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EDUCATED BUT UNEMPLOYED:
THE CHALLENGE FACING EGYPT'S YOUTH

ADEL ABDEL GHAFAR

B | Foreign Policy
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ADEL ABDEL GHAFAR¹

INTRODUCTION AND CONTEXT

As the events of the so-called Arab Spring unfolded, a wave of optimism surged through the region. Following the example of their Tunisian counterparts, millions of Egyptians took to the streets in January 2011 chanting “‘ish, hurriyya, ‘adalah ijtima‘iyya,” or bread, freedom, and social justice. This simple yet ingenious chant captured the uprising’s three types of demands: economic, political, and social. Five years later, the attainment of those demands seems more elusive than ever.

A key aspect of the stunted transition in Egypt is the problem of unemployment. Its rate continues to climb and youth between the ages of 15 and 29 are increasingly the most affected. The official unemployment rate currently stands at 12.8 percent, and in the youth bracket it reaches 30 percent.² It is no surprise that under these conditions the rate of Egyptians legally migrating since 2011 has increased sharply.³ Many Egyptian youth who are unable to migrate legally continue to die as they attempt to illegally cross the Mediterranean to Europe.⁴

As the events of 2011 have shown, youth unemployment not only has ramifications for the economy, but for the overall stability of the region as well. Research shows that there is a direct correlation between youth unemployment and the socio-economic and political stability of a state.⁵ A 2013 report by the African Development Bank explored data from 24 developing countries and found a direct correlation between unemployment and political instability.⁶

The problem of youth unemployment particularly affects university graduates. A labor survey conducted by the International Labour Organization (ILO) in Egypt in 2012 showed that the unemployment rate increased with each level of educational attainment. As Figure 1 illustrates, university level graduates have the highest rate of unemployment in the youth bracket at 34 percent, compared to 2.4 percent among youth with less than primary level education.⁷

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² “Egypt in Figures,” Central Agency for Public Mobilization and Statistics (CAPMAS), March 2015, <<http://www.msrintranet.capmas.gov.eg/pdf/EgyptinFigures2015/EgyptinFigures/pages/english%20Link.htm>>, 38–40.

³ Menna Samir, “Rate of Egyptians Leaving Country Increases 17% in 2014,” *Daily News Egypt*, 6 July 2015, <<http://www.dailynewsegyp.com/2015/07/06/rate-of-egyptians-leaving-country-increases-17-in-2014/>>.

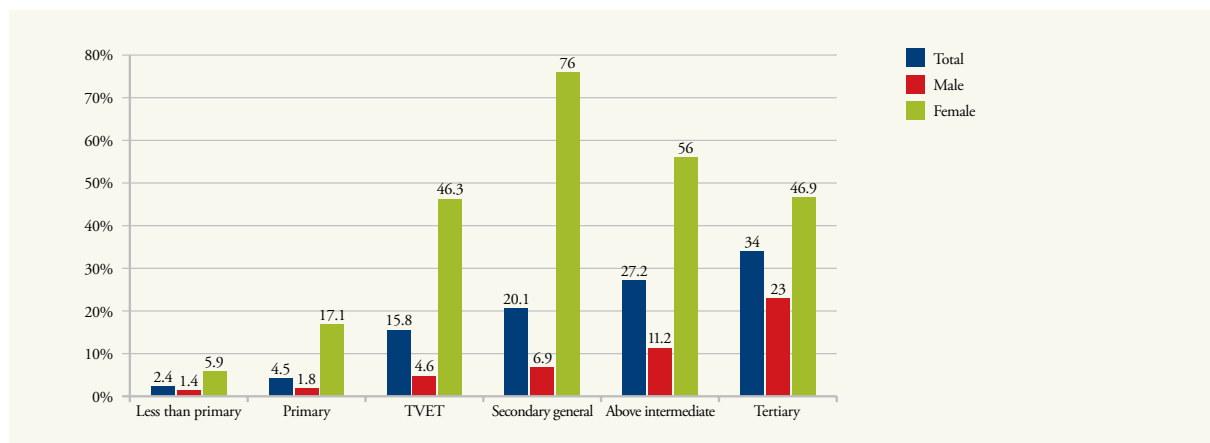
⁴ “Five Bodies Recovered, 20 Arrested in Illegal Immigration in Borollos,” *Egypt Independent*, 25 May 2015, <<http://www.egyptindependent.com/news/five-bodies-recovered-20-arrested-illegal-immigration-borollos>>.

⁵ See, for example, Henrik Urdal, “A Clash of Generations? Youth Bulges and Political Violence,” *International Studies Quarterly* 50, no. 3 (2006): 607–630.

