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Towards a People's Partnership in the ENP

EGYPT

By Development Support Center, Egypt

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This report is one of a series that resulted from an initiative entitled *Towards a Peoples Partnership in the ENP* which aimed to increase the awareness and capacity of civil society within the European Union and countries covered by the European Neighbourhood Policy (ENP) to engage effectively in the cooperation between the EU and its neighbouring countries. The countries involved in this project were Egypt, Georgia, Moldova, Morocco, the Occupied Palestinian Territories, and Ukraine. A report has been produced for each of the six countries on the results of the civil society workshop held in that country. In addition a synthesis report has also been produced. This initiative was developed and implemented through the collaboration of a number of organisations:

Eurostep - European Solidarity Towards Equal Participation of People, a network of autonomous European non-governmental development organisations which provided overall coordination of the joint activities.

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Women's Perspectives, a Ukrainian non-governmental organisation that supports women's initiatives, coordinated the activities in Ukraine.

AGROInform, the national network of non-governmental organisations in Moldova that supports private agricultural producers, coordinated activities in Moldova.

Green Alternative, a Georgian non-governmental organisation focusing on environmental and sustainable development, coordinated activities in Georgia.

Palestinian Non-governmental Organisations' Network, which seeks to develop and strengthen Palestinian civil society coordinated activities in the Occupied Palestinian Territories.

Development Support Centre for Consultancy and Training which provides support and assistance to Egyptian NGOs coordinated the activities in Egypt.

Forum des Alternatives Maroc, a Moroccan association that promotes economic, civil, political, social and cultural rights of groups and individuals coordinated the activities in Morocco.

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The views expressed in this report are the outcome of discussions held in the national workshop.

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EXECUTIVE SUMMARY

Amongst the Mediterranean partners of the European Union (EU) Egypt is currently the main beneficiary of its assistance. The EU is now Egypt's second largest donor. The EU's cooperation with Egypt is set within the framework of the EU's European Neighbourhood Policy (ENP), established in the context of the EU's enlargement in 2004 from 15 to 25 member states. At the end of 2006 the EU adopted a new legal instrument, the European Neighbourhood Partnership Instrument (ENPI) to provide a legal framework for its financial cooperation to countries covered by the ENP. The ENPI makes provision for financing the EU's cooperation with Egypt covering the period 2007 to 2013. In 2007 the Country Strategy Paper (CSP) for Egypt, which defines the priorities for the use of EU aid, was adopted by the EU. A mid-term review of the CSP is due in 2009.

According to the agreements, policies and instruments guiding and governing the EU's development policies, civil society is recognized as being an important player. There is provision for their engagement in all stages of the development process, including in the preparation of the CSP. When the CSP was elaborated in 2006 and 2007 there was little real involvement of civil society actors in the process. This was the result of a number of different factors. Consequently, efforts have been made during 2008 towards increasing the potential of an effective involvement of civil society actors in the elaboration of the mid-term review.

The Development Support Center for Consultancy and Training (DSC) conducted a workshop entitled: "*European Neighborhood and Partnership Strategies and Instruments*" in the period from 22 – 24 June 2008. Organized in cooperation with Eurostep, the 3-day workshop brought together 13 Egyptian civil society representatives, the Head of the Political Section in the EC, a development consultant, a researcher, representatives from DSC and Eurostep. This workshop was one of several held in different countries (Egypt, Palestine, Morocco, Ukraine, Georgia and Moldova) as part of a project implemented by Eurostep and financed by Oxfam Novib, Womnet and AcSUR.

The overall objective of the project is to ensure that the EC's cooperation with its neighbours reflects the people's aspiration in the region. It seeks to increase the capacity of CSOs from the six countries to effectively engage with the mid-term review of the EC's assistance. The specific objectives of this project are the following:

- To build capacity of CSO actors by increasing the knowledge and understanding of the EU's cooperation with the countries concerned. Some emphasis is being given to enhancing the ability of CSOs to monitor the implementation of the EU's cooperation under the ENP/ENPI
- To develop recommendations, based on the assessments of CSOs, for changes that should be made to the CSP following the mid-term review.

The national workshops organized in each of the six countries sought to build capacity of civil society organizations in the countries concerned to engage more effectively with the processes of EU cooperation. In particular they aimed to:

- 1- Increase understanding of the ENP and the functioning mechanism of the ENPI;
- 2- Increase understanding of budget support within the ENPI and how to monitor government budget;
- 3- Build CSO coalitions;
- 4- Identify opportunities for civil society actors to influence the ENP / ENPI;
- 5- Identify potential strategies to enhance their impact on these policies;

- 6- Make recommendations on future priorities for national CSPs, particularly recognizing the 2009 mid-term review.

