Improving Youth Employment through Job Training and Capital in Egypt

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Sector(s): Labor Markets, Social Protection

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Location: Egypt

Sample: 1011 individuals

Partner organization(s): World Bank, European Union (EU), Together Association for Development and Environment, Micro, Small and Medium Enterprise Development Agency (MSMEDA)

Globally, and in Egypt in particular, youth experience unemployment at much higher rates than other age groups. Researchers conducted a randomized evaluation to determine the impact of job training and counseling programs on youth employment in Egypt. The job training programs improved labor market outcomes such as employment rates and income, and sometimes had a positive impact on non-labor market outcomes such as empowerment. However, the addition of counseling did not increase these positive impacts.

Policy issue

Globally, youth experience unemployment at higher rates than other age groups. Active Labor Market Programs (ALMPs) aim to support youth employment. These short-term programs vary widely in their design and delivery. They may provide business, vocational, or soft-skill training; coaching; counseling; job search assistance; job matching assistance; or capital—all with the goal of helping youth enter the labor market, either through finding wage employment or starting their own businesses.

Evidence on the impact of ALMPs on youth labor market outcomes such as employment and income, or on non-labor market outcomes such as empowerment, is limited and mixed. Although previous research suggests that ALMPs do tend to improve labor market outcomes, these impacts are typically small—however, impacts are usually larger in low- and middle-income countries than high-income countries. Less evidence exists on which type of program design works best.

Context of the evaluation

In January of 2011, as part of the Arab Spring movement taking place across the Middle East, protests in Egypt led to the fall of the regime of then-President Hosni Mubarak. In the following years, the unemployment rate rose from 9 to 13 percent (a 44 percent increase). Unemployment especially affected youth: the youth unemployment rate has remained 35 percent, on average, since 2011.

Promoting youth employment is therefore a policy priority in Egypt. From 2014-2017, the European Union financed the Emergency Employment Investment Project (EEIP), administered by the World Bank and implemented by the Micro, Small, and Medium Enterprise Development Agency (MSMEDA). The grant financed pilots implemented by NGOs focusing on employment;

these pilot projects were chosen via a competitive selection process. Overall, the interventions targeted the following groups: youth (typically ages 18-29), individuals out of school and work, groups with specific barriers to entering the labor market (e.g., individuals with low levels of education, individuals with disabilities, young women, and those with no prior work experience), and the residents of Egypt's poorest districts. The participants in this study were 84 percent female and 24 years old on average. Two thirds had gone to a vocational high school, and less than 14 percent had a university degree. Five percent were working for an income at the beginning of the intervention.

J-PAL affiliated researchers evaluated two such NGO-implemented ALMPs. A summary of one program, implemented by Together Association for Development and Environment or Maan in Arabic, can be found below; a summary of a similar program (implemented by Alashanik Ya Baladi Association for Sustainable Development, which provided job training and matching) can be found here.

A young man works in a bakery in Egypt.

Photo credit: Dietmar Temps, Shutterstock.com

Details of the intervention

Researchers partnered with the Together Association for Development and Environment (Maan) to conduct a randomized evaluation to determine the impact of their self-employment focused ALMP on labor market and non-labor market outcomes among youth in Egypt.

Maan conducted an open call for applications and vetted 2,000 applicants to determine which were most likely to complete the full training. From that pool, Maan randomly assigned 337 individuals to treatment group 1 (who received training and capital assistance), 335 individuals to treatment group 2 (who participated in individual counseling as well as receiving training and

capital assistance), and 339 individuals to a comparison group (who received no services).

The training curriculum addressed both business and vocational skills and focused on a specific industry: livestock fattening, sewing, or construction. The business training included topics such as feasibility studies, marketing, project management, and bookkeeping, and it lasted three days. The vocational training provided technical skills in one of the three industries, and lasted from 6 to 17 days. Additionally, participants in either treatment group were allowed to apply for optional capital assistance, which consisted of a cash grant (between USD 56.30 and USD 112.60) and a loan (between USD 56.30 and USD 536). About 75 percent of participants received this capital assistance.

In addition to training and offers of capital assistance, participants who were randomly assigned to treatment group 2 also attended 6-8 one-on-one counseling sessions that lasted 30-60 minutes. Rather than consisting of pre-defined content (as in the training sessions), the counseling sessions were tailored to each participant and included goal setting, identification of strengths and weaknesses, and an overview of the steps needed to complete projects.

Researchers returned between 4 and 14 months after the intervention occurred to measure both labor market and non-labor market outcomes.

Results and policy lessons

Researchers found that the ALMP improved labor market outcomes as well as some non-labor market outcomes. However, the addition of counseling did not amplify the effects compared to training and capital assistance alone.

Labor market outcomes: The intervention showed positive effects on employment, working time, and monthly income. Employment increased among treatment group 1 by 45 percentage points and among treatment group 2 by 43 percentage points (a 300 percent and 287 percent increase, respectively) compared to the comparison group. Similarly, working time increased by 7.85 hours per week for treatment group 1 and 8.6 hours per week for treatment group 2. Overall, monthly income increased by 91 EGP for treatment group 1 (USD 5.12) and 63 EGP for treatment group 2 (USD 3.55) (a 66 percent and 45 percent increase, respectively) compared to the comparison group. Some evidence suggests that the impacts were stronger for women relative to men.

Non-labor market outcomes: Non-labor market outcomes of the intervention included whether participants wanted to migrate, and how empowered they felt to spend their own money. Treatment group 1 was 7 percentage points less likely to want to migrate than their counterparts in the comparison group (an 11 percent decrease), although treatment group 2 did not experience any decrease. Empowerment of women was measured by asking participants “who decides how to spend the income that they generate.” 58 percent of treatment group 1 and 56 percent of treatment group 2 reported that they decide for themselves (a 12 and 10 percentage point increase from the comparison group, or 26 and 22 percent increase, respectively).

Coupled with results from a related study, these results suggest that ALMPs can facilitate young people’s introduction to the labor market and may be particularly useful for already disadvantaged groups such as women and youth coming from especially poor areas. A limitation of this work was the short timeframe over which the follow up data were collected, as the counseling may have needed more time to show impacts. However, future research should continue to explore what types of programs are most effective, for which parts of the population, and under what conditions.

Elsayed, Ahmed, Kevin Hempel, and Adam Osman. “Overcoming Youth Unemployment in Egypt: Randomized Evaluations Showcase the Promise of Active Labor Market Programs.” Working Paper, October 2018.