⁶ Therese F. Azeng and Thierry U. Yogo, “Youth Unemployment and Political Instability in Selected Developing Countries,” Working Paper no. 171, African Development Bank Group, June 2013, <<http://www.afdb.org/en/documents/document/working-paper-171-youth-unemployment-and-political-instability-in-selected-developing-countries-32405/>>.

⁷ Ghada Barsoum, Mohamed Ramadan, and Mona Mostafa, “Labour Market Transitions of Young Women and Men in Egypt,” Work4Youth Publication Series no. 16, International Labour Organization, June 2014, <http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_247596.pdf>, 30.

Figure 1: Youth Unemployment Rates by Level of Completed Education and Sex



Source: ILO 2014

This policy briefing focuses on the problem of unemployment among tertiary educated Egyptian youth. The briefing will first provide a short summary of higher education in Egypt, highlighting some of the structural issues that have been growing since the system was revamped during the 1950s and 1960s. The briefing will then highlight the various dimensions of the unemployment of university graduates, including the education–occupation mismatch, the negative impact of neoliberal economic reforms, higher unemployment rates among females, the luxury unemployment phenomenon, the lack of emphasis on entrepreneurship, and the assumption that education is free in Egypt. The briefing closes with a set of policy recommendations for how to begin to address the problem.

Put simply, youth unemployment is an issue that the Egyptian government must deal with urgently, undertaking immediate reforms and directing its full resources toward addressing it. It is unlikely that reforms will solve the issue right away, but if the government’s focus does not fully shift toward dealing with the problem, it and future governments are very likely to face further instability in the coming years.

BACKGROUND: EDUCATION AFTER 1952⁸

One of the main legacies of the Nasser era was the expansion of education in Egypt. The entire educational system was restructured during the 1950s and 1960s, with wide-ranging changes including the institution of universal primary education, the abolition of school fees, nationalization of foreign schools, expansion of vocational training, and an emphasis on young girls’ primary education to minimize the literacy gap between sexes.⁹

The reforms also included a massive reduction of university fees, the construction of new universities, and the expansion of faculties in existing universities. Between 1952 and 1965 the number of university students quadrupled, indicating the regime’s emphasis on supporting the growing middle class, which was one of its key bases of support.¹⁰

There were several factors behind this massive expansion of higher education. First, university education and subsequent employment in the public sector was the main vehicle for social mobility, as students were guaranteed

⁸ This section and the next use research from Adel Abdel Ghafar, *Egyptians in Revolt: The Political Economy of Labor and Student Mobilizations 1919–2011* (London: Routledge, 2016).

⁹ Ahmad Abdalla, *The Student Movement and National Politics in Egypt 1923–1973* (Cairo: AUC Press, 2008), 104.

¹⁰ Ibid.

a government job upon graduation. Second, the Nasser regime, especially in the industrial expansion phase (from 1955 to 1965), needed trained specialists and consequently promoted increased enrollment in science, engineering, agriculture, and medicine. Third, university education had become effectively free, a far cry from the prohibitive costs in the pre-1952 era. This encouraged people from disadvantaged socio-economic backgrounds to get their secondary school certificate and then attend university.¹¹

Despite this expansion, the regime's policies lacked a long-term strategy regarding how to absorb the exponentially growing number of graduates into the workforce. By the mid-1960s, the regime's policies yielded the unintended consequence of a massive surplus of university-educated graduates.

Table 1: Expansion in University Student Enrollment (1970/71 to 1980/81)

Year	Men	Women	Total
1970/71	131,890	46,065	177,955
1971/72	146,124	52,950	199,074
1972/73	164,620	64,114	228,734
1973/74	195,637	80,426	276,063
1974/75	224,799	95,301	320,100
1975/76	296,650	124,934	421,584
1976/77	317,519	136,131	453,650
1977/78	334,701	141,835	476,536
1978/79	336,707	149,071	485,778
1979/80	350,683	159,576	510,259
1980/81	384,218	174,309	558,527

Source: Kirk Beattie, *Egypt During the Sadat Years*, (New York: Palgrave, 2000), 94.

Even though there were fewer public sector jobs, the numbers of students going to university continued to increase into the Sadat era, as Table 1 shows. The composition of the students themselves was changing. Erlich writes, "Sadat in contrast [to Nasser] conceived of higher education in populist Egyptian rather than elitist

pan-Arabist terms, and initiated its opening to urban lower classes and to the rural and provincial population."¹² This had the effect of widening the Egyptian student base even further, ensuring that segments of society previously denied access to higher education (especially rural youth) had a chance at social mobility.

