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A Generation without Work Contracts and Social Security: The Urgency of Policy Focus on Youth Job Informality in Egypt

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Introduction

Job informality and limited access to social protection among working youth is not sufficiently addressed in policy circles in Egypt. Unemployment, specifically youth unemployment, has been a central issue in the policy discourse in Egypt for decades. The concern about the unemployed has long stemmed from the political volatility of this group. The January 25th demonstrations have shown that the political fear about employment issues were rightfully placed. However, it was not the unemployed alone who were dissatisfied. Without downplaying issues of freedom of expression, corruption and police brutality, it is safe to argue that the anger on the street was fuelled by compromised quality of jobs within the informal economy. It is important to remember that the Arab Spring that showed its first bloom in Tunisia followed by Egypt was sparked by a frustrated street vendor who burned himself to death in protest to his government's violent exclusion of the working poor.

Work informality is central to the economic exclusion of young people in Egypt. Work is the main asset of a young worker at the beginning of his/her work career. This asset is devalued when work does not provide social protection in the form of pension benefits at times of inability to work due to unemployment, illness or old age. This asset is also devalued when its income does not cover basic needs or access to services such as health care. Lack of social protection is a direct outcome to job informality. It is safe to note that work informality is the norm among working youth in Egypt as data provided in this paper shows. This is particularly the case among youth in Egypt. The data included in this paper shows that the majority of jobs these new entrants to the labor market get provide them with no work contracts or access to social insurance contributory schemes. For these young people, work provides income but no protection. While it may cover the financial needs of the present but it more seriously leaves the future to vulnerability.

Building on interviews with young people working within the informal economy, this paper describes the lived experience of work informality and lack of social protection among youth. By workers within the informal economy, this paper focuses on young people that are wage workers in employment relations that are not documented by work contracts. The focus of the paper is educated youth. By educated, I refer to young people with high school diplomas and above. What this paper seeks to provide is an understanding of the process of informality as experienced and described by working youth themselves. How do young people perceive their lack of social protection and social security? If the needs of the present are barely covered by the income that comes from work, how do workers foresee their future? What policies need to be put in place to address this situation of vulnerability? Qualitative interview data is embedded in quantitative data on the situation of work

informality among wage-working young people to provide the overarching structural constraints facing young people and the level of prevalence of the phenomena being described through qualitative data.

The concerns that young people express about their lack of social protection as shown in this paper highlight the seriousness of this problem. Unfortunately, as the qualitative data in this paper shows, many young people are making conscious decision to compromise their social protection, because they are not willing social security contributions to be deducted from their already meager income. From a generational perspective, young workers' limited access to social protection means that Egypt is witnessing a new generation of workers, specifically educated workers, who will have no access to old age pensions. More serious social repercussions of this problem will start showing as this cohort of workers ages and becomes unable to work. Lack of social protection is also adding more reason to young people's dissatisfaction with the government's performance as they continue to believe that the government should sustain its earlier role as the main employer to the educated as they note in interviews. The continued valorization of a government job is a direct result to the lack of social protection in Egypt's private sector. Another layer to seriousness of this problem relates to the fact that the contributions of these new entrants to the labor market are needed to sustain the social security system, which is currently skewed towards supporting an aging population of earlier contributors.

This paper starts with a description of the research methodology followed by a discussion of the notions of work informality and social protection. Section III addresses the limited policy attention to the issue of work informality among youth in Egypt. Section IV provides descriptive statistics on the prevalence of work informality among youth, based on recent data from the Survey of Young People in Egypt (SYPE). Section V provides the qualitative data on young people's perceptions of informality and their concerns about the government's social insurance scheme. The paper ends with a discussion of policy option to address work informality among youth.

I. Research Methodology

This study is based on ethnographic field methods of in-depth interviews taking a life history approach. Qualitative research typically seeks in-depth and intimate information about a smaller group of people with the objective of learning about how and why they behave, think, and make meaning as they do. Qualitative research spans the micro-macro spectrum and taps on both issues of structure and process (Ambert et al, 1995:880).

