



THE INFORMAL ECONOMY IN THE MENA REGION: SCALE, TRENDS AND FORMALISATION

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From Employment Guarantees to Structural Reforms: Informality Employment in Egypt

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1. Comments

This is an **ambitious** and **exciting political economy paper**.

It addresses the **key trends of informal employment** in Egypt, analysing patterns and causes since the Structural Adjustment Programme in 1990s, with a **focus on youth**.

It provides a **thorough presentation of the labour market background** throughout the surveyed period.

There is a quest for exhaustiveness in as much as informal employment is investigated from both sides of: **job definition** (ILO, 2002) and **enterprise definition** (The World Bank).

The paper brings in value added by suggesting counter effects of social regulation upon informal employment, running opposite to some stylised facts.

Facts seem to fit the explanations, although the theory (hypotheses) is not explicitly stated (e.g., demand driven or supply driven labour segmentation, insider-outsider conflict?)

The analytics are appropriate, although the paper is **rather descriptive than demonstrative**.

The paper word count exceeds by far the limit of 7,500 words (i.e., 8,900 words).

There are too many Tables and Figures.

The style and format do not comply with guidelines (Tables and Figures, and bibliography).

2. Questions

Informality: World Bank Enterprise Survey is severely biased : informal MSME (i.e., the largest share of enterprises/establishments) representing the '**informal sector**' are not included in the sample. Hence, **World Bank employment data are unreliable**, unless they use modelled estimates from the ILO.

Data: In as much as the **attrition issue** is not mentioned, one may wonder if data from 1998 and 2006 are consistent with those from later surveys (i.e., 2012-2018-2023)? For the sake of consistency, I would suggest that you focus upon the 2012-2023 time-span.

Theory: The argument according to which the rise in inflation increases the cost of hiring may explain **why employers select informal employees** but requires some **empirical demonstration** or at least a **major theoretical reference**.

Gender issue: The paper mentions that 'non-wage work outside establishments is now the second largest employment sector for women, making up almost 30% of their market work.' Is it consistent with the '**education paradox** according to which **the more women increase their educational attainment, the less they participate to the labour market.**'