While that is an admirable achievement, the way it was achieved was in no way admirable. In the early 1970s, Sadat decreed that admission criteria to Egyptian universities be lowered, which led to a decline in the quality of graduates.¹³ Egyptian universities came under strain from the increasing numbers of entrants, which had direct ramifications on the quality of the education students received. The number of university graduates across Egypt continued to skyrocket. Sadat also opened new universities across Egypt, and several were located in rural areas and near agricultural zones, which further increased the number of university students and graduates. In addition, the continued expansion of primary and secondary education contributed to the increased enrollment.

Table 2: Change in University Admissions, Enrollments and Graduates (1977/78 to 1990/91)

Year	# of Admissions	# of Enrolled	# of Graduates
1977/78	68,127	433,199	64,966
1978/79	71,422	443,696	71,071
1979/80	79,050	458,809	74,143
1980/81	89,026	563,150	81,863
1981/82	91,048	611,452	86,841
1982/83	93,409	659,635	93,660
1983/84	93,486	681,704	106,622
1984/85	86,440	682,348	115,744
1985/86	84,280	661,347	119,216
1986/87	82,897	629,723	115,106
1987/88	82,299	604,846	112,615
1988/89	75,375	587,033	103,641
1989/90	66,990	467,611	89,548
1990/91	65,579	—	—

Source: Carrie Rosefsky Wickham, *Mobilizing Islam: Religion, Activism and Political Change in Egypt* (New York: Columbia University Press, 2002), 50.

¹¹ For an elaboration on the three factors, see Mahmud A. Faksh "The Consequences of the Introduction and Spread of Modern Education: Education and National Integration in Egypt," *Middle Eastern Studies* 16, no. 2 (1980): 46.

¹² Haggai Erlich, *Students and University in 20th Century Egyptian Politics* (London: Frank Cass, 1989), 203.

¹³ Kirk Beattie, *Egypt During the Sadat Years*, (London: Macmillan, 2000), 94.

As noted earlier, the government had no strategy for absorbing tens of thousands of additional university graduates into the workforce. The expansion of university education during the 1970s coincided with Sadat's "Infitah," or open door, policy, which entailed a shift toward a private sector-led development model where the government would no longer be the main source of jobs. Thus, many university graduates sought employment in sectors not related to their education, while others continued to wait for years for the promised government job, a legacy of the Nasser-era employment guarantee. The government was increasingly unable to absorb the new graduates into the public sector, so they "simply extended the waiting period between graduation and appointment, from three years for the class of 1979 to nine to ten years for the class of 1985."¹⁴

MUBARAK, ECONOMIC REFORM, AND UNEMPLOYMENT

During the Mubarak era, illiteracy rates continued to drop, and more and more Egyptian students were getting educated at primary, secondary, and tertiary levels. However, the quality of education continued to decline as student numbers overwhelmed the system. On the demand side, an increasing number of students were reaching working age but were unable to enter the workforce effectively. On the supply side, the government and the private sector were unable to create enough jobs to absorb the demand, and neoliberal economic reforms were about to further complicate things.

In 1991, Egypt launched the Economic Reform and Structural Adjustment Program (ERSAP). Under the auspices of the World Bank and the International Monetary Fund, the government had launched ERSAP to attempt to rectify the imbalances between the supply and demand sides of the economy. The main symptoms of these imbalances were the growing deficit in the balance of payments, as well as inflationary pressures.¹⁵

From a macroeconomic standpoint, the World Bank and IMF-inspired liberalization program was arguably relatively successful. Egypt's economy, which had shrunk 2 percent in 1990, was growing at a rate of 5 percent by 1996. Inflation, having reached 20 percent during the late 1980s, leveled off at 7 percent.¹⁶ Egypt was proclaimed the economic "Tiger of the Nile" and named by the IMF as a top economic performer.

However, the program had negative consequences for employment. As part of the program, the public sector was downsized, resulting in fewer available government jobs for graduates. Meanwhile, despite the economic growth, the private sector was not able to absorb the excess graduates. The coexistence of both GDP growth and a stagnating job market highlighted the jobless growth phenomenon, which would also affect Egypt during the era of the Nazif government in the lead up to the 2011 uprising.¹⁷ Put simply, growing GDP was not reflecting positively on job creation.

HIGHER UNEMPLOYMENT FIGURES FOR WOMEN

As previously stated, the official unemployment rate stands at approximately

¹⁴ Carrie Rosefsky Wickham, *Mobilizing Islam: Religion, Activism and Political change in Egypt* (New York: Columbia University Press, 2002), 42.

¹⁵ Karima Korayem, "Egypt's Economic Reform and Structural Adjustment Program (ERSAP)," Working Paper no. 19, The Egyptian Centre for Economic Studies (ECES), October 1997, <<http://www.eces.org.eg/Publication.aspx?Id=209>>.

