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Policy Research Report

Informality among Refugees and Asylum Seekers in the Egyptian Labor Market

Toward Inclusive Social Insurance Coverage

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Background
There is no dispute that the right of refugees and asylum seekers to access decent work and benefit from social protection is important for reducing their vulnerability and protecting their dignity, yet this remains a worldwide challenge. This study focuses on Egypt, a country in which its own national population faces considerable challenges upon entering the labor market; yet, it officially host over half a million registered refugees and asylum seekers from many nationalities.

Methods
This report relies on a mixed-methods research approach, using recent quantitative phone survey data from the 2021 Socio Economic Profiling of Refugees and Asylum Seekers in Egypt (SEP) complemented with novel qualitative interviews with refugees and asylum seekers, to investigate their barriers to formal employment in Egypt.

Findings
The findings of this report confirm how the legal framework in Egypt often excludes the integration of refugees and asylum seekers into the formal labor market. Both the qualitative and quantitative data underscore that a substantial portion of refugees are employed in informal sectors in occupations where social insurance coverage is lacking, even for nationals. The current legal framework limits many refugees and asylum seekers to the only option of working in the informal economy, where they not only experience hardships in finding a job; but also overwhelmingly face employers' abuse and exploitation. Additionally, refugees and asylum seekers expressed the difficulty faced in finding a job in one's field of study due to the lack of recognition of their education certificates in Egypt.

Recommendations
The primary recommendation set forth in this study is the urgent need to enhance the inclusivity of social protection programs to encompass all individuals working within the informal economy, including refugees and asylum seekers, to ensure a healthy and efficient labour market functioning for both, the national and non-national labor.

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1. Introduction

The access of the refugee and asylum-seeker workforce to decent work opportunities with social security benefits remains a worldwide challenge. In many countries all over the globe, such forcibly displaced individuals—who flee their country of origin to seek safety from political unrest, unfair prosecution, or violence against their race or religion—often experience several hardships and vulnerabilities that restrict their integration and access to the labor market at their new destination (Andrade et al., 2021).

This report focuses on Egypt, a country in which the national population faces considerable challenges upon entering the labor market. These challenges have consistently been attributed to the government's shrinking role in providing formal employment following the economic reform and stabilization program introduced in 1991, combined with the private sector's failure to create enough jobs and compete with state-owned enterprises in ensuring formal and regular jobs for new labor market entrants (Assaad et al., 2022; Assaad and Kraft, 2019). Unemployment rates have been very high among youth, particularly among the better-educated, reflecting a mismatch between the outputs of the education system and the needs of the labor market (Selwaness and Roushdy, 2019). Informal sector employment has expanded substantially over the last few decades since public sector hiring was curtailed, reaching almost 60 percent of total employment as of 2023. Additionally, low wages, inadequate working conditions, and high job turnover have been widely documented in the Egyptian labor market.

Despite these well-documented labor market challenges in Egypt, the country's role as both a transit and destination country for refugees and asylum seekers is historically rooted and geopolitically defined (Andrade et al., 2021). As of February 2024, Egypt was officially hosting over half a million registered refugees and asylum seekers from 62 nationalities.[1] Furthermore, the Sudan influx in April 2023 has increased the number of registered refugees and asylum seekers originating from Sudan from below 60,000 in March to about 107,000 in September of 2023 (UNHCR, 2024). This displaced population faces dual challenges when trying to enter the Egyptian labor market. They not only face the many adverse conditions of the Egyptian labor market facing both nationals and non-nationals; they also face significant restrictions on residence, passport, and work permits, further limiting their access to formal job opportunities. The current legal framework limits many refugees and asylum seekers to the only option of working in the informal economy, where they not only experience hardships in finding a job due to their relative lack of connections, social ties, and knowledge of the local context; they are also more vulnerable to employer abuse and exploitation, more subject to racial discrimination, and are unable to contribute to nor benefit from Egypt's social insurance schemes (see Barsoum and Barrawi, 2024).

Like many of the International Labour Organization (ILO) member states, Egypt still has no specific framework regulating the inclusion of refugees and asylum seekers into the Egyptian labor market. From a de facto standpoint, this absence of a cohesive refugee-specific legal framework results in a fragmented and insufficient policy and legislative landscape regarding refugees and asylum seekers in Egypt. This issue is particularly pronounced as many laws categorize refugees and asylum seekers under the broader classification of foreigners and often grant preferential treatment to nationals of certain countries with whom Egypt shares special ties. Yet, it's crucial to acknowledge that the Egyptian Cabinet recently endorsed the draft of a national asylum law. The anticipated implementation of this new legislation is expected to offer a comprehensive framework aimed at addressing various concerns pertaining to refugees and asylum seekers (Barsoum and Barrawi, 2024).

There is no dispute that the right of refugees and asylum seekers to access decent work and benefit from social protection is important for reducing their vulnerability and protecting their dignity. Hence, it is vital for Egypt to consider developing a clear set of national procedures that regulate the employment of refugees and asylum seekers in both the formal and informal sectors of the Egyptian labor market. Besides simplifying refugees' access to work permits and business licenses and reducing their associated costs to facilitate their integration into the formal economy, the primary aim of this report is to advocate for the extension of the government's social insurance benefits to refugees and asylum seekers working not only in the formal sector but also in the informal economy in Egypt. Accordingly, a central recommendation put forth in this report is to enhance the inclusivity of social protection programs to encompass all individuals working within the informal economy, including refugees and asylum seekers. The qualitative insights and the data from the Socio Economic Profiling of Refugees and Asylum Seekers in Egypt (SEP) presented in this study both underscore that a significant portion of refugees are employed in informal sectors and occupations where social insurance coverage is lacking, even for nationals. Immediate and crucial action is needed to extend social insurance coverage to encompass

[1] See https://www.unhcr.org/eg/about-us/refugee-context-in-egypt.

those working in these excluded and highly vulnerable occupations, irrespective of their nationality, to provide them with the protection they need to sustain decent livelihoods.[2] More specifically, this report addresses the following research questions:

1. What is the legal framework guiding the inclusion of refugees and asylum seekers in the Egyptian labor market and in Egypt's social insurance system?
2. What are the challenges facing nationals when entering the Egyptian labor market? And what are the barriers to the extension of social insurance coverage to nationals working in the informal economy in Egypt?
3. What are the additional barriers preventing refugees and asylum seekers from working formally in Egypt and accessing the social insurance system?
4. What are the types of jobs refugees and asylum seekers are getting and what is the quality of such jobs?
5. Are refugees and asylum seekers interested in joining the social insurance system of Egypt? What are the reasons behind refugees' interest (disinterest) in joining this Egyptian social insurance system? And what would make the system more attractive to them?
6. How would workers, employers, and Egypt benefit from extending social insurance coverage to refugees and asylum seekers?
7. Based on the international experience, what are the potential roles played by the government, civil society, public sector, and other relevant stakeholders toward better integrating refugees and asylum seekers into social insurance benefits?

2. Background: Egypt context

2.1. Egypt social insurance system: schemes and barriers

A new social insurance law was issued in Egypt in August 2019 under the name of the Comprehensive Social Insurance Law No. 148/2019, with an effective date of January 2020. This law aimed to streamline the provision of social insurance and unified coverage for different types of workers who were previously governed by different laws.[3] The new law also reduced the contribution rates and provided a mechanism for the enrollment of certain categories of own-account workers in order to incentivize participation among the informal private sector (Barsoum and Selwaness, 2022). Additionally, except for informal and self-employed workers, the law covers old age, disability and survival, injury/illness, maternity, unemployment, and health insurance benefits/risks, as well as end-of-service bonus (see Selwaness and Barsoum, 2023).

Social insurance coverage rates in Egypt have been falling since the 1990s (see Section 4). It has been well argued in the literature that the design of the social insurance system renders enrollment in social insurance unattractive to many workers. The high social insurance contribution rates, combined with the set insurable wage ceiling levels[4] provide a strong disincentive for workers, particularly for low earners, to join the system. Based on the 2019 law, the contribution rates requested from both the employer and employee sides have declined from 40 percent to 29.75 percent; however, the new law stipulates an increase in total contribution by about one percent every seven years. Employers currently pay 18.75 percent and the worker 11 percent, down from 26 percent and 14 percent, respectively (Selwaness and Barsoum, 2023). See Table A1 in the Appendix for a detailed breakdown of the contribution rates among private-sector wage workers. Additionally, even post-2019 reform, the set nominal ceiling of insurable wages made the system regressive, with higher contribution rates for low earners. Also, based on the social insurance law, workers must contribute either for at least 10 years to get a pension at retirement age, or to contribute for at least 20 years to retire at any age and get reduced benefits (Barsoum and Selwaness, 2022; Roushdy and Selwaness, 2019).

One important aspect of the new law, pertaining to non-nationals, is that it removed the requirement of reciprocity

[2] This is in line with the need to enhance access to social insurance for Egyptian irregular workers. The objective is to ensure that social insurance schemes for irregular workers are fully inclusive of all irregular workers, nationals, and non-nationals.

