Young People in Arab Countries: Promoting Opportunities and Participation

Background Paper to the Marseille Conference
April 28–30, 2010
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## List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALMP</td>
<td>Active Labor Market Program</td>
</tr>
<tr>
<td>CBO</td>
<td>community-based organization</td>
</tr>
<tr>
<td>CNJ</td>
<td>Conseil national pour la jeunesse (Algeria)</td>
</tr>
<tr>
<td>EGP</td>
<td>Egyptian pound</td>
</tr>
<tr>
<td>EPL</td>
<td>employment protection legislation</td>
</tr>
<tr>
<td>ERfKE</td>
<td>Education Reform for the Knowledge Economy (Jordan)</td>
</tr>
<tr>
<td>ETF</td>
<td>European Training Foundation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>HHBS</td>
<td>Household Budget Survey(s)</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOM</td>
<td>International Organization for Migration</td>
</tr>
<tr>
<td>ITC</td>
<td>Industrial Training Council (Egypt)</td>
</tr>
<tr>
<td>KILM</td>
<td>Key Indicators of the Labor Market, ILO database</td>
</tr>
<tr>
<td>LFS</td>
<td>Labor Force Survey</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and North Africa region, World Bank</td>
</tr>
<tr>
<td>NEET</td>
<td>neither in education nor employment (OECD term)</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernmental organization</td>
</tr>
<tr>
<td>OCHA</td>
<td>UN Office for the Coordination of Humanitarian Affairs</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OSCY</td>
<td>Out-of-school children and youth</td>
</tr>
<tr>
<td>PES</td>
<td>public employment services</td>
</tr>
<tr>
<td>SMED</td>
<td>South Mediterranean countries (for the purposes of this report: Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, West Bank and Gaza Strip)</td>
</tr>
<tr>
<td>StWT</td>
<td>school-to-work transition</td>
</tr>
<tr>
<td>SWTS</td>
<td>School-to-Work Transition Survey (ILO)</td>
</tr>
<tr>
<td>TIMSS</td>
<td>Trends in International Mathematics and Science Study</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>VET</td>
<td>vocational education and training</td>
</tr>
<tr>
<td>WB&amp;GS</td>
<td>West Bank and Gaza Strip (Palestinian Occupied Territories)</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
<tr>
<td>YEP</td>
<td>National Youth Employment Programme (Egypt)</td>
</tr>
</tbody>
</table>
Executive Summary
Young People in Arab Countries:
Promoting Opportunities and Participation
Marseille Workshop, April 28-30, 2010

Following the momentum and knowledge provided by the World Development Report 2007: Development and the Next Generation (WDR 2007, World Bank 2006), the Middle East and North Africa (MENA) Region of the World Bank produced a policy note, “Youth—An Undervalued Asset: Towards a New Agenda in the Middle East and North Africa,” that highlighted the urgency of investing in young people in MENA, in light of its demographic youth bulge and the world’s highest youth unemployment rates. More recently, the MENA Region of the Bank approved a medium-term youth regional program whose main objective is to increase the relevance of the region’s youth issues in policy dialogue and analytic work.

Large youth cohorts represent a potential asset. A substantial youth population can make a significant contribution to the long-run economic growth and performance of a country. The WDR 2007 emphasized this point, identifying a youth bulge as a “window of opportunity.” Not investing in young people, in particular not creating the required jobs for them, will make youth more vulnerable and at risk of being marginalized—creating generations of idle citizens who are subject to negative societal phenomena and will require substantially higher investments to recover.

This paper focuses on two major youth transitions: those to employment and active participation in their societies. It provides evidence on the main trends in young people’s employment and social outcomes in Arab countries of the South Mediterranean (SMED), as well as an overview of current policy responses on youth employment and participation. The emphasis on Arab Mediterranean countries is largely due to the greater availability of comparable data for these countries than for other Arab countries in the MENA region. It is intended to help policy makers in MENA countries develop more accurately targeted youth policies and investment plans at a time when awareness of youth challenges is very high.

The paper presents a cross-country analysis of youth issues in the region based on comparable data sets, including the KILM and LABORSTA databases of the International Labour Organization (ILO) and available household survey data. However, in order to ensure more accurate and broader cross-country analysis, data on youth transitions in the region needs to become more accessible. In addition, more specific data on these transitions needs to be collected on a regular basis, ideally by national statistical offices.

Youth labor markets in the countries considered here undoubtedly share some features, but significantly differ in their characteristics and dynamics. In spite of the limitations of available data, the analysis is an important exercise that offers policy makers a more refined set of indicators for measuring youth outcomes.

Transition to Work: Measuring Young People’s Challenges

Governments, and, to some extent, research on youth in the region have tended to concentrate on the problems faced by educated young people. The evidence presented in this paper suggests that this focus is too narrow to improve overall youth outcomes. In particular, the analysis suggests that the most serious challenges affecting young people’s transition from education to employment are faced by less educated and poorer youth.

Figure 1. Unemployment Rates by Educational Level for the Working-age Population (15–64 years)

1 Specifically, the countries covered are Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, and the West Bank and Gaza Strip.
The MENA region boasts the highest regional youth unemployment rates in the world. Although there is a substantial degree of variation across countries, youth unemployment rates are high in all cases, with the rates higher for young women than young men. In some countries, such as Morocco and Algeria, unemployment rates rise with education level, but the pattern varies sharply across countries (see figure 1). Female labor force participation rates are low across all MENA countries (about one-third that of men), with the widely accepted view that these rates are attributable to “social norms”—particularly the low labor force participation rates of married women (Miles 2002; Assaad and Arntz 2005). Recent studies of Egypt, Morocco, and Lebanon suggest, however, that the dynamics of female labor force participation rates may be quite different by country.

The vast majority of unemployed young people in SMED countries have only primary levels of education. (This finding is especially true when the joblessness, rather than youth unemployment, rate is used to define disadvantaged youth—see below). Figures 1 and 2 illustrate this fact in two ways: figure 1 shows the unemployment rate of the working-age population for various educational levels, and figure 2 shows the distribution of the unemployed by educational level. Although these figures are calculated for the age group between 15 and 64 years for the latest available year, they apply equally to young people because the latter are disproportionately represented in the populations of these countries.

Figure 2. Distribution of Unemployed Adults (15–64 years) by Education Level


The ratio of youth-to-adult unemployment—that is, the relative difficulties of young people, compared to adults, in finding employment—can also shed greater light on youth disadvantages in the labor market. Although this rate varies widely from country to country in the SMED region, it is often higher than the world average and very high in several countries. In Egypt, for example, youth unemployment is more than eight times the adult rate (with the caveat of data quality), and in Algeria, Syria, and Tunisia, it is three times the adult rate (see figure 3).

Figure 3. Youth-to-adult Unemployment Rates in SMED Countries


Using the youth unemployment rate as an overall indicator of labor market difficulty, however, implies a rather restricted definition. The indicator disregards the incidence of both young discouraged and inactive workers and does not measure the incidence of the “working poor”—that is, young people who cannot afford to be unemployed or, more generally, the underemployed. If one takes a school-to-work transition perspective, an indicator that focuses only on young people who are seeking and not finding work does not capture the true extent of youth labor market challenges. A different indicator is needed to both better understand these challenges and more effectively target interventions to disadvantaged youth.

Among possible indicators that depict a more accurate picture of these problems, the simplest is the joblessness rate used in the World Development Report 2007. This rate is defined as the number of youth who are neither
in education nor in employment as a proportion of the relevant age group. The joblessness rate has the advantage of providing a sense of the proportion of young people who are not “productively” or “usefully” occupied. This idea is particularly relevant with respect to how human capital investment promotes growth, as young people who are neither working nor in education represent a missed opportunity.

The youth joblessness rate, moreover, throws light on issues of educational and labor force participation: the starting point and “conclusion” of the transition. By excluding young people who are pursuing education from the rate, but including all those who are neither in education nor employment, the rate provides an indicator that is unequivocally associated with the worsening of the conditions of young people and their lost potential. As an indicator of labor market problems, moreover, this rate leads to different analytical results, for example, in the identification of disadvantaged groups. Arguably, joblessness identifies precisely the discouraged young people who are most in need of intervention in terms of education, training, and/or active labor market policies in order to prevent them from becoming entirely detached from the labor market.

Looking at youth unemployment rates at face value, one would tend to conclude that difficulties in the school-to-work transition are most marked in urban areas, but the joblessness indicator shows a different picture. In Egypt, for example, the youth joblessness rate is higher overall in rural areas, which explains the widespread phenomenon of rural-urban migration. Whereas joblessness rates for young men in Egypt are similar in urban and rural areas, for young women, the rate is significantly higher in rural areas and much higher than that of young men in both urban and rural areas.

Joblessness and unemployment rates in Jordan also show rather different pictures, with the former tending to fall with the level of education. As shown in table 1, the higher the education level, the higher the unemployment rate, but the higher the joblessness rate, the lower the educational level, particularly for women.

### Table 1. Unemployment and Joblessness Rates by Education Level and Gender in Jordan, 2008 (% of workforce)

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>7.7</td>
<td>*</td>
</tr>
<tr>
<td>Less than secondary education</td>
<td>11.5</td>
<td>24.4</td>
</tr>
<tr>
<td>Secondary education</td>
<td>8.5</td>
<td>20.6</td>
</tr>
<tr>
<td>Intermediate diploma</td>
<td>6.5</td>
<td>22.6</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>9.1</td>
<td>26.5</td>
</tr>
<tr>
<td>All</td>
<td>10.2</td>
<td>24.6</td>
</tr>
</tbody>
</table>

Source: Calculations based on data in the Department of Statistics database of the Hashemite Kingdom of Jordan (accessed March 2010).

Similarly in Syria (see table 2), the data do not confirm the supposedly disadvantaged position of highly educated young people. There, young men face joblessness rates of 26.8 percent and young women, 66.8 percent, according to data from the ILO school-to-work survey (Alissa 2007). For both young men and young women in Syria, there is a fairly clear inverse relationship between the level of education and joblessness.²

### Table 2. Unemployment and Joblessness Rates of Young People by Education Level and Gender in Syria, 2005

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>26.8</td>
<td>66.8</td>
</tr>
<tr>
<td>No education</td>
<td>44.9</td>
<td>88.1</td>
</tr>
<tr>
<td>Primary education</td>
<td>29.9</td>
<td>94.0</td>
</tr>
<tr>
<td>Preparatory education</td>
<td>39.4</td>
<td>75.0</td>
</tr>
<tr>
<td>Basic education</td>
<td>21.8</td>
<td>73.6</td>
</tr>
<tr>
<td>Secondary education</td>
<td>15.3</td>
<td>40.0</td>
</tr>
<tr>
<td>Institute/College</td>
<td>21.4</td>
<td>35.1</td>
</tr>
<tr>
<td>University</td>
<td>6.9</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Source: Calculations based on microdata provided by the ILO.

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² One should observe, however, that the survey sample was very small.
The link between education level and joblessness among youth relates to poverty in the region. Despite gains in educational attainment among the poor, education levels remain dramatically different for poor and non-poor youth across the region. In Egypt, for example, only 23 percent of the poor population have completed basic education and only 12 percent have completed secondary education. Poverty and level of education are strongly and consistently correlated in populations in the region, meaning that programs targeting secondary and higher education will reach few if any poor children in MENA (World Bank 2007).

These barriers to educational access result in high dropout rates and large numbers of out-of-school youth throughout the region. Dropout rates remain significant in some countries, particularly Morocco, where the rate is as high as 11.3 percent in grade 6. By 2007, 9 million youth between the ages of 18 and 27 in Morocco had not completed basic education. Out-of-school youngsters are mostly poor, female, or rural residents; speak non-majority languages; have a disability or serious health and/or sanitation problems; or are caught in zones of violent conflict (World Bank 2007).

Finally, in addition to the joblessness rate, it is important to measure the quality of jobs among young workers. Low quality jobs are much more common among young workers. Table 3 reports, for example, the incidence of informal sector employment among young people in Egypt along with two other indicators of job quality. The table specifically shows that young employees are around 1.7 times as likely to work in the informal sector than are “prime age” adults.

Youth wages are another indicator of job quality. For example, informal employment implies no job contract and tends to be associated with relative low wages for young men vis-à-vis adult men’s wages, but young women’s wages tend to be especially low in relation to those of young men, as illustrated in the data from the Egypt Labor Force Survey (2006).

Activating Youth Employment

Two important constraints are preventing new entrants from finding jobs in SMED countries: insufficient labor demand (perhaps the main factor) and skills mismatches. Investment climate surveys, for example, indicate that the limited availability of appropriate skilled labor is considered a major constraint to growth, on average, for one-third of businesses in MENA countries (Benhassine 2009).

Although not a substitute for structural labor market reform and accelerated economic growth, Active Labor Market Programs (ALMPs) constitute an important component of labor market policy. The overarching goal of such programs is to decrease frictional unemployment and increase employability. ALMPs can be useful for strengthening the supply of labor (e.g., through training), increasing the demand for labor (e.g., through public works), and improving labor market intermediation (e.g., through employment services). As such, ALMPs need to be integrated as a building block of an overall youth employment policy.

Severe knowledge gaps exist with regard to ALMPs in the MENA region. In particular, there is little information about the impact of ALMPs on labor market outcomes in the region or on their cost-effectiveness. Lack of evaluation of existing programs, moreover, prevents the design of policies that best assist the unemployed, particularly the disadvantaged. For example, evaluations can shed light on which category of young people would most benefit from particular interventions (low- vs. high-skilled, poor vs. high-income, rural vs. urban, youth, women, etc.) and for which reason (equity vs. efficiency considerations). Existing evidence, though not comprehensive, suggests that ALMPs in SMED countries have mainly been concerned with promoting employment for young people with higher-level qualifications (Angel-Urdinola, Semlali, Brodman Forthcoming 2010).

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Table 3. Indicators of job quality in Egypt

<table>
<thead>
<tr>
<th>Age-Group</th>
<th>Informal sector employment (% of total employment of age-group)</th>
<th>Temporary employment (% of total employment of age-group)</th>
<th>Incidence of involuntary part-time employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>74.3</td>
<td>29.1</td>
<td>4.6</td>
</tr>
<tr>
<td>25-44</td>
<td>42.9</td>
<td>14.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Ratio youth/adults</td>
<td>1.7</td>
<td>2.0</td>
<td>1.5</td>
</tr>
</tbody>
</table>


Note: Temporary employment here includes all forms of non-permanent employment: temporary, casual and seasonal.
Several countries in the region have introduced major ALMPs for young people. In Egypt, a reform of national employment services and labor market information systems was initiated in 2000, followed in 2001 by the launch of a national Youth Employment Programme. The latter program targeted young people with secondary education and higher. It included subsidized employment, training, and business start-up support, as well as the creation of electronic employment databases and job-matching services. Training was provided in more than 300 occupations considered in demand, based on employer needs assessments. A non-experimental evaluation of the program revealed that after a number of years, however, program take-up remained low. About 27 percent of participants self-reported that they had found a job as a result of the training (Amer 2007).

Tunisia undertook a fundamental restructuring of ALMPs in 2009. These initiatives now consist of six programs, of which four in particular concern the young. The first two are targeted to university graduates: (i) a subsidized internship that can be accessed after a graduate has conducted his or her own job search for six months, and (ii) a vocational conversion training for graduates who are first-time job seekers and have been unable to find work for three years. The conversion program is usually a dual apprenticeship tailored to the demands of a specific employer and guarantees that the candidate will be hired. A third program is similar to the conversion program, but is aimed at non-graduates. Finally, the package of programs includes a combination of training, coaching, and incubation support for entrepreneurship and start-ups (World Bank Forthcoming 2010b).

