



SWEDISH INSTITUTE
ALEXANDRIA



Youth In Politics

Prospects of
Employment in
the Region
(MENA / Europe)

Swedish Institute
Alexandria / Danish
Egyptian Dialogue
Institute

Index

Foreword	3
Welcome by Organizers	5
EU Approach in Egypt	6
NEP, Role of Joint Organizations	8
Economic Freedoms in the World / Arab World Reports	10
Inclusive growth, Employment and Job Creation in the MENA Region	14
Unemployment Trends in the Region	18
Impact of Education on Employment and Employability	21
Developing National Employment Policies in North Africa	23
Green Jobs	25
Investing in Entrepreneurship Ecosystems	26
Role of accelerators in enhancing entrepreneurship	31

Foreword

The Swedish Institute in Alexandria (SwedAlex) in collaboration with the Danish Egyptian Dialogue Institute (DEDI) organized a forum titled "Prospects of Employment in the Region (MENA / Europe)" as part of its Youth in Politics (YIP) programme where youth from different countries were invited to participate in the discussion.

YIP is a platform for young people involved in politics and civil action in Europe and the Middle East, North Africa (MENA) with a focus on the countries in transition.

Youth from more 14 countries came together to discuss matters pertaining to Arab Spring uprisings as to opportunities versus threats created especially in the economic and political arenas.

Since the uprising in 2011, many countries in the MENA regions have undergone political change giving rise to a void that SwedAlex was quick to notice and offered a dialogue platform for youth to meet, discuss and share their insights and action plans.

The Youth in Politics programme aims to build individual and organizational capacities, networks between active youth in MENA region and Europe, solidarity and tolerance and to involve them in shaping a common future based on peace and justice. The main objectives of the programme are to encourage young people to be active citizens in decision making and civil action as well as to foster mutual understanding and social cohesion between youth in the MENA region and Europe.

Youth in Politics discusses a different topic every year. This year's topic is employment trends in the region and promotion of entrepreneurship.

Subjects focused on and extensively discussed included (but were not limited to):

- 1- Partnerships aiming to create better job opportunities
- 2- Actions taken to combat unemployment and their impact on economy
- 3- Economic reports showing trends and indicators related to Arab Spring
- 4- SMEs and job creation in MENA region with a focus on women entrepreneurship
- 5- Some ideas to consider when formulating national policies for employment

International organizations represented were:

- The World Bank
- International Labor Organization (ILO)
- Friedrich Neumann Foundation for Liberty in Egypt (FNF)
- European Delegation to Egypt

NGOs represented included:

- Education For Employment (EFE)
- Mercy Corps (MC)
- National Employment Pact

Industrial Training Council (ITC) was also represented as a governmental body working in collaboration with EU to help alleviate the problem of unemployment and skill mismatch.

Speakers presented their endeavor to promote entrepreneurship through SMEs loans (WB), create more green jobs and formulate employment policies (ILO), provide tailored training courses to help place youth in decent jobs (EFE, NEP and ITC) and how investors find smart and serious entrepreneurs especially in the tech field (MC).

Welcome by Organizers



The workshop started by a warm welcome from Mr. Ambassador Stig Elvemar, Director of the Swedish Institute Alexandria (SwedAlex). His Excellency opened his talk by stating that unlike other Swedish centers around the globe, SwedAlex, inaugurated in 2000, is not present to promote cultural understanding of Sweden. However, it exists to provide a dialogue platform wherein participants can discuss gender, democracy, human rights and health (among other) issues. SwedAlex

welcomes inter European; inter Arab and Euro-Arab dialogue on any issue that promotes common understanding and peace.

Mr. Stig also stated that SwedAlex has many sister organizations like Bibliotheca Alexandrina (BA) and the Danish Egyptian Dialogue Institute (DEDI) and concluded his talk by relaying the history of the building established 1922 and what it functioned as from its inception to date.

More on SwedAlex can be found here:

<http://www.swedenabroad.com/alexandria>

Mr. Jakob Erle, Director of the Danish Egyptian Dialogue Institute (DEDI), took the floor next to again welcome everyone and wished them a merry Christmas. He spoke about the setting up of DEDI; an intergovernmental body established through Egyptian and Danish Ministries of Foreign Affairs with a board of six representatives from both countries' governmental and non-governmental bodies.



DEDI has a strong dialogue mandate as well to promote political and cultural understanding between Denmark and Egypt and Europe and the Arab World.

More in the link hereunder:

<http://dedi.org.eg>

First day; Session 1

Organization	EU / Egyptian Government
Topic	EU approach in Egypt
Speaker	Mrs. Ahlam Farouk / Mr. Mahmoud El Sherbiny

Speaker's Biography

Ahlam Farouk is working at the EU Delegation to Egypt since 2004. She is a Program Manager in the Human Development and Social Section, in charge of the Education and Youth Programs.

This topic covered some partnerships forged between the Egyptian government and EU with a special focus on reform projects like (Technical and Vocational Education and Training) TVET I and II along with the need for skill development and informal areas upgrading.



Mrs. Ahlam touched on the mutual lack of trust problem between employers and employees; with the lack of appropriate training and (soft) skills needed by employers on one end and the employees' need for job security on the other.

Mr. Mahmoud then took the floor to highlight more dimensions to the problem stating that employers prefer foreign workers for better commitment and more refined skills; lack of aligned and tailored training for local labour; corruption and absence of accrediting bodies.

Industrial Training Council (ITC) undertook training of blue collars on different projects providing the certification and accreditation required by employing partnering countries. ITC also spearheaded a waziftek fe beitek (your job at your home) initiative teaching women some money earning activities from home (for those who, for cultural or other reasons, are home bound).

ITC was to celebrate the graduation of the first Arab two female underwater welders the following week. ITC had also started a 3-month Herafy (craftsman) training program funded by the Ministry of Finance and providing middle educated grads with skill needed for simple maintenance jobs around their neighborhoods and with a toolkit upon graduation to start working right away (downside is increasing informal sector).

Discussion highlights:

Participants pointed out that free upper education is not always a good idea and might be the reason behind the lack of matching skills. They also said there needs to be simplification of laws governing employment and small startups. They also asked about Female entrepreneurs and how they are encouraged to start/keep their businesses. Speaker answered that they are tax exempt for 1 year if they hire new employees and that government is trying and enhancing other tactics and incentives.

