



A LABOR MARKET ASSESSMENT OF POST-REVOLUTION EGYPT

Opportunities and Challenges for the Future

January 2012–March 2013

EGYPT@WORK PROJECT SITES

GOVERNATES COVERED

Greater Cairo
Behira
Sharquia
Beni Suef
Faiyum
Minya
Luxor
Qena
Asyut
New Valley



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NAHDET EL MAHROUSA

Nahdet el Mahrousa (NM), or "Renaissance of Egypt", seeks to make a positive and lasting impact on Egypt's cultural, economic, and social development by activating and engaging young Egyptians. NM's flagship program, the "Incubator of Innovative Social Enterprises," leverages the ideas of high-potential changemakers and empowers them to act as drivers of social innovation in Egypt. Since its founding in 2003, NM has incubated over 40 social enterprises—in areas such as youth development, education, employment, healthcare, and culture—who currently reach and impact over 10,000 individuals in Egypt. NM is an NGO registered with the Ministry of Social Solidarity. To learn more visit: www.nahdetmasr.org.

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FOREWORD

The fact that youth under 30 currently represent two-thirds of Egypt's population underscores how clearly the future of the country is intertwined with the future of its young people. Today, unfortunately, youth between the ages of 15 and 30 represent nearly 90 percent of the country's unemployed population—a staggering figure that illustrates the enormous challenges facing Egyptian youth as they seek to be productive and engaged citizens. Determined to change these conditions, the country's young people were at the forefront of the “Arab Spring” revolution two years ago to overthrow a long-time dictator and create greater opportunities for themselves and their families.

To help support this positive vision for the future, we launched Egypt@Work, a four-year, \$5 million initiative by the International Youth Foundation (IYF) and Egyptian NGO Nahdet El Mahrousa (NM) in partnership with The MasterCard Foundation. Our goal is to provide 10,000 disadvantaged youth with the skills, knowledge and opportunities they need to find and maintain employment or become self-employed.

We believe that in order to provide youth with relevant skills and knowledge, programs like Egypt@Work must engage youth and businesses to understand and respond to labor market trends, the gaps and needs of businesses that hire youth, as well as the local markets that emerging entrepreneurs will operate within. Most importantly, the program must be responsive to the needs and aspirations of young people themselves.

Egypt@Work conducted this Labor Market Assessment to promote greater understanding of these issues and lay the foundation for alliances among youth, businesses, and community stakeholders—all seeking economic prosperity for the country. The following report shares the findings and recommendations from this assessment, which will inform the Egypt@Work's training and support services and, we hope, future economic development and youth programs in Egypt and beyond.

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ACRONYMS

E@W	Egypt@Work
FGDs	Focus Group Discussions
FMCGs	Fast Moving Consumer Goods
IDIs	In-depth Interviews
ILO	International Labor Organization
IYF	International Youth Foundation
LIPs	Local Implementing Partners
LMA	Labor Market Assessment
MCF	The MasterCard Foundation
MNC	Multi-National Cooperation
NM	Nahdet El Mahrousa
UNDP	United Nations Development Program
WB	World Bank

EXECUTIVE SUMMARY

Purpose and Methodology

Egypt's young people have enormous potential to drive the economic and social revitalization of their country. Yet today, this critical sector of the population represents the vast majority of Egypt's unemployed and underemployed citizens. Overall unemployment reached 13% in the fourth quarter of 2012 (CAPMAS 2012); and according to recent estimates, youth between the ages of 15 and 30 constitute nearly 90% of the country's overall unemployed population (AfDB 2012). Young women have the lowest employment rates at 13.4% compared to 61.4% among young males.

This Labor Market Assessment was carried out as part of the design and implementation process for the Egypt@Work program, a four-year, \$5 million initiative by the International Youth Foundation (IYF) and Egyptian NGO Nahdet El Mahrousa (NM), in partnership with The MasterCard Foundation, to expand youth employment and entrepreneurship opportunities in Egypt. The assessment was considered a necessary starting point to ensure the Egypt@Work program is grounded in the current needs and aspirations of the country's youth as well as the demands of the local labor market. Reaching Egypt's marginalized youth took on even greater urgency following the primarily youth-led January 25 revolution, which was sparked in large part by soaring unemployment and young people's deep dissatisfaction with their livelihood prospects.

For these reasons, the purpose of this assessment was to implement a rapid, short-term information-gathering effort, not to carry out a comprehensive national economic study. Our focus was to engage government, corporate, and youth participants in deepening our understanding of the challenges and opportunities facing Egypt's labor market, and to help inform the efforts of the Egypt@Work initiative to build the alliances and local capacity needed to help address them. We hope, as well, that the findings and recommendations of this report will be used by other organizations and governments to strengthen their youth development efforts, particularly in the area of youth employment. In an effort to make this report action-oriented—and ensure future efforts in Egypt are evidence based—this assessment focuses on our findings about the labor demands in Egypt, employers and youth's perspectives on employment, and youth's views on entrepreneurship. These divisions also reflect our belief that as we seek solutions, we must consider issues of supply, demand, job growth and job creation.

This assessment employs a “dual-client” approach that includes surveys of both employers and youth, and has been broadly adopted by IYF for the development of its livelihood training programs worldwide. IYF believes that the success of employability programs depends on correctly identifying and responding to the unique conditions of the local labor market in each targeted region, and tailoring those programs to the specific assets and needs of local youth. Livelihood programs that are aligned with market demands also add value to employers—who are more likely to hire and retain youth graduates and become long-term partners in training and support efforts.

Summary of Findings and Recommendations

The following section provides a snapshot of our findings and the recommendations for youth-focused programs that emerged from this research effort.

