the constant increase of the government's borrowing from the Social Securities Public Authority's funds, and the statements said on the government's direction to repay its loans to the Authority through assets in kind including the "railway." The government rebutted this allegation, and both the Government and the Public Authority for Social Securities have reiterated the Government's commitment to guarantee retirement pensions.

such as lack of unemployment insurance system, and not covering the vast majority of workers in the informal sector and their families, which are not subject to any institutional arrangements for retirement rights, shall not be used Standardization

System (indexation) that is automated link between pensions and annual inflation rates first, and only an annual increase in the range of 10% but not more than 60 pounds per month.

3. The right to health and health care:

Health care is regarded as one of the fundamental human rights. The constitution guarantees this right in articles 16 and 17. It is also guaranteed by the country's legal liabilities emanating from joining the concerned international conventions, especially the International Covenant on Economic, Social and Cultural Rights (articles 9,12.)

A study prepared by the National Council for Human Rights pointed to "the right of citizens to adequate health care". However, such right should depend on the citizens' needs and not on their ability to pay the costs of this care.

The World Health Organization defines the term "health" as being the physical, mental and social well being, and not merely the existence of a disease or disability. Hence, health becomes the result of overlapped socio-economic factors concerned with a certain society, and involve several environmental, educational and economic conditions. Therefore, obtaining better health results is associated with multiple factors. The health system in Egypt comprises more than 29 various public authorities operating in the health services field. The Ministry of Health and Population is responsible for all the health and population policies.

Other public authorities contribute in offering direct health care services, the most prominent of which is the Public Authority for Health Insurance, The Educational Hospitals Authority and Treatment Institute. The private sector offers private health services. The country has a wide network of public services for basic health care which allows all the population to be near to the health services centers.

The extensive health care system was assisted to achieve health gains nationwide over the past two decades, the effect of which was manifested in the decline in mortality rates of children below the age of 5 years, enhancement of nutritional indications and drop in the mortality rates of mothers. However, the same report

records the continued existence of an apparent gap between the regions and the various economic and social categories. It records - as well - that the use of such services is weak in all the geographical areas, with patients preferring to use private health services over government or public health services .

According to the report of the People's Assembly Committee on Health and Environmental Affairs, the Assembly held sessions to hear the concerned officials in the Ministry of Health for this purpose. However, despite the achievements made and the increase in the number of beneficiaries of the health insurance system to almost 35 million beneficiaries since the inception of this system in 1964, nevertheless the Public Authority for Health Insurance is confronting problems and hurdles. These problems, raised by the Committee, may be summarized in the following points:

□ Increase in the number of beneficiaries and increase of the cost of service, without increasing the health insurance resources with the same percentage, which affected the level of service offered, and became a source of permanent complaint from beneficiaries. This is in addition to limiting the State's ability to extend the insurance umbrella to large categories who are currently uncovered by the insurance system⁵.

□ The Authority has not developed and expanded the control system of performance and the implementation of the quality criteria, as the Authority plays the role of service provider and financer at the same time, knowing that modern insurance systems dictate the necessity of segregating between financing and providing the service.

□ Low wages, incentives and rewards to the staff, including physicians and support staff, in addition to not developing the training systems and upgrading efficiency, which led to the weak level of the service offered.

⁵ Arab Republic of Egypt (2004/2005), National Council for Human Rights Annual Report of The National Council for Human

□ As a result of the health insurance's default in absorbing new categories and the inability of free treatment to provide a suitable service to the citizens, big sectors of beneficiaries of the health insurance system resorted to treatment at the State's cost, which amounted to one billion and three hundred million pounds annually. This has led to the occurrence of great distortion and confusion in the treatment system.

□ The multiplicity of laws governing the health insurance system led to the diversity and difference of the discount rates determined for beneficiaries and their contributions in the treatment costs, which casts doubts on the constitutionality of such laws as a result of the inequality in the burdens among beneficiaries. Further, the non contribution of beneficiaries of the law No.79 for 1975 in the medications fees led to the abuse and unjustified increase in the use of medicines.

On the other hand, several other factors affect the health care efforts. Their effects do not end at hindering development only, but endangers the achievements accomplished in the health field.

The poor sewerage facilities and disposal of human wastes come at the forefront of these factors, which implies the contamination of fresh water and ground water, as well as the creation of an environment infested with flies and other disease-carrying insects, in addition to the impact of pollution on the food chain.

In this context, the studies pointed to the persistent need to take immediate action to stop the continuous pollution of water and soil, as the damages caused are irreparable. Further, it exposes the living standard of the next generation to danger.

The year has also witnessed several discussions as a result of the continuation of the black cloud in the sky of Cairo for the sixth consecutive year, as well as the overall air pollution problems. The Peoples' Assembly's Committee on Health and Environmental Affairs prepared a comprehensive report on the phenomenon of the black cloud, which concluded that the responsibility lies with all sectors of society, government and non government institutions, as they should all work seriously in order to create a clean health environment, free from such a black cloud.

