



EGYPT SOCIAL PROGRESS INDICATORS

Measuring progress towards improving wellbeing in Egypt



LABOR | 2018

Why measure labor conditions for social progress?

Ensuring full and productive employment and decent work for all is key to eliminating poverty, addressing rising economic inequality and achieving sustainable development. Egypt has a large working age population, for whom participating in the labor market

is both the primary means of maintaining adequate living standards and building social connections. By assessing labor conditions and wage policy, ESPI's labor indicators help provide a fuller picture of how well the economy is serving ordinary people.

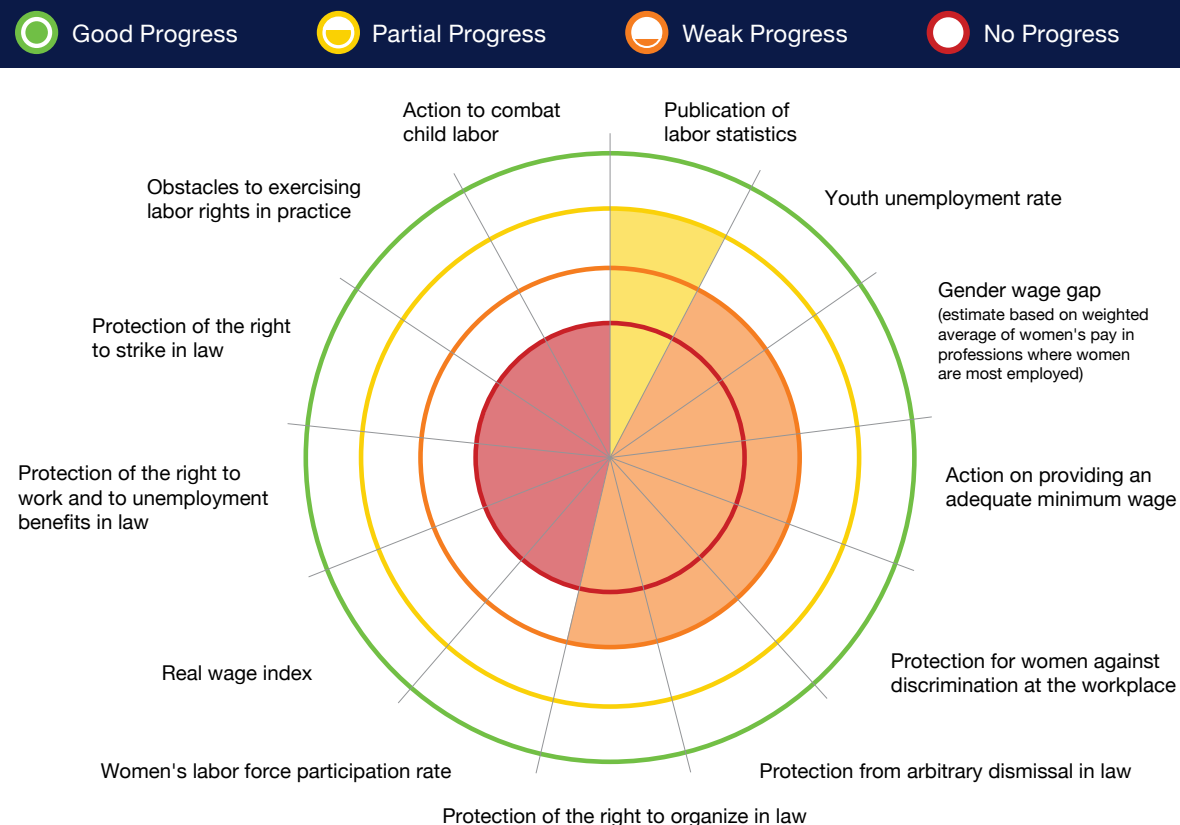
What are the main findings of ESPI on LABOR?

