

**Government Statement to the People's
Assembly**

**Dr. Ahmed Nazif
The Prime Minister**

January 2006

In the Name of God, the Most Merciful and Plentiful

**Professor Dr. Ahmad Fathi Sorour, Speaker of the Egyptian People's
Assembly**

Ladies and gentlemen, members of the honorable assembly

I would like to congratulate you for having gained your constituents confidence to stand as the people's representativeswho would struggle for their rights....express their hopes and expectations....and shoulder the trust which you certainly are up to ...and I am sure you would be able to fulfill such honorable duty that was entrusted to you.

The President's initiative for amending Article 76 of the constitution is considered a significant step towards political reform in Egypt, which has begun several years ago....nonetheless; it is not an end of such reform.

I can safely say that the most important outcome of such courageous initiative was the enactment of the law regulating the presidential elections; allowing Egyptian citizens to nominate President Hosni Mubarak as first elected President for the Arab Republic of Egypt.

Ladies and gentlemen, members of the honorable assembly

In July 2004, when I was honored the responsibility of selecting the Cabinet's members, I presented in December of the same year the Government's Statement comprising ten programs reflecting the Government's Action Plan....Today, and after being honored by the President's trust to preside over the Cabinet for a second term, I stand before this honorable assembly; contending that the Government has fulfilled its promises....allow me in few minutes to present our programs and what we have accomplished...I shall provide the Assembly's secretariat quite a detailed report supported with the relevant verified data and figures.

First - Program of Employment through Investment:

In the first program, we focused on increasing domestic and foreign investments....we are truly convinced that investment is the basic and most efficient means for creating new employment opportunities in order to fulfill the incremental demand of Egypt's labor force.

Therefore, the Government took several measures towards the improvement of the investment climate including the amendment of Tax and Custom Laws, Custom Tariffs, in addition to the enactment of Competition and Anti-Trust Laws.

Moreover, the Government of Egypt (GOE) has also eased business registration procedures; reducing the steps and time needed to fulfill all the requirements. It is worth noting that such procedures and time were shortened from an average of 34 days to 72 hours. Thus, through a one-stop shop procedure any business entity, regardless of its legal identity, may be established. Furthermore, taxation and customs procedures were enhanced to save investors and entrepreneurs' time and effort, and to encourage them to deal with the government, through firm and efficient mechanisms.

As a result, the number of established and expanded companies increased within 18 months to reach 9071, with total issued capital of L.E 46 billion, compared to only 3374 companies in the previous year.

In regard to attracting foreign investment, in FY 2004/2005 total Foreign Direct Investment (FDI) –including the petroleum sector- reached \$3.9 billion. While in Q1 of the current year, it came to \$1.9 billion which makes a total of \$5.8 billion in 15 months, leading to the flourishing of the Egyptian stock market, especially after the public offering of 20% of Egypt Telecom's stocks. In addition, there has been a flourish in the Mobility Program of State's Non-Financial Assets, which made the amount of L.E 16.5 billion in 15 months.

As a result, Egypt's economic growth rate increased from 4.1% in FY 2003/2004, to 5.1% in FY 2004/2005, and to 5.3% in Q1 of FY 2005/2006. It is expected to reach a 6% growth rate by the end of this year.

I would like to indicate that **the expected increase in the growth rate will allow a sufficient increase in employment which is enough to absorb the annual volume of newcomers into in the labor market.**

Regarding accumulated unemployment, figures show an obvious regression taking the unemployment rate down from 10% to 9.5% which is a decrease that was not attained in years. The Government's Achievements Report highlights, in detail, figures of registered employment, covering all sectors and activities since I was assigned to preside over the Cabinet in July 2004....In this regard, I would like to refer to the most significant employment figures during the past 18 months:

- Total number of employees in the formal private sector reached 242.6 thousand, according to the statistics of Ministry of Manpower and labor offices.
- A number of 256.8 thousand employment opportunities were provided through Small and Medium Enterprises, which reached a total of 148 thousand projects, funded by L.E 1178 million worth of loans disbursed from the Social Fund for Development.
- 114 thousand employment opportunities were created through projects of Productive Families and Women Headed Households, as well as those provided by Nasser Social Bank. In addition to 42 thousand job opportunities garnered through the governorate youth employment bodies; 19 thousand jobs in Shorouk Projects and 9400 jobs through the projects of the Local Development Fund.
- As for the employment opportunities provided through newly established or expanded medium and large enterprises, the number reached 142 thousand jobs, among which, 97 thousand from 979 industrial enterprises that have started production, and 40 thousand jobs from the petroleum sector in 35 newly established companies.
- In regard to the tourism sector, 200 thousand jobs were provided due to the 1.8 million growth in the number of tourists over a year and half.
- Exports surged by approximately 23%, which created 175 thousand jobs in all related industries and activities.
- As for the jobs offered for Egyptians overseas, total number of permanent jobs in Arab and Foreign countries reached 100 thousand, in addition to about 15 thousand seasonal jobs offered annually during Hajj period.

