MAPPING OF EXISTING ALMPs INITIATIVES IN EGYPT

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OBJECTIVE AND PRESENTATION’S STRUCTURE

- **Objective**
  - Present an inventory of the main recent Active Labor Market Policies (ALMPs) in Egypt

- **Structure of the presentation**
  - Structural Labor Market Challenges
  - Role and Types of the ALMPs
  - ALMPs in Egypt
    - Support to job creation
    - Technical and Vocational Education and Training (TVET) strategy
    - Improving information in the labor market
    - Supporting pathways into work for young people and women
STRUCTURAL LABOR MARKET CHALLENGES
DIFFICULT TRANSITION FROM SCHOOL-TO-WORK

- Young people aged 15 to 24 account for nearly 22% of the Egyptian population
  - Strong pressure on the education system
  - Strong pressure on the labor market: around 600,000 new entrants per year

- The transition from school to employment remains very problematic
  - 80% of the unemployed are less than 29 years old
  - Unemployment rate of young people (15-24 years) is the highest
  - Female unemployment rate is 3 times that of their male counterparts
  - Unemployment increases with the educational level and reaches a peak among post-secondary and university graduates
  - Increased informalization of the first job

UNEMPLOYMENT RATE (15-29) BY EDUCATION (IN %)
STRUCTURAL FACTORS EXPLAINING DIFFICULT TRANSITIONS FROM SCHOOL-TO-WORK

- Youth demographic bulge
  - Large cohorts of new entrants to the labor market
- Mismatch between the educational system output and the labor market needs
  - Decreased returns to education (in terms of income and job quality) between 1998 and 2006
- Reduction in the share of public sector employment and formal private sector's inability to create sufficient jobs
- Low female participation and barriers to entry to the private sector
  - Declining participation of the most educated women between 1998 and 2009

INFORMALIZATION OF THE FIRST JOB (1960-2006)
Female Labor Force Participation Rates by Educational Attainment (Ages 15-29)

Role and Types of the ALMPs

- **Job Creation Support**
  - Subsidized employment
  - Entrepreneurship and self-employment promotion
  - Public works programs

- **Improving Employment Services**
  - Improving employment intermediaries
  - Administration of unemployment benefits
  - Career and vocational guidance/counseling

- **Labor Market training policies**
1/ Support to Job Creation
Evaluation Criteria of ALMPs

- **Subsidized employment**
  - Expected impact: short-run impact on employment
  - Target group: most vulnerable groups to unemployment
  - Evaluation: reduced unemployment rates among targeted groups

- **Entrepreneurship and self-employment promotion**
  - Expected impact: credit access for small businesses and micro-projects
  - Target group: small businesses and micro-projects with limited access to credit
  - Evaluation: project sustainability/impact on poverty alleviation

- **Public Works**
  - Expected impact: temporary employment at low-wage rate
  - Target group: unskilled/low-skilled workers/unemployed
  - Evaluation: poverty alleviation/labor intensity

1/Support to Job Creation
Mapping Recent ALMPs in Egypt

- **Predominant role of the Social Fund for Development (SFD)**

- **Main policies**
  - Support to small enterprises
  - Support to micro finance
  - Public Works Program
  - Community Development Program
  - Shorouk Program

- **Subsidized employment is non existent**
1/SUPPORT TO JOB CREATION
MAPPING RECENT ALMPs IN EGYPT

- Small enterprise and micro finance projects (SFD)
  - Loans to small businesses (Banks intermediaries)
  - Loans to micro-enterprises (NGOs intermediaries)
  - Non-financial support
- Positive results
  - Number of jobs created (1 million jobs created between 1997 and 2008)
  - Non-financial business development
  - Many banks involved
  - 25% of SMEs and 39% of micro-finance loans were granted to women
  - 60% of granted loans in Upper Egypt
- Main negative aspects
  - Large target groups
  - Absence of monitoring and evaluation or impact assessment
  - Business development support needs to be improved
  - No clear vision or methodology for reaching women
- New project: Enhancing access to finance for micro and small enterprises (2011 – World Bank/SFD)

1/SUPPORT TO JOB CREATION
MAPPING RECENT ALMPs IN EGYPT

- Public Works
  - Objective: develop basic infrastructure
  - Labor intensive (25% of the project value) and based on local labor
  - Results: majority of the jobs that were created are temporary
- Community Development
  - Objective: reduce poverty through the allocation of small loans (EGP 100-5,000)
  - Results: 15,000 families received loans (40% are women)
  - Poor areas are reached
  - More than one-third of the beneficiaries of micro-credit reported to having obtain a job through this help
  - Improving road infrastructure may reduce unemployment
1/ SUPPORT TO JOB CREATION
MAPPING RECENT ALMPs IN EGYPT

- Shorouk Program (1994)
  - Objective: create job opportunities in rural areas via local participation
  - Results: 9,188 economic projects – 25,628 job opportunities
  - Main obstacles: lack of trained administrative staff, lack of government funding to achieve targeted level of development

  - Main target group: the unemployed (60% of the beneficiaries)
  - USD 2 millions are allocated to monitoring and evaluation

2/ TVET
EVALUATION OF ALMPs

- **Expected impact**: increased marketable skills and credentials/increased productivity

- **Target groups**: unemployed/low-skilled workers

- **Evaluation**: transition rate from unemployment to employment/employment duration/wage
2/ TVET

