



**HALF A CENTURY OF EXPORTING EDUCATIONAL SERVICES:
ASSESSING EGYPT'S ROLE IN EDUCATING THE ARAB WORLD**

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Michael ENGMAN

Groupe d'Économie Mondiale at Sciences Po

michael.engman@sciences-po.org

Abstract:

Egypt's role as the leading exporter of educational services to the Arab region has been a source of national pride and great debate in the academic literature on labour migration. Previous research has been based on anecdotal evidence and fragments of data collected from Gulf governments. This paper, however, analyses the export performance of Egypt's education sector using a unique and previously unpublished database administered by the Ministry of Education in Cairo. Between 1952 and 2007, Government secondment of Egyptian school teachers covered 639,370 years of full-time teaching in the Arab world. This paper explores the attributes of the secondment programme and provides an account of how demand and supply conditions have changed over time, focusing in particular on the causes of the more recent collapse in exports. It also presents a structured inventory of regulatory restrictions and concludes that these restrictions have had limited overall impact on the decline of exports. Finally, this paper estimates that the annual flow of remittances from seconded school teachers is likely to have been around US\$ 100-200 million in the 1976-95 period.

Keywords:

Trade in services, education, teachers, labour migration, Egypt, GCC

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1 INTRODUCTION

Egypt has for the last four decades been a leading exporter of labour to the Middle East and North Africa (MENA) region. At the peak of Egyptian labour migration in the early 1980s, more than 20 percent of the country's labour force was employed abroad, primarily in the Gulf region (World Bank, 2008). A survey of Egyptian emigration conducted in 1985 indicated that Egyptian gross and net emigration were 3.4 million and 1.4 million respectively (Fergany, 1986).¹ Migration has subsequently dropped yet 0.75 million Egyptians still obtained a work permit in an Arab country in 2005 (CAPMAS, 2007).² These numbers illustrate how Egypt for several decades exported some of its excess labour supply to foreign markets.

School teachers have historically belonged to a small but prominent group of Egypt's migrating service professionals. Egypt exported small numbers of school teachers as early as in the late 1920s (Seccombe and Lawless, 1986) and trade in educational services flourished particularly between the 1970s and the 1990s as large numbers of school teachers migrated to teach abroad. The country's large supply of poorly incentivised teachers, a government supportive of labour migration and cultural affinity with human capital starved Arab countries helped spur Egyptian exports of educational services. The teachers benefited from Egypt's status as a cultural centre in the Arab region. The Egyptian accent of the Arabic language, which remains well understood in most Arab countries, also provided a comparative advantage to educators in other Arab countries.

Most Egyptian school teachers who have served abroad have traditionally moved through the government-to-government, circular labour migration scheme (from here on referred to as the "secondment" programme) managed by the Ministry of Education in Cairo. In the middle of the 1980s, nearly 30,000 Egyptian school teachers were seconded by the Ministry of Education. However, migration of school teachers has since the middle of the 1990s been reduced from a flow to a trickle. In 2006/07, only 1,737 school teachers were seconded to foreign countries and most of them served in a single foreign market, *i.e.* Oman (MOE, 2008). This collapse in Egyptian educational services exports occurred despite rapid expansions of school systems in the Gulf Cooperation Council (GCC) region and amid considerable labour cost arbitrage between Egypt and its former client countries.³

¹ Government estimates of gross emigration had previously ranged from 1.8 million to 4.5 million (Collyer, 2004). See Annex B for latest available data.

² 55 percent of those were renewals. Most Egyptians moved to work in Arab countries like Saudi Arabia, Kuwait, Jordan, UAE and Qatar. Italy, Greece and Australia were the top destination countries among the OECD economies although they recruited lower numbers of Egyptian workers (see Annex C).

³ The GCC was founded on 25 May 1981. It has six member states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). The GCC Common Market was launched on 1 January 2008.

This paper analyses Egypt's role as exporter of educational services to the Arab region. The analysis is based on access to a previously unpublished database administered by the Ministry of Education (MOE) in Cairo and covering more than half a century of exports of educational services through international secondment. It examines the export data and provides an account for the demand and supply conditions of educational services during this time period. It also provides a rough estimate of the value that this exchange may have generated in terms of remittances and evaluates the prospective causes of the more recent collapse in Egyptian exports of educational services. Numerous papers have studied Egyptian labour migration, in particular in the 1960-1980s, but apart from frequent anecdotal references to Egypt's role as the key educator in the Arab region, no paper has presented any substantive data and analysis on thesecondment programme for Egyptian school teachers.

1.1 Objective

The paper has three main objectives. The first objective is to analyse Egypt's export performance in educational services and provide a historical account for the rise and fall of this trade. Much has been written about Egypt's role as educator in particularly the GCC region, but without data to qualify the arguments. The second objective is to examine Egypt's secondment programme of school teachers and identify its economic attributes. For decades, this programme was a particularly successful guest worker programme that ensured that movement was temporary in nature and benefited both the service providers and the receiving countries. Finally, a third objective is to try and estimate the economic benefits that this policy has given rise to in terms of inflows of remittances.

1.2 Scope and definition

The analysis will focus on trade in educational services at the *primary* and *secondary* school level (*i.e.* pre-university level).⁴ Particular attention will be devoted to the international secondment programme of school teachers that is administered by the MOE in Cairo while the private enterprise route will be covered to a less extent. Egyptian exports of educational services have primarily been absorbed by countries endowed with abundant natural resources and located on the Arabian Peninsula. The scope of the analysis will be limited to the trade relations between Egypt and the member countries of the GCC. The migration of teachers is *temporary* in nature in this region because the receiving countries do not allow permanent migration and limit teachers'

⁴ Egypt's educational system covers basic education (primary and preparatory education), secondary education and higher education. See www.emoe.org and www.egy-mhe.gov.eg for further details.

stay to four years.⁵ This temporal aspect of the factor movement excludes it from the immigration debate and qualifies it as a trade discipline.

The terminology of the World Trade Organisation (WTO) and its General Agreement on Trade in Services (GATS) states that a service can be traded in four distinctive ways. Trade in educational services covers all four of them: *i.e.* cross-border supply (Mode 1), consumption abroad (Mode 2); commercial presence (Mode 3); and temporary movement of natural persons (Mode 4). The following examples illustrate Mode 1-4 trade in educational services:

- Mode 1: A teacher in Egypt providing Internet-based private tutoring to a pupil in Oman;
- Mode 2: An Omani pupil enrolling in a fee-based school in Egypt;
- Mode 3: An Omani pupil enrolling in a fee-based Egyptian-owned school in Oman;
- Mode 4: An Egyptian teacher teaching for four semesters in a school in Oman.

While there are a few Egyptian schools established abroad—*e.g.* in Sudan and Somalia—delivering services through Mode 3 supply and schools teaching foreign pupils in Egypt through Mode 2 supply, Egyptian exports of educational services are predominantly based on Mode 4 supply.⁶ There are seemingly few, if any, linkages between Mode 4 on the one hand and Mode 1-3 on the other hand in the case of Egypt.⁷ The analysis is hence focusing exclusively on Egyptian Mode 4 trade, *i.e.* temporary migration of Egyptian school teachers.

1.3 Methodology and data

The analysis draws on information obtained from interviews with government officials, teachers, academics and other experts on trade, education and labour migration (see list of names in Annex A) and unique access to the Ministry of Education's database on government secondmen. The section that focuses on demand and supply of Egyptian educational services is predominantly based on data provided by the Ministry of Education in Cairo. This information has to the author's knowledge not previously been made available or published in academic work. The data include time-series of the stocks of seconded teachers from 1951/52 to 2002/2003 and flows of seconded teachers on a country level from 1983/84 and 2006/07. The section that focuses on trade

⁵ Collyer (2004) notes that Law No. 111—Egypt's principal migration legislation from 1983—distinguishes between permanent and temporary migration but that this distinction merely is geographic in practice. Egyptian citizens working in Arab counties are defined as temporary migrants even if they have worked abroad for many years. Migrants working elsewhere are defined as permanent even if they just arrived. Data presented by Dumont (2006) support the view that Egyptian labour migration to the OECD area to a large extent is permanent in nature.

⁶ The Egyptian primary and secondary schools that operate in Somalia and Sudan are financed by the Egyptian government. See Heydon and Makary (2007) for a recent paper on Egypt's Mode 2 trade potential.

⁷ See Chanda (2006) for a discussion on negative and positive linkages in services trade.

and economic policies related to migration of teachers, including the section on restrictions, draws on input from some thirty in-depth interviews that were conducted in Cairo, Doha and Dubai in October-November 2007. Follow up meetings were held with government officials in Cairo in March and May 2008.

The paper is organised as follows: the next section examines the international delivery model of educational services, focusing in particular on the search costs and bargaining process associated with the secondment programme. The following section explores the demand and supply conditions for Egyptian school teachers and highlights the various policies and other forces that have affected Egypt's exports of educational services. The paper then seeks to quantify the amount of money that Egypt's school teachers may have remitted home. An inventory of the restrictions that the secondment programme overcomes is presented and the causes behind the collapse of Egypt's exports are analysed. The final section concludes.

2 TEMPORARY MIGRATION FOR DELIVERY OF EDUCATIONAL SERVICES

The international delivery model of educational services that is most commonly employed in Egypt is based on circular labour migration. Egyptian school teachers who want to offer their services abroad can seek employment through two main channels: a) the secondment programme; or b) the private enterprise route. The first channel is administered by the Ministry of Education in Cairo. It has been in operation for more than half a century and has secured contracts of employment totalling almost 640,000 years of full-time teaching. The second channel relies on individual job hunting: a school teacher can apply for work directly at foreign institutions of lower education, or indirectly by contracting with employment brokers who identify work opportunities abroad.

The private enterprise route is the standard labour migration channel for almost all Egyptians who seek employment abroad. School teachers have traditionally relied on the secondment programme to find work and it is hence the main focus in this paper. The choice of employment channel has implications for the Egyptian job seeker in several respects, in particular with regards to information search costs, the bargaining process and rents linked to the regulatory environment in Arab countries. The two former issues are discussed in the following section while the latter issue is dealt with in section 5.4 where the determinants of the collapse in exports are analysed.

Box 1: Circular labour migration through Egypt’s secondment programme

The Egyptian government has operated a government-to-government secondment programme to facilitate circular labour migration of school teachers since the 1951/52 school year. This programme helps to match demand and supply and is offered by the Egyptian government without charges to anyone involved. To be eligible foreign secondment candidates must have obtained a university degree that qualifies them as school teachers and not be more than 50 years old. The application process is standardised, streamlined and managed by the Ministry of Education in Cairo.

School teachers who wish to serve abroad must submit their C.V. and application to the Ministry, which maintains a database with teacher profiles. The Ministry recognises school teachers as ambassadors of Egypt in their host countries. Hence, candidates are screened and only those candidates that are considered most highly qualified are added to the database.⁸ This is also necessary since the secondment programme receives “hundreds of thousand” of applications every year (Zohry, 2005).

The recruitment process is initiated when a foreign client—usually the Ministry of Education in another Arab country—contacts the Ministry of Education in Cairo and requests the availability of Egyptian school teachers for foreign service. The Egyptian Ministry then identifies the most qualified candidates in its database and extends the request to the education deputies in the candidates’ governorates. The deputies inform the candidates about the prospective opportunity to scope their interest. The Ministry of Education in the client country subsequently sends a selection committee to Egypt to interview and assess candidates before contracts are signed. Successful candidates serve abroad for a period of four years. They must then return to Egypt and work for a minimum of four years before they are allowed to apply for a second (and final) four-year term abroad.

Foreign clients seek young, well-trained and motivated teachers: age and gender preferences are stated in their requests. Demand tends to be high for school teachers specialised in mathematics, science, music, sports, arts and English.⁹ Relevant work experience is a key requirement and prospective candidates must consequently be in a teaching position. Public sector jobs, while poorly paid, are coveted among teachers in Egypt. In addition to the stable income they provide, the limited number of work hours provides ample opportunity to engage in productive side-activities. Unemployment, or a change in profession, is often the alternative to a public sector job.¹⁰ Consequently, the great majority of teachers that match desired job profiles are employed in the public sector and hence opt for the secondment channel to earn higher salaries with the security of knowing that they will be able to return to their comfortable public sector jobs.

⁸ Candidates come from across the country. Alexandria and Cairo regions are particularly well represented.

⁹ History and geography teachers are not in demand due to political sensitivities.

¹⁰ Most Egyptian children (86 percent) are educated in the public school system. Private providers (6 percent) and Al-Azhar (8 percent), which is financed by public funds but run by a Koranic religious organisation, are the main alternatives (AfDB/OECD, 2005).

2.1 Information search costs

The process of finding a teaching job in the Gulf, or any other country for that matter, invariably involves search costs for the prospective service provider. Information about available job openings and prospective employers, remuneration levels in different client countries, regulations at home and abroad—labour regulations are often strenuous if yet less strictly enforced in the GCC—travel costs, expected living conditions, etc. are all necessary for job seekers to make informed decisions. These are explicit search costs associated with collection of information, *e.g.* purchases of daily news papers and magazines where jobs are advertised, fees spent in internet cafes, on postal services and on international phone calls, expenses related to visits for networking and information gathering reasons, fees paid to recruitment agencies or these days to online job boards, etc.

In addition to the explicit search costs, there are also implicit search costs, or opportunity costs, associated with the time spent searching for information. A school teacher could invest this time for example on selling additional hours of private tutoring. High search costs result in service providers taking decisions without adequate information and accepting work proposals with sub-optimal attributes. Arab labour migration has historically been dependent on village networks for transferring information and facilitating migration. However, these valuable networks are not necessarily prevalent for skilled professionals like school teachers for which supply is less concentrated than, for example, for less skilled workers like waiters, builders and carpenters.

With regards to search costs, the secondment programme is far less costly than the private enterprise route. The secondment programme entails a minimum of search costs since the government provides a streamlined application and employment service without charges. Teachers who look for opportunities outside the government channel can either chose to incur the expenses along the information collection process or opt to engage an employment broker. Employment broker services—previously prohibited in Egypt—are often expensive and only attractive if the fees are lower than the explicit and implicit costs.¹¹ Search costs are hence expected to be significantly higher for those teachers that venture on their own than for those who seek opportunities abroad through the government. The Internet has lowered some of the costs

¹¹ There is currently no information available about the extent to which Egyptian school teachers use this route to secure contracts abroad. Many Egyptian experts consulted for this research believe that the private enterprise route has become more common and may have overtaken the government secondment process in securing teaching positions abroad. Zohry (2005) reports that Egyptians can purchase a work contract from a labour broker to work in the Gulf. The costs of contracts vary from LE 4,000 and LE 20,000 depending on the country of destination and the salary. Usually it takes 4-12 months for the migrant to cover the initial expenses of migration.

related to advertised job opportunities but also increased competition since more candidates now have access to real-time information.