The abovementioned figures emphasize a growing ability to combat unemployment; we were able to absorb the new comers into the labor force during such time, nonetheless the volume of job seekers is still quite large, but

we will continue on our efforts to realize significant decreases in the accumulated unemployment, and a prosperous future for job seekers.

Second - Enhancing Economic Performance:

As for the Program of Enhancing Economic Performance, I would like to refer to some of the significant achievements which were realized by local and international economic and financial centers and institutions:

- In FY 2004/2005, the Gross Domestic Product (GDP) increased from L.E 485 billion to L.E 537 billion.
- In FY 2004/2005, annual per capita income grew to L.E 7666, with Purchasing Power Parity (PPP) valued at \$3540.
- In FY 2004/2005, implemented investments rose to L.E 92.5 billion compared to L.E 79.6 billion in the previous year; which is a 16.2% increase.
- Total External Debt decreased by \$923 million, to reach \$28.9 billion. Despite the increase in domestic debt; reaching L.E 521.3 billion, yet its share of GDP came down from 89.7% to 82.9% in June 2004 and September 2005, respectively.
- In FY 2004/2005, Balance of Payments (BOP) recorded a surplus of \$4.5 billion, despite of the increase in the trade balance's deficit by more than \$2.6 billion.
- **For the first time in Egypt's history**, international reserves increased from \$14.8 billion in June 2004, to \$22 billion by the end of 2005.

Third - Social Development Programs:

Ladies and gentlemen, members of the honorable Assembly

The social dimension was never ignored....President Hosni Mubarak clearly stressed that the Government to consider the living standards of limited income categories and improve the quality of public services.

- Number of households receiving social security pension came to 744 thousand, with a total value of L.E 500 million. The Cabinet endorsed the increase of the number of beneficiary households of social security pension

to 1 million, and the disbursed amount to reach L.E 1.1 billion. This amount covers disbursing L.E 20 per student in pre-university education, with a maximum of L.E 100 per household.

- 125 thousand households benefited from the child's pensions.
- More than 59 thousand households benefited from monthly allowances.
- Competition and Anti Trust Law 3 / 2005 was enacted, in addition to completing the draft Law of the Consumer Protection which was ratified by the Cabinet. The draft law, regulating the relation between consumers and producers, was submitted to the People's Assembly and Shura Council to be reviewed.

In the area of developing the education sector:

- 800 schools were established and equipped, 36 of which were experimental complexes, and 101 experimental individual schools.
- 34 thousand new computers were provided to schools; furthermore the Smart Schools Project was expanded to include 62 more schools.
- Starting from the academic year 2005/2006, a decree was made to apply a comprehensive evaluation system of the first three years of the primary stage considering them together as the first phase.
- Successful experiences, such as those in Alexandria: single-class schools, community schools, female-friendly schools, were supported. It is worth noting that such experiences are being replicated in other areas.
- As of 01/08/2005, university branches of Banha, Fayoum, and Beni Suef were transformed into independent entities.
- 3 new private universities, and 12 private high institutes, were approved and started operating during the academic year 2005/2006.
- 6 new private universities received final approval for establishment in Alexandria, Beni Suef, North Sinai, Tagamu'ael Khames in Cairo, 6th of October City, and Badr City.
- 150 projects aiming for the development of graduate education were executed in a number of 90 colleges and technological faculties, with a total fund of L.E 75 million.

-
- Believing that quality is an indispensable matter, a draft law for establishing the National Authority for Quality Assurance and Certification, for all educational institutions was submitted before both the People's Assembly, and the Shura Council.