¹⁶ Arvind Subramanian, "Egypt: Poised for Sustained Growth?" *Finance and Development* (December 1997), <<https://www.imf.org/external/pubs/ft/fandd/1997/12/pdf/subraman.pdf>>.

¹⁷ Paolo Verme, "Constraints to Growth and Job Creation in Low-Income Commonwealth of Independent States Countries," Policy Research Working Paper no. 3893, World Bank, April 2006.

12.8 percent, and in the youth bracket it reaches 30 percent. The situation is even starker for young women, with their unemployment rate reaching an astounding 49.8 percent.¹⁸ The structural bias against women starts from an early age, as fewer women attend primary and secondary school than men. Rural women are further disadvantaged, being less likely to gain employment in the formal sector compared to their urban counterparts.¹⁹

In a study of unemployment in Egypt, researchers found that the probability of being unemployed increases significantly for females, and more generally, for younger cohorts who are only educated at a secondary level. The unemployment gender gap is highest for women with no formal education. Among illiterate youth, the female unemployment rate is three times that of males, whereas among university graduates it is double that of males.²⁰

There are several factors that explain the higher unemployment rate for educated women. First is the decreasing employment in the public sector, which historically was one of the largest employers of Egyptian females. Second, there are significant cultural and practical barriers to entry for females in the private sector. Third, there are limited job opportunities for women in the private sector, with most opportunities limited to the areas of education and healthcare.²¹

THE GROWING YOUTH BULGE

A big part of the youth unemployment problem in Egypt is driven by population growth. There are significant demographic pressures as the Egyptian labor market is unable to cope with the number of new job seekers. The size of the youth population (ages 15–29) has increased from 13.3 million in 1988 to 17.4 million in 1998 and 22.2 million in 2006.²² Such demographic pressure increases the demand for jobs, and the private sector has not been able to keep up.

In a study on the impact of the youth bulge and stability, Urdal argues, “When youth make up more than 35 percent of the adult population, which is evident in many developing countries, the risk of armed conflict is 150 percent higher than in countries with an age structure similar to most developed countries.”²³ This trend will likely continue to worsen, unless the government and the private sector are able to increase the number of jobs available. The youth bulge, in combination with unemployment and rising poverty rates, will pose security challenges for the government in coming years.

EDUCATION-OCCUPATION MISMATCH

The “luxury unemployment” phenomenon is clearly evident in Egypt where unemployment is higher among qualified university graduates.²⁴ Such graduates voluntarily choose not to work in jobs outside their area of education,

¹⁸ “Annual Growth Rate of Labor Force,” CAPMAS, 2013.

¹⁹ Eleonora Bertoni and Giorgio Ricchiuti, *A Multilevel Analysis of the Unemployment in Egypt*, Working Paper no. 23, DISEI—Università degli Studi di Firenze, 2014, 14.

²⁰ Maia Sieverding, *Female Disadvantage in the Egyptian Labor Market: A Youth Perspective*, SYPE Policy Brief no. 4, Population Council, 2012, <http://www.popcouncil.org/uploads/pdfs/2012PGY_SYPEPolicyBrief4.pdf>, 2.

²¹ Mona Amer, “The Egyptian Youth Labor Market School-to-Work Transition 1998–2006,” Working Paper no. 702, Economic Research Forum, January 2007, <<http://erf.org.eg/publications/the-egyptian-youth-labor-market-school-to-work-transition-1998-2006/>>, 4.

²² *Ibid.*, 3.

²³ Urdal, “A Clash of Generations?”

²⁴ Alan T. Udall and Stuart Sinclair, “The ‘Luxury Unemployment’ Hypothesis: A review of Recent Evidence,” *World Development* 10, no. 1 (1982): 49–62.

which further exacerbates the unemployment problem. In a labor survey conducted by the ILO in Egypt, 30 percent of unemployed youth refused a job because they felt it “did not match their level of qualification.”²⁵

The luxury unemployment phenomenon highlights the education-occupation mismatch in which university graduates are not equipped with the skills and knowledge to prepare them for a career within their field of study. Overall, the ILO survey shows that almost half of working youth (48 percent) are in occupations that do not match their level of education, the vast majority being undereducated.²⁶

The perfect manifestation of this problem is the continued protests of graduate and doctorate degree holders from public universities, who have been actively mobilizing over the past several years over the lack of government jobs in research and academia. In 2014 alone, they staged 42 protests against the government.²⁷ One of the protests included signs that read “Four years Bachelors, three years Masters, four years PhD, and still unemployed!”²⁸

During the Nasser and Sadat eras, almost anyone completing their doctorate was guaranteed a public university academic job. Today, this is no longer the case. Despite this, many researchers and young academics holding a master’s or doctorate continue to expect and demand employment in public universities.

