

Ron Bruder Remarks  
Addressing the challenges of the education/skills and jobs mismatch  
July 11, 2012

We came here today in recognition of the sobering scope of the global youth unemployment crisis. Whether from multilateral agencies, government, or the private and nonprofit sectors, each of us is familiar with the deep disjuncture between the skills youth have when they graduate, and the ones they need to enter and thrive in the workforce.

What's more, we understand that a skills mismatch is not an easily isolatable element in the youth employment equation. As a group, we have learned that the skills gap is, in many communities, inextricable from related issues like the systematic exclusion of able and ambitious youth on the basis of their gender or social status. Both the skills mismatch and the reality that it impacts certain demographics more than others have a pernicious effect on youth and employer stakeholders alike.

Our options and strategies available for remedying the youth unemployment crisis appear only once the roots of the education-skills mismatch, its scope and implications are understood. In this regard, Education for Employment (EFE) believes that it is crucial to start local. As EFE is an international network with independent affiliates operating on the ground from Morocco to Yemen, I'll ground my discussion in the Middle East and North Africa. I'll briefly describe the nature of the regional youth skills crisis, before moving to a discussion of EFE's approach to overcoming the crisis and the lessons and best practices we've learned along the way.

The Challenge:

With regional youth unemployment averaging 26% but spiking to well above 65% among certain demographics,<sup>1</sup> in the Middle East and North Africa youth confront the global unemployment crisis at its most extreme.

At present, the system is broken. 2.8 million young people enter the MENA labor markets every year.<sup>2</sup> The OECD estimates that Arab economies will need to create 25 million jobs over the next decade just to keep employment at existing levels, let alone to reduce the growing unemployment rate.<sup>3</sup> But even if job creation in the region occurred at a record pace, a **sustainably** thriving economic and employment boom would remain elusive.

The reason? The skills gap:

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<sup>1</sup> Jordanian National Department of Statistics for (Q1 2012) : average youth unemployment for graduates with college diplomas and above 55.4% ( 67.5% Males, 24.2 Females)

<sup>2</sup> WEF Arab World Competitiveness Report 2011-2012

<sup>3</sup> OECD MENA-Investment programme

87% of CEOs in the Middle East believe that the limited supply of candidates with the right skills will present their biggest business challenge over the next three years.<sup>4</sup> The Arab world also has one of the lowest labor productivity growth rates, a serious concern as the Middle East and North Africa move towards greater participation in the global economy.<sup>5</sup>

The mismatch between skills taught in local education systems and the needs of the labor market across MENA creates an untapped pool of human resource potential. Only 54% of Arab CEOs believe that new graduates carry the right skills set, and only 48% feel that these skilled youth exist in sufficient quantities.<sup>6</sup> This leaves employers without the skilled, retainable employees they need, while many youth are unable to attain the dignity and security of sustainable employment.

There is good news, though. In 2011 and 2012, youth employment has been transformed from an issue at the margins of development conferences into the headliner challenge in developed and developing countries alike. As never before, the events of the past two years have directed the world's attention towards youth. At every turn, the media, governments and development professionals highlight the decisive power of the young: the socio-economic dividend their harnessed energy can contribute to global economic recovery and geopolitical stability, as well as the lost opportunity and instability that their persistent exclusion from the workforce can effectuate.

But the public and nonprofit sectors are not alone in calling for a solution to the youth employment crisis. Business leaders across MENA recognize the toll that the skills mismatch exacts – both on their bottom line as well as on the socio-community context of their operations. Increasingly, businesses are expressing a desire to be involved in workforce development in a hands-on manner. Over 65 per cent of Arab CEOs and senior executives from across MENA expressed a desire to be involved as guest speakers and mentors for young people to better prepare them for employment.<sup>7</sup>

So what can be done to transform the increased chatter about youth employment into actionable solutions?

Education for Employment graduated its first employment training class in 2006, years before the global gaze fastened upon youth employment. By the time youth employment became a major global issue, we were fortunate to have developed a strong model and grown our operations from one country – Palestine, to five more: Egypt, Morocco, Jordan, Yemen and, most recently, Tunisia.

