CHALLENGES AND OPPORTUNITIES FOR YOUTH EMPLOYMENT IN THE MIDDLE EAST AND NORTH AFRICA
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Education For Employment

Education For Employment (EFE) is an international network of autonomous not-for-profit organizations founded in 2002 with the aim to respond to the youth employment challenge in the MENA region by providing an innovative, market-driven approach and an end-to-end solution to bridge the gap between unemployed youth and companies searching for human capital in the region.

Through a network of local affiliates in Morocco, Tunisia, Egypt, Jordan, Palestine and Yemen, supported by organizations in USA and Europe, EFE is pioneering an innovative, demand-driven model for youth employment, distinctive in the region for measuring results by job outcomes rather than training numbers alone. EFE’s vision addresses two major gaps: the opportunity divide facing youth with merit and motivation but have limited opportunity to secure a good education and a job, and the education divide resulting from education and training systems that fail to meet private-sector needs. EFE offers youth the training and jobs they need to become active citizens who can make positive contributions to their societies. To promote job creation and an alternative pathway to economic opportunity, EFE is also piloting youth entrepreneurship programs. EFE launched programs in 2007, and to date has served more than 16,000 youth in the region with an overall goal of reaching 75,000 youth by 2020.

Additional information may be found at www.efe.org | Twitter: @EFE_Global | LinkedIn: www.linkedin.com/company/education-for-employment | Follow Education For Employment on Facebook and Youtube.
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With a large and fast growing youth population, the Middle East and North Africa (MENA) can harness tremendous untapped potential for economic prosperity by preparing its youth to fill jobs in the economic sectors most likely to grow in the coming years. A young, well educated population can contribute valuable resources to the growth of an economy, yet the region has failed to utilize this opportunity in recent years, given that it has experienced a youth unemployment rate higher than that of any other area in the world at 28.6%.\(^1\) Since 2000, the labor force in the MENA region has grown at an incredible rate of approximately 2.7%\(^2\) per year, faster than nearly every other region in the world. Over 28% of the MENA population is aged 15 to 29 – a total of 108 million individuals across 22 countries.\(^3\) If managed effectively, MENA’s young population has the potential to unlock new, innovative ideas and quickly

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3. “Middle East and North Africa: Youth Facts”. Youthpolicy.org
adapt to the rapidly changing digital world, increasing economic efficiency.

With more and more youth finding themselves inactive in the economic sector, over 85 million jobs will be required in the region to simply reach the global youth unemployment average. Healthy economies feed innovation and enthusiasm, but without proper education and a strong private sector willing to invest in a country’s youth, there is little hope for the MENA region to transition from the developing world to the developed world. Education For Employment believes it is imperative to help MENA youth gain the education skills necessary to participate in and catalyze growth in their local economies before their countries succumb to growing political instability and an exploding population. High GDP growth rates have failed to reflect in GDP per capita growth, indicating that economic growth has been unable to maintain the same pace as the region’s rapidly growing population rate. Between 2000 and 2010, economic growth rates in the region averaged 4.8% per annum, whereas the GDP per capita reached merely 2.5%. Due to the political unrest in MENA countries such as Syria and Libya over the last few years, overall political tensions across the region have reached an unprecedented high, thereby considerably slowing economic development. Neighboring countries have become home to many

4. “Youth Unemployment Rates in the MENA region are the Highest Globally”. Alba Waba Business, June 2013.
migrants seeking refuge, causing labor markets to suffer dramatically and leaving many youth with few or no employment opportunities. Specialization in sectors that simply do not provide significant employment growth has plagued the region. The few commodity-exporting sectors that exist provide the labor market with limited job opportunities. Although economic productivity is expected to accelerate in the upcoming 2015 fiscal year, the prospects of full recovery still remain weak and difficult to achieve. Structural fiscal consolidation, essential to pulling the region out of its economic destitution, would serve as a path towards securing employment for MENA’s marginalized youth.


The phenomenon of unemployment not only marginalizes youth, but also deprives countries of their greatest development potential and gradually erodes their social and economic fabric. In some MENA countries, youth unemployment fluctuates between 25% and 60% of the population. With such high unemployment, MENA youth run the risk of becoming discouraged and giving up on the job search; after years of searching for employment, many youth simply stop looking and exit the workforce with no other prospects. Furthermore, high unemployment for the population aged 15-29 increases dependence on older generations and stalls future economic progress. This dependence has encouraged the growth of the “waithood” period in which youth prolong the transition between finishing education, securing a job, and starting a family. Idle youth, often referred to as NEETs (Not in Education, Employment, or Training), then become irritable and disillusioned with their countries, which has been a contributing factor to the recent political

instability, and radicalization, in surrounding areas. And with several MENA countries still attempting to determine a path towards positive political change, economic policy decisions have been placed on the back burner, providing very modest improvements and an insufficient amount of job creation.

