

“Rethinking policies toward youth unemployment: What have we learned?”

Background Note¹

1. Background

The Annual Ministerial Review (AMR) is a key function of the United Nations Economic and Social Council (ECOSOC) established by Heads of State and Government at the 2005 World Summit. It was mandated as an instrument to track progress and step up efforts towards the realization of the internationally agreed development goals, including the Millennium Development Goals (MDGs), by the 2015 target date.²

Over the last five years, the ECOSOC AMR has assumed an important role in assessing and reviewing progress (or lack thereof) in the implementation of these goals. The AMR process features three main elements: national voluntary presentations, country-led regional reviews and a global review, based on a comprehensive report by the Secretary-General. These elements are complemented by an innovation fair and, prior to the session, a global preparatory meeting and e-forums on the theme of the AMR.³

The first AMR was held in July 2007 in Geneva and focused on poverty and hunger (MDG1). The following AMR sessions focused on, respectively, goals related to sustainable development (MDG7) in 2008; health (MDG 4, 5, 6) in 2009; gender (MDG3) in 2010, and education in 2011. All AMR sessions are preceded by multi-stakeholder regional consultations.⁴

¹ Prepared by the Social Development Division of the Economic and Social Commission for Western Asia, with inputs from the regional office for the Arab States of the International Labour Organization and the United Nations Department of Economic and Social Affairs. The note was planned in preparation for the Western Asia regional preparatory meeting on “Rethinking policies toward youth unemployment: What have we learned?” for the 2012 AMR of ECOSOC, to be held 27-28 May, Doha, Qatar. The meeting was cancelled due to unforeseen circumstances.

² A/RES/60/1, Para. 155 (c).

³ For more information, see: <http://www.un.org/ecosoc/newfunct/amr.shtml>

⁴ In 2007, the Government of Brazil hosted a regional consultation for Latin America and the Caribbean on the “*Key challenges of financing poverty and hunger eradication in Latin America*” (Brasilia, 17-18 May). In 2008, Bahrain hosted a regional meeting for Western Asia on “*Sustainable Urbanization*” (Manama, 1-2 June). In 2009, there were five regional ministerial meetings hosted respectively by: Sri Lanka for South Asia on “*Financing Strategies for Health Care*” (Colombo, 16-18 March); China for Asia and the Pacific on “*Promoting Health Literacy*” (Beijing, 29-30 April); Qatar for Western Asia on “*Addressing Non-communicable Diseases and Injuries: Major Challenges to Sustainable Development in the 21st Century*” (Doha, 10-11 May); Jamaica for Latin America and the Caribbean on “*HIV and Development in Latin America and the Caribbean*” (Montego Bay, 5-6 June); and Ghana for Africa on “*e-Health*” (Accra, 10-11 June). In 2010, Senegal hosted a regional meeting for West Africa on “*Women and Health*” (Dakar, 12-13 January). In 2011, the following four consultations were held: Qatar, on “*Innovative Approaches to Reaching Women, Girls and the Marginalized in the Arab Region*” (Doha, 9 December 2010); Thailand, on “*Education and the Millennium Development Goals*” (Jomtien, 24 March 2011); Togo on “*The right to Education for All in Africa: Reinforcing quality and equity*” (Lomé, 12 April 2011); and Argentina, on “*Key Education Challenges in Latin America and the Caribbean: Teachers, Quality, and Equity*” (Buenos Aires, 12-13 May 2011). For 2012, the following two consultations have been held: Japan, on “*Promoting productive capacity, employment and decent work in Asia and the Pacific: a regional approach to sustained, inclusive and equitable growth and achieving the MDGs*” (Kyoto, 7 December 2011); and Ethiopia, on “*Small and medium enterprises (SMEs) as drivers of productive capacity and job creation*” (Addis Ababa, 25 March 2012).

The theme for the 2012 ECOSOC Annual Ministerial Review is “*Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the MDGs*”.

The objective of regional consultations is to support the preparations for the AMR and to enable countries to engage at an early stage in the process leading to the AMR session to be held during the ECOSOC high-level segment in New York, in July 2012.

They can also support the global review by focusing, in addition to the overall performance of the region in achieving the development goals related to productive capacity and employment (2012 AMR theme), on one specific aspect relevant to countries in the region. The outcome of such review would contribute to the analysis that will support the Council’s deliberations in July.

