

# THE IMPACT OF COVID-19 ON EMPLOYMENT AND YOUTH EMPLOYABILITY IN EGYPT



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# 1. EXECUTIVE SUMMARY

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## Overview of the Global Labour Market

The challenges facing the global youth population are numerous and have been aggravated by the pandemic. High unemployment rates, inequality and informality of jobs are just a few examples. Some jobs will be lost forever, but flexible work conditions will continue. Thus, integrated policies are a must and have to take each country's peculiarities into consideration. Moreover, various market actors have to cater to the jobs and skills of tomorrow.

Top 5 Jobs for 2025	Top 5 Skills for 2025
1. Data analysts and scientists	1. Analytical thinking and innovation
2. AI and machine learning specialists	2. Active learning and learning strategies
3. Big data specialists	3. Complex problem-solving
4. Digital marketing and strategy specialists	4. Critical thinking and analysis
5. Process automation specialists	5. Creativity, originality and initiative

## The Egyptian Labour Market

The Egyptian labour market is characterized by an improving unemployment rate, that was negatively affected by the pandemic for one quarter only, then it started to pick up. It is worth noting however that the labour force participation rate fell at the time of the crisis, indicating reduced interest of the manpower in finding a job. A wide gender gap persists, and youth unemployment is higher than average. The huge annual increase in entrants to the labour market, underemployment, skill mismatch, informality, inequality, and weak collective bargaining power are examples of the underlying challenges in the market.

## Implications of the Pandemic on the Egyptian Labour Market

### Employers

The vast majority of employers were impacted by the pandemic. Results of the survey show that 86% of employers have had at least one negative impact and 56% of employers have had at least one positive impact. The impact varied by sector, where high-contact services and manufacturing sectors were hardly impacted compared to other sectors. In terms of size, the smaller the size, the more negative impact witnessed. Slowed down operations and decline in sales were the most experienced negative impacts, whereas reduced costs and higher sales were the most experienced positive impacts, implying the variation by business sector and size, with improving conditions as the first wave started to recede.

As a result of the containment measures and the impact witnessed by employers, they allowed flexible work conditions and increased reliance on digitalization, with a few having to lay off some of their experienced employees to save their salary cost. It is also important to note that automation of processes and use of digital technology are here to stay.

### Employees and job seekers

The survey results show that two thirds of employees and job seekers have had a negative impact of the pandemic. Being currently employed or not, most of the survey respondents are currently looking for a job, indicating low levels of satisfaction with the current employment. As a result of the pandemic, around one quarter of the surveyed

individuals have lost their jobs (15% were laid off and 12% voluntarily left their jobs). Most individuals have struggled with work-life-balance and women and the informal workers were disadvantaged. On a positive note, remote work was the highest impact witnessed by the employees. Remote work is highly perceived by employees and has opened up opportunities for joining jobs from other governorates or in other countries.

## **The Outlook**

Employers are likely to hire employees during the coming two years. This is expected to be mostly seen in entry level and experienced employees in the fields of sales, marketing & advertising, accounting & finance, business development, data analytics, and digital transformation. Both employers and employees/job seekers expect that the skills required in future jobs are adaptability and flexibility, crisis management and problem-solving skills, and emotional intelligence, along with computer literacy, software development and data analysis. On the other hand, job seekers are willing to accept part-time and freelance jobs, to relocate geographically, or have a career shift for the sake of having a formal job with a fair salary, career path and title, suitable working hours and flexibility in relation to remote work.

## **Recommendations**

Actions need to be taken at the policy, institutions and individual levels tackling the overall framework of the labour market, education, skills & training, and communication & transparency. Among the key recommendations are private sector development policies that promote inclusive growth, public funding of upskilling and reskilling programs in the fields demanded in the future and technology-based solutions, addressing systemic challenges related to the skill mismatch in close cooperation with lead firms, maintaining proper dialogue between the various actors and enhancing adaptability to market needs.

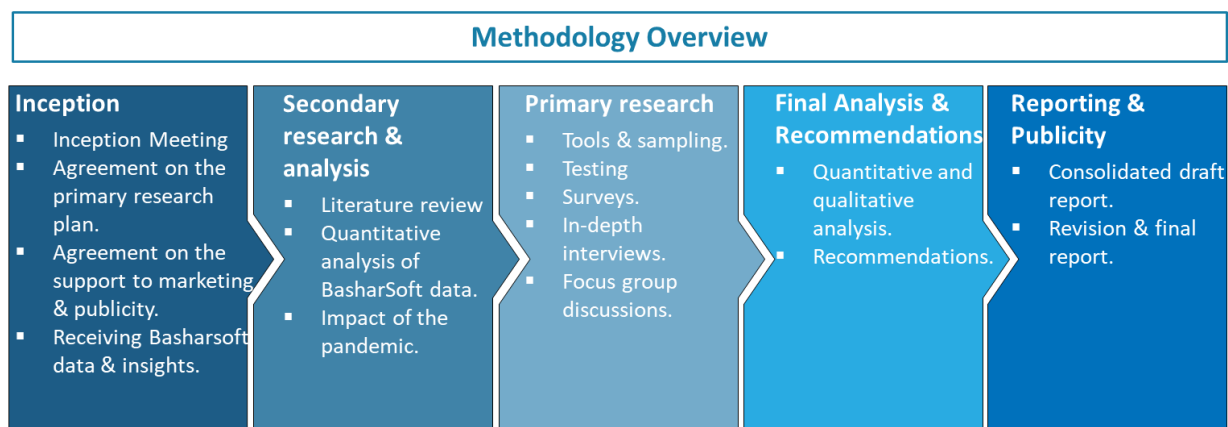
## 2. INTRODUCTION

Two years have already passed since the eruption of the COVID-19 pandemic lockdowns, social distancing, and other precautionary measures that took their toll on economic activity and led to the destruction of 114 million jobs around the world. The development of the vaccine and the stimulus packages spent by governments have led to a better economic forecast for 2021 forward, showing faster recovery than expected. However, this is coupled with recurring waves of the pandemic still hitting many countries and uneven and unequal distribution of the vaccine.<sup>1</sup>

One of the major economic implications was in the labour market due to layoffs and salary cuts, which came as a result of a combination of reasons including the decrease in demand on certain goods and service, decline in production, curfew measures, travel bans, disrupted local and global supply chains, budget cuts, remote work and heavier reliance on technology, among others.

Studies have been conducted, from different angles, on the impact of COVID-19 as a result of the measures adopted by the government and the private sector companies and their implications. In this context the Youth Participation and Employment Project (YPE) in Oxfam, within the framework of The Danish Arab Partnership program, and the and BasharSoft have collaborated and commissioned a research paper on the Impact of COVID-19 on Employment and Youth Employability in Egypt. The objective is to capture and analyze the impact on the employment market and opportunities for the youth and to provide recommendations to the public and private sectors on navigating the impact of the pandemic to enable more opportunities for youth and vulnerable groups affected. This report serves as a tool to be used by the various actors in the labour market; policy makers, support institutions, employers and employees and job seekers.

The following figure summarized the methodology adopted to complete the report:



<sup>1</sup> Dcode Economic and Financial Consulting, March 2021, Egypt's Economic Outlook.

# 3. THE GLOBAL LABOUR MARKET

## 3.1. Global Youth Employment Trends – Pre-pandemic

Despite the 30% increase in the global youth population during the last two decades, this age group (aged 15-24) have been experiencing the following trends<sup>2</sup>:

- Decreasing labour force participation.
- Unemployment reaching 13.6%, the majority of which are women.
- Being Not in Employment, Education or Training (NEETs), reaching 20%.
- Employment in informal, less secure jobs 75% of those employed).
- Wage inequality.
- Accepting jobs for which they are overqualified.
- Being replaced by robots and artificial intelligence.
- Diversion of the skills needed from vocational training to problem-solving and automation.
- Digital job matching services, although some surveys concluded that job seekers value face-to-face meetings with career advisers.

### Ta3mal

Ta3mal is a web-based network developed by Microsoft and Silatech, which provides free access to online resources on career guidance. It started in Egypt and expanded to Iraq and Tunisia. For more information, visit <https://ta3mal.com/egypt/en/home>

## 3.2. The Impact of COVID-19

Due to the relative recency of the pandemic and the waves of impact assessment studies conducted, it is still early to give an accurate assessment of the impact and is more uncertain to forecast the future implications. Learning from previous economic crises, the recovery takes time and employment takes longer time to pick up, especially for vulnerable groups like youth and women.<sup>3</sup> The implications of the pandemic on the labour markets represent an unprecedented unique job crisis, both in the short- and long-term that can be summarized in the following:

- Higher unemployment rates, leading to increased poverty, especially in countries with low savings and weak safety nets.<sup>4</sup> The extent to which unemployment has risen varies between countries' labour force skill level, employers' flexibility and adaptability of jobs. According to the ILO, more than one in six young people have lost their jobs due to the pandemic.<sup>5</sup> The problem is that organizations that have been able to survive with a lower number of workers are likely to continue with the same pattern<sup>6</sup> and some jobs are expected to be lost forever.<sup>7</sup>

<sup>2</sup> International Labour Organization, Global Employment Trends for Youth 2020: Technology and the future of jobs International Labour Office – Geneva: ILO, 2020.

<sup>3</sup> Lee, S., Schmidt-Klau, D. & Verick, S. The Labour Market Impacts of the COVID-19: A Global Perspective. Ind. J. Labour Econ. 63, 11–15 (2020). <https://doi.org/10.1007/s41027-020-00249-y>

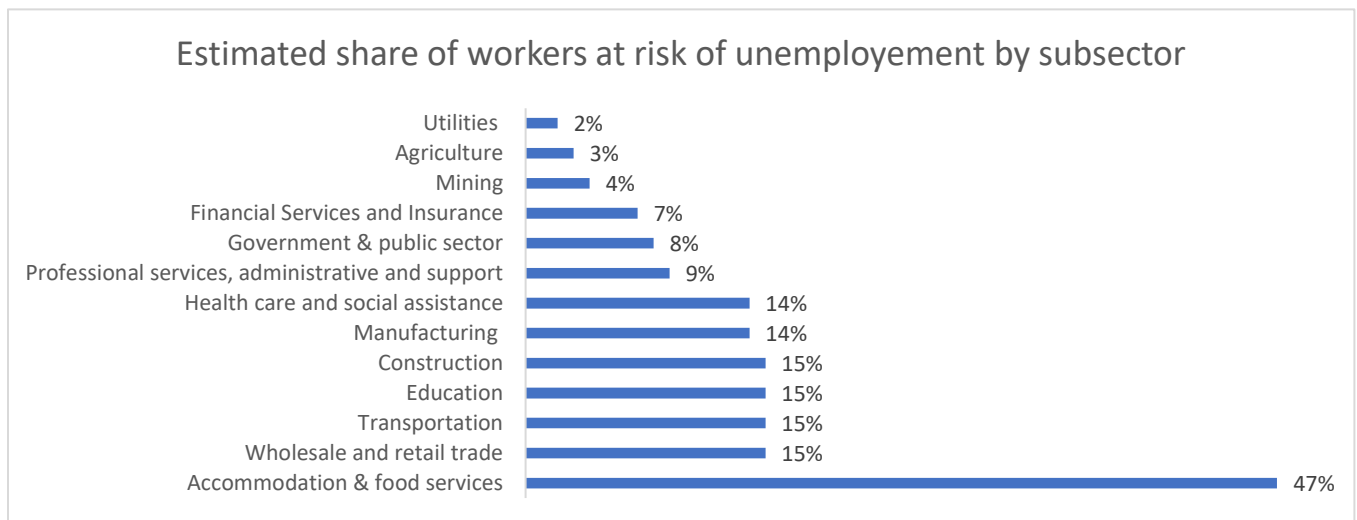
<sup>4</sup> International Monetary Fund, October 2020, Latin American Labor Markets during COVID-19.

<sup>5</sup> Lee, S., Schmidt-Klau, D. & Verick, S. The Labour Market Impacts of the COVID-19: A Global Perspective. Ind. J. Labour Econ. 63, 11–15 (2020). <https://doi.org/10.1007/s41027-020-00249-y>

<sup>6</sup> Marcela Escobari and Eduardo Levy Yeyati, January 2021, retrieved from <https://voxeu.org/article/covid-19-americas-north-south-differences-and-labour-market-channel>

<sup>7</sup> Al-Youbi AO, Al-Hayani A, Rizwan A, Choudhry H. Implications of COVID-19 on the Labor Market of Saudi Arabia: The Role of Universities for a Sustainable Workforce. Sustainability. 2020; 12(17):7090. <https://doi.org/10.3390/su12177090>

- Reduction in working hours as in the form of inactivity, unemployment and temporary suspension.<sup>8</sup> One study estimated the reduction in working hours in Q2 of 2020 (when lockdowns were the norm) to be equivalent to 400 million full-time jobs.<sup>9</sup>
- Loss of knowledge as a result of losing jobs. For employers, this means loss of the intangible assets of the enterprise, exacerbating their loss of income due to disrupted value chains and decreased demand.<sup>10</sup>
- Flexible working conditions. Although it sounds positive, it has its implications on the low-skilled wage workers whose jobs cannot be performed remotely, and on employers who have lost the benefits that an office brings, such as loyalty, mentoring, and building the company culture.
- Aggravated inequalities impacting women, youth and low-wage workers.<sup>11</sup> For example, young people entering the labour market during economic downturns are likely to continue to suffer in the long-term because of accepting lower wages/salaries and lower quality jobs from outset. Moreover, youth are concentrated in the sectors that were hit hard (high-contact jobs) as depicted in the chart below.<sup>12</sup>



Source: World Economic Forum, October 2020, The Future of Jobs Report 2020.

- Interrupted education, training and on-the-job learning have further constrained new entrants to the labour market and job seekers in general.<sup>13</sup>
- Women were severely adversely affected in multiple forms. This includes being concentrated in the sectors that were hit hard, facing the severe impact on domestic workers, being in the health and education sectors where the risk exposure is higher, being involved in lower-income and lower-skill jobs, in addition to the closure of education and care service providers which has put an additional pressure on working women given their social roles.<sup>1415</sup>

<sup>8</sup> Inter-American Development Bank, April, 2020, Social Policies in Response to Coronavirus. Labor Markets of Latin America and the Caribbean in the face of the impact of COVID-19.

<sup>9</sup> Lee, S., Schmidt-Klau, D. & Verick, S. The Labour Market Impacts of the COVID-19: A Global Perspective. Ind. J. Labour Econ. 63, 11–15 (2020). <https://doi.org/10.1007/s41027-020-00249-y>

<sup>10</sup> Inter-American Development Bank, April, 2020, Social Policies in Response to Coronavirus. Labor Markets of Latin America and the Caribbean in the face of the impact of COVID-19.

<sup>11</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

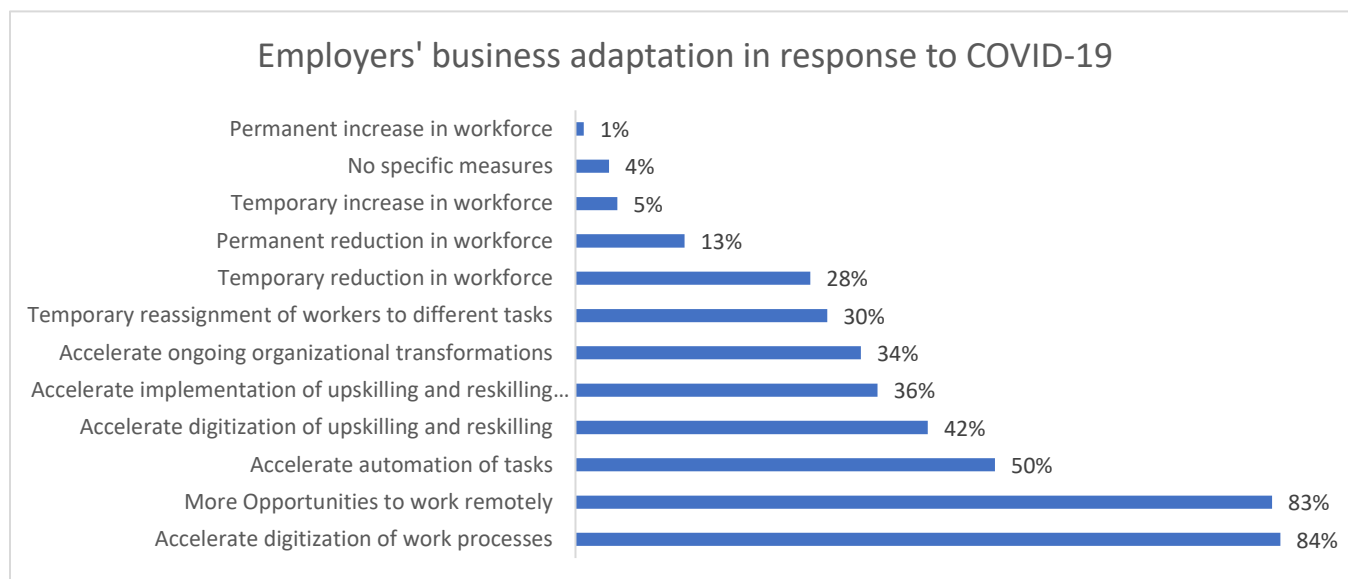
<sup>12</sup> Elise Gould and Melat Kassa, Young workers hit hard by the COVID-19 economy, Economic Policy Institute, October 14, 2020.

<sup>13</sup> Lee, S., Schmidt-Klau, D. & Verick, S. The Labour Market Impacts of the COVID-19: A Global Perspective. Ind. J. Labour Econ. 63, 11–15 (2020). <https://doi.org/10.1007/s41027-020-00249-y>

<sup>14</sup> Ibid

<sup>15</sup> International Monetary Fund, October 2020, Latin American Labor Markets during COVID-19.

- Resorting to informal, less decent jobs.<sup>16</sup> Informality is less decent because workers do not have health and social insurance, have low salaries, have no paid or sick leaves, worse work conditions, and may not have contracts at all; thus lack access to collective bargaining. They also have little to no option to work remotely and are mostly working where precautions are not taken seriously.
- On a positive note, as depicted in the chart below, the pandemic has led to an increase in innovation, online solutions, digitization of operations, AI, machine learning, e-commerce, leading to enhanced productivity, and these are expected to last.<sup>17</sup> While automation and digitization are creating jobs for the highly skilled, workers with lower skills, and hence wages, are losing.<sup>18</sup>



Source: World Economic Forum, October 2020, The Future of Jobs Report 2020

- Online training has surged, mainly in personal development, data analysis, computer science and IT.<sup>19</sup>
- There is an increasing rate for new business establishment. However, many of these businesses do not offer jobs and are likely to close when their owners find a job<sup>20</sup>, a major factor to consider in the Egyptian context, especially with the high business discontinuation rate.<sup>21</sup>

### 3.3. Global Outlook of the Labour Market

#### 3.3.1. Jobs

- For the next five years, priorities in adopting technology include cloud computing, big data, e-commerce with special attention to encryption, non-humanoid robots and artificial intelligence.<sup>22</sup>

<sup>16</sup> Lee, S., Schmidt-Klau, D. & Verick, S. The Labour Market Impacts of the COVID-19: A Global Perspective. Ind. J. Labour Econ. 63, 11–15 (2020). <https://doi.org/10.1007/s41027-020-00249-y>

<sup>17</sup> McKinsey & Company, January 2021, The Next Normal Arrives: Trends that will define 2021 - and beyond.

<sup>18</sup> Marcela Escobari and Eduardo Levy Yeyati, January 2021, retrieved from <https://voxeu.org/article/covid-19-americas-north-south-differences-and-labour-market-channel>

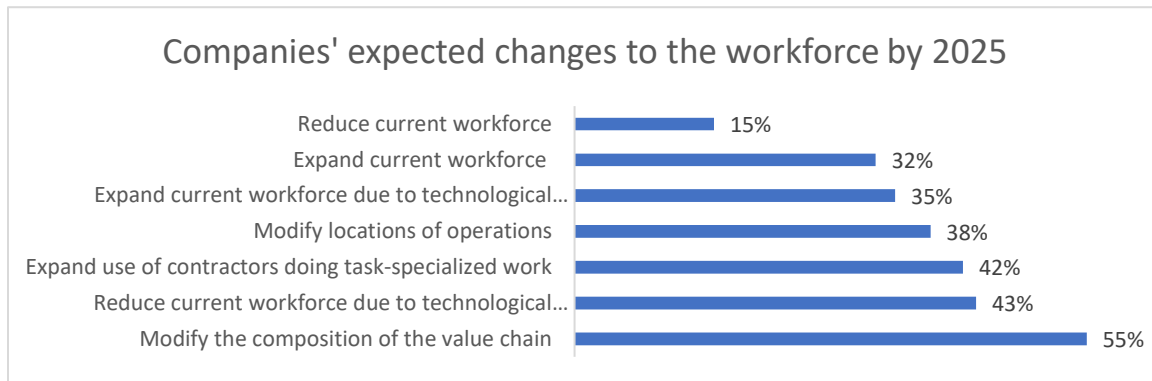
<sup>19</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

<sup>20</sup> McKinsey & Company, January 2021, The Next Normal Arrives: Trends that will define 2021 - and beyond.

<sup>21</sup> Global Entrepreneurship Monitor (GEM) Report, 2019/2020.

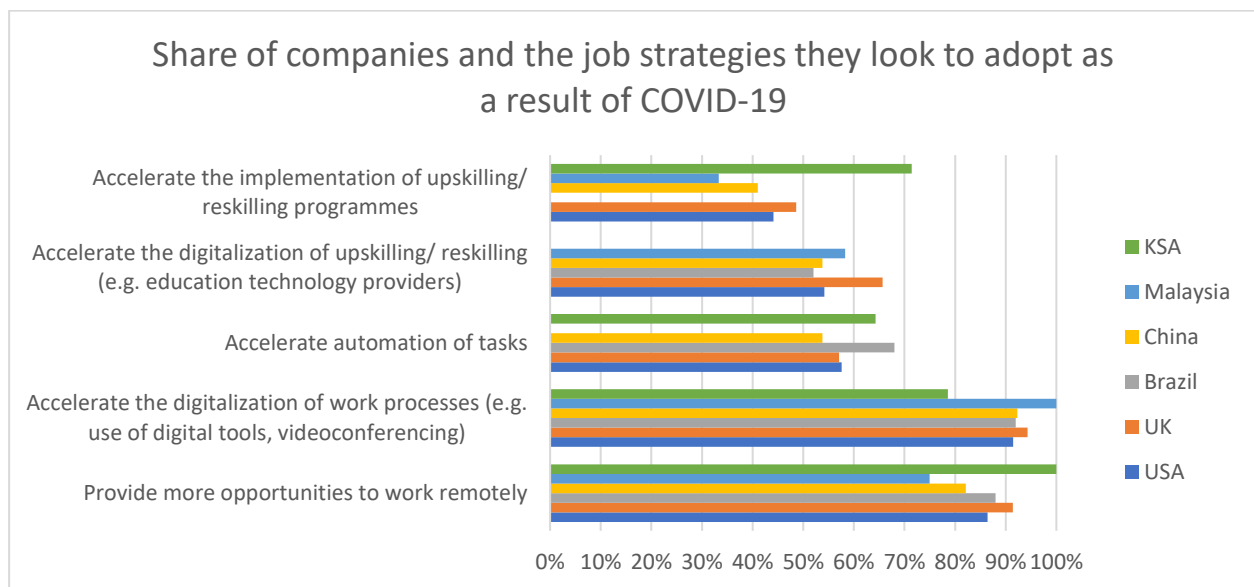
<sup>22</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

- Workers are facing a “double-disruption” due to automation being coupled with COVID-19. It is expected that around half of the work will be done by machines and that 85 million jobs will be displaced in the next five years. On the other hand, the robot revolution is expected to create 97 million jobs by 2025.<sup>23</sup>



Source: World Economic Forum, October 2020, The Future of Jobs Report 2020

- Remote work is believed to continue as depicted in the chart. Employers expect that 44% of their workforce will be working remotely, although 78% expect reduced worker productivity; thus taking measures to help employees adapt.<sup>24</sup> To overcome the negative implications of remote work on productivity and well-being, companies are seeking to create a sense of community, connection and belonging through digital tools.<sup>25</sup> It is estimated that more than 20% of the global workforce can effectively work remotely, especially in the insurance, finance and IT sectors.<sup>26</sup> On the other hand, the percentage of workers who are unable to completely work from home is around 60% in high-income countries and reaches around 84% in Egypt.<sup>27</sup>



Source: World Economic Forum, October 2020, The Future of Jobs Report 2020

<sup>23</sup> Finance and Development, December 2020, The Jobs of Tomorrow.

<sup>24</sup> Ibid.

<sup>25</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

<sup>26</sup> McKinsey & Company, January 2021, The Next Normal Arrives: Trends that will define 2021 - and beyond.

<sup>27</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

- As for the expected increasing and decreasing demand on jobs, the table below shows the top five jobs expected to witness increased and decreased demand in the coming five years.

Increasing and decreasing demand on jobs in the next five years (Top 5 jobs)			
Increasing demand		Decreasing demand	
1.	Data analysts and scientists	1.	Data entry clerks
2.	AI and machine learning specialists	2.	Administrative and executive secretaries
3.	Big data specialists	3.	Accounting, bookkeeping and payroll clerks
4.	Digital marketing and strategy specialists	4.	Accountants and auditors
5.	Process automation specialists	5.	Assembly and factory workers
Source: World Economic Forum, October 2020, The Future of Jobs Report 2020			

### 3.3.2. Skills<sup>2829</sup>

- Skill gaps persist and are expected to continue in the coming five years. While companies expect that 40% of workers will need short-term reskilling (6 months or less), 94% of business leaders reported in 2020 that they expect workers to pick up new skills on the job, compared to 65% in 2018.
- It is expected that around half of the employees who would remain in their jobs until 2025 need to be retrained in core skill areas.
- Analytical thinking, creativity, problem solving continue to be the most demanded skills.
- Post-COVID skills in self-management (active learning, resilience, stress tolerance and flexibility) have gained importance.
- Human interaction will continue in certain fields, such as the care economy, marketing, sales, content creation, and in jobs where it is required to deal with people from diverse backgrounds.

#### Top 5 Skills for 2025:

- Analytical thinking and innovation
- Active learning and learning strategies
- Complex problem-solving
- Critical thinking and analysis
- Creativity, originality and initiative

Source: World Economic Forum, October 2020, The Future of Jobs Report 2020

## 3.4. Global policies and best practices/learnings

- Each country has its specificities that outline its response measures, including the diversity of the effects, the pre-pandemic support programs, and the fiscal capacity of the state.<sup>30</sup>
- Adopting a holistic approach is key. Public policies ought to induce active collaboration between the various actors including education and training institutions, employers, employees, labour unions, recruiters, technology firms, and governmental organizations<sup>31</sup>.
- An integrated policy approach for youth employment should be adopted with interventions being at all levels; macro, meso and micro. Such policies should be gender-responsive and should tackle the mismatch between the supply and demand sides.<sup>32</sup>

<sup>28</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

<sup>29</sup> Finance and Development, December 2020, The Jobs of Tomorrow.

<sup>30</sup> Inter-American Development Bank, April, 2020, Social Policies in Response to Coronavirus. Labor Markets of Latin America and the Caribbean in the face of the impact of COVID-19.

<sup>31</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

<sup>32</sup> International Labour Organization, Global Employment Trends for Youth 2020: Technology and the future of jobs International Labour Office – Geneva: ILO, 2020.

- Curbing the loss of formal jobs is essential for a healthier and faster recovery.<sup>33</sup>
- The adoption of industrial development policies per se is insufficient to create more and decent jobs. Policies have to be coherent with the overarching national policies. In addition, it is crucial to select the sectors to focus on and to target higher productivity in both expanding and contracting sectors to grow more broadly.<sup>34</sup>
- Evidence shows that reskilling existing workers is less costly and more beneficial to employers than hiring and training new workers in terms of lower financial costs and higher loyalty among workers.<sup>35</sup>
- Public policy should include reskilling and upskilling of workers at risk of displacement, encouraging redeployment and reemployment, the use of technology for mass education, in addition to incentives for investment in the “markets and jobs of tomorrow”, stronger safety nets for the harmed workers, and to systemically improve the educational and training sectors.<sup>36,37</sup>
- Long-term learning policies should be inclusive (not restricted to the skilled), including in sectors like trade, where digital skills are essentially needed. For trade-related skill policy, the focus should be on the core employability skills, multi-occupational skills, and modern work organization skills.<sup>38</sup>
- Policies should be based on social dialogue between the governments, employers and employees<sup>39</sup> to ensure taking response measures that are balanced and effective.<sup>40</sup>
- It is essential to consider the long-term effects of adopted measures and policies, and the duration for which these measures supporting wages and job retention should continue to be in place.<sup>41</sup>
- The aim of employment policies should not be to restore the labour markets to the pre-pandemic conditions, but to promote structural transformation towards inclusive and sustainable labour markets. Since going green has its implications on the labour markets and social justice, policy makers in charge of labour and those in charge of environmental policies are to find that balance. Creation of green jobs is a solution that will ultimately result from integrated coherent policies related to employment, industries, education and skills, and finance.<sup>42</sup>
- Donor funding must be coordinated and must support national needs.<sup>43</sup>

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<sup>33</sup> International Monetary Fund, October 2020, Latin American Labor Markets during COVID-19.

<sup>34</sup> International Labour Organization, Global Employment Policy Review 2020: Employment policies for inclusive structural transformation – International Labour Office – Geneva: ILO, 2020.

<sup>35</sup> McKinsey & Company, January 2021, The Next Normal Arrives: Trends that will define 2021 - and beyond.

<sup>36</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

<sup>37</sup> Finance and Development, December 2020, The Jobs of Tomorrow.

<sup>38</sup> International Labour Organization, Global Employment Policy Review 2020: Employment policies for inclusive structural transformation – International Labour Office – Geneva: ILO, 2020.

<sup>39</sup> Ibid.

<sup>40</sup> Lee, S., Schmidt-Klau, D. & Verick, S. The Labour Market Impacts of the COVID-19: A Global Perspective. Ind. J. Labour Econ. 63, 11–15 (2020). <https://doi.org/10.1007/s41027-020-00249-y>

<sup>41</sup> World Economic Forum, October 2020, The Future of Jobs Report 2020.

<sup>42</sup> International Labour Organization, Global Employment Policy Review 2020: Employment policies for inclusive structural transformation – International Labour Office – Geneva: ILO, 2020.

<sup>43</sup> Ibid.

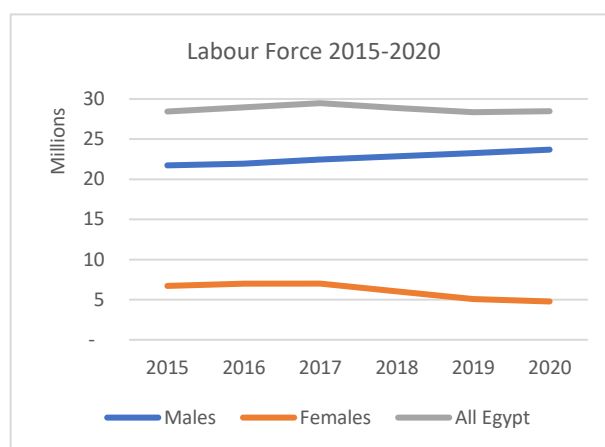
## 4. EGYPT'S LABOUR MARKET

### 4.1. Macroeconomic context

During the past year, Egypt's GDP growth has performed relatively better than peers, having undergone the recent macroeconomic and structural reforms.<sup>44</sup> The growth rate has slipped to the negative territory only in one quarter (April-June 2020) and has managed to quickly revert to the expansion mode, at a slow pace though. The crisis has undoubtedly hit the economy and has curbed its growth.<sup>45</sup> This is due to the persistent constraints of sub-optimal private sector activity and job creation, specifically in the formal sector, as well as underperforming non-oil exports, unfavorable budget structure and limited allocations to key sectors like health and education.<sup>46</sup> Furthermore, inclusive growth remains a key area of interest, especially at times of crises.

### 4.2. Employment Indicators <sup>47</sup>

The Egyptian population was estimated at 99.8 million people in January 2020<sup>48</sup>. Because it is a young population, those in the working age (aged 15-64) constitute around 62% of the population.<sup>49</sup> However, the labour force<sup>50</sup> includes only 28.5 million, the majority of which are men (83%). This means that the rest of the population is either out of the working age or are not looking for a job. In 2020, the labour force increased by 429,000 new entrants, indicating a growth rate of 1.8% compared to 2019. The following chart shows the trends in labour force members among men and women during the last five years. While there is an increase in the number of men entering the labour force, more women have been exiting the workforce than those entering, inferring that many women are becoming less interested in finding a job.



Examining the unemployment rate<sup>51</sup> during the same period (the dotted lines in the chart below), shows an improvement from 12.8% in 2015 to 7.9% in 2019 and 2020. The trend applies to both men and women (except for women in 2019 which showed a slight increase in unemployment), yet with a sharper improvement in women's unemployment from 2019

Improving unemployment rates, but fewer persons are actively looking for jobs, coupled with a gender gap and high unemployment among young people.

<sup>44</sup> The World Bank in Egypt, Last Updated April 05, 2021, retrieved in July 2021 from <https://www.worldbank.org/en/country/egypt/overview#1>

<sup>45</sup> Dcode Economic and Financial Consulting, May 2021, Decoding the Egyptian Economy: Monthly Analytical Report.

<sup>46</sup> The World Bank in Egypt, Last Updated April 05, 2021, retrieved in July 2021 from <https://www.worldbank.org/en/country/egypt/overview#1>

<sup>47</sup> Source: CAPMAS Annual Bulletin of Labor Force 2020, Issued in April 2021 unless otherwise indicated.

<sup>48</sup> CAPMAS Statistical Yearbook – Population, Issued December 2020.

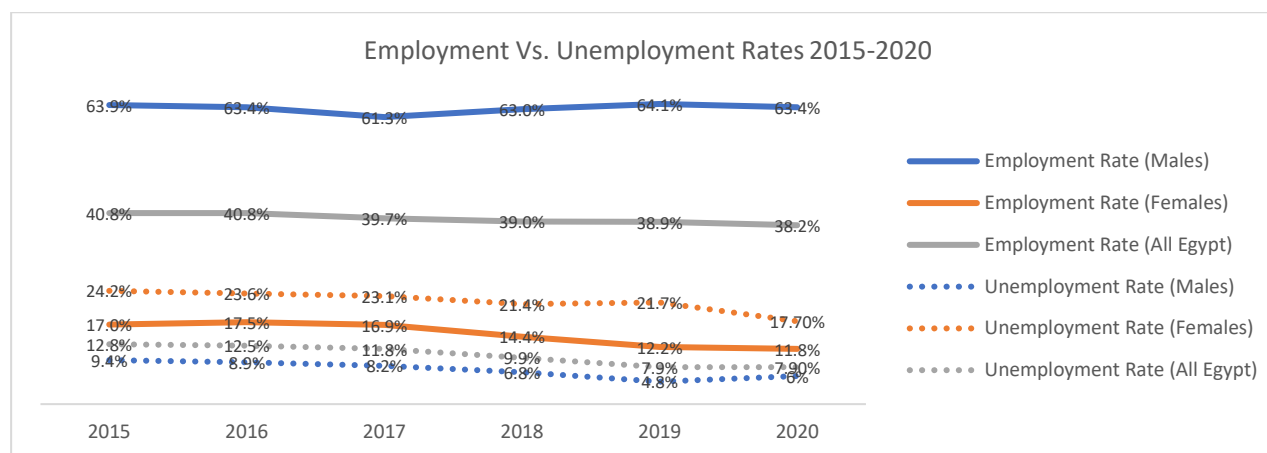
<sup>49</sup> CAPMAS Statistical Yearbook – Population, Issued December 2020, and using 2017 Census data (the latest available).

<sup>50</sup> Those who are actually contributing, physically or mentally, to any economic activity relevant to commodities or services productions (employed), in addition to those who are physically able to work, willing to work, and actively seeking work, but they didn't find it (unemployed).

<sup>51</sup> The number of individuals aged (15 -64 years) who are physically able to work, willing to work and actively seeking work, but did not find it, divided by the labour force x 100.

to 2020. Even though the initial observation gives a positive impression that more women are finding jobs, analyzing this trend shows that the decrease in unemployment is because of the reduction in the number of women in the labour force, i.e. women are becoming less interested in looking for a job. On another note, it is crucial to note that low unemployment rates give an inaccurate message about the labour market in Egypt as it ignores underemployment, discouraged employment and hidden unemployment.