Unemployed university graduates at all levels rely on cyclical employment and support from family networks to sustain them as they await jobs in their relevant fields—jobs that may never arrive.

CONTINUED GROWTH OF THE INFORMAL SECTOR

With increased unemployment, more and more university graduates are either finding jobs in the informal sector or informal employment in the private sector.²⁹ Recent data from CAPMAS shows that employment in the informal sector has become the norm. Among wage workers who have at least a secondary education, only 42 percent have access to a formal work contract. Research from the ECES shows that the volume of the informal sector is between 1.2 trillion and 1.5 trillion Egyptian pounds (\$135–169 billion), which is approximately two-thirds of the size of the formal economy. The data shows that the informal sector consists of 18 million establishments, of which 40,000 are factories.³⁰

Since the 2011 uprising, a further decrease in formal employment has been met with an increase in informal employment. The ramifications of this are two-fold: a loss of 300 billion Egyptian pounds of potential tax revenue for the government and a lack of social or financial security for workers who do not have access to employee benefits, such as social insurance or a pension, which are contingent on having a formal work contract.³¹

²⁵ Barsoum, Ramadan, and Mostafa, “Labour Market Transitions,” 2.

²⁶ Ibid., 3.

²⁷ Nehal Mostafa, “Report: 2,274 Labor Protests Staged in 2014,” *Egypt Independent*, 31 December, 2015, <<http://www.egyptindependent.com/news/report-2274-labor-protests-staged-2014>>.

²⁸ Islam Saeed, “Masters’ Holders Protest Outside Cabinet Demanding Jobs,” *The Cairo Post*, 5 March 2014, <<http://www.thecairopost.com/news/99743/news/masters-holders-protest-outside-cabinet-demanding-jobs>>.

²⁹ The informal sector refers to those who are self-employed and work or manage micro enterprises with no legal registration at all. Informal employment refers to jobs in the formal private sector that are created on a temporary or permanent basis with no contracts or benefits.

³⁰ Doaa Farid, “Informal Sector Volume Records Around EGP 1.5tn: ECES,” *Daily News Egypt*, 23 September 2014, <<http://www.daily-newsegypt.com/2014/09/23/informal-sector-volume-records-around-egp-1-5tn-eces/>>.

³¹ Ibid.; Ghada Barsoum, “Youth and Unemployment in Egypt,” *Ahram Online*, 11 June 2015, <<http://english.ahram.org.eg/NewsContent/4/132530/Opinion/Youth-and-unemployment-in-Egypt.aspx>>.

LACK OF ENTREPRENEURSHIP

A number of studies and surveys point to entrepreneurship as a successful path for youth seeking to enter the labor market. It can improve livelihoods and economically empower youth, while also making a substantial economic and social contribution to society.³² Young entrepreneurs operating in the formal economy are likely to pay taxes and hire other workers. Prospective entrepreneurs in Egypt, however, face significant barriers to starting their own businesses.

Access to sources of finance continues to be a major issue. Prospective entrepreneurs who are unable to secure funding for their projects rely on families and friends rather than going to financial institutions. There are several micro-lending schemes, but an Egypt Network for Integrated Development report showed that such schemes were poorly understood by some youth and were widely seen as having several disadvantages, such as the small size of the loans and the complexity of the loan process.³³ One of the main issues with regard to funding is that even though micro-lending and small and medium enterprise (SME) credit programs have expanded, they put little emphasis on supporting start-ups and nurturing new ideas.³⁴

Further, prospective entrepreneurs have to deal with a bureaucratic system that is not designed to support new businesses. The World Bank's

"Ease of Doing Business" report in 2014 ranked Egypt number 128 in the world.³⁵ This is a reflection of inflexible laws, which sometimes block the road toward starting a new enterprise. There are also a number of ineffective anti-trust laws that do not stop large companies from pushing out competition.³⁶ Third, there is a lack of knowledge on the best practices for starting a business. Young entrepreneurs have difficulty getting information on business development, marketing, sales, management, and operations—all vital for their businesses to survive and grow.