2.2 The bargaining process

In government secondment, a centralised bargaining process is conducted directly between the Department of Foreign Cultural Affairs in Egypt's Ministry of Education and the education ministry in the client country. The remuneration package depends on the outcome of this bargaining process and it is a decidedly one-dimensional affair: all teachers seconded to a particular country receive the same compensation irrespective of their age and qualification. There is variation in remuneration *between* client countries but not *within* them. Contracts are seldom renegotiated: *e.g.* Egyptian school teachers in Oman earn as much as their colleagues and countrymen did ten or fifteen years ago in Oman. Inflation has eaten away on prospective savings and hence reduced the financial incentives for secondment to many host countries. Today, most Egyptian school teachers prefer to work in Sudan, where they are supported financially by the Egyptian government, rather than in Oman where their earnings are significantly lower.

The contracts that have been negotiated by Egypt's Ministry of Education require seconded school teachers to not bring dependants along during their first year of service. Dependants are allowed to join from the second year onward. Saudi Arabia is an exception to the rule since women teachers must be accompanied by a male relative. The standard remuneration package includes housing (or housing allowance) and a return ticket for the teacher and up to three family members. The negotiated salary is not subjected to taxation since GCC countries do not impose income tax.

While search costs are low for the secondment process, it comes at a price: job opportunities have been few in the last ten-to-fifteen years and conditions of the contract are non-negotiable. There are hence increasing incentives for school teachers to seek opportunities abroad, on their own, because they quickly learn that the chance of receiving an offer through secondment is low. The private enterprise route can potentially enable them to secure more favourable compensation and more flexible terms of employment. It also allows the candidate to target his/her application to a specific country or even to a specific location within that country, which is not the case in the secondment process. Survey information is currently unavailable on the terms that Egyptian school teachers have secured through private bargaining.

Curiously, demand and supply of Egyptian educational services have collapsed in parallel and the causes are seemingly independent of each other. The declining real value of the remuneration package has had the predictable effect of reducing the supply of highly qualified candidates. Many of the best teachers prefer to remain in Egypt and seek to raise their income from side-activities such as private tutoring. The quality of school teachers that still seek opportunities abroad through the secondment process has declined and foreign demand for Egyptian school teachers has consequently dropped.

In short, individual initiative to pursue a career abroad takes a significantly higher investment in collecting the information necessary to comply with GCC regulations than the secondment route. It rewards the candidate with the flexibility to target specific locations and allows him/her to negotiate the terms for employment: both with regards to time of service and remuneration. However, the candidate does not enjoy the safety of a guaranteed job upon return and there is a myriad of restrictions and government policies in the prospective host country that is likely to make the transfer difficult.

3 INTERNATIONAL DEMAND AND SUPPLY OF EGYPTIAN SCHOOL TEACHERS

Egypt's experimentation with exports of educational services began in the late 1920s when the British administration oversaw transfers of Egyptian school teachers to Bahrain and Kuwait (Seccombe and Lawless, 1986). Egyptian school teachers were also sent to Iraq in the 1930s (Messiha, 1980). Despite the limited, anecdotal information available of this trade during the pre-independence period, the educational capacity in the importing countries indicates that international transfers of Egyptian school teachers must have been very modest in scale. Considerably more information is available after Egypt's 1952 revolution, which led to the establishment of the Republic of Egypt and independence from Britain. This is the time when government-to-government secondment of Egyptian school teachers started to take off.

3.1 Three phases of government-to-government secondment of school teachers

The demand and supply for seconded Egyptian school teachers has gone through three main phases since 1951/52.¹² The first phase covers the period starting just before Egypt's

¹² The second half of the 20th century is not only associated with large expansions of educational systems in the hydrocarbon abundant countries but also in Egypt itself. For example Egypt's rate of enrolment in primary and secondary education increased from 42 percent in 1960-61 to 86 percent in 2000-01 (UNDP, 2004a). However, it is beyond the scope of this paper to study the achievements of Egypt's educational system during this period. It is similarly beyond the scope of the paper to analyse the potentially adverse

independence from Britain to the end of President Gamal Abdel Nasser's reign. It is marked by a controlled and rather steady growth in government secondment of school teachers to countries in the Arab region. The second phase starts in 1971, around the time of President Anwar Sadat's implementation of liberal reforms, and ends soon after Iraq's invasion of Kuwait. This period is associated first with explosive growth in the secondment of Egyptian school teachers and then a rather sustained high level of demand in particular in the GCC countries. The third and final phase starts in 1993 when countries like Bahrain, Kuwait, Qatar and Sudan stop approaching the Ministry of Education in Cairo for the recruitment of new school teachers. This phase is associated with a sudden large drop followed by a slow, sustained decline in demand of seconded Egyptian school teachers.

3.1.1 From independence to the end of Nasser: steady growth in secondment in 1951-71¹³

Government policy towards labour migration was markedly different in the Gulf region and Egypt in the 1950-60s. The Gulf countries imposed laissez-faire policies and welcomed foreign labour with open arms (Collyer, 2004). The Egyptian government, on the other hand, imposed severe restrictions on outward migration. The education sector was an exception to the rule and the Egyptian government allowed some tightly controlled labour migration through government secondment. Data provided by the Ministry of Education in Cairo show that a programme for secondment of Egyptian school teachers was in place already in the 1951/52 school year (MOE, 2008). The rather limited number of seconded Egyptian school teachers and administrators during this phase required minimal organisation and regulation on the part of the Egyptian government (Choucri, 1986).

effects that large-scale migration of teachers may have had on the quantity and quality of education in Egypt. Several studies have noted that migration of teachers has had a negative effect on education in some areas of Egypt. AfDB/OECD (2005) reports that there is a shortage of teachers, in particular at the primary level, even today when few Egyptian school teachers work abroad. The negative effects on local education were more of a challenge when teacher migration took off. For example in 1970—the year before truly large transfers of teachers began to take place—the governorate of Dahshur hosted two primary schools where qualified teachers taught classes of 30 children or less. By the mid-1970s, the shortage of qualified teachers, which was partly the result of migration and partly a reduction in the village education budget, led to overcrowding and understaffing in the schools. One of the schools had to close in 1977 and the other school started operating on a three-shift basis where classes of 60 or more children received three hours of daily education. Unqualified teaching assistants and recent graduates from secondary school were employed to compensate for the shortage of qualified teachers (Taylor, 1984). Halliday (1977) also reported on the adverse effects from migration of Egyptian school teachers with more than ten percent of them working abroad while illiteracy predominate at home.

¹³ Choucri (1986) has argued that the first phase in Arab migration ended with the war in October 1973. However, the secondment of Egyptian school teachers started to accelerate already in 1971 when there was a break from the previously incremental increases in transfers.

The 1950s and 1960s mark a period when many Arab countries started to allocate more resources to investments in modern educational infrastructure and services. The educational institutions in some of these countries were young and rather limited in scope. During a conference titled *'The Problem of Teachers in the Arab States'* that was held in Beirut in 1954, participants from countries in the Gulf and Mashreq regions concluded that their educational institutions suffered a severe shortage of qualified or "well-prepared" teachers (Abdul-Hadi, 1958). At that time, Egypt's supply of 3,400 qualified teachers fell well short of its estimated domestic demand of 4,800 teachers. The corresponding figures of supply and demand were 90/450 in Jordan, 10/120 in Bahrain, 0/200 in Kuwait and 500/750 in Syria. Saudi Arabia and Kuwait were both reported to be in the process of opening their first teacher colleges.

In 1952, Qatar's population did not have access to a single school (Looney, 1994) and Kuwait's population—with the region's most mature education system—did for the first time have general access to primary education (Birks and Sinclair, 1979). Even in the 1960s, educational attainment in the Middle East was the lowest in the world, averaging less than one year of education per adult 15 years or older (Yousef, 2004). These examples provide a sense of the level of sophistication of the educational institutions in the Gulf region. The main concerns of governments in Arab countries associated with illiteracy and innumeracy were to build schools, staff them with teachers and convince parents to send their children to school. The attributes of incoming teachers were of secondary concern since there was no precedent of teaching standards.

In this context of structural imbalances in supply and demand of school teachers in many Arab countries, the stock of seconded Egyptian school teachers grew steadily and increased from 280 in 1951/52 to 6,579 in 1970/71 (see Chart 1). The only minor reductions in the stock of teachers were experienced in the 1962/63 and 1967/68 school years—the latter an effect of the Six Day War. This expansion of secondment of Egyptian school teachers has been explained by President Nasser's political objectives and promotion of pan-Arab nationalism (Choucri, 1986). The secondment of Egyptian school teachers to largely the Gulf but also to Libya and newly independent Algeria was considered a sign of solidarity which would ensure Egypt's influence as a cultural and political power in the Arab region (Taylor, 1984). The chief recipients in for example 1961/62 were Saudi Arabia, Sudan, Libya, Kuwait, Morocco and Lebanon (Qubain, 1979). Saudi Arabia hosted 1,027 Egyptian teachers, Kuwait had 411, Bahrain 36, Qatar 24, Abu Dhabi 22, and Somalia 213. Egypt did not only export school teachers but also teaching material and school curricula: e.g. Bahrain's secondary education programme was in the mid-1950s modelled on Egyptian curricula (al-Misnad, 1985).

The Egyptian government's early policy of sponsoring their school teachers' work abroad provided foreign governments with a powerful incentive to staff their schools with Egyptians (Sell, 1988). The fact that the Egyptian government was willing to cover some (or much) of the cost of their seconded professionals is evidence that the expected gains were more related to increases in Egypt's political capital than prospective remitted savings. This first phase was associated with rapid growth in the GCC's capacity to export hydrocarbons and a relatively stable crude oil price: the inflation adjusted price fluctuated annually around US\$21 ± 20 percent (Financial Trend Forecaster, 2008).

According to Collyer (2004), the Egyptian government imposed very strict controls on emigration in 1956-1965.¹⁴ Egypt imposed exit visa requirements for much of this time and both passports and exit visas were difficult to obtain. Egyptian labour migrants were also obliged to travel with the national flagship carrier Egypt Air when transferring abroad (LaTowsky, 1984). The restrictions were deemed necessary to retain the human capital required for President Nasser's ambitious development projects. Yet school teachers were considered in a slightly different light and their secondment to MENA countries in the 1960s was allowed under careful regulation and control, and consistent with Egypt's foreign policy and the country's manpower needs (Taylor, 1984).

A Committee for Manpower was established in 1964 but it granted only a few thousand exit permits annually during its first years of operation (Collyer, 2004). The Six Day War in 1967 and ensuing weakening of the Egyptian economy compelled President Nasser to ease some restrictions on labour migration (LaTowsky, 1984). That year, the Committee for Manpower recommended migration to be more broadly encouraged yet quotas for individual occupations were soon introduced and administered by a new emigration department in the Ministry of Foreign Affairs (Collyer, 2004). Egyptian labour migration started to take off only after successive government decrees relaxed the stringent controls on emigration that existed throughout much of the 1960s.

3.1.2 From Sadat's liberal reforms to the aftermath of Iraq's invasion of Kuwait: the golden years of secondment in 1971-92

The second phase of secondment of Egyptian school teachers started in 1971 and ended soon after Iraq's invasion of Kuwait and the ensuing war of liberation. This period is associated with a

¹⁴ 1956 is the year when President Nasser officially declared complete independence from Britain (http://en.wikipedia.org/wiki/Egypt#Modern_History).

relaxation of government restrictions to emigration in Egypt, large investments in educational systems throughout the oil exporting Arab countries, and a gradual tightening of immigration policies in many of the Arab countries dependent on labour imports.¹⁵

Anwar Sadat became Egypt's president on 15 October 1970 following the decease of President Nasser. Several reforms were introduced soon afterwards, including the adoption on 11 September 1971 of the Constitution of the Arab Republic of Egypt. Article 52 of the new constitution states that emigration is a constitutional right of Egyptian citizens (Ayubi, 1983) and Egyptians were given the legal right to return (Zohry and Harrell-Bond, 2003). Law 73 issued in 1971 also gave public sector employees the right to return to their former employment within one year (later extended to two years) of their resignation. While the process of liberalisation had begun already in 1967, these new laws greatly accelerated the scope of labour migration. President Sadat's gradual reforms to liberalise the Egyptian economy in 1973 (a policy known as *infitah*, or "open door") further strengthened this trend (Richards and Martin, 1983). Central controls were eased and the exit visa policy was abandoned in 1974 (Collyer, 2004).

