

InFocus Programme on Skills, Knowledge and Employability

Youth employment in Egypt

Willem van Eekelen
Loretta de Luca
Nagwa Ismail

INTERNATIONAL LABOUR OFFICE – GENEVA **Foreword**

Youth employment problems continue to pervade both developed and developing countries, with a disproportionately large number of young women and men exposed to unemployment or else limited to precarious or short-term work. As a result, many drop out of the workforce, or fail to enter it. Socially disadvantaged

youth are particularly affected, thereby perpetuating a vicious circle of poverty and social exclusion. In developing countries, where the vast majority of young people live and where very few can afford to be unemployed, the problem is more of underemployment, low pay, and low-quality jobs in the large informal sector. Consequently, productive employment for young women and men is high on the International Labour Organization's agenda for decent work. Its efforts are guided by the recognition that effective policies and programmes are essential to improve the living standards of young people and facilitate their full integration into society.

The ILO has taken many initiatives to promote policies, programmes and action on youth employment. Most recently, the ILO's Director-General, Juan Somavia, joined the UN Secretary-General, Kofi Annan, and the World Bank President, James Wolfensohn, in establishing a high-level policy network on youth employment. This network draws on the most creative leaders in private industry, economic policy and civil society, to explore imaginative approaches to the youth employment challenge. The objectives of the policy network are threefold: (a) formulate a set of recommendations on youth employment which the Secretary-General will propose to world leaders for action; (b) disseminate information on good practices and lessons learned from specific past or ongoing youth employment policies and programmes; and (c) undertake a series of youth employment initiatives.

This is the second in a series of working papers issued by the InFocus Programme on Skills, Knowledge and Employability. It is also being published under the Working Paper Series of the ILO Cairo Office and its North African Multidisciplinary Advisory Team (NAMAT). The paper is a contribution to the policy network by reviewing the case of Egypt, where the problems associated with youth employment and unemployment are particularly acute. Official estimates set unemployment in Egypt at 8 per cent, with roughly nine out of every ten unemployed being a young person. With half a million new labour market entrants annually, improving the school to work transition is a major policy objective of the Government. The authors examine the general economic and social trends related to youth employment, and analyse in-depth three major national programmes designed to promote youth employment. The paper calls special attention to the plight of young women in the labour market. Although their participation in the labour force is much lower than young men, they represent in fact a majority of unemployed youth, suffer longer spells of unemployment and lower wages. Furthermore, the national programmes studied achieve little success in ensuring access of young women to training and jobs. Such gender inequalities need to be actively addressed in Egypt as part of its continuing efforts to alleviate poverty, promote the labour market integration of all segments of society and thus ensure sustainable development.

Pekka Aro
Director
InFocus Programme on Skills,
Knowledge
and Employability
ILO Geneva

Loretta de Luca
Director, a.i.
ILO Cairo Office

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Executive summary

Official figures for unemployment in Egypt are of almost 1.5 million people in 1998, or 8 per cent of the labour force. Other sources use different definitions, and estimate the pool of unemployed to be considerably higher. Despite the difference in participation rates for men (72 per cent) and women (21 per cent), indicating the extent of male dominance in the labour market, the majority of the unemployed is female (750,000 out of 1,450,000). Most of the unemployed are young and educated labour market entrants. They need a higher level of income than child labourers, but have neither the skills nor the practical work experience of adult workers. The frustration of these young people may push them to passivity or various forms of destructive behaviour. The longer they need to find their first job, the more difficult it is to integrate them into the economic and social mainstreams. Coping behaviours include migration, prolonging the educational track, and postponing marriage and independence from their parents.

Evidence worldwide suggests that the most effective means to generate employment opportunities for youth is sound macroeconomic policies, as economic growth tends to benefit youth in particular. But in Egypt, these macroeconomic policies do not suffice as its employment elasticity is relatively low. Macro-level labour market policies (e.g., employment and information services, mobility incentives) may forge the needed link between economic growth and youth employment.

The Government of Egypt puts significant effort in both the creation of a stable macroeconomic environment and macroeconomic labour market policies. Nonetheless, the problem of youth unemployment is still a dominant feature of the Egyptian labour market, and many large and small-scale initiatives have been taken recently to create employment opportunities for Egypt's youth. These initiatives are replacing the traditional government job guarantee schemes, and are adapted to the new economic context.

This paper reviews the employment situation of Egypt's youth and three different types of programmes that aim to improve their employment perspectives; respectively, through human resource development, direct job generation, and support in self-employment and enterprise-creation. As illustration, one large public-private project has been selected for each type. The lessons extracted from these projects may aid the struggle against the scourge of youth unemployment in Egypt and elsewhere.

1. Human resource development

Despite high unemployment, Egyptian employers face difficulties to recruit duly qualified workers, as the training system fails to produce skills that are in demand. Underequipped, outdated training centres are managed without enterprises' involvement. They are staffed by underqualified, poorly remunerated and unmotivated teachers, who often lack practical experience. They follow curricula that are not standardized, and do not have the means to keep abreast of technological developments. Training for girls in particular is based more on tradition than on market value. As an example, this paper examines the project that is widely acclaimed as the single most successful initiative in vocational training. Since the early 1990s, the Mubarak-Kohl Initiative is testing the potential for dual training systems in Egypt. The Ministry of Education and enterprise associations are jointly responsible for training, managing and financing training courses. This public-private partnership is meant to ensure that youngsters'

training and internships reflect the real needs of the labour market. Pilot projects in some of the new cities surrounding Cairo showed promising results. In 1999, the programme was evaluated, found successful, and extended. However, the concept of the public and private sector *sharing* responsibility is new in Egypt, and a change in the public sector culture is needed for the dual system to be developed to its full potential. Even if the public sector comes to terms with the role of the private sector, and if the trap of interns substituting regular labourers can be avoided, the dual training system will only fit *some* of Egypt's regions and economic sectors. Often, the industry is not sufficiently sophisticated for training courses of long duration, and the private sector lacks the umbrella organizations necessary for managing jointly training courses. The dual training system may supply some modern segments of the economy with skilled workers, but the system's potential contribution to employment generation is limited from a national perspective. In addition, the programme seems to be relatively expensive, highly gender-unbalanced, staffed by teachers rather than practitioners, and producing graduates who often pursue university studies rather than fill skilled labour jobs.

2. Direct job generation

Direct job generation efforts in Egypt focus on infrastructure projects. These projects use local resources, local temporary workers and labour-intensive construction techniques. To address real needs only, and to ensure maintenance of the infrastructure constructed, the private sector, the target groups – unemployed people – and NGOs are all involved in the identification of projects, and the target groups are requested to contribute financially. The temporary project workers acquire skills that enhance long-term job perspectives in a local economy that grows as a consequence of the improved infrastructure. To ensure that the target groups are actually reached, the projects offer salaries not higher than the local prevailing levels.

No thorough evaluation of these projects has yet been carried out. Provisionally, it seems that the projects have managed to create a large number of temporary employment opportunities, at the rather high price of some US\$5,000 per job. No information about the working conditions is available. Maintenance activities are impeded by various institutional constraints (the infrastructure cannot be privatized, local taxes are virtually non-existent, and the resources available to local authorities are very limited). Lack of maintenance threatens the sustainability of the upwards spiral in which better infrastructure helps the economy grow and absorb the newly skilled workers. In addition, this approach has failed to utilize its potential to break horizontal and vertical barriers to women's participation in such infrastructure works.

3. Support in self-employment and enterprise creation

A large number of local, national and international organizations are involved in programmes that aim to enable people to start or expand their own economic activities. The advantages and drawbacks of the many different types of financial and non-financial services are the subject of considerable national and foreign research. Rather than adding to that body of literature, this paper concentrates on the opportunities and challenges of the various desert development projects.

Egypt's cultivated lands are densely populated. With dwindling job opportunities in the Gulf and a population that continues to grow, developing the desert to ease pressure on the existing arable land features highly on the political agenda. The objectives of Egypt's desert development projects and their

concomitant training programmes and support facilities are to reduce unemployment in Egypt, alleviate the population pressure in the major cities and increase agricultural production.

Unemployed graduates form one of the target groups of desert development projects. They may apply for some 5 acres of land, to be used as farmland or enterprise compound. Various schemes provide training, credits, cattle, housing and equipment.

These graduate programmes have proved to be a mixed success. Graduates may use the land, but receive *ownership* only after cultivating it for 30 years. Without title, there is little sense of ownership, and in the absence of collateral, the graduates are unable to invest much in the lands they cultivate. This, in combination with the fragmentation of land and lack of agricultural experience of settlers, leads to sub-optimal use of those lands.

Many graduates do not cultivate the lands they were assigned. The period between graduation and land assignment is too long for them. Even if this period could be reduced, it proves difficult to convince young people to move to settlements that are distant from the bustling cities and to engage in what is not traditionally perceived as prestigious work.

On top of these drawbacks initiatives like the graduate programmes tend to be a drain on public resources. Thus, there has been a shift in favour of large farms, developed and cultivated by large investors. These farms are less dependent on government funding, but they create only a fraction of the employment per acre of small farms. Large farms tend to use capital-intensive rather than labour-intensive production techniques, and rely on temporary labour. Instead of families settling in the new lands, there is the risk that the lands will be cultivated by men who work on those lands on a temporary basis.

Several general lessons can be learned from each of these three types of initiatives.

Feasibility. Ambitious initiatives are needed to address the urgent youth unemployment problem in Egypt. Transforming and standardizing the technical education system, spreading the use of labour-intensive techniques, improving infrastructure in disadvantaged areas and developing new lands are important initiatives that may provide millions of Egyptians the means to build up a livelihood. However, urgency should never blur the need for feasibility studies and pilot projects. It should never bypass the identification of possible future bottlenecks and ways to tackle them. Planners should not, for example, overlook the limited natural resources available for desert development, merely *assume* that the private sector will invest the enormous sums needed to execute the land reclamation programmes according to plans, or believe the Egyptian economy will be able to absorb any number of workers if only they are adequately trained.

Sustainability. Maintaining programmes over time needs motivation, funds, expertise and institutional arrangements. At present, expertise is often foreign or foreign-funded. The Mubarak-Kohl Initiative operates in a legal vacuum, and regulations related to public utilities hamper the maintenance of public works projects. If local expertise cannot be built and funded, and no appropriate legal frames are created, the projects will not be maintained properly. They will consequently disappoint, fail to generate funds for maintenance, and find themselves locked in a downward spiral. Lack of thorough monitoring and evaluation reports (or lack of access to them)

compromises sustainability of programmes, as little is learned from previous experiences and problems cannot be identified and remedied in time.

Gender-sensitive targeting. Various carefully designed employment creation initiatives around the world were able to enhance the position of women in their communities. Unfortunately, none of the three types of programmes discussed in this paper has utilized its potential in this respect. The absence of substantial numbers of women in these programmes is especially serious in view of the fact that women have a disadvantaged position in the Egyptian labour market, with relatively higher rates of illiteracy and unemployment, longer average duration of unemployment, and wages outside the public sector that are lower than men's at comparable levels of employment.

Sensitization. Programmes will not succeed if beneficiaries are not aware of their existence. One of the achievements of the programmes is that they succeeded in attracting much attention from the media. Extensive information provision is of particular importance for these programmes because they all use concepts that are new in Egypt: public works projects are based on labour-intensive construction methods; in dual training systems private enterprises are expected to assume an active rather than the traditional passive role; and the desert development programmes seek to reverse the traditional rural-to-urban migration and the traditional white-collar supremacy. Media campaigns help convince people of the benefits of these concepts. The risk is that expectations are raised to unrealistic levels, leading to programme dropout once youths confront reality, as it has been happening for the desert development activities in particular. Another risk is that successful programmes are presented as a panacea for unemployment even if they are unsuitable for replication in other sectors or regions. The potential scope for the Mubarak-Kohl Initiative in particular, was blown out of proportion in the media.

Side effects. These programmes do not merely lead to (hopefully) increased employment. A successful dual training programme may also improve the image of public education, leading to an overall increase in school enrolment rates. Public works may not only help workers acquire skills, but the collective maintenance schemes may enhance a community spirit in the villages. Newly cultivated lands will add colour to the cultural landscape when new communities establish their own identity and traditions. But there may also be *negative* side-effects. Students of the dual training system should not replace the regular workforce. Skill acquisition during public works duration should not increase frustration if the economy fails to absorb the newly skilled workers. The New Valley should not divert so much water from the Nile that agricultural communities along the river eventually face water shortages.

To be able to cope with a labour force that increases by half a million persons per year,¹ initiatives do not only need to grow in size, but also to be continuously monitored, thoroughly evaluated, and perhaps refocused. These reports should be widely available, in order to avoid repetition of mistakes and to ensure that paths are chosen that have proved successful in similar circumstances. It needs to be realized that most recent initiatives are conceptually new in Egypt, and that the field of labour market interventions has by no means reached maturity. A particularly urgent bottleneck is the legal system, largely set up in the Nasser period. This system is not adapted to the open and market-

¹From 16.45m to 17.83m in the period from 1994-95 to 1997-98 (EIU, 1999/2000, reference table 2).

oriented economy of the 1990s and beyond, and hampers the efficacy of many labour market initiatives.

