



**EGYPT  
IMPACT  
LAB**

**Human Capital Development – building evidence on skills and employment  
Stockholm, Sweden**

**22 – 23 May 2024**



Founding Partners



Additional Support



# Outline

- Overview on the LM in MENA context
- Methodology
  - Randomized evaluations
- Egypt Impact Lab
  - Government Embedded Evidence-Based Policy Labs
- Previous evidences on ALMPS in Egypt
- Conclusion
  - What programs works and what not and why

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# Labor Market Context the MENA region

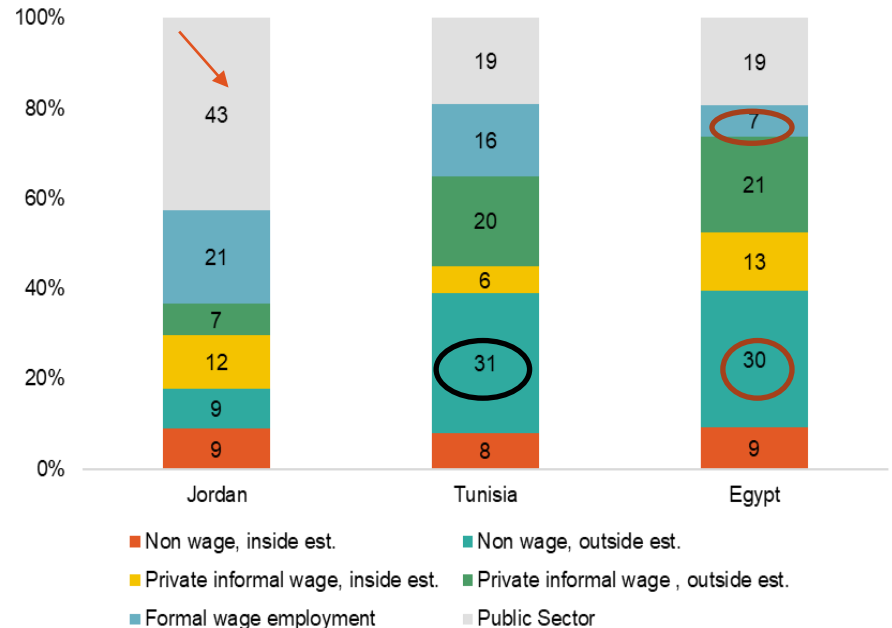
# Features of Labor Market in the region

- High Unemployment rate, especially **across younger generations**
- Multiple labor market rigidities:
  - Important share of **informality**, mainly due to the shrinking public sector and the incapacity of the formal private sector to absorb all the excess of labor
  - **Skill mismatch** between demand (firms) and supply (graduates)
  - Limited **access to finance**
  - **Asymmetric information** about job opportunities
  - High share of **women Out of labor force**, causing significantly low female LFP
  - Problems related to **labor market transitions**, causing many to be either unemployed or informally employed

# Profile of employment in MENA

- Tunisia and Egypt are very similar in terms of a spread of **informality**.
  - The share of non wage, outside est. is the main source of empl. for Egypt and Tunisia.
- Jordan is characterized by significant representation of its **public sector**
- Egypt has a significantly **low private formal wage share** (7% of total employment)

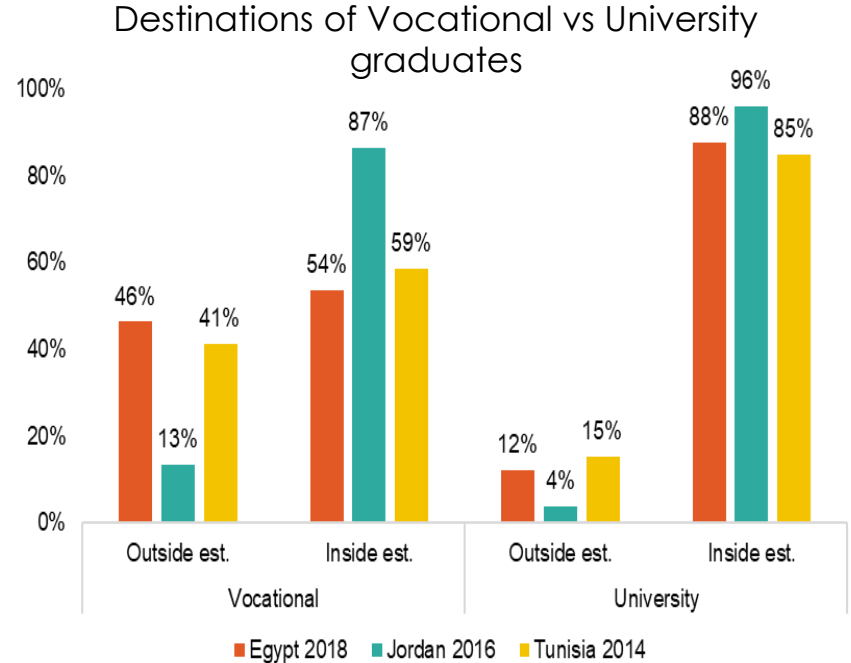
The structure of employment by type aged 15-64



Source: JLMPS 2016, TLMPs 2014, ELMPS 2018

# Education and Labor market in MENA

- Vocational graduates are not provided with similar opportunities as university peers making it more probable for them to work in the informal sector, especially in Egypt and Tunisia
- The share of **university graduates** working in the informal sector is still relatively high in **Egypt and Tunisia**.

