



MENA-OECD Government-Business Summit
30-31 March 2021

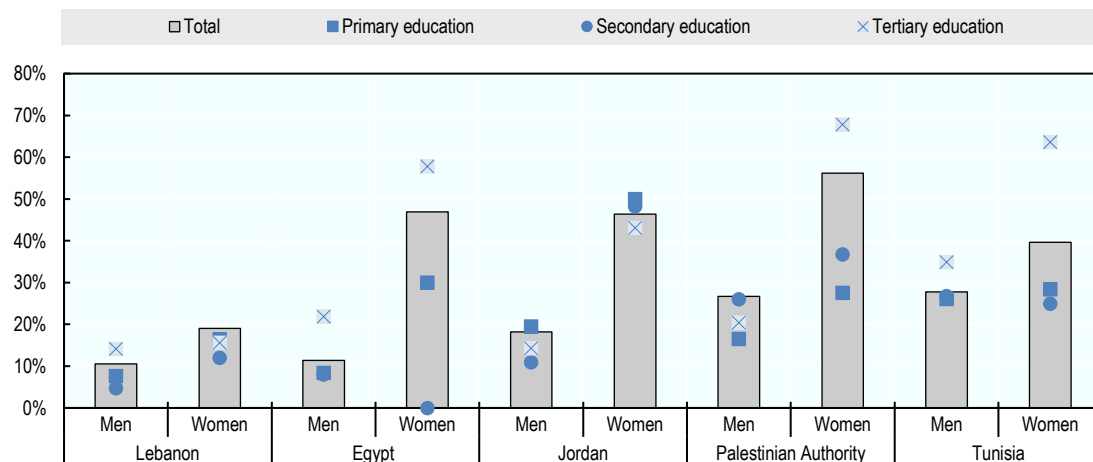
Session 3: An eco-system for youth economic empowerment

Young people¹ are a valuable asset to their countries. Youth access to economic and political opportunities affects their country’s sustainable development, prosperity and political stability. Promoting youth economic empowerment - in education and in employment- and political engagement, is critical for stimulating inclusive growth and social development.

Youth economic empowerment is an objective in and of itself. The Sustainable Development Goal (SDG) 8 calls for delivering “full and productive employment and decent work” to young people. This notably requires providing adequate education and training, opening up business environments to foster entrepreneurship and enhance access to formal employment.

Youth economic empowerment must be high on the MENA policy agenda. Children and young people (0-24 years old) currently account for nearly half of the region’s population and approximately 100 million individuals are between 15 and 24 years old (UNICEF, 2020). The demographic prominence of the MENA youth population presents a number of opportunities but also challenges – the first being on the employment front. Even greater access to education has not necessarily translated into better job opportunities (Figure 1). MENA youth unemployment rates have been the highest in the world for the last 25 years, reaching 23% in 2020 and up to 42% for young women (ILO, 2020). Structural obstacles are preventing many youth from developing the skills they need and being able to successfully transition from school to the labour market. In the region, 22.5% youth are not in employment, education or training (NEET), 31.1% of young women and 13.9% of young men (ILO, 2017).

Figure 1. Youth unemployment rates by gender and level of completed education for selected economies



Source: ILO, 2016.

Note: Economies have been selected upon data availability.

Youth women’s employment is particularly vulnerable due to a number of interrelated socioeconomic, cultural, structural and institutional factors. This notably relates to

persistent legal inequalities and discriminatory provisions, lack of affordable childcare and family-friendly policies, as well as social norms that inhibit women from entering private sector jobs. For example, in some MENA economies, business registrations require the approval of a male family member, restricting women's entrepreneurship opportunities.

Although the private sector has the potential to become a powerful driver of youth employment in MENA economies, it remains less attractive than the public sector. The job security, employment benefits and relatively comfortable wages offered by the public sector make it more appealing for young jobseekers. In many MENA economies the proportion of students pursuing programmes designed to lead them towards public sector jobs remains high. As a result, those youth unable to get a public sector job are often poorly prepared for the jobs available in the private sector, or unwilling to consider them.

In the absence of quality job opportunities, migration is increasingly seen as a last resort for many youth. This is particularly visible in rural areas, where youth are moving to cities in search of better economic opportunities. In the 2000-2015 period, net migration from MENA economies (excluding Gulf countries) was estimated to be at 8.4 million people and one in four migrants were aged 15-29 (IOM, 2019). Migration within the region is high, involving young people from labour-abundant countries seeking economic opportunities in the Gulf.

The COVID-19 crisis disrupting labour market insertion and educational development.

The global recession instigated by the pandemic has reinforced the message that more needs to be done to provide youth with the appropriate skills and support to get a better start in the labour market. The crisis caused several millions of employment losses in the region, affecting the already-vulnerable youth. A 2020 survey conducted across youth populations in Algeria, Egypt, Jordan, Lebanon, Saudi Arabia and the UAE displayed that 72% of youth are facing increased difficulties in finding employment since the COVID-19 outbreak (Puri-Mirza, 2021).

On the education front, lockdowns and curfews have caused school closures in many MENA economies, setting back human capital gains achieved over the last few decades. The duration of complete and partial school closures led to an average of 28 weeks lost for MENA countries, the second highest loss in comparison to other regions in the world (UNESCO, 2020). Distance education strategies, such as running online platforms, have guaranteed learning continuity. However, the digital divide has increased pre-existing inequalities. Children who cannot access digital resources are at a higher risk of being left behind as school closures drag.

The way forward: What policies to bolster the role of youth as a catalyst for an inclusive and sustainable recovery?