Over the last few decades, population growth in the MENA region has remained at a steady high, averaging 2.3% annually since 1990. The rapidly increasing population of this region can be characterized predominantly by high fertility rates, resulting in an even larger youth population and multiplying the number of entrants to the already struggling labor force. Since 2000, the MENA region has witnessed 2% economic growth per annum, a figure that has proven to be too low to generate sufficient levels of employment for such a rapidly growing labor force. As more and more MENA youth prepare to enter the work force, the unemployment rate is projected to skyrocket unless drastic, structural changes are made to the region’s most promising economic sectors.

Accordingly, a substantial contributor to the large youth unemployment in MENA is the lack of focus on private sector support. Historically, MENA governments have been hostile to private sector businesses, a fact that undermines all government programs aimed at job growth. Support given to small and medium

enterprises is minimal and often superficial, creating an environment of distrust and discord. Without government policies that encourage entrepreneurship and innovation, the private sector will remain lifeless. Hostility towards entrepreneurs coupled with unstable political conditions has created a difficult environment for job creation and economic development.

Moreover, the so-called “Arab Awakening” has placed an intense spotlight on the alarming situation faced by a region that has the highest youth unemployment rate in the world. Consequently, foreign investment in local businesses has been drastically reduced and the region is forced into a state of self-sufficiency, relying predominantly on itself for business financing. New constitutions are being written, civil wars are raging, and large portions of the population feel immense distrust in their

government. Without long-term political stability, foreign investment will continue to decline and force the region into an even sharper economic downturn. For countries south of the Mediterranean, employment must become the backbone of economic growth. It is important for authorities and businesses to realize that by incorporating youth employment into their plans for job creation, social development and stability is almost guaranteed.

In addition, the labor resources represented by MENA youth appear not to have been valued at their full potential. New businesses have turned to temporary contracts that make it easy to terminate the young or employ them only part time. Young workers are often the “last in” and “first out” in many companies continuing the cycle of youth unemployment. High vulnerable employment rates and involuntary part time jobs are discouraging MENA youth, and in 2011, a young person’s risk of unemployment was three times that of an adult. Without employing youth, no country can prosper or compete in the global economy. Regions with high youth unemployment face a loss of productivity and innovation that is crucial to the stability of economies.

Together with an exploding population and unstable governments, the MENA region also faces a grave mismatch between

the skills demanded by employers and the skills offered by the labor force. Secondary education institutes and universities are not adequately preparing their students for the work force and are instead teaching skills that employers do not appear to need. Increasing irrelevance of the higher education system is a major problem in MENA countries and must be reworked from its core if youth unemployment is to be reduced. One study completed by the consulting firm McKinsey found that over 43% of employers found it difficult to find workers with sufficient and well matched skills for the job openings that they had\textsuperscript{14}. Both foreign and domestic investors struggle to hire skilled workers, as potential candidates often lack adequate training. However, vocational training can provide needed skills for a large portion of the millions of unemployed youth in the MENA area and will contribute to more stable and prosperous economies throughout the region.

Over the next decade millions of young people will be ready to enter the labor market, but they will face significant difficulties due to a lack of adequate training in educational systems, labor market discrimination because of their lack of experience, and discouragement caused by a lack of opportunities. And while these figures are unsettling, globalization promises brighter futures for the world’s youth as ideas are spread and dreams are slowly realized. Many of the MENA countries require structural changes to combat youth unemployment which will take years

to carry out. However, youth are undoubtedly the drivers of economic development and it is crucial that youth in MENA have confidence in their skills as well as faith in the global economy. The principle objective of this paper is to present the current economic situation throughout MENA on both an overall and country by country basis. Potential solutions are provided at the end of the paper, focused on growing economic sectors that can potentially generate employment opportunities in the region. Analysts affirm that over the course of the next ten years, employment opportunities in the MENA region are expected to total to more than 9 million additional jobs, or just below 1 million jobs per year.¹⁵

Egypt

As the most populous nation in the MENA region, Egypt is home to over 85 million people, a number that is expected to reach approximately 122 million by 2050. The country holds one of the largest youth populations in the world, which presents an incredible opportunity for innovation and entrepreneurship. The economy is comprised of agriculture (14.5%), industry (36.9%), the remaining 48.6% falling into the category of the service sector. But despite having the most valuable agriculture sector in all of Africa (valued at $250 billion), Egypt has one of the highest youth unemployment rates in MENA; 70.86% of unemployed Egyptians are between the ages of 15 and 29, and of that percentage, 84.5% were high school or university educated.

18. Digital Jobs in Africa: Catalyzing Inclusive Opportunities for Youth.” The Rockefeller Foundation.
Young Egyptian women have an even more difficult time obtaining employment. The unemployment rate among females is nearly three times the unemployment rate among males, reaching 27%, and among women aged 15-29 who are not in schooling, only 18% are economically active. In the Global Gender Gap Report of 2011, Egypt ranks 122nd regarding female economic involvement and opportunity, with nearly three times the number of women out of work than that of men. Furthermore, Egyptian women tend to remain unemployed much longer than men, with the average unemployment duration for female youth being 141 weeks compared to that of their male counterparts, 109 weeks.