Another way to assess the labour market trends is by analyzing the employment rates<sup>52</sup>. The decline in female employment from 17% in 2015 to 11.6% in 2020 is alarming, inferring a low economic participation by women and a widening gender gap. Moreover, men have shown a slight decline in employment rates during the period 2015-2017 and have started to pick up during 2018-2020.



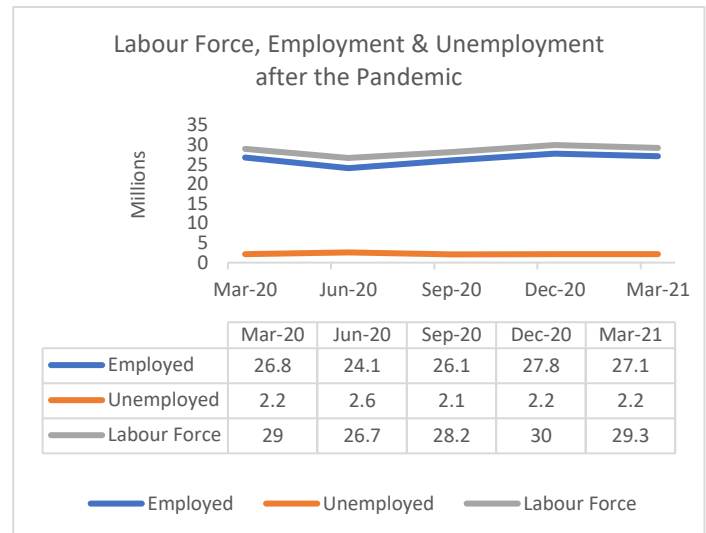
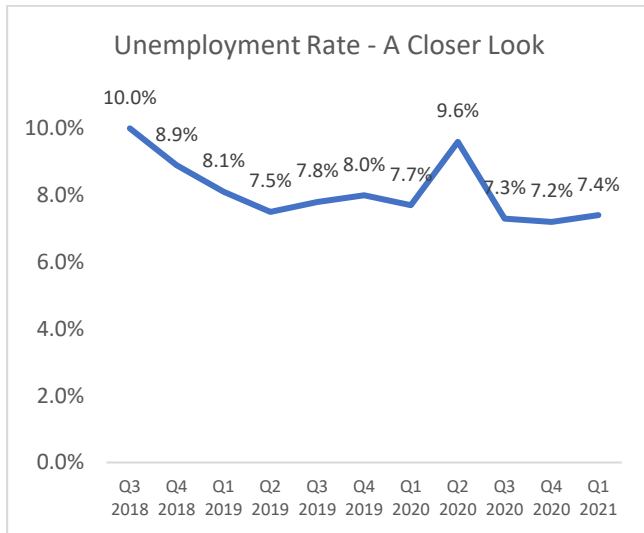
Considering youth, unemployment is particularly high, with an average of 30% among those aged 15-24 years, reaching 42% in women and 25% in men.<sup>53</sup>

Despite the relatively positive indicators from 2019 to 2020, the detailed changes during the last year cannot be overlooked. A closer look into 2019-2020 in the chart below (left chart) confirms the decline in unemployment until the COVID-19 pandemic hit in March 2020, showing an increase in the unemployment rate from 7.7% in Jan-Mar to 9.6% in Apr-Jun 2020, picking up in the following quarter. It is noteworthy that the second wave of the pandemic in Egypt was in Dec. 2020 – Jan. 2021 and that this could possibly explain the 0.2 percentage point increase in unemployment to reach 7.4% in Jan-Mar of 2021.

The shock during the period Apr-Jun 2020 is clear in the employment and labour force figures in the chart below (right chart). There are 2.3 million people who have exited the labour force during April-June 2020, meaning that they lost their ability or willingness to search for a job. The number of employed people has also decreased by another 2.7 million as a result of job losses. This means that fewer people were interested in finding a job, and out of those interested, fewer were actually getting jobs. Fortunately, these indicators started improving in July 2020 and have not witnessed a sharp shock like that of March 2020 despite the occurrence of a second wave of the virus during late 2020 and early 2021.

<sup>52</sup> The number of individuals (aged 15+) who are performing any economic activity for some time / population x 100.

<sup>53</sup> Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021



### 4.3. Key features of the labour market

In order to assess the impact of the COVID-19 pandemic on the labour market dynamics in Egypt, it is essential to first understand the key characteristics of the market, which have influenced the way the pandemic has impacted employment during the last year. The following is a brief of the main features of the Egyptian labour market.

- Weakness of the labour market and rigidity facing crises due to deep-rooted structural deficiencies.<sup>54</sup>
- High number of discouraged workers<sup>55</sup>. The number of persons who are Not in Employment, Education or Training (NEETs) has shown an alarming increase from 2.2% in 2012 to 6.1% in 2018.<sup>56</sup>
- An inconsistent institutional and regulatory framework that benefits public sector workers compared to the private sector, with an inherent culture of risk aversion. Examples of the reasons why job seekers prefer public jobs include minimum wage requirements, paid leaves, unpaid leaves, social and health insurance coverage and job security (very low probability to lose a job).<sup>57</sup>

#### Key Features of the Egyptian Labour Market:

- Structural deficiencies.
- Discouraged workers.
- Higher unemployment among women, youth, urban areas and the educated.
- Underemployment and skill mismatch.
- Informality of jobs
- Inequality, wage distortions and social insurance gaps.
- Weak collective bargaining power.

*"Most companies are offering low salaries and want the employee to perform as many roles as possible to hire fewer people".*  
Anonymous, Employee.

*"Some companies abuse job seekers' low expectations or excess supply of applicants and offer low salaries, especially if it's a small company that doesn't have a well-established system"*  
Anonymous, Employee.

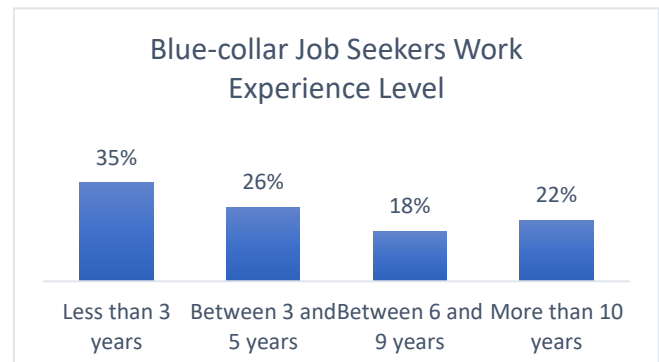
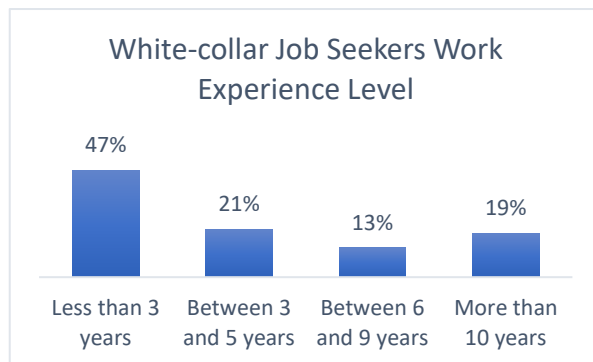
<sup>54</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt's Labor Market.

<sup>55</sup> Those who are willing to and available for work, but not actively searching for a job

<sup>56</sup> Alternative Policy Solutions, January 2021, retrieved in July 2021 from <https://aps.aucegypt.edu/en/articles/641/the-labor-market-outlook-in-egypt-reevaluating-after-covid-19>.

<sup>57</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt's Labor Market.

- An overwhelming supply of workers with a young population producing entrants to the labour market graduating every year. This is consistent with the analysis of the BasharSoft platforms data<sup>58</sup>, revealing that those with less than 3-year experience represent almost half of white-collar job seekers (47%) and more than one third (35%) of blue-collar job seekers as depicted in the charts below. The interviews conducted with job seekers have also confirmed the difficulty in finding a job among fresh graduates, especially those who graduated at the time of the pandemic. Other factors leading to the large supply of workers include changes in migration patterns as a result of crises in neighboring countries, as well as nationalization of jobs in Gulf States, coupled with the new megaprojects in Egypt that attract foreign workers. There are 250,000 refugees registered in Egypt, more than half of them are Syrians with work permits.<sup>59</sup>



- Unemployment rates are higher among the educated, young, females, and in urban areas. Unemployment rates among young people in the age group 15-29 are double the general average for the groups aged 15-64. It would be expected that educated youth in urban areas can easily find a job, but this is not the case due to several reasons, including the large number of graduates entering the labour market annually, the occupation-education mismatch, especially the public and the technical and vocational education, in addition to the bias towards sectors employing the less educated (e.g. building and construction where more than half of the workers are blue-collar workers).<sup>60</sup> The focus group discussions held as part of this study with fresh graduates confirms this findings, as they were well-educated, young and in urban areas, but had difficulties finding a job.
- It is worth noting that the focus group discussions have shown that those in senior positions cannot easily find a job as well, despite the skills and the experience they have. When laid off, senior managers find it hard to get a job because their age falls in a bracket that is experienced but is highly paid.
- Underemployment is a key feature in Egypt's labour market, resulting from the education-occupation mismatch leading to job seekers accepting jobs that they are overqualified for. Around 46% of graduate male workers and 35% of graduate female workers in the private sector are underemployed.<sup>61</sup> The focus group discussions held with job seekers as part of this study have confirmed this conclusion of managers and senior experienced job seekers desperately accepting to have a low-skill or low-title job, and still not finding the employers to accept them. Fresh graduates may also accept hard working conditions just to be employed. For instance, one accounting graduate accepted to work as a cashier on a 24-hour shift basis. On the other hand,

<sup>58</sup> Using the two platforms WUZZUF and Forasna to understand the profile and dynamics of the labour market, where WUZZUF includes more white-collar jobs, while Forasna includes more blue collar jobs.

<sup>59</sup> Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021

<sup>60</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt's Labor Market.

<sup>61</sup> Fedi & Amer, 2019, as cited by Alternative Policy Solutions, January 2021, retrieved in July 2021 from <https://aps.aucegypt.edu/en/articles/641/the-labor-market-outlook-in-egypt-reevaluating-after-covid-19>.

the interviews with employers have also confirmed that vocational workers lack interpersonal skills and that human resources specialized in the “jobs of tomorrow” are hard to find.

*“We have a technical problem that led to blocking our paid ads and we don’t know how to solve it. We lack the technical capacity to do it”.  
Anonymous, Interviewed employer.*

*“Talented data scientists are very hard to find. Math graduates and data miners are highly needed”  
Anonymous, Interviewed Employer.*

*“I apply for jobs to which I know I am overqualified and I accept this, but employers don’t”.  
Anonymous, Employee.*

*“I’m an accountant and I accepted working as a 24-hour shift-based cashier as my first job, just to find a work opportunity”.  
Anonymous, Employee.*

- Even though labour productivity is increasing as industrial sectors are developing, there is a persistent skill mismatch between workers’ education and their jobs. For instance, there is a high incidence of undereducation in general (estimated at 43%<sup>62</sup>), and vocational education is expanding in quantity only (number of graduates) but not in quality (their level of knowledge and skills).<sup>63</sup>
- The problem is exacerbated by the lack of access to quality training providers that offer affordable market-based services, despite the availability of numerous online training platforms. One of the young job seekers interviewed stated that he participated in online free courses and that he knows other useful courses that would help him find the job he wants, but he lacks the financial resources to join such a course.
- Wage distortions between public and private sector, including application of minimum wage, between genders, different geographical locations, and different sectors. Higher average wages are in transportation, storage and financial intermediation versus lower wages in manufacturing, agriculture and the volatile sectors like tourism and trade.<sup>65</sup> These findings related to inequality were also expressed in the focus groups conducted in this study, where some job seekers stated they noticed that the salaries for the same jobs are paid more in Cairo compared to other governorates and that some employers offer unfair salaries, abusing the need of abundant job seekers.
- Although identified by employees in the focus groups as a prerequisite, legal contracts are absent in many private sector jobs.<sup>66</sup> Informal jobs constitute a major share of the market, estimated between 48% and 70% depending on the applied methodology.<sup>67</sup> As the public sector’s share in employment shrinks and the private

*“For the same job I do in Alexandria, I can be offered double the salary in Cairo, but it has to cover the cost of relocating my family as well”.  
Anonymous, Employee.*

<sup>62</sup> ILO, Key Indicators of the Labour Market (KILM), as cited by Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021

<sup>63</sup> Alternative Policy Solutions, January 2021, retrieved in July 2021 from <https://aps.aucegypt.edu/en/articles/641/the-labor-market-outlook-in-egypt-reevaluating-after-covid-19>.

<sup>64</sup> Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021

<sup>65</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt’s Labor Market.

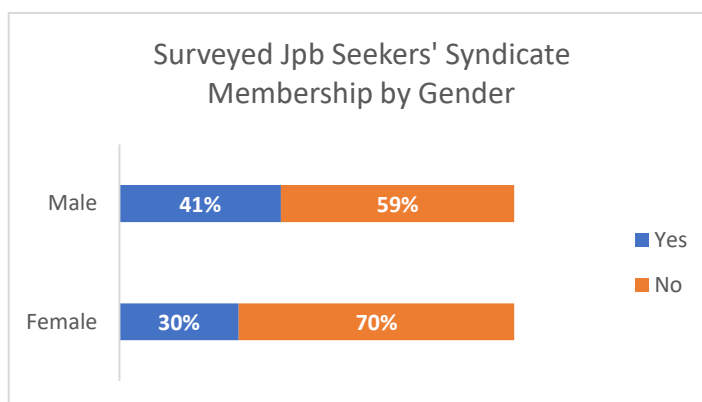
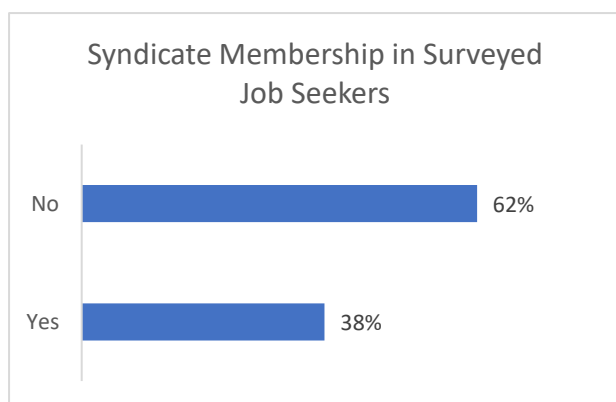
<sup>66</sup> Alternative Policy Solutions, January 2021, retrieved in July 2021 from <https://aps.aucegypt.edu/en/articles/641/the-labor-market-outlook-in-egypt-reevaluating-after-covid-19>.

<sup>67</sup> Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021

sector growth is sub-optimal, combined with the focused growth in the construction and transportation sector, informalization of jobs stays on the rise.<sup>68</sup>

- Sub-optimal recruitment services and professionals as perceived by job seekers. The focus group discussions with job seekers from different experience levels indicated that the recruitment processes are usually done by staff who lack the experience, the technical knowledge, and the interview skills. They do not communicate the reasons why the applicants are not selected; thus not helping the job seekers understand what they lack or how to improve their position. Employment fairs are also perceived as ineffective as recruiters are too busy to properly communicate with job applicants.
- Worsening social insurance gaps, especially for rural women, youth, and individuals in the lowest wealth levels.<sup>69</sup> There have been recent reforms in the social security regime calling for wider coverage for irregular and seasonal employees, as well as eligibility to a minimum pension for those aged 65+ even if they have not been registered and paying subscriptions. However, casual and informal workers remain undercovered, causing pressure on the public treasury to finance these gaps.<sup>70</sup> There is a lack of health coverage as well.<sup>71</sup>
- Weak collective bargaining power for labour unions.<sup>72</sup> The recent institutional and regulatory reforms, including issuance of the Law 13 of 2017 regulating the forming of labour unions and syndicates and the establishment of the Supreme Council for Community Dialogue in 2018, are somewhat positively perceived and have started to yield results on social dialogue during the last two years. However, Egypt is still underperforming according to international benchmarking and is challenged by the persistent bureaucratic imperfections and challenges.<sup>73</sup> The survey conducted as part of this study asked job seekers if they were members of labour unions or syndicates, and it turned out the majority are not members (62%). Actual benefit of members is also questionable in light of the above and knowing that many bachelor's holders get their syndicate memberships to practice their profession or as a regular procedure without an actual advocacy role (e.g. syndicates of engineers, lawyers and of commerce). The charts below show that women are less likely to be members of labour unions or syndicates.

*"I applied to more than 200 jobs and I never knew why I was not selected by employers".  
Anonymous, Job Seeker.*



<sup>68</sup> Economic Research Forum, 2019, Policy Brief No. 45, Is the Egyptian economy creating good jobs, A review of the evolution of the quantity and quality of employment in Egypt from 1998 to 2018.

<sup>69</sup> Selwaness and Ehab (2019) as cited by Alternative Policy Solutions, January 2021, retrieved in July 2021 from <https://aps.aucegypt.edu/en/articles/641/the-labor-market-outlook-in-egypt-reevaluating-after-covid-19>.

<sup>70</sup> Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021

<sup>71</sup> Alternative Policy Solutions, January 2021, retrieved in July 2021 from <https://aps.aucegypt.edu/en/articles/641/the-labor-market-outlook-in-egypt-reevaluating-after-covid-19>.

<sup>72</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt's Labor Market.

<sup>73</sup> Danish Trade Union Development Agency, Labour Market Profile: Egypt 2020/2021

## 4.4. Implications of the COVID-19 pandemic

### 4.4.1. Restriction and support measures

The first case of COVID-19 in Egypt was registered in February 2020, with more frequent cases being recorded in March 2020.<sup>74</sup> Egypt applied numerous restriction measures after the pandemic hit including, but not limited to, international travel ban, curfew, social distancing rules, partial closure of shops and certain services (e.g. restaurants, entertainment, etc.), closure of education service providers and nurseries, workplace health measures, etc. These measures were firmly applied at the beginning of the first wave of the virus in Mar-Jun 2020 and were gradually relaxed as the wave began to recede in Jul-Sept 2020. A comparison with three other MENA countries (Jordan, Morocco and Tunisia), shows that Egypt's COVID-related decisions were considered lenient in terms of workplace restrictions as well as other relevant measures that were applied.<sup>75</sup> Nevertheless, the closure of operations at the local level and the international travel ban and export-import closure have caused a shock to the economy in general and to the labour market in different ways as discussed in following sections of the report.

In response to these exceptional conditions, the Government of Egypt, announced containment measures and initiatives, including the following examples that have impacted the labour market directly or indirectly<sup>76,77</sup>:

- The Ministry of Manpower allocated funds for irregular workers who lost their jobs and its Emergency Fund disbursed salaries for workers in the tourism sector.
- The Medium, Small and Micro Enterprise Development Agency issued guidelines on COVID-19 precautionary measures in MSMEs and three sector-specific guidelines (agricultural, manufacturing and trade).
- Six-month extension for credit repayments targeting all individuals and businesses.
- Extending credit facilities necessary to finance working capital, especially salaries of corporate employees.
- Extension of credit facilities to finance importing basic and strategic goods, especially food products.
- Further cutting of preferential interest rates from 10% to 8% applied in certain Central Bank initiatives such as the private industrial agricultural, contracting, and tourism sectors.

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<sup>74</sup> World Health Organization, retrieved in July from <https://covid19.who.int/region/emro/country/eg>

<sup>75</sup> Economic Research Forum, 2021, The Impact of COVID-19 on Middle Eastern and North African Labor Markets: Glimmers of Progress but Persistent Problems for Vulnerable Workers a Year into the Pandemic.

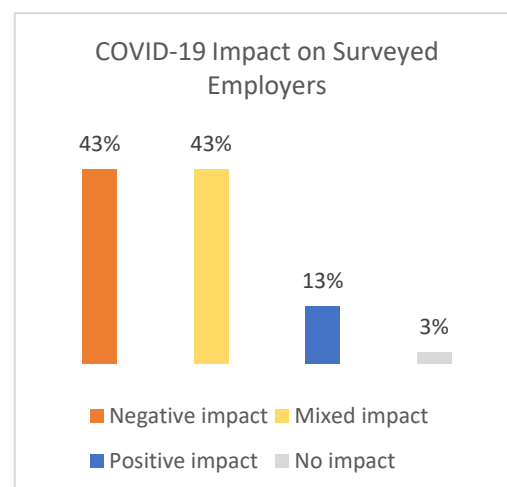
<sup>76</sup> Central Bank of Egypt, June 2020, Rules and procedures to contain the impact of COVID-19.

<sup>77</sup> OECD, April 2020. The COVID-19 Crisis in Egypt.

## 4.4.2. The impact on the labour market

### 4.4.2.1. The impact on the demand side: employers

As a result of the global and national containment measures of the pandemic, and the resulting economic shock experienced, most employers have been impacted in different ways. According to the survey conducted as part of this study<sup>78</sup>, 43% of employers indicated having experienced a negative impact of the pandemic, 13% experienced a positive impact, while 43% had a mixed impact. This means that 86% of employers have had at least one negative impact as opposed to 56% of employers who have had at least one positive impact.

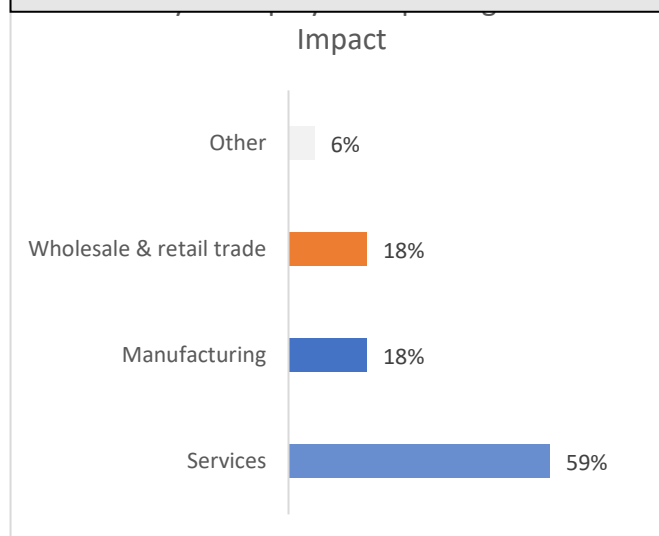
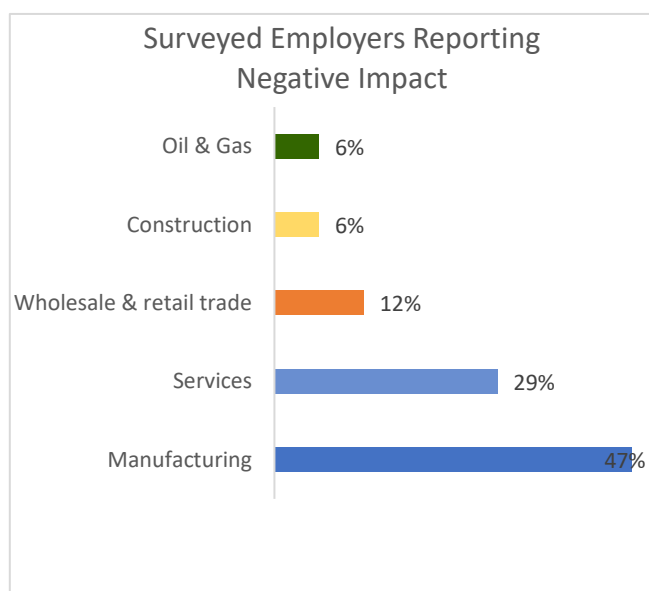


#### The impact by sector

Some sectors were hit harder than others. For example, high-exposure services (such as tourism and hospitality, entertainment and certain trade sub-sectors), furnishing and textiles were extremely negatively impacted, especially during the period Apr-Jun 2020.<sup>79</sup> The impact on manufacturing was higher at the beginning and peak time of the crisis when precautionary measures and curfew were enforced.

The interviews conducted with a sample of employers revealed a net positive impact on companies in the fields of technical textiles and data analytics, a negative impact on hospitality, and a mixed impact on home textiles. For example, the home textiles business stopped operations for two months only, then started to receive online orders as online shopping increased at the time of the lockdown. They hired part-time staff in marketing, social media and business development and are willing to expand. As for the business analytics and technical textiles (medical textiles) businesses, their sales spiked after the pandemic, and they expanded their operations. Job seekers in the tourism sector have also indicated the high volatility of the sector and that they get affected by any events, news or even rumors. As shown in the charts below, the

*"The tourism sector is highly affected by any events or news, and we can easily lose our jobs in case of political or economic shocks".*  
Anonymous, Job seeker.



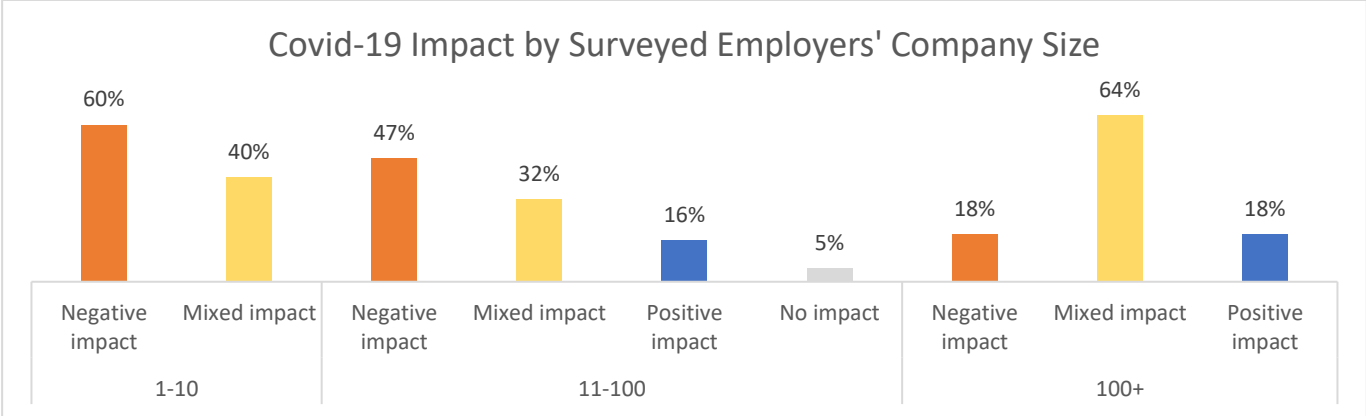
<sup>78</sup> The survey was completed by 40 employers and 741 employees and job seekers. For detailed analysis of results, see the Annex.

<sup>79</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt's Labor Market.

survey has also shown that the impact in the manufacturing sector was mainly negative, while in the services and trade sectors, the impact was mixed to negative.

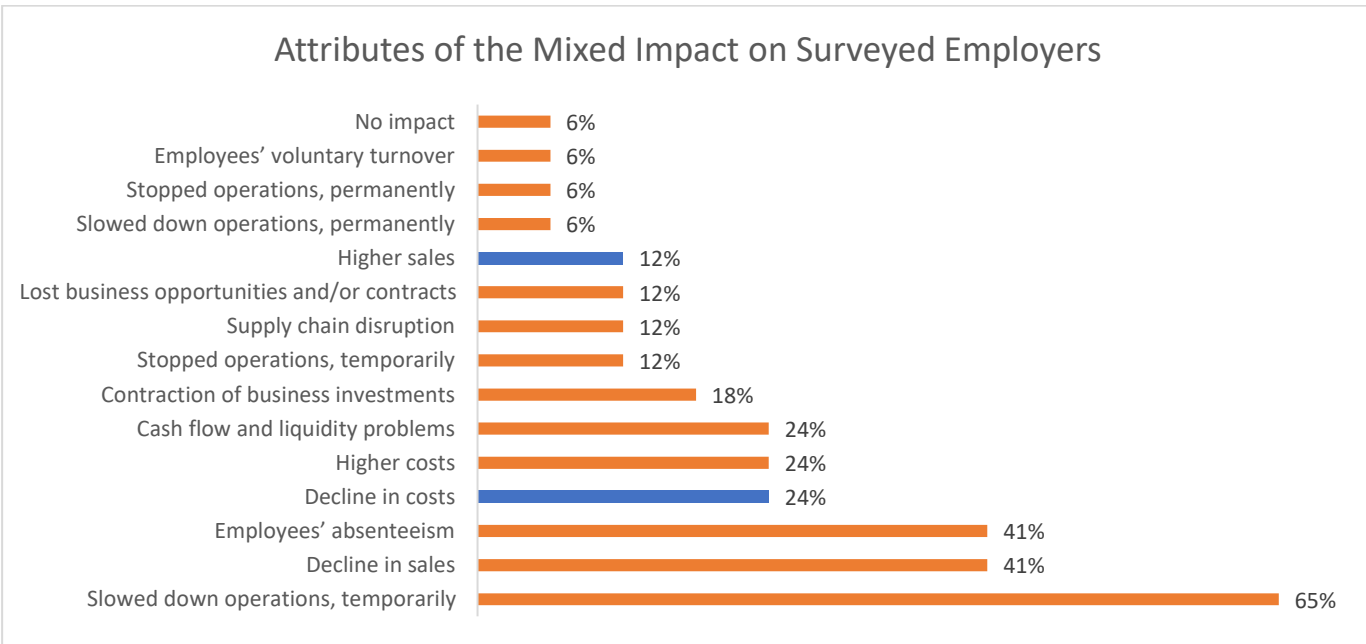
The impact by business size

The impact varied by company size too. The chart below shows that the smaller the size of the company the higher the negative impact, and that the positive impact has mainly been witnessed by large companies. Mixed impact is present in all categories but is more vivid in large companies, inferring the complexity of their operations.



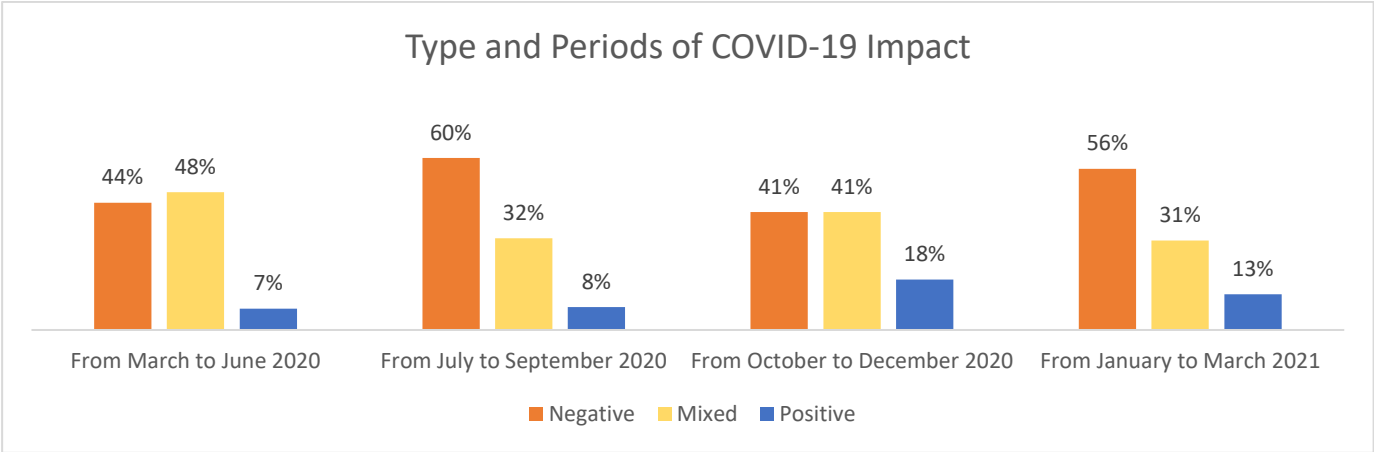
The kind and period of the impact

Exploring the attributes of the mixed impact that the employers suffered from, the chart below shows that two thirds of enterprises have slowed down their operations temporarily due to the containment measures as previously explained, 41% had decline in sales and absent employees, whereas a quarter of them had higher costs and cash flow problems. Positive impact factors on the other hand were in the form of reduced costs in one quarter of employers and higher sales in 12% of them.



*Note: blue bars represent positive impact factors while orange bars represent negative impact factors.*

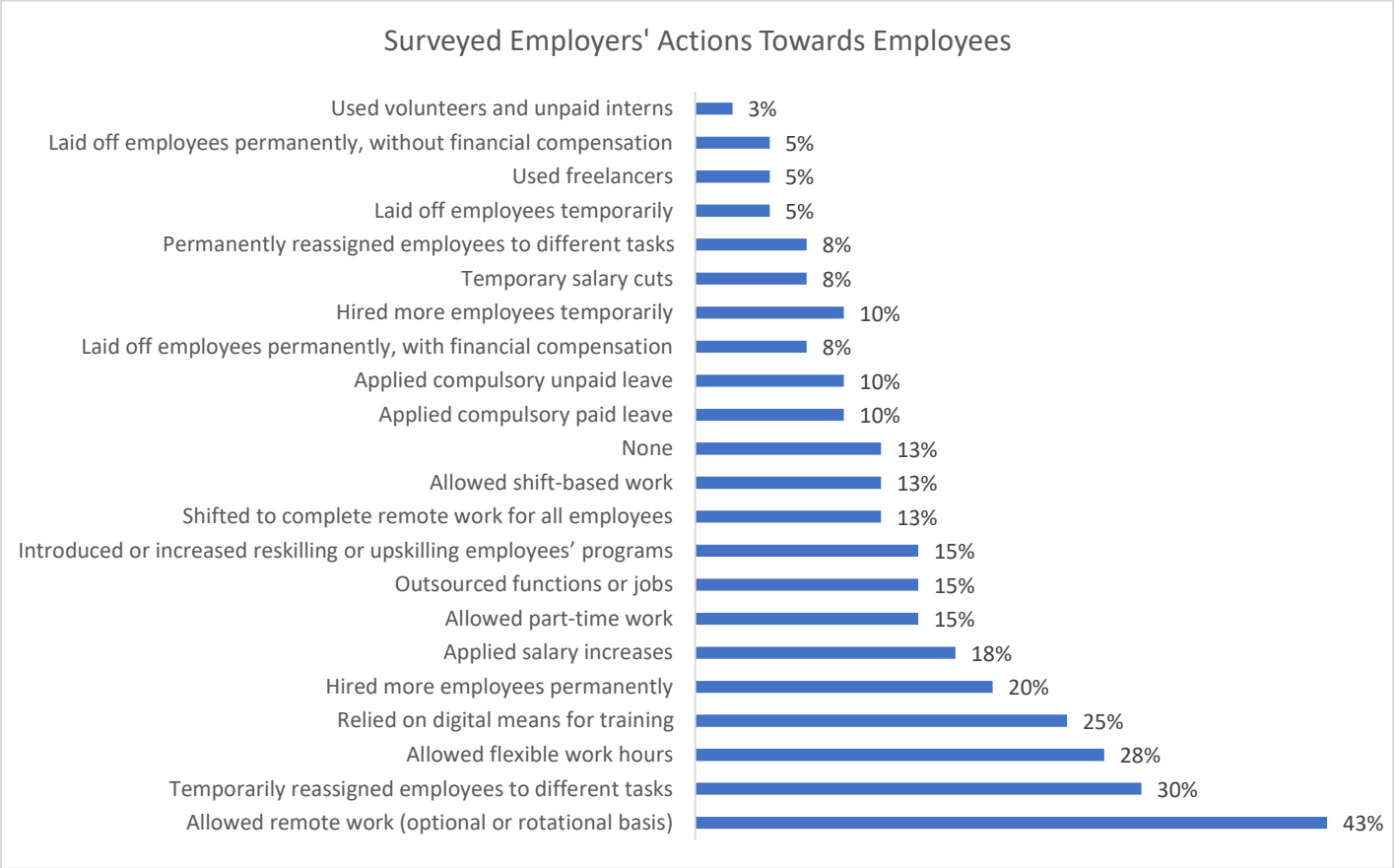
It is crucial to assess the timeframe during which each impact was witnessed. It is noticeable that the negative and mixed impacts were high in the first quarter (44% and 48%, respectively), increased negative impact in the second quarter (60%) when it was the peak of the pandemic in Egypt and the containment measures have led to results, then the situation receded in the third quarter and positive impact started to increase (18%). In the fourth quarter, negative and mixed impacts increased again (56% and 31%, respectively) and positive impacts decreased slightly, possibly as the second wave hit Egypt during December 2020 and January 2021. The below chart also conveys that at any point in time after the pandemic, at least 82% of companies have witnessed one or more negative effects, and between 40-59% of companies have witnessed one or more positive effects. This implies that many of the changes are here to stay and that different actors in the labour market have to tackle their relevant topics.