Targeted Areas of Economic Activity and Growing Labor Demand

Manufacturing, food and beverage, information and communications technology, and agribusiness sectors are expected to grow. Despite the withdrawal of investments and recession following the January 2011 revolution, modest overall growth was projected for FY2011/12 (Helmy and Abdel Raouf 2012). Sectors with labor-intensive, low-tech jobs to watch and potentially target for growing labor demand appropriate for marginalized youth (and thus job training and private sector engagement) include manufacturing, food and beverage, information and communications technology (ICT), and agribusiness.

Historically key employment sectors are expected to remain robust. Stakeholder interviews worked from the premise that Egypt already has a comparative advantage in particular areas and that these areas will continue to be a priority. When outside investments return, it is expected they will be directed primarily at the same sectors.

Employment opportunities exist for those who have the tools to secure them. While Egypt's young people acknowledge their frustration with the many challenges they face as a result of the revolution, at the time interviews were conducted in 2012 and early 2013, youth interviewed expressed optimism about their own ability to get jobs and engage in independent business activities because of their confidence in themselves to work hard and take initiative. These young Egyptians believe opportunities exist, but only for those who can navigate the hurdles ahead such as inadequate training and lack of information about marketplace needs.

The Demand Side: What Employers Want and Need

Employers report a dearth of qualified applicants. Employers across a variety of sectors reported a significant mismatch between supply and demand that continues to plague private sector businesses. While employers continue to need qualified, skilled workers, the available pool of potential employees consistently falls short in meeting the market's requirements.

Traditional training programs are out of sync with the current job market. Many job training and vocational training efforts are obsolete and do not match current workplace needs.

Life skills training and mentoring can bridge the gap. While the availability of high-quality technical and vocational skills training also needs to be improved, stakeholders agree that introducing life skills and job readiness training is critical to addressing the skills mismatch.

The Supply Side: Youth Perceptions of Employer Needs

Youth value education, but feel unprepared for work by the public education system. Young people recognize that a weak public school system is hurting their chances for employment, yet they recognize that obtaining training certificates and/or a degree is valuable in improving their job prospects.

There is a communication gap between young job seekers and employers who are hiring. Young people have difficulty accessing information about what jobs are available, what skills they need in order to get employed, and what job training programs exist. In addition, over-dependence upon word of mouth from family and friends, continue to limit youth's awareness of job openings.

Young people do not have access to adequate career counseling or mentoring opportunities, which are critical to plan a career path and understand the long-term potential of particular jobs.

Entrepreneurship: Observations and Challenges

Youth participation in independent economic activity remains extremely low, with only about one percent of young people ages 15 to 29 either employing others or self-employed.

Red tape is a challenge for young entrepreneurs. Aspiring entrepreneurs face a range of challenges as they seek to start their own businesses or self-employment. They say that bureaucratic red tape is an obstacle far more difficult to overcome than access to seed capital.

Young entrepreneurs lack basic information about marketplace needs and don't have the skills to plan, launch, or manage a new enterprise.

Self-employment appeals to women with families. Both young men and young women tend to be risk averse, particularly in their early twenties, and prefer regular employment to entrepreneurship. However, when they get older, the risks of entrepreneurship become more acceptable. Women in this older age group are particularly interested in self-employment, given the flexibility it offers while raising a family.

Summary of Recommendations

Align training programs with employer needs. Technical and vocational training programs should be better aligned with local business needs. Currently they are often obsolete and not demand driven, competency based or validated by employers.

Forge partnerships between NGOs and employers. Expanding career counseling and mentoring programs will help job seekers shape their long-term career expectations and employers' efforts to design job opportunities that attract and retain qualified candidates. NGOs should work with employers to develop these services.

Engage community organizations to support youth in their job searches. Civil society organizations could play a more significant role in improving young people's access to information about job openings, job training opportunities, and market trends.

Improve lines of communication between youth and employers about careers and job openings. NGOs and employers should also work together to organize job banks and job fairs, and utilize online job search engines and social media to keep youth better informed of job training and employment opportunities.

Focus on core business skills and simplify legal procedures and red tape for entrepreneurship. Young entrepreneurs need more training and mentoring in areas such as developing business plans and other core business skills, which could be incorporated into existing entrepreneurship training programs offered by NGOs. Governments and NGOs should also work together to simplify licenses, micro-loan re-payment schemes, and other legal procedures that are difficult for aspiring entrepreneurs to navigate.

INTRODUCTION

Despite the fact that educational attainment is currently at its highest in Egypt's history, young people represent the vast majority of Egypt's unemployed, with recent estimates showing that youth ages 15 to 30 constitute between 78% and 90% of the overall unemployed population in the country (AfDB 2012). Labor force participation is particularly low among young women—13.4%, as compared to 61.4% among young males. This is in large part because disadvantaged youth, particularly women, do not have access to relevant training and other support systems that could prepare them for employment in the formal private sector.

In order to address the urgent need to increase youth employment and entrepreneurship opportunities in Egypt, particularly in the wake of the January 25th Revolution, the International Youth Foundation (IYF) and the Egyptian NGO Nahdet El Mahrousa (NM) joined forces to launch Egypt@Work, a four-year, \$5 million initiative, in partnership with The MasterCard Foundation. The purpose of this Labor Market Assessment is to help guide the design and implementation of the Egypt@Work program, to ensure it is grounded in the current needs and aspirations of Egypt's youth as well as the employment demands of local employers. This report details these findings about the employment demands in Egypt, and then employers' and youth's perspectives on employment needs and desires, as well as trends in youth entrepreneurship.

