

# POLICIES AND INTERVENTIONS ON YOUTH EMPLOYMENT IN EGYPT



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# **POLICIES AND INTERVENTIONS ON YOUTH EMPLOYMENT IN EGYPT**

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in Cairo

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# PREFACE

The European Training Foundation (ETF) has provided regular input to the European Commission (Directorate-General for Employment) throughout the process of structured Euro-Mediterranean policy dialogue on employment. That process was initiated in 2008 to address poor employment prospects in the region, when a Framework of Actions on job creation, employability of human capital and decent employment was adopted at the first Euro-Mediterranean Conference of Ministers of Labour and Employment (Marrakech, November 2008). It was restated at the second Union for the Mediterranean Labour and Employment Ministerial Conference (Brussels, November 2010). The reform of the European Neighbourhood Policy in 2011 gave further importance to job creation and inclusive growth in the region. The ETF support to the process was provided via three employability reports presented in 2007, 2009 and 2011 to the Euromed High-Level Working Groups on Employment and Labour in preparation for the ministerial conferences. The aim of those reports was to contribute to policy dialogue between the European Union (EU), the ETF and partner countries with the provision of good-quality analysis of employment policy and employability in the region.

As part of this process, in 2013 the ETF launched another round of analysis on employment policies in countries of the region. The focus of these country reports has moved on from the analysis of labour market trends and challenges to the mapping of existing employment policies and active labour market programmes, including assessment of the outcomes and their effectiveness in addressing employment challenges. Each report also includes a short description of the socio-economic context in the country, the emergence of new players and actors, and any recent policy changes (government, donors, funding, etc.).

This report was drafted by Mona Said of the American University in Cairo in 2014 and reviewed by ETF experts. Besides the desk review and statistical data analysis, many stakeholders from government offices and representatives of social partners, donors and civil society were interviewed for their opinions regarding employment policies and active labour market programmes. This country report attempts to give an overview of policies and interventions on youth employment in Egypt, with some qualitative assessments regarding results and outcomes.

Chapter 1 provides an overview of the labour market trends and the impact of recent economic and political developments in Egypt. Chapter 2 surveys the key actors in the employment policy environment, their roles and institutional capacities; while Chapter 3 discusses the current employment policy framework. Chapter 4 gives an overview of current employment initiatives and programmes implemented in Egypt. Finally, key conclusions and recommendations for the development of youth employment policies and programmes are presented in Chapter 5.

*Ummuhan Bardak, ETF*  
October 2014

# 1. LABOUR MARKET OVERVIEW

## 1.1 THE ECONOMY AND THE IMPLICATIONS OF THE ARAB SPRING

Following the ousting of President Hosni Mubarak in February 2011, Egypt continues its complex and difficult political transition. The results of the first democratic elections held in 2011/12 were nullified and Egypt's first democratically elected Parliament in decades was dissolved in June 2012, leaving the country with no elected state institutions. After the revolution, the Muslim Brotherhood candidate, Mohammed Morsi, won the presidential elections in mid-2012 and a newly drafted constitution was approved in a referendum in December 2012. However, an intense power struggle between various forces, a sharp division in Egyptian society between pro- and anti-Islamists and the general population's desire for greater political and social stability have led Egypt along a difficult political path.

In June 2013, massive demonstrations against President Morsi erupted. These were followed, in July, by a government takeover by the leadership of the armed forces, in which President Morsi was deposed. The head of Egypt's Supreme Constitutional Court was appointed interim president and the 2012 constitution was suspended. The interim president issued a timetable for political transition and an interim government was sworn in. A revised constitution was approved in a new referendum held in January 2014. In February, the cabinet resigned, and the outgoing housing minister, Ibrahim Mahlab, became Prime Minister and was asked to form a government to organise new elections. Finally, a new presidential election took place on 28 May 2014, won by former defence minister Abdel Fattah el-Sisi with 96% of the vote. Parliamentary elections for the House of Representatives are expected to be held in the beginning of 2015.

With 84 million citizens in 2013, Egypt has the largest population in the region. It is still experiencing rapid population growth: young people aged 15-29 account for almost 29% of the total population. Around 32% Egyptians (27 million) are younger than 15, requiring significant public investment in education, health, employment, housing and infrastructure. Accordingly, the labour force periodically becomes more skewed towards younger people (this phenomenon is often called the 'youth bulge') and the market struggles to integrate the younger generations.

The total population growth over the 2006-12 period was around 2% per annum, very close to that of the periods 1988-98 and 1998-2006. However, growth in the working-age population slowed substantially from around 3% per annum in 1988-2006 to 1.2% per annum in 2006-12. The youth population (those aged 15-24) grew by 3.4% per annum over 1988-98, 2.3% over 1998-2006, and then contracted by 2.3% per annum during 2006-12. By contrast, the population of young adults (aged 25-29) grew substantially over the same period, 2006-12, at a rate of 4.2% per annum (Assaad and Krafft, 2013a), indicating that the youth bulge had been mostly integrated into the working-age population. However, demographic pressures on the labour market will resume as the 'echo' of the youth bulge (i.e. children of the previous youth bulge in the population) reaches working age (Krafft and Assaad, 2014).

Attempts to liberalise the Egyptian economy have been made since the early 1990s, but it was not till the mid-2000s that real growth rates picked up, reaching 6%. This increase did not entirely translate into a decrease in unemployment, but it did stabilise the unemployment rate at around 8%. Preceding the impact of the current economic slowdown, the labour market was affected by structural problems such as an inflated and inefficient public sector, a high proportion of informal unemployment and mismatches between labour supply and demand.

The Egyptian revolution of 25 January 2011 not only marked a turning point in Egypt's political landscape, but also significantly affected the country's economy and labour market. The economy is under continuous strain because of the turbulent process of political transition. The GDP growth rate fell from 4-5% in 2009-10 to 1.8% in 2011 and increased only slightly to 2.2% in 2012, making the country unable to generate employment. The substantial reduction in tourist numbers as well as diminished foreign and domestic investment signalled a period of recession that hit the country hard and increased the unemployment rate to 13% in 2013, according to latest estimates by the Central Agency for Public Mobilization and Statistics (CAPMAS, 2013).

As **TABLE 1.1** shows, both foreign and local demands have declined as a result of the economic slowdown, lower production, and outward investment flows. Services exports and tourism revenues are sources of foreign earnings on which the Egyptian economy relies for its foreign currency reserves, yet both these sectors, especially tourism, have been set back hard by the political situation. Many hospitality workers have been put on open-ended unpaid leave, and the occupancy rate in many Red Sea resorts has failed to surpass 15% (Haq and Schmidt, 2011).

Additionally, as a result of the atmosphere of political uncertainty, foreign direct investment inflows have decreased substantially.

**TABLE 1.1 MACROECONOMIC INDICATORS FOR THE EGYPTIAN ECONOMY**

Indicator	2010/11	2011/12	2012/13	Annual % change
<b>Real GDP (GDP at factor cost at 2011/12 prices, million EGP)</b>	1,475,552	1,508,527	1,539,594	2.1
<b>Real GDP per capita (at 2011/12 prices, EGP)</b>	18,267	18,329	18,156	-0.94
<b>Real GDP growth rate (%)</b>	1.8	2.1	2.1	-4.5
<b>Net international reserves (million USD)</b>	26,564	12,534	14,922	19.0
<b>Annual real growth rate of private consumption (%)</b>	5.5	5.9	2.8	-52.5
<b>Overall budget deficit (million EGP)</b>	134,460	166,705	239,903	44.0
<b>Foreign direct investment inflows (million USD)</b>	9,574	11,768	9,614	-18.3

Source: Helmy et al., 2013

Hence there has been a severe collapse in reserves, which have dwindled to a mere USD 15 billion, while the trade deficit has increased to USD 31.7 billion (El-Din, 2014). The decline in the private sector and its contribution to GDP has deepened further as investors' confidence falters in an uncertain political and legal environment. Inflation has increased dramatically, also leading to a rise in production costs as a direct result of the unstable security situation and difficulties associated with acquiring foreign currencies to pay for imported production materials. The budget deficit, inflation and the balance of payments are the main economic problems that the country faces, together with growing unemployment. In addition, Egypt has been experiencing a shortage in supplies, in particular of petroleum products but also of electricity.

Since mid-July 2013 the Egyptian governments have adopted an economic policy to address these challenges, and with help primarily from the United Arab Emirates, Saudi Arabia and Kuwait, the transitional government has been able to stabilise the supply and availability of basic commodities, such as subsidised foodstuffs, petroleum products and electricity. Government institutions have been able to resume their normal operations, ensuring some economic stability and security. Despite the high budget deficit, the government has pursued an expansionary policy through increased spending on public investment in order to stimulate the economy.

## 1.2 LABOUR MARKET PARTICIPATION AND EMPLOYMENT

The Egyptian labour market before and after the revolution has been the subject of several comprehensive qualitative and quantitative studies. The following discussion of its structure and changes in the aftermath of the revolution is based on a series of recent working papers and on ETF's own analysis of new data from the Egypt Labour Market Panel Survey (ELMPS) rounds of 1998, 2006 and 2012 (Assaad and Krafft, 2013a; and 2013b; Barsoum et al., 2014a).

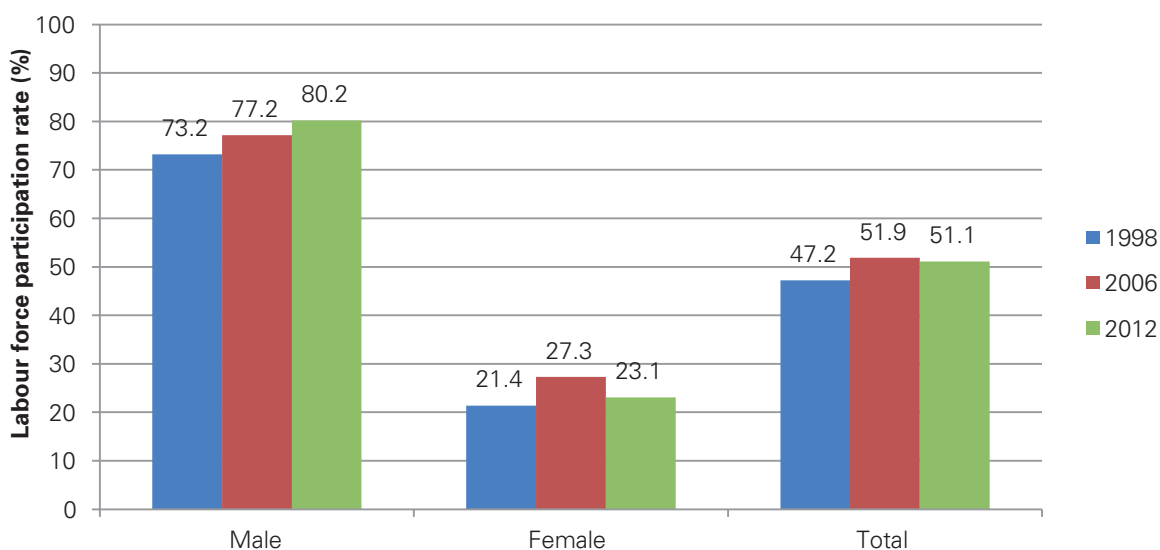
Labour force participation in Egypt is very different for males and females (**TABLE 1.2**). Women are hardly involved in productive labour market activities, and an absolute majority of them stay economically inactive throughout their lives. The minority of women who enter the labour market (23%) face high unemployment rate, reaching almost 24% compared to 4% for male unemployment, and only 18% of women are employed. Men's activity and employment rates, by contrast, are very high (80% and 77% respectively) and their unemployment rate is low. The contrast between the labour market activities of both sexes is striking.

**TABLE 1.2 MAIN LABOUR MARKET INDICATORS BY SEX, 2012**

Labour market status	Total	Male	Female
Activity rate (15-64)	51.1	80.2	23.1
Employment rate (15-64)	46.7	76.8	17.6
Unemployment rate (15-64)	8.7	4.2	23.7
Youth unemployment rate (15-24)	18.9	10.3	49.6
Youth unemployment rate (15-29)	16.4	8.3	42.4

Source: ETF calculations based on ELMPS 2012

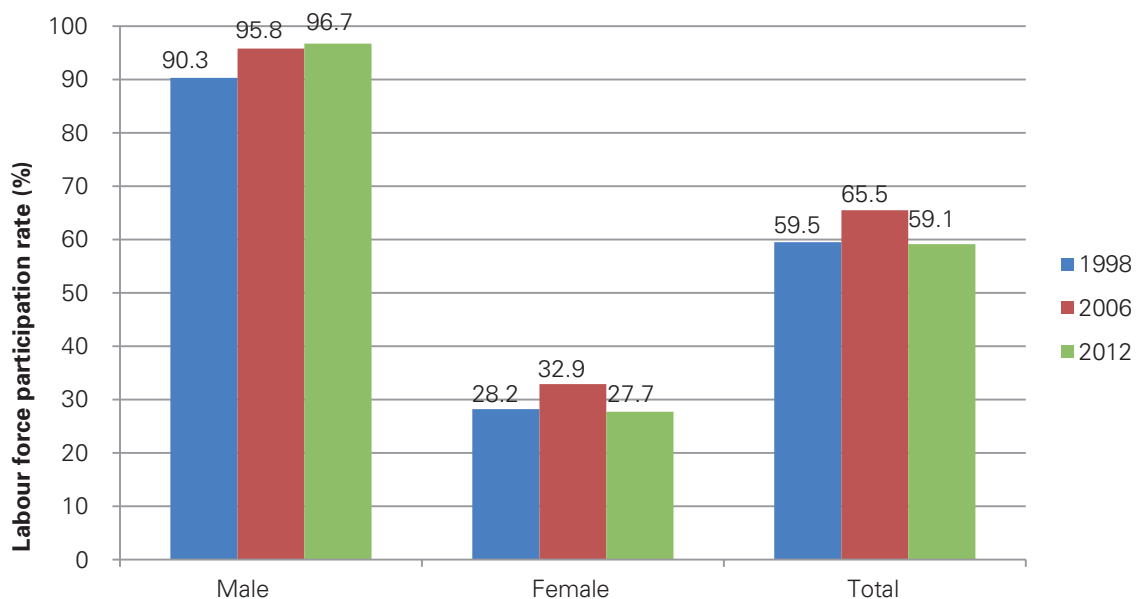
Labour force participation rates have remained relatively constant over the 1998-2013 period. There has been a continued increase in the rates for males (1998-2012), but reduced participation for females since 2006, as opportunities in the labour market have contracted (**FIGURE 1.1**). Males have seen a slight increase of 3% from 2006 to 2012, while females have experienced a decrease of 4.2% over the same period. Labour force participation has been similar in urban and rural areas for males from 2006 to 2012, but the decrease in female labour force participation is greater in rural areas (from 26.7% to 21.1%) than in urban areas (from 27.9% to 25.6%).

**FIGURE 1.1 LABOUR FORCE PARTICIPATION RATES (15-64) BY SEX, 1998-2012**

Source: Assaad and Krafft, 2013b, based on ELMPS 1998, 2006 and 2012

Young adults aged 25-29 have experienced the most dramatic decline in labour force participation (6.4%) over the 2006-12 period, dropping below the 1998 level of 59.1% (**FIGURE 1.2**). Labour force participation rates have mirrored those of the larger working population along gendered lines for young adults, increasing slightly for males and decreasing substantially for females (5.2%). Female labour force participation is now below its 1998 level as well.



**FIGURE 1.2 LABOUR FORCE PARTICIPATION RATE OF YOUNG ADULTS (25-29), 1998-2012**

Source: Assaad and Krafft, 2013a, based on World Development Indicators, World Bank, and CAPMAS

Although the 'youth bulge' is now mostly of working age, temporarily reducing the pressure on new entrants and slowing increases in unemployment, the 'echo' will soon start again for newcomers entering the labour market, for the next generation has a larger share of the upcoming labour force. Underemployment, which affects a more vulnerable population, has risen substantially and is the main indicator of labour market distress. Women are less likely to participate in the labour force, mostly because of falling labour force participation rates among middle-aged, educated women.

Having the ELMPS data from different years allows for an assessment of the employment structure and how it has evolved over time. Between 1998 and 2006, the employment rate rose from 42% to 48% despite lukewarm overall growth during much of the period (see **FIGURE 1.3**). Yet, from 2006 to 2012, the employment rate fell slightly to 47%, despite higher growth overall than in the preceding period. There is also evidence that job creation is slowing, as net job creation fell substantially. According to CAPMAS (2012), agriculture's share of employment is still high at 27%. Industry (including construction and utilities) accounts for 25% of employment, while the services sector dominates, accounting for 48% of employment.