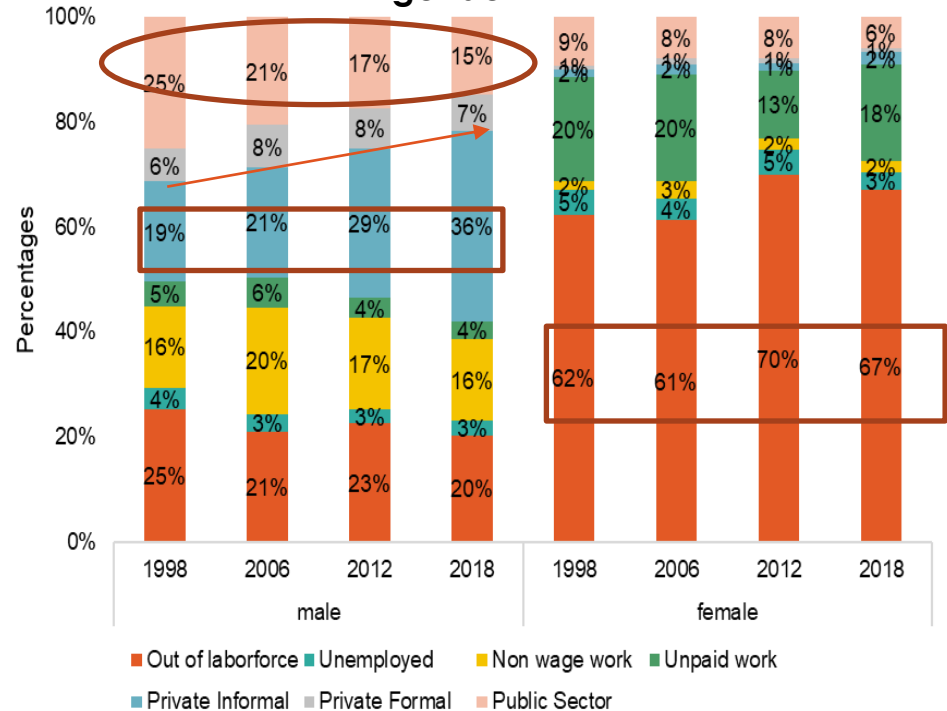


Source: JLMPS 2016, TLMPS 2014, ELMPS 2018

# Profile of labor force participation in Egypt

- LFP is significantly low among women
- Women in Egypt are much less likely than men to engage in informal wage employment due to the widespread perception.
- For men, with the **shrink of the public sector** and the incapability of the formal one to create enough jobs. **They are oriented to informality**, causing allocative inefficiency in the economy.

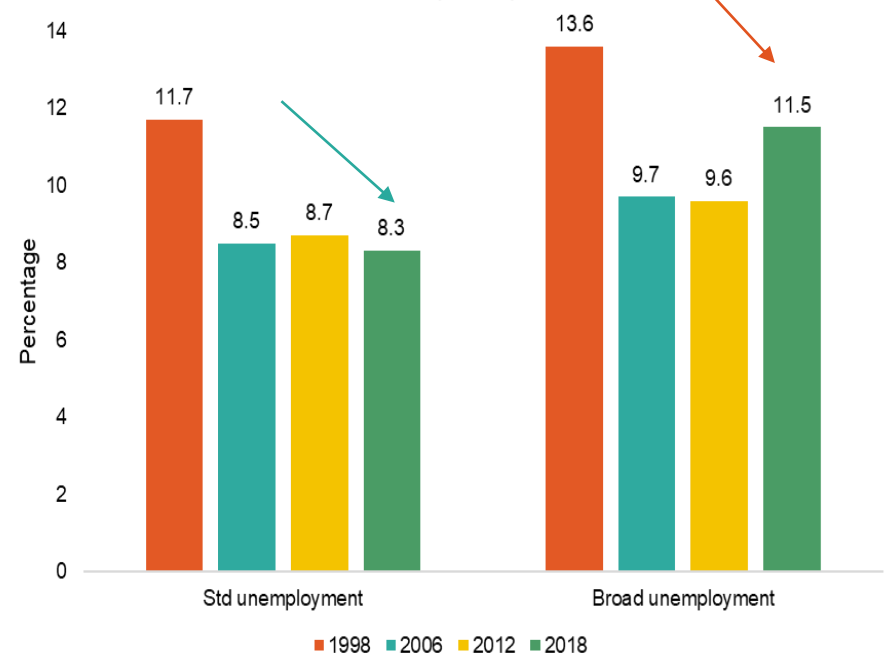
Labor force participation in Egypt (aged 15-64) by gender