Acronyms

| | |
|------------|-------------------------------------------------------------------------|
| ACC | American Chamber of Commerce |
| AOYE | Arab Organization for Youth and Environment |
| APRP | Agricultural Policies Reform Programme |
| AUC | The American University in Cairo |
| CAPM AS | Central Agency for Public Mobilization and Statistics |
| CDP | Community Development Programme |
| DANID A | The Danish International Development Agency |
| DDC | Desert Development Center |
| EDP | Enterprise Development Programme |
| EHDR | Egypt Human Development Report |
| EIU | Economic Intelligence Unit |
| ERSA P | Economic Reform Structural Adjustment Programme |
| ETP | Employment and training papers |
| FEI | Federation of Egyptian Industries |
| FES | Friedrich Ebert Stiftung |
| GARP AD | General Authority for Reclamation Projects and Agricultural Development |

| | |
|------------|-----------------------------------------------------------|
| GDP | Gross Domestic Product |
| GTZ | German Development Cooperation |
| HDR | Human Development Report |
| HRDP | Human Resources Development Programme |
| IA | Investor's Association |
| IDP | Institutional Development Programme |
| IMF | International Monetary Fund |
| ILO | International Labour Organization |
| LE | Egyptian pound |
| LFSS | Labour Force Sample Survey |
| NGO | Non-governmental organization |
| PALP EE | Public Agency for Literacy Programs and Elderly Education |
| PWP | Public Works Programme |
| RUDS | Regional Unit of the Dual System |
| SFD | Social Fund for Development |
| UNDP | United Nations Development Programme |

1. Introduction

Demographic dynamics make youths the largest and fastest growing segment of the population in most developing countries.^{@ 1} If the education system fails to secure full enrolment, part of this segment enters the labour market illiterate and innumerate, with little hope for gainful and productive employment. Even young people who did go to school, and who did not drop out before the age of 15, often face a difficult transition from school to work. Unemployment levels are typically higher for youths than for any other age group. Youths are the first to find themselves jobless in economic downturns, and the last to find employment during periods of growth. Their lack of work experience and lack of seniority put them at a disadvantage with respect to older workers. The level of their salaries put them at a disadvantage with respect to child labourers, who are not generally the main breadwinner and are often forced to work for wages below subsistence level.

From society's viewpoint, youths' lack of employment opportunities is potentially explosive. Their anger and frustration may push them to apathy or to various forms of destructive behaviour. Not surprisingly, creating job opportunities for young labour market entrants is a priority for many governments.

This objective is a challenging one. Labour market interventions that aim to create, directly or indirectly, job opportunities for youths, show inconsistent performance. Initiatives that are successful in a certain cultural, socio-economic and political context may partly or completely fail at other times or in other places. Unfortunately, there is evidence from around the world that employment programmes targeting youth in particular are least effective in times they are needed most. Worldwide, large programmes that aim to create productive employment (rather than guaranteeing jobs, with little content and poor remuneration) have by and large been unsuccessful. Smaller and better-targeted programmes stand a better chance to create job opportunities, but are notoriously expensive.

This paper reviews the employment situation of Egypt's youth, three different types of programmes that have been used to improve their employment perspectives, and extracts lessons that may sharpen the approaches to combat youth unemployment in Egypt and elsewhere.

Section 2 gives an overview of Egypt's economic structure. Section 3 describes the labour market, and section 4 zooms in on the problem of unemployment among Egyptian youths. Section 5 describes three different types of programmes that aim to improve their employment perspectives, through human resource development, direct job generation, and support in self-employment and enterprise-creation, respectively.^{@ 2} As illustration, one large public-private programme has been selected for each of the three types. Section 6

¹ILO defines youths as people between 15 and 24 years of age.

²Other areas of action (e.g. upgrading industrial competitiveness, matching demand for and supply of labour) do not target youth in particular and are not covered in this paper. A type of intervention that does target youth explicitly, the employment guarantee schemes for graduates, is not included in this paper either. These schemes guaranteed public employment to all Egyptians who carried a university degree. Over the years, it has added a massive number of Egyptian graduates to the public payroll. Although these schemes have had enormous impact on the structure of the labour market, it was decided not to include them in this paper, as their drawbacks are well-known; the schemes created low-productivity, low-wage jobs, added pressure to the public resources, and caused a brain drain from the private to the public sector. In addition, long delays made the schemes largely unproductive in recent years.

compares the opportunities and challenges of each of these types of initiatives and seeks to extract lessons from them for national and wider use.

2. The economic setting@ 1

2.1. The economic structure

Egypt has relatively few medium-sized enterprises, a limited number of very large enterprises dominating the formal sector, and an informal sector composed of hundreds of thousands of micro and small-scale enterprises. The public sector (including the Government) and agriculture dominate the labour market, employing the highly educated and those with little or no education, respectively.

Ranking sectors in terms of employment and economic output shows some remarkable differences in average GDP per worker (table 1). While the agricultural sector employs over 30 per cent of the working population, it produces only 17 per cent of the country's GDP. On the other hand, the transportation and the petroleum sectors contribute 9 and 5 per cent to Egypt's GDP (and are among the most important sources of income for the Government), but generate only 4 and even less than half a per cent of the employment respectively.

Some of the important sources of income (e.g. oil exports, the Suez canal, tourism, migrant labour) are highly volatile. The price of crude oil has been unstable ever since Egypt developed its oil fields. Income from tourism is potentially enormous, as both Egypt's historical heritage and its natural beauty on the land and under water are very appealing assets. Unfortunately, tourist destinations are heavily influenced by stereotypical images (Arab countries are sometimes considered to be "scary"), by internal threats (the Luxor bombings of 1997 caused tourism to plummet) or by violent events in the region (tourism in Egypt made a nose dive during the second Gulf war).@ 2 The instability of the region also affects the income derived from the Suez Canal and migrant labour.

2.2. Structural adjustment

Egypt's economy grew rapidly during the oil-crises of the 1970s. In an attempt to maintain high levels of growth when the oil prices dropped after 1979, the Government maintained expansionary economic policies until the mid-1980s. The foreign debt increased sharply, until it reached a peak in 1998 (table 2). In 1997-98, more than 50 per cent of the total current expenditure of the Egyptian Government consisted of interest payment and debt repayment.

¹Demographic, economic and employment indicators differ significantly, depending on the source. The differences reflect the definitions and data collection methodologies used, and perhaps in some cases, the different interests of the data-collecting agencies. Unless much more recent or more appropriate statistics are available from other sources, those used in this paper are obtained from CAPMAS, Egypt's Central Agency for Public Mobilization and Statistics.

²Remarkably, the recent developments in the Palestinian territories and Israel do not seem to have much impact on tourism in Egypt.

Table 1. GDP, employment and average output per worker,³ by sector,⁴ 1997-98

| Sector | GPD* | GPD*(per cent of GDP) | Workers (m) | Workers (%) | GPD per worker |
|------------------|-------|-----------------------|-------------|-------------|----------------|
| Agriculture | 43.9 | 18.6 | 4.70 | 31 | 5 |
| Industry | 46.8 | 19.8 | 2.00 | 13 | 15 |
| Petroleum | 16.9 | 7.2 | 0.04 | 0 | 341 |
| Electricity | 4.5 | 1.9 | 0.10 | 1 | 28 |
| Construction | 14.1 | 7.3 | 1.10 | 7 | 8 |
| Transport | 17.3 | 7.3 | 0.70 | 4 | 24 |
| Trade | 44.0 | 18.6 | 1.60 | 10 | 20 |
| Tourism | 2.9 | 1.2 | 0.10 | 1 | 30 |
| Real estate | 4.6 | 1.9 | 0.20 | 1 | 15 |
| Social services | 40.0 | 16.9 | 1.40 | 9 | 9 |
| Public utilities | 1.0 | 0.4 | 3.40 | 22 | 3 |
| Total | 236.0 | 100.0 | 15.30 | 100 | 15 |

* Tentative figures.

Note: Contribution to GDP is estimated.

In CAPMAS statistics the sectors are named, in order: agriculture; industry and mining; petroleum and products; electricity; construction; transportation and communications; trade, finance and insurance; hotels and restaurants; real estate; personal services; public utilities and services. Social services includes government and personal services.

Source: EIU, 1999-2000 reference table 3, and CAPMAS, 1999, p. 276.

In the 1980s, the mounting debts led, as elsewhere in the developing world, to the launching of a series of Economic Reform and Structural Adjustment Programmes (ERSAPs). Egypt's ERSAPs were first formulated in May 1986, with the same assumptions and characteristics as structural adjustment programmes worldwide. Key actions in Egypt were devaluation, in combination with tight fiscal and monetary policies, liberalization of the economy, streamlining of the Government (which has yet to translate in a lower number of government employees), privatization of public industries, and a gradual elimination of subsidies on basic food and non-food items.

2.3. Marginalization of the poor

³Excluded from this table are the Egyptians who work abroad. A large number of workers seek employment in the Gulf countries, in Jordan and in Libyan Arab Jamahiriya. Labour emigration eases the pressure on the domestic labour market and is a significant source of income. In addition, workers acquire skills while working abroad. Returnees could potentially start enterprises and bring valuable expertise. The disadvantage of labour migration is that it is often the most qualified workers who succeed to find higher paying employment abroad, leaving employers in Egypt with a lack of adequate human resources. Furthermore, the large number of expatriate workers makes the economy vulnerable when external factors force emigrants to return (the most recent examples are the Gulf crisis in 1990-91 and the recent campaigns against illegal Egyptian workers in Jordan, Saudi Arabia, and various other countries in the region (also the recent problems that took place in Kuwait at the beginning of the year 2000).

⁴Industry includes mining, transport includes the Suez Canal, trade includes finance and insurance, and public utilities include social insurance.

In spite of some macroeconomic success (table 2), the ERSAPs caused a deterioration in the standard of living of many poor. The Government tried to limit and pace the adverse effects of the ERSAPs by implementing sensitive changes as slowly as possible (employment in the public sector, for instance, continued to *rise* in the 1990s), and by establishing, in 1991, the Social Fund for Development (SFD). The SFD is mandated to combat the deterioration of living standards through a number of employment generation and community development programmes. Although the various initiatives bore obvious fruits, the real wages in 1994-95 (the low point) were less than 60 per cent of what they had been during the top year of 1982-1983.⁵ Malnutrition, in its various forms, grew dramatically, and “whatever the poverty line, poverty incidence in 1995-96 was higher than in 1990-91 and in 1981-82 (table 3)”.⁶

Table 2. Some key macroeconomic indicators, 1992-99

| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1998 | 1999 |
|------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GDP (LE billions;* constant 1992 prices) | 149 | 156 | 164 | 172 | N/A | N/A |
| Growth in real GDP | 3.5 | 5.4 | 4.5 | 6.1 | 6 | 5 |
| GDP p.c. (LE; constant 1992 prices) | 2.571 | 2.626 | 2.699 | 2.792 | N/A | N/A |
| Growth in real GDP p.c. | 1.3 | 2.1 | 2.8 | 3.4 | N/A | N/A |
| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
| External debt (US\$ billions) | 32 | 33 | 31 | 28** | 32 | 31 |
| Current account balance (US\$ billions) | 0.0 | -0.3 | -0.2 | -0.7 | -2.57 | -1.49 |
| Inflation (consumer prices) (%) | 7.8 | 15.8 | 7.3 | 4.4 | 4 | 3 |
| Inflation (wholesale prices) (%) | 4.2 | 6.7 | 8.1 | 4.0 | 1 | N/A |

* In 1992, US\$1=LE3.40. ** 1997-98.
Source: EIU 1999-2000, reference tables 11, 14, 27; EIU, 1999, p. 32.

Low wages and high unemployment breed widespread discontent, and open the door for a radicalization of ideologies. In Egypt, the impoverishment of segments of society may well have been a major cause for the rise in religious

⁵UNDP/ILO, 1997, p. 17; figure derived from CAPMAS.

⁶ Egypt HDR, 1996, p. 31. An even dimmer picture is shown by the World Bank's Human Development Index, a yardstick that considers more than income alone in its measurement of the well-being of a country's population. This Index takes into consideration life expectancy, knowledge and living standards. A comparison of Egypt with the rest of the developing world shows a slight relative improvement. In 1990, Egypt took the 114th position out of 160 developing countries; in 1995, Egypt's position had moved up only slightly, in a world in which the living conditions of the poor in most countries deteriorated, to the 119th position out of 174 countries. This ranking is *below* the one based on GDP per capita alone (comparison of the Human Development Reports of 1998, p. 21; 1991, p. 16 and 1999, p. 166).

extremism and its violent manifestations. To avert the growth of a large pool of marginalized and frustrated poor people, the Government of Egypt, in cooperation with numerous national NGOs and the international development community, initiated several large programmes, three of which will be discussed in section 5.

Table 3. Poverty measures of time, 1981-96

| | 1981-82 | | 1990-91 | | 1995-96 | |
|--------------------------------------|---------|-------|---------|-------|---------|-------|
| | Urban | Rural | Urban | Rural | Urban | Rural |
| Lower poverty line | | | | | | |
| Poverty line (LE in 1990-91 prices)* | 555 | 422 | 556 | 423 | 549 | 431 |
| Poor as % of population | 18.2 | 16.1 | 20.3 | 28.6 | 22.5 | 23.3 |
| Upper poverty line | | | | | | |
| Poverty line (LE in 1990-91 prices) | 729 | 472 | 739 | 502 | 743 | 568 |
| Poor as % of population | 33.5 | 26.9 | 39.9 | 39.2 | 45.0 | 50.2 |

* In 1991, US\$1 = LE3.40.