In the area of developing Health services:

- Gross mortality rates came down, while life expectancy rates increased to reach an average of 68.4 years for men, and 72.8 years for women.
- Rates of contagious and tropical diseases regressed, while ancylostoma infection, diphtheria, and whooping cough were eradicated.
- Infection rate of intestinal schistosomiasis was reduced to 1.9%, and urinary schistosomiasis to 1.6%.
- Rate of normal population growth decreased to 19.4 per thousand, furthermore, total fertility rate came down to 3.1 child/woman, and the rate of contraceptives' usage was 59%.
- Children compulsory vaccination coverage reached more than 97%.
- 750 thousand blood units were examined in all public and private blood banks.
- More than 1 million decrees, with a total cost of L.E 1.6 billion, were made to allow patients receive medical treatment through the state budget.
- 37 public and central hospitals were established, 94 village hospitals, 114 health units in rural areas, 20 hospitals for fever and leprosy, in addition to completing the establishment of 23 urban health centers.

In the area of market and prices' control:

- Inflation rate (measured by Consumer Price Index) decreased from 16.7%, in the last year, to the current rate of 3.1%, reflecting quite a success in the government's ability to stabilize markets.
- The government continued its commitment to provide basic commodities, particularly bread, sugar, oil, rice, and others with reasonable prices for low-income categories.
- The government continued in subsidizing bread, to be sold at 5 Pt., in addition to developing 98% of the local bakeries. Concurrently, it enforced

strict control over flour quota allocated for producing this kind of bread to ensure proper and relevant usage.

- Several exhibitions in Cairo and other governorates were organized; furthermore, there has been an expansion in the number of semi-wholesale prices' outlets.
- Livestock and red meat exports were increased which helped in maintaining reasonable prices.

In the area of providing basic services and enhancing infrastructure:

- An increase of the production capacity of potable water by around 770 thousand m³; due to the implementation of several relevant projects including 14 water stations, and extending 510 KM of water networks with a total cost of L.E 3 billion.
- Sanitation networks of 380 km were executed, in addition to establishing a number of 16 sanitary drainage stations, with a total cost of L.E 1.4 billion which helped in increasing the absorptive sanitation capacity by 610 thousand m³.
- Electricity was provided to 800 thousand new subscribers. Moreover, more than 430 thousand citizens in informal settlements are being provided with power supply.
- At an investment cost of L.E 2.5 billion, 30 thousand new housing units were established in new cities.
- 14 passengers' transportation companies were granted licenses, and started operating 1000 buses within and between governorates.
- A number of 50 squatters were relocated, and the amount of L.E 114 million was allocated for development projects implemented throughout 16 governorates and Luxor.

In the area of building an information society:

In addition to the socio-economic development programs, the previous Government Statement included as well a number of developmental and political programs which I will briefly present:

- Number of land phone subscribers increased to 10.4 million.
- Number of mobile phone subscribers reached 13.7 million; compared to 6.37 million in June 2004.
- Number of Internet users came to 5 million; compared to 3.3 million users in June 2004.
- Number of companies operating in Information and Communication Technology (ICT) field increased to 1700; with a growth in the number of specialized employees that came to 40 thousand.
- "PC for every Home" Initiative gained much attention; which was reflected in an increased volume of sales by 40%. While the number of Technology Clubs leaped in June 2004 from 948 to 1297 clubs.
- Growth of ICT sector contributed to the activity of the Egyptian stock market which witnessed a major rise. Notably, stocks of companies in that sector constituted around 30% of the monthly trading; this is even before the issuance of Egypt Telecom's stocks.

In the field of enhancing the efficiency of the state administrative body:

For the first time, government employees received special increment that reached 20%, with a minimum of L.E 30, which would target low-income groups. This resulted in increasing the income of more than 2 million employees by more than 30%.

- Salaries of most of the government employees were increased due to applying the new Tax Law. It included raising the level of household burden allowing an eligibility of tax exemption and decreasing the amount of tax.
- Amendment of Article 72 in the State Employees Law, permitting the concerned authority to allow employees work as part timers, in return for a percentage of the salary.

- Employees of 14 ministries started cashing their salaries using smart cards.
- Number of online government services increased to reach 51 services, in addition to new channels; such as mobile phones, text messages, and about 130 post offices, that started rendering electronic government services.
- Finalize the automation of the Companies' Establishment System and that of the Commercial Registration in the General Authority for Investment and Free Zones (GAFI).
- Develop all districts of Alexandria, so that it is now regarded as the first electronic governorate.

