

Combating Youth Unemployment in the Middle East and North Africa (MENA)

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Introduction

Many countries in the Middle East and North Africa (MENA) face today high rates of youth unemployment. The latest uprising in the Arab world, in countries as such Egypt, Libya, or Tunisia, has many reasons. One reason is that the demography shows a strong increase of young cohorts streaming onto the labor markets of most MENA countries (Stampini/Verdier-Couchane 2011). This so-called demographic “youth bulge” puts the labor markets in MENA countries heavily under pressure.

As a consequence, many MENA governments had to provide plenty of jobs for those with intermediate or higher education in the public sector, in order to avoid unrest among the urban youth. This, in turn led to large public sectors in many MENA countries. However, since the mid-1980s jobs in the public sector became less available. At the same time, the private sector has been unable to absorb those huge numbers of educated young adults resulting in high unemployment rates or employment in the informal sector (Binzel 2011).

Employment creation within the public sector accounted for more than one third of general employment in countries such as Iraq, Tunisia, Yemen and Egypt and has been stagnating. In addition to private investment rates which remained low varying between 10 and 15 percent from 1985 on, labor regulation imposes a major constraint in terms of employment creation (Angel-Urdinola et al. 2010). Against this background, all MENA countries face huge employment challenges. Employment rates belong to the lowest worldwide and accounted for only approximately 46 percent in 2008, while unemployment rates still constitute the highest amongst developing countries. Meeting these demanding challenges requires immense rates of economic growth. Although positive GDP growth occurred within the last decade, general employment could not benefit from that development across MENA countries (Angel-Urdinola et al. 2010).

All these countries can be divided into labor-importing countries, all members of the Gulf Cooperation Council (GCC) consisting of Bahrain, Kuwait, Qatar, Saudi Arabia, United Arab Emirates etc., and labor-exporting non-GCC countries such as Algeria, Egypt, Iran, Libya, Morocco, Syria, and Tunisia etc. Currently, family networks replace lacking social safety nets generating disincentives for young adults as regards job search activities (Kabbani, Kothari 2005). For example, in 2007 in Jordan, the unemployment rate among young adults was twice as high as among the adult population indicating a strong labor market disadvantage for youth compared to adults (Leman/Ozely 2009).

The school-to-work transition

Most employment opportunities during recent years emerged in the form of low-productivity activities within the informal sector. Since the labor market is not providing sufficient jobs for academics, young adults entering the labor market after graduating face serious problems in terms of capitalizing on the time and resources they spent during their studies. As a result, unemployment rates for those with only primary education was between 2 and 6 percent, whereas young adults with university education has been facing unemployment rates between 16 to 19 percent. Public jobs are associated with enormous benefits such as medical transportation, pension benefits as well as short work hours. Consequently, young educated adults wait for long periods to get one of those favored jobs, instead of working in the private sector. This, in turn, leads to long lasting unemployment spells (Angel-Urdinola et al. 2010).

In Tunisia, the general unemployment rate amounted to 14.2 percent in 2010, whereas the unemployment rate amongst young graduates aged 23 to 29 peaked 47 percent in 2007. Because most jobs had a short-term nature or were placed in the informal sector, about half of those employed in the private sector were looking for a better job (Stampini/Verdier-Couchane 2011). In 2002, average years of schooling in MENA countries accounted for 5.3 years. But still, the illiteracy rate among MENA females was at 47 percent (Kabbani, Kothari 2005). Some evidence suggests that the education system is unable to educate students with skills that meet the demand of the private sector (Shafiq 2011; World Bank 2004).