Source : EHDR, 1996, p. 30.

| Location | 1937 | 1947 | 1960 | 1966 | 1976 | 1986 | 1996 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Urban (%) | 28.0 | 34 | 38.0 | 40 | 44.0 | 44.0 | 43.0 |
| Rural (%) | 72.0 | 67 | 62.0 | 59 | 56.0 | 56.0 | 57.0 |
| Total (m) | 15.9 | 19 | 26.1 | 30 | 36.6 | 48.3 | 59.3 |

* Excluding Egyptians abroad.

Note: some 40 per cent of the urban population is living in the four major cities of Egypt.

Source: CAPMAS, 1999, p. 8.

¹CAPMAS, 1999, p. 10. Note that the EIU gives a growth rate of 3.0 in 1985 (1992-93, p. 8) and 2.3 in the 1990s (1998-99, p. 48).

| | Male | | Female | | Total | |
|--------------------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|
| | Share of growth | Annual rate of growth | Share of growth | Annual rate of growth | Share of growth | Annual rate of growth |
| Public sector | | | | | | |
| Government | 55.6 | 4.5 | 28.1 | 5.4 | 41.8 | 4.8 |
| State-owned enterprise | -11.2 | -2.3 | -2.9 | -4.1 | -7.0 | -2.6 |
| Subtotal | 44.4 | 2.6 | 25.2 | 4.3 | 34.7 | 3.0 |
| Private agriculture | | | | | | |
| Wage work | 2.7 | 0.6 | -3.5 | -6.3 | -0.4 | -0.2 |
| Non-wage work | -28.6 | -3.1 | 82.4 | 4.4 | 27.4 | 1.9 |
| Subtotal | -25.9 | -1.9 | 78.9 | 4.1 | 26.9 | 1.6 |
| Private non-agriculture | | | | | | |
| Wage work | 61.0 | 4.7 | 2.6 | 1.6 | 31.6 | 4.3 |
| Non-wage work | 20.5 | 2.6 | -6.8 | -2.7 | 6.7 | 1.3 |
| Subtotal | 81.5 | 3.9 | -4.1 | -1.0 | 38.3 | 3.0 |
| Total | 100.0 | 1.9 | 100.0 | 3.4 | 100.0 | 2.5 |

Source: Radwan, Mar. 2000, p. 12.

Large price fluctuations of some primary commodities and the political instability of the region render some important sources of income highly volatile (e.g. oil, some agricultural products, migrant labour, tourism, the Suez Canal). In addition, some of the pillars of the national economy (e.g. petroleum, the Suez Canal) are not very significant as employment generators.

Only some 44 per cent of the working age population participates in the labour force (table 6). The remaining 56 per cent is neither working nor looking for work. Among women, this "inactivity rate" is still much higher, and stands at 80 per cent (see also table 7).⁴ Outside agriculture, working women concentrate in gender-specific occupations. They often work in family businesses or among the salaried workers, as teachers, nurses or secretaries, and are very few in management or technical posts. Particularly outside the public sector, women reach high occupational levels more rarely than men.

²This part was extracted from a section of the United Nations Common Country Assessment, December 2000, by the same authors.

³Figure from the Ministry of Manpower and Migration, September 2000. Other sources estimate the size of the informal sector to be even larger.

⁴According to CAPMAS. Other sources indicate a significantly higher participation rate of women. The difference partly lies in the definition of work.

Social background, like gender, determines to a large extent what types of employment opportunities are considered. Upward and downward mobility is limited.

In the past, educated youths often preferred a public sector to a private sector career. In addition, they were traditionally attracted to urban rather than rural areas and to work opportunities in the Gulf rather than in Egypt. With the privatization process, the development of the newly reclaimed lands, the competition of Asian migrants in the Gulf and the Gulf States' strategy to minimize the number of foreign workers, all these flows may dwindle.

While unemployment exists among all educational categories, all age groups and in all governorates, most unemployed people are young, educated, and looking for their first job. The persons least likely to find work are the young, educated, female labour market entrants who are living in rural and upper Egypt (see next section).

In the past decade, the employment elasticity of economic growth has been relatively low. Hence, rapid economic growth does not by itself suffice to absorb the rapidly growing labour force.

Table 7. Labour force by sex and age, 1997 ('000s)

| Sex | Workers (millions) | 15-19 | 20-24 | 25-29 | 30-39 | 40-49 | 50-59 | 60-64 |
|------------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Women | 3.8 | 314 | 571 | 677 | 1 111 | 728 | 308 | 533 |
| Men | 13.5 | 1 168 | 1 481 | 1 814 | 3 481 | 3 177 | 1 972 | 422 |
| Total | 17.3 | 1 481 | 2 052 | 2 491 | 4 592 | 3 905 | 2 280 | 475 |

Source: LFSS, 1999, p. 54.

The labour market in Egypt is in disequilibrium for a range of interrelated and mutually reinforcing constraints. Economic growth is hampered by, among many other things, the lack of transparency of the labour market and the subsequent failure to match demand for and supply of labour. Labour market rigidities are aggravated by inadequate manpower planning, ill-functioning education and training systems, and people's unwillingness to move outside Egypt's major cities, or to work in low-status manual occupations. But even a thoroughly qualified labour force could not be absorbed in its entirety by the labour market, because of the labour forces' rapid growth and the low employment elasticity of Egypt's macroeconomic growth. The Gulf countries' migrant labour absorption capacity, Egypt's traditional labour market's safety valve, decreased significantly in recent years.

3.3. The public sector

Government wages are lower, on average, than those paid in the privileged part of the private sector (e.g. international companies, enterprises using modern technology), but lie above wages earned in many traditional private sector activities (including agriculture). In addition, public sector employment means a secure income, pension, medical insurance, comfortable working hours, and a number of other privileges. These conditions make public sector employment attractive for women in particular.

On the longer term, the labour absorption capacity of the Government is expected to decrease. Redundancy, defined as labour that could be retrenched without affecting output, is considered to be one of the principal causes behind the poor performance of the Government and most public enterprises. Overstaffing has a direct and detrimental effect on the Government's bureaucracy, leading to dispersed and overlapping responsibilities and many layers of decision-making. For public enterprises, overstaffing leads to an inflation of operating costs and the concomitant erosion of profitability and competitiveness.

The slimming process has not yet started. While public enterprises are gradually privatized and streamlined, the Government has not managed to curb the growth of public sector employment and, on the contrary, was the only employer that steadily expanded its workforce from 4.8 million in 1991 to 5.8 million in 1997.⁵ In the first half of the 1990s, women lost nearly a million jobs in the private sector, while the number of women employed in the public sector increased by some 200,000.⁶

3.4. The private sector

Many workers in the Egyptian private sector are self-employed or family-employed, and do not work for a wage. Even among wage earners, many operate in the informal sector. According to the Egyptian Labour Force Statistical Survey of 1997, the total informal sector provides employment to more than one-fifth of the labour force. In non-governmental statistics, the estimates are even higher, with the highest, if rather old, estimate originating from the American Chamber of Commerce in Egypt: *only one-third of the private labour force is actually regulated*;⁷ with the private labour force being some 75 per cent of the total labour force, this means that the informal sector would comprise almost 50 per cent of the total labour force. This large segment of society is difficult to reach, and does not enjoy any organized form of labour protection or social security by either unions or the Government.

The formal sector job security regulations are complicated and perhaps overly protective. These regulations contribute to sub-optimal resource allocation by preventing firms in the formal sector from adapting to rapidly changing market conditions by, for example, closing or modernizing outdated production facilities. Alternatively, employers may try to bypass the regulations by hiring temporary workers. This could also have an impact on productivity, as temporary workers are likely to receive less on-the-job training than regular employees. The Government is aware of the need to adjust the regulations to the changing needs of the labour market, and a more flexible labour law is currently under study in Parliament. Already, investors are sometimes granted exemptions to the current labour laws.

From the early 1980s to the mid-1990s, real wages gradually deteriorated. In order to minimize the loss of purchasing power, many people were forced to look for a second job, leading to an economy where both under- and overemployment are widespread. Multiple jobs have an obvious adverse impact on family life and individual well-being (especially in a country where the weekend is only one day), and lead to loss of productivity because of loss of energy and increased absenteeism. In addition, the system of multiple jobs adds to the supply-side burden on the labour market, leading to increased unemployment and an oversupply of services that are easy to deliver (too many taxis, too much petty trade).

⁵CAPMAS, 1998, p. 296 and 1997, p. 302.

⁶Fergany, Jan. 1998, p. 15.

⁷ACCC, 1966, p. 6.

4. Youth unemployment

4.1. A note on the figures used

A large number of public and private institutes are active in the field of labour market information in Egypt. They gather, analyze and disseminate valuable information, but do so with little coordination. Consequently, there are overlaps as well as gaps in the information collected (e.g. few reliable data exist on informal sector employment, unemployment figures vary greatly, little is known about certain types of unremunerated labour). This paper primarily uses the information collected by CAPMAS, and the various analyses of the 1990-97 Labour Force Sample Survey (LFSS), in addition to the information provided by the Government of Egypt to the ILO. These sources indicate an unemployment figure of some 1.5 million people, or some 8 per cent of the labour force. However, it is generally believed that this figure underestimates the scope of the problem, as:

underemployment and overemployment are not considered;^{@ 1}

unemployment among persons under 15 or above 60 years of age is not included;

unreported unemployment is not included (that is, those who do not believe that reporting their unemployment status will be of any use are left out of the statistics; this may happen most often among illiterates, leading to an underestimation of unemployment for this group);

discouraged employment seekers are not included (that is, people who gave up trying to find employment are not counted as unemployed).

4.2. Historical perspective

In terms of employment, Egypt's recent history can broadly be divided into three different periods.^{@ 2}

1. There was little unemployment in the 1960s, when the Government's employment guarantee scheme ensured a wide availability of low-productivity, low-wage jobs in the public sector.
2. During and shortly after the oil crises of the 1970s, the economies of the oil-exporting countries grew rapidly, resulting in massive labour migration to the Gulf and a construction and services boom in Egypt. Nonetheless, unemployment appeared in the country.
3. During the second half of the 1980s and in first half of the 1990s, growth was slow. In addition to the pool of unemployed workers and the new generation entering the labour market, labour supply swelled considerably as a result of massive returns from the Gulf, and of women who entered the labour market

¹These refer to the amount of hours at work or actually working, as compared to the national norm. An obvious limitation of this paper is that it does not consider underemployment, just as it does not consider labour conditions, and only briefly touches on levels of productivity and levels of income.

²Compare UNDP/ILO, 1997, pp. 6-8 and ILO, 1991, pp. 1-3.

because of the decreasing earnings of the traditional breadwinners.^{@ 3} The economy was unable to generate sufficient demand to absorb the approximately 500,000 persons entering the labour market annually. The unemployment rates went up to the current official level of some 8 per cent, and the real wages dropped by more than 40 per cent between 1982 and 1994.^{@ 4}

At least in the short run, the ERSAPs aggravated the loss of jobs and the downturn of real wages. This two-tier loss of purchasing power –more persons unemployed and less income for those who did manage to find or keep employment –is further aggravated by the volatility of employment in some important sectors.^{@ 5}

4.3. Unemployment disaggregated

Tables 8, 9, 10 and 11 show which groups are most likely to face unemployment. While unemployment exists in all education categories, for all age groups and in all locations, the person least likely to find work is a young, educated woman who is living outside the major urban centres and looking for her first job.^{@ 6} Of these characteristics, being young and looking for a first job are the dominant ones. For unemployed youths (and this accounts for over 90 per cent of the unemployed), the education and training systems and the process of labour market entry are of particular importance.

Table 8. Unemployment, age 15-64, 1980-98

| | Unemployed ('000) | | | Unemployed (%) | | |
|------|-------------------|-----|-------|----------------|------|-------|
| | M | F | M & F | M | F | M & F |
| 1980 | 37 1 | 165 | 536 | 3.9 | 19.2 | 5.2 |
| 1990 | 60 2 | 744 | 1346 | 5.2 | 17.9 | 8.6 |
| 1991 | 69 2 | 771 | 1463 | 5.9 | 21.3 | 9.6 |
| 1992 | 76 8 | 648 | 1416 | 6.4 | 17.0 | 9.0 |
| 1993 | 95 6 | 845 | 1801 | 7.5 | 22.3 | 10.9 |
| 1994 | 96 3 | 914 | 1877 | 7.3 | 22.8 | 11.0 |

³Although more women entered the labour market in search of employment, there was a net loss of jobs for women in the first half of the 1990s.

⁴UNDP/ILO, 1997, p. 17; figure derived from CAPMAS. 1994 was the lowest point for wages.

⁵See Fergany, 1997, pp. 8-13, for an overview of the seemingly random longitudinal fluctuations of employment in the different sectors.

⁶These statistics bring together Fergany, 1997, stating that “rural areas, and women especially, have borne the brunt of insufficiency, and instability, in employment generation in the economy”(p. 8); and ILO, 1991, where it is stated that “the unemployment problem is a youth unemployment problem of first jobseekers. Additionally, it is a problem of *educated youth*”(p. 7, emphasis in the original).

| | | | | | | |
|------|---------|-----|------|-----|------|------|
| 1995 | 99 7 | 920 | 1917 | 7.4 | 23.8 | 11.1 |
| 1997 | 70 2 | 744 | 1446 | 5.2 | 19.8 | 8.4 |
| 1998 | 70 3 | 745 | 1448 | 5.1 | 19.9 | 8.2 |

Note: Figures for 1996 are not available, as no LFSS was conducted in that year.

