Ahmed Farouk Ghoneim

Evaluating the Institutional Framework Governing Migration in Egypt

09-May-09
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Introduction:

Migration in Egypt has always played a paramount role in its economic development. Egypt is one of the largest emigrating countries in the world and is one of the top 10 remittances receiving countries all over the world (Migration and Remittances Factbook, 2008). The existing figures of migrants abroad might be underestimated due to under registration of Egyptian migrants abroad especially in Europe as reported by some studies (de Hass, 2007), hence implying the existence of high tendency of irregular migration. Emigration has not followed a smooth increasing trend where the trend of emigration has experienced several fluctuations and set-backs, especially in the 1990s, as a result of external economic and political reasons. Nevertheless, the role played by remittances and returned migrants has always been significant in the context of economic development in Egypt. Limited empirical evidence identified that emigrants in Egypt contribute positively to the process of economic development both through remittances and entrepreneurial skills acquired during the period of migration (Wahba, 2003a; Wahba, 2003b; McCormick and Wahba, 2002). However, means of enhancing such contribution whether in terms of policies or regulations have remained understudied. Moreover, in the last decade Egypt has been recognized as an immigrant receiving country as well as becoming a significant transit corridor. The rules and policies governing immigration remained unclear.

This paper aims to fill this void in the existing literature by providing a critical evaluation of the institutional framework governing migration in Egypt. It aims at answering the question of whether the existing institutional framework governing migration is sufficient to enhance the role played by migration, especially irregular migration, in the economic development of Egypt or there is a deficiency that needs to be addressed. In other words, does the institutional framework provide the right environment for better utilization of human labor embedded in the migrants and make use of their remittances? The paper also aims at suggesting means to overcome the deficiencies that exist in the institutional framework. The methodology applied

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depends on desk work survey of studies and regulations as well as conducting interviews with government officials and banks' representatives.

In Section One a historical overview of the existing framework that governs migration is provided. Section Two points out the efforts undertaken by the Government of Egypt (GOE) in the last decade to enhance the role of migrants and remittances in the Egyptian economy. Section Three addresses the gaps in the existing framework that should be addressed and provides alternative mechanisms for filling such gaps. Section Four concludes and provides policy implications.

Section I: Institutional Infrastructure (laws, regulations, and international agreements)

Emigration:

Sadat’s era represented the start of institutionalizing migration policy in Egypt. In the 1971 Constitution, Article 52 granted Egyptians the right to emigrate and return home. Moreover, Law 73/1971 allowed public-sector employees to return to their jobs after one year’s resignation, subsequently extended to two years together with the removal of other legal impediments. Following the open door policy adopted in 1974 all restrictions on labor migration were lifted (Roman, 2006). During this period, many measures were taken to ease the restrictions imposed on emigration procedures. Migration was high on the agenda of the government for a number of reasons including solving unemployment problems, using remittances to help in restoring balance of payments deficits and financing private projects, and supplying Arab countries with required labor especially in the light of oil boom (IOM, 2003). Governmental agencies responsible for organizing labor migration started to be established, especially for Arab countries focusing on specific occupations as teachers, physicians, and nurses. During this period it was difficult to design specific policies targeting irregular migration, especially that migration per se was in its infancy and there were no specific reasons to think that irregular migration might even happen. On the contrary if irregular migration has even taken place during Nasser’s era the granting of the Government’s blessings through laws and regulations
encouraging migration were thought to stop any form of irregular migration which could have happened due to political reasons.

In Mubarak’s era emigration was devoted additional attention. Specialized agencies were established to organize the process of migration and strengthen links between Egyptian emigrants and their home country. Presidential Decree 574/1981 set up the Ministry of State for Emigration Affairs to sponsor Egyptians going abroad for work and provide them with a number of services (IOM, 2003). The setting up of a special ministry for emigration affairs reflected the importance of the subject of migration to the Egyptian economy and the urgent need felt by policy makers to institutionalize migration issues. Law 111/1983 “The Emigration and Sponsoring Egyptians Abroad” has been considered the main law governing emigration in Egypt. It identified the rights of all migrants, temporary and permanent, and lists the responsibilities of the Ministry of State for Emigration Affairs. The law granted migrants the right to retain their Egyptian nationality along with the nationality of the country of destination. The law makes a clear distinction between permanent and temporary (less than one year) migration, though in practice the distinction is blurred. Finally, the law identified the financial rights of migrants identifying that there are waivers from taxes and fees for their deposits when invested in Egyptian banks (Roman, 2006; IOM, 2003). There was no specific mention of irregular migration in the laws and regulations adopted.

In 1996 the Ministry of Manpower and Emigration (MME) became responsible for migration and Egyptians abroad under Presidential Decree 31/1996, hence replacing the Ministry of State for Emigration Affairs. New policies relating to all aspects of sponsorship and available facilities for Egyptians abroad, in cooperation with the ministries and entities concerned, have been endorsed. The decree stated the principal goals to be achieved by the Emigration Sector of the Ministry including: linking emigration policy with the national interests of the State in achieving economic and social development; and providing the necessary care for Egyptians abroad and establishing links between them and their mother country.