Finally, prospective entrepreneurs lack market opportunities. Even if a nascent business is able to survive its initial stage, it faces significant challenges in expanding. The government, one of Egypt's biggest customers, does not enforce a law that requires it to procure 10 percent of its goods and services from SMEs.³⁷ Additionally, a Global Entrepreneurship Monitor report points out that entrepreneurs are not well linked to commercial value chains, negatively affecting their growth prospects.³⁸

RECOMMENDATIONS

Change How Public Universities Are Funded

The first step of reforming Egyptian universities is accepting that the funding model is no longer sustainable and has to be changed. Approximately 90 percent of funding for

³² See for example "EY Global Job Creation and Youth Entrepreneurship Survey 2015: Boosting Employment, Inspiring Youth," Ernest and Young, 2015, <[http://www.ey.com/Publication/vwLUAssets/EY_global_job_creation_and_youth_entrepreneurship_survey_2015/\\$FILE/EY-job-creation-youth-entrepreneurship-survey-2015.pdf](http://www.ey.com/Publication/vwLUAssets/EY_global_job_creation_and_youth_entrepreneurship_survey_2015/$FILE/EY-job-creation-youth-entrepreneurship-survey-2015.pdf)>.

³³ "Entrepreneurship in Egypt: Opportunities, Challenges and Recommendations," Policy Brief no. 3, Egypt Network for Integrated Development, <http://enid.org.eg/Uploads/PDF/PB3_entrepreneurship_egypt.pdf> (14 June 2016), 4.

³⁴ See Amr Adly, "Reforming the Entrepreneurship Ecosystem in Post-Revolutionary Egypt and Tunisia," Center on Democracy, Development, and the Rule of Law and the Center for International Private Enterprise, April 2014, <http://cddrl.fsi.stanford.edu/publications/reforming_the_entrepreneurship_ecosystem_in_postrevolutionary_egypt_and_tunisia>.

³⁵ World Bank, *Doing Business in Egypt 2014* (Washington, DC: World Bank Group, 2013), <<http://www.doingbusiness.org/-/media/GIAWB/Doing%20Business/Documents/Subnational-Reports/DB14-Egypt.pdf>>, 5.

³⁶ *Ibid.*, 4.

³⁷ "Egypt Entrepreneurship Final Report: Where Are All the Egyptian Entrepreneurs?" USAID (draft), 10.

³⁸ *Ibid.*, 11.

public universities comes from the government to support teaching and research activities.³⁹ The level of funding from the government should be sustained, not decreased, but more innovative ways of sourcing funding should be established. Increased funding would enable an emphasis on the quality of education rather than the quantity.

First, the private sector should be more involved in funding research in areas where it can be commercialized, such as mining, science, and engineering. Second, government funding should be allocated based not only on the size of enrollment, but also the ranking and research output of universities. Such a stipulation would begin to shift public universities away from being degree factories and toward being research-based institutions that can compete globally.

Finally—and most contentiously—the free university model should be reformed. In its place, merit-based scholarships should be introduced, as well as a way of assessing students' ability to pay tuition. If a student comes from a disadvantaged socio-economic background, then he or she should continue to receive subsidized tertiary education. In addition, students who receive subsidized education or scholarships should have to meet strict performance metrics each year.

The brunt of this change of policy should not be borne only by students, but by professors and teaching assistants as well. Law No. 49 for 1972, which regulates Egypt's universities, penalizes academic staff for charging students for private tutoring, but it is not enforced. If this law is updated and applied consistently, it would help end this phenomenon. Universities

should also buy the individual rights of textbooks and study notes from professors and provide them directly to students as part of the tuition paid. If such measures are taken, funds that currently go to university employees for tutoring and class notes would instead be paid to the university as part of a fee structure.

Such drastic measures cannot be undertaken lightly, and they are likely to be met initially with widespread resistance by students, their families, as well as faculty. Before making such changes, the government should make its case to the public directly, highlighting the dire state of Egyptian higher education and the need for reform. If only cosmetic reforms are implemented, the higher education sector in Egypt will continue to worsen and potentially disintegrate.

The current government has shown its willingness to deal with contentious issues, such as fuel subsidies, which were reduced in 2015 with lower global oil prices helping to cushion the change. Such a decisive approach should be also taken in the higher education sector, in consultation with the parliament (however toothless), social forces, and nongovernmental organizations. This type of policy reform should be part of a gradual long-term approach that aims to reform the sector over 5–10 years.

Invest in and Promote Vocational Training

Despite the government's increased emphasis on vocational training in recent years, results have been mixed. Technical and Vocational Education and Training (TVET) is provided through state-run technical and commercial secondary schools and post-secondary training institutions.⁴⁰ The system continues to generate

³⁹ "Higher Education in Egypt," European Commission, 2010, <http://eacea.ec.europa.eu/tempus/participating_countries/reviews/egypt_review_of_higher_education.pdf>.

⁴⁰ Alan Abrahart, "Egypt: Review of Technical and Vocational Training," DIFID-World Bank, December 2003, 1.

poor results, as reflected in the unemployment rate of TVET graduates. Similar to their university counterparts, there is a wide gap between what these training institutions teach and the skills needed in the job market.