The expected value-added of the meeting include:

- Examination in greater depth of the question of employment, its role in promoting social development and how it relates to youth in the Western Asian region
- Examination of progress in achieving the education and development agenda in the region and related challenges, especially those that could best be addressed through regional cooperation
- Exchange of lessons learned and replicable examples of good practices
- Promotion of stakeholder engagement – governments, civil society, UN system institutions and private sector – early on in the AMR process
- Provision of an opportunity to prepare the launch of new partnership initiatives at the AMR July 2012 session, in New York

2. Introduction

The recognition that young people in the Western Asia⁵ region face major difficulty in accessing decent and productive work precedes the uprisings across the Arab region which began in December 2010. The negative effects of un- and under-employment on young people have taken various forms over the previous few decades, including vulnerability to poverty, difficulties in family formation, and anti-social behaviours. These frustrations have therefore been key concerns for policy makers and societies across the region for some time. However, the recent protests, which focused partly on economic difficulties and involved young people in key roles, have sharpened the focus on the issue of youth employment. With youth unemployment in the Western Asia region far above the global average, particularly among young women, and with working young people often trapped in vulnerable employment, often in the informal sector of the economy, Governments throughout the region have tried to develop programmes and policies in response.

This background note will aim to outline the key issues related to youth employment; discuss what policy measures have been taken in this area; highlight some experiences from different countries; and discuss the capacity building needs of the Governments of the region. Each section will conclude with a series of questions to facilitate discussions during the meeting.

3. Youth employment and social cohesion: assessing progress

⁵ The Western Asia region is defined as the member countries of the Economic and Social Commission for Western Asia, namely: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, the Sudan, the Syrian Arab Republic, the United Arab Emirates, and Yemen.

The current youth population of the Western Asia region is the largest in the region's history, both in terms of its absolute numbers and as a proportion of the overall population. In 2010, there were 50, 859, 000 people aged 15-24⁶ in the region, representing 19.66 per cent of the total population, compared to a global average of 17.33 per cent.⁷ This large youth population is the result of long-term demographic trends, including a sharp reduction in birth rates due to declining infant mortality; a relatively small population of older persons due to previously low life expectancies; and cultural changes. The prominence of youth as a socio-demographic group varies by country, with demographic changes having happened at different periods. For example, high fertility rates in the Sudan, Iraq, Palestine and Yemen mean that the number of youth and their prominence as a proportion of the total population is likely to increase dramatically over the next twenty years. On the other hand, Lebanon, the United Arab Emirates and Oman are likely to see a decline in the proportion of the population made up of young people.⁸ Nonetheless, throughout the region the youth population is an important one.

Moreover, compared to previous youth cohorts, this cohort is better educated than ever before. The number of students enrolled in educational institutions has increased from over 10 million in 1980 to over 55 million in 2009. Although this represents to some extent the growing numbers of people needing education, there has also been a major increase in enrolment rates across the region, with rates as high as 98.8 per cent of children enrolled in primary education in Bahrain in 2009. Although progress in primary enrolment is needed, particularly in the region's least-developed and conflict-affected countries, nonetheless 88 per cent of youth in the region are literate.⁹

A large youth population with a relatively small dependent population is referred to as the "demographic window of opportunity". That is, because the growth of working-age people outnumbers dependent children and older persons, Governments can direct spending to productive sectors of the economy, infrastructure and institutions and people to household savings and asset accumulation.¹⁰ Moreover, from a governmental perspective, a smaller number of dependents also enables increased per capita spending on social services, improving outcomes from these services.¹¹ This large youth population could therefore be a major boost to the development of countries in the Western Asia region, freeing large amounts of capital for investment in job creation, human capital formation and poverty reduction. For example, it has been argued that "more than 40 percent of the higher growth in East Asia over Latin America in 1965-90 [is attributed] to the faster growth of its working-age population and better policies for trade and human capital development"¹². This outcome, however, is contingent on young people being able to find decent, productive jobs¹³ which enable them to thrive rather than simply subsist.¹⁴

⁶ This age group corresponds to the United Nations definition of youth, although many of the issues raised in this paper and meeting will also be of relevance to young people on either side of this age bracket

⁷ Economic and Social Commission for Western Asia (ESCWA) (forthcoming a),

⁸ ESCWA (forthcoming a), p. 16

⁹ ESCWA (forthcoming a), pps. 20-25

¹⁰ Pool (2011),

¹¹ World Bank (2006), p. 36

¹² World Bank (2006), p. 4

¹³ This paper will use the definition of decent work adopted by the International Labour Organization, as "opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men." See <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>

¹⁴ Pool (2011) pps. 10-15

Beyond the macroeconomic perspective, the large youth population is also important from a social perspective. Youth is a transitional period, in which young people move from childhood to adulthood, from education to work, and from dependency to taking on new responsibilities such as starting a new family. Evidence suggests that this period shapes people's futures: if a young person transitions successfully from education to decent and productive employment, it will have lasting effects on their chances of preventing poverty throughout their life-cycle. However, if young people are not able to make this transition successfully – if they are not able to find decent work, are forced to be unemployed for long periods or enter into informal sector work – then they will have an increased risk of vulnerability to poor-quality work and poverty.