Like most of the developing world, Egypt’s GDP growth was severely affected by the global economic recession, making it even more difficult to recover from the political uprising of 2011. Prior to the economic crisis, real GDP growth was on the rise, peaking at 7.8% in 2008; however, the Egyptian economy faced a sharp decline by the end of 2009, falling to 4.7%, and plunging to 1.8% only two years later. The economy has since recovered somewhat, reaching 3.7% growth at the start of 2014, but much development is still needed to catapult the economy into full speed.

Despite the large Egyptian service sector, political uncertainty and instability has kept tourists and foreign investors away from Egypt, severely damaging the local economy. As a result, private sector development is crucial to the recovery of the Egyptian economy, and, according to the World Bank, the key to Egyptian job creation lies in the private sector. Unlike the public sector, the formal private sector is able to provide stable employment and good quality work to the Egyptian youth population,

creating a large and diverse set of jobs. Over the last few years, the Egyptian Social Fund for Development\textsuperscript{21} has taken steps toward unlocking new resources, both at the national and international levels, in order to invest in social development. By attracting direct foreign investment and increasing competition, the Egyptian economy has the opportunity to expand its private sector and shift towards job creation at SMEs.

Political transitions since 2011 have stifled potential economic growth. Between 2008 and 2012, only 3.8% of GDP per annum was spent on education expenditures, placing Egypt at 117th in the world for funds spent on education. This figure underscores the need for change and the importance of improved education for the Egyptian economy; the prospects of a nation’s youth population hinges on the quality of primary, secondary and tertiary education available, which is also key to a vibrant and prosperous economy and society. Egypt’s education system, ranked 118\textsuperscript{th} globally in terms of higher education and training,\textsuperscript{22} does not produce sufficient qualified human capital that companies are willing to hire. Decreased government employment coupled with economic crisis has resulted in more selective private sector hiring.

A skills mismatch is one of the main reasons for such high levels of youth unemployment in the MENA region: 50% of private

Egyptian enterprises blame formal schooling systems that do not respond to their skills requirements as the hindrance to hiring youth. Today, skills training is needed more than ever before. Even at the current low economic activity rates, 715,000 job seekers enter the labor market each year, a number that could increase if women become increasingly active in the labor force.

**Jordan**

Scoring 4.2 out of 7 on the Global Competitiveness Index, the Kingdom of Jordan ranks 64th in the world, ahead of many of its MENA counterparts. The Kingdom of Jordan poses an interesting problem for unemployment in the region. Despite having good access to education and job training, there is still very little participation in the labor market among Jordanian youth, resulting in a record high unemployment rate of 32%. Today, higher education in Jordan is no longer restricted to the wealthy, but rather, has become accessible to middle and even lower income families (nearly 42.2% of youth with tertiary degrees classify their household income level as average). For young people, the issue lies in transitioning from secondary

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25. Index Mundi, 2014
education institutions and universities to the labor market. The country has one of the best educated populations throughout MENA, but while the population of university graduates is steadily increasing, the quantity of available jobs has remained stagnant in recent years.
Stimulation of the private sector could greatly reduce youth unemployment in Jordan. The country is home to one of the world’s youngest populations, with nearly 70% of its people aged 30 or younger. Individuals aged 15 to 24 consist of 22% of the population, 48% of which are women. Although young Jordanian women tend to have higher academic qualifications than their male counterparts, the unemployment rate among the female population is twice as high as the national average\(^\text{27}\), allowing for an even more difficult and longer transition period.

Bordered by Israel, Saudi Arabia, Iraq and Syria, Jordan has almost no arable land and insufficient water supplies\(^\text{28}\). With a poor domestic market economy and extremely limited resources, government finances have become structurally dependent on foreign assistance. The agricultural sector has diminished significantly in the last half century, from contributing nearly 50% to the GDP in the 1950s to a mere 2% today\(^\text{29}\). In spite of its relatively low contribution to GDP, Jordan’s agricultural sector still remains fundamental, providing sustenance to millions and creating job opportunities in agribusiness.

One of the largest problems faced by Jordan is its proximity to Iraq and Syria, the latter currently plagued by civil war and

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destruction. Millions of Syrians (and Iraqis) have sought refuge in Jordan over the last few years, and the refugees hoping to start a new life are now competing with young Jordanians for entry-level jobs. Likewise, many foreign investors have turned away from Jordan, looking to other countries that do not border such volatile countries torn apart by civil war and increasing unrest. However, the country is in a good position to fight youth unemployment given the fact that over 30% of the population is university educated.\(^3^0\)

Hedi Larbi, the World Bank’s Country Directory for Jordan, argues that “Jordan’s vision is to build itself a strong knowledge-based economy, and it is well positioned in the region to do this”.\(^3^1\) In the last decade, Jordan implemented a number of economic reforms that have bolstered the private sector and opened the country up to international trade.\(^3^2\) To continue this trend, the World Bank has partnered with the Jordanian government to encourage a competitive and healthy business environment in order to encourage entrepreneurship and responsibility throughout the nation.

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Morocco

The Kingdom of Morocco, whose government was one of the first to respond to the Arab Spring affecting the region, ratified a new constitution on July 1, 2011, giving hope to a nation of over 32 million people. Over one third of the Moroccan population is under the age of 30, and the country will thus progress by encouraging young entrepreneurs and dedicated workers. Before the Arab Spring began in 2011, the problem of youth unemployment in Morocco was one of the most heavily discussed topics in the nation, but when the country entered a period of revitalization and change, youth unemployment was cast aside.