The findings of ESPI's labor indicators reflect the need for broad policy change to improve socioeconomic wellbeing, labor conditions and employment outcomes in Egypt. Directing and regulating the private sector to serve national development priorities and guarantee effective legal protections for the exercise of labor rights are key components to achieve fair, equitable and dignified employment and work conditions that contribute to social progress.

Protection for rights in the workplace, both in law and in practice, needs substantial improvements to be effective. **Legal protection for the right to organize** is weak according to analysis by the ILO, the International Trade Union Confederation, as well

as local stakeholders. Similarly, although **the right to strike** is guaranteed in the Egyptian Constitution, it is in practice heavily restricted and even criminalized by some national legislation. In the absence of the necessary protection in law, workers face systemic **obstacles to exercising labor rights in practice**, particularly over the past 12 months. **Protection of the right to work and guaranteeing unemployment benefits** is another constitutionally-protected area where protection in law and in practice could be improved, along with a well-defined national employment strategy. Workers also need better **protection from arbitrary dismissal**, especially in the private sector.

FIG 1. Overall Progress of Labor Indicators





Certain sectors of the population are particularly vulnerable to the structural deficiencies in the labor market and gaps in regulation and enforcement. Victims of **child labor** are not adequately protected by the law or in practice, especially in the agriculture and mining sectors, as well as in the informal sector, where data is severely lacking. **Youth unemployment** is at 26.5%, which is especially problematic given that youth is the largest population group. **Women's participation rate in the labor force** is extremely low at only 22.9% (based on 2016 data), lagging far behind other Lower Middle Income Countries. The estimated **gender wage gap** based on weighted average pay in the top three formal professions for women is high at 0.79 - and this undoubtedly underestimates the problem given that the agricultural sector, which amounts to 30% of total female employment, is excluded from official wage statistics. Moreover,

women also need improved **protection against discrimination at the workplace**, including by improving maternity leave and childcare provisions, especially in the private sector.

There are a number of labor policies and protections that - if well implemented - could vastly improve the overall socioeconomic wellbeing of Egyptians. In particular, **action towards providing an adequate minimum wage** would certainly help improve people's living standards, and could also help improve Egypt's performance on the **real wage index**, which has shown a decrease in the real value of wages over recent years, weakening the ability of households to meet their essential needs. Improving the availability and quality of **labor statistics** by making the latest data widely available in a timely manner, and free of charge, is an essential step towards participatory policy-making in Egyptian labor affairs.

Full List of Indicators

-  **Publication of labor statistics**
-  **Youth unemployment rate**
-  **Gender wage gap** (estimate based on weighted average of women's pay in professions where women are most employed)
-  **Action on providing an adequate minimum wage**
-  **Protection for women against discrimination at the workplace**
-  **Protection from arbitrary dismissal in law**
-  **Protection of the right to organize in law**
-  **Women's labor force participation rate**
-  **Real wage index**
-  **Protection of the right to work and to unemployment benefits in law**
-  **Protection of the right to strike in law**
-  **Obstacles to exercising labor rights in practice**
-  **Action to combat child labor**

“Good Progress” indicates Egypt's fulfilment of commitments made in the Egyptian Constitution and Vision 2030, as well as its positive ranking in comparison to other Lower Middle Income Countries. Currently, there are no “Good Progress” indicators in Labor.



Photo: jaxpix / Alamy Stock Photo

Featured Indicators

A more in-depth look at several of the indicators is included below. For more information on all of the indicators, including the scales and how they were constructed, please see the website at progressegypt.org.

Protection for women against discrimination at the workplace – Weak Progress

Discrimination is a major challenge facing women in the labor market in Egypt. Legal protection against discrimination is a basic condition for achieving equality in the workplace and increasing women's participation in the workforce. This indicator measures the degree of protection that legal frameworks provide for women against discrimination in the workplace.

