

Youth Employment in Arab Mediterranean Countries: The Key to the Future

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Of the 180 million inhabitants of the eight Arab Mediterranean Countries (AMCs: Morocco, Algeria, Tunisia, Egypt, Palestine, Jordan, Lebanon and Syria), nearly 70 million (40%) are between the ages of 15 and 34. Of these, 15% of the males and 47% of the females, equal to some 20 million people (three quarters of them, young women), are neither in the educational system nor in the job market. Another five million are unemployed, the vast majority seeking their first job. Two thirds of the remaining 45 million young Mediterranean Arabs scrape by with informal jobs at subsistence wages (the minimum wage tends to act as a salary cap for the informal sector and ranges from 102 euros a month in Egypt to 256 euros a month in Lebanon) with no type of social security coverage or prospects for improvement. Over the next ten years, through 2020, at least 30 million more young people will join the workforce as a result of growth in the working-age population. It is thus hard to think of a more critical factor for the future of these countries (and of their economic and social relations with Europe) than the job prospects of these youths.

The largest youth generation in the history of the Arab Mediterranean is facing a dire equation whose main variables are: i) job prospects that are essentially limited to the informal sector (with wretched wages and working conditions that in no way constitute a decent job; see Middle East Youth Initiative 2009); ii) an increasingly widespread desire to emigrate; and iii) inadequate education and training to meet the needs of the job market (in both their home countries and Europe). Given this panorama, at the First Euro-Mediterranean Ministerial Conference on Employment and

Labour, held in Marrakesh in November 2008, the Ministers approved a 'Framework of Actions' to tackle the problem of employment in the Mediterranean at the regional level. This essentially means tackling the problem of youth unemployment, since 80% of the region's unemployed are young people between the ages of 15 and 34 (see Table 12).

Indeed, Arab Mediterranean Countries have the world's lowest labour participation rates (only 46% of the working-age population is in the job market, primarily because the region also has, at less than 25%, the world's lowest female participation rate). At the same time, they have the world's highest average unemployment rates (close to 15% of the labour force, equal to some 7 million unemployed). Taken together, these figures mean that only one in every four inhabitants has a job, and this figure does not reflect the fact that nearly half these jobs are informal.

Unemployment rates are especially high among young people and women. These groups have hardly benefited from the increased job creation the region saw from 2002 to 2007, a period of strong economic growth. They moreover run the risk of suffering the impact of the current global economic crisis more strongly than other population groups (Middle East Youth Initiative 2009). As seen in Table 12, in Algeria, Morocco, Jordan and Lebanon, unemployment among young people aged 15 to 25 more than doubles that of the labour force as a whole and, at an average of 21.6%, is far higher than the world average of 14%. (In fact, these rates are also the highest in the world.) Rates of over 15% were also registered in most AMCs for the 25-to-34-year-old age bracket.

Migratory Pressure and Economic Cost

Given this panorama, it is unsurprising that several surveys conducted in the region show that the most