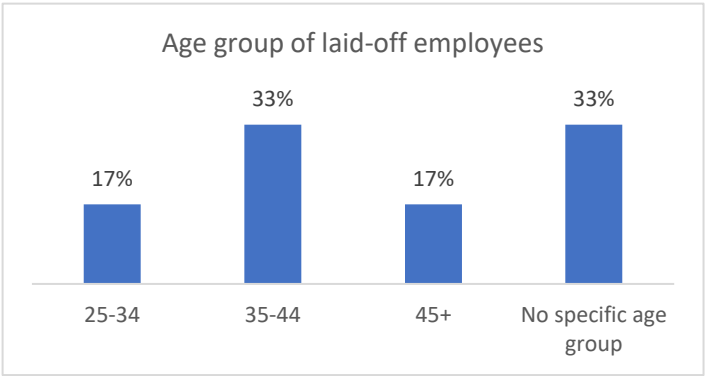
The qualitative research conducted with both employers and job seekers has confirmed similar results concerning the improvement that happened as the pandemic measures receded. For example, an employer whose business shrank at the lockdown time witnessed improvement a few months later. Some job seekers who have lost their jobs or had difficulty finding a job early 2020, were able to get an employment opportunity afterwards.

*“I thought that I will have to close the business when the pandemic hit, but online orders have actually increased a couple of months later”.*  
*Anonymous, Employee.*

Consequently, employers have made internal decisions that had their toll on the employees as well. The chart below summarizes these actions. Various actions related to flexible work conditions were made by most employers, a quarter of them relied on digital means for training and one fifth of them were able to make positive decisions such as hiring more employees and applying salary raise (20% and 18% respectively).



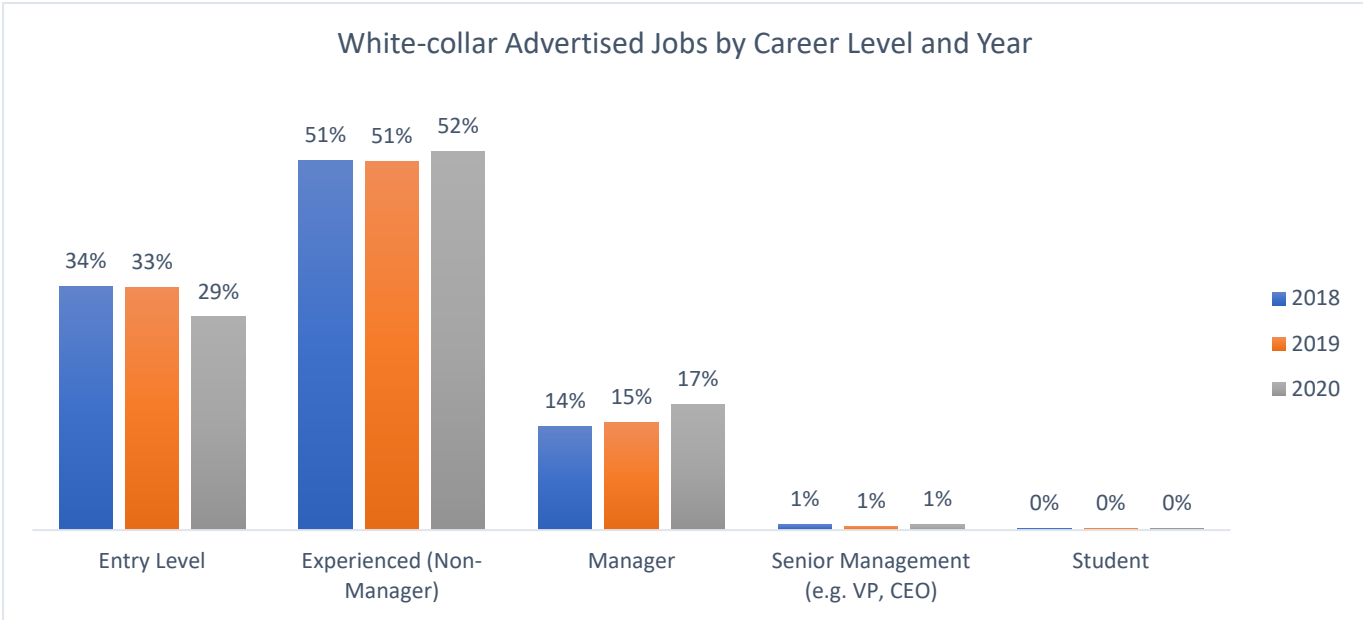
Laying off employees was done by 13% of employers (8% with financial compensation and 5% without compensation). Those laid off were mainly experienced employees as depicted in the chart below and as experienced by the job seekers interviewed in the focus group discussions conducted, as these are the ones who receive higher salaries.



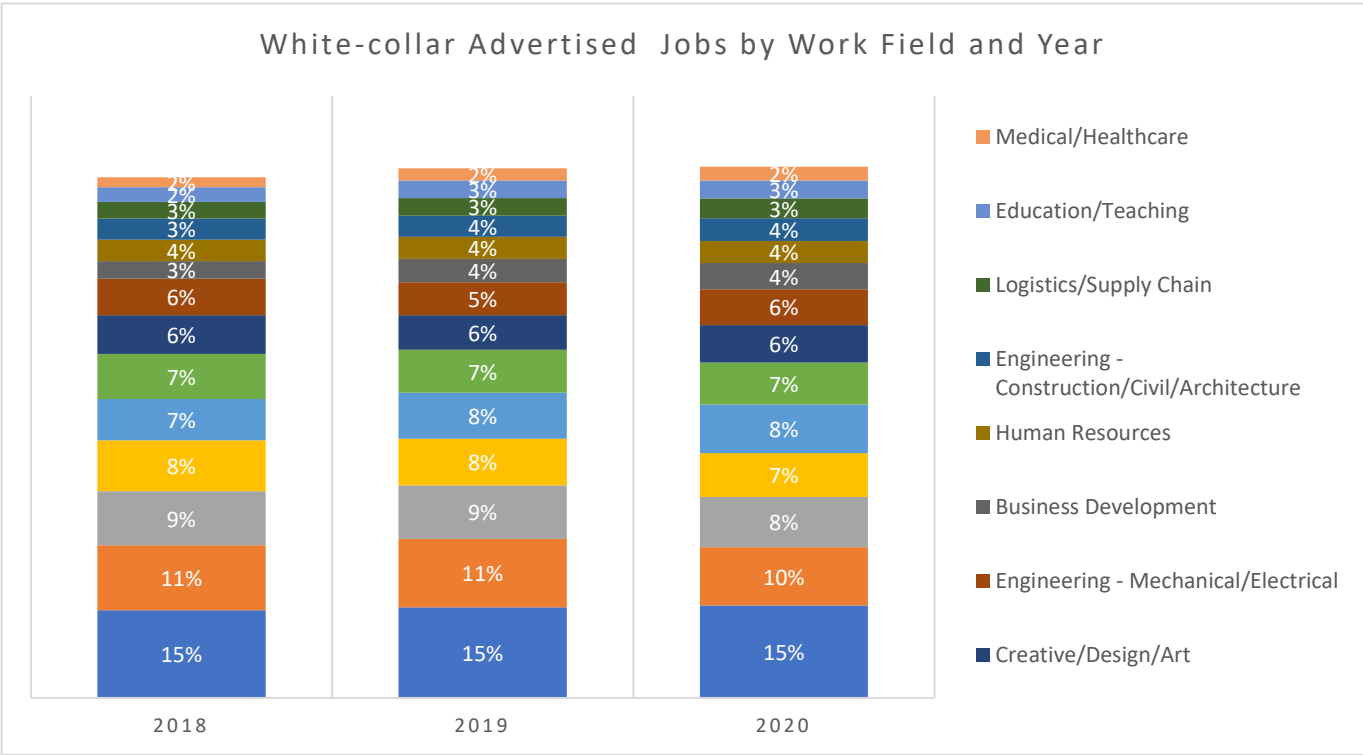
*“Senior Managers are the first to be laid off at times of crises since they are the ones who receive higher salaries”.  
Anonymous, Employee.*

The impact of demand on jobs

Using the BasharSoft platform historical data to explore the impact of the pandemic on the kind of jobs and experience level required by employers, the chart below shows that half of the jobs are for experienced non-manager positions, while one third goes to entry level jobs. In 2020, only a slight shift from entry to experienced and manager levels has been witnessed.

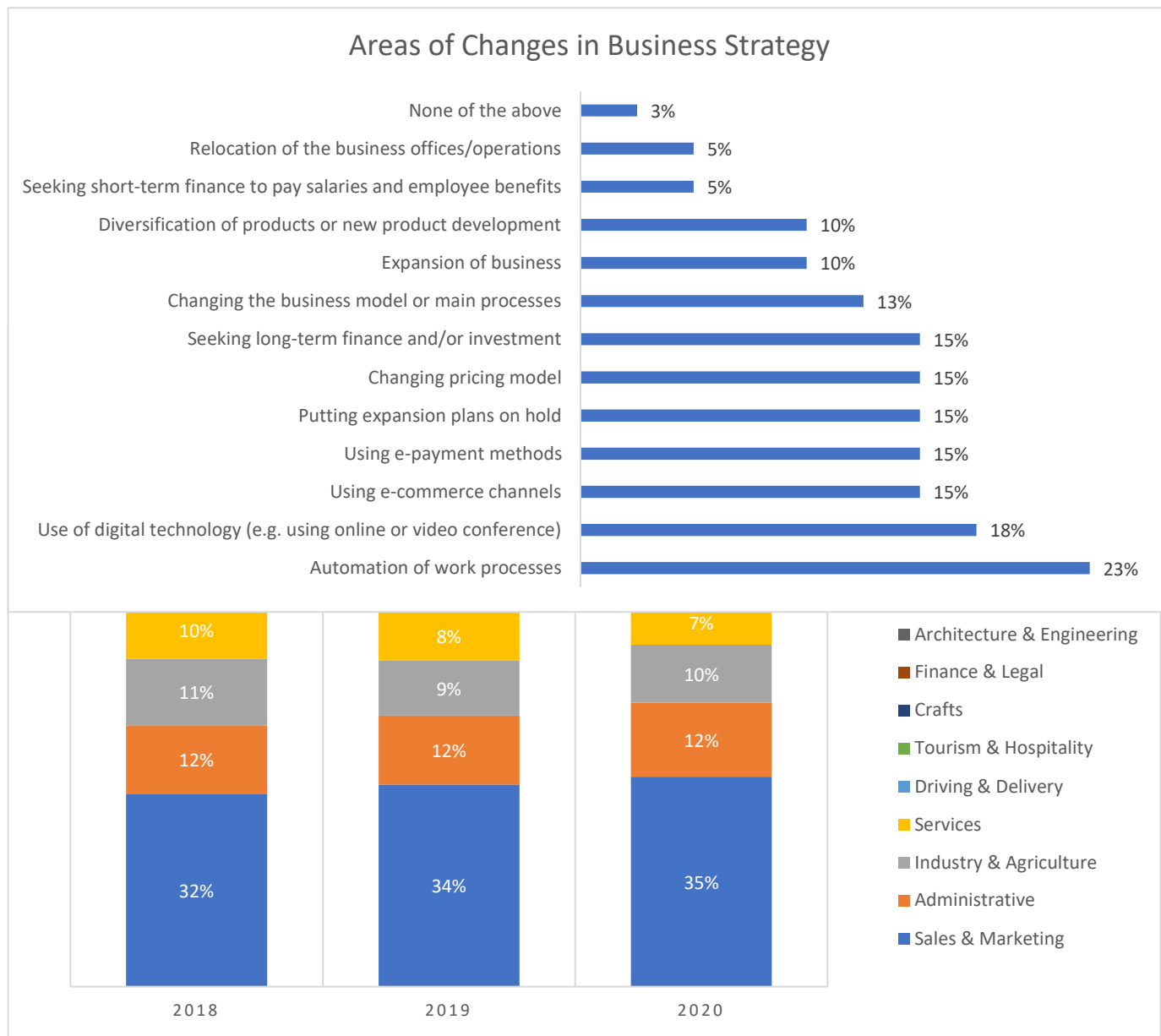


Using the same BasharSoft dataset to examine the most required job fields and what changes 2020 has shown, the charts below depict no significant changes as a result of the pandemic, possibly because it was too early for decisions with regards to hiring people in different jobs to be made. Differences can only be observed comparing white-collar to blue-collar jobs advertised.



### Changes in Business Strategies

Other forms of impact on the employers included changes in their business strategies. The interviews conducted revealed that those who had a negative to mixed impact, were inclined to test the markets conservatively and to keep their part-time or full-time paid jobs to secure their income. As for the interviewed employers with positive impact, they had expansion plans, and experienced capital raising and employment plans. Respondents to the survey were asked the same question and indicated automation of work processes, use of digital and electronic technology as the main strategies adopted.

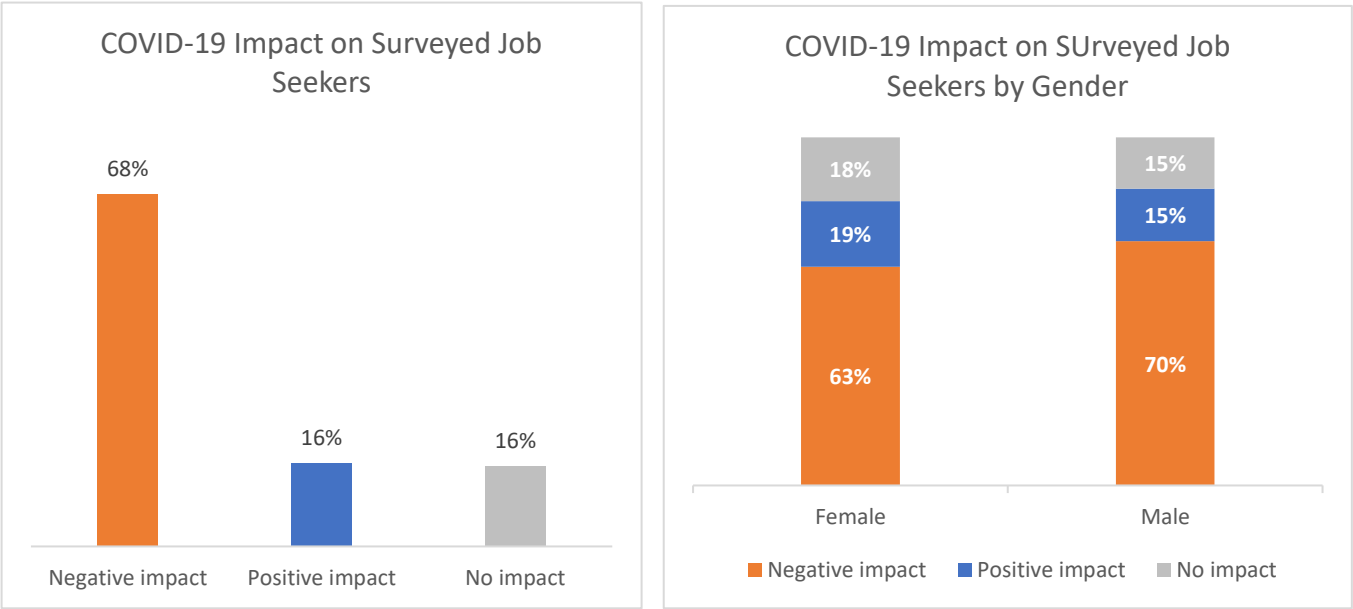


On a relevant note, regarding technology and digital skills as key drivers for employability of youth in the future, the government of Egypt is supporting this agenda, through efforts such as ITIDA's training of school students on

programming that have started in 2019 but came to a halt after the pandemic. On a parallel track, start-ups are offering coding courses, especially targeting children at relatively reasonable prices, compared to large and international service providers. The demand for these services is high and the number of providers is yet to satisfy this demand in a competitive market. The sector is perceived as fragmented and requires an active role for large, private sector players.<sup>80</sup>

**4.4.2.2. The impact on the supply side: employees and job seekers**

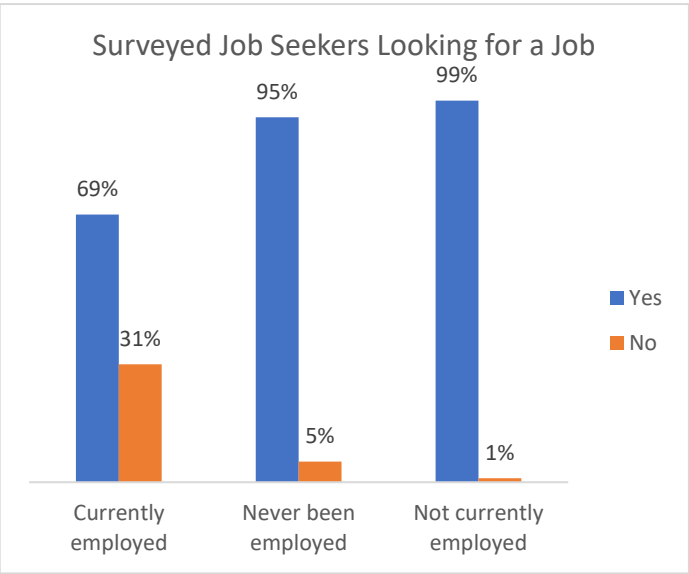
Literature indicates various positive and negative impacts of the pandemic on job seekers. The survey conducted as part of this study, and answered by 741 employees and job seekers, showed an overwhelming negative impact on them as depicted in the charts below. Surprisingly, the gender analysis shows that women were slightly in a better position than men in the sample.



Current employment status

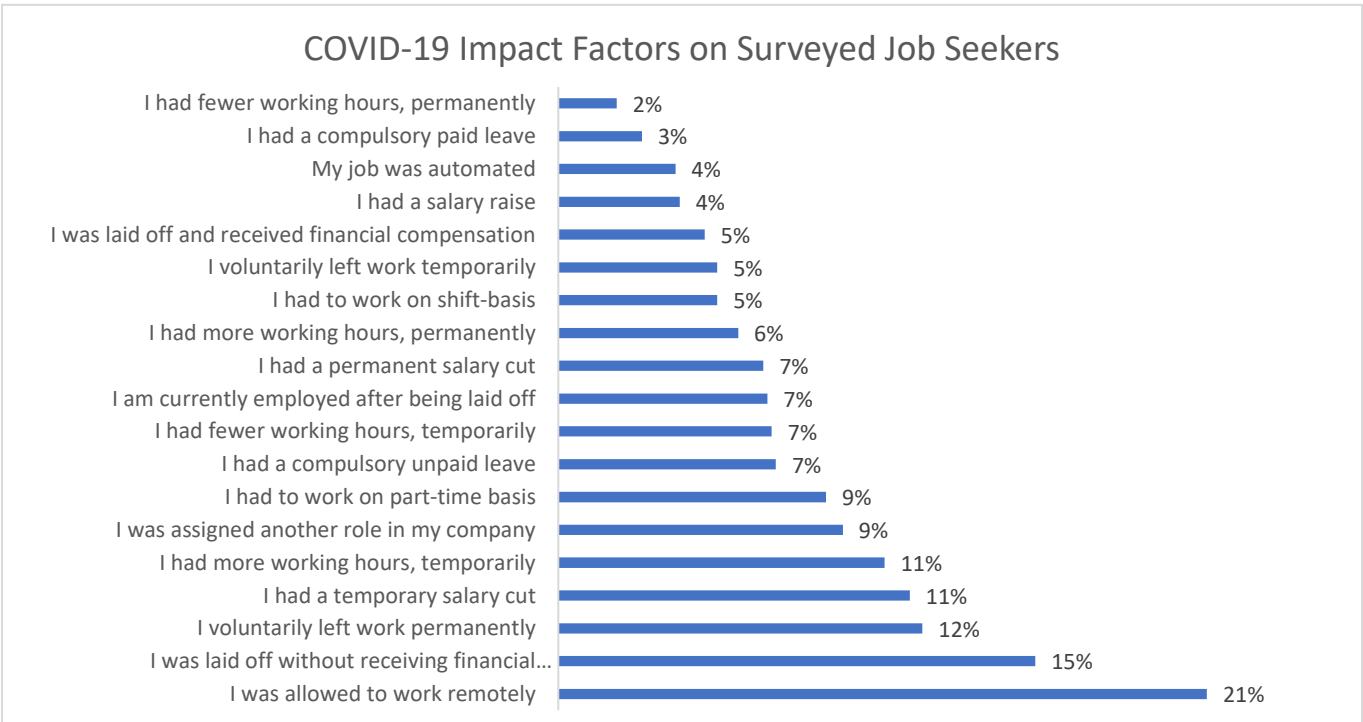
<sup>80</sup> Enterprise, retrieved in July 2021 from <https://enterprise.press/blackboards/egypt-jumping-learn-code-bandwagon/>

The survey shows a relatively low level of satisfaction with the current employment status. Almost all of those who are not currently employed and who have never been employed are seeking a job, as well as more than two thirds of those who are currently employed. As for the focus group discussions, some of the job seekers were not currently employed and were seeking job opportunities (three were seniors who have previously been employed, and two were fresh graduates), while others have indicated witnessing unfair salaries or working hours, or accepting jobs for which they were overqualified. The FGDs have also shown that those employed in the technology-related sectors have actually witnessed positive results of the pandemic since the demand for digital solutions, online sales and the like as spiked.



Impact of the pandemic

The chart below lists the factors that employees and job seekers have witnessed due to the pandemic. Remote work comes in the first place, followed by having been laid off without receiving financial compensation, voluntarily leaving the job and having temporary salary cuts (which was also confirmed in the focus groups with employees).



There was an increase in the supply of labour due to the layoffs that took place, Egyptian workers who lost their jobs in other countries, and the coincident season of new graduates entering the labour market.<sup>81</sup> The focus groups discussions held with job seekers confirmed the problem of having more supply than demand and that it is reflected in employers' decisions on salaries, in handling interviews and in making hiring decisions. It was also mentioned that seniors are laid off during times of crises because they cost their employers higher salaries. Some job seekers indicated a lack of communication with employers and employment service providers as to why they are not getting the jobs they have been interviewed for. They consider interviewers as sometimes arrogant or too young to interview senior job seekers, being non-specialized in the job field, or being too busy to listen to the interviewee and what he or she can offer the job. On the other hand, some of the younger employees with less than 3-year experience, invested the time spent looking for a job in enrolling in training courses to enhance their knowledge and skill level.

According to an ERF survey that compares February 2020 to February 2021 conditions in four MENA countries, wage workers, especially informal workers, have experienced measures such as being laid off, working for fewer hours and receiving lower earnings, with low recovery rates for those who were laid off. In Egypt, 10% of those who were employed in February 2020 lost their jobs during that year, and out of those who were unemployed, only 21% could find a job by 2021. Reduction in working hours and the partial job loss have led to reduction in wages, especially among the low-skilled blue-collar workers.

It is important to note that the challenges faced by workers depend largely on the nature of work and the sector. Those working in the sectors of e-commerce and digital transformation witnessed a higher demand from employers. Furthermore, public sector workers were the least challenged, while informal workers suffered the most. Layoffs affected 29% of wage workers as private sector earnings of informal businesses decreased by an average of 24-29% compared to a range of 12-15% decrease in formal businesses. Informal wage workers and irregular workers were more likely to receive government assistance than others, however, reaching a low proportion of the impacted groups.<sup>82</sup>

Flexible work conditions, including remote work, was widely applied in the private sector when suitable for the job. Nevertheless, the ability to work from home was hindered particularly among informal wage workers, mainly because it was not possible to do their work from home and not due to the lack of access to technology or connectivity.<sup>83</sup> Working on shift or rotational basis was allowed as part of the distancing measures, especially for workers with chronic health conditions, including government employees, whose women workers were allowed less frequent office time.

Probing into the experience of remote work during the focus group discussions, many employees stated that they are still working from home to the point that one of them, who started

*"I started working in 2020 and it is a remote work. I have never worked in a face-to-face environment, and I'm concerned with how*

*"Teamwork has become more difficult. Before the pandemic when we worked in office, when I needed help from a colleague, I used to take my laptop, go to their desk and ask for help. Now that we work from home, I have to contact them to check their availability, then schedule an online meeting and find a solution to the problem".*  
Anonymous, Employee.

<sup>81</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt's Labor Market.

<sup>82</sup> Economic Research Forum, 2021, The Impact of COVID-19 on Middle Eastern and North African Labor Markets: Glimmers of Progress but Persistent Problems for Vulnerable Workers a Year into the Pandemic.

<sup>83</sup> Ibid.

his job in 2020, has never worked in an office and was concerned with how it the experience would be. Another employee with changed his job after the pandemic and joined a team that was starting to work online, where he was the only person who never interacted with the rest of the team in real life. Thus, the impact on team building and having a shared culture is not to be neglected and employers have to find ways to encourage the human interaction between employees.

On the positive side, having the option to work remotely was highly perceived by almost all of the employees participating in the focus groups. Other than minimizing the time to commute and allowing more time for their social life, it has opened up opportunities for working from other governorates or with businesses based outside Egypt. One software engineer works from Egypt with team members being in Bahrain, Saudi Arabia and UAE, and they never met. The same concept applies to accessibility of training and networking platforms that have had better access to individuals willing to learn and develop, including reaching out to the less served governorates of Sinai, the New Valley and some Upper Egypt locations.

Despite the flexible work conditions, work-life-balance was another factor that was differently perceived by job seekers. While

*“A hybrid system of remote work and office work is the optimum solution that allows flexibility and doesn’t forgo to social aspect of meeting your colleagues at work”.*

*Anonymous, Employee.*

*“As a freelance trainer, I was able to provide online training while maintaining my responsibilities towards my children*

*“I’m a trainer and having online courses made us reach trainees in governorates that were usually underserved like Sinai and the New Valley”.*

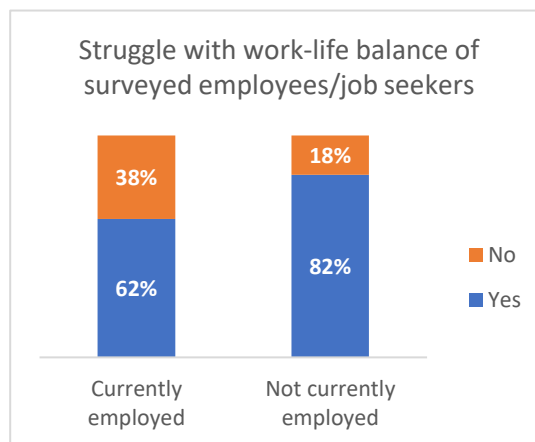
*Anonymous, Employee.*

participants of the FGDs stated that remote work has mostly contributed to a better work-life balance, some have still mentioned that it has led to increase work hours or the same number of work hours spread over the entire day, making them engaged with their work continuously.

As for the survey results, it shows that around two thirds of those who are currently employed still struggle with work-life balance post the pandemic. Expectedly, the ratio reaches 82% in those who are not currently employed, which could possibly explain one reason why they are not currently employed and why 12% of the respondents have voluntarily quit their jobs.

There was more reliance on technology and digital solutions, if applicable, depending on the nature of the job and the employers’ and workers’ capacity, particularly in the private sector.<sup>84</sup>

Consistently with international trends, literature shows that Egyptian women workers were disadvantaged. This is because they tend to work in the sectors that were hardly hit by the pandemic, to have the least decent jobs (e.g. informal jobs and lack of social and health insurance), and because the closure of schools and nurseries led to a shift in their time allocation to their unpaid care work for their families.<sup>85</sup>



<sup>84</sup> ECES, 2020, Views on News, Issue 13, Views on the Crisis: Egypt’s Labor Market.

<sup>85</sup> Ibid.

## 4.5. Insights on the outlook of the Egyptian labour market

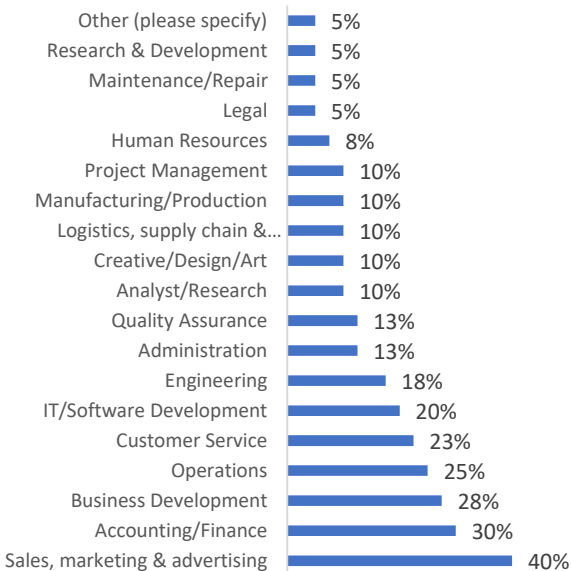
The interviews conducted with employers confirmed the propensity to hire more employees in the future. The main job fields are related to e-commerce, digital marketing, data mining and data analytics, automation and robotics. Skills required are interpersonal skills for vocational workers, digital marketing skills and mathematical and big data analysis skills.

*"The future lies in big data analytics, augmented reality, robotics and e-commerce"*

*Anonymous, Interviewed employer.*

Consistently, three quarters of the employers who completed the survey indicated the likelihood to hire more employees in the coming two years, across most employers regardless of the impact they had, their company size, and sector. The career levels of these new hires are basically entry and experienced levels (1-2 years and 3+ years of experience). As for job fields, 40% of employers expect to hire in sales, marketing and advertising, 30% in accounting & finance, and 28% in business development (left chart below). The set of skills needed in those new hires (right chart below) will mostly be in adaptability and flexibility (28%), followed by crisis management and problem solving (25%) and emotional intelligence (23%). Besides, half of the employers plan to provide their employees with capacity development measures in the aforementioned expected areas of skills.

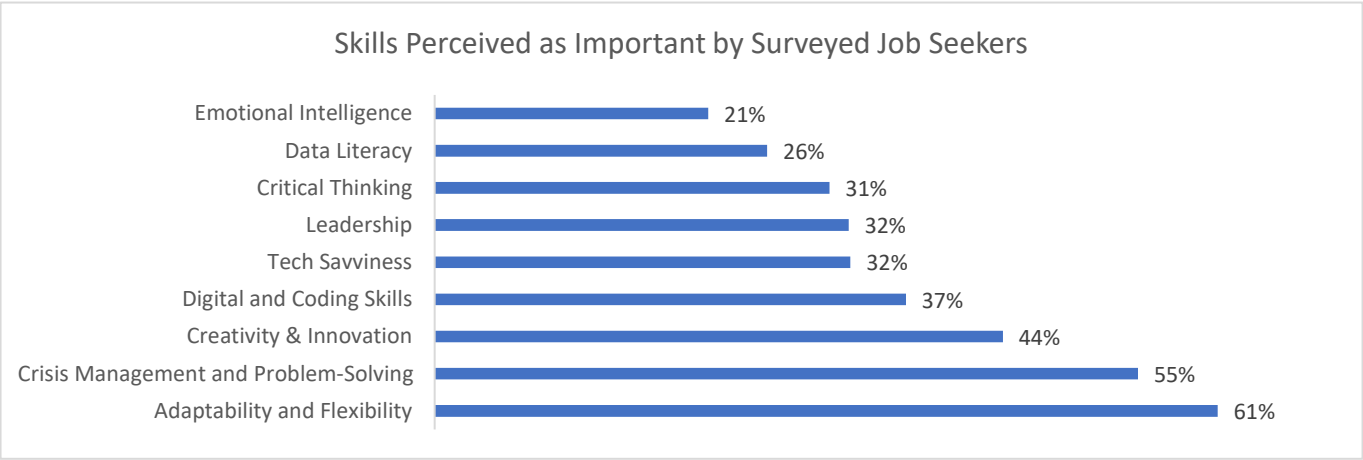
Job Fields Most Expected for Future Hires  
by the Surveyed Employers



Skills Most Required in the Future by  
the Surveyed Employers

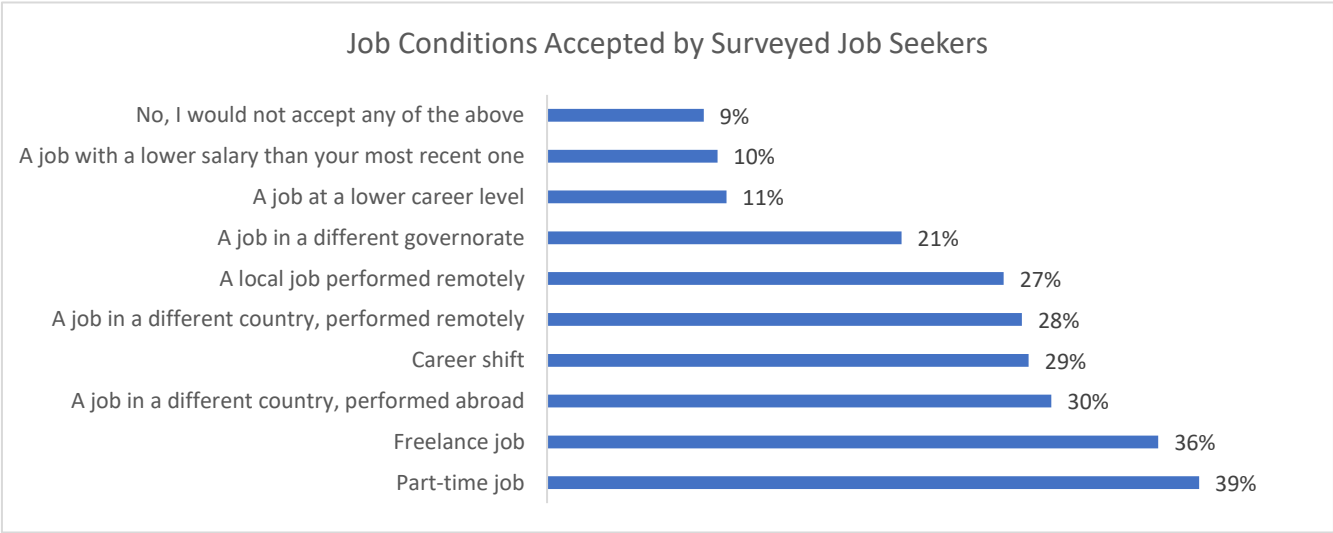


Consistently, surveyed employees and job seekers perceived the skills most required in the market in line with the employers’ perspectives. Employees who have participated in the focus groups have also indicated that they expect flexibility, data analysis, and language and computer literacy as essential skills for having a job.



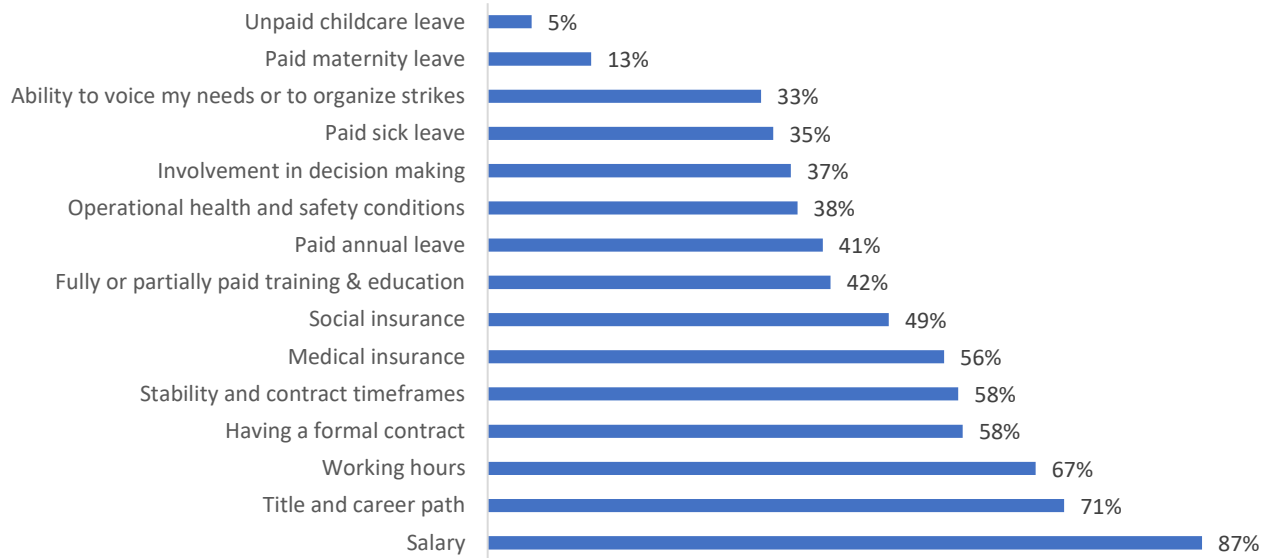
As for the acceptable work conditions, employees and job seekers indicated their readiness to accept different work conditions and the factors that define a decent job from their perspective. Results of the survey are depicted in the charts below, indicate readiness to work on part-time basis, in freelance jobs, in different geographical locations (countries or governorates), or in shifting careers. Focus group discussions have also shown more flexibility among the senior job seekers, accepting being overqualified for the job, or being located in a different governorate (provided that the salary offsets the extra cost of moving the family). As for juniors, they were less flexible in terms of the job field and title that they would accept.