The government should focus on improving the TVET curricula, and include targeted investments in specialists that can better prepare graduates for the job market. This has to be done in partnership with the private sector to produce TVET graduates that are equipped with relevant skills. Japan has a particularly successful experience in that regard that Egypt could learn from.⁴¹

Furthermore, the government and the private sector should launch a public relations campaign to deal with the stigma surrounding vocational training. Previous Egyptian governments have trialed such public awareness campaigns on social and economic issues such as eliminating female genital mutilation, paying income taxes, and encouraging better rubbish disposal. While some of these campaigns have been more successful than others, the government needs to promote the idea that vocational training has positive prospects and can lead to formal private sector jobs. The government should also highlight the potential for job advancement, including examples of workers being elevated to foremen and middle management positions.

In short, the government needs to fight the perception that a university education is the only avenue for social mobility and job security. This approach is by no means unique, and has been tried and tested in Brazil and Japan. The Brazilian case is particularly apt for Egypt. In 1996, the Brazilian government introduced

a law that created vocational training schools within institutions of higher education. This was complemented by a public relations campaign showing that vocational training leads to stable and well-paid jobs that allowed for career progression. Brazil was successful in fighting the perception that only a university education provides a respectable career, and enrollment rates were boosted.⁴²

In addition, the government should provide professional career counseling services for young students and their families to advise them on the increased prospects of vocational and technical training. In partnership with the private sector, technical job fairs and career counseling can increase the attractiveness of a technical occupation. This policy suggestion could be implemented in the short term, and if done properly could yield results in the near future. Having said that, investment in vocational training alone is unlikely to lead to tangible results without a wider industrial plan that entails further investment from the private sector to absorb TVET graduates.

Increase Emphasis on Entrepreneurship

To be clear, entrepreneurship on its own cannot solve Egypt's unemployment problem. However, the government, in conjunction with the private sector, must simply do more to support it as one of the pathways to increasing employment. There has been some progress, with data showing that there is an increased number of Egyptian youth starting their own businesses, despite the structural problems outlined earlier in the briefing. In 2012, nearly 8 percent of Egyptians owned and ran a business that was less than three years

⁴¹ Leonard Cantor, "The Role of the Private Sector in Vocational Education and Training: The Case of Japan's Special Training Schools," *Journal of Vocational Education & Training* 39, no. 103 (1987): 35–41.

⁴² SeifAllah Rabie, "Vocational Education and the Need for a Change in Perception," *The Chronicles* (Summer 2012), <<http://www.aucegypt.edu/research/ebhrc/publications/Documents/Chronicles2012/12Article8SRabie.pdf>>.

old or was actively trying to start one.⁴³ The government should harness this momentum and put extra emphasis on dealing with the structural problems in Egypt's entrepreneurship ecosystem through implementing and refining a number of measures.

First, more funding sources should be made available for prospective entrepreneurs. Government sources of capital such as the social fund for development have proven inadequate or not agile enough to support young entrepreneurs. In addition, traditional banking has been hesitant to support SMEs at their start-up phase. Venture capital, angel investors, and private equity focused on SMEs should be further encouraged. Organizations such as Sawari ventures, Vodafone Ventures, and Cairo Angel Investors already exist, but they tend to focus primarily on tech-based entrepreneurs.⁴⁴ Such groups should be incentivized by the government through a system of tax breaks that further entices investors to support entrepreneurs at the start-up phase. In addition, such funding must not be focused solely on high-tech enterprises, but also on other sectors such as manufacturing, agriculture, and other services that constitute the bulk of the economic activity in a developing country like Egypt. Unfortunately, to date, the majority of such investments have focused on the tech sector as it promises higher yields.

Second, a number of business information centers (BICs) should be established on public and private secondary school and university campuses to provide information,

guidance, and training for prospective entrepreneurs. The United Nations Industrial Development Organization, with funding from the Austrian Development Agency, has developed a number of BICs in Uganda that have proven to be successful in advising and assisting entrepreneurs in establishing linkages to local, regional, and international markets. In addition, BICs can also provide basic and advanced information and communication technology training.⁴⁵ Establishing a number of BICs in Egypt would help alleviate the problems of access to information and know-how that young entrepreneurs face.

Finally, the government should further simplify the process of starting a business. Currently, there is too much bureaucracy and red tape that young entrepreneurs must navigate. The process of starting a business must be streamlined. The General Authority for Investment and Free Zone pioneering the "One Stop Shop" for starting businesses is an example of recent progress, but the process remains far from perfect.⁴⁶

Increase Participation of Women in the Workforce

There is a universal consensus that the increased participation of women in the workforce has a positive impact on a country's economy. The World Economic Forum's 2014 Global Gender Gap Report shows there is a direct correlation between gender equality and GDP per capita growth.⁴⁷ The same report ranked Egypt 129 out of 142 countries in workplace inequality.