In 2006, Morocco launched a new set of ALMPs aimed mainly at young people with university degrees; these programs were recently extended to include secondary school graduates. These ALMPs cover: (i) subsidies to recruit specific categories of highly educated unemployed youth; (ii) training programs intended to respond to the needs of recruiting companies, as well as retraining and/or professional conversion programs aimed at graduates who have had difficulty entering the labor market, and (iii) microenterprise loans. The programs replace and draw on the experience of previous programs implemented since the end of the 1980s. According to estimates in a recent World Bank analysis, the new initiatives should help create new jobs for approximately 75,000 jobseekers per year, mainly for young people with higher education. The cost of creating jobs for the three initiatives nears 7,000 DH ($840) per beneficiary, with an annual budgetary expenditure of approximately US$ 6 million (World Bank 2010a).

Box 1. NGO Initiatives for Youth Employment in the MENA Region

The World Bank recently conducted an inventory of 60 ongoing nongovernmental employment programs that target young people across the region. Preliminary findings include:

- The number of beneficiaries varies greatly by program. A few reach more than 5,000 young people and several reach a couple of thousand, but most reach only a few hundred beneficiaries.
- Mostly larger private sector firms participate in skills development programs that target youth. Medium and small firms are largely absent, even though they represent a significant share of employment and production in the region.
- Urban residents are the main target group; exceptionally few programs target rural youth and none target school dropouts.
- Programs focus most often on highly educated youth; however, low-income youth are gaining some visibility because of increased donor interest.
- The majority of programs provide technical skills to young people, although the private sector expresses an increased interest in hiring employees with strong life (“soft”) skills (e.g., interpersonal skills and the ability to think creatively and solve problems).
- Few programs provide a comprehensive skills mix (a mix of both technical and life skills) and less than half provide practical experience.

Source: Semlali (forthcoming 2010).

The results of ALMPs, particularly in developing countries (as compared to OECD countries) are still not clear cut. Appropriate evaluation and follow-up of beneficiaries is necessary in order to shed light on the actual impact of these programs. Within the realm of ALMPs for youth, the most comprehensive global analysis of youth programs actually found that ALMPs targeting youth from poor households work better (Betcherman et al. 2007). The Jovenes programs in Latin America countries are an example of a comprehensive intervention for disadvantaged youth that have been shown to be rather successful in most countries. In the United Kingdom, the UK New Deal, a portfolio of ALMPs in which each program targets a specific jobseeker group, has had a significant impact on insertion rates, particularly of disadvantaged youth (De Georgi 2005).
Youth Participation and Youth Policy Development

The experience of active citizenship at a young age has formative and lasting effects on the extent and kind of political and social participation of a young person throughout his/her life cycle. Additionally, active citizenship affects development outcomes in three ways: by enhancing the human and social capital of individuals, promoting government accountability for basic service delivery, and enhancing the overall climate for investment and private decision making (World Bank 2006). Engaging young people in society as assets for positive societal transformation depends on the availability of mechanisms and resources that young people may use to invest their time and energy (opportunity) and acquire the skills needed to take decisions and action (capability), as well as a set of shared values that give sense to their actions (motivation) (see Pittman et al. 2007).

Analysis of available sources shows almost uniformly that young Arabs have innovative expectations for participation in their societies. The Arab Youth Issues Annual Report 2007 of the League of Arab States, for example, suggests that the largest majority of youth see political participation as a right of citizenship that they want to exercise. The UNDP Arab Human Development Report (2009), however, found that irrespective of income level, governance in MENA countries tends to fare badly in voice and accountability. In Egypt, for example, only 16 percent of all eligible youth through age 24 have ever voted, with a higher rate among men than women.

Young people in SMED countries have few opportunities to build their skills through volunteering or community service, indicating an important area for future investments. For example, a survey of youth in Morocco in 2000 (Government of Morocco 2001) showed that, on average, only 15 percent of youth participated in the activities of any association (including sports associations). A similar survey in Egypt (Population Council 2009) found that only 3.3 percent of young males and 1 percent of young females took part in voluntary activities.

Youth participation is a major pillar of national youth policy. In EU countries, young people and their representative bodies are recognized as stakeholders and equal partners of governments in the implementation of national youth policies. In order to boost active youth participation and make youth outreach as wide as possible, special attention should be given to the development and support of youth bodies, including various youth organizations, youth parties, student organizations, youth councils, and youth parliaments—both on the local and national level. These organizations are the principal channel for expressing youth opinion and voice on various important issues and are critical in order for young people to learn active citizenship, democratic, and social values.

Among European Union countries, the organization of youth work and youth policy in Finland can be considered best practice for addressing youth needs and reducing their social exclusion. The Finnish Youth Act specifies the objectives and values of youth work and policy. The Act also lays down specific provisions on the duties of local authorities with respect to youth work and policy. In addition, the Act includes provisions on young people’s right to participate in matters concerning youth work and policy and to be consulted in matters affecting them. Most importantly, the Act establishes the financing of youth work and policy (Government of Finland n.d.).

Stronger youth inclusion and participation can be achieved by national youth policies that address the needs of young people and cut across sectors (e.g., education, employment, rural development, housing, access to information, mobility), including local-level policies. By using an integrated, multidimensional approach, a national youth policy can achieve comprehensive youth-focused investments that address the multiple dimensions of youth exclusion (i.e., exclusion from the labor market and exclusion from participation in public life).
Introduction

This paper aims to provide background evidence on the main trends in youth employment and social outcomes in Arab Mediterranean countries, as well as an overview of current policy responses on youth employment and participation. The emphasis on Arab Mediterranean countries is largely determined by the greater availability of comparable data for these countries than for other Arab countries in the Middle East and North Africa (MENA) region. Even among the Mediterranean countries, Libya stands out due to a relative dearth of available information. Nevertheless the information provided in this report can serve as a reference point for other countries because the main issues raised are equally relevant throughout the region.

Young people constitute well over half the population of both the MENA region as a whole and the Arab Mediterranean subregion, with youth population growth rates second only to those of Sub-Saharan Africa. The consequent youth “bulge” creates a demographic window of opportunity; however, reaping the potential demographic dividend is not automatic. Policies and investments need to be tailored to the specific needs of youth in individual countries and accurately evaluated over time.

Governments, and, to some extent, research on youth in the region have tended to concentrate on the problems faced by educated young people. The evidence presented in this paper suggests that this focus is too narrow to improve overall youth outcomes. In particular, the analysis suggests that the most serious challenges affecting young people’s transition from education to employment are faced by less educated and poorer youth.

The report highlights the need to take into account the heterogeneity of the countries in the region. Youth labor markets in the countries considered here undoubtedly share some features, but significantly differ in their characteristics and dynamics. By the same token, the stage of development and implementation of youth policies in these countries is also highly variable. In some countries a proper youth policy has yet to be created. In others, specific infrastructures and programs are in place in ministries that have a mandate for youth affairs, but a cross-sectoral strategy would enhance the effectiveness of their services.

In addition, capacity and budgetary concerns are important constraints on youth programming in the Arab Mediterranean countries. The report also highlights the importance of creating institutional space in civil society for young people to voice their concerns and take part in the co-management of youth policy and service delivery, based on a shared set of principles articulated in a national youth policy. Many constraints continue, however, to affect this potential.

A number of issues addressed by the paper raise methodological questions, such as, how the difficulties of young people’s transition from school to work can best be measured. In answering these questions, the paper provides cross-country evidence on the nature of the school-to-work transition and recommends indicators that can more accurately identify young people who have the greatest difficulty in making this transition.

3 Specifically, the countries covered in this report are Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, and the West Bank and Gaza Strip.
1 Youth Population Trends in Southern Mediterranean Countries

A large youth cohort represents both a potential problem (jobs have to be found to accommodate them) and a potential asset (a substantial youth population can make a significant contribution to the long-run economic growth and performance of a country). The latter issue was emphasized in the World Development Report 2007: Development and the Next Generation (WDR 2007, World Bank 2006a) as a “window of opportunity.” Specifically, rising incomes are associated with greater longevity as well as falling birth rates. As a result, there is a tendency in most parts of the world for the average age of the population to rise. This development brings with it potential opportunities and potential problems.

In particular, countries typically go through a period in which the overall dependency ratio\(^4\) tends to fall. This happens when the birth rate falls at the same time that large numbers of young people enter the labor market. After this window closes, growth in the number of elderly people in the population and a smaller youth population causes the dependency ratio to rise once again. As the WDR 2007 pointed out, the period in which per capita labor supply increases presents an opportunity for enhanced long-run economic growth.

First, the greater (potential) labor supply increases potential output per capita. Second, an increased size of the working-age population implies an increase in the savings (and, consequently, investment) rate, leading to increased long-term growth. A third element in the equation concerns human capital. In a manner analogous to investment in physical capital, appropriate investments in the human capital of young people through education and training systems are also likely to lead to higher rates of long-run growth (see Siamesi and Van Reenen 2003), although in the MENA region the growth returns on human capital investments have been lower than expected, as explained below.

For the most part, the short-run effect of a bigger youth population is generally considered negative. The larger the youth population, the more difficulty labor markets have in accommodating the substantial flux of new entrants, which may lead to higher youth unemployment.\(^5\) However, in his analysis of the United States, Robert Shimer (2001) actually found a negative relationship between youth population size and youth unemployment rates. His explanation for this apparently counter-intuitive finding was that labor markets with substantial numbers of young people are likely to be more flexible than those dominated by older workers, with employers more willing to create jobs in such markets.

In general, studies of the issue most often find a negative relationship between the size of the youth cohort and youth unemployment in a given country. For example, Korenman and Neumark (2000) find an elasticity of the youth unemployment rate to the youth-to-adult population ratio of around 0.5 for OECD countries; and O’Higgins (2003) finds elasticities of a similar magnitude for 32 developing and transition countries. However, in both cases the impact of the

\(^4\) The ratio of the non-productive population (i.e., the young and the old) to the working-age population. How this ratio is actually defined varies according to the definition of the working-age population.

\(^5\) Concerns of this kind are prominent in the region, given the substantial bulge in fertility rates in the early 1980s. This development led some commentators to speak with some alarm of the need to create 100 million jobs for young people by 2020 (Keller and Nabli 2002).
relative size of the youth population is much reduced and/or loses statistical significance when adult employment or unemployment rates are introduced to control for aggregate demand factors.

1.1 Large Youth Populations and High Dependency Ratios

The main implication of current demographic trends is that most SMED countries have peaked in terms of the share of youth in the working-age population, but that this share and the dependency ratio are both likely to remain relatively favorable for youth investments for the next decade (and beyond). It is not too late to take advantage of the potential that these trends represent.

The South Mediterranean (SMED) countries of the Middle East and North Africa are characterized by two potentially beneficial demographic features:

- Very high fertility rates in the 1970s and 1980s mean that the youth population is substantial compared to other regions of the world. The rate of growth of the youth population is falling almost everywhere in SMED—except the Palestinian Occupied Territories, where the proportion of young people aged 15–24 years in the working-age population is substantial. However, this growth rate remains well above that found in more developed countries as a whole and, apart from the North African countries of SMED, above that of less-developed countries.

- A high, but decreasing, dependency ratio (see figure 1), that is, the proportion of the population that is not of working age (under 15 and over 65 years) is decreasing relative to the proportion of the population that is of working age (15–64 years).

Figure 1. Dependency Ratio and the Share of Youth in the Working-age population, SMED, 2009

Source: Youth (15–24 years) as a percentage of the working-age (15–64 years) population and the dependency ratio in 2009 and in 2020 are author calculations, based on ILO estimates and projections of the employment adequacy rate (EAPOP) and the ILO LABORSTA Database.
Figure 1 reports recent figures on the dependency ratio and the youth population for the countries under consideration in this paper. Specifically, between 2009 and 2020, the dependency ratio is expected to fall in all SMED countries with the exception of Algeria, where the ratio is expected to increase slightly. This trend is in direct contrast to that of high-income countries, where the dependency ratio is expected to increase. However, the ratio in SMED countries (with the exception of Algeria and, above all, Tunisia) is still well above the average for high-income countries. Similarly, the share of the youth population in the population as a whole remains relatively high in SMED countries, although it is falling. This share is also expected to remain above that of more developed countries for the foreseeable future.
2 Education and the Labor Market

2.1 Investments in Education have not Erased All Barriers to Access

The South Mediterranean countries of the Middle East have dedicated significant resources to education over the last 40 years or so, committing more resources to education than other developing countries with similar levels of per capita income (World Bank 2008a, see figure 2). The result of these investments has been the rapid expansion of educational access at all levels. Primary education is close to universal in all the countries considered in this paper; enrollment in secondary and tertiary education has also expanded rapidly (World Bank 2007). Figure 3 reports literacy rates for young people and adults as a whole by gender, indicating the extent to which literacy rates have risen over time. The figure also illustrates that the comparative situation of females and males vis-à-vis education has improved, with literacy rates almost equal for young men and young women in most SMED countries. Exceptions remain, however, as do a number of other challenges to gender equity in education.

Figure 2. Mean Government Expenditure in Education (% GDP) in SMED, LAC, and Asia, Latest Available Year

The performance of SMED countries on literacy is by no means uniform. In particular, the poor performance of Morocco stands out, both in terms of the overall literacy of young people (and adults) as a whole, and the failure to close the gap between the literacy rates of young men and young women. The literacy rate of young females in the country is, for example, only a little higher than the literacy rate of adult males as a whole. Although Egypt has significantly narrowed the gap between the literacy rates of men and women, those among young people are still relatively low: 90 percent for young men and just over 80 percent for young women. On the other hand, literacy rates for both young men and young women in Jordan, Libya, and the Palestinian Territories are close to 100 percent.
The World Bank (2007) has documented that illiteracy among young females in the region is particularly marked in rural areas. Moreover, the report notes that many young people still experience barriers to continuing their education. In most SMED countries (with the exception of Algeria at the primary level), non-poor students living in urban areas tend to have greater access to education at both the primary and secondary level than do poor students and those living in rural areas. Barriers can be experienced on both the supply and demand sides. On the supply side, the relevant factors include lack of school infrastructure, poorly trained teachers, teacher absenteeism, teacher shortages and/or misallocation, inadequate curricula that generate poor interest among students, and a poor school climate. On the demand side, the relevant factors include lack of family resources, the need to work, social expectations of girls, and early pregnancy.

Despite gains in educational attainment among the poor, education levels remain dramatically different for poor and non-poor youth across the region. In Egypt, for example, primary and secondary completion rates among poor students rose by two percentage points between 1995–1996 and 1999–2000. However, only 23 percent of the poor population have completed basic education and only 12 percent have completed secondary education. These rates are far lower than the aggregated national averages for the region, which are above 90 and 80 percent, respectively. Likewise, while over 70 percent of all Egyptians can read, only 52 percent of poor Egyptians in rural Upper Egypt are literate. Similar gaps can be found in Jordan, where literacy rates among the poor, despite increasing from 78 to 87 percent between 1997 and 2006, still lag behind the national average of 91.1 percent. Poverty and level of education are strongly and consistently correlated in populations in the region, meaning that programs targeting secondary and higher education will reach few if any poor children in MENA (World Bank 2007).

