

Active Labor Market Policies: Mapping of Existing Initiatives in Egypt

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The Egyptian labor market suffers from many structural problems accumulated over decades, which are reflected by the difficulty of young people, especially women and the most educated to insert into the labor market and by the inability of the formal private sector to create sufficient employment opportunities.

The demands of the revolution of 25 January 2011 are political but also economic and social. One of the most popular slogans "bread, freedom, social justice", clearly focus on social equity issues that can be addressed only to the extent that sufficient employment opportunities are created and that these jobs are decent and help ensuring social integration.

In the early 2000s, the issue of youth employment was considered a national priority. Many initiatives and projects widely supported by international donors have been developed to support job creation, vocational training and employment services. However, the results of these active labor market policies are disappointing insofar young people enter more often the labor market through informal employment and the participation of educated women has declined. The formal private sector has failed to create sufficient employment opportunities to absorb the flow of young people entering the labor market and could not be sufficiently attractive to women.

In the context of a sharp slowdown in economic growth, support for job creation and enhancing the employability of workers is increasingly urgent. According to estimates and projections of the African Development Bank (2012), the real growth rate of GDP fell from 5.1% in 2010 to only 1.8% in 2011 and 0.8% in 2012. While real growth of GDP per capita rose by 3.4% in 2010 it is predicted to decline by 0.9% in 2012. Active labor market policies (ALMPs) can therefore play an important role to mitigate short and medium-term impacts of economic downturn.

This report aims to present an inventory of the main active labor market policies implemented in Egypt during the last decade in the field of support for job creation, measures to support the insertion of young people and women into the labor market, initiatives to improve information on the labor market and policies related to technical and vocational training.

This report is divided into three parts. The first part presents a brief analysis of the labor market and focuses on the main evolution of the labor force participation and unemployment rates of young people and women and labor market structural problems. The second part presents the role of active labor market policies, their expected impact and their evaluation criteria. Finally, the last part presents an inventory of employment policies in Egypt over the last decade and attempts an assessment of these policies.

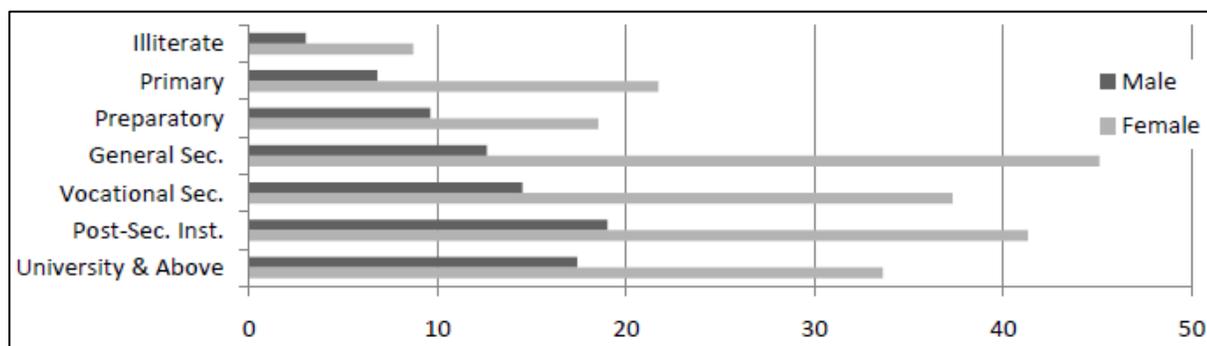
1. Structural Labor Market challenges

The Egyptian labor market is characterized (as in the Middle East and North Africa region) by a high unemployment rate among young people that particularly affects young people with secondary and a higher education and with no professional experience.

High unemployment rates among the youth reflect problems of insertion into the labor market or rather a difficult transition from school to work. Women are also particularly affected as their unemployment rate is more than 3 times higher than that of men. The unemployment rate has recently fallen sharply. But even though young people tend to get their first job more rapidly, their first working experience is increasingly precarious. The recent decline in female labor force participation is particularly striking. It is due to the defection of the public sector, traditionally the main employer of women, but also to the inability of the formal private sector to create sufficient jobs and to attract young educated women.

Figure 1 confirms the relationship between unemployment and education as the unemployment rate increases substantially with the level of education among women and men. In 2009 the unemployment rate ranges between 35% and 45% among secondary and above female graduates (15-29 years-old).

Figure 1: Standard Market Unemployment Rate by Gender and Education, Ages 15-29, 2009



Source: SYPE 2009

This difficult insertion of young people in the labor market is the result of four main structural factors: the demographic structure; the mismatch between labor supply and demand; the inability of the formal sector to create sufficient jobs; and barriers to entry for women in the formal private sector.

1.1 The demographic structure

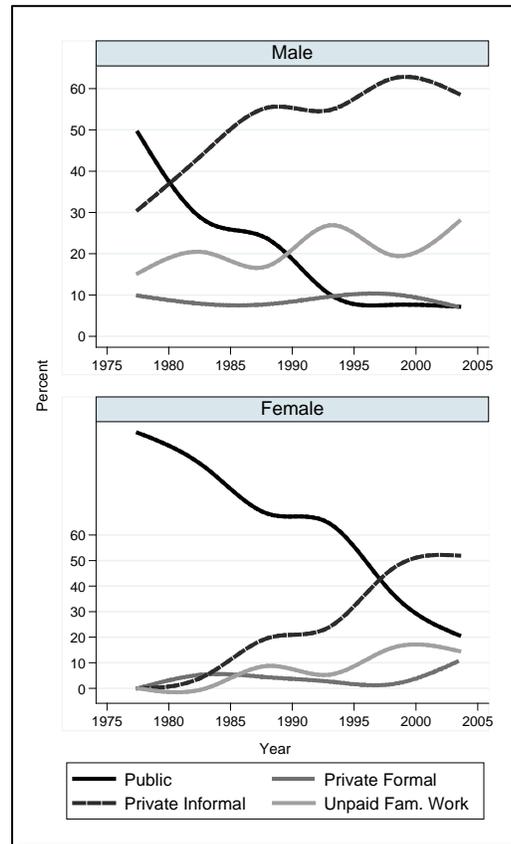
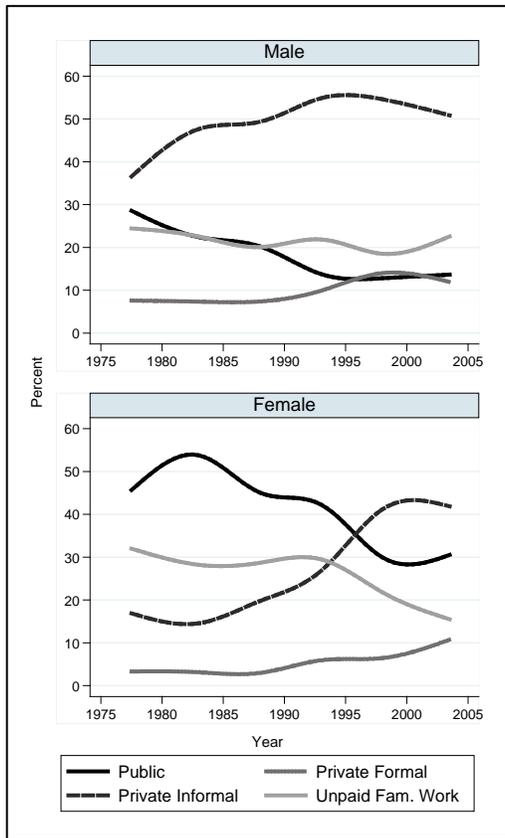
The Egyptian demographic transition has translated into large flows of new entrants to the labor market. Egypt's population is very young, with the less than 29 year-olds representing more than half the total population. The proportion of young people aged 15 to 24 (the most affected by unemployment and at the age of completing their studies and joining the labor market) represents a little more than a fifth of the population. The share of the 15-24 year-olds has steadily increased in recent decades (from 19.5% in 1988 to 22.2% in 1998) but has stabilized since the late 1990s. It is estimated that the labor market should absorb approximately between 600,000 and 700,000 new entrants each year. Although the number of new entrants is expected to decrease in the coming years it is still very high and constitutes very high pressure on the labor market.

