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Youth Unemployment and Poverty in Egypt

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Egypt's 2011 Tahrir Revolution was fueled by the volatile combination of pervasive public governance failures and a large youth population blocked from successfully navigating the transition to adulthood. Far from addressing these problems, this Revolution led to instability, economic stagnation, and the rapid return to power of Egypt's military–elite alliance, further marginalizing the youth population. This article argues that Egyptian youth's predicament must be understood as the result of public governance failures. Their dependence on a failed and unaccountable public education system leaves them without the skills needed for productive employment, while Egypt's dualistic "limited access order" leads to the suppression of medium-size firms, forcing low-income youth to accept poorly paid, insecure employment in the informal sector, and constraining opportunities for educated youth, particularly young women, who remain outside the workforce. Viable, sustained solutions to youth's problems require that the Egyptian government tackle the underlying public governance failures by introducing accountability to citizens for public service quality, streamlining regulatory systems to accelerate enterprise growth and expand competition, and instituting greater transparency to achieve inclusive and broad-based growth. Though not directed at youth per se, such systemic reforms must underpin any successful effort to relieve Egypt's youth crisis.

KEY WORDS: Egypt, youth, informality, public governance, unemployment

埃及青年失业和贫困

2011年埃及塔利尔革命受到了以下二者的推动：普遍的公共治理失败和大部分青年群体无法成功完成成年人的转型。这次革命非但没有解决问题，反而导致了不稳定性、经济停滞、以及埃及军事精英联盟快速重获权力——这进一步将青年群体边缘化。本文主张，埃及青年所遭遇的困境一定是由公共治理失败所造成的。他们在一个失败的、不负责任的公共教育体系下成长，因此并不具备生产性就业所需的各项技能，同时埃及的双重“有限准入秩序”抑制中型企业的发展，强迫在非正式部门就业的低收入青年接受没有保障的就业和低廉的薪资，并限制接受过良好教育的青年获取工作机会，尤其是还未找到工作青年女性。对于青年问题，可行的、可持续的解决措施则需要埃及政府处理潜在的公共治理失败，处理方式包括：对公民引入问责机制，保证公共服务质量；简化监管体系，加速企业成长并扩大竞争；和建立更高的透明度，实现包容性和广泛性增长。尽管本质上并未指向青年，但这类系统性改革必须支持一切为成功所做的努力，缓解埃及青年危机。

关键词： 埃及，青年，非正规性，公共治理，失业，贫困，就业

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Desempleo juvenil y pobreza en Egipto

La Revolución Tahrir de 2011 en Egipto fue impulsada por la combinación volátil de omnipresentes fallas en la gobernanza pública y una gran población de jóvenes que no podía navegar con éxito la transición a la edad adulta. Lejos de abordar estos problemas, esta Revolución llevó a la inestabilidad, al estancamiento económico y al rápido regreso al poder de la alianza entre élites militares de Egipto, marginando aún más a la población joven. Este artículo argumenta que la situación de los jóvenes egipcios debe entenderse como el resultado de fallas en la gobernanza pública. Su dependencia de un sistema de educación pública fallido e irresponsable los deja sin las habilidades necesarias para un empleo productivo, mientras que el "orden de acceso limitado" dualista de Egipto conduce a la supresión de empresas medianas, obligando a jóvenes de bajos ingresos a aceptar empleos mal pagados e inseguros en el sector informal, al mismo tiempo limita las oportunidades para los jóvenes educados, en particular las mujeres jóvenes, que permanecen fuera de la fuerza laboral. Las soluciones viables y sostenidas a los problemas de los jóvenes requieren que el gobierno egipcio aborde las fallas subyacentes de la gobernanza pública al introducir la responsabilidad de la calidad del servicio público, al agilizar los sistemas regulatorios para acelerar el crecimiento empresarial y expandiendo la competencia e instituyendo una mayor transparencia para lograr crecimiento. Aunque no estén dirigidas a los jóvenes específicamente, tales reformas sistémicas deben ser la base de cualquier esfuerzo exitoso para aliviar la crisis juvenil de Egipto.

PALABRAS CLAVES: Egipto, juventud, informalidad, gobernabilidad pública, desempleo, pobreza y empleo

Introduction: The National Setting

Over the brief space of five years from 2011 to 2016, Egypt endured a string of political transitions and episodes of instability that greatly strained both public and private systems. As government leaders were consumed by one crisis after another, they gave frequent lip service to youth's complex needs, but urgently needed measures to improve policies affecting her young citizens went by the wayside. The deleterious impacts of the crises restricted policy and fiscal space, further constraining policymaking to address youth and children's issues, to reshape the economy in ways that spur job growth, and to deliver urgently needed social services to low-income young people.

Policy directions and decision-making processes have been repeatedly derailed as crisis has followed crisis, eroding the effectiveness of government at all levels. The dramatic Arab Spring uprising in January 2011 was followed by an awkward and protracted transition, leading after 18 months to the inauguration of President Mohamed Morsi as Egypt's first freely elected president in June 2012. After a rocky year in which his Muslim Brotherhood–led government was blocked at every turn by established interests and accomplished very little, a bloody military coup deposed President Morsi. The leader of that coup, Abdel Fatah al-Sissi, has overseen the effective resumption of the nondemocratic, elite-dominated political system that has characterized Egyptian politics since well

before Gamal Abdel Nasser and the Free Officers seized power from the monarchy in 1952.

This article examines how Egypt's weak public governance distorts and hinders young people's passage through various political, economic, and social transitions. As 15–29-year-olds (youth) constitute the largest group among the parents of young children, it can be argued that the policies and programs that shape outcomes for youth also shape outcomes for children. The literature on youth, this article argues, has focused too little on how the region's weak governance undermines youth transition, downplaying the systemic governance reforms needed to open pathways to a prosperous, inclusive future, and overemphasizing interventions that target training and other services to youth, but reach relatively few. Weak governance excludes low-income youth from full participation in the economy, marginalizing them from Egyptian society more generally and limiting their life chances.

The Egyptian Economy

Egypt's economy has been thoroughly destabilized by the political transitions, causing a sharp rise in the poverty rate as growth slowed, tourists went elsewhere, and fiscal and foreign exchange deficits ballooned. Although Egypt has inevitably also been affected by the disastrous events in Iraq, Libya, and Syria, it has witnessed the unwelcome reappearance of homegrown terrorism, arguably driven as much by continuing anger and unaddressed grievances among Sinai Bedouin, young Muslim Brothers, and alienated youth in general as by the unwholesome example set by Da'esh—the so-called Islamic State of Iraq and Syria (ISIS).

Egypt offers a prime example of the economic and political malaise convincingly characterized by North's "Limited Access Order" (North, Wallis, Webb, & Weingast, 2007). In such a regime, a comparatively small coterie of private interests forms mutually dependent and beneficial relationships with the political elite, permitting them jointly to establish a restricted but effective system creating their own distorted rule of law regime. This permits economic dealings within the elite to proceed, but leaves others without recourse to formal protections. Only the politically connected elite can count on this system; others are excluded, creating rent-generating opportunities for the elite. Those outside the privileged circle are left to manage as best they can without legal protections, reliable methods of dispute resolution, access to capital, or secure ownership of assets.