Reaching Egypt's marginalized youth is even more pressing following the primarily youth-led January 25th revolution, spurred in large part by rising youth unemployment and young people's dissatisfaction with their economic prospects. It is therefore important that this assessment explore the current challenges facing young people as well as local businesses. The aim is thus to conduct a rapid, short-term information-gathering effort rather than a comprehensive national economic study. Gauging the opinions of participants in the labor market around both the challenges and opportunities they face and how to address them is a key focus of this report. The long-term hope is that these findings and recommendations will help the Egypt@Work program develop strong multi-sector alliances and greater local capacity to support its goals—and will also be useful to other organizations and government agencies who are engaged in promoting similarly sustainable livelihood efforts in their communities.

THE DUAL-CLIENT ASSESSMENT APPROACH

IYF and NM believe that the success of employability programs depends on correctly identifying and responding to the unique conditions of the local labor market in each targeted region while also tailoring programming to address the specific assets and needs of local youth. In other words, youth-serving organizations and other partners need to consider both youth and employers as the primary clients of these employability programs.

Over the years, IYF has developed this “dual-client” approach for its employability programs worldwide, with the understanding that when livelihood training programs add value to businesses, employers are more likely to hire and retain youth graduates and become long-term partners with NGOs and governments in training and support efforts. To ensure this focus on ensuring real gains both for the youth served and the businesses that will hire them, IYF has adopted a standard program development process that incorporates Dual-Client Assessments (DCAs) of local employment environments—employers and youth—as a core activity in many of the countries where IYF and our partners are active.

In keeping with the Dual-Client approach, a series of interviews with private sector employers and focus group discussions with disadvantaged youth were conducted from January 2012 through March 2013 for this assessment. Because of the uncertainty about the overall Egyptian economy and which sectors will represent the best target areas for youth employment following the revolution, a supplemental survey of general economic conditions was conducted using published data and a series of in-depth interviews with key stakeholders and policy-makers.

It should be noted, however, that research challenges arose with the use of published studies and reports. Economic and labor studies carried out by the government or other entities before the revolution were not readily accessible and post-revolution data is also limited. Documents that IYF typically utilizes for assessments such as labor and education projections and plans for specific categories of laborers are not available yet for the period since 2011. Similarly, the most recent government and non-government labor and economic reports predominantly rely upon statistical data or policy plans that predate the revolution.

The Data Gathering Process

In-depth interviews with key stakeholders and policy-makers from the private, public and civic sectors helped determine the sectors or sub-sectors of the Egyptian economy that currently show the greatest potential for growth and job creation suitable for disadvantaged, entry-level youth in the coming three years. Thirteen private sector employer representatives—human resource managers and upper to middle managers in the targeted sectors—were interviewed about their anticipated future hiring needs, their prior experience hiring youth, and the qualifications they require of youth hires at present and in the future. It should be noted that challenges of engaging the private sector in this study were apparent during our research as thirty companies were contacted multiple times for interviews and only thirteen agreed to meet with our researchers. However, despite this challenge, the employers that participated were open and the interviews generated significant data and a good level of consistency in responses across the various sectors.

Table 1: Private Sector Interviewees

Sector	Employer
Manufacturing	Nissan
	BMW
	Beeko
	La Farge
	Helco Metals
	Yasmina Cosmetics
	Jet Textiles
	Traintex
	Seasons (Olympic group)
Food and beverage	Papa Johns
Information and Communication Technology (ICT)	Energia (El Sewedy Cables)
Agribusiness	Roomy foods

In addition to reaching out to the private sector, we conducted FGDs with unemployed and underemployed youth to gain an understanding of their qualifications and desires for their future education, training and careers. To gauge the needs and expectations of youth, we held a series of six focus group discussions with a total of 44 young people from greater Cairo and Sharquia, a governorate in northern Egypt, including nearly equal numbers of currently employed individuals and young people who were unemployed at the time of participation.¹

Youth respondents were recruited from among the current beneficiaries of two local partner NGOs already active in employability and poverty eradication. These organizations selected youth with an eye toward achieving a roughly balanced representation of gender, age, and employment status, with some young entrepreneurs represented as well.

¹ FGD participants included 23 young women (7 of them between the ages of 15 and 22; 16 of them between the ages of 22 and 29), and 21 young men (10 between the ages of 15 and 22; 11 of them between the ages of 22 and 29). Of the participants, the majority (16) had completed high school (commercial or otherwise); 10 had earned a diploma (diploma often unspecified, but included commerce, and tourism and hospitality); 8 participants had finished part or all of secondary school; 2 had college degrees, and 2 had completed all or part of primary school.

Participants ranged in age from 15 to 29, and included residents from Sharquia and four large areas in greater Cairo: Old Cairo (south side of Cairo), Ain El Sera (a neighborhood within Old Cairo), Omraneya (in the Giza governorate, on the east side of Cairo), and Shobra (a neighborhood in north-central Cairo).

TARGETED AREAS OF ECONOMIC ACTIVITY AND GROWING LABOR DEMAND

Effective programs to support and enhance youth employability must determine which sectors have the greatest potential to grow and produce jobs, and what kinds of livelihoods young people are most interested in and feel they can find lasting and desirable careers.

Key Findings:

- Despite the withdrawal of investments and recession following the January 2011 revolution, many sectors started to show a recovery in the last quarter of 2011.²
- In reviewing the areas of likely growth, stakeholders focused on sectors that are labor intensive, low-tech, and local demand-driven. Specifically they emphasized potential job growth in the sectors of manufacturing, food and beverage, information and communications technology (ICT), and agribusiness.
- A survey of stakeholders and published reports indicated that three of these sectors (agribusiness, manufacturing, and ICT) were stand outs in the pre-revolutionary economy and would remain strong even under current circumstances.