1.2 The mismatch between the education system and the needs of the Egyptian labor market

Progress in terms of access to education is very important. Enrollment rates have risen sharply in recent decades. In 2010 they reached 94% at the primary level, more than 80% at the preparatory level and 32% at the tertiary level (post-secondary and university education). However, the returns to education in terms of income and job quality declined sharply between 1998 and 2006. Indeed, the job quality has remained stable and has not changed at the same pace as the educational level of the workforce. In addition, the employability of post-secondary or university graduates is relatively limited. The Egyptian educational system does not provide its students the necessary tools to develop the skills required by the labor market. Two-thirds of university students are specializing in the humanities and social sciences and have theoretical education. An International Labor Organization (ILO) survey (2006) shows that almost half of employers surveyed believe that their young workers have little capacity to learn and lack practical training. Finally, according to the Egyptian Human Development Report 2010 the evolution of employment growth by occupation between 2000 and 2007 shows a gap between the categories of jobs created and the outputs of the education system. For instance the artisan workers in the construction, agriculture and industry sectors, machine operators and to a lesser extent the professionals (teachers in primary and pre-school) are the fastest growing job occupations.

Figure 2a: Type of First Job by Gender, 1975-2006

Figure 2b: Type of First Job by Gender, Among the Technical Secondary Graduates, 1975-2006



Source: Author's calculations based on the Egyptian Labor Market Panel Survey of 2006

1.3 The inability of the formal private sector to compensate for the decline of public employment

Since the early 2000s, the public employment guarantee scheme for the secondary and above graduates has ceased. However, the formal private sector has not been able to compensate for the reduction of public sector employment. The proportion of first precarious/informal jobs has indeed risen sharply, especially among the most educated (See Figures 2a and 2b). Recent developments in the labor market in Egypt showed that the rate of youth unemployment declined sharply. In fact, it went from 25.6% in 1998 to 16.7% in 2009¹. However, the decline in unemployment may in part be explained by the fact that most young graduates have renounced not only to public employment but also to formal private employment as formal job opportunities are limited. Therefore they more easily accept precarious jobs.

1.4 Barriers to entry to the formal private sector for females

The female labor force participation of the 15-29 year-olds is very low (13.7% in 2009). Unlike men, women's participation is strongly linked to age and to the educational attainment. While most young men are active by the age of 29 (their labor force participation reaches 92% by the age of 29), the female participation increases with age, but reaches a maximum which is very low (15%) by the age of 24 and then remain almost stable until the age of 29 (corresponding to transitions to marriage). The most educated women are also the most active. In 2009 the female labor force participation increases with education reaching nearly 50% among the university graduates. However, while female participation increased between 1988 and 1998, it declined between 1998 and 2009, particularly among the graduates of technical secondary, post-secondary and higher education. For example, the participation of women aged 15 to 29 with a technical secondary school diploma decreased from 51% in 1998 to only 18% in 2009. To a lesser extent female university graduates participation decreased from nearly 70% in 1998 to about 50% in 2009. This decline in female employment is directly related to the reduction of public sector employment (the main employer of educated women). Low employment opportunities in the formal private sector have discouraged some of these women to enter the labor market.

Box 1: The legal labor market framework

In June 2003, the People's Assembly adopted a new Labor Law 12/2003 after ten years of tough discussions². The main innovations of this law are presented below:

- The introduction of more flexibility in the hiring and firing rules³
- The creation of a National Training Fund drawing its resources from 1% of the enterprises' annual net profits, government funds and other donations. The aim of the National Training Fund is to finance the creation, the enhancement, and the modernization of training centers and programs in order to match the needs of the labor market. However this fund is not operational.
- The creation of an emergency fund for the compensation of workers in case of partial or complete

¹ The unemployment rate has certainly increased in 2012 due to the sharp economic slowdown since 2009.

² This law does not apply to civil servants, domestic workers and family workers. Civil servants include employees of the central administrative organs of the state, the local government entities and general organizations.

³ The renewal of a definite contract does not imply an indefinite contract as was specified in the old law. Layoffs are facilitated: dismissal for cause is made easier and termination of a contract is possible under economic conditions (under restrictions); termination of a contract by the employer without valid justification entitles only to compensations.

closure of their establishment. This emergency fund was not operational.

- The creation of a National Council of Wages. Its main mission was to set up a national minimum wages structure (to be revised every two years). It stipulated a minimum annual increment of 7% of the basic salary that was rarely implemented. A national minimum monthly wage at EGP700 was finally set up by the new People's Assembly in May 2012 and came into effect in September 2012⁴.
- The recognition of the right to peaceful strike even though this right was strictly limited⁵.

2. Role and Evaluation Criteria of Active Labor Market Policies

Active labor market policies (ALMPs) are an instrument of economic policy to cope with the labor market imperfections (such as in the case of inadequate labor supply, information asymmetry or insufficient labor demand) including the fight against unemployment and inactivity. The ALMPs include a wide range of policies aimed to help the unemployed find jobs, to encourage the most vulnerable groups (the least skilled and women) to work, to improve working conditions, and to encourage geographical mobility of workers. Their objective is to support job creation and improve the employability of individuals (for the unemployed, the workers or those out of the labor force). These policies can be implemented at the initiative of the public sector or the private sector or of a public/private partnership. However, ALMPs do not substitute for comprehensive employment strategy as they cannot remedy for structural labor market problems and they only can reduce unemployment marginally.

2.1 Types and Roles of Active Labor Market Policies

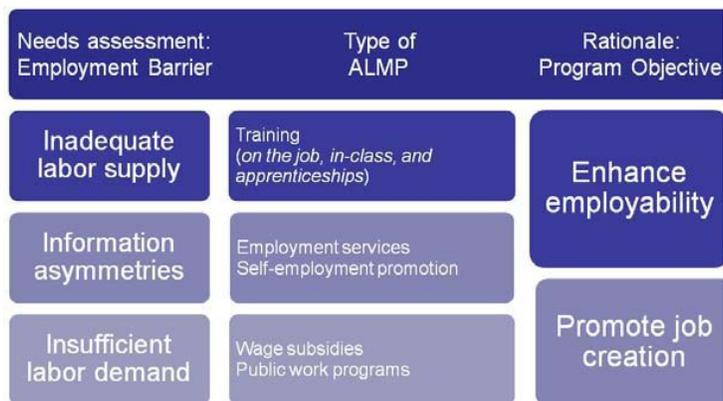
This report does not pretend to be exhaustive and focuses on key employment policies aimed at supporting job creation, improving labor market information, and strengthening the technical education and training system.

As shown in Figure 3, Angel-Urdinola et al. (2010b) identify three types of labor market imperfections (inadequate labor supply, information asymmetries and insufficient labor demand) that could be addressed by different types of ALMPs. Policies that support job creation (such as employment subsidies, self-employment support or public work programs) are best suited to deal with a situation of insufficient demand. Policies aimed at improving employment services could reduce information asymmetries. Finally, policies supporting training could respond to inadequate labor supply and reduce skills mismatch by enhancing employability.