Touching on the corruption issue, speaker stressed the importance of applying the rule of law equally with no regard to connectedness.

Mr. Mahmoud concluded his session by highlighting the importance of showing and publicizing success stories to encourage and give hope to blue collar job seekers.



First day; Session 2

Organization	National Employment Pact
Topic	Role of Joint Organizations
Speaker	Mr. Mohamed Ezzat

Speaker's Biography

With background experience mainly in the private sector, specifically the pharmaceutical industry, Mohammed's transition from the corporate world to the development sector was fueled by an inherent belief that a job is not just a means to generate money but rather a means to add value to society. Mohammed is currently holding the position of business development manager at the National Employment Pact (NEP), his main responsibilities are developing a national strategy for the NEP and insure its implementation, developing the NEP financial model and its scale-up strategy in addition to exploring and managing partnerships with different stakeholders. Mohammed's current interests are in corporate sustainability reporting and social enterprise sustainability modeling.



Organization: National Employment Pact

Email: m.ezzat@nep-egypt.com

Mr. Mohamed or better put, Dr. Mohamed started his discussion by relaying how he personally encountered the very problem he is now trying to solve. Graduated from the Faculty of Pharmacy, he started his career only to discover that it was not what he wanted to do for life. He came face to face with the education-job needs mismatch and therefore, decided to help others tune or fine tune their skills to be placed in jobs. What he is doing is dedicated to match job seekers with fair blue collar jobs.

Session started by highlighting the repercussions of unemployment among youth totaling 3.7 Million (the population of Mauritania). He clarified what social, psychological and national ramifications this could mean in terms of potential political unrest, crime rates, radicalization, hopelessness and what financial burden this youth is to their families. Worth mentioning here that the government provides no unemployment benefit even though tax payers do pay taxes!!

National Employment Pact is a joint initiative of the German government and German Egyptian private sector companies. It aims to help place youth into fair blue collar jobs thus giving a helping hand amidst crisis. By that, the initiative is considering the global developmental impact this will have on all aspects towards a better human experience.

He went on to say that the problem of unemployment is not in the lack of vacancies; rather, in the mutual lack of trust (lack of job security and stability), skill mismatch and the informal sector being more attractive than the formal and that even though laws are in favour of employees but employers leverage their power and evade responsibility sometimes by having employees sign their resignation letter as part of the contract!!!

Another problem faced by the Egyptian economy as per Dr. Mohamed is the increasing numbers of workers in the informal sector (denoting those with no social security, contracts or any benefit; both in the private and public sectors).

By selected jobs, Dr. Mohamed means decent ones providing safe working environment, acceptable salary and other criteria set by NEP and that statistics show that 68% of unemployment fall under the blue collar categorization. Therefore, solving their unemployment problem ameliorates the situation in a greater measure. Having said that, Dr. Mohamed carried on to say that there is no initiatives in Egypt that is fully dedicated to blue collar matchmaking which reflects a great lack in tackling unemployment methodology (Flat6Labs addresses the problem by providing career guidance).

NEP, on the other hand, tries to place job seekers (blue collars) into selected vacancies through its dedicated employment centers, in addition to that it is also provides a 2-full day job preparation program as to prepare job seekers for the formal private sector.

Nonetheless, among 50,000 selected vacancies for which ~25,000 blue collar workers applied, less than 3000 were placed in jobs. Why? Because of a complex matrix of cultural belittling of blue collar jobs, lower salaries upon start compared to informal (day by day) jobs, constant change of phone numbers making it harder to follow up on them, gender issues (females unable to work on night shifts) and accessibility problems among other reasons.

Furthermore, no strong trade unions (TU's) exist to support blue collars or help them land jobs. TU's are concerned with the already working.

In its match making efforts, NEP tries to attract job seekers by organizing employment events & by having a dedicated job seekers outreach function that invites willing job seekers to register in one of 3 employment centers in greater Cairo. Future plans are to establish new employment centers in different governorates, taking the initiative to the national scale it's supposed to be.

On the other end they try to compel employers into providing competitive working conditions to land more job seekers via contests and incentives. NEP has developed a set of enabling tools that can help any organization willing to provide employment services to the community. Those tools range from a rigorously tested matchmaking methodology, an online platform & database that facilitates it, to a capacity building program for staff that qualifies and certifies them (from IHK Frankfurt) to become 'employment officer'. By those enabling tools the NEP aims to share its expertise with willing partners with the same goal & scope of work.

First day; Session 3

Organization	Friedrich Naumann Foundation for Liberty in Egypt
Topic	Economic Freedoms in the Arab World Report
Speaker	Dirk Kunze

Speaker's Biography

Mr. Dirk Kunze is the Cairo based project manager in the Regional Office Middle East and North Africa (MENA) of the Friedrich Naumann Foundation for Liberty (FNF). He holds a Master's degree in political science from the Free University Berlin, Germany. Mr. Kunze worked for many years for the German Bundestag (parliament) in Bonn, and subsequently in Berlin, and has conducted research on and at parliaments worldwide and published on parliamentary traditions. From 2009 to 2012 he was seconded by the Parliamentary Group of the Free Democratic Party to Brussels, Belgium, to liaise with the European Union.



Organizations: Friedrich Naumann Foundation for Liberty (FNF)

Email: Dirk.Kunze@fnst.org

Mr. Dirk kick started his presentation by highlighting the political implications on the whole Arab World the report to be discussed has. He also started his discussion towards defining Economic Freedom (EF) by saying that historically an elite controlled economic activities in the Arab world; one reason sparking Arab Spring uprisings and that meant no EF.

His session tackled 4 points

- 1- Friedrich Naumann Foundation For Liberty
- 2- Economic Freedom (EF) of the World Project
- 3- The 2014 Economic Freedom of the World Report
- 4- The 2014 Economic Freedom of the Arab World Report

1- Friedrich Naumann Foundation For Liberty

Dirk said that in Germany, every party in the parliament has the chance to establish a foundation that, unlike the party, does not have to compromise for any political gain. If, however, the party got voted out the foundation can continue to work independently. FNF is linked to the Liberal Party of Germany (FDP) and even though no Liberal Political parliamentarians were voted in (first time in 60 years referred to by speaker as a political hiccup), FNF continued its work for freedom because they are in for the long run. The aforementioned party holds to a system of self-conscience with a social aspect (civil

citizenship); principles like rule of law, individualism, personal responsibilities, human rights and tolerance among others.