*“The most important thing is to work in the field and with the title that I want, even if the salary is not high”.*  
*Anonymous, Job Seeker.*



As for the conditions that would define a decent job as per the surveyed job seekers, salary comes in the first place (87%), followed by the title and career path (71%), and working hours (67%). For them, a decent job would also imply having a formal contract, stability and having medical and social insurance. The focus groups have shown consistent results, with more emphasis on the importance of learning and development, and the option to work from remotely, to the point that many employees considered it a prerequisite for accepting a job even in the future.

### Factors Perceived by Surveyed Job Seekers to Define Decent Jobs



## 5. RECOMMENDATIONS

In light of the review of international experience, national context, the results of the primary research conducted with employers and job seekers as well as the quantitative and qualitative analysis conducted, the following are recommendations for a healthier labour market. It is perceived that implementing these recommendations would improve the current conditions of the labour market post-covid and allow for more and better job opportunities for Egyptians, particularly youth.

	Policy (macro level)	Institutions (meso level)	Individuals (micro level)
<b>Overall framework</b>	<ul style="list-style-type: none"> <li>▪ Enforce labour laws and formalization of contracts to ensure decent job creation.</li> <li>▪ Adopt and implement a comprehensive plan to improve the business environment and boost private sector investment in order to increase formal private sector employment.</li> <li>▪ Political and economic decisions have to be well analyzed and articulated before being announced to avoid any unnecessary shocks to volatile sectors and their employees.</li> <li>▪ The Central Bank of Egypt and the Financial regulatory Authority are to continue to adopt initiatives for financing small growing businesses so that their growth potential is untapped, hence offering more and better jobs.</li> <li>▪ Enforce social measures that enhance women economic participation, including no discrimination at the workplace, proper handling of harassment cases at the workplace and in transportation, and having a grievance system for women facing malpractices by employers or incompliance with labour laws.</li> <li>▪ Continue to strengthen social safety nets, while ensuring proper outreach to the vulnerable, eligible groups, including informal and laid off workers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social and care service providers should expand and improve their services to allow for better access to job opportunities by women.</li> </ul>	

	Policy (macro level)	Institutions (meso level)	Individuals (micro level)
	<ul style="list-style-type: none"> <li>Commission qualitative research and studies to explore the reasons behind the low labour force participation rate especially among women.</li> </ul>		
<b>Education</b>	<ul style="list-style-type: none"> <li>Systemically address the education and training fields, especially through TVET programs and adopting a dual education system, capitalizing on existing initiatives and actively engaging the private sector, such as the GIZ-funded Employment Promotion Project (EPP), which is a collaboration model with the Ministry of Education.</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration of private sector organizations and service providers with the objective of expanding the dual education system and offering learning opportunities at existing organizations such as the Sewedy Academy and El-Araby Applied Technology Schools.</li> </ul>	<ul style="list-style-type: none"> <li>Students should be seeking education in fields that are related to the future labour market needs and that are in line with their interests as well, and stop pursuing paths that have traditionally been perceived as renowned just for the sake of belonging to these professions (i.e. letting go of the concept of faculties with high-grade admission).</li> </ul>
	<ul style="list-style-type: none"> <li>Higher education should be more focused on digital competencies and the skills required by the employers (such as adaptability and flexibility, crisis management and problem solving, emotional intelligence, critical thinking, etc.) as opposed to the technical skills currently being only focused on.</li> </ul>		
<b>Skills &amp; Training</b>	<ul style="list-style-type: none"> <li>Adopt targeted training policies to reskill lower skilled workers to be able to have jobs that can be done remotely, for jobs that are at risk to be lost, and for the jobs that are expected to prevail in the future. These latter include in particular programming, automation and e-based jobs (such as digital sales and marketing and e-commerce jobs).</li> <li>Subsidize training programs with a quality standard that is up to the market needs and fund high-quality training courses in universities, specialized in the skills highly required in the future (e.g. data analytics).</li> </ul>	<ul style="list-style-type: none"> <li>Develop upskilling and reskilling programs targeting both current workers and job seekers, focusing on quality and in line with market needs.</li> <li>Train the less-educated job seekers on digital literacy so that they do not get left behind, especially after COVID-19.</li> <li>Train vocational schools students on problem-solving and other skills corresponding to the market demand.</li> <li>Private sector training services providers should offer programming</li> </ul>	<ul style="list-style-type: none"> <li>Job seekers are to pursue their capacity development plans in line with the market requirements, in particular flexibility and adaptability.</li> <li>Develop work-life balance skills that would tackle the professional-personal lives dilemma and the stress it causes.</li> <li>Job seekers are to update their knowledge of future labour market needs and</li> </ul>

	Policy (macro level)	Institutions (meso level)	Individuals (micro level)
	<ul style="list-style-type: none"> <li>Training policies are to target micro-entrepreneurs and freelancers to help them continue the businesses they pursued, support them grow and expand their employment, possibly through MSMEDA.</li> </ul>	<ul style="list-style-type: none"> <li>and coding courses targeting adults, at reasonable prices.</li> <li>Build the capacity of recruiters so that they improve their skills in dealing with job seekers and in communicating their needs and the reasons behind their decisions.</li> <li>Provide short-term consultancy services to business on new market and product development, business continuity and management. These are the areas needed by employers to better operate and expand their business, hence continuing to offer jobs.</li> <li>Incubation and acceleration programmes should allow more time for entrepreneurship skills, including business planning, marketing, and financial literacy, taking into consideration the varying backgrounds of the programs' participants. This would help build stronger start-ups that would survive and grow and contribute to job creation.</li> <li>Expand the mentorship programs to allow for on-going practical advice to small growing businesses with a high potential for expansion and hiring more employees.</li> </ul>	<ul style="list-style-type: none"> <li>work on their upskilling or reskilling programs as such.</li> <li>Conduct emotional intelligence programs that would help both employers and employees tackle the non-negligible psychological and emotional impact of the pandemic.</li> </ul>
<b>Communication and Transparency</b>	<ul style="list-style-type: none"> <li>Build a social dialogue and empower labour unions so that they enhance their collective bargaining power and be able to effectively perform their intended roles in representing workers and preserving their rights.</li> </ul>	<ul style="list-style-type: none"> <li>Employers are to communicate the reasons why job seekers are rejected and the bases for their decision making. This would allow intermediaries and job</li> </ul>	<ul style="list-style-type: none"> <li>Job seekers are to be realistic and accept the concept that they may not be fit for a job and that they may lack certain skills. This will help</li> </ul>

	Policy (macro level)	Institutions (meso level)	Individuals (micro level)
	<ul style="list-style-type: none"> <li>▪ Ensure transparency and accountability regarding implementation and monitoring of national strategies on private sector development should be maintained.</li> </ul>	<p>seekers to understand where the gaps are and be able to tackle them.</p> <ul style="list-style-type: none"> <li>▪ Employment matchmaking platforms are to avail market information to market actors, especially job seekers, on the type of jobs and skills mostly required by employers.</li> <li>▪ Employers are to consider an optimum mix of online and offline work whenever applicable, benefiting from reduced costs at the employers' side and better work-life balance at the employees' side.</li> <li>▪ Employers adopting remote work strategies should find alternative ways to make up for the benefits of face-to-face work, including mentoring, building the corporate culture, and loyalty. These could include frequent face-to-face team-building events.</li> </ul>	<p>them adapt to the market needs.</p>

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# ANNEX I: SELECT INTERNATIONAL EXPERIENCE IN TACKLING COVID-19

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## USA<sup>86</sup>

The impact of the pandemic in the US labour market has been especially severe on youth aged 15-24 and is expected to last on the long-term. Youth suffer from higher unemployment and underemployment rates<sup>87</sup>, despite the job gains that have occurred from May to August 2020. Until October 2020, the US labour market witnessed a net deficit of 12 million jobs. The unemployment rate among youth has almost doubled in Spring of 2020 compared to Spring of 2019, with the hit being harder for women. Underemployment too has hit women at this age disproportionately (a 60% increase in women underemployment compared to 7% in men's). Young workers suffered from higher job losses because employers are reluctant to hire less experienced workers and because of the youth concentration in sectors and occupations where more jobs have been lost (around 26% of those aged 16-24 work in the leisure and hospitality sector, and in terms of occupations, one third are in the service occupations). Moreover, surveys conducted before the pandemic show that young people are the least able to work remotely (6.7% only) because of working in sectors and occupations that are contact-intensive. This means that they would either lose the job due to the lockdown or that they continue to go to work and risk themselves and their families being infected.<sup>88</sup>

It is worth noting that entrants to the labour market at times of recession are expected to continue to suffer in the long-term. A study in the US shows that, the impact includes agreeability to lower income, lower productivity, lower self-esteem, and the ripple effects on social aspects such as health conditions and life expectancy.<sup>89</sup>

Nevertheless, as unemployment rates start to improve, the economy approaches full employment, a case that benefits young employees the most. As competition between employers increases, the youth wage growth rates are higher than in older age groups. Thus, it is expected that, as unemployment falls, young people enjoy higher wage growth rates compared to older age groups.<sup>90</sup>

### Response Measures

- As aforementioned regarding the benefits of approaching full employment, the Chair of the US Federal Reserve highlighted the importance of targeting low unemployment (which yields higher benefits for the youth), without being too concerned with inflation, learning from the 1990's experience.<sup>91</sup>

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<sup>86</sup> Elise Gould and Melat Kassa, Young workers hit hard by the COVID-19 economy, Economic Policy Institute, October 14, 2020.

<sup>87</sup> Underemployment is the share of the labor force that either 1) is unemployed, 2) is working part time but wants and is available to work full time (an "involuntary" part-timer), or 3) wants and is available to work and has looked for work in the last year but has given up actively seeking work in the last four weeks ("marginally attached" worker).

<sup>88</sup> Elise Gould and Melat Kassa, Young workers hit hard by the COVID-19 economy, Economic Policy Institute, October 14, 2020.

<sup>89</sup> Finance and Development, December 2020, Hannes Schwandt and Till von Wachter, The Long Shadow of an Unlucky Start.

<sup>90</sup> Elise Gould and Melat Kassa, Young workers hit hard by the COVID-19 economy, Economic Policy Institute, October 14, 2020.

<sup>91</sup> Ibid

- Many young people were left out despite the CARES Act and the stimulus package of the CARES Act and the unemployment insurance due to being ineligible to such schemes, and that is why it is recommended that employment insurance includes job seekers as well.<sup>92</sup>
- In line with the CARES Act, the Small Business Administration (SBA) established the Paycheck Protection Program (PPP) which provides loans to SMEs to support them in retaining their employees. The PPP loan can be used to cover payroll costs and benefits, COVID-related workers protection cost, mortgage interest, rent, certain supplier costs and operational expenses.<sup>93</sup> The PPP ends at the end of March 2021 but having started in 2020 with a low capped appropriation, the program was criticized for the competition among SMEs was too tough for the most in need and those who do not have well-established relations with banks.<sup>94</sup>
- Of specific relevance to the federal system in the US, it is believed that the federal support to state and local governments is needed to cover the reduction in their revenues and avoid rising public universities tuition fees, which would disadvantage youth.
- In addition, strengthened labour standards are also recommended to protect the youth and employees at large. This includes minimum wage requirements as well as supporting collective bargaining through forming labour unions, hence benefiting all workers.<sup>9596</sup>

## Latin America<sup>97</sup>

The labour markets of the Latin America and the Caribbean (LAC) countries have been severely disrupted by the pandemic more than other emerging markets. This is due to the structural characteristics of these markets. A large proportion of workers falls in the jobs that are contact-intensive and are hard to be performed remotely, which were also the most impacted by the lockdown. The potential to work remotely is further hampered by the low access to broadband internet.

Out of the workers negatively affected, some groups were even more disadvantaged, namely, women, informal and less-educated workers, in addition to the self-employed and those working in small businesses. Even though the economies are partially recovering, it is uneven across different segments and uncertain as to how it will continue.

Total employment in LA5 countries<sup>98</sup> decreased by 30% during the period January to May 2020, as well as other LAC countries such as Bolivia and Ecuador. The countries that have witnessed relatively lower impact on employment were Brazil and Uruguay. Brazil had an emergency employment protection program with a budget allocation of 0.7% of the GDP, targeting formal jobs through subsidized reduction in work hours or suspension of contracts for up to six months, benefitting more than nine million workers (around 25% of formal jobs in the private sector). Uruguay's cushioned impact was due to better control over the outbreak and hence lenient containment measures. In LA5 countries, except for Colombia, the decline in employment mainly accounted for a larger decline

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<sup>92</sup> Elise Gould and Melat Kassa, Young workers hit hard by the COVID-19 economy, Economic Policy Institute, October 14, 2020

<sup>93</sup> <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/first-draw-ppp-loans#section-header-2>

<sup>94</sup> Elise Gould and Melat Kassa, Young workers hit hard by the COVID-19 economy, Economic Policy Institute, October 14, 2020.

<sup>95</sup> Ibid.

<sup>96</sup> International Labour Organization, Global Employment Trends for Youth 2020: Technology and the future of jobs International Labour Office – Geneva: ILO, 2020

<sup>97</sup> International Monetary Fund, October 2020, Latin American Labor Markets during COVID-19.

<sup>98</sup> Brazil, Peru, Mexico, Colombia and Chile.

in the labour force compared to the increase in unemployment, explained by the weaker worker support and unemployment insurance programs.

The number of work hours declined too, as sharp as 25% in Brazil for instance. According to the ILO, the combined effect of the reduction in work hours and the reduction in employment in LAC countries in Q2 2020 is equivalent to a loss of 55 million full-time jobs, which is about the same in other regions like Europe, Central Asia and Africa but exacerbated by the lower employment levels before the pandemic.

As the economies reopen, the jobs at risk start to fall, yet with scarring effects. For example, as informal workers and the self-employed gain their jobs, they tend to be in lower-income and lower productivity jobs, indicating lower propensity to grow and lower social conditions.

Accordingly, public policy response was to focus on four main topics:

- Emphasis on formal jobs creation for better and faster recovery.
- Stronger safety nets for workers to protect vulnerable households.
- Supporting women to enter the labour force and to utilize their untapped potential in the high-skill abstract task-intensive sectors and in service sectors.
- Encouraging a green recovery, seizing the opportunity to start green and energy efficient.

#### Examples of response measures in Latin America

- Eligibility to unemployment insurance schemes.
- Promoting remote work.
- Prohibiting workers layoffs.
- Facilities to employees to pay taxes and social security.
- Extending credit to employers.
- Bonds for retirees and families without formal employment.

(Source: Inter-American Development Bank, April, 2020, Social Policies in Response to Coronavirus. Labor Markets of Latin America and the Caribbean in the face of the impact of COVID-19.)

## Saudi Arabia<sup>99</sup>

Studying the impact of the pandemic on Saudi Arabia is relevant as the timing is especially significant, being parallel to the Saudi Arabian Vision 2030 and the transformation from being oil-dependent to industrialization. The labour market is being polarized. Migrant workers who lack the skills have returned to their home countries, a challenging situation for a country where the private sector relies on low-wage foreign workers. Nevertheless, this is also an opportunity for national workers to fill this gap under the Saudization program. This is an opportunity that applies to other GCC countries with nationalization programs.

One study conducted on the labour market in Saudi Arabia showed that certain sectors have been specifically impacted by the remote work trend, namely; services, health and education, implying the need for virtual skills, effective communication, and autonomous workers. Thus, education policy makers are to align their policies to such trends in order to equip the labour market to adapt to these changes. Higher Education should be more focused on digital competencies and the skills required by the employers (such as language, interpersonal skills, self-learning, and emotional intelligence) as opposed to the technical skills currently being only focused on.

From the employers' point of view, the sectors whose workers require a new set of skills in order to retain their jobs or for new workers to get employed are education, services, food and healthcare services; while workers of the construction, manufacturing and irrigation are the least in need of new skills. The same study indicates that employers are concerned the most with retention of existing workers, followed by their acquisition of new skills

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<sup>99</sup> Al-Youbi AO, Al-Hayani A, Rizwan A, Choudhry H. Implications of COVID-19 on the Labor Market of Saudi Arabia: The Role of Universities for a Sustainable Workforce. Sustainability. 2020; 12(17):7090.

and hiring new workers. These skills are mainly virtual skills, emotional intelligence and work autonomy, which they consider the current workers' skill level as dissatisfactory.

The following were the recommended interventions and skill areas for the higher education organizations (meso level) to take an active role in developing in close collaboration with employers, for their relevance to both employers and job seekers:

- Universities are to develop guidelines for remote working to enhance productivity.
- Collaboration between industrial employers and universities to develop market-based short-term skills programs (STSP) that would help retain existing employees and hire new ones.
- Provision of remote working skills to those whose jobs will be performed remotely but lack the necessary skills to do so.
- In order to cater to the current and future needs of both the conventional and virtual skills, students and employees should be equipped with hybrid skills programs.
- Developing idea generation skills programs that would enhance job seekers' creativity and innovation in line with the market needs.
- Developing language skills programs that facilitate communication, especially with the digital communication channels being used.
- Adopting digital-based learning programs, thus allowing for flexibility in time and location.
- Developing upskilling and reskilling programs targeting both current workers and job seekers, in line with market needs.
- Conducting emotional intelligence programs that would help both employers and employees tackle the non-negligible psychological and emotional impact of the pandemic.
- Developing work-life balance skills that would tackle the professional-personal lives dilemma and the stress it causes.

# ANNEX II: QUALITATIVE PRIMARY RESEARCH - MINUTES OF MEETINGS

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Interviews with employers and focus group discussions with employees and job seekers were conducted as part of the qualitative primary research. They were held online as a precautionary measure against the pandemic. Interviews and focus groups were organized by BasharSoft, in close coordination with Dcode EFC, whose consultant led the discussion. Hundreds of employees/job seekers were approached, and four focus group discussions were held with a total of 25 employees and job seekers (9 of which were women (36%), which is around double the representation of women in the labour force in Egypt). Employers showed interest in cooperating with the team to conduct the interviews but some of them cancelled the confirmed interviews due to having other engagements and the total number actually interviewed were two persons representing three businesses. For confidentiality and privacy reasons, all participants of the primary research are referred to anonymously in the report and its annex(es).

## Interviews with Employers

### **Employer # 1:**

Date: 24/6/2021

- A woman who has founded a textile micro business with her husband in the home textile sector (kilim) in 2019. They manufacture at workshops owned by others.
- The businesses is focused on B2B transactions.
- They did not have employees before but they now have four (design, business development, marketing and social media).
- The two owners have full-time jobs and have recently hired the other employees are all part-timers and have their other jobs. This is because of the uncertainty of their business and not wanting to lose their jobs.
- After the pandemic, the operations were on hold for two months only and they thought that it was going to continue with the same pattern. However, when people stayed at home at the time of the lockdown, they started to receive online orders.
- They are facing a technical problem in their social media account (blocked paid ads) and they do not know the reason and have no human resources that can help them solve it (lack of technical capacity).
- Concerning the skills needed, the workshops they deal with have the technical skills, but they lack the commitment and interpersonal skills (communication and negotiations), and strategic planning (having a vision and a contingency plan).
- They have an expansion plan but lack the financial resources to have a full-time worker there and to prepare the place they have for the store.
- It is crucial for the employees to work as a team and to have a healthy work environment.
- The skills they need to help them run the business are mainly marketing, business planning, handling finance and exporting.
- She joined AUC Venture Labs and Entrepreneure. It was very beneficial but she thinks they need to adapt the programme more to the specific needs of different participants. She would also need mentorship on a medium-term.

## **Employer # 2**

Date: 24/6/2021

### **Technical Textiles Business**

- The business is focused on smart clothing such as antibacterial clothing, so it was positively impacted by the pandemic and was able to raise capital.
- They received orders for medical staff and they developed their surgical cloth masks. Sales spiked to millions of US dollars and they gained a strategic role at that time.
- He thinks that the government support was strong since they are manufacturers.
- He thinks that augmented reality shopping and robot selling will be the main shopping way in the future.
- The future will rely on automation of all processes, big data, augmented reality, e-commerce, robotic warehousing.

### **Data Analytics Business**

- The business started six years ago. It started in digital marketing, then e-commerce, then big data analytics.
- Talented data scientists are very hard to find. Math graduates and data miners are highly needed.
- School students are almost the only pool of candidates who possess the required set of skills. They are Egyptians and are based in Egypt but are hard to find.
- He thinks that coding will not continue in the future since models can be used online, especially with the data high speed 5G data.
- IOT is a key field in the future.
- Data analytics serve all sectors, from medical to textiles to advertising.

## **Focus Group Discussions with Employees/Job Seekers**

### **Focus Group # 1: Employees/Job seekers with more than 3-year experience**<sup>100</sup>

Date: 27/6/2021

Number of participants: 3 (1 woman and 2 men)

Employee/Job Seeker # 1:

- A senior sales manager in a Gulf country (aged 40). He has 11-year experience in the tourism in international chains. He was laid off after the pandemic, returned to Egypt, became a director of sales and is currently looking for a job.
- During the times of crises, the tourism sector is the first to be affected due to being a volatile sector. Since the sector is so volatile, political and economic decisions have to be very well analyzed before being announced to avoid any unnecessary shocks to the sector and its employees.
- Employees in higher ranking positions are usually laid off because they receive the highest salaries, and are left with the options of looking for a new job or making a career shift.
- He has been looking for a job but has not yet found one. He is ready for a career shift too but employers are not accepting him. He even worked as an Uber driver for some time to compensate for the income loss but it did not fit him and was not profitable enough, so he stopped it. Although he accepts the concept, he thinks that there is an 80-90% chance that he would not shift his career as it will be very hard to start over with such a level of seniority. More importantly, he mentioned that employers do not understand the reasons behind the career shift and do not easily accept the fact that he has relevant experience that can benefit the job that

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<sup>100</sup> Notes are structured by job seeker due to the small number of the FGD participants.

he is applying for to the point that they treat him disrespectfully. For example, since his main areas of expertise in in tourism and hospitality, he has gained experience related to operations, call centers, customer service, public relations, deal activation, and reception experience.

- Recruiters are young, unprofessional and unqualified to conduct interviews especially with senior staff. They are focused on one aspect in the interview related to the job and disregard the other aspects that the interviewee can offer to the job. They do not get well prepared for the interview and get shocked when they hear information that is already written in the CV.
- Sometimes there is an arrogant attitude from recruiters and interviewers because of the excessive supply of labour compared to the limited jobs demanded by employers in the market.
- Some employers abuse the job seekers' need and offer them unfair, below market rate salaries. He was once offered a salary of EGP 1,000 plus commission (for a high unattainable target) for a sales manager job, although the salary should be sufficient to cover basic needs.
- Employment fairs are also ineffective as recruiters do not have time and they have to meet too many people in a very limited period of time.
- Age is one main barrier to finding a job. Employers want young employees (30-32 years of age maximum), while people at his age need the job, have financial responsibilities and have higher personal burdens that might limit their mental capacity and tolerance. So, even when he accepts a job for which he is overqualified, he is rejected because of his age.
- Language proficiency is another barrier to finding a job that should not be the main point, from his perspective. He believes that interviews get too focused on speaking in a foreign language than on what is being said and that they prefer graduates of the American University in Cairo.
- Salaries in Alexandria are extremely below those in Cairo. For the same job (customer service for example), an employee can be offered EGP 2,000 in Alexandria and EGP 4,000-5,000 in Cairo.
- Based on geographical relocation, he does not mind moving if the employer offers a salary that covers the basic needs or more benefits for his family to be relocated. He is from Alexandria and has tried working in Cairo for a year but the living expenses for a family with children was too high to cover through the salary.

#### Employee/Job Seeker # 2:

- She was living in the Gulf region and moved to Egypt in 2019 when her husband lost his job.
- She was an Operational Manager in the Gulf Area and has a 21-year experience in nursing. She is accredited and thinks that others who are the same age in Egypt are not as professional and experienced as she is.
- She also had HR experience and a nursery experience but she still cannot find a job in any of these fields. She is ready to join any technical or administrative job.
- She started looking for a job in Egypt to support the family after the pandemic and after her husband lost his job.
- Her age is a barrier as recruiters are always looking for employees younger than 40.
- She is usually overqualified when she joins employment fairs. She said that she has applied to over 200 jobs after the pandemic but recruiters are looking for someone who is younger than 33 years of age.
- She said that recruiters overlook her experience and focus on superficial points and that she does not really know why she is not getting a job.

#### Employee/Job Seeker # 3:

- He had his own business in the UAE and had to leave in 2019. After moving to Egypt, he took a franchise of brands from India and China for his ceramic company he had in UAE but was unable to succeed and he lost his

savings in the several projects he established in Egypt. He established a company for hospitality support, opened a café in City Stars, Cairo and an Italian brand Café in Alexandria but the pandemic precautionary measures were so hard for the hospitality sector. He had to keep 25% only of his workers to be able to pay the rent. Even when cafes started to open and operate again, he is still not making enough profit and is looking for a job.

- When he applies for jobs, recruiters seem interested in his work experience, but once they know his age, they do not call again.
- He thinks that recruiters are very young and not professional enough to make a decision of hiring senior managers.
- He considered working as an Uber or Careem captain but the procedures required were discouraging for him.
- He thinks that there should be governmental intervention and more support to unemployed people.

### **Focus Group # 2: Employees/Job seekers with less than 3-year experience<sup>101</sup>**

Date: 29/6/2021

Number of participants: 2 (1 woman and 1man)

Employee/Job Seeker # 1:

- She is 23 years old. She graduated in August 2020 with a Civil Engineering degree from Cairo University and is currently looking for a job.
- She started a job in December 2020 and left in June 2021 as the department she was working in shut down due to COVID. The company she worked at was a start-up company corresponding with a European based company. She was working full-time from home. She received her full salary and benefit during the time she was employed (no salary cuts).
- She received training in data analysis and engineering, in addition to her major's training in college.
- She had an internship experience for four weeks with an organization in Indiana, USA, but that was too sophisticated to be demanded in Egypt.
- She applied for jobs that are unrelated to her major studies and used to work in a family-owned pharmacy. She was looking for a job at a decent company, and now appreciated having a professional environment more.
- She lives in Giza and is not willing to relocate now but is willing to travel abroad at some point.
- She applied to a post-graduate degree in Math and will start in December 2021.
- Most of the employers view her profile on recruitment platforms profile without contacting her. Employers want people with experience, which is not suitable for fresh graduates like her.
- Recruiters who called her were not engineers, so they have no technical background about the job.
- Compared to job ads abroad, she thinks that Egyptian employers have more requirements.
- She applied to a company specialized in administering software engineering. There was no contract or job description specified during the screening process of the interview for the job, so she was not interested to take the job.
- Most employers are offering low salaries and want the employee to perform as many roles as possible to hire fewer people.

Employee/Job Seeker # 2:

- He graduated in 2019 from the Faculty of Commerce and is based in Fayoum governorate.

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<sup>101</sup> Notes are structured by job seeker due to the small number of the FGD participants.

- He attended training courses in data analysis.
- He was accepted at a startup since March 2021 in the accounting department.
- He accepts to relocate to find a job, if need be.
- The most important factor for him is working in data analysis as the position/job title would be convenient for his career path. He accepts any starting salary.
- Recruiters look for computer science majors mostly when he applies for a data analysis position. He completed several courses to be certified for the jobs he applies for in data analysis (the One Million Arab Programmer initiative and Coursera). The courses at Egypt Forward were expensive, but he had a scholarship for it. Most of the courses he took were for free and online.
- He is willing to take a Master's or Diploma in Statistics/data analysis, but is currently unable to afford it and is thus looking to apply for a scholarship. His recommendation is the government should be doing subsidized education with digital marketing and data analysis.

### **Focus Group # 3 – Employees/Job seekers with less than 3-year experience**

Date: 3/10/2021

Number of participants: 6 (2 women and 4 men)

#### **Participants' profile and work experience:**

- Employees and job seekers participating in this focus group were university graduates of less than three years. Some of the men have also served in the military, so they have around two years of experience. However, one of them had an eight-year experience as he started working in digital marketing when he was a student. These jobs were full-time paid jobs, where employers had his paperwork done with his School Certificate just to formalize the job and its relevant expenses (e.g. salary and tax payments).
- They studied mechatronics, commerce, computer science, and engineering.
- Two were based in governorates outside Cairo (Alexandria and Ismailia).
- Most of them had internship experiences and have taken courses on technical topics and/or business management topics. Some had training experiences at the Information Technology Institute (ITI), and they stated that being an ITI graduate gave them an opportunity to interviews that their peers may not have had.
- One had a career shift from commerce to web development, that he was prepared for because he was already interested in the field and had the basic knowledge required to start in this career. Afterwards, he started to enroll in courses that have helped him learn more.
- One employee had to work as a cashier in a hospital, which was a job that was below his qualifications and had to accept a 24-hour shift basis (working for 24 hours and having the next 24 hours off). He said that he accepted these harsh conditions because he studied commerce and he believed that the oversupply of commerce graduates created this supply-demand problem, although he liked his specialization and was not considering a career shift.
- Not all employers are fair in determining the salary. They might abuse the job seekers' low expectations or excess supply of applicants in a certain specialization and offer a salary that is below average, especially if it is a small company that does not have a well-established system.

#### **The impact of COVID-19:**

- The first few months after the pandemic hit were the hardest to find a job. However, some used that time to learn and enrolled in online courses to enhance their knowledge.

- Other than the first few months, most of the participants perceive the overall impact of the pandemic as positive.
- Employees consider remote work as an advantage. It minimizes the time and effort to commute and offers work-life balance.
- The pandemic created an opportunity for employees in the technology and digital industries as other employers (including banks and government organizations) had to cope by finding digital solutions that would help them continue operations. One of the FGD participants mentioned that she was a PR employee working in event management and was able to perform her job remotely with very few instances of the event venue visits.
- Remote work has made it possible to not only work from home, but also to work for employers located in different geographical locations in the country (governorates) or abroad (e.g. KSA and UAE).
- Despite the benefits of remote work in creating work-life-balance, for some it is more challenging. Being available online 24/7 made jobs more demanding even if the total number of hours worked per day are the same eight hours, having them spread across the entire day makes the employee feel that he or she is working all the time. This should not be the case.
- Likewise, some employees work overtime hours but because it is online, they do not get compensated for the extra hours worked.
- Missing social interaction and team building activities is considered a setback of work-from-home jobs. These employers are trying to find ways to make employees get acquainted with each other and to build the team spirit. However, one employee mentioned that he has never worked in an office and is concerned about how the experience will be when he does.
- Online resources for learning existed before COVID-19 but had higher prevalence after the pandemic. These resources have made learning as well as networking more accessible to everyone. One employee believes that it is required to learn a lot more and faster compared to before the pandemic.

#### What defines a decent job:

- All employees consider having a fair salary as essential in order to accept the job.
- Having a formal contract with social security was considered essential too.
- The options for remote work was stressed by the employees. Most employees prefer having flexible work conditions in the form of a hybrid of online and offline work. Although the two opposite preferences exists, those who prefer total online/remote work and those who prefer going to the office and meeting the team everyday, having the option to work from home on select days seemed to be the most convenient and a condition that would define a decent job. Yet, team building activities that compensate for full-time face-to-face work are highly recommended. Additionally, fair working hours that create work-life balance are not be jeopardized.
- Having a proper title, job description and reporting lines is key.
- Gaining experience, opportunities for training and having a learning curve is important too. One participant said that she might accept a lower salary if she knows that the job will add much to her experience.
- The extent of medical insurance coverage comes at second priority, where employees would want to have medical insurance but can compromise by accepting personal coverage only as opposed to family coverage.
- A part-time job would be accepted if on remote work basis.
- Participation in decision making is highly perceived by most employees.

#### The future of jobs and skills:

- From their exposure to the labour market, employees believe that computer literacy, data analysis, agility and resilience are key skills required for the future. Jobs in digital and technology industries, software development, artificial intelligence, and machine learning are perceived by the employees as the main fields with high demand from employers.
- Flexible work conditions are expected to continue. Having the option to work from home has become a natural condition that both employers and employees have found the benefits of and are to work on finding solutions to the disadvantages of limited human interaction.

#### **Focus Group # 4 – Employees/Job seekers with more than 3-year experience**

Date: 3/10/2021

Number of participants: 14 (5 women and 9 men)

##### **Participants' profile and work experience:**

- Participants of this group were those with experience in the labour market and some of them have recently changed their jobs. Their years of experience ranged from four to 15 years.
- Their experience was in the fields of university teaching, freelance training, engineering, business management, sales, software engineering, human resources, banking and transportation.

##### **The impact of COVID-19:**

- Salary cuts were applied on temporary basis for more than one of the participating employees. For example, one employee worked in a co-working space, a business whose nature is not compatible with online work, thus salary cuts were applied across the company until the health crisis receded.
- Those employed in the sectors related to technology had a positive impact due to the higher demand. Others experienced negative effects but some have recovered to normal, some made career shifts and others had positive effects in the same job after having negative effects. For example, one person in the banking sector had to work even during the lockdowns which was a high risk at that time for their health, especially in a sector that has high exposure with clients. Nevertheless, to respond to the new necessities, using laptops was introduced to employees and remote work was then possible.
- Those working in software and application development have received higher demand. Because of the limited number of employees who are qualified enough to work in the digital payment services, coupled with the high demand, the turnover rate was high and reached less than six months. Employees in online sales have also benefited from the pandemic.
- Another positive impact was on jobs in digital payments, as regulations were streamlined in the MENA region as a result of the necessity to make online payments. Accordingly, solutions that were not permitted before, have been legalized and are demanded.
- Training has become more accessible but has become, in some instances, the responsibility of employees more than employers. One of the employees who lost his job, invested the early time of the crisis in studying and learning what helped him find a job afterwards.
- Online training led to an increased outreach to geographical locations that were not on the usual training map, such as Sinai, New Valley and some Upper Egypt locations.
- Remote work is highly valued by employees as it minimized commuting time, created a better social life and work-life balance. For one participant, teaching university students online was a better experience because she lived in Alexandria and this model has allowed her more time for her social responsibilities with children schooling becoming online and requiring more time from mothers.

- Remote work in other countries has also been made possible. Participating employees joined jobs in KSA or are working closely with teams in Bahrain, UAE and KSA.
- On the other hand, the limited social interaction is a negative side of remote work. One employee left his work after COVID and started a new job that was performed remotely. He was the only new member of the team, so they all had previous face-to-face experience with each other, and he felt he was the only one who cannot interact with them. Another employee, a software engineer, mentioned that he has never met the rest of his team members because they are all from different countries.
- However, working in teams has become harder in some instances. For example, seeking help from a colleague in a face-to-face environment used to be through going and asking the colleague right away, but now it has to be through a scheduled online meeting.
- As a result of this lack of team building spirit, some employers urged the teams in the same country to meet face-to-face on regular basis.
- Hiring employees in jobs that are performed completely remotely has also become challenging because the face-to-face interviews experience cannot be completely substituted by online solutions.

#### What defines a decent job:

- Having a fair salary comes as a priority as well as having the social insurance coverage.
- Learning and development is also key. Some employees mentioned that this is an essential criterion in making the decision to join or to stay in a job.
- A healthy mix of both online and offline work is preferable.

#### The future of jobs and skills:

- Jobs are expected to continue to be performed remotely. Flexibility and having the option to work from home whenever applicable are expected.
- Accordingly, management will be focused more on objectives and achievement of results.
- Skills related to flexibility and productivity, programming, data analysis, digital transformation, software and application development
- Businesses that rely on face-to-face interaction are trying to diversify and develop new products/services that are online-based.
- Customer experience and customer service management strategies are changing along the same track, with in-app chats becoming more prevalent for example.