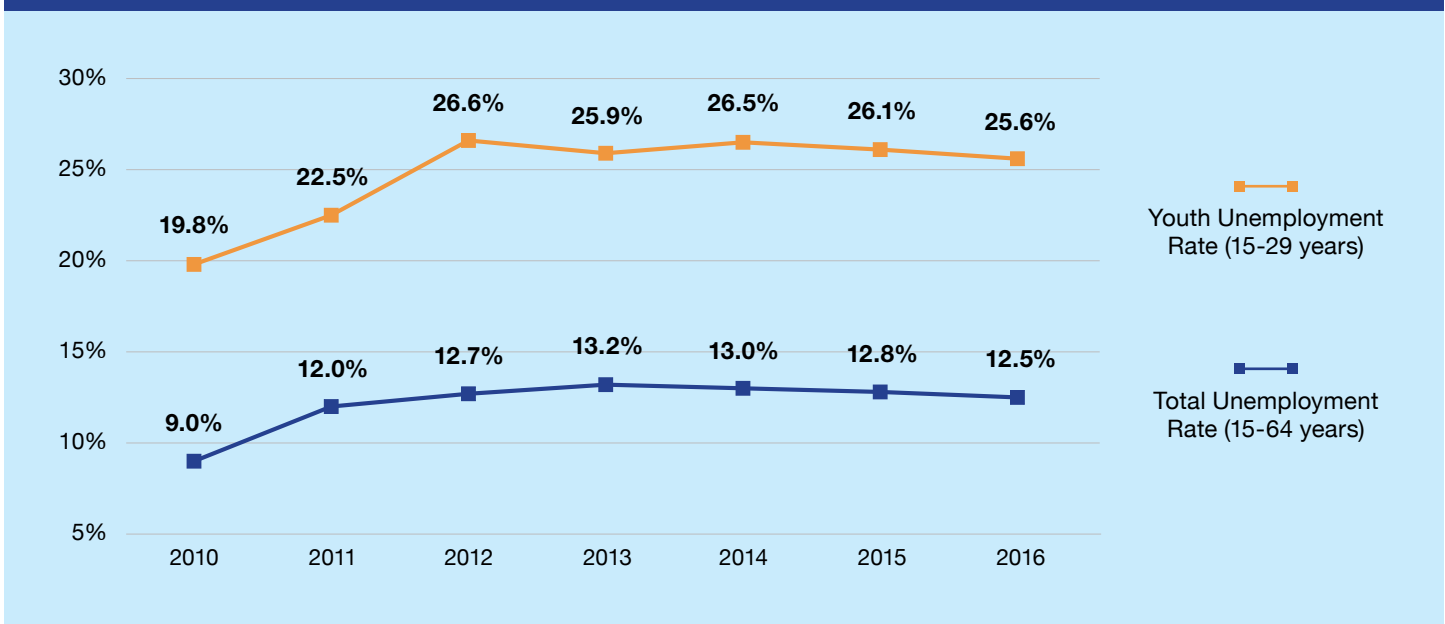
The scale for this indicator is constructed to measure how effectively legal frameworks protect women against discrimination at work. It considers the criteria of whether there are constitutional or legislative provisions that aim to provide this protection; whether they are in accordance with

the international standards related to gender discrimination in the workplace; and whether there are administrative bodies that effectively implement these legal protections. “Good Progress” is when all of these criteria apply; “No Progress” is when none apply.

By reviewing the labor laws of Egypt, it becomes clear that none of the laws provide a clear definition of discrimination in the workplace that conforms with international standards. The laws state that their provisions apply equally to male and female workers, without discrimination; however, they exclude women from working in certain fields due to reasons of morality or safety; they do not stop employers from basing their employment decisions on whether or not a woman wishes to have children; and they allow for the provision of maternity benefits to be applied differentially between women working in different sectors. Furthermore, domestic workers and female agricultural workers are not covered or protected by any of the laws regulating labor relations.

