

# Public-Private Dialogue

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## Egypt / GIZ Employment Promotion Project: Regional Labour Market Monitoring in Public Private Dialogue in Egypt

by

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### Background and Context

High youth unemployment is a key challenge to the socio-economic development in Egypt and has been repeatedly declared a policy priority. The lack of decentralized Labour Market Information (LMI) and of a proper dialogue between relevant public and private sector actors, in addition to the absence of demand-driven Labour Market (LM) services and evidence-based policies in the fields of further Technical and Vocational Education and Training (TVET) are significant obstacles to address this issue effectively. To better align the education and training system to private sector needs and build stakeholders' capacities to identify, develop and implement demand-oriented Active Labour Market Programmes (ALMPs), a Regional Labour Market Monitoring (RLMM) and a regional employment dialogue has been launched with support of the GIZ's Employment Promotion Project (EPP) in public private dialogue in Egypt in 2012.

**Regional Labour Market Observatories (RLMOs):** Structure & Partner Involvement To effectively conduct the RLMM and organize the regional employment dialogue in public-private partnership, Regional Labour Market Observatories (RLMOs) - the first of their kind in the Middle East and North African (MENA) region - have been established. So far there are 3 RLMOs<sup>1</sup> in different Governorates (Aswan, Sixth of October City and Sadat City) each consisting of a multi-stakeholder working group (4-7 part time members per RLMO) and a steering structure. The RLMO working groups comprise of local staff seconded for 2-3 days per week by the following public institutions:

- A. Ministry of Education and Technical Education (MoE),
- B. Ministry of Manpower (MoM),
- C. Ministry of Higher Education (MoHE) represented through Aswan University.

The private sector is represented through seconded members of the regional Investors' Associations. The composition of the RLMOs varies slightly in each region and is open for the participation of civil society organisations.

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<sup>1</sup> Two more RLMO are to be opened in 2017.

The Steering Committees (StCo) that guide the different RLMOs constitute of even a larger assembly of local and national stakeholders from public and private institutions involved in employment promotion, training and local economic development. Representatives of the StCo include the supervisors of the seconded staff on working level (e.g. Board Members of the Investors' Association) as well as other prominent national and regional players active in the LM (e.g. National Observatory for Training and Education in Egypt, Trade Union representatives). The StCos meet 3-4 times per year and advice the RLMOs, for instance on what sectors to be studied in the regional LM analysis. GIZ EPP takes part as observers in the StCo and merely act as advisors, if requested.

## Youth and Inclusion Dimension

The objective of the RLMOs is to avail regional LMI, identify, develop and promote the implementation of evidence-based ALMPs and policy recommendations in order to promote youth employment and the inclusion of vulnerable groups in the LM alongside fostering local economic development. Specific emphasis is paid to promote the employment of: a) vulnerable groups such as youth from lower-income rural areas prone to irregular migration, b) women who are particularly disadvantaged in the Egyptian LM (female labour force participation in Egypt is with 23.7% amongst the lowest in the world) and c) people with special abilities who are often employed on paper but not in reality. To do this, specific LMI is collected in the enterprise survey addressing these target groups (e.g. a set of question about willingness to hire women or suitability of the work place for people with special abilities). In addition, focus group discussions are conducted with vulnerable groups to outline their challenges and aspirations in order to design and implement target-group oriented ALMPs (see section on results for examples). Besides, the aim of the RLMOs is to initiate a regional employment dialogue between different public and private stakeholders to reduce the mistrust between the two and promote the alignment of the education system to private sector needs.

**Role of the GIZ in Establishing and Supporting the RLMOs:** The initiation of the multi-stakeholder RLMOs was the outcome of a planning and evaluation mission of the GIZ in Egypt. The mission, which took place in 2011 clearly showed the need to avail decentralized LMI to use as basis for evidence-based policy-making and address above outlined LM challenges. Thus, the GIZ and its main implementation partners – the MoE and the private sector associations - selected a dialogue-based methodology called PROSPECT<sup>2</sup> for conducting the RLMM. The GIZ mainly supports the RLMOs with regard to:

- A. Technical support** including contracting the Gesellschaft for Innovative Beschäftigungsförderung (G.I.B) to support the knowledge transfer and enable the RLMO working groups to implement a localized version of the PROSPECT methodology in Egypt.

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<sup>2</sup> PROSPECT is a dialogue-based, participatory method to continuously monitor regional LMs and collect LMI. It was applied in the Netherlands and in North-Rhine Westphalia before and adopted to the Egyptian context.