The crude oil price was particularly high between the end of 1973 and 1985 (see Chart 1). Encouraged by resulting increases in government revenue, all member states of the Organisation of Arab Petroleum Exporting Countries (OAPEC) embarked on large-scale expansions of their public educational systems (Richards and Martin, 1983). Bahgat (1999) attributes the accelerated investment in education institutions directly to the rise in government oil revenue.¹⁶ These investments led to a surge in demand for Arabic-speaking school teachers. Local teacher colleges were unable to supply the required number of domestic school teachers and schools turned in particular to the Ministry of Education in Cairo to make up for the shortfall.¹⁷

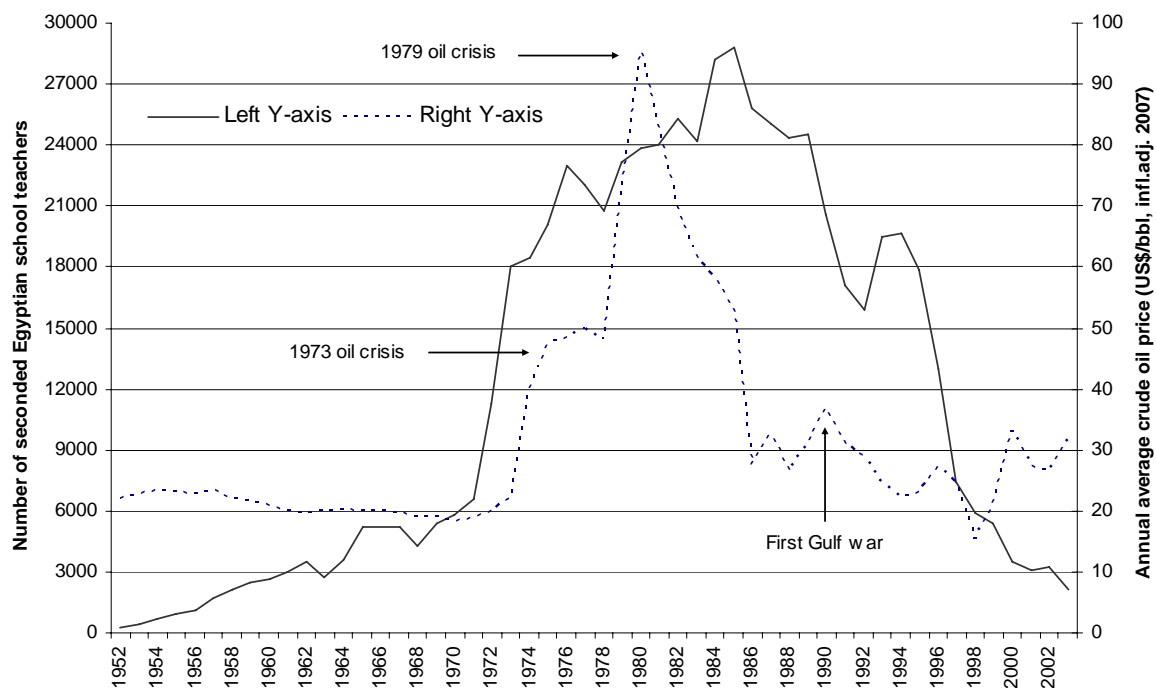
¹⁵ Zohry and Harell-Bond 2003: The promulgation of the Emigration and Sponsoring Egyptians Abroad Law No. 111 of 1983 is regarded as the main migration law in Egypt. Chapter 4 covers migrants' rights to sponsorship and to exemption from taxes and fees on the returns of their deposits invested in Egyptian banks. Moreover, migrants' capital invested in projects in Egypt is granted the same advantages as foreign capital.

¹⁶ Birks et al. (1986) reported that for the 1975-1984 period, the correlation between government expenditure and the migrant worker stock was 0.96 in Oman, 0.91 in Abu Dhabi and 0.75 in Kuwait (all statistically significant). For seconded school teachers, the correlation is likely to be somewhat weaker since the nature of the work and contracts make this a stickier group. Feiler (1991) notes that Arab labour importing countries even in economic downturns could ill afford to dismiss essential workers in sectors like education and health.

¹⁷ The dependency on foreign labour during this period is demonstrated by Anthony (1975) who quoted a UAE official in the Department of Planning as saying: "Were the Egyptians to be removed, many of the school systems would have to be closed..."

Bahgat’s argument was made without reference to actual data but Chart 1 illustrates how the stock of seconded Egyptian school teachers was seemingly responsive to changes in crude oil prices. The data do not reveal actual government revenue of the oil-exporting countries but the price does signal expected future earnings. Previous experience has shown that the Gulf monarchies have initiated large development projects during periods of high crude oil prices. In addition, the chart reveals that the drop in secondment from the mid-1980s to 1990 happened in parallel with reductions in oil prices.

Chart 1. Total number of seconded Egyptian school teachers and oil price fluctuations, 1952–2003



Source: Ministry of Education (2008) and Financial Trend Forecaster (2008).

Egypt’s well-established client relations in the region helped it circumvent some of the competition from Palestinian and Lebanese school teachers, for example. Egypt’s labour market—at 4.5 times the GCC population in 1970—was large enough to supply foreign countries with the necessary number of educators (Annex E). Despite strong domestic demand for qualified school teachers, large numbers of Egyptian school teachers submitted applications for foreign secondment to the Ministry of Education in Cairo. The financial incentives associated with foreign secondment were considerable and migration had become a top priority for the Egyptian government. Labour migration was considered part of the solution to local unemployment. Remittances brought foreign exchange, which helped cover balance of payment deficits and

finance investment projects (Zohry and Harrell-Bond, 2003). The overstuffed bureaucracy of Egypt's public sector induced the government to send teachers abroad, or encouraged public sector workers to take leave of absence, sometimes including partial pay for years at a time (Sell, 1988).

Immediately following the implementation of President Sadat's liberal migration policies, secondment of Egyptian school teachers boomed (see Chart 1). The number of seconded teachers almost tripled (from 6,579 to 18,035) between 1970/71 and 1972/73. The rapid increase in government-seconded labour migration was overtaken in volume by an unregulated flow of labour at all skill levels (Taylor, 1984). The stock of seconded Egyptian school teacher fluctuated between 20,000 and 29,000 in the years from 1974/75 to 1989/90. The first dent in the circular movement in this period occurred in 1978 following the Camp David agreement between Egypt and Israel.¹⁸ Government-seconded migration declined as some Arab countries moved to politically isolate Egypt (Taylor, 1984). However, the negative trend only lasted for a couple of years and secondment was soon on the rise again.

Secondment of Egyptian school teachers reached an all time high in the 1984/85 school year when 28,774 school teachers were active abroad. In that year, Bahrain (535), Kuwait (428), Qatar (101), Oman (1,034), Saudi Arabia (3,665), UAE (319), Yemen (1,156), Algeria (358) and Sudan (626) all recruited more than a hundred Egyptian school teachers.

Overall, Table 1 reveals that 79.1 percent of seconded Egyptian school teachers were active in the GCC region (in 1983-2007). Saudi Arabia was the leading importer with an aggregate "market share" of 43.1 percent. Oman hosted another 27.2 percent, Yemen 12.1 percent, Sudan 4.4 percent, UAE 3.8 percent, Algeria 3.5 percent, Kuwait 2.6 percent and Bahrain 1.7 percent. A total of 93,567 seconded school teachers are on record to have served abroad. Yet the actual number of individuals would be lower since any teacher was allowed to apply for a second four-year period abroad after serving first a minimum of four years in Egypt. If 20-30 percent of the school teachers served two periods abroad, it allowed 65,497-74,854 school teachers to move abroad for four or eight years in total.

¹⁸ This incident led for example to the closure of the Egyptian-Libyan border in 1978, which brought illegal migration to Libya to a halt. The effects were mostly felt by unskilled workers (Taylor, 1984). The political instability between Libya and Egypt was again heightened in 1985 when Libya deported up to 80 percent of the 100,000 Egyptians resident in Libya (Collyer, 2004). While Egypt's migrant workers often have been victims of political incidences, they have occasionally benefited from them as well: e.g. in the 1980s, the Algerian government decided to substitute French teachers with Egyptian ones in natural sciences (Feiler, 1991).

Table 1: Annual flow of Egyptian school teachers seconded to foreign countries, by country, 1983/84–2006/07

Country	83/84	84/85	85/86	86/87	87/88	88/89	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	Total	
GCC countries	Bahrain	206	535	239	107	128	77	140	115	28	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,592
	Kuwait	491	428	350	344	170	247	111	61	260	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,466
	Qatar	33	101	46	52	29	57	98	25	60	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	534
	Oman	1,257	1,034	2,028	2,063	1,623	1,208	972	1,013	1,549	936	1,055	1,704	1,506	703	1,172	1,470	543	1,077	1,004	360	124	209	523	352	25,485
	Saudi Arabia	6,283	3,665	1,165	1,288	5,794	1,811	1,337	1,007	7,056	4,681	1,666	580	2,750	90	0	0	0	1,142	0	0	0	0	0	0	40,315
	UAE	273	319	285	344	164	302	174	169	230	354	40	49	60	59	70	141	180	39	62	110	108	53	0	0	3,585
Non-GCC countries	Yemen	976	1,156	1,708	666	788	916	1,430	478	0	731	1,411	335	0	0	0	0	0	560	0	65	127	0	4 ¹	11,347	
	Algeria*	505	358	394	642	562	2	301	448	1	2	4	2	4	6	4	5	4	4	4	0	0	0	0	0	3,252
	Somalia	42	41	61	8	39	45	51	6	0	0	0	0	0	0	18	0	0	58	0	1	0	34	1 ²	5	409
	Sudan**	436	626	413	528	396	278	295	301	205	389	0	0	0	0	0	0	0	0	0	0	0	94	24	97	4,082
	Misc.***	27	42	54	45	21	0	0	9	2	10	14	3	13	82	14	28	12	28	32	7	2	9	31	15	500
GCC	8,543	6,082	4,113	4,198	7,908	3,702	2,832	2,390	9,183	6,025	2,761	2,333	4,316	852	1,242	1,611	723	2,258	1,066	470	232	262	523	352	73,977	
Total	10,529	8,305	6,743	6,087	9,714	4,943	4,909	3,632	9,391	7,157	4,190	2,673	4,333	940	1,278	1,644	739	2,348	1,662	478	299	526	578	469	93,567	

¹ Teachers at the Egyptian School in Sana'a, ² Mission representative (Deputy), * Including teachers at the Arabic school of Algeria, ** Including teachers sent to both Sudanese and Egyptian schools in Sudan,

*** Covering Albania, Burkina Faso, Cameroon, Central African Republic, Chad, China, Comoros, Congo Brazzaville, Djibouti, Eritrea, Gabon, Ghana, Guinea, "Jerusalem", Liberia, Malaysia, Malta, Mauretania, Mauritius, Namibia, Niger, Rwanda, Sierra Leone, Singapore, Tanzania, Zambia, USA, Uzbekistan, Vietnam and West Germany.

Source: Ministry of Education (2008): Department of Secondment.

There were great differences with regards to the dependency on foreign school teachers within the GCC. While this author has failed to find data that identifies the nationalities of foreign school teachers in Arab countries, there is still some data available on the share of foreign teachers among the total number of teachers. Bahrain's share of non-national primary school teachers was 17/27 percent for men/women in 1960/61 and 11/6 percent for men/women in 1978/79 (al-Misnad, 1985). Kuwait's share of non-national primary school teachers was 95/96 percent for men/women in 1960/61 and 56/44 percent in 1978/79. Qatar's share of non-national primary school teachers was 92/99 percent for men/women in 1965/66 and 79/20 percent in 1978/79.

The dependency on foreign educators was higher the more advanced the education. For example in 1980, non-Saudi teachers accounted for 35 percent of total teaching staff in Saudi primary schools, 77 percent in Saudi intermediate schools and 83 percent in Saudi secondary schools (Islami and Kavoussi, 1984). These teachers were primarily from other Arab countries and in particular from Egypt.¹⁹ Foreign recruitment was key in Saudi Arabia's achievement of nearly doubling the enrolment of students in primary schools between 1971/72 and 1979/80, and quadrupling the enrolment in secondary schools.²⁰

There is scant information available on what countries played host to Egyptian school teachers before the 1983/84 school year. Messiha (1980) presented data collected from various sources on the total number of Egyptian school teachers employed in Arab countries in 1976/77. According to the data, 8,250 Egyptian school teachers were working in Saudi Arabia, 6,916 in Kuwait, 6,909 in Libya, 701 in Qatar, 550 in UAE, 15 in Iraq and 5,034 in other Arab countries.²¹ The 6,916 Egyptian school teachers must have made up a large share of total teachers in Kuwait since total enrolment in Kuwait's primary schools in the same year was 104,285 pupils (al-Misnad, 1985).

¹⁹ In 1975, Egypt's shortage of school teachers was estimated to some 20,000 according to the Ministry of Education (Cochran, 1986). In 1980, the National Council, which acted as an advisory board to President Mubarak, reported that while there was an excess of 10,000 teachers of some specialisation, Egypt was suffering a grave shortage of classroom teachers (Cochran, 1986). Less than half (49 percent) of Egypt's school teachers were reported to have received training in institutes for teachers.

²⁰ Egypt's dominant position in the Gulf's educational systems did not only hold for the pre-university level: Egyptian university staff was active abroad as well. For example Ayubi (1983) reported that 17 percent of the engineering faculty and 15 percent of the basic sciences faculty of Egypt's three major universities were on official secondment to other countries in 1970-75. In 1974, 71 percent of the teaching staff at Kuwait University was Egyptian (al-Ebraheem and Anabtawi, 1980).

²¹ Note the large number of Egyptian school teachers active in Libya in 1976/77 and the lack of seconded Egyptian school teachers in Libya in 1983/84 onwards (in Table 2).