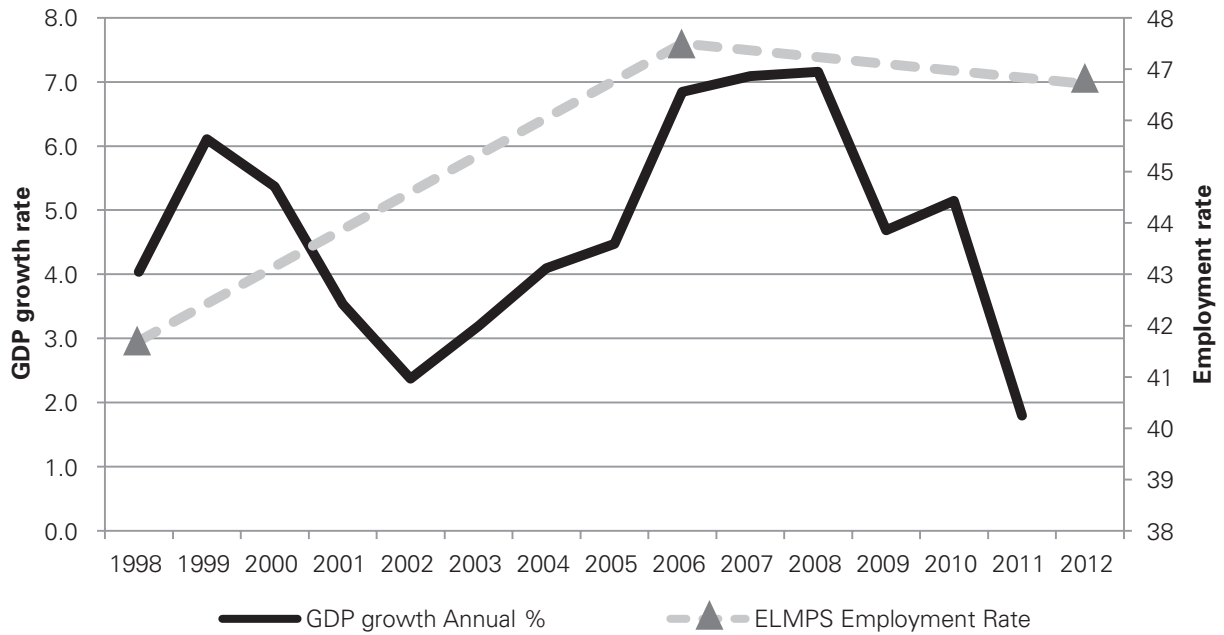
As can be seen from **TABLE 1.3**, real economic growth in general averaged 3.8% per annum over the 2006-12 period. Growth in telecommunications and construction (11.1% and 9.4% respectively) far outpaced that in manufacturing and public service/government (below 3% in each case). Growth in construction, and in transport and storage (4.7%), can be indicative of growth in informal employment.

**TABLE 1.3 GDP DISTRIBUTION BY MAIN ECONOMIC ACTIVITY (MILLION EGP, AT CONSTANT 2006/07 PRICES) AND AVERAGE ANNUAL GROWTH RATE**

	2006	2012	Average annual growth rate (%)
<b>Agriculture, forestry and hunting</b>	99,953.1	116,585.8	2.77
<b>Mining</b>	103,656.4	115,494.0	1.90
• Oil	44,059.0	48,704.0	1.76
• Gas	56,590.0	63,215.0	1.95
• Others	3,007.4	3,575.0	3.15
<b>Manufacturing</b>	114,475.2	134,467.0	2.91
• Oil processing	6,055.0	5,786.0	-0.74
• Other manufacturing	108,420.2	128,681.0	3.11
<b>Electricity</b>	9,880.1	13,183.0	5.57
<b>Water</b>	2,390.0	3,199.0	5.64
<b>Sanitation</b>	590.0	765.0	4.94
<b>Construction</b>	30,175.3	47,132.0	9.37
<b>Transport and storage</b>	29,699.0	38,070.0	4.70
<b>Telecommunications</b>	23,062.4	38,462.1	11.13
<b>Information</b>	1,519.0	1,928.0	4.49
<b>Suez Canal revenues</b>	24,123.6	29,326.0	3.59
<b>Wholesale and retail</b>	73,563.0	92,674.0	4.33
<b>Financial intermediary</b>	27,530.9	33,900.0	3.86
<b>Insurance</b>	2,426.5	2,904.0	3.28
<b>Social insurance</b>	24,278.4	31,040.0	4.64
<b>Hotels and restaurants</b>	25,862.9	34,326.1	5.45
<b>Real estate</b>	20,942.8	25,039.0	3.26
• Property ownership	10,836.4	13,098.0	3.48
• Business services	10,106.4	11,941.0	3.03
<b>Public/government</b>	66,723.6	78,572.0	2.96
<b>Education, health and personal services</b>	29,534.4	35,987.3	3.64
• Education	8,376.0	10,083.0	3.40
• Health	9,646.5	11,749.0	3.63
• Other services	11,511.9	14,155.3	3.83
<b>Total</b>	<b>710,386.6</b>	<b>873,054.3</b>	<b>3.82</b>

Source: Ministry of Planning, 2012

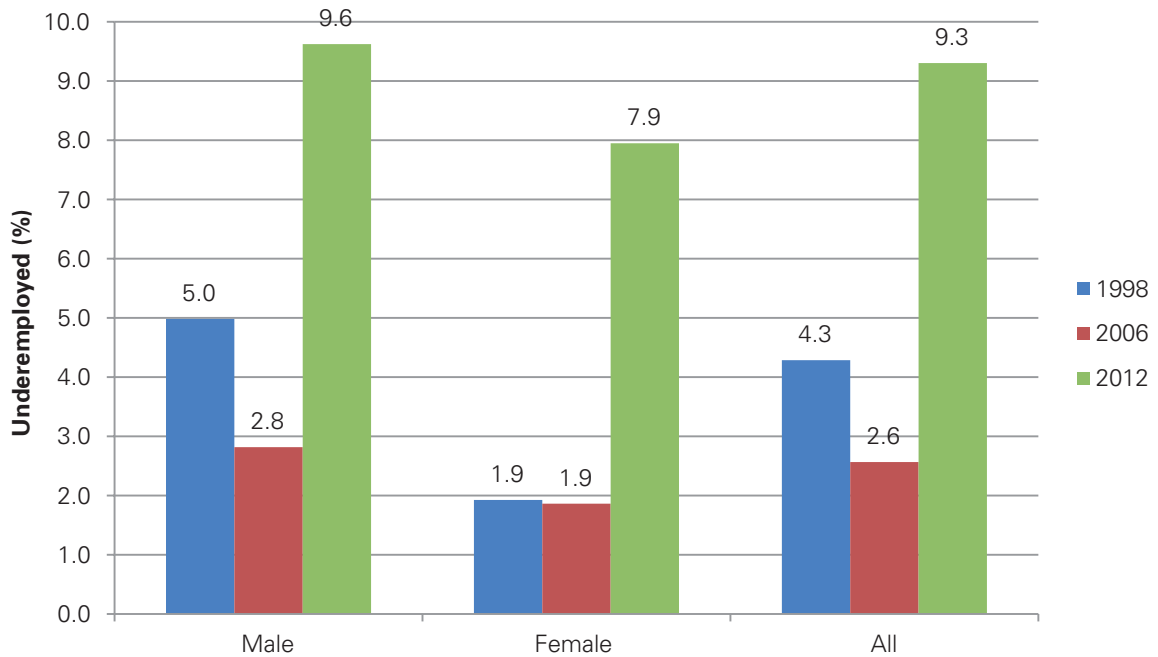
**FIGURE 1.3 EMPLOYMENT AND GDP GROWTH, 1998-2012**



Source: Assaad and Krafft, 2013b, based on ELMPS 1998, 2006 and 2012

One sign of serious distress in the labour market is that visible underemployment (working less than full-time involuntarily) increased dramatically from 2006 to 2012 (FIGURE 1.4).

**FIGURE 1.4 UNDEREMPLOYMENT RATE BY SEX, 1998-2012**

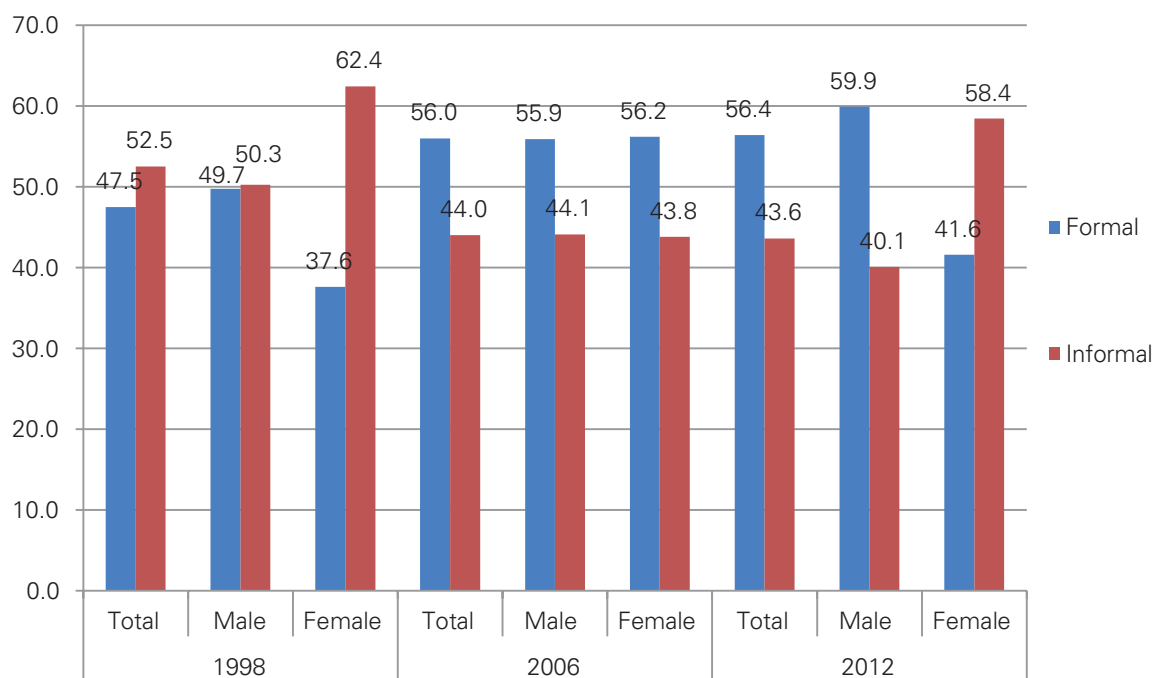


Source: Assaad and Krafft, 2013b, based on ELMPS 1998, 2006 and 2012

### 1.3 INFORMAL EMPLOYMENT

Since the role of the state as an employer has declined, first jobs are increasingly dominated by informal private wage work; this is also true for all employed persons (**FIGURE 1.5**). Private formal wage work has not increased rapidly enough to provide formal employment to labour market entrants, who now lack public sector opportunities.

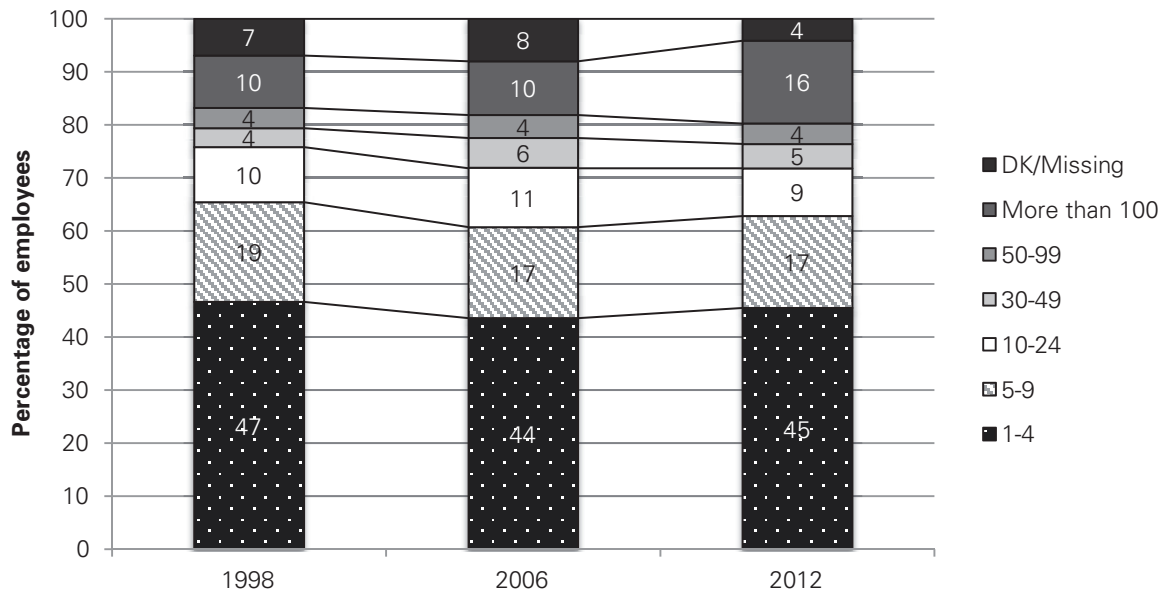
**FIGURE 1.5 FORMALITY OF EMPLOYMENT BY SEX, 1998-2012**



Source: Assad and Kraft, 2013a, based on ELMPS 1998, 2006 and 2012

Firm size is of particular importance when speaking of informality, as larger employers are also more likely to be able to offer benefits and formal employment to their employees. Thus, having a good distribution of small, medium and large enterprises is important to a dynamic economy. However, employment in the private sector continues to be dominated by small firms and informal work. In 2012, 45% of employment was in firms with one to four employees, and this has changed little over time. Some 17% of employment is in firms with five to nine employees (**FIGURE 1.6**).

**FIGURE 1.6 FIRM SIZE, 1998-2012**



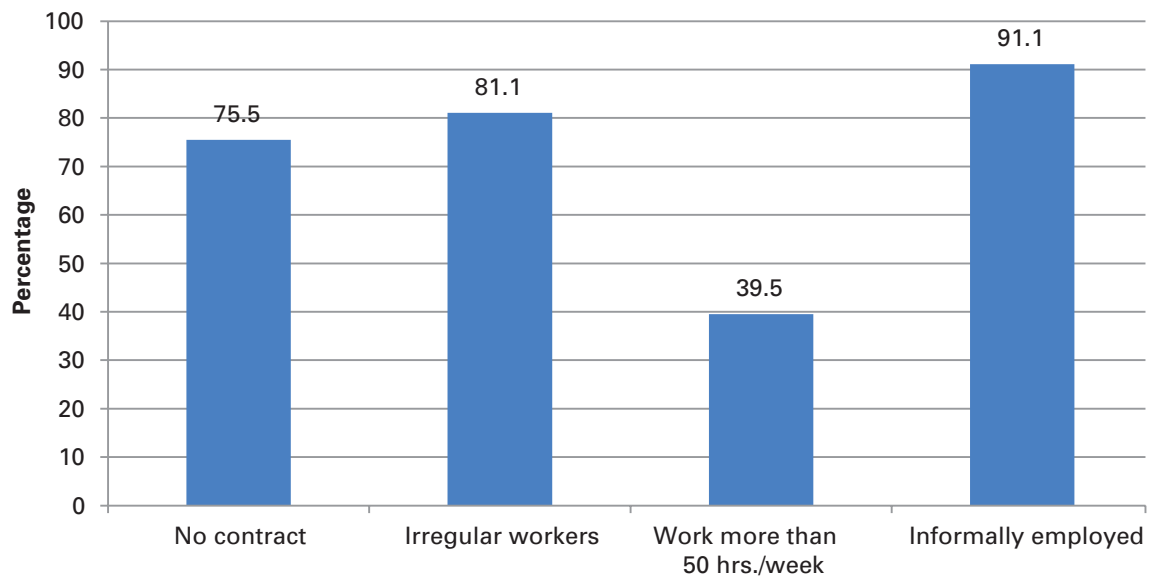
DK: Do not know

Source: Assad and Kraft, 2013a, based on ELMPS 1998, 2006 and 2012

Because a response category 'do not know, large' was added in 2012, it is a little hard to compare large firms over time; there is some evidence that they have grown in number slightly, but not substantially. Medium-sized firms remain rare, with just 18% of employment in firms with 10-99 employees in 2012, a percentage unchanged since 1998. These medium-sized firms are particularly important for a dynamic economy, but have not increased their share of employment over time.

The prevalence of low-quality informal jobs poses a serious challenge to workers in Egypt, and in particular to young workers. Very many young Egyptians are in precarious employment, as can be seen in **FIGURE 1.7**. The graph shows that young working people find themselves in a variety of unfavourable work situations: the vast majority, 91%, are informally employed, 81% are irregular workers, 76% work without a contract, and 40% work more than 50 hours per week.