A large youth population can also be a potential source of political instability. Social cohesion, defined as “the inclusion of all social groups into mainstream society, a fair distribution of income and opportunities, an investment in education and health, as well as support to voice their aspirations, social accountability and upward social mobility”¹⁵ is a key component of peace and stability. Low levels of social cohesion can result in social instability and exacerbate development challenges¹⁶ This is a major risk where unemployment among specific sectors of society, such as youth, is high. In fact, there is a correlation between large cohorts of young people and increased political violence, particularly in countries facing economic decline where few young people have secondary-level education.¹⁷ This reflects the frustration and injustice that people feel in response to relative and absolute poverty and vulnerability, which limit their choices and prevent them from being able to lead the lives they want. This alienation can lead young people to engage in destructive behaviour and, when coupled with a lack of political freedom, to reject political systems (sometimes violently). For social stability, it is therefore also important to ensure young people's access to decent and productive employment through education and employment policies.

Given the size of the youth population and its broader impact, youth employment is an issue of central importance to the current and future economic and social development of the Western Asia region. If this large and relatively well-educated youth cohort is able to successfully transition from dependency to decent and productive employment, then the countries of the region will receive an important boost to their development processes through the availability of increased capital and savings for investment and a workforce that is largely protected from poverty risks later in life. However, if young people are not able to access decent employment, then countries in the region risk missing a major development boost, in addition to having populations that face vulnerable situations and increased risks of political unrest due to the lack of social cohesion.

Current Trends in Youth Employment in the Western Asia Region

Current trends in youth employment in the Western Asia region are alarming. Generally, this is expressed in terms of youth unemployment. Youth unemployment rates in the Western Asia region are well above the global average of 12.7 per cent in 2010;¹⁸ in the Arab region,¹⁹ the youth unemployment rate stood at 24.6 per cent in the same year. Even in the wealthy countries of the Gulf Cooperation Council (GCC),²⁰ the rate was 19.9 per cent.²¹ In numerical

¹⁵ ESCWA (2012a), p. 4

¹⁶ OECD (2012), p. 58

¹⁷ Urdal (2012)

¹⁸ ILO (n. d. b)

¹⁹This region covers: Algeria, Bahrain, Egypt, Iraq, Jordan, Lebanon, Libya, Kuwait, Morocco, Oman, Palestine, Qatar, Saudi Arabia, the Sudan, the Syrian Arab Republic, Tunisia, United Arab Emirates, Yemen.

²⁰ Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

²¹ Calculation based on ILO (N.D.b) for the 18 Arab countries

terms, this represented 5,613,000 unemployed young people in the Arab region, an increase of just under half a million young people from 1998. With the exception of Lebanon and Palestine, first-time job-seekers made up the majority of unemployed people in Western Asian countries.²²

Although affected by the global economic crisis which began in 2007, Table 1 shows that these rates have remained relatively stable (with some exceptions) over the past 12 years.²³ Disaggregating these figures by gender shows that although there are more unemployed young men than women, young women have much higher rates of unemployment than young men. Evidence suggests that those with relatively high levels of education are particularly affected by unemployment.²⁴ Given their importance in the overall population and as a share of the total unemployed population, it can be said that the unemployment problem in the Western Asia region is a youth unemployment problem.²⁵

Table 1. Youth Unemployment in 1998 and 2010

Youth Unemployment								
	1998				2010			
	Unemployed (thousands)		Unemployment Rate		Unemployed (thousands)		Unemployment Rate	
	Males	Female	Males	Female	Males	Female	Males	Female
Arab States	3,307	1,813	22.7	34.8	3,444	2,169	20	36
North Africa ²⁶	2,139	1,249	23.4	34.2	1,826	1,361	18	34
Middle East Excl. GCC ²⁷	1,000	467	22.5	36.5	1,369	645	25	42
GCC	168	97	17.9	34.9	248	164	16	34

Source: ILO, *Key Indicators of the Labour Market*

However, the problems faced by young people in accessing employment cannot be reduced to unemployment. Youth participation in the labour market in Western Asia is also far below the global average of 48.8 per cent in 2010; in the Middle East it was 30.3 per cent, and in North Africa it was 33.6 per cent, a steady decrease from 32.5 and 36.4 per cent, respectively, since 1998.²⁸ Again, these global figures can be disaggregated to show the gender gaps in participation, with 46.7 and 47.2 per cent of young men from the Middle East and North Africa participating in the labour market, compared to 12.9 and 19.5 per cent of young women.²⁹ Insofar as this represents increased enrolment in higher education, this is a positive phenomenon. However, it may also represent labour market discouragement and social and cultural barriers to young women participating in the labour force.