A Higher Committee for Migration (HCM) was set up in accordance with Presidential Decree 2000/1997 to enhance cooperation between different ministries on migration issues. The establishment of the HCM was stipulated explicitly in Law 111/1983, however it was only launched in 1997 (IOM, 2003; Roman, 2006). The HCM is
headed by the Minister of Manpower and Emigration and includes representatives from a large number of ministries that deal with migration issues. The competences of the HCM includes: setting up of professional training centers for potential migrants; organizing specialized courses providing potential migrants with qualifications; and providing Egyptians abroad with media and cultural material to maintain ties with their homeland including teaching Arabic to migrants’ children, and supporting efforts by Egyptian religious bodies to maintain the spiritual heritage of Egyptians abroad (Art. 5). However, it is worth noting that not all of such competences are exercised in reality.

The institutional setup of the existing HCM and the Emigration Sector of the MME includes setting up training centers for potential migrants, and defining policies and political solutions to address the needs of the migrants abroad. In fact, the Emigration Sector has economic, cultural, political, and legal roles to play. As assessed by some studies, its performance has been modest on the legal and political fronts, especially in negotiating agreements protecting legal rights of migrants abroad and finding political solutions to migrants abroad (Roman, 2006).

Currently the Egyptian institutional setup dealing with migration includes a number of ministries namely; Ministry of Manpower and Emigration - Emigration Sector; Ministry of Foreign Affairs - Migration Division, and Ministry of Interior. Ministry of Foreign Affairs, Migration Division has been established in 1969 and is responsible for coordinating with other governmental bodies in order to facilitate the migration process and to undertake studies that could enhance policies. The Ministry of Interior grants work permits to temporary migrants prior to their departure, as well as keeping records of all passengers who cross the Egyptian borders through its control points in the airports, ports, and land points throughout Egypt (IOM, 2003). Finally, the Ministry of Defense is playing an increasing role in monitoring the borders to control illegal migration, and the Ministry of Information is playing an increasing role in increasing the public awareness of the population on illegal migration (Information and Decision Support Center, 2007).

What is evident is that during Mubarak’s era irregular migration increased due to several political and economic reasons that have affected both Egypt and the world in
general. The institutional setup governing migration has not been developed in a similar manner to govern the increasing flows of irregular migration.

Immigration

Egypt’s Constitution (Article 53) stipulates a refugee’s right to political asylum under certain conditions, however there is no specific national law governing the status of refugees. The entry and residence of foreigners in Egypt is covered by Law 89/1960, amended by Laws: 99/1960, Law 49/1968, Law 124/1980, Law 100/1983, Law 99/1996 and Law 88/2005. Such laws regulate the procedures for foreigners wishing to enter Egypt and to reside there. Law 89/1960 recognizes three categories of residency for foreigners including: special residence, normal residence, and temporary residence. The different types of residence have their own conditions to be granted. Recognized refugees in Egypt are allowed to work, provided they obtain a work permit. However, the practice shows that it is really difficult to obtain the work permit for refugees unless they have been residing in Egypt for a relatively long time, which applies only to a relatively few number of old Sudanese refugees.

There is no clear cut visa policy for Egypt. The visa policy for Egyptian migrants is rather determined by the country of destination, whereas the visa policy for migrants to Egypt is determined following the case of each country which can change based on the political situation in this country. On the regional level, Egypt has been among the Arab countries (Lebanon, Libya, Morocco, Syria, and Tunisia) that have been conducting regular meetings coordinated by the International Centre for Migration Policy Development (ICMPD) on transit migration in the Mediterranean (ESCWA, 2006).

Egypt is a signatory to the 1951 Convention Relating to the Status of Refugees and its 1967 Protocol, the 1969 Organization of Africa Unity’s Convention Governing the Specific Aspects of Refugee Problems in Africa, and has ratified the African Charter

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2 These conventions grant recognized refugees a set of basic rights, starting with the specific prohibition of refoulement as per Article 33 of the 1951 Convention, and other rights including freedom of religious practice, continuity of residence, access to courts, employment, welfare, healthcare, education, freedom of movement and freedom to be issued with personal identity documentation (Arts 27, 28).
on Human and Peoples’ Rights (which also provides for the right to seek and obtain asylum). Egypt has also ratified such conventions, but held reservations regarding access to primary education, social services, and social security (United Nations, 2006; Hilal and Samy, 2008). Nevertheless, Egypt still does not have a national law regulating refugees’ affairs or irregular (or regular) migration. Moreover, Egypt does not fully implement the principles of the Conventions that it has adhered to, especially concerning access to primary education for children and right to work (Hilal and Samy, 2008). The GOE has deferred responsibility for those seeking asylum and refugee status in Egypt to the UNHCR, including the process of refugee status determination (RSD) and the provision of assistance. Despite the fact that UNHCR has asked the GOE to abide by its international obligations, there has always been resistance from the Government of Egypt as stated in a number of studies (Abu Saeda, 2007; Roman, 2007; Zohry and Harrell-Bond, 2003).