To make progress towards more effective protection for women from discrimination in the workplace, it is recommended to amend the legislative frameworks to cover protection for working women in all sectors, and to ensure that the laws provide a clear definition of discrimination and the acts that fall under it. It is also recommended to give powers to equal opportunity units in the various ministries to take administrative and legal measures against those who discriminate.

FIG 2: Youth vs Total Unemployment Rate (2010-2016)



Source: CAPMAS (2016)

○ Youth unemployment rate – Weak Progress

This indicator measures the percentage of youth who are unemployed, which is defined by the Central Agency for Public Mobilization and Statistics (CAPMAS) as individuals aged 15-29 years “who are able to work, want and look for work.” The color scale is based on a comparison of Lower Middle Income Countries according to World Bank data. “Good Progress” reflects the average of the top five countries in this category, while “No Progress” is equivalent to the bottom quarter.

The unemployment rate among young people aged 15-29 years in Egypt was 25.6% in 2016. It was by far the highest of all age groups, followed by the 30-39 age group with an unemployment rate of 14.1%. The 2016 youth unemployment rate fell by 0.5% compared to 2015, but it remains 5.8% higher than in 2010.¹ The high unemployment rate is related to the weak absorptive capacity in the Egyptian labor market, as the government’s economic policies do not adequately regulate the market to absorb the labor force. The government instead relies on the private sector for job creation, yet lacks a national strategic plan for how the private sector should provide decent jobs and uphold labor rights.

To make progress towards reducing youth unemployment, it is important to set time-bound targets for reduction; to link education policy to the needs of the labor market; to improve the quality of technical and vocational training; and to build a clear national employment plan, which includes the private sector.

○ Protection of the right to organize in law – Weak Progress

The legal protection of the right to organize is a guarantee of freedom that ensures workers are able to establish trade unions and carry out trade union activities. Trade unions play a central role in protecting worker interests and contribute to building and sustaining the decent working conditions and wages that every individual in society needs in order to enjoy adequate standards of living for themselves and their dependents. This indicator measures the extent to which legislation protects the right to organize.

The scale for this indicator is constructed to measure the effectiveness of legal protection for this right. It considers the criteria of whether there are constitutional or legislative articles that protect the right to organize; whether they are in accordance with norms and standards; and whether there are effective mechanisms available to enforce legal protection in practice. “Good Progress” is when all of these criteria apply; “No Progress” is when none apply.

The Egyptian Constitution guarantees the right to organize. Article 76 of the Egyptian Constitution stipulates that “the establishment of trade unions and federations on a democratic basis is a right guaranteed by law.” Therefore, this indicator does not meet the criteria to be judged as “No Progress”. However, Egypt has witnessed a decline in the legal protection of the right to organize with the repeal of the Trade Union Law 35 (1976), and the introduction of Law 213 on December 17, 2017.



Photo: Dominic Chavez/World Bank

This law codifies many obstacles to exercising the right to organize on a free and independent basis, such as prohibiting more than one trade union at a workplace, and imposing fines and imprisonment for trade union activities that fall outside the parameters of its regulations. Law 213 contravenes many international norms that guarantee trade union freedoms.

To improve the legal protection to the right to organize, as a means to achieving fair and balanced labor relations towards a progressive society, it is recommended that Law 213 be amended, in consultation with all stakeholders, so that it is in line with the norms of the International Labor Organization and recommendations by the United Nations Committee on Economic, Social and Cultural Rights.