The ICT sector has been particularly robust in the past two to three years, and viewed as an area with high demand for employment in the short term, particularly in non-technical vocations such as computer and mobile maintenance and call center jobs. Food and beverage sector was also seen as a growing job source. In FY 2011, the Egyptian economy experienced a decline across the board as a result of the protest movement and the uncertain political and economic conditions that followed the fall of the Mubarak regime. The sectors with the greatest influence on the period leading up to the revolution are known and well documented by figures from the Central Bank of Egypt. The question that remains is whether these sectors are likely to change in the post-revolution atmosphere. One objective of this assessment was to gauge whether the revolution and change in administration would cause a shift away from past trends.

For this reason, the assessment was guided by a survey of published economic reports as well as a series of interviews with key stakeholders and policy-makers. In the stakeholders' predictions of where labor demand will continue to be centered within the Egyptian economy, interviewees paid particular attention to sectors that are labor intensive; that require few high-technology inputs; and that are especially responsive to local market needs, rather than to export trends or global market needs.

Our survey of stakeholders and published economic reporting indicates that significant changes were not observed. Moreover, four areas of the private sector economy are predicted to have growing labor demand over the next three to five years: manufacturing, food and beverage, information and communications technology, and agribusiness.

Three of these areas—Agribusiness, Manufacturing, and ICT/Communications—were stand-outs in the pre-revolutionary economy as sectors that helped drive the Egyptian economy through FY 2009 and FY 2010, whether due to their rate of growth or the share of overall GDP growth that each of them represents.³ Despite some initial setbacks after the revolution, stakeholders expect these to remain strong with continued growth and labor demand.

2 ECES measured modest growth in the Egyptian economy in the first nine months of FY 2011/12, driven by private consumption and investments in the extraction and real estate sectors (Helmy and Abdel Raouf 2012).

3 See graphic overview of 2008-9 and 2009-10 from ECES, where Agriculture (termed "Agribusiness" in this report), Manufacturing and Communications demonstrate robust economic health – Agriculture and Manufacturing in terms of their sectoral share as a percentage of GDP, and Communications in terms of its sectoral growth rate (ECES 2012).

In particular, the ICT sector saw a robust boom in the years preceding the revolution.⁴ It is viewed as an area with high demand for employment in the near term, particularly in non-technical vocations such as computer and mobile maintenance and call center agents. Food and beverage continues to be a key area for growth, in part due to its labor intensive focus.

It is worth pointing out that investment—whether from the government of Egypt or from foreign firms—is one important factor driving sectoral growth and subsequent demand for labor. This factor was discussed in stakeholder interviews, yet investment remains an area where the lack of data hampers experts’ ability to fully understand the post-revolution climate and identify promising sectors to target. Following the revolution, the flow of private foreign investment into the country has plummeted.⁵ Interviewees noted that there was little real understanding of what its revival would look like in the months and years ahead, although the Egyptian government projects 3% overall growth in 2013.

With stakeholders unable to refer to any concrete data regarding expected investment flows, these predictions and recommendations were made based on general sector size and previous growth rates. Stakeholder interviewees worked from the premise that Egypt already has a comparative advantage in particular areas and therefore these areas remain and will continue to be a priority. When investments pick up once again, it is expected that they will be directed primarily at the same sectors.

THE DEMAND SIDE: WHAT EMPLOYERS WANT AND NEED IN THEIR JOB APPLICANTS

The assessment highlighted that the mismatch between labor demand and supply remains essentially the same now as it was prior to the 2011 revolution. Companies continue to need qualified, skilled employees, and the available pool of job seekers remains unable to meet those needs. Closing these gaps is viewed as a particularly urgent and critical challenge for Egypt’s private sector today. This assessment surveyed employers and youth to better understand the complexity of this mismatch and identify specific areas where programs can take action to address the problem.

Key Findings:

- The mismatch between labor supply and demand among youth relates to the lack of soft “life” skills as well as technical and vocational skills.
- In many respects, the lack of life skills training is more important to address than lack of appropriate technical skills. Employers are ready to provide some of the needed technical or vocational training, but feel less incentive and willingness to provide life skills and job readiness training.
- In many instances, trainees have been taught skills that are outdated and no longer needed by local businesses.
- Very few employers offer mentoring and career counseling as ways to boost job seekers’ long-term career plans. This is an area where targeted programming could provide creative solutions.

The problem of employers being unable to find skilled and qualified workers is exacerbated by an ever-growing youth population in Egypt whose education and training, though sometimes extensive, are of inadequate quality to keep up with the growing demand of local companies. Competency-based job preparation and training must continue to be emphasized. According to interviewees, unmet demand for workers ranges from skill-intensive

⁴ Direct employment in the ICT sector grew 19% between 2006 and 2009 (MCIT 2009), and by an annual average of 6.89% between 2007 and 2011 (MCIT 2012).

⁵ Based on official data and projections from CAPMAS.

professions, such as maintenance personnel, mechanics, welders, and electricians, to low-skill occupations, such as quality assurance agents, packagers, drivers, customer service personnel and production line workers.

Technical Training Needs

A familiar refrain from public reports and policy recommendations aimed at addressing Egypt's youth unemployment problem is the call for targeted reform of basic education and Technical Vocational Education and Training (TVET) (ILO, *Global Employment* 48-50; ILO, *Youth employment* 36). Our interviews indicated two specific needs in this regard: (1) job training programs should be planned in coordination with employers to ensure that TVET corresponds to the needs of the local marketplace; and (2) job seekers lack not only the right technical and vocational but also life skills and understanding of career paths open to them.