# Profile of unemployment using different definitions

- A recent phenomenon started to take place in Egyptian labor market, which is discouragement to work
- As shown in 2018, despite the slight decrease in the standard definition of unemployment, unemployment have actually increased according to the board definition.
- This suggests that this decrease is not due to recruiting more workers, but actually it means that more people became discouraged, therefore they stopped searching for a job

Evolution of unemployment rate under various definitions, ages 15–64, 1998–2018 (in %)

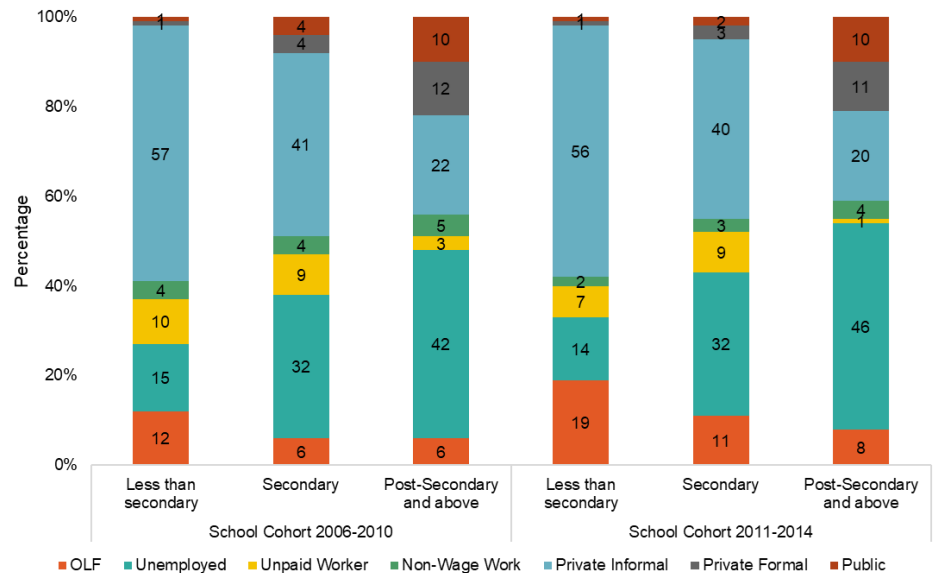


Source: ELMPS 1998, 2006, 2012, 2018

# Labor Market Transition in Egypt

- For both cohorts of school exit, there is a clear **negative correlation** between educational attainment and informal employment, but a **positive correlation** between education and unemployment
- the more educated could afford being unemployed until finding a formal job
- The more vulnerable group with lower education tends to be pushed into the informal sector, in order to survive.

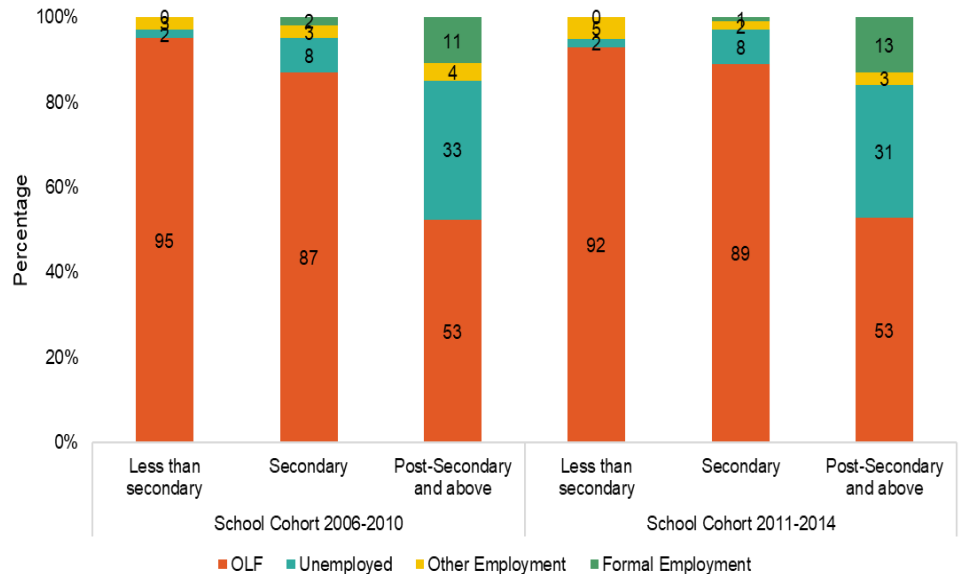
Male first labor market status after school (in %) by educational level and school exit cohort



