The main objective of the CMI workshop is to present various employment policies implemented in Egypt over the past decade and to reflect international experiences and best practices to help determine key employment policies to address four priorities for Egypt:

1. increasing the number of jobs;
2. enhancing technical education and vocational training strategy;
3. improving labor market information and information surveys; and
4. supporting pathways into work for young people and women.

This report presents general recommendations and specific recommendations related to the four mentioned issues by the experts and contributors who participated in the workshop.

Main conclusions and general recommendations for ALMPs in Egypt

Discussions and interventions of the participants help identifying and emphasizing general recommendations on employment policies.

First, the participants agreed on the fact that it is very important to design a comprehensive policy framework and not just add various projects. Active Labor market policies (ALMPs) should be an integral part of this policy framework. Labor market supply and demand distortions should also be taken into account in the design of the ALMPs.

Second, and complementary to the first recommendation, the participants consider that the objective of this policy framework is to link employment and economic growth by trying to improve productivity and income by increased employability i.e. that the main objective is to seek to achieve inclusive growth.

Third, the target groups of employment policy interventions should be well defined and very precise. The target groups should not be limited to young unemployed graduates, but must also include the most vulnerable individuals such as the underemployed, low-skilled and unskilled workers, and those out of the labor Force (those neither in education, training, employment standards). Some policies must be specifically targeted to women to facilitate their integration into the labor market.

Fourth, employment policy must be based on evidence. The generation of statistics is important but is not enough. Available data and the analysis of the functioning of the labor market should help in the design of employment policies and transform into policy making. Furthermore, every action should be assessed. Monitoring and evaluation, and impact assessment should be systematic in order to understand how to go from a specific case to a systemic measure. Direct and indirect effects of
employment policy interventions need to be estimated. The cost of the interventions should also be taken into account in order to evaluate its sustainability.

Finally, many participants stated the importance of creating a linkage between donors, experts, practitioners and the civil society and of creating channels for dialogue and shared experience.

1. Main conclusions and recommendations specific to increasing the number of jobs

Mona Amer notes that the SFD is the main actor of public support to job creation through indirect lending to SMEs and micro-credit, the Public Works Program and the Community Development Program. These programs are primarily supported financially by regional and international donors such as the World Bank, the European Union and the Arab Fund. They actually helped create jobs, and reached poor regions, especially in Upper Egypt. However, no serious evaluation of these policies has been undertaken; the target groups are too large; the business development support for SMEs is insufficient; and there is no strategy for reaching women.

In presenting the European experience and based in particular on the Europe 2020 Strategy, Henrik Huitfeldt identifies four essential elements of a successful employment policy: it must be part of a broad policy framework; it should support the link between employment and economic growth i.e. enable inclusive growth; it must clearly define not only quantitative but also qualitative objectives to be achieved based on evidence; and finally it must clearly identify targets groups without excluding some categories. Regarding the Egyptian context, Henrik Huitfeldt explains that it is important to define like in Europe a broad and comprehensive employment policy. The objective of the ALMPs should not be limited to reduce the rate of youth unemployment which is the subject of much attention. The lack of decent jobs and labor market segmentation according to the educational level should also be taken into account. Indeed, insofar where there is no comprehensive social protection system, a lot of Egyptians cannot afford to be unemployed and the main issue maybe not be open unemployment but the absence of decent jobs. Moreover the fact that employment concerns two different groups - those below secondary education and those with secondary and above education should also be considered. He adds that four indicators should be taken into account: the employment rate; the share of vulnerable employment; the share of working poverty; and the labor productivity. Finally, the ministry of planning and the ministry of finance as well as social partners should be involved in policy design and implementation, monitoring and evaluation.

Based on a comparison of employment policies in Morocco, Algeria, Tunisia, Jordan and Egypt, Mhammed Abderrabbi explains that ALMPs should take into account five elements: job creation for youth; the legal and institutional framework; education and employment; internship and professional training mechanisms; and entrepreneurship and independent work. He insists that although various ALMPs in the MENA region have had positive impacts in terms of jobs creation, the number of businesses created and the share of women participating in the labor market, they have limited social benefits. Indeed ALMPs usually only target graduates. Social protection and job quality issues are not really addressed and the coordination among stakeholders is often limited. Mhameed Abderrabi indicates that a good ALMP should take into account the following issues: developing access to information on the labor market; provoking structural changes of education provision; promoting better
sector wide approach at national and regional levels; reinforcing social dialogue at all levels; and precising measurable targets.