Morocco’s close proximity to Spain and other western European countries, especially its historic ties to France, gives it an incredible advantage over other developing nations. During Morocco’s forty years as a French protectorate, the French language became a staple in government, administration, and diplomacy, surpassing Moroccan Arabic in practically all professional fields, particularly among the elite. Since independence in 1956, following the increased democratization of education, French has taken a larger role in schooling, both in private and public institutions, opening the door to employment for many of the nation’s young people. Yet, Moroccan youth still face a significant problem with the nation’s schooling system: the disconnection between education received and skills needed for the local and global market place. Ranking 77th on the Global Competitiveness Index, only 4.3% of Moroccan GDP per annum is spent on education, placing the country at #100 on the global scale, revealing a serious need for core changes to reduce youth unemployment and poor education.


With such a lack of investment in its young people, Morocco is left with hundreds of thousands of inactive and hopeless youth discouraged by month- and even year-long job searches. A recent study done by the World Bank revealed that 49%\(^{36}\) of Moroccan youth are not participating in secondary education nor any form of the workforce. In order to combat this problem, the World Bank has teamed up with the Moroccan government on a €4 million project which gives microloans to young entrepreneurs and innovators. In the next two years, job creation in Morocco is expected to increase. By 2016, more than 100,000 jobs are expected to be created in various industries such as ICT, offshoring, automotive/aeronautics,\(^{37}\) and services as GDP increases by an expected average of 4.8%\(^{38}\) per year.

related_institutions

Palestine remains one of the most poverty-stricken areas in the world. Recently, it was estimated by that “if remittances and food aid are excluded, and poverty is calculated solely on the basis of income, then the poverty rates in the Gaza Strip and the West Bank would rise to 76.9 percent and 47.2 percent

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38. IMF Global Economic Outlook Data, April 2014.
respectively”, illustrating Palestine’s desperate need for economic aid. To combat this figure, it is clear that the 44% of youth currently unemployed need better job training, increased confidence, and more education if the region is to recover from recent years of economic destitution. Palestinian youth are some of the most active and politically passionate youth in the world, but without stable jobs, the young population in Palestine remains at risk; economic pressure augments instability throughout the region and disrupts any progress being made.

Palestine’s key to breaking the trend of youth unemployment is the private sector. Between 2011 and 2012, the private sector

achieved an average of 11.3% growth and has been responsible for 65% of the country’s job creation since 2006. Researchers have projected that jobs in agriculture, along with construction, will climb rapidly in the following decades. As of 2010, the Palestinian agricultural sector consisted of nearly 14,000 private enterprises and over 300,000 workers (many of whom are formally employed women), and numbers are continuing to rise. Construction contributes to 14% of total GDP and nearly a fifth of total employment. With cost adjustments, the Palestinian construction sector could experience sharp growth, reaching $2.8 million while simultaneously creating employment opportunities for 175,000 individuals by 2030. Information Technology (IT), Digital Entrepreneurship, Tourism, and Energy are also among the fastest growing industries in Palestine, and if the private sector shifts its focus to developing these fields, long-term employment opportunities can arise for Palestinian youth.41

One of the biggest problems for Palestinian youth is the persistent inequality between female and male economic opportunities. While the female position in society has improved slightly, it remains a grim situation wherein young Palestinian women are confined to the home or to certain jobs that give no financial stability. Furthermore, with a large population living in very rural areas, expensive transportation in and out of important city centers makes it difficult for many Palestinian youth to take advantage of economic opportunities. However, with more investment in educational and vocational job training, high youth unemployment rates will fall and the region will benefit immeasurably.

In addition, the situation in the Gaza Strip, with recurrent military action and a land, air and sea blockade in force since 2007, makes matters worse in that part of Palestine.

**Tunisia**

On December 19, 2010 a young man in the city of Sidi Bouzid set fire to himself in protest against unjust police actions; the event triggered dozens of protests which eventually served as the catalyst for the Arab Spring in early 2011. Since then, Tunisian youth have learned the power of their hard work and have seen the change that can be realized. However, most Tunisian youth remain powerless in the global marketplace. Youth unemployment is estimated at
over 42%\textsuperscript{42}, a problem that severely affects young graduates and young women, 44\% of whom are unemployed. Furthermore, over 70\% of young people aged 15-24 work in the informal sector without a contract. Without increased economic opportunities for Tunisian youth, the efforts of the Arab Spring will have been for nothing. The Tunisian secondary schooling system has serious structural problems that must be revitalized in order to restore economic vitality to the country.

An estimated 40\% of university educated youth are unemployed and remain so for months or years at a time\textsuperscript{43}. The problem does


not lie in the quantity of labor supplied, but rather in the small demand for Tunisian workers who tend to rely on credentials more than marketable skills. Tunisia fares better than most other MENA countries in terms of per annum GDP directed towards education expenditures; in 2010 Tunisia put 6.2% of GDP towards education, ranking them highest throughout MENA, and #35 globally. While youth unemployment would benefit from having increased funds directed towards education, a solid 6% of GDP has helped Tunisia slowly grow.