Employers noted that in the area of technical skills, trainees are being taught outdated or obsolete techniques that are not adapted to meet current workplace needs. One interviewee noted, "Not all parties conduct proper research before providing specific vocational trainings... Graduates seem to be trained on techniques or machines different from those used by employers." One possible explanation for this may be that NGOs already have their own workshops and training curricula established and are reluctant to alter or update them. One representative speculated that some NGOs "[do] not approach employers prior to starting such trainings. [Organizations] should reach out and simply ask what employers are looking for."

Life Skills Training

According to the assessment, lack of life skills—including a weak work ethic and unfamiliarity with the culture of the workplace—may be one of the key explanations for companies' inability to find qualified job seekers. Those skills deficits can also explain the problem of high turnover, a consistent complaint of surveyed employers. Too many employees, according to employer surveys, lack a basic understanding of the commitment that comes with having a job, including how to respond to authority, maintain regular working hours, adhere to a common work ethic, and manage conflict and criticism.

Many employers surveyed expressed a willingness to finance employees' technical training (whether in-house or externally) as long as they could identify candidates with the proper workplace attitude. From this point of view, having adequate life skills is seen as more important for job applicants than having the necessary technical or vocational skills. One interviewee suggested that, if NGOs communicated better with employers, they might learn that employers in a particular sector are in fact not prioritizing technical skills as much as non-technical business skills, such as marketing or life skills. NGO stakeholders agreed that enhancing youths' life skills is in some ways more important for improving employability than addressing technical skills.

An informal survey of recent youth employment programs in Egypt revealed that while recommendations have been made to combine soft skills with employability skills training (ILO 2010), these programs tend to focus on a particular field or skill set, and very few include comprehensive, holistic life skills training.

Career Guidance

Some employers observed that young people have difficulty assessing available employment opportunities and lack an understanding of the broader landscape of career paths available to them. This affects the hiring process and the relationship between employer and employee, including retention and high turnover. Employees may not understand the benefits of staying at a job or the growth potential within an organization, business, or sector. Instead, employers complain, many workers are shortsighted and consider only short-term financial gains in navigating the labor market rather than taking into account longer-term benefits such as career development, pensions, and insurance.

According to the assessment, a number of employers have sought to address this knowledge gap by providing an initial orientation to each employee about his or her career path within the organization. In larger companies, this is sometimes followed by some performance assessment. Nonetheless, very few employers provide career counseling

services or mentoring programs for their employees, even though lack of such services is seen as an impediment to employee retention. Instead, employers leave their new employees to fend for themselves and rely on observing their peers' and colleagues' behavior and performance in the workplace. This is a gap that could be effectively met by either the public sector or NGO-led employment programs.

THE SUPPLY SIDE: YOUTH PERCEPTIONS OF EMPLOYMENT CHALLENGES

Interviews and FGDs with young people explored how they think about their job prospects, expectations of employers, and what they see as the many hurdles they must overcome to find decent work.

Key Findings:

- While young people recognize that the public education system is in many ways inadequate, they understand the importance of education and certification to their competitiveness in the job market.
- Job training programs fill an important gap in employment preparation, especially for disadvantaged youth.
- Barriers to the flow of information affect the labor market mismatch from both the employer and the youth side. Job-seeking youth in particular say they rely on word of mouth and personal connections to navigate both the job preparation stage and the job market directly.
- Young people point to lack of access to career counseling and mentoring opportunities as impediments to getting jobs.
- As of our last focus group discussion in March 2013, while the political turmoil and economic uncertainty leave youth feeling anxious about the future of the country, young people still feel optimistic about their own ability to find meaningful work and develop successful career paths.

A Weak Education System

Egypt's young people recognize that the supply and demand mismatch in the labor market is rooted, in part, in the country's weak system of basic education. Disadvantaged youth in particular face significant challenges in even obtaining a diploma, including restrictive policies that discourage youth from resuming their education after they have been forced to drop out of school for a period of time for whatever reason, including illness. Young people in these interviews consistently remarked on the poor quality of public education available to them. Most students, in fact, find it necessary to engage their teachers as private tutors in order to pass their tests. There are cases when students who have advanced through the lower grades are still unable to read or write. Nonetheless, Egypt's youth still consider a diploma or degree essential when it comes to securing employment.

This assessment confirms that, given the poor state of public education, training programs are a crucial element of youth preparation for employment. Trainings can address the lack of competencies faced by students who finish the basic course of education. Youth highlighted the particular need and utility of International Computer Driving License (ICDL) trainings as they felt many professions in demand require proficient computer skills.

Lack of Information about the Job Market

Whatever their level of preparation, young job seekers report that they face a range of obstacles in their attempts to identify potential employers. Those looking for work have a difficult time finding information about which employers are hiring, what skills employers are looking for, and how to obtain the required skills. Some youth reported that advertisements are often unclear as to the type of position being offered without any specific qualification requirements, and that employers often advertise for more desirable positions that are not actually available.

Both employers and job-seeking youth, in fact, rely on word of mouth and personal connections to locate potential jobs or hire new employees. Many youth indicated they prefer to use the internet for their job search process, but that many local employers do not utilize online job vacancy services to post available positions.

As with the employment search, according to youth participants in the assessment, young people become aware of the availability of training programs through word of mouth. Focus group participants indicated that they had learned about programs through neighbors, family members, or friends who may also have successfully completed a training course. Others learned about such opportunities from flyers advertising programs in their neighborhood.