The Egyptian national workshop addressed the objectives of the project, its activities as well as the strategies and policies of the EU in Egypt and the results of these strategies. It also discussed the role of society in elaborating them in partnership with the EU and the government.

The participants reviewed the CSP, ENP and ENPI and discussed the impact of these policies on national development as well as their effects on the poorer sections of society.

The workshop concluded with the recommendation that policies adopted by the EU should be based on an independent and accurate analysis of each country's situation. The EU should not adopt a generic formula, as the IMF and World Bank have done in the past.

The impact of the policies adopted should be seen in the light of rising inflation, and their effect on the poor, as well as failures of governance mechanisms, at both national and global levels.

Civil society has proven that it has the capacity to reflect the interests of marginalized sectors in society and to bring rights violations to light. Therefore, a serious consultative process should be set up involving civil society actors at all stages of the process establishing development strategies and not just 'after the fact'. This process should be formal and documented.

The following report sets out the outputs and outcomes of the workshop, as well as the follow-up mechanisms which have been agreed upon.

INTRODUCTION

The European Neighbourhood Policy (ENP) represents the culmination of political, social and economic developments that have been taking place since the end of World War II both in Europe and in neighbouring countries. The relationship between North African countries and Europe goes back centuries. It was continuously a vital interactive relationship which affected and impacted, positively or negatively, on the historical, political, social, economic and cultural development of both regions.

In the post World War II period, the relationship between Egypt and Europe continued to develop. Economic exchange and trade were always vital cornerstones in the development of the Egyptian economy, its move towards modernisation, industrialisation and its search for foreign direct investments to achieve economic growth. This relationship continued to develop despite periods of severe constraints such as during the Anglo-French-Israeli invasion in 1956 and, in a different light, during the 1967 Arab-Israeli war. The relationships between Egypt and European countries up till the mid-90s were built on a bilateral basis.

In 1976, the first cooperation agreement between Egypt and the European Community was signed and the Euro-Mediterranean Partnership was inaugurated at the Barcelona conference in 1995. The Barcelona Conference focused on three major areas of cooperation which included political and security affairs; economic and financial affairs; and socio-cultural and human affairs. An Association Agreement (AA), signed in 2001, gave more details to the specific focuses within the above areas. This AA came into force in 2004. In fact, since the 21st century, Egypt became the main beneficiary of assistance among Mediterranean partners of the EU and the EU became the second largest donor to Egypt.¹

In the year 2004, the current ENP was established with its concomitant action plans. Through the realisation of this policy the EU developed several instruments for providing assistance. Among them, the ENPI is a strategic instrument to enhance the implementation of the ENP and Action Plans for the period 2007 – 2013. In the first Country Strategy Paper for Egypt under the ENP, the three major priority areas were identified as follows: (i) political reform and good governance, (ii) competitiveness and productivity of the economy and (iii) sustainable socio-economic development. A budget of about € 558 million was allocated for the years 2007 – 2010 to implement activities related to the above priorities.

In order to oversee the implementation and monitoring of the Action Plan, nine technical subcommittees were established to enable dialogue between the EU and Egypt.

The ENP as stated by the CSP is designed to prevent the emergence of dividing lines between the enlarged EU and its neighbours. To reach this, the EU adopts a strategy to enhance greater cooperation in the political, security and cultural spheres. An essential concern for the EU is strengthening security in the EU neighbourhood (as proposed in the *European Security Strategy* of December 2003).

For the EU, Action Plans are considered as “a first step [...] to replace the present generation of bilateral agreements with the European neighbourhood agreements”. Among the important issues identified by the ENP in the area of security, is the fight against organized crime, money laundering, trafficking of people as well as issues related to migration.

It is obvious that from the point of view of the “greater Europe”, the ENP represents an important policy framework to ensure political stability in its neighbouring countries, a more open market and the establishment of special economic ties with these countries. The aim is to establish a security belt against many of the threats that may affect Europe, such as migration

¹ ENP – Country Report, Egypt 2005.

and asylum - particularly from Africa, a growth of "terrorism" and potential terrorist attacks as well as organized crime and trafficking. In order to address these issues, the EU uses its instruments to promote good governance and political reform as a means to achieve political stability, economic and social development and better access to markets through different economic co-operation opportunities and grants. As a further protection for Europe, the EU has concluded security agreements and strengthened the role of watch dog or gate keeper by the North African countries.