# ANNEX III: ANALYSIS OF SURVEYS

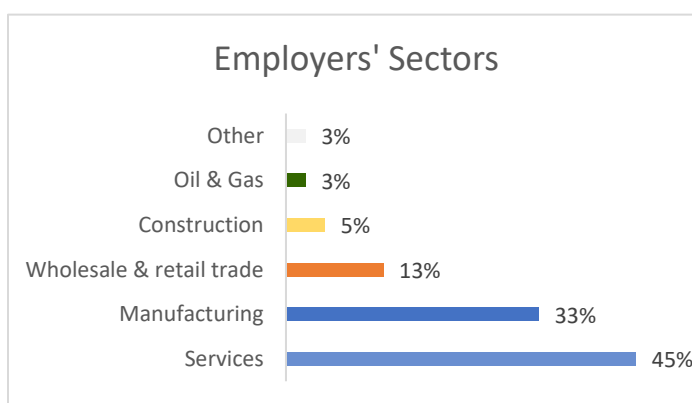
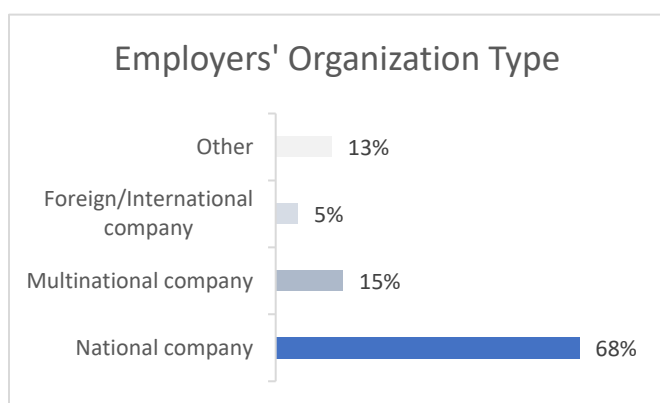
## Demand Side: Employers

### General information

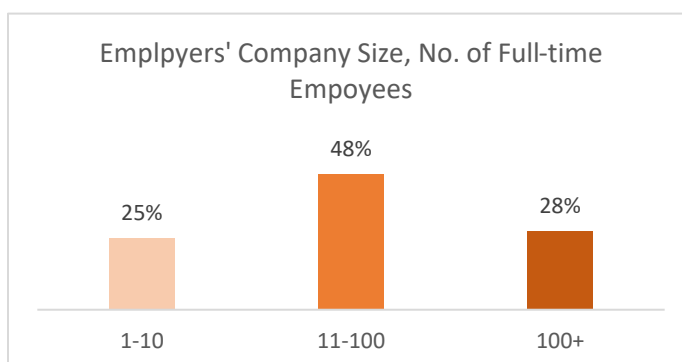
A survey was sent out to employers in Egypt in May 2021, designed to gain insights on the impact of COVID-19 on the labour market and opportunities for youth. Employers were asked at most 33 questions<sup>102</sup> regarding the current and future skills needed as well as the effect of COVID-19 on business processes and conditions. The purpose of the survey was to capture the changes in employment dynamics from the perspective of the private sector. A survey in English and Arabic was sent electronically to employers, where a total of 72 responses with a completion rate of 56%. Though the sample size of 40 is small, we can still gain some insights from exploratory data analysis.

### Respondents' profile

Out of 40 responses, 68% were national companies, 20% were multinationals and international companies, with the below chart showing the proportion of company type. Most of the respondents were in the services sector (45%), followed by manufacturing (33%) and wholesale and retail trade (13%).



As for the size of the companies, almost half of them (48%) were small and medium enterprises employing 11-100 full-time employees, in 2<sup>nd</sup> place is large companies employing more than 100 full-time employees (28%), and 25% of respondents are micro enterprises.<sup>103</sup>



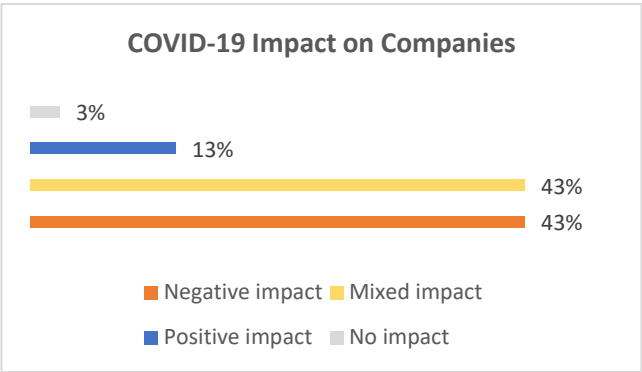
<sup>102</sup> Depending on the flow of their applicable answers.

<sup>103</sup> The definition of micro, small, medium and large enterprises is not an official definition as there is no unified official definition of MSMEs by number of employees. The detailed breakdown of these size categories is available in the detailed survey analysis results.

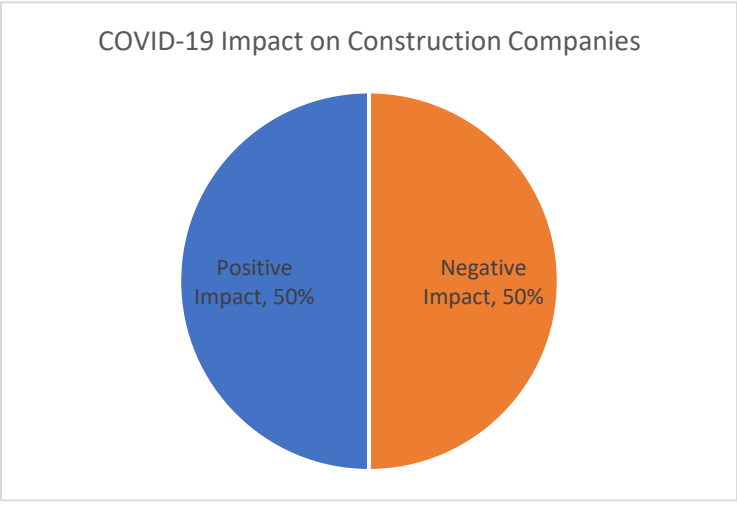
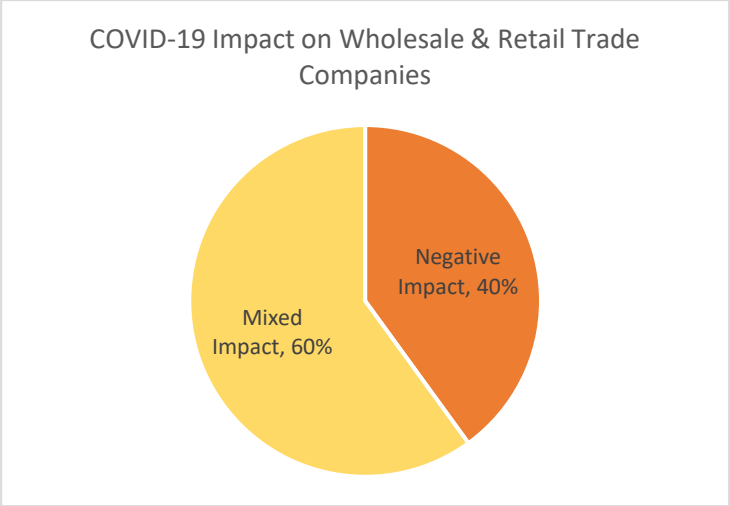
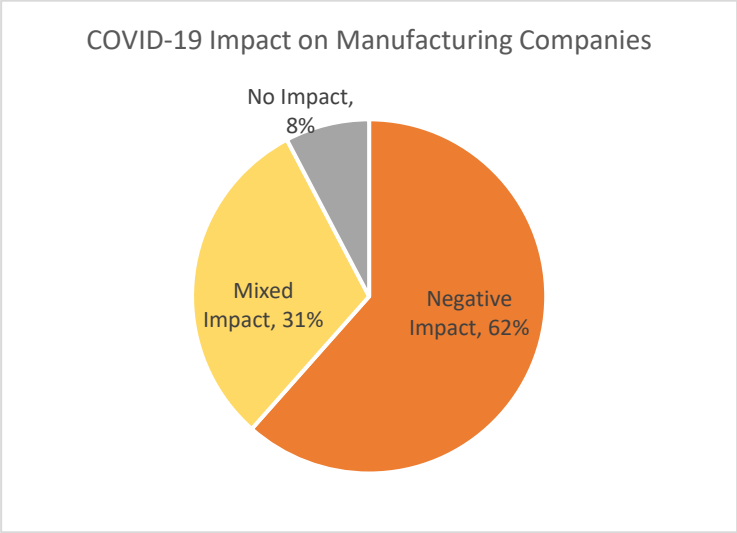
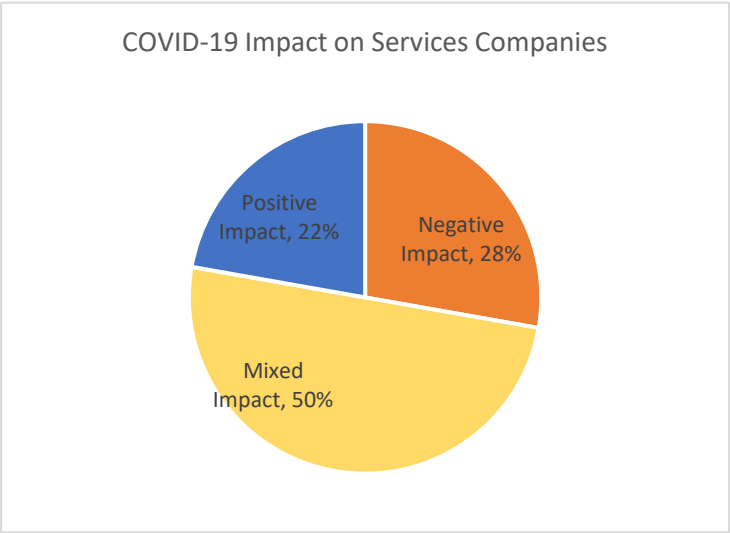
# COVID-19 Impact

## Overview

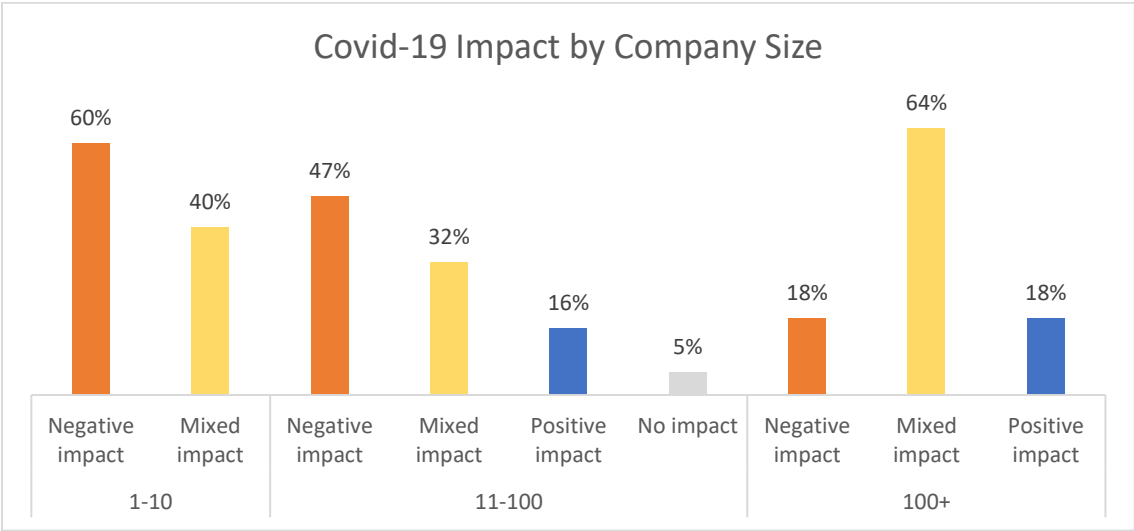
Given a choice of three impact types arising from the COVID-19 pandemic: negative, mixed or positive, 43% of companies responded to having either negative or mixed (implying that 86% of companies have witnessed at least some negative effects), with 13% responding a positive impact on their companies and 3% responding with no impact incurred.



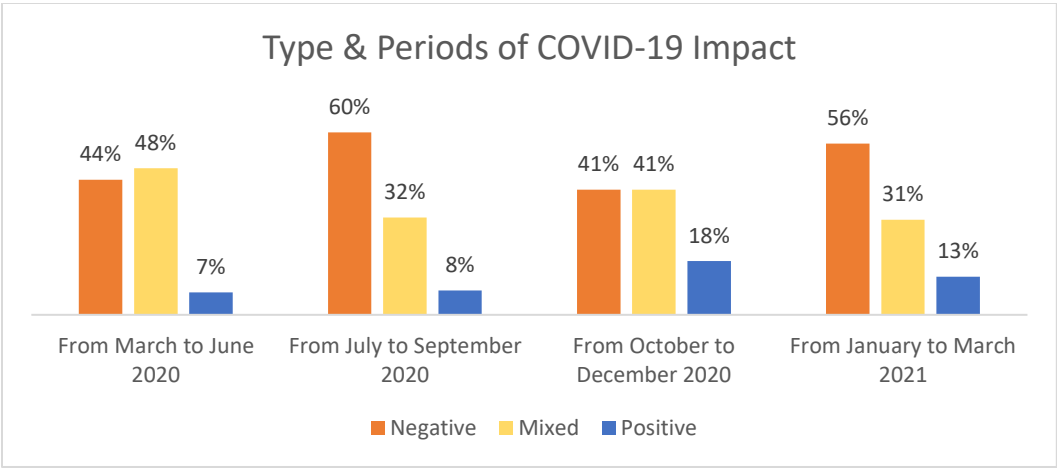
The impact on sectors differs, as the charts below display. The Oil & Gas sector (total respondent 1), responded with only negative impact. While the other sectors with more respondents, showed a variation. COVID-19 had a negative impact on Manufacturing & Construction, while other sectors experienced a mixed impact.



While looking through the company size lens, the charts below display how COVID-19 has affected different businesses based on their size classification. It is clear that the smaller the size of the company the higher the negative impact and that the positive impact has mainly been witnessed by large companies. Mixed impact is present in all categories but is more vivid in large companies, inferring the complexity of their operations.



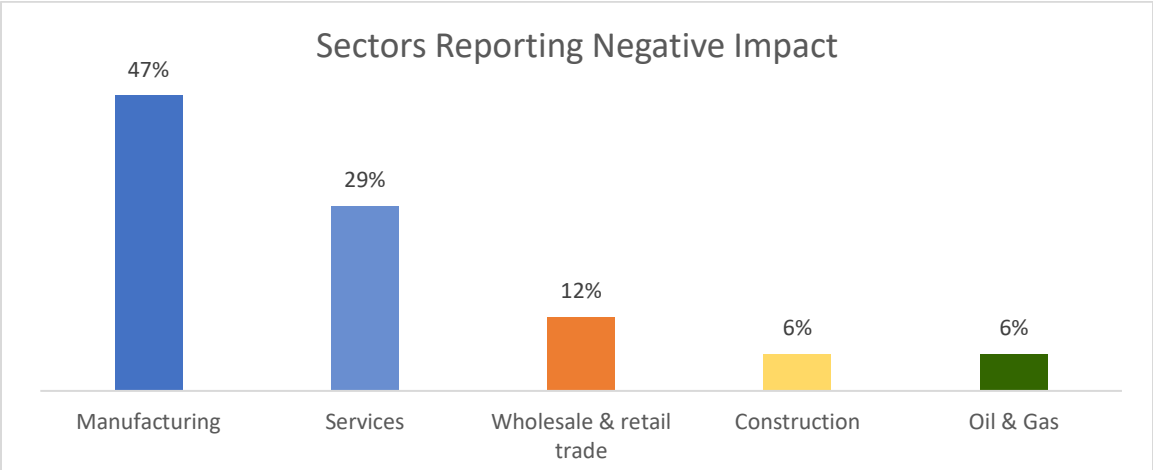
Respondents were asked about the periods during which the impact was experienced. Each respondent could choose one or more periods where the impact was affecting the company. It is noticeable that the negative and mixed impacts were high in the first quarter (44% and 48%, respectively), increased negative impact in the second quarter (60%) when it was the peak of the pandemic in Egypt and the containment measures have led to results, then the situation receded in the third quarter and positive impact started to increase (18%). In the fourth quarter, negative and mixed impacts increased again (56% and 31%, respectively) and positive impacts decreased slightly, possibly as the second wave hit Egypt during December 2020 and January 2021. The below chart also conveys that at any point in time after the pandemic, at least 82% of companies have witnessed one or more negative effects, and between 40-59% of companies have witnessed one or more positive effects.



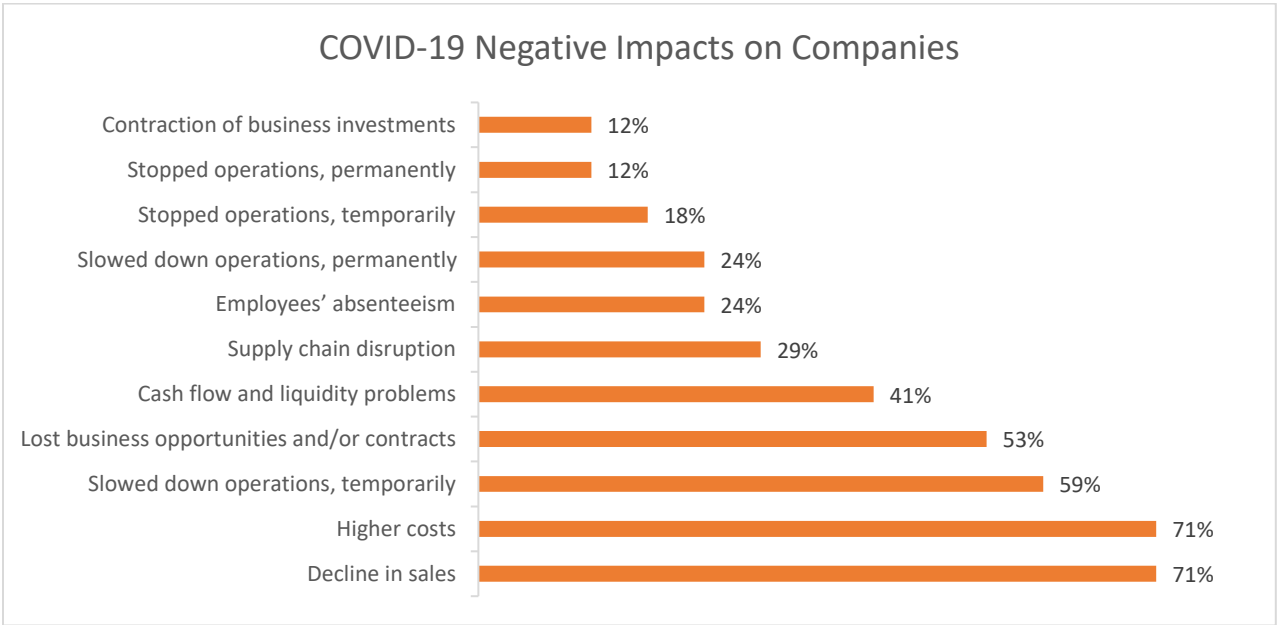
Given the complexity of the mixed impact and how during each period of time, both positive and negative effects were witnessed by at least half of the respondents, it is crucial to analyze the impact witnessed by each sector.

**Negative impact: a closer look**

Companies selecting negative impact were directed to a different set of questions regarding the impact factors and period of impact as aforementioned. A total of 17 companies out of 40 respondents selected negative impact because of the COVID-19 pandemic. The manufacturing sector was most affected at 47%, followed by the Services sector at 29%.

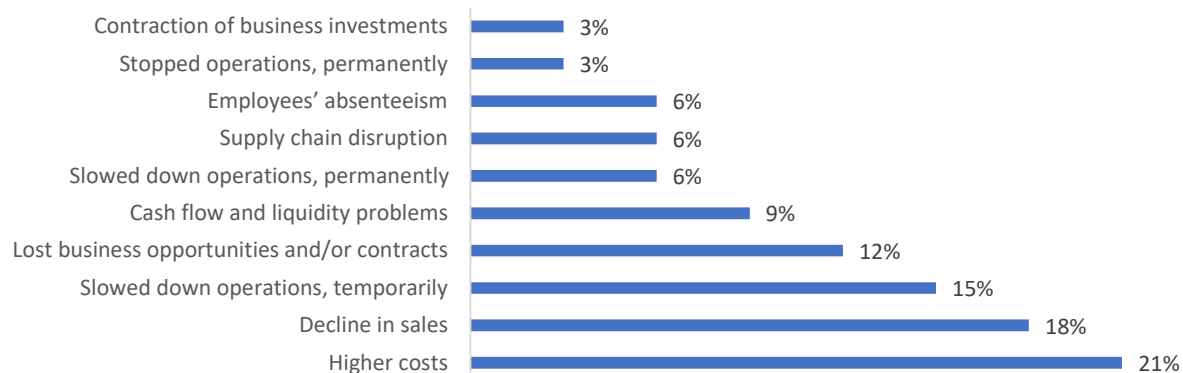


Respondents were given a total of 12 impacts reflecting the type of negative impact experienced in their businesses. Respondents were allowed to select all applicable responses as depicted in the chart below. Decline in sales and higher costs were the most selected at 71% each (12 out of 17 respondents selected each category). Temporarily slowed down operations and lost business opportunities were also reported by more than half of the respondents (at 59% and 53%, respectively).



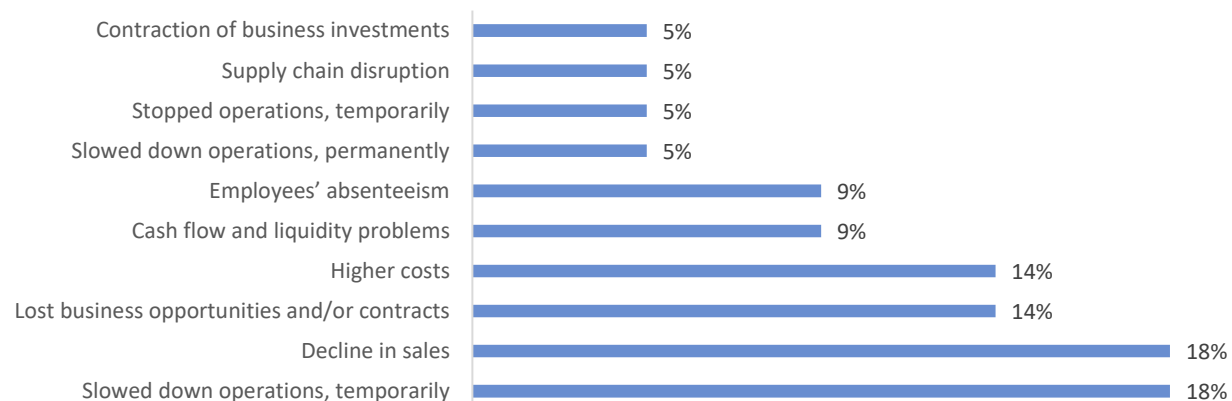
The most negatively affected sector, Manufacturing, selected a total of 10 factors from 12 negative impacts, with the majority being in higher costs, decline in sales and slowed down operations.

### Negative Impact Reported by the Manufacturing Companies



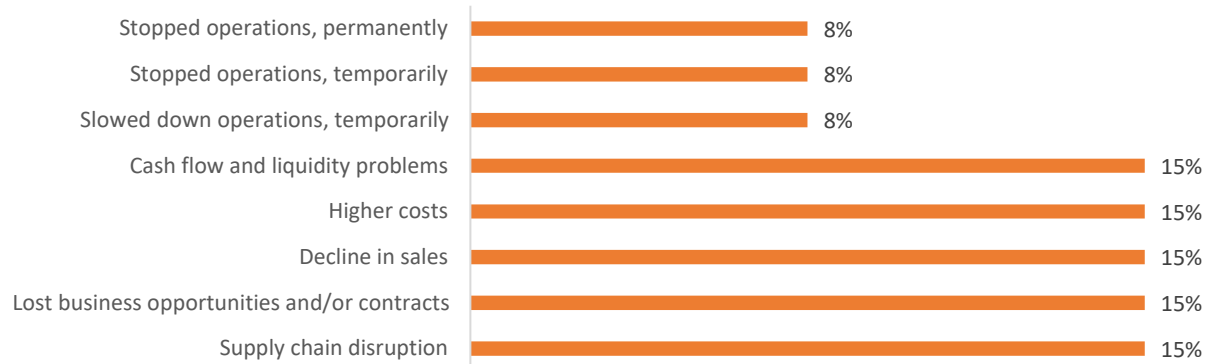
Following, the services sector reported a total of 10 negative impacts, mainly slowed down operations decline in sales, lost business opportunities and higher costs.

### Negative Impact Reported by the Services Companies



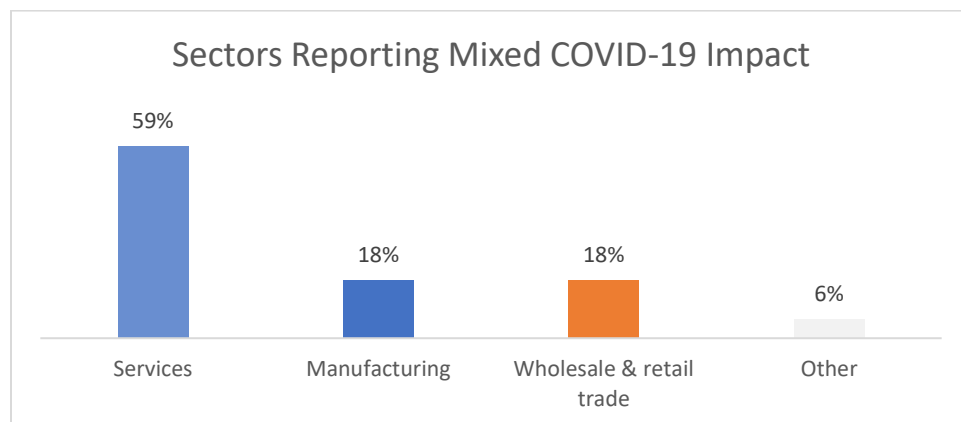
As for the wholesale and retail trade sector, the respondent companies selected eight of the negative impact factors, mainly supply chain disruptions, lost business opportunities, decline in sales, higher costs and cash flow & liquidity problems.

### Negative Impact Reported by the Wholesale & Retail Trade

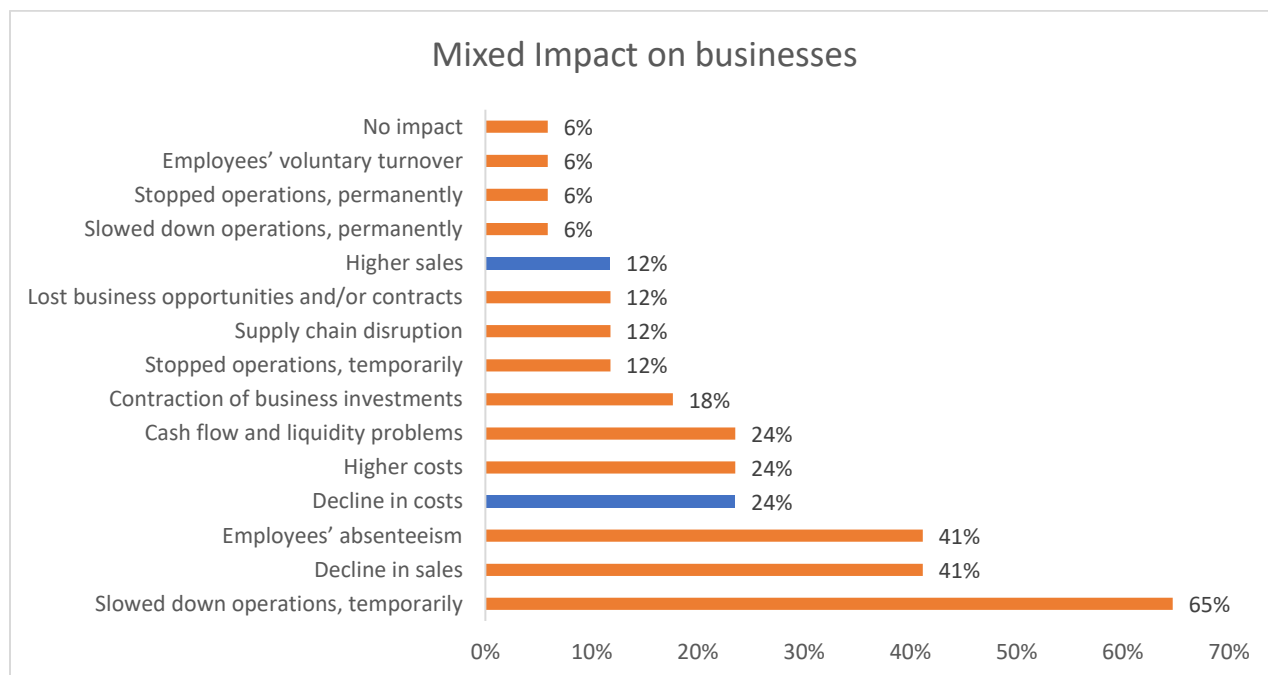


### Mixed impact: a closer look

Respondents selecting mixed impact were mostly in the services sector at 59%, followed by manufacturing and wholesale and retail trade at 18% each. A total of 17 respondents selected mixed impact on their businesses.

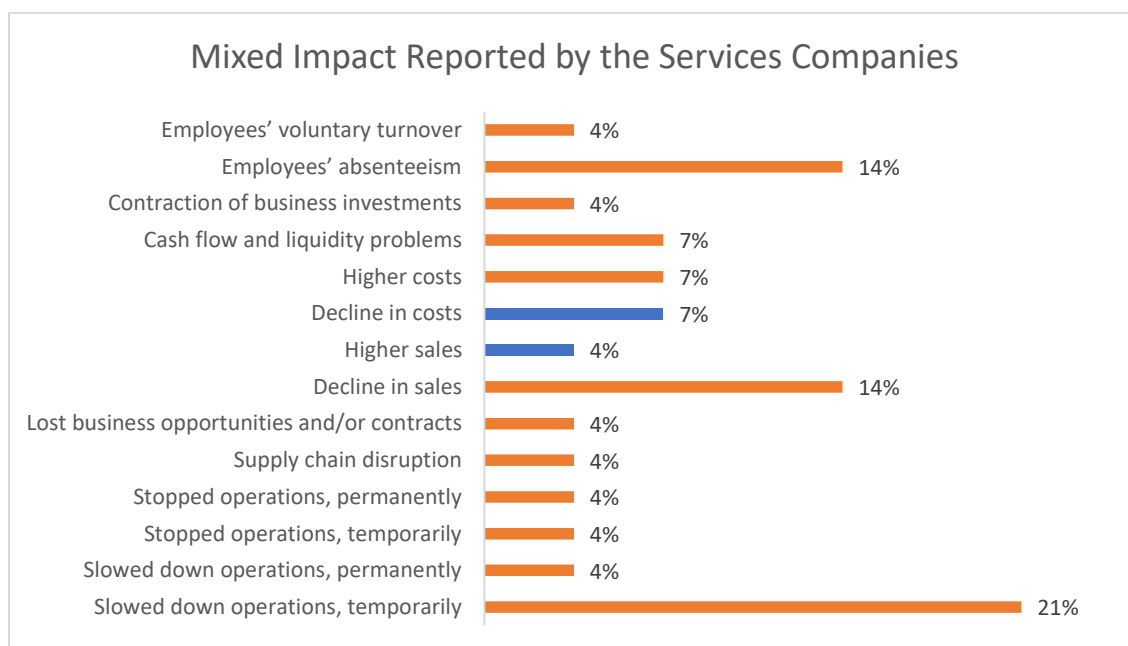


The four highest factors selected are of a negative nature, with a positive impact of higher costs at 24% in 5<sup>th</sup> place. A look at the chart below shows that negative impact factors dominated over positive impact factors.

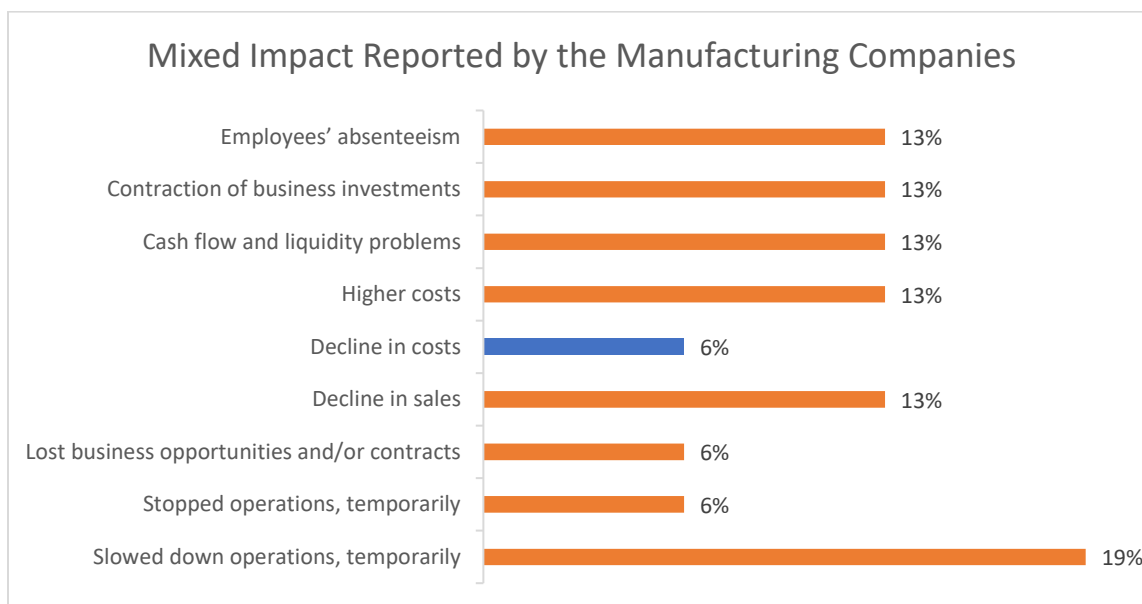


*Note: blue bars represent positive impact factors while orange bars represent negative impact factors.*

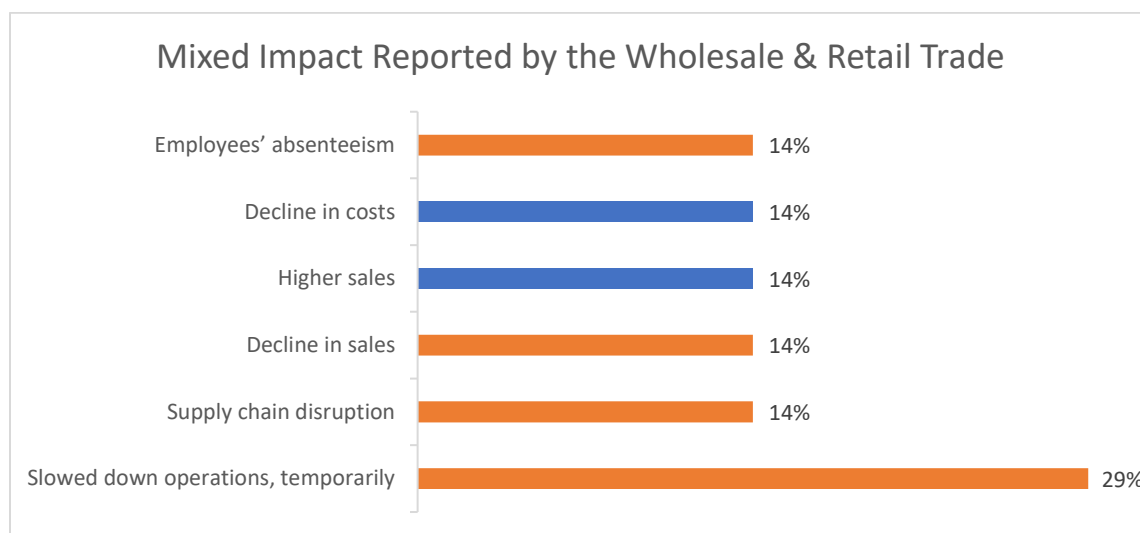
The factors selected vary between sectors as the charts below show. Those in the services sector reported the most selection of 16 factors out of 17. A temporary slowing down of operations was the most reported factor at 21%, with decline in sales and employee absenteeism at 14%.



As for the manufacturing sector, nine out of 17 factors were selected with temporary slowing down of operations at 19% and most categories falling at 13%.



The wholesale & retail trade sector reported the least factors, 6 out of 17. The most factor is the temporary slowing down of operations at 29% while the rest of the factors stand at 14%.