This dualistic system led to the buildup of tensions that burst into the Arab Spring in 2011. Though the military elite is back in power, they have not been able to resurrect growth. Initial post-coup infusions of cash from the Gulf have fallen off, but the hoped-for foreign investors and tourists have not appeared, forcing the government to turn to the highly unpopular International Monetary Fund (IMF) and other institutional funders for urgently needed foreign exchange and project funding. As of late 2016, an IMF agreement was in place, providing a desperately needed infusion of cash in return for significant cuts in Egypt's

bloated and inequitable subsidy regime and a long-delayed devaluation. This program has not yet been in place sufficiently long to judge whether it will return the economy to stability and growth or give rise to further difficulties.

Egyptian Demography and Society

Egypt's population of 94.6 million is overwhelmingly homogeneous in terms of ethnic origin (99.6 percent are Egyptians and 90 percent are Muslim, predominantly Sunni; United States Central Intelligence Agency [U.S. CIA], 2017). It has, however, been a destination country for an estimated 250,000 refugees, including asylum seekers and stateless people (United Nations High Commissioner for Refugees [UNHCR] 2015 estimate cited in Karsapar, 2016), drawn from Palestine, East Africa, South Asia, Iraq, and particularly Syria, which accounts for more than 60 percent of all refugees (UNHCR, 2016). "Egypt draws many refugees because of its resettlement programs with the West; Cairo has one of the largest urban refugee populations in the world" (U.S., CIA, 2017).

Egypt's society is riven by sharp divides between rich and poor, educated elite and working people. The old Egyptian social structure of a Nasserist middle class of public-sector workers and an underclass of dirt-poor fellaheen farming communities has eroded. Public-sector work opportunities can no longer keep up with the growth of job entrants, and many fellaheen have left the land as holdings have shrunk, urban economic opportunities expanded, and new land laws restricted tenants' rights, spurring a period of rapid urbanization that has now given way to rapid organic growth in the urban population. Though the embattled middle class clings to its benefits, its lead role in society has passed to the business and professional elite that formed under the economic opening decreed by Presidents Sadat and Mubarak, an elite that smoothly shifted its allegiance to their successor, President al-Sissi.

The *fellaheen*—Egyptian peasants—have not been so fortunate. Unable to eke a living from Egypt's severely restricted farmlands as rural populations rose, they migrated to town in the latter decades of the twentieth century. The government was unable either to provide adequate low-cost housing or to mobilize public or private investment and reforms to expand formal job opportunities. As a result, migrants to the cities and urban laborers merged into an informal economy, adding a pattern of formal–informal dualism alongside the traditional rural–urban divide as a major challenge to policymakers. The rural-to-urban transition is now largely complete, although some urban migration continues. Egypt's industrial sector has not been able to overcome the legacy of public-sector enterprises' overemployment and inefficiency, weak infrastructure, and uncertain rule of law, forcing the urban poor and young elites alike to find employment in Egypt's vast, diverse, and generally low-productivity services sector. The Government of Egypt (GoE) has clearly not well managed the recent economic transition. The opening of the economy to market forces was never fully implemented, with crony capitalism replacing socialist enterprise, protected by a wide range of

official and unofficial restrictions that limit entry and competition, whether domestic or international.

An Overview of Young People in Egypt

Egypt boasts one of the world's oldest civilizations, but twenty-first-century Egypt is an extremely young country, with a median age of 23.8 years (U.S., CIA, 2017). Children and youth (under age 30) were projected to make up well over half of the population—58 percent—in 2012 (some 54.8 million; United Nations, 2013). Youth of working age (15–29 years) accounted for an estimated 23.6 percent of the total population (*Daily News Egypt*, 2015, citing a 2015 report by the Central Agency for Public Mobilization and Statistics [CAPMAS]). Conservatively, some 22 million youths are of working age.

Egypt has by no means completed its demographic transition. The country has not yet seen a definitive decline in birth rates. After falling for several years, birth rates have rebounded in recent years. As a result, while the youth population will fall slightly as a share of the population between 2015 and 2020, the number of children under 14 will continue to grow rapidly, leading to a second "youth bulge" twice as large as the youth cohort at the time of the 2011 Arab Spring.

Given these fundamental realities, it is not surprising that the GoE has struggled to provide essential social services and employment for its large youth population. It faces tremendous challenges in providing adequate educational and health services to its young citizens and in supplying jobs and housing as youth leave school, seek a sustainable livelihood, and begin forming new households of their own.

Both the GoE and the donors also recognize that the five lost years from 2011 to 2016 have left Egypt in a dangerous position: finding jobs for youth and getting the economy back on track constitute urgent prerequisites for a return to stability. Government attention remains largely focused on the formal sector; informality has in fact become Egypt's dominant paradigm. Fully two-thirds of Cairo's population lives in informal areas (Sims, 2012).

Youth Employment

Unregistered informal businesses constitute the primary form of private enterprise employing youth, accounting for more than 90 percent of youth's off-farm work (Barsoum, Mohamed, & Mona, 2014, p. 3). Schiffbauer, Abdoulaye, Sahar, Sahnoun, and Keefer (2015) found that in Egypt, "micro establishments . . . in retail trade and personal services, which are dominated by informal firms, . . . generated more than 700,000 and 400,000 new jobs from 1996 to 2006, respectively, accounting for over 80 percent of total net job creation," a trend that "continued between 2006 and 2012" (Schiffbauer et al., 2015, pp. 20–21).

Informality is not confined to work and urban development, however; it has become the all-encompassing modality within which low-income youth (and many other Egyptians) live, work, start businesses, and manage their lives. This

informality constitutes a separate and unequal approach, which functions apart from the rigid and exclusionary formal institutions, both economic and political, that serve the comparatively well-to-do. Informal work or petty enterprise frequently offer the only income-earning channels open to youth whose families cannot afford to support them but who lack either marketable skills or the contacts necessary to find decent employment. Poor male youth are rarely unemployed, as measured by the standard definition of not having worked for any part of the past week; rather, they are engaged in a perennial struggle to cobble together whatever patchwork of temporary low-paying jobs, petty trading, and other tenuous money-earning activities they can devise to contribute to their family's income (unmarried Egyptian youth almost always live with their parents unless they have migrated to another location). Only the better off can afford to be out of the workforce.

Continuing acts of domestic terror show no sign of abating, which undermines Egypt's return to economic stability. Women—youth or otherwise—typically follow a different path because they find few if any socially acceptable options for employment outside the home. They may work in small family businesses—where older male relatives can suitably protect their "honor"—but this option is rarely available to the very poor. The result is that many young women who are no longer in school and who want to work find themselves sitting at home.