FNF has 9 regional offices with 44 project offices training the civil society. FNF has offices in more than 60 countries; been in Cairo over 40 years and 50 years in Tunisia (first office in the world). FNF tries to find synergies among regions and areas with those who are like-minded. However, Liberals think differently everywhere. FNF tries to bring them into networking. FNF's work is devoted to the promotion of freedom.

Dirk highlighted that vision of FNF is to facilitate connection between those needing help and organizing that can help. FNF supports individuals who want to express themselves freely (morally, politically ... etc.). FNF also helps liberal politicians needing training in proposal or report writing. FNF does that from a fall of the wall perspective as it was an eye opener to the German population of bridge building possibilities. FNF undertakes initiatives to help university grads think without dictating what to do. FNF has no political agenda to impose.

2- Economic Freedom of the World Report (EF)

Dirk asserted that no nation lacking EF supports stable political and civil freedoms. No nation lacking EF has the freedom to evolve. The Report measures EF and explores its connection with other variables. EF index is an annual compilation of data from 42 governments representing 152 countries (95% of the world). EF is the acquisition of property without use of force, fraud or theft. Therefore, governments restricting property acquisition reflects a low EF index. Governments lacking EF suppress other freedoms because they force people to depend more on them.

EF index takes the following into consideration:

- A- Government size and taxation
- B- Private property and rule of law
- C- Security of property rights
- D- Trade regulations and tariffs
- E- Regulation of business (labour and capital market)
- F- Sound money (no obligation on money expenditure channels)

Many foundations are member institutions in the network. EF report is done by the Canadian Institute Fraser. FNF helped print, distribute and publicize. Countries extract useful data from that yearly report and make use of it. Worth mentioning here that by the time the report is released, data is two years old. So, 2014 report is based on 2012 data.

3- The 2014 Economic Freedom of the World Report

Dirk said that Singapore, Hong Kong and New Zealand topped the list followed by Mauritius, UAE, Canada, Australia, Jordan then Chile and Finland holding 10th position. He said Germany holds the 28th, USA 12th and Sweden 32nd ranks. Report is not biased as it depends on indices obtained from academic research. In the EF of the Arab World report,

Jordan and UAE hold the same rank due to minor difference (to the second digit) with the scope narrowed.

With Singapore and Hong Kong on top of the list, Dirk said that there does not seem to be a very strong relationship between EF and democracy!! Singapore also tops the doing business index which probably means it derives data from the same sources.

Dirk asserted that economic rights are fundamental rights in the sense that no political or civil freedoms evolve without these as a prerequisite for growth. Economic rights are prerequisite for broader human development as well and that countries sustaining GDP > 12,000\$ per capita seem to suffer no economic collapse even when they go through transitions or crises. 39/69 countries exhibiting lower GDP suffered collapse. These were non democratic regime countries.

Dirk concluded from the report and other data that:

Highest EF index countries exhibit highest GDP

Highest EF index countries exhibit highest income per capita

Highest EF index countries exhibit highest civil liberties

Highest EF index countries exhibit lowest corruption rates

Highest EF index countries exhibit highest life satisfaction

Highest EF index countries exhibit lowest illiteracy rates

Highest EF index countries exhibit highest life expectancy

4- Economic Freedom of the Arab World Report

Dirk said that the Arab list was topped by Jordan and UAE followed by Bahrain and Kuwait and that Jordan showed highest EF index for the years 2000 – 2010. He further stated that this is hard to explain knowing that everything has to pass by the King but it seems Jordan bought its way through with the people to avoid uprising.

In reaction to questions from the audience, it was understood that the-EF index is high when firing employees is easy because this opens opportunities for further investments which reflects as an increase in EF index.

He also said that the report excludes Palestine and Somalia because there are no economic data for them. Syria, on the other hand, is represented because report reflects 2012 indices when there was still economic data from Syria.

FNF does not create the report. It supports the publication of the data and the findings and makes it readable helping investors choose where to work based on it. The bias of the report depends on data provided by governments. Fraser analyzes and forms indices.

The lower the EF, the less individuals are likely to make their own decisions or be independent, hence, less development is to be expected.

Taxes and EF cannot be directly linked as many ideologies change the balance here and it also depends on who is paying taxes and how governments spend it. Taxes are needed, so are regulations.

Discussion and conclusion

Speaker does not believe GDP alone reflects growth as there are many other factors involved (countries ideologies and policies).

In Germany social system is highly developed but there still needs to be balance between EF and free market. This has nothing to do with welfare. In the Arab world we still need to remember that many reforms are needed in order to adopt open market policies and create opportunities.



Second day; Session 1

Organization	World Bank - Regional Office
Topic	Inclusive growth, Employment and Job Creation in the MENA Region
Speaker	Nehal Helmy

Speaker's Biography:

Ms. Nehal Helmy is an Economic Analyst, at the Finance and Markets Global Practice, Middle East and North Africa Region, World Bank. She has professional experience focused on banking sector reform, financial inclusion, financial infrastructure, and housing finance. She has contributed to the design and implementation of major financial sector related operations in developing economies (Egypt, Jordan, and Yemen), She holds a Master's of Science degree in Economics from the University of Barcelona, as well as a Bachelor of Science degree in Economics and Finance from the German University of Cairo.



Organization: World Bank

Email: nhelmy@worldbank.org

Ms. Nehal started her presentation by pointing out how recent political developments imposed key challenges. In spite of the fact that growth accelerated it has not done that with full potential (~ 4.6%); that this growth was neither inclusive nor impacting. She also stressed how key challenges also included creating jobs in Arab Spring countries suffering a rise in unemployment. On a world chart, Nehal showed how MENA region exhibited highest unemployment rates.