These barriers to access result in high dropout rates and large numbers of out-of-school youth throughout the region. Dropout rates remain significant in some countries, particularly Morocco, where the rate is as high as 11.3 percent in grade 6. A total of about 5 million children aged 6 to 10 years, and 4 million aged 11 to 15 years, were out of school in 1995, either because they never attended school or because they had not completed primary school and/or compulsory secondary school. By 2007, 9 million youth between the ages of 18 and 27 in Morocco had not completed basic education. By 2015, the number of out-of-school children and youth (OSCY) aged 6 to 15 years in Morocco is projected to increase to 12 million. Of note, OSCY are mostly poor, female, or rural residents; speak non-majority languages; have a disability or serious health and/or sanitation problems; or are caught in zones of violent conflict (World Bank 2007).
Expanding education has not led to greatly enhanced economic growth rates in SMED countries. Nevertheless, most of these countries underwent a period of sustained growth during the period 2002–2008 and have to date been relatively resistant to the global economic crisis. However, falling global demand will have serious implications for both GDP and employment growth in the region.

A recent World Bank (2008a) study identified one central issue responsible for the failure of educational investments to produce enhanced economic growth: the quality and relevance of education. Emphasis on academic as opposed to vocational streams, the low concentration of students in the sciences (in engineering above all, but also more generally), and the rote learning methods favored by schools are all major concerns.

Private returns to education in the region are low and, in contrast to most developing countries, tend to increase with the level of education (Bardak 2005; World Bank 2008a). This finding supports the notion that unproductive public sector employment is driving these returns and that the returns do not reflect productivity gains.

In the context of rapidly growing youth populations, economic growth in SMED countries is a necessary pre-requisite for the expansion of employment opportunities for young people. Despite rapidly expanding educational participation, growth in the region has been moderate (World Bank 2008a). Throughout the world, there is generally a strong relationship between educational participation—i.e., the formation of human capital—and economic growth (Sianesi and Van Reenan 2003). In the Southern Mediterranean countries of the MENA region and, more generally, in the region as a whole, such a positive relationship has not emerged.

Pritchett (1996) found a negative impact of education on economic growth in the MENA region as a whole; in their more comprehensive analysis of MENA countries, Fattah, Limam, and Makdasi (2000) found that education was not a significant determinant of growth in the region. Although GDP growth has been positive, and, for the most part, improved over the last decade compared to the preceding decade, the rate of growth of GDP per capita in the region has been disappointing. It is much lower, for example, than the growth rates witnessed in much of Asia.

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6 For example, in the first quarter of 2009, Egypt maintained annual GDP growth of 4.3 percent.
Three explanations have been put forward to explain this poor performance (World Bank 2008a).

Quality of education. Opinions differ as to the importance of this aspect. Several studies have argued that the low quality of education is one reason for the weak relationship between education and economic growth in MENA (El Erian, Heibling, and Page 1998; Ridha 1998; Salehi-Isfahani and Dhillon 2008). Certainly, countries in the region perform poorly in international comparisons of key competencies. Table 2 reports the proportion of 8th-graders who achieved different benchmark scores in the TIMSS 2007 study, revealing that SMED countries performed badly, both in terms of their overall median scores in science and mathematics, and when compared to such high performers as South Korea. All of the SMED countries participating in the TIMSS study scored below the median for all benchmarks in mathematics; only Jordan scored slightly higher than the median in science. Moreover, some researchers argue that the rote learning methods used in the region are not conducive to the acquisition of the creative and independent thinking required by today’s knowledge economy.

Distribution of educational participation in the population. Although there are no specific studies for SMED countries, a number of analyses have found a negative link between the growth-enhancing effects of human capital and the inequality of educational participation (see, for example,
Lopez, Vinod, and Wang 1998; Birdsall and Londano 1997). **Educational inequality in the region is relatively high and, by implication, may well play a role in the relatively poor economic growth performance of SMED countries**, despite rapidly expanding educational participation.

*Allocation of workers among economic activities. It is possible that the absence of a statistically significant relationship between education and economic growth is the result of limited opportunities for educated workers to find a job in dynamic, competitive, and private sector-led sectors of the economy.* The lack of such opportunities reduces the probability that higher-educated labor will develop new technologies or new productive activities that can drive economic growth. Government employment is a poor substitute for such activities, as productivity in government jobs tends to be low.

The notion that the poor allocation of human capital weakens the contribution of education investments to economic growth has been verified by a number of studies. For example, Pritchett (1996) suggests that if a developing country does not have a productive structure that can integrate its most-qualified people, the macroeconomic output of education strongly decreases. Gelb, Knight, and Sabot (1991) show that a high proportion of graduates employed in the public sector correlates with significantly lower economic growth.

### 2.2 Education is Not Fully Utilized in Non-diversified Economies

Even in a high-income country like Italy, Lodde (2000) shows that the manufacturing sector benefits the most from educated labor. This explanation would seem to have particular relevance for the SMED countries. **The region suffers from a low level of economic diversification, not only in oil-producing countries, but also in labor-abundant countries such as Egypt, Syria, and Morocco.** Thus, unlike East Asian countries and even less than most Latin American countries, the region **has too small a manufacturing sector for its stage of development.** The result is that the economic structure either does not permit full utilization of the skills of highly educated members of the labor force or it only utilizes them in activities with low payoffs.

In addition—and perhaps because of the low level of economic diversification—**the region is also characterized by the strong presence of the state as an employer. In the 1990s, the share of public employment in the region was higher than in any other region in the world.** Governments in the area employed almost 20 percent of all workers—somewhat higher than in Eastern European and OECD countries, but much higher than in Latin America or Asia (World Bank 2008a). Whereas the percentage of government employment in MENA is comparable to that of OECD and Eastern European countries, the latter countries pay much lower government wages (as a fraction of their GDP) than do countries of the MENA region.

**The dominant role of the public sector as an employer and the advantages associated with working for government** (i.e., higher wages than in the private sector, permanent employment, social status, etc.) **significantly affect both the educational and the labor market choices of young people in MENA.** These factors stimulate “wait” unemployment, meaning that young people are often prepared to wait for significant periods of time—years even—for a government job rather than accept private sector employment, even though public sector hiring has been severely curtailed or interrupted throughout the region. These factors affect educational choices by creating an incentive structure in which there is a strong preference for fields of study that prepare students for administrative careers rather than for private sector jobs. **These two effects essentially deprive the economy of the benefits of educational investments in terms of higher productivity, individual earnings, and economic growth** (World Bank 2008a, Dhillon et al. 2009).
3 Youth Transition to Employment

The transition to work in SMED countries can lengthy and varies by country. In Syria, for example, results of the ILO 2005 School-to-work Transition (StWT) Survey indicate that over 75 percent of unemployed youth had been searching for work for over a year (Alissa 2007). Youth labor markets in SMED countries are characterized by low levels of labor force participation and, above all, relatively high rates of unemployment, both of which are more marked among young women.

Indicators related to the transition to work are most usually related to either the labor market outcome of transition or the smoothness of transition. The most common indicator of the degree of success in terms of outcome is the unemployment rate. More specifically, the transition is seen in terms of two distinct phenomena: the decision to participate in the labor market (the labor force participation rate) and the degree of success or failure of those who do participate (the unemployment rate).

It has been argued that, particularly in lower-income countries, the implicit distinction between labor force participation and labor market success is neither useful nor informative. The decision to participate in the labor force is not divorced from labor market conditions, so the two elements are not independent of one another. In general it is useful to look at both traditional labor market indicators and those that are thus far less commonly examined. In addition to the labor force participation rate and the unemployment rate, the sections below consider:

- the youth joblessness rate; this rate represents the number of young people who are neither in education nor employment (or NEET, as the OECD terms it) as a percentage of the youth population;
- indicators on the quality of employment; and
- indicators on the duration of the transition, which imply the ease with which the transition takes place.

These indicators raise a series of non-trivial measurement issues that are dealt with in more detail in appendix 2.

3.1 Youth Unemployment Rates are Very High, Especially Among Primary-school Graduates

The MENA region boasts the highest regional youth unemployment rates in the world (see table 3). Although there is a substantial degree of variation across countries, youth unemployment rates are high in all cases. These rates tend to closely mirror adult unemployment rates since they are both largely dependent on aggregate demand. At the same time, youth unemployment rates throughout the world tend to be higher than adult rates for a number of reasons (O’Higgins 2001).
Table 3. Youth Unemployment Rates and the Ratio of Youth-to-Adult Unemployment Rates

<table>
<thead>
<tr>
<th>Males and Females</th>
<th>Youth unemployment rate</th>
<th>Ratio of youth-to-adult unemployment rates</th>
<th>Latest available year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>43.4</td>
<td>3.1</td>
<td>2004</td>
</tr>
<tr>
<td>Egypt</td>
<td>34.1</td>
<td>8.2</td>
<td>2005</td>
</tr>
<tr>
<td>Lebanon</td>
<td>20.9</td>
<td>4.1</td>
<td>2004</td>
</tr>
<tr>
<td>Jordan</td>
<td>27.4</td>
<td>3.2</td>
<td>2008</td>
</tr>
<tr>
<td>Morocco</td>
<td>17.6</td>
<td>2.3</td>
<td>2007</td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>19.5</td>
<td>3.1</td>
<td>2003</td>
</tr>
<tr>
<td>Tunisia</td>
<td>30.7</td>
<td>3.0</td>
<td>2005</td>
</tr>
<tr>
<td>West Bank and Gaza Strip</td>
<td>35.3</td>
<td>2.0</td>
<td>2007</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Males</th>
<th>Youth unemployment rate</th>
<th>Ratio of youth-to-adult unemployment rates</th>
<th>Latest available year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>42.8</td>
<td>3.2</td>
<td>2004</td>
</tr>
<tr>
<td>Egypt</td>
<td>23.3</td>
<td>9.4</td>
<td>2005</td>
</tr>
<tr>
<td>Jordan</td>
<td>22.8</td>
<td>3.4</td>
<td>2008</td>
</tr>
<tr>
<td>Morocco</td>
<td>18.2</td>
<td>2.4</td>
<td>2007</td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>15.6</td>
<td>3.4</td>
<td>2003</td>
</tr>
<tr>
<td>Tunisia</td>
<td>31.4</td>
<td>3.4</td>
<td>2005</td>
</tr>
<tr>
<td>West Bank and Gaza Strip</td>
<td>34.0</td>
<td>1.8</td>
<td>2007</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Females</th>
<th>Youth unemployment rate</th>
<th>Ratio of youth-to-adult unemployment rates</th>
<th>Latest available year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>46.3</td>
<td>3.0</td>
<td>2004</td>
</tr>
<tr>
<td>Egypt</td>
<td>62.2</td>
<td>6.1</td>
<td>2005</td>
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<tr>
<td>Jordan</td>
<td>48.9</td>
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<td>2008</td>
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<td>Morocco</td>
<td>16.1</td>
<td>2.0</td>
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<tr>
<td>Syrian Arab Republic</td>
<td>33.1</td>
<td>2.3</td>
<td>2003</td>
</tr>
<tr>
<td>Tunisia</td>
<td>29.3</td>
<td>2.2</td>
<td>2005</td>
</tr>
<tr>
<td>West Bank and Gaza Strip</td>
<td>42.6</td>
<td>3.1</td>
<td>2007</td>
</tr>
</tbody>
</table>


Note: Data quality is an issue. For example, the youth-to-adult unemployment ratio in Syria for 2002 is close to seven-to-one overall and nearly ten-to-one for males. In contrast, in 2003 the ratio was around three-to-one. It is highly implausible that such a difference could be explained by real movements in the underlying rates, suggesting unrepresentative data in one or both years or, more simply, data unreliability. Yet the very high ratio of youth-to-adult unemployment rates in Syria in 2002 was the basis for a number of analyses of the Syrian situation (e.g. ETF 2005c; Kabbani and Kamel 2007; and Kabbani 2009).

The vast majority of unemployed young people are those with primary levels of education, even if the unemployment rate is higher among the relatively fewer young people with higher levels of education (see figures 4–6).
Figure 4. Distribution of Unemployed Adults (15–64 years) by Education Level, Latest Available Year

Source: ILO (2009b). Data are for 2006 (Algeria), 2005 (Morocco and Tunisia), 2002 (Syria), and 2007 (WB&GS).
Note: WB&GS – West Bank and Gaza Strip.

Figure 5. Distribution of Unemployed Male Adults (15–64 years) by Education Level, Latest Available Year

Source: ILO (2009b). Data are for 2006 (Algeria), 2005 (Morocco and Tunisia), and 2007 (WB&GS).
Note: WB&GS – West Bank and Gaza Strip.
Figure 6. Distribution of Unemployed Women Adults (15–64 years) by Education Level, Latest Available Year

Source: ILO (2009b). Data are for 2006 (Algeria), 2005 (Morocco and Tunisia), and 2007 (WB&GS).

Note: WB&GS – West Bank and Gaza Strip.

The ratio of youth to adult unemployment rates—that is, the relative difficulties of young people, compared to adults, in finding employment—varies widely from country to country and is not strongly correlated with either youth or adult unemployment rates. Thus, for instance, the youth unemployment rate in Egypt is over eight times as high as the adult rate (with the caveat of data quality), yet is significantly lower in the West Bank and Gaza Strip and Morocco—“only” twice that of the adult rate. This rate is much closer to the pattern observable in high-income countries (although there, too, there is much variation in the rate). It is thus probably not useful to talk about the youth labor market problem in SMED countries as if the problem were homogeneous throughout the region.

One common feature of most countries examined here (excepting Morocco and Tunisia) is the higher youth unemployment rate among young women. This greater disadvantage emerges even more clearly when one looks at youth joblessness (see below). Here, too, however, there is much variation. In Egypt and Syria female youth unemployment rates are more than twice those of young men. A number of factors may play a role here. The World Bank (2007a) observes that increasing geographical mobility in Egypt is observable among young male job seekers. Such mobility may be more difficult for young women due to cultural and/or legal norms. In Syria, moreover, a higher percentage of young women than young men (90 percent compared to 80 percent) aspire to a public sector job (Kabbani 2009). The present climate of reduced public sector employment opportunities therefore inevitably causes a longer transition period between school and work.

Related to this issue is the relatively high unemployment rate observable among more educated workers in the region. In actual fact, education and unemployment do not have a straightforward inverse relationship—with unemployment rates falling with the level of education—but neither is it directly positive (figures 6 to 9). In any event, the aforementioned figures provide evidence that in some countries, unemployment rates do rise with education. Once again, however, the pattern varies sharply across countries.
Figure 7. Unemployment Rates by Educational Level for the Working-age Population (15–64 years), Latest Available Year

Note: WB&GS – West Bank and Gaza Strip.

Figure 8. Unemployment Rates by Educational Level for the Male Working-age Population (15–64 years), Latest Available Year

Note: WB&GS – West Bank and Gaza Strip.
Figure 9. Unemployment Rates by Educational Level for the Female Working-age Population (15–64 years), Latest Available Year

Source: ILO (2009b). Data are for 2004 (Algeria), 2003 (Morocco), 1997 (Tunisia), and 2006 (WB&GS).

Note: WB&GS – West Bank and Gaza Strip.