# Labor Market Transition in Egypt

- The majority of women with below-secondary education chose to stay out of the labor force.
- Additionally, in both school exit cohorts formal employment and in particular public sector jobs were more likely to be held by women with post-secondary education.
- First-time unemployment was high for the most educated women

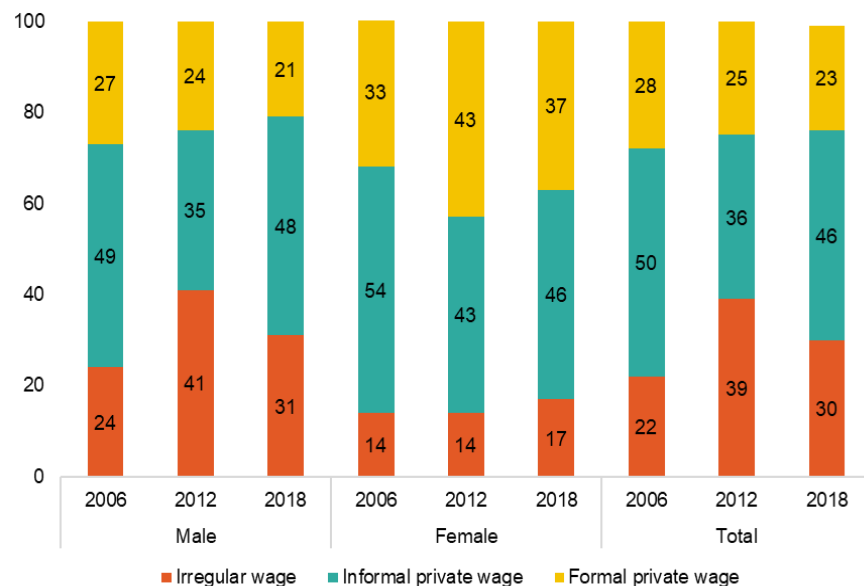
Female first labor market status after school (in %) by educational level and school exit cohort



# Informality in Egypt

- The proportion of informal jobs within private wage employment witnessed an increase over 2012-2018, for both women and men
- The proportion of formal wage work has been decreasing overtime, driven by men rather than women.
- Irregular work had increased between 2006 and 2012 before decreasing in 2018, following better economic conditions

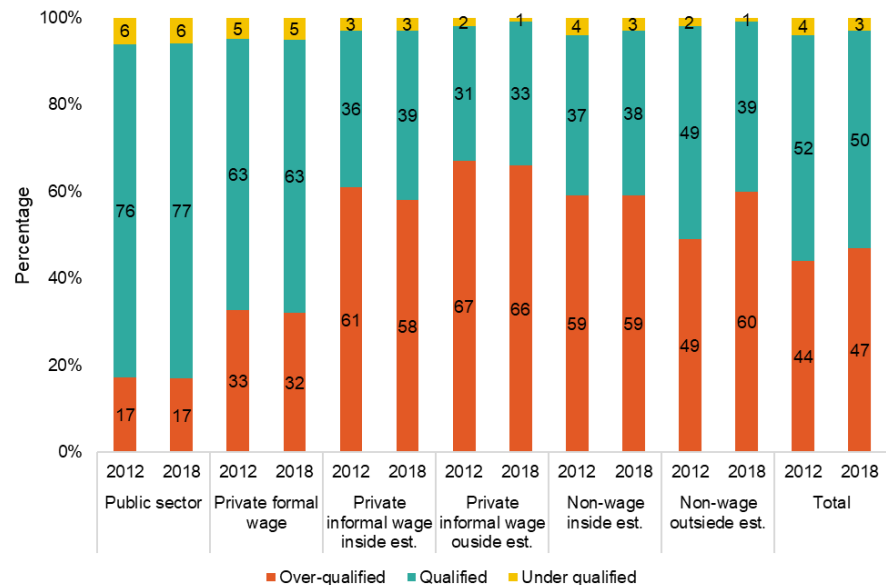
Formality status by gender and round, for private sector employment (aged 15-64)



# Job Matching efficiency in Egypt

Match of job education requirements by formality and regularity status, private wage employment, ages 15- 64, 2012, 2018