[3] Before the 2019 law, the social insurance system was regulated by four different social security laws according to worker's employment type/category, which are: Law 79/1975 for wage workers, Law 108/1976 for employers and the self-employed, Law 50/1978 for Egyptians working abroad, and Law 112/1980 for workers not covered by any of the previous schemes (Roushdy and Selwaness, 2019). The new law unified the social insurance schemes, but still maintained distinct treatments and benefits based on the worker's employment status and/or occupation group. See Lopez-Acevedo et al. (2023) and Selwaness and Barsoum for a detailed discussion of the cost, conditions of enrollment, and required documentation specific to each group of workers.

[4] The new law set a new minimum and maximum boundary for the comprehensive insurance salary upon which the social insurance contributions are based. The minimum insurance salary is set at EGP 1,000 per month and the maximum is set at EGP 7,000 per month, subject to a 15 percent increase every year (see Social Insurance Law 2019).

present in the previous law, thereby allowing all non-nationals to enroll in the social insurance system based on the same treatment as the national population. When leaving Egypt, non-nationals are either eligible to transfer their benefits abroad (portability of benefits) in case they leave to a country that has a social security agreement with the Government of Egypt or to receive one lump sum payment. Nevertheless, having both a valid passport and a work permit is a prerequisite for non-nationals to get enrolled in the social insurance system of Egypt (Hetaba et al., 2020b; ILO, 2022). Based on the latest vulnerability assessment of refugees in Egypt (EVAR 2018), only nine percent of refugees and asylum seekers hold a valid passport (UNHCR, 2020b). Hence, this considerably precludes refugees and asylum seekers from getting a work permit and, in turn, formal employment (ILO, 2022; Barsoum and Barrawi, 2024).

2.2. Legal framework governing refugees and asylum seekers rights to work in Egypt

Globally, the rights of refugees and asylum seekers are governed by several international agreements and legislations that carefully establish a balance between the state's interests and a refugee's welfare. The 1951 Geneva Convention on the Status of Refugees and the 1967 Protocol that follows it are specifically considered the primary instruments guiding refugees' integration into a host economy. These two instruments dictate a set of mutual rights and obligations between both parties, and they also petition for non-discrimination against refugees' freedoms and welfare. Egypt is party to both the 1951 Convention and the 1967 Protocol. The country ratified the 1951 Convention in 1981, but made several reservations on a number of refugee rights to social insurance, social assistance, health insurance, and education support.[5] These reservations primarily rendered access to these benefits contingent on nationality rather than uniformly available to all refugee groups. Nevertheless, Egypt has ratified other conventions that address refugees' access to one or more dimensions of social protection without making any reservations (see Barsoum and El Barrawi, 2024).

Especially pertinent to the focus of this report, Egypt—being one of the ILO member states—has ratified the ILO Equality of Treatment (Social Security) Convention C118 of 1962 since 1993. The country accepted the following eight branches of social security, subject to reciprocity: (1) medical care; (2) sickness benefits; (3) maternity benefits; (4) invalidity benefits; (5) old-age benefits; (6) survivors' benefits; (7) employment injury benefits; and (8) unemployment benefits. This means that Egypt must ensure equal treatment concerning these eight branches for any of the other 37 State Parties that have also accepted any of these branches.[6] It is worth mentioning here that Egypt's ratification of this C118 Equality of Treatment in Social Security Convention and subsequently the new social insurance law (No. 148/2019) rendered the reservations made on access to social security in the 1951 Convention redundant, as the law grants equal rights to social security for nationals and non-nationals (Barsoum and El Barrawi, 2024).[7]

More recently, recognizing the pressing concerns of all member states of the ILO and employers' and workers' organizations, the ILO Guiding Principles on the Access of Refugees and Other Forcibly Displaced Persons to the Labour Market was adopted by the ILO Tripartite Technical Meeting in 2016. Those guiding principles are a set of voluntary, non-binding guidelines that represent a concrete means toward achieving inclusive employment creation as well as equality of opportunity and treatment for refugees in their host communities. The elements of these guiding principles were later incorporated into the Employment and Decent Work for Peace and Resilience (Revision of the Employment - Transition from War to Peace) Recommendation No. 205 adopted by the ILO in 2017. Section IX of this Recommendation is particularly dedicated to the situation of refugees, providing more direct advice and guidance built upon the 2016 guiding principles to ensure productive employment and decent work for refugees.[8]

[5] These reservations include refugees' access to rationing as a form of social transfer (Article 20); free elementary education (Article 22.1); social assistance (Article 23); and social security (Article 24) on an equal footing with Egyptians (Barsoum and El Barrawi, 2024).

[6] Egypt has also been party to the Workmen's Compensation (Accidents) Convention, 1925 (No. 17) since 10 May 1960; the Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18), since 10 May 1960; and the Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19) since 29 November 1948. However, it has not ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102) or the Maintenance of Social Security Rights Convention, 1982 (No. 157) (Hetaba et al., 2020).

[7] For more information, see: https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300_INSTRUMENT_ID:312263

[8] For more details, see: https://www.ilo.org/global/topics/labour-migration/events-training/WCMS_492925/lang–en/index.htm#:~:text=The%20ILO%20Governing%20Body%20at,cross%2Dborder%20and%20national%20recruitment .

However, it is important to differentiate here between de jure and de facto provisions pertaining to refugees and asylum seekers in Egypt. As previously mentioned, Egypt, like many of the ILO member states, still has no specific framework regulating refugee employment within their labor markets. From a de jure standpoint, Egypt did not explicitly object to Articles 17 and 18 of the 1951 Convention on the rights of refugees and asylum seekers to respectively work as wage or self-employed workers. Yet, in terms of de facto provisions, as discussed below, Egypt's labor (investment) law(s) implicitly constrains their entry into the formal labor market by treating them as foreign migrant workers (investors). Nevertheless, it is important to note here that at the time of writing this report, a draft of a national asylum law had recently been approved by the Egyptian Cabinet, which is expected to provide a holistic framework that regulates the access of refugees and asylum seekers to entitlements and benefits in Egypt.

2.2.1. Wage workers

Egypt's Labor Law No. 12/2003 does not distinguish between the different types of foreign labor entering the country. It legally views refugees and asylum seekers as mere foreigners who must fulfill a set of conditions to be allowed entry to the formal labor market. To find a decent job and benefit from social insurance, non-nationals first need to enter Egypt with a work visa and obtain an annually renewable work permit through its proper channels. These are two conditions that clearly cannot be fulfilled by refugees and asylum seekers, to begin with. Refugees and asylum seekers do not enter the country with a work visa, nor do their (yellow and blue) UNHCR cards and (six-month) residency permits grant them access to formal employment without a work permit. To make matters worse, refugees usually lack proper documentation to obtain a work permit through their employers if the chance allows (ILO, 2022).

In practice, issuing a work permit is, in any case, a difficult process for the vast majority of non-nationals. Work permits are costly and require the employer to go through a lengthy process of verifying the foreigner's exceptional skills (in comparison to their Egyptian counterparts), hiring at least two national assistants to the foreigner, and remaining within the legal limit of foreign labor permitted by the law. This prolonged process discourages employers from hiring refugees and asylum seekers under a work permit. It is no surprise that the total number of work permits issued to foreigners in 2017 did not exceed 15,000 permits, with only around seven percent of which issued to Syrians and nine percent to Palestinians (Sieverding and Abou Hussein, 2024).

Moreover, refugees and asylum seekers are also obliged to submit proof of their qualifications matching the job's requirements and they must have at least three years of verifiable experience in a relevant field (a few occupations, such as doctors, are also requested to submit a professional license). Except for tourism and trade-related activities (imports, exports, and customs), the law does not restrict the employment of foreigners in any other sectors of the economy. However, it conditions their engagement within a limited quota—10 percent of the labor force of a given entity—and on the basis of reciprocity and non-competition, which means that a foreign worker must not be in competition with an Egyptian and their country of origin must allow Egyptians to work within its borders (see Labor Law 2003).

2.2.2. Self-employed

Refugees and asylum seekers who wish to join the Egyptian labor market as self-employed personnel also confront their own set of obstacles. Similar to the work permit required by the displaced wage workers, self-employed refugees need to issue a business license to regulate their operations and are thus faced with the same issue of missing documents. Without a valid passport with a valid residency on it, refugees and asylum seekers cannot apply for a business license. They also need to go through a security clearance, which is particularly difficult and lengthy to obtain, in addition to submitting a copy of their business plan and assigning the power of attorney to a lawyer of their choice. Once the business license has been issued, the applicant is eligible to obtain a one-year residency permit that is renewable based on the duration and status of the project.

Self-employed refugees and asylum seekers in Egypt are assumed to be protected by the same regulations that govern all foreign investors, Investment Law No. 72/2017. Article 3 of the law specifically extends all non-nationals equal treatment to Egyptians, with guaranteed preferences contingent on the principle of reciprocity at the foreigner's home country. More recently, in 2020, the government announced a new law facilitating the establishment of micro, small, and medium enterprises (MSMEs) by both nationals and non-nationals who can now retain complete ownership without an Egyptian partner (Law No. 152/2020). Even though the law does not specifically highlight the inclusion of refugees to the entitlements extended by this law, refugees may start a business without an Egyptian partner with the condition of issuing a valid business license.