3.2 Female Labor Force Participation is Low and the Dynamics Vary by Country

Figure 10 clearly shows that overall, female labor force participation rates are around one-third of the participation rates of men, despite increases over the last two decades. Figure 11 illustrates that a similar male-female disparity exists among young people, although in the case of the young, a caveat applies. Since educational participation may essentially be considered a positive phenomenon, this complicates the picture slightly and largely accounts for the difference in labor force participation of young men compared to adult men as a whole.

While for adults one would generally consider higher labor force participation rates a positive development, for young people this is not necessarily the case. If lower labor force participation reflects greater educational participation, this may be a desirable outcome. It is only when lower labor force participation reflects greater joblessness that the phenomenon may be considered unequivocally undesirable. In the case in point, since educational participation among young women is similar to, or below, that of young men, it is plausible that joblessness among young women is significantly higher than it is for young men throughout the region—even where data is not explicitly available.
The widely accepted view appears to be that low, albeit increasing, female labor force participation rates are attributable to “social norms” in SMED countries and are particularly linked to the low labor force participation rates of married women (Miles 2002; Assaad and Arntz 2005). At closer inspection, however, a more nuanced picture emerges (Kabbani and Kotari, 2005). Using data for Lebanon, Hajj and Panizza (2002) find that among females, educational attainment is strongly associated with labor force participation. However, for married women, once the education level of the husband is controlled for, the education level of the wife has a much smaller effect, suggesting that intrahousehold decisions may dominate the income effect of the higher wages associated with higher educational attainment. Fertility may also affect labor force participation. However, after controlling for the endogeneity of fertility in the participation equation, Hajj and Panizza (2002) find no significant relationship between childbearing and labor force participation among young Lebanese women.
Using data for Egypt, Amin and Al-Bassui (2003) suggest that young females are likely to work primarily to help cover the costs of marriage and establishment of a household. However, Egyptian females often quit work after marriage. Research suggests that recent increases in the proportion of young Egyptian females working and in school could be the result of a tendency to delay marriage due to its increasing cost. By contrast, Assaad and Zouari (2002) find that for women in Morocco, marriage is not a constraint on labor force participation, but that young children are. Unlike in Egypt, young Moroccan women continue to work after marriage. But, unlike Lebanon, having children greatly reduces the odds of their working. One explanation appears to be employer constraints. Participation rates do not drop off as sharply for females working in the public sector, which provides more benefits to working mothers and accommodates them better.

For Lebanon, a country with a large Christian population, there is no apparent association between low female participation rates and religion (Hajj and Panizza 2002). In Egypt, 83 percent of married working women surveyed indicated that their husbands accepted or firmly accepted that their wives work. For unmarried working women, only 2.5 percent indicated a belief that working would adversely affect their prospects for marriage (Assaad and Zouari 2002). Moreover, the argument regarding the non-participation of married women in the labor force has much less relevance for young women today, although it may still have a bearing in some countries.

The results of these three studies on three different countries in the region suggest that, while female labor force participation rates are low across all MENA countries, the dynamics of these rates may be quite different.

3.3 Education Level and Unemployment Rates can be Inversely Related

The data suggests that among youth available to work, the likelihood of not finding employment tends to rise with the level of education only in some countries. Certainly it is not universal, and such effects are much stronger for women than for men. The latter effects may also be attributed to the strong labor force participation effect of education, whereby women’s willingness to work rises strongly with their level of education. Such an increase in participation is not linked to greater availability of employment, however, particularly in the public sector, which continues to be women’s preferred employer (see, for example, Kabbani 2009).

A recent World Bank (2010c) study utilized data from the Egypt Labor Market Panel Survey (ELMPS) for the period 1998–2006 to identify constraints to women’s economic participation, including the constraints faced by young females aged 15–29 years. An important finding is that women tend to leave the workforce after marriage. However, those in public sector jobs tend to continue working even after marriage, while a majority of young females in private sector jobs leave the labor force. The relatively flexible and secure work conditions of government service likely contribute to women continuing in these jobs.

While education is positively related to women’s labor force participation, there is also some evidence that a male spouse’s education is negatively related to this participation. Specifically, regressions that examine participation among married women find that women with university-educated husbands are less likely to be in the labor force. Since university-educated husbands are likely to be high earners, this suggests that women who are richer are less likely to participate in the labor market. Women from wealthier households are also less likely to be in the workforce. These facts are consistent with textbook models of women’s labor supply, in which "unearned" income—that is, spousal earnings and other profits or the transfer family income—is expected to exert a negative income effect, resulting in reduced work hours and possible withdrawal from the labor force.
Available data suggest that an objective case can be made for intervention aimed at facilitating the labor market entry of tertiary-educated women; the case is less strong for men. The explanation of the situation of educated young women in the region may be, as cited before, the labor force participation effect. One might also recall that, given the much lower rates of labor force participation of women in the region, it is men and not women who are more important in determining the overall picture presented in figure 4.

3.4 Youth Joblessness Better Identifies Disadvantaged Youth

The use of the youth unemployment rate as an indicator of labor market difficulty among young people implies a rather restricted definition of the labor market. Specifically, the indicator presents two main shortcomings: (i) it disregards the incidence of both young discouraged and inactive workers, and (ii) it does not measure the incidence of the “working poor,” that is, young people who cannot afford to be unemployed or, more generally, the underemployed. The first issue is addressed in here, the second, in section 3.6.

The way in which unemployment is defined in labor force surveys does not include “discouraged workers,” that is, people who would like to work but do not seek it because they know or believe that no suitable work is available. Given current labor market conditions, many young people may choose to do “something else” other than work. For example, having or looking after children, enjoying more leisure, migrating to other countries in search of work, or participating in further education. For most such youth, the choice to engage in “something else” other than work is unlikely to be independent of the quantity (and quality) of the work available. Taking a school-to-work transition (StWT) perspective, in which education and employment are, respectively, the desirable start and endpoints of the transition in young people’s lives, an indicator that focuses only on young people who are seeking and not finding work does not capture the true extent of youth labor market problems.

Among possible indicators that may be used to depict a more accurate picture of these problems, the simplest is the joblessness rate used in the World Development Report 2007. This rate is defined as the number of youth who are neither in education nor in employment as a proportion of the relevant age group. The joblessness rate has the advantage of providing a sense of the proportion of young people who are not “productively” or “usefully” occupied. This idea is particularly relevant with respect to how human capital investment promotes growth, as young people who are neither working nor in education may represent a missed opportunity. Allowing that alternative uses of one’s time, for example, bearing and looking after children, may be considered a preferable option, it remains important to recognize the extent to which such a choice is made by the young. Less controversially, the indicator can be seen as reflecting the extent to which the potential employment of young people is maximized.

The youth joblessness rate, moreover, throws light on issues of educational and labor force participation: the starting point and “conclusion” of the transition. By excluding young people who are pursuing education from the rate, but including all those who are neither in education or employment, the rate provides an indicator that is unequivocally associated with the worsening of the conditions of young people and their lost potential.8

8 This argument is developed more precisely in appendix 2, however, it is worth stating here that while an (exogenous) increase in educational participation will reduce the joblessness rate, it may actually increase the current unemployment rate if the number of jobseekers (numerator) remains unaltered, but the overall size of the young workforce (denominator) decreases due to higher uptake of schooling.
Comparing youth joblessness rates with youth unemployment rates can help interpret the employment adjustment process. Consequently, the comparison throws further light on cross-country differences in youth unemployment rates. Precisely this type of reasoning led the European Commission to include the youth unemployment ratio (i.e., youth unemployment narrowly defined as a percentage of the youth population) in addition to the youth unemployment rate among the standard indicators reported in its annual *Employment in Europe* report.

The joblessness rate as an indicator of labor market problems leads to different analytical results, for example, in the identification of disadvantaged groups. Arguably joblessness identifies precisely the discouraged young people who are most in need of intervention in terms of education, training, and/or active labor market policies in order to prevent them from becoming entirely detached from the labor market. Certainly, the youth joblessness rate does not resolve all the shortcomings of the youth unemployment rate—for instance, it is uninformative on the quality of employment.

Table 3 illustrates the implications of the shift in perspectives represented by indicators for youth unemployment and youth joblessness, using the case of Egypt. Looking at youth unemployment rates at face value, one would tend to conclude that difficulties in the school-to-work transition are most marked in urban areas. However, the youth joblessness rate is higher overall in rural areas, which explains the widespread phenomenon of rural-urban migration. One can also observe that joblessness rates for young men are similar in urban and rural areas, while for young women, the rate is significantly higher in rural areas and much higher than that of young men in both urban and rural areas.9

| Table 3. Youth Unemployment and Joblessness Rates by Education Level and Gender in Egypt, 2006 (% of workforce) |
|---|---|---|---|
| | Males | Females | Males & Females |
| Youth joblessness rates |
| Total | 18.4 | 54.6 | 37.0 |
| Urban | 19.5 | 49.4 | 34.9 |
| Rural | 17.2 | 59.8 | 39.2 |
| Urban/rural ratio | 1.13 | 0.83 | 0.89 |
| Youth unemployment rates |
| Total | 13.6 | 39.4 | 21.2 |
| Urban | 18.7 | 45.7 | 27.2 |
| Rural | 9.5 | 33.0 | 15.9 |
| Urban/rural ratio | 1.97 | 1.38 | 1.71 |

Source: Author calculations based on microdata on the Egyptian labor force provided by the World Bank.

Joblessness and unemployment rates in Jordan provide rather different pictures, with the former tending to fall with the level of education. As shown in table 5, the most serious difficulty in entering the labor market in that country appears to be among women with intermediate tertiary diplomas and among men with university degrees.

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9 This last point again raises the issue of the extent to which the participation of young women in the labor market is necessarily desirable. Particularly in the MENA region, prevailing social values do not necessarily support the view that it is. Restricting analysis to unmarried women, the joblessness rate of young women falls to 37.4 percent. Since marriage is clearly endogenous, however, this finding itself raises further issues which are left unresolved in this paper.
Table 5. Unemployment and Joblessness Rates by Education Level and Gender in Jordan, 2008 (% of workforce)

<table>
<thead>
<tr>
<th>Unemployment rates by education level (% labor force)</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>7.7</td>
<td>*</td>
</tr>
<tr>
<td>Less than secondary education</td>
<td>11.5</td>
<td>24.4</td>
</tr>
<tr>
<td>Secondary education</td>
<td>8.5</td>
<td>20.6</td>
</tr>
<tr>
<td>Intermediate tertiary diploma</td>
<td>6.5</td>
<td>22.6</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>9.1</td>
<td>26.5</td>
</tr>
<tr>
<td>All</td>
<td>10.2</td>
<td>24.6</td>
</tr>
</tbody>
</table>

Joblessness rates by education level (% of population)

| Illiterate                                           | 78.4 | 98.6  |
| Less than secondary education                        | 25.1 | 75.8  |
| Secondary education                                  | 15.3 | 56.0  |
| Intermediate tertiary diploma                        | 19.3 | 72.5  |
| Tertiary education                                   | 21.2 | 50.3  |
| All                                                  | 24.5 | 71.5  |

Source: Author calculations based on data in the Department of Statistics database of the Hashemite Kingdom of Jordan (accessed March 2010).

The findings shown in tables 4 and 5 have implications in terms of individual and social returns to education. They contrast somewhat with those of the Education Training Foundation of the European Union (ETF 2005b and 2009c), which focus on the failure of the Jordanian economy to provide jobs for young people with a secondary education. Contrary to the impression given by unemployment rates, female tertiary graduates have a higher labor force participation rate than do women with lower levels of education, even if one in two still does not work. It may be further noted that unemployment tends to be of longer duration for women than men (ETF 2005) in Jordan, and that there is also significant gender wage discrimination, particularly in the private sector, as well as in the payment of social security and pension benefits (World Bank 2008b).

In Syria (see table 6), the situation is similar. There, young men face joblessness rates of 26.8 percent and young women, 66.8 percent, according to data from the ILO school-to-work survey (Alissa 2007). This data does not confirm the supposedly disadvantaged position of highly educated young people. Even the unemployment rates reported here do not confirm this idea.10 More generally, there does not seem to be any obvious positive correlation between the level of education and unemployment rates. And for both young men and young women in Syria, there is a fairly clear inverse relationship between the level of education and joblessness.

10 One should observe that the survey sample was relatively small. Consequently, although unemployment rates for young men were highest for those with university-level education, this group comprised only 9 people. Thus these estimates cannot be considered statistically reliable.
As shown in table 6, better-educated young people in Syria have lower joblessness rates. The greatest difficulties in the transition from school to work are found among youth with intermediate-level education. Again, the more remarkable characteristic of the table is the wide difference between young men and young women, one that holds whether one considers unemployment or joblessness rates, but is more marked for joblessness rates.

Greater understanding of the preference of young women for their participation in employment is important in order to better unpack these staggering joblessness rates and distinguish those who withdraw from the labor market due to lack of (acceptable) work from those whose participation has been defined by other household members, from those who have made an explicit choice not to work. In the latter case, understanding the reasons behind this choice would be also important.

Apart from the difficulties that joblessness rates imply for young people themselves, the data also indicate a substantial loss of potential output by the society at large. Specific estimates of the proportion of GDP represented by such losses are always questionable due to their underlying assumptions. However, Chaaban (2008) suggests that the losses are substantial. In Syria, a little over 20 percent of young men and just over 35 percent of young women who have achieved an intermediate level of education are jobless—a substantial loss on the public investment of 14–15 years of education in terms potential output.\footnote{Of course, many other benefits accrue to society and individuals from education, a fact that seems to escape the notice of many commentators.}

3.5 Measuring the School-to-work Transition is Difficult

The negative consequences associated with being unemployed are generally thought to increase more than proportionately with the duration of unemployment. **Although the duration of the transition from education to work is of major significance, it is not immediately obvious how best to measure it**, based on easily available existing sources, such as labor force or household budget surveys. Several methods have been suggested (see appendix 3). For example, since the...
mid-1990s the OECD has used a summary cross-sectional indicator of the estimated duration of transition. This indicator is calculated by comparing the median age of young people leaving school with the median age of their entry into employment. The indicator has been regularly applied by the OECD in its analyses of the StWT in higher-income countries. O’Higgins (2008) suggests an adjusted OECD indicator, which would reset the “median” benchmark to take into account young people who never enter school and/or never enter employment.

An alternative to the cross-sectional approach is to use longitudinal information from survey questions about the time of entry first into employment, from which the time of leaving full-time education is deducted. Thus the median duration can be estimated for the period from actually occurring completed durations to an individual’s first job. Although having the advantage of being based on an individual’s direct experience, such an indicator can only sensibly be based on completed transitions. This would omit information on the duration of all incomplete transitions, and thus underestimate the duration of young people’s transitions as a whole.

Table 7 illustrates the various duration indicators for Egypt. All indicators (OECD, adjusted OECD, and self-reported durations) move in the same direction across personal characteristics. However, the self-reported duration represents an “average” duration of completed transitions among young people who completed school by age 24. This estimate does not refer in any real sense to 2006, the year of the survey; it also exacerbates the problem of recall bias.