In light of the weak institutional framework governing immigration it is hardly expected that Egypt would have a specific transparent institutional framework targeting irregular migration. Nevertheless Egyptian laws contain stringent punishment against fraudulent entry including imprisonment up to two years, unauthorized entry or exit including imprisonment up to six months and/or monetary fine and expulsion, and unauthorized stay which is subject to expulsion (Law 88/2005 cited in Hilal and Samy, 2008).

Regarding bilateral agreements Egypt has a number of such agreements with Libya, Sudan, and Jordan that regulate the right of entry, movement, ownership, and work. Some of such agreements as the ones with Sudan and Libya are reciprocal, however as revealed by interviews Sudan does not fully respect the four freedoms agreement signed with Egypt does as stated by officials. For example Sudanese are allowed to own buildings and land in Egypt whereas Sudan is still creating problems for Egyptians in this regard. Egyptian officials stated that Egypt abides by its agreement as determining the status of Sudanese who apply for the status of refugees as well as

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3 The four freedoms agreement between Sudan and Egypt came into force in Egyptian law in September 2004. It grants reciprocal rights to Egyptians in Sudan and Sudanese in Egypt. Under this agreement, Sudanese are entitled to freedom of movement, work, residence and property ownership in Egypt (Hilal and Samy, 2008).
other refugees is determined by UNHCR. Existing studies show that Egypt does not respect its obligations under this agreement (Hilal and Samy, 2008). The four freedoms agreement with Sudan is the only kind of such detailed migration bilateral agreements that Egypt has signed, maybe because Sudanese represent the largest community of immigrants in Egypt where it is estimated that there are around 3-5 million Sudanese in Egypt, among them are only around 90 thousand who are registered as refugees. The agreement with Libya remained modest and emphasized the need for cooperation. The agreement with Jordan is not reciprocal and focuses mainly on managing the flows of Egyptian emigrants to Jordan. None of such agreements mention explicitly the word irregular migration although in fact they were mainly conducted to manage irregular migration. For example among the provisions of one of the agreements it was stated that it is the role of GOE to enhance awareness among Egyptian migrant labor on the conditions of work and stay in Jordan. Another provision emphasizes that Egyptian migrant labor must hold a valid work permit issued by Jordanian authorities.

Efforts in the past used to depend on official bilateral agreements. For example, between 1974 and 1993, Egypt signed labor migration agreements with 11 countries. However, such agreements remained less successful when compared to the informal arrangements undertaken without the intervention of the governments. Such agreements have been concerned with managing flows of migrants to such countries. With the Arab countries, there is also the Agreement of the Council of Arab Economic Unity of 1965 whose objective was to achieve the economic integration of the region within the framework of economic and social development. The agreement was meant to provide for freedoms of movement, employment and residence and to abolish some restrictions on movement within the region. The agreement was ratified by Egypt, Iraq, Jordan, Kuwait, Libya, Mauritania, Somalia, Sudan, Syria, Yemen, and Palestine. As a follow-up to this agreement, the Arab Declaration of Principles on the movement of manpower adopted in 1984 stressed the need to give preference to Arab nationals and called for intra-regional cooperation (Roman, 2006).

**Remittances:**

The rules and regulations dealing with remittances have experienced a lot of changes. The GOE in the 1960s had asked emigrants to repatriate part of their earnings to the
government, a policy which proved to be unsuccessful. Exchange rates were changed by the end of 1960s and beginning of 1970s to encourage remittances and the government started issuing special bonds for emigrants to attract their remittances. In fact Egypt was one of the very few countries which has liberalized its capital account in its balance of payments (even before attempts to liberalize its current account) to attract remittances. None of these policies led to significant change of pattern in using remittances in productive investments (ESCWA, 2006; Roman, 2006). Law 111/1983 recognized some rights for Egyptians abroad, such as tax exemptions for the bank deposits of emigrants in banks operating in Egypt and the capital contributed by an Egyptian emigrant shall be treated on the basis of their enjoyment of all privileges prescribed for the foreign capital working in the same field. Since that date remittances have not been regulated by any means neither through obligations to repatriate part of the remittances back to Egypt, nor through provision of incentives for emigrants and Diaspora to send their remittances back home. An idea of taxing remittances was raised in the 1990s, but was soon abandoned as it was found to be an irrational decision.