**FIGURE 1.7 WORK SITUATIONS AMONG EGYPTIAN YOUTH (15-29), 2012**

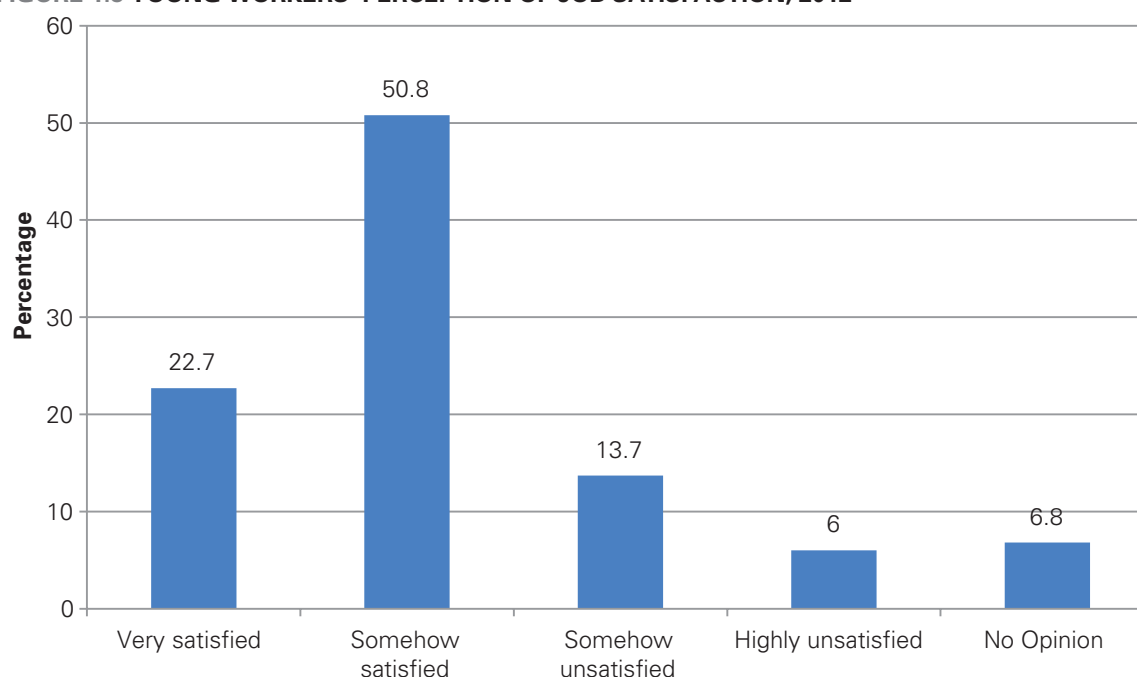


Source: Barsoum et al., 2014a; calculations based on the ILO 2012 School-to-Work Transition Survey

Good jobs are what we expect them to be: mostly permanent, with contracts, social insurance, medical insurance coverage, and in high-quality workplaces. Another aspect of job quality is how well the job matches the qualifications of the young worker. In Egypt, almost one-half of working youth (48%) are in occupations that do not match their education, 9% being classified as overeducated. Consequently, they are being underpaid, are not making the most of their productive potential, with likely negative impacts on their productivity which affect the output of the enterprise as well. For the 39% who are classified as undereducated, there are similar negative impacts on worker productivity and the output of the enterprise (Barsoum et al., 2014a).

Although most young workers express some degree of job satisfaction (**FIGURE 1.8**), as many as 50% of those interviewed said that they would like to change their job, primarily due to poor working conditions, but also because of the temporary nature of the job or because they sought higher pay or work to match their qualifications. The data presented should, however, be read with caution, as prevalent cultural and religious beliefs can discourage the expression of dissatisfaction (Barsoum et al., 2014a).

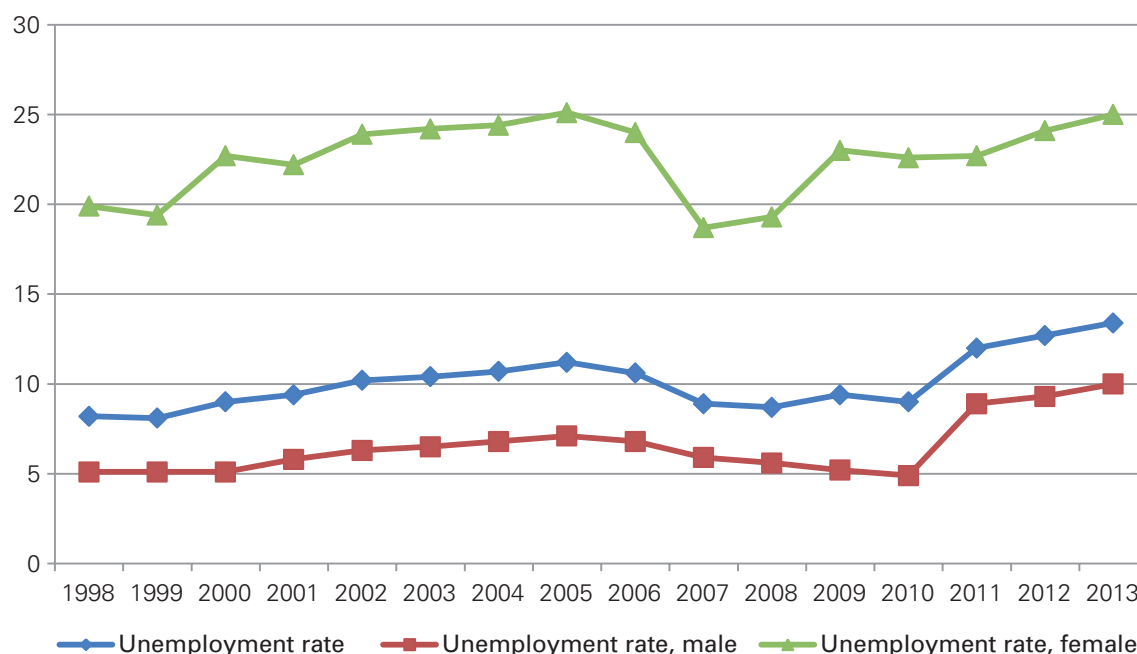
**FIGURE 1.8 YOUNG WORKERS' PERCEPTION OF JOB SATISFACTION, 2012**



Source: Barsoum et al., 2014a, calculations based on the ILO 2012 School-to-Work Transition Survey

## 1.4 UNEMPLOYMENT AND YOUTH UNEMPLOYMENT

Unemployment has been relatively stable despite the serious distress in the labour market (**FIGURE 1.9**). It is also primarily a problem concerning educated new entrants. The increase since 2010 is controversial, since unemployment, as measured by CAPMAS, incorporates underemployment. The ELMPS report on employment and underemployment between 2006 and 2012 suggests a number of other reasons for this stability, namely that unemployment in Egypt is structural, not cyclical, and it affects a very specific group of people – young, educated, new labour market entrants – and includes very few people who have been employed and have lost their jobs. The unemployed are mostly people looking for formal work for the first time, and unemployment rises when a large number of educated new entrants are trying to enter the labour market. However, this was not the case in 2012, when the number of young people entering the labour market actually declined due to demographic changes, but it was taking longer for people to leave the unemployment queue.

**FIGURE 1.9 UNEMPLOYMENT RATES, 1998-2013 (%)**

Source: Assad and Kraft, 2013a, based on World Development Indicators, World Bank, and CAPMAS

The youth unemployment rate is higher than the total unemployment rate, standing at 19% for 15-24-year-olds and 16% for 15-29-year-olds in 2012. However, there is a big difference between the rates for young males and young females: while young males aged 15-24 have a reasonable rate of 10%, young females suffer from a 50% unemployment rate. The rate decreases slightly when we consider the higher age range of 15-29, but the fact that it is primarily females who suffer from unemployment is the same. This implies serious labour market barriers and gender discrimination against women in Egypt, even despite the fact that the majority of women are inactive.

Looking at the total unemployment rate by education level (**TABLE 1.4**), it is noticeable that the unemployment rate of low-educated (or non-educated) workers is very low compared to higher education levels. Unemployment increases with education step by step, starting from the level of high school graduates (both general and vocational education and training (VET) upper secondary) and continuing to rise at post-secondary and university levels (ranging from 10% to 13%).

**TABLE 1.4 UNEMPLOYMENT RATES (15-64) BY EDUCATION LEVEL AND SEX, 2012 (%)**

Education level	Total	Male	Female
<b>Illiterate</b>	2.0	2.1	1.8
<b>Literate without schooling</b>	2.5	2.0	7.2
<b>Elementary school</b>	3.0	2.5	10.0
<b>Middle school</b>	3.6	2.4	13.9
<b>General high school</b>	10.4	6.4	29.8
<b>Vocational high school</b>	12.3	4.7	37.4
<b>Post-secondary institute</b>	12.6	6.2	29.1
<b>University</b>	13.6	7.5	25.0
<b>Post-graduate</b>	4.7	1.0	10.4
<b>Total</b>	<b>8.7</b>	<b>4.2</b>	<b>23.8</b>

Source: ETF calculations based on ELMPS 2012

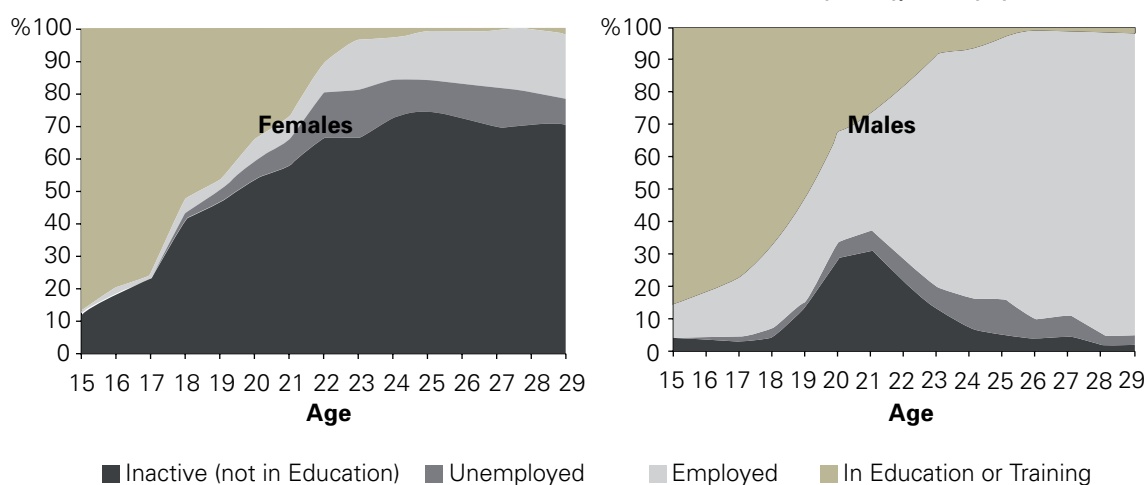
However, the most dramatic impact of education is on females. The unemployment rate for females with a general high school education is 30% (compared with 6% for males), 37% for VET high school graduates (5% for males), 29% for post-secondary graduates (6% for males) and 25% for university graduates (7% for males). Therefore, education hardly changes employment prospects; the main difference stems from the gender of people rather than their education. Education certainly activates women to join the labour market, but employment is to a great extent closed to them and they are very likely to remain unemployed, for most employers openly give preference to male jobseekers. On the other hand, the impact of VET on unemployment is completely opposite: it slightly reduces male unemployment (5%) while it increases female unemployment (37%).

## 1.5 THE TRANSITION FROM SCHOOL TO WORK

Education is in most settings the entry point into the labour market, and educational attainment is an important determinant of the path of transition from education to work for each individual. **FIGURE 1.10** shows the respective shares of young males and females who are in education, employed, unemployed or inactive by age. It is clearly observed that females are very rarely employed, and only few of them enter the labour market at the age when they finish upper secondary and tertiary education. The share of inactive females who are not in education is very high, and the percentage of economically inactive women over 22 years of age remains stable at over 60%.

On the other hand, males enter the labour market earlier, and most of them are continuously employed. The proportion of inactive males (not in education or training) peaks significantly between the ages of 20 and 22, a feature which might be explained by Egypt's compulsory military service for men at this age. Then the level of economic inactivity goes down and remains very low. The share of unemployed males is also very low, indeed almost negligible. Unemployment is therefore not a big problem for Egyptian males, but poor employment conditions such as informal employment and the low quality of many jobs.

**FIGURE 1.10 EMPLOYMENT STATUS OF YOUNG MALES AND FEMALES (15-29), 2012 (%)**



Source: ETF calculations based on ELMPS 2012

According to ETF calculations, the share of young people who are neither in education or training nor in employment (the so-called NEETs) is 36% for the 15-24 age group and increases to 41% for the 15-29 age group (**TABLE 1.5**). This means that two-fifths of the youth population in Egypt are not in education, training or employment. The rate for young females is extremely high (54% for the 15-24 age group, 64% for the 15-29 age group). The NEET rate for young males is low by comparison and is in fact comparable with the EU average: 18% for those aged 15-24 and 15% for those aged 15-29. The current employment gap between males and females overall, therefore, is mirrored among the youth population, and this gap is unlikely to decrease even in the medium to long term in Egypt.



**TABLE 1.5 NEET RATES BY AGE AND SEX, 2012 (%)**

Age range	Total	Male	Female
15-24	35.9	17.8	53.9
15-29	40.5	15.1	64.3

Source: ETF calculations based on ELMPS 2012

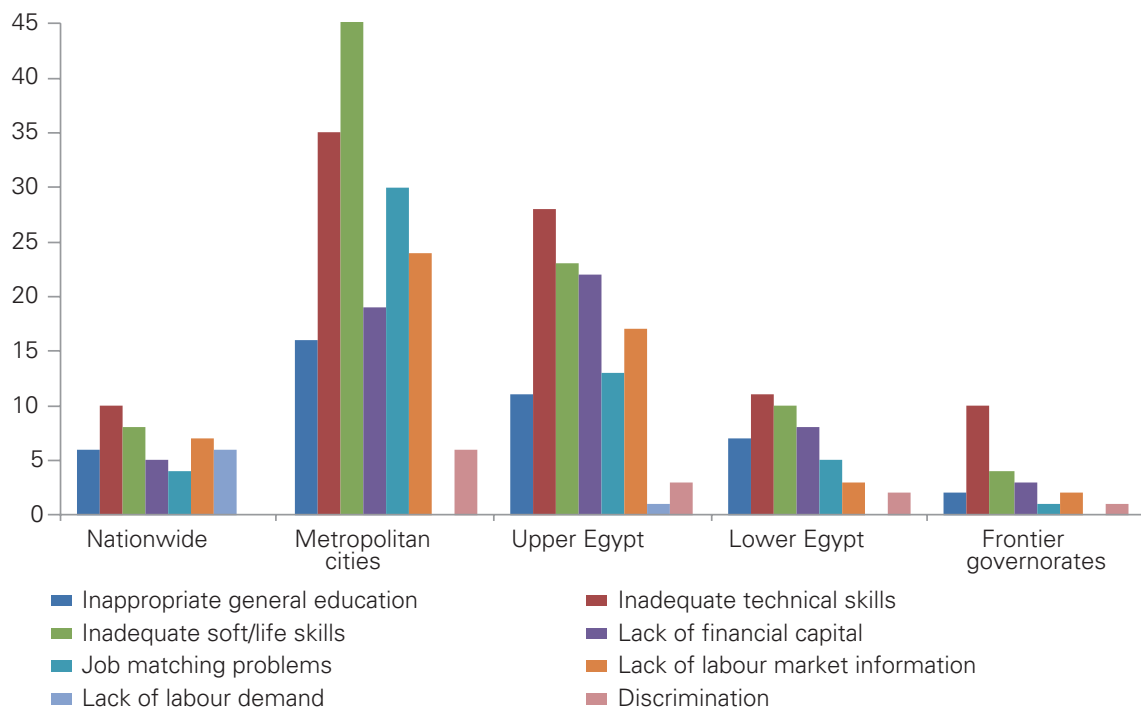
This dramatic gender difference is also observed when we look in depth at the reasons why young people are not in education or employment. In the 15-29 age group, 63% of NEET males are inactive, 30% are unemployed (actively looking for a job) and 7% are discouraged (none of this group have family responsibilities). The situation for females is very different, as 82% of NEET females are family carers, 10% are unemployed and 4% are discouraged.

Thus, as we have remarked above, educational attainment hardly changes employment prospects in Egypt; the main difference stems from gender rather than education level (Amer, 2014). The transition to work is slow and most new entrants enter the informal sector. However, Barsoum and colleagues (2014a) confirm that investing in higher education brings a distinct advantage in terms of getting a stable job. Nearly one-third (31 %) of youth with tertiary education completed the transition to stable employment, compared to less than 10% of those with primary education or secondary VET. Still, it is important to bear in mind that 37% of youth with tertiary education remain unemployed compared to 12% with primary level education. Young people with lower education have a higher chance of completing their labour market transitions, but not to stable employment. Rather, they are most likely to remain in unsatisfactory temporary employment.

Young men are almost twice as likely as young women to complete the transition, with the majority of young men who complete it attaining a satisfactory temporary job. Young women, in contrast, are twice as likely as young men to remain 'in transition'. Household income levels also have an impact: youth from wealthier households are more likely to attain stable employment eventually than youth from poorer households, who are much more likely to remain in unsatisfactory temporary employment or self-employment (Barsoum et al., 2014a).