These young women even more than young men are hidden victims of the pervasive governance failure that drives the majority to informal jobs. Weak financial and economic governance limits the growth of small enterprises—cutting them off from credit, opening them up to constant parasitic bloodletting by corrupt petty bureaucrats and their allies in the police, and exposing them to unfair and often collusive competition from politically privileged firms. As the World Bank has chronicled in its pathbreaking "Jobs or Privileges Report" (Schiffbauer et al., 2015), the result is that too few firms are able to grow to mid-size status, leaving Egypt with a business landscape comprising a few privileged firms and a vast stand of lumpen enterprises struggling to stay in business, much less to create jobs. In this environment, the youth—perennially last hired/first fired and burdened by an education that has ill-prepared them for productive work—simply cannot find stable, formal jobs or indeed any real jobs at all.

Among the reasons that this situation persists despite its deleterious effects on youth and their families—and Egypt as a whole—is that Egypt's government has also itself increasingly taken on an informal character, reflected not only in the weak rule of law and extensive personal discretion to provide or withhold services arbitrarily, but even in government employment. Almost one in eight government employees now works under a temporary contract rather than holding a formal civil service post, contributing to numerous demonstrations and lawsuits as public contract workers seek to gain the highly coveted permanent status (Egyptian Center for Economic and Social Rights, 2015). Public school classes are quite commonly taught by teachers hired day-to-day. This shifting cadre of underpaid teachers further undercuts the already extremely low quality

of public education, confirmed by international measures. Research supported by USAID found that 45 percent of second graders tested could not read a single letter (e.g., Research Triangle Institute International, 2013). The result of government's failure to improve public services is a dualistic system, with a cheap but often low-quality public-sector service running parallel to private services offering a range of better services to those able to pay the price. The difference in corporal punishment rates between public and private schools is further evidence of this duality (Bremer & Henry, 2016). This dynamic also undermines elite support for such reforms.

The poor must find some kind of work; often this is in informal jobs, such as vending, because of the overall deficiency of the social protection system, which ensures that only the comparatively wealthy can afford to be unemployed. Barsoum et al. (2014, p. 3) summarize the situation as a majority of young employees (75.7 percent) having no contract and thus remaining vulnerable, 81.1 percent of young workers in "irregular work," 39.5 percent working more than 50 hr per week, and 91.1 percent of young workers in Egypt in informal employment.

This work may well be low-paid, intermittent, and (more rarely) dangerous. It may carry a social stigma that interferes with youth integration into society, including their chances for marriage: few parents—even poor ones—are eager to see their daughters married off to street vendors. Informal open-air workers are subject to what might be called "negative social protection." They face constant harassment and exploitation by the police due to the illegal nature of their work (all of Egypt's millions of street vendors are illegal). Frustration with this situation lit the spark that ignited the Arab Spring, when a Tunisian street vendor who had been humiliated by the police and seen them confiscate his cart and scale as well as his goods saw no way out but to light himself on fire.

Youth Unemployment and Poverty

The youth unemployment rate was estimated (2015) to be 26.3 percent (*Daily News Egypt*, 2015). The World Bank (2015, p. 2) also reports that "during the last quarter of fiscal 2014, 3.7 million Egyptians (13.4 percent of Egypt's 27.6 million labor force) were unemployed, of which 70 percent were between 15 and 29 years old (some 2.6 million)." An older poverty study by El-Laithy (2009, p. 18) noted:

> Youth [15–29 years of age], which make up 21% of the Egyptian population, represent 76% of the unemployed. Moreover, the youth unemployment rate is three times the national unemployment rate, indicating that unemployment is mainly a youth problem. . . . Among the youngest workers (those 15–17), many do not attend school and live in poor households. Thus [the] employment rate for poor youth is almost double that of the non-poor. Moreover, half of poor youth of ages 18–20 participated in the labor force, compared to only one third of non-poor youth.

Youth unemployment rates are, however, somewhat misleading. This is the product of two factors, one related to the well-to-do and female youth and the other related to low-income male youth. First, well-to-do youth and women may choose to be unemployed because they cannot find work that they consider "suitable." Both groups continue to be included in the workforce statistics because they are in principle actively looking for work. Second, poor youth cannot afford to be unemployed and, therefore, they are forced to take whatever work they can find. They may, thus, be working fewer hours than they would like, with less security, and at lower pay (or no pay at all in a family enterprise). So, anyone who worked at all in the week prior to the employment survey is counted as employed in the workforce, whereas anyone who did not work but was actively seeking employment and was available to work is defined as being in the workforce but unemployed. Thus, the official rates reported tend to overstate unemployment among well-to-do and female youth, but understate it among poorer youth.

The Duality of Youth Unemployment

The discourse on youth policies not surprisingly reflects the indigent–affluent duality of Egyptian youth's predicament. Youth unemployment raises different issues for those on a low income and for those who are not. The inconsistency of the government's policy and programmatic approaches applied to indigent and affluent poor youth makes it somewhat difficult to characterize this discourse.

The middle-class youth and, to a lesser extent, elite youth, who cannot find "acceptable" work in the government or the artificially restricted formal private sector are the better-off youth. They, but particularly women, prefer to queue for government jobs, in hopes of gaining access to the favorable hours, pay, benefits, and security that such jobs have traditionally offered. Because the government workforce is no longer growing, however, many educated youth remain idle, waiting for jobs rather than taking work that they, their parents, and potential spouses and their parents will see as beneath them. Their welfare remains largely a family responsibility.

The welfare of low-income youth is a matter of contentious public policy. On the one hand, the government gives lip service to the need to create jobs for them, emphasizing microenterprise loans in particular as a strategy to enable youth to establish small businesses, but also promoting training and placement services. These approaches have mobilized substantial donor funding, both bilateral and multilateral. Within this model, the GoE's attitude toward low-income youth and their problems takes on paternalistic overtones, painting the government as the benefactor that will provide youth with the jobs, housing, and other services that they need. On the other hand, the government's youth discourse also stigmatizes low-income youth as dangerous, as overly impatient and ungrateful in making demands of a government that is doing its best to help them, as failing to show the current government the loyalty it deserves, or even as rebels and terrorists

who must be actively combatted and rigidly controlled. Youth living in informal areas and street vendors, for example, attract strong criticism in the state-owned press as sources of social disorder, endangering Egyptian society by spreading the informality of the "slums" throughout Egyptian society and leading to an erosion of Egyptian societal values (Center for Sustainable Development, 2014).

By characterizing youth as a threat to society, the government puts a veneer of respectability on its suppression of youth demonstrators, as well as the journalists and civil society activists calling attention to their predicament. As a result, these groups may find themselves and their organizations the targets of active state opposition. The al-Sissi administration has effectively banned demonstrations, requiring permits for any gathering of more than 10 persons, but rarely granting these to activist or opposition groups (Hessler, 2017). These measures criminalize public speech by youth and those who seek to advance their interests (as well as many other activist causes), undermining bilateral dialogue and closing off collaborative approaches. Conversely, the problems of well-to-do youth, particularly unemployed males, attract a more sympathetic response from government. Articles appear regularly in state newspapers touting showcases for youth innovators or government programs to encourage entrepreneurship.