2. Current Efforts by GOE

Emigration:

Most of the efforts undertaken by GOE have focused mainly on signing international agreements, which already have followed a declining trend. Contrary to the past where bilateral agreements used to be signed in increasing numbers there has been an increasing shift to stabilize and reduce signing new bilateral agreements. Bilateral agreements with Europe are now rare. In the case of Europe, there are only bilateral agreements with Italy and Greece. There is an agreement, signed in 1981 aiming at regulation of migrant flows with Greece whose current status is uncertain (Collyer, 2004). To date, only one readmission agreement was signed with Italy in 2006 which was accompanied by an agreement that regulates legal migrant flows to Italy, specifying a certain quota of Egyptian labor to migrate to Italy on annual basis based on the demands of the Italian labor market. The quota started in 2007 with 7000 migrants, and was increased in 2008 to 8000, and is expected to remain at this level or increase. Fulfilling the quota in 2007 proved difficult due to inability to meet the
demands of the Italian side (due to absence of type of skills required and job specification as demanded by Italy). However, the GOE was able to legalize the status of around 5000 illegal Egyptian migrants in Italy under this agreement. This can be viewed as a *quid pro quo* type of agreements where the gains are mutual for both sides, both Italy and Egypt. Such two agreements, being signed simultaneously identify that both a cause root approach (agreement regulating migrants) in tandem with a remote control approach (readmission agreement) have been adopted. The two agreements are a sign of mutual collaboration between GOE and the Italian Government on combating illegal and irregular migration. The cooperation started with an information program on illegal immigration designed to promote the adoption of complex informatics systems for the prevention and reorientation of illegal immigration. The project includes a strong component of technical and managerial training targeting the personnel of the relevant authorities in the aim of promoting appropriate migration policies enabling the control of the migration flows. Moreover, GOE has started implementing an organized program of temporary migration to Italy, establishing mechanisms for turning brain-drain into brain circulation, facilitating local investment by Egyptian Diaspora, and analyzing new opportunities for skills transfer, training and also increasing Egyptian product exports through the Diaspora (Baldwin-Edward, 2005). The Italian government informs the GOE with its requirements of labor in different fields, and the Ministry of Manpower and Emigration (MME) undertakes the process of finding and training Egyptian labor in line with the Italian requirements and guarantees the return of the temporary migrants back to Egypt. However, the project has been in process for only one to two years and hence it is difficult to assess its success. But, it is worth noting that the project if proved to be successful needs to be extended to other countries, as well as stepping up the number of labor joining such program. The agreement with Italy did not tackle irregular migration in an explicit manner, however the simultaneous signing of readmission agreement implies that irregular migration is counted in the calculus of policy making. What is interesting is the deal reached by GOE and the Italian government to fulfill the quota by settling the status of Egyptian irregular migrants already existing in Italy. Though as revealed by interviews⁴ Italian government issued

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⁴ Three interviews were conducted with senior officials and ambassadors at the Ministry of Foreign Affairs in January 2009 and an interview with a senior government official at the Ministry of.
a regulation afterwards confirming that illegal migrants have no right to be granted a legal status to ensure that such deal will not encourage irregular migration, it is not clear how successful was this agreement from an Italian perspective. But at least from GOE and Egyptian irregular migrants such deal was a success.

The bilateral agreement signed with Greece concerning managing the flows of migrants from Egypt to Greece, as based on interviews, is likely to be adjusted soon and similar agreements with France and Cyprus are expected to follow.

Regarding regional cooperation between Egypt and its European neighbours on migration issues there are two sets of frameworks. With the European Union there is the Association Agreement signed in 2001, which was followed by the Action Plan within the context of the European Neighbourhood Policy (ENP) signed in March 2007. The Association Agreement and the Action Plan include provisions related to the living and working conditions of legally settled migrant communities, the prevention of illegal migration, and the reduction of migratory pressures, but nothing on the management of further economic migration. The Articles of the Association Agreement have rather focused on illegal migration in a remote control fashion. Moreover as depicted from the migration provisions of the Action Plan, they were more focused on remote control approach and some sort of co-management and cooperation, but did not deal with root cause approach. The new initiative of Union for the Mediterranean initiated by President Sarkozy of France did not devote special attention to migration, yet it confirmed the ongoing efforts under the Barcelona process. In the joint deceleration of the Paris Summit for the Mediterranean (13th of July, 2009), the declaration stated that "They stress that promoting orderly managed legal migration in the interest of all parties concerned, fighting illegal migration and fostering links between migration and development are issues of common interest which should be addressed through a comprehensive, balanced and integrated approach." However, given the project based orientation of the Union for the Mediterranean and absence of additional funding devoted to this initiative, it is not likely that migration projects will be given special attention. The new elements embedded in the Union for the Mediterranean as co-presidency, permanent committee, and joint secretariat emphasizing the aspect of joint ownership might

Manpower and Emigration in February 2009.
increase the discussion on migration issues. However, at the outset the initiative is not likely to enhance the negotiations on migration, yet the initiative in general is too young to be assessed as it was just launched in 2008.