In a social and economic context of rising poverty and highly distorted and inefficient social safety net, Yasser El-Gammal explains that public works programs (PWP), which have been neglected in recent years, should be reestablished in Egypt. To be effective PWP should clearly define the wage rate, the target groups and the labor intensity. The PWP is particularly suitable in Egypt because of the experience of the Social Fund for Development (SFD) and the presence of local actors including local contractors. In addition, PWP are easy to implement. However PWP must overcome various obstacles: they should be an integral part of a more comprehensive social safety net program and increase linkage with cash transfer programs; they should increase the labor intensity at international level (between 0.3 and 0.6); social accountability mechanisms should be improved; and finally the targeting system should be consistent with other social safety net elements.

An emergency labor intensive project financed by the World Bank and the European Union for a total amount of USD 200 million has been recently approved for the period 2012-2015. The SFD will be implementing this public works program that targets in priority the unemployed.

2. Main conclusions and recommendations specific to technical education and vocational training (TVET) strategy

Mona Amer explains that many initiatives have been implemented to improve the TVET system. Even though efforts have been made at the institutional level in the beginning of the 2000s, such as the establishment of the Supreme Council for Human Resource Development and the National Training Fund, both institutions are not operational. However, more recently three training councils in the industry, tourism and construction sectors were created. The TVET reform program partly financed by the European Commission since 2005, aims at developing decentralized and demand-driven TVET institutions, improving the quality of TVET and assisting in the development of a national regulatory framework. As of 2012, the main outputs of the EC-TVET program are the establishment of 12 sectoral and 15 local Enterprise-TVET Partnerships; training around 37,000 students, workers, and job-seekers trained and certified; training more than 8,000 trainers; and developing skills standards. Moreover, a TVET strategy reform to design a long term strategy over 25 years in order to better match the skills of the workers to the labor market needs was approved in 2009 by the Prime Minister cabinet. In parallel, two main projects were implemented at the level of the provision of training and technical education, the Skill Development Program and the Mubarak-Kohl Initiative. However, despite these numerous initiatives The TVET system still faces many challenges as it is too centralized, fragmented, supply driven and of low quality.

Despite substantial improvements in terms of access to education and of number of years of education, Ummahan Bardak draws attention to the fact that the upper secondary school enrollment rate is considerably lower than the enrollment rate of lower secondary and that the quality of education and in particular the technical education and training system remains weak. Moreover, according to the Business Environment Survey (World Bank), 50% of Egyptian firms identify shortage in skills as a major
constraint for business. The Egyptian strategy for TVET should take into account the main trends in VET systems: demand-driven systems; public-private partnerships; work based-learning; and curriculum innovation. She also emphasizes the importance of addressing the different needs of the different youth groups: the unemployed; the low-skilled and unskilled workers; those who are neither in education, in employment nor in training and who represent around 30% of total Egyptian youth; and women (special measures for inactive women should be designed in particular in rural areas).

Christine Hofmann presents the G20 training strategy to supporting job that was defined by the ILO in partnership with other international organizations as a framework to support national strategies. This strategy is based on nine blocks: identifying and anticipating skills needs; participation of social partners; sectoral approaches; labor market information and employment services; training quality and relevance; gender equality; broad access to training; financing training; and assessing policy performance. Christine Hofmann states that in the case of Egypt two elements are essential to consider. On the one hand it is necessary to determine the skills bottlenecks and what are the main drawbacks (lack of quality and relevance; lack of seamless pathways for training; lack of core skills; lack of coordination) and which building block needs to be prioritized. On the other hand, it is important to improve the reputation of TVET possibly by opening stream to higher education although the risk of leaving technical skills may arise.

Jean-Louis Reiffers and Shahla Lamini Lassus present the European (mainly French) experience of second chance schools. The aim of these schools is to enable young people aged 18 to 25 who left the educational system to acquire skills that will be validated for professional and social integration. The originality of these second chance schools lies on the following elements: working in close cooperation with private business partners (in training and internship); offering an individualized teaching approach (mix training and diverse teaching methods); accrediting skills; follow-up of the trainee during one year after the program. These schools have achieved very good results. Henrik Huitfledt notes, however, that insofar as the drop outs rates are very high in Egypt (unlike the situation in Europe) the interest of the generalization of these schools to the Egyptian situation could be limited. A choice has to be made between scale and quality. According to Christine Hofmann a lot of those who dropped out from school could get skills through training/apprenticeship via a more structured system.