Refugee Youth

Adding a further dimension to the youth policy discourse is Egypt's refugee population. Of the 250,000 resident refugees, a large proportion is youth. They face many of the same challenges as do the Egyptian youth. Syrian refugees, the dominant refugee cohort, now have official access to both public education and health services, but face continued problems in finding work and housing. As Arabic speakers, they can more easily find jobs than most young Sudanese and Ethiopian refugees, although these jobs, like those taken up by Egyptian youth, are primarily informal.

Youth as Parents

Many low-income women are married and have their first children while they are still adolescents themselves. As a result, the family environment that shapes child welfare reflects to a large degree the political and economic factors that shape the lives of young parents.

Egypt's major policy intervention to address child welfare, the social safety net program currently being introduced in collaboration with the International Bank for Reconstruction and Development (IBRD, 2015), will provide cash transfers to low-income families to reinforce their children's nutrition, access to health services, and ability to stay in school. Although not aimed at youth as such, many of the families benefiting from the program will not only include youth who are siblings of the targeted children, but also families headed by parents who are themselves still youth.

The Youth Policy Discourse

Each of the strands in the national discourse on youth suffers from a common deficiency: youth's problems are presented in isolation from the broader social, economic, and political forces that give rise to them. Discussions thus identify the solution to youth's problems as lying with the youth themselves, to be supported by government by means of skill development through training. Youth unemployment and low earnings are a product of broader, systemic weaknesses in the Egyptian economy, and governance structures. These failures result in insufficient enterprise creation, low labor productivity, and slow growth. Interventions that focus on youth rather than tackling these underlying factors cannot succeed and function as distractions from addressing the root causes of youth poverty.

Youth Poverty

Current data on poverty in Egypt are not available, due in part to the turmoil that Egypt has experienced since 2011 but also to the rapidity of the resulting deterioration in living conditions, which has outpaced the ability of the statistical agencies to track it. By the time of the 2013 coup, the poverty headcount had surpassed 26 percent, with the vulnerable population approaching 50 percent (World Bank, 2015, p. 16). Conservatively, some 5.3 million youths are living in poverty, with a further six million who are living in marginal poverty. Egypt's dominant family pattern—young, unmarried people almost always living within their parents' household—makes it difficult to speak of youth poverty as distinct from family poverty.

Young people setting out to establish a new household and raise a family are burdened with greater expenses than other households, as they bear the expenses of having children, face the need to accumulate basic assets (such as furniture and housewares), and begin their working career at the bottom of the earnings ladder. El-Laithy, Lokshin, and Banerji (2003) found that younger household heads are associated with higher levels of poverty (as measured by consumption per capita), particularly in urban areas, where each additional year of household head age adds almost 2 percent to per capita income. The birth of a child also increases poverty, as does the presence of children below six years of age.

Poverty is at its worst in rural areas. The southern Upper Egypt region, remote and further disadvantaged by its narrow configuration, has poverty rates above 50 percent (World Bank, 2015, p. 16). Upper Egypt's high rates of child stunting (26 percent compared to 18–19 percent elsewhere) testify to its severe poverty and the low quality of health care (World Bank, 2015, p. 16). Upper Egypt's conservatism also reduces women's job opportunities by limiting girls' education and restricting activities outside the home, although these factors to some degree challenge employment for women in all social strata except the upper middle class and the elite. Upper Egypt also has the lowest levels of school enrollment and continuation beyond primary school. Upper Egyptian youth, especially males, have responded to the dearth of opportunities in their region by

migrating at greater rates than youth from other areas, whether to cities within Egypt or overseas to work in the Gulf, or indeed to any destination where work might be found. Furthermore, the situation of youth in the so-called frontier governorates of the Western and Eastern Desert and the Sinai is likewise worse than in the relatively prosperous Delta governorates and Egypt's major cities.

In these disadvantaged areas, youth employment opportunities are limited to agriculture (crop or livestock), touristic services, permanent or contract employment in the public sector (where available), and work in mines and oilfields. These regions have traditionally been neglected by the central government, considered to be rebellious and perhaps not fully Egyptian. Government neglect has taken the form of reduced public investment, militarization of the government (rarely are governors named to these regions who lack either military or police backgrounds), and, in a self-fulfilling prophecy, poor relations with the inhabitants. All of these factors have limited opportunities for youth in these areas, encouraging disaffection as well as migration. The appearance of the Islamic insurgencies of the *Jamaa Islamiya* in Upper Egypt in the 1980s and the ongoing conflict with the so-called Sinai Province of ISIS demonstrate this unhealthy dynamic. Nonviolent Islamist movements such as the (once-again) banned Muslim Brotherhood have also had an especially strong presence in these areas, although it also showed strength in many areas within the Delta and in low-income areas within Cairo and Alexandria.

The Governance Challenges

The relationship between education, social customs, youth unemployment, and poverty is perplexing. El-Laithy et al. (2003) found that secondary and university education do not, by any means, confer a way out of poverty for Egyptian youth. To the contrary, unemployment rates are higher for youth with a university degree than for those with secondary only and higher for both these groups than for youth with lower levels of education. For example, 29 percent of poor youth with some education beyond secondary or a university degree and 16 percent of those with a secondary education are unemployed, compared to a still-high 25 percent for non-poor youth with a university degree, 21 percent for those with some education post-secondary, and 14 percent for those with secondary only.

Part of the reason for the higher unemployment rates for those with secondary-level education can be traced to the dismal quality of the public vocational education programs into which many low-income youth are shunted, compared to the general secondary track that can lead to university. The poor are also more likely to receive low scores on the school-leaving exam, forcing them into already overcrowded and low-paid fields and relegating them to the worst universities. Egypt's education system does not permit students to choose either their university or their major field of study, both of which are largely determined by their scores on the final exam. Poor youth who succeed in earning a post-secondary degree, however, also lack social skills and personal or familial

contacts—the all-important *wasta*—necessary to find a good professional job in Egypt.

Female youths are at an even greater disadvantage in finding a job. They face not only gender discrimination but also social and family strictures on governing what constitutes "acceptable" work for a woman, particularly prior to marriage. These limitations reflect socially determined expectations that a woman must not be alone with unmarried men, must avoid travel in public conveyances that entail close contact with strange men, and must not be out too late. All of these behaviors place young women at risk of damaging their reputation, reducing or even eliminating their chances of finding a spouse. Many understandably choose to sit home waiting for a "safe" government job or simply sitting idle—a huge social cost.

It can be argued that the causes of youth unemployment are neither the lack of youth skills nor their poor knowledge of how to search for jobs, although both of these play a role. The argument presented here focuses instead on another, more important barrier to employment: there are no jobs. Clearly, if the underlying problem behind youth unemployment, and therefore youth poverty, is a lack of jobs, the training and placement services on which many interventions by donor and not-for-profit organizations focus will fall short. To the extent that these flawed approaches reduce the pressure on the government to tackle the real causes of youth unemployment, they can actually be harmful. The government will be motivated to take the politically difficult steps needed to create more jobs only if it has a clear-eyed understanding of how dangerous youth unemployment is for Egypt's stability, how ineffective training and placement are in reducing youth joblessness, and what government must do to open up pathways to new enterprise formation and growth.