Regarding agreements with Arab countries, there exist the old regional agreements as shown in Section One and bilateral agreements which aim at protecting the rights of Egyptian migrant labor in Arab countries. In fact, the majority of such agreements have been signed in the past, but have gained increased attention lately where the Egyptian migrants have faced problems and the GOE utilized such agreements to resolve the problems. Currently, the agreements with Arab countries reached 12 agreements concerned with regulating the flow of Egyptian migrants in those countries. In some cases the agreements deal with the status of Egyptians in those countries to ensure that they are treated well and have all their rights.

Egypt does not have any punishment in its laws for illegal emigration. The absence of any provision combating illegal migration identifies that the GOE encourages migration in all its forms (legal and illegal). However, the absence of any provision indicates as well the reluctance of the GOE in managing migration which implicitly provides an incentive for illegal migration. Efforts undertaken in this regard have been initiated by the Information Dissemination for the Prevention of Irregular Migration Project (IDOM), which is a product of the cooperation between IOM and Ministry of Manpower and Emigration. The efforts have been confined to creating awareness among potential irregular migrants to inform them about the hazards associated with illegal migration (Zohry, 2006).

**Immigration:**

As revealed by interviews immigration does not represent an urgent issue to be dealt with and hence perceived it to be of minor concern from a national perspective. However, what has been evident from interviews is that there is a growing concern regarding immigration as Egypt as viewed by some officials is starting to be a transit country especially from Sub Saharan Africa migrants heading towards Israel.

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5 Three interviews were conducted with senior officials and ambassadors at the Ministry of Foreign Affairs in January 2009.

6 Three interviews were conducted with senior officials and ambassadors at the Ministry of Foreign Affairs in January 2009.
Moreover, there is an increasing number of migrants using Egypt as a stop as they want to migrate to Canada, USA, and Australia. There is also an increasing trend of illegal migration using Egypt as transit to go to Libya and then to Italy, whereas others prefer going to Jordan and then to Syria and Turkey, or go to Lebanon, and hence Greece. Such new position for Egypt being a transit country is creating concern from a national security point of view. Moreover, the influx of Iraqis coming to Egypt as a result of the political situation in Iraq has been on an increasing trend, which again is creating a pressure on the labor market, contributing to real estate rising prices, and affecting the national security as well. However, the status of the Iraqis flowing to Egypt status has remained controllable as argued by the officials through a non-transparent filtering process which takes place at the boarders. There is between 90-100 thousand Iraqis currently in Egypt, out of them 5 thousand are registered as refugees, and are taken care of by the UNHCR. The Ministry of Interior puts strict conditions for visas and hence what we have in Egypt is middle class and high class Iraqis, whereas the lower class goes to Syria and Jordan. This implies that most of the Iraqis who are in Egypt have the financial means to live and work, and hence do not create a burden on the Egyptian economy. The only problem Iraqis face in Egypt is visa related when they aim at family unification, which is mainly a result of the strict controls set by the Ministry of Interior in this regard in terms of screening Iraqi applicants. In general due to the relatively small number of migrants when compared to Egyptian labor force and population, migrants do not cause pressure to the labor market by increasing unemployment as the licenses permitted to migrants in Egypt are limited. Hence, most of the Sudanese and Iraqis establish their own businesses. The total number of foreigners in Egypt in 2003 was estimated to be around 300,000, two-thirds of which are Sudanese. The second majority was the Palestinian community, followed by nationals of Somalia, Ethiopia, Eritrea, and other African countries (IOM, 2003). Given the difficulty of obtaining a refugee status and the absence of a clear transparent system for migration in general a large number of such foreigners are considered irregular migrants and work in an informal way, sometimes facilitated by NGOs, as domestic servants.

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7 World Bank (2008b), puts the figure of immigrants in Egypt in 2005 at 166,047 which represents 0.2% of the population. Moreover, refugees represent 54% of this figure. IDSC (2008) identified that the number of foreigners working in Egypt in 2007 reached 20,000.
Thus the recent years have transformed Egypt from a pure labor exporting country and an emigration hub to a transit destination for irregular migrants. What is evident so far is that the GOE has been dealing with the phenomenon on ad hoc basis without any kind of institutional framework. Moreover, and as revealed by interviews even the existing ad hoc regulations are not based on any clear and transparent criteria which takes into consideration any migrants' or refugees' rights. It is rather based on implicit discretionary decisions regarding religion, nationality, and income status.

The lack of clear institutional framework has created several problems on the international level for Egypt. For example, the international community accused Egypt of not respecting the international agreements it has signed and adhered to regarding the status of Sudanese refugees in 2007. The GOE of Egypt responded that such refugees where the responsibility of UNHCR. We do not intend to delve in the details of such problem, but we rather point out that the absence of a clear transparent framework could have helped the GOE in adopting such ad hoc policy for a while, but on the other hand it has created internal problems and has affected Egypt's image in front of the international community.