In recent years, several MENA governments have developed national youth strategies covering multiple dimensions of youth policy and a wide range of employment and entrepreneurship initiatives. This includes the provision of youth training in workforce readiness, entrepreneurship education programmes, technical skills training, employment services and youth-dedicated microfinance. Similarly, several MENA economies have identified youth engagement as a strategic component of their post-crisis policies, while youth organisations have played an active role in mitigating the crisis and preparing for recovery.

Some specific dimensions to take into consideration to foster youth economic empowerment in a post COVID-19 crisis scenario include:

- **Incorporating quality jobs for young people as key objective of overall economic reform programmes.** Youth strategy is part of a broader policy agenda for creating more

and better quality jobs. Stimulating job creation for young people starts with a stable macroeconomic framework and structural policies, which improve competitiveness of MENA economies, support investment and encourage private sector development.

- **Strengthen employers' incentives to hire youth workers while ensuring decent wages and an adequate level of protection for workers.** Temporary work could act as a stepping stone into more stable employment for youth, if MENA governments would reduce the dualism between rigid employment protection legislation on permanent contracts and flexible legislation on temporary ones. Similarly, narrowing gaps in the level of remuneration and benefits between the public and private sectors may increase the attractiveness of private formal employment.
- **Fostering youth social resilience.** Social protection systems need to be strengthened to provide an adequate safety net for youth who are out of work. In addition to shielding the youth from poverty, they enable them to look for new and productive employment, supporting integration into the formal economy. Given the scarcity of public resources, options for fiscal consolidation needs to make part of an overall agenda.
- **Addressing the skills mismatch.** In addition to matching skills with private sector needs, skills anticipation is critical to identify and prepare youth to meet future competency needs. Greater emphasis on Science, Technology, Engineering, and Mathematics (STEM) will provide youth with the skills and training necessary to participate in and drive the acceleration of digital transformation.
- **Strengthening the role and effectiveness of Vocational Education and Training (VET).** Provision of market-relevant education, VET and financial literacy skills would allow young women and men to develop the knowledge, skills and confidence they need to succeed, but also to successfully integrate the labour market. This notably means having strong elements of work-based learning and enhancing the quality of apprenticeships.
- **Forging effective partnerships and apprenticeships.** Partnerships between the private sector, government and local education institutions is key to identify skills mismatches and design training programmes. The introduction of apprenticeships in private companies can be an important driver of youth employment and better skills matching. Financial incentives can also encourage employers to expand quality apprenticeship and internship programmes.
- **Promoting youth entrepreneurship, with a special focus on young women entrepreneurs.** Cutting redundant procedures, promoting e-government and one-stop shops among other tools are key to support youth entrepreneurship. In addition, the development of mentoring, coaching and networks of young entrepreneurs, as well as knowledge exchanges and help with business planning, accounting and marketing can foster youth's entrepreneurship spirit and competencies. Policy interventions can help young women-led firms advance along the continuum of business development from survival-focused to growth-focused. This includes addressing legal impediments to women business ownership and developing sanctions against gender-based discrimination in financial institutions.
- **Improving access to finance.** This notably includes greater access to bank accounts and financial technology but also to equity and angel investments. Having a strong legal and regulatory framework for access to finance needs to be accompanied by tailor-made financial tools for young entrepreneurs, such as access to credit guarantee schemes when they lack collateral. Gender-responsive policy interventions should target additional financing constraints faced by women entrepreneurs, such as inexperience in approaching potential lenders with bankable project proposals.

This session will discuss policy strategies to bolster the role of youth as a catalyst for an inclusive and sustainable recovery in the MENA region. The discussion will consider how to enhance youth employability and skills, as well as to engage young men and women as full partners in the economic recovery.

Key questions for Discussion:

- Prior to the pandemic, what structural factors and barriers hindered youth economic empowerment in the region? How has this situation worsened due to the pandemic?
- How can governments and international/regional partners create an enabling environment unlocking youth economic empowerment opportunities? What measures are likely to unlock remaining barriers to gender inequalities?
- How can digitalisation create new opportunities for youth economic empowerment, while ensuring an inclusive approach that provides opportunities for all?
- How can recovery strategies benefit from the potential of young people in mitigating the crisis and building resilience of the MENA societies?

References

ILO (2020) *Global Employment Trends for Youth 2020*.

ILO (2017) *Where do the world's NEETs live?, The Global Employment Trends for Youth 2017*.

IOM (2019) "Searching for Clarity: Defining and mapping youth migration" MRS No. 59, Geneva.

OECD (2020) "COVID-19 crisis response in MENA countries", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris.

Puri-Mirza (2021) *Share of youth with more difficulty finding jobs post COVID-19 MENA 2020, by country*.

UNESCO (2020) *Education: From COVID-19 learning disruption to recovery: A snapshot of UNESCO's work in education in 2020*.

UNESCO-UNICEF-World Bank (2020) *UNESCO-UNICEF-World Bank Survey on National Education Responses to COVID-19 School Closures – Key Results (2nd Iteration)*.

United Nations (2019) *International Youth Day, 12 August 2019*.

For further reading

Kabbani, N. (2019). *Youth empowerment in the Middle East and North Africa: Revisiting and reframing the challenge*, Brookings Doha Center Publications.

ILO (2020a). *Global Employment Trends for Youth 2020: Arab States*.

Premand, P. et al. (2012), *Entrepreneurship Training and Self-Employment among University Graduates : Evidence from a Randomized Trial In Tunisia*.

UNFPA (2014). *The Power of 1.8 billion Adolescents, Youth and the Transformation of the Future*.

World Bank Group (2020). *Doing Business 2020: Training for Reform, Regional Profile Arab World*.

World Bank (2010). *Non-public provision of active labor market programs in Arab-Mediterranean countries : an inventory of youth programs*.

ⁱ Here 'youth' refers to persons between the ages of 15 and 24 years.