Unlocking the potential of people in MENA

Think governments are not doing enough to create employment opportunities

Of Arab youth regard unemployment as the biggest obstacle in the Middle East

No.1 A young and growing population has been left on the sidelines

No.2 Women and youth have few opportunities to find work

No.3 MENA is not creating enough high quality jobs

No.4 Private sector firms are too few and too small

No.5 Private firms have limited opportunities

A dynamic private sector

Well-functioning labor markets

A level regulatory playing field for all firms

3 POLICIES

TO TURN THE SITUATION AROUND
Fact No.1 A young and growing population has been left on the sidelines

Fact No.2 Women and youth have few opportunities to find work

Fact No.3 MENA is not creating enough high quality jobs

Fact No.4 Private sector firms are too few and too small

Fact No.5 Private firms have limited opportunities

Solutions Need to Be Anchored Around 3 Pillars

Policy Change Can Bring Better Results for All

* Based on data compiled by the International Labour Office, the World Bank, the World Economic Forum, and the International Monetary Fund. Survey results are from the Arab Barometer Survey and the ASDA'A Burson-Marsteller Arab Youth Survey.
**FACT**

**No. 1**

A young and growing population has been left on the sidelines.

**MENA**: the world’s 2nd youngest region

**In the next 5 years**
over 52 million new people will be of working age...

...over 27 million will seek jobs.

**60%** of the population under the age of 30

**Employment rates are low**

Total Employment to Population Ratio, 2016
(Men and Women with Jobs/Total Population Age 15+)

- **MENA**: 48.5%
- **EMs**: 55.8%

**The unemployment rate of 10.6%** is far higher than other regions

---

1. Groupings and Abbreviations: MENA refers to the Middle East, North Africa, Afghanistan, and Pakistan
2. ILO estimates, with unchanged participation rates
Women and youth have few opportunities to find work

Women are nearly 3x less likely than men to seek work.

Young people are 3x more likely to be unemployed than adults.

And when they do look, women are nearly 2x as likely to not get a job.

Unemployment affects youth irrespective of their educational attainment.

Level of Education of Unemployed Youth

- 26.0% Men
- 51.8% Women

- 24.6% MENA
- 22.3% EMs
- 16.2% AEs

Female Unemployment Rate, 2016

- 7.2% EMs
- 11.0% AEs
- 17.4% MENA

A large share of people rely on informal work, especially in rural areas.

INFORMALITY RATES

- Rural 72%
- Urban 60%

Many jobs are low paid
22% of MENA workers make < $3.10 PPP adjusted per day

MENA is not creating enough high quality jobs.

Percent of Workers that make less than $3.10 PPP adjusted per day

- 22% MENA
- 11% EMs
- <2% AEs

Based on seven MENA countries where estimates are available.
Private sector firms are too few and too small

Firms face barriers to entry to the formal sector and stay small

Entry density of formal sector limited-liability firms across regions and countries, 2010-2012
Number of newly registered limited liability firms per 1,000 working-age people

MENA small and medium-sized firms do not create enough jobs

Small and medium-sized firms lacks access to finance

Loans to SMEs amounted to 2% of GDP, the lowest concentration in the world

Investment in the region has declined

Latin America and the Caribbean + 11%
Sub-Saharan Africa + 76%
MENA: -53%

MENA has not been riding the technological wave

Only 6% of the population has access to broadband

The region could benefit from greater integration into global trade
Turning this situation around requires a comprehensive approach to job creation that is anchored around three pillars...

...and grounded in good governance and macroeconomic stability

**A level regulatory playing field for all firms**
- Improve the business climate to boost productivity growth
- Improve access to finance and venture capital especially for small and medium sized firms
- Reduce red tape and enhance fair enforcement of regulations

**Well-functioning labor markets**
- Provide more relevant education to prepare workers for private sector jobs
- Use targeted and well-designed programs to facilitate job search
- Protect workers not jobs

**A dynamic private sector**
- Attract foreign private sector investment
- Develop policies to enhance gains from trade
- Foster innovation and use of technology

**WITH REFORMS**

More opportunities...

- Moving 1 point up on the global competitiveness index would increase productivity growth by 1.4 percentage points

Countries that become more open to trade, by as much as the best reformer in the region could add...

- 1 percentage point to their projected 2018-22 GDP growth

**Increasing economic growth by 1.7 percentage points would help create jobs and lower unemployment yielding...**

- an average of -0.5 percentage points of employment growth per year and the unemployment rate would be 6 percentage points lower by 2030

Corresponding to a rate of 8 percent compared to a projected 14 percent under current conditions.

**...better results for all**

<table>
<thead>
<tr>
<th>Economic Growth</th>
<th>Employment Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.5%</td>
<td>1.7%</td>
</tr>
<tr>
<td>3.8%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Corresponding to a rate of 8 percent compared to a projected 14 percent under current conditions.