Nevertheless, the lack of access to loans and formal banking services is among the major obstacles facing the refugee population living in Egypt who are considering start-

ing their business, particularly those who are working in the digital economy. This financial exclusion enormously limits refugees' and asylum seekers' options to make payments, send and receive money, as well as save their money in a safe place (see ILO, 2023).

3. Data and methods

This report relies on a mixed-methods research approach using both quantitative and qualitative data. The qualitative analysis is based on 10 qualitative in-depth interviews and 28 focus group discussions with male and female refugees living in the four governorates of Greater Cairo, Alexandria, Damietta, and Port Said. These qualitative data were collected through face-to-face interviews from July to August 2023.[9]

To provide a broader context for the qualitative study, we also descriptively analyze data from the 2021 SEP. The SEP data is based on a phone survey with a nationally representative sample of 2,600 refugees and asylum seekers aged 15-64. The sample was drawn from the UNHCR registry of refugees living in the three governorates of Greater Cairo, Alexandria, and Damietta during the survey. The data collection was conducted from November to December 2021.[10] This survey data is considered the most recent quantitative data available on refugees and asylum seekers living in Egypt, providing rich information on their demographic characteristics, income, labor market experience and outcomes, and access to services.[11]

Furthermore, the SEP and qualitative data is complemented by data on the Egyptian population from 2023 and earlier waves of the Labor Force Surveys (LFSs) of Egypt, in order to compare the outcomes of refugees and asylum seekers to that of the Egyptian population in an attempt to contextualize the situation of refugees and asylum seekers in Egypt's labor market.

[9] The focus group discussions consisted of around five to 10 participants each, segregated by gender, age group (18-29 and 30+), and nationality (Syrian, Other Arabs, and Non-Arabs). All 10 in-depth interviews were conducted individually with 10 registered refugees and asylum seekers with disabilities living in Cairo only. See Sieverding and Abou Hussein (2024) for more details on the main sample characteristics, questionnaires, and fieldwork implementation.

[10] For more details on the SEP sample and survey implementation, see ILO (2023).

[11] Although the analysis of the SEP 2021 is very informative, one should be cautious that the situation might have drastically changed after the Sudan influx in April 2023, which increased the number of registered refugees and asylum seekers from Sudan from below 60,000 in March to about 107,000 in September 2023 (UNHCR, 2023).

4. The Egyptian labor market: informality and social insurance coverage gaps

The labor market challenges facing new entrants in Egypt, particularly youth and women, have been extensively researched and documented in previous literature. These challenges have consistently been attributed to the combined impact of a pronounced youth bulge—a period characterized by a substantial increase in the proportion of youth within the population in contrast to other age cohorts—and the legacy of many years of assured public employment for secondary school and university graduates. This assured formal employment abruptly ceased with the implementation of the economic reform and stabilization program in 1991. At the same time, what exacerbated these challenges was the private sector's failure to provide a good substitute for public sector jobs (Assaad et al., 2022; Assaad and Kraft, 2019). Accordingly, socially insured jobs have been falling since public sector hiring was curtailed. Based on the LFS data, formal employment declined from over 51 percent in 1998 to around 47 percent in 2008, and then dropped further to 45 percent in 2019. As of the first quarter of 2023, LFS data shows that only 41.5 percent of Egyptian workers had access to social insurance benefits, 36.7 percent had a legal contract, and 35.9 percent had access to health insurance benefits.

Overall, based on LFS 2023 data, about 39.9 percent of the total Egyptian population (aged 15+) were working in the first quarter of the year. Male employment rates were about five times higher than that of females, at 66 and 12.5 percent, respectively. This wide gender gap in employment has long been observed in the Egyptian labor market. Low labor force participation has primarily been attributed to females' continuous preference for jobs in the public sector given its family-friendly working conditions. However, with the contraction of public sector hiring, women have been preferring inactivity over private sector jobs (Assaad et al., 2020; Barsoum and Selwaness, 2022).

Additionally, unemployment rates have been high among females and youth, particularly the better-educated group, reflecting a mismatch between the outputs of the education system and the needs of the labor market (Roushdy, 2022; Assaad and Kraft, 2021; Selwaness and Roushdy, 2019). The total unemployment rate among the Egyptian population (aged 15+) was about 7.1 percent in the first quarter of 2023. The unemployment rate among females (19 percent) was more than four times that of males (4.5 percent). The unemployment rate was highest among youth aged 20-24, reaching 19.4 percent compared to 6.1 percent and lower among the elder age groups in 2023. University and above graduates in particular experienced the highest employment rates (14.2 percent) followed by those with above intermediate education (10 percent).

An alarmingly large education-occupation mismatch among early career university graduates has long been highlighted in the Egyptian labor market literature. Recent studies argue that this mismatch among the university graduates in Egypt, as well as in several other countries in the MENA region, has been due to a long-lasting misalignment between the production of the public higher education institutions and the labor market signals (Roushdy and Ehab, 2021; Assaad et al., 2021). This disconnect between labor market outcomes and individuals' abilities and skills must be urgently addressed on both the demand and supply side of the labor market because solely relying on the usually proposed reforms on the higher education side will likely be ineffective (Assaad and Krafft, 2021; Roushdy, 2022).

5. Challenges and opportunities for refugees and asylum seekers in the Egyptian labor market

This section primarily examines the labor market outcomes and prospects of refugees and asylum seekers compared to their national counterparts in Egypt. The Egyptian national statistics used in this section are based on the 2021 LFS or earlier years so as to be contemporaneous to the extent possible with the time of the SEP 2021 data collected.

An overview of the distribution of Egyptian nationals, refugees, and asylum seekers aged 15-64 by their employment status and gender in the three governorates under study is provided in Figure 1. About 41 percent of refugees and asylum seekers were employed in Egypt, which was around the same rate observed among the Egyptian population (40 percent) living in the study governorates in 2021. In contrast, the percent of the unemployed searching for a job (11 percent) among refugees and asylum seekers was almost one and a half the rate of the nationals (seven percent). Additionally, the percent of the discouraged unemployed (wanting to work but not searching for a job) (five percent) was more than five times that of the national working age population (0.8 percent).

5.1. Economic activity and unemployment

In Figure 2, we compare the economic activity or labor force participation rates (working or wanting to work and searching for a job) according to the market definition of the labor force and the standard definition of unemployment in the three governorates under study among both Egyptians and refugees and asylum seekers. It is important to note that the economic activity rates of refugees and asylum seekers are consistently higher than that of the national population overall and by governorate of residence. The total labor force participation of refugees and asylum seekers in the three governorates under study was 52 percent compared to 46 percent among nationals.[12] The highest labor force participation rates among both groups are observed in Damietta, followed by Alexandria and then Greater Cairo. The SEP also shows that labor force participation was highest among Eritreans (61 percent), followed by Sudanese (58 percent), while the lowest activity rates were observed among Somalis.

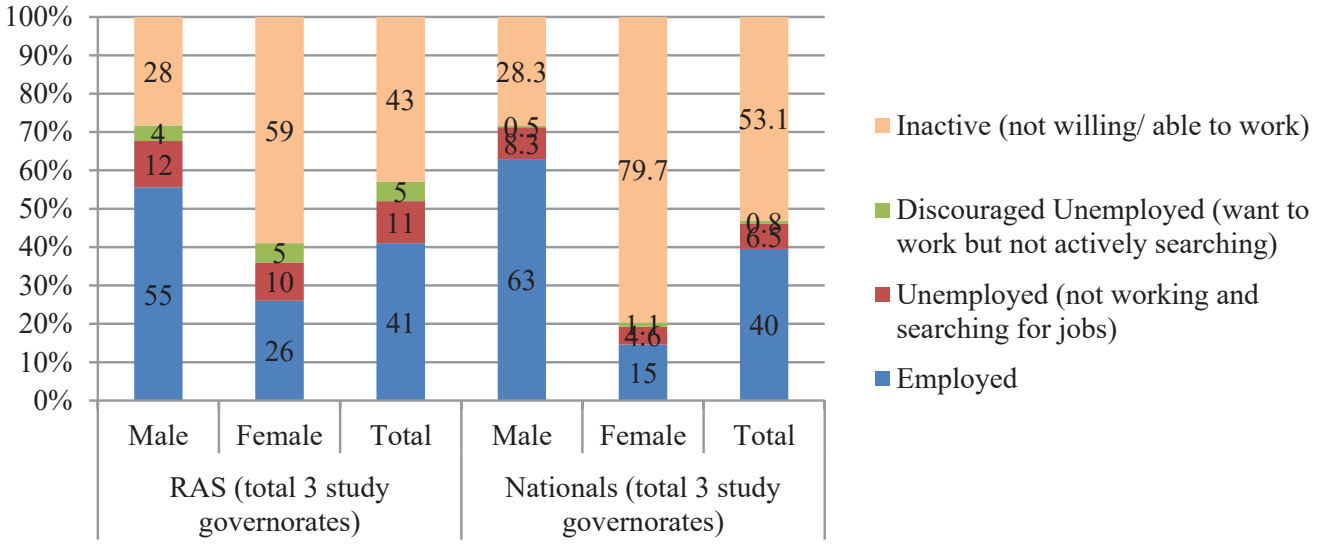
Similar to the long-lasting gender gap in labor force participation among Egyptians, the results of the SEP show that a large gender gap exists among refugees and asylum seekers, albeit smaller than that observed among nationals. Around 67 percent of refugees and asylum seekers males participated in the labor force, compared to only 36 percent of their female peers.