Interviews took the approach of following the career path of the informant, taking the life history approach. The life histories approach does not just involve the individual being interviewed but explores the overarching social and economic structures that define the life trajectory of the informant (Bertaux, 1982). Life histories also allow us to understand evolutionary processes instead of leaning on a snapshot of the present. In life histories, it is not isolated lives of the individuals that are the focus of analysis but on the individual embedded in social relationships and structures. In this way, the analysis would eschew a view of culture as a monolithic phenomenon but as process of continuity, change and conflict that is played in the lives of these women. By listening to people's meanings and the interpretations, we follow a longstanding ethnographic tradition that is best described by Perin (1977:23) as "giving beliefs the status of data".

Interviews that inform this study were conducted on two stages. The first stage only included female wage workers within the informal economy and took place in January 2009.

In-depth interviews were conducted with eight female workers in addition to one focus group discussion was conducted in the city of Minia in Upper Egypt with the help of a non-governmental organization. The second stage extended the study focus to address both male and female wage workers within the informal economy and took place in October and November 2012. Young people included in the analysis of this paper are those with a minimum of secondary education and have had work experience in the non-agricultural private sector.

Qualitative data is introduced after a discussion of the issue of the prevalence work informality based on descriptive statistical analysis of data of the Survey of Young People in Egypt. The survey was fielded in 2009 covering a nationally representative sample of 10,000 young people aged 10-29.¹ The analysis presented in this paper only focuses on young people 15-29, which is the beginning of working age population in Egypt. The purpose of this statistical descriptive section is to provide the overarching social and economic structures in which these informants make choices.

II. Understanding Work Informality and Social Protection

Work informality is an old concept that has had many incarnations over the past decades. Chen (2005) notes that the notion of the informal sector was “discovered” in Kenya, when an ILO interdisciplinary mission wanted to describe persisting traditional forms of economic activities that even expanded to include enterprises with unregistered and undocumented economic activities (ILO, 1972). Building on fieldwork, the Kenya mission opted to calling these activities as falling within the “informal sector” (ibid.). The term itself was coined a year earlier by British social anthropologist, Keith Hart, as part of a study on Ghanaian economy (Chen, 2005; Hart, 1973).

The state of thinking at the time was that informality was a temporary stage and that the informal sector was bound to become formal as it moves away from its pre-capitalist mode of operation and become modernized. A major exception to this state of thinking was Alejandro Portes’ structuralist approach to studying the informal sector as a feature of capitalist economy that is exploited by the formal sector (Portes, 1989). Chen (2005) notes that for some reason the enthusiasm about studying the informal sector and the debates surrounding it subsided by the late 1980s and early 1990s, as the concept went out of favor in academic circle.

Renewed interest in work informality came after the ILO’s 2002 International Labor Conference as part of the larger agenda of decent work (ILO, 2002). The ILO provided an operational definition of work informality and emphasized the focus on an informal “economy” as opposed to an informal “sector” shifting the focus from enterprise characteristics to the work relations. The informal economy was defined as economic activities not “covered by formal arrangements” (ILO, 2002). This includes all forms of employment without secure work contracts, worker benefits, or social protection in the form of social insurance or health insurance. This definition of the informal economy refers to two distinct groups. The first group includes own-account workers in unregistered enterprises that are engaged in the production of goods and services for sale or barter. This group includes, among others, workers in occupations such as street vendors and other retailers without a fixed establishment, artisans, own-account drivers and farmers. The

¹ For a detailed description of the dataset and the data collection methodology, please refer to Population Council (2010).

second group is paid workers in undocumented employment relations either in documented (formal) or undocumented (informal) enterprises. Educated youth among this group are the focus of this study.

Interest in work informality has been sustained over the past decade as part of the decent work agenda and social protection. More recently, the establishment of the Social Protection Floor Initiative, under the joint leadership of the International Labor Organization and World Health Organization (ILO, 2011) came to support this sustained interest in work informality. The initiative seeks to push the global policy agenda towards the recognition of two fundamental needs identified as central to a basic social protection floor. These are:

- 1) A minimum level of income security during childhood; working age at times of unemployment, illness or disability; and old age.
- 2) Affordable access to health care (ibid.)

This paper addresses these issues with focus on youth employment in Egypt's informal economy and the policy options to mitigate the impact of informality on this large group, particularly in relation to their limited access to social protection.