In the area of preserving and maximizing the benefits of Natural Resources:

- Comprehensive plans were set to develop the villages. To this effect, new plots of land were allotted to constructional purposes in 497 villages. Work is underway for 1200 more villages. It is aimed to provide the required areas to promote formal construction in the villages in order to sustain the agricultural land.
- Reclamation of new 330 thousand Feddans along with the necessary infrastructure. In addition to the installation of internal infrastructure of 132.5 thousand Feddans. Therefore, total area of cultivated land currently comes to 8.4 million Feddans, and the cropped area is 15 million Feddans.
- Implement an integrated management program for modern Irrigation and Drainage Systems; resulting in an overall increase in the land productivity of 500 thousand Feddans.
- Implement petroleum, gas, and petrochemicals mega projects; among which are the projects of gas liquidation in both Damietta, and Edko, and the second stage in Arab gas line project. Egypt, due to those projects, is now being recognized as an exporter of natural gas.
- Three new petroleum explorations were accomplished in Suez Gulf for the first time in 39 years, which allow a confirmed total production of around 70 million barrels. In addition to the exploration of high quality crude oil, for the first time, in the Delta's area of Dakahliya Governorate.
- Extend natural gas to around 2.1 million users.

- It is worth mentioning that our petroleum resources are managed according to a cohesive plan to achieve best return, taking into consideration the interest of the coming generations. We should not waste the wealth we own today ignoring the right of the coming generations.

In the area of environmental protection:

- The first and second phases of the solid waste management plan in the Greater Cairo were implemented, as 3 million m³ of waste was lifted. Similar projects are being carried out in another 8 governorates
- Expand the program of replacing the fuel used for public buses and governmental vehicles with natural gas.
- A number of power generating plants switched into natural gas instead of Mazot.
- A comprehensive program to preserve the wild life in natural protectorates was implemented. Last year, the number of visitors reached 1.5 million.
- Design and operate dump areas for hazardous waste. The first dump area was opened in Alexandria. On the same line, 8 hospital incinerators were delivered to the governorates of Delta and Greater Cairo.

In the area of developing the political and legislative climates:

- It is worth mentioning that the Presidential Elections Law and the amendments in Political Legislations are considered our greatest achievement, which enabled carrying out the Presidential and Parliament elections as mentioned before.
- In this regard, 2005 Parliament Elections took place; as a result, you were chosen to represent the Egyptian citizens. It is worth mentioning that even though there was some debate over the elections and its results, no one can deny its value. Citizens nominated their candidates under the supervision of Egyptian judges, in the main and sub polling stations, **which is an unprecedented event on the international level**. I hereby would like to thank our Egyptian judges, for their valuable performance and attitude during the electoral process.
- Moreover, the first National Council for Human Rights in Egypt was established. The first convention took place on 18/02/2004, and it presented its first annual report, covering a year period, to the Cabinet of

Ministers including a recommendation that each ministry should relevantly respond to any complaints or remarks. The Council recommended publicizing the results of the report as well as the respective government's responses through local and international channels.

Ladies and gentlemen, members of the honorable Assembly

The government was assigned to execute the electoral platform of His Excellency the President Hosni Mubarak, and coordinate with the representation councils to discuss, endorse and review the legislations.

Thus, the government prepared an executive program, that specifies precisely how to achieve the ambitious goals of the president's electoral platform, and it gives me pleasure to lodge the detailed program, executing process, its costs and its financial sources to the Assembly's secretariat.

The government determined only seven working axes in this program, which can be summarized as follows:

1- The government gives priority to providing the job opportunities needed to absorb the increasing labor force, and the accumulated unemployment. This is to comply with the president's electoral program that aims at creating about 4.5 million new job opportunities in a six year period.

Let's emphasize that government employment of fresh graduates will not cover the overall labor demand. Therefore, the government limited appointing new graduates according to the public institutions' requirements; this would include the recruitment of physicians, nurses, teachers, faculty staff, expertise, technicians and specialists according to new policies and rules that are organized by a Public Work Law that is being prepared.

We promote the slogan of "employment through investment"

We believe that the real job creation will be achieved through encouraging domestic and foreign investment to establish new projects, and expand the existing ones at the same time, to encourage youth and innovators to establish income generating small and medium enterprises.

Our program allocates about L.E 1.5 billion for funding small and medium enterprises, which provides about 150 thousands job opportunities, in addition to 130 thousand job opportunities on an annual basis through other small lending authorities, such as Local Fund For Development, Nasser Social Bank,

Community Development Associations (CDAs), Youth Employment bodies in governorates, Productive Families Projects, Rural Women Development Projects, Developing the Role of Women in Food Production, Women Initiatives and Alleviating Poverty Projects.

We will provide the technical and marketing support to the projects, and will facilitate supplying small enterprises with their requirements and inputs. The challenge would be how to promote the culture of entrepreneurship, and encourage youth to start new innovative and economically feasible projects. Another line for the employment program; is to finance medium and large projects, which will provide 240 thousand job opportunities annually.