The basis for such an understanding is the recognition that public governance failures constitute the main block to more rapid growth in jobs. Weak public governance holds back the creation of new enterprises, the growth of existing enterprises, the productivity of both labor and investment funds (capital), and the profitability needed to drive investment. It therefore reduces demand for new workers, reduces pay to existing workers, and, by holding back businesses' productivity and growth, limits workers' access to higher-wage opportunities.

This is not to say that inadequate public-sector governance does not also undermine the supply of productive labor by providing poor-quality education to poor youth, failing to engage with businesses to expand job-relevant training, and restricting private placement services that could bring youth and jobs together. All of these weaknesses constrain the supply side of the youth labor market. Their effects fall a distant second to the impact of governance failures on enterprise formation, growth, and productivity, however, the fundamental base for raising labor demand.

The complex and interlocking nature of these failures places further barriers in the way of efforts to address them in a timely or effective manner. They appear in one form or another across many different ministries, beginning with those in the so-called "center of government" and extending to such sectorial ministries as

industry, labor, agriculture, local development, and education, as well as to the plethora of agencies, authorities, parastatals, and councils handling various functions vital to enterprise growth. Although these failures find expression at the local and governorate level, in Egypt's extremely centralized structure, the primary burden of this dysfunction flows from weak governance at the central level, in the center of government.

Youth poverty and unemployment thus present a particularly complex governance challenge. Both of these interrelated problems result from the interplay of many different factors and thus would require the collaboration of several different government agencies to address them. Given that these governance challenges limit job growth by constraining and distorting private enterprise, the active involvement of the private sector would also generally be required. Where the distortions caused by governance deficiencies benefit privileged enterprises, whether public or private (or joint ventures between them), at the expense of smaller firms, very difficult political economy barriers arise in addressing them.

These challenges have become more difficult, as the current phase of Egypt's development has evolved toward closer interaction between public enterprises, often with military connections, and leading private enterprises. This interweaving of political, economic, and perceived security issues has solidified the core of Egypt's Limited Access Order challenge. It remains unclear whether the public/private elite sees the need to open up the economy to greater internal competition and broad-based growth, undoing decades of privilege to create jobs for disadvantaged youth. In principle, the elite could benefit from such a shift as much as the youth. To date, however, they have perceived that the more attractive option is to contain poor youth in informal and traditional low-income areas under the watchful eye of Egypt's massive security system.

Defining a Pro-Youth Policy Agenda Rooted in Public Governance Reform

A change in the strategy pursued by Egypt's governing elite is a precondition to addressing Egypt's youth dilemma, whether this change is driven by outside pressure, by rising concern over sociopolitical instability, or by enlightened self-interest. For Egypt to find a sustainable path to shared growth, the governing elite must come to accept that broad-based growth offers a win-win option, from which the business elite and national security would benefit as much as youth and the poor. Although donors and international advocacy organizations can bring pressure to motivate such a transition, these efforts cannot succeed without real buy-in and commitment from the elite. Although there is little sign of such a turnaround in elite perspectives to date, the following policy discussion assumes that such a redirection is possible and focuses on what priorities would flow from a new commitment to shared growth, job creation, and improvements to essential public services.

Any approach to such an agenda must address the root causes of failure at the policy level. Project-based interventions are not sufficient and generally

cannot reach sufficient scale to have a systemic impact. The key requirement for economic growth and job creation is to remove the constraints to the creation and growth of small and medium-size private enterprises (SMEs) imposed by Egypt's Limited Access Order. SME growth is also necessary to raise government revenues, without which the budget deficits and deficiencies in public services cannot be addressed. Building a stronger SME sector and creating the possibility for some of these to emerge as new, high-productivity large firms will require reforms by:

1. opening up competition and tackling oligopolies;
2. controlling corruption, both petty and grand;
3. simplifying and modernizing business regulations, particularly by reducing local administrations' stranglehold on small business;
4. reducing police harassment of informal businesses and youth generally;
5. improving infrastructure; and
6. raising the quality and job relevance of education.

This ambitious agenda cannot be completed quickly or easily; but even modest progress in at least some of these areas should have an impact and begin to create policy space for further steps. The implications of failing to address job- and growth-sapping bad governance, on the other hand, are dire. They include ongoing instability, low economic growth, greater income and wealth inequality, continuing erosion of Egypt's position in the Arab world, and, overall, a failure to achieve the country's undoubted potential. Following the consideration of these issues in somewhat more detail, this article will consider briefly how to open the door to more rapid progress on this agenda.

Figure 1 presents a framework for considering how important aspects of public governance and public administration shape youth opportunity, access to

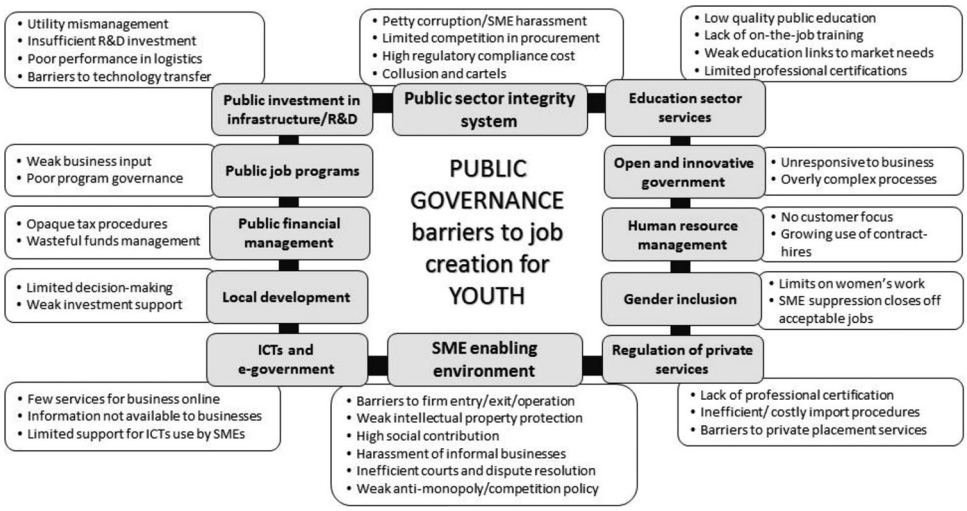

Figure 1. Public Governance Challenges to Youth Economic Inclusion.