Table 7. School-to-Work Transition Indicators Applied to Egypt, as of 2006

<table>
<thead>
<tr>
<th></th>
<th>Starting age</th>
<th>OECD indicator</th>
<th>Adjusted OECD indicator</th>
<th>Self-reported duration indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>18</td>
<td>7</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Males</td>
<td>19</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Females</td>
<td>18</td>
<td>Undef.</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Unmarried females</td>
<td>20</td>
<td>11</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Urban males</td>
<td>19</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Urban females</td>
<td>20</td>
<td>Undef.</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Rural males</td>
<td>18</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Rural females</td>
<td>17/18</td>
<td>Undef.</td>
<td>13</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author calculations based on microdata on the Egypt labor force provided by the World Bank.
Notes: (i) The OECD indicator is based on median school-leaving age and employment entry ages, assuming all participate in education and all enter employment. Since many females never enter the labor market—clearly violating one of the basic assumptions underlying this indicator—the estimated duration is infinite (i.e., undefined) for both urban and rural females (indicated by “undefined”).
(ii) The adjusted OECD indicator is based on median school-leaving age for all those entering education and employment (assuming the maximum age-specific employment rate corresponds to the percentage of the population who ever enter employment).
(iii) The reported duration indicator is based on self-reports of exit from education and entry into employment for all those who left education by age 25 and completed the transition to employment.

12 To this author’s knowledge, this indicator of duration was introduced by Bowers, Sonnet, and Bardone (1999) and has been used regularly by the OECD since. See, Quintini and Martin (2006) for a recent example that also defines the duration in months as opposed to years.
13 Indeed, the Egyptian Labor Market Panel Survey, 1998–2005, indicates significant inconsistencies in the reporting of the current age of respondents on which calculations are based. Rather than concentrating on a precise but biased estimate of the distribution of the duration of the transition, it may be argued that it is sufficient to gain an understanding of the phenomenon. A survey question to young people aged 25–30 years such as: “Did you permanently leave education within the last 12 months?”, combined with information on current employment status, would be sufficient to estimate the proportion of young people who complete the StWT within the previous year. This indicator would then be highly correlated with the actual duration.
Further understanding of the school-to-work transition is achieved by categorizing young people’s principal activities first by age group, then by the categories of “in employment,” “in education,” and “jobless.” Figures 12 and 13 report this information separately for males and females in Egypt in 2006. The figures clarify issues associated with the OECD-type duration indicator, but also provide information on the transition process itself. Figure 13 shows the problem with cross-sectional duration indicators, as applied to women in the region. The employment rate of young women never rises above 30 percent, let alone the 50 percent necessary for the completion of the transition. One can also see that there is a problem with the assumption that young people do not move back and forth between states, so that, for example, once one is employed, one is employed for life. In particular, the employment rate of 19-year-old males is below that of 20-year-old males.

For young men in Egypt, joblessness is greatest between the ages of 20 and 22, affecting not simply tertiary graduates, but all young men entering the labor market after completing secondary school. For young women, joblessness emerges as a significant phenomenon even earlier—at around 17—and more or less increases with age, driven by individuals’ choices not to participate in the labor market. There is also significant “joblessness” at age 6 for both boys and girls, reflecting the fact that a significant proportion of young people don’t start school until age 7. For girls, the peak of educational participation is not actually reached until age 9.

Figure 12. Employment, Joblessness, and Educational Participation Rates for Young Men in Egypt, 2006

Source: Author calculations based on microdata on the Egyptian labor force provided by the World Bank.
Note: The figure reports employment, joblessness, and educational participation rates for young men by single-year age group.
3.6 Job Quality Considerations of Young Workers

*Informal sector and temporary employment*

Informal sector employment is substantial and on the increase in the SMED region, representing close to 35–50 percent of all employment.\(^{14}\) Such employment tends by its nature to be low-quality, with lower wages and no employment protections for participants. This type of employment also tends to involve disproportionate numbers of young people (see O’Higgins 2007). Table 8 reports the incidence of informal sector employment among young people in Egypt, along with two other indicators of job quality. The table specifically reflects that young employees are around 1.7 times as likely to work in the informal sector as are “prime-age” adults.\(^{15}\)

<table>
<thead>
<tr>
<th>Age group</th>
<th>15–24 yrs</th>
<th>25–44 yrs</th>
<th>Ratio of Youth to Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal sector employment (% of total employment of age group)</td>
<td>74.5 %</td>
<td>42.9 %</td>
<td>1.7 %</td>
</tr>
<tr>
<td>Temporary employment (% of total employment of age group)</td>
<td>29.1 %</td>
<td>14.5 %</td>
<td>2.0 %</td>
</tr>
<tr>
<td>Incidence of involuntary part-time employment</td>
<td>4.6 %</td>
<td>3.6%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

*Source:* Author calculations based on microdata on the Egyptian labor force provided by the World Bank.

*Note:* Temporary employment here includes all forms of non-permanent employment: temporary, casual, and seasonal.

**Temporary employment** is also, all things being equal, a lower-quality form of employment than permanent employment. As noted above, this type of employment is almost twice as common.

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\(^{14}\) Bardak (2005) and Schneider (2006), for example, provide a comparative review of the situation in many countries throughout the world. As used here, “informal sector employment” encompasses all employment that is not formalized in a legal employment contract, including guarantees and associated social contributions. In practice, one might want to distinguish between employment in “irregular” firms with “irregular” employment in “regular” firms.

\(^{15}\) The usefulness of the separate comparison group and the choice of the 25–44 year-old age group is explored further below.
among young employees than among prime-age workers in Egypt (see table 8). Involuntary part-time employment is also more common among young people. The use of temporary employment is often encouraged in higher-income countries as a means of helping young people get a foothold in the labor market. Once education is completed, however, the expectation is that youth will become full-time workers.

Job quality indicators, that is, informal employment and under-employment, are subject to greatly varied definitions and are thus quite unreliable indicators for cross-country comparisons. The relative incidence of such indicators—that is, their incidence among young people and adults—is much less subject to this type of difficulty. Thus the relative incidence of involuntary part-time employment is likely to be fairly closely related to other forms of under-employment. Consequently, the relative situation of youths and adults vis-à-vis this indicator is less sensitive to “measurement” error.

Youth wages vary by region and sector

Youth wages are another key indicator of job quality. In order to make clear the dimensions of the issue, it makes sense to consider subgroups of young people; especially as significant connections among the indicators are likely to exist. For example, informal employment implies no job contract and tends to be associated with relatively low wages.

Information from the Egyptian Labor Force Survey (LFS) of 2006 is used in table 9 to provide more details on the interactions between the various transition indicators, above all, job quality indicators. There are some surprising results. For example, the wages of rural young males appear to be higher than that of urban males due to a higher pay rate in the rural informal sector. However, the ratio of youth-to-adult wages is what one would, on the whole, expect. Specifically, the wages of young men relative to their adult counterparts are higher in the informal sector and in rural areas; since informal sector and rural employment tends to be characterized by lower skills levels, the benefits of skill acquisition accruing to older workers is smaller in these cases—hence the lower youth-adult differential. It can observed, however, that the relative wages of young women are much lower than the relative wages of young men; again, this is consistent with the idea that, on average, adult women work in lower-skill sectors.

Table 9. Median Hourly Wage Rates of Young People (15–24 years) for Different Subgroups and as a Percentage of the Adult Wage, Egypt, 2006

<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median youth hourly wages (EGP)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>1.48</td>
<td>0.98</td>
</tr>
<tr>
<td>Rural</td>
<td>1.67</td>
<td>0.89</td>
</tr>
<tr>
<td>Formal</td>
<td>1.72</td>
<td>1.22</td>
</tr>
<tr>
<td>Informal</td>
<td>1.50</td>
<td>0.72</td>
</tr>
<tr>
<td>Urban formal</td>
<td>1.75</td>
<td>1.28</td>
</tr>
<tr>
<td>Rural formal</td>
<td>1.67</td>
<td>1.07</td>
</tr>
<tr>
<td>Urban informal</td>
<td>1.43</td>
<td>0.69</td>
</tr>
<tr>
<td>Rural informal</td>
<td>1.67</td>
<td>0.75</td>
</tr>
<tr>
<td><strong>Youth median hourly wages as % of adult median hourly wages</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>64.0</td>
<td>38.8</td>
</tr>
<tr>
<td>Rural</td>
<td>86.1</td>
<td>43.0</td>
</tr>
<tr>
<td>Formal</td>
<td>73.6</td>
<td>51.3</td>
</tr>
<tr>
<td>Informal</td>
<td>75.8</td>
<td>69.2</td>
</tr>
<tr>
<td>Urban formal</td>
<td>69.2</td>
<td>53.4</td>
</tr>
<tr>
<td>Rural formal</td>
<td>84.8</td>
<td>47.3</td>
</tr>
<tr>
<td>Urban informal</td>
<td>71.5</td>
<td>69.0</td>
</tr>
<tr>
<td>Rural informal</td>
<td>89.1</td>
<td>67.6</td>
</tr>
</tbody>
</table>

Source: Author calculations based on the unweighted Egyptian LFS, 2006.
Many young people migrate for employment

Migration plays an important role in the region, with countries experiencing both significant inflows and outflows. Unfortunately, data on labor migration are scarce. The information that exists suggests that migration within and without the region is significant, with young people the primary actors. More than one-third of the flow of all migrants from developing countries is comprised of youth between 15 and 24 years old.\textsuperscript{16} If young people through the age of 29 are included, the proportion is closer to one-half of the flow. Although specific information on the age distribution of migrants from MENA countries is lacking, there is no reason to suppose that it differs from the general trend. Overall, more than 9 million migrants from MENA were residing in OECD countries in 2000. This number represents less than 10 percent of all migrants to those countries, but is still a significant share of the labor force of some countries, such as Egypt.

Migration is stimulated by both pull and push factors. In Tunisia, where some information is available on legal migration, it appears that migration nowadays more frequently involves more highly educated residents. Indeed, this may be one reason why tertiary-educated graduates have such low unemployment rates in the country (see figures 4 and 9 above).

Young people migrate when the perceived costs of leaving their home countries are lower than the economic and social benefits of doing so. Push factors (such as a lack of appropriate job opportunities and/or poor social conditions) lower the opportunity costs of remaining at home, while pull factors (such as higher wages or the presence of friends or family abroad) increase the perceived benefits of migration.

In Lebanon, employment has been one of the main reasons for high levels of emigration during the past decade. A recent survey of residents who left the country between the years 1992 and 2007 shows that more than half (55 percent) did so for professional reasons; almost half of the migrants surveyed left the country when they were between the ages of 20 and 29 (University of St. Joseph 2009). While a large number of Lebanese have already emigrated, a considerable portion of residents, particularly in younger age groups, still intend to emigrate: 33 percent of resident males and 19 percent of females between the ages of 18 and 35 intend to emigrate, the majority of which (around 67 percent) intend to do so for professional reasons.

A high percentage of migrants from developing countries, however, return within a few years (\textit{World Bank 2006}). For example, a non-representative study conducted in 8 governorates of Egypt in 2007 found that nearly 90 percent of youth who sought to emigrate to Europe intended to come back to Egypt (Zohry 2007). More recently, the recent “Survey of Young People in Egypt” (Population Council 2009) found that about 28 percent of young men, and only 5.0 percent of young women, aged 15–29 Years indicated an intention to migrate abroad. This intention increases with socioeconomic status, but decreases with age. In line with existing migration trajectories, the preferred destinations of migration were Saudi Arabia, Kuwait, and UAE, with European Union countries in second place.

Migrant remittances have become a significant source of income in SMED countries and their principal source of foreign exchange. Remittances sent back to all developing countries amounted to $167 billion in 2005 (World Bank 2006). In MENA countries, workers’ remittances over the 2001–2003 period were roughly constant at around US$13 billion (World Bank 2005).

\textsuperscript{16} This section draws on World Bank (2007a).
4 Activating Youth Employment

4.1 Employment Policies for Young People

Two important constraints are preventing new entrants to the labor market in SMED countries from finding jobs: insufficient labor demand (perhaps the main factor) and skills mismatches. Investment Climate Surveys indicate that availability of appropriate skilled labor is considered a major constraint to growth, on average, for one-third of businesses in MENA countries (Benhassine 2009).

Although not a substitute for structural labor market reform and the acceleration of economic growth, Active Labor Market Programs (ALMPs) constitute an important component of labor market policy. Implemented with the overarching goal of decreasing frictional unemployment and increasing employability, ALMPs strengthen the labor supply (e.g., through life and employability skills building), increase labor demand (e.g., through public works), and improve labor market intermediation (e.g., through employment services). As such, ALMPs need to become a building block of an overall youth employment policy, particularly in regions like the Middle East and North Africa, where young people face strong labor market disadvantages.

Severe knowledge gaps with regards to ALMPs in the MENA region persist. There is little information about the impact of these programs on labor market outcomes or their cost-effectiveness and lack of evaluation of existing programs prevents governments from designing policies that can best assist the stock of unemployed, particularly the disadvantaged. For example, evaluations could shed light on which category of young people would most benefit from particular interventions (low- vs. high-skilled, poor, rural vs. urban youth, women, etc.) and for which reason (equity vs. efficiency considerations).

Existing evidence, although not comprehensive, suggests that ALMPs in SMED countries have mainly been concerned with promoting employment for young people with higher-level qualifications (Angel-Urdinola, Semlali, Brodman forthcoming 2010). Several countries have introduced major ALMP for young people. In Egypt, for example, a reform of the national employment services and labor market information systems was initiated in 2000, followed in 2001 by the launching of a national youth employment program. The latter program was targeted to graduates of secondary education or higher. It included subsidized employment, training, and business start-up support, as well as the creation of electronic employment databases and job-matching services. Training was provided in more than 300 occupations considered in demand, based on employer needs assessments. A non-experimental evaluation of the program revealed, however, that after a number of years, program take-up remained low. About 27 percent of participants reported having found a job as a result of the training (Amer 2007).

Tunisia undertook a fundamental re-structuring of ALMPs in 2009. The initiative now consists of 6 programs, of which 4 in particular concern the young. The first two are targeted to university graduates, (i) a subsidized internship (Stage d’initiation a la vie professionnelle SIVP), which can be accessed after six months own job search, and (ii) a vocational conversion training for graduate first time job seekers, who have not been able to find work during three years (Contrat d’Insertion des Diplômés d’Enseignement Supérieur, CIDES). CIDES is usually a dual apprenticeship tailored to the demands of a specific employer that guarantees hiring the candidate afterwards. A third program is similar to CIDES but it is aimed at non-graduates (Contrat d’Adaptation et Insertion...
Professionnelle, CAIP). Finally, the package of programs includes a combination of training, coaching and incubation support for entrepreneurship start-ups\textsuperscript{17}.

Morocco launched in 2006 a new set of ALMPs, aimed mainly at holders of university degrees; these programs were recently extended to include secondary school graduates. These ALMP cover: (i) subsidies to recruit specific categories of high educated unemployed youth; (ii) training programs meant to respond to the needs of recruiting companies and retraining programs for professional conversion of graduates who have difficulties in entering the labour market, (iii) and credits for the development of micro-enterprise. These programs replace and draw on the experience of previous programmes implemented since the end of the 1980s. According to estimates in a recent World Bank analysis, these new initiatives should help create new jobs for approximately 75,000 jobseekers per year, mainly for the higher educated. The cost of creating jobs to three initiatives nears 7,000 DH ($ 840) for each beneficiary, with an annual budgetary expenditure of approximately 6 million $\textsuperscript{18}.