⁴ The People's Assembly's Budget and Planning Committee endorsed in May 2012 an amendment to the law linking maximum wages to minimum wages, capping the former at EGP50,000 per month. The legislation stipulates that the monthly pay for civil servants should not exceed 35 times the minimum wage in the same institution.

⁵ The trade union committee organizing the strike must get the approval of the two-thirds of the board members of the relevant trade union federation at the national level. In addition, the employer and the concerned administration must be notified at least 10 days in advance.

Figure 3: Selection of ALMP Type by Objective and Employment Barrier



Source: Angel-Urdinola et al. (2010b)

Job creation support policies may take three forms: employment subsidy; entrepreneurship support and public work programs. Subsidizing employment aims at promoting or providing employment for the unemployed and other priority groups. It can be implemented via wage or social contribution subsidies paid to private-sector firms in order to encourage the recruitment of targeted groups or continued employment of those whose jobs are at risk. Entrepreneurship and self-employment support are provided for the unemployed starting enterprises or for the development of existing micro or small enterprises. Finally, public work programs are labor-intensive programs that provide direct job creation in public or nonprofit organizations for the benefit of the unemployed or the unskilled and low-skilled workers via the development basic infrastructure.

Public Employment Services deliver four kinds of support. First, they offer employment intermediation services in order to improve the matching between job vacancies and job seekers by providing better information on vacancies or by improving the search effectiveness of the unemployed. Second, they often administer unemployment benefits. Third, they provide career and vocational guidance/counseling. And finally they sometimes offer job search courses.

Labor Market Training Policies aim at enhancing the employability via the provision of classroom training, on-the-job training, and apprenticeship with general or specific education. They can also provide formal and non-formal training; hard and soft skills. They concern training for unemployed adults, those at risk of losing their jobs, and employed adults.

2.2 Criteria of Evaluation for ALMPs

In general, the following criteria are needed to measure and evaluate the impact of any ALMP: stakeholder coordination; type and objective; targeting; signaling and monitoring and evaluation (Angel-Urdinola et al., 2010b). Angel-Urdinola et al. (2010a, 2010b) and Martin and Bardak (2012) identify the intended impact of ALMPs and the criteria to be taken into account for the effectiveness of active labor market policies according to their objectives (summarized in Table 1).

Table 1: Intended impact of ALMPs and the criteria to be taken into account for the effectiveness of active labor market policies according to their objectives

	Expected impact	Target Groups	Criteria for evaluation	Challenges
Job Creation Support Policies				
<i>Public Works Programs (PWP)</i>	<ul style="list-style-type: none"> - Direct and temporary employment opportunities at low-wage rate in public works in labor-intensive infrastructure projects and community services. - Short-term impact 	<ul style="list-style-type: none"> - Unskilled and low-skilled workers; - Unemployed 	<ul style="list-style-type: none"> - Ensure that the PWP targets the poor (via low wage rate and labor intensity so that the poor are self-selected) - Labor intensity 	<ul style="list-style-type: none"> - Make the short term program create middle term or long term impact by enhancing employability by including a training module; linking the PWP with the TVET program; and linking the PWP with SME Support program; and add a gender dimension
<i>Self-Employment Promotion</i>	Provide access to credit for small businesses or micro projects	Small businesses or micro projects that face limited access to credit	<ul style="list-style-type: none"> - Sustainability of the project - Impact on poverty alleviation for micro-business owners 	<ul style="list-style-type: none"> - Substitution effects and selection bias - importance of accompanying the program with technical assistance
<i>Wage and social security contribution subsidies</i>	Short-run impact on job creation	The most vulnerable groups towards unemployment	<ul style="list-style-type: none"> - Reduced unemployment rates among targeted groups 	<ul style="list-style-type: none"> - Combine with training, counseling, job-search assistance; - Substitution effects; deadweight loss; displacement effects
Employment Services	Increased employment ratio and better school-to-work or job-to-job transitions	Unemployed	<ul style="list-style-type: none"> - Number of registered unemployed; ratio of clients to employment counselors; CV data banks; relation of the employment services with the local authorities employers, unions, skills needed 	<ul style="list-style-type: none"> - Employment services staff competency is an important factor of success; - Individualized assistance and follow-up for unemployed persons
Technical and vocational education and training (TVET)	Increased marketable skills and credentials (employability) and productivity	<ul style="list-style-type: none"> - Unemployed; - Low-skilled workers 	<ul style="list-style-type: none"> - Transition rate from unemployment to employment; - Employment duration; - Wage 	<ul style="list-style-type: none"> - Better results among the less skilled, - Provide a comprehensive package of public/private partnership; - Provide soft and hard skills; and on-the-job training

3. Mapping Recent Active Labor Market Policies in Egypt

This section presents a non-exhaustive list of the main policies implemented in Egypt in the field of job creation, improving the information on the labor market; enhancing the TVET system; and policies targeting in priority the youth and women.

3.1 Creation of job opportunities

The majority of the programs with the objective of creating employment opportunities are managed by the Social Fund for Development (SFD). The SFD is the main provider of job creation activities through five main programs: support to small enterprises; support to micro-finance; public works program; and community development program.

Created in 1991 to mitigate the effects of structural and adjustment policies, the SFD is an autonomous body under the supervision of the prime minister cabinet. It adopts development programs in order to provide opportunities for permanent and temporary work through micro and small enterprise and labor-intensive development programs.

The SFD has five main objectives: the creation of employment opportunities to reduce the problem of unemployment; poverty alleviation; addressing the effects of economic reform and the transition to a market economy; the development and financing of small and micro projects through the provision of financial and non-financial services; and raising living standards of targeted areas and the development of civil society. The SFD interventions focus on five specific target groups: young graduates of both sexes with intermediate and above intermediate education; potential small business entrepreneurs; small business owners wishing to expand their activities; the unemployed; and finally marginalized groups such as women, children and people with special needs.

Table 2: Major Programs and Activities of the Social Fund for Development, 1991-2007

Main Program		Activities Disbursement 1991- 2007	Share
Small Enterprises		LE 7,100 million	65%
Microcredit		LE 1,062 million	10%
Public Works	Potable Water	LE 620 million	18%
	Sanitation	LE 220 million	
	Roads	LE 500 million	
	Other	LE 660 million	
	Total	LE 2,000 million	
Community Development	Health	LE 390 million	7%
	Education	LE 200 million	
	Other	LE 210 million	
	Total	LE 800 million	
Total		LE 10,962 million	100%

Source: based on Abou-Ali et al. (2009)

The SFD does not directly implement the interventions but relies on government agencies, banks, NGOs and various ministries. The core of the funding of the SFD relies on regional and international donors mainly the World Bank, the European Union and the Arab Fund.

As shown in Table 2, the activities of the SFD are mainly oriented towards supporting small and medium-sized enterprises (65% of activities during the period 1991-2007) and to a lesser extent to the public works (18%), micro-credit (10%) and the community development (7%).

3.1.1 Support to Small Enterprises and to Micro-Finance

One of the most important mandates of the SFD is to provide financial and non-financial support to small and medium enterprises (SME) and to micro-enterprises⁶ via:

- Loans to small businesses (granted by the banks, and more rarely directly by the SFD)
- Loans to micro-enterprises through the intermediary of non-governmental organizations (NGOs)
- Non-financial support in the form of business development services

Both programs implemented in 2006 for a period of 5 years received funding from the World Bank for a total amount of USD87.15 million. The objective of these programs is to create 18,000 SMEs that will create 60,720 jobs and 50,000 micro businesses that will create 60,000 jobs. Support for SMEs also aims to increase the lending penetration rate from 10% to 35%. These programs do not have specific target beneficiaries and the types and amounts of loans vary widely for all sectors (Semlali and Angel-Urdinola, 2012).