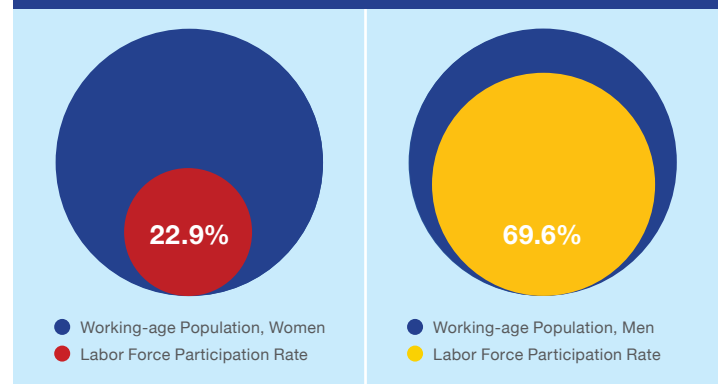
○ Women's labor force participation – No Progress

Women's participation in the labor force not only contributes to the growth of the economy but is also vital for the empowerment of women and the realization of social progress. The labor force participation rate is defined by CAPMAS as the percentage of the population aged 15 to 64 engaged in economic

activity, including all those employed and seeking employment, compared to the total adult population.

This indicator measures the labor force participation rate among women using CAPMAS estimates. The color scale is based on a comparison of Lower Middle Income Countries according to World Bank data. Specifically, "Good Progress"

FIG 3. Women's vs men's labor force participation rate (2016)



Source: CAPMAS (2016)

reflects the average of the top five countries in this category, while 'No Progress' is equivalent to the bottom quarter.

According to the latest available CAPMAS data, the women's labor force participation rate was 22.9% in 2016 (compared with 69.6% for men in the same year). Egypt's labor force was estimated at 28.9 million in 2016, of which 21.9 million are male (75.8%) and 7 million are female (24.2%). While only 8.9% of men in the labor force were unemployed, about 23.7% of women in the labor force were unemployed in 2016.

Increasing the participation of women in the labor force is a goal of Egypt's Vision 2030. Egypt specifically aims to raise the rate from 22.8% in 2015 to 35% by 2030, a very conservative goal compared to other countries. To achieve progress towards a more ambitious goal of more than 70% female labor force participation, the government should revise its labor force survey to ensure women doing unpaid work in the home (especially married women) are not automatically excluded or assumed to not be looking for employment; ensure greater access to quality child care and elder care; and provide safe working conditions and transportation to the workplace. Information should also be made publicly available on the progress made towards increasing female labor force participation and women's economic empowerment.

Real wage index – No Progress

Wages represent a vital source of household income for millions of Egyptians. They therefore have a huge influence on people's living standards and play an important role in reducing poverty and inequality. The real wage index measures how annual changes in wages are affected by inflation. It is calculated by converting the average weekly wage for the current year from 'nominal' to 'real' terms using the consumer price index (CPI),

and then dividing it by the average weekly wage for the previous year to produce the index.

The scale was constructed based on whether wages are growing, stagnating or declining year-to-year, as illustrated by the real wage index. Specifically, 'Good Progress' means wages are growing, while 'Poor Progress' means they are declining. Wages that are more or less stagnating amount to 'Partial Progress' or 'Weak Progress' respectively.

The real wage index in 2017 was 0.86, meaning average wages have declined significantly between 2016 and 2017. According to data on average wages from CAPMAS, and the CPI from the Egyptian Central Bank, there was a nominal increase in wages from 942 EGP per week in 2016 to 1050 EGP in 2017. However, the CPI in the same years increased from 185.2 to 240.3 (2010 = 100), which meant a real decrease in wages by 14%.

