

October 12


MAPPING OF EXISTING ALMPs INITIATIVES IN EGYPT

Mona Amer

**Workshop on Employment Public Policies
Cairo, 1-3 October 2012**

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



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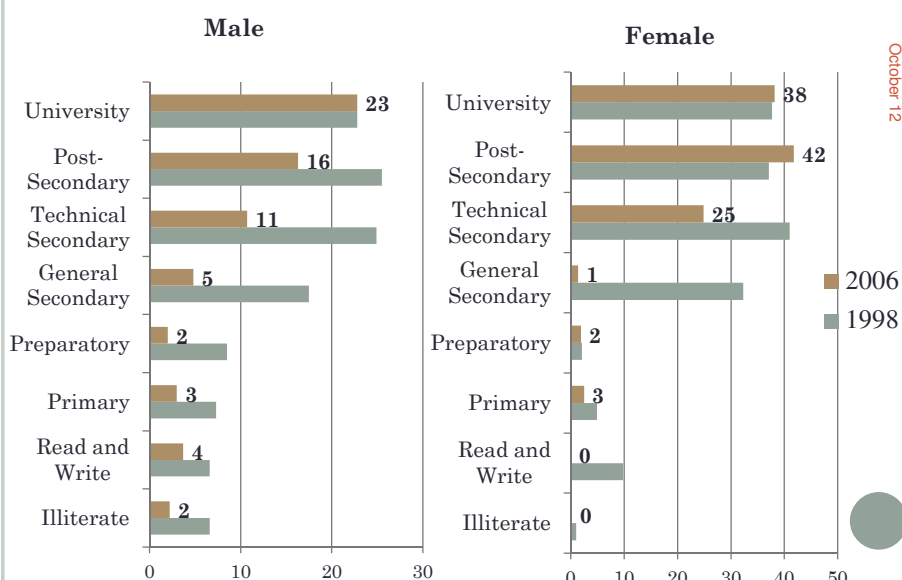
STRUCTURAL LABOR MARKET CHALLENGES DIFFICULT TRANSITION FROM SCHOOL-TO-WORK

- **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

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UNEMPLOYMENT RATE (15-29) BY EDUCATION (IN %)



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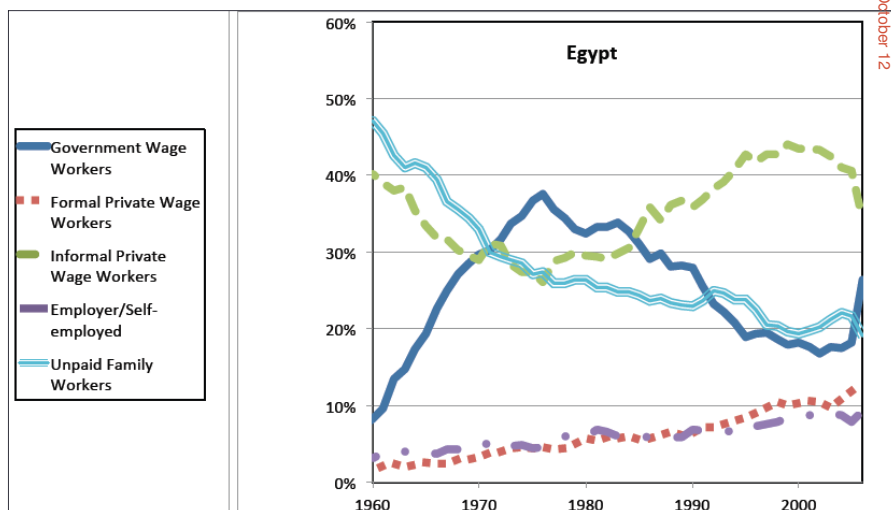
STRUCTURAL FACTORS EXPLAINING DIFFICULT TRANSITIONS FROM SCHOOL-TO-WORK

- **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

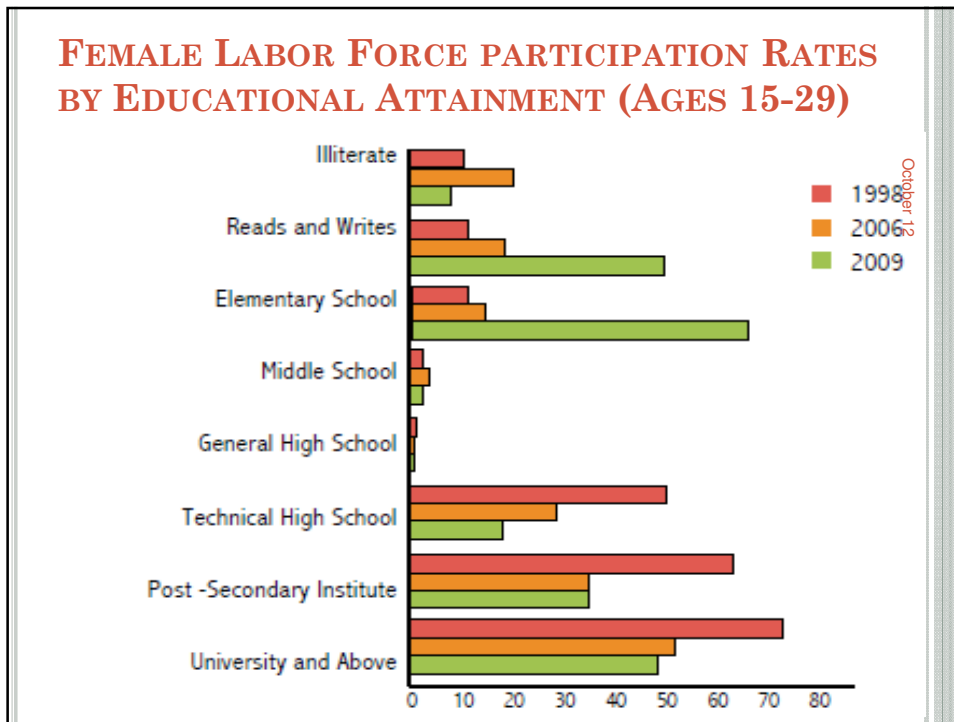
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INFORMALIZATION OF THE FIRST JOB (1960-2006)



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- ### 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

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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**

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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)**

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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)
- **Impact assessment of Public Works, Community Development and Micro-Credit Programs of the SFD (2000-2004)**
 - 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

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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
- **Emergency Labor Intensive Project:** 2012 new program of the World Bank/SFD (USD 200 million)
 - Main target group: the unemployed (60% of the beneficiaries)
 - USD 2 millions are allocated to monitoring and evaluation

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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

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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 (SCHR)**
 - Created in 2000 (chaired by the Ministry of Manpower) to plan and initiate reforms in the area of human capital development
 - The SCHR 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

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2/ TVET

MAPPING RECENT INITIATIVES IN EGYPT

- **TVET Reform Program (2005 – European Commission – 66 million €)**
 - 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
- **Training Councils:** Industrial Council (2006), Tourism Council (2007) and Construction Council (2008)

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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 disadvantaged areas ; Employment promotion program since 2011

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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

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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
- **Egyptian Labor Market Service Reform (2001-2007 – CIDA/SFD)**
 - 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

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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
 - Very rich and available micro labor market data (1988, 1998, 2006 and 2012)
 - Survey of Young People in Egypt 2009

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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
 - **National Action Plan on Youth Employment (2010-2015) – ILO, GIZ and UN**
 - 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**

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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

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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

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