Two mid-term reports conducted in 2008 and 2009 can shed light on the efficiency of these two programs. They highlight positive and negative aspects of the support to SMEs and to micro-enterprises. Five main positive characteristics of the SFD support for SMEs and micro-credit are identified. First, these programs helped creating jobs. Indeed, between 1997 and 2008 272,000 SMEs were granted a loan for a total amount of EGP7 billion that converted into 1,088,000 job creations. During the same period, 628,000 micro-projects were supported for a total amount of EGP662 million via the involvement of 415 NGOs. Second, non-financial business development services usually complete the loan granted to SMEs. Third, whereas initially only the National Bank of Egypt participated in the program, many banks have gradually been involved in the SMEs support program. Fourth, the gender dimension is present as 25% of MSEs and 39% of micro-credit loans were granted to women. Finally, 60% of the loans were granted in Upper Egypt, one of the poorest Egyptian regions.

But both reports also highlight four main negative aspects. First, they identify target related problems. Indeed, the definition of SME and micro-enterprises is not clarified; the programs target large groups (people aged 21 to 45 years who have never worked outside Cairo); and the poverty map on which is based the projects is not updated. Second, they emphasize the absence of accurate monitoring and evaluation or impact assessment. For example, the baseline data was not collected and even though a

⁶ Although there is no unified definition of SMEs or micro and small enterprises (MSEs), according to the law 2004 a micro-enterprise has a paid-up capital of less than EGP50,000 and a small company has a paid-up capital that ranges between EGP50,000 and EGP1 million and employs less than 50 workers (Planet Finance, 2008).

questionnaire was conducted among 4800 beneficiaries the collected answers were of poor quality and data were obsolete. Moreover, no information was collected on the survival rate of businesses. The results in terms of increased income could not be assessed although a few field visits and discussion groups report a positive but subjective impact. The lending penetration rate could not be evaluated as the national data on SMEs is weak. Third, the business development services must be improved as no training was provided after the departure of the technical assistants. Finally, even though a substantial share of the loans were granted to women, there is no specific strategy targeting women as there is no clear vision or methodology for reaching women and for women empowerment.

Box 2 gives an example of a program evaluation of the SFD (North South Consultants Exchange, 2009). This study seems to show very positive results of the program. However, these results should be taken with caution since no information is given concerning the sample selection and hence its representativeness. The results reported in terms of increased income are very vague. Moreover, no information on the loan amount, the interest rate and the term of the loan is mentioned. Finally, no comparison with a control group was conducted.

Box 2: Study on the impact assessment of expenditures of the SFD financed by the Arab Fund

This study analyzes the impact of the SFD loans in general and those funded by the Arab Fund in particular, based on a sample of 614 recipients of loans and non-financial services in four governorates (Beheira, Sharkeya, and Assiut and Minya). This quantitative study attempts to assess the impact of funded projects on the economic activity, on the beneficiaries' family and on job creation.

The main findings of the survey can be summarized as follows:

- The majority of the loans were dedicated to the expansion of an existing activity (56%) and to a lesser extent to the establishment of a business (44%).
- Nearly all of those surveyed reported that the loan granted by the SFD helped increasing their profits, higher sales, lower production costs and higher selling prices. At a lesser extent, the loan helped bringing new products to the market.
- Technical assistance (such as the type of project selection, preparation of business plan, loan application procedures ...) accompanying the loan has been widely appreciated by almost all of the beneficiaries surveyed.
- High level of sustainability of the projects as only 2.3% of the beneficiaires dropped out of the project.
- 87% of the respondents stated that their family income had increased due to the loan. However, this result does not specify the magnitude of the increase.
- The most striking result is the impact on employment. The number of employees has doubled between the date of the loan application and the date of the loan grant. It basically created employment opportunities for family members of the beneficiary of the loan. These job creations are mainly permanent.

Source : North South Consultants Exchange (2009)

Box 3 presents the results of the National Survey Impact of Microfinance in Egypt conducted by Planet Finance in 2007/2008. The results show positive impacts of microfinance on the development of the activity, job creation and consumption.

Box 3: National Survey Impact of Microfinance in Egypt conducted by Planet Finance in 2007-2008

Planet Finance has conducted a national survey of microfinance between September 2007 and January 2008 based on a randomly selected sample of 2470 micro-finance clients which is nationally representative. Planet Finance has also conducted qualitative interviews and focus group discussions. The sample consists of 53% male and 47% female micro business owners whose average level of education is lower than preparatory. The vast majority of the activities are informal and the average amount of the loan granted is EGP2,000 with an interest rate of 13%.

The main results revealed by the study can be summarized as follows:

- Positive impact of microcredit on the development of the activity as the monthly profit is 25% higher for firms receiving a loan for more than 3 years (former clients) compared to new borrowers. Moreover, the level of investment for existing customers is double that of new beneficiaries.
- Although, by definition, micro-enterprises include few workers, the level of employment increases with the duration of the micro-finance project. The number of employees among companies of more than 3 years old is 44% higher than that of new borrowers (it goes from 0.9 to 1.3 employees). The study notes, however, that the level of employment varies according to the economic activity. Enterprises involved in the services sector hired far more employees than those engaged in commerce. The study concludes that a program whose goal is primarily to create employment opportunities should focus on the most labor intensive sectors.
- Microfinance increases contribution to the household budget by 20%
- Micro-credit increases the creation of a new business (11% of customers have created their business and 17% have asked for a new loan to create another activity)
- Only 6% of the firms left the program
- The majority of microfinance beneficiaries perceive a positive impact on the economic autonomy of the project, the quality and quantity of food consumed by the household. Moreover, 40% of the beneficiaries reported an improvement in the educational level of their children and 40% reported an improvement in the health of household members.

Source: Planet Finance (2008)

The Enhancing Access to Finance for Micro and Small Enterprises Project

More recently, in 2011, the Enhancing Access to Finance for Micro and Small Enterprises Project (USD300 million) funded by the World Bank and managed by the SFD has been implemented. According to the World Bank (2012), “since its first disbursement in April 2011, the program has served more than 4,000 MSEs, of which approximately 1,000 are women entrepreneurs”. In order to reach the most remote villages, post offices play an intermediary role for loan provision to MSEs.

3.1.2 Public Works Program (PWP)

The objective of the Public Works Program is to develop the basic infrastructure (drinking water, wastewater, roads, public building refurbishment, infrastructure and productive irrigation and drainage) in the poorest areas of Egypt. These labor intensive interventions (at least 25% of the project value) are based on the local labor (at least 50% of the total workforce). The main target and activities of the PWP are summarized in Table 3.

Table 3: Target Groups and Activities of the PWP

Target Groups	Activities
<ul style="list-style-type: none"> • Low-income families in rural and impoverished urban areas. • The unemployed, particularly new graduates. • Individuals living in unserved areas. • Small local contractors. • Individuals working in the public works projects. 	<ul style="list-style-type: none"> • Promoting labor-intensive projects. • Determining the environmental and social impacts of the projects. • Encouraging the participation of the target groups in project implementation. • Assessing the managerial capacity of the sponsoring agencies.