A final concern relating to youth employment in the Western Asia region relates to the quality of work that young people are able to find. Lower unemployment rates for less-educated youth do not necessarily suggest that they are succeeding in the labour market. The largest sources of employment for these young people are low-skill and low-productivity jobs

²² ESCWA (forthcoming a), p. 38

²³ ILO, N.D. b

²⁴ ESCWA (2012b) p. 12

²⁵ Radwan (2009), p. 12

²⁶ Algeria, Egypt, Libya, Morocco, the Sudan and Tunisia

²⁷ Iraq, Jordan, Lebanon, Palestine, the Syrian Arab Republic and Yemen

²⁸ ILO (2011), p. 10

²⁹ ILO (2011), p. 10

in sectors such as agriculture, construction, trade and hospitality, much of which is in the informal sector.³⁰ In 2008, it was estimated that informal employment represented 55 per cent of non-agricultural employment in Egypt, and 42 per cent in the Syrian Arab Republic.³¹ Most people involved in the informal sector are employed in un- or semi-skilled positions in micro- and small enterprises, with “low wages [estimated to often be below the minimum wage], precarious work conditions and [a] lack of social protection”.³² Moreover, although a few young people break out of informal employment, most of those who begin working in the informal sector are trapped there.³³ Finally, high levels of poverty in rural areas of countries such as Egypt suggest that people in these regions have difficulty accessing decent employment.³⁴

What Problems Do Youth Face in Accessing Employment in the Western Asia Region?

In all regions, young people have difficulties finding a first job. Lacking experience and qualifications, young people are not always seen as potential assets, with older, more experienced workers being preferred. Moreover, they tend to lack information and networks that would enable them to find jobs to match their skills. Finally, some level of frictional unemployment is explained by the fact that young people lack the protection afforded by long-term contracts that older workers are more likely to have. As a result, they are more vulnerable to dismissal and may have to work in several different jobs before finding one that suits their skills and interests.³⁵ However, this does not explain why the level of youth unemployment in Western Asia is so high, or why the quality of jobs is so low. Young people’s difficulties accessing decent employment in this region stem from a number of factors, some of which are specific to youth (supply side factors), while others are linked to broader economic and labour market trends in the region (demand side factors).

On the demand side, the broad labour market context in the region is not favourable for the creation of decent jobs. As noted above, macro-economic trends do not promote high-value-added, highly-skilled jobs, and result in marginal and insecure employment instead. In many countries in the region, this reflects the importance of the extractive industries, which, along with real estate, attract most foreign direct investment (FDI). Therefore, relatively little capital flows toward high-productivity industries, reducing the potential for the creation of decent jobs. Although efforts at diversification of economies are ongoing in many countries, low-productivity sectors remain the fastest-growing sectors in the region.³⁶ This is often supported by the accessibility of cheap, easily-controlled foreign labour in these sectors, which reduces incentives to invest in higher-productivity processes.³⁷ Meanwhile, in countries affected by conflict and foreign occupation, the restrictions imposed by conflict on education and economic activity prevent the creation of jobs for young people.³⁸

In many countries, public sector employment was historically able to make up for the lack of opportunities in the private sector. However, the broad trend in public sector employment has been downwards, so young people are not able to access the lifetime employment this system provided their parents. This has further complicated young people’s entry onto the labour market, particularly that of young women.³⁹ The high level of unemployment among

³⁰ ESCWA (2012b), p. 21

³¹ Radwan (2009), p. 11

³² ESCWA (2012b), p. 23

³³ ESCWA (2012b), p. 23

³⁴ Radwan (2009), p. 10

³⁵ World Bank (2006), pps. 102-105

³⁶ ESCWA (2012b), p. 62 & p. 72

³⁷ Baldwin-Edwards (2011), p. 24

³⁸ ESCWA and LAS (2007), p. 14

³⁹ Dhillon and Youssef (2007), p. 11

educated young people can generally be explained by the fact that they are waiting for an opportunity in this shrinking pool of public sector jobs, and because opportunities available to them in the private and the informal sector are unattractive.

Those who are less-educated or less well-off, however, generally lack the means and the support of unemployment benefit schemes to spend a long period of searching for a job corresponding to their skills and profile. As a result, they often have to rely on low-skill jobs in the private and informal sector for subsistence. The terms of employment in the private sector are generally unfavourable for young people, owing to the low-added-value nature of the sector in the region. For example, pay in the Egyptian public sector jobs was “60 per cent higher than in the private sector in November 2010, while in Jordan in 2008, the average monthly salary was 26 per cent higher in the public sector ... In the Syrian Arab Republic, the gap was 22 per cent.”⁴⁰ Moreover, while public sector employees have access to social protection schemes that should provide protection against income shocks throughout their lives, low levels of enforcement of labour regulations, a lack of representation from and restrictions on the activities of trade unions and the existence of a large informal market means that private sector employment, especially outside the GCC countries, involves a lack of protection. Therefore young people in these sectors are not protected, and in particular are not able to contribute to or benefit from protective social insurance schemes.⁴¹ Finally, it does not seem that private sector employers invest in their young employees. Compared to employers in other regions, employers in Arab countries rarely provide training opportunities for their employees, thus preventing them from progressing in their careers.⁴² It is therefore clear that young people working in the private sector do not meet the standards for decent work. Moreover, the lack of unemployment benefits and portable pensions in most countries of the region also prevent mobility in the labour market, resulting in fewer job openings for young people.