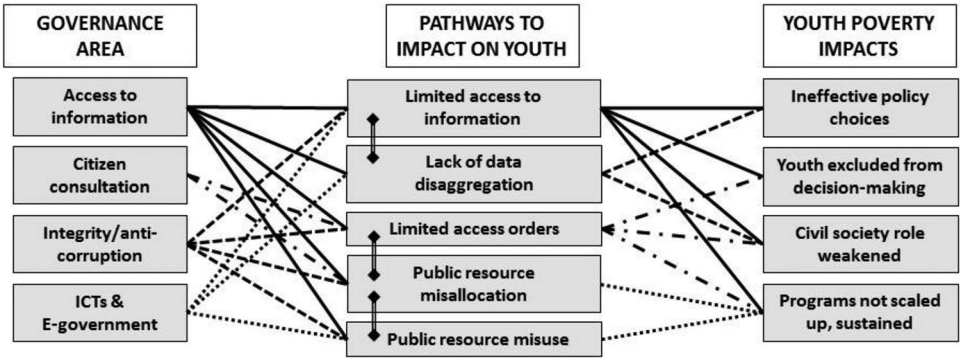

Figure 2. Pathways Linking Weak Public Governance to Youth Development.

services, and inclusion. Figure 2 focuses on four core open governance areas, illustrating how weaknesses in each of these areas translate to reduced government ability to respond to youth needs, leading in turn to less desirable outcomes for youth. Figure 3 applies the same approach to five central public administration functions, tracking how below-standard performance in each area leads to poor outcomes for youth. These impacts are particularly severe for poor youth who cannot tap into their families' resources and contacts to circumvent and overcome (or even benefit from) these governance failures.

Figure 4 draws on the outcome of this analysis to outline a public governance/public administration agenda for Egyptian youth's economic inclusion. It identifies programmatic areas for reform corresponding to 12 intervention areas.

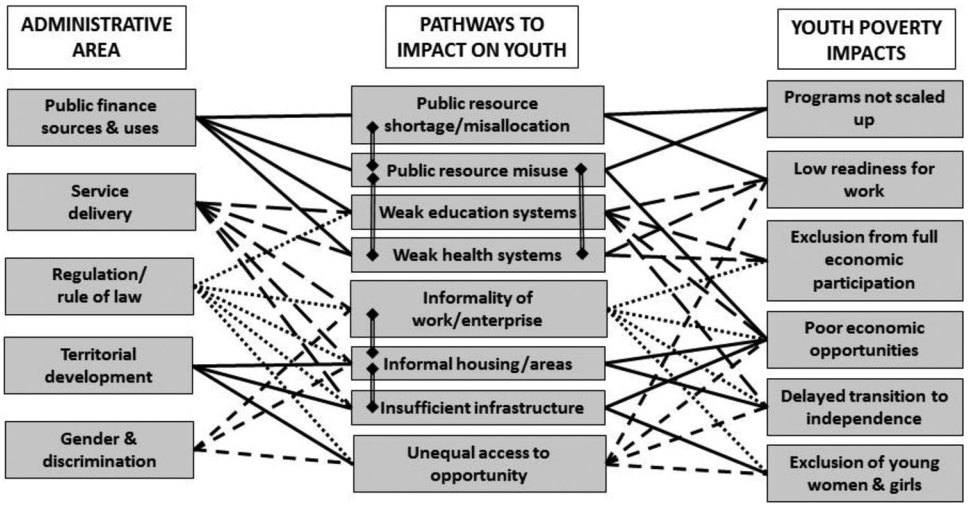

Figure 3. Pathways Linking Ineffective Public Administration to Youth Development.

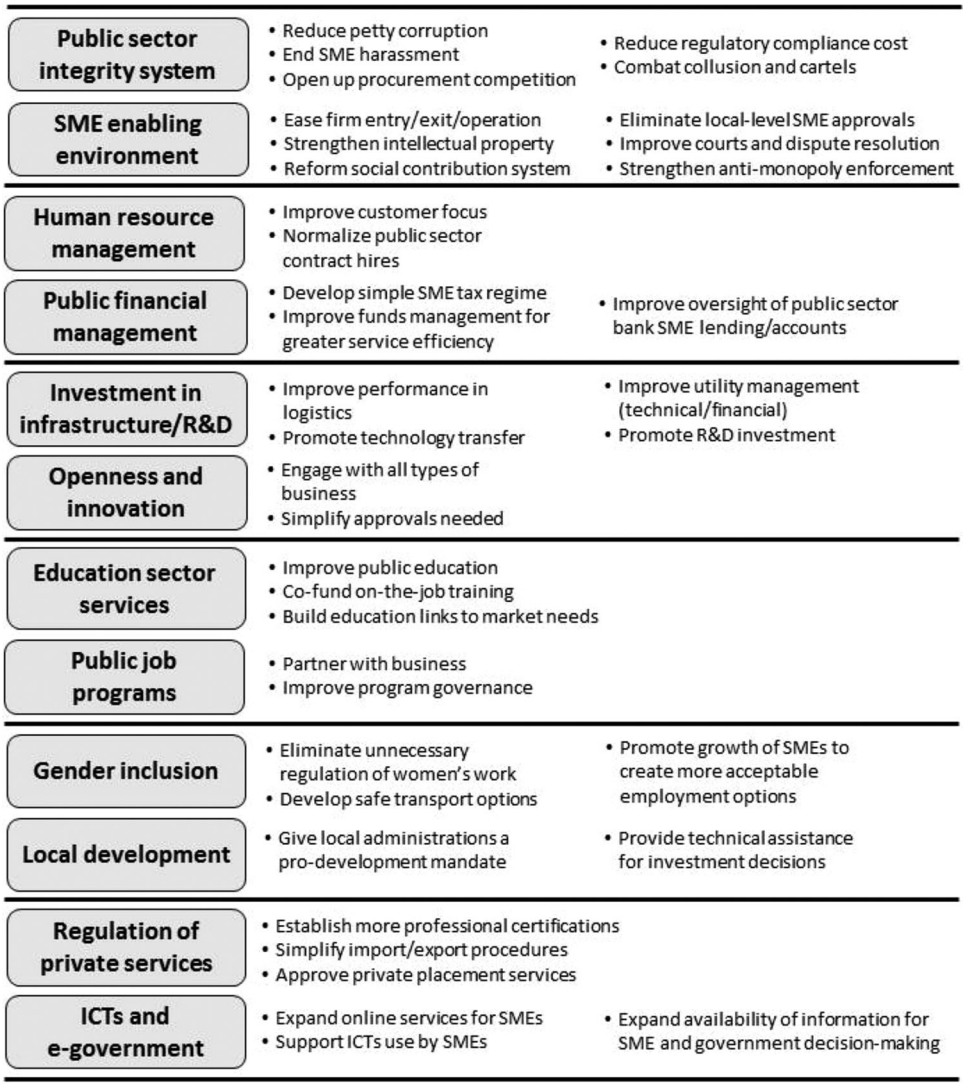

Figure 4. A Public Governance Agenda for Youth Economic Inclusion.

Of these intervention areas, the first two are arguably the most important: strengthening the public integrity system (controlling corruption) and opening up the enabling environment for SME establishment and growth. These two areas are in fact closely related, as corruption creates both direct and indirect barriers to SME growth (Fayed, 2013; Youssef, 2014).