However, it is important to note that the Tunisian economy is expected to grow, on average, 4.5% per year over the next few years. Several of Tunisia’s most prominent economic fields are in full swing: ICT, agriculture, mining, manufacturing, and tourism. An increasing interest in focusing on these rising sectors, particularly ICT and off-shoring, is evidenced

46. CIA World Factbook, 2014.
47. IMF Global Economic Outlook Data, April 2014.
by the Tunisian government efforts to expand its national ICT strategy. Their priorities include the adaptation and development of higher education curricula to the rising sectors, the creation of new ICT high education centers and the promotion of technoparks such as the Elgazala Technopark (dependent of the Ministry of Communication Technology), which identifies creation of ICT employment opportunities as one of its priorities. The World Bank reports that by eliminating restrictions to firms’ entry into the country and minimizing regulations, employment opportunities will skyrocket for the Tunisian people, bringing nearly 100,000 additional jobs per year to the country\textsuperscript{48}.

This said, Tunisia has been the most successful of all countries that underwent the so called Arab Awakening, and recent political developments have reflected a political and democratic maturity not seen elsewhere in the region. Thus an Islamist party, in power since 2011, stepped aside voluntarily to allow the formation of a government of technocrats, opening up for a new democratic constitution and the October 2014 general elections which were won by the secularist Nidaa Tounes party, followed by Ennahda, the moderate Islamist party.

Yemen

Yemen has one of the youngest populations in the world, with one in four people projected to be aged 15 to 24 and a median age falling just above 17. And unlike many other MENA countries, Yemen is unique because of its poorly educated population; nearly 50% of all Yemenis are completely illiterate, and those that are literate rarely have marketable skills. For young Yemeni women, unemployment is a long and familiar struggle, with job opportunities proving to be practically nonexistent. The


national female youth unemployment rate has reached double that of males and continues to be a great deterrent against economic development.

For the very few university educated youth, a hostile environment for private sector businesses has made it incredibly difficult to find stable and economically worthwhile jobs after graduation. Between 2010 and 2013, 57% of businesses in Yemen shut down temporarily or permanently, a figure that can almost entirely be attributed to the 2011 political uprising. In the months following the political transition, youth unemployment had reached a worrisome high and economic mobility had reached a halt. But slowly, progress continues in Yemen. Tourism is on the rise and has been identified as one of the most promising sectors to accelerate GDP and increase job creation for the Yemeni population if the political and security situation in the country stabilizes.

With a population of over 26 million people and a high birth rate, Yemen’s potential for economic stability is promising. However, with such a high birth rate Yemen must create two million
more jobs by 2020 to keep unemployment relatively low.\textsuperscript{51} If unemployment rates rise, the nation could fall back into political instability and would face a crumbling economy.

\textsuperscript{51} “Analysis: Yemen’s “Youth Bulge” and Unemployment - An Explosive Mix.”\textit{IRINnews}. The UN Office for the Coordination of Humanitarian Affairs, September 2010.
As the world becomes smaller due to improved access to global information, technology and economies, young people around the world are hoping for bigger and better futures for themselves and their families. Familial and social relationships are changing, careers that once seemed impossible are now being realized, and as the fallout from the Arab Spring settles, newly democratic nations are forming. Many of the youth living in MENA have grown up in poverty surrounded by poorly educated elders, but as social norms around the world blend together and traditions change, young people are taking control of their bright futures.

Although globalization has made it easier for youth in the region to dream big and fight for brighter futures, core economic problems remain that must be addressed in order to improve the local economies and fight growing unemployment. The incongruities that exist between the employers and employees regarding expectations for job skills is one of the most problematic issues that has caused such almost unbelievable unemployment figures.
Recent university graduates expect their degrees to ensure employment, but business owners are having trouble finding young people with suitable skills for the positions open. Accordingly, it comes as a surprise when university-educated young people are either left looking for jobs for years at a time or are underemployed in part-time jobs. Adding to the sense of despair is the fact that families are often able to support just one of many siblings to pursue studies, expecting that following graduation the chosen one will be able to provide livelihood to the entire family. When this does not occur due to unemployment, hopelessness sets in, the graduate feels inadequate, and may seek “revenge” through various forms of protest or radicalism.

Notwithstanding the grim prospects facing MENA youth today, the Arab Spring in 2011 taught young people in this region that they are the agents of change for the future they desire. Young people now see the difference that they can make in society, and as they become increasingly educated across the region, confidence will be restored in their ability to control their future and bring a better life to those around them. The MENA region has the unique potential for incredible economic growth due to the ever-increasing population of young people, a sure way to return to prosperity.
The disparity between oil and non-oil producing countries in the Middle East and North Africa forces those who are energy-dependent to invest in different sectors. While tourism has decreased since the 2008 financial crisis and the 2011 Arab Spring, it is slowly recovering across the region. Additionally, new technology and an abundance of labor are increasing agricultural profits, while also creating jobs in the field of technology research and development.