Moreover, in many countries of the region, the insertion of young people into the labour market is complicated by employers’ easy access to low-wage, foreign workers whose labour market mobility is seriously constrained. In countries of the Gulf Cooperation Council in particular, the result of this process is to create perverse incentives for employers to hire foreigners, who in addition to working for lower wages than young people from the region, can, unlike national workers, also be prevented from leaving their jobs. They are therefore them much more attractive to employ than young nationals.⁴³

On the supply side, there are significant mismatches between the education received by young people and the skills required by the labour market in the Western Asia region. In general, the educational systems of the regional fail to provide their students with basic skills. According to the *Trends in International Mathematics and Science Study 2007*, none of the participating ESCWA countries⁴⁴ met the international scale average in mathematics or science.⁴⁵ Moreover, education systems also fail to provide crucial “soft skills” for modern labour markets, as educational systems in many countries have traditionally been geared towards providing formal qualifications, which were followed by a career in public sector employment. However, with the declining importance of the public sector as an employer, the degrees still sought by many young people are no longer as useful in the labour market.⁴⁶ For example, in 2010, 39 per cent of graduates from Qatar University did not have degrees in

⁴⁰ ESCWA (2012b), p. 18

⁴¹ ESCWA (2012b), pps. 28-31

⁴² Tzannatos (2011), pps. 20-21

⁴³ Hertog (forthcoming), pps. 100-101

⁴⁴ Lebanon, Jordan, Bahrain, Syrian Arab Republic, Egypt, Oman, Palestine, Kuwait and Qatar

⁴⁵ Martin, Mullis and Foy (2008); Mullis, Martin and Foy (2008).

⁴⁶ UNDP and Institute of National Planning (2010), p. 156

knowledge-based economy specializations.⁴⁷ Employers from across the region complain about the lack of skills of national workforces.⁴⁸ Meanwhile, technical and vocational education which could fill these skill gaps are not linked to employer needs and are poorly-regulated and -coordinated, limiting their usefulness to young people.⁴⁹ Moreover, this failure of education occurs in a context in which employers have access to non-national sources of skills. Rather than taking risks with less-skilled nationals, therefore, employers prefer to hire skilled non-national workers where they can, further reducing employment opportunities for young people.⁵⁰ The inadequacy of education means that young people coming on to the labour market are not able to compete for decent jobs.

Finally, young people themselves have difficulties in understanding the needs of the labour market. Poorly-prepared by their education systems, they also often have unrealistic expectations regarding wages,⁵¹ and may be disinclined to take up work or training in certain sectors due to their perceived low status.⁵²

Youth employment in the Western Asia region is a critical challenge. Most young people in the region are not able to find decent and productive work, with young women suffering particular difficulties. The consequences of this are serious, for young people themselves and society more broadly. Unemployment condemns many young people to lives of precariousness and disempowerment, delays their independence as they remain dependent on family support, and prevents them from realizing their aspirations. For society more broadly, the costs are also high. The demographic window of opportunity may close without being used to accelerate growth, reduce poverty and achieve equity. In addition, Government spending may be directed toward emergency poverty relief initiatives rather than longer-term development programmes. Meanwhile, the potential contributions of the most highly-educated youth population in the history of the region would be lost, as young people are unable to put their innovative ideas into practice. Finally, this situation increases the marginalization of youth, leading to a sense of social exclusion and contributing to unrest. This trend was reflected in the increase in the Social Unrest Index score in the Middle East and North Africa between 2010 and 2011.⁵³

For discussion:

- *What are the effects of the current status of youth employment on social cohesion in the region?*
- *What factors have led to these outcomes?*
- *Which macro-economic policies have the strongest impact on employment and what macroeconomic strategies can be identified to increase the intensity of decent youth job creation?*
- *What are the lessons learned in terms of transmission mechanisms between macro-economic policies and shifts in labour market (e.g. from public to private sector employment)?*
- *How can the gender gap in youth employment prospects be addressed?*
- *How can rural-urban inequalities be addressed?*

4. *Advancing inclusive employment policies targeting youth*

⁴⁷ General Secretariat for Development Planning (2012), p. 50

⁴⁸ Education for Employment, International Finance Corporation and Islamic Development Bank, p. 37

⁴⁹ ESCWA (2012b), pps. 38-39

⁵⁰ Baldwin-Edwards (2011), p. 15

⁵¹ Education for Employment, International Finance Corporation and Islamic Development Bank, pps. 36-7

⁵² Education for Employment, International Finance Corporation and Islamic Development Bank, p. 21