III. The Absence of Work Informality from the Policy Discourse in Egypt

In comparison to the issue of youth unemployment, work informality and the compromised job quality and decent work deficit within the informal economy, are hardly discussed. Only recently, did Egypt's central statistical bureau, CAPMAS, start to include data on job quality and access to social security and work contracts in its regular labor statistics. These statistics, however, are rarely mentioned in policy circles or even in the press coverage when the results are released. The focus on unemployment figures remains paramount.

However, unemployment figures give a bird's view to problems of employment in Egypt's labor market, particularly among the youth. By definition, the unemployed are those not working for at least one hour in the week and are actively searching for a job. Two large groups are not included in unemployment figures. The first group consists of young people who have given up searching for a job. This group of "discouraged" youth is significant and is particularly high in rural areas. Jobless, these young people have given up searching upon realizing that the search does not lead to finding jobs. The joblessness rate is defined the number of youth who are neither in education nor in employment as a proportion of the relevant age group (World Bank, 2007). Analysis of recent survey data in Egypt shows that the joblessness rate among youth 15-29 reaches 60% (Assaad, 2010). This means that more than one in two young people is not in education, training or employment.

The second issue that missed in unemployment figures, and is the focus of this paper, is the quality of jobs of those who are employed. The World Bank refers to the prevalence of "bad" jobs in the Middle East and particularly Egypt (World Bank, 2007). These jobs provide low income and no social protection or potentials for growth. Most of these low-pay low-productively jobs are within the informal economy. A recent ILO report (2012) shows that 51.2% of non-agricultural employment in Egypt is informal employment. This statistic includes those who are own-account workers in unregistered businesses, employers in unregistered businesses, and workers without contract in both registered and unregistered businesses. These figures do not include the large segment of workers within the

agricultural sector, which constitutes one third of the work force (30.7 according to estimates of CAPMAS in 2011).

IV. Informality is a Serious Youth Employment Issue in Egypt:

In all interviews with employed youth, informality, identified here as lack of work contract and social security, was the norm in the private sector. In this section, I use data from the survey of young people to show that the qualitative sample included in this study reflected clear patterns that can also be confirmed by quantitative data.² There are many methodological hurdles in measuring informality that go beyond the scope of this paper. The following analysis will look at the prevalence of work contracts among wage workers in non-agricultural activities along with access to social insurance.

According to analysis of data from the survey of young people in Egypt for those aged 15-29, wage work is most common employment status among youth in Egypt. More than 86% of working youth are wage workers. The remaining working youth are mainly unpaid family workers (10%) and a small minority are employers or self-employed.

Among non-agricultural wage workers aged 15-29, only 18.9% have access to work contracts as the following table shows. This figure is further depressed down to 15% when those working in agriculture are included in the analysis as contracts are virtually non-existent among this group (not shown in the table).

The private sector is the main employer of working youth, providing employment to more than 78% of non-agricultural wage workers. However, only 7.5% of workers in the private sector among youth have social insurance and only 7.1% had medical insurance. These benefits are closely related to access to a work contract, with only 7.7% of workers in the private sector having access to work contracts.

The following table shows glaring disparity between young people working in the government and those working in the private sector in terms of access to work contracts, social insurance, medical insurance and permanent jobs. The government provides employment to only 14% of wage working youth. However, 65.48% of them have access to social insurance, 54.1% have access to medical insurance and 68.1% have access to work contracts.

Employment Sector	Government	Public Sector	Private sector	Investment Sector	Other	Total
	%	%	%	%	%	%
Non-agricultural Wage workers with Social insurance	65.48	75.30	7.50	46.64	25.12	18.92
Non-agricultural Wage workers with Medical Insurance	54.13	75.30	7.10	37.98	25.12	18.67
Non-agricultural Wage with legal work contract	68.18	66.77	7.77	66.56	60.02	20.12

² The author is grateful to the research assistance provided by Ali Rashed in analyzing the SYPE data

The above descriptive statistics seek to show that most employment opportunities available to new entrants to the labor market are informal in nature. Good jobs that offer financial stability, employment security and social protection are particularly concentrated in the government. Favoritism is often at play for a young worker to find a job in the government. However, as interviews illustrated in this paper shows and as shown in the SYPE data, the government remains the employer sought after by many youth, particularly women, for the benefits that it offers to its employees compared to the precarious conditions of working in the informal private sector. Analysis of the SYPE data shows that about 72% of young people noted that working in the government is better than working for the private sector. The preference to a government job was inversely correlated with the socio-economic background. Young people in poorer households, those who are more likely to be disadvantaged in the labor market, show greater propensity to prefer a government job.