Source: Communicated by CAPMAS, based on CAPMAS Labour Force Sample Surveys (LFSS).

| Table 11. Employment and unemployment, by location, 1995 | No. employed | | No. Unemployed | | First time unemployed (%) |
|-------------------------------------------------------------|--------------|--------|----------------|------|---------------------------|
| | (‘000) | (‘000) | (‘000) | (%) | |
| Location | | | | | |
| Urban centers | 3 953 | 366 | 8.5 | 84.7 | |
| Lower Egypt | 6 460 | 910 | 12.3 | 97.9 | |
| Upper Egypt | 4 713 | 490 | 9.4 | 98.6 | |
| Frontier governorates | 83 | 9 | 9.8 | 88.9 | |

Note: It is not clear if all figures represent the situation in 1995.

Source: Compiled from Fergany, 1996, tables D1, 2, 3, and 4.

| | 1987-88 | 1992 | 1993-95 | 1995-97 | 2001-02 |
|--------------------------------------------------------------------------------------------|----------------|-------------|-------------|----------------|----------------|
| Expenditure on education/total government expenditure | 9 | 11 | 14 | 15 | 17 |
| | 1986 | 1992 | 1995 | 1995-97 | 2001-02 |
| | 6 | 5 | 6 | 5 | - |
| Expenditure on education/GNP | 1994-97 | | | | |
| Expenditure on pre-primary, primary and secondary education/total expenditure on education | 67 | | | | |
| Expenditure on tertiary education / total expenditure on education | 33 | | | | |

Source: HDR, 1991, 1996, 1998 and 2000; tables 15, 14, 15 and 11, respectively; for 2001-02: new budget as described in the *Middle East Times*, 20-26 Jan. 2001, p. 1.

School enrolment is much less biased towards males than it had been in previous decades, and the illiteracy gap, currently wide, is therefore bound to narrow. However, girls are still more likely to remain illiterate and less likely to continue to higher levels of education. In addition to the children who have never

⁷Excluding El-Azhar.

⁸Basic and secondary enrolment combined. EHDR, 1997-98, p. 119.

⁹EHDR, 1996, pp. 60-61. Even the 15 per cent of the 1990s is lower than the education expenditure in most countries (HDR, 1998, pp. 162-163).

attended school, there is considerable dropout before the age of 15 (apparent from the difference in the number of students in primary, preparatory and secondary education (table 14)). Despite the widespread illiteracy, more than a third of the public education budget is spent on post-secondary education (table 12).

In addition, the education and training systems have flaws that are not revealed in statistics. For several reasons, graduates leave school ill prepared for a working life.

Table 13. Adult literacy rate, 1999 (%)

| | |
|--------|----|
| Female | 55 |
| Male | 77 |
| Total | 66 |

Source: Report on the education status in Egypt, July 2000.

Table 14. School enrolment 1997-98

| Type of education | Girls (m) | % of school-going girls | Boys (m) | % of school-going boys | Total (m) | Total(%) |
|-----------------------|-----------|-------------------------|----------|------------------------|-----------|----------|
| Primary education | 3.75 | 54 | 4.48 | 54 | 8.23 | 50 |
| Preparatory education | 1.93 | 28 | 2.30 | 28 | 4.23 | 26 |
| Secondary education | 1.31 | 19 | 1.57 | 19 | 2.88 | 18 |
| Secondary general | 0.44 | 6 | 0.47 | 6 | 0.91 | 6 |
| Secondary technical | 0.81 | 12 | 0.99 | 12 | 1.80 | 11 |
| Secondary religious | 0.06 | 1 | 0.11 | 1 | 0.17 | 1 |
| Total | 6.99 | 100 | 8.35 | 100 | 15.34 | 100 |

Note: Figures do not necessarily add up because of rounding up. Primary and preparatory education includes religious (Al-Azhar) education. These figures are estimates.

Source: CAPMAS, 1999, pp.186, 188, 189, 190, 192, 194, 195 and 201.

1. The education and training systems have outdated curricula. Education is still heavily based on memorization and repetition of teachers' statements, rather than on comprehension, analysis and "original thinking". The system is geared to public administration employment, and is of limited value to jobs that need creative and critical minds. The training system is rather theoretical, and does not keep pace with the evolving techniques on the Egyptian work floor.
2. The education and training systems have overcrowded facilities, outdated and poorly maintained equipment, and underpaid and under-qualified staff. Facilities and manpower cannot keep pace with the population growth and with the increasing school enrolment. As a consequence of the high number of students in the classes and the need for teachers to earn additional income, private lessons are often a necessity.¹⁰
3. Students have little information related to job opportunities following graduation. As a consequence, students do not have a good understanding of

¹⁰ Because of the low salaries, teachers have an incentive to explain poorly during school hours to boost the need for private lessons.

the advantages and disadvantages of the different education options, and are prone to choose on the basis of jobs considered prestigious, family traditions and proximity of schools and institutes rather than on the expected labour market demand.

4. The supply of training is not dependent on the labour market situation. Consequently, many people never work in the field of their studies. This education and labour market mismatch is most apparent in the higher levels of education.
5. Training curricula are not standardized and levels of graduates' skills may vary considerably across vocational training institutions. The variation in the quality of unstandardized certificates tend to make employers reluctant to employ fresh graduates.

Most of the unemployed are literate, and often much more than that, but nonetheless unable to find employment soon after they enter the labour market (table 10).¹¹ The structure of the economy and the quality of schools and training centres are such that it *does not pay* to undergo formal education or training. Education does not guarantee, or even necessarily facilitate, employment; and the levels of income earned by educated workers do not necessarily compensate for the extra years in school.¹² Quite the contrary: for people who entered the labour market in the previous five years –

any level of education is penalized by relatively lower earnings (with the exception of the post-university category (...)). The worst penalty (...) befell the group possessing only a few years of primary education followed by (the one) completing primary education. Both levels of educational attainment actually suffered lower earnings than no education whatsoever.

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Apparently, somebody who finished (some) primary education is less attractive, and will receive less salary, than somebody who spent those childhood years learning a skill as a child worker. The increasing prevalence of poverty and the subsequent rise of the relative opportunity costs for each year of “unproductive” school enrolment increases the incentive to drop out. Understandably, many people attach little importance to formal education and training.

As a consequence of the barriers to good education presented above, enterprises have difficulty recruiting duly qualified personnel and feel unsatisfied

¹¹See the poverty profile of EHDR, 1996, pp. 32-37.

¹²An alternative explanation for the relatively high prevalence of unemployed among educated persons is that uneducated and unskilled persons are generally poor, and cannot afford to be unemployed. Educated persons may take more time searching until they find work that suits their needs, abilities, and perceived status, while unskilled persons will accept any kind of employment, for any kind of salary. This explanation fits the observations that the vast majority of the unemployed are looking for their first job (i.e. the initial search for something that satisfies the expectations), and that illiteracy is one of the prime characteristics of Egypt's poor.

¹³Fergany, Aug. 1998, p. 51. His analysis is based on the LFSS of 1988, the last one that included information needed to compare levels of income with educational background and experience.

by the quality of graduates.^{@ 14} Notwithstanding these complaints, and in spite of the value enterprises claim to attach to human resource development, “there seems to be evidence that establishments’ concern over human resource development was not matched by a commensurate level of activity or resources devoted to training”.^{@ 15} In the informal sector in particular, training or retraining young people is a risky task, as the worker, once trained, often chooses to start his or her own business, or to move to an employer who offers a better salary.^{@ 16}

Numerous well-perceived plans of action to reform the education and training systems (and to retrain redundant agricultural and public sector workers for high productivity jobs) are currently being tested or under discussion. One of the promising initiatives – the Mubarak-Kohl Initiative – will be discussed in section 5.

4.5. Entering the labour market

Entering the labour market is difficult. Once a jobseeker manages to find employment in the formal sector, a complex set of labour laws all but secures life-long employment; but this first formal sector job is hard to find. Young people in Egypt do not often have an educational background that appeals to potential employers. If they do, they are likely to leave the country in search for higher levels of remuneration. Those who stay behind face fierce competition, either from more experienced workers, or from cheaper child workers.

Two cultural phenomena further complicate labour market entry: widespread favouritism in recruitment and lack of geographic and social mobility.

Work and private life are less distinct from each other in Egypt than in many Western countries. Especially in the informal sector, people work at home, run family businesses, sleep in their shop, take their children to and prepare food at their workplace. Similarly, and in line with the traditional importance attached to the extended family and friends, vacant posts in the informal as well as in the formal sector are often filled by friends or relatives of people who already work for that particular employer. Opponents of these recruitment practices argue that this system of recruitment causes a mismatch of skills availability and skills requirements in the workplace. Supporters argue that there *is no* smoothly functioning labour market, where supply and demand of skills meet each other in a free and informed market. This system of favouritism in recruitment fills a recruitment vacuum and may, in addition, foster a sense of loyalty towards the employer. Whatever the advantages and disadvantages this recruitment system may have, if one does not have the right connections, finding a first job is considerably more difficult.

Among educated people, status hampers labour market entry. As in other countries, personal and family status are connected to one’s type of work. It is better to be unemployed than to downgrade oneself to an occupation that is considered to be of low prestige. Urban employment is better than rural work,

¹⁴A survey among 1,700 enterprises found, for example, that highly qualified crafts and trade workers were particularly hard to find. See Evans-Klock and Lean Lim for an elaborate analysis of the findings.

¹⁵Evans-Klock and Lean Lim, p. 35.

¹⁶Nassar (in ILO, 2001) found that some employers prefer girls to boys. Although girls often leave the labour market after marriage, these employers felt the girls were relatively loyal and inclined to stay with the first employer throughout their working life. Conversely, boys left more often their working place in search of better pay after having acquired some marketable skills.

white-collar preferable to blue-collar occupations, management has higher prestige than support work. This complicates one's search for work. Graduates dream of being a manager right away. This dream lives on, as favouritism does sometimes enable fresh graduates to find jobs that would normally be filled by more experienced people. Most labour market entrants are not so lucky, and often feel out of place in jobs that would in other countries be considered entirely appropriate for a young person.

Efforts to create employment may stumble over these perceptions of status. An example from the bottom of the labour market comes from the Arab Organization for Youth and Environment, that sought to kill two birds with one stone by creating job opportunities for young people who would earn a living by processing and recycling garbage in an environmentally friendly way. In a carefully prepared effort, 900 households were informed about the project. These households produced 40 interested candidates, 20 of whom remained after an information meeting. In spite of a salary that was well above the pertaining standards, only three previously unemployed persons were still working in the project five months after it had started.

The large-scale desert development projects, to be discussed in section 5, face a somewhat similar two-tier problem in their recruitment of settlers. Persuasion is needed to achieve a flow of urban-to-rural migration, and part of the settlers drop out soon after they are confronted with the harsh living conditions in the new settlements.

4.6. Interdependent bottlenecks

As discussed thus far, economic growth is hampered by the inadequacy of the education and training systems and by people's unwillingness to work in occupations that are considered to be of low prestige. And anyhow, even a thoroughly qualified labour force could not all be absorbed by the labour market because of the rapid increase in the size of the labour force and the moderate and not always labour-intensive growth of the economy. At the same time, the relatively rich Gulf countries that could absorb excess labour – the traditional labour market's safety valve for Egypt – no longer allow large numbers of foreign workers into their territories. And even if they do, they offer them low-prestige jobs.

The relative importance of each of these demand- and supply-side bottlenecks depends on developments that are only partly under the control of the Egyptian authorities. It depends on the success of the new reclaimed lands, which could potentially entail a substantial expansion of economic activity; on the development of the various trade agreements; and on the continuing world economic growth, in particular that of the United States. If, as it is planned, the economic and export growth will accelerate in the coming years, and if the Government of Egypt sticks to its goal of generating *labour-intensive* growth (and in section 5.4 this will be shown not to be the case for the desert development programmes), then the labour market may indeed be able to absorb large numbers of skilled workers. If, on the other hand, Egypt opts for capital-intensive growth, or proves unable to compete with products from other countries, and turns out a net *loser* from the Euro-Mediterranean free trade zone, for instance, unemployment will remain high irrespective of any transformation in the education and training systems.

5. Initiatives combating youth unemployment

5.1. An overview

In previous decades, public employment schemes guaranteed employment for large numbers of Egyptian workers. In the 1990s, with the ERSAPs and the globalization of the economy, new roads to youth employment had to be identified. While the Egyptian Government, in cooperation with the international development community (and in the last two decades complemented by increasing NGO activity), still plays a vital role in employment generation, its current employment creation methods differ fundamentally from the public low-productivity, low-wage job schemes of the past.

Three main categories of interventions to combat youth unemployment currently exist in Egypt, with a considerable overlap among the categories.

Human resource development programmes

There is a gap between education and training, on the one hand, and the demands of the labour market, on the other. Various initiatives address this issue. One large-scale example is the Mubarak-Kohl Initiative that attempts to bridge the gap between training and practice by institutionalizing a dual system of training and apprenticeship in existing enterprises.

Another important human resource issue is the relatively high and female-biased level of illiteracy. There are many initiatives that aim to reduce illiteracy. One of the more prominent initiatives is the one of the locally adapted single-class schools. These are rural schools for girls between the age of 8 and 14 who dropped out or never enrolled in regular primary education. The flexible school hours enable the girls to combine school with other responsibilities. The curriculum, a combination of regular primary education and vocational training, is tailor-made for the local conditions. As illiteracy affects the *productivity* of workers more than it causes unemployment (unemployment is much higher among the well-educated youths), these illiteracy projects are not addressed in this paper.