The author also argued that there were a total of 28,375 Egyptian school teachers active abroad. Based on the data obtained from MOE (2008), 22,019 were officially seconded school teachers. Another 6,356 school teachers must either have been teaching abroad through their own private initiative or worked in other occupations or in higher education. LaTowsky (1984), citing data presented by Birks and Sinclair (1978), reports that more than 30,000 Egyptian teachers, or one Egyptian school teacher out of seven, were employed outside Egypt in 1978. This total was made up of 23,200 seconded school teachers and an additional 6,800 school teachers that had found work abroad outside the government secondment channel.²²

3.1.3 From post-Kuwait invasion mistrust until today: stagnation and decline in 1993-07

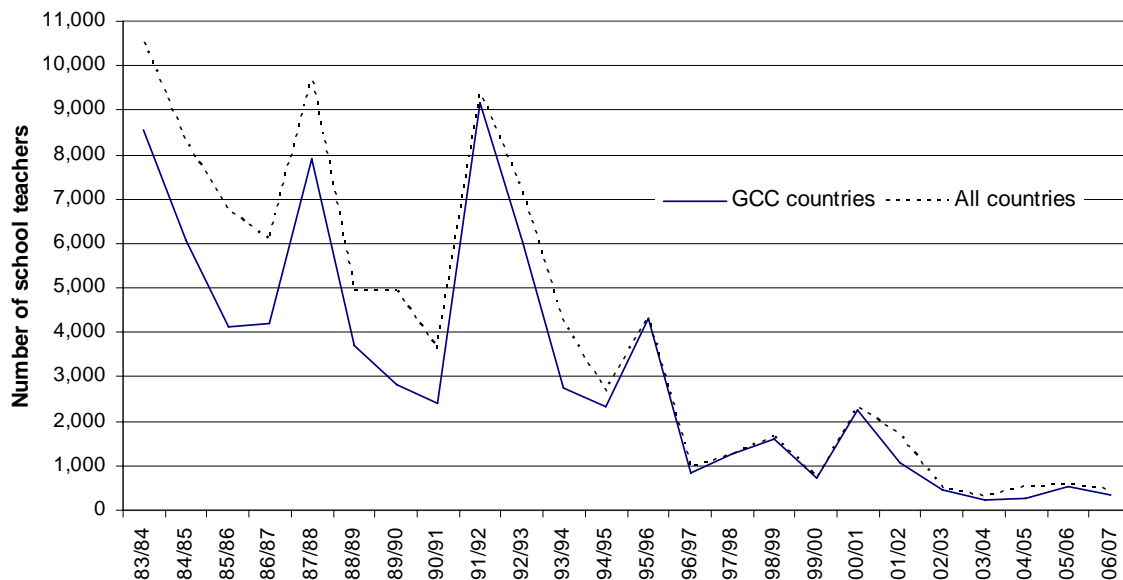
Egypt's foreign labour population was severely affected by Iraq's invasion of Kuwait and the ensuing war of liberation between 2 Aug 1990 and 28 February 1991 (see Fergany, 2001). More than one million workers are estimated to have been forced to return from Iraq and 158,000 Egyptians left Kuwait voluntarily or were evacuated by their government (Kapiszewski, 2006). The recruitment of Egyptian school teachers also dropped dramatically for the 1992/93 school year and came to a complete halt for the 1993/94 school year in several countries. After decades of imports of educational services, Bahrain, Kuwait and Qatar all stopped hiring new Egyptian school teachers through the secondment process. None of these countries have approached the Ministry of Education in Cairo since then. UAE cut imports of new Egyptian school teachers by almost 90 percent and Saudi Arabia by two-thirds on an annual basis. No new teachers went to Sudan in the eleven-year period following 92/93. As Chart 1 indicates, the positive correlation between the oil price and the secondment of Egyptians teachers was clearly cut in the 1990s.

Chart 2 shows the annual flows of seconded Egyptian school teachers between 1983 and February 2007. There is a strong downward trend. Oman was the only GCC country to recruit a new group of Egyptian school teachers for the 2006/07 school year: 352 new school teachers transferred to Oman to replace the 360 school teachers whose four-year contracts expired. The total stock of seconded Egyptian school teachers was 1,737 in 2006/07 and this was the lowest number for half a century of secondment (MoE, 2008).

²² Feiler (1991) cites a number of Arab news paper articles published mainly in the spring of 1987 arguing that "about 60,000 Egyptian school teachers who work elsewhere in the Middle East spend their vacation in Egypt every summer". This rough estimate is most likely exaggerated given that the stock of seconded Egyptian school teachers numbered 25,028 in the 1986/87 school year and it seems unrealistic that another 35,000 were employed abroad in light of the proportion of school teachers that found work outside the government secondment channel was 22-23 percent of total in the second half of the 1970s (see above).

Chart 2 also illustrates how the six members of the GCC have been the most important importers of Egyptian school teachers. The flow data tend to reach a peak every four years because of the nature of the secondment contracts: teachers are seconded for four years and must then return. Many of these are then replaced with a new group of foreign teachers. Saudi Arabia’s demand for new teachers in 83/84, 87/88, 91/92 and 95/96 give rise to the regular demand peaks in the chart below. With roughly two-thirds of the population in the GCC region, Saudi Arabia was for many decades the most important client for Egypt’s Ministry of Education. However, the country has not recruited any new Egyptian school teachers since the 2000/01 school year.

Chart 2. Annual flows of seconded Egyptian school teachers, 1983/84–2006/07



Source: Ministry of Education (2008): Department of Secondment.

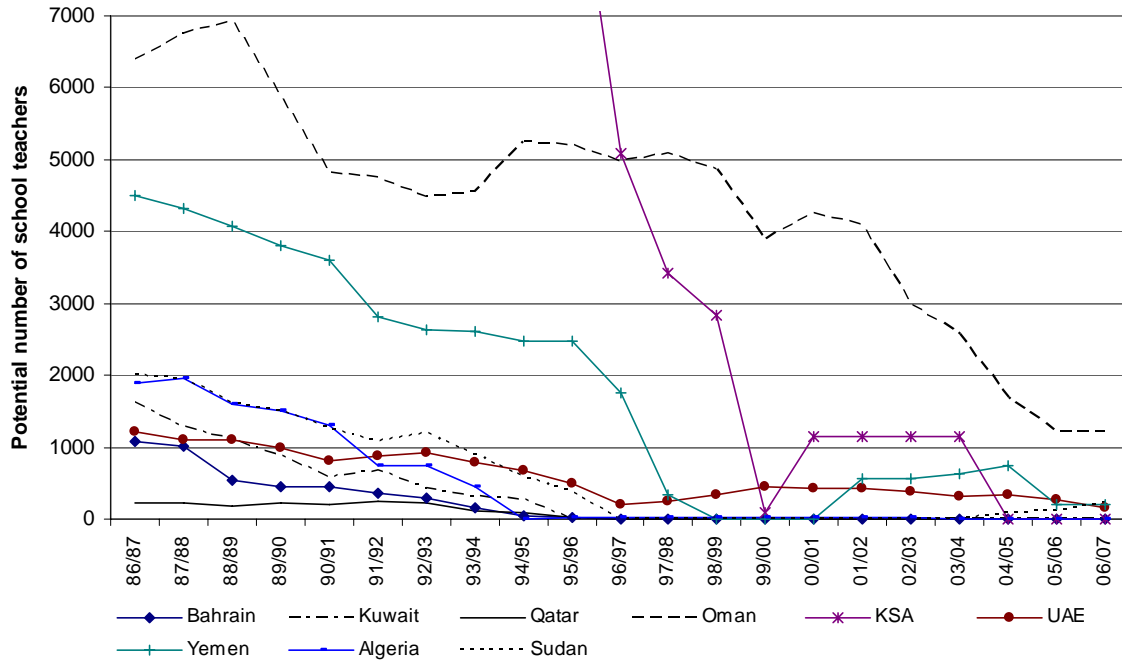
Chart 3 presents the “upper ceiling” of the stock of seconded Egyptian school teachers in nine leading host countries.²³ The chart illustrates how secondment has declined over time in all client countries.²⁴ The prospective stock of seconded teachers in Saudi Arabia dropped from 14,410 in 1993/94 to 0 in 2004/05. In 2006/07, 469 Egyptian school teachers transferred abroad through the secondment process. This represented 5 percent of the flow in 1991/92 (see Table 1). Some of that number is also made up of teachers sponsored by the Egyptian government to teach in Egyptian schools in Somalia and Sudan. In Somalia, Egyptian school teachers teach in English and are financed by the Egyptian Ministry of Foreign Affairs. In Sudan, teachers are financed by

²³ That is if all seconded school teachers stayed for their entire four-year contracts (= “upper ceiling”).

²⁴ Data points for Saudi Arabia prior to 1996/97 are significant outliers that are not presented here.

the Egyptian Ministry of Education. Many experts on Egyptian labour migration speculate that more school teachers these days leave independently but there are currently no data available to support this claim.

Chart 3. Potential stock of seconded Egyptian school teachers, 1986/87–2006/07



Source: Egyptian Ministry of Education: Department of Secondment (2008).

4 DETERMINANTS OF THE COLLAPSE IN MODE 4 EXPORTS

The decline in seconded Egyptian school teachers can be explained by a host of demand and supply side developments.²⁵ Some of these developments have come in the form of shocks, as in the case of regional conflict (or peace), labour substitution policies in importing countries or in marked declines in crude oil prices, and by extension government revenue. Other developments have been slow, like the declining real value of earnings for Egyptian school teachers abroad, the new opportunities opening up at home for productive side-activities and increased graduation of teachers in traditional client countries. The determinants of the collapse in Mode 4 exports of educational services can be traced to both the sending country (*i.e.* “national developments” in

²⁵ Overall, the proportion of Arab guest workers in the GCC declined from 72 percent in 1975 to less than 30 percent in 2002 (Kapiszewski, 2004; World Bank, 2008). The reduction in the proportion of Arab guest workers was partly due to an increase in the recruitment of workers from South and South-East Asia and partly a more selective recruitment of Arab workers. The share of Egyptian scientists, managers and technicians employed in Arab countries more than doubled between 1985 and 2002, or from 21 percent to 43 percent, as unskilled workers were substituted by Asians (Ministry of Manpower and Emigration in CARIM).

Egypt) and the receiving countries (*i.e.* “foreign developments”, mainly the GCC). Table 2 presents the main determinants and the number of minus signs indicates the extent of their negative impact.

Table 2. Main determinants of the collapse in Egyptian Mode 4 exports of educational services

	National developments	Foreign developments
Affecting Demand	Declining quality of teachers and education [---]	Conflict and political environment (---) Investment in training local teachers (--) Labour nationalisation policies (-)
Affecting Supply	Opportunity for economic side-activity (--)	Prospective savings (--) Regulations restricting labour migrants (-)

4.1 Demand side developments

4.1.1 Declining quality of education

The international demand for Egyptian school teachers has declined to a large extent as the result of a perceived, relative decline in the quality of the teaching profession and education in Egypt. There is a broad consensus among experts on Egypt’s education system that local standards of education have suffered a long and steady deterioration. The drop in the quality of education has been attributed to a number of factors. In 1992, the Egyptian government published a paper evaluating the Egyptian education system (see Mubarak, 1992). It concluded that there was a crisis in education and identified a number of ills. Learning was deemed dependent upon memorisation and repetition. Emphasis was on rote learning that produced individuals who were “easily programmable” and lacked creative thinking.

The World Bank (2000) also concluded that the quality of education in Egypt is inadequate. Literacy remains low in spite of high enrolment rates and the system fails to produce workers with necessary skills. The education system is staffed by unmotivated teachers; many of whom are poorly qualified, badly paid, lacking practical experience. Curricula are not standardised and many schools fail to keep abreast of technological advancements (Eekelen et al., 2003). UNDP (2004b) attributes the weaknesses to the institutional structure with a highly centralised system and limited autonomy at the local level, an inadequate incentive structure for teachers and a shortage of technical capability. UNDP argues that the largest share of expenditure on education is also allocated to administrative staff as opposed to teaching staff.

The poor quality of teaching is reflected in the performance of Egyptian eight-grade students who perform relatively weakly in mathematics (score: 406) and science (score: 421) compared to international averages (score: 467 and 474 respectively). Annex F presents a summary of data published by UNDP's TIMSS in 2004. Despite Egyptian students' poor performance seen from an international perspective, they still perform somewhat better than Bahraini students in mathematics and significantly better than Saudi Arabian students in both mathematics and science.

One or two generations ago, however, young students are very likely to have, on average, performed much better in Egypt than in the neighbouring countries on the Arabian Peninsula where school systems covered a smaller share of the population and few local school teachers were available. This indicates that Egypt's school teachers still do reasonable well compared to some GCC countries where living standards are higher.²⁶ While the UNDP's TIMSS test only measure performance at one point of time, it does indicate that Egypt's performance in some key school topics is weak. It supports the common argument made in discussions and in the literature that the reputation of Egypt's educational system in the Arab region has declined over time.²⁷

4.1.2 Conflict and political environment

Several developments in traditional client countries have also had a detrimental effect on the demand for Egyptian school teachers. Many of these developments were not controlled by the Egyptian government. Regional conflict has repeatedly had an adverse effect on Arab labour migration, including of school teachers (see Fergany, 2001; Kapiszweski, 2006). For example, in 1961, Saudi Arabia imported 1,027 Egyptian teachers to teach in their school system. But owing to a deterioration of the political relations between Egypt and Saudi Arabia, most of these teachers had to leave the country in 1962 to be replaced by Jordanian teachers (Qubain, 1979).

Yousef (2004) has noted that the Middle East suffered the second largest number of violent conflicts in the 1945-99 period after Sub-Saharan Africa. In particular Iraq's invasion of Kuwait

²⁶ Egypt's education system is currently undergoing a reform programme: a first round of salary increases will soon be followed by a second round. The first round saw school teacher remuneration increase by roughly 70-80 percent increases yet much more is needed to raise the very low status of the teaching profession in Egypt.

²⁷ Most experts consulted for this paper argue that the teaching profession in Egypt suffers from a very low status. As Annex G indicates, in 2006/07, the average number of students per class was 43 in primary school and 37 in secondary education. These figures have hardly changed over the last decade. The share of public expenditure that is invested in education has also dropped from 14.9 percent to 12.5 percent between 1997/98 and 2005/06, although the total nominal increase in pre-university education during this eight-year period was 113 percent. The increased nominal investment in education was mirrored in data from labour market surveys indicating that educators was the occupation experiencing the highest growth in government employment in the 1988-98 period (Assaad, 2002).

on 2 August 1990 was a shock that triggered a re-evaluation of Arab labour migration policies in the capitals of many GCC countries (Kapiszewski, 2006). It increased the sense of apprehension that the Gulf monarchies had towards their sizeable Arab expatriate communities.

Iraq, under President Saddam Hussein, had argued for Arab solidarity and Egypt was a long-time champion of the Arab cause. Gulf authorities were concerned about non-local Arabs bringing radical social and political concepts (secularist and pro-Soviet ideologies), pan-Arab views, regional desires related to distribution of the oil-generated wealth, etc. and the large presence of Egyptian school teachers were thought to transform local dialects and culture (see Kapiszewski, 2006). Following the invasion, Egypt's sheer size and influence in the Arab region was perceived with particular unease and several GCC countries stopped recruiting Egyptian school teachers as well as Arab workers in other sectors of the economy.²⁸

4.1.3 Labour nationalisation policies

The GCC countries have introduced various labour nationalisation substitution policies, or so called labour indigenisation policies, to reduce their dependency on foreign labour (see Shah, 2005, 2006; Janardhan, 2007). These policies have tended not to explicitly target the education system in more recent time, in particular given Egypt's relatively low number of teachers active in the GCC since the early 1990s. However, a survey of GCC governments' views and policies with regards to labour migration in 2003 found that Kuwait, Oman, Saudi Arabia and UAE all thought they had absorbed too many migrants and were introducing nationalisation policies to lower their numbers (UN, 2004). Only the governments in Qatar and Bahrain considered the number of labour migrants to be satisfactory. Some of these policies are explicitly communicated while others are implemented without much fanfare.