Numerous labour market barriers hinder young people from entering the labour market or obtaining decent work, further aggravating the labour market situation of Egyptian youth. The most common labour market barriers mentioned, as shown in **FIGURE 1.11**, are inappropriate general education, inadequate technical skills, inadequate 'soft' or life skills, lack of financial capital, job matching problems, lack of information about the labour market, lack of labour demand, and discrimination. Figure 1.11 provides a regional overview of these barriers, which youth employment programmes aim to address in Egypt (Barsoum et al., 2014a).

FIGURE 1.11 LABOUR MARKET BARRIERS BY REGION (%)



Source: Barsoum et al., 2014a, calculations based on the ILO 2012 School-to-Work Transition Survey

Both the unemployment rate of 13.28%, according to CAPMAS figures in 2013, and the fact that the younger stratum of the population is particularly affected provide evidence of the need for reform. It can further be argued that the January revolution originated to a certain extent in the country's non-inclusive growth in the years after 2000 and the inability of the Mubarak regime to integrate Egyptian youth effectively into the labour market. The population is exerting strong pressure on the government to resolve employment problems, and the support for policy makers changes quickly, as illustrated by the recent removal of the former president, Mohammed Morsi. Given these unstable political power structures it can be assumed that the government is well aware of the challenges, while the ongoing unrest and strikes are constant reminders of persistent shortcomings.

## 2. KEY ACTORS IN EMPLOYMENT POLICY

### 2.1 KEY STATE ACTORS

The key governmental institutions in the field of employment policy are the Ministry of Manpower and Migration, the Ministry of Industry and Trade, the Ministry of Education, the Social Fund for Development, the Ministry of Planning, and the Ministry of International Cooperation (see Annex, Table A.1).

#### MINISTRY OF MANPOWER AND MIGRATION

The Ministry of Manpower and Migration is the official owner of employment policies in Egypt, with more than 380 employment offices, 27 vocational training centres focusing on school dropouts and illiterates, and 10 mobile training centres across the whole country. It is reported that around 12,000-16,000 people are trained annually by the ministry in its facilities, the 15-18 and 21-45 age groups being particularly targeted and women being the majority of the trainees. The ministry also has labour offices in each governorate (a ministry representative at governorate level, with labour inspectors). However, this is one of the weakest ministries in the Egyptian system due to the lack of resources and quality staff.

The typical public employment services (PES) include the registration of jobseekers, career guidance and counselling, training for interviews and consultation about job, preparing 'contract slips' for those having already found a job on their own initiative, providing licences for certain professions for people who have received the relevant training, collecting notices of vacancies from employers, and job placements. The 'contract slip' is a specific paper form which all workers who find an employer by themselves must fill out when signing a formal labour contract with that employer. Each contract slip needs to be issued by the PES office in the district where the worker is officially resident; it is valid for two years.

The employment offices are typically underdeveloped, understaffed and under-resourced, providing only a limited range of services and focusing on issuing work permits and registration. A project funded by the Canadian International Development Agency (CIDA) for the improvement of 17 PES offices was implemented between 2001 and 2007, with a budget of CAD 5 million: it mainly improved the physical environment of these pilot offices for the employees and jobseekers and provided human resources development training for the staff. This worked to a certain extent in the improved offices during the life of the project, but the impact was small and sustainability is a serious problem.

Unfortunately, after many years of these CIDA-funded support and capacity-building projects, the capacity of public employment offices remains weak and they are still not working properly. In 2011 CIDA launched another project, Decent Jobs for Egypt's Young People, to be implemented by the International Labour Organisation's (ILO) Cairo office with CAD 10 million over four years (2011-15), while the International Organisation for Migration is currently working in five governorates to improve the services and capacity of five employment offices to make them 'one-stop' services.

#### MINISTRY OF INDUSTRY AND TRADE

The Ministry of Industry and Trade is also important as the owner of the country's industrial training centres and the host of the first EU-funded Technical and Vocational Education and Training (TVET) Programme. The programme included the establishment of many enterprise-training partnerships at the sectoral and local levels and the improvement of training centres and in-company training facilities in the field of TVET.

#### SOCIAL FUND FOR DEVELOPMENT

The Social Fund for Development (SFD) occupies a special position as the implementer of many employment-related programmes (Amer, 2012). It was set up in 1991 under the Prime Minister as part of the Economic Reform and Structural Adjustment Programme, with the aim of poverty alleviation and job creation, and it works under the umbrella of the United Nations Development Programme. Its management board includes representatives from government, the private sector and civil society, and it has 27 regional offices in all governorates with a total of 1,800 staff. The SFD is the only entity that supports the creation of new enterprises and the growth of micro and

small enterprises in Egypt. It collects and puts together funds from many international donors, including the World Bank, the EU, Japan International Cooperation Agency (JICA), Kuwaiti and Saudi funds, the Aga Khan Trust Fund, the African Development Bank, GIZ, the Islamic Bank, the KfW, the French Agency for Development (Agence française de développement (AFD)), the International Fund for Agricultural Development (IFAD), and China.

According to Amer (2012), SFD interventions focus on young graduates educated to intermediate and higher levels, potential small business entrepreneurs, small business owners wishing to expand their activities, and unemployed, marginalised groups such as women, children and people with special needs. Between 1991 and 2011, the SFD spent a total of EGP 15 billion (USD 2.6 billion) in various fields: small enterprises – EGP 9 billion (60%); microcredit projects – EGP 2.7 billion (17%) – through non-governmental organisations (NGOs, 60% of which women's) to support women's empowerment in various development schemes; and community development projects – EGP 3.3 billion (23%). The sectoral distribution of small loans was as follows: agribusiness (23%), services (22%), trade (39%), industry (15%) and others (1%). In the field of small enterprises, 301,000 projects were supported and 1,273,000 jobs were created.

In the field of microcredits, 1,152,000 projects have been supported and 1,363,000 jobs created by the SFD. The total number of beneficiaries was 990,383 people. The target groups were female-headed households, potential micro-entrepreneurs, small farmers, newly unemployed graduates, and low-income people in remote poor areas. Most of the projects were in the field of services, livestock, trading, small industry and agriculture. The trade and animal sectors have received the majority of SFD funds (80%). Through community development projects, 519,000 jobs were created.

The SFD's non-financial services offered to micro and small enterprises include promoting entrepreneurship, one-stop shops, allocation of up to 10% of government procurement contracts and 10% of government land, and teaching entrepreneurship to graduate students and youth to improve their access to markets. The number of micro and small enterprises served by the SFD up to 2006 was 23,000, after which the target was raised to 165,000 by 2013. Other, more technical services involve marketing services through organising exhibitions locally and abroad, offering technical assistance to entrepreneurs to develop their products and improve project management, business and technical incubators for start-ups to support technical skills, services supporting export quality, and infrastructure support (e.g. IT branch at Smart Village, and research and development centres for excellence).

Community services include some integrated service packages in the field of health and education: health education (70% of beneficiaries female), reproductive health and family planning (98% female), health convoys (50% female), rehabilitation of health units (70% female), literacy classes (70% female), one-classroom schools (100% female), and capacity building of NGOs. Recently initiatives were developed on Islamic banking, housing and micro-housing, agribusiness with the Ministry of Agriculture, a franchise with McDonald's, construction projects in shanty areas with the Ministry of Housing, and support to 258,000 returnees from Libya through public work programmes. On average, 25% of the SFD's budget goes to labour-intensive public works.

## 2.2 TVET INSTITUTIONS

The adult literacy rate is still low in Egypt, standing at 74% in 2012, according to UNESCO figures (see <http://data.uis.unesco.org/>). According to CAPMAS figures, the education levels of the 15-plus population in 2011 were as follows: 38% were illiterate (49% in the case of women), 18% had the ISCED 0-2 education level, 29% had the ISCED 3-4 education level and 14% had the ISCED 5-6 education level. In 2012, the gross enrolment rate in lower secondary education was almost universal, while in upper secondary it was around 71% (more boys enrolled than girls), according to UNESCO figures. More than 50% of students entered the TVET stream in upper secondary education. The tertiary enrolment rate was 28%. At the enrolment stage, the gender gap is not large; inequality comes later in the transition to the labour market.

It is broadly recognised both in Egypt and in the international community that the education and training system suffers acutely from weak quality and relevance, a problem which is applicable to both general and vocational education. Until 2012 some education reforms were implemented under the National Strategic Plan for Pre-University Education, supported by several donors, among them the EU, which made an initial contribution of EUR 140 million in direct budget support. The implementation of the reforms has been severely affected by the political transition, however, and the plan has expired with a number of indicators and objectives still not achieved.

The TVET system is particularly affected by lack of quality and relevance (problems it shares with general education) but suffers in addition from a negative social image. The Egyptian education system is largely dominated by examinations and marks, and as a result students with lower grades tend to be tracked out of the general education system and directed toward TVET. This makes TVET an unattractive option, socially perceived as a poor alternative, and with a tradition of low educational achievement. Nonetheless, in the 2012/13 academic year 49% of students

were channelled to TVET secondary schools compared to 41% in general secondary (1.68 million versus 1.39 million students) (CAPMAS, 2014)<sup>1</sup>. Some 1,892 schools administered by the Ministry of Education offer a three-year technical diploma and a five-year advanced technical diploma in three specialisations; industry (51% of students), commerce (38% of students) and agriculture (11% of students). Girls' enrolment represents 44% of technical education.

According to Amin (2014), public vocational training centres (VTCs) include around 600 VTCs and institutes, managed by 16 different ministries<sup>2</sup>. Out of them, 317 VTCs offer formal training programmes longer than or equal to one year and leading to technical diplomas; while 283 VTCs offer short non-formal technical programmes (less than a year in duration). In 2009/10 these VTCs and institutes provided training to almost 429,000 trainees, 16% of them in long programmes and 84% in short programmes. There are also 224 private VTCs, mainly offering vocational training, which provided training to 12,200 trainees in the same period. In addition, there are VTCs managed by NGOs, which focus on disadvantaged groups (rural, women, disabled people), offering short-term training to 40,000 participants annually. On-the-job training and retraining is largely left to the initiatives of the private companies or NGOs. The Training Fund set up by the Labour Law in 2003 has never become operational.

TVET graduates do not get better opportunities to join the labour market because they are generally lacking the practical and core skills demanded by enterprises. There is, however, a strong demand in the Egyptian labour market for technical graduates. For this reason, multiple donors have traditionally been involved in supporting TVET reform in Egypt, notably the EU with its TVET I reform programme (2005-13, with a contribution of EUR 35 million) and the new TVET II programme (EUR 50 million, started in 2014), and the German Mubarak-Kohl Initiative. However, many of these initiatives have remained at the level of pilots and have not been mainstreamed into the system.

The pilot dual system of the Mubarak-Kohl Initiative started up in 1994 in Egypt as a bilateral technical cooperation programme with GIZ: students in the pilot schools undertook a three-year TVET course, spending two days a week at school and four days a week at a workplace. As 85% of its graduates were offered jobs immediately after graduation, the programme was judged to be very successful. In 2010, the Ministry of Education decided to mainstream the pilot dual system into all TVET schools, though its implementation was not secured or clear. In fact, only 2% of TVET schools implement the full dual system, and GIZ estimates that this number could increase to a maximum of 10% of TVET schools because of constraints in the private sector (e.g. the limited number of companies who can accept students and deliver high-quality training) (Bardak and Mare, 2014).

Another challenge for the TVET system is its governance system. The institutional framework is extremely fragmented: more than 30 institutions, bodies and agencies are competent, but none of them is in a leading role or has oversight of the whole sector. The design, implementation and monitoring of the reforms are very difficult. In 2011/12, the Ministry of Education approved a Strategy for Technical Education, which covers the most numerically significant part of the sector, the establishment of sectoral training centres. This was in addition to the TVET Reform Strategy (2013-18) developed by the EU-funded TVET I programme. During President Morsi's period of office, two proposals were elaborated: one to revamp the Supreme Council for Human Resources Development, where all stakeholders are represented but which is not functioning, and a second to set up a national TVET authority, which would assume competences from various ministries and agencies to implement and monitor the reform. Neither of these proposals has been realised.

Currently the new Minister of Education intends to create a single authority for TVET to bring all parts of the system under one umbrella, and to improve the quality and relevance of education by maintaining and refurbishing schools, updating the curriculum and training teachers. For the first time TVET is explicitly mentioned in Egypt's newly adopted constitution: Article 20 affirms that the state will promote, develop and expand TVET according to international standards and identified needs. More funds will be made available for the development and improvement in quality of education and TVET, and decentralisation is mentioned as a policy option. Most recently, Ministerial Decree No 283, regarding the creation of school-to-work transition facilitation unit(s) in the Ministry of Education (under the TVET department) and in the governorate offices, was issued on 26 June 2014 (Bardak and Mare, 2014).

In addition, the ministry mentions two new approaches: 'factories inside schools' and 'schools inside factories'. The former approach proposes that schools will engage in actual production, from which profits will be gained and redistributed between the ministry and the school; the latter implies opening training centres in big factories so that on-the-job training is provided to students from TVET schools. It is not clear, however, how these new ideas will relate to the new EU-funded TVET II programme or the dual system of the Mubarak-Kohl Initiative.

<sup>1</sup> Another 10% of students (341,000) attend the religious secondary schools of Azhar.

<sup>2</sup> These are the ministries of Health, Manpower, Petroleum, Transportation, Electricity and Energy, Culture and Tourism, Civil Aviation, Defence, the Interior, Social Solidarity, Housing, Agriculture, Irrigation, Finance, Administrative Development, and Trade and Industry.

## 2.3 KEY INTERNATIONAL DONORS AND NON-GOVERNMENTAL ORGANISATIONS

Non-governmental and non-profit organisations are the main implementers of employment-related youth programmes and support five times more interventions than government agencies in Egypt (Barsoum et al., 2014b). However, most of the funds for these programmes come from international donors, in particular the EU, United States Agency for International Development (USAID) and GIZ, often with the involvement of the ILO and the World Bank as technical advisers.

In fact, in 2013 non-governmental and non-profit organisations represented 86% of all interventions to improve labour market outcomes for youth, while government agencies and multilateral organisations supported the implementation of 17% and 5% of all interventions, respectively. In many cases a private sector body is part of the implementation mechanism, but is not the lead implementing agency. Private sector institutions implemented 3% of interventions. Donor agencies and donor-organised NGOs implemented 2% of interventions (Barsoum et al., 2014b).

Various recent labour market interventions have been conducted from the government side often in collaboration with non-governmental, multilateral and other donor organisations. These organisations play an important role in Egypt and have provided training, organisational and legislative support as well as funding in several recent labour market interventions. An overview of these key non-state actors (including both international donors and national NGOs) is provided in the Annex (Table A.2).

# 3. EMPLOYMENT POLICY FRAMEWORK

## 3.1 NATIONAL STRATEGY FOR EMPLOYMENT POLICY

The January 2011 revolution put in a very prominent place the issue of unemployment as the main preoccupation of Egyptian society, together with corruption and the lack of democracy. Prior to the revolution, Egypt did not have an approved policy or strategy for employment, and this is still the case at the time of writing. The successive cabinets appointed since the revolution have vowed to put in place policies for employment creation, but most of these measures have been very short-term. A comprehensive strategy for employment policy measures, therefore, remains one of the most pressing topics on the political agenda. It will be necessary to wait for the guidance of the new cabinet appointed in June 2014 in order to monitor developments.

In the meantime, however, three recent attempts at developing employment policies, action plans and labour market information systems are worth mentioning: the Youth Employment National Action Plan 2010-15, the Egyptian Observatory for Education, Training and Employment, and the Egyptian Forum for Youth Employment Promotion.

### YOUTH EMPLOYMENT NATIONAL ACTION PLAN

The Ministry of Manpower and Migration launched a comprehensive consultative process in May 2009, with the support of the ILO, GIZ and the United Nations, to develop a youth action plan. The outcome was the draft Youth Employment National Action Plan 2010-15, which addresses the promotion of youth inclusion at its broadest level. More specifically, the plan was intended to increase the employability of young people, create more jobs for new entrants to the labour market and eliminate the mismatch between labour demand and supply.

This plan aimed to reduce youth unemployment and provide decent and productive jobs through three main actions:

1. TVET (improving the quality of system and skills in languages and new technologies);
2. enterprise development and support for small and medium-sized enterprises (SMEs) with entrepreneurship programmes;
3. labour market policies and programmes (developing PES and the labour market information unit of the Ministry of Manpower and Migration, and reviewing labour regulations).

Before the revolution, the plan was to be ratified by Parliament and allocated a financial package in the country's next five-year plan. However, with the constant change of cabinets after the revolution, it never reached Parliament and was never approved.

The expected results of the plan were:

- improvement of public employment offices and their services;
- encouragement for the establishment of private recruitment agencies;
- development of labour market information;
- a review of market regulations such as minimum wages and social insurance at the macroeconomic level.

It is expected that, with the implementation of the plan, 3 million jobs will be created during the period of the five-year plan, amounting to 620,000 jobs annually, and youth unemployment will be reduced to 15%.