- B. Capacity building** including regular coaching visits (at least twice per month per location) to support the RLMO working groups in conducting the regional LM analysis in line with the PROSPECT method. For instance, the RLMOs are trained by GIZ on setting an operational plan, developing a questionnaire, entering and coding data and qualitative research skills.
- C. Quality control**, especially with regard to feedback to the LM analysis reports and support in the identification and conceptualisation of the ALMPs.
- D. Provision of operational costs** including covering transportation costs for the conduction of the employers' surveys and organizing dissemination events for the LM analysis reports.
- E. Co-financing and implementing selected ALMPs** originating from the LM analysis reports to show the regional and national actors the added-value of RLMI and evidence-based policy-making.

**The PROSPECT Method – PPD as the Core to Success Operational Management, Processes and Approach:** The processes and operational management in the RLMOs are strongly connected to the applied approach for RLMM: the PROSPECT methodology. PROSPECT follows seven distinct steps, using qualitative and quantitative research methods to collect and analyse data about the supply, demand and matching side of the regional LM. Furthermore, the PROSPECT methodology puts a strong focus on designing and implementing evidence-based ALMPs based on the collected regional LMI and originating from the regional employment dialogue. Being a dialogue based-approach PROSPECT places utmost importance on the inclusion and consultation of various relevant stakeholders throughout the whole process of conducting the sectoral LM analysis including the dissemination of the findings in sectoral conferences and supporting the implementation of ALMPs. Starting from the sector synopsis and sector selection until the launching of the sectoral LM report one PROSPECT cycles covering 1-3 specific economic sectors takes between 13-15 months.

## Partnership, Structure and Processes

In terms of organizational management the RLMOs have a flat hierarchy (no supervisor or director; each RLMO member is equal), and operate as a network. There is a coordinator in each RLMO who has some additional administrative functions but no disciplinary authority. The final decision-making e.g. about the sectors to be analysed, the ALMPs to be implemented etc. in general takes place in the StCs. In reality however, GIZ's role in steering the activities and supporting the agenda setting of the RLMOs is rather high, given the at times lacking capacities in the RLMOs.

The three main actors to be represented in the RLMOs to ensure a proper employment dialogue are listed in the following. Each actor is crucial as they contribute distinct assets to the RLMM process:

- A. MoE:** Provides the venues and running costs in each locations in addition to seconding 2-3 staff members and access to data of TVET graduates and the education system.

- B. MoM:** Provides access to employment related data and data from public employment services in addition to seconding 1-2 staff members.
- C. Private Sector Representatives of the Regional Investors' Associations:** Provide access to companies and employers in addition to seconding 2-3 staff members per location.

Given the diverse set-up of the RLMOs in the different regions alongside the general weak capacities of the RLMO staff (e.g. regarding analytical and statistical skills), it is hard to identify any champion of the PPD process. However, the private sector has recently embraced the RLMO more and more and taken ownership. This can be attributed mostly to the implementation of successful ALMPs and the heightened recognition of the RLMO's work in the local community. For example 2 out of 3 Investors' Associations have started to pay financial incentives to well performing RLMO working group staff and agreed to fund operational costs in the future.

## Results so far

Since 2011 the following 5 regional LM analysis reports were published in English and Arabic in the following sectors:

- A.** RLMO-Sixth of October City: Engineering, Chemical, Food Processing and Textile Industry,
- B.** RLMO-Sadat City: Engineering, Food Processing, Chemical, Building and Construction and Textile Industry,
- C.** RLMO-Aswan: Tourism and Mining Industry.

Additionally, 5 sectoral conferences with over 220 attendees from different public and private stakeholders were held and more and more international development partners e.g. Aga Khan Development Network, EU, USAID use the LMI collected and the reports for their project and operational planning. Based on the collected LM evidence, a variety of ALMPs are being implemented with the financial support of international development actors and in partnership with Egyptian NGOs, government and private sector stakeholders in the regions. Overall, 3 policy recommendations have been submitted to the national level originating from the regional employment dialogue and 12 evidence-based ALMPs are being implemented since 2011. Selected examples of ALMPs some of which focus specifically on the inclusion of vulnerable groups are:

### *Training for Employment in Sadat City:*

The regional LM analysis showed the inability of companies to fill blue collar jobs with suitably skilled labour. To fill the available vacancies a training for employment scheme was jointly implemented between Education for Employment (EFE) Foundation and the Sadat City Investors Association. Over 120 job seekers were trained and placed.

*NEP-SOCIA Employment Center in Sixth of October City: Placement and Matching Services to better integrated women and vulnerable youth in the LM*

The LM analysis in Sixth of October City displayed the need to establish a matching services to fill existing vacancies. In lack of public alternatives a private employment center was established in a partnership between the National Employment Pact (NEP) and the Sixth of October City Investors Association. After the first establishment phase it has been discovered that there is a need to specifically integrate women and vulnerable youth from deprived rural areas in the LM. So far over 255 people have been placed into decent jobs in the last 12 months and the aim is to increase the placement of women and make the recruitment practices more gender sensitive.