Nevertheless, we do have a well-prepared infrastructure for medium and large investments, in addition to a specialized investment body that helps in easing registration procedures for companies, so that the establishment process of companies' now takes no more than 3 days, with minimal fees.

Funding will be provided through the banking sector which witnessed a major reform. Other funding sources include the money market, mortgage lending, and developing the insurance sector.

Within the same context, the Ministry of Trade and Industry, together with the Ministry of Finance, were assigned the task of formulating a credit facilitation program, especially for successful medium industrial projects. The program also targets assisting stumbling establishments, through financial support and guarantees that allow them restart operation and production, which will help improve their financial credibility enough to borrow from the banking body.

Owing to the government's success in employing L.E 92.5 billion as public and private investments in the past year, we believe that it would be able to attract more domestic and foreign investments, to finance new projects, which in turn will provide plenty of new job opportunities.

Also, we have established the Industrial Development Authority (IDA), to replace the Public Authority for Industrialization; in order to implement a new industrial policy aiming to attract more investments in the industrial sector with the purpose of establishing 1000 medium and large factories. The IDA is responsible to coordinate with industrial zones (63 zones) in the new cities in different governorates, to offer land area for establishing new factories at affordable prices.

Moreover, the petroleum sector carried out both medium projects, such as those for establishing Benzene and Gas supply stations, and mega projects, that include refining, petrochemicals, and gas.

Other sectors, such as transportation, communications and information technology, irrigation, land Reclamation, electricity, and housing, helped in providing plenty of job opportunities, through medium and large projects. Within this context, we hereby provide your Assembly with a statement including models of projects listed in the Government Statement.

Ladies and gentlemen, members of the honorable Assembly

We are targeting new markets, for our industrial, agricultural, and service products. For this purpose, we dedicated L.E 1 billion for the activation of the export industry, supported its infrastructure, including packing, preparing, packaging, and transportation, so as to increase Egyptian industrial exports by 30% annually, in addition to providing new job opportunities. It is targeted to raise the exporting capacity of the ICT sector by L.E 3 billion, the agriculture sector up to \$5 billion, and by about \$8 billion for petroleum and gas sector.

We are also planning to increase the number of tourists by around 1 million annually, which will result in no less than 125 thousand job opportunities. This coincides with the target of accessing new markets, enhancing the quality of the national touristic products, and attracting new investments in the integrated projects of touristic centers on the shores, and nearby the monumental sites.

We are working on opening new labor markets for Egyptian labor force overseas which created 100 thousand job opportunities in the past year. We will continue our capacity building efforts which would empower our youth to benefit of such opportunities.

Ladies and gentlemen, members of the honorable Assembly

We have announced the launching of a new developmental project for the New Valley, which, we hope, will result in providing more than 70 thousand jobs annually, through the construction of about 400 villages, besides the reclamation and cultivation of around 1 million Feddans, within the period of 6 years.

Besides activating the demand side of the labor market, the government will work on raising the skills and building the capabilities of the labor force. This is to be accomplished through a pioneer project that involves the establishment of a national center that would be responsible for identifying the

criteria of technical skills. It will be also authorized to grant licenses for the establishment of skill certification centers in the areas of industrial, touristic, and construction professions, as well as vocational training centers for both public and private sectors.

2. The employment program is tightly linked to the investment promotion program. Hence, we call for attracting new investments for industrial, agricultural, and tourism sectors, besides the target of exports' development. We will also encourage the private sector to participate in executing and managing infrastructure and service projects, in a way that helps in reducing the burden of the state budget.

There is a new trend for restructuring the concept of the government's role, where it will shift from the executing and management role, to the planning, setting standards, disposing projects for the private sector, issuing the needed licenses, monitoring and supervising. This will also result in increasing the efficiency and quality of services, and fostering free competition, as well as ensuring the balance between service providers and the regulator. This new trend is expected to encourage the private and investment sectors to accomplish the development goals for the society, and its variant sectors.

We are intending to dedicate public and private investments in order to allow an expansion of roads building so as to serve the investment zones. Investments will be also allocated to the establishment of water and sanitation networks in different cities and villages, through appropriate investment systems.

In addition to building up schools and universities, improving health services' infrastructure, including hospitals, and health centers. Besides participating in establishing new communities, executing railway and underground projects, and developing marine and river ports.