With the new government in place, there is hope for progress with this plan after some updates on the background. The ILO is currently assisting the ministry to revive the plan in the hope that it will be redrafted and adapted to the new situation, and will serve as an umbrella to coordinate all interventions in the area of youth employment. The plan has yet to be approved, and although the priority areas would remain the same, the monetary commitments from ministries and participating international actors will have to be re-evaluated. The creation and implementation of plans that address the inclusion of youth, such as the Youth Employment National Action Plan, are vitally important, for excluded youth are more prone to cynicism, apathy and risky behaviour. The successful inclusion of young Egyptians, however, hinges on four critical transitions: education, employment, family formation and civic participation.

## EGYPTIAN OBSERVATORY FOR EDUCATION, TRAINING AND EMPLOYMENT

During the 2006-10 period, with the ETF support, the Egyptian Observatory for Education, Training and Employment was created under the umbrella of the Information and Decision Support Centre (IDSC) within the cabinet of the Prime Minister. A Steering Committee was formed to include representatives from the relevant ministries, the private sector and civil society in the Observatory. A concept of labour market observatory was developed and a number of labour market analyses and capacity-building activities were carried out (e.g. seminars and workshops on LMIS system, two study visits for staff – to France and to the Netherlands).

At the time of implementation, the stakeholders evaluated the project as very successful and the participating institutions were relatively cooperative in sharing information. In 2010 the ETF ended its support and the IDSC assumed the full ownership to sustain the initiative with its own resources. However, a number of factors – such as the lack of cooperation from other institutions and the lack of resources and qualified staff – prevented the Observatory to become effective. Many changes occurred in the aftermath of the 2011 revolution; while the Observatory is still within the IDSC, it does not have a specific budget. Its main activities relate to the production of reports based on IDSC data and to the provision of technical support to two pilot regional observatories, currently initiated by a joint GIZ-Ministry of Education project.

## EGYPTIAN FORUM FOR YOUTH EMPLOYMENT PROMOTION

A recent development is the launch of the Egyptian Forum for Youth Employment Promotion (Egypt-YEP) in early 2014. The Forum aims to tackle youth unemployment with coordinated action by the ministries of Planning, Education, and Manpower and Migration. The initiative is supported primarily by GIZ and the ILO with funds from Germany, Canada and Australia. A high-level multi-stakeholder consultation was launched in March 2014 at the first Forum meeting, and the second Forum meeting in June 2014 focused on career guidance and counselling.

Egypt-YEP agreed on four priorities for the promotion of youth employment policies:

1. introducing monitoring and evaluation mechanisms for active labour market programmes;
2. providing labour market information at both national and regional levels;
3. institutionalising early-stage career guidance and counselling;
4. public works programmes.

These priorities had already emerged from the conference 'Egyptian Labour Market in Times of Transition', which was held in November 2012 in Cairo by GIZ, the Ministry of Education and the Ministry of Manpower and Migration. However, it remains to be seen how this initiative will evolve with the new government in place.

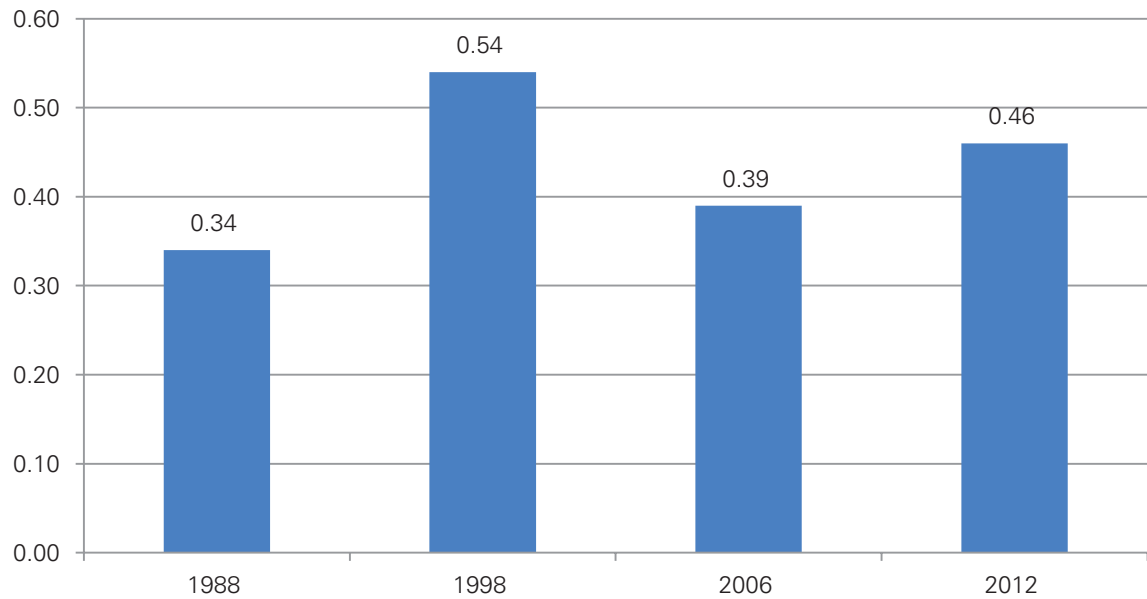
## 3.2 LABOUR LEGISLATION AND WAGE POLICIES

Many Egyptian government statements address the topic of labour market reform and emphasise its significance in the government's agenda. In terms of actual implementation of reforms by state institutions, however, no improvements can be observed yet. The 2003 Labour Law was intended to introduce more flexible clauses on hiring and firing labour in the private sector, but problems still remain, related to the implementation of many of the Labour Law's provisions and a lack of operational arrangements.

An analysis of data on wages over the 2006-12 period shows a trend towards increasing inequality and a rise in the share of low wage earners from 39% of all wage earners in 2006 to 46% in 2012 (Said, forthcoming). This was after a period of declining wages up to the late 1990s. The 1988-98 period was one of real wage erosion and wage compression, whereas the 1998-2006 and 2006-12 periods were of real wage increase with inequality for most groups in Egypt. Real wages declined between 1988 and 1998, and then recovered to almost their 1988 level by 2012. In 2012 prices, median real hourly wages were EGP 4.52 in 1988, dropped to EGP 3.42 in 1998, recovered to EGP 4.10 in 2006, and rose further to EGP 4.58 in 2012.

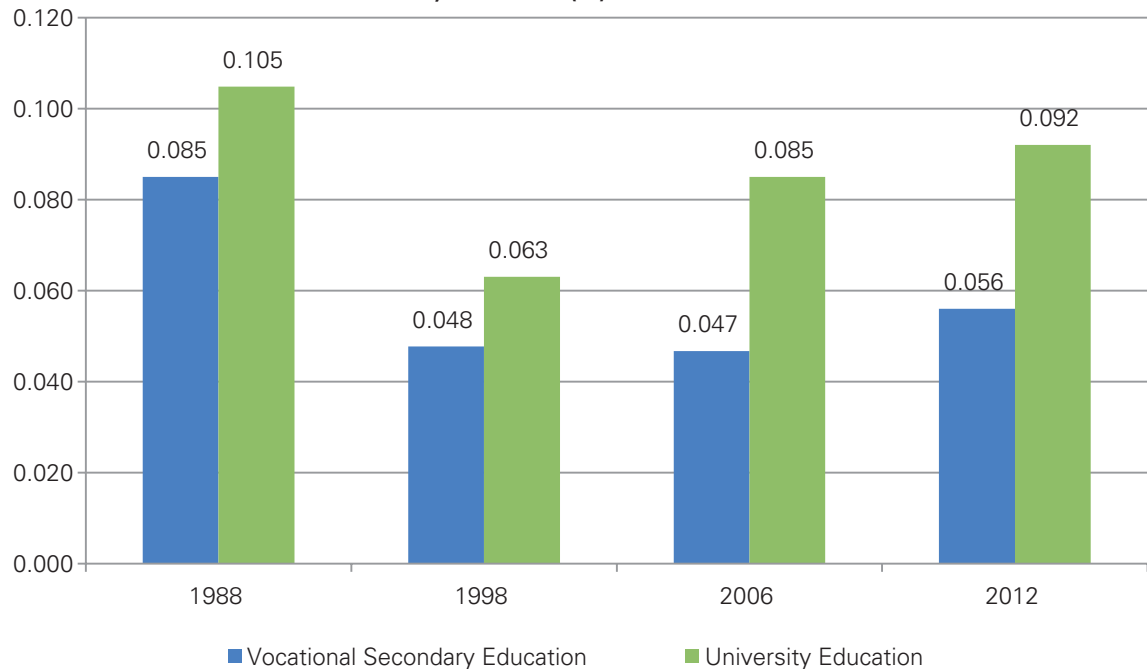
The proportion of wage workers who could be classified as low-waged declined significantly in 2006 in comparison to 1998, but rose again in 2012 (see **FIGURE 3.1**). The 2006 wage structure very much resembles that of 1988, in terms of the level and dispersion of real wages as well as the percentage of workers with low wages. Thus labour market rewards have mostly followed a 'U-turn path' of decline followed by recovery and return to pre-adjustment levels. The rise in wages and wage inequality continued in 2012, with increases both in the gender gap and in the share of those below the low earnings (poverty) line in the private sector.



**FIGURE 3.1 LOW WAGE EARNERS AS SHARE OF ALL WAGE EARNERS, 1988-2012**

Source: Said (forthcoming), based on ELMPS 1988, 1998, 2006 and 2012

The rise in wage inequality is also reflected in higher returns to university compared to vocational secondary education, especially in the private sector (see **FIGURE 3.2**). However, higher returns to education have not yet recovered fully to the levels observed in 1988.

**FIGURE 3.2 RETURNS TO EDUCATION, 1988-2012 (%)**

Source: Said (forthcoming), based on ELMPS 1988, 1998, 2006 and 2012

The revolution has exacerbated disparities between public and private sector employment. While public sector workers are reporting improvements in working conditions, private sector workers have experienced substantially worse conditions, including falling sales, decreased job security, and declines in working hours and wages. Comparing 2012 to 2006, conditions in the public sector have remained stable or improved. Irregular wage work,

which is the most vulnerable type of employment and associated closely with poverty, has risen. There is also evidence that agriculture is no longer providing an adequate income for agricultural workers. Employment in the private sector continues to be dominated by small firms in informal employment (Said, forthcoming).

To address these trends, from the financial year 2011/12, the government intended to spend EGP 9 billion to finance the first phase of the Five-Year Public Wages and Salaries Matrix Restructuring Plan. The minimum wage of the lowest grade of any government employee before July 2011 increased from EGP 444 to EGP 708. As of January 2014, the minimum wage of public sector employees has been set at EGP 1,200, and pensions have been raised by 10%. In the private sector, discussions about minimum wages between employees and employer representatives are being held (El-Din, 2014). However, these newly approved wage policies will have no effect on those in informal employment.

A Microfinance Law was adopted to promote income-increasing activities by individuals and families in the greatest need (El-Din, 2014). Lastly, there has been a proposal to provide housing to low-income citizens as an indirect wage policy.

At the other end of the scale, in order to limit large wage disparities, a maximum income in the public sector was set at EGP 42,000 per month (equivalent to 35 times the minimum wage). Also, a law known as the Conflict of Interest Law prohibited government officials from combining public posts with private jobs.

In the field of social insurance, the Egyptian Social Insurance System is a broad one with which, by law, every employed person must be affiliated. It started as a fully funded scheme but has gradually become a 'pay-as-you-go' system, partially funded from the Treasury. Wage workers can only be enrolled in the system by their employers, but other types of worker can register themselves in the system (Roushdy and Selwaness, 2014).

In 2010, Social Insurance Law No 135 introduced a cap on the pensionable salary and a reduction in the contribution rates on basic wages to 11% for the employee and 19.5% for the employer (compared to the former 14% and 26% respectively). It also foresees regular adjustment of pensions for inflation and raising of the retirement age to 65 years instead of 60. This increase in retirement age will occur gradually: it has been set at 61 in 2015, 62 in 2018, 64 in 2024, and will finally reach 65 in 2027. The law introduces 15% of the national average wage as a minimum pension for all people aged 65 or over who do not have another form of old-age support. Finally, the law extends unemployment insurance to all workers who have contributed to social insurance for at least 12 months.

An analysis by Roushdy and Selwaness (2014) shows that during the 1998-2012 period, the share of workers enrolled in the Social Insurance System declined in the public sector, both in the government and in state-owned enterprises. In the private regular wage sector, there was an increase in the share of insured workers; but this was due to the increasing transition from irregular to regular wage work. Those who remain in regular wage work are those who are likely to receive greater job security and benefits. Therefore, a substantial part of the increase in Social Insurance System coverage in private sector regular wage employment is due to the effect of this transition on the part of workers, rather than to a greater willingness on the part of employers to cover their workers, or better enforcement of the law in recent years.

Overall a strong political will to reform the system can be observed in the current government, but implementation through the bureaucracy itself seems to be a critical problem. The highly inflated public sector in Egypt is known for its inefficiency, and the concrete implementation of policies depends heavily on the state's ability to deliver and implement the reforms effectively. This means that before any labour market reforms can be successful, a significant reform of public administration focusing on the streamlining and reduction of bureaucracy is necessary.

### **3.3 ECONOMIC STIMULUS PACKAGE AND URGENT PLAN TO ACTIVATE THE EGYPTIAN ECONOMY**

In 2013, the interim government announced an economic stimulus package for 2013-14 (also known as the Urgent Plan to Activate the Egyptian Economy) for a total of USD 8.7 billion, under Law 105 (Ernst and Sarabia, 2014). The package offers public investment and social programmes to stimulate the economy and raise living standards. Its first tranche was launched in August 2013 and accounted for 1% of GDP (USD 4.3 billion); the second tranche was announced in 2014. This is not a direct employment policy, but it aims to have a significant impact on employment.

The economic stimulus package focuses on eight main programmes designed to support and enhance industries and services, to develop infrastructure and public services, improving their efficiency and extension, and to provide industrial training. These programmes are financed by budget savings and by aid from Saudi Arabia, Kuwait and the United Arab Emirates. The objectives of the Urgent Plan include a revitalisation of the economy by boosting public

expenditure (which is expected to address short-term labour market rigidities), stimulating job creation and improving job quality. Investment is to be directed at the support and enhancement of industries and services, together with the development of infrastructure and public services.

Another part of the package provides financial support that will stimulate and increase the outreach of industrial training. The largest component of the package by share of funds allocated is the programme to develop the network of roads and transport (29.8%). In total 62.5% of all funds are going to construction projects. The other programmes comprising the bulk of the spending are as follows:

- programme to develop drinking water networks, sewage and natural gas (15.8%);
- National Programme for Social Housing (15.4%);
- programme of support and development of industry at the national level (14.9%);
- programme of support to electricity networks, lighting, paving local roads and improving the environment in the governorates (13.2%).

The package is expected to create many jobs, in particular temporary jobs in construction work. However, only a very small share of the allocated funds is dedicated to training and education, and a mere 0.8% of the industrial support programme is allocated to industrial training. The expected impact of the Urgent Plan on employment is significant: reducing the number of unemployed people by 22-25%, reducing the unemployment rate by 3-4 percentage points, and avoiding an increase of the unemployment rate by 0.2 to 0.25 percentage points. However, it is not clear yet which sectors will be supported by the Urgent Plan, how more vulnerable groups, such as youth and women, can be targeted, and what concrete activities are envisaged. Updated figures are also needed. It is highly probable that young people will be only marginally affected by the stimulus package, because the plan was insufficiently designed to address youth problems (Ernst and Sarabia, 2014).

## 4. PROGRAMMES TO IMPROVE YOUTH EMPLOYMENT

There are a number of programmes to improve the labour market outcomes for young people in Egypt. Traditionally most of these programmes are administered by the Social Fund for Development (SFD) and the role of the Ministry of Manpower and Migration has been very limited; in many cases the programmes are supported by donors (Amer, 2012). Some of them focus on supporting job creation. These include support to small enterprises, support to microfinance, labour-intensive public work programmes to develop basic infrastructure, community development programmes (loans to families), and programmes targeting employment creation in rural areas, such as the Shorouk programme.

This chapter relies on the Youth Employment Inventory (YEI) national report, which lists some 182 employment interventions (Barsoum et al., 2014b). The YEI was originally initiated by the World Bank, but is currently a joint effort of the German Federal Ministry for Economic Cooperation and Development, the Inter-American Development Bank (IDB), the ILO, the World Bank and the Youth Employment Network. The YEI is the first comprehensive database to provide comparative information on youth employment interventions worldwide.

Information from the YEI database was supplemented by data collected from interviews with representatives of the various state and non-state actors. Based on the information gathered from these sources, a list of the most relevant interventions was selected. Among the numerous ongoing and emerging programmes for employment, which are implemented and supported by a variety of national and international stakeholders corresponding to those indicated in the Annex, a selection of the most relevant interventions is discussed individually in the following sections.