As a player in international economy, WB tried to address the problem by creating funds for SMEs in MENA region. However, some tuning was needed to overcome regulatory and cultural obstacles (political and institutional constraints, lack of appropriate skills, limited access to finance, gender and location disparities). In Yemen, for example, women own a large % of SMEs due to cultural restraints on mobility and relating to men who tend to hold more shares in large enterprises. Additionally, women are the bread winners for some families. In Upper Egypt, women tend to hold a low percentage of SMEs due to cultural constraints of a different sort.

WB runs a fund in both Egypt and Jordan. WB does not personally lend money but it facilitates channeling it through governmental bodies (Social Fund for Development – SFD in Egypt) and banks (helping already existing SMEs loans in banks becoming more functional) as well as helping establish SMEs and Micro Finance Institutions (MFIs) departments.

Ms. Nehal also relayed another obstacle facing loans for SMEs, which is that millions have no bank accounts required to process the loans.

Statistically, Ms. Nehal presented how in Jordan, 71% of the fund allocated was given to fund MSMEs whereas in Egypt, people prefer to borrow money from family and friends. She also clarified the role of the Technical Assistance (TA) facility helping those wanting to get access to finance through offering advice on channels, regulations and even hands on help with project feasibility and other studies. The allocated amount for Egypt and Jordan was 260 and 70 Million \$ respectively, fully disbursed one year before expiry. WB is working on getting new funds. Through the fund, 1100 jobs were created.

WB is also working to provide new financial products with easy access (through post offices) as well as Islamic products (mosharka and morabha).

To paint a picture of how these loans practically changed lives of beneficiaries, Ms. Nehal told the stories of some both from Jordan and Egypt:

- Mohamad Aref: a father of 5, 2000 JD loan, opened a supermarket
- Abdalla: 4500 JD loan, expanded a tire shop
- Shadwa: mother of 4, had one goat, a loan of 1000 JD helped her get 2 more to sell more milk
- Amany: 2500 JD loan, enabled her to get more starting material for her blanket selling business
- Rania: 30 years old, divorced with a child: received 4500\$ loan made her more independent
- Marwa: 100,000 EGP loan, expanded construction material selling business, hired 2 more drivers and other workers, received assistance from TA facility

WB together with SFD determines eligibility criteria for receiving loans.

Questions and Discussion (presented in a Q&A format)

Q: In your presentation it mentions the youth sector comprises youth between 15-24 years of age. What is the legal age for work?

A: 18, but the presentation considers the reality of those working between 15 and 17 and the reason for choosing this age bracket as youth is because it is in accordance with ILO standards. Below 15, it is considered child labour

Q: What is the interest rate for loans?

A: Same as market rate

Q: What is the percentage of youth interested in SMEs?

A: They represented 20 – 25% of beneficiaries (ages 18-32)

Q: What happens to failed projects?

A: Almost all who received loans paid them back (99%). It is not the responsibility of WB to ensure paying back; rather it is the government responsibility to choose promising projects.

Q: What is the percentage of the fund reaching beneficiaries?

A: Almost 98% (2% was needed for admin fees of the 5 year project)

Q: How does the TA help seekers?

A: SFD has assigned representative from every ministry to aid seekers and direct them into their areas of highest potential and even those who come with no clear ideas but have met the eligibility criteria receive help choosing a promising project. TA also provides help with project studies.

Q: How do you ensure sustainability?

A: By keeping the market rate and offering training to bank employees as well as checking with the beneficiaries if the project is really real.

Q: How does WB cooperate with the government?

A: WB cannot guarantee 100% corruption-proof governmental bodies but tries to enhance governance and supervision through sudden visits and restructuring SFD departments.

Q: What are the downsides of MF loans?

A: None; loans have had the best impacts through these micro loans specifically (goats buying)

Q: What is the average amount for loans?

A: Depends on project size

Q: Disadvantage of SME loans?

A: WB cannot monitor SFD all the time but we try to make sure money goes to those needing and deserving it.

Q: How do you ensure outreach?

A: WB works with SFD which is a well know governmental body as well as launching campaigns in Upper Egypt plus offering Islamic products as mentioned before.

Q: Can People With Disabilities (PWDs) benefit from loans?

A: Indirectly through getting jobs in the projects created through the fund.

Q: Is the TA ongoing?

A: Yes. Additionally, they hold workshops and training sessions in Upper Egypt. Nubian women received assistance to make bags and bracelets through professionals teaching them. Training also includes writing business plans.

Q: What is the interest rate for Islamic products? Is it a flat or a decreasing rate?

A: It is the same as the market rate as mentioned before.

Q: Do seekers need sponsors for loans?

A: No

Q: How does the WB guarantee pay back?

A: It does not. It is the banks responsibility. For that reason, banks and SFD have to sit with seekers for consultation and providing advice. So as WB, we encourage them to take the risk but do everything possible in the same time to ensure pay back. Pay back plans are flexible as well depending on project duration.

Q: Are your loans gender-specific?

A: Projects target women, youth and underserved regions.

Q: What happens in case of disagreement with the government?

A: We work together until we reach consensus.

Q: You mentioned a new fund was approved in April 2014, how different is it from the one before?

A: The new fund has more innovation; plans to reach more underserved regions and has more supervision from WB.

Q: Have funded projects been able to create jobs?

A: Yes, the striking example being factories which receive more funds if they plan to hire more people.



Second day; Session 2

Organization	World Bank - Regional Office
Topic	Unemployment Trends in the Region
Speaker	Rana Fayez

Speaker's Biography:

Ms. Rana Fayez currently works as a research analyst at the Macroeconomic and Fiscal Management global practice in the World Bank where she works on grouping data about the Egyptian economy and analyzing the data to better understand what steps need to be taken to improve the situation. Rana also works on monitoring the economy for changes and updates. Prior to the World Bank Rana worked with PricewaterhouseCoppers (PwC) for two years in the Risk Assurance Services department, mostly working with NGOs and government institutions on issues such as budget planning and support, expenditure reviews and verifications and capacity building. Rana obtained a Bachelor of Arts in Economics from the American University in Cairo with a double minor in Business Administration and International Relations.