On the other hand, Table 1 reports both the standard and broad definition of unemployment among refugees, asylum seekers, and Egyptians residing in the three governorates of the SEP survey. The overall standard (broad) definition of unemployment was about 12 percent (15 percent) among refugees and asylum seekers, compared to 14 percent (16 percent) among the national population. Once again, a wide gender gap in unemployment was observed among both nationals and refugees and asylum seekers, yet the gender gap is, again, wider for Egyptians. Egyptian female unemployment rates (24 percent) were double the rates of their male counterparts (12 percent), and more than double the rates observed among female refugees and asylum seekers (nine percent).

Figure 3 highlights that unemployment rates were also considerably lower among refugees and asylum seekers compared to Egyptians in each of the three governorates under study. The highest unemployment rate among refugees and asylum seekers was observed in Greater Cairo, followed by Alexandria. It is important to note that the unemployment rate was exceptionally high among nationals in Damietta (19 percent), despite the lowest rates of unemployment observed among the refugees and asylum seekers group in this same governorate (five percent). Moreover, based on the SEP data, the highest unemployment rate (standard definition) was observed among Somali refugees followed by Eritreans, while the lowest was observed for Syrians. This generally aligns with the results of the Vulnerability Assessment conducted by the UNHCR on refugees, which emphasized the likelihood of Arabic-speaking refugees faring better than their non-Ar-

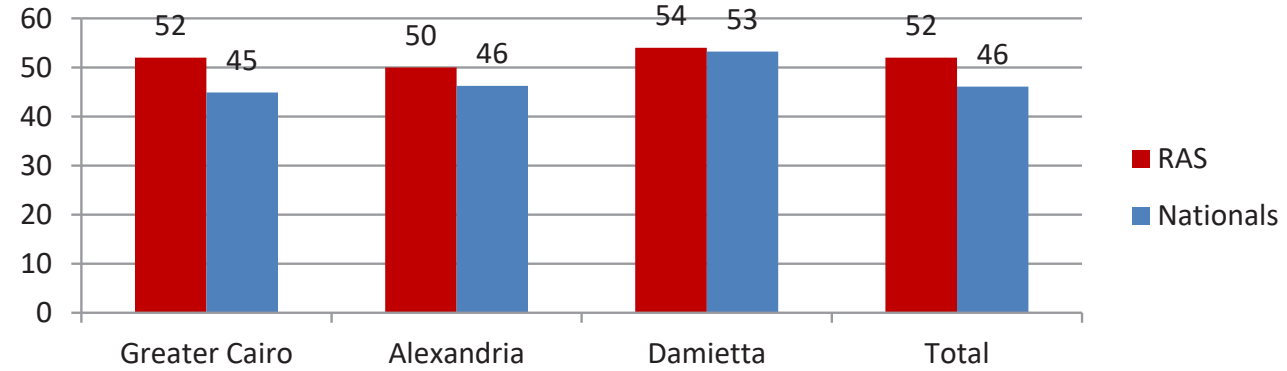
[12] One should be conscious that the different employment and unemployment rates observed among refugees and nationals highly depend on the type of jobs occupied by each population group and their working conditions.

Figure 1. Employment status (%) among nationals and refugees and asylum seekers (RAS) aged 15-64 in the three study governorates, by gender, 2021



Source: The refugees and asylum seekers figures are adapted from the SEP 2021 Report (see ILO, 2023), and the national figures are based on the author's calculations using LFS 2021 data.

Figure 2. Economic activity (%) among Egyptian nationals and RAS aged 15-64, by governorate of residence and gender, 2021



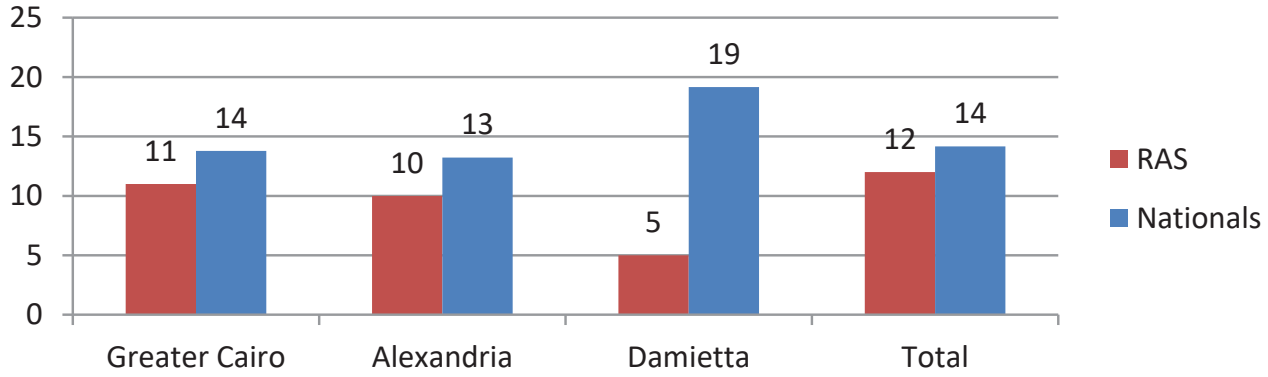
Source: The refugees and asylum seekers figures are adapted from the SEP 2021 report (see ILO, 2023), and the national figures are based on the author's own calculation using LFS 2021 data. The figures are based on the market definition of the labor force and standard definition of unemployment (i.e., working or wanting to work and searching).

Table 1. Unemployment rates (%) among Egyptians and RAS aged 64-15, by gender in Egypt (standard and broad definitions), 2021

	Total Greater Cairo, Alexandria, and Damietta			
	Refugees and Asylum Seekers		Nationals	
	Standard	Broad	Standard	Broad
Male	12	16	12	12
Female	9	14	24	28
Total	11	15	14	16

Source: The refugees and asylum seekers figures are adapted from the SEP 2021 report (see ILO, 2023), and the national figures are based on the author's calculations using LFS 2021 data.

Figure 3. Unemployment rates (%) among Egyptian nationals and RAS aged 15-64, by governorate of residence and gender (standard definition), 2021



Source: The refugees and asylum seekers figures are adapted from the SEP 2021 report (see ILO, 2023), and the national figures are based on the author's calculations using LFS 2021 data.

abic-speaking counterparts. They generally encounter better economic opportunities, live in better housing, and enjoy higher overall welfare (UNHCR, 2020).

Similarly, in the qualitative focus group discussions, the majority of the interviewed men and women reported wanting to work and searching for a job. However, the hardship in finding a decent job in the challenging labor market conditions of Egypt was widely documented by the refugees and asylum seekers during the interviews.

> *"One has to work. There is no help. What will you do? No one will help you, one must be obligated to work, but there is a lot of difficulty in finding work." (Eritrea, Male, 18-29, Cairo)*

> *"Work is not available, and the one who feels you need the job exploits you and this becomes a problem for you at work. For example, if you get the job, he would make you work for long hours, not give you a vacation, treat you badly... etc. He feels how much you need a job." (Eritrean, Male, 30+, Cairo)*

> *"First, with regard to work, certain types of work may be available, but it is harsh in itself. I mean, for example, at the age of 50, for one to go work in people's homes, this is a very difficult thing. So, the problem is not about the availability of work but about the type of work. There is no job with dignity; this type of job is kind of humiliating. One has to stick to certain working hours, even if you're old or even if your children are sick, you won't be able to leave work. You won't be able to go out except during your vacation, and you cannot be late. And the money one gets can only pay for rent, food, and drink; so you won't find money to do anything else. These are all the problems that exist." (Eritrean, Female, 30+, Cairo)*

On the other hand, women with children mostly complained about the unavailability of jobs that offer a daycare for their small children, and that the expected payment was not enough to afford paying for a daycare.