Source: SFD (2006)

Semlali and Angel-Urdinola (2012) emphasize the fact that the majority of the jobs created are temporary because of the nature of the projects. Moreover, these authors indicate that although PWP help increasing the income of temporary workers, these programs are insufficient to reduce poverty. The PWP is a useful tool to reduce the lack of access of the poor to basic services. SFD (2006) and Abou-Ali et al. (2009) show that the PWP actually reaches the poorest areas and that projects aimed at improving the road infrastructure may reduce unemployment in the targeted regions (See Box 4).

To cope with the economic downturn since 2011, an *Emergency Labor Investment Project* was approved in June 2012. This project runs until the end of December 2015 and is funded by a World Bank and a European Union loan of USD200 million to finance PWP in order to create opportunities for short-term employment. The unemployed are particularly targeted as they are expected to represent 60% of the beneficiaries. Part of the loan (USD2 million) is dedicated to develop a effective monitoring and evaluation, one of the weaknesses of previous projects implemented by the SFD (World Bank, 2012).

Box 4: Impact Assessment of the PWP, CDP and Micro finance projects of the SFD

In 2006, the first impact assessment of the PWP, CDP and Micro finance projects implemented the SFD between 2000 and 2004 was done. The study uses the Household Income and Expenditures Survey 2004-2005 (including a module on the SFD activities) and the Community Survey. The methodology used is based on the propensity score matching method to assess the impact of the treatment group (that benefited from the SFD projects) and a comparator group.

The main results of the study in terms of poverty alleviation and job opportunities are as follows:

- One third of the Egyptian population benefited from the SFD projects. The rural inhabitants (66% of the beneficiaries) and the less educated benefited the most.
- Micro-credit, potable water and health projects were pro-poor.
- More than one third of the beneficiaries of microcredits reported to having obtained a job through this help and 80% reported an income increase (that was mostly directed to food consumption).
- The impact assessment results show that unemployment is significantly lower in communities that benefited from paving roads as compared to the non-treated communities.
- The micro finance projects do not seem to reduce poverty at the community level (probably because the maximum amount loan cannot exceed EGP5,000) and has no significant impact on unemployment. However, the impact of micro credit intervention on poverty differs across regions (it has a positive impact on reducing poverty in the Metropolitan region and in Lower Egypt). These results should be moderated as end-beneficiaries of the loans are not always aware that the SFD is the implementing institution of the micro credit intervention.

Two main recommendations were presented:

- The impact evaluation of the SFD through the HIECS should be done regularly (every five-years)
- The SFD should create a household baseline/endline data base and a technical unit for monitoring and evaluation of all its interventions.

Those results were confirmed by a more recent study using a similar methodology on the evaluation of the impact of the six SFD development programs related to the Community Development, the Public Works and the Micro credit interventions (Abou-Ali et al., 2009). They present two main results:

- SFD interventions are in general pro-poor. Road, health and potable water projects clearly target pro-poor areas whereas education and wastewater treatment are not conducted in poor areas (however they could have targeted poor households).
- Micro credit support has a positive impact on income and is pro-poor (the poverty rate among the borrowers is more than twice the national average)

Source: SFD (2006) and Abou-Ali et al. (2009)

3.1.3 The Community Development Program

The main objective of the Community Development Program (CDP) is to reduce poverty through the provision of small loans to very poor families in an amount ranging between EGP100 and EGP5,000. The employment impact of such a project is by definition small. According to Semlali and Angel-Urdinola (2012), 15,000 families received loans through this program in 1999, 40% of whom are women. The interest rate is much lower than that of the market and the repayment rate is very high. The target groups and main activities of the CDP are presented in Table 4.

Table 4: Target Groups and Activities of the CDP

Target Groups	Activities
<ul style="list-style-type: none">• Low-income families.• Children and women in poor and deprived areas.• Unemployed youth.	<ul style="list-style-type: none">• Generating income.• Providing finance and credit facilities for the low-income groups.• Providing training opportunities.• Ensuring woman's participation.• Upgrading the in-house capacities of NGOs

Source: SFD (2006)

3.1.4 The Shorouk Program

The Shorouk program was launched in 1994 in the framework of the 1994 National Program for Integrated Rural Development. Shorouk is developed under the Organization for Reconstruction and Development of the Egyptian Village (ORDEV) within the Ministry of Local Development. This program aims at promoting rural integrated development based on grassroots participation. Community members assess their priority needs in terms of physical infrastructure, social services, and economic opportunities. It aims at providing job opportunities to the rural unemployed.

According to the UNDP (2003), the distribution of the Shorouk program investments on rural development during the period (1994-95/2001-2002) shows that 76% were spent in infrastructure, 16% in human development and 8% in economic development. The main obstacles of the Shorouk program is the lack of trained administrative staff; lack of government funding to achieve the targeted level of development; and a focus on types of projects different than those in the program plan, to meet the demands of influential and powerful individuals in the area (UNDP, 2003).

The Organization for Reconstruction and Development of the Egyptian Village (ORDEV) operates at the national level as the technical secretariat for the program. In 2002, ORDEV has conducted a study entitled "The Impact of the National Program for Integrated Rural Development – Shorouk – on the Quality of Rural Life". It reveals that the number of families participating in the Shorouk program reached 1146 representing 52.7% of the sample families; and that there was a positive correlation

between the needs of local units for projects and the degree of public participation. It also shows that the program did not target the poorest households as 83% of the families who participated in the program were from the intermediary income bracket (UNDP, 2003).

According to Semlali and Angel-Urdinola (2012), within a four-year period, 9188 economic projects were established leading to 25,628 job opportunities (mainly permanent) and an additional 55,225 job opportunities (around half temporary) were created indirectly.

3.2 Measures of supporting pathways into work for young and women

Since the end of the nineties the Egyptian government declared in many occasions that job creation for youth is on top priority of its agenda.

3.2.1 The National Youth Employment Program

In July 2001, the Egyptian government launched the National Youth Employment Program (YEP) coordinated by the Information and Decision Support Centre (IDSC). YEP objective was to create 800,000 jobs in its first year in order to meet the annual increment of labor supply. This ambitious program with a total cost of EGP5 billion focused primarily on job creation in the public sector and in particular in the government sector. This goal contradicted somehow the government strategy of giving the private sector the primary role in labor absorption whereas the public sector and in particular the government sector is well known to be over staffed (De Gobbi, 2005 and El-Ehwany and El-Laithy, 2001). YEP had five components:

- The recruitment of 170,000 young graduates per year in the government sector. These government jobs were either substituting retired civil servants or jobs newly created. Both education and health sectors absorbed most of these job vacancies.
- The recruitment of 30,000 persons in order to collect and process data on applicants for government jobs that will work in regional and local information centers
- The creation of 100,000 jobs in the private sector through employment offices.
- The training of 400,000 young educated people each year through training centers of the Ministry of Military Production. In total, 558 training centers were selected from different institutions/ministries to participate in this program. Eligible trainees must hold at least a secondary school or equivalent certificate. They are given a grant of EGP100 or EGP150 according to their educational level. Some of them received support to get a job after graduation mostly through loans from the SFD. The program provided training for 310 different occupations in the agriculture, industry and commerce sectors in addition to training in computer science for a duration that varies between one and ten months. However, most training courses lasted between three to six months.

In 2005, De Gobbi carried out an evaluation for the youth training for the ILO based on a survey that included 37 training centers and 220 trainees. She highlighted four main weaknesses:

- The target of 400,000 trainees annually was far from being reached.

- The training did not lead to a job. Only 42% of trainees who were interviewed declared that they obtained a job after completion of their training. Among those, 65% declared that the training was the main reason for obtaining this job. In conclusion, only 27% have obtained a job because of the training courses they attended.
- The participation of the private sector in the training program was very poor. Joint public and private training were inexistent.
- The objective of matching skills to market needs was not reached due to outdated or inexistent data on labor demand needs, and poor quality training.