⁵³ ILO, (2012), p. 20

Having identified the difficulties faced by young people in accessing the labour market in the Western Asia region, this session will focus on the tools available to policymakers to promote young people's access to decent and productive employment. There has been a long history of providing services, particularly Active Labour Market Programmes/Policies (ALMPs) in the region targeting youth and aiming to overcome information gaps in the labour market, improve the employability of young people, and stimulate demand for youth employment on a small scale. These have been provided by a mixed group of stakeholders, including Governments, non-governmental organizations (NGOs), international organizations and bilateral agencies, and have taken five main forms:

Active Labour Market Programmes/Policies (ALMPs) in the region

a) Public employment services

These services aim to facilitate the flow of information in labour markets, and in some cases to match job-seekers to job opportunities. They also have the potential to provide training, guidance, and even forms of sanctions to encourage people to take up jobs. National employment services are generally run by the public sector, but private actors can also provide employment services. Employment services in the region have a mixed record, however. Their services have generally not been targeted to groups with specific needs; some have very weak links with the private sector and training providers, and lack data on labour market needs; tend to be concentrated in urban areas; and have not (outside the GCC countries) provided integrated services to job-seekers. However, reform processes are underway in non-GCC countries to integrate their services more fully to include training and labour market information collection.⁵⁴

b) Employment subsidies

Employment subsidies are of particular relevance to youth, as they can be a useful tool to overcome labour market failures such as high reservation wages and low employer interest that prevent youth being hired. In the Western Asia region, they generally come within the framework of comprehensive programmes which aim to also provide training and guidance to participants as well as subsidies. However it is not clear to whom the benefits flow, and there are potential downsides such as subsidizing hiring that would have taken place anyway, substitution effects and displacement effects.⁵⁵ Moreover, their mid-long-term effects are not clear.⁵⁶

c) Training programmes

These programmes aim to support the employability of unemployed young people by overcoming skill mismatches, and increase the productivity of those who do work. However, in the Western Asia region, training programmes focus largely on hard skills rather than soft skills, and are not well-funded. Moreover, it is not clear whether they are based on actual needs, as such data are limited. Private providers of training meanwhile are often unregulated and uncoordinated, and vocational training tends not to be integrated with the overall education system. Finally, these programmes often have an urban bias, and fail to reach the

⁵⁴ ESCWA (2012c), pps. 6-7 & 20-8

⁵⁵ Angel-Urdinola, Semlali, Brodmann (2010), pps. 12-13

⁵⁶ ESCWA (2012c), pps. 7-9 & 28-31

informal sector.⁵⁷ The role of technology in the delivery of training is also largely unexplored in the region.

d) Public works programmes

Public works programmes provide temporary work to sustain employment demand to overcome economic shocks or to assist specific populations. While the potential for integrated public works programmes exists, such public works programmes as have been implemented in the Western Asia region tend to focus solely on employment without including a skills upgrade component. They do tend to focus on rural areas and have been used to build important infrastructure; however, they tend not to employ women and their long-term effects are not clear.⁵⁸

e) Entrepreneurship promotion

Schemes supporting entrepreneurship and small and medium enterprise (SME) development aim to promote self-employment as a solution for unemployed or vulnerably-employed young people, generally through providing training, advice and some forms of financial support. SME development schemes in the Western Asia region target industries in different sectors. However, the programmes often suffer from being donor-driven, lacking monitoring and evaluation and coordination mechanisms, and from a lack of broader reform to remove impediments to private sector development. Meanwhile, insofar as such programmes focus on women, they tend to be limited to certain sectors such as handicrafts.⁵⁹

In general, therefore, a number of interventions exist which could form the basis of comprehensive policies for assisting young people to access employment. However, improved monitoring and evaluation, as well as coordination with and outreach to the informal sector is needed in order to understand and maximize the impacts of these policies. Moreover, it is essential to ensure that administrative capacity is available to ensure that the groups most in need are able to benefit from these programmes.⁶⁰

Macroeconomic tools for inclusive employment

At the same time, it can be argued that the influence of ALMPs on youth employment is relatively marginal. Although they do improve the employment chances of young people, and may help people to improve the job prospects of specific sub-groups with difficulties in the labour market, the macroeconomic situation and the extent to which there is demand for high-productivity labour is still the key determinant for whether young people find decent, productive employment.⁶¹ There is a need therefore to increase the employment-intensity of growth and the productivity of businesses, in line with the upgrading the labour supply-side and implementing specific policies for specific groups of young people.⁶²

Fiscal policy and investment allocation are two potential areas of intervention in this regard. Fiscal policy in the region tends to be limited (in the cases of natural resource-rich countries which rely on rents) or regressive (in the case of non-resource-rich countries, which rely on value-added taxation).⁶³ Taxation policies should be rethought to make them progressive, generate sufficient revenue to boost growth and support social protection