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<sup>4</sup> PricewaterhouseCoopers, *Global CEO Survey*, 2010

<sup>5</sup> PricewaterhouseCoopers, *Global CEO Survey*, 2010

<sup>6</sup> PricewaterhouseCoopers, *Arab Human Capital Challenges: The Voice of CEOs*, 2007

<sup>7</sup> PricewaterhouseCoopers, *Arab Human Capital Challenges: The Voice of CEOs*, 2007

Although humbled by the scope of the challenge, we are optimistic that our approach is working. Since inception, 70% of our graduates have been placed in jobs within six months of completing their training. What's more, we're seeing that our trainees aren't just getting jobs, they're retaining them, and giving their companies the human capital necessary for expansion.

With this success comes key questions: What have we learned, what can we be doing better, and how can we share it to tip the needle on youth unemployment? As we refine the EFE model through the years and across our countries of operation, we are learning valuable lessons transferrable to youth employment initiatives elsewhere in MENA and beyond. I'd like to share three with you, and perhaps delve deeper during the Q&A:

**1. Know the local and global contexts to build partnerships that bring stakeholders together in novel ways, and amplify the impact of collective efforts**

The unemployment challenge in MENA and elsewhere arose from inequities and inefficiencies across several systems and myriad sectors. As such, it requires the collective intelligence and efforts of novel and multi-stakeholder solutions.

When we established Education for Employment, we did not envision it as merely a training institute. We structured our organization as a networked platform of locally-run affiliated nonprofits that build public-private partnerships in which companies, donors, educational institutions, nonprofits and youth organizations combine their expertise and resources to complete the circle: determine labor market needs, train youth correspondingly, then link them to companies looking to hire the right skill set, and provide ongoing support such as mentoring and professional development.

Marshalling the agility and granular local understanding of our affiliates and their local partners as recruiters and employers, and engaging international companies and foundations in a meaningful ways as capacity-building supporters, has been a key to success. Each player has resources, networks and expertise crucial to the youth employment equation. Without the more than 845 partnerships we built with employers, education institutions, government bodies and other NGOs, we could never have linked over 2,500 youth to jobs across the Middle East and North Africa.

As we mature, these partners are our strongest advocates for moving to scale. They expose new companies, communities and sectors to the importance of work-relevant education, and serve as a springboard for program replication at NGOs and institutions both within MENA and beyond.

**2. Let the demand drive**

If we had to reduce our approach to youth unemployment to two words, they would be *demand-driven*. We will get nowhere in training students with the skills necessary to work if we

do not take as our first step a dialogue with the private sector to assess its labor needs and priorities.

This can be done in a variety of ways. At EFE, we leverage the network of our local affiliates to discover at a microscopic level the needs of those who are hiring. Whether SMEs or multinationals, we mine the insight of business leaders through our local boards of directors, and meet directly with representatives from companies operating locally to shape the content and method of our training programs.

### **3. Technical training is only half the equation, in rapidly evolving globalized labor markets, soft skills are crucial**

Beyond technical skill needs specific to local economies like HVAC repair in Jordan or sales merchandising in Morocco, from employers across the board we hear calls for professional and “soft skills.”

Employers help us to understand that technical skills are only part of the employment equation for youth in a globalizing world, because as technology transforms, labor demands will too, and dynamic, teachable employees are key.

In the absence of a crystal ball that reveals labor market demands of the future, we have found it crucial to qualify our students in the critical thinking and professional skills necessary for sound performance both today and in 2030, regardless of shifts in technology. With McGraw Hill, we created the Workplace Success curriculum in professional and life skills that helps our graduates to be successful and engaged both as employees and as active citizens by teaching everything from eye contact to presentation skills to workplace conflict resolution.

We've found that the confidence and engagement that these “soft skills” trainings and job placements inspire prepare our alumni to approach challenges with dynamism, flexibility and creativity. These “soft outcomes” of our training are key strengths that young alumni can call upon as they adjust to shifts in labor demands throughout their lifetime.

I am honored to be here today to share with you, learn from you, and work together towards solutions for youth unemployment at a global scale.