#### *Promoting Female Entrepreneurship in Aswan:*

Based on the LM analysis by the RLMO in Aswan it was identified that female graduates are disadvantages in the LM. As a result, the StCo decided to address female employment through entrepreneurship promotion. In cooperation with the International Labour Organization (ILO) local stakeholders are being trained to deliver entrepreneurship education for students in Aswan. Over 250 students received entrepreneurship education and 92 concluded the programme successfully.

#### *Human Resources (HR) Club in Sadat City*

Aiming to raise awareness about the importance of having an effective HR department and building the capacities of HR staff in SMEs, an HR Club was established under the umbrella of the Sadat City Investors Association. The HR Club offers all enterprises in Sadat City an open and regular forum to learn about HR functions, international best practices and ways to increase retention and promote productivity through better utilization of labour. Examples of conducted HR Clubs Sessions over the past year are: In-Company Training and technical Education from a Practical Point of View; Inclusive Employment and Inclusive Hiring Practices; Turnover Rate and the Effect on Profitability and Productivity of Companies; Performance Appraisal; Why do you lose your best employees and how to retain them.

## **Expected Results**

On the operational level it is expected to open two more RLMOs in 2017. The MoE and the private sector representatives have chosen Alexandria and 10<sup>th</sup> of Ramadan – two industrial zones as the new locations. Further, it is envisioned that by the end of 2020 23 ALMPs, 9 with gender relevance and 5 focusing on the inclusion of vulnerable groups in the LM are being implemented. The ultimate target is to reach over 3000 youth with the measures. Additionally, to the ongoing capacity development on the PROSPECT method and RLMM, GIZ also supports the institutionalisation of the RLMOs through developing a sustainability concept and supporting the identification and anchoring to a national unit that ideally is agreed upon by all stakeholders.

Based on the request of the different stakeholders a skills needs assessment in priority sectors shall be conducted in the future as well, to better align the education system with private sector needs. Ideally, the skills needs assessment in addition to the ongoing successfully implementation of ALMPs should enhance the awareness of public and private sector actors

on the added value of evidence-based policy making and the PPD as a way to promote inclusion and youth employment.

## **Challenges**

One of the most significant challenges so far are the institutionalization of the multi-stakeholder, decentralised and dialogue-based RLMOs in a very hierarchical and centralised country and ensuring the financial sustainability as well as a high quality of LM research and other outcomes. Regarding these issues, one of the main advantages of the RLMO model in Egypt, namely its organizational set-up (RLMOs consist of seconded staff from different private and public sector institutions), is simultaneously a major obstacle. On the one hand, the RLMOs are very cost-efficient and allow for great access to data and different private and public sector actors. On the other hand, the multi-stakeholder set-up in the absence of a national coordinating entity makes institutionalisation very challenging and complicated (which national entity can be the anchor of the RLMOs to not lose the neutrality, regional autonomy and multi-stakeholder character of the RLMOs). Besides, the secondment approach does currently not imply financial incentives for the RLMO staff members, which leads to high fluctuation and varying degrees of motivation. Against this background GIZ will intensely support the institutionalisation of the RLMOs at the regional and national levels over the next years while providing non-financial incentives (e.g. study visit) to RLMO members.

Additional challenges, are related to ownership and creating understanding that the strength of the RLMOs lies in the PPD approach. In other words, anchoring the RLMOs at the national level with any of the three main players would mean risking the multi-stakeholder approach and thus, the uniqueness of the LM products and the implementation of multi-stakeholder ALMPs as a main outcome. Moreover, given the decentralized and dialogue-based character of the RLMOs (no legal status or mandate) securing access to national level decision-makers to e.g. bring up policy recommendations and disseminate relevant findings at national level - is a challenge.

## **Biography of the Author:**

### **Ms. Laura Schmid - Advisor for the Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**

Laura Schmid is currently working as an Advisor for the Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in the Employment Promotion Project (EPP) in Egypt. Her work in EPP focuses on supporting regional PPDs to conduct regional labour market monitoring and to design and implement evidence-based Active Labour Market Programmes (ALMPs) for youth employment and local economic development and integration. Her main areas of expertise are youth employment, labour market policies and, technical vocational education and training. Prior she was a Research Officer for the International Labour Organization's (ILO) Employment Department in Geneva focusing on transition to formal employment and

research about macroeconomic and fiscal policies. Laura received her Master of Science in International Relations at the School of Oriental and African Studies (SOAS) in London, UK. and she holds a BA. Sc. in International Economics and Development from Bayreuth University in Germany.

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