The above data shows the strong link between lack of a work contractual agreement and lack of social security. The contributory social insurance system in Egypt is governed by Law 79 of 1975, which allows access to the contributory pension system only to employees in the public sector, government and formal private sector. This law excludes those who do not have a work contract from a registered enterprise from access to social protection. This also applies to wage workers in unregistered informal enterprises.

The Egyptian labor law (2003) states that social security is a public program designed to protect individuals and their families from income losses due to unemployment, old age, sickness, or death and to improve their welfare through public services. Under the social security system the employer should pay contributions equivalent to approximately one-fourth of the salary earned. Private sector companies are additionally required to allot a contribution to the Pension Insurance Fund of the Ministry of Social Affairs and Insurance. Contributions in the private sector under social security regulations are provided for those who are in full-time employment. According to the law, a basic monthly salary of up to 650 LE, social security should be at 26 percent from the employer and 14 percent for the employee. The fundamental benefits that must be provided under the social security scheme include a pension, disability payments, sickness payments, maternity and death allowances, and unemployment insurance. These rights are compromised for youth working within informality.

While young people working within the informal economy are unable to contribute to social security schemes, they also fail to qualify for the non-contributory safety net schemes fail. There are two main regulations governing the non-contributory pensions system in Egypt. Law 112 in 1980 (Comprehensive Social Insurance Service) provides a fixed amount to those not covered by contributory schemes with old age and allows for survivors and disability benefits (\$10-15/month). Law 30 in 1977 (*daman* pension) provides pensions to orphans, widowed, divorcees, women remaining unmarried at age 50 and families of the imprisoned. These schemes leave out workers in the informal economy who may lose their jobs at times of economic shocks and unemployment and thus remain with no income, even if they are heads of households with children and other vulnerable groups.

V. The Lived Experience of Informality among Working Youth

Discussions with young people show different patterns of living with informality and lack of social insurance. Concerns about lack of access to social security schemes are clearly voiced in the qualitative data. However, despite the eagerness to having social security, some interviewed young people give elaborate reasons for not being willing to contribute to social security. The following section discusses these reasons and the views of young workers on issues of access to social security based on data collected through interviews and focus group discussions.

When Social Insurance is an Unattainable Goal

Interviews with many informants showed the eagerness of many to have access to social insurance and their concerns about their lack of work contracts. Mostafa, a young man describes his work experience noting:

There is no sense of security in a job “aman wazifi” in the private sector. No company would insure you or renew an annual contract for you. It is all by word, come start to work and give us a copy of your identification card “el bitaka”. They take it (the ID copy) and throw it in a drawer. They give you an illusion that you will have a contract, but nothing is signed. There is no job security “aman” and I am now 28. It is a big issue and there is no solution to contain this problem “mish 3rfeen nelmoh” (Mostafa, November 2012)

Mostafa is a graduate of the Workers University and studied the software package for engineering drawings “AUTOCAD”. His job as a drawer was changed recently by the construction company that hires him to work on a construction site, which added to his dissatisfaction. To him, the limited access to social insurance is another form of being cheated and exploited by his employer as he refers to the “illusion” of social security they give him as noted in the previous quote.

To, Laila, a young woman working as a shop assistant, access to social insurance was a point of discussion with her employer. She notes:

When I tell the shop owner to provide me with insurance, he says the shop is not bringing enough money to pay your salary now you want insurance (Laila, January 2009)

As noted earlier, employers pay a monthly contribution of at 26% of the salary as contribution to the employees’ social insurance system. To cut costs, employers resort to evading paying this amount. In absence of an effective monitoring system, the strategy to reduce cost works.

Employers resort to a number of strategies explained in different interviews to evade the regulations of having to provide social insurance for their employees. For instance, they hide the employee and in one interview, a shop assistant noted that she was asked to pretend that she was a customer. Tricks to evade social insurance monitoring by the government vary and are quite innovative as described by interviewed youth. In one interview, a shop assistant noted that the employer has insurance files in the names of relatives (his wife as it was the case). When government inspection staff visit the workplace,

the employee is asked to pretend to be the person in whose name the insurance file is created.