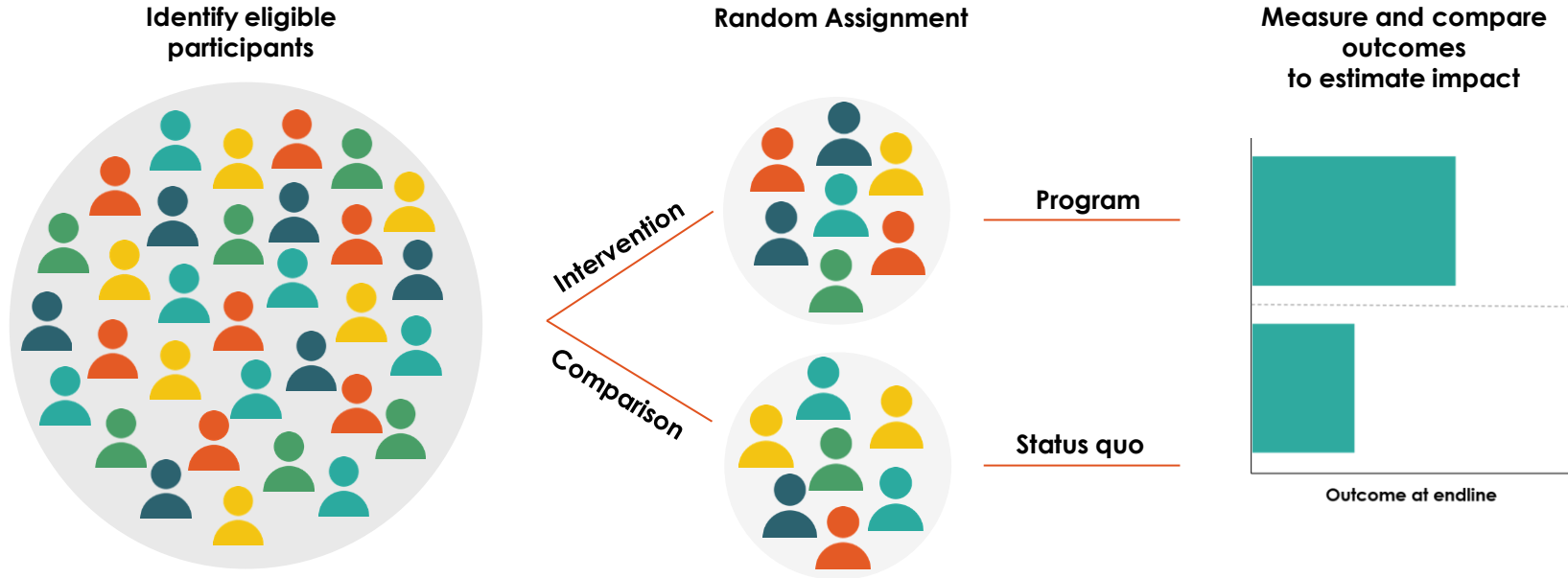
- Relatively small share report being underqualified for their job across all job types.
- However, the proportion who report being overqualified is substantial and varies a great deal by job type.
- Rising overall share of overqualified workers is due to the **changing composition of employment toward informal wage employment**



**Randomized evaluations take a  
scientific approach to tackling poverty**

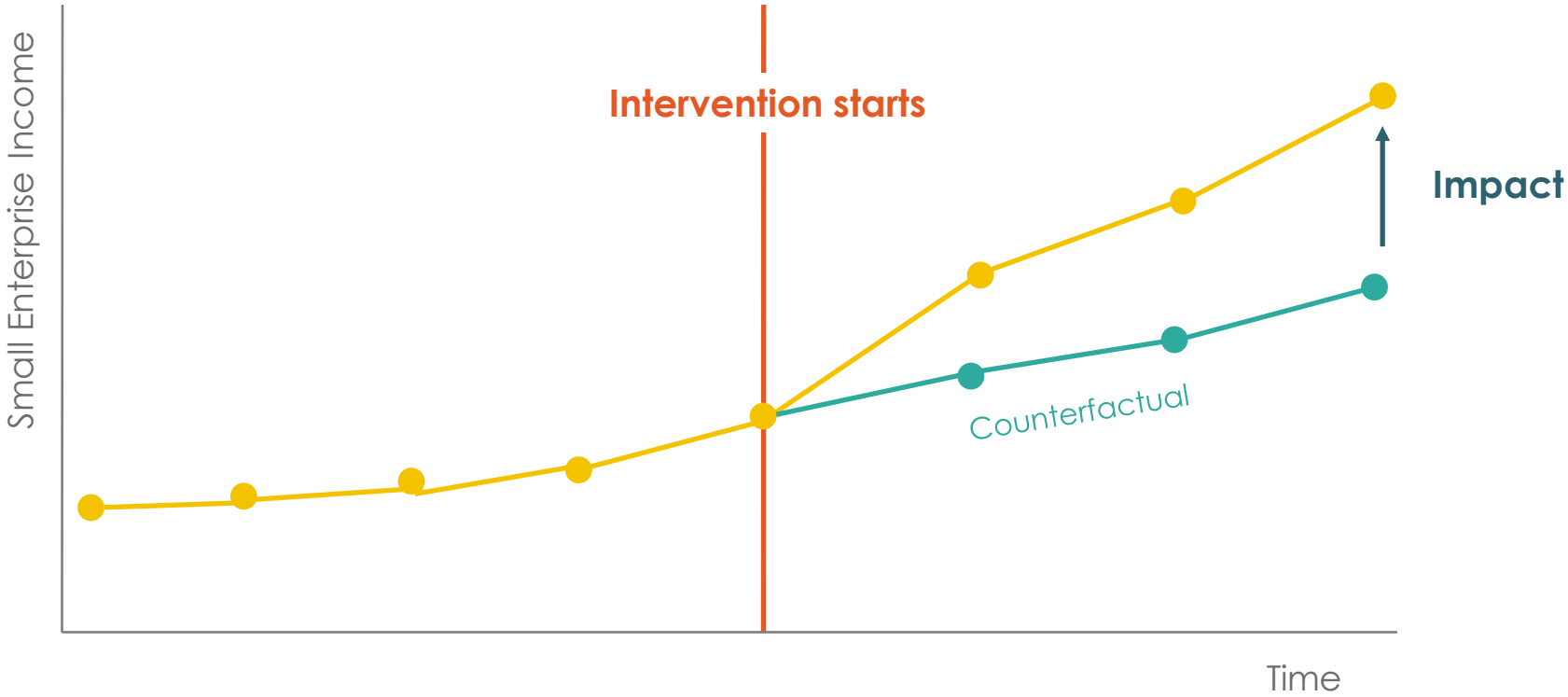
# How does a randomized evaluation work?