The programmes range from interventions for improving the labour market information base (counselling, job search skills) to those aiming to increase the demand for youth labour (wage subsidies and public works) and those focusing on improving opportunities for young entrepreneurs (providing financial, technical, and training assistance). According to the YEI database, only 17 of the 182 interventions specifically targets women, and fewer than one in ten focuses primarily on young women. The database further indicates that 30% of the interventions target only urban areas, while only 10% are focused on rural areas. About one in three interventions primarily targets educated individuals. The main aim of all the interventions is to support young people in the labour market, with 60% of them identifying youth as the exclusive target group (Barsoum et al., 2014b).

In general, these interventions reach a relatively small proportion of the youth population, and very few of them are women-specific. There are problems related to the lack of monitoring, evaluation and mainstreaming in the system (Angel-Urdinola et al., 2010). Some of the public works focus on labour-intensive sectors, mostly in construction, but these have led to the creation of temporary jobs only. All in all it can be stated that the existence of such individual interventions cannot be a substitute for the elaboration of an integrated employment and growth policy capable of tackling the existing problems.

### 4.1 CAREER GUIDANCE FOR YOUTH EMPLOYMENT

With funding from Italian Cooperation for Development (USD 2 million), the ILO has been working with the Ministry of Manpower and Migration in a project called 'Tawgih', which is designed to improve the capacity of PES counsellors working in career guidance for young people. In the first phase of the project (Transition to Employment: Career Guidance for Youth), implemented between 2008 and 2012, five career guidance units were established in five PES offices, the staff received intensive training, and job fairs were organised. The second phase of the project (Transition to Employment: Career Guidance for Youth and Job Creation) was implemented between May 2012 and April 2014: 10 more career guidance units were established and intensive training was conducted on career guidance for counsellors and TVET teachers.

The project builds upon a package of integrated initiatives to mobilise PES offices, education institutions and the media. It establishes links with ongoing major initiatives to upgrade Egypt's education and training system. The project had signed an agreement with the technical sector of the Ministry of Education to include a career guidance component in the educational curricula of the three-year and five-year technical secondary schools. So far, a total of 13,613 young women and men have been placed in jobs with the support of the project. The project has also undertaken a number of job fairs for the first time, and these succeeded in recruiting more than 5,000 men and

women in targeted areas. In addition, young people in the five regions covered by the project learned how the labour market functions and its opportunities and challenges, and were enabled to adjust their attitudes, behaviour and career choices in an informed manner.

## 4.2 DECENT JOBS FOR YOUNG PEOPLE PROGRAMMES

The ILO's Decent Work Team runs several local-level labour market interventions in different regions with programmes focused on problems specific to the local labour market. Decent Jobs for Egypt's Young People (2011-15), a CIDA-funded project (CAD 10 million), aims at increasing decent employment opportunities for young men and women, especially vulnerable groups, through capacity building of micro and small enterprises, and skills development.

The project is implemented by the ILO's Cairo office in the governorates of Port Said, Minya, and the Red Sea, and supports the accompaniment of 500 new businesses launched through the project. At least 10,000 young people will benefit from improved business services. The overall target is to improve the skills of 25,000 young people and improve business services for 10,500 young people. It has also a capacity-building component to help put the Ministry of Manpower and Migration in a stronger position to promote youth employment.

Another project, Decent Jobs for Egypt's Young People in Agriculture (2012-14), funded by the Australian Department for Foreign Affairs and Trade (AUD 3 million), aims to create decent employment opportunities for young men and women in the governorate of Aswan. Another youth-related Decent Work project is being carried out in the two rural governorates of Qalyoubia and Menoufia, funded by the Danish government with USD 1.6 million in the first phase in 2013 and utilising the methodology of the CIDA-funded project mentioned above. The Danish government may also fund the second phase of the project to the amount of USD 4.4 million.

In addition the ILO conducts the school-to-work transition surveys (SWTS) to enhance the capacity of national and local institutions to undertake evidence-based analysis that would feed the policy-making process. The first survey was conducted in 2005/06; the results are presented in the ILO paper of 2007. The second survey was conducted in November-December 2012 by CAPMAS; the micro-data files are available on the web (see ILO, 2014).

## 4.3 PROGRAMMES OF THE SOCIAL FUND FOR DEVELOPMENT

### SMALL ENTERPRISE DEVELOPMENT ORGANISATION

This programme has been ongoing since the inception of the SFD. Its aim is to assist in the creation of jobs for low-income groups and to promote self-employment among youth, supporting both new and existing small enterprises by providing credit and business support services. Throughout its existence the organisation has received funds of up to USD 550 million. A subsidised lending service is provided through financial intermediaries (primarily banks and NGOs), while business support services are provided directly by SFD staff and indirectly through NGOs.

The size of the loans varies from EGP 100 to EGP 10,000 and the duration of a loan varies from one and a half to five years without collateral or guarantees (the project itself is a guarantee). Loans are made to small artisanal enterprises through commercial banks. Priority is given to micro entrepreneurs or unemployed people who intend to initiate new projects. The loan is given against an interest rate that does not exceed half of the market price. Technical and consultancy support is provided via the intermediate agencies involved, and there is a tax exemption for 10 years. If necessary, SMEs may receive additional support in marketing, accounting, sales promotion, technology transfer, and other areas. The loans are normally used to purchase tools, equipment and raw materials, or to cover costs for a production cycle. Between 1991 and June 2003, 192,000 enterprises benefited from this programme.

In 2009, the development consulting company North South Consultants Exchange carried out a general impact analysis of SFD loans, entitled *Impact assessment of expenditures of SDF financed by the Arab Fund*. The study attempted to assess quantitatively the impact of funded projects on economic activity, on the beneficiaries' families and on job creation. Many positive impacts were identified. Most of the loans were dedicated to the expansion of an existing activity (56%) and a lesser number to the establishment of a business (44%). The vast majority of those surveyed reported that the loan granted by the SFD had helped them to increase their profits and to achieve higher sales, lower production costs and higher selling prices. To a lesser extent, the loans helped them to introduce new products to the market.

The technical assistance accompanying the loans (such as help in selecting the right type of project, preparation of a business plan, loan application procedures, etc.) was widely appreciated by almost all the beneficiaries surveyed. There was a high level of sustainability among the projects, with only 2.3% of beneficiaries dropping out. A large majority (87%) of the respondents stated that their family income had increased as a result of the loan. However, this result is very vague, since it does not specify the magnitude of the increase. Probably the most striking result is the impact on employment. The number of employees doubled during the life of the loan which basically created employment opportunities for family members of the beneficiaries.

## **SUPPORT TO SMALL ENTERPRISES AND MICROFINANCE PROGRAMMES**

These two programmes were implemented in 2006 for a period of five years, with funding from the World Bank totalling USD 87.15 million. The overall target was to create 18,000 SMEs that would generate 60,720 jobs and 50,000 microbusinesses. Support to Small Enterprises also aimed to increase the lending penetration rate from 10% to 35%. These programmes did not have specific target beneficiaries, and the types and amounts of loans varied widely for all sectors, including loans to small businesses granted by the banks and more rarely directly by the SFD, loans to microenterprises using NGOs as intermediaries, and non-financial support in the form of business development services.

Two mid-term reports conducted in 2008 and 2009 gave mixed reviews of the efficiency of these two programmes and their impacts. They did have a positive impact on job creation. Between 1997 and 2008, EGP 7 billion in loans were granted to SMEs, creating 1,088,000 jobs. Between 1992 and 2008, EGP 662 million in grants helped to support 628,000 micro-projects. Non-financial business services usually accompanied the loans. Many commercial banks as well as the National Bank of Egypt began to participate in the programme. There was also a positive gender equality impact, 25% of SME and 39% of microfinance loans being granted to women. Regional disparities were also addressed, 60% of the loans being granted to residents in Upper Egypt.

However, as well as the positive aspects, many challenges were experienced. The definitions of SMEs and microenterprises were never clarified, leading to confusion; the target group was very large, covering people aged 21-45 years, many of whom had never worked. There was difficulty in finding NGOs to act as intermediaries to disburse loans, since only nine NGOs in total participated. The poverty map on which the programme was based was never updated. Most importantly, there was no monitoring and evaluation or impact assessment, and no baseline information was collected.

A questionnaire was distributed among 4,800 beneficiaries, but the answers collected were of poor quality and the data was obsolete. No information was collected on the survival rate of the businesses. The results in terms of increased income could not be assessed, although a few field visits and discussion groups reported a positive but subjective impact. The lending penetration rate could not be evaluated as the national data on SMEs are weak. No training was provided after the departure of the technical assistants. These issues need to be addressed. Business development services must also be improved and a gender unit must be reinstated, as there is no clear vision or methodology for reaching women or empowering them.

## **PUBLIC WORKS PROGRAMME**

The objective of the Public Works Programme is to develop the basic infrastructure (drinking water, wastewater, roads, public building refurbishment, productive irrigation and drainage, and other infrastructure) in the poorest areas of Egypt. These interventions are labour-intensive and benefit from the visible multiplier effects of infrastructure and construction investment. At least 25% of project value is based on local labour.

A SFD evaluation showed that the programme actually reaches the poorest areas and that projects aimed at improving the road infrastructure may reduce unemployment in the regions concerned. In terms of impact analysis, Angel-Urdinola and colleagues (2010) emphasise the fact that the majority of the jobs created are temporary because of the nature of the projects. Further evidence is provided that although public works programmes help to increase the income of temporary workers, they are not sufficient to reduce poverty. The programme is a useful tool, nevertheless, to expand poor people's access to basic services.

## **4.4 EMERGENCY LABOUR INTENSIVE INVESTMENT PROJECT**

In 2014 the World Bank signed an agreement with the Egyptian SFD to implement the Emergency Labour Intensive Investment Project in four years. The agreement, in fact, covers two programmes: (i) the Emergency Labour Intensive Investment Programme (ELIP), with a USD 200 million loan from the Bank; and (ii) the Emergency Employment Investment Programme (EEIP), with a EUR 70 million grant from the EU. The EU programme has already started, with three components: community services, infrastructure projects, and employability of young

unemployed people. The aim of these programmes is to provide short-term employment to unskilled and semi-skilled workers on infrastructure projects and projects providing access to basic infrastructure services for the target population in poor areas in Egypt.

There are two main project components. The first consists of employment-intensive subprojects, and includes the provision of grants to sponsoring agencies by governorates and local authorities, for subprojects consisting of small-scale infrastructure work including, but not limited to, canal cleaning and protection, and the rehabilitation of schools, housing and rural roads. The subprojects will be contracted out to private contractors. Similarly, grants will be provided to sponsoring agencies by governorates and local authorities for subprojects consisting of community services including, but not limited to, early childhood education services, outreach for maternal and child health, nutrition, population services, solid waste collection, and youth employment in rural and urban settings. The subproject implementation will be contracted out to NGOs.

The second component of the project is implementation support. As its name suggests, it will provide various kinds of support to project implementation, including project management, audits, public information and communication, technical verification and quality assurance, monitoring and evaluation, and social accountability mechanisms as well as safeguards measures and ensuring compliance with donor policies. The subprojects will be contracted out to private sector subcontractors and NGOs.

## **4.5 ENTREPRENEURSHIP PROGRAMMES: BUSINESS START-UPS AND SMALL AND MEDIUM-SIZED ENTERPRISES**

A focus on entrepreneurship is not new to Egypt. For some time now, there has been an emphasis on supporting entrepreneurial activities and SME development through active labour market interventions carried out by international donors and NGOs. The World Bank and government institutions provide exhaustive data on microfinance. More recently, there has been interest in new start-ups into which great energy and investment have been poured, and a 'start-up culture' appears to be beginning to flourish. This new emphasis on start-ups is interesting, however, for a prevalence of small firms has been often viewed as a negative factor. Nevertheless, incubators and accelerators such as Endeavour Egypt, Flat 6 Labs, and Egyptian Junior Business are active agents and provide some important examples of start-ups and SMEs in Egypt.

Flat 6 Labs Cairo focuses primarily on funding and mentoring, providing a space for ideas to be nurtured into viable businesses. The Spring 2014 cycle received an exceptionally diverse group of entrepreneurs with businesses offering products and services in fields such as creative product design, renewable energy, agriculture and food solutions, and mobile and web-based applications. The latest acceleration cycle played host to exciting guests and introduced the participating start-ups to entrepreneurs and leaders in a wide array of fields. With a team of over 40 people, Flat 6 Labs has supported and mentored over 57 companies to date.

The American University in Cairo (AUC) also has an active programme to foster the entrepreneurship ecosystem. Its Entrepreneurship and Innovation Programme (EIP), established in 2010, incubates, connects and supports talented young people and facilitates their success beyond AUC, in Egypt and further afield in the Middle East and North Africa region. Since its launch, the EIP has engaged in raising awareness, mentoring, competitions, training and incubation programmes, as well as connecting entrepreneurs with investors. Over a short period, EIP activities have helped more than 5,000 entrepreneurs from all over Egypt, including Cairo, Giza, Mansoura, Alexandria and Aswan, as well as in Lebanon and Dubai. Part of EIP's development has been the launch of the AUC Venture Lab to contribute to job creation by enabling innovative start-ups to capitalise on AUC's knowledge, wide network, outstanding facilities and alumni network.

Enpact is another non-profit organisation running a mentoring programme for young entrepreneurs from Egypt, Tunisia and Germany. It focuses on young innovative business. Its goal is not only to connect the participants with renowned mentors from the Enpact network, but also to foster knowledge sharing between young entrepreneurs.

Overall, the start-up scene is well developed and endowed with capital in Cairo and Alexandria. Most of the companies offer digital and online services. These companies provide employment for Egyptians with IT skills and a high level of human capital; but they are defined by low requirements for human labour, and therefore their impact on the overall labour market is marginal.

Furthermore, it is crucial to differentiate between entrepreneurs who start their companies out of necessity because they have insufficient access to employment opportunities, and entrepreneurs who are driven by innovation and opportunity. While the support for innovation-driven entrepreneurs is relatively good, with a significant number of incubators and investors in Cairo and Alexandria, those from rural areas struggle with financing. The usual financing

methods, such as conventional loans or equity partnerships, prove to be inappropriate tools, because these entrepreneurs usually have lower levels of education and are barely literate in the field of finance, or else refuse conventional financing instruments on religious grounds. Considering the high risk, limited growth potential and generally small size of the businesses, more diverse financial products have to be marketed and used if the capital demands of these SMEs are to be met.

The lack of financial and entrepreneurial capital is, therefore, the first problem during the founding period in the business cycle of SMEs. But they then suffer further from inefficient institutions and complicated regulatory frameworks, which are a disincentive to the formalisation of companies. As SMEs shy away from formalisation and employment generation, their potential is significantly restricted. Most of the SMEs in Lower Egypt have four employees or fewer, a circumstance directly related to the costs imposed by the formalisation process.

Exit strategies at the final stage of the business cycle pose an even stronger disincentive for small entrepreneurs. With no existing legal framework to separate companies from personal assets, establishing the owner and the company as different legal entities, a bankruptcy could potentially leave the entrepreneur in debt. Also, since there are no legal safety nets protecting the entrepreneur, the creation of a company poses significant risks in an environment which can be hostile to entrepreneurs, especially if their starting capital is low.

To sum up the significance of business start-ups in the Egyptian labour market, improvements at the individual level are recorded, but start-ups will only have an impact on the labour market as a whole if small enterprises can manage to upgrade to medium-sized companies with higher and more diverse labour demand. The number of small enterprises which manage to upgrade is generally matched by that of medium enterprises which have either to downgrade or to go out of business entirely. Helping to create a large mass of small enterprises without enabling them to grow will do little to solve Egypt's unemployment woes.

## 4.6 EU PROGRAMMES OF TVET REFORM

The TVET Reform Programme (TVET I) was implemented between 2005 and 2013, by the project management unit affiliated with the Ministry of Industry and Trade, with three objectives:

1. developing decentralised and demand-driven TVET institutions;
2. improving the quality of TVET delivery;
3. developing national regulatory and support institutions for a decentralised and demand-driven system.

This EU-funded project was co-funded by the Egyptian government, with a total of EUR 66 million. The focus of the programme was to improve and modernise skills development in TVET institutions and private sector enterprises, and to introduce alternative forms of training, including cooperative education. The goals of the programme were to involve 100 technical secondary schools and to train 100,000 students.

In Egypt's dual education system, the private sector is involved in developing curricula, in training teachers and in providing practical training to technical secondary schools. Entry-level vocational training is provided to almost 60,000 trainees a year in 232 training centres managed by six ministries outside the education portfolios. Public TVET provision is very fragmented: a myriad of ministries have TVET programmes and facilities. The governmental institutions involved are the ministries of Industry and Trade, Housing, Manpower and Migration, Agriculture, Health, and Culture. The centres are usually known as vocational training centres (VTCs) and are affiliated with 21 different agencies, including ministries as well as some public enterprises.