Organization: World Bank

Email: rfayez@worldbank.org

Ms. Rana took the floor to discuss unemployment trends in MENA. She discussed how labour market hit a low in 2010 as expressed by GDP per capita because of the transitions boiling under the surface and about to take place. She clarified how the biggest problem facing jobs in Egypt is the huge informal sector. By informal, she references those working with no contracts or health / social insurance both in the private and the public sectors (>50% between the years 1998 and 2012). She relayed how another problem is how highly people think of the public sector (needs mindset change) and that most these jobs are concentrated in the cosmopolitan areas (informal irregular jobs refer to interval jobs like construction workers and farmer helpers).

Continuing to paint the picture, she clarified that 72% of employees are in firms that lack scalability. These statistics are obtained from CAMPAS, they carry out several surveys: the Establishment Survey, the ELMPS and Labour Force Survey. Another obstacle is bureaucracy and public policies that tend to stunt economic growth.

For 40 years, there has been no doubling in size of small and medium sized firms due to barriers of entry on new firms and connected firms (managers affiliated with government officials). These connected firms hog the economy and resources and allow no one else to grow. These are some of the structural problems in the economy of Egypt. Other problems

include difficulty of accessing and growing finance, unequal opportunities (lack of level playing fields), lack of competition (hinders innovation), declined quality of business climate and lack of smart industrial policies.

Furthermore, low quality of education promotes distrust from the employers' end in turn paying low wages serving only to complicate the situation on the youth's end plus the added job insecurity. No surprise, Egypt ranks 141/144 countries for the quality of education!!!!

Around 30% of the unemployed youth carry bachelor degrees or higher. 40% carry intermediate certificates. Thirty five percent of the young adults in Upper Egypt drop out from the education system after high school.

Women in the Egyptian Labour Force

Ms. Rana stated that about 22-25% of young women are unemployed (number of women unemployed/number of women seeking jobs). Percentage varies throughout the region; 50% in Yemen and 15% in Jordan. Moreover, only 50% of women between 15 and 64 years (ILO working age standards) are employed. Females prefer the public sector for the benefits of flexible hours and long paid maternity and child care leaves. There are 6 million civil servants a big portion of which are females in Egypt which represents a burden to the government; hence, the cutting down of jobs.

Ms. Rana explained also how women experience a wide wage gap (between 5 and 22%) compared to their male counterparts in the public sector. The percentage is even higher in the private sector scaling between 50 and 60%. The society is really limiting women's engagement in the labour force complicated by the fact that half the population lives in Upper Egypt where rules are even stricter for them.

She arrived at the conclusion that exclusion criteria for employment in Egypt include –but are not limited to:

- Location (Cairo-centered jobs)
- Age (more youth unemployment)
- Gender

What is needed was then discussed:

- Policy reforms: help with registration, ease of access to finance and bankruptcy declarations
- Creation of independent competition authority bodies
- Improving the education system

Questions and Discussion (presented in a Q&A format)

Q: Have you heard of any successful trials at reducing informal sector?

A: Mexico adopted one-step, free registration offices to eliminate informal sector jobs which led to extensive growth for the formal sector. In India social insurance tax is paid solely by the government (not by employer or employee) and they adopted an efficient use of tax

policy. In Egypt many informal employers or employees fear going to the formal sector because of social insurance tax. In Canada, the government covers all social but not health insurance. So, a way forward for Egypt would be to give privileges to the private sector employees, provide vocational training (increase budget allocated for it) and eliminate illiteracy and to address inequality. On a more long term range, focus on improving quality of education.

Q: You said age bracket starts at 15 but legally it is 18. How do you account for the difference?

A: Egypt has a very wide informal sector. Kids drop out from schools and start working. Children start working from the age of 15 and unfortunately it is the reality. We have no follow up or accountability for child labour.

During the past months, 27 million EGP came from under the blankets when the Suez Canal Certificates were announced. There is a lot of money going around. Many banks invested in these certificates as well because it is a less risky option than investments. Banks generally do that but WB tried to encourage them to take more risk to help the economy.

Q: what obstacles are faced when policy changes are needed?

A: Connectedness (strong people benefiting from these laws and policies).

Q: What is social insurance money used for?

A: For pensions and health services, however low quality these are. Health and Education receive the lowest budget. This needs to change.

Q: How do you account for the 40% poverty rate?

A: 50% unemployment



Second day; Session 3

Organization	Education For Employment
Topic	Impact of Education on Employment and Employability
Speaker	Farah Othman

Ms. Farah began her session explaining how Education For Employment (EFE) is a network structure based on partnerships and how they survey what employers need to have in their future employees and then try to supply training for these areas needed through running 3 programs; Employability Training, Job Placement and Entrepreneurship (self employment) with the aim of placing youth in jobs; increasing private sector recognition and enhancing youth participation in the informal sector through providing tailored 2-months long 9 to 5 training programs mimicking work conditions with attendance sheets and point systems. Like NEP, EFE collaborates with firms able to meet their eligibility criteria. So far, there have only been few Egyptian firms able to be included but majority of jobs come from international companies.

She also explained that EFE focuses on different domains in different countries:

- Jordan: Blue Collars
- Morocco: Public Universities
- Palestine and Yemen: Self Employment
- Tunisia and Egypt: White Collars
- Saudi Arabia and UAE: Soon to launch programs there

In Egypt, Unemployment rate among youth totals 33% (neither educated nor trained or working) and female university grads are 5 times more likely to be unemployed than their male counterparts; a situation complicated even more by socioeconomic perceptions where positive connotation jobs are linked to lower pay (but this is starting to change).

In EFE, they noticed a massive discrimination against the under advantaged (a wrong perspective linking socioeconomic background to lack of skills). There is also the expectation that they need transportation and housing allowances.

When asked if employers are penalized for not allowing allowances, Ms. Farah's answer was no. Farah said 1700 were trained in 2 years; >80% employed where EFE follows up on 1, 3 and 6 months intervals to ensure continuity. Some participants suggested following up on newly placed youth via Facebook as Farah explained how it is becoming harder with larger numbers. She clarified that they do that but data becomes highly unorganized and difficult to aggregate,

EFE is also considering tailoring training programs for People with disability.

Farah explained that donors are both national (Vodafone®) and international companies and that future employers also contribute by paying one month salary for every trainee.