Before a program starts, individuals are **randomly assigned** to two groups.  
With enough people, both groups have **statistically identical** characteristics, on average.

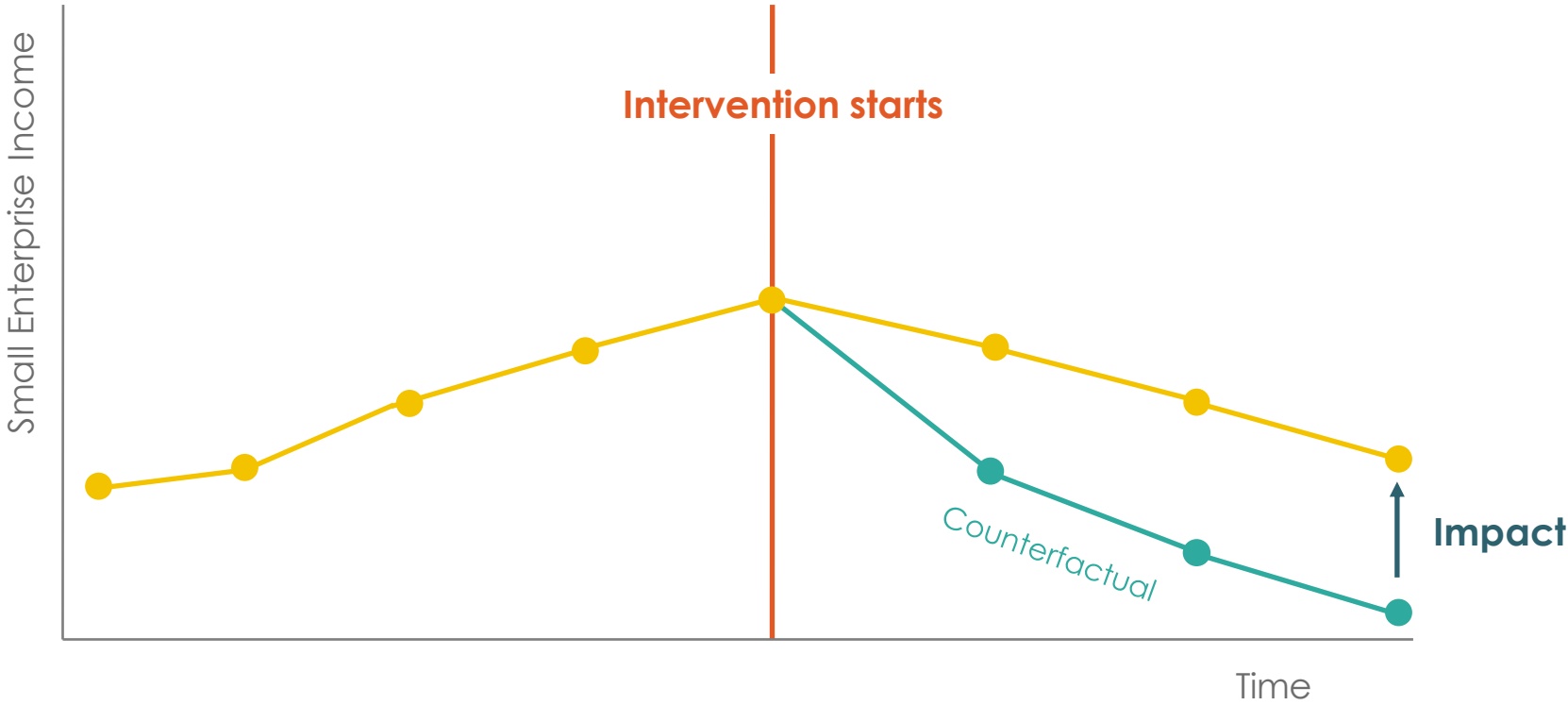


**Key advantage of randomized evaluations:** Due to random assignment, members of the intervention and comparison groups do *not* differ systematically at the outset of the evaluation. Thus, **any difference that subsequently arises between them can be attributed to the program**, rather than to other factors.