For the Egyptian government, the two major challenges have been to achieve adequate economic growth and development in the face of a population explosion and an increase in the equity gap, as manifested by the rise in unemployment and impoverishment of many new sectors of the population; and to achieve political stability for its regime. For Egypt the ENP represents an opportunity to receive assistance for achieving these two main challenges and a means to balance the unilateral relationship with the USA as a major international backup force. However, the issues of good governance, rule of law and human rights have become increasingly sensitive for the Egyptian regimes in its relationship to the EU and in the context of the ENP in particular.

Civil society has generally been uninformed about these policies and has consequently played a marginal role in the way these policies have been shaped. The result has been an intensified feeling among civil society organizations that they have no role in the development of these policies. In addition, their lack of knowledge of the ways in which they could bring about changes has resulted in feelings of alienation, not only towards their own government but also towards international bodies that fail to listen to their serious concerns regarding development issues.

A very limited number of CSOs have been involved in the consultation process undertaken by the EU delegation in their countries. In addition, the lack of any structure for these meetings gives the impression that these consultations are done in a perfunctory manner, with no real impact on any later developments.

Moreover, in different fields in which CSOs are engaged, such as the negative impacts of privatization policies, guaranteeing just labour laws, safe working conditions and the northern export of polluting industries to the south (from Europe to Egypt), members of civil society see a double standard on the part of Europe. They see the negative impact these issues have on people's economic and social rights.

Eurostep, a network of European organizations, developed a project addressing this issue and partnered with a number of development consultancy offices in a number of selected countries where neighbourhood policies are being implemented. The Development Support Centre for Consultancy and Training, which works in Egypt and the Arab region in capacity building of CSOs, undertook the task of organizing a workshop Egyptian organizations working around these issues, with the aim to increase the involvement and impact of CSOs in the way policies are shaped.

EGYPT IN THE ENP PROCESS

The ENP was developed to avoid the emergence of new dividing lines between the enlarged European Union and its neighbours and to work, instead, towards the strengthening of stability, security and prosperity for all stakeholders.

The ENP provides for advantageous relations between the EU and its neighbours on the basis of a joint commitment to a set of common values i.e. the rule of law, good governance, human rights, promoting good neighbourly relations, adherence to the principles of market economy and sustainable development.

The ENP was launched in 2003 to:

1. Establish a 'circle of friends',
2. Enable neighbouring countries to benefit from the 2004 enlargement of the European Union.
3. Promote security, stability and prosperity in the regions covered by the ENP.
4. Put in place mechanisms for adhering to the set of common values underpinning the ENP, especially the rule of law, good governance and respect for human rights.
5. Improve economic relations and to achieve closer cooperation between neighbouring countries and the EU.
6. Enable neighbouring countries to access the internal market of the EU.

Originally it was envisaged that a partnership framework would enable the EU's neighbours to benefit from the 2004 enlargement of the EU while maintaining the new expanded Eastern boundary of the Union. However, because of the weakness of the Euro-Mediterranean partnership, the ENP was expanded to include Arab countries on the southern and eastern shores of the Mediterranean. Countries of the southern Caucasian were also incorporated.

Implementation of the ENP

The establishment of bilateral Action Plans (APs) is a core mechanism for implementing the ENP. An AP is agreed between the European Union and each of the participating states. The APs set an agenda for political and economic reforms, and identifies priorities in the short and medium term.

Preparing the APs:

The European Commission first prepares reports covering the political, economic, social and institutional conditions in each state, with an assessment of the progress made in implementing bilateral agreements and reforms. These reports also identify the means and timetable for further implementation of these agreements and reforms. These reports, which are subject to adoption by the EU Council of Ministers, provide the basis for the APs.

The APs are developed through consultation between the EC and the government of the country concerned. This political document defines the political and economic reforms planned and the priorities for the short and mid-terms.

APs cover the following areas:

1. Political reform and dialogue;
2. Cooperation for promoting economic and social development;
3. Issues related to trade, the market and regulatory reform;
4. Cooperation in the fields of justice, freedom and security;
5. Sectoral issues including transport, energy, information society, environment, research and development and;
6. The human dimension including the contacts between people and civil society, education and health.

In return for the progress made in the implementation of reform programmes, the European Union provides opportunities for an increase in:

- The country's opportunities for integration within European programmes and networks.
- financial and technical support.
- Opening up to the markets of the EU.
- opportunities for cross-border cooperation with countries that share land and sea borders with the European Union.