In recent decades, oil and natural resource extraction has been by far the most profitable economic sector in the Middle East and North Africa. Generally, a small number of businesses earn large profits from owning oil companies, but that wealth is not spread amongst the rest of the population, creating enormous inequalities.

Innovation and efficiency is needed to fight the lack of job creation across all economic sectors. In a May 2014 report, the International Monetary Fund encouraged economic diversification and stimulation “by enhancing the quality of education and its relevance to the needs of the private sector”.

Travel & Tourism

In many countries around the world, tourism has been an integral part of the local economy. For countries with scarce resources, the travel and tourism industry provide the economic salvation that is needed to recover from economic destitution. Tourism in MENA is currently recuperating and on its way to becoming the leading economic industry in the region. Each year, more and more outsiders flock to the MENA region, boosting revenue and paving the way for job opportunities for unemployed, marginalized youth. According to the United Nations World Tourism Organization (UNWTO), aggregate tourist arrival in North African

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countries increased dramatically to 18.5 million in 2012. In Tunisia, the tourism industry is growing faster than ever before, generating $2.1 billion in revenue in 2012, a full 30% higher than that of the previous year. The Jordanian economy reported an annual increase of nearly 15% in tourism revenue, an industry that employs over 20% of the population, both directly and indirectly. In the first half of 2014, the number of visitors to Jordan went up by 2%, the first increase in over four years. For Morocco, travel and tourism continue to lead the way towards economic development. With its close proximity to Spain and several European countries, Morocco has transformed itself into tourism powerhouse. By 2013, the already booming industry had grown approximately 4.3%, and by the end of 2014, the sector is expected to continue growing at a rate of 5.1%, aided by strengthened telecommunications, commerce, and transportation.\(^55\)

The Global Policy Journal affirms that by “infusing local economies with hard currency and supporting infrastructure development, the hospitality and tourism sectors provide important employment opportunities to precisely those most in need of it: minorities, women and youth”.\(^56\) More so than anywhere else, the increased prominence and development of the travel and tourism industry is enabling economic diversification in the MENA region and pushing countries away from becoming de-

\(^{56}\) The Arab Spring Can Bring a Demographic Dividend: That is Good for Business and Investors“, Global Policy Journal, August 2013.
pendent on hydrocarbons. Recovery from the global financial crisis is boosting the tourism industry to new levels, generating an expected 1.8 million jobs by the end of 2014. Exceeding the job creation of nearly all comparative industries, tourism employs twice as many individuals than the oil industry in the MENA region but its contribution to the economy often goes relatively unnoticed.

Agriculture

Despite being a relatively dry and water scarce region of the world, many countries in the region, particularly those situated along the Mediterranean, rely heavily on agriculture to maintain and boost economic development, contributing over 12% to overall GDP growth. The agricultural sector employs nearly 40% of the MENA region and accounts for 20% of total exports.

in several countries throughout the region, remaining at the forefront of economic development.\textsuperscript{60} MENA’s agricultural sector remains far from stagnant, growing nearly 5\% per year in countries such as Morocco and Egypt in the last 15 years and contributing greatly to national employment. In Egypt, 30\% of those in the labor force hold jobs in agriculture, and in Morocco, this figure has reached over 45\%.\textsuperscript{61}

Currently, the MENA region imports over 50\% of food consumed annually\textsuperscript{62}. High food prices and increased tensions with western nations make it crucial that MENA develops its domestic agricultural sector. Given the labor-intensity of agriculture and the surplus of unemployed youths in the region, there is enormous potential for agricultural growth and prosperity, particularly for women. Of the 25\% of currently active unskilled female laborers, a vast majority work in the agriculture field\textsuperscript{63}. Female participation in the agricultural labor force has increased dramatically, from 34\% in 1990’s to nearly 45 percent in 2011, while male participation decreased by approximately 11\% during the same period\textsuperscript{64} but could grow further. This “feminization

\textsuperscript{60} Siam, Gamal “Food Supply and Crisis and the Role of Agriculture in the Middle East & North Africa (MENA) Region”.
\textsuperscript{61} “Trade Liberalization and Poverty in the Middle East and North Africa”, 2010.
\textsuperscript{63} “Employability in the Mediterranean Region”. European Training Foundation, 2014.
\textsuperscript{64} “Enabling rural women’s economic empowerment: institutions, opportunities and Participation”. UN Women, September 2011.
of agriculture”65 could become the driving force needed to accelerate economic development and strengthen self-sustainability within the region.

For over 70% of the MENA region’s rural population, agriculture is the spring of livelihood, providing jobs for a vast number of landless workers and serving as a foundational sector for rural communities. With over 80% currently participating in small-holder agriculture, the potential for growth is unprecedented. The World Bank is partnering up with various MENA countries to create a strategy for agriculture and rural development that rations water sources, encourages competition, improves access to infrastructure aid and develops stronger resource management systems.66

When compared to other middle-income countries, agriculture in the MENA region contributes to a much larger extent to employment growth and job creation.67 Unlike other countries, the MENA region has avoided a shift of labor from agriculture towards services, but rather focused heavily on development in rural, agriculturally driven economies. When compared to less labor intensive sectors, the agriculture sector, following foreign direct investment, experiences greater and much faster levels of

economic growth and job creation. With increased FDI, agro-industries have the potential to provide much needed formal employment to MENA’s rural communities, not only in farming, but also in off-farm tasks such as handling, packaging, processing, transporting, and marketing agricultural goods. In the coming years, trade liberalization and the creation of an environment more conducive to foreign investment in agriculture is expected to increase *per annum* GDP and employment figures in each country throughout the region.