# Randomized evaluations shed light on real impacts



# Randomized evaluations shed light on real impacts.





# **Government Embedded Evidence-Based Policy Labs**

# Scientific evidence supports achieving Egypt's top development policy goals

**Government making major investments** in social protection, family development, employment, gender, and climate change.

**What are most effective and cost-effective programs to pilot and scale?**

EIL is **structured around government policy priorities**, is **embedded** in government, and was **co-designed** by MPED and J-PAL MENA.

**MPED, MoSS, MSMEDA, NCW, and NIGSD are poised to be government leaders for using rigorous evidence** to inform program design and scale.



Egypt Impact Lab's MoU signing ceremony in March 2022



EIL Director  
Reham Rizk

## An embedded lab in the Ministry of Planning and Economic Development

Our objective is for the government of Egypt to:

- Support institutional change towards using evidence in informing major development policy and program decisions;
- Provide a learning agenda to understand a program's activities and socioeconomic impact;
- Make meaningful commitments to act on evaluation findings.

### Strategic Partners



### Founding Partners



SAWIRIS FOUNDATION  
مؤسسة ساويرس



### Additional funding





# Areas of Focus

# Three pillars support the government to institutionalize evidence use



## **Pillar 1: Generate evidence on priority themes**

Co-design and conduct nine large-scale randomized evaluations of government priority programs, and ensure results inform scale decisions.

→ *meaningful government commitments to act on evaluation findings*



## **Pillar 2: Build Capacity to Use Evidence**

Share existing insights from global evidence base with application to policy design questions in Egypt.

Conduct capacity building tailored at program designers, implementers, and leaders.

→ *evidence informs scale decisions*



## **Pillar 3: Strengthen knowledge ecosystem**

Integrate Egyptian scholars in conducting randomized evaluations.

Leverage administrative data.

Strengthen south-south links with governments that have driven research-to-scale partnerships.

→ *use of evidence more deeply institutionalized*

# Thematic areas reflect government priorities



## Social protection and poverty alleviation

EIL will have a major focus on the Hayah Karima Initiative, a multidimensional poverty alleviation program. It will also support MoSS's existing commitments to evidence-informed social solidarity policy.



## Employment & MSME development

Employment remains at the top of development challenges and policy priorities for the Government of Egypt, and is a key component in the country's strategies to reduce poverty and inequality.



## Gender empowerment and family development

EIL will also focus on the National Family Development Program, a coordinated effort across government to curb population growth and support healthy families, and other efforts to promote women's empowerment.



## Environment, Energy, and Climate Change

EIL is introducing the **Hub of Advanced Policy Innovation for the Environment (HAPIE)**. HAPIE serves as J-PAL's regional Air and Water Lab in Egypt. HAPIE will focus on supporting climate change policies and strategies for the Government of Egypt.

# Previous evidences on ALMPS in Egypt

# Emergency Employment Investment Project (EIP) program

- **Design intervention (sample size 732 individuals):** unemployed youth in **Cairo and Upper Egypt** were randomly split into three groups:
  - a group that received training/employment support,
  - a group that received training/employment support and counseling,
  - a control group that did not receive those services.
- Two separate RCT's with two NGO's ([Elsayed & Osman 2018](#))
- **The program duration** was:
  - 3-day business training and industry-specific vocational training lasting 6-17 days (NGO1).
    - Together (Maan)→ **Self-employment** (training and capital support to start own business), Beni Suef and Minia
  - 4-day soft skills training and 1-6 weeks of on-the-job training (NGO2).
    - Alshaneq Ya Balady → **Wage employment** (Training and job matching assistance) in Cairo and Beni Suef

## Results

The ALMP had a **positive impact** on labor market outcomes, with **increased employment, working hours, and monthly income**.

- **Employment** increased by 12 percentage points, particularly among women.
- **Monthly income** saw a significant increase for both treatment groups.

Some interventions **did not have significantly impact**:

- **Counseling** component **did not show significant additional benefits**
- **Non-labor market outcomes** were not affected, such as empowerment, happiness, or migration intentions.

## Irregular migration

- J-PAL MENA is collaborating with MSMEDA in order to evaluate the impact of 2 components of the **Fighting the Root Causes of Irregular Migration project**.
  - by generating employment and improving physical living conditions for the beneficiaries in the target areas, as well as enhancing their employability prospects.
- The project covers the **11 governorates** with the highest outflows of irregular migration.
- The implementation started with **9 governorates**: Qalobiya, Sharqia, Gharbiya, Dakahleya, Fayoum, Beheira, Luxor, Minya, and Asyut.