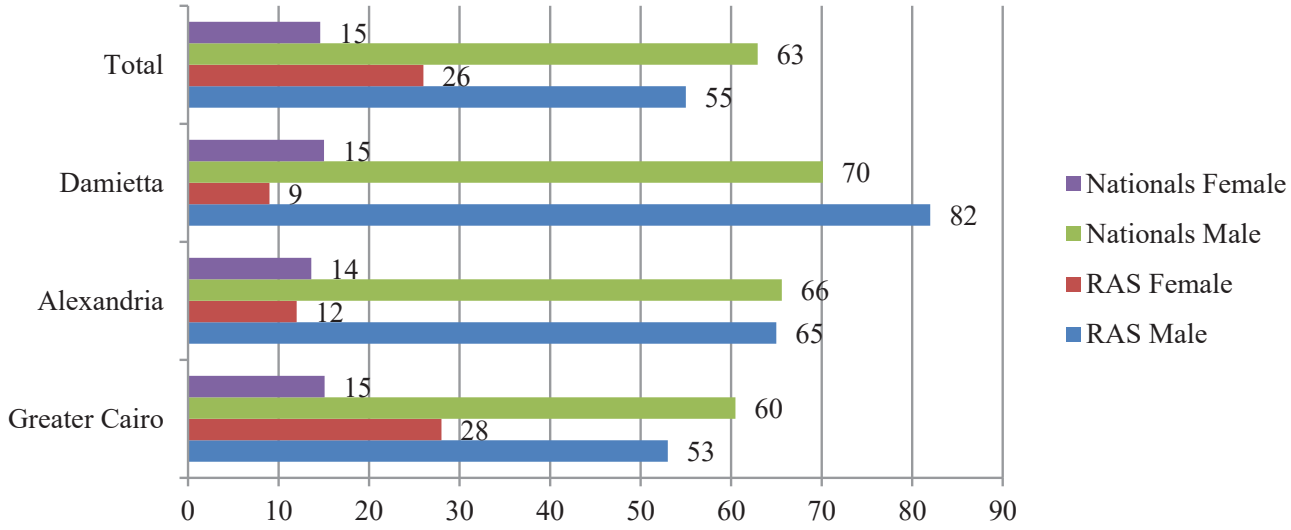
> *"Of course I am interested in working, but I have young daughters and the workday is long, meaning that the workday is eight hours. How can I leave the girls alone for eight hours? And if you put them in a nursery, then what I will earn all day will go to the nursery." (Syrian, Female, 30+, Cairo)*

5.2. Employment and working conditions

As mentioned above, about two-fifths of refugees and asylum seekers were working in the studied governorates in Egypt. The male employment rate (55 percent) was more than double that observed for their female counterparts (26 percent). Nevertheless, the employment rate among female refugees and asylum seekers was 10 percentage points higher than the rates documented for Egyptian females (15 percent). In contrast, the male employment rate was about eight percentage points higher among nationals (63 percent) compared to that of male refugees and asylum seekers (55 percent) in 2021 (Figure 4).

The highest employment rate among refugees and asylum seekers was observed in Damietta (48 percent) followed by Greater Cairo (41 percent) and Alexandria (40 percent). Figure 4 shows that the overall large gender gap in employment was also observed in all three governorates under study among both refugees and asylum seekers and Egyptians. The highest gender gap among both population groups was observed among refugees and asylum seekers working in Damietta, where only nine percent of female refugees and asylum seekers were working compared to 82 percent of their male peers. This is the governorate that also compromised the highest male employment rates among refugees and asylum seekers, even higher than the rates observed for Egyptian males (70 percent). In contrast, male employment rates in the remaining two governorates were higher among Egyptian nationals than among refugees and asylum seekers. The highest employment rate among female refugees and asylum seekers was

Figure 4. Employment rates (%) among Egyptian nationals and RAS aged 15-64, by governorate of residence and gender, 2021



Source: The refugees and asylum seekers figures are adapted from the SEP 2021 report (see ILO, 2023), and the national figures are based on the author's calculations using LFS 2021 data.

observed in Greater Cairo (28 percent versus 15 percent for Egyptian females). In contrast, the employment rate of Egyptian females was higher than the rates observed for female refugees and asylum seekers in Damietta and Alexandria.

The highest employment rate among male refugees and asylum seekers was observed among Syrians (66 percent), followed by Sudanese (48 percent) and South Sudanese (44 percent) (Table A1 in the Appendix). The highest gender gap in employment was also observed among Syrian refugees and asylum seekers, where the employment rate of males was more than six times that of females (10 percent). Also, the employment rate of Ethiopian males (41 percent) was almost one and a half the rates observed for Ethiopian females (26 percent). In contrast, the employment rates of Yemeni and Somali females (14 percent and 28 percent, respectively) were substantially higher than the rates observed for their male peers (29 percent and 40 percent, respectively). There is almost no gender gap among the remaining nationality groups.

The majority of the working group of refugees and asylum seekers, despite their gender and country of origin, reported working in the services and sales sectors (35.2 percent), followed by the handicrafts sector (24.8 percent). Specifically, females are more prevalent in the handicrafts (32 percent) and elementary occupations (23 percent) compared to their male peers (22 percent and eight percent, respectively) (see Table A2 in the Appendix).[13]

The labor market experiences of participants in the qualitative focus groups were consistent with these employment patterns. The majority of interviewed male refugees and asylum seekers reported working in coffee shops, cafeterias, and supermarkets, while females mostly reported working in domestic work or at tailor shops or factories.

> *"The first thing I was working in a supermarket, and I used to work 12 hours, which means you work all day. After that, I got bored of the supermarket, and then I went to restaurants. I worked in restaurants, but it was also a very tiring job." (Syrian, Male, 30+, Port Said)*

> *"Working in others' home is the type of job that is mostly available. The problem, basically, is that we are limited to certain types of work." (Eritrean, Female, 30+, Cairo)*

Moreover, almost all the interviewed refugees and asylum seekers reported being unhappy in these types of jobs, mainly due to the long working hours, low payment, and the maltreatment and exploitation of their employers.

> *"The recruitment office takes a percent, so you take a small salary and they take the remaining; besides that, most employers do not consider that you have other needs as if you are owned to the job. For example, you work 12 hours, and they tell you 'Stay, we still need you; continue working'." (Eritrean, Male, 30+, Cairo)*

> *"When I first came, I was working as a housemaid, so I didn't know anything at that time, and my accent was difficult to understand. Someone hired me and we agreed that I will clean only, but they made me work in the kitchen as well. I worked for the whole month, I was tired at times, I mean, my stomach and psychology were tired at times, and at the end, after I finished the month, I told them that it's over, I won't work with them again, so they cut 3,000 from my salary." (Arab, Female, 18-29, Cairo)*

[13] The elementary occupation includes domestic work.

"I had a job before that was in a tailoring shop and another one in a company working in electronic marketing. In the electronic marketing company, the working hours were approximately from 9 to 5, but they did not provide me with a regular salary…while the tailoring used to always make a trick; he never gave me my full monthly salary but only half of it in order to ensure that I will stay with him till the following month and only then I receive the rest of my salary" (Arab, Female, 18-29, Alexandria)

"Of course I was not able to continue in the factory, due to several reasons. First, the heavy work load. The work was stressful for me; I can't move or go here or there, instead I have to sit on the chair and work for eight hours. And sitting eight hours is very difficult for a human; one needs to move at least for the blood circulation to work. Second, from the financial side they were not fair; they were exploitative. So I could not stand it anymore." (Yemeni, Female, 37, Cairo)

Several studies show that refugees in Egypt are unlikely to maintain types of jobs similar to those they held prior to their displacement (Andrade, 2021; ILO, 2021). The SEP data shows that refugees and asylum seekers experienced a considerable downgrading in skill levels between their occupations in their home country compared to their occupations in Egypt. Over 26 percent of refugees used to work in high-skilled jobs in their home country compared to only 12 percent in Egypt. The remaining 14 percent moved to mid-level, low-skilled jobs, or became unemployed in Egypt (ILO, 2023).

Similarly, in the qualitative interviews, some refugees and asylum seekers expressed their disappointment in not being able to find jobs similar to the types of jobs they used to hold in their home countries. Some also mentioned a clear disappointing mismatch between their education and their current or recent occupations in Egypt.

"In Eritrea, I used to work in an office. I was a respected woman; but here I work in other people's homes. There is no respect; instead I get a lot of insults and many other things. However, I am satisfied with all this, because even though I was a government employee in my country, I was worried about myself, my children, and my family, but here at least this fear has gone." (Non-Arab, Female, 30+, Cairo)

"I also tried to work. I worked in a factory, even though I am a university graduate, and I studied and learned a lot, and I also have computer and English skills…but thank God, what I can say, I mean, thank God in all circumstances." (Yemeni, Female, 37, Cairo)

5.3. Work permit and job informality

Formal jobs, as discussed in Section 2, are not widely prevalent among nationals in the Egyptian Labor Market. Based on the 2021 LFS, only 40.6 percent of Egyptian wage workers were employed formally with the benefit of a written contract, and around the same percent had access to social insurance benefits in 2021. Accordingly, the access of refugees and asylum seekers to formal employment in such a labor market, where almost 60 percent of its national workers are employed informally, is expected to be considerably challenging. Furthermore, in addition to the barriers to formal jobs facing the Egyptian population, as mentioned above, refugees and asylum seekers face another difficult barrier, which is the need to get a work permit to be able to work formally in Egypt and have access to social insurance coverage (Hetaba et al., 2020; ILO, 2022).

The difficult barriers facing refugees and asylum seekers to formal employment are confirmed by both the 2021 SEP data and qualitative focus group discussions. Based on the SEP data, only 0.5 percent of working refugees and asylum seekers were issued work permits when they started working in Egypt (Figure A1 in the Appendix). Also, despite the higher employment and lower unemployment rates among refugees and asylum seekers compared to their national counterparts, their access to a job with a written contract from their employers (1.3 percent) or with social insurance benefits was almost null (0.1 percent). In particular, none of interviewed Somali and Yemeni refugees and asylum seekers reported having any type of legal contract. Also, only 0.1 percent of Syrians, who had the highest rates of employment and lowest rates of unemployment, reported working formally and none had social insurance coverage. On the other hand, only 0.7 percent of refugees and asylum seekers reported receiving health insurance coverage and about 5.3 percent of refugees and asylum seekers reported having access to paid leave.