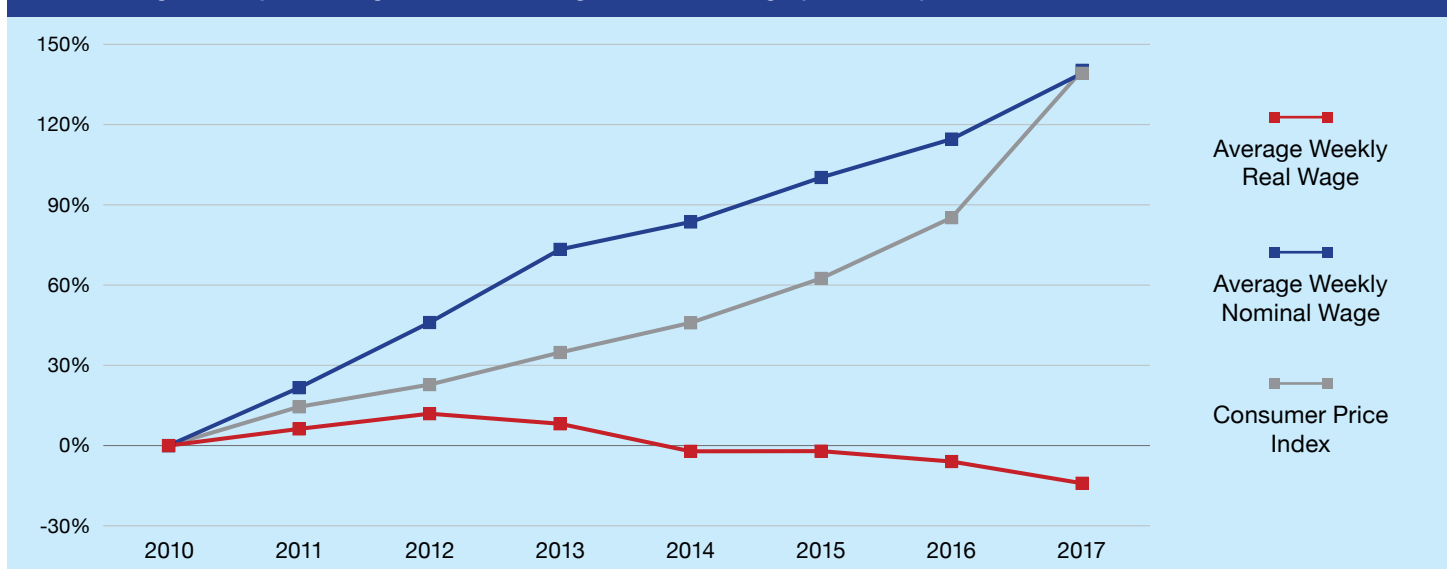
To improve progress on the real wage index, the government should take immediate steps to limit effects of inflation and currency fluctuations, increase the minimum wage to cover all economic sectors to ensure good standards of living for Egyptian workers, and link wage increases with CPI increases.

Obstacles to exercising labor rights in practice – No Progress

This indicator monitors cases in which labor rights have been obstructed, either by preventing the establishment of trade union organizations; interfering with their activities, including strikes; or persecuting trade union members or leaders. It provides important insight into the effect of legislative and executive policies on protecting the right to organize and engage in trade union activities in a safe environment.

The color scale is based on the severity of obstacles faced. Specifically, "Good Progress" is defined as "few and limited"

FIG 4. Average Weekly Real Wage vs Nominal Wage Percent Change (2010-2017)



Source: Own calculations; CAPMAS (2017)



Photo: Dominic Chavez / World Bank

obstacles, while “No Progress” is defined as “systematic” obstacles. The specific obstacles faced in the exercise of labor rights were identified in reference to and inspired by the International Trade Union Confederation (ITUC) Global Rights Index.

Workers in Egypt face systemic obstacles to exercising labor rights. Although the constitution protects workers’ right to strike and right to organize, legislative frameworks governing the exercise of those rights weaken this constitutional protection. In the “Workers’ Rights Index” of 2018, Egypt was ranked the fifth worst country in the world with regard to the legal protection of workers’ rights, with a score signifying “No guarantees of rights.”

Forming trade unions has been systematically obstructed through registration regulations under Law 213 (2017). Out of a total estimate of about 4000 independent unions,² only 108 were able to successfully register and gain legal status to practice the right to organize legally under Law 213, according to the Center for Trade Unions and Workers Services. Between September 2017-2018, various sources reported cases of reprisals against workers and trade unionists, including violence, arrest and interrogation, as a result of exercising labor rights.