3.2.2 The National Action Plan on Youth Employment

A national action plan on youth employment for 2010-15 was launched in 2009. The NAP process began in 2006 and was developed with the support of the ILO, the German Cooperation (GIZ) and the UN Secretary General's Youth Employment Network (YEN). The national action plan has been driven by the Ministry of Manpower and Migration (MoMM) in collaboration with other ministries, employers and workers' organizations, social partners and youth groups. The goal of the Youth Employment NAP is to increase youth employment and provide decent and productive jobs for young people by increasing youth skills, providing job opportunities and developing new labor market policies and programs to improve standards of living and equal opportunities. It is hoped that youth unemployment will decrease from 23% in 2006⁷ to 15% by 2015 by creating 3 million jobs between 2010 and 2015 (ILO and MoMM, 2010). The main expected outcomes and objectives of the NAP are summarized in Box 4.

Box 4: Main outcomes and objectives of the Youth Employment National Action Plan (NAP)

- Objective 1: Increasing youth employability
 - Outcome A1: Improving the technical education and vocational training system
 - Outcome A2: Improving the basic skills and knowledge
- Objective 2: Providing more job opportunities in key economic sectors
 - Outcome B1: Encouraging entrepreneurship
 - Outcome B2: Promoting micro, small and medium enterprises
- Objective 3: Improving labor market policies and programs
 - Outcome C1: Develop public employment offices and their services and encourage the establishment of private recruitment agencies
 - Outcome C2: Develop the labor market information and employment unit at MoMM
 - Outcome C3: Review market regulations (minimum wage, social insurance)
 - Outcome C4: Establishment of an early warning system

Source: ILO and MoMM (2010)

⁷ According to the 2006 Population Census

In 2011, in line with the NAP, the ILO and the Canadian Development Agency (CIDA) collaborated with the MoMM to initiate the Decent Jobs for Young Project. This project is funded by CIDA (USD9.3 million), by the Egyptian government (USD5.3 million in-kind contribution) and by a ten percent share from each of the three governorates to be selected as project beneficiaries. The ILO is the main executing agency of the project, responsible for providing all necessary technical and managerial guidance to the project management team. The project has five main objectives: improve the Egyptian government and the MoMM performance in youth employment-related areas; strengthen regional and local partnerships and improve performance of partners in delivering youth employment services in the three governorates; increase number of youth from vulnerable groups acquiring job-related skills; improve matching process between labor market supply and demand; and increase entrepreneurship by youth. In order to promote gender equality, half of targeted project beneficiaries are females (Ministry of International Co-operation, 2012).

3.2.3 Measures of supporting pathways into work for women

Initiatives to encourage female employment are practically nonexistent. This is all the more disconcerting that the female participation rate in Egypt is low and has decreased between 1998 and 2006 among the most educated women. Moreover, numerous studies have shown that women face barriers to entry in the formal private sector (Assaad and Arntz, 2005). A policy to support women's employment in the formal private sector seems necessary.

A report edited by the World Bank (2010) on improving employment opportunities for women in Egypt explores ALMPs that are likely to support female employment. Based on ALMPs implemented in some developing countries and given the Egyptian labor market context the report recommends three types of policies:

- Assistance in job search targeting women since women are disadvantaged in their search for employment;
- Female employment subsidizing. Although the subsidy policies of employment may lead to a substitution of one type of job to another, the informational externalities that may arise could help correct stereotypes and prejudices perceived by employers vis-à-vis women and vice versa;
- Support for training programs is an option. But the report's authors stress that their impact is relatively small in developing countries.

In 2007 a pilot project, the Gender Equity Model of Egypt (GEME) funded by the World Bank (USD250,000 from 2007 to 2009) aimed at promoting gender equity in the private sector, by improving recruiting practices, human resource management, and by implementing policies and practices operating throughout the firm through four components:

- Optimize human resources to increase companies' efficiency and competitiveness by promoting gender equity;

- Promote positive, interpersonal relationships in the workplace to enable men and women with different skills, perspectives and backgrounds to contribute to organizational goals and employees' professional needs;
- Engender greater staff commitment and loyalty;
- Allow the general public to associate a firm's products and services with a commitment to gender equity in the workplace through the use of the Gender Equity Seal.

Between 2007 and 2009, over 550 employees and managers trained in gender-related issues in the workplace and five companies introduced their own communication skills courses for hundreds of their employees, as well as Corporate Social Responsibility manuals and tools such as anti-harassment and discrimination forms. Firms that succeeded in establishing the GEME received the Gender Equity Seal in recognition of their commitment to gender equity in human resource management.

3.3 Improving the labor market information

Several projects were introduced in order to improve information on the labor market. These initiatives mainly focused on improving public employment services, the occupational information system or more generally the availability and access to labor market data.

The Ministry of Manpower and Migration (MoMM) is responsible for providing a labor market information system. However, this system is very weak as it lacks trained staff and an efficient information system. Semlali and Angel-Urdinola (2012) identify the main challenges of the public employment services. The Ministry of Employment has 307 employment offices spread across different governorates. However, employment offices are generally underdeveloped, understaffed and under-resourced and they mainly play a bureaucratic role, registering job seekers. According to the Egyptian Labor Market Panel Survey of 2006 (ELMPS 2006), out of the 2.231 million unemployed, 1.935 million were actively searching for a job⁸. And among those, 60% reported that they registered in an employment office as a mean of searching for a job (among other searching methods). This result is partly explained by the important role that employment offices have played in the guarantee of employment scheme in the public sector for technical secondary and university graduates.

3.3.1 The Egyptian Labour Market Service Reform

In order to reform the public employment services, the Canadian International Development Agency (CIDA) developed the Egyptian Labor Market Service Reform (ELMSR) program that was implemented by the Human Resource Development Program of the SFD. The project started in 2001 and ended in 2007. The total budget of this program was USD10.62 million (USD4.98 million were funded by CIDA and USD4.64 million were funded by the Egyptian government). The purpose of ELMSR was to assist the

⁸ These figures are based on the restricted definition of economic activity that only considers participation in market activities (excluding subsistence activities).

Egyptian government in developing and delivering a modern and efficient national employment service that is effective, sustainable, user-friendly, and gender sensitive. ELMSR had three objectives: establishing employment centers; strengthening the capacity of professional staff to operate the employment service; and enhancing the Occupational Information System for Egypt (OISE), including an automated Electronic Labor Exchange. By the end of the ELMSR project, 37 employment offices were established (each office has a manager, 2 employment officers, a receptionist and a secretary) and an operational manual has been developed and distributed to all office staff. Moreover, the office staff has been trained to employment counseling and case management (Amer, 2007 and Semlali and Angel-Urdinola, 2012).

Despite the ELMSR project Semlali and Angel-Urdinola (2012) pinpoint several challenges that were identified by an evaluation impact study by CIDA. First, the project mainly improved offices facilities and equipment but had mild impact on service delivery. Second, the impact of the project was limited as it only concerned 37 employment offices out of 307 existing employment offices throughout Egypt that also need to be improved. Third, the electronic labor exchange system was not achieved. Fourth, the employment counseling is scarce (mainly because of lack of staff and time constraint). Finally, the development of employment offices did not continue after the end of the project funding. Staff training stopped despite a training of trainers took place and the MoMM did not monitor employment offices nor maintain new equipment nor did it replicate the employment services in other offices.

Apart from the employment offices, the MoMM issue a monthly National Employment Bulletin on job vacancies. However this bulletin is not comprehensive and does not meet the needs of job seekers and employers.