Saudi Arabia is the largest employer of foreign labour in the GCC region. In the middle of the 1990s the Saudi government decided to reduce the number of work permits issued to Egyptian citizens in order to allocate more jobs to locals. As a result, the number of Egyptian migrant workers dropped from approximately 0.9 million in 1995 to 0.67 million in 1997 (Kapiszewski, 2006). The current 'Saudisation' programme bans the employment of foreigners in 56 job sectors, requires private companies to increase the share of Saudi nationals among their employees by 5

²⁸ For example in 1996, the Qatari government accused Egypt of involvement in an attempted coup and expelled around 700 Egyptian workers, many of whom were employed in the Ministry of the Interior. In 2005, the Secretary General of the GCC referred to expatriate workers as a "security issue" (Kapiszewski, 2006).

percent annually²⁹ and taxes the recruitment of non-Saudi citizens (Janardhan, 2007; Fargues, 2006). In 2003, the Saudi government declared that it aimed to reduce its expatriate workforce by more than half in ten years' time: the Ministry of Interior announced a 20 percent ceiling on the number of expatriate workers and their dependants. It also declared that workers from no single country would account for more than ten percent of the workforce by 2013, which if enforced means that three million expatriates will have to leave the kingdom (Janardhan, 2007).³⁰

The labour nationalisation policies are predominantly the result of leaders' concerns regarding unemployed and disaffected native citizens. However, the demand for foreign workers, including Egyptian school teachers, is likely to have been negatively affected by the prolonged slump in crude oil prices during the second half of the 1980s and in particular following the liberation of Kuwait in 1991. Weaker public revenue from natural resources induced GCC countries to make cuts in generous welfare programmes and reduce their dependence on foreign workers (Findlay, 1985).

4.1.4 Investment in training of local teachers

The establishment of primary and secondary school systems required large investments on the part of local governments (see section 5.3.1.1).³¹ Much of these investments were initially aimed at building schools and recruiting foreign teachers to quickly boost school attendance. Up until the 1980s, imports of foreign school teachers grew rapidly. For example in Oman, 78 percent of the school teachers were foreigners in the 1984/85 school year and most of these teachers were Egyptians (Looney, 1994). However, with start in the 1980s, the many newly established teacher colleges in the GCC countries produced enough graduates to begin a process of replacing foreign teachers with local ones.

This process was prolonged by the rapid demographic change that was taking place in the region. Fertility was high from an international perspective: the average woman in the GCC region gave birth to approximately seven children as late as in the 1970s (see Annex D). Total fertility of Saudi women did not drop below 7 until the second half of the 1980s (UN, 2008). Infant

²⁹ For companies with more than 20 employees.

³⁰ In Oman, the government has banned non-Omani citizens in some regions from selling and transporting fruits and vegetables, to engage in frankincense trade and to sell mobile phones. Only Omani citizens are allowed to run beauty parlours and photo studios, sell *abayas*, and the government intends to ban non-Omani citizens from selling perfumes, gifts, textiles and accessories as well as managing cyber cafes (Janardhan, 2007).

³¹ Yet quantity of education has been more emphasised than the quality of education. Education in the Gulf has mostly focused on arts, humanities and religious studies (Bahgat, 1999).

mortality also declined significantly; or by two-thirds between 1975 and 1996 (World Bank, 2000). High fertility and reductions in child mortality thus contributed to an increase in the GCC population by more than 150 percent in 1950-1975, and almost 200 percent in 1975-2000 (see Annex E).³²

Box 2. If GCC labour migration levels were applied elsewhere...

Kapiszewski (2006) has presented a number of country estimates for 2004 of the proportion of expatriates to the total population in the GCC. The estimates are summarised below. They illustrate the sheer extent of labour migration in the Gulf which may help explain the calls for labour substitution/nationalisation policies. For example the proportion of locals in UAE is roughly 19 percent of the total population. Expatriates make up the other 81 percent. The proportion would be broadly the same in the United States if the country were to receive the entire populations of China or Africa *and* Europe. The proportion would also be broadly the same in China if the country were to receive the entire world's population.

	Nationals (%)	Expatriates (%)	Current total
Bahrain	62.0	38.0	707,160
Kuwait	35.6	64.4	2,992,000
Oman	80.1	19.9	3,102,000
Qatar	30.0	70.0	855,000
Saudi Arabia	72.9	27.1	27,020,000
UAE	19.0	81.0	4,700,000
GCC	62.9	37.1	39,376,160

4.2 Supply side developments

4.2.1 Opportunity for economic side-activity

The economic incentives for Egyptian school teachers to work abroad have changed over time. Staying put in Egypt has become more rewarding for those teachers who have managed to tap into the revenue streams from private tutoring. The poor learning environment in most schools—including huge classes (see Annex G)—and the central role of national examinations in the selection of students who move into higher education have helped entrench the practice. Private tutoring is not technically approved of by the Ministry of Education. However, this activity has largely been allowed to take place as public salaries have been diluted. Taylor (1984) and Cochran (1986) reported that already in the early 1980s, private lessons in smaller classes after

³² Increased longevity and immigration were other major contributing factors.

school (group tutoring) had become an integral part of schooling, exacting a heavy financial burden for many parents' commitment to their children's education.

The Egyptian Labour Market Survey (ELMS, 1998) indicated that some 40 percent and 15 percent of Egyptian students purchase private and group tutoring services respectively (Assaad and Elbadawy, 2004). Private tutoring was somewhat more common in urban areas and 60 percent of secondary school students purchased private tutoring services. Private tutoring may make up 80-90 percent of a good school teacher's income according to several of the experts interviewed for this study. There are plenty of anecdotal stories of school teachers earning an even higher share of their income from tutoring. The practice is rumoured to have created a black market within the education system for employment in wealthy neighbourhoods where tutoring is particularly profitable. School teachers who want to maximise their income seek employment where the prospective earnings from tutoring are the highest. Sometimes the only way to become employed in a preferred school is to pay a rent to a local government official.

4.2.2 Prospective savings abroad

The real income from foreign secondment has dropped in parallel with the rise in a good teacher's prospective income at home. The remuneration for seconded school teachers has remained largely unaltered for long periods of time. This has either been the result of Egypt's poor negotiating position or the lack of initiative—whether intentional, as part of government policy, or unintentional, due to negligence—to renegotiate the terms of employment for seconded teachers. The economic incentive to serve abroad has effectively declined for every year that has passed without rising nominal wages. Living expenses have risen due to high inflation in the GCC region and GCC governments are increasingly seeking to raise revenue from public services previously offered for free as part of a generous welfare system (see Shah, 2006; Janardhan, 2007). This has had a negative effect on prospective savings and led to a drop in quality of teachers that seek foreign opportunities through secondment.

4.2.3 Inventory of restrictions impeding labour migration³³

The sheer extent of labour migration in the GCC region is evidence of the relative ease with which non-GCC citizens can access the GCC labour market to supply services. Some of the

³³ The Egyptian government does not impose any restrictions on Egyptian school teachers from serving in foreign countries. Even the secondment process managed by the Ministry of Education in Cairo does not include any quotas and local municipalities (governorates) do not have any right to impede school teachers from leaving to take up a position abroad. Each school teacher is entitled to move abroad through the secondment process—as long as there is demand for his/her services—and upon return have access to the position left behind.

labour laws that control these labour markets are often poorly implemented and enforced, frequently changing and easily overcome for well-connected workers who seek to beat the system. Yet there is increasing evidence that GCC labour migration policies are becoming stricter in nature (Shah, 2005; Janardhan, 2007). Visa requirements are becoming tougher, limitations to family reunification are being implemented and non-citizens have lost access to free health insurance and education.

Table 3 presents an inventory of the various restrictions affecting Egyptian Mode 4 exports of educational services. The table divides the regulatory restrictions and issues affecting Mode 4 trade into three different groups. First, quantitative restrictions and prohibitions cover any policies that limit the number of prospective labour migrants. Second, work permit/visa regulation covers the criteria that a work permit applicant must fulfil, and the rules and regulations they must conform to in the host country. Finally, Consular and visa processing services cover issues that service providers face at the consulate or public authority of the host country in the application process for the work permit. These are generally related to the capacity, transparency, professionalism and efficiency of the consulates or public authorities offering the work permit.

The inventory lists regulations and administrative procedures required by the legal frameworks in the GCC. It also includes issues that were raised in the literature and during interviews with trade, labour and migration experts in Egypt. Table 3 is furthermore divided into the following horizontal variables:

- i. ***Type of movement:*** indicates whether the restriction affects government-seconded teachers (SEC); and/or teachers moving through the private enterprise route (PER);
- ii. ***Restrictiveness:*** presents a measure of the degree of concern voiced by the interviewees as well as the author's interpretation of current legislation and its implementation. It includes minor (non-mission critical issues), moderate (potentially a mission critical issue) and major (frequently a mission critical issue);
- iii. ***Imposing authority:*** indicates whether the restriction is imposed by the demand side and/or supply side.
- iv. ***Effect:*** identifies the impact that the restriction has on the recruiting client and the transferring teachers. The effects are divided into productivity implications (adversely affecting the allocation of human capital); cost implications (raises the cost of service delivery); remuneration implications (lowering the prospective income of the transferee); and demand implications (reducing demand for the services of the transferee).

Temporary labour migration in the GCC region is subject to relatively few barriers. Issues that are common in the world and associated with inefficient consular services only are perceived as minor nuisances. Consular issues are partly trivial because of the nature of demand that is linked to the primary and secondary school cycle: teachers only join at the start of a new semester or school year and schools recruit teachers well in advance. Neither are consular checks particularly burdensome, costly or time-consuming and there is no language barrier. Seconded teachers go through an especially easy process since their transfer is organised between governments. The restrictions that do have an impact on Egyptian exports are related to: a) discriminatory treatment of service providers based on their country of origin; b) health bans; c) the Kafala (or sponsor scheme); and d) minimum wages imposed by the Egyptian government in the secondment programme as well as the discriminatory remuneration levels of teachers based on their country of origin.

Table 3 indicates that there are two types of restrictions that directly or indirectly have a negative, quantitative effect on inflows of Egyptian (and other) migrants. First, most GCC countries require a negative result of a Hepatitis C test from prospective service providers (Bahgat, 2007). A positive test result denies prospective service providers employment and expels those already active in the host country. This effectively bans the entry of the 15-20 percent of the Egyptian population that carry the virus. Second, over the years, as illustrated in the paper, Gulf governments have discriminated against particular nationalities following political disagreements, conflicts or when public perception indicates that certain migrant groups have become too numerous. These policies have had a strong negative impact on the migration of Egyptian school teachers over the years, leading to productivity implications for schools in the GCC region that have had to turn away from the region's only natural, large-scale provider of school teachers.

The *Kafala* system that is applied by the Gulf monarchies is the most strenuous work permit regulation affecting foreign service providers. A foreign service provider who seeks to enter a GCC country for work can only do so if (s)he holds an entry visa and residence permit. These documents can be issued if a GCC citizen or a GCC institution agrees to employ the service provider. The employer becomes the "sponsor" (*Khafeel*) of the service provider by signing a contract that is issued by the Ministry of Labour. This contract has the essential effect of making the sponsor legally and financially responsible for the service provider (see Longva, 1999; Baldwin-Edwards, 2005). The contract ties the service provider to his/her sponsor and it is designed so that the service providers must leave the country if the contract is refuted or broken.

The responsibility of the sponsor to cover any prospective costs of repatriation has led to a common practise where employers (often local individuals) confiscate the service provider's passport to control and circumscribe his/her ability to move. It is widely used as a rent-collecting tool where the sponsor asks for a down payment or cut of the service providers' income. Despite strong legal rights conferred by the labour law, the aliens residence law governing residence of foreigners leaves the service provider in a particularly vulnerable position. Longva (1999) has reported that immigration law in the GCC region predicate the legal presence of foreigners on sponsorship and any dispute with a sponsor leaves the service provider without legal residence, the possibility of working, and effectively the possibility of gaining legal redress. There are frequent complaints that the system is prone to abuse by employers (see Bahgat, 2007). Bahrain recently abandoned the *Kafala* system, which according to the Crown Prince of Bahrain in effect had suppressed wages and often created abominable working conditions because of the few rights of the foreign worker (de Boer and Kalkman, 2007).³⁴

Egyptian school teachers are subject to the same rules and regulations that are imposed on all other foreign workers in GCC countries. Those who move through the secondment programme are covered by the *Kafala* system but their sponsor is effectively the Ministry of Education in the host country. The public service administration is much less likely to take unfair advantage of the service provider although the school teacher is tied to a specific school and task. The security that the secondment programme offers against *Kafala* systems that are prone to abuse has always been one of the secondment programme's greatest merits. Foreign school teachers who seek employment through the private enterprise route are more likely to face challenges with the local sponsor and the hardships that can follow.

Finally, the wage structure in the GCC region imposes a couple of challenges. The Ministry of Education in Cairo negotiates a remuneration package that holds for all seconded teachers with the Ministry of Education in the client country. There is thus a minimum wage that may either be considered low, which has a negative impact on supply of teachers willing to migration, or considered high by the recruiting institution, which has a negative impact on demand. In addition, within the GCC region, there is clear wage discrimination based on the country of origin of the service provider. This is a strong source of resentment among temporary labour migrants.

³⁴ Instead Bahrain started to impose a flexible levy on every foreign-worker permit issued by the state. The fees collected will be used to train locals and support local businesses. Increasing the status of the teaching profession and improving educational standards are other initiatives, including the establishment of a teacher-training college that emphasises the practical as well as the theoretical.

Table 3: Mode 4 restrictions on imports of primary and secondary educational services in the GCC region

TYPE OF RESTRICTION	TYPE OF MOVEMENT	RESTRICTIVENESS	IMPOSING AUTHORITY	EFFECT: ON RECEIVING SCHOOL	EFFECT: ON TRANSFEREE
<i>I. QUANTITATIVE RESTRICTIONS AND REGULATION WITH SIMILAR EFFECT</i>					
- Health related (Hepatitis C) prohibition	SEC / PER	Moderate	Demand side	..	Demand implications
- Implicit discriminatory policy by client country	SEC / PER	Major	Demand side	Productivity implications	Demand implications
<i>II. WORK PERMIT/VISA REGULATION</i>					
- Kafala system (abuse and immobility)	SEC / PER	Minor / Major	Demand side	..	Remuneration & cost implications
- Minimum wage requirement	SEC	Moderate	Supply side	Cost implications	Remuneration & demand implications
- Limitation on duration of stay	SEC	Minor	Supply/Demand side	Productivity implications	..
<i>III. CONSULAR AND VISA PROCESSING SERVICES</i>					
- Documentation requirements	SEC / PER	Minor	Demand side
- Processing time	PER	Minor	Demand side	Productivity implications	..
- Transparency and predictability	PER	Minor	Demand side	Productivity implications	..
- Application and issuance fees	PER	Minor	Demand side	..	Cost implications

SEC = secondment channel, PER = private enterprise route, .. = not applicable.