Highlighted obstacle were the aforementioned difficulty of follow up, keeping track of reasons why some leave their jobs (EFE keeps no record), involving more employers (especially after the revolution) as everyone is busy trying to sustain their own business and some had to downsize. Other challenges include lack of trust, training fatigue and a too-good-to-be-true mentality.

So far, seekers have had to come in person but EFE is working on digitizing parts of the process. They contribute somewhere between 25 and 100 pounds at least. EFE provides loans otherwise.

EFE has some successful partnerships with universities trying to address the problem at the undergrad level but they have not been able to work with public universities as the latter require revenue and one-day tailored programs which EFE cannot provide. With other universities, EFE was able to provide career employment programs and TOT. EFE is also working on connecting alumni cross countries.



Second day; Session 4

Organization	International Labour Organization (ILO)
Topic	Developing National Employment Policies in North Africa (vocational / labour intensive) – Youth Program in North Africa
Speaker	Daniela Zampini

Speaker's Biography

Mrs Daniela Zampini is currently the Employment Specialist at the ILO's Decent Work Team for North Africa. Previously she has served as senior policy specialist on employment promotion and inclusive growth in multiple UN organizations. At the International Labour Office (ILO) she has held assignments as Chief Technical Adviser on Youth Employment in Albania and Egypt, and as expert on multinational enterprises and social policy in Geneva and Southern Africa. Her work has focused on labour market statistics, youth employment, and area-based employment promotion programs. At the United Nations Development Program (UNDP), Daniela has carried out assignments in Ethiopia and Kosovo, developing some innovative approaches for job-rich and sustainable growth linked to territorial development.



Organization: ILO

Email: zampini@ilo.org

"Creating jobs for youth is very challenging so how can we generate jobs given young people know more than older people, know how to reason and are more intuitive and also learn while having fun?" With this introduction, Daniela started the session and organized participants into 4 mixed-country teams of 9 to play snakes and ladders. During the game teams landed on question squares that they needed to answer to proceed.

Daniela discussed topics like which sectors have the highest share by women; how a government devises policies by observing which spheres need development to absorb labour; what measures are needed to limit or annul informal sector and more importantly how to protect informal workers from hazards as they are the most vulnerable.

She then tackled Trade Unions (TU's) and how to integrate their efforts into a better employment policy through tripartite dialogue (TU's, government and policy makers)

Women participation in labour force rate was the next topic to be discussed and it was defined as women working/those seeking (15 – 64 years for statistical purposes whenever possible). In Egypt, females to males ratio is difficult to determine but there is a positive correlation between time spent commuting and rate of dropouts. To solve this problem,

build more bridges for traffic. This is one stark example how all ministries collaborate together for a better national employability (Ministry of Education, Finance, Youth, Planning, Social Affairs, Trade, Environment, Health, and Transport). In short, all the cabinet needs to be involved. The planning should incorporate agriculture and oil-controlling bodies.

Speaker then touched on means to ensure that money transfers by migrants contribute better to economic growth and the development of human capital through encouraging them to buy property in return for tax exemption; to "park" it in banks for 6 months where government can use it for national projects or to remove constraints regarding requiring official papers from irregular immigrants upon transfer.

Session ended by Daniela together with participants pointing out groups experiencing a higher level of difficulty in the labour market (vulnerable groups):

- PWDs
- Women
- Illiterate
- Unskilled
- Minorities
- Migrants
- Refugees
- Elderly
- Demographic challenges
- Uneducated
- Sexual minorities
- Those with no legal papers
- Rural and stereotyped areas
- Orphans
- Ex-convicts



Speaker defined vulnerability (as to work) as categories of individuals who find themselves vulnerable because of compounded factors. Noteworthy here is the fact that it is a category of people and not a group. The problem of vulnerability can be addressed by devising a point system allocating more points to those who are more vulnerable (e.g. single mothers with a not very required bachelor degree). These points make up for their vulnerability. This point system needs to be reviewed periodically so that the balances are not tipped. PWDs are not vulnerable in all countries depending on laws and context).

Final message:

Employment policies are a very critical exercise and need continuous dialogue. Identify measures to address priorities for the country in question.

Second Day; Session 5

Organization	International Labour Organization (ILO)
Topic	Green Jobs
Speaker	Daniela Zampini

Green jobs address 2 problems; environmental and social where efforts are underway to protect our planet and its people. The approach entails either minimizing effects or adapting to them (mitigation or adaptation). Examples include how an engineer creating a modality that uses less energy or a group of factories finding ways to decrease waste produced pollution contribute towards a greener planet. Preventive measures to protect against floods are considered green efforts as well. Organic cottons are considered green textiles. Devised building materials that keep in-building temperature more or less the same are other examples. Working from home is green.

Green Financing refers to banks funding green projects.

Processes are classified into:

- Zero Waste or Zero Pollution processes
- Zero Impact products or services (completely reusable computer chips or agricultural waste used as bio-fertilizers)

Zero waste can be exemplified by refillable plastic shampoo bottles whose contents go down the drain. Procter and Gamble (P&G®) piloted it but it was not up to quality standards.

Sweden designed the first juice package that can be burned into 100% Carbon Dioxide.

Towards jobs that are all-green

- Ride your bike to work
- Paperless society
- Curb emissions

In 2010, there was implemented a REACH program in the Egyptian cities of 6th October and Sadat aiming to provide a life cycle to the products and teach employers how to protect their workers. Factories failed to see the hazards of eating after having handled chemicals.

Some countries asked ILO to help them become greener.

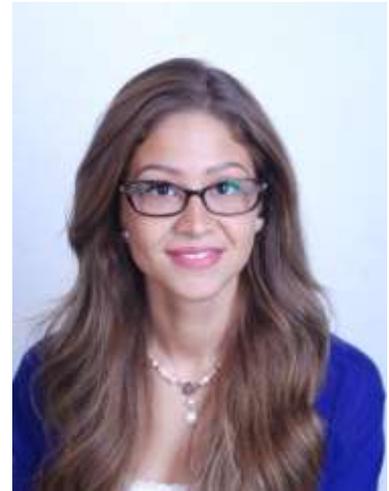


Third day; Session 1

Organization	Mercy Corps
Topic	Investing in Entrepreneurship Ecosystems
Speaker	Heba Ali

Speaker's Biography

Ms. Heba Ali is currently Senior Entrepreneurship Advisor at Mercy Corps Egypt, where she leads the entrepreneurship team and the Ecosystem Catalyst Project. She has 7 years of experience in economic development, with particular focus on private-sector development, impact entrepreneurship, and institutional innovation. Prior to joining Mercy Corps Egypt, Heba was residing in the United Kingdom, where she served as a consultant on business model innovation with IBM and on inclusive businesses for GIZ's private sector development program. Heba formerly held the position of Entrepreneur Selection and Growth Manager at Endeavor Egypt, as well as Network Hub Programs Manager at the Egyptian component of the MENA Businesswomen's Network's, AWTAD. Heba has a Master's degree in Development Management from the London School of Economics (LSE).



