

## Summary Notes on the Roundtable Discussion:

### “Employment Policies and Job Creation for Youth”

This RTD was held on February 27, 2018 from 10:00 a.m. to 12:00noon.

#### Speakers:

Asad Alam, the Country Director for Egypt, Yemen and Djibouti, World Bank  
Ahmed Al-Alfy, Founder and Chairman of Sawari Ventures  
Kristin Hofman, Skills Development Expert, ILO

#### Chaired by,

Omar Mohanna, Chairman, ECES

#### Moderator:

Abla Abdel Latif, Executive Director and Director of Research, ECES

#### Main points:

- Including the number of underutilized workers (i.e., working less than 40 hours per week) renders the unemployment rate much higher. According to the International Labor Organization, anyone who works for even one hour per week is considered employed.
- The unemployment rate in Egypt is 11.9 percent and is higher among young people (15-29 years), reaching 25 percent in 2016.
- The unemployment rate among university graduates is the highest compared to other categories.
- **Women participation in the labor market is low in Egypt and in the region as a whole.** If women participation in the labor market rises to equal that of men, the GDP of the whole region will increase by 44 percent.
- **Egypt needs to create one million jobs a year** to absorb new entrants to the labor market (about 84,000 jobs per month), while India creates one million jobs a month mostly in the private sector. Despite the large size of India compared to Egypt, it represents a success story that Egypt should draw upon.
- According to a study by a group of World Bank experts, job creation needs a set of policies that may be outlined as follows:
  - At the macroeconomic level, we should attempt to:
    - 1- Create competitive exchange rates and reduce inflation.
    - 2- Remove barriers to trade and facilitate the entry and exit of foreign investments.
    - 3- Reduce taxes and raise saving rates to 20 percent and above to finance the required investments.
  - Enhance financial inclusion
  - Pay attention to entrepreneurship

- Pay attention to education, training and skill development:
  - 4- Increasing investment in education and eliminating disparities within the educational system.
  - 5- Enhancing the concept of lifelong learning to keep pace with rapid technological and market developments.
  - 6- Link education outcomes to the labor market.
- **Provide social protection to the unemployed** to enable them to return to the labor market. Good social protection systems serve as a stabilizer in crises by reducing the negative impact on individuals.
- **We have to talk about decent jobs**, i.e., the quality of jobs, not just their number.
- Issues like the negotiating power of workers and the mechanisms for determining wages are not sufficiently addressed in Egypt.
- Intermediary services in Egypt, such as providing the necessary information about available jobs in the economy, are weak due to being scattered among multiple bodies and institutions and because of weak trade unions.
- **Informality is no longer confined to small informal businesses but extends to include informal employment in the formal sector.**
- **Efforts aimed at enhancing employment** in Egypt are limited to the short term only.
- It is necessary to move towards **equity financing and not just debt financing**.
- We should shift from "**extractive economy**" to "**creative economy**," i.e., **creating innovative and creative jobs that accelerate GDP growth**, and avoiding traditional jobs that machines can do. This type of job creation contributes about 20 percent to the US GDP.
- **SME financing is one of the mechanisms of job creation.**
- Most young entrepreneurs suffer from three main problems:
  - **The inability to manage cash liquidity.**
  - **Poor marketing skills**, adversely affecting their credibility among customers.
  - **The inability to plan** the project from beginning to end.
- Increasing female employment rates requires reducing male dominance and enabling women to make their own decisions.

### Main discussion points:

- There is a need to link social protection to the labor market, in the sense that subsidies should be conditional on individuals attending training programs or acquiring certain skills, for example.
- There is a need to develop sophisticated technical skills such as data and computer science as well as personal skills such as the ability to negotiate, marketing, management and decision-making.
- Providing job opportunities in the governorates to relieve pressure on Cairo, and develop a culture of entrepreneurship to reduce reliance on the government.
- There is a need to provide the necessary incentives for formalization, for example tax and marketing incentives.

- It is necessary to develop clear maps for small and medium enterprises and link them to larger projects for market creation.
- The importance of the role of youth centers, schools and universities in spreading awareness of entrepreneurship and working to build centers for professional development within universities.
- The employer should be part of the training process.
- There is a need to determine the identity of the Egyptian economy clearly in order to delineate the direction to take.
- The importance of establishing a job exchange through which all available jobs nationwide are advertised.
- The definition of entrepreneurship in Egypt is undisciplined. The correct definition is the ability to establish a project that achieves significant growth and meets special specifications, rather than just starting a project.
- Modernize the education system so that the student is better guided to rare specializations.