But not all Working Youth are willing to Contribute to Social Insurance Schemes

Despite their valorization of social security as expressed by most interviewed youth, their willingness to contribute to the system is not equally strong. This section seeks to describe the main reasons provided for not being willing to contribute to social insurance, despite the value they see in having social insurance.

The most commonly identified reason is the cost of social insurance and the impact of deductions on their monthly income. To many, any deducted contribution takes from an already limited income. Abeer, a factory worker, notes:

I don't have any benefits, no social insurance or medical insurance. But I don't want them anyway, because it gets deducted from my salary. (Abeer, January 2009)

The same notion was repeated by Mariam, a shop assistant, who notes:

The salary is already not enough, what else will they deduct from it (Mariam, January 2009)

Mustafa, who was quoted earlier lamenting not having access to social security, explains the calculation behind his decision to withdraw from the social insurance system, after it was arranged that he gets enrolled through his current employer:

I went to the company owner and told him, "I don't want insurance". They were deducting LE 150 for two months ... Yes, this amount makes a difference. My salary is LE 1000, I work in Dokki and I live in Helwan. After (the cost of) my food and transportation, I am left with LE 700. After he (the employer deducting social insurance contributions) takes the LE 150, I am left with 550. My group saving "gameiati" takes about LE 200. When you look at it, you will find that it is not working. Even if I am insured, it is difficult that he (employer) takes LE 150 from me. (Mostafa, November 2012)

What the above quote shows is that insurance money can be seen by working youth as money taken by the employer and not by the social insurance system. This is an important distinction. Many young workers express their fears that the money that gets deducted is not being paid into the government insurance scheme. This relates to another serious concern about the social insurance system in Egypt, where workers are not informed of their monthly contribution payment submission or accumulated funds through the system. The lack of system transparency further supports young people's decision not to contribute. If the money that is deducted as contributions is very dear and much needed, contributors have to know where exactly these funds are going. Because of the lack of system transparency, young people feel that if they stop working the accumulated funds would be considered as lost contributions. This notion is clearly exemplified in the case of Mustafa, who notes:

If I saw them sending the money to the Ministry of Insurance, I would have accepted to continue. I found them deducting the money for two months and no

one was going to the Ministry office to submit the contributions. (Mustafa, November, 12)

The social insurance system in Egypt is structured as a defined-benefit scheme, where pensions are defined based on an actuarial equation that takes into account the number of years and level of contributions (Gibally, 2006). Information on accumulated funds is only available at offices of the Social Insurance Authority and would only be provided upon submitting a written request. This is not a client-friendly system.

Young women add more reasons to not contributing to the social security scheme. Hoda, who works in a textile factory in Cairo, believes that not contributing is the safest option because she will not lose her contributions when she stops working. Not married during the time of the interview, Hoda believes that she is bound to leave her job at the factory once she gets married due to its long hours and non-existent maternity benefits. As the following quote shows, Hoda believes that not contributing to social insurance is a marker of her freedom to leave her current job at any point. She notes:

I know nothing about this insurance thing. In the factory they tell me have social insurance, I tell them I am not sure I'll stay (in the factory), that's why I don't like to have insurance. It gives me freedom .. What do I know? They will take money from my salary, and if I stay at home, who will continue to pay (Hoda, January, 09)

The above quote not only describes the lack of system transparency, but it also relates to its lack of flexibility. For a female young worker, she expects maternity to interrupt her work life. However, the system does not provide the flexibility to deal with income volatility of both male and female youth working within the informal economy.

Interviews show another layer to the reluctance of young workers to join the social insurance system. In a focus group discussion, working young women expressed concerns about the possibility of losing prospects of being hired by the government if the graduate has social insurance through a private sector firm. To the best of my knowledge, there are no laws stipulating the exclusion of private sector employees from the possibility of attaining a position in the government. However, the government's discourse on its efforts to hire "the unemployed" supports this misconception. A young woman notes:

If social insurance will eliminate the options of working in the government, we don't want social insurance. My friend's brother worked in restaurant for four months and they covered him with social insurance. All graduates in his cohort got jobs in the government. He didn't because he had social insurance. For the insurance of four months, he lost the government job (Hind, 2009).