3.3.2 The Occupational Information System

Part of ELMSR mission was to enhance the Occupational Information System for Egypt (OISE) including an automated Electronic Labor Exchange. The OISE incorporates all occupational codes and titles according to the Egyptian Occupational Classification system produced by the Central Agency for Public Mobilization and Statistics (CAPMAS). Basic job descriptions have been developed for approximately 630 job titles that were judged sufficient to represent the overall labor market in Egypt. These jobs descriptions have been shared and reviewed with representatives from all occupational sectors within Egypt (Koeltz, 2005).

The National Skills Standard and Certification Project (NSSP) that started in 2000 and ended in June 2005 was a joint project between the Egyptian government (through the SFD) and a consortium of European donors⁹ led by the British Council and was granted a fund that amounted to USD5.5 million and EGP5.5 million. It was responsible for the development of a national system to set up Egyptian vocational skills standards, an evaluation process and a certification system. The project focused on the tourism, construction and manufacturing sectors. The main outcome of the NSSP was the development of skill standards for 106 trades in the manufacturing (59 trades), tourism (24 trades) and construction (22 trades) sectors (Amer, 2007).

⁹ SQA (Scotland), AFPA (France), IB (Germany) and Carl Bro (Denmark)

The recent establishment of three training councils, the Industrial Training Council in 2006, the Tourism Training Council in 2008 and the Construction Training Council in 2010 should complement and update the accreditation of skill standards in these sectors (ETF, 2011).

3.3.3 The Egypt Observatory for Education, Training and Employment

In 2006, the Information and Decision Support Centre (IDSC) of the Cabinet of the Prime Minister set up the Egyptian Education, Training and Employment Observatory (EETEO) in cooperation with the European Training Foundation and other institutions. The aim of the EETEO is to develop capabilities, analyze information and forecast education, training and employment needs in order to fulfill labor market requirements. The main outputs so far have been a manual on vocational education and training indicators and a labor market information database covering the Delta Region. Several studies have been published on labor market forecasting between 2008 and 2011 aiming at providing advice to the government to better fight unemployment.

3.3.4 Labor Market Data

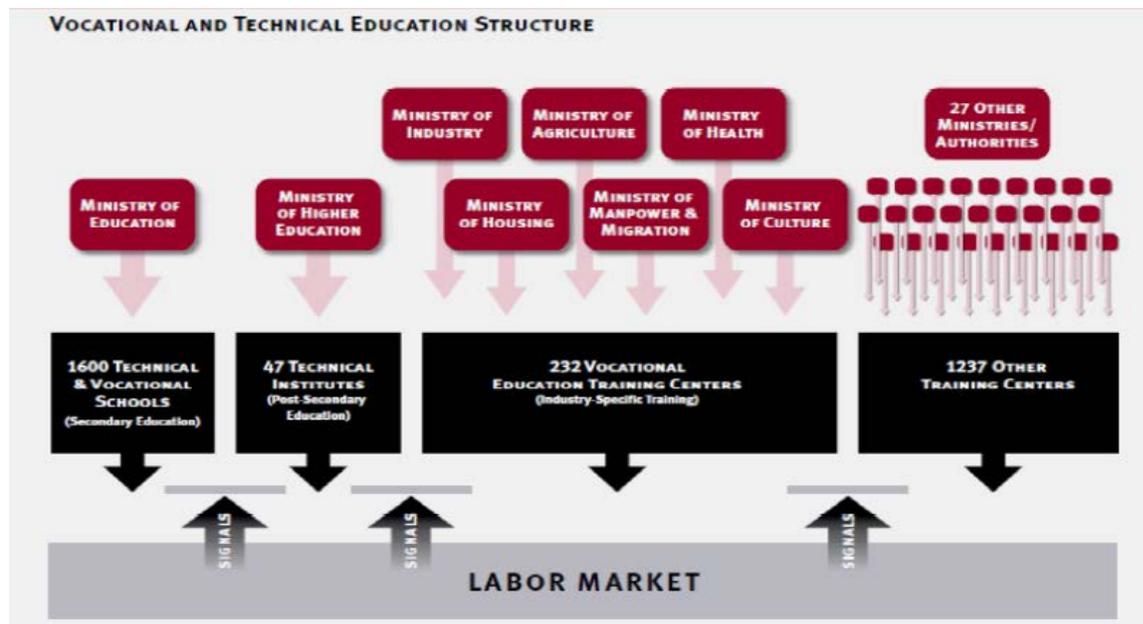
Egypt has a long statistic tradition including statistics on the labor market. Since the 1950s nationally representative labor force sample surveys (LFSS) are collected annually (or on a quarterly basis). These regular surveys, while useful for long-term time series do not adequately measure women's employment, child labor and informal employment and provide no evidence of labor market dynamics. In addition, access to the LFSS micro data is very limited. Since the late 1980s excellent data on the labor market are available and with free access in Egypt. Four surveys were conducted at the national level in 1988 (LFSS 1988), in 1998 (ELMS 1998), 2006 (ELMPS 2006) and 2012 (ELMPS 2012) comprising a rich a questionnaire including the socio-economic characteristics, education, employment, unemployment, employment of women, employment history, and income. The specific survey on youth (SYPE 2009) includes a module on youth employment comparable to the ELMS 1998 and ELMPS 2006 and ELMPS 2012.

3.4 Technical and Vocational Education and Training (TVET)

Egypt has made very large progress in providing education for all. Enrolment rates for boys and girls in all regions over the last decades have greatly improved reaching almost universal enrolment rates at the primary level (94%) and 70% at the secondary level in 2010. Gender gaps were also greatly reduced. The Egyptian education system is mainly public as more than 90% of the pre-university and 80% of higher education is delivered through public funding. While substantial improvements have been achieved in terms of access to education, the main challenge is the enhancement of the quality of education. Poor quality education is mainly due to insufficient and inefficient public expenditures, unsuited teaching methods and high students/teacher ratios.

The exam at the end of general preparatory is critical for the future education opportunities for boys and girls. Indeed, failure or success at this exam decides whether the student enters into the technical or general secondary track with the possibility of pursuing university education if he/she pursues the general track. Technical secondary students (who represent almost two thirds of secondary students) have almost no possibility to enter the university and enter the labor market directly after their graduation.

Figure 4: The TVET structure



Source: Kamel (2006) in Semlali and Angel-Urdinola (2012)

As shown in Figure 4, the vocational and technical education is provided by a wide range of institutions. Secondary technical education (comprising 1600 schools of three-year or 5-year programs) is under the supervision of the Ministry of Education. Middle technical institutes (2-year program) and higher technical institutes (four-year programs) are under the supervision of the Ministry of Higher Education. The vocational training centers are administered by more than 22 ministries and agencies, of which six ministries play a major role.

It is well documented that the technical vocational and education training (TVET) system in Egypt is facing numerous challenges as it is too centralized, too fragmented, supply-driven, it delivers low quality of training (due to outdated curricula and very limited practical training) and it is underequipped or uses obsolete equipment (ETF, 2011).

In order to address these challenges and to fill the gap between the skills acquired in the TVET system and the labor market needs, many initiatives have been implemented at the political and institutional level and for the improvement of the training delivery programs. At the political and institutional level the Supreme Council for Human Resource Development and the National Training Fund were

established, the National Skills Standard Project (NSSP) and the EC-TVET reform program were implemented. The Skill Development Program of the World Bank, the Mubarak-Kohl Initiative of the GIZ, and part of the EC-TVET reform program are the main initiatives adopted in order to enhance the supply of training and technical and vocational education.