In its ENP report, prepared in November 2005, the European Commission highlighted that the "The Action Plan agreed with each partner is keyed to its particular needs and capacities, in line with the principles of joint ownership. The partnership is designed in such a way as to reward progress with greater incentives and benefits, which are entirely distinct from any prospect of accession"

Financing the cooperation:

The funding of the activities is achieved through the European Neighbourhood and Partnership Instrument (ENPI) which was implemented from 2007 and replaced the MEDA. The Commission proposed an allocation of € 14.93 billion for the period 2007 – 2013 to support the national and regional programmes of the countries covered by the ENPI. The resources made available to each country will be adapted according to the estimated needs and absorptive capacity of the country. In addition, a budget of € 12.4 billion was designated for potential loans from the European investment Bank

The Euro- Egyptian Cooperation According to the ENP

The Euro-Egyptian cooperation document was established under the framework of the ENP. It entered into force following its adoption in March 2007 during the meetings of the Egyptian-European Council in Brussels. It is a joint document covering comprehensive reform in Egypt, and agreed upon by the parties after more than five rounds of formal negotiations. This plan reflects the priorities of the Egyptian government in the political, economic and social fields during the period of 2007 to 2010.

The EU has already allocated € 558 million to support the Egyptian government in implementing the reform programme as stated by the Plan of Action over the next four years, 2007 - 2010. This includes € 137 million in 2007 to finance actions promoting high growth for the Egyptian economy, increased competitiveness of Egyptian exports, the attraction of more foreign investment, and the creation of more job opportunities. With this amount allocated to the Egyptian government, Egypt has the right to benefit from many sources of financial and technical assistance offered by the EU through the European Investment Fund and European Investment Bank loans.

The Euro-Egyptian cooperation document is the main operational tool for achieving the objectives of the ENP. The Action Plan seeks to develop the economic climate in order to attract more domestic and foreign investments, both through the emphasis on the role of the private sector and through financial sector reform fiscal reform, the development of infrastructure and by achieving a better integration into the world economy.

The Action Plan also obliges the parties to cooperate and coordinate in many social and cultural areas, including combating poverty, eliminating illiteracy, developing education at all levels, including vocational education, working on the development of the social insurance system and working on upgrading health services.

The Action Plan also stresses the need for continuous coordination over legal and illegal migration-related issues. Finally, it states the importance of joint action and cooperation in scientific and technological fields, environment-related issues and the deepening Euro-Egyptian cultural dialogue.

Both parties are committed to achieve political dialogue and cooperation around many issues of common interest, among which the conflict in the Middle East is a priority, together with the disarmament of weapons of mass destruction and combating international terrorism and organized crime.

The Action Plan also stresses the importance of increasing the efficiency of political institutions, promoting democracy, protecting human rights, emphasising the dialogue between religions

and civilizations and eliminating ethnic and religious intolerance. The Action Plan is considered as a continuation of the European Egyptian Association which entered into force in 2004.

The ENP does not make any provision for countries covered to accede to the European Union.

The inclusion of Egypt in the ENP confirms the goal of the Barcelona process and complements the role of the Association Agreement in establishing a free trade zone between the EU and Mediterranean states by 2010.

ANALYSIS OF THE CSP

The Country Strategy Paper of the European Union that covers the EU's cooperation with Egypt for the period 2007-2013 identifies the objectives and priorities of the cooperation. It provides an analysis of the Egyptian situation, and an assessment of the experiences of the previous period accompanied by some shifts in implementation of the cooperation. The National Indicative Programme translates this into a set of actions covering the period 2007-2010 for which a total of € 558 million has been allocated. The strategic priorities and their objectives, as stated in the paper, include three main areas:

- Political reform and good governance: supporting Egypt's reforms in the areas of democracy, human rights, good governance and justice.
- Developing the competitiveness and productivity of the Egyptian economy.
- Ensuring the sustainability of the development process with effective social, economic and environmental policies and better management of natural resources.

The first strategic objective reflects a shift from the Country Strategy Paper for the period 2002-2006 so as to match economic liberalization with social and political reform. However, the "constructive involvement of civil society" is not spelled out in the CSP's priorities for 2007-2013.

In reviewing the objectives set out in different parts of the paper, the specific concerns of the European Union can be summarized as being to:

- Prevent the emergence of dividing lines between the enlarged EU and its neighbours.
- Strengthen stability, security and well-being in the EU neighbourhood.
- Promote peace and security in the region, building on Egypt's links with Europe, the Mediterranean region, the Arab region and Africa.
- Improve the fight against terrorism, organized crime, money laundering, illegal migration, and trafficking of narcotics and human beings.
- Focus on a limited number of specific objectives in key sectors in which the EU and Egypt have a strategic interest.
- Promote the EU's values and interests as a global economic and political player.
- Contribute to securing the supply of energy to the EU and the development of trade.