It is very difficult to verify the reason for not appointing the friend of the informant's brother. What really matters is that these beliefs play into the decision to contribute to the social security by young people.

The fact that most young people are working in the informal economy and not contributing to pension schemes has a number of serious repercussions. From a generational perspective, the lack of access to social security means that Egypt is witnessing a new generation of workers with no access to social security, a problem that will start showing as they age and become unable to work. The contributions of these new entrants to the labor market are also needed to sustain the social security system, which is currently skewed towards supporting an aging population of earlier contributors. El-Gibally (2006) voices

concerns about the sustainability of the social security system in Egypt. He argues that the system is burdened with a higher proportion of old subscribers, who are at demographic stage of retirement, hence receiving pensions. At the same time, the contributions of the younger subscribers are diminishing, with a large proportion of new entrants and young working, working without work contracts and are unable, or unwilling, to participate in the social insurance system.

A direct Cost to Informality: The Continued Valorization of a Government Job among Youth

One of the seemingly enduring findings about young people's job aspirations in Egypt is wanting to work for the government. Barsoum (2004) discusses the benefits young women list in a government job. These include access to job security, pension schemes, job stability, a relatively light workload with shorter hours than the public sector and the limited power differential between the supervisor and the supervisee (ibid.). In a government job, according to young women interviewed by Barsoum (ibid.), no one "owns" you unlike the private sector when relations of power are very strong.

Among interviewed youth as part of the study, and in post January 25th Egypt, the valorization of a government job is very strong and there is little gender difference in the data. Asked about the solution he sees to his situation of having no social security, Mustafa notes:

I am thinking that I should find a job in public-sector company. I am convinced of this. They will give me insurance. They will deduct the insurance money from my salary and I know where the money goes. I don't believe the private sector ... My father worked in a public sector company and he has early retirement. I talked to him to see anyone he knows in the company to get me a job. (Mustafa, November, 12)

Not only a government/public sector job is the solution according to Mustafa, but also it is a solution that can only be reached through favoritism and the family network. If this is not going to work, he believes that the government has to offer yet another solution:

I think the government should start factories. There are actually many factories that have been closes. If they open these factories that were privatized, this will solve the solution. (Mustafa, November, 12)

The same notion was repeated by Ahmed, who notes:

They (the government) have to hire the youth. That's the only solution. The country will be better than before. People will be able to live "a7san min el awal wi elnas tikdar te3ish" (Ahmed, November, 12)

The era in which the government can be the main employer to educated youth is gone. This social pact has been slowly broken with the slowing of government hiring since the early 1990s. However, many young people, dissatisfied with working conditions in the private sector, continue to cling to this hope. This is particularly the case in post January 25th Egypt, as many young people interviewed talk about change in the direction of more jobs offered to be offered by the government.

The valorization of government jobs was played by the Mubarak regime during the events of the January 25th demonstrations. In a desperate attempt to free the square, the government announced vacancies in the government for youth. Journalistic accounts showed thousands of young people, both male and female, flocking into government organizations with job applications. However, the above quotes show that this governmental perpetuates an illusionary solution in the minds of many young people.

A direct Cost to Informality: Lack of Access to Medical Insurance

Informality is very costly to workers, particularly among the working poor. Absence of a work contract leaves conditions of work such as work hours and pay and benefits such as paid leave and health insurance subject to negotiations with an employer. The ILO refers to “glaring decent work deficits” within the informal economy, where working conditions can be unsafe, incomes uncertain and lower than within the formal economy even where employees work longer hours. Collective bargaining and representation rights are nonexistent (2009).

Informality eliminates the possibility of access to health care insurance in Egypt. The Health Insurance Organization, the main health insurance service purchaser and provider in Egypt, caters to three specific groups: Public sector /government workforce, and their families; all enrolled students, and children under school age (Shawky, 2008). Workers within the informal economy are often engaged in hazardous jobs with particularly high exposure to risk. Because the majority of these workers are poor, they are more exposed to poor-quality nutrition and reduced access to safe quality drinking water and sanitary facilities. Such high exposure to risk combined with low social protection coverage places most informal economy workers in a very vulnerable situation (ILO, 2009). Rashad (2012) notes that access to quality health services is very expensive in Egypt, and is even more costly than in many lower middle income countries. The precarious working conditions combined with inaccessibility to quality health services adds to the vulnerability of workers within the informal economy.