3. Main conclusions and recommendation specific to labor market information and to informal/formal employment

Mona Amer emphasized the fact that Egypt has rich and reliable labor market data. The reform of the Egyptian labor market services (ELMSR) was implemented by the Canadian International Development Agency and the Egyptian government in 2001-2007 in order to modernize public employment offices and create an electronic labor exchange system. However it had a limited impact and employment services still need to be improved as few employment offices were modernized; employment counseling is still scarce; and the electronic labor exchange system was not achieved.

Gita Subrahmanyam explains that it is important to have accurate data on labor market but also that the impact of a large Egyptian informal economy on labor market information should be taken into account.
The use of information on labor market intermediation differs indeed between formal and informal workers. Furthermore she insists on the fact that there is a need for specific policies to address informality in Egypt. These policies should support growth of small enterprises that could generate more and better jobs for educated youth; re-orient youths’ career aspirations away from the public sector; and remove a main rationale for informal sector growth (by creating advantages to formalization). By presenting the example of the success of the Bharatiya Yuva Shakti Trust program (BYST) that aims to create employment through helping young educated people to start their own business, Gita Subrahmanyam shows that the following elements are important: the involvement of the lenders and BYST staff in the process of project selection; an integrated package support (presence of a volunteer mentor; entrepreneur support services from drafting a business plan to training and to expanding a growing enterprise); the involvement of the private sector in the financing of the program; and a strong relationship within a range of Indian businesses, both multinational and SMEs. Finally she explains that there are three ways to reduce the share of the informal employment: inducing informal firms to join the formal sector mainly by facilitating procedures in creating a business and thus reducing red tapes; creating a large formal sector that could attract the unemployed; and creating more favorable conducive environment for businesses. Ahmed Galal adds that what matters for moving from informal to formal is a package of incentives.

4. Main conclusions and recommendation specific to supporting pathways into work for young people and women

Since the early 2000s, successive governments have often shown youth employment as one of their priority. The National Youth Employment Program implemented in 2001 showed very ambitious objectives in terms of job creation in the public and private sectors and in terms of youth training. However the objectives were far from have been achieved. More recently, the National Action Plan on Youth Employment defined the major objective and outcomes in order to reduce the unemployment rate from 23% in 2006 to 15% in 2015 and to create 3 million jobs. In contrast, no major initiative has been put in place to support women's employment.

Although Hafez Ghanem agrees that large firms play an important role in job creation and in particular in the creation of good jobs, he explains that support for SMEs could be a way to improve the living conditions of the Egyptian middle class that was squeezed during the last decades. The middle class was indeed mainly dependent on government employment and a lot of middle class individuals work in the informal sector. He presents five suggestions and recommendations in order to improve the SMEs sector. First, the objective is not only to expand but also to transform the SMEs’ sector. Second, credit but also other forms of support such as technical and marketing expertise should be provided. Third, private sector and NGOs should have a central role in financing and supporting SMEs. Fourth, the macroeconomic environment, the taxation system, the labor market and SMEs regulations should be taken into account. Finally he adds that is important to build on existing institutions such as the SFD even though the SFD needs to be transformed and its effectiveness should be enhanced.
Jean-Pierre Worms emphasizes the main two key elements of success of support to entrepreneurship through the example of France Initiative, the largest network of job creation in France. By guaranteeing loans granted by financial institutions, businessmen bring their own reputation and help young entrepreneurs to create and/or develop their own company. Also France Initiative heavily counts on local voluntary organizations and professional benevolent who give expertise and provide personalized coaching to young entrepreneurs.

**Perspectives for the future and next steps**

The participants agree that donor community dialogue and donor/government dialogue should continue. They also emphasize the fact that civil society and private sector should be involved in the design and implementation of employment policies.

The list of recommendation (this report) together with all the presentations of the workshop shall be posted on the website of the CMI.

These recommendations would help the authorities in shaping future labor market policies, in which several donors would be ready to consider a contribution.

Potentially, further discussions narrowing down specific issues could be further debated at the request of the National Authorities in another workshop, conference, or in a policy dialogue scheme.