The Ministry of Environment's report to the NCHR reflects a deep awareness of the dimensions of the environmental problem faced by the country, and its programs in connection with the management of hazardous materials and hazardous wastes. The report details the Ministry's efforts in connection with the environmental inspection and the achievements accomplished. This is in addition to the government's program to control harmful emissions by using natural gas, controlling the emissions of cement factories, preparing plans and policies for enhancing the quality of air, protection against noise and the Ministry's efforts in connection with the enhancement of the quality of water.

In this regard, he noted the Human Development Report in 2005 that the total public expenditure on health in Egypt amounts to approximately 1.8% of GDP on health, while spending about 2.6% of GDP on military spending. The fact that it was necessary investment and provide financial resources and reallocation within the health sector, thereby eliminating the imbalance in spending on the requirements of primary health care and preventive and therapeutic accounted for the bulk of the expenditure.

4. The right to housing:

The housing problem affecting every Egyptian family; a substantial need for a human being, like food and clothing, one of the fundamental human rights, not least the importance of the housing association with the quiet and security and privacy, and therefore an issue that affects the security, stability and prosperity, health and safety of the individual and the family and the community. Housing is the most important issues facing developing countries, including Egypt, because of its social and economic impact on the state and the many categories of people, especially young people and low income. Also increasingly important in light of its political implications is important, it affects the citizen-state relationship, Provision of safe

housing and appropriate for citizens is a stability and belonging to the state and enhance confidence in it.

And stresses the Egyptian Organization for Human Rights to the housing problem in Egypt, cumulative and multi-dimensional, not limited to non-supply of housing units to meet the quality demand.

But include other dimensions such as housing at random, the units closed and the disruption of the relationship between landlord and tenant, and the neglect of maintenance of real estate wealth, poor distribution population and high population density, lack of certain facilities in some areas and sprawl on agricultural lands, and others.

The importance of the role that could be played by investment in the face of the housing problem with its various dimensions.

Over the past twenty-five years, the Government has participated extensively in the housing market, which led to a significant increase in the number of housing units. The public sector contributed about 1.24 million units (36%), while the private sector contributed about 2.15 million units (64%). However, could not the formal housing market to meet the needs of the urban poor housing, squatter areas and continued to grow and expand and create situations in violation of building codes and regulations at the same time, rapid urban sprawl has spilled over to agricultural land is scarce. A recent study and the Ministry of Planning said that there is a need to 5.3 million units by 2017 to meet the anticipated increase in population. The private sector is the main supplier of housing across all social strata, where the public sector provides less than 4% of the total housing required. This involves a radical change in policies and practices of the current housing and represents a major shift in the role of government, and allows the private sector (whether local communities or investors) to enter the market more strongly. On the basis of the total demand for

housing of \$ 5.3 million housing units by the year 2017, it is estimated that 3.7 million is allocated a unit for low-income families.

According to various studies the ability of the housing sector and construction to absorb the increase in employment, it can be a locomotive for economic growth. Is expected to accommodate about 1.83 million workers in 2006/2007 in the context of rational plan to address population growth in the future and to meet the demand for housing.

Seems most striking features of the housing sector and construction in the informal nature of the work systems, both at the project level or at the level of workers. The sector is also that he needs to both the casual and temporary employment as well as permanent employment. However, the labor force is the bar of the most important aspects of the informal nature of this sector, and job opportunities are seasonal or related to specific projects, and often protracted periods of waiting for other job opportunities.

5. Right to Education:

Human capital is an important factor for economic growth and job creation and participation in globalization - whether measured by life expectancy or years of study or experience gained in the labor market or at rates of literacy and enrollment rates, or varying the students in the tests. It has long been known that availability of physical capital, human and especially employment is an important factor in determining the location of economic activity. This is true particularly in the increasingly globalized economy and busy capital movements. Although the capital investment needs skilled manpower and need to be educated and cheap labor force and non - skilled, it is generally recognized that growth and certainly the high standard of living, they continue to be the most likely in the presence of an educated workforce able to adapt their skills and implement new ideas. According to recent research that states that start low productivity and a workforce more educated can

narrow the per capita income gap between them and the countries richer countries with rapidly from less-educated workforce. Has also been found that the contribution of foreign direct investment in growth is higher the more educated workforce.

The government exerted serious efforts to reform education in Egypt over the past decade. Such efforts yield their fruits, manifested in the increase of admission to schools among groups who were deprived from education previously such as girls and children in the rural areas in general and Upper Egypt in particular. Deprivation of education reduced by almost one half, leaving behind currently 15% of marginalized groups outside the system.

There is another achievement, which is the increase in the rates of continuing education among the marginalized groups, especially girls.