Research has repeatedly documented the impoverishing effect of catastrophic health spending in Egypt and the limitations of its current health insurance system (e.g. Shawky, 2008). There is need for developing targeted schemes to reach vulnerable uninsured households. Research in Egypt has repeatedly shown the need to expand health insurance beyond employment-based schemes, which cater to workers within the formal economy only (ibid.).

The Egyptian labor law states (2003) that all private sector companies in Egypt are required to provide health care for national employees either privately or through the Medical Insurance Plan of the Ministry of Social Insurance. Without a work contract, these workers have no access to medical insurance.

When asked about access to medical insurance in a focus group discussions of female young workers, a young woman who works as a shop assistant noted:

Medical insurance is a big illusion. It doesn't exist (January 2009)

The reaction I got asking about this basic need from those present in the room was that I was asking about a non-existent issue.

The Egyptian labor law stipulates that if the sickness or injury is work-related, the employee is entitled to as much as six months paid annual sick leave at between 75% and 100% of the employee's usual wage. Asmaa, who works in a textile factory, recounts her encounter, actually recurrent encounters with workplace injuries. Her case illustrates glaring violations of these regulations.

I cut my finger when I was working on the machine. I accidentally put my hand inside and it cut half my finger. This has happened to me three times. I went to the central hospital and stayed at home because I couldn't work. My boss sent me 100LE, and I managed to stitch my finger back on. I didn't go to work for a week afterwards, and my boss split my weekly wage with me – he gave me three days' worth of my salary, and deducted the other three days (Asmaa, January 2009)

The above quote shows glaring violations of workers' rights in this factory. Of particular concern is the recurrence of injury, the lack of medical support in the workplace and the limited support received by the employer. Not paying her the wage of the week is a clear violation of the law. It is important to note that Asmaa, who was 19 at the time of the interview, has never been to school. While her education background would not include her in this study, I include her account to show the danger of lack of medical insurance and the glaring violations of workers' rights in some private sector firms.

Policy Options to Extending Social Protection to Workers in the Informal Economy

Extending social protection to workers within the informal economy is a major policy challenge. As noted earlier social protection refers to access to social security schemes by workers within the informal economy along with their access to health care insurance. In the first area, International experience in extending social security to workers within the informal economy highlights a number of approaches. For instance, the ILO (ILO, 2009) emphasizes the need for flexible simplified and diversified contributory social security schemes that work with the inconsistent income of workers in the informal economy. Such contributory schemes would allow them to accumulate insurance funds to be used at times of unemployment, illness or in old age. Similarly, there is a growing interest in the subsidization of social insurance systems, particularly to the self-employed and a renewed focus on the need for enforcement measures of contributory schemes (ibid.).

The earlier discussion of young people's reluctance to contribute to the social insurance system due to its lack of transparency and its high cost in view of the limited income of young people working within the informal economy shows the need to address these concerns. System transparency and efficient communication with contributors should alleviate concerns about the loss of contributions or the possibility of fraud by the employer. A more urgent intervention would be the move towards subsidizing social insurance

schemes to young workers to encourage them to contribute. Incentive schemes of matching contributions are implemented in a number of OECD countries and would encourage young workers to start accumulating social insurance at a young age.

Micro-insurance schemes have been recently supported by the International Labor Organization as a tool to extend social protection to working poor (Churchill and Matul, 2012). These programs are provided by cooperatives, unions, non-governmental organizations, self-help groups, and the private sector. Micro-insurance programs combine savings with insurance and help build assets for the working poor. They protect policyholders against the financial consequences of various risks, including illness and death. According to Churchill and Matul (2012), more than 500 million micro-insurance policies are active in Asia, Africa and Latin America. A similar product, *Takaful* (an Islamic insurance model), has grown in a number of Arab and countries. *Takaful* is seen as an Islamic alternative to conventional insurance, based on the concept of mutuality. The program has grown significantly in recent years in Saudi Arabia, Bahrain and Malaysia (Vizcaino, 2012). Adaptations in program implementation are needed to encourage low-income contributors.