It is worth mentioning that this is closely related to the **activation of the management program for the state-owned assets**; by virtue of offering 45 public business sector companies, and the state share in 41 joint companies, as well as the issuance of additional petroleum companies, which secure the strategic level of power resources reserves.

We will submit to the honorable Assembly, a draft law for economic courts, aiming to overcome the accumulation of investment cases, and prolonged court durations. As a result, we expect this to enhance the business climate in order to attract more investments.

3. **GOE is concerned with raising the income of Egyptian households, and protecting the low-income classes.** To this effect, it will increase wages

and salaries of government employees, with 75% to the high-wage category, and 100% for the lowest one, within a period of six years. Moreover, a different cadre will be formulated to cover the specialized professions such as teachers, doctors, and engineers.

This will go hand in hand with raising the pensions, and expand the coverage of the pension system to cover the informal sector. For this purpose, the government will enact a new unified law for social security, to be able to narrow the gap between the resources of pension funds, and the pensioners' dues.

We will also increase the value of subsidies to zero-income categories. As such, the number of household beneficiaries will reach up to 1 million, compared to only 650 thousand families.

For this purpose, we have started restructuring the subsidies' system, to assure the appropriate coverage, linking it with the human development indicators. Thus, a new Ministry for Social Solidarity was established. The ministry will identify the eligible households for subsidy; and secure their needs of basic goods and services. This will result in pushing these households to a higher income, and better living standards, which will drive their ability to produce and earn their living.

4. **In order to achieve a higher living standard for citizens, there has to be a parallel increase in the quality of services provided** in the fields of education, health, housing, and transportation.

We therefore intend to increase the absorptive capacity of the educational institutions, through the establishment of 3500 new schools in six years, as well as endorsing the independency for the branches of different public universities, and encouraging private and cooperative investments within the same context.

We are also planning to establish a National Authority for Quality Assurance, to raise the quality of the educational system, in addition to the Fund for Educational Development. In the same area, we intend to replicate successful experiences of a number of governorates involving the formulation of boards of trustees in an effort to encourage community participation in supervising schools' management.

The program includes as well upgrading the teachers and faculty members' scientific level. Their financial status is not overlooked through this effort. Curriculum, evaluation and testing methods will be reviewed for improvement purposes. While the use of advanced technology will be incorporated on a broader scale within schools and universities.

A proposal of establishing advanced schools to cater for highly skilled and excellent students was ratified. Such schools are expected to fulfill the needs of outstanding universities which work on providing the society with prominent scientists and future leaders.

In regard to the scientific research sector, an integrated plan is set for restructuring and providing additional resources to fund its projects and entities, which will enable us to devote the sector's activities to overcoming problems that the production and service sectors are suffering.

Realizing the major importance the culture sector enjoys, our program pays much attention to that sector. Such attention is manifested in developing the existing museums, establishing new ones, most important of which, is the major Egyptian museum currently under construction in the Pyramids area, civilization museum in Aynel Seira as well as completing the development project of historical Cairo. We are also maintaining other programs involving the improvement of the role of culture and libraries.

Ladies and gentlemen, members of the honorable Assembly

The Government's program covering the **development of health services** contains applying the Family Health System to act as basis for rendering primary health care to all Egyptian citizens. The program will be linked in a way to the family planning program in an effort to control the population growth which is still standing as one of the major challenges of development.

As a start, we will carry out a full restructure of the health insurance system covering both administrative and financial aspects in order to allow an expansion of the system to cover all Egyptians by 2010.

In the coming few months, we will initiate an extended community discussion aiming to identify the required characteristics and cost of this new system as well as the financial ability of the different categories of the society to incur its burden.

Simultaneously, we are bound to implement a quality control program for health services, update the establishment certification tools, provide capacity building for those involved in the health sector whose living standards will be also improved. Along with all of these efforts, we shall continue activating the family planning program which will be still connected to the health care program.

As for the housing and facilities, the Government's program comprises several executive programs aiming to provide the adequate housing for all

categories of the society with special attention to the limited income. To this effect, the Government contributes free land, on which, houses for poor classes are built. It provides as well mortgage that enables them pay a small advanced amount coupled with long term installments.

We are targeting for 85 thousand housing units / year throughout the governorates to cater for youth and limited income categories. Actually, I instructed the Minister of Housing to coordinate with the governors for identifying the best sites suitable for the construction.

The Government is taking this chance to call upon the private sector, in cooperation with the governorates, bodies of the new cities and cooperative associations, to contribute to this project which is expected to double the construction capacity in Egypt. The project will also increase the volume of supply in the areas where citizens actually prefer to reside.