⁵⁷ ESCWA (2012c), pps. 10, 31-41

⁵⁸ ESCWA (2012c), pps. 12-13 & 41-45

⁵⁹ ESCWA (2012c), 13-14 & 45-54

⁶⁰ Angel-Urdinola, Semlali, Brodmann (2010), pps.22-3

⁶¹ de Koning, Peers (2007), p. 28

⁶² Tzannatos (2011), p. 30

⁶³ ESCWA (forthcoming b), p. 12

systems. A reform of corporate tax instruments can provide incentives to employers to increase the productivity of their workers through training (for example, through tax breaks under the condition of setting up corporate vocational training programmes). As the result of investment in research, the added-value of their businesses could contribute significantly to increasing the quality of work in the private sector for young people (for example, through conditional tax incentives that encourage research and development investments in addition to fostering partnerships between educational institutions and the private sector).

Macro-economic policies also need to consider how to diversify investment and direct it toward growth- and decent employment-stimulating activities, both by Governments and from private and foreign direct investment (FDI) sources. As noted in section 3 above, much of current investment flows to the extractive industries and real estate sectors, neither of which generates a large number of jobs. Countries should take into consideration the creation of incentives and environments which promote investment, including through improving access to financial resources for small businesses, pursuing specific industrial strategies which focus on decent employment as a goal, and undertaking reforms to increase the attractiveness of the country for investment in decent job-creating activities. Investment in environmentally-friendly-related sectors such as renewable energy could also be a source of decent employment as they are labour-intensive along a range of skills. In Lebanon, for example, meeting Government-set goals of renewable energy would create over 4,000 jobs by 2020.⁶⁴

For discussion:

- *What contributions can ALMPs make to countries?*
- *What is needed to identify the right mix of policies and programmes to adopt?*
- *How can coordination between different actors be improved to promote integrated employment policies?*
- *What methods should be considered in identifying and targeting sub-groups for special assistance?*
- *How can ALMPs reach out to employees in the informal sector?*
- *How can macro-economic policies targeting fiscal policy and investment be designed in a more youth-sensitive manner?*
- *How can macro-economic policy contribute to effectively design and implement employment subsidies?*
- *What macro-economic policies support the transition from informal to formal markets, which could benefit youth?*

5. Country experiences and best practices

A key added-value of the Regional Preparatory Meeting is to enable the exchange of experiences and lessons learned, and to facilitate their learning from one another's experiences of what has worked, and what has not. In this session, the aim will be to take the perspectives of Government, the private sector and employees (represented by trade unions) from different countries on initiatives that have been implemented.

Governmental Perspective: Lebanon

Lebanon faces many of the same problems as other Western Asian countries in relation to youth employment: 22.1 per cent of the youth population were officially counted as unemployed in 2007,⁶⁵ and the large informal sector accounts for a disproportionate share of

⁶⁴ ILO-UNDP (2011)

⁶⁵ ILO, (n.d. b),

employment with few workers benefitting from pension schemes.⁶⁶ Meanwhile, a high proportion of highly-educated young people choose to emigrate in order to find work, which acts as a drain on future development.⁶⁷ Given the pressing needs of the country and the relatively limited resources at its disposal, it is important to take stock of the initiatives undertaken by the Government to improve the situation, with particular reference to: assessing the impact of the Government's actions on the policy and programmatic level to create and match young people with decent work and to reform training and education to improve the employability of young people, as well as identifying factors which have accelerated or constrained progress.

Private Sector Perspective: Palestine

Youth in the region are at the forefront of the use of new technologies in their daily lives, which has consequences for their job search methodologies. A number of online employment portals have grown across the region, enabling young people to search for jobs not only in their own countries but also across the region.⁶⁸ Although internet penetration is undergoing a high-speed expansion process, it still remains comparatively low. By contrast, the level of mobile telephone subscription is over three times higher than the number of internet users in the region, a gap which increases significantly in the less-developed and conflict-affected countries in the region.⁶⁹ As such, the examples of companies such as Souktel in Palestine can be useful in examining how technology can be used to provide innovative low-cost and widely-accessible services to young people to assist them in their job searches. This case study can also shed light on the private sector role in job-matching to draw out lessons for other countries.

Trade Union Perspective: Bahrain

Since 2005, Bahrain has been undergoing a major series of labour market reforms aimed at increasing the attractiveness of national employees and supporting the entry of young people into the labour market, notably through means such as: increasing the labour market mobility of foreign workers; cracking down on the illegal hiring of foreign workers; increasing the hiring fees for foreign workers; channelling funds raised through hiring fees to the Labour Fund to be used to train national workers to increase their attractiveness to employers; and providing unemployment aid for first-time job seekers and unemployment insurance for all national workers.⁷⁰ Given this ongoing labour market reform, it is important to assess the success of this measure from a civil society perspective, including the extent to which it meets the needs of young workers; factors which have led to success, and those which have constrained successes; the role accorded to different actors in the process of developing, implementing and monitoring the reform process; lessons learned from the process so far; and what factors could be replicated elsewhere.