Direct job generation projects

Some development projects seek to enable individuals and groups to build up a livelihood. Other initiatives generate employment as a desirable by-product of their activities. Direct job generation projects are different from both in that employment generation is the *primary aim* of the projects, and they create jobs *directly* and generally *temporarily*. In Egypt, as in other countries, direct job generation projects are concentrated in the infrastructure sector.¹ Labour-based public works projects use, as a matter of principle, local labour and local material whenever feasible. In the short run, these projects provide employment to a large number of unemployed. In the long run, the new infrastructure increases the level of economic activities in the locality, and the growing economy absorbs the project workers, utilizing the skills they acquired during their temporary work.

Support in self-employment and enterprise creation

¹ There are also direct employment programmes in other sectors, such as the employment of newly graduated people as teachers in the national campaign for literacy programmes. These are joint projects of the PALPEE and the SFD, that have, as their primary objective: "providing employment opportunities for young people who are newly graduated and who hold a university or secondary degree by employing them as teachers in literacy programs after passing a certain training program".

There is a variety of more or less traditional enterprise-creating projects. Many different projects are carried out by NGOs, the Government (through a social fund), and the international development community. The initiatives vary in size, from very small projects to the multi-million dollar programmes of the SFD and of the USAID.² They provide smaller or larger loans, training or basic equipment. These projects are fairly similar to those found in many other countries. More Egyptian-specific are the desert development projects, and their concomitant training programmes and support facilities. The objective is to enable millions of Egyptians to build a livelihood in large stretches of land that were or are about to be transformed from desert into agricultural lands.³

While the Government has traditionally been the primary actor in the field of labour market interventions, NGOs have since long complemented its work in the field of human resource development, self-employment and enterprise creation,⁴ and their role is gradually increasing. Partly because of NGO efforts, these types of interventions have developed rapidly in the past few decades (and particularly fast in the ERSAP-era). In a concerted effort of the Government, donors and NGOs, the field of training is becoming more transparent and coordinated nationally, and at the same time more adapted to the local conditions.⁵ In the field of self-employment and enterprise creation, the first hesitant NGO initiatives, taken in the 1970s, developed into a myriad of small and large-scale activities. Activities vary from the multi-million, foreign-funded USAID projects to small, geographically focused and entirely locally funded projects such as the ones of the Egyptian Society for the Development of Local Communities.⁶

Often, NGOs are the first to try out concepts that are unfamiliar in Egypt. In the case of success, the public sector, often in cooperation with the international donor community, follows later with large-scale projects using similar concepts. Due to the relative novelty of the concepts on which the various initiatives are

²For an account of existing activities and proposed innovations, see ILO, 1996(a). For an extensive overview of the different organizations active in this field, see FES, 1996.

³Most initiatives do not fit into only one of the three categories. Direct job creation and support in self-employment cannot succeed without training, for example, and training is often intertwined with other mechanisms that enhance prospects for employment. Three large government activities do not fall in any of the three categories: the Nasserist graduate guarantee schemes (not operational anymore), the network of employment offices that seek to match demand and supply of labour, and the efforts to facilitate labour migration.

⁴Already in the 1950s, NGOs complemented government activities in the field of human resource development (and if one considers the foreign Christian private schools, activities started much earlier). In the 1970s, NGOs started the first micro-credit programmes.

⁵The one classroom literacy programmes, where lessons are scheduled in accordance with the harvesting season and other out-of-school obligations, are an example of local adaptability.

⁶These programmes, large and small, provide their loans in all the different forms distinguished in the literature. Loans are provided with or without the condition of a collateral, to groups or individuals, with or without training and other support facilities, for conventional activities (dress-making, cattle-raising, street shops) or innovative activities (children's toys, cooperative bakeries, garbage recycling), at market rates of interest or with soft conditions. Loans vary in size from US\$20 to US\$20,000, and are meant for full-time engagement or part-time activity to supplement income. Training programmes, too, have many faces. Other than literacy and traditional vocational training projects, some allow children to acquire sophisticated skills in training courses that last three years, and adults to learn about the use of some new technologies in just a day.

based, and sometimes also impeded by legal vagueness and some confusion about the roles and responsibilities of the different implementing and funding agencies,⁷ implementation of projects is often slow and haphazard, and results are not always entirely satisfactory. Programmes and projects have to be redefined and refocused to fit the Egyptian context. Although this field of labour market intervention has by no means reached maturity, and many more revisions and transformations are bound to be made in the coming decade, lessons have been learned and useful observations can be made. In the remainder of this section, one example of each of these three categories of initiatives will be discussed. The Mubarak-Kohl initiative will be discussed as an example of an innovative human resource development programme (5.2). The Public Works Programme will be considered as the only large direct job generation project in Egypt (5.3). The ideals and realities of desert development projects will be discussed as the most interesting example of support in self-employment and enterprise-creation (5.4).⁸

5.2. Human resource development programmes: The Mubarak-Kohl Initiative

The transition from school or training to work is often difficult. Major problems are the lack of affinity training centres have with the labour market and the absence of contacts between the trainees and the private sector.

Since the 1950s, numerous training experiments have been made in Egypt. They mostly took the form of technical cooperation projects, aiming to establish close links between training centres and future employers. Though useful at the micro-level, these projects did not have much impact on the country at large.

A visit of President Mubarak to Chancellor Kohl in 1991 set the grounds for an ambitious long-term programme that is meant to reform the secondary technical education system in Egypt: *the Introduction of a Cooperative (Dual) System in Technical Education and Vocational Training*, better known as the Mubarak-Kohl Initiative.⁹ The philosophy of this programme is that the joint public-private responsibility of training programmes will ensure that the training and the concomitant practice in the form of internships reflect the real needs of the labour market. The initiative makes use of existing (albeit upgraded) training centres, but develops a different curriculum and a new distribution of responsibilities. The private sector, organized in business associations, is responsible for a range of crucial elements in the training programme. Among other things, the associations and the companies they represent select and pay pocket money to the students, arrange and monitor the quality of the internships, prepare, together with the Ministry of Education, the curricula and the exams, and pay for and manage part of the training.

Originally, all types of training were eventually meant to be organized along the lines of the dual system. After completing preparatory school, Egyptian

⁷Examples of both legal vagueness and unclear distribution of responsibilities are given later in this section.

⁸Projects providing credits for the establishment or expansion of small and micro enterprises are certainly more widespread, but reviews and literature on them are already abundant.

⁹ Although this intention has not changed formally, the Mubarak-Kohl Initiative would by now be considered successful by its management if *some* expansion could be realized.

children who passed an aptitude test would have the opportunity to enrol in such technical secondary education, and graduate three years later. If possible, they would be absorbed into the regular workforce of the enterprises where they did their internships. If these enterprises were unable to absorb them, the graduates' acquired skills would help them find employment elsewhere.

Four years after that Mubarak-Kohl meeting, the first pilot projects were set up in three of Egypt's new cities@ 10 (see box 1 for an example). These pilots were meant to:

demonstrate the opportunities and challenges of this dual system of training and practice;

help modify the dual system to fit the local situation;@ 11 and

stimulate the private sector to cooperate with the Ministry of Education, inducing it to incorporate this dual approach in training centres countrywide.

Box 1. The pilot project in the 10th of Ramadan City

In the 10th of Ramadan City, the modern private sector is organized in the Investors' Association (IA). Many of its members use relatively sophisticated production methods and have serious difficulties recruiting adequately qualified workers. Therefore, the IA was willing to invest in the Mubarak-Kohl Initiative. In 1995, a dual vocational education and training centre became operational. The youths, who were to become mechanics, electricians or textile workers, were selected by the factories themselves. Each week, for a period of three years, these students received two days of general and technical education (arranged by the Ministry of Education) and four days of practical work experience. The Regional Unit of the Dual System (RUDS), with specialists from the private sector and the German GTZ, supervised the internships and designed some specialized courses. Together, the Ministry and RUDS designed and evaluated the exams.

Most factories that participated in 1995 are still participating today. This confirms the viability of the dual training system. But the pilot project also showed that even under ideal circumstances (an enthusiastic and organized private sector, with modern factories and a clear need for qualified workers), a dual training system is not established easily. Some individual factories used their interns as cheap labour (and were consequently excluded from the project), and participating factories are concerned about their trainees moving to competitors after graduation. To some extent, these issues were solved by recruiting students "the Egyptian way", through people who already work for the company and who supported the candidacy of friends or relatives. While this type of favouritism is generally considered harmful, impeding fair and effective recruitment processes, the principle proved useful in the case of the dual training system. Youngsters whose parents or relatives work in the same factory are unlikely to be exploited, as their relative will keep a keen eye on their duties and learning process. After graduation, the family's loyalty towards the factory may help to keep students committed to their employers.

Although the pilot projects were costly, this system of dual training could be affordable in the long run as the costs would be shared between the private and the public sector.

¹⁰In 10th Ramadan City, 6th October City, and Sadat City.

¹¹On the local level this is done by the Regional Unit of the Dual System (RUDS; see also the box). On the national level, the Project Policy Implementation Unit, an autonomous unit under the direct supervision of the Ministry of Education, seeks to create a pedagogical, organizational, legal and financial framework for the dual training system. This legal framework is particularly important as the initiative is presently working in a legal vacuum (other than "Law 32" covering NGO activities).

The potential benefits of the initiative are obvious: generation of youth employment, alleviation of shortages in certain skills, enhanced development and use of human resources and subsequent increases in competitiveness. However, there are some practical and conceptual problems related to the introduction of this dual system.

Distribution of responsibilities. One practical problem proved to be the lack of transparency in the division of responsibilities among the different actors. Four years passed by between the conception of the idea to the take-off of the first pilot project.¹² Now, in 2001, the role of the different ministries are clearer, and the ultimate authority of the Ministry of Education is now firmly established. But the concept of joint responsibility continues to be a difficult one for a ministry that does not normally share responsibility with the private sector.

Replacement of workers. A fundamental challenge is the possible substitution effect. Internships are meant as learning opportunities, and interns should supplement established employees rather than replace them. If all training centres operate according to the principles of the dual system, many thousands of trainees will, four days a week, “practice” in the factories. In reality, chances are that the presence of many interns “practicing” in a factory for four days a week, compromises the position of the regular staff.

Gender bias in recruitment. Formally, boys and girls have equal access to the regular educational system. In practice, boys stand a higher chance to go to school and continue until graduation than girls. With the dual training system, the gap between chances for boys and girls is likely to widen. Students are selected by private companies. Anybody who finishes preparatory school and who passes an aptitude test is eligible to being selected. Regrettably, experience shows that companies tend to favour male applicants; none of the pilot projects managed to secure a substantial share of girl students, and the overall enrolment of girls even decreased in the course of the first six years of the programme.¹³

Social standing and vocational training. A university degree gives a person status. Even graduates from an initiative such as the Mubarak-Kohl programme, whose work has a market value that far exceeds the market value of the average university graduate, are inclined to pursue advanced studies. This is a disincentive for factories that invest in training to secure highly skilled workers.

Limited potential for generalization. The ultimate aim of the programme was to institutionalize the dual system of training and practice, and the concept of joint public-private management and cost-bearing in all technical education countrywide. The pilot projects would provide knowledge on the local adaptability of the system and encourage the private sector to assume responsibility. Although

¹²Until very recently, this lack of transparency was an endemic problem in many education projects. In April 1998, the Supreme Council for Human Resource Development was reactivated. The Supreme Council is ultimately responsible to develop education and training activities in the country. The clarity obtained by the establishment of the council is expected to speed up significantly the initiation and development of education and training projects in the future. The Mubarak-Kohl Initiative, however, is still under the responsibility of the Minister of Education.

¹³Enterprises prefer men to women for a variety of reasons. Women may leave the company after marriage. If they stay, women are considered expensive, as they have higher average rates of absenteeism than men (due to the combined burden of their dual professional and domestic tasks), and are legally entitled to provisions like nurseries and maternity leave. Women are less likely than men to make a career. For an explanation of employers' male bias, see El Safty, 1996.

these pilot projects were quite successful, replication is not feasible countrywide. Their location – the new cities – were not randomly chosen. Many modern medium- and large-size private enterprises operate in these new cities. These enterprises have a very clear interest in the project, as they are facing significant problems in recruiting duly qualified workers.^{@ 14} Investing in training is not new to this kind of enterprises. A research project among 1,700 enterprises showed that nearly half the medium- and large-scale enterprises organized training activities for their employees.^{@ 15}

In most rural areas, where the majority of the unemployed youths live, there are very few of these modern enterprises. Small-scale enterprises could perhaps be interested in participating, but only if the training programmes in their areas focused on simpler techniques, more basic equipment, less costly and lengthy training, and were linked to the informal small-scale enterprises. Even then, the financial contribution of these enterprises is likely to be minimal.^{@ 16} In addition, some early comparative experience (training of nurses versus training of mechanics and electricians) seems to indicate that industries that compete on the world market are more keen to respect their training commitments than industries that provide local products or services. In order to allow its successful nationwide generalization, the system will need to be adapted considerably to fit into the reality of the poorer parts of Egypt and of the more local sectors of the economy.