Section 2 presents Egypt's policy agenda. This section focuses mainly on economic and social progress, with no tangible reference to political reform and democratization except the pledge of President Mubarak during his campaign for his sixth term in office. The paper shows that economic and social reforms focused on:

- Reform of the financial sector.
- Liberalization and development of the business environment.
- Economic governance issues.
- Education.
- Health, particularly reforming health insurance.
- Job creation measures.
- Extension of the social safety net.

However, this section indicates slow and insufficient efforts to empower women and to protect the environment.

Section (3) includes an analysis of the political, economic and social situation in Egypt. At the political level, the report notes that:

- there has been slow progress in delivering the promised reforms;
- serious restrictions were evident during the Presidential elections of 2005;
- some progress has been made on the protection of human rights, mainly with the creation of the National Council for Human Rights, the establishment of special departments for human rights within some ministries, the establishment of a Parliamentary committee for human rights, and the inclusion of human rights subjects in schools;
- there is continued use of torture and poor prison conditions;

- gender-based discrimination continues;
- there is corruption;
- a lack of independence hampers the functioning of the judiciary ;
- the Emergency Law persists;
- there is an improvement in the fight against terrorism, illegal migration, organized crimes, money laundering and drugs. In addition, Egypt plays a strategic role in peace and stability in the region.

At the economic level, the analysis points out the following achievements:

- bold trade, tax and financial reforms have been made leading to a resurgence in stock market activity;
- exports of goods and services (primarily tourism) have grown, and there has been a resumption of construction activity;
- a reduction of the average tariff rate and the number of tariff bands has been achieved, together with the abolition of import fees and surcharges;
- a restructuring of the income tax law;
- the submission of budgets in line with international standards;
- the re-launching of the privatization process;
- the restructuring of the financial sector with the sale of its stakes in joint venture banks, and progress with the reform of the non-bank financial sector; there has also been greater coherence in monetary management;
- an improvement in the field of agriculture with the need to give attention in areas complementing agricultural trade (mainly rural development and development of the quality of production).

At the level of social development, the analysis shows:

- Egypt ranked 119 out of 177 countries according to the UNDP Human Development Report of 2005;
- unemployment officially stood at 10%;
- widespread visible and invisible underemployment, with gender differentials being evident in the field of employment;
- that progress is reflected in many education and health indicators. However, there is insufficient access to education and health services and these services are generally poor in quality.

Regarding infrastructure, transport, energy, the environment and natural resources:

- Egypt has one of the highest incidences of traffic fatalities in the world;
- there is a gradual liberalization and privatization of transport;
- improvement is being made in the fields of maritime transport and aviation;
- Egypt has emerged as a gas exporter and a transit country for energy supplies;
- environmental protection is hampered by institutional weakness;
- there are challenges linked to wastewater, sanitary facilities, and the health and environmental risks associated with inadequate sanitation infrastructure.

In terms of science, technology and development, innovation and information society:

- present level of research and innovation activities are estimated at 0.5% of GDP per annum;
- there are challenges facing long-term funding for infrastructure, lack of qualified technical staff and the attractiveness of scientific careers at national level;
- Egypt is the second largest producer of international scientific publications in Africa;
- there are government-funded programmes focusing on agriculture, health, and, to a lesser extent, on the manufacturing sector;
- there is a successful participation in information science and technology projects

Section (4) presents an overview of past (2000-2006) and ongoing EC cooperation. The EU's Country Strategy Paper for 2002-2006 focused on three priority areas: a) Promoting effective implementation of the Association Agreement by assisting Egyptian enterprises and institutions to meet the challenge of increasingly competitive internal and external markets; b) supporting the process of economic transition into an efficient and liberalized free market economy able to support sustainable growth and create employment; c)

supporting stability and sustainable and balanced socio-economic development to match economic liberalization with social and political reform, good governance, the rule of law, constructive involvement of civil society and protection of the environment.

During this period, a shift occurred from large-scale technical assistance to budget support.

The EC played an important role in coordinating donors' assistance in Egypt by:

- Chairing the Donor Assistance Group and co-chairing some of its thematic sub-groups.
- Linking all existing donors to the Government's reform agenda.
- Achieving concrete steps in the implementation of the Paris Declaration on harmonization.
- Coordinating preparations for the 2007-2013 CSP.