Organization: Mercy Corps

Email: heali@eg.mercycorps.org

Mercy Corps (MC) is a non-profit organization intervening where countries experience transitions (social, political, natural disasters ... etc.) through offering humanitarian aid and disaster relief. MC started working in Egypt after the 2011 revolution with a focus on economic development with the purpose of creating high-quality jobs and supporting entrepreneurs. MC tries to create high-standard jobs but currently there is still a huge mismatch.

38 Million People are below poverty line

23 Million People are below 5 years of age

11 Million People work as farmers

60 Million People are illiterate

This was how Heba kick started her session and continued to say MC focuses on health/education improvement and reducing poverty. Furthermore, on an entrepreneurial scale, MC supports high-impact startups along with creating suitable ecosystems which has led to a skilled systematic increase in Egypt.

Explaining what ecosystems are, Heba said how they were still a nascent idea in 2010 but there has been a considerable leap between then and 2013 where seed stage financing increased but still with low number of acquisitions. MC runs a fund of 2.5 Million \$ directed towards capacity building with a focus on agricultural activities where:

250 companies were supported, 50+ mentored and 45 company staff trained

Agricultural Program

Agriculture is the main labour sector in Egypt. Upon study, MC found that it was going downhill mainly because of wrong perceptions. MC included in their Agricultural Program (AP) a parallel value chain and defined it as all economic activity contributing to promoting agriculture. An example is if a machinery production -though belonging to the industrial section- aids in promoting AP, it is considered a parallel value chain in the AP. MC started looking at agriculture holistically.

To start off, MC runs a market validation of the startup to make sure the market needs it.

MC describes the process in 3 phases:

Idea Phase → Seed Phase → Take off Phase

Not many entrepreneurs are in the idea phase because of the traditional understanding of agriculture and this is where "Ideation" comes in where entrepreneurs are introduced into new concepts to change their mindset. MC hosts camps where participants brainstorm to generate creative ideas that are profitable. Some investors take interest in the presented ideas.

MC then helps by conducting market research to assess demand vs. supply. Proving the saying: success is 99% management and 1% product, MC plays a mentorship role.

Take-off phase requires a lot of money and that is where matchmaking investors and entrepreneurs is done.

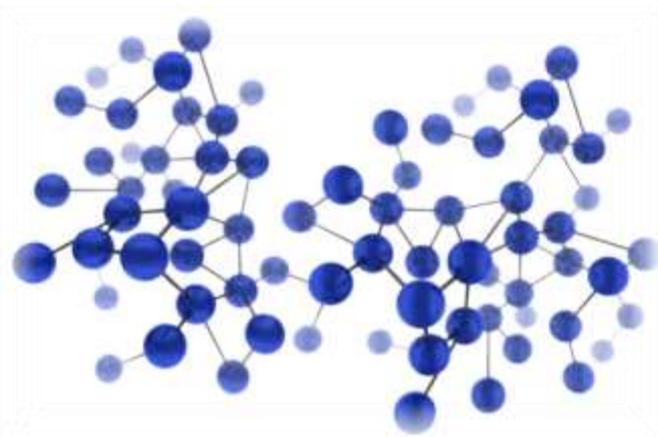
Ecosystem Catalysts

Main shareholders have different objectives and interests. Catalysts try to align and reconcile these.

Ecosystem Network Map

This map identifies all tech bodies, for example, in the ecosystem and how they relate together.

Map includes Venture Capital (VC) investments, mentorship, inspiration, founders (spin offs) and former employers.



Maps help assess gap types and address them (financial, legal ... etc.)

Clicking on one enterprise link shows a brief history for it and which link it has with other entities.

Ecosystem Theory of Change

The theory answers questions pertaining to where enterprises need help to move through different stages and tries to eliminate double effort.

If no gap can be bridged, MC provides support.

Real Life Examples

QB is a small enterprise representing a parallel value chain agricultural entrepreneurship. A husband and wife were able to manufacture a fully Egyptian packaging machine for agricultural products. They adopted a "competition" strategy for distribution where they went from one factory to the next saying: "your neighbor just bought the machine" which spurred them to buy it as well. Four years into such a project, they finally received funding this year to help move them into the take off stage. They are one successful example of how an ecosystem works. Worth noting is the wife being the one who pioneered the project and this having taken place in Upper Egypt (rarely considered by investors and underserved as a market)

At the end of the day, this is business. All parties are in for the money. MC aids by paving the way forward by ensuring good negotiations based on good intentions. Investors are most likely to receive shares rather than revenues. Entrepreneurship is a journey so try to minimize risk for both parties.

Discussing the low number of acquisitions, speaker commented how a gap exists in the transition from seed stage to take off phase e.g. Cairo Angels is doing a great job and supported more than 50 entrepreneurs but this is still not enough. Khaled Ismail (KI) Angels was founded by an ex-entrepreneur.

Another gap exists between the takeoff and growth phases and this is where a number of acquisitions need to come in. Efforts need to be focused in the middle part of the pyramid and it needs to aim at the growth rather than number of acquisitions.

Discussion then tackled the percentage of gaming startups and what percentage is spearheaded by women and how some projects are tax exempt for the first 10 years (sales and profit tax). Egypt has a high percent of women entrepreneurship (around 5 or 6 of 10 startups).

Angel Investors like Cairo Angels consist of individuals who have been working for more than 40 years and are extremely passionate about entrepreneurs. They are mostly based in Cairo. They do not have a lot of money but enough to help startups.