# Program Design

1. **Cash-for-work intervention:** rapid creation of temporary jobs for income
  - Support to 90 NGOs and community development associations to provide temporary employment in community services
    - Unemployed youth (18-35), at least 60% of which are women
    - Participants work for a duration of 15 to 18 months in projects providing community services (health, environment, adult literacy and nurseries)
2. **Training and employment support:** facilitate access to wage- and self-employment
  - Support to 34 NGOs and business associations to provide training
    - Unemployed youth (18-35)
    - Participants receive a training for a maximum of 3 months (e.g., maintenance, sewing, hairdressing), and different services (e.g., financial services, job search aid)

## Results:

- **The interventions were effective to increase the opportunity costs of migration**
  - No effects on actual irregular migration to Europe (rare outcome + interventions did not target the individuals with the highest propensities to migrate), but negative effects on intermediary outcomes for men (intentions, plans).
- The income generated by **Self employed has increased by 4%** after getting **Training and Employment support** while for **Wage employed increased by 21%** after applying the **Cash for Work Program**.
  - **Women** who got the **Training and Employment support** have **higher intention to migrate to Gulf countries**.
  - **Men** following the **Cash for Work program** has **lower intention to migrate to European countries**.

# Promoting Entrepreneurship through edutainment

Barsoum et al. (2022): A sample of young Egyptians who are interested in entrepreneurship were encouraged to watch an **edutainment programme** specifically designed to promote entrepreneurship to young individuals.

## Program design

- A randomly generated set of mobile phone numbers called to select a sample and collect baseline information
- Only individuals who matched the following criteria were included: (a) be aged between 18 and 35; (b) watch TV at least from time to time; (c) express a general interest in starting a business.
- A sample of 5924 individuals was constituted

## Program design

- The programme, broadcast nationwide, provided viewers with information about entrepreneurship and showcased successful young entrepreneurs.
- The programme was broadcasted for a period of three months consisted of 13 episodes involving 14 contestants, each episode putting contestants in front of a new challenge designed to test their entrepreneurial skills.
- Treatment group was encouraged to watch the show through cheap incentives (text messages)
- To reach its goals, educational content was disseminated in every episode amidst entertaining content

## Results

- **The programme did not have a large overall impact** on respondents' aspirations towards entrepreneurship, or the likelihood to take any steps towards the creation of a business.
- Nevertheless, , the show did manage to convey educational content to some of its viewers. Specifically, **it increased the information of those with the least knowledge** about entrepreneurship in the baseline.
- **The good performance of female contestants** throughout the show increased the share of viewers who reported strongly agreeing that it is possible for women to successfully run their own business

# Addressing Stigma in the labor market

- [Osman & Speer \(2023\)](#): attempted to address 4 types of stigmas in a sample in Greater Cairo through 2 experiments. There are 4 types of stigma : social , professional, personal, and welfare stigma

## Program Design

- **The first experiment** recruits unemployed youth to a job training program via street-level marketing. **The second** recruits individuals to attend a job fair using door-to-door outreach.
- The control groups receive **basic information** about the programs and their potential outcomes. The treatment groups also get **same information, plus additional information** designed to help them overcome worries about stigmas associated with taking entry-level jobs in low-skill professions.

## Results

- **High heterogeneity was observed:** The treatments were successful in overcoming stigma for older, wealthier, and working respondents.
- For other people, treatments merely **increased the salience** of the stigma without dispelling it.
- **Policy takeaways:** Stigma may not only affect the level of take-up but also significantly change the composition of a program, and potentially its effectiveness.

# What works and what does not work and why in ALMPs using evidence-based results

- Administrative data sources in MENA region economies shed light on the problems in their labor markets such as **spread of informality, high mismatch between supply and demand, and the low female labor force participation.**
- Moreover, vocational education is looked at as an inferior path compared to general education.
  - This is why in the end, vocational graduates are more oriented towards informality.
- Evidence from Egypt showed that ALMPs , if well designed and implemented, can have important impacts on the labor market.

# What works and what does not work and why in ALMPs?

- Previous studies have shown that **employment training does not work all the time.**
- Its effectiveness is dependent on :
  - The context of the country, the target population and the type, as well as the efficiency of the training provided.
  - The quality of the workers themselves and the skills required to have a decent job matched.
    - This may explain that the studies on employment training worked in Egypt, but not in Turkey or Jordan.
- In addition, **access to financial resources** is considered the main obstacle to entrepreneurship.
  - This is why entrepreneurship intervention should include capital assistance.

# Conclusion: What works and what does not work and why in ALMPs?

- Some jobs are stigmatized.
  - More studies should be done to understand the best way to address these stigmas.
  - In Egypt, EIL is **collaboration with the Ministry of Education and Technical Education** in evaluating TE reform 2.0 focuses on 2 main pillars
    - Stigma - as an inferior path compared to general education, and how work on reducing this type of stigmas.
    - Teacher's Training



**Thank you**