Section (5) includes the EC response strategy for the period 2007-2013. Objectives and priorities are stated in section (1), in addition to developing a privileged partnership. These strategic objectives focus on the following dimensions:

- deeper political cooperation and economic integration;
- opening up trade, a stake in the internal market, and targeted technical and financial assistance;
- providing capacity building, development of human resources, technological capabilities and organizational capacity;
- providing financial assistance to strengthen human and social capital;
- support legislative reform and help strategy and policy-making and implementation.

The instruments backing this response strategy will include the regional European Neighbourhood and Partnership Instrument (ENPI) programme for the south neighbourhood, the ENPI Inter-regional programme, the ENPI CBC Mediterranean Sea Basin Programme, thematic programmes as well as the Instrument for Human Rights and Democracy.

Finally, section (6) presents the National Indicative Programme for 2007-2010 that reflects the EU priorities identified for the period (2007-2013), the analysis of the situation, and lessons learned from the last period:

- Supporting Egypt's reforms in the areas of democracy, human rights and justice (7% of the budget) through:
 - reforming the electoral system;
 - approving law on decentralization;
 - modernization and development of public services;
 - strengthening the capacity and effectiveness of the competent public institutions and councils to reviewing the national legislation and formulating a human rights strategy;
 - establishing a gender mainstreaming strategy and enhancing women's participation in political, economic and social life;
 - improving the legal and administrative framework within which the civil society operates;
 - reviewing the legal and administrative frameworks including in the information sector; modernizing administration of justice and strengthening the capacity of law enforcement bodies.
- Developing the competitiveness and productivity of the Egyptian economy (40% of the budget) through:
 - trade facilitation and customs reform;
 - upgrading economic legislation and the business environment;
 - enhancing the agricultural sector; support for transport, energy, science and technology;
 - support for the modernization of the statistical system.
- Ensuring the sustainability of the development process (53% of the budget) through:
 - supporting the Government of Egypt's reform programme for primary, secondary and tertiary education;
 - supporting the Health Sector Reform Programme;
 - fight against communicable and non-communicable diseases;

- interest rate subsidies for the transport, energy and environment sectors.

DESCRIPTION OF THE MAIN CHALLENGES

By analysing the ongoing challenges civil society representatives at the workshop concluded that:

Regarding the CSP's priority of political reform and good governance through supporting Egypt's reforms in the areas of democracy, human rights, good governance and justice:

- The absence of indicators will make this strategy difficult to assess on the ground. No clear mechanisms are outlined in the implementation of this strategy which brings into question its credibility. Policies are generally implemented at the higher level of government bodies, and lack specific achievement goals.
- With regards to the gender component, there are no clear or precise indicators for measuring achievements.

Regarding the priority to develop competitiveness and productivity of the Egyptian economy:

- This policy is implemented with complete disregard for the consequences of economic development approaches, especially in relation to economic and labour justice and rights (e.g: the growing monopoly over resources from both national and international companies).
- The inequalities between the northern and southern states on social, economic and political levels are increasing.
- The support provided by the government for agricultural production is decreasing, which will lead to an increased gap between the southern and northern states as well as an increase in the dependency of southern states on northern ones for the supply of agricultural products.
- There will be increased impoverishment in most of southern states.
- The transfer of southern states into waste dumps for northern states will increase environmental pollution, which could lead to a catastrophe.

Regarding the priority to ensure sustainable development with effective social, economic and environmental policies and better management of natural resources:

- There is an increase in the gap between rich and poor for access to high quality and efficient essential social services (health, water and education).

ANALYSIS OF THE SITUATION IN RELATION TO THE CSP

Egypt has been undergoing a process of economic restructuring since the mid-seventies, aided by the IMF, the World Bank and the USAID. This process aimed to strengthen the private sector and enable it to take over both the management of the economy as well as other aspects of social services. The EU strategy has bought into the above strategy, not taking into account the specific situation in Egypt, nor the relations of power which have evolved during the past three decades, to the detriment of people living in poverty in Egypt.

As stated in a previous section, the strategies adopted by the EU have targeted specific areas reflecting its priorities in the region. Such priorities are also reflected in the budgets allocated for these strategic areas. Accordingly, we see that the two main priority areas are the following:

- "Developing the competitiveness and productivity of the Egyptian economy"; and
- "Ensuring the sustainability of the development process with effective social and environmental policies and better management of natural resources".