Further, the government issued the National Criteria for Education, aimed at upgrading the quality of education and reducing manifestations of inequality to the minimum limit. Nonetheless, inequality indications have persisted, as school enrollment on part of the poor continued to be less, their academic achievement levels lower, as well as their weak acquisition of the skills required in the labor market, which undermines their chances of moving up the social ladder. In addition, a gap still exists between males and females in having access to education.

The Human Development Report on Egypt, published in 2004, recorded five manifestations of inequality in education⁶.

□ The net rate of admission in primary education in Upper Egypt among children of low socio-economic status families reached 84% compared to 97% in the urban governorates and among families of higher socio-economic status.. In urban areas, the rate of joining primary education amounted to 88% for the poor and 96% for the non poor. As for rural areas, the figure amounts to 72% compared to 85%. Half of the number of children unregistered in schools (7:11 years) come from low income categories.

⁶ Arab Republic of Egypt (2004/2005), National Council for Human Rights Annual Report of The National Council for Human

□ General spending on higher education was biased, as one third of the expenses are directed for higher education which constitutes only 6% of the overall admissions to schools. In the meantime, basic education which constitutes almost 80% of the overall admission to schools, only received 36% of the public education budget for the year 2002-2003.

□ General spending on educational inputs (i.e. schools, systems and new classrooms) for the interest of schools in urban areas and upper and middle class communities. This had led to the drop in performance of schools serving poor communities in rural and remote areas.

□ Variation in educational product : the majority of the poor only receive basic education or do not receive any education (86.2% only receive basic education only or less, while 1.1% obtain university education.) Among all the children registered in the first primary grade, 97% of them reach the end of the basic education, against 82% in the rural area of lower Egypt and the urban area of upper Egypt, and 72% only in the rural area of upper Egypt. Over the past two years, the differences between the rates of admission between males and females narrowed, but are still present.

□ The variation in transferring to the general secondary education and the university education: the drop in the quality of education prevents poor students from continuing their higher education. One third of the children go to the general secondary education, while the remaining two thirds, who are basically poor, ended up joining technical secondary education (agricultural, commercial and industrial). Moreover, the opportunities of higher education for graduates of technical schools (Workers University, Open University, Higher Technical Institutes, etc.) are limited and costly. Further, there is a big question mark on the standard of their quality.

Education is a central issue of national security, who paints a picture of the future of any country as an investment in the future will return and a higher return than any other investment. And the importance of education is guaranteed by international charters and conventions, Article (26) of the Universal Declaration of Human Rights which was ratified by the General Assembly the United Nations in December 1948,

and articles (13 and 14) of the International Covenant on Economic, Social and Cultural Rights, The Egyptian Constitution, thereby ensuring the right to education in article 18 by stating that 'every citizen has the right to education which is compulsory at the primary level, and the State to extend the obligation to other stages and oversees all branches of education and ensure the independence of universities and scientific research centers, and to realize the connection between him and the needs of society and production, 'but the legislature has expanded the Egyptian constitutional as to make it free of charge at various educational levels in accordance with Article 21.

In spite of that the theme of 'Education for All' was the national project during the nineties, but that it requires the revival of this project in order to achieve this goal. It is necessary to focus in particular on primary and secondary education.

In recent years, children under the age of 15 represent a lower proportion of the total population, compared with 1990 (32% in 2005 compared to 41% in 1990).

This trend will continue, if not change the current circumstances, to reach this percentage to 29.4% by 2015, and the number of children in basic education from 10.2 million to 9.7 million by 2020.

In addition, under the best scenario proposed by the report, will increase the number of children enrolled in primary education from 11.1 million to 12.3 million. Which will increase the number of children in basic education to 900 thousand children by 2015 and to 2.5 million children by 2020?

Chapter III: Maximize the enjoyment of the Egyptian citizen's economic rights through SMES

Small and Medium-sized Enterprises (SMEs) are now widely touted as the force that can propel the global economy. A number of countries that have adopted this philosophy have managed, through long- term planning and the implementation of SME-friendly policies, to upgrade this vital sector.

The development of Small and Medium Enterprises (SMEs) in Egypt is considered to be one of the most crucial components of the Government's social and economic development agenda for

Egypt. Such acknowledgment by the Government is reflected in the political leadership's commitment to supporting and enhancing the competitiveness of this promising sector. This commitment is in alignment with the Government of Egypt's economic policy that focuses on job creation through mobilization of the private sector in economic activity, **allowing for market forces to prevail** and through investment promotion. Studies made by experts in the field show that SMEs in Egypt account for almost 98 per cent of the country's total economic activity. SMEs also provide about 80 per cent of total value added to the Egyptian economy.

There are at least 1.6 million officially recorded private sector enterprises, apart from the agricultural sector. Jobs created by SMEs make up to two-thirds of Egypt's entire workforce..