A component of upgrading the urban planning environment in both rural areas and cities is included in the program of elevating the citizens' living standards. We already started putting down urban planning schemes for a number of villages. To this effect, in the past year, we completed the required work for 497 villages with a potential rise of 1200/year.

The aim of this project is to re plan the Egyptian village and provide the necessary services according to the actual needs of each given village. Thus, it will allow an increase of the absorptive capacity of the village through either horizontal or vertical expansion. It will provide as well the new land areas required to implement service related projects using the local community self funding.

We also embarked on implementing a national project for developing and improving the disadvantaged areas either within or around the different cities. Concurrently, we will continue on our efforts geared towards providing new urban areas in the deserts of both Upper Egypt and Delta.

We intend to submit before the honorable Assembly a draft unified law regarding construction, demolishing, maintenance, urban planning and civilization harmony in order to give a boost for the restructuring of this vital sector.

Major priority is given to implementing projects of potable water and sanitary drainage in both rural areas and cities. We are scheduling to complete the installation of potable water to all Egyptian villages by the end of 2007. Simultaneously, we are intending to provide between 400 and 450 villages / year

with sanitary drainage. On this level, villages suffering serious environmental problems due to the absence of sanitary drainage networks, will be first on the list.

Each year the amount of L.E 2 billion will be allocated to potable water and sanitary drainage projects that are implemented in the rural areas. I take this chance to call upon the civil society to take part in this endeavor which would certainly help in accelerating the rate of implementation in order to tackle this pressing issue within a shorter time span.

While we are also planning to achieve a **major leap within the transportation sector**, our aim is to upgrade the level of railway transportation service, set a network that caters for the new cities, and extend the third line of the underground metro. In the current year, 3 Capital Taxi companies will start operating adding 2000 new cabs on the road as well as new companies specialized in passenger transportation either inside the cities or between governorates.

On another field, we are also planning to enhance the cargo transportation area in an effort to alleviate the load put on the different roads, and increase the capacity of river and railway transportation. We are intending as well to integrate the transportation development efforts with those pertaining to the Egyptian ports. The current year will witness the inauguration of the first phase of developing Alexandria port, the inception of new development projects of Dekhaila and Red Sea ports. In this year also, we intend to restart the operation of the river navigation line connecting Damietta and Cairo.

Already we started and shall continue to **improve the high way network** replicating the achievement made on the Ayn Sokhna road. Additionally, we are expecting to complete 3000 Km of roads in both Lower and Upper Egypt into two way roads in 6 years along with paving another 3000 km of dust roads connecting a number of villages.

5. The national economy made a remarkable boost which we are keen to maintain through more legislative and institutional reforms that help eliminating any obstacles that may hinder economic progress.

Our efforts include reform in the banking sector, applying monetary policies which succeeded to stabilize our local currency with prices on one hand and increase the foreign currency reserves on the other hand. We shall continue our endeavors aiming to tackle bad debt problems while motivating the banking sector to provide necessary funding for new projects.

We are adding new funding mechanisms represented in the restructuring the insurance sector, stimulating the money market, establishing capital guarantee funds and activating the joint venture capital.

Sustainable enhancement of the energy sector is one of the tools to maintain our progress. To this effect, we multiply the power generation capacity and distribution networks in order to cater for the industrial and agricultural expansion. Our program includes the implementation of 11 mega projects for the power production along with the establishment of the required transportation and distribution networks. L.E 36.1 billion is allocated for those projects expected to be completed in six years. The program comprises of extending power supply to an area of 200 thousand Feddans of reclaimed land.

In six years, we succeeded to increase investment by more than \$20 billion in the sectors of petroleum, natural gas, petrochemicals, and mineral wealth.

Ladies and gentlemen members of the honorable Assembly

In order to sustain the economic boost, we embarked on developing the state administrative body in addition to improving and automating the services it renders to the citizens and investors on a larger scale.

Additionally, in order to maintain the progress, we will continue our efforts dedicated to building the Egyptian information society. For this purpose, ICT is employed in the areas of education, research and development (R&D) and investment in this high-return industry which must be export-oriented, is encouraged.

6. President Mubarak stressed that political and legislative reform must be in concurrence with the economic reform rhythm.

Thus, the President introduced through his electoral platform the notion of strengthening democratic political participation. He further, requested to your honorable Assembly as well as the Shura Council to survey the opinions of the representatives about the contents of his electoral platform regarding constitutional reform. The survey must be carried out using the appropriate methodology and mechanism as decided by each given council. By this, President Mubarak is keen that his proposed constitutional amendments will fulfill the people's hopes and ambitions and simultaneously protect the state's interests.