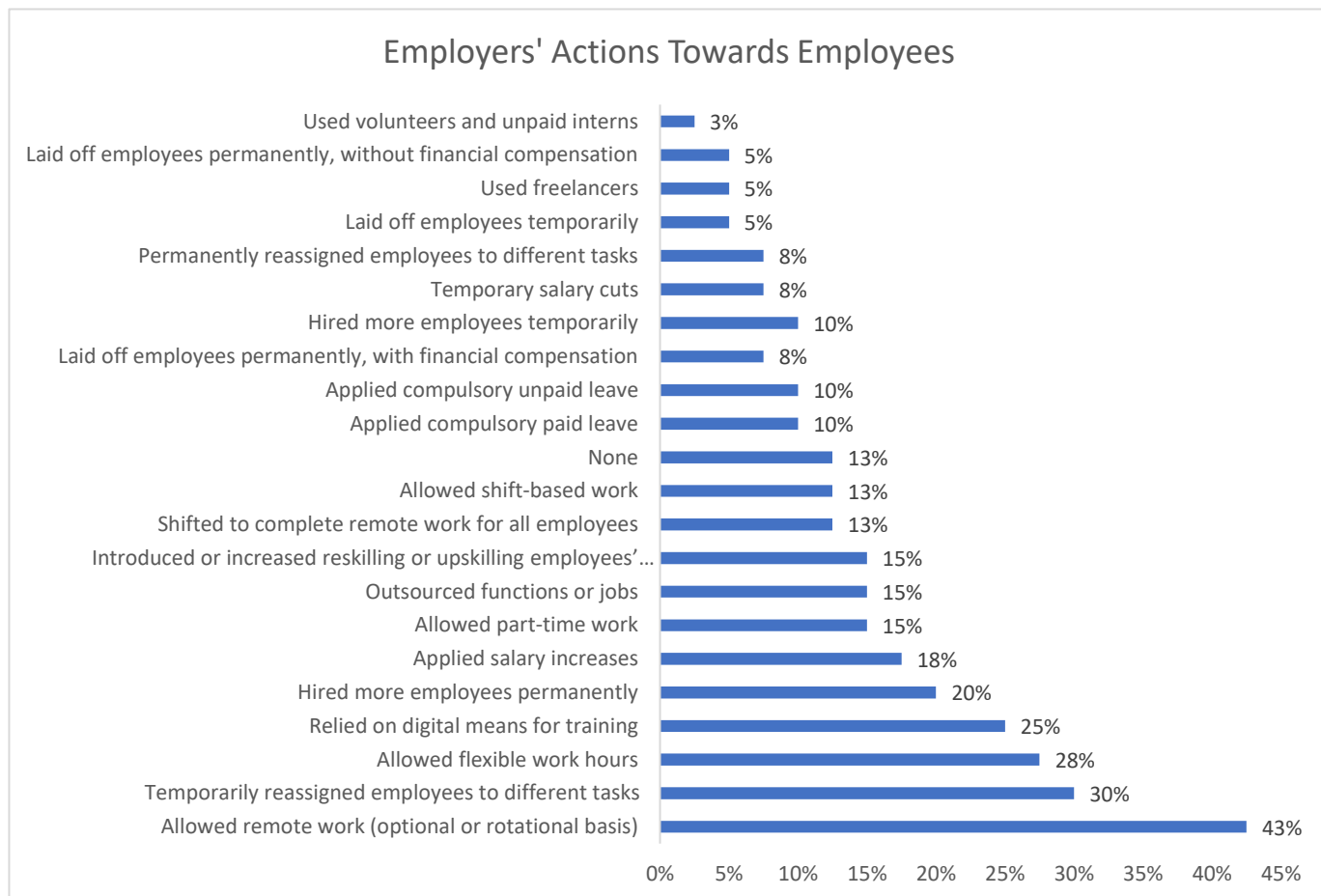


#### Positive impact : a closer look

Due to the small number of companies reporting a positive impact (five respondents), it was not analyzed in detail by sector as the percentages would give deceptive indications.

## Actions towards employees

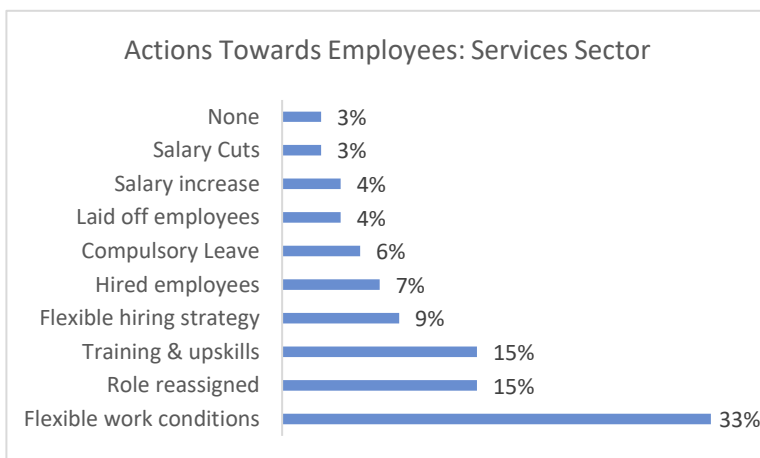
All survey respondents were asked about the actions that their companies have taken towards employees. Respondents are given a list of 22 possible actions (excluding None & Other) to choose all applicable. Below is a chart presenting the proportion of each action selected by respondents.



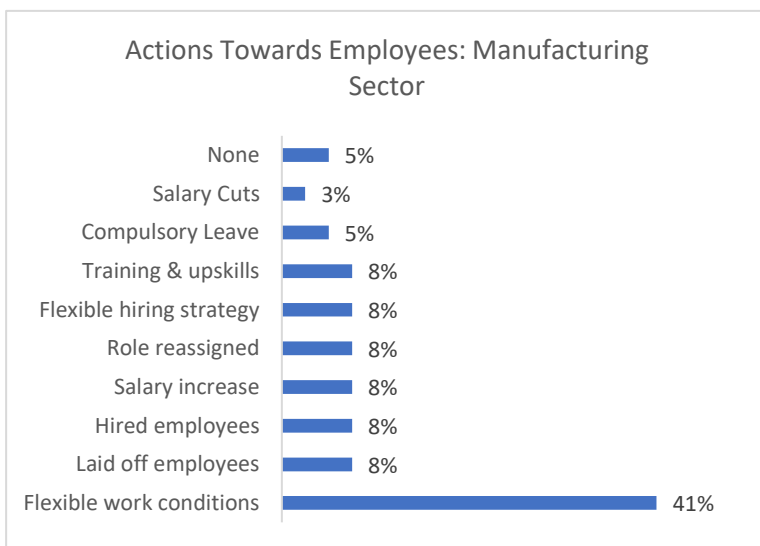
For better presentation of results, the below actions were then combined into nine groups: laid off employees, hired employees, salary cuts, compulsory leave, salary increase, role reassigned, flexible work conditions, flexible hiring strategy and lastly, training & upskills.

Flexible work conditions are consistently higher in all sectors, this main category includes five actions: Allowed remote work (optional or rotational basis), Shifted to complete remote work for all employees, Allowed part-time work, Allowed flexible work hours, and Allowed shift-based work.

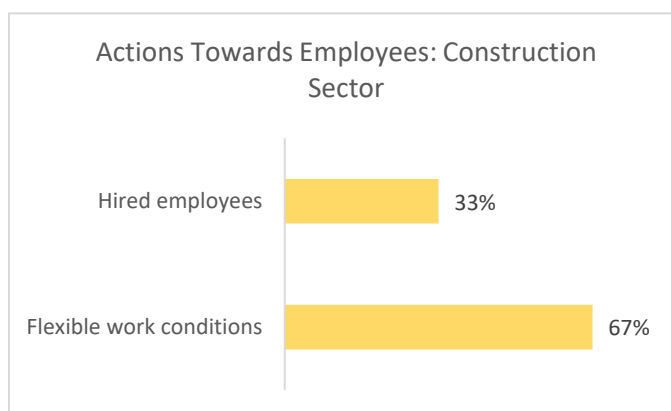
Within the Services sector, Role reassigned comes in 2<sup>nd</sup> place at 15%. This category includes: Temporarily reassigned employees to different tasks and Permanently reassigned employees to different tasks. In 3<sup>rd</sup> place is Training & upskills, which includes: Introduced or increased reskilling or upskilling employees' programs and Relied on digital means for training.



As for the Manufacturing sector, in 2<sup>nd</sup> and 3<sup>rd</sup> place are actions related to the hiring process. With Laid off employees in 2<sup>nd</sup> place at 8%, including: Laid off employees temporarily, Laid off employees permanently with financial compensation, and Laid off employees permanently without financial compensation. With Hiring employees in 3<sup>rd</sup> place at 8%, including actions: Hired more employees temporarily, and Hired more employees permanently. This could possibly be explained by having laid off employees during the peak of the crisis, then rehiring after the crisis receded, or that laid off employees were replaced with ones performing different jobs.



As for the wholesale & retail trade, a similar trend as manufacturing appears, with positive actions taken towards employees. While in Construction, two actions dominated, with positive actions towards employees.



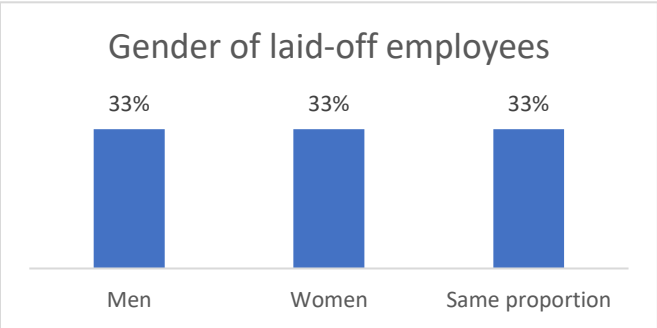
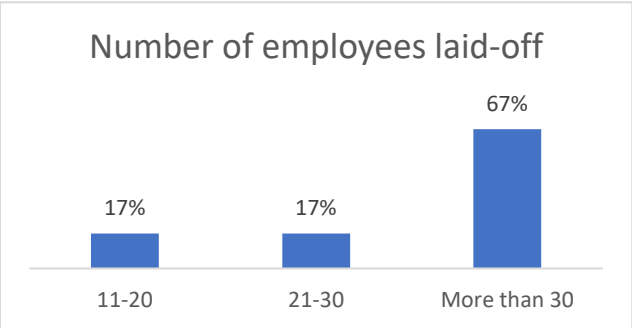
This goes in line with the type of impact each sector is experiencing under the pandemic, with Services experiencing a 50% mixed impact, Manufacturing was affected with 62% negative impact, wholesale & retail trade was between negative and mixed impact at 40% and 60%, respectively. While construction showed a 50% split between positive and negative impact.

**Laid-off employees**

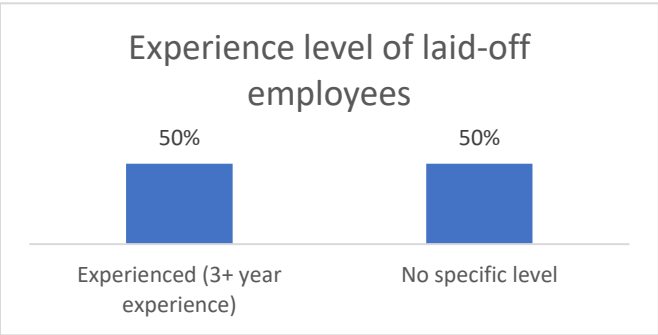
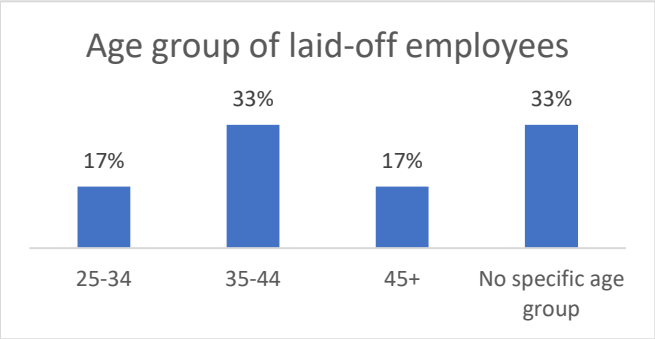
Six respondents selected options regarding laid-off employees. The charts below represent proportions of different categories relating to laid-off employees.

The number of employees laid-off is mostly more than 30 employees (67%). The sectors selecting this option are Manufacturing (50%), Services (25%) and Oil & Gas (25%). With 25% micro enterprise, and the remaining 75% are small and medium enterprises with 11-100 full-time employees.

As for gender, it appears that they were equally impacted by this measure.



When comparing the age and experience, it seems that those with experience are at risk, and it is parallel to the 35-44 age group. Nonetheless, no major significance is visualized between the groups.

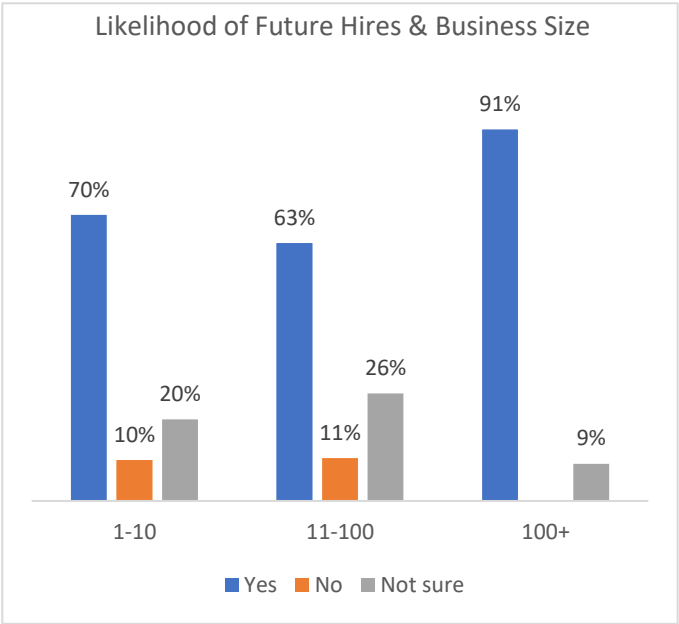
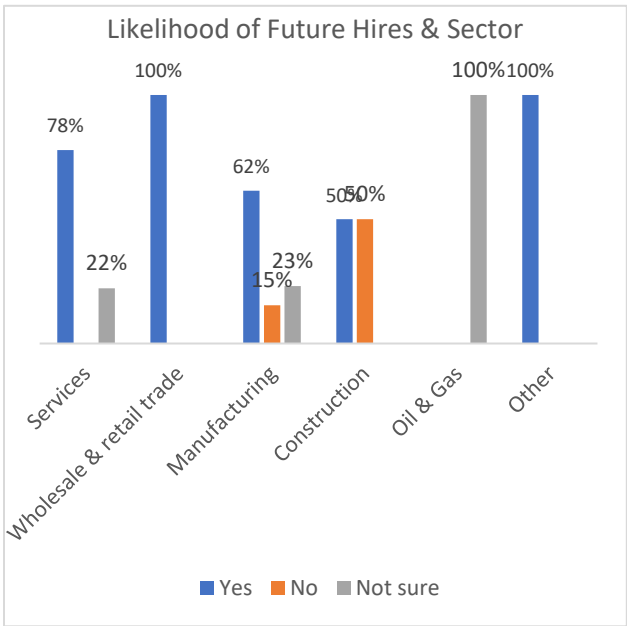
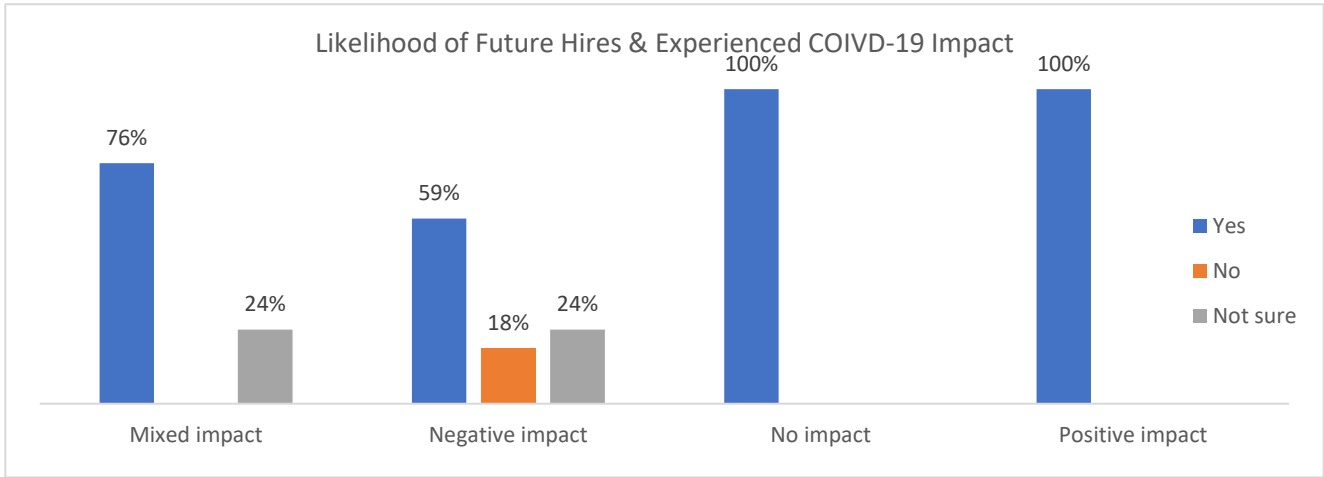
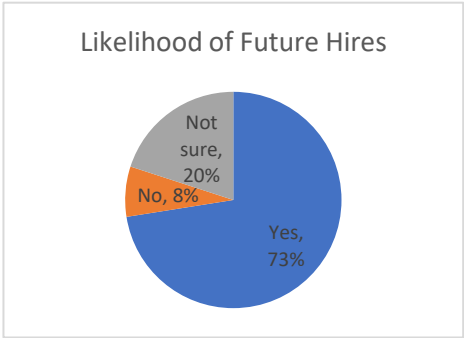


Future hires

Likelihood

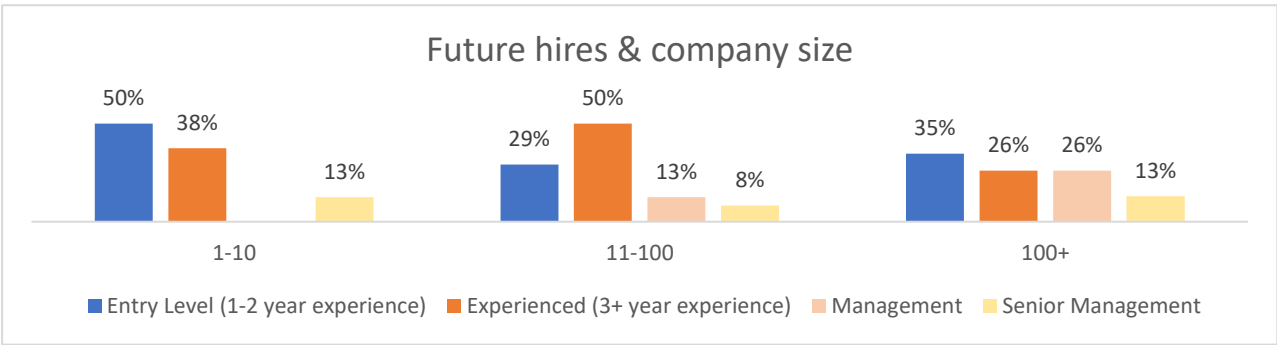
All survey respondents were asked about the likelihood of future hires with 73% (29/40) responses stating that they do plan on hiring in the future. Below are the charts displaying further details.

Analysis by sector, pandemic impact type and business size, shows that respondents in all categories expect to hire employees in the coming two years as depicted in the charts. This may be an indicator for expecting a positive change in businesses in the near future.



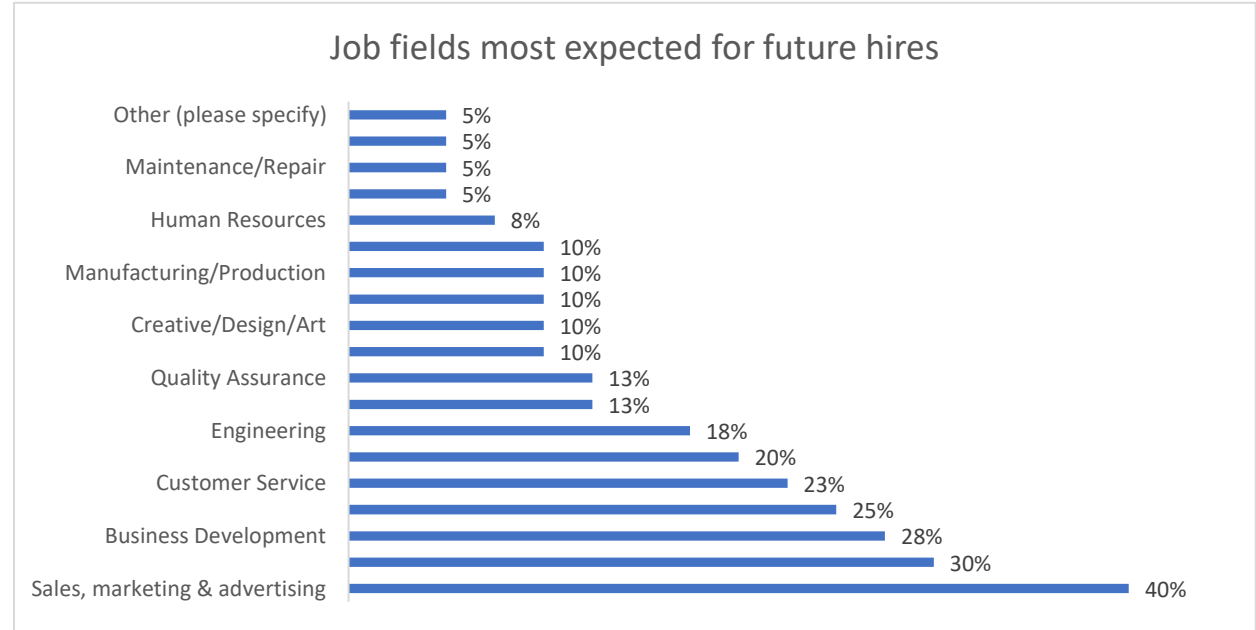
Career levels of expected future hires

Concerning career levels expected to be hired, it appears that employers who suffered a negative and positive impact tend to hire entry and experienced levels. While the mixed impact group has the same trend, it is more interested in the experienced career level. The only “no impact” respondent had no preference. The tendency to hire entry and experienced employees is seen across different company sizes.



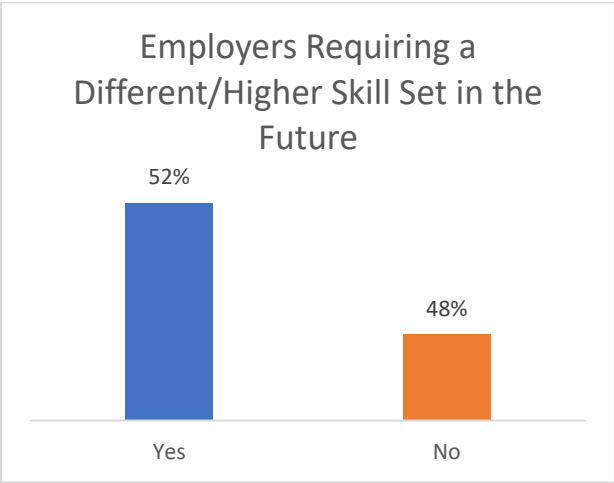
Job Field Needs

Respondents expecting to hire new employees in the coming two years were given a selection of 18 job fields (excluding “Other”) to select all applicable. Sales, marketing & advertising is the top selected job field at 40%, followed by Accounting & Finance at 30% and Business Development at 28%.

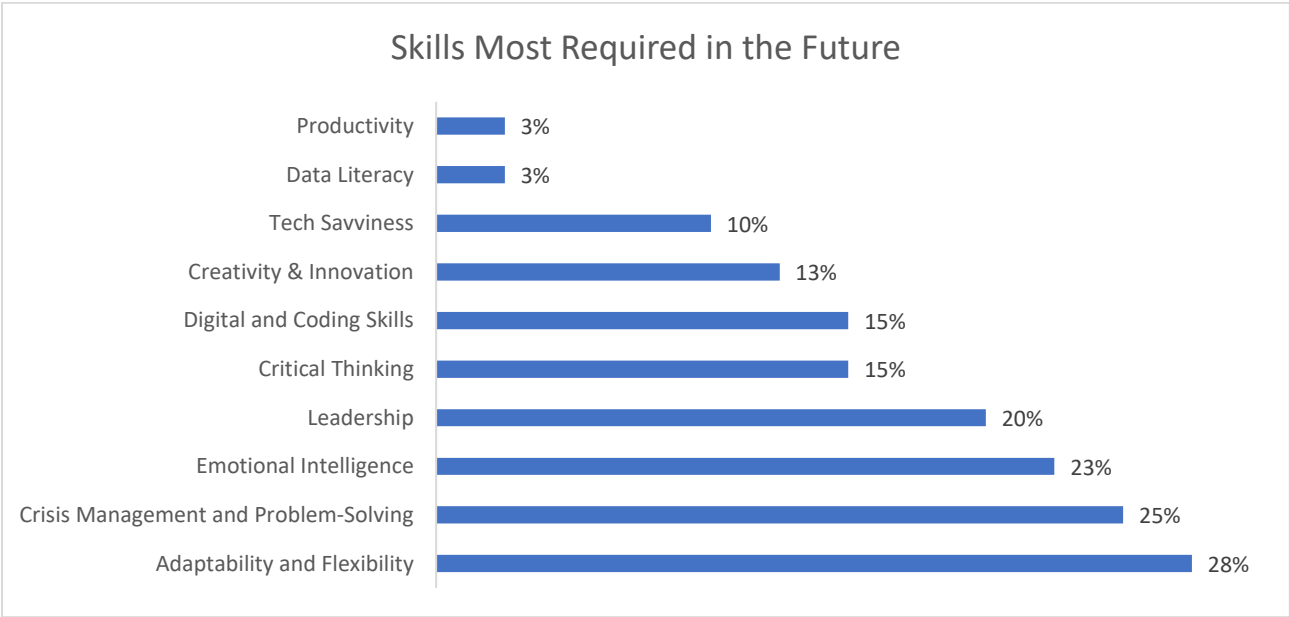


Different skillset requirements

Around half of the employers who expect to hire employees in the near future expected to require a different or higher skillset because of the COVID-19 pandemic.

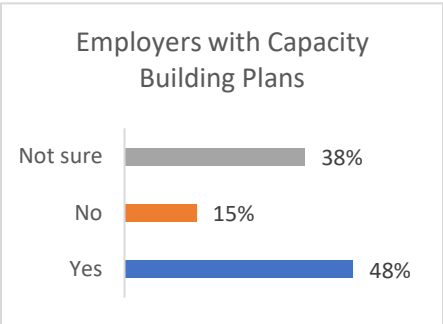


Nine skills were given as options to respondents, where each is allowed to select multiple responses. The most required skills are Adaptability & Flexibility (28%), Crisis Management (25%), Emotional Intelligence (23%), Leadership (20%), Critical thinking (15%), and Digital & Coding skills (15%).

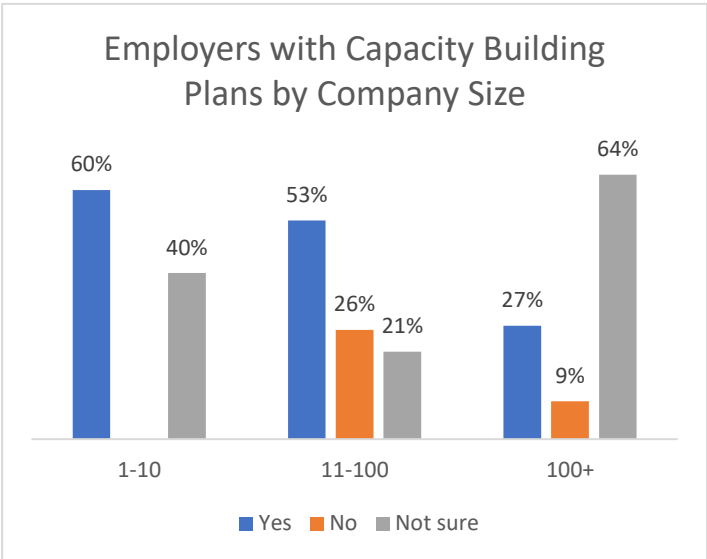
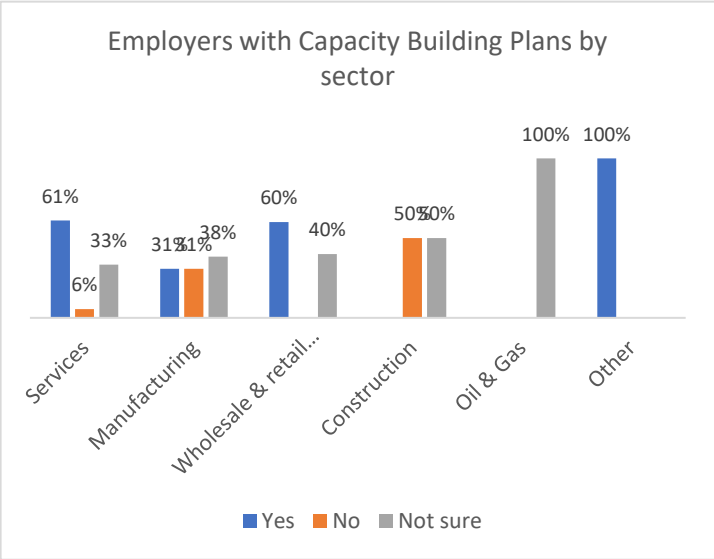


Capacity building

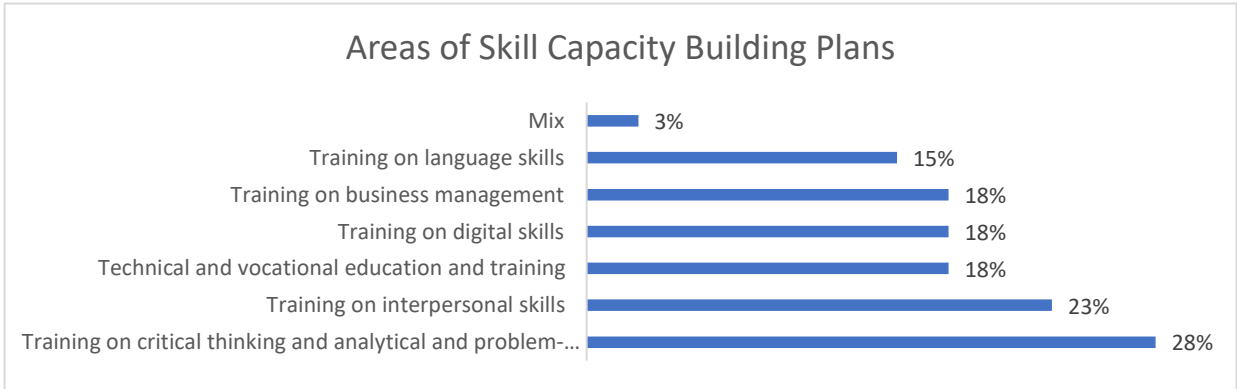
All respondents were asked whether their company’s future includes capacity building activities for their current employees. Around half of them confirmed that they plan to build the capacity of their employees, while slightly more than one third were not sure of their plans.



Services and wholesale and retail trade sectors plan on future training at more than 60%. While manufacturing has no clear direction. Construction appears to have no training planned in the future. An interesting trend is that smaller companies plan for future capacity building measures



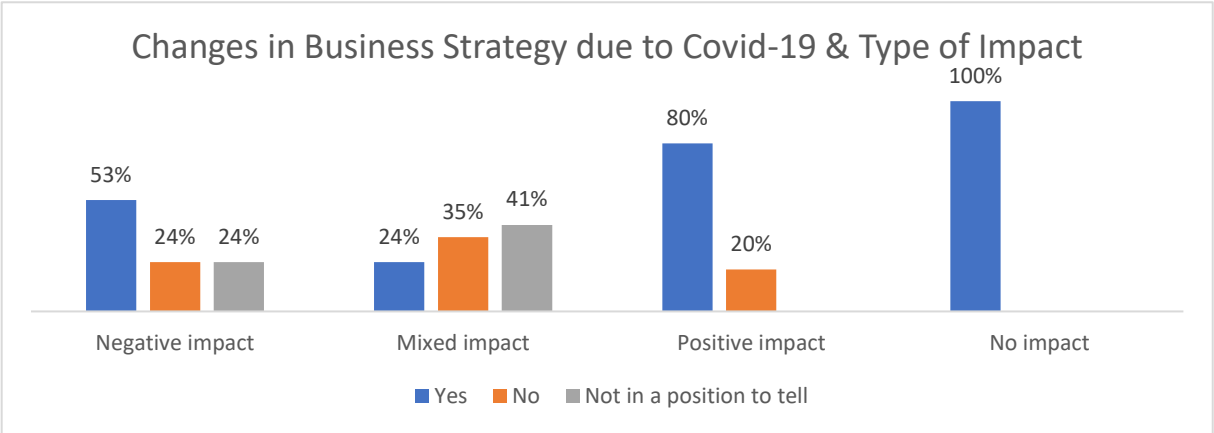
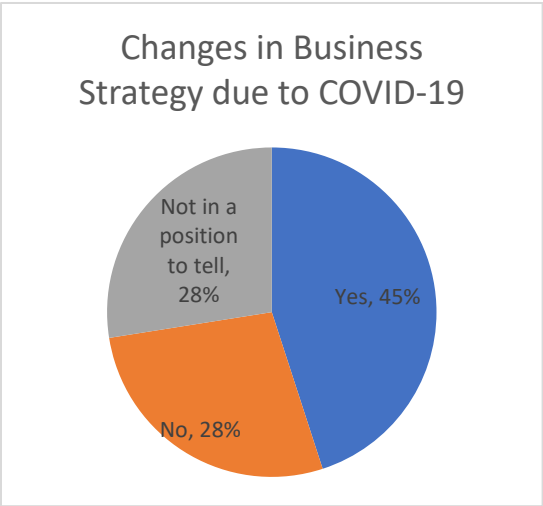
Employers were asked to select which areas of capacity building are in their plans and a total of six possible areas were presented (excluding others). Training on critical thinking, analytical and problem-solving skills is the most planned at 28%. These trainings are in line with the skills most selected by respondents with regards to the new set of skills required in future hires.



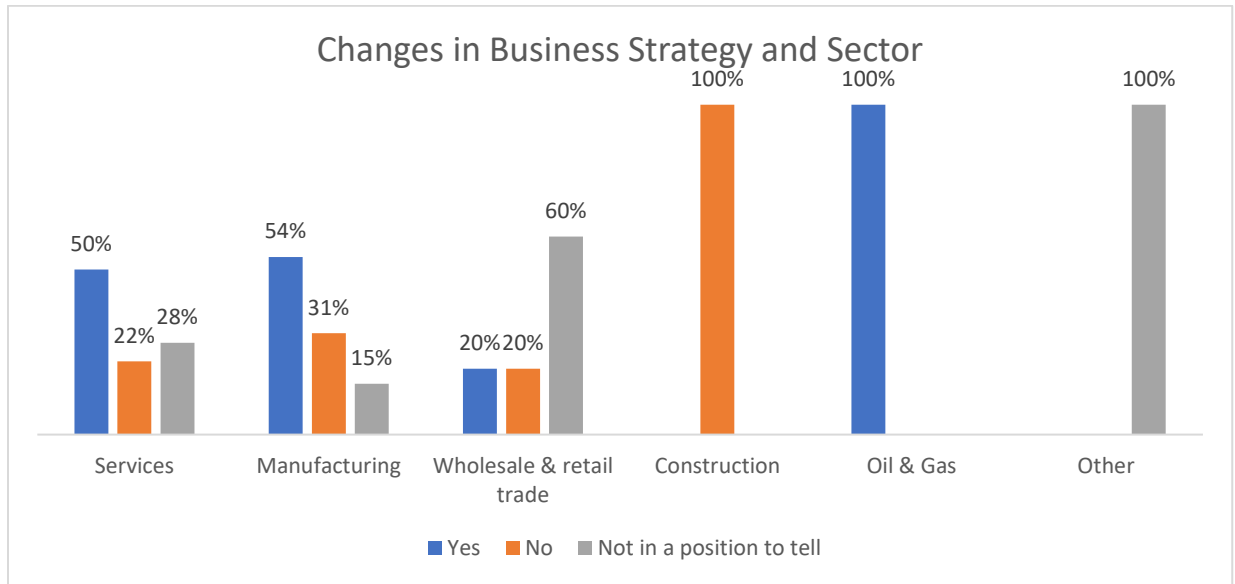
**Business strategy**

All respondents were asked whether their company had a change in its business strategy because of the pandemic. Almost half of them responded positively to this question.