The lack of an umbrella under which the SME sector in Egypt can operate is but one of the many impediments facing this vital sector. Lack of long-term funding, marketing, the issue of competitiveness and pricing in the global market and the absence of a unified policy constitute major challenges to the sector's development

For years, Egyptian SMEs were targeted for assistance and service delivery by many stakeholders. Those include government and non-government organizations, donors and assistance projects, and local and international development organizations. At a minimum, there are some 160 such entities that deal with SMEs in various capacities. While there have been impressive successful initiatives undertaken by several actors in the field of SME development, these efforts have largely been scattered, uncoordinated - if not conflicting – and isolated. This served to minimize the benefits that accrued to the Egyptian economy and its SME universe, allowed for market distortions, created a schism between these efforts on the one hand and the general economic policy orientation of the government and contributed to the SMEs' loss of faith in similar development initiatives. One of the main factors contributing to this situation is the absence of a coherent vision and a general policy framework for SME development in Egypt that is officially adopted by the government and endorsed by the various actors.

1-The Contributions of SMEs to Egypt's Economy

Formal and informal micro, small and medium sized enterprises in all non-agricultural sectors of Egypt's economy have been the major private sector employers since the 1980s. There are differences among these enterprises according to their size, location, ownership, status of formality and economic activity, but together, as major

job providers, they produce a significant share of total value added, and provide a large segment of the poor and middle-income populations with affordable goods and services. Furthermore, given an enabling framework that rewards rather than penalizes risk — SMEs are able to foster the innovation and experimentation that are essential for structural change through the emergence of a group of dynamic, efficient and ambitious entrepreneurs. Accurate statistics on this sector are not available, given the difficulties in assessing the informal and unregistered status of a large proportion of this sector. However, the number of small and micro enterprises (SME) — defined as those enterprises that employ up to 50 workers — was estimated in 1998 to be around 3.3 million economic units, compared to 2.9 million in 1988.

The average number of workers per enterprise was around 2.2 workers in 1998, up from 1.95 in 1988. As to total employment in the SME sector, this had grown to around 7.3 million, equivalent to a 2.8% average annual growth rate or around 38% of total employment in 1998. Given the same rate of growth, the number of workers in the sector grew to 8.3 million by 2004, with prospects for continued growth over the next few years⁷.

Because formal and informal SMEs together employ so many people (around 40% of total employment), and because they function across such a broad range of economic activities, SMEs represent a particularly attractive candidate for future growth. However, since 97% of Egyptian enterprises are extremely small (employing between 1 and 49 workers, more medium-sized firms are needed that can act as feeder industries for larger companies, thereby saving foreign exchange spent on the import of intermediates and capital goods.

One advantage of SMEs is their ability to offer large numbers of jobs at a low cost. While a worker's share of capital in micro and small enterprises has been estimated

⁷ Egypt National Human Development Report 2005 - Policy Briefs No.5 available at: <http://www.undp.org.eg/Default.aspx?tabid=187>

at only LE 10 thousand, the results of a survey show that they must be differentiated in terms of their potential and problems from larger firms with 50 or more workers. Larger units are mostly in urban areas, are male-owned, employ workers have formal status with capital investments of LE 20 thousand or more, frequently raised through the formal banking system.

Small firms represent a useful means of channeling small savings into investments. SMEs essentially depend on their own savings and private resources to finance their projects. In Egypt, surveys show that the formal sources of finance (such as commercial banks, SFD or NGOs) supply just 6% of SMEs with their initial capital. But the percentage of SMEs depending on loans to finance working capital expansion rose to around 10% of the total SME community in 2003.

Since mid-2004, improving the climate for business has been a stated government goal. If these new policies are successful then in ten years SMEs can be expected to account for more than 40% of total employment, and they will produce more than 35% of GDP, and at least 10% of total manufacturing exports.

Under the best conditions, SMEs will find it to their advantage to become an integral part of the formal economy because they will have access to all of the public services and benefits of formality, such as security of tenure, collateral, access to formal credit, better use of public utilities, serviced land in the new developments, better conditions under the tax authorities than under informal bribery, social security for new workers.