TABLE 12 Unemployment by Age and Sex (last year available)															
Unemployment (2007, last year available) (by age, thousands)	Morocco			Algeria			Tunisia			Egypt			TOTAL		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
	794.5	297.6	1,092.1	1,072	302.7	1,374.7	334.1	174	508.1	861.6	1,074.1	1,935.8			
15-24	17.90%	15.50%	17.20%	25.35%	39.93%	27.38%	31.58%	30.94%	31.4%	10.3%	27.0%	14.6%			
25-34	13.80%	15.80%	14.40%	16.14%	22%	17.31%	17.43%	22.45%	19.9%	9.6%	38.7%	17.5%			
35-44	5.60%	6.50%	5.90%	6.06%	6.56%	6.11%	5.27%	7.55%	5.9%	2.2%	13.1%	4.9%			
45-54	2.80%	1.50%	2.40%	3.20%	2.50%	3.11%	3.26%	3.31%	3.3%	0.8%	1.1%	0.9%			
55-64	0.60%	0.40%	0.60%	1.50%	1.96%	1.53%	3.11%	1.48%	2.9%	0.6%	0.0%	0.5%			
Unemployment rate	13.9%	20.9%	15.4%	12.9%	18.3%	13.8%	12.8%	17.8%	14.1%	4.7%	18.6%	8.3%			
	Palestine			Jordan			Lebanon			Syria			TOTAL		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
(by age, thousands)	190	38	228	142	66	208	111	35	153	734	710	1,444	4,239.2	2,697.4	6,943.7
15-24	38.8%	47.3%	40.2%	23.0%	47.8%	28.3%	20.0%	18.9%	19.7%	%	%	%	21.0%	28.5%	21.6%
25-34	25.1%	27.2%	25.5%	8.0%	24.8%	12.0%	6.4%	9.2%	7.2%	%	%	%	14.0%	30.1%	16.9%
35-44	21.3%	11.0%	19.5%	5.2%	11.6%	6.3%	3.7%	6.0%	4.2%	%	%	%	5.7%	10.4%	6.1%
45-54	20.8%	6.1%	18.4%	4.4%	5.9%	4.6%	3.1%	3.3%	3.1%	%	%	%	3.5%	1.8%	2.9%
55-64	20.3%	2.6%	16.9%	3.8%	3.5%	3.8%	3.3%	1.8%	3.1%	%	%	%	2.4%	0.7%	1.9%
Unemployment rate	26.5%	23.5%	25.6%	12.0%	25.0%	13.8%	8.8%	10.2%	9.2%	14.5%	53%	23.6%	12.2%	27.9%	14.9%

M=Men W=Women

The average unemployment rates are weighted by population.

Source: Martin (2009).

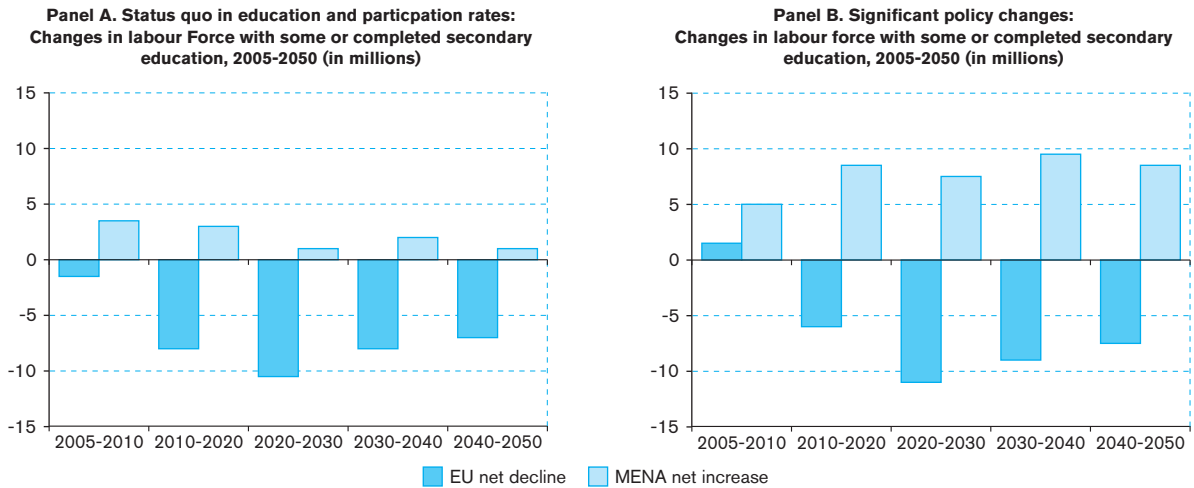
common aspiration for a growing number of the region's young people is to emigrate. According to one survey conducted by the Palestinian Central Bureau of Statistics, one third of young Palestinians between the ages of 10 and 29 wish to emigrate (45% of young men and 18% of young women). Another statistical study conducted in Algeria in 2002 showed that 37% of young Algerians wish to emigrate (44% of young men and 29% of young women), and three consecutive surveys conducted in Tunisia in 1996, 2000 and 2005 showed that, despite the fact that Tunisia has some of the most robust socio-economic indicators in the region, the desire to emigrate is not only widespread, but also on the rise, having climbed from 22% in 1996 to 75.9% in 2005 (84.2% of young men and 66% of young women) (see Fargues 2009, pp. 20-21). Such high rates can only be seen as indicative of economic failure on all counts.