**Technology**

As the MENA region steps further into the digital age, information and communication technology (ICT) is becoming more and more essential to economic growth and job creation for nearly all countries. With an increased focus on ICT development, countries of the MENA region have the opportunity to increase productivity and provide new opportunities to their populations, and in turn,

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to minimize poverty while maximizing job creation. ICT technology allows for “global integration while retaining the identity of traditional societies, enhance the effectiveness, efficiency and transparency of the public sector”. Several governments in the MENA region made efforts to shift job creation focuses towards technological sectors, creating reforms to bridge the digital divide and allow for the development of a technologically driven society.

ICT in MENA has one of the highest growth potentials in the world, particularly due to the region’s relatively young, technology-savvy population. In 2010, the ICT industry was valued at $81 billion but is on track to reach $173 billion by 2015. If the pace of digitization in the MENA region continues to accelerate at rapid pace, the ICT industry could contribute up to $820 billion to regional GDP while creating nearly 4.4 million new jobs by 2020.

Unlike many other industries, ICT is among the top economic sectors for female employment in the MENA region, adhering to cultural sensitivities by allowing women to work from home. In Egypt, 43% of women hold temporary employment in IT clubs,

70. Kabir, Hassan. “FDI, Information Technology and Economic Growth in the MENA Region”.
73. La Cava, Gloria, Carlo Maria Rossotto and Cecilia Paradi-Guilford. “Information and Communications Technologies (ICT) for Youth in MENA: Policies to Promote Employment Opportunities, 2011.”
a figure that continues to increase at twice the rate as men. In Morocco, for example, the ICT sector is growing exponentially as many western markets, particularly French- and Spanish-speaking companies, invest in developing the country into an offshoring epicenter, resulting in a sharp increase of employment opportunities for youth. In 2012, the European Outsourcing Association dubbed Morocco as the “Offshoring Destination of the Year” for providing quality infrastructure that abides by international standards while also proving to be cost competitive. Perhaps more so than anywhere in the region, the Moroccan government is openly encouraging of offshoring and the promotion of digitalization within the economic sector.

Business process outsourcing (BPO), the most profitable and cost effective subset of offshoring, combined with IT and software development is expected to generate 59,000 digital jobs by 2020. In particular, programming and call center jobs in the IT/BPO areas are a strong match for immediate and future digital jobs for Moroccan youth. In Tunisia, the government has expressed interests in expanding its national ICT strategy, led by the Ministries of Education and Higher Education, Scientific Research and ICT (Mincom). Their priorities include the adaptation and development of higher education curricula to the rising sectors, the creation of new ICT high education centers and the promotion of technoparks such as the Elгазala Technopark.

(dependent of the Mincom), which identifies creation of ICT employment opportunities as one of its priorities.

Retail

The MENA region’s retail industry has grown significantly over the last few years due to increased purchasing power, a rise in immigration, lifestyle changes, and a sharp increase in the tourism and hospitality industry.\(^7\)\(^5\) With active preparation of the private sector, the region has become one of the most desirable retail markets for investment and revenue generation.\(^7\)\(^6\)

In 2011, despite political uprisings in some MENA countries and the continuing effects of the global recession, the retail industry reached its highest market size, $186.7 billion.\(^7\)\(^7\) Over the years, modernization in the retail industry, particularly in larger tourist-heavy cities, has been attributed to the sector’s rapid growth. Traditionally, the retail industry in the MENA

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\(^7\)\(^6\). “Middle East Retail Industry Trends”. Images RetailME, 2013.

\(^7\)\(^7\). “GCC Retail Industry”. Alpen Capital, December 2012.
region referred to conventional ‘souks’ (market places) but now, the sector is entering a period of diversification. Unlike many industries, the retail sector offers employment in a variety of areas: supply/distribution, inventory system management, finance, sales, etc.

Due to the rapid digitalization of the MENA region, the retail industry continues to expand exponentially. Each year, more and more people in the region turn to online shopping and e-commerce, a relatively new phenomenon that has allowed for substantial growth. In 2011, the region spent a total of $1 billion on retail websites, allowing several MENA-based companies to achieve nearly 100% growth during a single fiscal year. Companies throughout the world are investing in creating roots deep within the MENA retail industry. An example of this is Giordano, a leading international Hong Kong-based clothing retailer that has opened 190 stores in the MENA region since 1993 and plans to open 60 additional stores by 2015 that will surely create thousands of much-needed jobs.