3.4.1 The Supreme Council for Human Resource Development

In 2000, the Supreme Council for Human Resource Development (SCHR) chaired by the MoMM and composed by the relevant institutions for TVET was established. Its role was to plan and initiate reforms in the area of human capital. However, even though the SCHR has been reactivated in 2009 and regular meetings of its executive committee were organized, it is not very operational.

3.4.2 The National Training Fund

The creation of this fund has been established by the labor law of 2003. Its resources are expected to be drawn from 1% of the annual net profits of enterprises, government funds and other donations. The aim of the National Training Fund is to finance the creation, enhancement, and modernization of training centers and programs in order to match the needs of the labor market. Although it has accumulated EGP45 million by 2010, this fund is not operational due to unconstitutional questioning.

3.4.3 The National Skills Standard Project (NSSP)

See section 3.3.1

3.4.4 The TVET Reform Program

The TVET Reform Program was launched in 2005 with the objective of creating a decentralized and demand-driven TVET system and preparing a TVET reform strategy. This EC-TVET project was co-funded by the European Commission and by the Egyptian government (with a total of EUR66 million). This project has three components: the development of decentralized and demand-driven TVET institutions (through Enterprise-TVET Partnerships or ETPs) at the local and sectoral levels; the improvement of the quality of TVET delivery; the development of a national regulatory framework for the TVET reform. The main achievements of the EC-TVET programs are presented in Box 5.

The third component the TVET reform was initiated in 2009. The elaboration of a TVET strategy reform was approved in 2009 by the Prime Minister cabinet. It designs a long term strategy over 25 years in order to better match the skills of the workers to the labor market needs. It should prepare an action plan for the implementation of the strategy.

In the framework of the EC-TVET reform program, the Alternance Education and Training Model was adopted in 2007/2008 as a pilot project. It is expected to be implemented in 100 technical secondary schools and to 100,000 students. In this dual education system, the private sector is involved in

developing curricula, in training teachers and providing practical training to technical secondary school. All first graduates obtained a job after completion of their studies (UNDP, 2010 and ETF, 2011).

Box 5: Main achievements of the EC-TVET Program 2005-2012

- 37,000 students, workers, and job-seekers trained and certified
- 8,385 trainers trained
- 1,789 audits and training needs assessments of private sector enterprises and TVET service providers
- 160 skills standards for skill levels 1 to 3 developed
- 517 training packages developed
- 130 in-company training centres established
- 111 decision makers participated in 25 study visits to 65 TVET institutions in 10 countries
- 38 curricula developed
- 30 occupational standards developed
- 29 training workshops received new equipment
- 26 Technical secondary schools received new equipment
- 12 sectoral Enterprise-TVET Partnerships established
- 15 local Enterprise-TVET Partnerships established
- 3 sectoral training councils established

Source: www.tvet.org

3.4.6 The Skill Development Program

The Skill Development Program (SDP) aimed at encouraging SMEs to enhance technical and vocational provision was implemented by the Ministry of Trade and Industry in cooperation with the World Bank from 2004 to 2006 with an overall budget of USD12.5 million. It is designed to involve the private sector in the demand-side of the TVET system. The project focused on the manufacturing, construction and tourism sectors and on the small and medium-sized private sector firms. Project intermediaries (departments or units of businessmen/investors (associations, federations, firms, chambers of the Industrial Modernization Center) developed aggregated training proposals to address the beneficiary firms' training needs. Three groups were targeted: those already employed workers and workers in demand of training; employers and business associations; and training providers (a competition for funds was created to encourage training providers to develop their capacity to supply the services demanded by employers).

By June 2010, the project provided relevant technical training to 34,811 trainees in 1,158 private sector firms and training courses were competitively delivered through 106 service providers (50% from the private sector). Success stories in terms of enhanced quality, lower rate of accident occurrence were reported. However the impact assessment was not conducted and the monitoring and evaluation was insufficient due to the lack of a baseline data. Thus no data was available regarding the project impact on

the incidence of getting a job, of keeping a job, promotion, workers improved earnings or labor productivity (World Bank, 2010).

3.4.7 The Mubarak Kohl Initiative

Initiated in 1991, the Mubarak Kohl Initiative (MKI) supported by the German cooperation (GIZ) aimed at improving the skills and the employability of technical secondary school graduates by offering a dual vocational education system based on a public-private partnership. Under this system students have to spend two days per week in a technical secondary school and four days per week in a company for practical training. The Ministry of Education provides schools, technical equipment, workshops and teachers and private enterprises train and provide experience for apprentices and pay each apprentice a small salary. The MKI is considered to be one of the most successful and cost-effective experiences in the field of TVET. However, its action is very limited and corresponds to an “island of excellence”. The project was later formally adopted by the Ministry of education and according to the Egypt Human Development Report (2010) 76 MKI schools were established in cooperation with 1,900 companies to train about 24,000 students. In 2007 the GIZ implemented a new project, MKI-vetEP, in order to improve the employability of job seekers in disadvantage areas. Since 2011 the German Cooperation (GIZ) is delivering a new program for employment promotion (EPP) built on the successful approaches of the MKI and the MKI-vetEP.

Despite numerous initiatives and as depicted by the ETF Country note of 2010 the TVET system still faces many challenges:

- The absence of an overall integrated strategy for Human Resource Development that would encompass education, training and employment
- The still existing traditional separation between education and training
- The absence of a clear government leadership for TVET issues
- The fragmentation and number of actors involved that lead to a dispersion and multiplication of functions and roles among institutions

Conclusion

It is obvious that the different ALMPs implemented during the first decade of the 2000s were unable to solve the structural problems of the labor market and this despite a favorable economic growth during the 2005-2010 period. However, the failure of these policies should not be surprising. The ALMPs aim to provide short-term solutions to labor market imperfections and are not intended to offer long-term solutions to structural problems. To be effective ALMPs must be integrated in a comprehensive strategy and policy framework considering macroeconomic policies and labor intensive policies, labor market regulations, the social security system, the legal framework for business, and tax regulation (Martin and Bardak, 2012).

It is therefore particularly important in a context of strong economic downturn to develop a comprehensive national employment strategy that is adequately integrated into an overall national development strategy in which the ALMPs could be developed. Recent advances in terms of strategy development were found in particular through the National Action Plan for Youth Employment and the TVET Reform Strategy. However these initiatives have yet to prove their efficiency.

Moreover, ALMPs in Egypt suffer from six main inherent problems. First, they are primarily based on funding from international donors and are not institutionalized. The long-term sustainability of the projects is then challenged when the funding disappears. Second, many reports have particularly highlighted the failure of the projects' sustainability due to a lack or insufficiency of institutional capacity building projects carriers (as for example the development of employment services). Third, the ALMPs proliferate. Many programs with similar goals and objectives overlap without necessarily being coordinated as they are implemented by different organizations or funded by different donors. Fourth, the evaluation of ALMPs is either non-existent or very weak. ALMPs are deeply lacking a solid monitoring and evaluation and impact assessment. In many implemented projects the baseline data for the beneficiaries have not been correctly collected and no comparison between the treatment group and a control group was done. This inadequate assessment is problematic because it may undermine the effectiveness of ALMPs. Most reports provide very general results and the deadweight loss, selection bias, substitution effects, displacement effects that may appear have not been taken into account. The systematic implementation of monitoring and evaluation should thus be a priority. Fifth, the targeting of ALMPs is sometimes too large as in the example of the support to SMEs that targets all individuals aged between 21 and 45 and that offers a wide range of loans. Finally, employment subsidy is non-existent and female employment support is extremely limited.

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