In the foreseeable future, the concepts of the Mubarak-Kohl Initiative are most likely to be spread among training centres that are geared towards the modern, internationally competitive sectors of the economy. In addition to a range of industrial sectors, the modernized parts of agriculture and tourism are obvious candidates. In terms of human resource development mechanisms, the expansion of the dual training system would entail valuable progress. However, it should be recognized that, for the time being, the absorption capacity of these sectors of the Egyptian economy is limited, and in terms of employment creation, the impact of this system will be rather limited in the foreseeable future.^{@ 17}

5.3. Direct job generation: The Public Works Programme

5.3.1. Introduction: The Social Fund for Development

Established in 1991, the original mission of the SFD was to facilitate the implementation of Egypt's ERSAPs by mitigating its adverse side-effects on low-

¹⁴Even so, business associations occasionally tried to solicit the SFD to cover some of the training system's costs. This is not desirable as the long-term sustainability of the dual training system is dependent on the willingness of private businesses to contribute financially to the training.

¹⁵ Evans-Klock and Lean Lim, pp. 35-45. Indeed, experience in Germany, from which the dual training system is copied, indicates that large enterprises invest proportionally more in the dual training systems than other enterprises. Gross, p. 20.

¹⁶Small-scale enterprises do invest in in-house training, and often even pay the intern a nominal salary. If owners of these enterprises are to channel their training to the training centres practising the dual system, they have to be convinced of the benefits of the combination of practical experience and study.

¹⁷ See also Fergany, 1997, pp. 7-9, in which a longitudinal study of labour market dynamics indicates that "the hopes pinned on the **large** private sector for large-scale job creation seem unduly exaggerated"(his emphasis, p. 9).

income population groups. While the SFD was originally meant to cushion the blow for a period of a few years only, its mandate was extended in 1996, and will be extended again after the end of this second phase, in 2001. The SFD is a large fund, with resources well over US\$700 million, for each of the two phases. With its long-term status, the mandate of the SFD expanded from mitigating transitional social problems of adjustment to tackling structural social problems through the development of communities, enterprises, human resources and public works. Unemployed youths, retrenched workers, poor female-headed households, and unskilled or semi-skilled workers remain the primary target groups of SFD 's activities.

The SFD aims to create employment directly and indirectly, primarily through its Public Works Programme (PWP) and its Enterprise Development Programme.¹⁸ While SFD programmes do not normally target youths exclusively, youths are the primary beneficiaries, as in Egypt unemployment is predominantly a "youth problem".

5.3.2. "Philosophy" and operational principles of the PWP

The PWP was established in 1991. Its objective is to apply and institutionalize at the national level labour-intensive techniques in infrastructure projects, with full utilization of local resources, primarily to create employment in rural areas. The programme lost some of its prominence when the SFD entered its second phase, and the emphasis changed from short-term poverty alleviation measures to long-term development efforts. As a consequence, PWP has received only 8 per cent of SFD's second-phase budget, as compared to 22 per cent in the first phase.¹⁹ Nonetheless, thousands of jobs are created by PWP, and it continues to be the only large-scale direct job generation project in Egypt.

The PWP's projects cover one or more of four categories:

- (1) productive infrastructure (e.g. irrigation, drainage, protection of agricultural land);
- (2) economic infrastructure (e.g. roads, channels);
- (3) social infrastructure (e.g. public building restoration, potable water provision);
- (4) complementary projects (e.g. related to health, education).

The "philosophy" behind these projects is that they:

¹⁸The other three SFD programmes have less direct bearing on youth employment: The Human Resource Development Programme focuses primarily on equipping public sector employees to meet the changing labour market demands (but also has programmes for fresh graduated); The Community Development Programme aims to improve the living conditions of the poorest communities through community and NGO participation in productive and social activities. Employment creation is merely a positive side-product. The Institutional Development Programme carries out research studies and surveys in support of SFD's different programmes.

¹⁹SFD, 1998, p. 42.

- (1) reduce long-term unemployment through the creation of short-term job opportunities by:
 - developing local infrastructure in order to create new jobs and to provide basic services in deprived rural areas; and
 - providing workers with new skills through on-the-job training;
- (2) create permanent employment opportunities by enabling new graduates to acquire the technical, managerial and financial skills necessary to start their career as local small contractors;
- (3) support the development and use of local resources;
- (4) provide an integrated package of planning, follow-up on management and implementation, and evaluation of local labour-intensive infrastructure projects to allow replicability in similar national projects; and
- (5) ensure project sustainability by involving the private sector, the target groups, and NGOs in construction and maintenance activities.

The PWP identifies potential projects through SFD's network of regional offices, in collaboration with local public authorities and the local population (through community leaders and local NGOs). Selection criteria are that the project does not contradict the planning policy of the governorate and it is not dependent on contributors other than the PWP and the obligatory financial contribution of the target group (10 to 20 per cent of the total budget). The project should meet urgent needs of the local population and should be environmentally sound. Labour-intensive techniques should be used,²⁰ and, as a guideline, a minimum of 25 per cent of the project's budget needs to be spent on labour. In addition, at least half the labourers should be locally recruited.²¹ To prevent an employment drain to PWP projects and to ensure that it targets the unemployed – in the Egyptian context, therefore predominantly unemployed youths – the salaries paid are not higher than those prevailing in the local markets.

Obligatory local involvement means that projects can only be approved if contractors, NGOs and labourers are available locally. A specialized consulting office, contracted by the PWP, carries out technical, social, economic and environmental studies to examine if project proposals match the various requirements and to estimate the impact of the projects on their beneficiaries. Once approved, the projects are managed by local NGOs and implemented by local contractors.

5.3.3. Bottlenecks in the PWP

²⁰In the second phase of the PWP, the programme does not only emphasize the importance of the use of employment-intensive construction techniques in all its projects, but also trains contractors in the use of these techniques. The ultimate aim of the training is to spread the use of these techniques, whose potential positive impact for employment creation is significant.

²¹The other half is at least partly composed of workers who move from one PWP project to another. These workers build up a significant employment history, and may acquire important skills. This is another mechanism that makes unemployed *youth* the main beneficiaries of PWP's projects, as they are the most mobile.

Collecting statistics on the creation of temporary job opportunities is merely a matter of adding up the number of persons employed. But measuring the *conditions* of employment, the impact of the projects on their beneficiaries, the resultant growth of the economy, and the long-term employment effects of the short-term job opportunities is much more difficult. Project evaluations are included on paper as an integral part of the PWP project cycle, but actually do not often take place (or are not made available). In the absence of those evaluations, the level of success of the programme as a whole cannot be assessed accurately. Nonetheless, a few observations can be made.

From the short-term perspective of creating temporary job opportunities, the programme is fairly successful. Jobs are indeed created and by offering salaries that are not higher than the local prevailing levels, it is likely that the target group is actually reached, as an employed person would not leave his or her job for a temporary opportunity which pays the same or a lower wage. However, in terms of the cost-effectiveness of the programme, there may be scope for improvement. Until 1997, slightly over 42,000 jobs were created, 90 per cent of which were temporary. Operational costs totalled over US\$200 million. This means that the average cost per job lies around US\$5,000; a rather high figure for a temporary job. @ 22

PWP workers are almost exclusively young *men*. This increases gender inequality. The argument of the SFD's gender unit that the PWP is nonetheless a gender-sensitive programme as its infrastructure projects are designed with women's interest in mind is weak. In other parts of the world (notably in India and its neighbouring countries), public works programmes went much further and managed to change perceptions on gender stratification in employment.

The long-term employment success of the programme depends on its achieving to improve the local infrastructure and to spark the growth of the local economy. Without economic growth, the temporary jobs are unlikely to lead to permanent employment (and if they do, this would probably constitute employment substitution rather than employment creation). But improved infrastructure will only (potentially) spark economic growth if that infrastructure is there to last. This needs effective maintenance mechanisms.

The PWP avoids the construction of "white elephants" (infrastructure too sophisticated or too alien to the local community to maintain) by insisting on the use of local material and relatively simple construction technology. Even so, maintenance activities cost money. Donors do not often fund infrastructure maintenance, @ 23 and identifying viable cost-recovery systems for maintenance activities is difficult. Local taxes are virtually non-existent in rural areas, and the resources available to local authorities are very limited. Further, generally infrastructure cannot be privatized, and levies cannot be imposed on users. @ 24

²²For comparison: the SFD Enterprise Development Programme –that claims to create *permanent* job opportunities for only some US\$1,500 –is criticized occasionally for the high cost of its employment creation activities.

²³This is because new constructions are more visible and therefore more attractive to the donors' constituents, but also mainly to avoid long-term dependence.

²⁴There are exceptions such as the road from Cairo to Alexandria or the crossing to the Sinai.

Rural infrastructure in Egypt tends to deteriorate relatively rapidly. The projects of the PWP have not as yet found mechanisms that prevent such deterioration. Thus, they do not necessarily lead to a sustainable growth of the local economy. This, in turn, means that the newly acquired skills may lead to some worker *substitution*, but to little permanent job *creation*.@ 25

5.4. Support in self-employment and enterprise-creation: Desert development

5.4.1. Introduction

The total area of Egypt is just under 1 million square kilometres, of which only some 6 per cent is cultivated. The remainder of the land is mostly uninhabitable desert, and over 97 per cent of the population lives in the narrow strip of the Nile Valley and in the Nile Delta. With a population of over 60 million people, the presently cultivated areas are already overcrowded (see table 15). Even if population growth is reduced, as planned, to 1.6 per cent per year, Egyptians will be 85 million by the year 2016. Unless new habitable lands are created, this increase cannot be accommodated without a deterioration of living conditions. Developing the desert is the only potentially viable option available to ease pressure on the existing arable land. The Government aims to resettle 25 million people in currently uninhabitable areas by the year 2016.

Table 15. Population density per square kilometre, 1997

| Cairo | Alexandria | Suez | Urban governorates | Egypt including desert | Egypt excluding desert |
|--------|------------|-------|-----------------------|---------------------------|---------------------------|
| 31 899 | 10 714 | 1 383 | 12 256 | 60 | 1 608 |

Note: Densities for Alexandria, Suez and urban governorates are excluding desert areas.

Source: EHDR 1997/98, p. 145.

Reclamation projects already existed during the Nasser era, but the irrigation and cultivation techniques were poor. After a virtual halt of activities in the 1970s, interest in land reclamation grew fast in the 1980s and 1990s.

5.4.2. Objectives, plans and target groups

Improved technology increased confidence that Egypt would be able to execute large-scale reclamation projects. During the period 1982-97, nearly 1.7 million feddans of desert were set to be developed.@ 26 About half of this area was released to low-income settlers, including landless farmers, ex-military personnel, pensioners, ex-government employees and recent university graduates.

The various groups of potential smallholders are entitled to receive a plot of land which they are expected to use as farmland. For some groups, training,

²⁵Although, as a first step, schemes to overcome the legal impediments are under investigation. In addition, the PWP is experimenting with ways to institutionalize a revolving maintenance fund, by setting aside a percentage of the budget of the projects for maintenance activities and relying on the interest thus accrued. It is too early to evaluate the level of success of these initiatives.

²⁶ILO, 1997(b), p. 2, and ILO, 1991, p. 63. This paper will follow the local customs of measuring land in "feddans". One feddan is equivalent to 4,200 square metres (i.e. slightly over one acre).

credits, cattle, housing and equipment are provided free of charge or for a nominal fee.

The programme for the coming 20 years is ambitious. The arable land is to be expanded by 8 million feddans (over 33,000 square kilometres), and will consist of agricultural lands and 18 new cities.^{@ 27} Two massive land reclamation projects, one in Sinai and the other in Upper Egypt, will develop the bulk of the new lands. Projects under implementation already aim to reclaim 400,000 feddans in the Sinai, 200,000 feddans in the West Canal, 500,000 feddans in the North West Coast, 200,000 feddans in the New Valley and 200,000 feddans in the East of Ewainat. Land will go to medium- and large-scale investors, and to different groups of future small-scale farmers such as fresh graduates and public sector workers who lost their jobs as a result of privatizations.

The objective of these land reclamation programmes is threefold:

- (1) reduce unemployment in Egypt, and keep it at low levels in spite of the growing labour force;
- (2) alleviate the population pressure in the major cities;^{@ 28}
- (3) increase agricultural production.

Both those working on the large farms and the smallholders cultivating their own lands will tend to be young, as these generally have not yet firmly settled and are thus more mobile. In terms of the worker absorption capacity of the land and the quality of life, the Mubarak National Project for jobless graduates, launched in 1988, may be the most interesting initiative. Its “philosophy” is that young unemployed graduates do not only have the flexibility to move to a new kind of habitat, but also have the educational level needed to utilize the new techniques of land development and use. Out of approximately 0.6 million feddans allocated to about 100,000 smallholders, some 0.2 million feddans are presently being farmed by 40,000 graduates.

The success of the settlement programmes depends on a number of factors.

Land fragmentation (five feddans for each graduate, for example) can impede the use of modern agricultural techniques and thus lead to sub-optimal agricultural productivity.

Training courses are necessary but fraught with difficulty (e.g. delays, low show-up rates, high drop-out rates, widely different skill levels among students). Low levels of knowledge and experience may lead to inappropriate farming techniques and practices, leading in turn to low agricultural yields and a deterioration of the lands. Part of these problems could perhaps be averted by encouraging the establishment of voluntary cooperatives.^{@ 29}

²⁷UNDP/ILO, 1997, p. 54.

²⁸As the new lands are far from the main urban areas, there will be no commuting (unlike the case of the “new cities” around Cairo).