Experiences with formal contracts, social insurance coverage, and knowledge about work permits were also explored in the qualitative focus group discussion with refugees and asylum seekers. Respondents were asked whether they had a work contract, tried to get a work permit before working in Egypt, or ever talked with their employers about getting a work permit in order to be formally employed and have the benefits of social insurance and health insurance coverage.

The majority of the respondents who had worked in Egypt confirmed that they never had a work contract or social insurance benefits from their employers. Many actually believed that foreigners were not eligible to get access to any formal contract in Egypt.

"We all worked on all the mentioned jobs without getting a work permit." (Non-Arab, Female, 30+, Cairo)

"In Egypt, all refugees cannot have any legal contract; even renting a home is without a contract." (Non-Arab, Male, 30+, Cairo)

"No, foreigner no contract; I told you that even if the factory

owner wrote you a contract, he would not give you a copy of it, and he would leave it with him. So that if something happened to you, he had an evidence to prove that you are officially working for him; but if you get an injury or anything, he acts as if he had nothing to do with you." (Non-Arab, Male, 30+, Cairo)

"If you asked for a contract, the employer writes you a useless report and gives it to you; not really something formal that you can use" (Non-Arab, Male, 30+, Cairo)

Similarly, almost all men and women respondents, regardless of their country of origin, affirmed that they never tried nor thought about getting a work permit. In fact, before the interview, many of the interviewed refugees and asylum seekers had never heard about it, or had wrong information about the full issue of legal permits.

"No, I never talked with any employer about getting a work permit. This idea of getting a work permit never came to me, and I do not have any information about this issue." (Non-Arab, Female, 18-29, Cairo)

"I asked about these issues, but I never tried because there are people who faced problems to get a work permit…they told me: 'You applied for an asylum, so you are a refugee. This is different than a Southern person who is coming for tourism and has his passport; but you are a refugee and the UNHCR does not allow for this'." (Non-Arab, Male, 30+, Cairo)

Another large group actually believed that refugees and asylum seekers are not allowed to work in Egypt, and thus it is impossible for them to get a work permit. Only a few respondents believed that it is either very difficult to get a work permit or that it is not necessary to get one since they are refugees.

"If you are a refugee, then you are not allowed to work. Whoever worked was able to do so informally through connections and friends." (Arab, Male, 18-30, Cairo)

"I tried to get a work permit but unsuccessfully; I tried several times through the UNHCR, but there are difficulties. The refugees work illegally through connections and the Government of Egypt allows some flexibility for them as compared to a national person." (Arab, Male, 30+ Cairo)

"If I knew that the situation in Egypt is that difficult, I would not have come. I expected that it would be much easier and that there is someone to help us in the commission, but there is a big ambiguity on the issue of work permits... they just listen but do nothing." (Eritrean, Male, 30+, Cairo)

Moreover, those who worked in Egypt were asked whether they ever talked with their employers about getting a work permit, or social insurance and health insurance coverage. All respondents confirmed that in all the jobs they worked in, they never got a work permit and their employer never talked about it. Only a few discussed it with their employer but were scolded when they did so.

"I talked with my employer about this topic, but he bullied me a lot and said that I am a refugee with a yellow card; and that it is enough that he gave me a job. He did not want to get me a work permit because this will only benefit me and not him. So I only stayed in that job for five months and he did not give me the rest of my salary." (Arab, Female, 18-29, Alexandria)

5.4. Willingness of refugees and asylum seekers to participate in the social insurance system

In the qualitative focus group discussions, a section was devoted to investigating the participants' knowledge of the social insurance system of Egypt, and the source of such knowledge.[14] Participants were also asked whether they would be interested in joining the social insurance system by losing some income now, but receiving disability benefits, health insurance, and a pension in older age.[15] Those who showed willingness to join the system were asked to report on the percent of their income they would be willing to contribute to social insurance. All participants were asked to report on what benefits they see might make the system more attractive to refugees and asylum seekers.

The majority of the participants were quite aware of the main aim of the social insurance system, but none knew how it functioned, any of its schemes, or that it encompasses refugees and asylum seekers. Also, as discussed by Sieverding and Abou Hussein (2024), most respondents emphasized their lack of interest in joining the social insurance system. The most frequently mentioned reasons behind this large disinterest in the system were: (1) lack of trust in the system and its long-term benefits; (2) inability to pay any contributions given their already low and unstable salaries; (3) frequent move from a job to another with hardship in finding and sustaining a formal job; and (4) the uncertainty about their length of stay in Egypt and the value of social insurance in this case.

[14] The findings of this section should be considered in light of the fact that the qualitative study participants were all registered refugees and asylum seekers who were recruited through the UNHCR and its partners; hence, they are most likely the group with the best access to humanitarian assistance.

[15] Another limitation of this analysis is that refugees are being asked about the health insurance benefits before having the universal health insurance system installed in place. Therefore, refugees may have access to healthcare through the current system and NGOs, which they would lose once the UHIS is in place unless they get enrolled in the new system. One would expect that knowing this may likely change their perception and motivation to contribute to social insurance and the UHIS.

"You have to pay every month when you are working, and you pay the money to take it when you need. But I am not working, and as long as the person is not working, from where s/he will find money to pay this." (Syrian, Male, 18-29, Alexandria)

Few respondents mentioned that the system might be attractive if refugees and asylum seekers could participate without paying contributions if they do not have a job, and only pay during the period in which they get a job. A few mentioned that it would be attractive if it was flexible enough to allow the refugees to determine the percentage of their salary they can contribute.

"It would be attractive if there are no contributions needed at all! If the social insurance system can be made accessible to the refugee without paying any percentage; would that be possible? In fact, the refugee needs to get paid; he cannot pay. The contribution should be determined according to each one's illness and disability. If a person is working, he can pay, but as long as the person is not working, he will not be able to pay anything." (Sudanese, Female, 31, Cairo)

"I see that the employee or participant should be allowed to determine from the beginning how much he wants to contribute based on his circumstances, to ensure that his salary is enough for him. Hence, he would be able to contribute a certain percentage without harming himself or his family." (Arab, Female, 18-29, Alexandria)

6. Conclusion

This report uses recent quantitative phone survey data complemented with novel qualitative interviews with refugees and asylum seekers to investigate their barriers to formal employment in the Egyptian labor market. The report highlights how the legal framework in Egypt may often exclude or constrain the integration of refugees and asylum seekers into the formal labor market. To date, there is no law that particularly regulates the employment of refugees and asylum seekers in Egypt, thus rendering them subject to the same legislations that apply to all foreigners. For non-nationals to get enrolled in the social insurance system of Egypt, they need to have a valid passport and a work permit. These two prerequisites are very hard for refugees and asylum seekers to fulfill. Therefore, it considerably precludes them from getting access to the social insurance system, and, in turn, leaves many of them with the only option of working in the informal economy. Hence, it is very important to make social protection schemes more inclusive of informal economy workers, whether they are nationals or refugees.

Both the qualitative and quantitative data confirmed this hardship facing refugees and asylum seekers in the Egyptian labor market. Despite the higher employment and lower unemployment rates among refugees and asylum seekers compared to their national counterparts, the data shows that their access to a formal job with a written contract from their employers and/or with social insurance benefits was almost negligible. The qualitative results in particular demonstrate that the majority of refugees and asylum seekers knew nothing about their need for a work permit or their eligibility to get a work permit to be able to work formally in Egypt and have access to social insurance benefits. Only a small group of respondents in the qualitative focus group discussions knew about their need for a work permit, but at the same time affirmed that it is very difficult to obtain. A few respondents of this latter group discussed it with their employers and were scolded when they did so.

Moreover, in the qualitative interviews, respondents overwhelmingly complained about the hardship of finding a decent job in Egypt. They also emphasized the harsh working conditions experienced in almost all the jobs they held in Egypt. Respondents primarily complained about the long working hours with no/limited breaks, low or irregularity of payment due to employer manipulation, lack of paid vacation, and maltreatment of employers. Additionally, refugees and asylum seekers expressed the difficulty faced in finding a job in one's field of study due to the lack of recognition of their education certificates in Egypt. Hence, many refugees and asylum seekers faced a large education-occupation mismatch and a significant downgrading relative to the occupations they used to hold in their home country. Yet, it is important to highlight here that, except for certificate recognition, these adverse conditions facing refugees and asylum seekers in the Egyptian labor market are not quite distinct from the hardships that have long been facing Egyptians who are new labor market entrants (see Assaad and Kraft, 2021 and Kraft et al., 2022).

7. Benefits of an inclusive social insurance system and policy recommendations

The integration of refugees and asylum seekers into sustainable social protection systems is a human right that has been on the policy and programs agenda of many development actors and national governments for many years. This has also been in tandem with advocating for their rights to access formal work opportunities (Andrade et al., 2021). There is no doubt that the access of the refugee and asylum-seeker workforce to decent work opportunities and their inclusion in the social insurance benefits is vital for reducing their aforementioned exposure to abuse and exploitation from employers, promoting their economic independence, enabling their future planning, and facilitating their integration into host communities (Seyfert and Quarterman, 2021).