However, the creation of job opportunities alone will not thrust job creation and employment in the MENA region. Customer service based retail jobs are at an all-time high in the MENA region, yet employment still remains alarmingly low. Youth have very little inclination to enter the service-

79. Chugani, Ishwar. “Retailing in the Middle East: Opportunities Nowhere or Now Here”.

oriented field of retail. The wide gap between industry needs and skills taught, combined with the overall lack of interest of young people, has heavily slowed down the growth of the retail industry in the MENA region. Job training and education adapted to available job opportunities for youth is essential to achieve a drop in unemployment rates in the region.

Automotive Industry

Worldwide, the automotive industry is one of the most lucrative sectors, employing hundreds of millions of individuals from all corners of the globe. In recent years, the industry has begun planting its roots the MENA region, particularly in Morocco. With its close proximity to Europe, home to some of the world’s largest car manufacturers, Morocco remains at the forefront of MENA’s automotive industry, creating more jobs than most sectors within the country. Nearly 20% of all foreign investments have been geared towards the automotive industry, as many companies have chosen Morocco as a location to outsource production plants and factories. In 2012, automobile exports in Morocco totaled over $3.1 billion, a 15.7% increase from the year
before. These figures are expected to continue as more and more European and American car manufacturers flock to Morocco. Youth throughout the country are being provided with unprecedented job opportunities as the need for workers increases yearly. Between 2002 and 2012, the automotive industry showed substantial growth in job creation, reaching over 230% growth, mainly in Casablanca, Tangier, Salé and Kenitra. Combined with the ICT and Services sector, the ANAPEC estimates that the automobile/aeronautic industry sectors will be the source of over 103,000 jobs in Morocco by 2016.

Health

The global pharmaceutical industry has experienced rapid levels of growth in recent years, emerging as one of the most rapidly growing industries in the world. In 2010, the world pharmaceutical

81. “Acteur du développement économique et social». Office de la Formation Professionnelle et de la Promotion du Travail.
market was valued at $875 billion with a growth rate of 4.1% over the years prior. As a result of favorable economic outcomes, the pharmaceutical market in the MENA region has entered a period of rapid progression and improvement over the past decades, particularly in Jordan. Home to factories with large capacities and equipped with the latest machinery and technology, Jordan has become the ideal location to establish pharmaceutical epicenters for several foreign companies. In 2010, 8.2% of the country’s exported goods were pharmaceutical products, and with nearly 70% of the sales of the pharmaceutical industry being exports, the number continues to climb.

In Egypt, the pharmaceutical sector is among the oldest in the country, establishing its roots in 1939. Egyptian pharmaceutical industry covers 30% of the pharmaceuticals supply in the MENA market, consuming over 90% locally. In the five years between 2003 and 2008, the pharmaceutical market in Egypt more than doubled, from $1 billion to $2 billion, with an annual growth rate close to a 20%. Providing the political

83. “Pharmaceutical Industry in OIC Member Countries: Production, Consumption, and Trade”. The Statistical, Economic and Social Research and Training Centre for Islamic Countries.
84. “Local Production of Pharmaceuticals and Related Technology Transfer in Developing Countries”. UNCTAD Secretariat, 2011
situation is stabilized and the economy continues towards development, the Egyptian pharmaceutical market is expected to rise to $8 billion by 2015.\textsuperscript{87}

\textsuperscript{87} “Invest in Egypt: Pharmaceuticals” Egyptian Authority for Investment, 2013.
Simply put, MENA countries are in desperate need of economic reform and public investment in youth employment policies and programs. For youth, the severe economic destitution, combined with the political instability, has created a deep-rooted crisis requiring regional and international attention. As the unemployment rate for MENA’s young people climbs, the chances of economic salvation dwindle, creating an even further gap between the youth and the labor market. In the years following the political uprisings of 2010 and 2011, the countries of the MENA region have shifted their focus away from economic reforms. The needs of young and eager workers have been placed below the need for governmental stability, causing youth to become more marginalized than ever before.

As the region steps further into development, employment has become more of a priority, but the need for drastic reform still remains. Several industries are slowly, but surely, growing and job opportunities are steadily increasing. Industries such as ICT, tourism, and agriculture, promise an enormous potential for
youth but require a great deal of effort to ensure their success. Each year, thousands of economically inactive youth discover jobs in their nation’s newly created sectors. From automobile plants to clothing stores, youth are discovering the potential of MENA’s developing job market. Governments are beginning to look towards the future, mobilizing the nation’s youth with promises of a better financial tomorrow. Very recently, several reforms focused specifically on youth unemployment have begun to make their way through legislation, taking the first few steps down the long road towards economic prosperity. With the influx of foreign investment, the region has been placed under an international spotlight, forced to make serious fiscal changes.

But the journey towards increased youth involvement in the labor force does not end at economic reform. Further efforts must be made to bridge the skills gap between young job seekers and employers. Both local and international, civil society organizations have now an opportunity to play a crucial role in empowering MENA’s youth with the skills and opportunities they need to build and sustain careers that create the promise of a better future for themselves, their communities, and the world. By helping youth achieve independence and confidence in their skills and competencies through market-oriented education and training linked to employment opportunities, an important step can be taken to ensure MENA’s youth positively contribute to their economies’ growth, stability and prosperity.
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