5 ECONOMIC IMPACT OF EGYPT'S EXPORTS OF EDUCATIONAL SERVICES

The sharp and sudden deterioration in demand for Egyptian educational services in the GCC region leaves any assessment of the potential economic impact of a more liberal labour and migration policy agenda in receiving countries rather pointless. There is no guarantee that exports would rise if the restrictions identified above would be removed. Based on the interviews with government officials and local labour migration experts, Egypt's role as chief educator in the MENA region ended in the late 1990s. Foreign schools could potentially turn to Egypt to recruit more school teachers in the future. But it would require comprehensive reform of the Egyptian school system to help it attract more qualified students to the teaching profession. The new system would then need to improve teaching practices, keep abreast with technological advancements, upgrade curricula, etc.

The real impact of raising the standard and status of the teaching profession would predominantly benefit Egypt's students at large and exports of educational services could be a small side benefit. However, any effort to stimulate educational exports through domestic reform would need to be undertaken in parallel with efforts to increase the trust and political goodwill between the governments and peoples of Egypt and the GCC countries. Given the questions with regards to current and future demand, the following section seeks to estimate the financial flows that resulted from Egypt's exports of educational services since 1970. Given that demand is the limitation to exports—and demand is weak or non-existent today—the calculations illustrates the financial benefits that Egypt has foregone through the loss of market share in the Arab region.

5.1 Estimating Egypt's export revenue of educational services

Trade in educational services within the Arab region would comply with a rather simple trade model covering two traders [Egypt, GCC] and two factors of production [labour, capital]. Egypt's labour abundant and capital scarce economy complemented the GCC region's labour scarce and capital abundant economies. Both trading partners found the exchange of labour for capital to be a mutually attractive prospect, and flows of factors of production, or trade in educational services, flourished for many years.

The main gains from Egypt's exports are linked to financial transfers, or remittances, of the service providers' savings. The impact on the local economy depends on whether the resources are used to finance consumption (and what sort of consumption) or investment in productive activities. Large flows of remittances can also affect currency valuations and spur inflation. The

dynamic gains from trade associated with innovation and transfers of technology and management knowhow are likely to be very limited in this exchange. For much of the last fifty years, Egypt's school teachers moved from a region that enjoyed a higher literacy rate than the client countries (Richards and Martin, 1983). Consequently, the skills that the teachers gained were small.³⁵ Large-scale migration can also have an upward pressure on wages for those who remain at home: *e.g.* the migration of hundreds of thousands of skilled technicians, semi-skilled machine operators and unskilled labourers to the GCC resulted in large increases in construction wages in Egypt (La Towsky (1984). This effect does not seem to have been enjoyed by Egypt's teachers who were subject to the sticky wages of the public sector. Their real income at home has declined over the years.

The focus on remittances is also motivated by stories of the Egyptian migrants. According to Egyptian return migrants and non-migrants, the main reason behind the decision to migrate is predominantly economic in nature. In survey data presented by the Ministry of Manpower and Migration and available on the CARIM website³⁶, a great majority of respondents report that the migrants' aim is to improve their standard of living: many of whom perceive their incomes to be insufficient to support a family. Migration for educational purposes or a desire to go abroad and experience a new country was chosen by 3 percent or less of 644 respondents.

5.1.1 The economic value proposition for school teachers

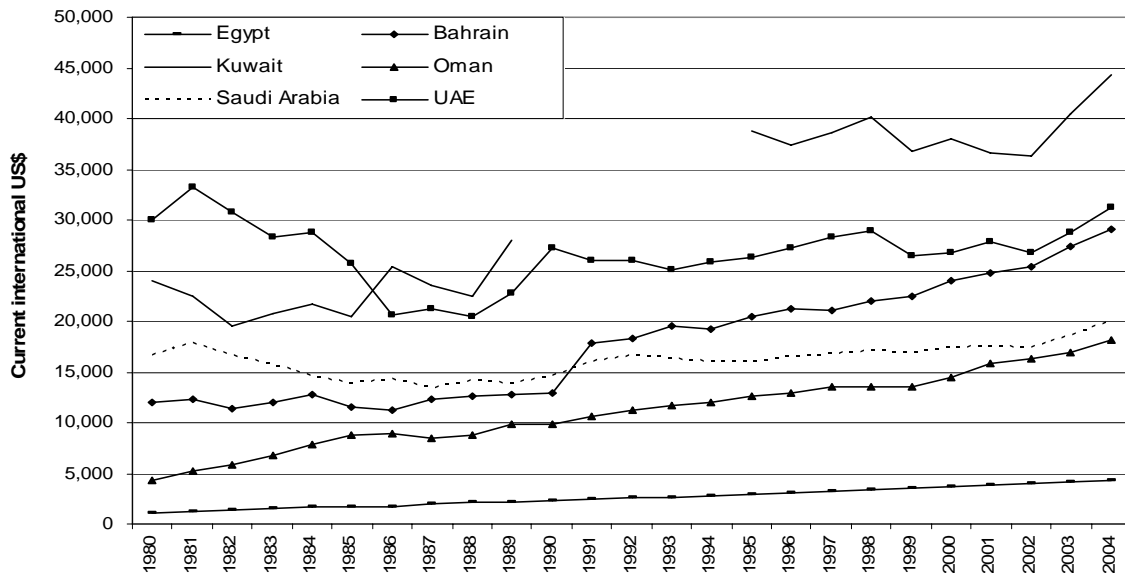
There are significant differences in the material standards of living between Egypt and its main client countries. Chart 4 illustrates this difference in terms of gross national income (GNI) per capita at purchasing power parity (PPP) for Egypt and five GCC countries.³⁷ In 1980, Bahrain, Kuwait, Saudi Arabia and UAE had incomes that were between 11 and 27 times that of Egypt. In 2005, the relative income difference had fallen to a factor 5 to 11. Despite this drop in relative PPP income, it has remained a powerful pull factor for Egyptian workers. The difference is even greater for public sector workers: teachers in Egypt are poorly paid in view of their education level while public sector workers in the Gulf generally earn much better than private sector workers.

³⁵ Brain drain is not likely to have been a serious issue: while Egypt had the highest ratio of tertiary educated migrants (49.7 percent) among 17 Arab countries in the OECD region around 2000, this group represented only 3.6 percent of all Egyptians with tertiary education (Dumont, 2006).

³⁶ www.carim.org.

³⁷ The World Bank has limited income data for Qatar. The country would be among the more wealthy GGC countries on a per capita PPP basis. The Human Development indicators published by the World Bank do not contain data for Kuwait in the years 1990-94.

Chart 4. GNI per capita (PPP) in Egypt and five GCC countries, 1980-2004



Source: World Bank (2007) Human Development Indicators.

According to CAPMAS (2006, 2007), average monthly income for Egypt's public sector employees in the education sector ranged from 35 to 57 US\$ in 2001-04.³⁸ Private sector employees earned somewhat more, or an average of 61-98 US\$/month in 2001-05 (see Table 4).³⁹ These income levels are not high enough to raise a family in Egypt. It provides a relatively safe and stable income but there are no career prospects and income growth is paltry. Naguib (2006) referred to one teacher who after 22 years of service earned US\$ 56/month. As so many of his colleagues, the teacher remained in the profession because of a lack of alternatives. The teachers who don't give private lessons are usually forced to take up second jobs as taxi drivers, painters, etc.

Table 4. Average monthly wages in the Egyptian education sector

(US\$/month)	2001	2002	2003	2004	2005
Public sector education	57	73	35	41	n.a.
Private sector education	86	98	61	88	70

Source: CAPMAS (2006, 2007), author's calculations.

³⁸ The large discrepancy is partly explained by the depreciation of the EGP towards the USD.

³⁹ In 2006/07, 89.7 percent of teachers in primary education worked in the public sector while 92.6 percent of teachers in the secondary education worked in the public sector (CAPMAS, 2008). Egypt operates one of the largest education systems in the world. 807,000 school teachers serve 15.5 million students in 37,000 schools (UNDP, 2004b).

A study by Reid published in 1984 reported that an experienced secondary school teacher who earned US\$ 180/month in Egypt could increase the income by a factor 10-15 by teaching in Saudi Arabia, Kuwait or another GCC country.⁴⁰ Messiha (1980) also concluded that a seconded Egyptian school teacher earned far more during four or five years of service in Saudi Arabia or Kuwait than during his/her entire working life in Egypt. Oweiss (1980) reported that Egyptian school teachers in Kuwait earned roughly 6.5 times the salary they made in Egypt—a lower estimate than Reid's and Messiha's estimates but still a significant difference. Today, an Egyptian teacher working in Oman earns a monthly net salary of roughly 4,800 Omani Riyal/year (US\$ 12,500/year) in addition to the housing and travel allowances. In Sudan, the Egyptian teachers earn up to US\$ 24,000/year including housing allowance (MOE, 2008). Egyptian school teachers serving abroad are generally not allowed to hold a second job. The annual US\$ 12,500 income in Oman—the least wealthy of the GCC member states—is hence the total income. School teachers employed in Egypt earn an annual average of US\$ 420-680 plus income from a second profession as *e.g.* taxi driver or private tutor.

The teachers who are seconded to Oman are significantly better qualified than the average Egyptian teacher. His/her credentials would not affect the teacher's permanent income in Egypt much but it is fair to assume that (s)he could potentially earn a decent second income from tutoring if (s)he served in a middle-income or high-income neighbourhood. If the teacher could earn an additional 500 percent from tutoring on top of his/her permanent income, the total income would come to roughly US\$ 2,500-4,000. This sum equals around 20-32 percent of the income the teacher would earn in Oman. However, the same teacher serving in a lower-middle-income neighbourhood may only increase his/her income by 200 percent from side-activities. The income at home, holding two or three jobs, would hence make up roughly 10-16 percent of what a single job in Oman would do.

5.1.2 How much money are Egypt's teachers likely to have remitted per year?

The trade flows associated with temporary movement of school teachers can either be measured as the number of teachers who serve abroad or by estimating the value of their remittances. This paper has presented detailed data of the stock of school teachers that were seconded abroad between 1952 and 2004. Until date, Egypt's secondment programme has supplied almost 640,000 years of full-time teaching in foreign countries. The number of Egyptian teachers who moved outside the government secondment programme is anyone's guess. Given the traditional public

⁴⁰ The study also noted that the considerable incentives for Egyptian secondary teachers and university professors to teach in other Arab countries had led to a rise in the student-teacher ratio in Egyptian classrooms by some 40 percent in the early years of the 1980s.

sector status of education in the GCC and the regulations affecting labour migrants, this paper will only venture as far as to argue—based on the expert opinions of the interviewees—that the private entrepreneur route has involved very few teachers in comparison to those seconded.

The initial movement of school teachers during President Gamal Abdel Nasser's reign do not qualify as trade since the Egyptian government financed many of the teachers' work to gain political influence. There is no data available of the number of seconded teachers who were actually subsidised by the Egyptian government. But in order to not inflate the estimation of foreign-generated income it may be reasonable to exclude the stock of teachers who served abroad up until 1970 from the calculations. This reduces the overall number of years of full-time work from 639,370 to 582,910, or nine percent of the aggregate number of seconded teachers.

To quantify the service providers' financial contribution in terms of remittances requires data on the service providers' annual income and the share of the income that they transferred to Egypt. Such data are not available for all years but realistic estimates can be generated based on data for those years when data are available and from estimates in other countries. The following assumptions are made for the estimation of annual inflows of remittances from seconded Egyptian school teachers:

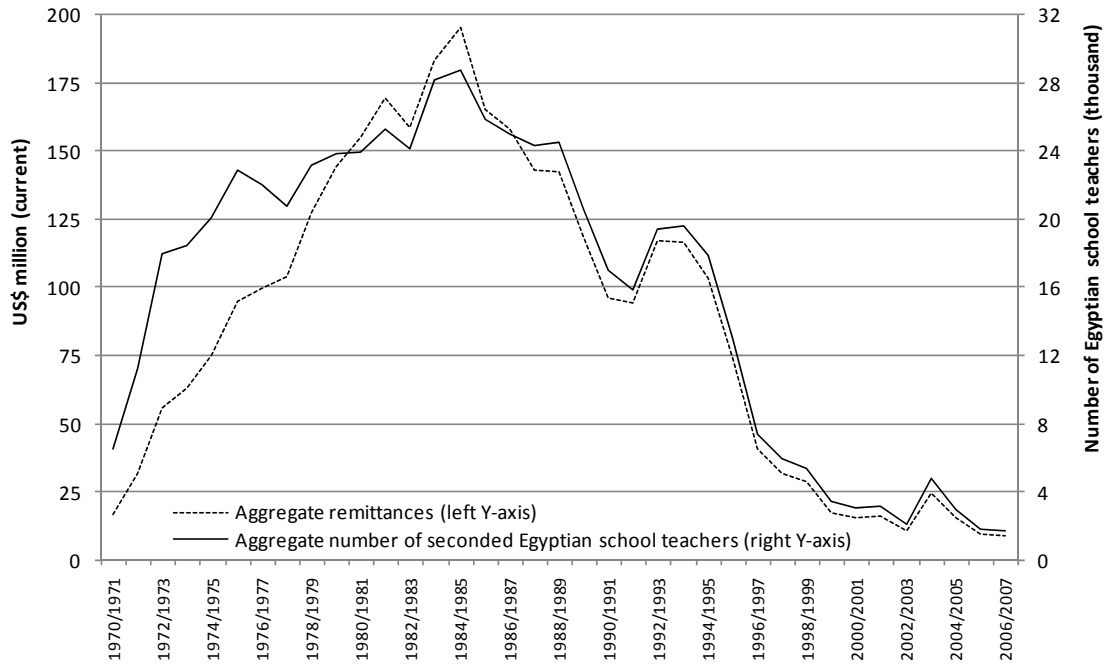
1. The share of teachers based in a particular country in the 1983-07 period, for which data are available per country, is used as proxy for where teachers were based in the 1970-82 period. For example, 43 percent of Egyptian teachers in the 1983-07 period were based in Saudi Arabia; thus 43 percent of Egyptian teachers are assumed to have been based in Saudi Arabia in 1970-82. In addition, the share of teachers based outside the GCC is added to the share of teachers based in Oman. Oman is the relatively least wealthy country in the GCC, and, consequently, it is likely to have paid wages similar to those offered by countries in the Mashreq and Maghreb region.
2. Relative differences in GDP per capita PPP (US\$ current) are used as proxies for the income Egyptian teachers received in the host countries. A ceiling is set at US\$20,000 per year given the extreme differences in particular during the 1970-80s between Egypt and UAE and Qatar.
3. Arnold Shah (1984) estimated that during the peak of Egyptian labour migration in the early 1980s, the average Asian worker in the Middle East remitted over 50 percent of total earnings (and often 70-90 percent of earnings). The Egyptian teachers most likely earned more than the mostly blue collar workers from Asia but some of them also

brought their families (husband/wife plus up to two children) from their second year of service. It is assumed that Egyptian school teachers remitted 50 percent of their income earned abroad. Teacher can save a high percentage of earnings thanks to free provision of accommodation, transportation and other subsidised goods and services like energy, education and health services. Prospective savings are also boosted by the absence of income and consumption taxes. Labour migrants in the Gulf tend to live frugally with minimal expenditures on entertainment and recreation.