In order to achieve a balanced and democratic working environment that guarantees the quality of decent work and living conditions, the obstacles to exercising labor rights must be addressed. This includes reforming legislation that criminalizes the exercise of labor rights, removing barriers to the registration of trade union institutions, protecting the right to trade union pluralism, and establishing an independent body with effective powers to monitor, document and impose penalties on employers who retaliate or discriminate against workers for exercising their labor rights.

References

1. Researcher's calculations on the development of the youth unemployment rate according to data issued by the CAPMAS from 2011 to 2016 in the age group 15-29 available at the annual labor force research 2016. At: http://www.capmas.gov.eg/Pages/Publications.aspx?page_id=5104&YearID=
2. Awf A.(2017), “What are 4200 Independent Unions to do after the New Law?” Al-Mal (6 Dec 2017). (Arabic Only) At: <https://bit.ly/2Msanhi>

What are the Egypt Social Progress Indicators?

ESPI is an innovative metric offering a unique set of multidimensional, action-oriented indicators. It uses a four-color scale to measure progress on socioeconomic wellbeing in Egypt across six topics:

- economic policy;
- labor;
- urbanization;
- food, water, and agricultural land;
- education; and
- health,

ESPI incorporates a gender analysis across all topics. ESPI goes beyond traditional economic indicators used by international financial institutions and other economic actors to measure the health of the Egyptian economy and to provide a holistic assessment of the status of socioeconomic wellbeing for average Egyptians.

How were the Egypt Social Progress Indicators Developed?

The idea for ESPI was born in 2015, when a number of academic researchers, independent field experts, and civil society groups started to explore the idea of creating a data-driven, interdisciplinary, and “homegrown” metric that translates recommendations from UN mechanisms into clear, measurable, and actionable indicators; tracks national implementation of SDG targets; and takes into account Egypt’s position as a Lower Middle Income Country.

ESPI was conceptualized and designed, through a multi-year collaborative process, by the Center for Economic and Social Rights, the Social Justice Platform, the Egyptian Initiative for Personal Rights, the Egyptian Center for Economic and Social Rights, Aspiration Tech, and Backspace. Research and analysis for the indicators was conducted by numerous independent researchers and field experts.

Methodology

Fundamental to the uniqueness of ESPI is its methodology, which was designed through a collective process, ensuring its relevance to the daily reality of everyday people.

Indicator selection

ESPI aims to be action-oriented. For that reason, it measures both:

- **outcomes** of socioeconomic wellbeing; and
- the **drivers** of those outcomes, which include legal, policy, financial, human resource, and institutional inputs and outputs.

To achieve a balance in the indicators selected, ESPI is also guided by the OPERA framework developed by the Center for Economic and Social Rights, which centers on four levels of analysis: Outcomes, Policy Efforts, Resources, and Assessment. Within this framework, a mix of quantitative and qualitative, as well as fact-based and perception-based, indicators ensure that ESPI provides a holistic picture of social progress. Potential indicators were subjected to extensive internal review and external consultation with experts and stakeholders.

Benchmarking and scaling

ESPI uses a four-color scale to measure Egypt’s progress on a specific indicator:



The methodology for constructing the scales varied, necessarily, between quantitative and qualitative indicators. Sources of benchmarks included Egypt’s own development targets, including those articulated in Vision 2030; international commitments, such as the SDGs; and recommendations and guidelines from international bodies. On the website, each indicator is accompanied by a detailed description of the scale and how it was developed.

Data was gathered largely from two sources: socioeconomic and administrative data produced by the Egyptian government and relevant international bodies for quantitative indicators, and objective, credible, and well-sourced expert analysis conducted by independent researchers for qualitative indicators. The combination of these sources ensures that ESPI is rigorous and reveals new insights about social progress.

All indicators – both quantitative and qualitative – are accompanied by comprehensive commentary that contextualizes and explains the data, making ESPI one of the most in-depth metrics of its kind.



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