Remittances Policies:

As discussed in Section One there are no specific governmental policies adopted towards remittances. In this section we investigate whether there are any policies adopted by non-governmental organizations (including banks and financial organizations) to attract remittances. Based on interviews, it was revealed that neither banks nor the Social Fund for Development (SFD) in Egypt have special tailored products for migrants. In fact one bank tried 5 years ago to enhance remittances by migrants where it charged no fees and the remittance was transmitted at the same time. The project failed as the bank realized that migrants do not leave the money in the bank which implied losses for the bank. The two largest public banks in Egypt (Bank Misr and National Bank of Egypt) do not have a special branded product for migrants. However, the two banks have agreements with exchange bureaus (almost 56) in Arab countries, as well as a large number of branches in Egypt and Arab countries. As revealed by interviews charges of banks in transmitting transfers are low. There are no programs as well for investment of the money transferred tailored for migrants. Moreover, Misr Bank and National Bank of Egypt have introduced a
A new system of cards (similar to ATM card) where migrants deposit their transfers at the exchange bureaus or cooperating banks and the recipient through another card can withdraw the money in Egypt. Though, this card is mainly targeting migrants, it was not branded as migrants’ card.

As for remittances or any other international transfer, private banks have different rates, but in general they are low. Banks do not brand specific migrant products as they deemed to be unsuccessful. The interviews’ results are in contrast with the review of the existing literature which pointed out that fees of transactions and lack of sophisticated banking system in specific (and financial sector in general) could be a result of low channeling of remittances through banks (European Investment Bank, 2006). In fact, one of the few studies that have focused on remittances of Egyptian living in Italy identified that Banks are cheaper for transaction of remittances when compared to money transfer organizations (MTOs) as Western Union, Thomas Cook, and Money Gram. The mean value for transaction through banks was 7% compared to 12% by MTOs (Orozco, 2003). Another study emphasized that Egyptian banks are heavily present in Italy and Egypt (Arab Bank has one branch in Rome, and 12 in Egypt and that Misr Bank has cooperation agreements with Banca di Roma, but also with Western Union and Money Gram which are heavily present in Egypt (European Investment Bank, 2006).

Egypt Post has also developed a financial service through which migrants can send money to a specific identified person from their bank abroad and the beneficiary can cash it in Egypt post office in Egyptian pounds against a fee. Moreover, Egypt Post provides a variety of remittances’ services where migrants can pay government entities when abroad, can have electronic remittances, etc.

8Postal remittances is a financial service to transfer the funds sent from one person to another using a postal document and is divided into several types, as follows: Internal remittances (remittances of the public): remittances sent by one person to another person within the Republic, and they are two types (withdrawn - cashed). Governmental Remittances: they are sent by individuals to government bodies as fees for a particular service through post offices without moving to that body. They are called withdrawn governmental remittances. Electronic remittances (immediate remittances): A service through which customers can send money in a short period of time to others. This service is electronically carried out through the EDI system. Cashed external remittances: They are received by individuals in the A.R.E abroad by foreign currency and are cashed to beneficiaries from post offices against a specified fee paid in the Egyptian pound.
3. Evaluation of the Existing Institutional Framework

Problems with International Agreements Signed:

Agreements with Europe do not address fully the issue of irregular migration as they focus on one side of the story namely how to control sending migration. It does not address the incentives in the destination country. For example, the cooperation model between Egypt and Italy should be traced to identify its pros and cons. However, we argue that despite the fact that this model might succeed, we still believe that they are not enough to solve the problem of irregular migration. Several authors have argued that overcoming the problem of irregular migrants from Egypt requires as well solving the problem of irregular employment in the destination countries. For example, as has been argued by Fargues (2003), “combating irregular migration therefore implies combating irregular employment in Europe” or as argued by Awad (2002), "it takes two to tango". In fact this dimension seems to have been aspect in the joint policy of controlling emigrant flows from Egypt to Europe.

The Barcelona Declaration of 1995 and its derived Association Agreements tackle three principles: the reduction of migratory pressures through job creation, the fight against illegal migration, and the protection of the rights of legal migrants. In the spirit of Barcelona, security, the promotion of economic exchange, and the control of people’s movement are interrelated issues. The Association Agreement between EU and Egypt includes a series of articles aimed at guaranteeing the protection of the rights of legal immigrants in Europe. The agreement also includes arrangements aiming at reducing migratory pressures through job creation in areas of high emigration rate. Controlling emigration becomes an argument at the bargaining table: Europe must grant more aid and promote direct investments in Arab Mediterranean partners; otherwise it must expect to receive more migrants. The agreement also includes articles on the necessity to combat irregular migration (Fargues, 2003). So