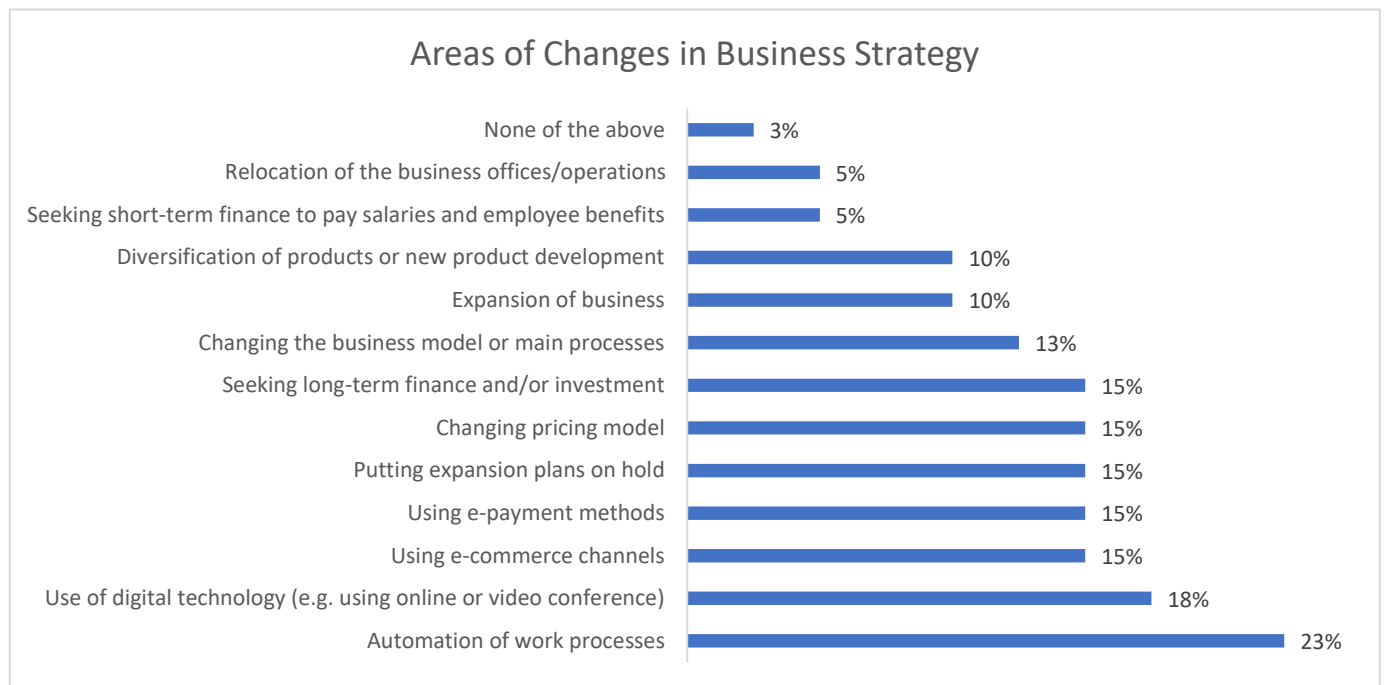
An interesting note here is that those who had a negative, positive or no impact had a change in their business strategy in response to the pandemic, whereas those who witnessed a mixed impact did not have a clear picture. This may reflect that the mixed impact they experienced implied offset effects that would probably lead to continuing business as usual or that the mixed impact was due to the duration for which the impact lasted until it changed to reach their original state.



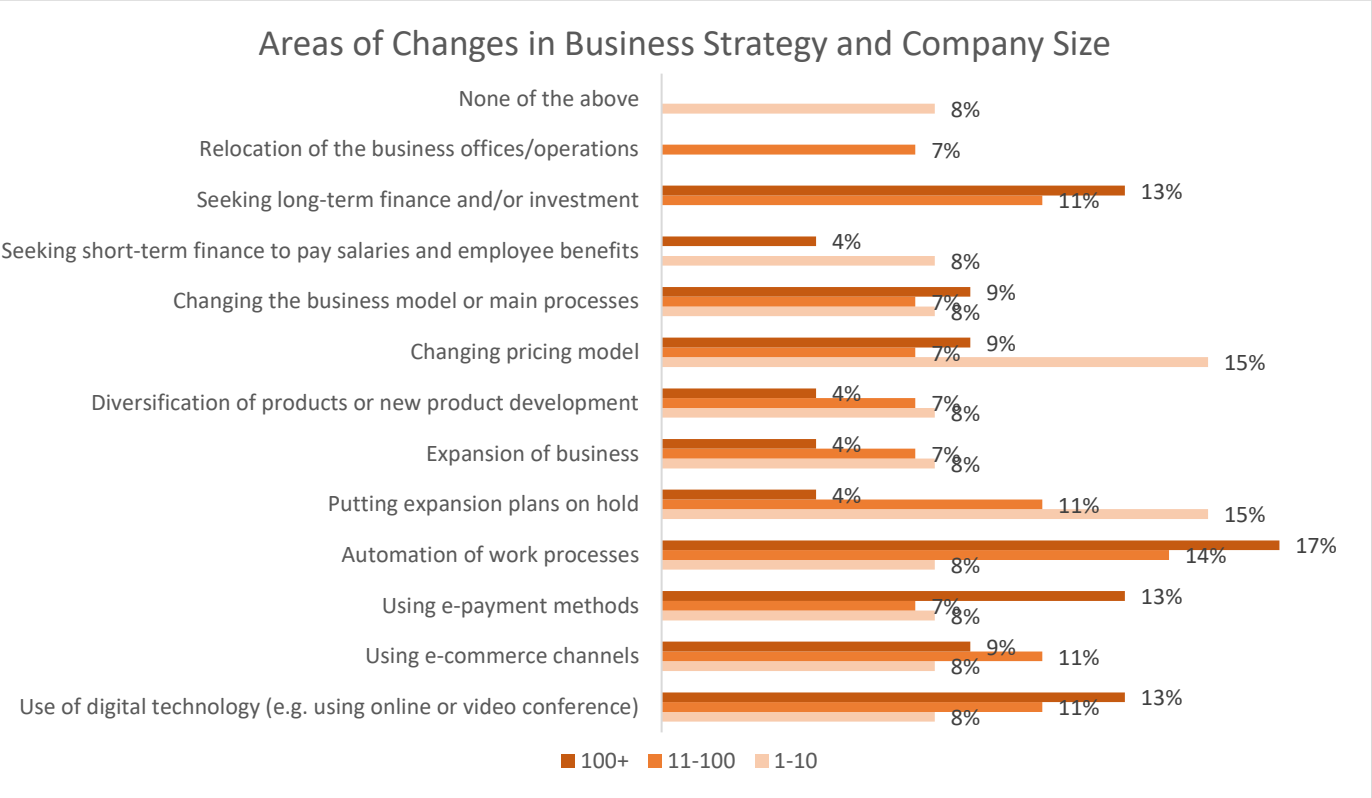
The picture changes across sectors. Services, Manufacturing and Oil & Gas all changed their business strategy, whereas construction seems to be unaffected.



Employers that changed their business strategies indicated the areas of change. Automation of work processes is the area with the highest score at 23%, followed by other digital and electronic measures as shown in the chart below.

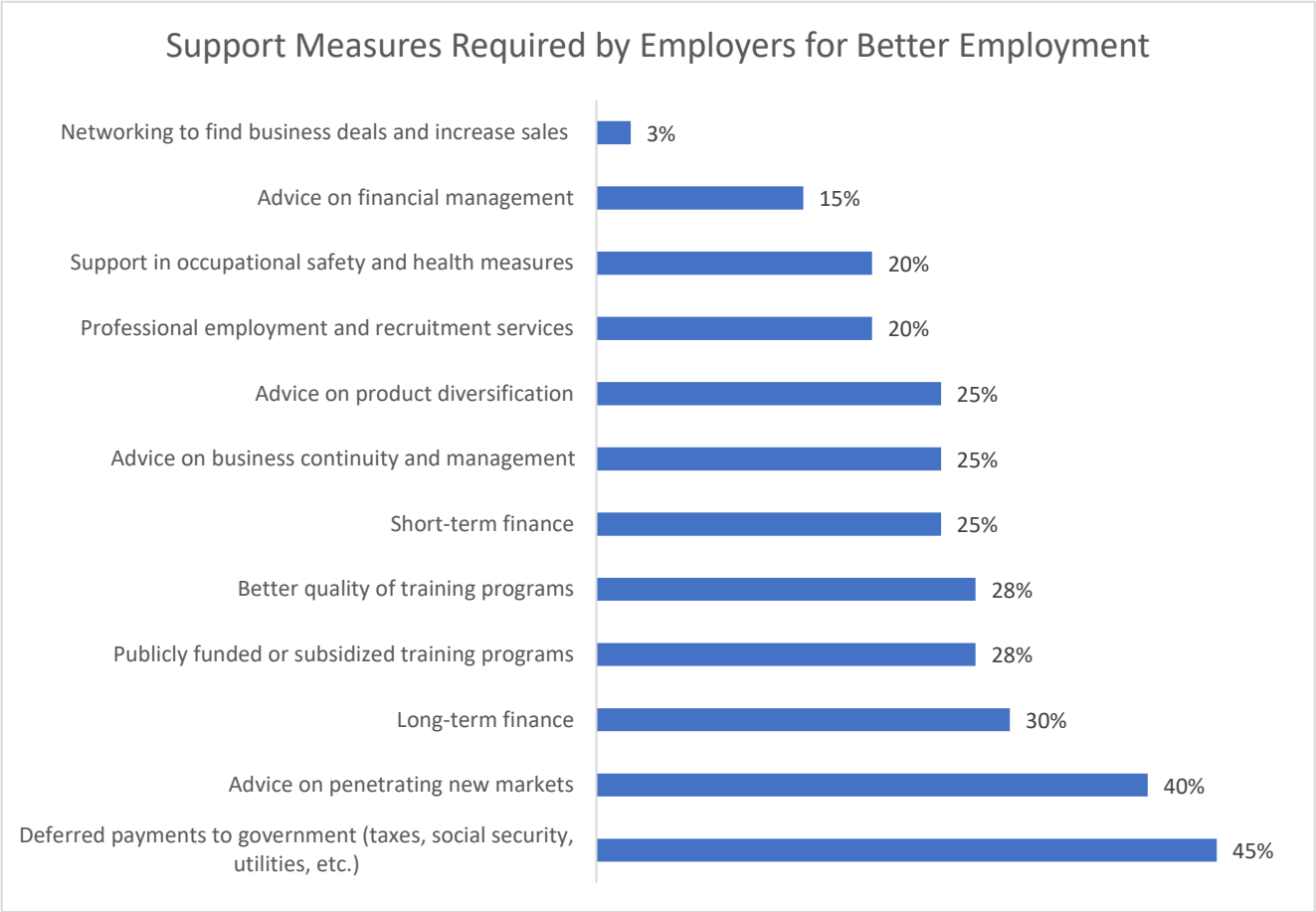


The chart below shows how companies changed their strategy on the company size layer.



## Support measures

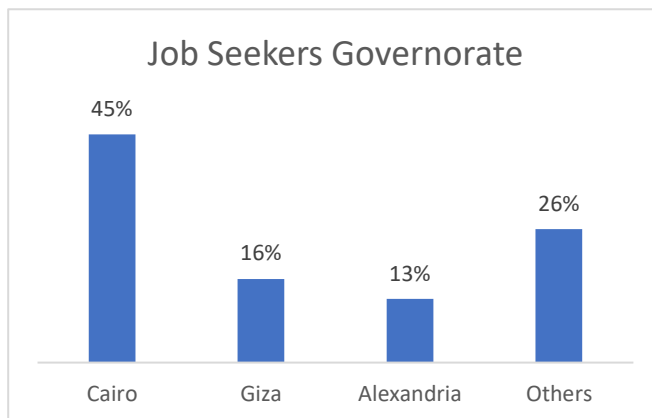
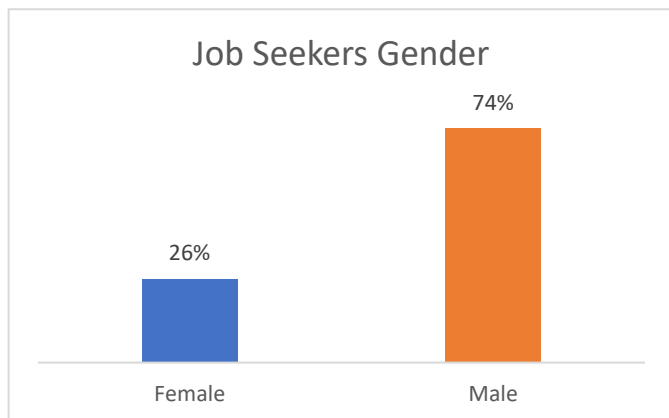
Finally, all employers indicated which measures offered by the government or other service providers would further support employment efforts within the company. Deferred government payments came in the first place (45%), followed by advice on new market penetration (40%). Other measures included offering long-term finance, and training programs funding and quality.



## Supply Side: Job Seekers

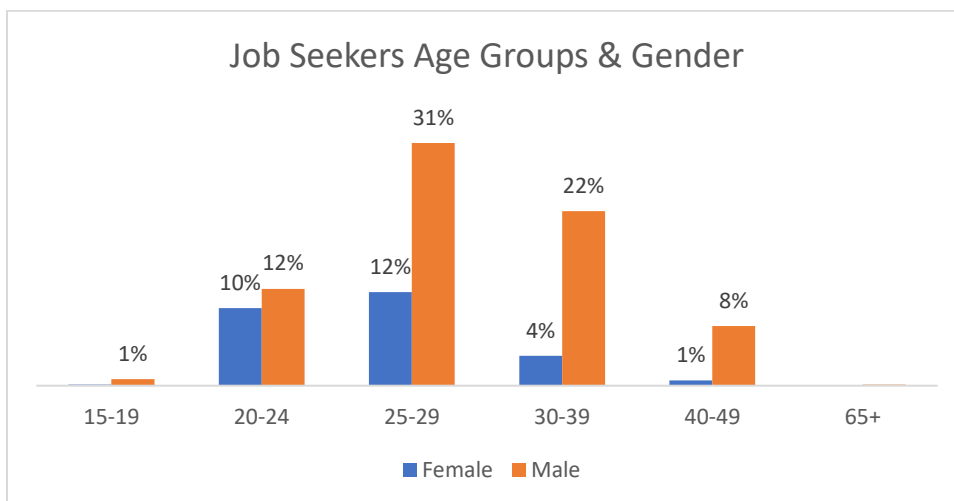
### General information

An electronic survey was sent out to job seekers in Egypt in May 2021, designed to gain insights on the impact of COVID-19 on the labour market and opportunities for youth. Job seekers were asked at most 21 questions<sup>104</sup> regarding the current and future skills needed as well as the effect of COVID-19 on business processes and conditions. The survey was sent in English and Arabic. A total 741 respondents completed the survey. Below are charts for gender split, main governorate split and age groups by gender.



### Age groups

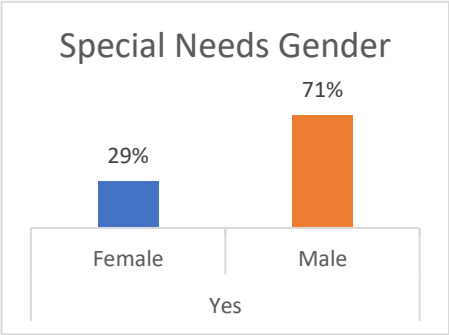
Job seekers are mostly in the age group 25-29 years. Comparing gender between groups, job seekers in their 30-39 years appear to be mostly men than women. With the age group, 20-24 years have a closer representation.



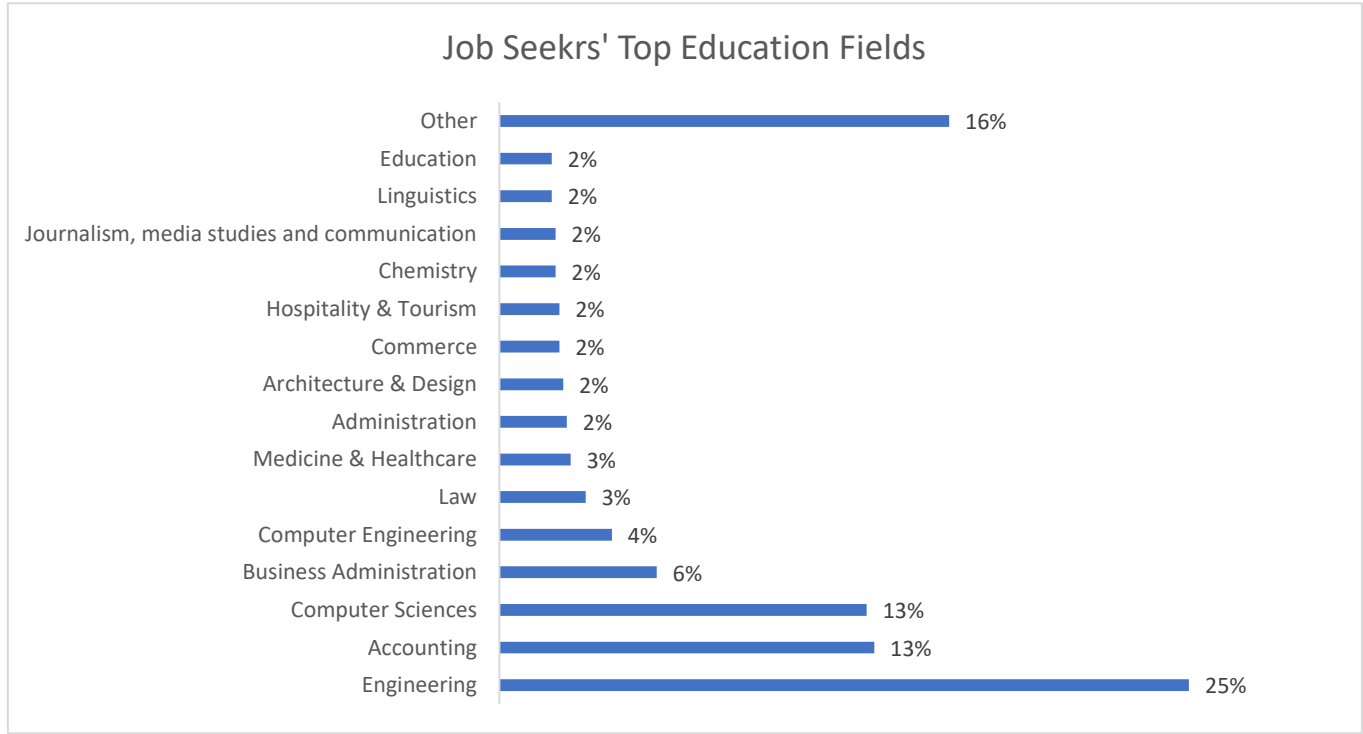
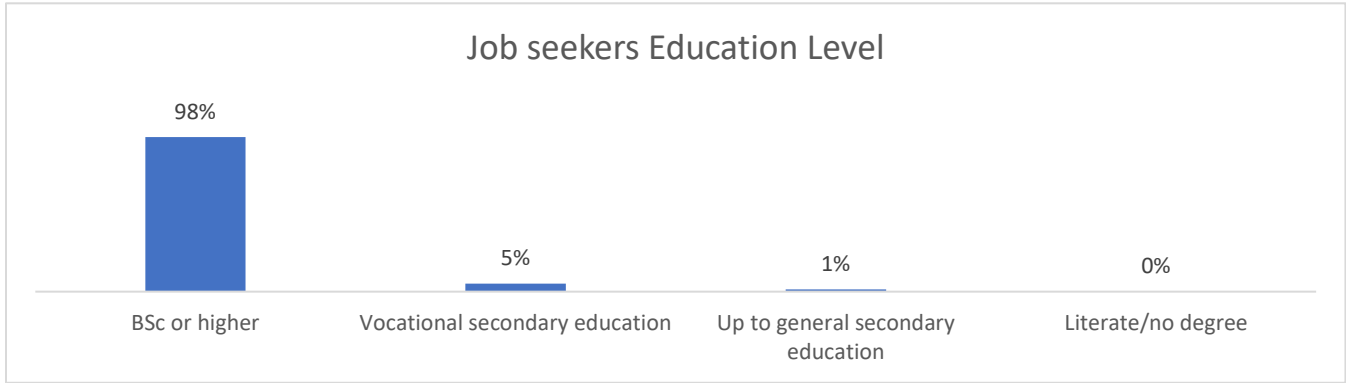
<sup>104</sup> Depending on the flow and the answers they select.

Special needs

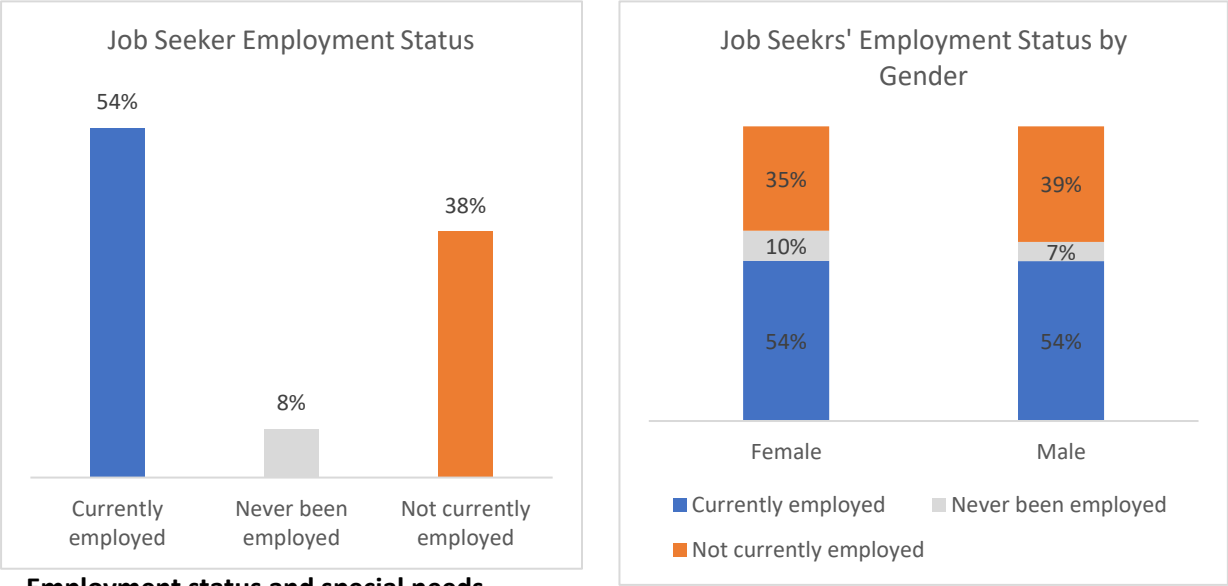
Of the 741, 733 respondents answered whether they have special needs, with 41 respondents stating they do have special needs, accounting for 6% of the sample. Below is the split by gender for those with special needs.



Education level and education field

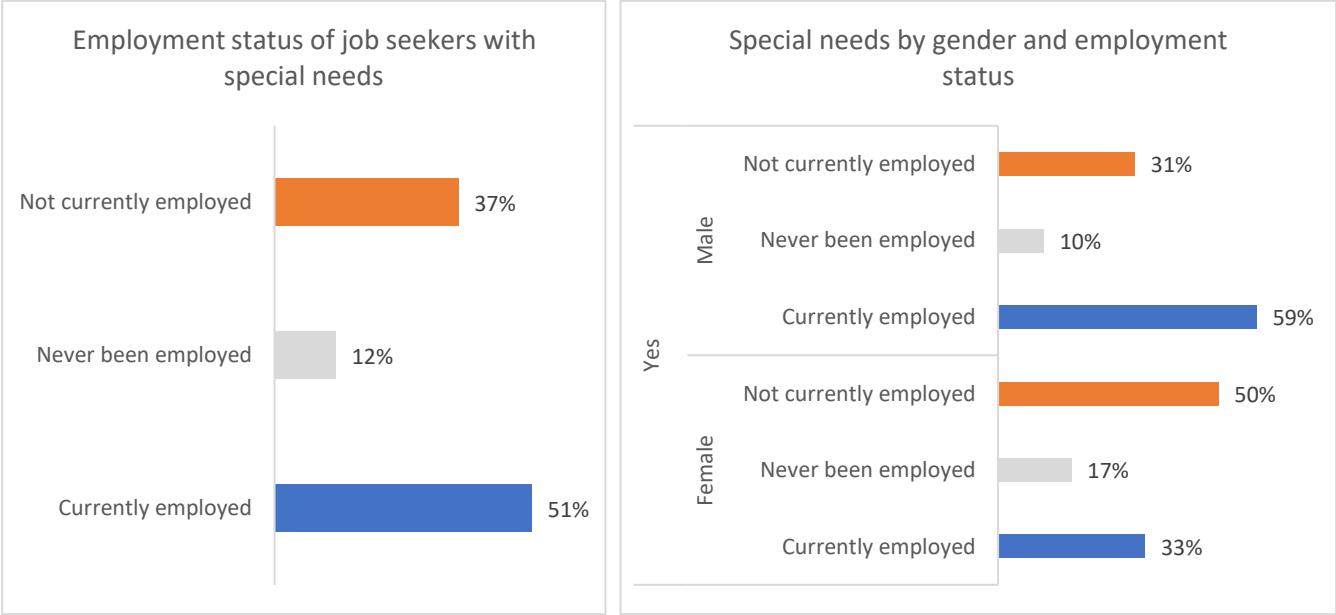


Employment Status



Employment status and special needs

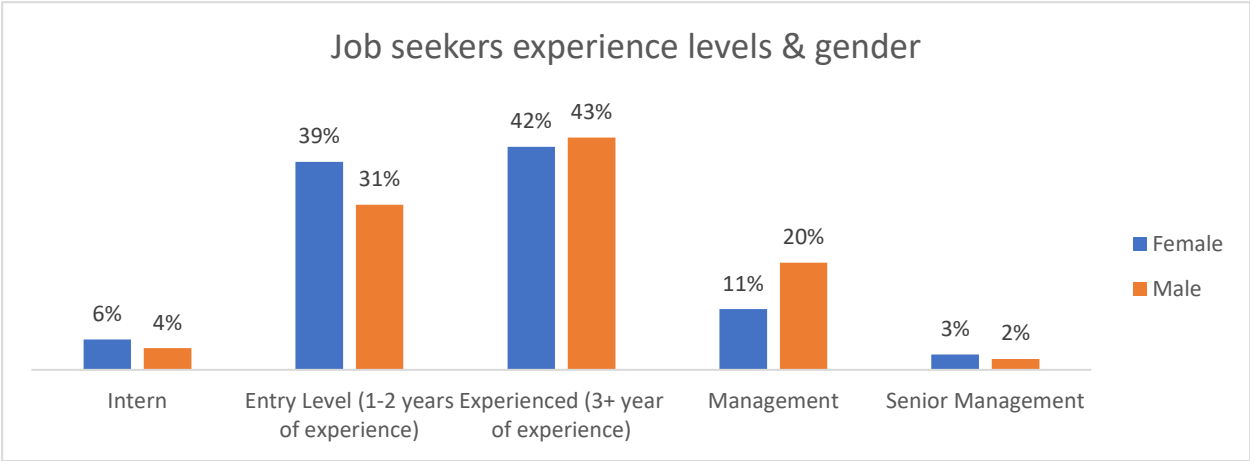
From the 41 respondents with special needs, below is their split by employment status and gender, showing that 60% of men are currently employed, while 50% of women are not.



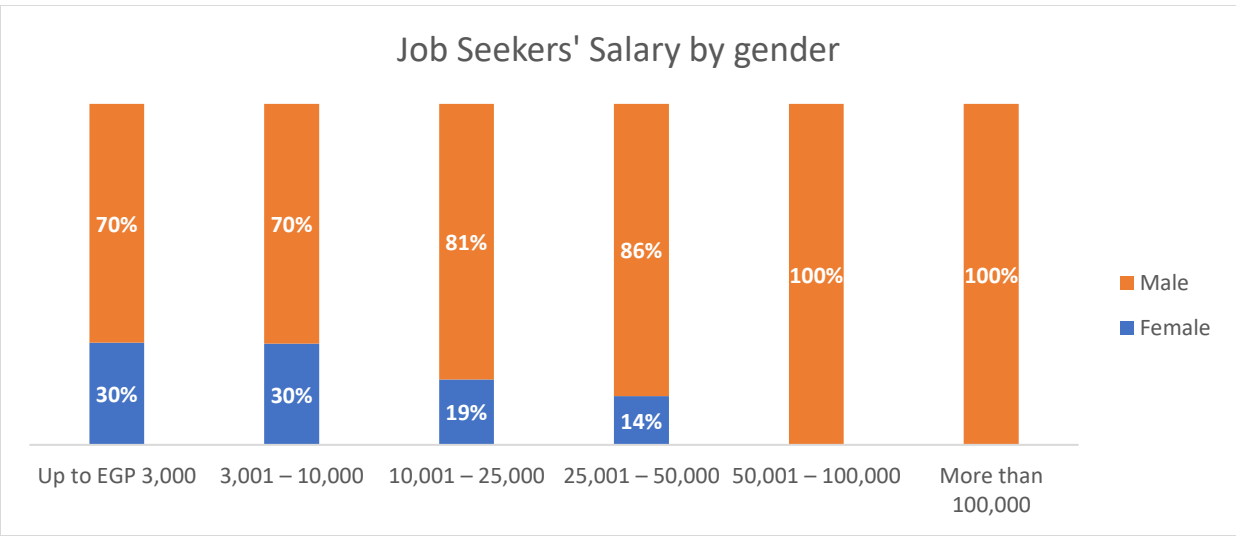
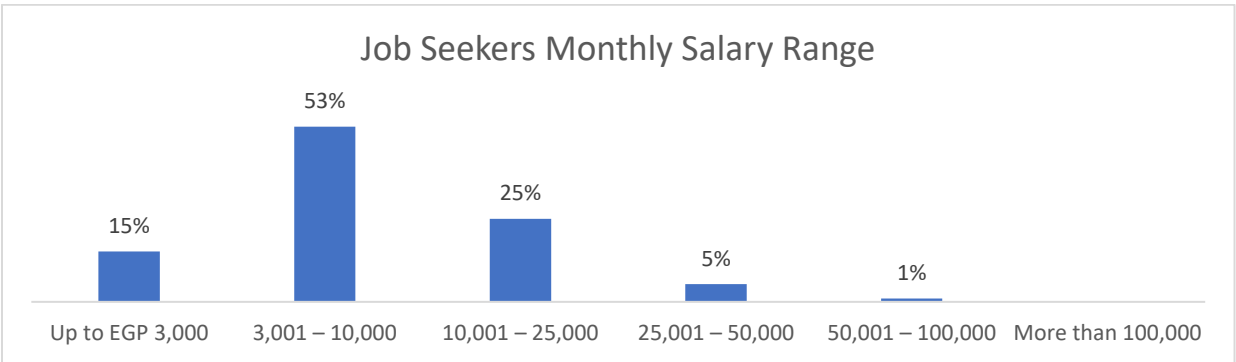
Currently employed Job Seekers

Career level of currently employed job seekers

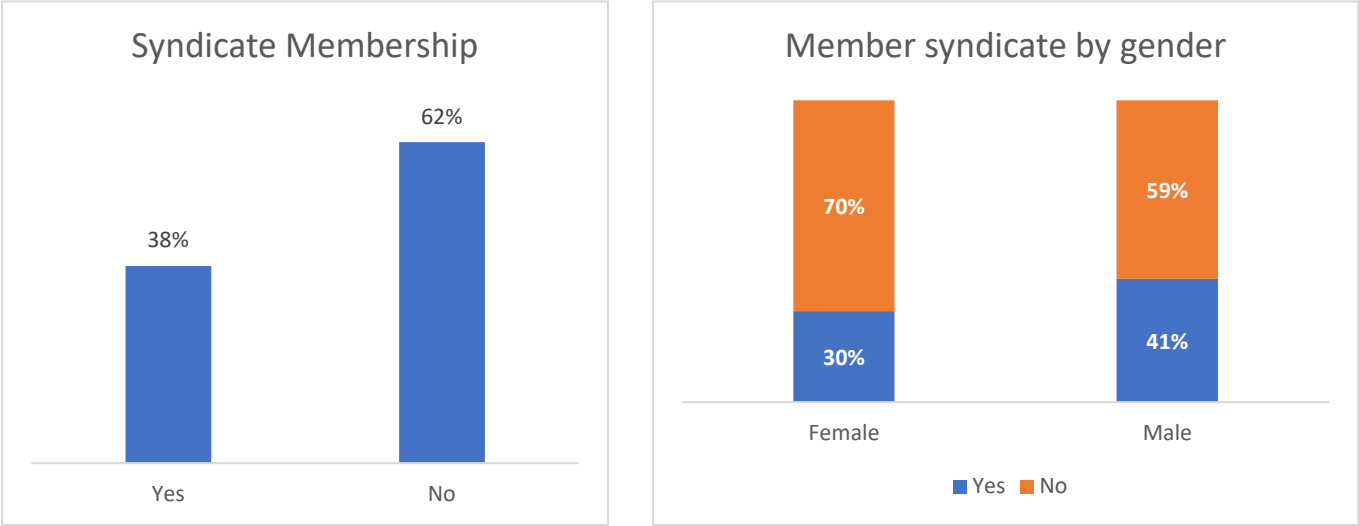
Of the 741 responses, 402 are currently employed (54%), below is their split by career level.



Of the 402 currently employed respondents, 394 submitted their current salary, where more than half earn between EGP 3,000 and 10,000 monthly. Women are concentrated in lower salary ranges.



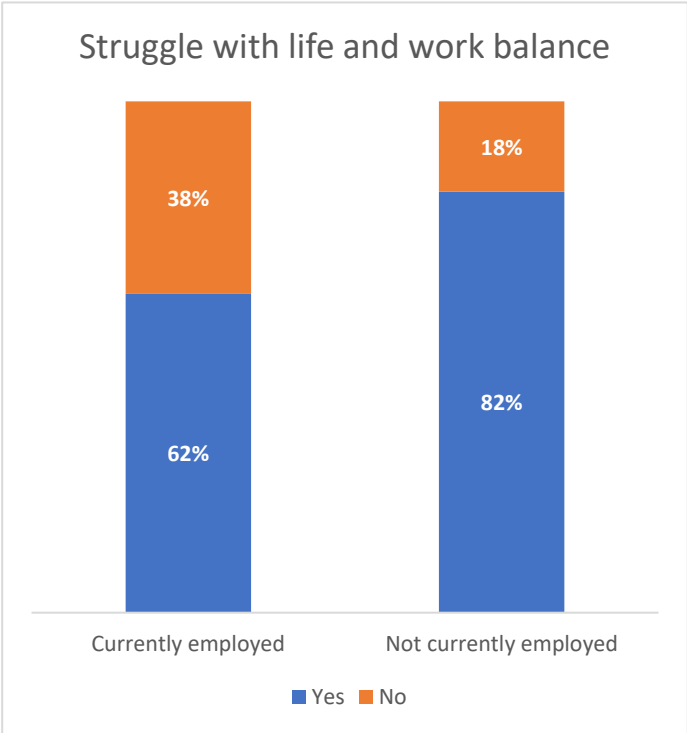
Of the 402 currently employed respondents, below is the split by gender for syndicate membership.



**Covid-19 Impact on currently employed and not currently employed respondents**

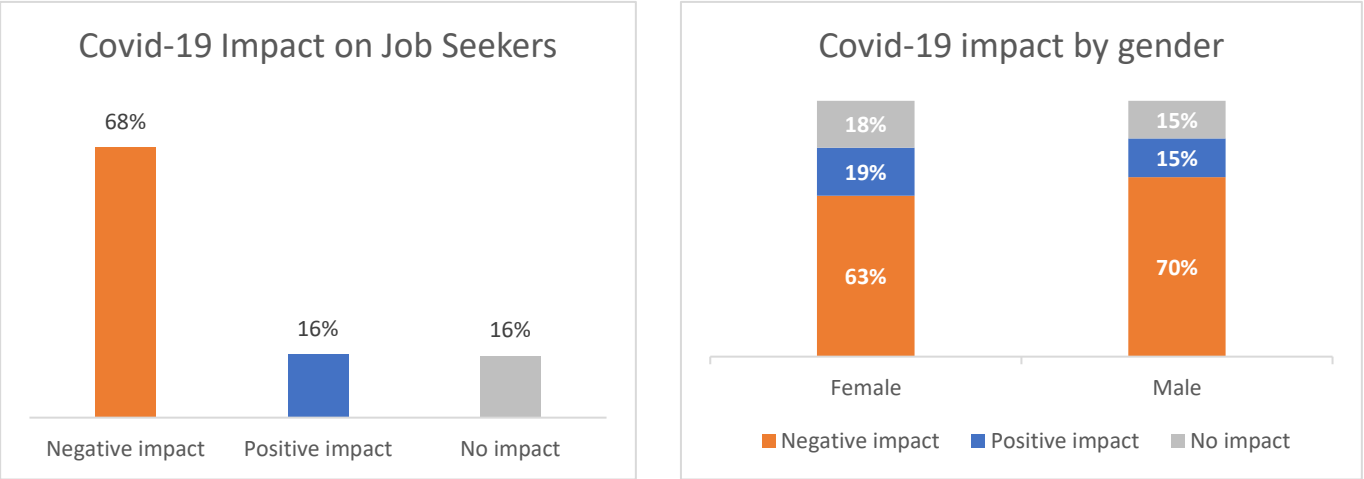
**Work-life balance**

685 respondents selected “Currently employed” or “Not currently employed”, below is a split of whether these two groups struggled with maintaining a work-life balance because of Covid-19. Both groups suffered with maintaining a work-life balance during the pandemic.