MAPPING RECENT INITIATIVES IN EGYPT

- **The TVET system is weak**: centralized, fragmented, supply driven, low quality of training

- **Main initiatives:**
  - Supreme Council for Human Resources Development
  - National Training Fund
  - National Skills Standard and Certification (NSSP)
  - TVET Reform and TVET Reform Strategy
  - Skills Development Program
  - Mubarak-Kohl Initiative

- The TVET system still faces many challenges despite numerous initiatives

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2/ TVET

MAPPING RECENT INITIATIVES IN EGYPT

**Initiatives at the institutional level**

- **Supreme Council for Human Resource Development (SCHRD)**
  - Created in 2000 (chaired by the Ministry of Manpower) to plan and initiate reforms in the area of human capital development
  - The SCHRD was not really operational but it was reactivated in 2009

- **The National Training Fund (Labor law of 2003)**
  - Resources: 1% of annual net profits of enterprises, government funds and other donations
  - Not operational

- **The National Skills Standard and Certification (NSSP)**
  - **2000-2005**
    - Development of a national system of vocational skills standards; evaluation process and certification system
    - Results: skills standards for 106 trades in the manufacturing, tourism and construction sectors
2/ TVET

MAPPING RECENT INITIATIVES IN EGYPT

  - Objectives: develop decentralized and demand-driven TVET institutions; improve quality of TVET; assist in the development of a national regulatory framework
  - Main results:
    - 12 enterprises-training partnerships at the sectoral level and 6 at the local level
    - Improvement of 140 training centers and around 100 in-company training facilities
    - 1,680 trainers were trained
    - TVET Strategy Reform approved in 2009
    - Long term strategy over 25 years in order to match the skills of the workers with the labor market needs
    - Should prepare an action plan


2/ TVET

MAPPING RECENT INITIATIVES IN EGYPT

Improvement of training delivery

- Skills Development Program (SDP)
  - Ministry of Trade/ World Bank (USD 12.5 million)
  - Objective: address beneficiary firms’ training needs through project intermediaries that develop training proposals (demand-driven training)
  - Main results (2010):
    - 34,811 trainees in 1,158 private sector firms through 106 training service providers
    - Monitoring and evaluation insufficient to assess impact in terms of job creation; employment duration; productivity; earnings

- Mubarak-Kohl Initiative (MKI)
  - Dual training system (public/private partnership)
  - Main results (in 2010): 76 MKI schools established with 1,900 companies to train about 24,000 students
  - New projects: MKI-vetEP to improve employability of job seekers in disadvantages areas; Employment promotion program since 2011
3/ Improving the Information
Evaluation Criteria of ALMPs

- **Expected impact**: increased employment ratio/better school-to-work or job-to-job transitions

- **Target groups**: unemployed

- **Evaluation**: number of registered unemployed/ratio of clients to employment counselors/CV data banks

- **Challenges**: employment services staff competency/personalized counseling/follow-up

3/ Improving the Information
Mapping Existing ALMPS in Egypt – Employment Services

- **Main challenges**
  - More than 300 employment offices throughout Egypt
  - But employment offices are underdeveloped, understaffed and under-resourced
  - Although 60% of the unemployed reported to have registered in an employment office in 2006

  - 3 objectives: Establishing employment centers; Strengthening the capacity of professional staff; and Enhancing the occupational information system
  - Despite the reform:
    - Limited impact of the project (only 37 employment offices were modernized)
    - The electronic labor exchange system was not achieved
    - Employment counseling is scarce
3/ Improving the Information Mapping Existing ALMPS in Egypt

- Occupational Information System (part of ELMSR)
  - Development of 630 job descriptions
  - Electronic labor exchange (but not achieved)

- Egypt Observatory for Education, Training and Employment (2006, IDSC and ETF)
  - Objective: analyze information and forecast education, training and employment needs
  - Results: several studies have been published on labor market forecasting between 2008 and 2011

- Rich Labor Market Data
  - Population Censuses
  - Regular labor force sample surveys (LFSS)
  - Establishment censuses and surveys
  - Survey of Young People in Egypt 2009

4/ Supporting Pathways into Work for Young People and Women in Egypt

- Youth
  - National Youth Employment Program (2001) – EGP 5 billion
    - Objectives: Create 170,000 jobs per year in the public sector, 100,000 in the private sector and train 400,000 young educated people per year
    - The objectives were far from reached

    - Objectives:
      - Decrease youth unemployment from 23% in 2006 to 15% in 2015 by creating 3 million jobs between 2010 and 2015
      - Increase youth skills; provide more job opportunities and develop labor market policies
    - Decent Jobs for Young people (2011 – ILO, CIDA) in 3 governorates
4/ Supporting pathways into work for young people and women in Egypt

- **Women**
  - Almost no initiative to encourage women employment

- **Gender Equity Model Egypt (GEME)**
  - Pilot project (2007-2009) funded by the World Bank (USD 250,000)
  - Objective: promoting gender equity in the private sector (recruitment; human resource management)
  - Main results: 550 employees and managers were trained in gender-related issues; 5 companies introduced their own courses

Conclusion

- ALMPs vs Comprehensive framework strategy for employment policy

- Inherent problems of ALMPs in Egypt
  - Sustainability
    - Funding is primarily based on foreign donors
    - Lack or insufficient capacity building
  - Proliferation
  - Monitoring and evaluation is either non-existent or very weak
  - Group targeting is sometimes too large
  - Support to female employment is extremely limited