Education is naturally connected to youth employment policy, as it is the main source of skills and a strong determinant of the employability of young people. Most countries in the SMED region have embarked on reform of their educational systems with a view toward modernizing education and vocational training for better employment outcomes. The specific concerns addressed by these reforms vary from country to country; however, they generally deal with the quality and relevance of education, improved education system management, and the governance of education institutions with increased input from the private sector and families.\textsuperscript{19} (Given the sector-specific nature of education, this report does not discuss these reforms.)

Within the realm of ALMPs for youth, the most comprehensive global analysis of youth programs actually finds that programs targeting youth from poor households work better.\textsuperscript{20} In particular, evidence from randomized controlled trials suggests that access conditionalities for ALMPs can be more important for successful insertion in the labor market than the content of the ALMPs themselves.\textsuperscript{21} The Jovenes programs conducted across Latin America countries is the example of a comprehensive programme for disadvantaged youth which showed to be rather successful in most countries. The UK’s New Deal, a portfolio of ALMPs where each program is targeted to a very specific jobseeker group, has had a significant impact on insertion rates of particularly the jobseeker group of disadvantaged young (see box 1).\textsuperscript{22}

As international experience shows that the ALMP can't always achieve the objectives in terms of additional and sustainable job creation, only appropriate evaluation and follow-up of beneficiaries can shed light on the actual cost of these programs. Taking the example of unit costs in Morocco, if only 20\% of participants find a job through the program, the cost of job

\textsuperscript{17} World Bank (forthcoming): Tunisia Policy Note. Labor Demand, Skills Supply and Employment: Towards an Integrated Strategy for Job Creation – Phase II., Middle East and North Africa Region, Human Development Department.


\textsuperscript{19} The World Bank is active in supporting initiatives that link education to the labor market, for example, it is currently designing a project in Jordan to improve to improve the school-to-work transition for young females studying in community colleges. Proposed policy interventions include providing these young women technical training and providing employers wage subsidies to employ them.


\textsuperscript{22} De Giorgi (2005): “Long-term effects of a mandatory multi-stage program: the New Deal for Young People in the UK, IFS Working Paper W05/08
creation would change from 7,000 DH to 35,000 DH. The UK’s New Deal, a portfolio of ALMPs where each program is targeted to a very specific jobseeker group, has had a significant impact on insertion rates of particularly the jobseeker group of disadvantaged young (see box 1).\textsuperscript{23}

In 1998 the British Government launched the “New Deal for Young People,” a program that supports the transition of youth under the age of 25 to the workplace.

The program has several components and offers different options to different groups of the unemployed. Participation in the program is compulsory for all youth aged 18–24 years who have been receiving a jobseekers’ allowance (JSA) for more than six months. Initially, individuals enter a “gateway” period, during which they are assigned a personal adviser to give them extensive assistance with their job search. If an unemployed person is still on JSA at the end of this period (formally, four months), they are offered four options:

(i) for those without basic qualifications: entry into full-time education or training for up to 12 months (without loss of benefits);

(ii) a job for six months with a voluntary sector employer that pays either a wage or an allowance at least equal to social assistance, plus £400 spread over six months;

(iii) a job on the Environmental Task Force that pays a wage or an allowance at least equal to social assistance, plus £400 spread over six months;

(iv) a six-month subsidy for a prospective employer, which must offer training at least one day a week, in the amount of £60 per week, plus an additional £750 training subsidy spread over six months.

If an option is refused, the claimant is liable to suffer a benefits sanction. Initially, sanctions take the form of withdrawal of benefits for two weeks; further refusal may result in a withdrawal of up to four weeks at a time. Individuals returning to unemployment within 13 weeks after leaving an option enter the job assistance follow-through program, which is essentially the same as the gateway period.

Impact evaluations show that the program has been effective. Since 1998, young unemployed men in the program have been about 20 percent more likely per period to gain jobs than young men who do not participate in the program. This result is partly explained by the program’s subsidized jobs, partly by enhanced job search assistance (to which at least one-fifth of this result can be attributed). A cost-benefit analysis suggests that the program is worth continuing; the job search assistance element remains the most cost-effective program component because it does not involve a subsidy.

Among OECD countries, the “New Deal” in the United Kingdom is the least costly comprehensive ALMP intervention for youth. The cost per beneficiary served ranges from £454 to £790 (in 1999 £). In addition, the cost per job created is under £4,000,* given an average placement rate of 17,250 participants per year (Van Reenen 2003). Regarding sustainability, the program has received extensive political support and the government is placing greater emphasis on enhancing and scaling up the assistance offered during the gateway period.


Note: *Calculated in 1999 English pounds.

In addition to publicly provided programs, many small scale initiatives from the non-governmental sector have flourished in the region, and can provide useful lessons for scaling-up. The World Bank in 2009 compiled an inventory of nongovernmental youth-targeted employment programs across the region (see box 2).
Box 2. Youth-targeted Employment Programs in the MENA Region

Summary of findings:

- The inventory covers 60 ongoing programs. Some 180 individuals within 90 local and international NGOs, and bilateral and multilateral organizations active in the field of youth employment training were contacted. Government programs were not included in the inventory.
- The number of program beneficiaries varies greatly—a few reach more than 5,000 young people and several reach a couple of thousand, but most reach only a few hundred beneficiaries.
- Mostly larger private sector firms participate in skills development programs that target youth. Medium and small firms are largely absent, even though they represent a significant share of employment and production in the MENA region.

Targeting:

- Urban residents are the main target group; exceptionally few programs target rural youth.
- Programs focus most often on highly educated youth, however, low-income youth are gaining some visibility because of increased donor interest in this group. In addition, programs that target vulnerable and/or low-income youth tend to be smaller than those that target higher-income youth.
- Most programs target both males and females, although females participate to a lesser extent.
- Programs that target school dropouts are next to non-existent.

Program distribution:

- The majority of programs provide technical skills to young people, although the private sector expresses an increased interest in hiring employees with strong life (“soft”) skills (e.g., interpersonal skills and the ability to think creatively and solve problems).
- Few programs provide a comprehensive skills mix (a mix of both technical and life skills).
- Less than half of all programs provide practical experience.

Monitoring and evaluation:

- Virtually all programs lacked a monitoring and evaluation (M&E) component, however, most programs included some sort of internal program assessment.
- It is very difficult to assess the effectiveness, scalability, replicability, and cost-effectiveness of existing programs because of the lack of M&E.

Preliminary conclusions:

- Some kind of stakeholder coordinating mechanism is needed for better information exchange and coordination among the public and private sectors, NGOs, and beneficiaries.
- Greater private sector involvement is needed in skills development programs.
- There is a need for programs that provide a mix of skills: both technical and life skills, as well as practical experience.
- A monitoring and evaluation component needs to be included in project design.
- Greater targeting of low-income and/or vulnerable youth is needed.
- Skills interventions need to be geared towards the need for future skills.

Source: Semlali (forthcoming 2010).
5 Participation and Civic Engagement

5.1 Youth Participation is Low in Southern Mediterranean Countries

The experience of active citizenship at a young age has formative and lasting effects on the extent and kind of political and social participation of a young person throughout his/her life cycle. Additionally, active citizenship affects development outcomes in three ways: by enhancing the human and social capital of individuals, promoting government accountability for basic service delivery, and enhancing the overall climate for investment and private decision making (World Bank 2006). Engaging young people in society as assets for positive societal transformation depends on the availability of mechanisms and resources that young people may use to invest their time and energy (opportunity) and acquire the skills needed to take decisions and action (capability), as well as a set of shared values that give sense to their actions (motivation) (see Pittman et al. 2007).

Data on the practices and opinions of young people with respect to active civic and community-level participation remain scarce in the region. Yet analysis of available sources shows that young Arabs almost uniformly have innovative expectations of participation. At the same time, however, they express many traditional demands regarding the social contract of Arab states, particularly with respect to employment. Arab Youth Issues Annual Report 2007 of the Arab League suggests that the largest majority of young people in MENA see political participation as a right of citizenship that they want to exercise.

Arab youth are unavoidably being exposed to modern and foreign values of behavior, given the quasi-universal attainment of basic education in the region and growing access to foreign media, and, increasingly, the Internet. Such exposure does not equate with either a full embrace or rejection of these new models of behavior, but raises questions, and pushes youth to compare and critically select their values. The choice of what to embrace and what to discard in situations where individual choice is possible will also depend on the way this new information is interpreted. Both the family and local institutions have a role to play in favoring dialogue. However, information on access to foreign media and the Internet is still limited. In Egypt, only 15 percent of males and 5 percent of females seem to access the Internet, but those who have access use it, on average, two hours a day.

Opportunities for youth to become actively engaged at the community level—through volunteering, political participation, and expression of voice in educational institutions—appear to remain limited in the region. Moreover, the explicit desire to be active in public life depends on young people’s level of socialization regarding participation. A survey of youth conducted in Morocco in 2000 (Government of Morocco 2001) showed that, on average, 15 percent of youth participated in the activities of any association (including sport associations). Participation rates of men were almost double that of women, and among urban youth, double that of rural youth. Interestingly, in regions known to have a stronger tradition of civil society activism (Souss and the South), one-third of youth reported participating in NGO activities—twice the national average. In Tunisia, only 3.7 percent of young people surveyed in 2000 reported that they were members of “civil society organizations” (Yahya 2008). Such sources are fairly outdated and it may be that the share of youth participation in civil society has increased.

A recent Population Council survey (2009) in Egypt shows that only 3.3 percent of young males and 1 percent of young females took part in voluntary activities (albeit, a subset of the activities measured by other surveys, in which sports were included). Of note, this rate was almost unchanged along the urban-rural divide and among socioeconomic quintiles (which showed about a
0.5 percent change). Assad and Barsoum (2009, 29) point to a recent UNDP survey (2007) in Egypt that showed that 67 per cent of Egyptian youth had never been involved in any extracurricular school activities. The report stated that Egyptian youth had “little faith that their own voices (and) efforts might be appreciated, heard, or considered.”

Stifling the natural demand for participation does not make youth immune to the negative consequences of exclusion, one of which is a decreased willingness to play a constructive role in society. A countrywide youth survey in Tunisia in 2000, for example, found that only 8.6 per cent of Tunisian youth felt that they had a social role to fill. (Yahya 2008)

The political participation of youth in particular seems to very low in SMED countries. In Egypt, only 16 percent of all eligible youth through age 24 have ever voted, with a higher rate among men than women. Exclusion from decision making may also make alternative forms of engagement more attractive to young people. The IRIN news service of the UN,24 for example, documents the services provided by Hezbollah in Lebanon: “With a heavily community-based approach ever since the mid-1980s, Hezbollah has included children and youth in various programmes across the areas where its support base is widest. Activities range from art and sport, to military training for older teenagers.”25 The Hezbollah Mahdi Scouts organization, for example, has an estimated 40,000 male and female recruits aged 14 years and higher; the organization combines civic scouting activities with military training.

In Egypt, Assad and Barsoum argue that “outlets for civic participation by youth are very scarce” and that “a lack of opportunities for civic participation by youth can lead to risky behavior and negative social roles, including criminal activity and religious militancy.”26 According to Singerman, in countries from Saudi Arabia to Egypt, young people are excluded from public discussions on issues that directly affect them. Drawing on research in Syria, she describes one of the barriers to youth participation in party politics thus: “Ageism pervades the ideological spectrum of politics and men aged 40 and 50 often represent themselves as ‘youth’ candidates.”27

Disentangling demand for participation and institutional openness is complex, but the two seem to be correlated. The UNDP Arab Human Development Report (2009) review of institutional quality finds that, irrespective of income level, MENA countries tend to fare worse in voice and accountability aspects of governance (the other aspects evaluated were stability, effectiveness, regulations, corruption, and rule of law). Focus groups with youth were conducted in three countries as part of the report and produced a scathing critique of participation and accountability in governance in the region. The Arab Youth Issues Annual Report 2007 of the Arab League found that the main obstacles to participation in social and civic activities reported by a sample of youth across the region were: “frustration,” “personal problems,” “elderly dominance [of] participation,” “no opportunity for participation,” and “fear of participation.”

5.2 The State of Youth Policy in the Region Varies by Country

Certain countries, such as Tunisia, Morocco, and Egypt, appear to have developed a larger institutional platform for the implementation of youth policies, having created a Ministry of Youth or, in the case of Egypt, a Youth Council charged with the provision of specific services

24 A humanitarian and news service of the UN Office for the Coordination of Humanitarian Affairs, see its Web site at http://www.irinnews.org (accessed March 2010).
26 Assad and Barsoum (2009, 82).
through ad-hoc infrastructure and programs. In such cases, the important challenge is to update the services and infrastructure of these government agencies in order to maintain their relevance for a population with fast-changing tastes and needs. This may require important investments that are at odds with limited budget allocations. For this reason, it is crucial that these institutions be institutionally capable of forming partnerships and amenable to the participation of local civil society groups. Overall, the programming and delivery of youth services in these countries is not well documented, including the state of pedagogy, actual activities implemented, and the role of civil society and community in programming.

**Interviews with key informants and youth in these countries document a recognition of the important gap between planned youth strategy and reality.** Sector-specific policies, rather than one global national youth policy, have been established. Positive exceptions include the development of youth centers that offer integrated youth services, the inclusion of both genders in a paced way, and youth health programs (for instance, the Jeunes pour Jeunes peer health education programs in some Maisons des Jeunes in Morocco).

**In other countries, the development of youth policy has only been recently put on the agenda. In Lebanon, where civil society plays an important role in service delivery, the wealth of youth initiatives—particularly Scout movements—revolve around organized religious and ethnic communities.** Specifically for this reason, integrated efforts based on common policy have stalled. In Syria the former institutional channels for youth participation, which were linked to the one-party state, are now obsolete, but the space for the development of civil society initiatives remains limited and institutional capacity is still being developed. Finally, in another group of countries, such as Algeria, youth policy does not yet seem to be a government priority. In such cases, more efforts are dedicated to the development of sport activities, which cover only a part of a broader youth policy.

**A number of national initiatives, as well as initiatives sponsored with the cooperation of international (UNICEF and/or UNFPA) and regional actors (such as the European Union, the Council of Europe, and the League of Arab States Youth and Sports Directorate), have advanced national youth policies in SMED countries.** For instance, the EuroMed Youth III Program made an important contribution to filling the knowledge gap on national youth policies by sponsoring country studies. These country reports reveal that much heterogeneity exists in youth policies and their state of advancement in the region, although the lack of a common analytical framework does not allow for immediate comparisons.

**A recurrent constraint mentioned in the EuroMed country reports is the limited recognition of professional youth workers, including limited development of their skills.** This lack of recognition translates into reduced impact of existing infrastructures and programs at the community level. Many ad-hoc initiatives are currently underway to increase the capacity and tools available to youth educators in the region, supported by the technical assistance of international organizations and bilateral exchanges (for instance, the SALTO Training Center, the Council of Europe, and peer educator programs of UN organizations). However, this training risks the problems of supply-driven approaches and the targeting of participants often does not coincide with current and future available civil servant job openings in youth policy at the local level.

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The League of Arab States is taking increasing leadership in the field of youth affairs, brokering exchanges with the organizations mentioned above. However, intra-regional learning targeted to youth ministries remains absent. Establishing a research and training venue that could develop youth policy implementation methods appropriate to the region would be desirable. Even in countries where a national youth strategy is being developed, stronger participation of young people is needed to guarantee relevant policy design and the support of civil society in implementation. Evidence from multiple sources in the region support the notion that voice and substantial participation in policy decisions remains curtailed in Arab countries. As a result, the legitimacy and acceptance of youth policy suffers.

