

EVIDENCE FOR EGYPT'S WORKFORCE DEVELOPMENT

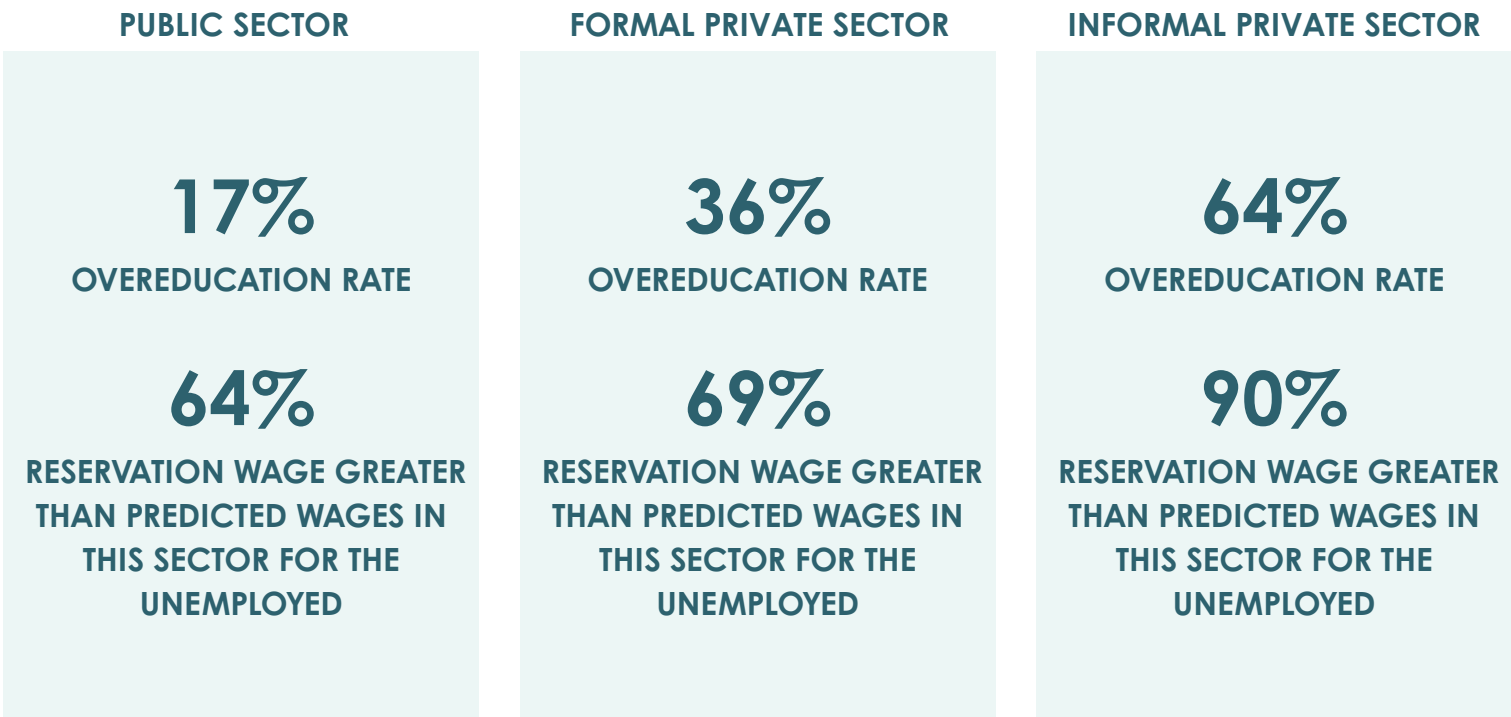
STRATEGIC INSIGHTS ON LABOR MARKET MISMATCH



Source: Sawiris Foundation for Social Development

In a recent EIL-funded needs assessment by Dr. Caroline Krafft and Carmen Armas Motalvo, data from the nationally-representative Egypt Labor Market Panel Survey were analyzed to understand labor market mismatch and inform investments in education, training, and labor market information in order to support Egyptian workers and the economy.