Such inclusion is not only beneficial for the refugees and asylum seekers but also for the host country. Given the fact that informal employment takes place outside the scope of government regulation, all informal workers are not subject to any tax regulation or labor legislation, nor are they entitled to pay any social insurance contributions (ILO, 2013). Integrating refugees and asylum seekers into the formal economy and in the contributory social insurance schemes of the country, for both formal and informal workers, would expand the tax base and increase the financial sustainability of the social insurance system through risk sharing (Holmes and Lowe, 2023). In fact, many refugees have been able to penetrate the Egyptian market to earn their living and better serve their community of refugees. It is estimated that Syrian businesses in the country have contributed around USD 800 million to the economy (ILO, 2022).

Also, the expansion of social insurance mechanisms to larger groups of previously uncovered workers can help in the improved mobilization of financial resources, which could achieve higher financing sustainability for the full social protection system of the country (ILO, 2021). For instance, when refugees and asylum seekers are able to work formally and have access to social insurance benefits, the financial burden on the humanitarian aid budgets and the host country's non-contributory social protection schemes is expected to be reduced (Holmes and Lowe, 2023). Also, integrating refugees into social insurance schemes provides them with effective access to healthcare benefits in the event of illness without having to pay for treatment out of pocket. This would not only have a significant impact on maintaining and improving their health and the health of their families; it would also ease the financial burden on the health system covering workers in the informal economy.

There is no doubt that introducing an inclusive social insurance system for refugees and asylum seekers is an important means for Egypt to fulfill its international commitments and to address the systemic and interlinked objectives of the Sustainable Development Agenda. Hence, it is timely for the Egyptian government and relevant stakeholders to adopt more inclusive refugee-specific policies and programs that facilitate access to decent work for refugees and asylum seekers. By implementing strategies tailored to refugees and asylum seekers, Egypt can work toward formalizing the informal work of refugees and asylum seekers, thereby unlocking their potential and fostering their economic integration into the formal labor market. In light of the findings of this report, as well as international experiences, a set of such policies are suggested below.

7.1. Recommendations pertaining to the legal framework and work permits

By not differentiating between the forcibly displaced and other migrating workers, the Government of Egypt has trapped refugees and asylum seekers in a conundrum, where they are welcomed to reside in the country but without the promise of securing a decent job. With no other source of income available, refugees and asylum seekers resort to the informal sector, like many other national workers, to earn their living and secure some of their essential needs. It is important to highlight here that the restrictive nature of the law, which aims to protect the short supply of formal opportunities to national workers, not only augments the obstacles faced by the forcibly displaced labor but also has potentially adverse effects on the already vulnerable groups of national labor. By highly restricting the access of refugees and asylum seekers to the formal labor markets, they are mostly left to compete with low-skilled irregular workers in the informal economy, thereby worsening their already hardship conditions faced in the Egyptian labor market (Verme and Schuettler, 2021). The upcoming asylum law should better regulate the labor market inclusion and social insurance provisions for refugees and asylum seekers to ensure a healthy and efficient labor market functioning for both the national and non-national workforces. It is recommended that Egypt consider adopting the following vital strategies (see also Barsoum and El Barrawi, 2024 for more detailed recommendations regarding the legal framework).

- *Work permit and business license:* Simplifying the processes and reducing the costs associated with obtaining work permits and business licenses is urgently needed. Specifically, alleviating the burden of obtaining work permits on employers when hiring refugees is a crucial initial step toward mitigating workplace discrimination against refugees.
- *Alternative form of identification:* It is also crucial for the Government of Egypt to consider treating the UNHCR cards as a government-issued ID, thereby allowing them to be accepted as valid IDs (instead of valid passports) when applying for work permits, business licenses, social insurance benefits, and other government services.

7.2. Recommendation pertaining to promoting social dialogue, awareness raising, and skills advancement

Promoting social dialogue and raising awareness among employers, communities, and the general public about the skills and contributions of refugees and asylum seekers is crucial for their inclusion in the formal labor market. On

the other hand, SEP data shows that the most needed services reported by refugees include guidance toward understanding the Egyptian laws and regulations for foreigners, vocational training, computer training, and job search assistance. Hence, the government, in collaboration with the civil society and the private sector, has the following vital role to play in this regard:

- *Raising awareness of refugees and asylum seekers:* International organizations and NGOs need to urgently play an active role in regularly raising the awareness of refugees and asylum seekers about the legal framework guiding their access to the formal labor market in Egypt, as well as educate and empower them to be able to demand their rights.
- *Skill development and employment services:* It is recommended that the civil society organizations working with refugees and asylum seekers, in collaboration with the private sector employers, provide refugees and asylum seekers with language and vocational training along with job search and job placement services tailored to the needs of refugees and asylum seekers to ease their transition to the Egyptian labor market.[16]
- *Financial inclusion:* SEP data highlights that only 1.1 percent of refugees or one of their household members had a bank account or an account in any other financial service institution in Egypt. This lack of access to a bank account enormously limits the options of refugees and asylum seekers to make payments, send and receive money, and access loans (ILO, 2023). It also renders them unable to keep their savings in a safe place to use as a safety net. The government, in collaboration with civil society, should work toward promoting and increasing access to financial services among refugees and asylum seekers living in Egypt to ensure their self-reliance and economic independence.[17] Financial inclusion is highly recommended to enable refugees to build a stable life for their families in Egypt.
- *Entrepreneurship:* Promoting entrepreneurship and self-employment among refugees and asylum seekers is a good alternative avenue for formal employment in the challenging conditions of the Egyptian labor market. The SEP results show that the lack of access to loans and formal banking services was reported among the main reasons for the low levels of entrepreneurialism (three percent) among the refugee population (ILO, 2023). A vital step toward promoting an early inheritance of an entrepreneurship culture among refugees and asylum seekers is to promote their financial inclusion and provide them with soft skills, financial literacy skills, entrepreneurship education, and digital technology skills. Another vital support mechanism is to facilitate the access of refugees and asylum seekers to novel alternatives of financial support, other than the formal loans option that is often not targeted to their vulnerable financial situations (SFD, 2016; Gadallah and Roushdy, 2017; ILO, 2016).[18]
- *Educating employers:* The qualitative results of this report show that refugees and asylum seekers often face challenges in getting their qualifications and skills recognized in Egypt, primarily due to differences in educational systems or lack of awareness among employers, and, as a result, they are forced to work in low-skilled jobs despite their education and experience. Local NGOs and international partners should play a crucial role in advocating for the rights of refugees and asylum seekers among private sector employers and raise their awareness about the skills and qualifications of refugees, in addition to encouraging them to promote non-discriminatory hiring practices in the workplace.

[16] One good example is Germany's "Skills Initiative for Refugees," which offers language training, vocational courses, and job placement support for refugees, helping them transition to formal employment (see https://handbookgermany.de/en/vocational-training-orientation-for-refugees). Another example is the "Refugee Talent Hub" platform in the Netherlands that connects refugees with employers through internships, mentorship programs, and job-matching services (see https://www.itcilo.org/sites/default/files/inline-files/Info%20Sheet_Refugee%20Talent%20Hub_FINAL_REV_0.pdf; https://refugeetalenthub.com).

[17] The UNHCR, in collaboration with the Swedish International Development Cooperation Agency and the Grameen Credit Agricole Foundation, launched a program promoting access to affordable financial and non-financial services for refugees, as well as vulnerable groups in host communities, in Uganda. This program has been providing selected financial service providers with debt financing and technical assistance to enable them to expand their lending operations and entrepreneurial and financial literacy training to over 100,000 refugees and host communities. See https://www.unhcr.org/afr/events/conferences/5df234214/sida-unhcr-and-grameen-credit-agricole-foundation-join-hands-to-promote.html?query=SIDA.

[18] Based on international evidence, new types of financial support—such as cash grants (in Uganda), in-kind grants (in Chile), and running business-plan competitions (in Nigeria)—targeted at young people have proven promising in easing the major barrier toward entrepreneurship among young people (see Blattman et al., 2013; Martinez et al., 2016; McKenzie, 2015). Also, the "Karama Cash for Work" in Lebanon has helped refugees start their own businesses (see Moussa et al., 2022 and https://odi.org/en/publications/world-food-programme-cash-assistance-in-lebanon-protection-outcomes-for-syrian-refugees/). Similar types of financial support tailored to the situation of refugees and asylum seekers in Egypt should be developed and regularly evaluated.

7.3. Recommendation pertaining to the social insurance schemes

A primary recommendation of this report is to make social protection schemes more inclusive of all workers in the informal economy, including refugees and asylum seekers. The qualitative findings and SEP data presented in this report highlight that the majority of refugees are engaged in certain sectors/occupations which are highly informal (such as, but not limited to, domestic work). In other words, even nationals working in these sectors/occupations lack social insurance coverage. Accordingly, an urgent action here is to extend the social insurance scheme to cover those working in these types of excluded and highly vulnerable occupations regardless of their nationality.