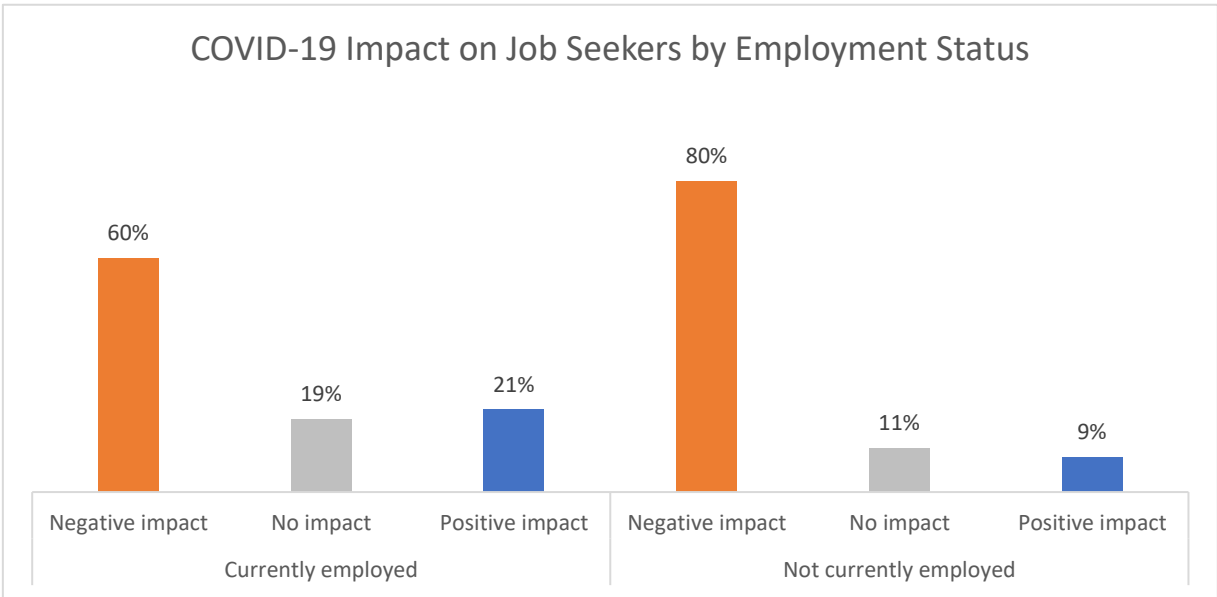


**COVID Impact type**

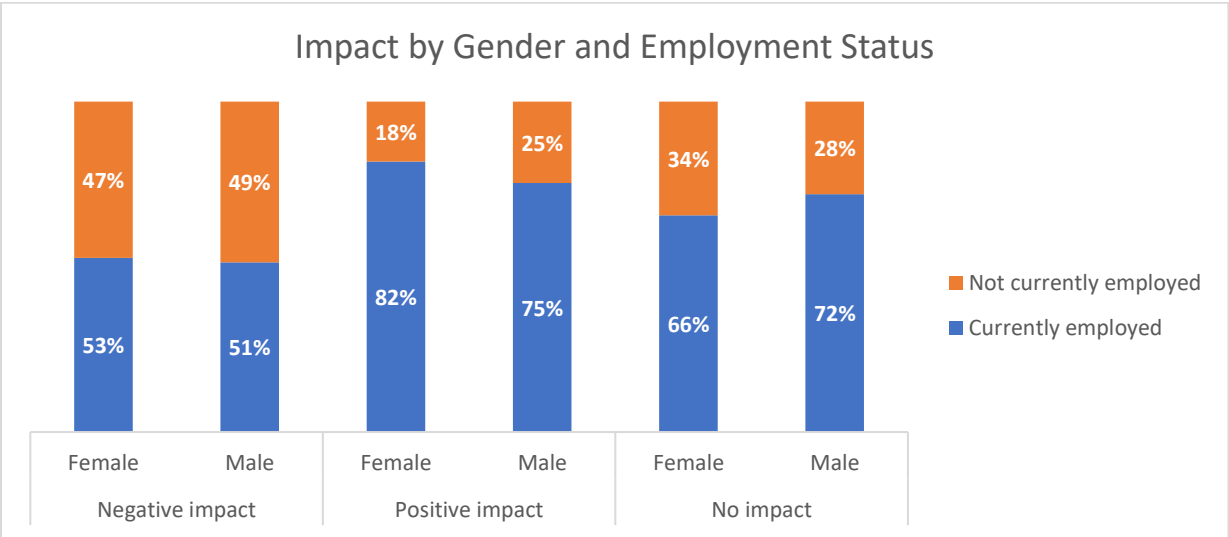
Below is the type of Covid-19 impact experienced by those who are or have previously been employed (685 respondents). In general, both groups were negatively impacted at 68%. Investigating the impact by gender, men seem to have been more negatively affected than women.



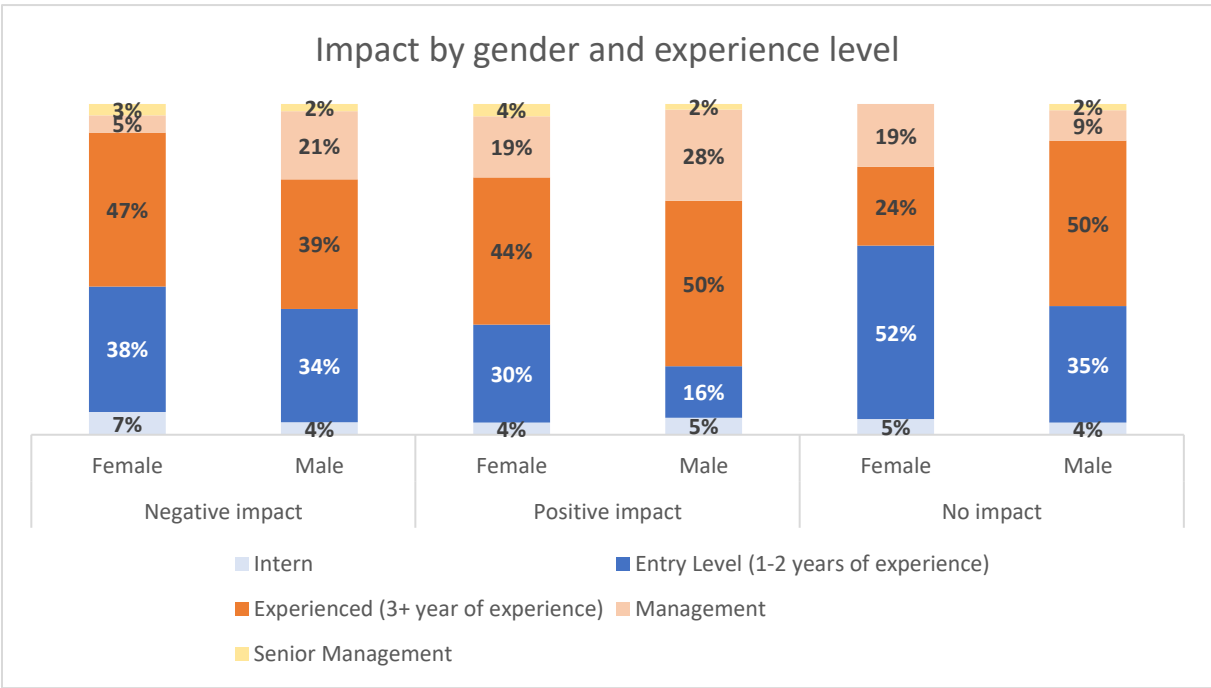
Not currently employed individuals were more negatively impacted at 80% compared to those currently employed, at 60%. This difference is seen in the positive impact felt by currently employed individuals at 21%, compared to 9%.



Negative impact across genders and groups seems to be felt equally at 53% and 51% for women and men, respectively, who are currently employed. Positive impact for currently employed individuals seems to be greater with women at 82% compared to men at 75%. And those who felt no impact, where mostly currently employed men at 72%.

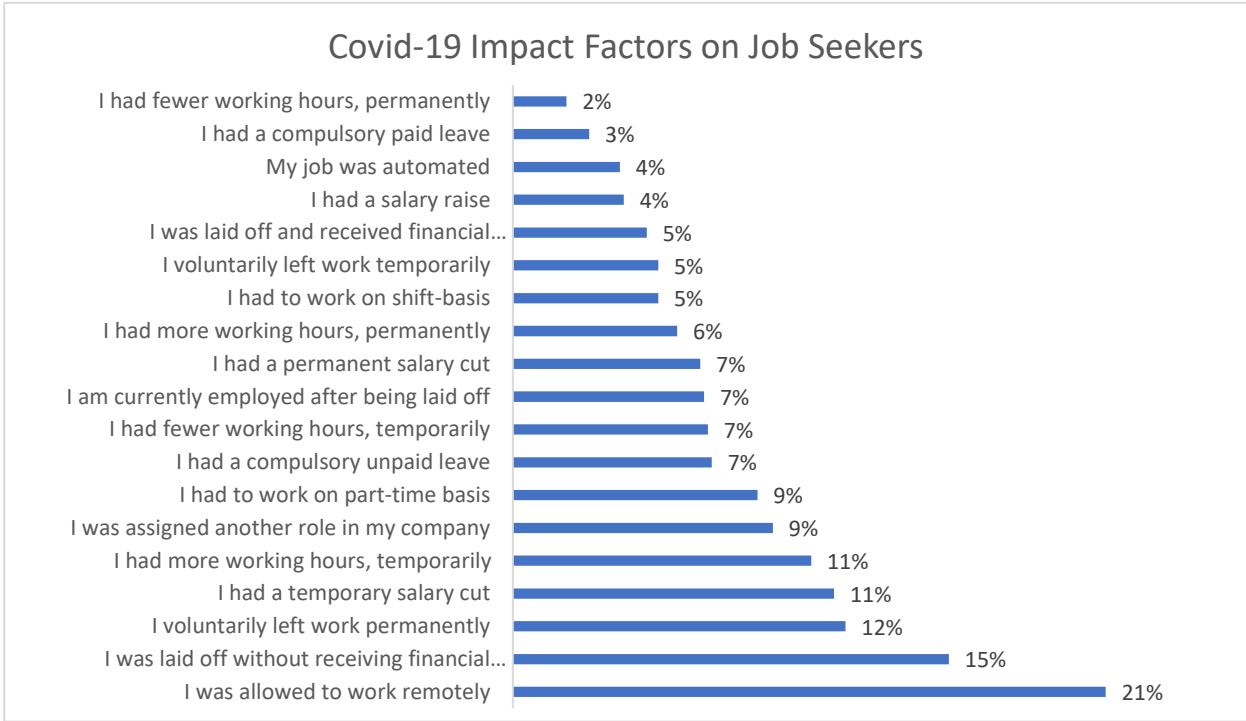


Splitting the data further by experience level, we can see where the positive and negative impact really hit each of women and men. Looking at the negative impact group, we see that women with experience (3+) were mostly affected compared to other career levels at 47%. While the same group in men felt the negative impact at 39%. For those who experienced a positive impact, it is also seen within the experienced career level, with experienced women witnessing positive effect at 44% and experienced men at 50%. In the no impact group, the picture is slightly different. With entry level women perceiving no impact at 52% and experienced men at 50%.

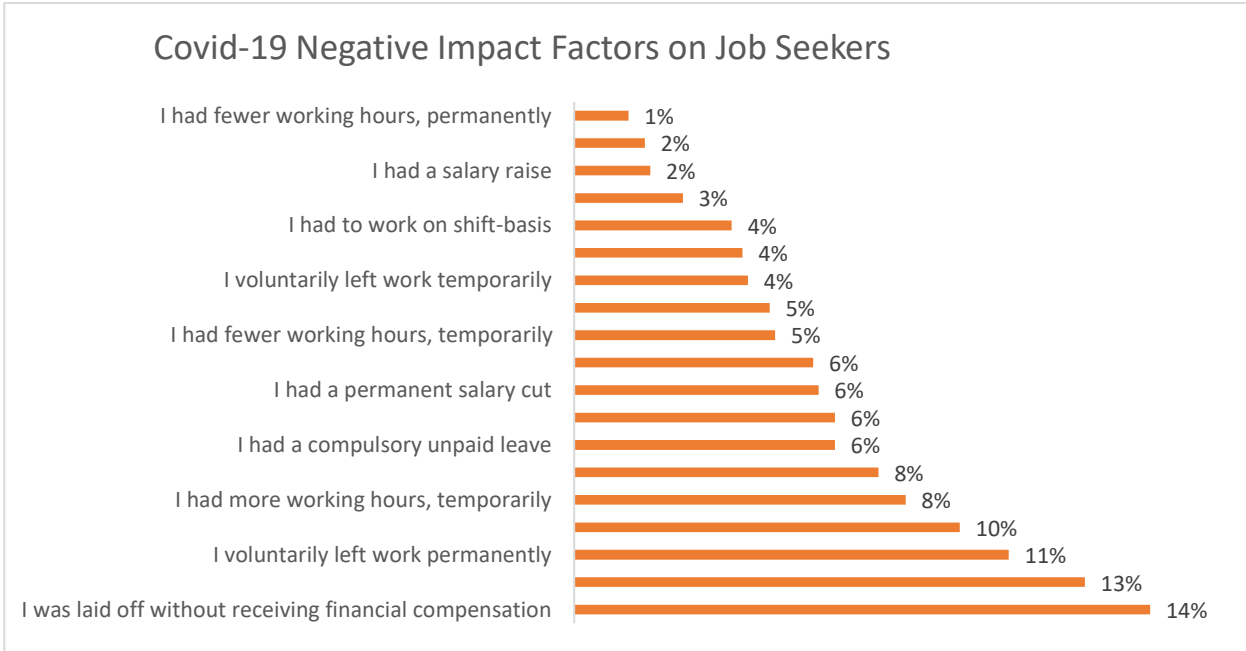


**Impact factors**

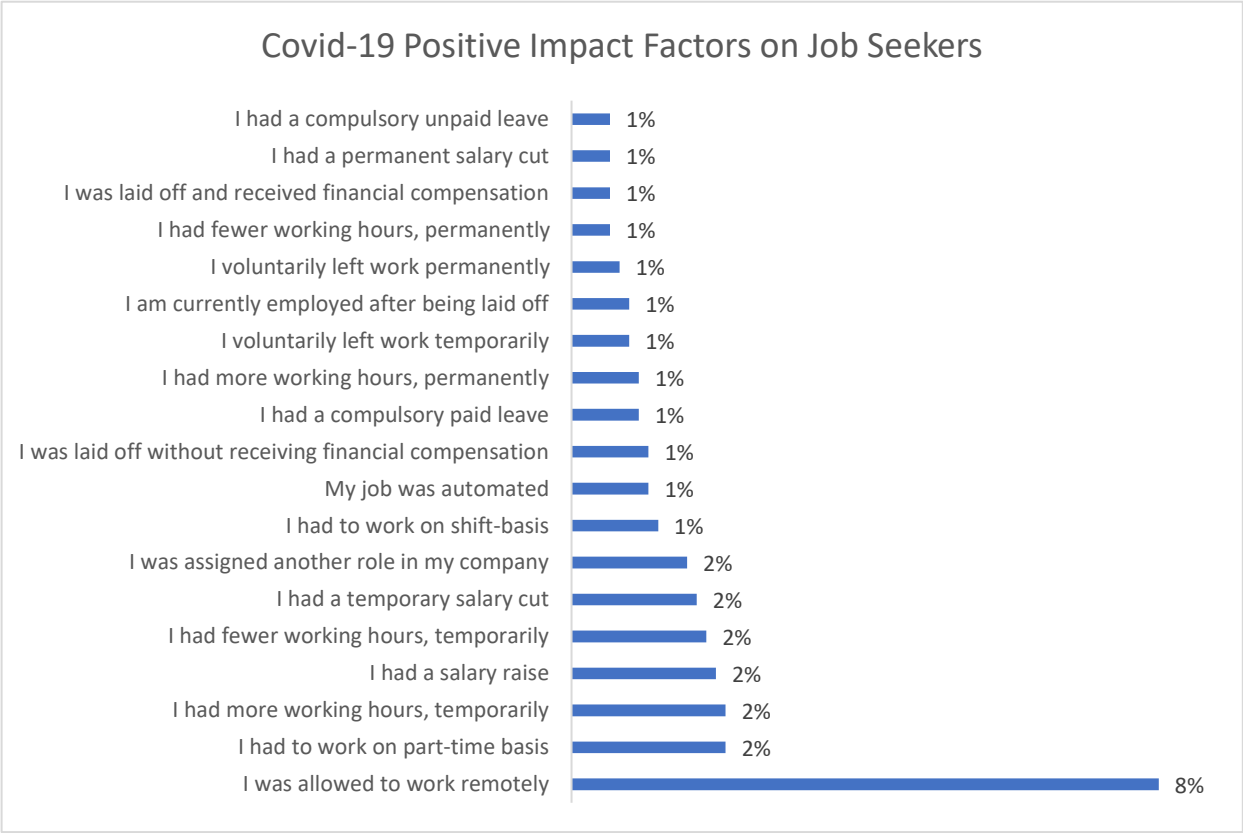
Job seekers were given a choice of 19 factors of impact they experience during the pandemic. 21% of respondents selected “I was allowed to work remotely”, followed by “I was laid off without receiving financial compensation” at 15%.



The chart below displays the proportion of each factor selected by those who experienced a negative impact. The most factor selected is “I was laid off without receiving financial compensation” at 14%.

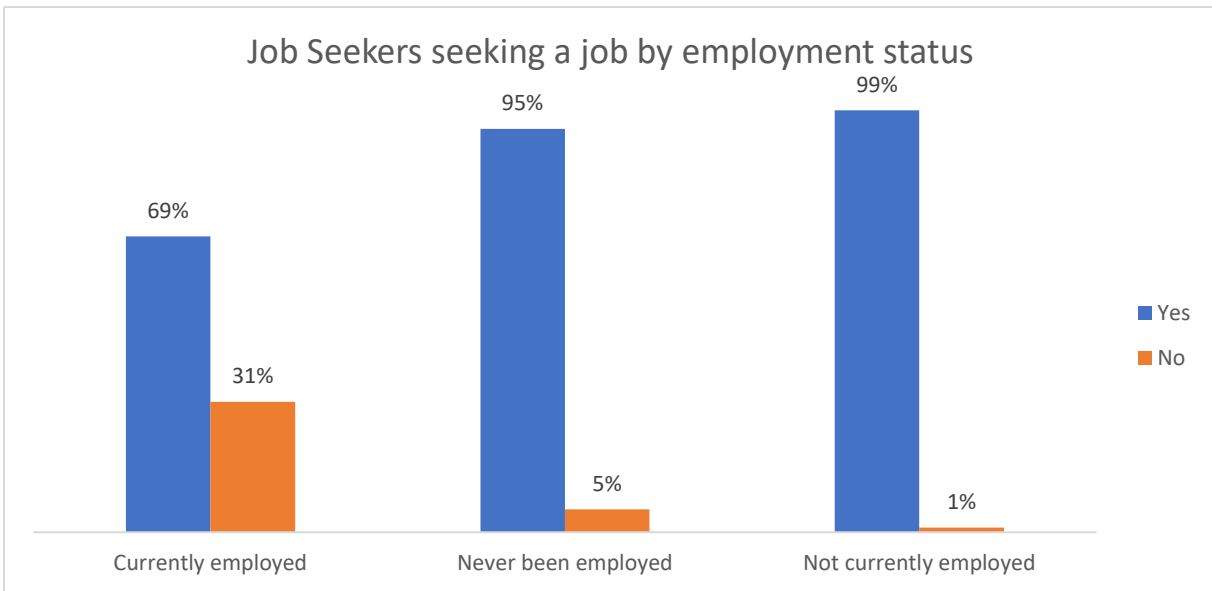


Below are the same factors but from those who experienced a positive impact, with the most selected factor “I was allowed to work remotely at 8%.



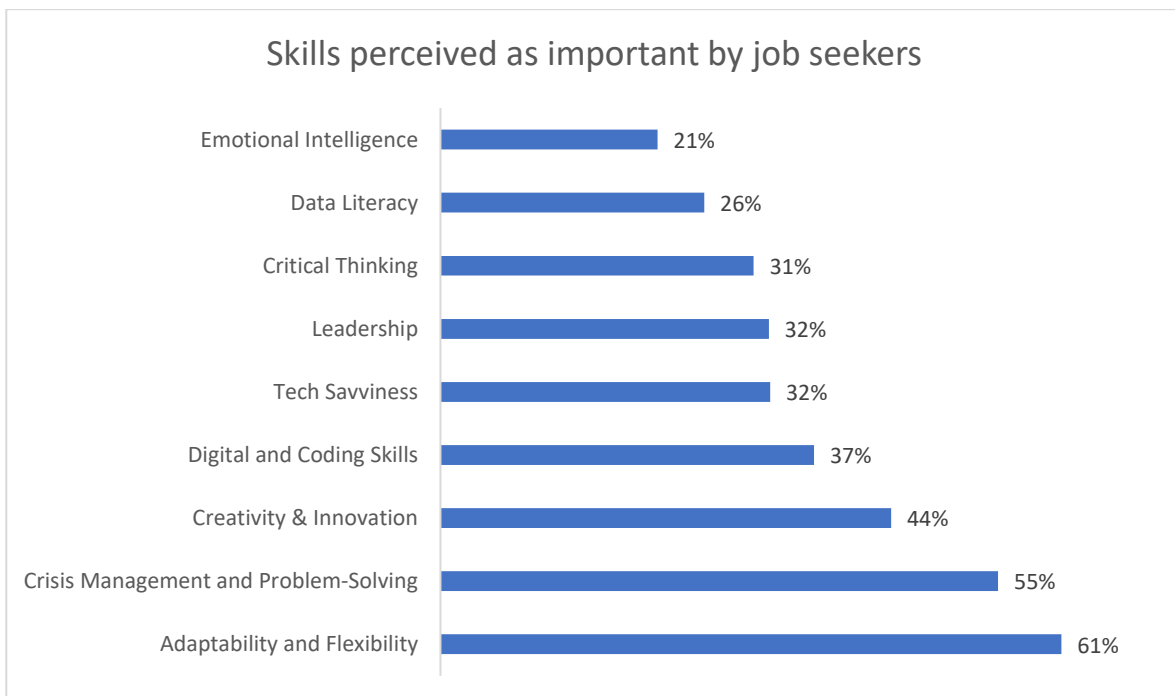
## Seeking job opportunities

All respondents were then asked whether they are currently seeking a job. On average the three groups are mostly seeking a job and expectedly, the not currently employed is the highest at 99%, followed by the never been employed at 95%.



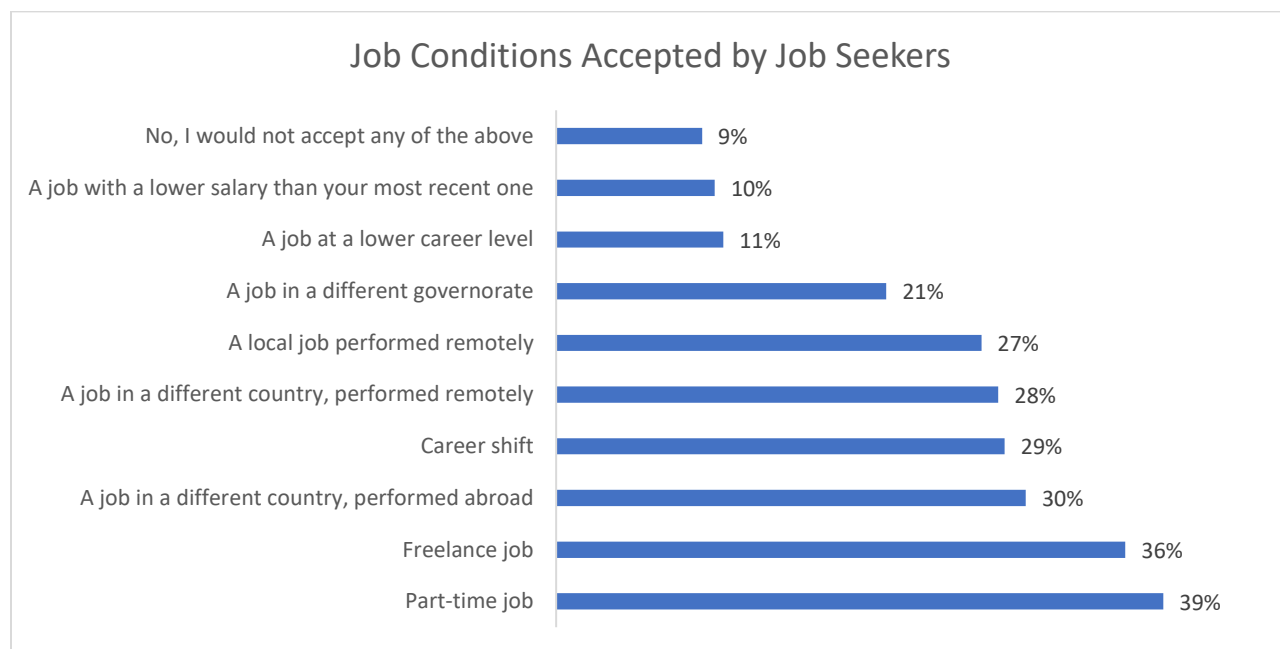
## Important Skills

Skill seen as important because of the COVID-19 pandemic.



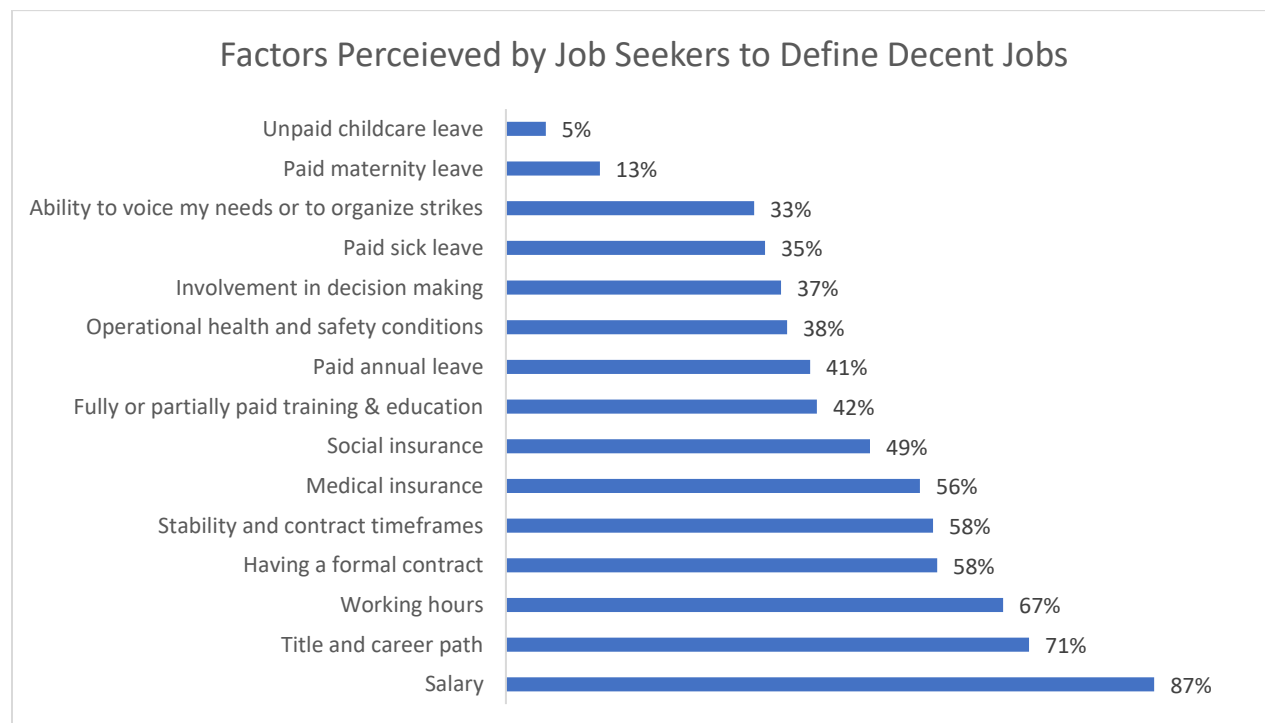
## Job conditions

Job seekers were then asked which conditions they would accept in a job to indicate their flexibility in accepting different work conditions.



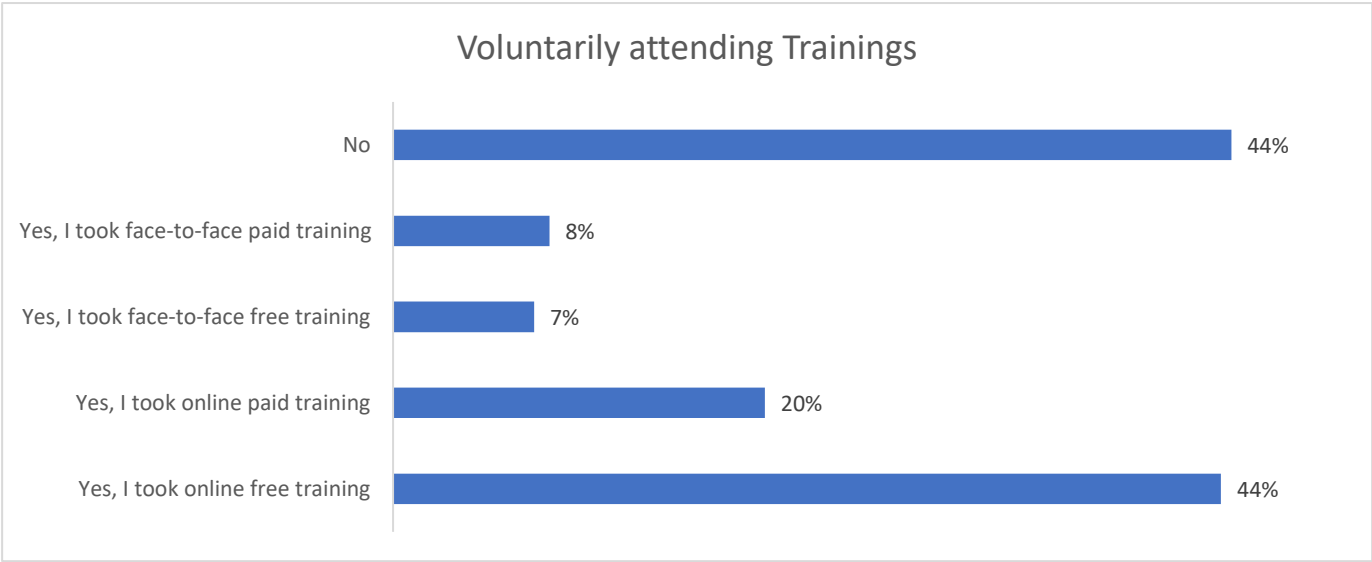
## Decent job conditions

Job seekers were then given 16 factors and asked which of them are important as decent job conditions. 87% of job seekers selected salary as most important, followed by title and career path.

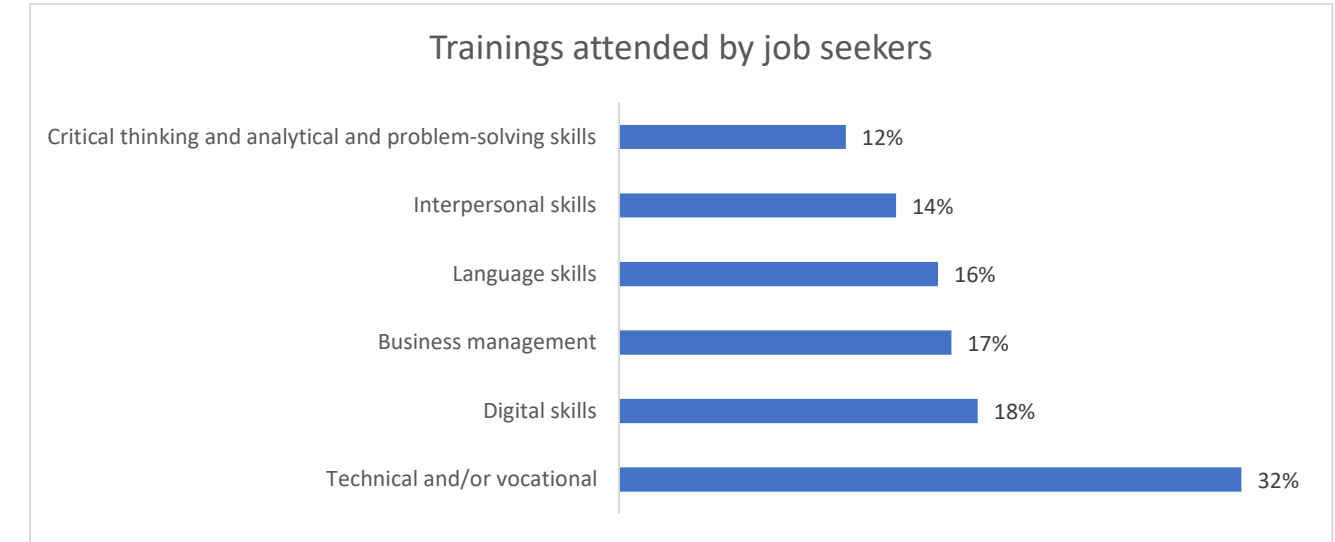


**Training**

Asked whether they voluntarily attended training during/after the pandemic, 44% answered no. While the remaining answered with the type of training they attended. Job seekers were allowed to select more than one choice.

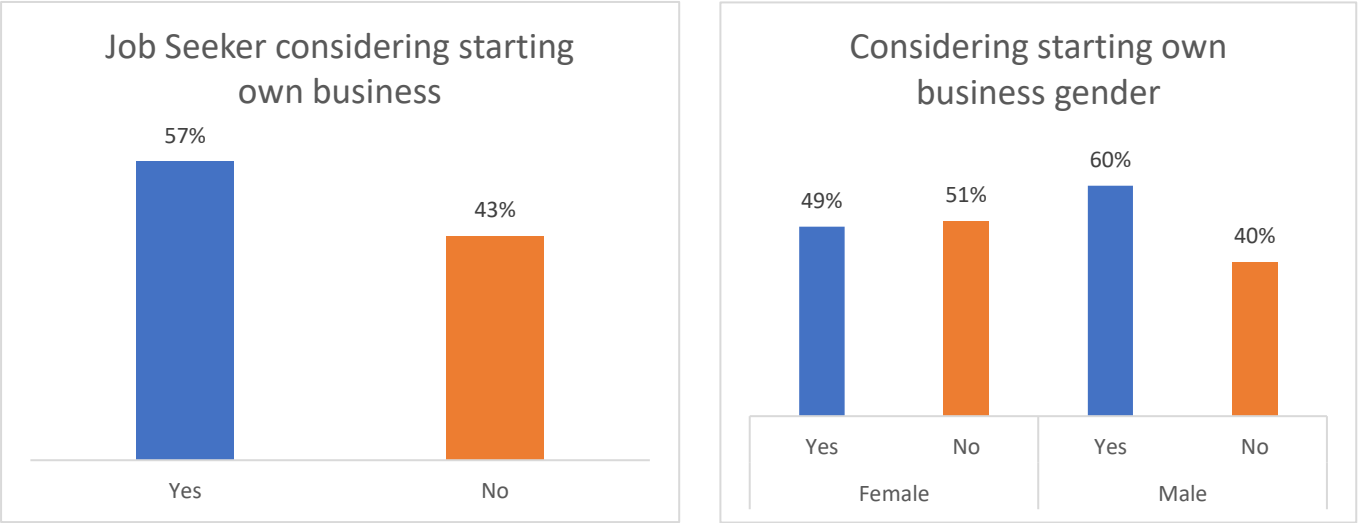


Job seekers who selected any of the “yes” options above were then directed to the type of trainings they attended. Technical, digital skills and business management are the top three selections.



Willingness to start own business

Job seeker willingness to start own business. 57% of job seekers are willing to start their own business. Men seem to be more willing to start their own business than women, at 60% compared to 49%.



Looking at employment status, the currently employed are more willing to start their own business compared to other groups. While the not currently employed is at 54% compared to 45% of the never been employed group. Looking further within women, the willingness to start a business is at 56% in the currently employed group compared to 45% in the not currently employed and 30% for those who have never been employed.