²⁹See ILO, 1997(b) for an evaluation of the ILO’s cooperatives pilot project and an overview of opportunities and potential difficulties.

People need to be willing to move to agricultural lands that were previously desert. This is not an obvious choice in a society where urban life is considered more highly than rural life, and where white-collar work is preferred to blue-collar work and farming. Life in the new lands needs to be truly advantageous if it is to attract people from the cities. Distance to people's original habitat seems to be a crucial factor. While settlers in Nubariya, close to Egypt's capital, seem to be relatively well established, there are stretches of land deeper into the desert that few people ever came to cultivate.

New settlers may *use* their piece of land, but *receive* ownership only after cultivating it for *30 years*. But without collateral, these settlers are unable to invest much in the lands they cultivate. Further, they may not have the sense of ownership that title would have given them.

Bureaucracy causes delays in the settlement of the young graduates. Many graduates, for example, have to wait several years to obtain their land. By the time they receive it, many "fresh graduates" are above 30 years of age. Chances are high that a person of that age will already be well established, with a job and a family, and therefore less keen to move to the new lands.

To compensate for these drawbacks, and in reaction to political opposition's criticism of the different desert development projects, newspapers tend to focus on the achievements and opportunities rather than on the challenges of the new lands. The risk is that, if life in the new lands is depicted too positively, the resulting over-expectations of the new settlers may lead to disappointment and the subsequent failure of settlement efforts.

The Sinai

For the first time in history, Nile water will flow through the Sinai desert. The El-Salam irrigation canal is expected to turn 400,000 feddans of north Sinai into green farm land. The 261 kilometre El-Salam Canal begins at a point near Damietta, runs eastward and then dips down 14 metres to pass under the Suez Canal in four tunnels to reach the Sinai Desert. Costing nearly US\$2 billion, and scheduled for completion by the year 2002, the canal will terminate south of Al-Arish.

The digging of the El-Salam Canal began when President Anwar El-Sadat was in power. On its completion, it will be carrying 4.4 billion cubic metres of Nile and treated agricultural sewage water.

From the Government perspective, there is one more dilemma related to the smallholders' programme: expensiveness. Desert development efforts require huge investments, and the Government will have to bear at least part of the costs as, for industrial and economic activities to emerge and flourish, there needs to be basic infrastructure services (e.g. energy, transportation, communication networks, water and sanitation services). Government estimations put the overall budget for the Nile Valley development projects alone at around US\$88.5 billion until 2017. In addition, the maintenance of the lands depend crucially on the availability of funds. During the 35 years between the 1952 revolution and 1987, over 1.5 million feddans of land had been reclaimed from the desert, but by the beginning of the 1990s, only one-third was still in productive use. Another third was marginally productive, and the last third had almost totally reverted back to desert.

The Government intends to pay no more than 20-25 per cent of the initial investment costs of desert development projects. The private sector – national and international – would contribute the remaining 75-80 per cent. Although the

projects are taking place at a time in which the economy has regained some confidence from local and foreign investors, and there is enthusiasm on the side of private sector investors, the investments needed are of an unprecedented level, and it is not certain that sufficient funds for the entire programme will be secured.

The sheer size of the investments needed has repercussions on the distribution of land. From an employment perspective, smallholdings are likely to be the preferable road to development. However, from an initial cost perspective, graduates and other programmes that distribute relatively small pieces of land to relatively poor people are a drain on government resources as, by the very nature of these programmes, the Government is bound to bear most of the initial investment costs. In the second half of the 1990s, the Government did indeed shift its focus from schemes that provide small pieces of land to various categories of unemployed, to selling large (i.e. more than 25,000 feddans) stretches of land to large investors. The farms of these large investors are enormous, but the employment perspective is limited. It is estimated that the largest farm of all (120,000 feddans) will accommodate only 30,000 people@ 30 (and even this figure may prove to be too positive), one quarter of the number of settlers on graduates land of equal size. In addition, while the system of small landholders aims to create semi-autonomous settlements in which families would live and work, the megafarms may compromise family unity by attracting predominantly male and often only seasonal migrant labourers. While large farms will increase agricultural production, they will contribute little to the alleviation of the population pressure in the major cities and, compared to other schemes, their employment-generating potential seems limited.

³⁰EIU, 1999, p. 26.

6. Conclusions

In the past decade, Egypt's structural reform efforts have been reasonably successful from a macroeconomic point of view. Inflation went down, external debt stabilized, and GDP – and even GDP per capita – rose steadily throughout the 1990s. However, macroeconomic indicators hide considerable volatility in the levels of income and employment in some of the important economic sectors (agriculture, tourism, migrant labour, oil exports, the Suez Canal). In addition to this sectoral volatility, demographic dynamics, increasing attempts of women to join the workforce, and the return of large numbers of migrant workers (though only partly successful), caused the workforce to grow faster than the economy. With an official unemployment rate of 8 per cent, and over half a million new labour market entrants per year, Egypt is facing a formidable employment challenge.

Unemployment in Egypt is predominantly a problem of young labour market entrants: nearly *90 per cent* of the unemployed in Egypt are youths looking for their first job. The transition from school to work is difficult, and among the labour market entrants, youngsters with intermediate or higher levels of education, along with women, are those most likely to be unemployed.

The issue of youth unemployment has traditionally received much attention from the Government of Egypt. Until recently, youth employment was stimulated through various public employment guarantee schemes for graduate labour market entrants. Once employed, extensive protective labour legislation made their employment position relatively secure.

In the era of structural reform, such employment guarantee schemes are no longer viable. The 1990s were characterized by liberalization, the opening up of the economy, and the emphasis on competitiveness. Government's labour market objectives are the same – maximizing secure employment with due attention to disadvantaged groups – but the means are different. Employment opportunities are now widely believed to be best increased through steady and labour-intensive economic growth, improved education and training, expansion of habitable land, and a curbing of population growth. All these issues feature prominently on the political agenda. Complementing governmental efforts, NGOs play an increasing role on the labour market. The first innovative NGO training projects date back to the 1950s, and since the 1970s, NGOs have been supporting the establishment and development of micro- and small-scale enterprises. NGO activities in both these fields gained momentum in the 1990s, when the adverse side-effects of the structural adjustment programmes on employment and living standards became painfully obvious.

The three main categories of labour market intervention presently used in Egypt are human resource development, direct job generation projects, and support in self-employment and enterprise creation. They are large-scale initiatives, and aim to have impact at the national level. The following programmes were selected.

The Mubarak-Kohl Initiative

In Egypt, the core problem of the training system is the lack of affinity training centres have with the labour market. The “philosophy” of the Mubarak-Kohl Initiative is that employers' responsibility in the training of youngsters will ensure that training – and the concomitant practice in the form of internships – reflect the

real needs of the labour market. A public-private partnership handles training as well as the management and financing of this “dual training system”. Pilot projects were set up to test and adapt the system, and to demonstrate the opportunities and challenges of this system to the public and private sectors. These pilot projects managed to attract the attention and engagement of the private sector in some of the new cities, and the system seems to be potentially successful in the modern, export-oriented sectors of the economy. However, the original objective of the initiative – incorporation of this dual approach in all technical secondary education countrywide – does not seem feasible. While the initiative is valuable in terms of human development and perhaps international competitiveness of Egypt’s modern industries, its employment-generation potential seems to be limited from a national perspective.

The Public Works Programme (PWP)

The PWP aims at creating short-term and long-term employment opportunities by executing public works in rural areas. In addition to direct employment creation, the improved and extended infrastructure and the unemployed’s acquisition of skills is assumed to lead to an expansion of long-term employment opportunities. The use of local resources and the involvement of the local population, local NGOs and the private sector in the management and implementation of the projects are meant to ensure that only real needs are addressed, and that the infrastructure constructed will be maintained. In an attempt to institutionalize labour-intensive techniques throughout Egypt, the PWP trains contractors in the use of these techniques.

The PWP did indeed manage to create significant levels of temporary employment (albeit at the rather high cost of US\$5,000 per job, and almost exclusively for men), but no thorough evaluation reports seem to be available about working conditions, the impact of the project on its beneficiaries, the capacity of these projects to spark the growth of the local economy, and the long-term employment perspectives of the temporary workers. It seems that legal rules impede cost-recovery mechanisms for maintenance of the PWP infrastructure. If the PWP infrastructure can not be maintained, it will not be the engine of local economic growth it is hoped to be and, consequently, the projects are unlikely to lead to an increase in the local long-term labour demand.

The desert development programmes

Important stretches of Egypt’s deserts are to be cultivated, as the presently cultivated lands along the Nile are unable to absorb more labour, house more people or produce more food. Because of this obvious necessity, desert development programmes are at the top of the Government’s agenda. Aided by increasingly sophisticated farming techniques, cultivated new lands are rapidly expanding. The various programmes allocate the lands in different ways. Smallholder programmes provide graduates, public sector retirees, landless peasants and other groups with plots of land and with the training and support needed to build up a livelihood in these new lands. Together, these smallholders are meant to form semi-autonomous settlements. But recently, the Government moved away from such programmes in favour of large-scale farms. These farms have the advantage that private investors, rather than the Government, bear the bulk of investment costs. Youths will still be the main beneficiaries of the employment created through these large farms, as they are the ones who are both more mobile and in need of employment. But the number of jobs created per feddan of cultivated land will be much less than in the case of small-scale farms. In addition, large-scale farms are likely to be even more male-biased than small-

scale farm projects, and may compromise family unity (and thereby the quality of life) by using seasonal migrant workers who leave their family behind.

The three programmes described share the following challenges, that need to be addressed.^{@ 1}

6.1. Feasibility

The large and growing pool of unemployed necessitates rapid development of employment initiatives. However, urgency should not blur the need for feasibility studies or the necessity to identify possible bottlenecks and develop ways to tackle them. Representative and thoroughly evaluated pilot projects can be of great assistance. In the three initiatives discussed in this paper, a number of bottlenecks put at stake their success.

Financial requirements

Government resources are limited, and the financial requirements of the different initiatives need to be shared between the public and private sectors.^{@ 2} Cost-sharing arrangements may have advantages of a non-financial nature as well. They may foster partnership and a sense of ownership among all contributors. Expansion of the dual training system, for example, in which part of the training costs is transferred from the public to the private sector, may strengthen the personal involvement and commitments of the participating enterprises. In a similar vein, the community's financial contribution to the PWP projects, and their concomitant sense of ownership, may facilitate implementation and maintenance schemes, and help ensure that no projects are executed without a real need for the infrastructure constructed. In both cases, the financial contribution increases the chances of success of the project and thus of employment-creation.

But cost-sharing arrangements have dangers as well, and seemingly successful pilot projects may blur the picture. The business associations that share the financial responsibilities in the Mubarak-Kohl Initiative approached the SFD for donations; a worrying attempt to eschew financial commitments. In the PWP projects, there is the risk of concentrating public works in areas where the local community is wealthy enough to contribute financially. In the case of the desert development projects, the investments needed are of such scale that, in spite of Egypt's encouraging economic growth until recently, it may prove difficult to raise sufficient interest among private investors. In addition, the desert development schemes seem to face a trade-off between employment-generation and private sector financing. While the distribution of small plots of lands to fresh graduates and other individuals is likely to generate more employment per feddan of land than large-scale agro-business, large-scale agro-business could bear a much larger part of the initial costs than small-scale settlers. Indeed, in recent years the Government refocused its programmes in favour of large investors.

The absorptive capacity of the Egyptian economy

¹As few in-depth evaluation reports were available, the observations below are tentative.

²It should be noted that a significant portion of public expenditure targeting employment creation is funded by the donor community. As the continuous financial flows from donors cannot be assured, these programmes have uncertain long-term perspectives.

Training schemes in particular assume that there will be a demand for the skills acquired. If training schemes are sufficiently large, the economy may not be able to absorb all trainees. Companies, for instance, may thus be inclined to use dual-system trainees *instead of*, rather than *in addition to*, the regular workforce. Similarly, there may not be a market for the skills that the PWP workers acquire, if the PWP projects produce too many skilled workers.

The availability of natural resources

Urgent needs may induce planners to overlook the reality of limited resource availability. The desert development programmes are based on the assumption that there is, in principle, enough water available for irrigation and generation of electricity for the new lands, and sufficient soil with the quality needed for desert development. If this proves not to be the case (and very few research reports on the topic are publicly available), the size of the projects may need to be reconsidered.

6.2. Sustainability

Enormous investments can be wasted if a thorough follow-up is not ensured. During the 35 years between the 1952 revolution and 1987, for example, over 1.5 million feddans of land had been reclaimed from the desert; but by the early 1990s, only one-third of those lands were still in productive use. Similarly, achieving the ambitious objectives of each of the initiatives discussed depends on ongoing commitment. Both funds and expertise will have to be generated locally or nationally, as the international donor community will eventually discontinue the provision of international experts and financial contributions. For the private sector and the local communities to take over these responsibilities, they need to see that initiatives are successful over time, as projects that disappoint will not spark and maintain commitment and will lead to an unavoidable downward spiral.

In addition, sustainability of the initiatives' results depends on transparent and favourable institutional arrangements. Thus, legal vagueness, contradictory regulations, overlapping responsibilities, and the long (30 years) period between receiving the *right of use* and receiving the *ownership* of the land, make the smallholders' programmes unnecessarily unattractive. The PWP infrastructure maintenance is compromised by a legal framework that all but excludes the possibility to levy taxes on public utilities. As for the Mubarak-Kohl Initiative, it operates wholly in a legal vacuum. The long-term effects of each of the projects may well prove to be contingent upon modifications in this legal framework.