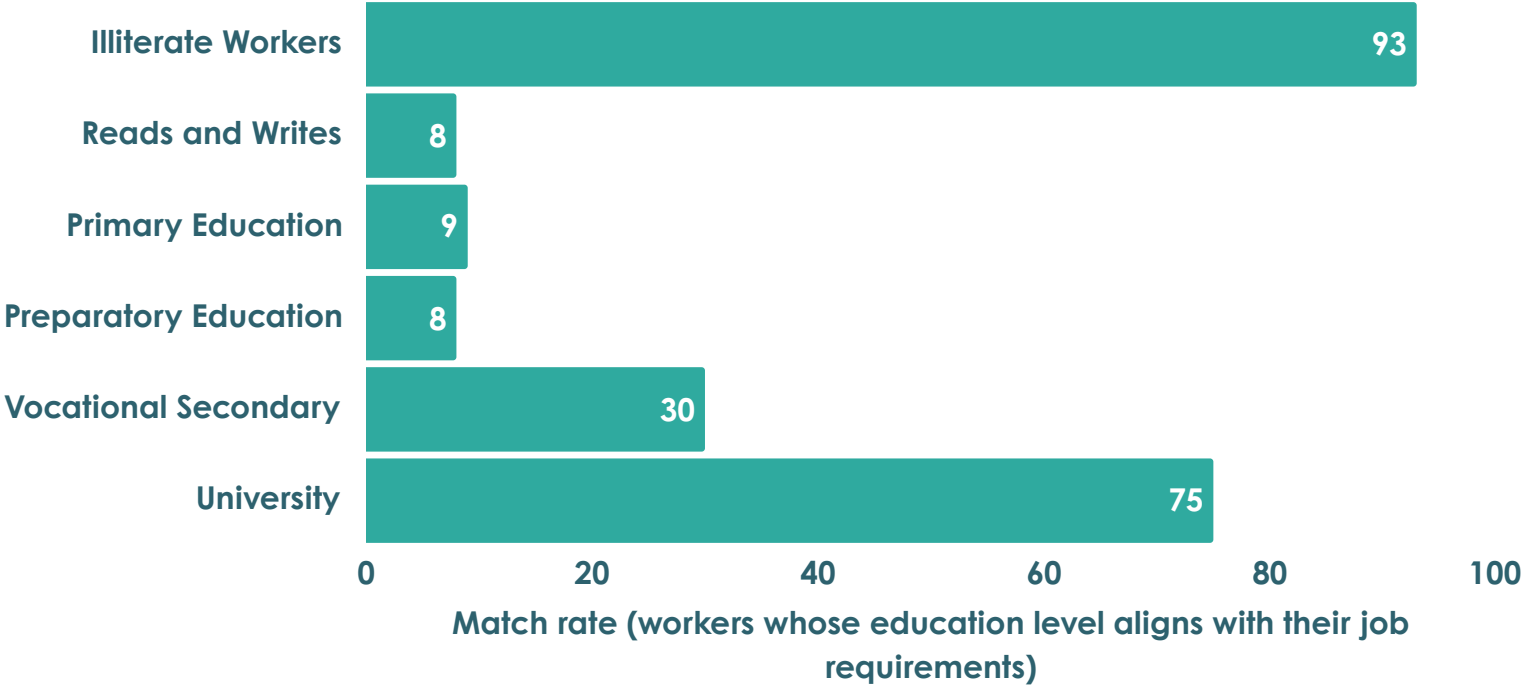
Understanding Egypt's Labor Market Mismatch



Reservation wages are the minimum wage an individual would accept to work in a particular sector. Formality is based on offering social insurance.

THE EDUCATION PATTERN

The U-shaped pattern reveals that the least educated and most educated workers show the best matches, while those with intermediate education face the worst outcomes. Illiterate workers match well because their jobs require no qualifications. Mid-level educated workers (primary through vocational secondary) face massive overeducation because available jobs do not utilize their credentials. University graduates fare better but still face 25% overeducation, with substantial field-specific variation.



15%
FEMALE EMPLOYMENT RATE

Women's employment rate is 15%. Employed women show better job-education matches (62% vs. 42% for men), likely because they do not work if they cannot find acceptable jobs.

The top acceptable occupations for unemployed women: public sector (86% accept); administrative assistant (70% accept); data entry (62% accept).

SKILLS FOR EGYPT'S ECONOMY

HIGH-DEMAND SKILLS

1. Physical fitness (67% of jobs) - most commonly required
2. Teamwork (62% of jobs) - second most commonly required

LOW-DEMAND SKILLS

1. Computer skills (12% of jobs require them)
2. Foreign language (14% of jobs require them)

MOST OVER-SUPPLIED SKILLS

1. Technical skills (24% over-skilled)
2. Literacy (24% over-skilled)
3. Mathematics/statistics (18% over-skilled)

MOST UNDER-SUPPLIED SKILLS

1. Physical fitness (13% under-skilled)
2. Problem solving (13% under-skilled)
3. Communication and presentation (13% under-skilled)
4. Manual dexterity (13% under-skilled)

OPPORTUNITIES FOR STRATEGIC INTERVENTION



Invest in robust labor market information systems

Improving labor market information systems can aid structural reforms and individual decision-making. Egypt's Occupational Outlook platform is a step forward, but it needs rigorous evaluation. Information interventions are most effective when provided early to help youth make informed educational and specialization choices, not just for job seekers.

Mismatch shows a systemic issue. Education systems need to better align skills and degrees with labor market needs to improve productivity, wages, and job satisfaction.

Reform education systems to prioritize skills over credentials

Design targeted interventions recognizing gender differences

The differences in job acceptance suggest that remote and flexible work policies could benefit women, who often prefer public-sector jobs because they need roles that are socially acceptable and accommodate caregiving responsibilities.

Experiments in Egypt indicated that information on job fairs and wages did not affect reservation wages. Youth may adjust expectations without changing behavior, and some interventions, like job-matching services, can increase unemployment by raising reservation wages without providing suitable jobs.

Exercise caution with information only interventions

Structural reforms can create more and better jobs

Economic reforms that create more jobs, particularly formal jobs with high wages, can close the gaps between aspirations and realities. Ensuring a competitive economy and robust private sector is an important part of improving job creation and quality.