These are the problems that must be addressed to improve job opportunities for young people. Sustainable jobs can only emerge in an environment where rising productivity and growing markets make private investment attractive. Such conditions also offer a higher payoff to government investments in training and placement for youth as well as assistance to establish microenterprises that can serve these emerging markets. Conversely, where demand is stagnant, job

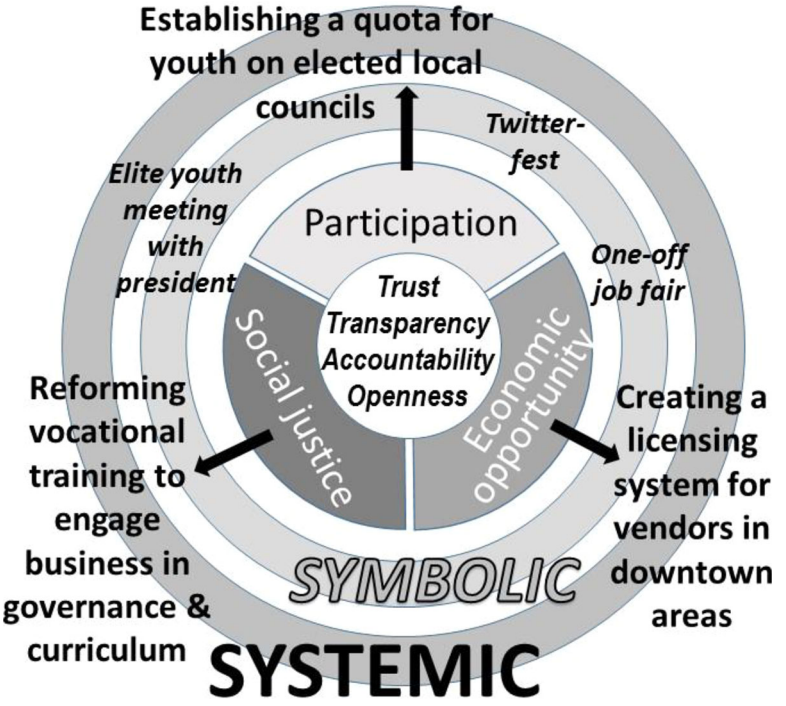

Figure 5. Governance Responses to Youth—The Spectrum From Symbolic to Systemic.

training, placement, and microenterprise funding are simply a hoax perpetrated on poor youth and the donors.

A similar distinction applies to engagement of youth in the reform process. Dialogue with youth can play a role in shaping policies that meet their needs, but only if the government is genuinely committed to driving such change forward. Where government simply wishes to give the appearance of such commitment by staging photo opportunities for journalists and donors such artificial dialogues substitute for real change, rather than supporting it.

Figure 5 contrasts systemic change that includes authentic youth engagement with symbolic actions that have little or no substantive impact. Systemic change addresses the institutional barriers to youth advancement out of poverty and provides them with opportunities for ongoing engagement in real decision-making forums. This figure provides examples of systemic and symbolic actions in three dimensions of engagement: participation, social justice, and economic opportunity.

Female youth face additional challenges that must be addressed to open up opportunities for employment and progress out of poverty. While the gap in educational achievement between male and female youth has diminished, it remains an issue in some areas. Conversely, females outnumber males at the secondary level, and females passing the general secondary school examination exceeded males by 20 percent. The numbers proceeding to university were also nearly equal (GoE, 2015).

Young women face severe problems in finding work that they, their families, and potential spouses find acceptable, however. These barriers present a real challenge to reform, moreover, because they combine social and economic factors. To reduce youth poverty, it will be important to tackle these issues so that more young families can make the transition into the middle class, which, in Egypt as elsewhere, often requires the contribution of dual earners, rather than reliance only on male breadwinners. Women, especially young or unmarried women, face strong social pressure to work in a "safe" environment where they will not be alone with unrelated men (Barsoum et al., 2014).

Public-sector workplaces offer the ideal work situation for women, with a large number of people, male and female, typically present in the workplace, considerable flexibility in hours worked to deal with family issues, and ample benefits covering health care and retirement. At this point, the long-standing strategy for women with at least a secondary education of queuing for a government job can no longer be relied on, however, as public-sector hiring is sharply constrained by the fiscal shortfall. Public-sector factories that once hired large numbers of women are deeply unprofitable, and many have been privatized or closed down. Schiffbauer et al. (2015) state that the share of employment in medium and large enterprises in Egypt declined by almost 10 percent between 1996 and 2006 (the period of the most rapid privatization).

Poor women in rural areas continue to find employment in agriculture, which is of course largely outdoor work, and therefore "safe," and as unpaid family workers, so trading their "security" for income. Jobs in private enterprise are scarce, however, because the vast majority of enterprises have fewer than five workers, most of whom are male. This setting meets social requirements if it is within a mall or a marketplace that is in effect a group setting, although work as a "shop-girl" is considered immoral (Barsoum, 2004). It is not acceptable if it is within a small office or workshop, however, which exposes the woman to potential or real harassment from male co-workers. Thus, many young women end up staying home, regardless of their level of education.

Figure 6 presents an analysis of the social, administrative, and economic factors that limit women's employment in Egypt. It demonstrates the interlocking and reinforcing nature of these constraints, which thus far have proven resistant to change.

The interlocking nature of these socioeconomic and cultural constraints suggests why many women remain outside the workforce or unemployed, despite a desire to work. In the absence of sufficient jobs for young men, it is difficult to imagine that the GoE would launch a campaign to promote women's work or try to shift these strongly held attitudes.

An alternative approach would be to create spaces to be occupied by multiple small enterprises that would provide sufficient visibility (literally) for women to feel secure. Such spaces could be combined with SME support services to promote more rapid growth of both female and male jobs and provide employment for women trained in business services (such as lawyers and accountants). Female-only spaces, with a separate area for meetings with male