4. The income reported for Egyptian school teachers in 1984 (US\$ 180/month) is used as proxy for the salary calculations for the 1983-07 period. The income for the 1970-82 period is supposed to have increased each year by 10 percent until it reached US\$ 180/month in 1984, as reported by Reid (1984). In the last few decades, wages for seconded teachers did remain sticky and did not drop following the decline in the real value of public sector wages in Egypt. Thus, for example in Oman, in 1984, a seconded teacher is estimated to have earned US\$ 824/month, or US\$ 180 times the different in GDP per capita PPP between Oman and Egypt (= 4.6).

The estimated flows of remittances in current US\$ are presented in Chart 5. It shows that at its peak, in 1984/85, Egypt may have received approximately US\$ 200 million. From 1979 up until the year of the invasion of Kuwait, Egypt may have received more than US\$ 140 million/year in remittances from its seconded school teachers. The estimated US\$ 200 million in 1984/85 was also much more worth in real terms than the roughly US\$ 9-10 million that may have been remitted in the last couple years. While these estimates should be interpreted with caution, especially since there is a lot of uncertainty associated with the estimate of annual incomes, they still point to significant financial resources that could be used for consumption and investment by the school teachers' families.

Chart 5. Estimated remittances & stocks of seconded Egyptian school teachers, 1970-2007



Source: Ministry of Education (2008), World Bank Human Development Indicators, author's calculations.

Box 3: Egypt's dependence on remittances

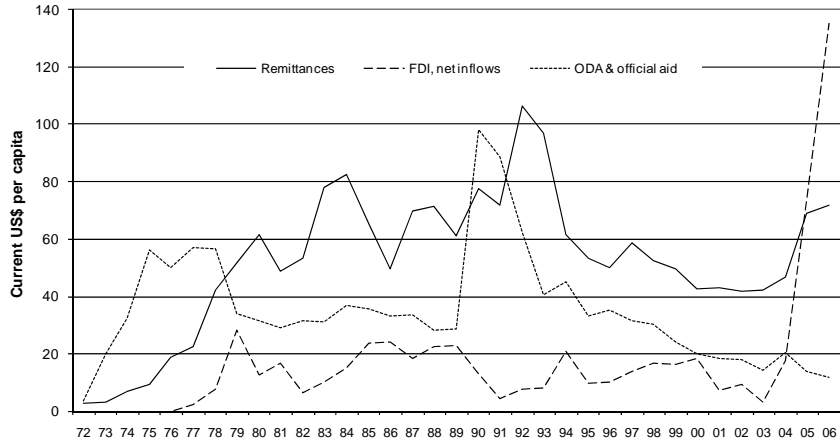
Several studies commissioned in the 1980s identified remittances as the main benefit of labour migration. Choucri et al. (1980) found that the considerable surplus of teachers meant that labour migration had a strong positive effect on the Egyptian labour market and helped maintain national demand. Remittances had important welfare and development impacts and remittance-fuelled consumption was only deemed inflationary where demand could not be met (Choukri 1986).

Remittances constitute Egypt's most important source of foreign income. In 1978, remittances overtook revenue from Egyptian exports for the first time. In 1980, remittances topped all other foreign revenue sources, including oil, tourism and the Suez canal receipts (Collyer, 2004). Chart 6 illustrates how remittances through official channels grew from an annual US\$ 3 per capita in 1972—the first year of more liberal movement of Egyptian workers—to US\$ 83 per capita in 1984 when secondment of Egyptian school teachers peaked. Remittances widely exceeded net inflows of FDI in 1972-2004. Official remittances also exceeded ODA and official aid from 1979 onward except during the first Gulf conflict in 1990-91 (see Annex H-I).

Egypt's trade balance and inflow of remittances as a share of GDP almost look like each others' mirror images (-0.34 in correlation) as seen in Chart 7. At the beginning of this period, capital flows were tightly controlled and large sums of money were either carried across the border in the pockets of the migrants or in their luggage as in kind capital goods. Over the years, the Egyptian government

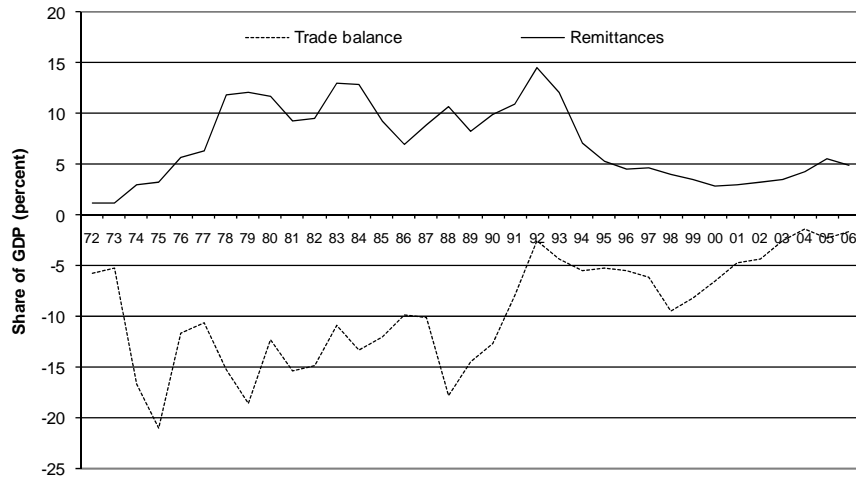
implemented various policies aimed at either forcing or luring migrants to transfer their savings through official bank channels. These programmes, covering everything from Egypt-based foreign currency accounts and bond issues aimed at foreign workers to manipulation of the currency, were generally unsuccessful (Collier, 2004). In the early 1980s, only a small percentage of remittances entered official channels and was exchanged for Egyptian currency.

Chart 6. Remittances, FDI and ODA in Egypt, 1972-2006



Source: World Bank HDR indicators (2007), author's calculations.

Chart 7. Remittances and trade balance in Egypt, 1972-2006



Source: World Bank HDR indicators (2007), author's calculations.

6 CONCLUSIONS

Egypt's leading role as provider of educational services in the MENA region has been a source of national pride and many myths: pride because tens of millions of Arab children have been educated by Egyptian tutors; and myths because only fragments of data have been published on the extent of this trade in educational services. Thanks to generous cooperation by the Ministry of Education in Egypt, this paper has been able to analyse time series data of stocks (1951/52-2003/04) and flows (1983/84-2006/07) of school teachers who have served abroad through Egypt's government-sponsored secondment programme. This programme was for a long time the only channel through which Egyptian teachers could work abroad and it has remained the main channel for circular labour migration according to experts

The secondment programme has several strengths: it reduces search costs for prospective labour migrants by providing a single window procedure for obtaining time-limited employment abroad. The selection process is meritocratic and the programme ensures employment upon return. In a region where labour markets are associated with significant information asymmetry, poor contract enforcement and work permit regulations prone to abuse, the secondment programme has provided Egyptian teachers with a safe and secure channel to access teaching positions abroad. The contract negotiations handled by the Ministry of Education have also benefited those who migrate since the teachers' collective bargaining power is likely to be stronger than if undertaken on an individual basis. The discernible disadvantage has been the infrequent renegotiations of the contracts, in particular in times of high inflation associated with rises in the oil price.

The data show that temporary movement of school teachers went through three main phases: the gradual increase in 1952-1970, the boom years in 1971-1992, and the collapse from 1993 until today. The causes of the collapse are found on both the demand and supply side but the deterioration in demand had by far the biggest impact. The steady decline in the quality of teachers and the education system overall had a very negative reputational effect. Regional conflicts and political tensions were another main reason why several of Egypt's client countries stopped recruiting Egyptian teachers. In particular Iraq's invasion of Kuwait led to many Gulf monarchies shunning foreign teachers.

Demand for foreign school teachers also dropped over time as the institutions in the Arab world grew more sophisticated and produced more local teachers. The large number of foreign workers coupled with high unemployment of locals spurred the implementation of labour nationalisation

policies in the GCC, which further reduced demand. In parallel, better qualified teachers or teachers serving in middle and upper-middle class neighbourhoods have over several decades grown increasingly dependent on private tutoring to complement their limited income. This practise has to some extent diluted the financial incentives for those better qualified teachers that foreign education authorities target. The GCC region's *khafala* system has also kept migration outside the secondment programme risky and inflationary pressure coupled with a discriminatory wage structure for foreign school teachers have further dampened supply.

The deterioration in demand for Egyptian school teachers in the GCC region leaves any assessment of the potential economic impact of a more liberal labour and migration policy agenda in receiving countries a pointless exercise. There is no guarantee that exports of educational services would rise if the regulatory restrictions identified in the paper were removed. That said, foreign schools could potentially turn to Egypt for the recruitment of more school teachers in the future if the Egyptian government were to address a number of issues. It would require comprehensive and successful reform of the Egyptian school system—to help it attract more qualified candidates—including by upgrading curricula, improving teaching practices and keeping abreast with technological advancements. It would also require more trust and political goodwill between the governments and peoples of Egypt and the GCC countries.

The gains from the exports of educational services have mainly been derived from the remittances that were transferred to Egypt for consumption and investment. Additional effects are likely to have been small given the characteristics of the two markets and the services provided. Between 1951/52 and 2006/2007, Egypt's secondment programme provided 639,370 years of full-time teaching in the Arab world. This paper estimates that these seconded school teachers remitted annually some US\$ 100 or more from 1976/77 until 1994/95. In the peak of 1984/85, they may have remitted around US\$ 200 million. Today, their remittances are likely to be less than US\$ 10 million.

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ANNEXES

Annex A. List of interviewees in Cairo and Dubai: October 2007 – May 2008

Interviews were held with Dr Mohamed Abdel Aal Salih, Mr Luis Abugattas, Mr Jassim Albanna, Dr Ragui Assaad, Dr Mouawiya M. Al Awad, Mr Luigi Carta, Ms Marie-Jo Char, Mr Paul Dyer, Dr Naglaa El Ehwany, Dr Philippe Fargues, Mr Mohamed Aboul Fotouh Mansour, Dr Mona El Garf, Dr Ahmed Ghoneim, Dr Nihad Gorat, Dr N. Janardhan, Ms Susan Joekes, Mr Ahmed Kafafi, Dr Samir Makary, Dr Sayed Abdel Maksoud, Dr Heba Nassar, Dr Magda Shahin, Dr Ayman Zohry. Several meetings were also organised with civil servants in the Ministry of Manpower and Migration, Ministry of Education, Ministry of Foreign Affairs and the Central Agency for Public Mobilisation and Statistics in Cairo.

Annex B. Estimates of gross Egyptian emigration, latest available

Area	# Egyptians	GCC countries	# Egyptians
Arab region	3,346,859	Bahrain	6,000
North & South America	780,841	Kuwait	250,000
Europe	508,828	Oman	40,000
Australia	80,350	Qatar	20,000
Asia (non-Arab)	6,073	Saudi Arabia	1,350,000
Africa (non-Arab)	2,445	UAE	160,000
Total	4,725,396	Total	1,826,000

Selected OECD countries	# Egyptians	Arab non-GCC countries	# Egyptians
Austria	18,000	Algeria	2,100
Australia	80,350	Iraq	15,000
Canada	141,000	Jordan	500,000
France	70,000	Lebanon	30,000
Germany	40,265	Libya	950,000
Greece	50,000	Mauretania	159
Holland	20,000	Morocco	800
Italy	210,000	Tunisia	500
Switzerland	12,000	Sudan	2,000
UK	74,764	Syria	10,000
USA	635,000	Yemen	10,300
Total	1,351,379	Total	1,520,859

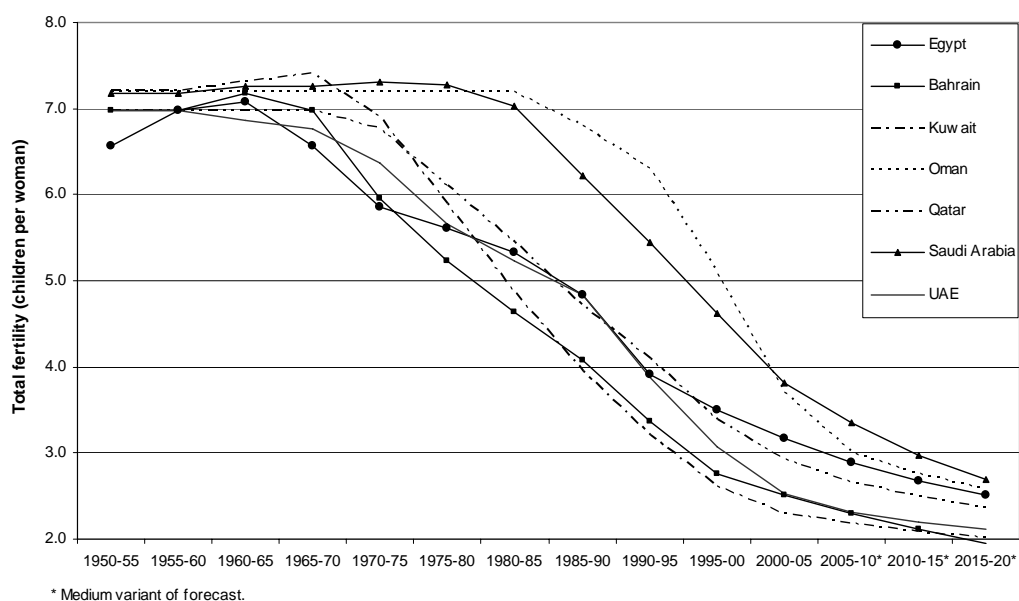
Source: Egypt's Ministry of Manpower and Migration (2007) and Ministry of Foreign Affairs (2007).