Inadequate Career Counseling Opportunities

Lack of career counseling, mentoring, and information about the availability of jobs are among the many obstacles facing today's job-seeking youth. Without these supports, young people turn to a variety of sources to influence their choice of what type of training to enroll in and what set of skills they should seek to master. These factors include personal preference, financial incentives and peer recommendation. Some youth participants noted, "I had some previous experience in [the field that I chose], and I liked it" (female, age 24); "[My chosen field] is a good source of income, and is always in demand as a profession" (male, age 25); "My sister has a shop, so after I get some good training I will be able to help her and hopefully gain enough experience to open my own [shop]" (female, age 26). Two young people interviewed sought out training programs specifically in computer maintenance, not because of their passion for this field, but because they felt there were solid job opportunities available in this profession. Men and women between 23 and 29 expressed a wider and perhaps more pragmatic set of influences on their career and training decisions than did the younger participants.

When asked what employers look for when hiring new employees, young people reported employers mostly look for previous experience in the given profession, English and computer proficiency, and strong communication skills. While youth could not elaborate on what life skills meant, they were aware that employers need people who can "express themselves and deal effectively with a client" (female, age 23).

Youth participants have very clear expectations for what they were looking for in a job. Both young men and women are looking for positions offering stability, legal contracts, and a clear career ladder. Young women also noted that working hours were very important to them, so that they are not required to travel alone at night given security concerns.

Young people say they are willing to accept work outside of their geographic location or neighborhood as a way to broaden their access to job opportunities. However, that means leaving their network of personal and direct relationships. In addition, the market does not often offer sufficient compensation to draw young job seekers into a wider pool of opportunities. Focus group participants expressed a willingness to relocate, provided appropriate compensation was available. However, the packages offered by employers are not usually attractive enough for them to make that move. Since most youth continue to depend on their household for support (to provide food, housing, emotional support, and much else), relocating comes at too high a cost.

Finally, youth want to be treated well on the job. Some youth reported verbal abuse from their employers at previous positions, and many reported instances of preferential treatment given to some employees based on family connections, level of attractiveness, and other superficial factors. Others were concerned that employers could let them go at anytime and for any reason.

A Sense of Personal Optimism

When asked in June 2012 about their perception of the impact of the revolution on the Egyptian labor market in general, youth participants expressed the view that, although many businesses have experienced setbacks, there are still many opportunities for both employment and independent business activity. However, by March 2013, youth were frustrated by the lack of change and reform in Egypt and all felt that corruption had increased since the revolution. During a 2013 survey of Arab youth, when asked about the future direction of their country, only

58% of Egyptian youth agreed that their country was heading in the right direction, compared with 74% in 2012. Furthermore, 56% of all Egyptian youth agreed that they had fewer economic opportunities in 2013 than they did a year ago. (ASDA/A Burson-Marsteller, *Arab Youth Survey*, 2013). This statistic was confirmed by youth interviewed in Sharquia who reported that over 6,000 factories in their region had closed within the last year, thereby forcing them to compete for employment with more qualified workers who had recently lost their job.

Despite skepticism regarding the economic and political future of Egypt, many youth interviewed were extremely optimistic about their career paths and hope for the future because they felt confident in themselves to take the initiative to succeed. Some reported they expected to be working in a large company as a manager, an accountant, or a welding engineer and would own their own car and apartment within the next five years.

Participants defined the challenge for youth as the need to cultivate perseverance and a willingness to take risks. “The opportunities are there, some people just do not want to work,” observed one 21-year-old participant. A 29-year-old noted: “If you are persistent and committed, you will find a source of income.” One 22-year-old explained how his experience of the labor market had changed since the revolution of January 25th: “I used to be an engineer. After the revolution, I started to work only part time due to layoffs. Naturally, I needed an alternative source of income and started applying for training in NGOs.” Opportunity exists, but only for those youth who are able to navigate the dispersed information and identify training or independent economic activity that suits them and that responds to segments of the private sector where demand is not being fulfilled.

ENTREPRENEURSHIP: OBSERVATIONS AND CHALLENGES

While small businesses play a valuable role in sparking economic growth and, in some cases, creating much needed jobs, young people who want to become successful entrepreneurs face a particular set of challenges. Although the environment is improving in Egypt, youth participation in independent economic activity remains extremely low, with only about 1% of young people ages 15 to 29 who are either self-employed or employing others. Since entrepreneurship entails many of its own challenges and opportunities, these issues are addressed separately from other study findings in the following section.

Key Findings:

- Bureaucratic hurdles, such as obtaining licenses, tax procedures, and legal requirements, pose greater challenges to entrepreneurs than accessing seed capital.
- Youth lack access to information about the unaddressed needs of the market and thus possible areas to exploit with new enterprises. Likewise, they face difficulties gaining the necessary skills and understanding of business plans to address market needs.
- While both young men and young women prefer employment over entrepreneurship when in their younger years (ages 15 to 22), those who are older (ages 23 to 29) are more positive about exploring self-employment or entrepreneurship opportunities because they have more experience in the particular field they are exploring.
- Married women in particular appear to be more open to self-employment and entrepreneurship when they enter their mid to late 20s, attracted to the flexible hours available while raising a family.