A vital step toward an inclusive social insurance system for refugees and asylum seekers is to regularly assess the social insurance needs and contributory capacity of informal workers in Egypt, both nationals and non-nationals. Based on this assessment, the informal worker scheme introduced in the new social insurance law should be periodically evaluated and amended as needed to ensure that even low-income refugees and asylum seeker workers can afford to participate in this scheme without undergoing financial stress. Based on international experience, it is recommended to allow refugees and asylum seekers access to a scheme that offers the following:

- *Short-term benefits:* Extending short-term social insurance benefits, such as disability, workplace injury, maternity, and unemployment insurance to refugees and asylum seekers is highly recommended. The precarious working conditions of refugees highlighted in the findings of this report make them in immediate need of some of these protections, particularly workplace injury coverage. This measure is anticipated to motivate refugees to participate in the social insurance system, as these benefits directly address the vulnerabilities and challenges that they face in the short term in the Egyptian labor market.
- *Flexible and accessible payment modalities:* The collection process of contributions must be flexible and accessible to respond to the needs and characteristics of informal economy workers, including refugees and asylum seekers, given their uncertain and irregular earnings. Colombia provides a good lesson for flexibility and adaptation in its social insurance scheme for irregular workers, which allows independent workers to declare their income throughout the year rather than just at the beginning of the year. It also allows temporarily opting out if one lacks contributory capacity with the possibility of continuing to contribute to the health insurance scheme. These types of flexibilities are expected to make the system more sensitive to income fluctuations and allow informal workers to access at least one of the two mandatory insurance schemes (health and pensions), without being totally excluded from the system.
- *Subsidizing contribution rates:* Within the context of stimulating sustained, equitable, and better burden and responsibility sharing,[19] the government (in partnership with donors) should investigate the possibility of subsidizing social insurance contribution rates for refugees and asylum seekers (as well as nationals) who cannot afford paying, based on a well-studied gradual phasing-out plan. The suggested contribution rates should also be evaluated and adjusted based on national average earnings annually. This subsidy is expected to provide a positive perception of the schemes and a powerful driver for refugees and asylum seekers who are working informally to register. Similar schemes with subsidized contribution rates of only five percent and 5.25 percent of workers' monthly wage, respectively, for the first two to three years were introduced in Zambia and Jordan (Miti, 2021).[20] In Jordan, this scheme is open for both nationals and non-nationals working in the informal sector (Alhawarin and Selwaness, 2019).[21]
- *Social insurance awareness-raising campaigns:* The government, in collaboration with the UNHCR, ILO, and other relevant stakeholders, should regularly conduct awareness-raising campaigns for refugees and asylum seekers to better inform them about the existence of social insurance benefits for non-nationals in regular and irregular sectors. They should be informed about its value, limitations, and potential risks, as well as the main updates occurring to the social insurance schemes pertaining to refugees and asylum seekers. A primary aim is also to educate them on how they can access information on whether their employers are paying their social insurance contributions on time, how many years of contributions they accumulated, the potential portability of their pensions, and any option available to them to get higher pensions in the future…etc.
- *Digitalization:* It is time to increase the digitalization of the needed governmental processes and approvals

[19] https://www.unhcr.org/news/speeches-and-statements/summary-global-refugee-forum-2023-co-hosts-and-co-convenors

[20] In Zambia, there is a minimum contribution set at USD 3 per month, which may be adjusted annually based on national average earnings (Miti, 2021; Phe Goursat and Pellerano, 2016).

[21] Subsidized health insurance coverage was also introduced for informal sector workers and other vulnerable population groups in several low- and middle-income Asian countries, including Nepal and Cambodia (see Vilcu et al., 2016).

pertaining to refugees and asylum seekers by creating an exclusive online platform for refugees and asylum seekers that eases access to all necessary work permits, business licenses, and social insurance information and procedures. Such a platform would also simplify their registration process and the payment of social insurance contributions. Allowing the social insurance contributions of refugees and asylum seekers to be paid through mobile phones may be another option that would help significantly reduce the administrative procedures and commuting constraints they face (see Sato et al., 2022). Such digitalization would certainly increase refugees' and asylum seekers' sense of information transparency and awareness of their rights and obligations in the Egyptian labor market, and, in turn, spark higher interest in enrolling in the social insurance system from the side of refugees.

Appendix

Table A1. Cost of registering regular wage workers in the private sector (for both workers and employers)

Risks Insured Against	Old Scheme (Law 79/1975)			New Scheme (Law 148/2019)		
	Share of Employer	Share of Employee	Total	Share of Employer	Share of Employee	Total (to be raised by 1% every 7 years)
Old Age, Disability, and Survival	15%	10%	25%	12%	9%	21%
End-of-Service Bonus	2%	3%	5%	1%	1%	2%
Injury	3%	0%	3%	1.5%	0%	1.5%
Illness (Health Insurance)	4%	1%	5%	3.25%	1%	4.25%
Unemployment	2%	0%	2%	1%	0%	1%
Total	26%	14%	40%	18.75%	11%	29.75%
Paid Leaves (Labor Code)	21 days in the first year; 30 days after 10 years of service–not including holidays, which are paid (Article 47 of the Labor Code)					

Source: Barsoum and Selwaness (2022).

Table A2. Employment rates (%) among RAS aged 15-64, by country of origin and gender, 2021

Country of Origin	Male	Female	Total
Syria	66	10	44
Sudan	48	38	43
South Sudan	44	43	43
Ethiopia	41	26	38
Eritrea	38	37	34
Somalia	28	40	33
Yemen	14	29	24
% of RAS Working in Egypt	55	26	41

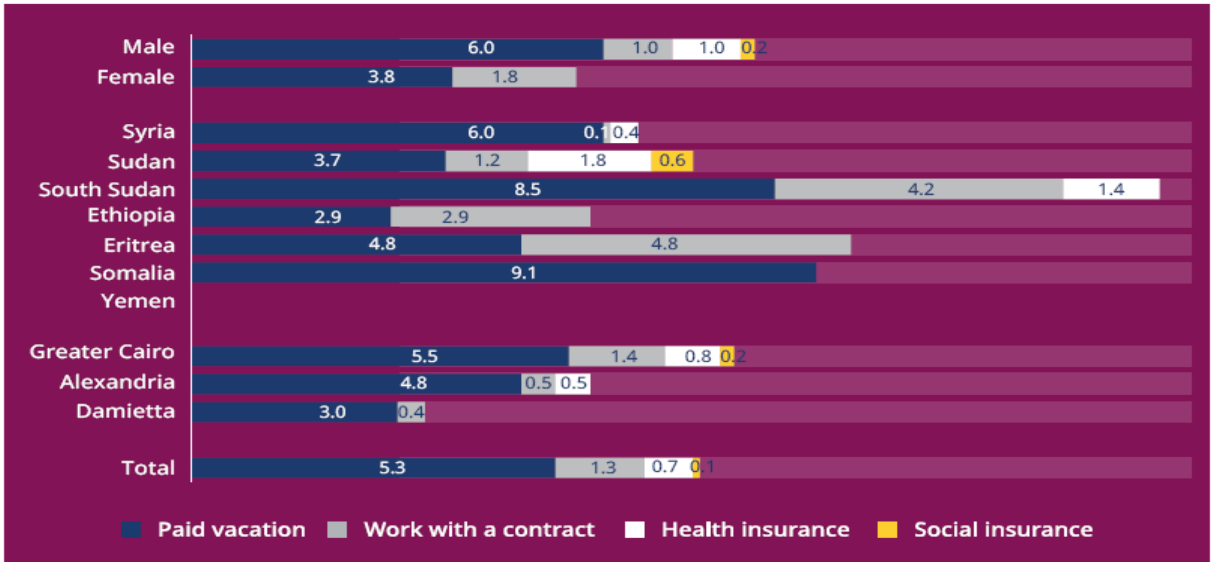
Source: Adapted from the ILO (2023).

Table A3. RAS current occupation by country of origin and gender (%)

	Services and Sales	Handicrafts	Elementary Occupations	Construction	Professionals	Plant and Machine	Other
Syria	30	26	7	9	8	10	10
Sudan	40	19	17	7	5	4	8
South Sudan	42	21	27	6	1	1	1
Ethiopia	53	24	15	6	0	0	3
Eritrea	27	32	22	8	5	2	5
Somalia	36	46	0	0	18	0	0
Yemen	55	37	0	0	7	0	0
Male	36	22	8	11	5	9	8
Female	34	32	23		9	1	2
Total	35.2	24.8	12.44	7.6	6.4	6.3	7.2

Source: Adapted from the ILO (2023).

Figure A1. Access to work benefits (%) among working RAS



Source: SEP 2021 Report (see ILO, 2023).

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Rania Roushdy is an Associate Professor at the Department of Economics, School of Business, the American University in Cairo. Before Joining AUC, Roushdy was the Senior Research Manager/ Associate II of the Poverty Gender and Youth Program of the Population Council-Egypt Office. Her work encompassed several countries in the region and included policy-oriented research, surveys and development program implementation, impact evaluation, teaching, capacity building training and consultative work. It also involves close collaboration with research and academic institutions, government and non-government organizations, community development organizations, donors, international development partners and research networks in the Middle East and North Africa and beyond. Over a decade in this capacity, she has managed six nationally representative surveys in Egypt and Sudan, several and numerous research and implementation projects with focus on women economic empowerment, gender dynamics, gender based violence and youth livelihoods. Roushdy recent research has focused on five areas: refugees and social protection inclusion; climate change; gender based violence, program evaluation; youth school to work transition and labor market dynamics. Roushdy holds a PhD and an MA in Economics from the State University of New York at Stony Brook, as well as an MSc and a BSc in Statistics from the Faculty of Economics and Political Science, Cairo University.

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