Although the latter clearly suggests pro-poor policies, its main target has been the privatization of the health sector through the implementation of a new health insurance law, which has been severely criticized by civil society as being detrimental to the poor in Egypt. Civil society groups do not ignore the poor quality of health services. However, they consider that the proposed law does not contribute to increasing the accessibility of high quality and comprehensive healthcare for people living in poverty. On the contrary, it continues the trend toward the creation of a two tier system which only allows basic of healthcare to the poor, while maintaining higher quality healthcare within the private sector, which is not accessible for people living in poverty poor. Given the continuous rise of prices, high rate of inflation, and stagnation in wages, these policies represent a serious threat to security and stability in the country.

The private sector, which has received the support of the government as well as the majority of bilateral aid, has grown unchecked, in the absence of pro-poor regulations. Monopolization of resources and power has gone hand in hand with the manipulation of the economy towards the interests of the economic and political elites and the inability of smaller economic players to compete. Laws designed to address this situation are continuously blocked in parliament, to the benefit of those in power.

The above two priority areas, which represent the strategic position of the EU towards the Government of Egypt from 2007 to 2013 will utilise the bulk of the EU financial assistance.

On the other hand, the third strategic objective, which is "the promotion and protection of human rights and involvement of civil society in protecting the environment", represents only 7% of the EU budget. This suggests that, contrary to official statements, this objective stands very low on the list of priorities of the EU. In addition, the realization of this objective hinges on EU support to the National Council for Human Rights, which has no authority towards any of the executive bodies.

Consequently, it continues to fall upon civil society to take the leading role in highlighting the serious transgressions on human rights in Egypt, at the same time that it faces challenges and threats resulting from transgressions on their own right to exist.

This situation is exacerbated at the external level through agreements that benefit multinational corporations, such as the TRIPS agreement, which deprives society from accessing and freely utilizing its national resources for the benefit of people centred economic and social development, The negative effect of this agreement on the accessibility of medical innovations, as well as food security is already felt at the local levels. Its impact on a global economy and its national counterparts continues to unfold to this day, revealing a growing gap between rich and poor nations, as well as between the rich and the poor in each nation.

CONCRETE RECOMMENDATIONS ON THE ENP PROCESS

Civil society believes that without effective political, social and economic reforms the fundamental challenges facing Egypt and its people cannot possibly be achieved. In this context the following specific recommendations are being made:

General recommendations

- The participants highlighted the importance of giving the previously mentioned opportunities a bigger weight as well as giving greater importance to the work on avoiding risks – if the Agreement was destined to have a positive effect on development in the South of the Mediterranean and achieve stability and security in all the states, either in the south or the north.
- More weight should be given to CS points of view and development priorities in issuing, revising and monitoring agreements.
- There should be strengthened coordination and interaction between CSOs in the southern and northern Mediterranean as an important strategy to support development, enrichment and cultural integration.
- The group of CSOs, in cooperation with local communities, should monitor the implementation of the agreement and its effect and publish an annual shadow report.
- To ensure that there is transparency in the following fields:
 - Planning of agreements between states.
 - Implementation of agreements.
 - General budgets and the items of expenditure.
- To establish a budgetary observatory to monitor the budget given to the government.
- To establish an information observatory.

Egyptian organizations should:

- Hold an annual meeting bringing together Egyptian civil society organizations focusing specifically on the implementation of Egypt's cooperation with the EU.
- This should involve the participation of the media to strengthen the impact of the meeting.
- Periodically monitor and make assessments of EU policies and their implementation.
- Organise the training of civil society organizations on mechanisms of decision-making.

Partner organisations in Europe should:

- Assist and follow up the process of delivering Egyptian civil society reports to the EU.
- Provide the organizations of the south with information.
- Expand non-governmental mechanisms in Europe which enable an increased interaction by civil society organisations from Egypt on EU policies that affect.

Thematic recommendations:

Although numerous issues were discussed, the group concentrated on the 'health issue' as there is an ongoing campaign led by numerous NGOs and political parties. The following, therefore, represents an example of the values and approach which the group has recommended:

Recommendations in the field of health:

- The right to equal health services for all the citizens should be considered as the basic standard to develop the healthcare system.
- The degree of empowerment of citizens for monitoring health services should be the quality standard and not competition for profit.
- The expenses of the government on health from the general budget should be increased from from 4% to 10%, in return for the decrease of direct pocket spending that reaches 60%.
- The citizens' right to equality in accessible health service should be coupled with their right to medication and other medical requirements. The agreement should not violate this right by supporting "the agreement of intellectual property which causes that

increased segments of medications and medical requirements are not accessible to an increased number of citizens”.