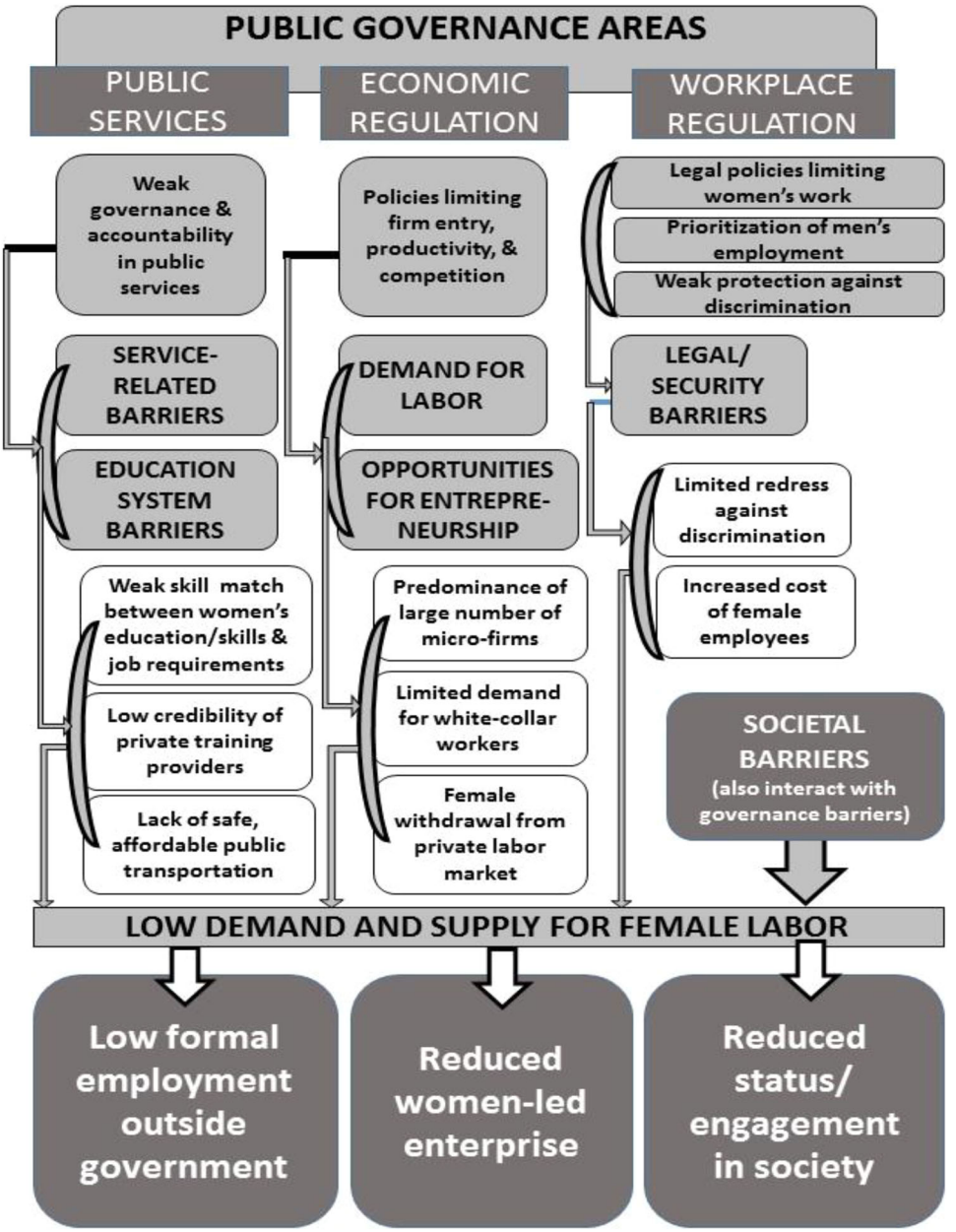

Figure 6. Key Interactions Linking Public Governance and Socioeconomic Inclusion for Young MENA Women.

customers or salespeople, would also fill a need. Experiments with such spaces could test whether this model could be financially viable, which would be a necessary condition to broader implementation. The GoE does not have the resources to subsidize such initiatives, in part because it has prioritized employment for young men for both political and "security" reasons.

Any effort to understand youth unemployment in Egypt (and the Middle East more generally) must recognize that, while unemployment is predominantly a problem of an extended youth transition, it is also very much a problem of women's unemployment. While unemployment rates for young men are certainly high (27 percent for men aged 15–29 as compared with the national level of 9 percent for all men in the first quarter of 2016), the rates for young women are more than twice as high, standing at 47 percent, as compared with 26 percent for all women (GoE, 2016).

In any case, such programmatic and projectized approaches cannot be expected to make a dent in youth unemployment unless the policy vacuum that sustains the dualistic economy is filled with solid policies to promote broad-based growth. This in turn would require that the government recognize the threat to Egypt's prosperity and stability that the continuation of its dual economy poses and that business leaders, for their part, not only share this recognition but also see the tremendous opportunities for Egypt's elite and middle class to benefit from an inclusive economy. This is the challenge posed to government and business elites in the World Bank's unusually hard-hitting report (Schiffbauer et al., 2015): will the elite choose privilege for a few or prosperity and jobs for all?

Conclusion

Five years after the Arab Spring, it is difficult to avoid the conclusion that it has failed to bring the real change that the thousands of young Egyptians crowding Tahrir hoped to see. After years of turmoil, the al-Sissi government has emerged as little more than a less competent version of the Mubarak and Sadat regimes. Egypt's "military-industrial complex" remains firmly in power and has once again substituted repression and propaganda for real change.

Twenty-five years after Egypt was forced to accept a multi-donor bailout along with difficult reforms, the much-maligned Economic Reform and Structural Adjustment Program (ERSAP) launched in 1991, it is again in the same position. There is little evidence that this time around the government sees this as an opportunity for real change, rather than the delay, halfway implementation, and burden shifting that characterized the earlier program. Although the donors are this time putting in place a more promising social protection system to limit impacts on children, following the proven conditional cash transfer model, overall signs of real government commitment to broad-based growth, inclusive development strategies, and transparent, accountable governance are lacking.

Too many youths continue to find their access to decent work blocked, forcing them to take jobs that pay too little and offer no path to earning an adequate and sustainable living. Informal and precarious work, often in informal enterprises but also in formal enterprises and the government itself, delays young men's progress to completing their transition to true adulthood until they reach their mid-to-late 20s. These same barriers, augmented by heavy social restrictions on women's activities outside the home, leave many young women unable to find socially acceptable employment at all, making the choice to stay home until

marriage a rational one and leading many of them to remain outside the workforce for decades, even when they and their husbands would prefer that they work to raise the family's living standard.

It lies within the power of the Egyptian government to change this situation, but only if it moves forward in three broad areas:

1. Replacing suppression of dissent with a more open, collaborative, and accountable style of governance to deepen and inform the policy debate, build consensus on a path forward, and enlist a broad range of Egyptians in support of shared-value reforms.
2. Redirecting public and private investment from rent-seeking real estate and military buildup to productivity-enhancing infrastructure, small enterprise development, and the full integration of the informal majority into Egypt's society, economy, and governance structures.
3. Improving government effectiveness in service provision from the schools to the courts by tackling corruption, both petty and grand; decentralizing decision making; and empowering the public workforce to develop and implement reforms through a system that is flexible and outcome-oriented rather than reliant on rigid rules and sanctions.

In sum, the solution to the challenge of Egypt's still-growing youth population does not lie with targeting youth as such, or with improving the services directed to them, although both these elements can contribute to a successful strategy. The challenges of undereducated, underemployed, and alienated youth are only the most visible symptoms of the broader social and economic malaise created by pervasive public governance failures. Targeting solutions at youth without addressing this broader governance failure constitutes a misdirected and broken strategy that cannot succeed. It only serves to postpone the fundamental changes that are essential to lasting solutions for youth and for Egyptian advancement more generally.

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