5.3 International Good Practices Argue for National Cross-sectional Youth Policies with Youth Participation

Useful examples of youth policy development can be drawn from the formation of the youth policy process in the countries of Eastern Europe and Central Asia (ECA) (World Bank 2010d), which have benefited from fruitful interaction with European Union institutions. The Council of Europe, whose membership extends to most ECA countries, has been a particularly influential actor in promoting youth cooperation and policy in the region, chiefly in the areas of diversity, participation, and human rights. One of the core principles of the youth policy elaborated by the Council is co-management, which advocates the structured involvement of youth organizations in the design and implementation of youth policies, working in partnership with local, national, and international bodies. The Council’s “Eleven Indicators of a National Youth Policy” provide guidelines on youth policy for both state authorities and grassroots organizations (see box 3). These guidelines encourage, among other goals, nonformal education, the development of youth trainers, the adoption of youth legislation, and a youth budget.

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<th>Box 3. Council of Europe’s Eleven Indicators of National Youth Policy</th>
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<td>1. Non-formal education—encourage active learning outside of the formal education system (e.g., civic education, livelihood skills, etc.) through open and inclusive youth clubs and NGOs.</td>
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<td>2. Youth training policy—promote the development of good trainers in the youth sector, a prerequisite for the formation of effective youth NGOs.</td>
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<td>3. Youth legislation—adopt legislation that acknowledges the role of young people and youth NGOs in policy decision making and ensures the efficiency of government institutions that work in youth issues.</td>
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<td>4. Youth budget—allocate administrative and project grants to youth organizations and youth NGOs.</td>
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<td>5. Youth information policy—inform young people about opportunities that exist for them, ensure communication among all stakeholders in youth policy, and ensure transparency in the conduct of youth policy.</td>
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<td>6. Multilevel policy—outline youth policies to be implemented at both the national and local levels.</td>
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<td>7. Youth research—regularly identify the key issues for youth well-being, best practices in addressing these issues, and the potential role of youth NGOs in addressing them.</td>
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<td>8. Participation—support the active involvement of youth organizations in the design and implementation of youth policies.</td>
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<td>9. Interministerial cooperation—implement youth policies in a cross-sectoral manner, ensuring joint ministerial responsibility, possibly via a coordinating youth agency.</td>
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<td>10. Innovation—stimulate creative and innovative solutions to address the problems of young people.</td>
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<td>11. Youth advising bodies—establish a structure (e.g., consultative committees) with a mandate to influence government on youth issues.</td>
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Source: European Youth Forum (2002).

Among the European Union countries, the organization of youth work and youth policy in Finland can be considered best practice for addressing youth needs and reducing social exclusion. The Finnish Youth Act specifies the objectives and values of youth work and policy. The Act also lays down specific provisions on the duties of local authorities with respect to youth work
and policy, but leaves it to these authorities to decide on concrete implementation. In addition, the Act includes provisions on young people’s right to participate in matters concerning youth work and policy and to be consulted in matters affecting them. Most importantly, however, the Act establishes the financing of youth work and policy (Government of Finland n.d.).

The Finnish government transfers funds to local authorities for youth work and extends grants to youth sector organizations and national youth centers. It also extends grants for the construction of facilities for young people, youth research, and international youth cooperation. Annual government expenditure on youth work in 2006 amounted to $50 million, roughly one-tenth of one percent of the state budget. Municipal youth work appropriations in that year amounted to another approximately $190 million—roughly six-tenths of one percent of municipal budgets. Youth work emphasizes cooperation with school communities to coordinate such activities at youth centers, such as youth empowerment, citizenship, and after-school activities. In 2005, Finnish youth centers provided about 160,000 youth course days. As seen in the country’s impressive performance on the 2003 PISA assessment, a well-conceived structure that closely coordinates education and youth policy, together with a cost-effective, well-targeted budget for youth development, seems to pay off (World Bank 2010d; Government of Finland n.d.).

Youth participation is a key pillar of national youth policy. Young people and their representative bodies should be recognized as stakeholders and equal partners with governments in the implementation of youth policies. Even in countries where a national youth strategy is only now being developed, stronger participation of youth is needed to guarantee relevant program design and implementation support by civil society.

In order to expand active youth participation and make youth outreach as wide as possible, special attention should be given to the development and support of youth organizations and youth representatives bodies. The youth civil sector, represented through various youth organizations, youth parties, political youth wings, student organizations, youth councils, and youth parliaments—both on the local and national level—are the key channels for expressing youth opinion and voice on various important issues. These organizations are also, in the first instance, critical for young people to learn active citizenship, democratic and social values.

Youth policy implementation needs to be supported by capable and well-resourced institutions, both governmental and civil society institutions. The creation of continuous and participatory training policies is a key pre-requisite for the creation of such capable institutions; creation of awareness on youth issues; developing youth-friendly skills among civil servants and youth leaders; and developing strong interagency coordination and decision-making mechanisms that offer the equal participation of government and civil society stakeholders. Adequate budgets are another necessary precondition for effective implementation of youth policies and strategies on the national and local level, as well as for monitoring outcomes. A youth budget can be subdivided between a central budget for the implementation of national youth policy and sectoral youth budgets located in different ministries and municipal youth budgets. Youth budgets should also include direct financial support for youth programs and youth organizations, contributing directly to the development of a sustainable, active, and strong nongovernmental youth sector comprised of democratic, open, and inclusive youth associations.

Successful implementation of national youth strategies requires that an adequate legal framework be adopted by national parliaments. The legal framework should both offer a

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30 Finland was a top performer in the 2003 PISA assessment and has one of the lowest early school-leaver rates (8.3 percent) in the EU.
demographic and a sociocultural definition of youth and young people, and define the role and the position of the youth NGOs and their representative bodies (e.g., youth councils and youth parliaments) in the design, implementation, and coordination of the youth policy. In addition, a legal framework should define the coordination mechanisms of national youth policy and define the budgetary framework for this policy. The legal framework can also offer significant incentives for youth participation and involvement through laws on youth representative structures and volunteer work.

**Recognition of nonformal education, also referred to as youth work, has been a key pillar of the youth legislative frameworks and national youth policies of European countries.**

Nonformal education, or education outside the formal school system represents, an important spin-off for the development of the young people as active citizens and positive contributors to society (see box 4). Such education is considered complementary to, and not competitive with, formal education. Government policies should encourage and promote an active learning process through direct youth initiatives, youth clubs, youth centers, and nongovernmental youth organizations, where young people are at the center of learning and decision-making processes.
Successful models of national youth policies offer transparent, open, and direct participation of youth and youth organizations and other stakeholders, as well keep the general public fully appraised of policy development and implementation. A youth information strategy should ensure the transparency of government policy towards young people. Such a strategy should also inform young people about different opportunities that exist for them. Among the different initiatives that can be included as elements of a youth information strategy are public information campaigns, awareness campaigns, a youth magazine, other information material, and keeping open communication channels with networks of all major stakeholders in youth policy.

Systematic data collection through the existing country demographic instruments, as well as through dedicated and rigorous youth policy monitoring and evaluation systems, will enable the main stakeholders in youth policy to measure the results, effectiveness, and outcomes of all parts of a national youth policy. In the short term, monitoring and evaluation (M&E) will allow stakeholders to learn from programs that have already been implemented, make necessary adjustments, and fine-tune and redefine existing activities. In the long term, M&E will facilitate the creation of more effective and better-targeted national youth policies.

The development of local youth policies within the framework of national youth policy is instrumental for the delivery of local, tailor-made, demand-driven, youth-friendly services and programs. Municipal governments should create youth-friendly environment at the community level by creating local youth action plans with concrete budgetary allocations for local

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<th>Box 4. Nonformal Learning Typology</th>
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<td>Life skills</td>
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<tr>
<td>• Leadership</td>
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<td>• Problem solving</td>
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<td>• Conflict resolution</td>
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<td>• Intercultural learning</td>
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<td>• Teamwork</td>
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<tr>
<td>Healthy lifestyles</td>
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<tr>
<td>• HIV/AIDS prevention</td>
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<td>• Drug use prevention</td>
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<td>• Sex education</td>
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<td>• Early pregnancy prevention</td>
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<tr>
<td>Creativity</td>
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<tr>
<td>• Visual arts</td>
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<td>• Performing arts</td>
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<td>IT training</td>
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<td>• IT skills</td>
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<td>• Media skills</td>
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<tr>
<td>Business development and labor market skills</td>
</tr>
<tr>
<td>• CV writing and job search skills</td>
</tr>
<tr>
<td>• Interview training</td>
</tr>
<tr>
<td>• Entrepreneurship skills</td>
</tr>
<tr>
<td>Foreign languages</td>
</tr>
<tr>
<td>Active youth participation</td>
</tr>
<tr>
<td>• Community involvement</td>
</tr>
<tr>
<td>• Interactions with local governments</td>
</tr>
<tr>
<td>• Engagement in interethnic activities</td>
</tr>
<tr>
<td>• Participation in local youth councils, youth parliaments, etc.</td>
</tr>
</tbody>
</table>
youth initiatives, (multipurpose) community youth centers, organizations, and representative bodies (e.g., local youth councils and youth parliaments). The Council of Europe Revised European Charter for the Participation of Youth in Local and Regional Life (2003) also stipulates that municipalities should identify a focal point for youth issues among its own administrative staff, create local co-management structures, and enable youth to participate in the discussions and decision making of local parliaments and sectoral committees.

Various local youth programs can enable youth to develop their own skills and self-awareness, as well as enable them to participate in different local actions and activities that benefit other citizens and the community as a whole (e.g., support for elderly people, environment protection, cultural activities), demonstrating the positive role that youth can play in the development of society. This is the most direct contribution that youth policies can have in the development of generations of active and conscious responsible citizens.

Stronger youth inclusion and participation can be achieved by national youth policies that address the needs of young people and cut across sectors (e.g., education, employment, rural development, housing, access to information, mobility), including local-level policies. By using an integrated, multidimensional approach, a national youth policy can achieve comprehensive youth-focused investments that address the multiple dimensions of youth exclusion (i.e., exclusion from the labor market and exclusion from participation in public life).
<table>
<thead>
<tr>
<th>Youth role</th>
<th>Education and skills development</th>
<th>Employment</th>
<th>Integrated youth investments</th>
<th>Youth policy implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth participation in policy development and implementation</td>
<td>Drawing attention to the importance of extra-curricular activities and non-formal learning in youth friendly venues; supporting student-led activities to improve school and university governance as well as to reduce violence in schools; supporting second chance opportunities for school drop outs, including measures to facilitate their transition to work. Recognition of Non Formal Learning.</td>
<td>Promoting youth-friendly Active Labor Market Programs, including employment services, job placement, paid apprenticeships, business development support, and access to credit for youth entrepreneurship.</td>
<td>Advocating for and participating in the design of integrated, large-scale youth investments covering youth-friendly services, employment, and entrepreneurship opportunities; together with youth participation in public policy.</td>
<td>Electing national youth councils; youth parliaments; local youth councils, etc. Development of youth trainers and youth workers.</td>
</tr>
<tr>
<td>Co-coordinating activities and policies</td>
<td>Co-coordinating actors that provide after-school activities; co-coordinating strategies with schools, social workers, police, and other actors to combat marginalization of young people.</td>
<td>Co-ordinating youth employment services designed for unemployed graduates with existing programs for disadvantaged young people to ensure more balanced employment opportunities for different young beneficiary groups.</td>
<td>Co-coordinating actions with youth policy makers in the fields of employment, housing, social services, and the family to ensure young people’s access to an independent life.</td>
<td>Youth engagement in monitoring and evaluation of youth policy implementation.</td>
</tr>
<tr>
<td>Running community-based activities</td>
<td>Supporting youth-led NGOs and CBOs working with disadvantaged youth (i.e., dropouts, low-achievers, and students with motivational and behavioral problems, and girls in particular); introducing youth participation practices in local schools and communities, such as environmental awareness trainings.</td>
<td>Providing youth information and counseling services to facilitate occupational careers; organizing youth workshops and other employment measures to improve employability.</td>
<td>Involving youth representatives and organizations in integrated youth investments at the community level, covering youth-friendly services and skills building, employment, and youth participation in local and municipal life. Engagement of youth in inter-ethnic activities; awareness raising for climate change.</td>
<td>Engaging youth in the monitoring and evaluation of youth investments, especially to observe results at the individual and community levels.</td>
</tr>
</tbody>
</table>
Appendix 1: Subregional Tables and Graphs

Table A1.1: Mean Government Expenditure on Education as a % of GDP in SMED Countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>6.2</td>
<td>6.1</td>
<td>7.2</td>
<td>6.1</td>
</tr>
<tr>
<td>Egypt</td>
<td>4.7</td>
<td>5.4</td>
<td>4.8</td>
<td>5.6</td>
</tr>
<tr>
<td>Jordan</td>
<td>3.2</td>
<td>5.2</td>
<td>6.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Lebanon</td>
<td>-</td>
<td>-</td>
<td>2.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Libya</td>
<td>-</td>
<td>5.2</td>
<td>8.4</td>
<td>-</td>
</tr>
<tr>
<td>Morocco</td>
<td>3.4</td>
<td>6.3</td>
<td>5.6</td>
<td>5.9</td>
</tr>
<tr>
<td>Syria</td>
<td>3.3</td>
<td>5.4</td>
<td>4.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Tunisia</td>
<td>6.2</td>
<td>5.2</td>
<td>5.9</td>
<td>6.8</td>
</tr>
<tr>
<td>West Bank &amp; Gaza Strip</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9.5</td>
</tr>
<tr>
<td>Asia</td>
<td>2.6</td>
<td>3.3</td>
<td>3.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Latin America</td>
<td>3.0</td>
<td>3.4</td>
<td>3.2</td>
<td>3.9</td>
</tr>
</tbody>
</table>


Figure A1.1: Proportion of Young People (15–24 years) in the Working-age (15–64 years) Population, Estimates and Projections, 1980–2020

Source: Author calculations based on ILO (2009a).
Figure A1.2 Dependency Ratio in SMED Countries, 1980–2020

Source: Author calculations based on ILO (2009a).
Note: The dependency ratio is the population aged less than 15 years or more than 64 years divided by the working-age (15–64 years) population.


Appendix 2: The Youth Joblessness Rate as an Indicator of Problems in the School-to-work Transition

In order to facilitate discussion of the text, it is worthwhile to explicitly state the simple formulas used for the youth unemployment and joblessness rates, respectively:

\[
\text{Youth Unemployment Rate} = \frac{\text{no. of young people who are unemployed}}{\text{no. of young people in the labor market}} \quad (1)
\]

\[
\text{Youth Joblessness Rate} = \frac{\text{no. of young people not employed or in education}}{\text{no. of young people}} \quad (2)
\]

The difference between the indicators lies in both the numerators and the denominators of the expressions. Specifically, the numerator and denominator are both larger in the case of the joblessness rate: \(^{31}\) all those who are unemployed are by definition not in education or employment, but the latter also includes young people who are not seeking work. Similarly, not all young people participate in the labor market, either because they participate in education or for some other reason. As a consequence, the joblessness rate may be bigger (or smaller) than the unemployment rate, according to whether the proportion of the inactive population, as traditionally defined, that is not participating in education is greater (or less than) the proportion of the active population that is unemployed. \(^{32}\) In other words, other things being equal, the higher the educational participation rate, the lower the joblessness rate vis-à-vis the unemployment rate.