⁴³ Hala Hattab, "GEM Egypt Report 2012," Global Entrepreneurship Monitor, 2013, <<http://www.gemconsortium.org/report/48674>>.

⁴⁴ Dina Sherif and Salma El Sayeh, "Entrepreneurship for a Better Egypt," Middle East Institute, 20 February 2014, <<http://www.mei.edu/content/entrepreneurship-better-egypt>>.

⁴⁵ United Nations Industrial Development Organization, "Business Information Centres: Facilitating Access to Business Information and Skills," <<http://www.unido.org/what-we-do/advancing-economic-competitiveness/investment-technology-and-sme-development/competitiveness-business-environment-and-upgrading/information-and-communications-technology/programmes/business-information-centres.html>> (1 October 2015).

⁴⁶ For a full elaboration on the steps the government has taken to date to streamline the process of starting a business, see World Bank, *Doing Business in Egypt 2014*.

⁴⁷ "The Global Gender Gap Report 2014," World Economic Forum, 2014, <<http://reports.weforum.org/global-gender-gap-report-2014/>>.

A 2012 report by the consulting firm Booz & Company estimated that raising the workforce participation rate of women to equal men's could raise the Egypt's GDP per capita by an incredible 34 percent.⁴⁸

The first step of dealing with the lower number of Egyptian women in the workforce is education. Egypt's overall illiteracy rate is at 26 percent. For women, that figure is 34 percent compared to 18 percent for men.⁴⁹ The government must undertake a campaign for increased social acceptance for female education, especially in rural areas and Upper Egypt where the illiteracy discrepancy between men and women is even higher and cultural norms and prejudices act as a formidable barrier for young women seeking education. Such a task is daunting and the government will not be able to change views on the need for women's education on its own. This has to be done in conjunction with civil society actors and NGOs working in areas where female illiteracy rates are particularly high.

Partnerships with the private sector and NGOs that work on gender equality should be further encouraged. The recently commissioned Women@work initiative funded by the ILO seeks to provide 200 unemployed women aged 21 to 26 with appropriate skills that will enhance their job prospects and entry into the workforce.⁵⁰ These types of initiatives should receive support from the government and be scaled up to empower more women.

Finally, and most importantly, the private sector should be encouraged to absorb more female

workers. The rate of female participation in the workforce is directly correlated with the declining rate of public sector jobs, long a preferred career path for women. Hendy, drawing on Ragui Assaad's work, finds that since the 1980s, female dominated jobs have been defeminized, "while employment growth occurred in male dominated activities, which have not been feminized."⁵¹ This has to end. The government should implement regulatory reforms, such as quotas and flexible working arrangements, that support increased participation of females. Recognizing the need to balance between work and home life where women tend to carry a larger part of the burden, more part-time work opportunities, and options to work remotely can go a long way in bringing more women into Egypt's workforce.

CONCLUSION

There is no one "silver bullet" to deal with the problem of youth unemployment in Egypt. There is a range of policy options that need to be implemented in conjunction with each other. Some will show results at a faster pace, while others, such as reform of the tertiary sector, will take years. What is important now is that the Egyptian government fully recognizes and acknowledges the urgency of challenges it faces as it attempts to deal with the problem of the unemployment of not only university graduates, but all young people who rose up in 2011 to demand basic political, economic, and social rights. Should these rights continue to go unrealized, it will be increasingly possible that Egypt will experience another uprising in the coming years.

⁴⁸ DeAnne Aguirre, Leila Hoteit, Christine Rupp, and Karim Sabbagh, "Empowering the Third Billion: Women and the World of Work in 2012," Booz & Company, 2012, <http://www.strategyand.pwc.com/media/uploads/Strategyand_Empowering-the-Third-Billion_Full-Report.pdf>.

⁴⁹ Central Intelligence Agency, "The World Factbook," <https://www.cia.gov/library/publications/the-world-factbook/fields/2103.html#139> (1 October 2015).

⁵⁰ "AMIDEAST, ILO Launch Employability Skills Initiative for Women in Egypt," America-Mideast Educational and Training Services, 21 September 2015, <<http://www.amideast.org/ar/news-resources/press-release/egypt/amideast-ilo-launch-employability-skills-initiative-women-egypt> (Accessed 1/10/2015)>.

⁵¹ Rana Hendy, "Women's Participation in the Egyptian Labor Market: 1998–2012," Working Paper no. 907, Economic Research Forum, May 2015, <<http://erf.org.eg/wp-content/uploads/2015/12/907.pdf>>, 2.

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