In Egypt, roughly 600,000 young people leave school each year, while there are only 200,000 jobs available. The situation is deteriorated by skills mismatches which exhibit an existing barrier for the school-to-work transition of young adults. It prevents employers from hiring young people. Similarly, lacking skills constitute a major constraint in terms of the business creation. Findings from a 'School Transition Survey' in 2007 display that 60 to 70 percent of all employers interviewed complained that first time job seekers were not equipped with the proper skills for the work place (Angel-Urdinola et al. 2010). In Tunisia, most demand for skilled labor is generated by the public administration, whose growth is meanwhile restricted owing to budgetary reasons, growing privatization, and deregulation. In contrast to this, most demand for unskilled workers has been located within the private employment sector encompassing amongst others agriculture, textile industry, and constructions. The scarcity of jobs within the public-sector led to rising unemployment amongst graduates (Stampini/Verdier-Couchane 2011).

Meanwhile, half of all job seekers belong to the group of new entrants to the labor market who are fresh from school. In 2007, amongst young people aged between 23 and 29 in Tunisia, 72 percent did not finish secondary school, while 13 percent hold a high school degree. Only 6 percent completed vocational training and 9 percent a four years or longer university degree. In the same year, out of 100 young adults aged between 23 and 29 only 49 held a regular job, 8 occupied a seasonal or casual job, 18 were self-employed and 26 unemployed (Stampini/Verdier-Couchane 2011).

Graduates from University were associated with a high rate of unemployment: 40 percent against 24 percent for non-graduates. Nearly half of all graduating in social science and hard sciences were employed in public services (Stampini/Verdier-Couchane 2011).

Vocational and educational training (VET)

After leaving school, VET programs are in place to ensure the transition from school to work. Vocational secondary or technical post-secondary programs are part of the formal school structure and are organized by government agencies. For those, who left school early, some MENA countries offer so-called “second-chance”-programs installed to safeguard specific occupational skills for the labor market. In the vast majority of MENA countries, secondary education is the standard education, whereas less than 10 percent of secondary students are involved in vocational or technical training. Syria, Lebanon, Bahrain, Libya and Egypt constitute exceptions with more than 10 percent of secondary school students taking part in vocational training. Nevertheless, as the World Bank notes, the picture of VET across MENA countries is mixed, that is, VET systems are in place without taking into account market needs or any closer connection to the private sector (World Bank 2002). Similarly, a clear consistent national strategy is missing. Some countries have already introduced dual-system programs combining training and apprenticeships by joint public-private programs. It appears that school-to-work programs like school enterprises and internships might help encourage higher education and employment (Kabbani, Kothari 2005).

Active labor market programs (ALMPs)

The World Bank analyzed all non-publicly ALMPs aiming at integrating young adults into the labor market. For 2010, several programs could be identified across most MENA countries, most of them were found in Egypt (17), Morocco (14), West Bank and Gaza (13) and the Lebanon (10). Amongst the largest programs were “The Advancing Learning and Employability for a Better Future (ALEF)” in Morocco with about 270,000 beneficiaries per year, the INJAZ program in Jordan (but operating in some 12 MENA countries) with approximately 110,000 beneficiaries per year. The program encompasses the mentorship of business leaders who are brought into public school classrooms one hour per week to provide students with basic business skills. “The Info Youth Centre IT Training” program in Tunisia reaches roughly 50,000 beneficiaries and the “Vocational Training Promotion Program in Algeria 30,000 beneficiaries per year. But all programs across countries exist solely in larger firms, small and medium-sized enterprises are not involved. The vast majority of those programs is funded by international donors such as, for example, the United States Agency for International Development (USAID) and the German Society for International Cooperation “Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)” (Angel-Urdinola et al. 2010).

More or less half of the programs by GIZ were financially supported by local governments or ministries. However, less than 5 percent of all training providers were coordinated by central institutions (such as Public Employment Offices or Ministry of Labor). That is, most programs operate without any closer connection to public stakeholders. The reasons for this are twofold: Firstly, no common platforms for interaction exist and secondly, training providers fear bureaucratic red tape, since training providers face tremendous impediments in view of the coordination of the training programs (Angel-Urdinola et al. 2010).

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