



Means of social and economic support for irregular employment in Egypt

Groups affected by the covid-19 pandemic in Egypt

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The (Covid -19) pandemic asserts the importance of reconsidering the means of providing integrated social protection programs for the Under privileged groups in Egypt. Although Many social groups and classes in Egypt have been affected by the pandemic, irregular employment is the most damaged, for it was deprived from its main source of income, which requires fast responses in favor of these groups. In this paper we aim to confront this case as a contribution to ease the burden cast on this important category in the Egyptian society.

The aid and protection of irregular unemployment as a priority

Medical specialists emphasize that the most likely categories to be infected by the virus are the elderly people and those who suffer from chronic diseases. On the economic level, irregular employment is the most affected .

By taking a quick overview we learn that there is about 17.6 million workers in Egypt, noting that there is only 48.1% of those are subscribers in social insurance programs.

While the irregular workers consists of 12 million workers including 1.7 million employers and 2.5 millions self employed who do not use paid workers in their work, in addition to 5.6 million workers getting paid for their work while not being part of any institutions, we believe that this the essence of the problem.

The irregular employment sector is divided into categories, some of them are treated as a part of private sector and should be receiving facilities from the state:

First category:

The employers, whom could be supported by

- 1- cuts and reductions in using public facilities (electricity, water, gas and sanitation) -\
- during the months following the crisis.
- 2-the postponement of debt installments during the crisis period (bank debts and equipment installments)

Second category:

job owners who work for themselves and do not hire paid workers, they could be treated with the same method used for the first category, noting that there savings might not be enough to cover the crisis period.

Third category:

which consists of domestic workers, it is difficult to calculate their numbers and define their needs and the proper way to compensate them.

fourth category:

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Paid workers in the informal sector are the most deserving category with estimated numbers reaching about 6 million workers. this group is in crucial need to secure the guaranteed minimum income (1500 pounds monthly) which requires about 9 billion pounds monthly or 27 billion in the next three months

The international labor organization recommendations

The organization have issued a study on the effects of the pandemic on workers situations (unemployment increase and poverty deepening), the study called to take urgent measures in three levels:

- 1- protecting the workers in workplaces
- 2- stimulating the economy and employment
- 3- supporting jobs and wages

These measures conclude the amplification of social protection and supporting workers to enable them to remain in Their jobs (less working hours, paid leave hours and tax exemptions for small and medium sized enterprises).

The study suggests measures on the level of monetary policies(lending and monetary support for specified commercial sectors).

The employment rates decrease also leads to huge losses in workers wages. the study estimates the amount of losses between 860 billion Us dollars and 3.4 billion Us dollars by the end of 2020. which will lead to consumption rates decreasing which will, in turn, affect the future of business sectors .

It is expected that the numbers of workers under poverty line will rise, " the pressure on wages caused by the regression of economic activity will lead to devastating results on workers living on or under poverty line".

The world labor organization estimates that there will be an increase in the numbers of workers living in poverty, between 8.8 million to 35 million, compared with the original number for the year 2020(14 million around the world).

Sources of funds for the suggested protection measures

the funding problems remains the biggest, but the funding sources can be provided by increasing the amount of high tax brackets from 22.5% to 25%, this will provide trillions to fund the new charges of the general budget, and if



we manage to set strict precedents for liberal professions the public treasury will be provided with billions of dollars. It could also be funded by establishing a compensation fund for irregular employment..

Compensation fund for irregular employment.

the draft law for the protection of irregular employment stipulates that there should be a permanent and effective protection program, and we strongly advise to accelerate its establishment even before the enactment of the law taking into account these exceptional circumstances.

Registration problems

the Egyptian minister of labor force stated that 500.000 irregular workers have registered themselves using the ministry website. He clarified that the data is being processed in order to provide care and support in the context of the state plan to protect irregular workers from the pandemic social effects. He declared that the state will offer registered workers a financial grant (500 pounds).

But there are several complications in this method of disbursement, many of irregular workers don't have access to the internet, we think that the ministry must deal with this problem immediately..