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**Cashed remittances in residence**: is a modern service which is provided for customers, who wish to, against an additional fee.  
**Expired remittances**: They are remittances which are not received their consignees within, two months, along with the withdrawal month. They can be cashed by special procedures and they are accrued to the Authority after five years.
far, it is the impact of migration on security that has been of particular concern, for migration is viewed as a potential threat of security. However, the Barcelona process implicitly invites to consider the relation between migration and security the other way round, and to ask whether partnership will bring about security to Arab Mediterranean partners, hence reducing their citizens’ propensity to emigrate. In particular, will the liberalization of international trade provide an alternative to migration? In order to generate such a result, free trade should lead to a rapid increase in the standard of living and the level of employment in countries of the south. It must be clearly said that the establishment of free trade in the Mediterranean will not reduce migratory pressures in countries of the south in the short term, but on the contrary it will probably lead to their increase. It is only on the long term that it might produce the sought-after result (Fargues, 2003). Moreover, it seems that the Barcelona process is rather security focused when it deals with migration, which forces it to shape the EU migration policy in a remote control shape. This type of thinking about migration is transformed in agreements and diplomatic talks and meetings that deal with migration merely from a security perspective, neglecting the good face of migration.

The Neighbourhood Policy externalized the migration policy of the EU. It has put more emphasis on combating illegal migration, then promoting legal migration. There has been a focus on the externalization policy of the EU on certain countries, namely Morocco and Turkey (Doukoure and Oger, 2007) where stricter conditions on illegal migration were put and extra efforts were demanded from countries like Morocco in remote control format, rather than a root cause approach. It is worth questioning whether such externalization of the EU migration policy is in the interest of the South Med countries or it rather focuses on the EU self interests. The Union for the Mediterranean replicated what Barcelona process aimed for without providing substantial additions.

Controlling illegal and irregular migration seems to be a pressing issue, especially after the catastrophes that happened lately to a large number of illegal migrants dying in their journey and being subject during the journey to un-human conditions, which the media channels showed explicitly. The problem is that the responsibility of such phenomenon does not fall on a certain ministry. According to the officials’ interviewed, it is a shared responsibility among different ministries including Defense,
Interior, Education, Investment, etc. In other words, it is a phenomenon that affects the whole Egyptian society, and it is extremely difficult to ask one or two ministries to handle the issue whereas the responsibility falls on a larger number of ministries who affect the roots of such problem. However, making illegal migration harder by putting sanctions in the law against brokers is being considered, beside undertaking massive media campaigns among potential communities vulnerable to illegal migration to enhance their awareness on the risks associated with illegal migration, and strengthening control on the borders. Related to the issue of illegal migration, the GOE considers the legalizing of illegal migration already existing in EU countries as a major challenge.

*Supply Side Problems:*

Migration policies have neglected the supply side capacity in Egypt. The stakeholders in migration focus mainly on Ministry of Foreign Affairs and Ministry of Manpower and Emigration, with little attention devoted to education and upgrading of skills. Even with the signing of the agreement with Italy concerning regulation of migration flows to Italy, the number of actual migrants who were sent from Egypt remained low (160-200 migrants) out of a quota of 7000 (5000 of those 7000 were actually illegal migrants who benefited from such agreement by legalizing their status). The reason as asserted in studies (Nassar, 2007) and as confirmed by the interviews was the lack of skilled labor that was able to fulfill the requirements of Italy. This implies that one of the main challenges is the upgrading of skills of Egyptian migrants to meet the expectations of the receiving countries, which is a form of extending the root cause approach.

*Problems associated with Remittances usage:*

It has always been pointed out that remittances are directed to unproductive investments (real estate mainly) which lessen the positive impact of remittances on development. As seen from the Sections One and Two currently there is no specific institutional framework governing remittances. Remittances are not regulated, and there seems to be no specific hindering regulation from allowing it to flow to Egypt. However, its concentration in real estate is due to the lack of complimentary policies.
in the field of investments which can attract the majority of migrants who are of small and medium size of enterprises. Moreover, the lack of flow of investments in productive investments can be due to other several factors including cultural aspects as consumerism attitude, and demonstration effects where there is a bias to build houses and own real estate instead of implementing a productive project. Moreover, the business environment itself might not be attractive to doing business in Egypt. Despite the reforms undertaken by the cabinet in charge of the current government in facilitating and enhancing business environment, and the appraise of the World Bank in 2008a for Egypt being the best reformer in doing business report, there still remains many obstacles especially those associated with issuing a construction permit, and registering of property.

As tackling the lack of remittances directed to productive investments is a huge issue that falls outside the scope of this study we just point out the main problems associated with the lack of an institutional setup. We do not argue that there is a need to regulate remittances, and we do not observe that banks should undertake extra projects or brand specific products in this regard. However, we do believe that there is a room for SFD and General Authority for Investment and Free Zones (GAFI) to play. Such organizations should have special departments to deal with migrants, not necessarily through provision of extra services provided for non-migrants, but rather to facilitate services for migrants. In many cases migrants and Diaspora do not have enough time to spend heralding between government bureaucratic procedures. Special one stop offices for migrants and a system for follow up with migrants who are traveling can cat as an incentive. In other words, what is needed is a business broker type of service that should be provided to facilitate services for migrants.