However, in addition to reflecting the lack of viability of the AMCs' current economic model, the de facto exclusion of youths from the job market has a high economic cost. Based on the assumption that young people earn on average 80% of the average national wage and that women earn, on average, 25% less than men, it is possible to calculate the exact cost to the national economy of this youth exclusion from the job market (Chaaban 2008, p. 8). Assuming that youth employment rates should be equivalent to the

rates for adults (arguably it would be unrealistic to assume zero unemployment for youths), youth unemployment has an annual cost in terms of foregone income of 1.76% of GDP for Algeria, 1.38% for Egypt, 1.84% for Jordan, 1.07% for Lebanon, 3.6% for Morocco, 2.36% for Syria and 1.69% for Palestine, with a total yearly cost for these seven countries of USD 14.4 billion (adjusted for purchasing-power parity -PPP). However, if we broaden the scope to include not only unemployed youths, but also inactive youths who are not engaged in the educational system (which better reflects the true cost of the inability of youths to enter the job market, especially with regard to young women), the cost of youth exclusion from the job market based on the same assumptions as above, skyrockets: the yearly cost amounts to 9.09% of GDP for Syria, 7.29% for Egypt, 4.14% for Jordan and 2.74% for Lebanon, for a total annual cost of USD 28.8 billion (adjusted for PPP). These figures clearly show that few economic policy measures could have a stronger impact on these countries' economic development than the promotion of youth employment.

The Education Factor

In fact, the real figures are even more discouraging, as the unemployment data reveal that unemployment rates increase in accordance with young people's



Source: World Bank (2009, p. xxi).

education levels: the average unemployment rate among university graduates (17.4%) is more than twice as high as the rate for workers with no or only primary education (among women, this trend is especially acute, with unemployment rates among university graduates topping 25%). The problem of unemployment among university graduates, although it does not prevail in absolute terms (this group accounts for just over 1 million of the region's 7 million unemployed), is not only a glaring waste of educational investment (5% of the region's GDP, compared to 3% in Latin America or East Asia), but also calls attention to the vast chasm separating the region's education and vocational training systems from the needs of its job markets. It is not that the AMCs are producing too many university graduates (no more than 15% of the region's labour force holds an undergraduate degree), but rather that just as most of these countries have achieved, or are about to achieve, universal primary education, the job market is pointing up the inadequacy of their educational systems. The problem is, in part, due to the quality of their educational systems. However, it can also be traced to the heavy concentration of university students in disciplines, such as the humanities or social sciences, primarily geared toward the public sector, which is no longer able to guarantee jobs for recent graduates as it did up until the 1980s. In contrast, the technical, scientific, engineering and management fields required by the private sector attract far fewer students. Nor have the region's secondary school and technical and vocational training systems fared any bet-

ter. A recent study by the World Bank on job markets and mobility between Europe and North Africa and the Middle East (MENA) showed that the education levels of the burgeoning labour force in Arab Mediterranean Countries were not suited to meet the growing labour demand, especially for workers with medium-level skills, that Europe will experience over the next fifty years as its population ages (World Bank 2009). Chart 26 shows this mismatch between the educational profile of the labour force in Arab Mediterranean Countries and the European labour demand both if educational reforms are not undertaken and current labour participation rates are not increased (Panel A) and if a substantial investment is made in education and labour participation rates are stimulated (Panel B).

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As indicated by the World Bank, 'the labor force [in Middle Eastern and North African countries] is currently predominantly low skilled. If these ratios do not change (and assuming constant labor force par-

participation rates), [by 2050,] the labor force under 40 years of age will mainly expand among those with primary education or less (25 million) and to a much lesser extent among the secondary educated (25 million) and the tertiary educated (7 million). [...] Poor education outcomes in MENA countries remain an obstacle to compete in global labor markets'. Although the average years of schooling among the region's labour force almost doubled between 1980 and 2000 (climbing from fewer than three years to more than five), it continues to be almost two years less than the average for countries in Latin America and East Asia.