There are many axes to maximize the enjoyment of the Egyptian citizen's economic rights, refer to two main:

First: Improving the investment climate:

Improving the investment climate plays a central role in driving growth and reducing poverty. Through:⁸

⁸The World Bank (2004). "World Development Report 2005: A Better Investment Climate for Everyone" Washington, D.C

1-Driving growth

As populations get larger, economic growth provides the only sustainable way of improving living standards. A good investment climate drives growth by encouraging investment and higher productivity. Investment underpins growth by bringing more inputs to the production process. Foreign investment is becoming more important in developing countries, but the bulk of private investment remains domestic. A good investment climate encourages firms to invest by reducing unjustified costs, risks, and barriers to competition.. Firm level data show that improving policy predictability can increase the likelihood of firms making new investments by more than 30 percent .But it is not just the volume of investment that matters for growth—it is the productivity gains that result. Indeed, cross country studies show that total factor productivity accounts for around the same share of growth in GDP as does capital accumulation. A good investment climate encourages higher productivity by providing opportunities and incentives for firms to develop, adapt, and adopt better ways of doing things—not just innovations of the kind that might merit a patent, but also better ways to organize a production process, distribute goods, and respond to consumers. Low barriers to the diffusion of new ideas, including barriers to importing modern equipment and adjusting the way work is organized, are essential. And an environment that fosters the competitive processes that Joseph Schumpeter called “creative destruction” an environment in which firms have opportunities and incentives to test their ideas, strive for success, and prosper or fail. A good investment climate makes it easier for firms to enter and exit markets in a process that contributes to higher productivity and faster growth.Net market entry can account for more than 30 percent of productivity growth. And firms reporting strong competitive pressure are at least 50 percent more likely to innovate than those reporting no such pressure .

2-Reducing poverty

Improving the investment climate is critical in the fight against poverty. The contribution can be seen in two ways.

First, at the aggregate level, economic growth is closely associated with reductions in poverty .

Second, the contribution can be seen in the way a good investment climate enhances the lives of people directly—in their many capacities.

- **As employees.** The World Bank's Voices of the Poor study found that poor people identified getting a job—whether through self-employment or from wages—as their most promising path out of poverty. Young people have more than double the average unemployment rate in all regions. In many developing countries more than half the population work in the informal economy, where working conditions can be poor. Expected population growth in developing countries reinforces the importance of accelerating the creation of more and better jobs in developing countries. Where will the jobs come from? Mostly from the private sector, which accounts for more than 90 percent of employment in most countries, and 95 percent in countries such as El Salvador and India. Better employment opportunities also increase incentives for people to invest in their education and skills—thus complementing efforts to improve human development. More productive firms, nurtured by a good investment climate, can also pay better wages and invest more in training.
- **As entrepreneurs.** Hundreds of millions of poor people make their living as micro entrepreneurs as farmers, as street vendors, as home workers, and in a diverse range of other occupations—mostly in the informal economy. Surveys for " World Development Report 2005" show that firms in the informal economy face many of the same constraints as other firms, including insecure property rights, corruption, policy unpredictability, and limited access to finance and public services. Relieving these constraints increases micro entrepreneurs' incomes and allows them to expand their activities. A good investment climate also increases incentives to join the formal economy.
- **As consumers.** A good investment climate expands the variety and reduces the costs of goods and services, including those consumed by poor people. For example, investment climate improvements lowered the price of food in

countries including Ethiopia, Ghana, Kenya, Vietnam, and Zambia. Lowering barriers to market entry by 10 percent has been estimated to reduce the average price markup by nearly 6 percent. As users of infrastructure, finance, and property. Improving infrastructure, finance and property rights can deliver broad benefits across the community. Constructing rural roads helps firms, and in Morocco also increased primary school enrollment from 28 percent to 68 percent.¹⁰ Expanding access to finance helps firms develop their businesses, and also helps poor people weather family emergencies and educate their children. Providing more secure rights to land can encourage investment and ease access to finance, and in Peru was also found to enable urban slum dwellers to increase their incomes by working more hours outside the home. As recipients of tax-funded services or transfers. Firms and their activities are the principal source of tax revenues for governments, and growing economies generate more taxes. A good investment climate can thus expand the resources governments have available to fund the provision of public services (including health and education) and transfers to disadvantaged members of society. Some investment climate improvements deliver broad benefits across society—such as better macroeconomic stability and less corruption. Others have a more focused impact on a particular location or activity, creating opportunities for governments to influence the distribution of benefits. Governments can design those investment climate improvements to be even more “pro-poor” by focusing on constraints where poor people live and on constraints to activities poor people benefit from, including in their capacities as employees, entrepreneurs, consumers, or users of infrastructure, finance, and property. This means that pro-poor approaches are not limited to efforts focusing on constraints that face smaller firms.

Therefore, it is necessary to stress that the investment environment model is not confined to the mere granting tax breaks and facilitate the registration and licensing

procedures, but extends to include the package of the essential elements which must be met together, including:

1. Stability of macroeconomic policies: it is the presence of macroeconomic policy generally stable and sustainable is a necessary condition to attract more investments, whether local or foreign.
 2. Integration of industrial policies, monetary, financial, commercial and operational with the principle of encouraging investment and promoting the investment environment.
 3. a system of laws and regulations of the effective economic and efficient, which requires review and update laws to conform with the general thrust to stimulate investment movement to enact new laws compatible with developments on the domestic and international arenas.
 4. Simplifying administrative procedures in all institutions associated with the investment activity and not only focus on the licensing and registration, but also includes a diagnosis of constraints and problems faced by the investor at all levels and finding solutions.
- C - To intensify the supervision to boost confidence in the investment environment and to ensure the tranquility of investor rights in the projects in which it invests, in addition to the need to fight corruption and mismanagement.
5. The codification and rationalization of fiscal incentives and exemptions granted to be a tool to guide and stimulate investment in projects that add to the national economy requires the existence of an investment map and a clear and integrated with the development plan.