**Conclusion and Policy Implications**

There is a lack of vision in Egypt on how to deal with migration. However the general impression is that emigration is positive and immigration is negative regarding their impact on the Egyptian economy. As a result the GOE has restricted the entrance of immigrantes and did not regulate departure of emigrants. There is no clear set-up national plan where ministries can coordinate to achieve to regulate migration and provide assistance to Egyptian migrants abroad. In the 1970s policies were clear aiming mainly at encouraging migration; however policies did not adapt to the change
in demand and supply side conditions. Demand side conditions in the EU and Arab countries became more anti-immigration, or substituted Egyptian migrants with other nationalities which resulted in squeezed demand. On the supply side Egyptian educational system deteriorated over time producing less qualified labor (Nassar, 2007) which when coupled by increasing push factors for migration resulted in over supply characterized by relatively less skills when compared to the 1970s. The squeeze in demand and over supply implied more irregular migration, and no policies were modified or new policies were introduced to manage emigration. On the immigration side the GOE has not modified its policies and regulations despite Egypt turning to a transit corridor as explained above. Moreover, refugees and asylum in Egypt are granted few human rights which is an incentive to remain irregular migrants as changing the status (which is very difficult) to asylum or refugee will not result in a substantially improved status.

We argue that Egypt suffers from an institutional deficiency where there is lack of coordination among ministries, and absence of clear cut policies that maximize the use of emigrants, immigrants, and remittances. Migration should be devoted more attention where the stereotype slogans as immigration is bad and emigration is always good should be abandoned. A more consistent approach towards migration should be adopted that aim to maximize the benefits from migration whilst undertaking the necessary procedures to do so including a better educational system and better business environment. Migration in Egypt is viewed as a by-product of the weak inefficient educational system, however no policies were addressed to vocational training that upgrade the skills of emigrants. Moreover, migration is viewed as a safety valve that lessens the impact of unemployment, but it is not fully accompanied by the right measures to sustain the flows of migration. Hence any political friction with one of the Egyptian labor receiving countries put Egypt at a disadvantage with the threat of sending migrants back and disrupting its labor market. As a result of the absence role in this regard Egyptian migrants suffered from several human rights abuses in the receiving countries whereas the GOE lacked the adequate tools to deal with such problems. On the other hand immigration is looked as a curse, although it might help to lessen some bottlenecks in specific jobs even if adopted in the short term to overcome the persistent problem of the mismatch between educational output and needs of the domestic labor market.
Given the pessimistic prospects for high flows of migration as used to be the case in the past, the GOE should start designing well established programs and projects that aim to provide the Egyptian migrants with a competitive edge. Such type of programs should not only focus on the technical skills, but also should include programs for better cultural adaptation and enhancing the ability of Egyptian migrants to integrate better on legal, political, and cultural fronts. That is an addition to the necessary vocational training programs needed to upgrade skills of potential labor market entrants.

As for international cooperation the interviews revealed that the issue of migration should be better dealt with in a bilateral context. The temporary migration model of Egyptians migrating to the Arab countries seems to predominate the scene and is substituting the permanent migration model of Egyptians migrating to the EU. The Barcelona and European Neighbourhood Policy Frameworks are multilateral frameworks that set the scene, but the details should be left to bilateral negotiations as each country has its own specific features. The model of the two agreements signed with Italy seems to act as the best fit model provided that it is backed up by supply side policies that aim at enhancing the skills of potential migrants, as well as policies that aim at attracting Diaspora and Egyptian migrants while furnishing for them a conducive productive business environment. The agreements signed with Italy have been able to strike the balance between serving the needs of Egypt as well as Italy. However, the inability to fulfill the quota signals the need of deeper cooperation in terms of Italians, as well as other Europeans, establishing training centers in Egypt to train the Egyptians with the skills they require in their countries. In terms of international agreements with Arab countries more emphasis should be put on labor rights, especially in light of the existing trend of substituting Asian for Arab expatriates in general and Egyptian expatriates in specific (Girgis, 2002).

Finally, there is a need to establish programs that make use of returned migrants in terms of the experience they have accumulated over years. As argued before Wahba (2003b) identified that there is a need to benefit from return migrants experience as they have positive impact on the Egyptian economy. Specific programs in terms of selected job opportunities and use of remittances can be established that aim at benefiting from skills of certain migrants acquired abroad. Designed programs to link Diaspora with their home community through investment and trade should be
enhanced. There are several programs which have been designed in countries which are less developed than Egypt in this regard and have proved to be a success. The case of Diaspora from Ghana residing in Europe and how successful they were in exporting fruits from Ghana to Italy is worth following (Pandya, 2007). Role of NGOs and cooperatives is highly appreciated in this regard whether on initiated in collaboration with the government or as self established programs.

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