Thus, upgrading educational policy in these countries is another key to their future development, a fact that should be given serious consideration with regard to Euro-Mediterranean cooperation. Indeed, many of the policy actions and institutional reforms that will be needed to increase these countries' competitiveness in the global labour market and promote job mobility are in keeping with those needed to foster private-sector job creation and labour productivity growth at home. In other words, some of the factors blocking economic growth and domestic job creation may also lessen the potential for higher migration benefits in the sending countries (World Bank 2009, pp. xx-xxi).

Towards a Euro-Mediterranean Strategy?

In light of these prospects, the Euro-Mediterranean Partnership, which, until 2005 did not undertake any direct action or programme in the field of employment (see Aita, Martín, *et alia* 2008, and Lannon and Martín 2009, pp. 17-23), seems to have begun to equip itself with policy instruments to tackle this challenge. Thus, the First Euro-Mediterranean Ministerial Conference on Employment and Labour, held in Marrakesh on 9 and 10 November 2008,¹ addressed 'concrete initiatives and proposals to promote employment creation, the modernisation of labour markets, and decent work', undertaking to develop a 'Framework of Actions which would contribute to developing a genuine social dimension within the Euro-Med agenda'. The Ministers moreover stressed 'the need for a better match between –current and future– labour market needs and the development of necessary skills through [...] enhanced education and vocational training as

well as through reforms at national and regional levels concerning the framework of qualifications and competencies', whilst at the same time underscoring the benefits of Euro-Mediterranean cooperation in this sphere.

The Ministers also acknowledged that, in addition to high economic growth rates, the situation calls for a greater investment in human capital, training and employability, as well as concrete job creation measures and an improved environment for said investments. They further emphasised the interdependence between employment, education and training, social cohesion, economic development and growth and sustainable development and called for an integrated approach whereby economic, fiscal, employment, social and environmental policies, as well as education and training policies, would be defined and implemented together.

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Having made the diagnosis and defined the framework for political action, the Ministers then committed themselves to a regional Framework of Actions based on the objectives set out in the Annex to the Conclusions, namely: i) create more jobs, including through active employment policies; ii) enhance employability and human capital; iii) create better jobs and decent employment opportunities; iv) promote equal opportunities for men and women; v) integrate more young people into decent jobs; vi) design a comprehensive strategy for transforming informal employment into formal employment; and vii) manage labour migration, taking into account the job market needs of both sides of the Mediterranean. Specifically with regard to youth employment, the stated objective consists of 'integrating more young people into productive, formal employment' through measures that: i) ensure equal access for both sexes

¹ Conclusions: http://ec.europa.eu/external_relations/euromed/conf/employment_health_conclusions_1108_en.pdf.

to all levels of quality education by 2015; ii) take into account the Cairo Declaration on Higher Education; iii) reduce the mismatch between young people's education and professional aspirations (in particular, with regard to the public sector) and actual job market needs; and iv) to this end, prioritise expanding and improving the quality of vocational training, whilst at the same time making it more attractive to young people.

Finally, the Ministers established a follow-up mechanism to monitor the implementation of the Framework for Actions, consisting of a Working Group that 'will collect information and data on national trends and policy developments, identify and exchange best practices, as well as address issues which arise in the implementation of the Framework of Actions. The partner countries will provide the group with the information needed for drawing up during 2010 a follow-up report on progress under the Framework of Actions'. This progress report will be based, in the case of the Mediterranean partner countries, on national action plans and progress reports to be submitted by 2009 and, in the case of EU Member States, on the reports submitted within the framework of the EU's Lisbon Strategy.

A framework for action has thus been defined. The challenge now consists of equipping it, at the Second Ministerial Conference to be held in 2010 precisely under the Spanish Presidency of the EU, with the appropriate instruments to enable medium-term progress towards a true Euro-Mediterranean Employment Strategy able to address the issue of employment at a regional level as what it is: a regional challenge.

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