Because labor is the main asset of the poor, health shocks have an especially detrimental impact on their income. There is a global movement towards the extension of health care coverage to excluded groups, particularly those working within the informal economy. Social health protection refers to guaranteed effective access to affordable quality health care and financial protection at times of illness (ILO, 2009). Models in this direction include:

1. India's government launched in 2008 a social insurance scheme that provides smart-card-based cashless health insurance cover of 30,000 rupees per annum (about US\$640) covering hospitalization, including maternity, to families below the poverty line in the informal economy. In August 2011, the program had more than 24 million smart cards, each covering five persons. The program extends health insurance to regularly excluded groups such as construction workers, street vendors, and domestic workers, with plans to extend it to mine workers, rag pickers, railway porters and cab drivers (ILO, 2011)
2. In Thailand, a universal health-care coverage scheme has been fully implemented and covers more than 80 per cent of the population with basic health care and maternal care. The Thailand constitution recognizes health and social security as citizens' rights (ILO, 2011).
3. Micro-insurance has also been used as a mechanism for pooling funds to purchase health service. In some African countries, civil society organizations take part in initiating micro-insurance programs that are delivered in different forms (ILO, 2009).

The political will to put these programs into action is central. Indonesia, as part of its democratic transition, amended its 1945 Constitution in 2002 to commit the government to the extension of social security to the entire population, stating "Every person shall have the right to social security in order to develop him or herself as a dignified human being,"³ and that "The state shall develop a social security system for all the people and shall empower the vulnerable and poor people in accordance with human dignity"⁴ (ILO, no date specified).

³Article 28 H, Subsection 3

⁴Article 34, Subsection 2

Following the constitutional amendment, a new labor law (Law No. 40 of 2004) was issued to create a “National Social Security System”. The system covers the entire population and has five programs: a) health insurance; b) occupational injury insurance; c) old age benefit; d) pension benefit; and e) survivor’s benefit. Similarly, and as noted earlier, Thailand recognizes health and social security as citizens’ rights in its constitution.

Finally, at the expense of mentioning an often-repeated recommendation, young workers need to be aware of their rights and need to be offered effective channels for grievances at times of violation. When young people choose not to have social security, this is a choice made out of necessity. There is need to support young people so they do not compromise their social security and future needs because of the needs of the present.

Conclusion

The impact of employment within the informal economy on young people’s lives is not sufficiently addressed in policy circles in Egypt. Youth unemployment dominates the policy discourse on employment issues. This focus ignores the concerns of a significant majority of working youth in Egypt: those who are employed within the informal economy with little access to social protection and decent work deficit.

The qualitative data in this paper show different patterns of living with informality and lack of social insurance among youth. While they strongly voice concerns about lack of access to social security schemes, many are not eager to contribute to the social security system. A main reason relates to its financial cost and the impact of the monthly contribution on their meager monthly income. Other problems relating to the lack of transparency of the system and its lack of flexibility to support the volatile conditions of work informality have also been highlighted.

Extending social protection to young people working within the informal economy is a major policy challenge. There are two fundamental needs have been globally identified as central to a basic social protection floor. These are access to a minimum level of income security and access to affordable health care. International experience highlights the need for simplified and diversified contributory social security schemes that are relevant to the inconsistent income of workers in the informal economy; governments’ support to subsidize premium payments for self-employed workers in the informal economy who are unable to pay the combined worker and employer contribution; and state enforcement of mandatory contributory schemes and system transparency. There is a growing interest worldwide in micro-insurance schemes that are provided by cooperatives, unions, non-governmental organizations, self-help groups, and the private sector to include workers from the informal economy. The potentials for this untapped opportunity are large in a country like Egypt with a large segment of workers without access to social and health security.

It is important to remember that extending social protection measures to the working poor requires a strong political will to move social protection higher on national policy agendas. This can be secured in a country’s constitution, a concern particularly relevant to Egypt at the time of writing its post-January 25th constitution. Indonesia’s constitutional commitment to provide social security to its citizens and Thailand’s constitutional commitment to recognize health care and social security as rights are good examples.

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