Challenges for Young Entrepreneurs

Entrepreneurs in general face two significant hurdles: gaining access to investments and understanding what is needed to start and sustain a small business. Yet entrepreneurs who participated in the focus groups explained that funding was not their greatest challenge. While youth admitted that micro-loan conditions are not ideal in Egypt, given high interest rates and repayment requirements often starting in the first month, they said they were nevertheless able to access micro-loans and small grants through local NGOs. However, they reported difficulties

with bureaucratic requirements and red tape, such as obtaining licenses, tax procedures, and legal requirements. They also said that many who start their own businesses lack administrative and managerial skills, and that very few youth receive any kind of mentoring support from NGOs following basic entrepreneurship training programs. Entrepreneurs also suffer from lack of information, including a full understanding of market requirements or which market niches may be ripe for filling. In addition, aspiring entrepreneurs often start the process without a well thought-out, comprehensive business plan or without having conducted a market assessment. Another challenge is that many entrepreneurial projects remain overly dependent on the institutions that have helped them create and establish their business, and thus have difficulty marketing and selling their own products.

A number of youth participants and stakeholders, however, contend that enough entrepreneurial opportunities exist; the problem is a lack of imagination and good business sense. According to an MCI consultant, “We [in Egypt] have a creativity problem. All men and women [involved in entrepreneurial activity] are currently doing the same projects.” Youth in Egypt tend to focus on the same side of the production chain, concentrating their efforts on working directly with the consumer or creating the product themselves. For example, youth interviewed around entrepreneurship concentrated heavily on small-scale mobile maintenance start-ups or individual farms for food production, but none had considered transportation, packaging, or marketing as potential opportunities within a given market. This limited perspective serves to increase production costs and competition amongst young entrepreneurs. Stakeholders interviewed also noted that new market opportunities may be more plentiful now for young entrepreneurs, especially after the revolution, with the breakdown of certain monopolies. Whether Egypt’s young people will be able to exploit these opportunities remains to be seen. However, for those who lack business skills and sources of finance, the hurdles will remain high.

Age and Gender Issues

Young men prefer employment over entrepreneurship early in their careers. Male youth in the younger age group (ages 15 to 22) noted that starting one’s own business—especially one that involves technical skills such as carpentry, leather making, or welding, for instance—requires previous working experience. Yet 90% of this group of participants expressed the desire to open their own business at a later stage. As one young man remarked, “we should learn first, and if there is a possibility later, and we have the sufficient funds and experience to start a business, then why not?” Some younger men did consider owning their own business because it offers a “better source of income” than being employed.

Young females also expressed a preference for paid jobs over self-employment, provided that they can arrange suitable working hours (beginning as early as possible and ending the workday before nightfall) and that job location is either in close proximity to home or close to a suitable means of transportation. Starting one’s own business was quite an intimidating—if not alien—concept to many young women, and they cited the associated risks of financial loss and delayed returns on investments as reasons they considered entrepreneurship an unsuitable option.

Both male and female youth between 23 and 29, however, appear to be more open to starting a business. With the challenging economy, married women in this age group, specifically in more disadvantaged areas, are finding that their family can no longer rely on one income alone, but many are reluctant to take on full-time employment given competing childcare needs. Self-employment is attractive to them for the flexibility it may offer and the ability to run the business from within the home. “I prefer having my own business. It brings in good money and is more suitable when having kids,” stated one 28-year-old participant. Men in this age group point to a better understanding of market needs and more personal experience as key factors in their decision to consider opening a business. In many cases, youth undertake entrepreneurship activities along with having a steady paid job.

CONCLUSIONS

This initial Dual Client Assessment of Egypt's labor market and the needs of employers and youth yielded the following principal findings and observations for use in planning future employability programming across the region and around the world.

Opportunities for Job Growth

- While uncertainty about economic growth and job creation persists in post-revolution Egypt, the assessment identified food and beverage, manufacturing, information and communications technology (ICT), and agribusiness as growing sectors creating jobs appropriate for marginalized youth in Egypt.
- The ICT sector is viewed as an area of high demand for jobs, particularly in non-technical vocations such as computer and mobile maintenance and call center staffing.
- Following the revolution, the flow of foreign investment plummeted,⁶ and there is little understanding, even amongst Egypt's economic experts, of what economic recovery will look like.
- According to the interviewees, Egypt already has a comparative advantage in particular areas and these areas will likely continue to be a priority.
- Basic improvements to working conditions and investments in human resource systems and workforce development could greatly enhance efficiency and productivity via lower turnover rates and eventually lead to economic growth and improved competitiveness in the global economy if Egypt's workforce can be directed to adapt to global needs.

The Demand Side: What Employers Want and Need

- Businesses seeking to hire young people are looking for individuals who have the right technical and vocational skills. However, the assessment revealed that life skills and a good understanding of workplace culture can be equally or more important to companies in their search for qualified workers.
- Many job training and vocational training efforts are obsolete and not adapted to meet current workplace needs.
- New, creative approaches are needed to promote mentoring and career counseling as ways to boost job seekers' long-term career plans.
- Both employers and job-seeking youth are hindered by limited flows of information about the job market. Both tend to rely on private networks, family, friends, and arbitrary connections, with an emphasis on word of mouth to share information about job opportunities.

The Supply Side: Youth Perceptions of Employer Needs

- Young people understand that the weak standards of Egypt's educational system are a significant barrier to their ability to compete in the marketplace.
- While young people are critical of the quality of education they receive, they recognize the value of obtaining a degree.
- Young people lack an understanding of the broader landscape of career paths available to them, and seem to prefer jobs that offer short term financial gain rather than longer-term advancement and benefits.

6 FDI inflows fell 15% from FY2009/10 to FY2010/11, and have continued to fluctuate greatly during each subsequent quarter (CBE 2012).