Second: Focus on small enterprises as the cornerstone of development programs:

The promotion of small and micro enterprises, this project is characterized by its ability to provide high employment in terms of lower opportunity cost of work

generated by these projects, it is also a good way to stimulate self-employment and work on.

As well as it need to be relatively low capital cost to start a business which encourages many people to start investing in activity?

On the other hand, these projects characterized by their ability to recruit semi-skilled labor and unskilled, to low risk on the one hand, and a better chance of job training to upgrade skills and abilities in terms of other. In addition, can improve the chances that these projects are the work of the women self-employment through the provision of credit and loans and provide the necessary training to them. As it is compatible with the desire of many women in non-action in places far from their homes. Studies have shown that microfinance, especially micro-credit and increase family income plays an important role in access to education at all levels.

Also helps to get more income through these projects to improve the health level and provide a decent life for workers.

Small projects in Egypt suffer from the lack of clear definition and specific, owing to the different perception of each of the organs of the planning and implementation, statistics and finance. Moreover, the issuance of Law No. 141 of 2004, called the law of the development of small enterprises, provide the legal framework governing such projects. Has defined the law referred to small individual companies or individual enterprises engaged in economic activity produce goods or services or commercial paid up capital of not less than fifty thousand pounds and not exceeding million pounds and not more than the number of employees than fifty workers. With regard to micro-installations have all defined in the Act a company or individual exercise facility productive economic activity or service or trade and paid up capital of less than fifty thousand pounds.

Despite the potential of SMEs, they have, so far, not been able to deliver sufficient jobs, improved working conditions, higher productivity, or better incomes. The reasons are various:⁹

1. **Market failure.** Access to financial services remains restricted. Lending options, the only products available, are subject to costly terms. It is estimated that only 10% of SMEs have access to formal credit.
2. **Institutional failure.** Due to the complex regulations and transaction costs in establishing and operating small businesses, the majority of SMEs prefer to function on an informal basis. This acts as an obstacle to active participation and reduces the potential for linkages with larger enterprises and government procurement processes.
3. **Technical failure.** Although there is a consensus that technical assistance is required to improve the efficiency of SMEs, the fact that technical business services were offered to less than 0.5% of SMEs in 2003 shows that very little is happening in this regard.
4. **Missing middle.** Since 97% of Egyptian enterprises are extremely small (employing between 1 and 49 workers), there are very few medium sized firms that can act as feeding industries for larger companies.
5. **Shortage of land and its high cost.** There is a shortage of land that is fit to host SMEs close to large markets. Small entrepreneurs often settle for premises within residential neighborhoods, as they are then able to readily supply markets and workers. Many businesses are not officially registered because the buildings in which they are located are not registered either.
6. **Educational barriers.** Growing numbers of university and secondary school graduates are venturing into SMEs. As much as higher education improves the knowledge and opportunities open to entrepreneurs, education is not a sufficient condition for success. The academic curriculum does not prepare

⁹ United Nations Development Programme, and The Institute of National Planning, Egypt.(2005),The Egypt Human Development Report 2005 ,pp 108-109

future entrepreneurs with management or technical skills; the curriculum, where appropriate, needs to be linked to practical experience in the field, and market-orientated training introduced, to foster growth.

7. ***Inhospitable conditions for women.*** The decline in government employment has driven a growing numbers of females to join the informal sector, to become self-employed or employers themselves. Areas that can exploit female skills (dexterity, attention to detail, traditional areas of proficiency) could benefit from targeted training (in computer outsourcing and software or secretarial competence..).There remain barriers- often of a cultural nature - and lack of access to finance. Thus, women represented just 6% of all small entrepreneurs in 2003.

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The following are the most important policies that help develop the small enterprise sector in Egypt

I: adopting a clear policy for the development of small and consistent with the general framework of the economic policy of the State:

International experiences indicate successful small businesses that he must be a methodology and a clear and specific target for the development of small projects is the development of policies and small business development in the broader context of economic policy of the State. In this regard there are some basic requirements, particularly in relation to building the necessary institutional projects to develop policies small and include these requirements include:

1. Posted realistic understanding of the economic potential of small enterprises, and involve all stakeholders in that, because political pressures can lead to devastating consequences for the development of policies for small enterprises. And then, the division between illusion and reality with regard to

various topics related to these projects, including its role in creating jobs and operation of youth and fresh graduates as well as its role in the fight against poverty, is a prerequisite for the formulation of policies and put them properly. Can public awareness campaigns planned and implemented well, can play a positive role in this regard.