A wide variety of courses are offered, providing many skills. 'VTC' as a single classification for many centres is somewhat misleading, given that the courses can last from a few weeks to four years. However, in all cases the training focuses more on technical knowledge than on practice. The ministries of Manpower and Migration, Agriculture, Health and Culture run shorter courses, lasting a few months, for semi-skilled occupations. Two other ministries, Housing, and Industry and Trade, provide courses lasting several years. These courses are designed for skilled workers, and about 30,000 trainees graduate per year. The 74 VTCs of the Ministry of Housing certify their technicians. The 38 VTCs of the Ministry of Industry and Trade run three-year training courses and issue technical diplomas accredited by the Ministry of Education as equivalent to diplomas issued by technical secondary schools. The Ministry of Industry and Trade courses run on an apprenticeship basis, quite a rare training tool in Egypt. Trainees in this case spend two years in the VTCs and the third year on work attachment in industry. In addition to these VTCs, the Ministry of Education and the Arab Academy of Technology finance 19 centres classified as private VTCs, from which about 12,000 trainees graduate per year.

The TVET I programme supported the establishment of 12 enterprise-training partnerships (ETPs) at sectoral level – eight in industry and two each in construction and tourism – and another 14 local ETPs in each of 14 governorates, established under various types of arrangement and agreement. Some 140 training centres and around 100 in-company training facilities in the garment-manufacturing sector were improved. Some 1,680 trainers were trained



in the garment manufacture, food, building materials, engineering, wood and furniture industries. There was also capacity building for trainers and master trainers in different sectors. Three training councils were established – the Industrial Council in 2006, the Tourism Council in 2007 and the Construction Council in 2008 – with the role of coordinating and supervising all training activities in each specific sector.

The third component of the TVET reform was initiated in 2009. This was the elaboration of a TVET strategy reform, which was approved by the Prime Minister’s cabinet that same year. It designed a long-term strategy over 25 years, aiming to help match the skills of workers better to the needs of the labour market. The ETP model can be considered unique to Egypt for its linking of business with training. However, because of certain issues related to the legal structure, the public-private partnership model is still unfamiliar, which hinders its full official recognition by government entities. A question mark, therefore, hangs over the institutional sustainability of these partnerships beyond the life of the project.

Some ETPs are more advanced than others, but they all need to consolidate their activities and focus on the reform of the system. Some have been pushed to become service providers in order to generate income (an example is the establishment of soft-skills centres within all the sectoral ETPs). An assessment of TVET I is ongoing, but the EU and the Egyptian government have agreed to continue with a TVET II reform programme to build on the experiences of TVET I and extend the scope to all sectors of the economy. TVET II is an important extension to a successful programme, and the project implementation unit will be hosted by the Ministry of Education this time. TVET II has the potential to resolve a number of legal and institutional challenges facing TVET in Egypt.

## 4.7 GIZ PROGRAMMES IN PARTNERSHIP WITH THE MINISTRY OF EDUCATION

GIZ is one of the donors historically engaged in the reform of TVET in Egypt through its involvement with the pioneering Mubarak-Kohl Initiative (MKI). As mentioned before, the MKI started to pilot the dual system in selected TVET schools in 1994. The MKI schools were the first to set up an active participation with the private sector and introduce a dual education system, inspired by the German system, but adapted to Egyptian needs. They are currently a branch within the Egyptian TVET system managed by the Ministry of Education, which wanted to expand the scheme to all schools. Currently only 2% of TVET schools are implementing the full dual system, and according to GIZ estimates this number could increase to a maximum of 10% of TVET schools.

Moreover, a tracer study carried out in 2010 showed that 80% of MKI graduates continue on to university education after their graduation; thus it is very difficult to keep successful TVET graduates within their original profession. The recent approach of the Ministry of Education towards the dual system is not clear, as the ministry is launching new initiatives such as ‘schools inside factories’ (in-company training facilities in the private sector) and ‘factories inside schools’ (production in schools, creating revenues for schools and the ministry).

In the last few years, GIZ has implemented a project focusing on youth unemployment combined with a local development dimension (Mubarak-Kohl Initiative for Vocational Education, Training and Employment Promotion (MKI-vetEP)). This project, which ended in June 2011, involved the Ministry of Manpower and Migration, the Ministry of Education, the Ministry of Industry and Trade, and the Ministry of Higher Education, working in different locations in Egypt. It addressed topics related to employability extending beyond technical skills and career guidance, such as work ethics and attitudes and cultural constraints, as well as labour demand, skills matching, job intermediation mechanisms to ensure a successful transition from education to work, job quality and decent work.

In April 2011, after the revolution, the German companies active in Egypt agreed on a ‘fast track measure’ to be carried out in the context of a National Employment Pact, to recruit a further 1,000 workers as a contribution to additional job creation. Some 2,100 companies from the Egyptian Chambers of Commerce joined this initiative. GIZ has also built a network with labour suppliers, involving pre-selection of candidates, who are then registered in a database. This has led to the creation of three private employment centres in three governorates through the regional MKI centres and the TVET programme. These private employment services are delivered by NGOs and provide job search, career guidance, job placement and training for unemployed youth, mainly working with the private companies participating in the project.

The Employment Promotion Programme is co-funded by the German Federal Ministry for Economic Cooperation and Development and the Australian Development Agency, and implemented by GIZ in cooperation with the Ministry of Education. An agreement was signed with the Egyptian government in 2011, and project implementation covers the period from 2012 to the end of 2015. The programme has four components:

1. evidence-based policy making (creation of monitoring and evaluation systems in the Ministry of Education, creation and capacity building of planning unit, coordination of national and donor activities, etc.);

2. labour market information and monitoring (creation of two regional labour market observatories in governorates, labour market information using a 'prospects' approach in pilot sectors such as food processing);
3. career guidance units in pilot schools (training of teachers as facilitators and delivery of pilot career guidance);
4. demand-driven training (supporting the dual system to support improvements in quality and governance, making links with the National Centre for Human Resources Development (NCHRD), the Egyptian Federation of Investors Association (EFIA) and regional units of the dual system).

## 4.8 USAID COMPETITIVENESS PROGRAMME

The USAID Egypt Competitiveness Programme (2011-13) aimed to address a variety of problems in the labour market. The programme mainly targeted human resources development and the interaction of business and government to support increased competitiveness, entrepreneurship, job creation and access to SME finance. It worked to support the development of a regulatory environment conducive to competitiveness, with broad regulatory reforms including commercial law and fiscal reforms, budget transparency, and fiscal decentralisation.

Since the programme was partly geared to supporting and streamlining business processes in business registries and licensing to ease the process of formalisation, centres for permits and licences were set up. Vocational and technical training, along with entrepreneurial skills development, was conducted to improve the skills and productivity necessary to meet market demand. Additionally, there was an emphasis on strengthening the financial sector, including improving access to finance for SMEs, by developing the regulatory framework for industries including capital markets, insurance, mortgage provision, and the like.

## 4.9 PROMISING EXAMPLES OF PROGRAMMES TARGETING VULNERABLE GROUPS

### MASR WORKS

Masr Works is a fully functional employability portal (in Arabic and English) that helps Egyptian youth and jobseekers to find support in their transition to the world of work. The portal originates in a joint effort of Silatech in partnership with Microsoft, GIZ, Sanabel, Alexandria Business Association (ABA), Mowgli Foundation UK, the SFD as a governmental organisation, and the Egyptian Banking Institute Network. The portal provides resources ranging from online career guidance and entrepreneurship training to specific work experience and job opportunities. Career guidance tools support youth in their self-awareness and enable them to identify career skills, and they are helped to link up with appropriate career advisors, training and opportunities. The job matching portal ensures that notices of jobs, internships and volunteer postings are easily automated online, with job preparation resources and information about workers' rights and responsibilities. The portal also includes intermediation between mentors and volunteers, extensive training options for different skills, customised to specific target groups and jobs, and in categories such as IT skills, soft skills, entrepreneurial skills, and language skills. Through an integrated social media approach, the portal captures the real-time feedback of young leaders and jobseekers, as well as that of employers, which can identify training gaps and compare them to requirements.

### EGYPT@WORK

Egypt@Work is a four-year initiative that addresses the need for increased youth employment and entrepreneurship. It aims to prepare 10,000 disadvantaged young men and women aged 15-29 for the job market and provide them with the skills to find and excel in jobs. Nahdet El Mahrousa operates as an intermediary NGO, providing subgrants to other NGOs to provide youth employment programmes in the form of training and job placement. The International Youth Foundation (IYF) and the Egyptian NGO Nahdet El Mahrousa, in partnership with MasterCard Foundation, are implementing Egypt@Work. To date, Egypt@Work has provided over 2,500 young people in 10 regions across Egypt with the skills, knowledge and opportunities they need to find and maintain employment or become self-employed. The project is targeting a further 7,500 young people by the end of 2014. In particular it supports entrepreneurship and employment training programmes to improve and expand these services.

### YOUTHINVEST

The YouthInvest programme seeks to connect young people with innovative financial products and services that can improve their working lives and lead to a better quality of life, for their families and themselves. Youth-appropriate loans and savings accounts are developed in cooperation with microfinance institutions and banks, and marketed to youth. The programme offers four products that are helping young people either to find a job or to create their own small business. The entry point of the programme's services is capacity building, and so far there are three training

programmes responding to different needs: '100 Hours to Success' (life skills, entrepreneurial skills, and financial education); 'Click for Success' (computer education programme); and 'My Rights – My Responsibilities' (preparing youth for professional life). The second element promotes saving through partnerships with commercial banks and postal services so as to offer the best possible savings product for young people. The third component is internship opportunities with the objective of entrepreneurship promotion; and the fourth component is the offer of loans.

### **EGYPTIAN EDUCATION AND EMPLOYMENT ALLIANCE**

The goal of the Egyptian Education and Employment Alliance programme was to develop partnerships between public, private and NGO communities to pilot and expand innovative, new approaches that would address critical education and employment gaps for young Egyptians. The activities fell into two main categories: the establishment of career development centres on the campuses of a number of Egyptian public universities; and the creation of 'one-stop shops' for youth development in Egypt's national youth centres in various villages. Activities were implemented through a number of NGOs and focused on providing demand-driven training in the fields of basic life skills and employability skills (such as computer literacy, web design, information and communications technology, office management, and other technical competences). Career counselling and mentoring were also provided. The programme also developed and supported activities related to entrepreneurship training to prepare young people to start businesses.

## 5. CONCLUSIONS AND RECOMMENDATIONS

In general, the Egyptian labour market suffers from a number of structural problems: population growth leading to a large number of students and a high labour supply; a generally limited capacity for job creation in the economy; the absence of strong economic policies stimulating the productive sectors; a substantial reduction in foreign and domestic investment as a result of political and legislative instability, heavily increased after the revolution; and a wrongly oriented incentive structure in the whole education system, leading to a mismatch between available qualifications and demand in the private sector.

The ongoing economic crisis, which suffered losses estimated by CAPMAS of up to USD 150 million in 2013, is causing the overall labour demand to contract strongly, while at the same time the supply is growing. The lack of available capital has led to the shutdown of several factories and has generally depleted the economy of its financial resources. Weak political and economic stability prevents successive governments from launching any comprehensive reform policies in employment, education or TVET, and limits their actions to small and uncoordinated labour market programmes, mostly funded by donors. A bias towards public employment on the one hand and a growing informal sector on the other leave young people with no choice other than queuing for public sector employment (Barsoum, 2014).

The existing labour market interventions in Egypt help to some extent relieve the pressures on youth, but will not resolve the long-lasting structural problems and lack of an integrated national growth and employment strategy. Although there is some convergence at the policy level on what should be done – namely to support entrepreneurship and especially SME development, increase labour market information, enhance skills through training, and other such measures – these policies face fragmented and uncoordinated implementation. Labour market programmes are necessary to address some market failures, but cannot be a remedy for deep-rooted structural problems in the economy and the labour market. This is the reason why their effect is usually minimal and they only decrease unemployment at the margins. Moreover, monitoring and evaluation through rigorous impact assessment is lacking. Without serious impact assessment, the real costs of interventions and their effectiveness will remain widely unknown.

The proliferation in the funding of business start-ups highlights the irony of the situation. The prevalence of small firms in Egypt is widely viewed negatively, as these businesses are more likely to be informal and unable to offer decent jobs with contracts and social insurance. In addition, the start-up strategy evinces a lack of diversity in the market and a lack of gains from economies of scale. Yet large sums of money are channelled into incubators, NGOs and the start-ups themselves, even though the poor regulatory and legal environment prevents these enterprises from continuing their growth path. Should the situation of the Egyptian labour market improve, more should be done to create an environment that embraces company growth and innovation, not one that offers no incentives to SMEs. A national business strategy could push the country forward in a unified direction.

Based on the labour market developments and employment policies reviewed in this report, we outline below some proposals for further action by the government to promote employment.

- **Economic stimulus packages with a more effective impact on employment at the macro level.** Some information related to the recent economic stimulus package has been presented in this study (Section 3.3), but a more detailed analysis of its effects is still awaited, particularly regarding the extent to which it has been implemented already and what is still planned and budgeted for, the potential employment impact and the training needs.
- **Adopting a realistic and implementable national employment strategy which is based on a sound economic growth policy.** A clear road map, agreed by all relevant stakeholders, setting out clear roles, responsibilities, timelines and budgets for each institution, is of central importance for the country, since the 'passive' policy of ignoring the labour market and its structural problems is threatening the country's stability.
- **An SME law covering all aspects of SMEs** (tax, labour, finance, zoning, etc.). A consistent set of regulations is needed, applicable throughout the lifespan of an enterprise (start-up to operating to exit). Egypt performs relatively well in the start period in terms of time and effort, is mediocre in the operating period, and performs badly in the exit period. There is a strong need to simplify all regulations and provide more flexibility for SMEs, but also to give incentives to enterprises to exceed the minimum size so as to break through the 'glass ceiling' of three to five workers for an informal SME.

- **Improving decent job opportunities (working conditions and labour standards) in the private sector.** This is a particularly important policy with regard to SMEs, the absence of which is cause of a bias towards queuing for public sector employment, especially for young graduates and women, who are more vulnerable in the labour market. Unavoidably this task will also require the reform of the public administration system and its human resources management.
- **Reforming the education system.** The current system does not create high-quality human capital, or the type of human capital needed by the market. Moreover, there are complaints from all sides about the quality and relevance of the education students receive. Many comprehensive measures are needed to improve the quality of teaching and learning at school; for instance, curriculum changes toward a more practical orientation, teacher training, infrastructural improvements and greater public investment in primary and secondary education.
- **Enhancing the capacity of the Ministry of Manpower and Migration and its employment offices.** Improving the capacity for labour market information and analysis by the ministry is a high priority, as is improving the core functions of PES, such as job search assistance, placement and intermediation services. This would need administrative reforms, better qualified staff and increased budget allocations. Employment offices should be able to develop and implement active labour market measures.
- **Improving the governance and attractiveness of TVET.** TVET is an important area of improvement for good-quality programmes that are in tune with labour market needs. The attractiveness of TVET could be increased by more flexible, diversified and customised programmes that address the diverse needs of different youth groups. Greater emphasis should be placed on effective governance mechanisms for TVET, in particular better coordination among different institutions and stronger partnerships with employers. Training that addresses specific skills shortages in particular economic sectors is also necessary, especially in areas of the green economy, as well as the expansion of opportunities in already feminised employment sectors such as food processing, textiles, health and education.