Together with the representative councils, the Government is heading to continue the efforts of political and democratic reform. For this it will build up on the achievements made in the past few years.

Our action plan shall include the following aspects:

- Stress the commitment to the concept of citizenship as basis for total equality between Egyptians regardless of their ideology, gender, belief or religion.
- Activate the role of political parties, civil society and women.
- Revise articles of the constitution so that it is consistent with the new market economic conditions.
- Enhance and strengthen the parliament role which allows it monitor and hold the government accountable.
- Strengthen the Cabinet's role and expand its authorities.
- Enact a new anti terrorism law so as to replace the current emergency law.
- Reinforce administrative and financial decentralization, allow more authorities to the local units, and stress the accountability of the executive body before the public.
- Draft a law amending the provisions of the judiciary authority law aiming to support the judiciary and judges sovereignty.
- Draft a law amending a number of the provisions of the criminal law to review and organize the rulings of provisional detention.
- Draft a law for revising sanctions related to copyrights so that smooth and free **transfer of knowledge can be guaranteed, yet, ensure the privacy of citizens.**

7. We are working under the leadership of President Mubarak to establish a strong and secure Egypt.

We strive to retain Egypt's leadership on the regional, Arab and African levels while we invest our strong external relations with the various parties in order to achieve stability and peace but making sure to protect the legal rights of the Arab people.

We support the Palestinian people to establish their state, enhance their security and economic capabilities specially after the Israeli withdrawal from Ghaza strip.

Through activating joint projects devoted to attaining growth of the two nations of the Nile valley, we are making much effort to achieve integration with Sudan. However, much emphasis is laid on the reconstruction of the south under the peace agreement.

Iraq was not overlooked in the Government's efforts, we strive to achieve its stability and unity. For this purpose, we encourage national dialogue among all political powers as well as take part in the reconstruction activities and rehabilitation of the Iraqi economy.

Through activating free trade agreements, we will go on with our efforts to deepen the economic cooperation with the international economic blocks. We hope to open new channels of the Egyptian exports as well as allow the Egyptian economy to integrate into the global economy.

Egypt will be standing strong with the performance of its courageous military forces that fights bravely to protect its territories. To attain this performance, continuous training, and integrating knowledge and technology to modernize various weapons is achievement. However, the military forces carry out a major development role as well represented in building roads, factories, land reclamation, and constructing specialized medical centers, most important of which, is the International Medical Center recently completed.

We constantly support the police and security bodies in order to fulfill our role of maintaining Egypt's internal security. Such bodies carry out a vital role in protecting domestic security, combating, and disclosing any terrorist attacks targeting Egypt and Egyptians.

Ladies and gentlemen, members of the honorable Assembly

We are moving towards a new phase, we need to ensure that our short and medium term policies and visions are parallel with those of the long term so that we do not have to sacrifice the comprehensive future vision for achieving immediate tangible changes.

We should not consider the social aspect as an impediment to the comprehensive development. We are fully aware of the importance of securing internal stable environment concurrently with an external sound one. We must

aim towards gaining the support on the grassroots level for reform and development. When development fails to impact a citizen's work, house, education, family health, neither secures his/her children a place in the labor market, this is a type of development we are not up to.

Thus, a radical reformist approach will be highly needed; an approach that could influence each and every aspect of the society and that could enhance and consolidate a cultural change capable of coping with both our social values as well as serving the notion of a free market system.

It is worth saying that success can never be materialized in altering the role of our government - so that it could act as a regulator and observer while leaving space to the private sector to work in accordance to international standards and specifications - while receiving criticism aiming to take the government back to its past role which proved inefficient.

When it comes to preparing new legislations, we promise to adopt the principle of consultation seeking the opinion of experts, stakeholders and people's representatives, so that such legislations can articulate and express the society's needs.

Again I'd like to congratulate you all for gaining the state's as well as the public's confidence to act as their devoted representatives.

We promised and we fulfilled our promise, and I would like to assure you that we will continue to maintain the same level of enthusiasm and strength that we had always been identified with, to pursue the goals of our President's platform which emphasizes the prosperity to all the Egyptians.

We ask Allah to bless our march, allow our aspirations to come true and guide our steps on the good path. He is the Best Sustainer and Best Supporter. May Peace and Allah's Mercy and Blessings be upon you.