2. Avoid the politicization of programs related to the development of small projects, where it should these programs focus on achieving development results rather than immediate political profit. It usually presents political interference considerations of professionalism and professional commitment and efficiency of risk, and increase the risk of misappropriation of resources and use.
3. Maintaining close integration of development policies and programs of small projects and between the general orientation of economic policy, as it is in the lack of such integration there is a risk that the result may be fragmented policy framework does not provide the desired results in the service sector in particular, and service the entire economy in general, and so it must be creating some sort of amendment to the economic development strategies to accommodate the issue of small business development and various services and policies required to develop these projects.
4. More effective representation of small enterprises and their participation in decision-making, should make further efforts to increase the contribution of small enterprises in decision-making, and that these projects are encouraged to form organizations to represent and take into account the economic policy makers to include these representative bodies in the formulation of economic policy generally, and in those the formulation of policies relating to small enterprises in particular.
5. Increasing the stability of the institutional structure, transparency and predictability of its development, where it must be emphasized that once a more effective institutional structure, and to allow for the revitalization of the

representation of small enterprises are actively listing and concerns in the decision making process. Should be given some time this mechanism to work without hindrance, and to form and take root Consequently, in the form of the system, and, in turn, would give her more credibility in the eyes of the public and various users.

6. . Institutional Reform and Capacity Development

- Simplified rules governing real estate, registration and licensing, together with lower taxes, improved tax management, and a revision of the social security system;
- Decentralized legislative and administrative power to governorates so that they can prepare more appropriate investment policies, laws and regulations. Local fees, duties and operational procedures should no longer need central approval from line ministries;
- Planning allocations in both urban and rural zones should be reassessed regularly following governorate needs (for example in population, housing, or business sector expansion).Such a step could drastically reduce informality in housing and business.
- Adequate finance for quality support services. Regional universities, technical colleges, pilot-scale facilities and research centers help develop the technical capabilities of SMEs in their communities;
- Better market information. The so-called ‘information law’, proposed by the National Democratic Party, could help, as would the provision of databases containing market data and regularly updated information on the major domestic and international suppliers of products;
- Training centers that in some cases are privatized,and restructured to meet the various specialized needs of economic activity

II: development and innovation of new financial instruments:

financing is an important factor to raise the competitiveness of the SME sector, Egypt has taken significant steps to develop small enterprise financing services,

particularly after the entry of commercial banks in financing small and despite the fact that the financing of small and working capital loans fill an important part of the financing gap, the impact on enhancing the competitiveness of SME sector and to allow him to move to high-value activities is extremely limited impact and the impact on the growth path of these projects is also limited, and try small promotion in competitive ladder through the modernization of machinery and equipment and access to new machinery and equipment and more sophisticated, which means the growing need for funding.

III: the promotion of SME non-official entry to the formal sector:

Must be emphasized that the practices of the informal sector can not be left because the negative results lead to the closure of official facilities, which no longer afford the fierce competition with foreign products smuggled from the side and counterfeit goods are flooding the source of the other, which are sold without the obligation of any financial burdens, which naturally affects negatively on sectors which are formally and abide by all responsibility toward the state. Out of consideration that small is not an independent entity in itself but is part of a coherent set of overlapping relationships, so it's in spite of the existence of competition between projects, whether formal or informal, but it could be some kind of mutual relations between the two sectors represented in the movements of labor, movement between sectors and put pressure on wages, also can be no movement of products, may depend on the informal sector, formal sector in obtaining raw materials and intermediate goods, as the formal sector may benefit from some of the informal sector products as inputs, it supports certain workers in the first sector on the second sector in obtaining goods and services are cheap compared to access from the first sector. so it must be emphasized that when the State decides to track down non-economic units belonging to the formal sector to

force it to complete all registration procedures and to join the community of taxation, it is not expected to. These units can withstand this policy, and will try to hide from the eyes of the authorities or they will cease to function, so the state could lose a great deal of their economic activities. This requires addressing the small enterprise sector is the need for a formal non-conventional solutions to encourage this sector to integrate and deal legitimately side by side with the formal sector - without chase and destroy it - this sector can not be ignored or overlooked, especially as the integration will support the formal industrial activity in Egypt and increase Egyptian exports, will also help to raise growth rates and achieve a good distribution of income and achieve increase in GDP of 1.3%, and accuracy will help in economic planning and the elimination of non-validity of unemployment statistics, national income and GNP and the size of tax evasion, and address the many negative effects.