# ANNEX: NATIONAL AND INTERNATIONAL AGENCIES WITH A ROLE IN THE EGYPTIAN LABOUR MARKET

TABLE A.1 EGYPTIAN GOVERNMENT INSTITUTIONS

	Objectives in the labour market	Official role	Capacity	Labour market interventions
<b>Ministry of Manpower and Migration</b>	<ul style="list-style-type: none"> <li>■ Decrease the number of unemployed</li> <li>■ Achieve social justice</li> <li>■ Raise awareness of the value of work</li> <li>■ Match labour demand and supply</li> <li>■ Increase the employability of the labour force</li> </ul>	<ul style="list-style-type: none"> <li>■ Government agency responsible for provision and implementation of labour market and employment policies</li> <li>■ Implemented the Labour Law adopted in 2003, but many operational clauses are missing</li> </ul>	<ul style="list-style-type: none"> <li>■ Owner of 380 employment offices and 27 vocational training centres (poorly equipped and funded)</li> </ul>	<ul style="list-style-type: none"> <li>■ Employment Information Programme</li> <li>■ Youth Employment National Action Plan</li> <li>■ CIDA-funded projects to improve selected PES offices, organises job fairs</li> <li>■ Tawgih project on career guidance for young people, implemented by the ILO</li> <li>■ CARE – Learning increases with new connections</li> <li>■ Head of the Supreme Council for Human Resources Development</li> <li>■ Training Fund of 2003 Labour Law (not functioning)</li> </ul>
<b>Ministry of Industry and Trade</b>	<ul style="list-style-type: none"> <li>■ Enhance linkages between the demand and supply side of the Egyptian labour market</li> <li>■ Focus on increasing productivity and vocational training in the industry department part of ministry's support to workers in technical fields, so that their skills match the requirements of the industrial labour market</li> <li>■ Develop programmes encouraging SMEs to improve technical and vocational training</li> </ul>	<ul style="list-style-type: none"> <li>■ Government agency responsible for trade and investment</li> </ul>	<ul style="list-style-type: none"> <li>■ Owner of industrial training centres and Industrial Modernisation Centre</li> </ul>	<ul style="list-style-type: none"> <li>■ Host of EU-funded TVET I programme</li> <li>■ Established 12 enterprise-training partnerships at sectoral level – eight in industry and two each in construction and tourism</li> <li>■ Organises industry-TVET school cooperation and conducts job fairs</li> </ul>

	<b>Objectives in the labour market</b>	<b>Official role</b>	<b>Capacity</b>	<b>Labour market interventions</b>
<b>Ministry of Education + Ministry of Higher Education</b>	<ul style="list-style-type: none"> <li>■ Integrate career guidance as part of curricula in vocational training</li> <li>■ Link the outcome of education to the needs of local, regional and international labour markets</li> <li>■ Introduce new disciplines in TVET (renewable energy, water desalination, waste recycling, land reclamation)</li> <li>■ Ministerial Decree No 283 of 26 June 2014 for the creation of school-to-work transition facilitation unit(s) in the TVET department</li> </ul>	<ul style="list-style-type: none"> <li>■ Government agency responsible for public education and technical training</li> <li>■ Responsible for the Strategy for Technical Education, plus the EU-funded TVET Reform Strategy (2013-18)</li> <li>■ Responsible for TVET post-secondary education</li> </ul>	<ul style="list-style-type: none"> <li>■ Provider of 1,892 technical and vocational secondary schools with more than 1.6 million students (57% of all secondary students)</li> <li>■ The share of students among the vocational branches is: <ul style="list-style-type: none"> <li>• industrial branch (51%)</li> <li>• commercial branch (38%)</li> <li>• agricultural branch (11%)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Promotion of TVET education in Article 20 of the new constitution 2014</li> <li>■ Technical and vocational education strategy and programmes</li> <li>■ Mubarak-Kohl Initiative based on the German dual model in selected TVET schools, decision for mainstreaming taken</li> <li>■ Host of EU-funded TVET II programme</li> <li>■ 'Factories inside schools'</li> <li>■ 'Schools inside factories' (already done by Arab Contractors and Arafe Group).</li> </ul>
<b>Social Fund for Development (SFD)</b>	<ul style="list-style-type: none"> <li>■ Create new businesses and support growth of existing SMEs</li> <li>■ Support SMEs with microcredits</li> <li>■ Focus interventions on education to improve employability</li> <li>■ Reduce poverty by providing funding to the poor</li> </ul>	<ul style="list-style-type: none"> <li>■ National agency affiliated to the Prime Minister and the United Nations Development Programme</li> <li>■ Designs, funds and implements social development programmes, with special focus on employment creation in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>■ Since its inception in 1991 USD 2.5 billion invested, of which 40% to support SMEs</li> <li>■ USD 520 million spent on Small Enterprise Development Organisation</li> </ul>	<ul style="list-style-type: none"> <li>■ Shorouk programme</li> <li>■ Promotion of Rural Incomes through Market Enhancement project</li> <li>■ Public Works Programme</li> <li>■ Small Enterprise Development Organisation</li> <li>■ Implementer of EU and World Bank-funded Emergency Labour Intensive Investment Project</li> <li>■ Support to Small Enterprises and Microfinance programmes</li> </ul>

	<b>Objectives in the labour market</b>	<b>Official role</b>	<b>Capacity</b>	<b>Labour market interventions</b>
<b>Ministry of Planning</b> + <b>Ministry of International Cooperation</b>	<ul style="list-style-type: none"> <li>■ Elaborate strategies and comprehensive policy frameworks to stabilise the economy</li> <li>■ Plan, organise and coordinate the efforts of state institutions to address and improve the structural problems of the labour market</li> <li>■ Coordinate all international projects supported by donors and international organisations</li> </ul>	<ul style="list-style-type: none"> <li>■ Government agency responsible for developing Egypt's economic and social development strategies</li> <li>■ Sets economic and social action plans and strategic framework, coordinates initiatives and projects of various ministries</li> </ul>	<ul style="list-style-type: none"> <li>■ Urgent Plan to Activate the Egyptian Economy:               <ul style="list-style-type: none"> <li>• Total of USD 8.7 billion</li> <li>• Packages focus on eight main programmes to support and enhance industries and services, develop and improve infrastructure and public services, and provide industrial training</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Urgent Plan to Activate the Egyptian Economy, financed by budget savings and aid from Saudi Arabia, Kuwait and the United Arab Emirates, offering public investments and social programmes to stimulate the economy and raise living standards</li> </ul>

**TABLE A.2 INTERNATIONAL DONORS AND NON-GOVERNMENTAL ORGANISATIONS**

	<b>Objectives in the labour market</b>	<b>Capacity</b>	<b>Labour market interventions</b>
<b>European Union (EU)</b>	<ul style="list-style-type: none"> <li>■ Fund governmental and non-governmental programmes for the improvement of education and TVET systems</li> </ul>	<ul style="list-style-type: none"> <li>■ TVET Reform Programme 2005-13: European Commission, EUR 66 million</li> <li>■ Two enterprise-training partnerships at sectoral level and six at local level</li> <li>■ Improvement of 140 training centres and around 100 in-company training facilities</li> <li>■ 1,680 trainers trained</li> </ul>	<ul style="list-style-type: none"> <li>■ TVET I programme</li> <li>■ TVET II programme</li> <li>■ Egypt Emergency Labour Intensive Investment Project</li> <li>■ ETF support programmes as part of human resources development country support</li> </ul>



	Objectives in the labour market	Capacity	Labour market interventions
<b>United States Agency for International Development (USAID)</b>	<ul style="list-style-type: none"> <li>■ Support macroeconomic reform by technical assistance and training and by promoting and assisting in regulatory and legal reform to create and enable an environment for trade, investment, business development and a competitive private sector</li> <li>■ Enhance competitiveness and expand the private sector by:               <ul style="list-style-type: none"> <li>• Facilitating business links and supporting business organisations</li> <li>• Developing public-private-university partnerships</li> <li>• Enhancing visitor experiences, protecting and developing cultural and natural heritage resources, and promoting awareness of Egypt as tourist destination</li> </ul> </li> <li>■ Develop the workforce by:               <ul style="list-style-type: none"> <li>• Providing school and university students with programmes to support them in career planning</li> <li>• Introducing and connecting youth to the labour market</li> <li>• Focusing on training and education in sectors with potential for growth</li> <li>• Supporting SMEs and entrepreneurship</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Training for Employment programme: a two-year grant, ending in October 2013, given to the Innovation and Technology Transfer Centre (affiliated to Alexandria University) to train technical school and university graduates to work in the food industry in several governorates</li> <li>■ Under the grant around 3,500 graduates received training, including on-the-job training, and all unemployed participants (1,000 graduates) were able to find employment after the training</li> </ul>	<ul style="list-style-type: none"> <li>■ Training for Employment</li> <li>■ Egypt Competitiveness Programme</li> </ul>

	Objectives in the labour market	Capacity	Labour market interventions
<b>International Labour Organisation (ILO)</b>	<ul style="list-style-type: none"> <li>■ Build societies and economies that generate opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods</li> <li>■ Extend social protection</li> <li>■ Promote both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide adequate compensation for lost or reduced income and permit access to adequate social security</li> <li>■ Promote social dialogue</li> <li>■ Create efficient labour market institutions and effective and independent employers' and workers' organisations for social dialogue</li> <li>■ Guarantee rights at work</li> <li>■ Ensure that economic development goes hand in hand with social development and respect for the rights of all workers, including those in the informal economy</li> </ul> <p>Strategic Plan 2012-15 key objectives for the region (introduced by the ILO):</p> <ul style="list-style-type: none"> <li>■ Create opportunities for young women and men and the most vulnerable</li> <li>■ Empower social partners and other stakeholders through social dialogue</li> <li>■ Extend and improve social protection, especially for the most vulnerable</li> </ul>	<ul style="list-style-type: none"> <li>■ Currently 100 staff members employed in Cairo office, of which 68 including the 19 members of the core staff working solely on the Egyptian labour market</li> <li>■ Total project portfolio for 2013 for Egypt: USD 40 million; strategic outcomes subdivided into: <ul style="list-style-type: none"> <li>• Labour standards, fundamental principles and social dialogue (USD 18 million)</li> <li>• Jobs and skills (USD 22 million) with a specific focus on gender (USD 1.5 million) and youth (USD 14.2 million)</li> </ul> </li> <li>■ In Egypt the ILO collaborates with 23 partners from the public sector as well as workers' and employers' organisations and professional associations</li> <li>■ The ILO conducts the school-to-work transition surveys to enhance the capacity of national and local institutions to undertake evidence-based analysis that will feed into social dialogue and the policy-making process</li> </ul>	<ul style="list-style-type: none"> <li>■ Youth Employment National Action – Transition to Employment: Career Guidance for Youth and Job Creation under the guidance of the Ministry of Manpower and Migration</li> <li>■ Different projects under 'Decent Jobs for Young People'</li> </ul>

	<b>Objectives in the labour market</b>	<b>Capacity</b>	<b>Labour market interventions</b>
<b>World Bank</b>	<ul style="list-style-type: none"> <li>■ Create short-term jobs for women and young people, and steps to improve the environment for longer-term private sector growth; the major objectives can be summarised as:               <ul style="list-style-type: none"> <li>• Enhance efficiency and equalise opportunity</li> <li>• Provide funds for labour-intensive infrastructure projects</li> <li>• Financial and administrative support to companies playing a significant role in the Egyptian labour market</li> <li>• Provide decent and productive jobs for young people</li> <li>• Increase skills of young people</li> <li>• Develop new labour market policies and programmes to improve standards of living and equal opportunities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Labour Intensive Employment Programme, implemented in collaboration with the SFD through a USD 200 million loan, aims to create around 75,000 short-term job opportunities for unskilled and semi-skilled workers</li> <li>■ Job Readiness and Job Placement for Marginalised Youth</li> </ul>	<ul style="list-style-type: none"> <li>■ Egypt Emergency Labour Intensive Investment Project, funded jointly by the World Bank and the EU</li> <li>■ Job Readiness and Job Placement for Marginalised Youth</li> </ul>

	<b>Objectives in the labour market</b>	<b>Capacity</b>	<b>Labour market interventions</b>
<b>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</b>	<ul style="list-style-type: none"> <li>■ Implement reforms to promote employment in Egypt through partnerships between public and private sectors, policy makers and economic actors; the objectives of the different labour market interventions include: <ul style="list-style-type: none"> <li>• Employment promotion measures</li> <li>• Labour market policy</li> <li>• Women's rights</li> <li>• Urban development</li> <li>• Public sector reform ensuring the efficient usage of the publicly employed workforce</li> <li>• Create jobs, especially 'green' jobs</li> <li>• Establish social innovation hubs</li> <li>• Increase the social acceptance and attractiveness of blue-collar jobs</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Total of 220 staff (50 seconded experts and 170 national experts and support staff)</li> <li>■ Private Sector and Employment Promotion project, conducted in 2013, resulted in: <ul style="list-style-type: none"> <li>• Establishment of three private employment centres, training and hiring of the first 30 employment facilitators</li> <li>• Development of job placement processes and functions, further adapted to the Egyptian context</li> <li>• 171 Egyptian companies used the services of these employment centres</li> </ul> </li> <li>■ A total of 22,442 job vacancies acquired; 15,319 jobseekers applied for jobs via employment centres, 1,029 jobseekers received intensive career guidance at employment centres (work orientation measures), and 1,003 applicants placed in jobs</li> </ul>	<ul style="list-style-type: none"> <li>■ Support to public sector reform</li> <li>■ Employment Promotion Programme</li> <li>■ Green Innovation</li> <li>■ Green Business Service Private Sector Development Programme</li> <li>■ Gender Network</li> <li>■ Economic Integration of Women in the Middle East and North Africa region (EconoWin)</li> <li>■ Promotion of blue-collar jobs</li> <li>■ Promotion of economic system and employment</li> </ul>
<b>Entrepreneurship and Innovation Programme (EIP) AUC Venture Lab</b>	<ul style="list-style-type: none"> <li>■ Raise awareness</li> <li>■ Carry out training and mentoring</li> <li>■ Organise and orchestrate competitions and incubation programmes</li> <li>■ Connect entrepreneurs with investors</li> </ul>	<ul style="list-style-type: none"> <li>■ Over 5,000 entrepreneurs involved in EIP's activities since its inception in 2010</li> </ul>	

	<b>Objectives in the labour market</b>	<b>Capacity</b>	<b>Labour market interventions</b>
<b>Misr El Kheir Foundation</b>	<ul style="list-style-type: none"> <li>■ Eradicate illiteracy in Egypt</li> <li>■ Address youth unemployment in Egypt provinces</li> <li>■ Create job opportunities for young graduates in literacy programmes</li> </ul>	<ul style="list-style-type: none"> <li>■ Egypt Job Readiness and Job Placement for Marginalised Youth project, funded by the Japanese Social Development Fund; total cost: USD 2.85 million, cost per component:               <ul style="list-style-type: none"> <li>• Building Capacity and Establishing Partnership (USD 0.47 million)</li> <li>• Job Readiness and Job Placement Fund for Marginalised and Vulnerable Youth (USD 1.71 million)</li> <li>• Monitoring and evaluation (USD 0.32 million)</li> <li>• Grant management (USD 0.34 million)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Egypt Job Readiness and Job Placement for Marginalised Youth project</li> </ul>
<b>Nahdet El Mahrousa</b>	<ul style="list-style-type: none"> <li>■ Engage young people by acting as an intermediary NGO, giving subgrants to other NGOs to provide youth employment programmes in the form of training and job placement, thus addressing the need for increased youth employment and entrepreneurship in Egypt</li> </ul>	<ul style="list-style-type: none"> <li>■ Egypt@Work is a four-year initiative aiming to prepare 10,000 disadvantaged young men and women for the job market and to provide them with the skills they need to find and succeed in jobs</li> </ul>	<ul style="list-style-type: none"> <li>■ Qualifying new graduates for the job market</li> <li>■ Egypt@Work programme</li> </ul>
<b>Education for Employment (EFE)</b>	<ul style="list-style-type: none"> <li>■ Empower young people with relevant skills and opportunities as career preparation, while helping businesses find the skilled entry-level employees they need</li> <li>■ Develop specifically designed training programmes for unemployed young people to link them with the labour market</li> </ul>	<ul style="list-style-type: none"> <li>■ Established in 2007</li> <li>■ Operates in Cairo only</li> <li>■ Over 550 young people trained and placed in jobs</li> <li>■ 52% of EFE Egypt's graduates are female</li> <li>■ 79% job placement rate for programme graduates, 77% of whom retain their jobs beyond three months</li> <li>■ Supported by US Department of State's Office of the Middle East Partnership Initiative (MEPI), Spanish Agency for International Development Cooperation (AECID), and local corporate partners and donors</li> </ul>	<ul style="list-style-type: none"> <li>■ Job Placement Training Programme</li> <li>■ School-to-Market Programme</li> <li>■ Banking Training Programme</li> <li>■ Merchandiser Training Programme</li> <li>■ Musharaka Civic Engagement Programme</li> </ul>

# ABBREVIATIONS AND ACRONYMS

<b>AECID</b>	Agencia española de cooperación internacional para el desarrollo (Spanish Agency for International Development Cooperation)
<b>AUC</b>	American University in Cairo
<b>AUD</b>	Australian dollar
<b>CAD</b>	Canadian dollar
<b>CAPMAS</b>	Central Agency for Public Mobilization and Statistics
<b>CIDA</b>	Canadian International Development Agency
<b>EFE</b>	Education for Employment
<b>EGP</b>	Egyptian pound
<b>Egypt-YEP</b>	Egyptian Forum for Youth Employment Promotion
<b>EIP</b>	Entrepreneurship and Innovation Programme
<b>ELMPS</b>	Egypt Labour Market Panel Survey
<b>ETF</b>	European Training Foundation
<b>ETP</b>	Enterprise-training partnership
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>GDP</b>	Gross domestic product
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>IDSC</b>	Information and Decision Support Centre
<b>ILO</b>	International Labour Organisation
<b>ISCED</b>	International Standard Classification of Education
<b>IT</b>	Information technology
<b>MKI</b>	Mubarak-Kohl Initiative
<b>NEET</b>	(Young people) Not in employment, education or training
<b>NGO</b>	Non-governmental organisation
<b>PES</b>	Public employment services
<b>SFD</b>	Social Fund for Development
<b>SMEs</b>	Small and medium-sized enterprises (includes microenterprises)
<b>TVET</b>	Technical and vocational education and training
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	US dollar
<b>VET</b>	Vocational education and training
<b>VTCs</b>	Vocational training centres
<b>YEI</b>	Youth Employment Inventory

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