- There is a significant need for career guidance and mentoring for youth just entering the job market.
- Young people want stable employment where they are treated well. They are willing to work outside their geographic location or neighborhood if offered sufficient compensation.
- Despite the number of hurdles they face, many young people remain optimistic about their ability to navigate the challenges of finding employment. At the same time, they confirm the need for better schools, improved job training opportunities, and support such as mentoring and career guidance once they enter the job market.

Entrepreneurship: Observations and Challenges

- Aspiring entrepreneurs see bureaucratic processes, such as tax procedures, legal requirements, and obtaining licenses, as more of a hindrance to starting up a new business than access to seed capital.
- Young entrepreneurs lack basic information about the marketplace, business planning and management skills.
- The risks of entrepreneurship are more acceptable to male and female youth already in their twenties, who may have had time to gain more work experience. Women in this age group in particular find entrepreneurship a necessity with the need to work while also having to serve as the primary care givers for their children.
- Married women are particularly interested in self employment, in part because of the flexibility it offers while raising a family.

Recommendations

Facilitate Job Preparation for Youth through Strategic Partnerships: To help prepare youth for the workplace, strategic partnerships should be forged between service-providing NGOs and employers. By working together, NGOs and employers can ensure that assistance and programs are designed according to the demands of the labor market. To provide the greatest value to both job seekers and employers, NGOs should offer life skills training and services which support career-minded decision-making; and employers should consider providing on-the-job training, clear and fair opportunities for career advancement to retain talent, and fostering mentorships within the workplace.

Promote Multi-Sector Coordination to Improve Training Relevance: Technical and vocational training is greatly needed in Egypt to address gaps in youth's preparation for employment. Such technical and vocational training should be aligned with local business needs and planned in coordination with employers to ensure trainings prepare job seekers with the competencies necessary for actual future opportunities. Employability programs, like Egypt@Work, should foster multi-sector collaboration on an ongoing basis as this important collaboration is often missed. A significant emphasis and adequate financial, human resource and technical support should be allocated to such alliance building. Local NGOs and private sector entities need to be central to this relationship building process from the start to promote its sustainability.

Provide Life Skills Training: The formal work environment is often foreign and challenging for youth from disadvantaged backgrounds. Employers overwhelmingly expressed that life skills training should be added to employment training programs to help young people transition into the workplace. Life skills help youth develop essential interpersonal skills for productive adulthoods and work, including personal responsibility, adherence to a common work ethics, leadership, and the ability to manage conflict and criticism.

Improve Basic Education: Government agencies and NGOs should continue investing in Egypt's basic education system as a foundation for the nation's prosperity and stability. NGOs may consider offering basic or remedial education to youth in employment and entrepreneurship programs as necessary.

Offer Applied Training and Workplace Mentoring: Internships and other forms of applied training can play a pivotal role in introducing young people to the workplace and helping them secure their first job. NGOs should work together with employers to develop and provide services including internships and apprenticeships as well as orientations, employee guidelines on protocol, and mentoring to help youth adjust.⁷ These efforts may reduce Egypt's high employee turnover rate by helping familiarize youth with jobs and employers' expectations before full commitments are made.

Provide Career Counseling to Reduce Supply and Demand Mismatch: To increase opportunities for young people to consider new, pertinent, and realistic career paths, NGOs should consider piloting career counseling services. Beyond, exposure to a broader range of realistic career options, counseling should reduce Egypt's high employee turnover rates by helping youth determine their priorities for employment such as salary, prestige, or opportunity for advancement, in advance of accepting a job

Strengthen Employer Recruitment and Job Seeker Communication Channels: NGOs should continue working with employers to learn how they currently identify job candidates and what methods they use. To mitigate obstructions in communication and information flow between employees and employers, and to help supplement the reliance on personal relationships and networks, NGOs and government agencies might organize job banks and job fairs and utilize internet job search engines and social media. Likewise, NGOs may consider playing a more significant role in facilitating communication within communities about employment opportunities and recruiting youth to training programs. Finally, if employers are inflating jobs descriptions and benefits while recruiting, NGOs should educate employers to end these practices as creating these false expectations feeds employee dissatisfaction and turnover.

Improve Working Conditions: NGOs should work with the private and public sector to improve conditions and treatment of workers to help businesses and the economy grow and develop. Businesses need to better invest in the professional development of the workforce as well as human resource departments and systems to ensure fair treatment and prevent corruption.

Focus on Core Business Skills and Policy Changes for Entrepreneurship: Entrepreneurship must be a key strategy to help further expand job opportunities for youth where jobs are scarce as well as to increase the overall job market for young people. Programs for entrepreneurship can be focused exclusively on developing entrepreneurs, but workforce training programs should also encourage an entrepreneurial mindset and help identify young people who are well situated for further support in this area. Entrepreneurship programs should focus on core business skills, such as identifying critical market-demand growth areas, and continued mentorship support beyond the training program. Efforts by NGOs in disadvantaged areas should target older youth, those in their late twenties to mid-thirties, who are better prepared to take risks associated with self-employment. Government entities and NGOs could assist entrepreneurial activity by working on policy changes to simplify licenses and legal procedures and help youth through these processes. NGOs offering micro-loans also need to make their re-payment packages more flexible to support youth startups during their first few months of operation.

Support Entrepreneurship and Women: NGOs and programs like Egypt@Work should consider educating young women about the benefits of self-employment that may meet their unique needs and interests, such as the ability to run a business from home and have flexible working hours.

⁷ This assessment indicates that, while these services may already exist in certain cases, they are not sufficient and neither meet entry-level workers' needs nor facilitate their transition to long-term career paths. A fundamental aspect of resolving the mismatch in Egypt's labor market will be the ability to bring young people's technical and soft skills in line with what employers require.

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