6.3. Target groups

Target groups need to be defined. Among the key criteria to select them could be their need of assistance, their capacity to utilize fully the assistance provided, and the projects' ability to reach them. In the course of any project, it may be necessary to modify the kind of assistance, redefine the target group, screen the candidates more carefully, or put extra effort in reaching (segments of) the selected target group.

While targeting is important, a differential approach (i.e. providing land, housing, food, basic infrastructure and livestock to some groups of smallholders and not to others) has its risks. For instance, the preferential treatment recent graduates receive may be viewed with hostility by other smallholder groups. Such hostility may impede the forming of cohesive communities in the new lands.

Notwithstanding the increasing attention that gender issues receive in the world of development cooperation, all three programmes are male-dominated. This is a missed opportunity. The PWP in particular could have assumed a pioneer role, as “experience has shown that employment-intensive works can have a powerful impact on breaking down stereotypes by employing women on what is generally considered to be men’s work. (...) The training of women as technicians and gang leaders (...) has shown that where a higher percentage of women work at these levels, traditional cultural barriers are overcome and more favourable attitudes are developed for the recruitment of women workers for semi-skilled and unskilled work.”@ 3 Targeted and carefully designed employment-creation initiatives in settlements have also proven to be able to enhance the position of women in the communities.@ 4

Neither the PWP, the settlement programmes, nor the pilot projects of the Mubarak-Kohl Initiative, have managed to secure the participation of substantial numbers of women. This is particularly serious in view of the fact that women have higher rates of illiteracy and unemployment, longer average duration of unemployment, and lower average wages. In addition, women suffered even more than men from the employment impact of structural reform programmes.

Screening beneficiaries is important as they often need to make a long-term, difficult commitment (resettling in a new area, choosing a vocation). The philosophy of the graduates’ programmes of the desert development projects is that young persons who are not yet rooted somewhere else and who are highly educated will be able to use fairly sophisticated agricultural techniques and live up to the challenges of a life in the newly cultivated lands. Many graduates who apply for a piece of land have neither an agricultural background nor an agricultural degree. This can be a problem in terms of both motivation and expertise. Screening candidates more carefully, using flexibility, expertise and enthusiasm as important indicators, is likely to improve the performance of these new settlers.

6.4. Awareness and attitude

For projects to succeed, beneficiaries need to be aware of their existence. Experience in Egypt shows that raising awareness is a painstaking process that does not regenerate itself by word of mouth. Only 18 per cent of the respondents to a large poverty assessment survey were aware of the *existence* of institutions or projects set up to help the poor.@ 5 The media and other means should be used fully to present projects to their respective target groups and capture their attention.

Target groups should not only be aware of the existence of projects. They should also understand and have a *positive attitude* toward their “philosophy”. This requires attitude changes, as each of the three initiatives uses unconventional (and thus perhaps not immediately appealing) concepts.

³ILO, 1998, p. 7 (Internet version).

⁴See ILO, 1996(b), a particularly candid description of the successes and shortfalls of the Kom Ombo Initiative, where women in a Nubian settlement were helped in setting up the first all-women’s cooperative in Egypt.

⁵EHDR, 1996, pp. 90-91.

The dual training system is unlikely to be institutionalized in the whole technical secondary education system. Even for the modern, export-oriented sectors, convincing entrepreneurs of the value of training and of the importance of their role in the dual system will not come easily. The private counterparts of the carefully selected and designed pilot project, for example, showed commitment, but also made (successful) attempts to shift part of their financial obligations to the SFD. The willingness of the public counterpart to share responsibility in training programmes does not seem to come automatically either.

The PWP's employment-intensive approach to work is not new in Egypt, but it *is* new to consider it a preferred mode of production rather than a financial necessity for poor small-scale enterprises. A training programme on employment-intensive techniques is needed (and is indeed being organized) to create a generation of contractors that investigate consistently labour-intensive options before implementing infrastructure projects.

In order to attract settlers for the new lands, *millions* of individuals will have to be convinced that urban life is not necessarily preferable to rural life, and that farming is not a low-status occupation. Sensitization campaigns will have to be balanced, convincing youths of the advantages of moving to the new lands (which will not be easy), while avoiding raising their expectations to unrealistic levels (which would lead to drop-out once they confront reality).

Only if attitudes change in favour of the shared responsibility for technical training, employment-intensive techniques, urban-rural migration, and acceptance of blue-collar and agricultural work will the initiatives discussed have a chance to succeed.

6.5. Possible side-effects

All three initiatives are bound to have many expected and unexpected side-effects. Many of these side-effects will be positive. Trainers are likely to enjoy increased job satisfaction once the dual training system bears fruits (higher salaries would help as well), and the image of public technical education may improve. Public works may not only provide skill to workers, but the concomitant collective maintenance schemes may enhance a community spirit in the villages. The new lands may add colour to the cultural landscape when new communities acquire their own identity and traditions.

But attention needs to be paid as well to potential *negative* side-effects. Students of the dual training system should not replace the regular workforce. Skill acquisition should not merely increase a sense of frustration if the economy fails to absorb these skilled workers. The New Valley should not divert so much water from the Nile that agricultural communities along the river eventually face water shortages.

Concluding note

In recent years, the Government and NGOs alike have undertaken a myriad of programmes to combat unemployment. The entry point of these labour market interventions has changed from central planning to market conformity. Consequently, most recent initiatives are conceptually new in Egypt. The field has by no means reached maturity, and the relative lack of thorough and publicly available evaluation reports seems to impede a learning process. In addition, the legal system, largely dating back to the Nasser era, is not adapted to the open and market-oriented economy of the 1990s and beyond, and obstructs the efficacy of some labour market initiatives.

To be able to cope with a labour force that increases by half a million persons per year, initiatives do not only need to expand in size, but also need to be monitored continuously, thoroughly evaluated, and perhaps refocused. These reports should be widely available to avoid repeating mistakes and to ensure that paths are chosen that have proved successful in similar circumstances.

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Skills Working Papers

1. Enterprise-based youth employment policies, strategies and programmes
Simon White, Peter Kenyon, 2001
2. Youth employment in Egypt
Willem van Eekelen, Loretta de Luca, Nagwa Ismail, 2001

Labour force participation rate, % (KILM 1)

| 1990 | | | 1991 | | | 1993 | | | 1994 | | | 1995 | | | 1997 | | | 1998 | | |
|------|------|-------|------|------|-------|------|------|-------|------|------|-------|------|------|-------|------|------|-------|------|------|------|
| F | M | M & F | F | M | M & F | F | M | M & F | F | M | M & F | F | M | M & F | F | M | M & F | F | | |
| 26.7 | 73.2 | 50.4 | 22.0 | 70.8 | 46.7 | 21.2 | 70.4 | 46.1 | 21.8 | 70.1 | 46.5 | 21.8 | 70.1 | 46.5 | 20.3 | 69.8 | 45.4 | 21.1 | 70.1 | 46.5 |
| 27.4 | 75.6 | 51.6 | 22.7 | 73.5 | 47.9 | 22.3 | 73.7 | 48.1 | 22.8 | 73.5 | 48.3 | 22.8 | 73.5 | 48.3 | 21.2 | 73.3 | 47.1 | 21.1 | 73.3 | 47.1 |
| 25.0 | 40.6 | 33.2 | 20.8 | 38.7 | 30.4 | 20.0 | 40.1 | 31.0 | 20.5 | 39.9 | 31.0 | 20.5 | 39.9 | 31.0 | 19.7 | 40.5 | 31.0 | 19.7 | 40.5 | 31.0 |
| 32.7 | 98.3 | 64.1 | 27.9 | 96.9 | 61.0 | 27.1 | 97.1 | 60.6 | 28.0 | 97.5 | 61.3 | 28.0 | 97.5 | 61.3 | 25.9 | 97.8 | 59.9 | 25.9 | 97.8 | 59.9 |
| 16.4 | 85.4 | 49.8 | 11.2 | 81.5 | 44.1 | 11.9 | 81.2 | 46.6 | 11.8 | 80.9 | 45.5 | 11.8 | 80.9 | 45.5 | 10.5 | 79.5 | 43.7 | 10.5 | 79.5 | 43.7 |
| 12.7 | 41.5 | 30.8 | 7.7 | 39.5 | 28.4 | 2.2 | 24.3 | 14.8 | 2.1 | 27.5 | 17.1 | 2.1 | 27.5 | 17.1 | 2.8 | 26.2 | 17.4 | 2.8 | 26.2 | 17.4 |

for 1992 and 1996 are not available.

Labour force x 100/population of working age.

Communicated by CAPMAS, based on CAPMAS Labour Force Sample Surveys.

Youth unemployment , 1990-98

| Youth unemployment rate (%) | | | Ratio of youth unemployment to adult unemployment | | | Share of youth unemployment to total unemployment | | | Share of youth unemployment to youth unemployment | |
|-----------------------------|------|-------|---------------------------------------------------|-----|-------|---------------------------------------------------|------|-------|---------------------------------------------------|------|
| M | F | M & F | M | F | M & F | M | F | M & F | M | F |
| 17.1 | 43.4 | 26.4 | 6.6 | 5.2 | 6.6 | 59.0 | 66.3 | 62.6 | 6.9 | 10.0 |
| 21.4 | 53.4 | 31.6 | 8.9 | 5.8 | 8.1 | 65.8 | 68.5 | 67.2 | 8.3 | 10.0 |
| 20.2 | 47.1 | 28.5 | 6.5 | 7.9 | 7.7 | 61.0 | 75.0 | 67.4 | 8.6 | 9.0 |

| | | | | | | | | | | |
|----------|------|------|-----|-----|-----|----------|------|------|----------|---|
| 23. 8 | 55.2 | 33.3 | 6.8 | 5.8 | 7.1 | 62. 2 | 69.9 | 65.8 | 10. 6 | 1 |
| 23. 7 | 56.8 | 33.8 | 7.2 | 5.9 | 7.3 | 63. 1 | 69.8 | 66.4 | 10. 7 | 1 |
| 24. 5 | 59.0 | 34.4 | 8.0 | 6.0 | 7.8 | 66. 4 | 70.5 | 68.4 | 11. 4 | 1 |
| 15. 5 | 47.5 | 23.5 | 5.7 | 4.2 | 5.2 | 58. 6 | 56.4 | 57.5 | 6.5 | 7 |
| 15. 8 | 42.8 | 23.1 | 6.9 | 3.9 | 5.9 | 62. 9 | 59.9 | 61.4 | 6.7 | 7 |

for 1996 are not available, as no LFSS was conducted in that year.

Youth unemployment x 100/youth labour force.

th unemployment rate/adult unemployment rate.

th (15-24 years old).

it (25 +).

communicated by CAPMAS, based on CAPMAS Labour Force Sample Surveys.

Unemployment by educational level, 1990-98 (%)

| 1990 | 1991 | | | 1992 | | | 1993 | | | 1994 | | | 1995 | | | 1997 | | | | |
|--------|------|------|----------|------|------|--------|------|------|----------|------|------|----------|------|------|--------|------|------|------|------|------|
| M F | M | F | M F | M | F | M F | M | F | M F | M | F | M F | M | F | M F | M | F | | | |
| 13.0 | 3.5 | 20.7 | 9.9 | 1.7 | 17.4 | 1.2 | 2.0 | 0.3 | 1.5 | 2.6 | 0.2 | 1.1 | 1.7 | 0.4 | 1.4 | 2.5 | 0.2 | 1.5 | 2.7 | 0.4 |
| 4.0 | 5.0 | 3.3 | 1.9 | 1.2 | 2.4 | 1.1 | 1.7 | 0.2 | 1.4 | 2.3 | 0.5 | 0.8 | 1.2 | 0.2 | 1.1 | 1.9 | 0.3 | 1.5 | 2.8 | 0.2 |
| 8.4 | 11.0 | 6.2 | 9.7 | 2.2 | 7.8 | 1.2 | 1.8 | 0.5 | 1.6 | 2.5 | 0.5 | 1.5 | 2.2 | 0.8 | 1.5 | 2.0 | 0.9 | 2.2 | 3.8 | 0.7 |
| 57.2 | 52.9 | 53.4 | 60. 1 | 69.4 | 59.3 | 70.4 | 65.7 | 76.0 | 71. 2 | 65.3 | 77.8 | 74. 4 | 69.4 | 79.8 | 75.7 | 70.7 | 81.1 | 69.3 | 62.2 | 76.0 |

| | | | | | | | | | | | | | | | | | | | | | |
|-----|------|------|------|------|------|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | 6.8 | 8.6 | 5.4 | 6.5 | 8.4 | 4.8 | 9.1 | 8.5 | 9.8 | 9.3 | 10.0 | 8.6 | 8.1 | 8.4 | 7.9 | 8.0 | 8.5 | 7.5 | 9.4 | 10.4 | 8.4 |
| and | 14.6 | 19.0 | 11.0 | 11.9 | 17.1 | 8.3 | 17.0 | 20.3 | 13.2 | 15.0 | 17.3 | 12.4 | 14.1 | 17.1 | 10.9 | 12.3 | 14.4 | 10.0 | 16.1 | 18.1 | 14.3 |

for 1996 are not available, as no LFSS was conducted in that year. Data of 1990-1995 cover persons from 12 to 64 years old, while data of 1997 cover persons

communicated by CAPMAS, based on CAPMAS Labour Force Sample Surveys.