Beside that the 500 pounds grant is not enough and cannot be considered as an efficient aid for workers in the context of elevated prices, and knowing that the partial cessation of work (which can lead to full cessation) have had more damaging effects than the amount of grant could cover. which leads the workers to avoid quarantine measures and increasing their chances to infection.

Role of the ministry of social solidarity

In 21 march Nevin El Kabag the minister of social solidarity stated that the ministry have taken concentrated measures concerning social security programs. The ministry added 273,00 families to the program takafol wa karama (solidarity and dignity) and 100.00 more families will be added in the near future.

Role of civil society

Civil society was the quickest to respond with the crisis demands, many initiatives emerged to provide support to irregular employment families. these efforts must be coordinated with the state efforts:

1- the Egyptian food bank:



the food bank launched a campaign to support daily workers starting 22 march , 500.00 food packages were distributed as alimental support to aid them confront the economic effects of the pande mic which effected many groups in the society and especially daily workers.

the Egyptian food bank is collaborating with 4365 charity foundations in all Egyptian governorates, and this collaboration offered them a special database of 650,00 families eligible for support(daily workers families). Due to increasing numbers of families in need of support, the bank is preparing waiting lists with the associations.

2- Resala charity organization

Resala launched " the charity challenge" to aid the categories in need from daily workers and hand craft workers whom will be affected by lock down, the organization is targeting in the first stage of this initiative to gather donations to cover essential needs (monetary and nutritious) for 100,00 families in a month with an average of 500 pounds a month . it is also worth mentioning that Resala has launched previous campaigns and initiatives that included famous actors and football players.

3- Tahya Misr financial fund

Tahya Misr financial fund box has an account(073037) aiming to face crisis and disasters available for deposit in all Egyptian banks, it is also possible to donate using cell phone services by calling or texting the number (1333).

Recommendations

- Establishing and developing a data base for irregular employment registered in the ministry of labor force departments.
- Establishing a financial fund in order to protect and hire irregular employment.
- The state represented in the council of ministers, the labor ministry and the ministry of finance should organize official meetings with the representatives of irregular workers and their syndicates and unions in order to take an equitable resolution.
- The state must commit to compensate irregular employment by disbursement of monthly payments that should not be less than the minimum wage amount.



- The emergency labor fund should disburse grants for workers who suffered wage cuts according to the 165 law 2002.
- Adopting a universal financial policy towards individuals on the model of other states by expanding the disbursement of exceptional grants for irregular workers and offering unemployment benefits for those who lost their jobs on the back ground of the crisis.
- Carrying out extraordinary measures to enable more irregular workers to benefit from "Aman' document which provides protective insurance for irregular employment. It also allows them to benefit from the exceptional grant announced by the minister of labor force .
- Ceasing the collecting of insurance, taxes and bills from citizens with low income.(second to fourth sections)
- Declaring an exceptional raise in the allocations of financial support through social solidarity pensions and "takafol wa karama" pensions in order to confront the crisis pressuring poorer categories, noting that both these pensions are benefited by 2.3 million families according to 2018/2019 assumption with the total cost of 17.7 million pounds.
- Declaring a special raise in the allocations of in kind support on ration cards. It is worth mentioning that there is about 22 million ration cards serving 71 million citizens consuming bread and 64,400 millions for other products consumption. the cost of the in kind support program is 89 billion in the financial budget of 2019/2020, what distinguishes this program is it's accessibility for categories in need of special support during this period. By using ration cards the individual has access to commodities with the cost of 50 pounds monthly for the first 4 people and 25 pounds for the rest of citizens listed on the card, in addition to the service which allows buying 150 loaf of bread with the price of 5 pennies for the loaf.
- The ceasing of any house evacuation measures for any reason, in order to protect citizens and especially low income citizens, and also small and medium business owners and workers during the crisis, and especially those who have no relation with enterprise development authority and are not under law protection.
- Backing the social housing beneficiaries to pay their mortgages and support the most affected renters contracted on the new rent system.
- The consolidation between the efforts of civil society organizations in order to provide full protection to damaged categories of irregular workers from the pandemic, in addition to establishing a data base to compute the beneficiaries to insure the reach of support to the eligibles.