In order to see the arguments concerning the superiority of the youth joblessness rate, a little basic algebra may help. If \(U\) is the number of unemployed young people; \(N\), the number of employed (young people); \(^{33}\) \(E\), the number of young people in education; \(D\), the number of “discouraged” (young) people neither in employment, ILO unemployment, or education; and \(P\), the (youth) population, two equivalent expressions for the (youth) unemployment rate, \(u\), are:

\[
u = \frac{U}{U + N} \quad (1')
\]

and since \(P = N + U + D + E\)

\[
u = \frac{U}{P - E - D} \quad (1'')
\]

\(^{31}\) Strictly speaking, the numerator and denominator respectively of the joblessness rate are actually “greater than or equal to” those of the youth unemployment rate. However, for them to be equal, all young people who are not in employment would have to be actively seeking work and no young people would be participating in education—conditions that will never be satisfied in practice.

\(^{32}\) It is a matter of elementary algebra that, \(\frac{a + b}{c + d} = \frac{a}{c} \Leftrightarrow \frac{b}{d} = \frac{a}{c}\). If \(a\) stands for the unemployed; \(b\), the number of those who are neither employed, (ILO) unemployed, or in education; \(c\), the size of the labor force; and \(d\), the population not in the labor force, then we have the condition stated above in the text.

\(^{33}\) Parentheses are used here since these formulas are obviously valid for any group of people, or indeed for the economy as a whole.
Similarly two equivalent expressions for the (youth) joblessness rate, $j$, are:

$$j = \frac{U + D}{P} \quad (2')$$

$$j = \frac{P - N - E}{P} = 1 - n - e \quad (2'')$$

where $j$ is the jobless rate; $n$, the employment rate; and $e$, the educational participation rate of young people. Assuming that the youth population is exogenously given, then, using the expression $2''$, the youth joblessness rate will fall (rise) if the proportion of young people in either employment or education rises (falls). On the other hand, using the expression $1''$, the unemployment rate will increase if, all things being equal, participation in education increases, but as with the joblessness rate (see expression $1'$), will fall if employment increases. The point here is that, using the unemployment rate, an improvement in a “good” indicator—the educational participation rate—can produce a worsening of a “bad” indicator—the youth unemployment rate. For the joblessness rate, improvements in either of the “good” indicators, educational participation and the employment rate, improve (i.e., reduce) the bad indicator—the joblessness rate.
Appendix 3: Indicators of the Duration of the School-to-work Transition

Since the mid-1990s, the OECD has used a summary cross-section indicator for the estimated duration of the school-to-work transition (StWT). The idea underlying the indicator is that comparing the age by which “most” people have left full-time education with the age at which “most” young people have found employment can produce an indicator for the duration of the transition. This indicator has been regularly applied by the OECD in its analyses of the StWT in higher-income countries, although the precise definition of “most” has changed over time. Initially, the term “most” was defined as 75 percent of the youth population, most recently, this definition was reduced to 50 percent. In other words, in its most recent incarnation, the OECD duration indicator compares the median age of leaving school with the median age of entering employment. Thus, in essence, the indicator estimates the time it takes for an “average” (in the true sense of the word) or typical individual to make the transition from school to work.

In the context of low- and middle-income countries, some issues immediately arise. As used by the OECD, the indicator essentially assumes that:

i. everyone starts (and leaves) education;
ii. everyone ends up in employment;
iii. once one leaves education, one stays out; and,
iv. once one enters employment, one remains there.

As regards the first assumption, although educational participation rates are rising more or less everywhere, in many countries—particularly in Sub-Saharan Africa—it is not reasonable to assume that (more or less) everyone participates in education at some stage. Similarly, the second assumption of (more or less) universal employment is patently not true in most countries and in some of these countries—most notably, in the MENA region—the employment rates of women in particular never reach 50 percent, let alone universal employment. Strictly speaking, so long as the cut-off point is reached in each case, the indicator remains defined, but what it actually indicates remains a question. In practice, both non-universal educational participation (by lowering the estimated median school-leaving age) and non-universal employment (by increasing the estimated median employment entry age) lead to an overestimation of the duration of the StWT.

A more sensible approach in the current context—one adopted for example, by Guarcello et al. (2005)—is to focus solely on young people who participate in education in the first place and those who end up in employment. It is generally standard practice in household surveys to identify those participants who have never participated in education. So taking this as a criteria is straightforward. Rather obviously, however, the proportion of young people who will end up in employment cannot be determined by looking at cross-sections. The proportion needs to be estimated. The simplest way to do so is to use cross-section surveys, but if employment rates are rising or falling over time, there will be some distortion. In any event, a simple modification of the basic OECD indicator could deal

34 To the author’s knowledge, the indicator of duration was introduced by Bowers, Sonnet, and Bardone (1999) and has been used regularly by the OECD since that time. See, Quintini and Martin (2006) for a recent example of a duration indicator, which also defines duration in months as opposed to years.
35 See, for example, Guarcello et al. (2005). The author of this paper offers an alternative way of estimating the duration of the StWT, which will be addressed below.
with these issues. In conceptual terms, estimating the median school-leaving age—assuming that everyone enters education—implies identifying the age at which the benchmark

\[ e = 100 \times (1-0)/2 = 50\% \]  

(4)

is crossed. If the figure is to be adjusted for the fact that, say, 10 percent of children never enter school, this number is simply excluded from the calculation. The benchmark is thus estimated:

\[ e = 100 \times (1-0.1)/2 = 45\% \]  

(4')

For employment entry, a conceptually equivalent procedure can be used. For the OECD indicator, the benchmark is, of course, the age at which the threshold:

\[ n = 100 \times (1-0)/2 = 50\% \]  

(5)

is crossed. Suppose now that only, say, 70 percent of the population ever ends up in employment. The modified threshold then becomes:

\[ n = 100 \times (0.7-0)/2 = 35\% \]  

(5')

Thus, assuming that 10 percent of children don’t (ever) enter school and 30 percent never enter employment, the modified indicator looks at the difference between the age at which the 45 percent educational participation threshold is crossed and the age at which the 35 percent employment rate is exceeded. The most obvious problem with the indicator is that it cannot estimate the proportion of young people who will successfully enter the labor market. However, this proportion can be reasonably estimated by identifying the single-year age group for which the employment rate is highest and taking the corresponding employment rate as the estimate of the percentage of the population that will, at some stage, enter employment. Armed with these modified “medians,” the modified duration of the transition can then be estimated.  

In practice, in order to adjust the median educational exit age, all young people who never participate in education can be excluded from the relevant population. Thus it is possible to directly estimate the 50 percent threshold for a population purged of those young people who never went to school. It may be observed in passing, however, that two important supplementary indicators—the proportion of young people who have never participated in education and the “average” age at which people leave school—should also be collected, in that they both provide useful additional information about the transition process.

Both the OECD and the modified OECD indicators of the transition duration assume that once a young person leaves full-time education, he or she doesn’t return and, more importantly, once he or she enters employment, he or she remains there. While the first of these assumptions remains largely true, the assumption that people never leave employment is clearly violated, particularly among young people and women of all ages. Violation of assumption (iii) more or less clearly leads to an underestimation of the median school-leaving age. Violation of assumption (iv) similarly leads to an overestimation of the median employment entry age. Clearly then, the effect of the violation of either assumption (iii) or (iv) is an overestimate of the duration of the transition, as is

36 Note that assumptions (iii) and (iv) continue to be considered valid.
37 One additional potential problem here is that there is no guarantee that the indicator is non-negative.
the violation of assumptions (i) and (ii). However, the correction for this type of bias is not so straightforward, inasmuch as it requires more information on interrupted employment (or education) spells than is generally available.\footnote{Indeed, since the indicator depends on using cross-sectional information to estimate longitudinal phenomena, it is not at all clear which information would be appropriate to use in this case.}

An alternative to the cross-section approach of many labor force surveys is to use longitudinal information. This type of information is derived from such survey questions as: When did you leave full-time education? When did you first enter employment? Clearly the “real” duration of transition for specific individuals is the difference between the two. Thus the median duration can be estimated from actually occurring completed durations between school-leaving and individuals’ first jobs. Although this approach has the advantage of being based on individual’s direct experiences, here too, biases and other issues exist. Such an indicator can only sensibly be based on completed durations—for young people who at the time of the survey had not yet completed the transition, the indicator simply cannot determine how long this process will take. Thus, the indicator ends up underestimating the duration of the transition for all young people because the excluded group will, for obvious reasons, experience a transition which is longer, on average, than that of young people who are observed to have completed the transition.\footnote{This is all the more true if analysis is further confined to young people aged 15–24 years. Some of this group who initiate the transition while they are “young” will complete it when they are no longer so, and will thus be excluded from the indicator. Again, for fairly obvious reasons, this group will disproportionately involve those young people who experience relatively long transitions.}

Moreover, a second issue arises. Suppose attention is limited to young people who have completed the transition between the ages of 15 and 24. This means estimating (completed) transition durations which have taken place sometime during the previous decade. If such a statistic is derived for, say 2006, it raises the question of how it relates to 2006, since the actual transitions it is measuring took place over the previous decade. Clearly, this is a problem that does not arise with cross-section indicators. Any such indicator will also be subject to recall error.

To summarize, the OECD indicator, \( \hat{D}_{\text{OECD}} \), is based on four assumptions, the violation of any of which will lead to an overestimation of the duration of the transition. The modified OECD indicator, \( \hat{D}_{\text{MOD}} \), removes two sources of overestimation, but leaves two. Both indicators will thus inevitably overestimate the duration of transition.\footnote{Or, more rigorously stated, will provide an upper bound to the “true” value of the median.} On the other hand, estimating an analogous indicator from individuals’ recall data, \( \hat{D}_{\text{R}} \), tends to underestimate the duration of transition. Moreover, it is also subject to other problems listed above.

<table>
<thead>
<tr>
<th>Starting age</th>
<th>OECD</th>
<th>Adjusted OECD</th>
<th>Reported duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>18</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Males</td>
<td>19</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Females</td>
<td>18</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>Unmarried females</td>
<td>20</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Urban males</td>
<td>19</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Urban females</td>
<td>20</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>Rural males</td>
<td>18</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Rural females</td>
<td>17/18</td>
<td>-</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Author calculations based on unweighted Egyptian LFS 2006 data.
Notes: (i) The OECD indicator is based on median school-leaving age and employment entry ages, assuming that all young people participate in education and enter employment.
(ii) The adjusted OECD indicator is based on median school-leaving age for all young people entering education and employment (assuming that the maximum age-specific employment rate corresponds to the percentage of the population who ever enter employment).
(iii) The reported duration indicator is based on self-reports of exit from education and entry to employment for all young people who left education by age 25 and completed the transition to employment.

Table A3.1 illustrates these duration indicators for Egypt. Given the discussion of bias above, one would expect that:

\[
\hat{D}_{OEC} \geq \hat{D}_{MOD} \geq \hat{D}_{R}
\]

as indeed, one observes from the table. On the other hand, despite all these various biases, particularly in terms of changes over time, the first two indicators are (more or less) consistent with each other. In other words, the two cross-section indicators produce biased estimates of the real duration of the transition from school to work, however, it is reasonable to suggest that they also provide reasonably reliable indicators of variation in duration across characteristics, so long as the relevant biases are plausible and likely to be similar across such characteristics.

Even where labor market entry is universal—as in the case of Egyptian men—or some single-year age-specific employment rate reaches 100 percent at some point, the OECD type indicator overestimates the duration of employment, at least compared to self-reports. The main cause of overestimation is the core assumption that there is no movement between states once the choice to leave education and enter the labor market has been made. For many young women in Egypt, this assumption is compounded by the fact that there is a long, if not permanent, intervening period of non-participation in employment accompanied by home making and child rearing.

Indeed, restricting attention to unmarried women reduces the estimated transition significantly. A similar type of difficulty arises with the indicator suggested by Guarcello et al. (2005). This indicator essentially estimates the mean—as opposed to the median—school-leaving and employment entry age using a slightly more sophisticated simple smoothing technique. It is still, however, based on the assumption that there is no movement between the two states. However, it is unlikely that this assumption is verified in practice. Young people regularly return to education and/or enter and leave employment while they are working out what they want to do with their lives.

In any event, the modified OECD and self-reported durations move in the same direction across personal characteristics, thus it is tempting to suggest the use of these indicators conjointly as upper and lower bounds of the transition duration. Recall, however, that the self-reported duration does not refer to the same period of time—indeed, in the way it is defined here—the transition having started while the person was in the youth category (15–24 years). But the fact that the transition started at any time in the past means that it is effectively an “average” median duration over many years in the past. Although this reduces the truncation bias, it means that the estimate does not refer in any real sense to 2006, the year of the survey, and also tends to exacerbate the problem of recall bias.\(^41\)

\(^{41}\) Indeed, Egyptian panel data was based on interviews in 1998 and 2005 and indicated significant inconsistencies in the reporting of the current age of respondents, a value on which calculations are based before the recall error itself occurs.
Given these problems, an alternative approach can be suggested. Rather than concentrate on getting a precise but biased estimate of the distribution of the transition duration, it may be argued that it is sufficient to gain an understanding of the phenomenon by asking young people under, say, 25 or 30 years: “Did you permanently leave education within the last 12 months?” Responses to this question, combined with information on current status, would be sufficient to estimate the proportion of young people who manage to complete the StWT within one year of leaving school. This would be a (reasonably) current indicator, convey a very similar type of information regarding the estimated duration, and certainly be highly correlated with the actual duration. It is also more likely to be relatively accurately reported and suffers less from the conceptual problems identified above.

To illustrate the alternative approach, consider the hypothetical example of figure A3.1. The figure illustrates three hypothetical transition distributions. Keeping things simple, that is, ignoring movements into and out of employment and so on for the moment, it can be observed that the various duration indicators illustrated above attempt to identify the crucial “median” point in the distribution (i.e., the time of leaving school) at which 50 percent of the group are in employment. In the cases illustrated by the figure, this occurs after around 6 months or so for group 1, a little over one year for group 2, and somewhere in the region of 8 years for group 3!

If the problem is turned on its head and another question is asked—What percentage of young school-leavers have entered employment by the end of the first year?—one obtains percentages of the order 65 percent, 45 percent, and 25 percent, respectively for groups 1, 2, and 3. Obviously the ordering of the groups is the same, using either method. Using this method one therefore obtains very similar information as one would obtain by estimating the median duration, but the alternative method is both much more reliable and much simpler to implement. The indicator can be based on recall data, meaning that it does not have the problems associated with the OECD-type indicators. At the same time, however, it is also far less prone to the biases and other problems associated with the recall method illustrated above because:

- information is only collected for the last year or so, therefore the estimate is less subject to recall bias;
- again, because the estimate relates only to the previous year, it is not subject to ambiguity concerning which period is covered by the estimation; and,
- the indicator is less subject to the influence of movements into and out of employment, since it relates to a relatively short period of time.

The revised indicator does not, in and of itself, solve the issue of movements into and out of employment. However, if the goal is to get as many people into employment as possible (and as soon as possible), then these movements are not really an issue of contention. Moreover, attention can be restricted to specific groups (e.g., unmarried women), if so wished.

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42 Although, of course, the relative size of the numbers is not, given the non-linear form of the function.
Figure A3.1 Hypothetical Example of Transition Duration Indicators
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