IV: Create and update a database on small projects:

Although a large number of data-collection activities related to small businesses, he noted that access to this data set are almost limited, whether those of the Central Agency for Public Mobilization and Statistics, or by a Social Fund for development or even those involved with registration systems, such as social security and the commercial register and other relevant actors, SMEs and micro enterprises. "Therefore, there is a need for improved data collection activities, as is the lack of compatibility between data sets and the difficulty of access to two major problems. On the other hand there is a gap needs to be addressed is lack of coordination between the activities of data collection, and then there is a need for networking means of conventional and unconventional, also there is another gap in the dearth of e-services for users who need access to direct and indirect data on small projects.

V: Reforming the Current Educational & Training System

While the issues of educational reform are too complex to tackle in this document, as shown above, educational reform is of extremely vital importance for the development of more competitive entrepreneurs, workers, and hence, enterprises. The move towards higher value links and chains requires a focus on a different set of skills than those currently prevailing in the Egyptian economy. In addition, it presumes a significantly better match between labor supply and market demand. Finally, the value system (which is supposedly nurtured by the educational and training system) should promote entrepreneurship, continuous learning and innovation. In fact, competitiveness along the lines presented in this document, cannot be realized without sizeable investments of resources and efforts in educational reform that aims to quantitatively and qualitatively narrow the knowledge gap between Egypt and the rest of the world.

The current imbalance in Egypt's labor market is not due to lack of demand for labor but to the fact that manpower has not been adequately trained to meet market demand. New curricula based on real market needs, advanced training methodologies and skilled trainers are required.

Significant reform efforts are currently being conducted by the Government of Egypt in cooperation with a number of international donor agencies. However, due to the wide diversity of agencies involved in program implementation and absence of effective coordination among them, it is difficult to avoid duplication of efforts.

More than 20 different Ministries and Authorities are currently involved. Because occupational qualifications are not mandatory, Egypt is lagging behind in standardizing occupations and trades. Out of an existing 2800 occupations/trades, only 100 are standardized.

Technical and vocational programs: The Ministry of Education (MOE) is responsible for technical education at preparatory and secondary school level in industrial, agriculture and commercial programs ranging from 3 - 5 years.

Best Practices to improve quality include the Mubarak-Kohl Initiative and the practical training program provided by the Ministry of Military Production. The Ministry of Higher Education (MOHE) offers technical education at post secondary level through 45 technical institutes. The duration of programs offered at the technical institutes range from 3-4 years. Vocational training programs are provided by a number of private and public institutions. Very few training programs are accredited by the MOHE and the concerned Chambers, the rest are of poor in quality since it is the providers who decide on standards. There are approximately 1237 training centers nation wide,(total capacity 175,500 trainees/year), of which more than half belong to the productive family and societies under the supervision of Ministry of Insurance and Social Affairs. About 18% of the programs offered by the centers are pre-service training for labor market, 14% sector specific training,and 67% social demand-oriented training. These training centers are in urgent need of upgrading. Vocational training in the industrial sector.is offered by a number of ministries and affiliated centers, the most important of which is the Productivity and Vocational Training Department (PVTD). Companies have to pay trainee fees to PVTD to cover training costs. An annual 12,000 students are enrolled at PVTD centres. To-date 300,000 students graduated from the apprenticeship program.

Proposed Measures

1. Establishing market-sensitive systems for curriculum development and revision, that synchronize curriculum development efforts with:
 - a. Market needs.
 - b. Needs of sectors of strategic priority.
 - c. International standards.
2. A more rational investment of resources, especially in secondary and tertiary education that stresses:
 - a. Quality of education.
 - b. Technical education.
 - c. Responsiveness to market needs
3. Revising elementary school curricula to stress:

- a. Entrepreneurship and entrepreneurial skills.
- b. Innovation and critical thinking

In conclusion, I would like to emphasize two things:

First: The success of development policies in general is subject to the completion of political reforms that allow the participation of actors and competencies of living in the formulation of economic and political decisions crucial. In view of the current direction of today's world of hectic towards globalization, integration and increase the coherence and interdependence between the economies of countries must create a climate of democratic citizenship and establish equal opportunities and freedom of expression as fundamental to promote popular participation and the role of civil society and ensure full equality between all citizens and guarantee them exercise of their civil and political rights and allow them to criticism and positive in dealing with the negatives and detect corrupt practices, on the grounds that the citizen is the key to facilitating the conduct of all matters relating to development and attracting investment, which is capable of overcoming the obstacles facing investors of all types and remove bureaucratic obstacles that stand in their way.

Second: the need for the rule of peace and security in the world, without which efforts to become a development and human rights are not meaningful. Conflicts are currently deployed in more than 35 countries in the world and that the number of poor people in the world had reached 3 billion people and the value of the world spends on armaments has reached one thousand billion dollars. These conflicts destroy the economy came on human capital and destroy families and inherited the violence of the hand. On the other hand, the uncertainty and the spirit of pessimism hampered investment and limit growth, but will guide the

efforts and financial resources towards reinforcing to achieve security and self-preservation.

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