Annex C. Work permits granted to Egyptians abroad by country of residence in 2005

GCC countries	Total	Renewal [%]	Selected Arab countries	Total	Renewal [%]
Bahrain	2,397	62	Algeria	230	36
Kuwait	151,075	56	Iraq	41	22
Oman	7,847	58	Jordan	121,028	39
Qatar	24,440	50	Lebanon	5,816	72
Saudi Arabia	356,996	60	Syria	292	58
UAE	77,603	55	Yemen	891	70
Total	620,358			128,298	

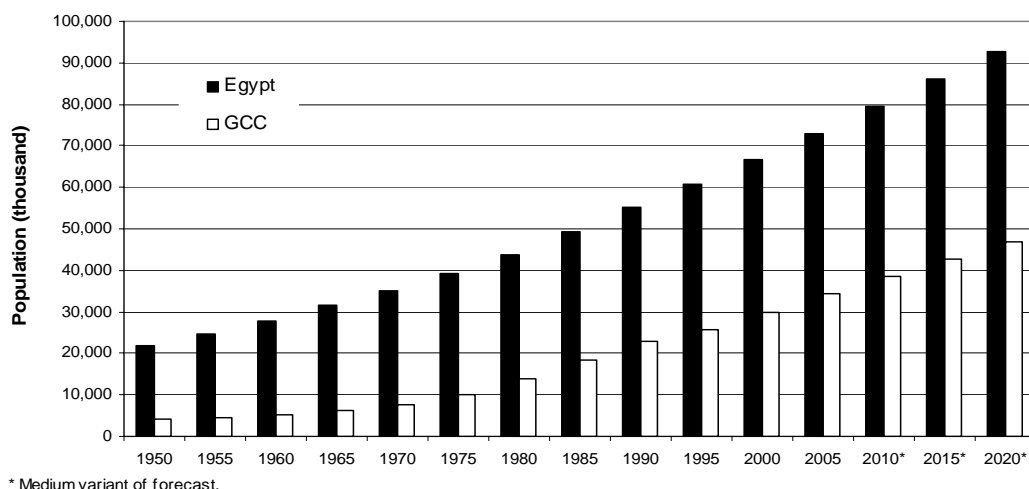
Source: CAPMAS (2007)

Annex D. Total fertility in Egypt and the GCC countries, 1950-2020



Source: United Nations Population Division (2007), <http://esa.un.org/unpp>.

Annex E. Population in Egypt and the GCC region, 1950-2020



Source: United Nations Population Division (2007), <http://esa.un.org/unpp>

Annex F. Arab students' achievement in mathematics and science in grade 8

Country	Mathematics		Science	
	Rank	Average score	Rank	Average score
Lebanon	1	433 (3.1)	9	393 (4.3)
Jordan	2	424 (4.1)	1	475 (3.8)
Tunisia	3	410 (2.2)	6	404 (2.1)
Egypt	4	406 (3.5)	4	421 (3.9)
Bahrain	5	401 (1.7)	2	438 (1.8)
Palestinian National Authority	6	390 (3.1)	3	435 (3.2)
Morocco	7	387 (2.5)	8	396 (2.5)
Syria	8	358 (3.7)	5	411 (3.7)
Saudi Arabia	9	332 (4.6)	7	398 (4.0)
<i>Arab average</i>		393 (1.1)		419 (1.1)
<i>International average</i>		467 (0.5)		474 (0.6)

() standard errors in parentheses.

Source: UNDP TIMSS (2004).

Annex G. Public investment in education in Egypt, 1995/96-2006/07

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
PRIMARY EDUCATION												
Number of schools	16,188	16,152	15,617	15,566	15,533	15,546	15,653	15,946	16,159	16,369	16,412	16,564
Number of classes	168,745	171,699	172,741	173,520	173,220	173,724	174,451	175,455	176,621	203,676	205,389	207,232
Total students	7,470,437	7,541,739	7,499,303	7,351,118	7,224,989	7,142,127	7,141,303	7,165,620	7,214,826	8,634,115	8,784,289	8,882,797
Average number of students per class	44	44	43	42	42	41	41	41	41	42	43	43
SECONDARY EDUCATION												
Number of schools	1,396	1,452	1,515	1,562	1,601	1,661	1,783	1,942	2,081	2,170	2,239	2,291
Number of classes	21,416	21,697	23,168	24,514	25,632	26,652	28,078	29,860	31,058	32,191	32,152	31,709
Total students	817,387	830,562	908,493	968,708	1,039,958	1,087,503	1,162,879	1,249,706	1,272,650	1,299,233	1,239,189	1,173,811
Average number of students per class	38	38	39	40	41	41	41	42	41	40	39	37
PUBLIC EXPENDITURE ON EDUCATION (In million L.E)												
Public expenditure	n.a.	n.a.	83,521	91,527	100,303	112,614	126,853	143,014	159,602	177,427	214,673	n.a.
Public expenditure on education	n.a.	n.a.	12,428	13,527	14,747	16,525	18,125	20,191	22,200	21,045	26,807	n.a.
Education expenditure as share of public expenditure (%)	n.a.	n.a.	14.9	14.8	14.7	14.7	14.3	14.1	13.9	11.9	12.5	n.a.
Pre-university education expenditure	n.a.	n.a.	9,060	9,541	10,490	11,926	13,177	14,597	16,053	15,549	19,268	n.a.
Pre-university education expenditure as share of education expenditure (%)	n.a.	n.a.	72.9	70.5	71.1	72.2	72.7	72.3	72.3	73.9	71.9	n.a.

Source: CAPMAS (2005, 2007).

Annex H. Remittances received by Egypt by country of origin, 1999/00-2005/06

COUNTRY	1999/00		2000/01		2001/02		2002/03		2003/04		2004/05		2005/06	
	US\$, mn	Share (%)	US\$, mn	Share (%)	US\$, mn	Share (%)	US\$, mn	Share (%)	US\$, mn	Share (%)	US\$, mn	Share (%)	US\$, mn	Share (%)
GCC COUNTRIES														
Saudi Arabia	737.6	24.1	681.3	24.0	621.2	21.0	634.4	21.4	639.6	21.3	725.5	16.8	775.8	15.4
Kuwait	410.9	13.4	222.3	7.8	376.4	12.8	254.3	8.6	205.6	6.9	589.2	13.6	922.8	18.3
UAE	283.0	9.2	301.9	10.6	349.4	11.8	302.9	10.2	278.8	9.3	371.6	8.6	729.0	14.5
Qatar	41.7	1.4	44.4	1.6	45.4	1.5	48.5	1.6	46.2	1.5	63.8	1.5	109.0	2.2
Bahrain	19.4	0.6	12.7	0.4	54.2	1.8	23.8	0.8	7.1	0.2	10.5	0.2	47.0	0.9
Oman	12.1	0.4	11.0	0.4	11.3	0.4	14.9	0.5	15.5	0.5	18.4	0.4	24.9	0.5
NON-GCC COUNTRIES														
Canada	9.6	0.3	6.2	0.2	5.9	0.2	8.3	0.3	8.7	0.3	12.9	0.3	11.4	0.2
France	46.6	1.5	48.8	1.7	47.3	1.6	63.3	2.1	63.4	2.1	68.7	1.6	49.8	1.0
Germany	91.2	3.0	96.6	3.4	89.1	3.0	125.9	4.2	131.1	4.4	230.5	5.3	198.4	3.9
Greece	4.0	0.1	5.6	0.2	5.2	0.2	7.9	0.3	8.4	0.3	11.6	0.3	13.8	0.3
Italy	33.6	1.1	34.6	1.2	32.4	1.1	48.3	1.6	64.3	2.1	74.9	1.7	54.0	1.1
Japan	6.6	0.2	14.0	0.5	8.6	0.3	9.0	0.3	3.8	0.1	19.8	0.5	17.1	0.3
Lebanon	16.4	0.5	14.6	0.5	10.3	0.3	18.0	0.6	14.6	0.5	20.6	0.5	27.6	0.5
Libya	3.3	0.1	2.6	0.1	3.0	0.1	1.6	0.1	2.7	0.1	2.1	0.0	3.5	0.1
Netherlands	9.9	0.3	16.5	0.6	12.0	0.4	22.4	0.8	36.6	1.2	25.9	0.6	19.3	0.4
Spain	5.1	0.2	3.1	0.1	3.4	0.1	10.7	0.4	6.3	0.2	12.4	0.3	15.2	0.3
Switzerland	135.1	4.4	105.4	3.7	119.9	4.1	97.7	3.3	91.5	3.1	102.7	2.4	143.1	2.8
United Kingdom	113.1	3.7	95.7	3.4	116.0	3.9	124.0	4.2	122.8	4.1	169.4	3.9	147.4	2.9
United States	1,018.8	33.2	1,048.8	36.9	955.9	32.4	1,025.9	34.6	1,111.1	37.0	1,619.6	37.4	1,516.3	30.1
Other countries	69.3	2.3	76.6	2.7	85.6	2.9	120.8	4.1	141.5	4.7	179.4	4.1	208.8	4.1
Total	3,067.3	100	2,842.7	100	2,952.5	100	2,962.6	100	2,999.6	100	4,329.5	100	5,034.2	100

Source: CAPMAS (2005, 2007).

Annex I. Remittances, FDI, ODA and external debt in Egypt, 1970-2006

Aggregate data					Per capita data			
Year	Remittances (BoP, current US\$)	FDI, net inflows (BoP, current US\$)	ODA & official aid (current US\$)	External debt, total (DOD, current US\$)	Remittances (current US\$/capita)	FDI, net inflows (current US\$/capita)	ODA & official aid (current US\$/capita)	External debt, total (current US\$/capita)
1970	n.a.	680,000	170,940,000	1,801,616,000	n.a.	0	5	51
1971	n.a.	2,310,000	126,120,000	2,049,120,000	n.a.	0	4	57
1972	104,200,000	30,000	127,910,000	1,952,426,000	3	0	3	53
1973	116,800,000	700,000	755,630,000	1,991,612,000	3	0	20	53
1974	268,200,000	130,000	1,246,160,000	2,209,482,000	7	0	32	58
1975	365,500,000	8,000,000	2,207,880,000	4,835,412,000	9	0	56	123
1976	755,100,000	..	2,013,440,000	6,357,335,000	19	n.a.	50	159
1977	927,665,123	104,777,603	2,343,990,000	11,733,543,000	23	3	57	287
1978	1,773,297,049	318,166,137	2,368,090,000	12,857,845,000	42	8	57	308
1979	2,213,571,432	1,216,285,716	1,451,120,000	14,905,846,000	52	28	34	349
1980	2,696,000,004	548,285,715	1,381,220,000	19,130,728,000	62	13	32	438
1981	2,180,857,146	752,571,429	1,293,150,000	22,077,637,000	49	17	29	494
1982	2,439,142,861	293,571,429	1,447,990,000	27,331,843,000	53	6	32	597
1983	3,665,857,148	490,000,000	1,456,510,000	30,235,058,000	78	10	31	645
1984	3,962,714,288	729,142,857	1,768,050,000	32,202,496,000	83	15	37	671
1985	3,211,714,286	1,177,571,428	1,759,180,000	36,137,332,000	65	24	36	735
1986	2,506,142,857	1,217,428,571	1,669,440,000	39,896,396,000	50	24	33	792
1987	3,604,285,714	947,714,285	1,723,110,000	44,147,342,000	70	18	33	856
1988	3,769,571,429	1,190,000,000	1,496,800,000	46,146,850,000	71	23	28	874
1989	3,293,454,545	1,250,181,818	1,538,940,000	45,683,705,000	61	23	29	846
1990	4,283,500,000	734,000,000	5,425,760,000	33,016,760,000	78	13	98	599
1991	4,054,000,000	253,000,000	5,008,840,000	32,649,581,000	72	4	89	580
1992	6,104,000,000	459,000,000	3,592,540,000	31,193,238,000	106	8	63	544
1993	5,664,000,000	493,000,000	2,382,610,000	30,675,232,000	97	8	41	525
1994	3,672,000,000	1,256,000,000	2,677,570,000	32,522,870,000	62	21	45	546
1995	3,226,000,000	598,000,000	2,010,470,000	33,498,692,000	53	10	33	552
1996	3,107,000,000	636,000,000	2,189,500,000	31,538,142,000	50	10	35	510
1997	3,697,000,000	890,550,000	1,984,770,000	30,102,021,000	59	14	32	478
1998	3,370,000,000	1,076,000,000	1,953,930,000	32,439,689,000	53	17	30	506
1999	3,235,300,000	1,065,300,000	1,580,530,000	31,044,919,000	50	16	24	475
2000	2,852,000,000	1,235,000,000	1,327,650,000	29,186,753,000	43	19	20	439
2001	2,911,400,000	509,900,000	1,255,630,000	28,167,574,000	43	8	19	416
2002	2,893,100,000	646,900,000	1,236,920,000	28,683,487,000	42	9	18	416
2003	2,961,000,000	237,400,000	986,750,000	29,446,271,000	42	3	14	419
2004	3,341,000,000	1,253,300,000	1,455,590,000	31,177,327,000	47	18	20	436
2005	5,017,300,000	5,375,600,000	995,110,000	30,096,307,000	69	74	14	413
2006	5,329,500,000	10,042,800,000	872,870,000	29,339,285,000	72	135	12	396

Source: World Bank: World Development Indicators, Halliday (1984), author's calculations.