For discussion:

- *What has worked in different contexts?*
- *What made these experiences successful? (For example: financing, political buy-in, coordination, innovative approaches, participatory approaches)*
- *What has **not** worked in different contexts?*
- *What factors led to less successful outcomes?*

⁶⁶ ESCWA (2012b), pps. 21-22

⁶⁷ ESCWA (2010), pps. 5-6

⁶⁸ ESCWA (2011), pps. 100-101

⁶⁹ ESCWA (2011), pps. 100-101.

⁷⁰ AlHasan (forthcoming), pps. 119-121 and Najwa Abu Hassan (2011),

- *How can these factors be overcome?*
- *What broad lessons can be learned from these experiences and applied elsewhere?*

6. Building capacities for inclusive youth employment

Capacity building can be defined as “the process of strengthening the knowledge, abilities, skills, resources, structures and processes that States and institutions need in order to achieve their goals effectively and sustainably, and to adapt to change.”⁷¹ It is a holistic process which not only involves the dedication of financial resources to strengthen institutions, but also reforms and activities to gather, disseminate and analyze data; defining priorities; providing training to staff to implement these priorities; reform of administrative structures; broadening consultative mechanisms; and increasing international cooperation.⁷² It is also a demand-driven process, with the actual shape of the outcome led by national priorities. In relation to capacity building for inclusive youth employment, therefore, a number of areas can be identified.

Data-related capacity

Most countries of the region do not have labour market information systems capturing the full extent of relevant labour market data. Moreover, the quality of the data that do exist is questionable.⁷³ This limits the ability of Governments to understand the scope, scale and nature of the challenges and potential opportunities in the labour market. This increases the difficulty of creating decent employment for young people as it prevents Governments from targeting their national and local interventions and providing relevant services, such as skills development, to meet the needs of young people most affected by unemployment and vulnerable employment.

National Action Plans on Youth Employment

These tools aim to define national priorities in relation to youth employment through a wide-ranging consultative process, identify the actions required to meet these priorities, and provide frameworks for monitoring and evaluating progress and results of these activities. These National Action Plans can promote coordinated and comprehensive responses through assigning responsibilities to different Government and civil society actors for particular actions and activities, such as legal and administrative reforms, training and consultative measures, and linking this process to broader development strategies and plans. Thus far in the region, however, only Egypt has such a plan. This plan focuses on improving youth employability; providing more job opportunities; and reforming labour market policies.⁷⁴

International Cooperation

International cooperation can provide useful broad frameworks on youth employment issues. For example, the World Programme of Action for Youth (WPAY) outlines a flexible policy framework and practical guidelines for a range of youth issues, including employment, while ILO Conventions provide a framework for defining and ensuring decent employment. The Action Agenda of the Secretary-General of the United Nations also aims to “[a]ddress the needs of the largest generation of young people the world has ever known by deepening the youth focus of existing programmes on employment, entrepreneurship, political inclusion,

⁷¹ IOM (2010), p. 7

⁷² IOM (2010), p. 8

⁷³ ESCWA (2012b), pps. 57-8

⁷⁴ ILO and Ministry of Manpower and Migration (2010), p. 11

citizenship and protection of rights, and education, including on reproductive health” as one of its priority areas.⁷⁵ Moreover, international and regional organizations can be an important source of expertise and technical assistance on decent employment promotion for youth.

Global and regional meetings can also be useful to exchange experiences between countries facing similar issues, and bilateral support from donors can also provide financial support for necessary initiatives. Finally, regional integration of labour markets could provide opportunities to benefit from synergies between labour market supply and demand. Throughout the process of international cooperation, it is important to ensure that the solutions proposed are based on and respond to the beneficiary country’s assessed needs, have legitimacy in the affected countries, and build on other initiatives rather than replicating them.

Good Governance

Strong institutions are key to ensuring the protection of young workers as well as for encouraging investment and constructive competition in the private sector. By ensuring transparent and inclusive formulation and universal enforcement of regulations and providing arbitration mechanisms to resolve disputes in an impartial manner, countries can ensure that their regulations are equitable and meaningful when it comes to labour markets, and that they take into account the specific needs of sub-groups such as youth in the context of serving society as a whole. Institutional and governance reforms increase the attractiveness of their countries to investors and can help to channel investments to promote inclusive and decent employment for young people.

For discussion:

- *How can data-gathering, -dissemination and -analysis on young people in the labour market be improved?*
- *What would be the added-value of national action plans on youth employment in the countries of the region?*
- *Which regional and international actors can help in identifying and meeting these needs, and under which frameworks of collaboration and coordination?*
- *What potential avenues for international cooperation on decent employment for youth exist?*
- *How can improving governance and institutional reforms contribute to solve youth labour issues?*

⁷⁵ United Nations, 2012, pps. 10-11

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