Investors invest in people not ideas. The QB couple mentioned earlier exhibited resilience and has been working hard 5 years before they received funds. This is what investors look for.

Khaled Ismail is another angel investor working in the tech field. As an entrepreneur he created a product that was bought by Intel® then he created a KI angel fund. He chose Iman and Ali (QB) to fund and highly talks of how great a team they are. Khaled said: "I believe in them. They would have succeeded anyway". When Iman and Ali asked for a 500,000 EGP investment, Khaled granted them a million.

MC creates a portal for investors and entrepreneurs to meet. Entrepreneurs go online, fill a form, are categorized by us then we tell investors about them and match make.

The following session started by a question about whether supporting many small startups enhances the ecosystem and hence positively thrusts GDP.

Discussion clarified that if investments were directed into every single small startup this will result in funds being distributed over so many entrepreneurs and negatively affects GDP. Ideas went on to state that if, however, funds were directed only towards innovative and pioneer ideas it will boost GDP. So if you have limited resources and 100 startup ideas, support only those that will boost the economy. Unsuccessful startups should not receive funds. In economic perspective, yes more startups positively affect GDP but in terms of making an economic impact, it is not the case.

So the real question is: start up or scale up? There is no set answer. Investors need to choose their entrepreneurs.

Participants also pointed out the influence of taxes on the entrepreneurial process and governments really need to work on policies governing both issues that seem to be currently at odds (Attracting/Directing investments and tax system).

Another question arose on the different definitions of:

- Entrepreneurship
- Self-employment; and
- Startups

Participants had different perspectives on the definition of each. Traditionally entrepreneurs were thought of the same as businessmen or family business owners.

Those coming from a French speaking background (Morocco) told of how their understanding is affected by the word meaning in French (to take the initiative in creating something new).

Some also stated that it depends on the time you look at the business and which stage it is in (every enterprise was a startup).

Consensus reached was that the differentiating characteristic was that if startups or self-employment businesses are characterized by scalability potential, job creation and

innovation, they are considered entrepreneurship. Entrepreneurs are considered as such if they investigate market problems and find solutions, add value and/or create a new demand for a service that was absent before.

Potential for growth and creating jobs dictate different economic policies. If policies are bad, this badly influences GDP. Creating a free market should have improved the ecosystem but for the last 10 years government, private sector and non-profit organizations created one-stop shop businesses and helped grow them but SMEs received no funds.

Consequently, GDP increased but with lots of inequality. Government cannot just support SMEs sporadically. It needs to formulate a policy in which resources are efficiently utilized.

Another addition was that entrepreneurship is a mindset. One of the stories told was about Coca Cola and how it invests in its employees teaching them a mindset of creativity and thinking ahead with the company and being there in 10 years' time. That is not to say all employees will spend their lifetime in the company; a real-life story of a guy who started a spin-off enterprise having left Coca Cola but continued to supply their need of his product explained the above assumption.

Participants concluded that what also characterizes entrepreneurship is it being a mindset.

There was also another debate on the nature of an ecosystem (some understood it to be short for Economic system, which is not the case). An ecosystem is where you have everything you need to thrive. Naturally, having multiple players with different interests might create a clash. Entrepreneurs and investors are definitely in for the money.

Governments, on the other hand, need to have a wider perspective utilizing policies for the general good of the population. In Egypt, the government plays no role in the ecosystem which is a drawback. So, the government needs to take a step back to help facilitate the development of the ecosystem by promoting the ease of doing business and leave the entrepreneurs to thrive on the challenge of starting their own businesses but it still makes sure laws and policies concerning taxation maintain the general good and this is where the balance is needed.

Another conclusion was that no success story can be generalized to all contexts and there needs to be diversity in looking for opportunities. There is no Silicon Valley Experience here.

Third Day; Session 2

Organization	Mercy Corps
Topic	Role of accelerators in enhancing entrepreneurship
Speaker	Tarek Nasr

Accelerators like Juice labs represented by Mr. Tarek are a group of investors willing to help SMEs in return of equity. They are yet another entity involved in the ecosystem trying to push the market forward.

Mr. Tarek clarified a point from the previous meeting about the start of businesses and how the government has a say in every single one of them. He wondered if this was positive or negative but left it as an open question.

He started his presentation by saying that after 2011 youth felt they could effect a change and this in itself is an entrepreneurial spirit.

How accelerators work? They find a small business (that in the tech field is called beta) and collaborate with the small entrepreneur investing their funds in return for equity. The idea is if the interest is 70% for the accelerator, it is in their best benefit if the business grows. Sometimes accelerators connect small entrepreneurs (who have now upgraded their business) to even bigger accelerators to make even bigger revenues. Examples include Facebook® purchasing Instagram®.

This is also called "exits". We do not have many exits in the Egyptian market as we do not have many success stories.

About role of accelerators, Mr. Tarek stated that they

- Educate: learn from each other
- Broaden horizons: look beyond the here and now
- Support: inspire entrepreneurs and invest your time with them
- Take (calculated) risk: investors (accelerators) do not take a lot of risks which is needed in startups. Meet entrepreneurs half way
- Bridge the gap: help parties understand each other
- Stop blaming and complaining
- Accelerate growth: some entrepreneurs need a lot of hand holding (unlike the culture in USA)
- Collaborate: collaborative culture needs to be spread around; make all resources available (contra culture)
- Focus on one idea and invest in it
- Stop copying and pasting
- Embrace failure and be proud of it (people learn more from failure than success)

- Kill rocket internet (a company that applies successful entrepreneur ideas like Amazon in other countries in hopes of selling the idea back to the parent company after some years of success)
- Get out of here (not literally); go where the money is making sure ideas are locally applicable. Try to hit more population (Arab World population = 290M, USA population = 300M)
- Highlight success stories

Israelis are very collaborative when it comes to the tech field (where the speaker has experience) followed by the Indians. The latter would not collaborate if they were in India (they would not even talk to each other because of different sects) but they do in USA. Successful people tell their stories and share their contacts.

Israelis and Egyptians did not collaborate as to the speaker's knowledge but Middle Easterners collaborate among themselves in the tech field (Egyptians with Jordanians, Emirati, Lebanese and soon Saudis); not so much with North Africans.