- The health sector should be coupled with strategies to address the social indicators of health through a multi-sector methodology.
- Therefore, we consider the development of the primary health care model, presented by the WHO as a holistic multi-sector methodology that is not limited to the family physician and supported by the EU, as the real reform for which we demand support.

CONCRETE POLICY RECOMMENDATIONS: PRIORITY AREAS AND IMPLEMENTATION

Policies adopted by the EU should be based on an independent and accurate analysis of each country's situation. The EU should not adopt a generic formula, as the IMF and World Bank have done it in the past.

The impact of the adopted policies should be seen in the light of rising inflation, and their effect on the poor, as well as state of governance mechanisms, both at national and global levels.

Civil society has proven that it has the capacity to reflect the interests of the marginalized sectors in society and to bring to light violations of human rights. Therefore, a serious consultative process should be set up with civil society actors, at all levels, during the process of policy development and not 'after the facts'. This process should be formal and documented.

At the economic level:

A serious problem that hampers economic development is the absence of transparency – at global and national levels – in economic agreements and the budgets allocated to certain sectors. This has allowed corruption to flourish and economic lobbies to control the future and destiny of nations and their people. At the national level, this continues to be a significant obstacle which has increased the gap between the rich and the poor. In this context, it is impossible to speak about a trickle down approach. Therefore, **transparency in budget allocations** to the different ministries and projects is a priority area, which can enable civil society to monitor and thus have a voice in the utilization of its own resources.

Access and quality of Services:

The quality of services, especially in health and education, has deteriorated drastically during the past 30-40 years. This has placed an increasing financial burden on people living in poverty who either have had to forgo these services or resort to private or charity-based (mostly religious) services. None of these options offer a real solution to the problem as on the one hand it cuts into the already low income of the vast majority of the population, and on the other, increases sectarianism on the other.

The solution presently creates an appalling scenario which will increase the division between the rich and the poor – where people living in poverty only have access to basic elementary service, while the rich have access to high quality services. **Any solution should address this problem, as its first priority.**

Violation of Rights:

This area remains one of the most serious areas affecting the participation of the different sectors of the population in decision-making as well as access and right to resources. Women continue to be marginalized in all walks of life. The right of citizens to equality before the law and proper judicial procedures is violated daily with no mechanisms for proper interventions. Labour rights are violated by national as well as transnational corporations, which benefit from the lack of protective mechanisms for workers (both male and female). **International labour standards should be upheld in every country**, respecting the rights of citizens who live under the direst circumstances and are forced to accept inhuman work conditions.

Environmental rights are similarly violated by both national as well as transnational bodies, which have worsened people's living conditions, as their habitations become dumping grounds for hazardous materials. Despite the fact that protests are increasing daily at the national level, national or global governmental bodies do not take them seriously. **Mechanisms should be put in place so as to ensure the right of people to safe environments.**

Civil Society:

The participation of civil society should be ensured through regular and proper mechanisms concomitant with their right to exist without excessive interference and prohibitions. Egypt continues to be a country that continuously violates the right of civil groups and NGOs to operate freely and without hindrance.

CONCLUSIONS

The above recommendations necessitate the establishment of mechanisms for consultation with different civil society groups, addressing a variety of interests, at both national and global levels, ensured through regular processes. Since we are living in a globalized world, in which policies taken at the international level are affecting the daily lives of populations living thousands of miles apart, it is important to make these processes more official, paving the road to citizens from all over the world to express their concerns and interests on how these policies are influencing their lives.

Stability and security in the world can only be ensured through open channels of communication, as well as a readiness to take the concerns of citizens seriously through policy changes.

The Eurostep project constitutes an important initiative in the right direction, provided that policy-makers are aware of its significance and importance for developing an equitable world where rights are not selectively defined, geographically or 'culturally'.

ACRONYMS

AA	Association Agreement
AP	Action Plan
CSP	Country Strategy Paper
CSO	Civil Society Organisation
DAG	Donor Assistance Group
DSC	Development Support Centre for Consultancy and Training
EC	European Commission
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Partnership Instrument
EU	European Union
FTA	Free Trade Agreement
GSP	General System of Preferences
HSRP	Health Sector Reform Programme
IMF	International Monetary Fund
MDGs	Millennium Development Goals
NACP	National Agency for Competition Protection
NATO	North Atlantic Treaty Organisation
NCHR	National Council for Human Rights
NIP	National Indicative Programme
OECD	Organisation for Economic Cooperation and Development
PCA	Partnership and Cooperation Agreement
TAIEX	Technical Assistance and Information Exchange Instrument
USAID	United States Agency for International Development
WTO	World Trade Agreement