Youth Unemployment in the EMENA Region: An Issues Paper

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AN ISSUES PAPER

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The economic boom which has characterized the development of the oil-rich countries of the Middle East in the 1970s is stabilizing, if not tapering off in the 1980s. This development has potentially profound implications for all countries of the EMENA region (Algeria, Egypt, Jordan, Democratic Republic of Yemen, Portugal, Morocco, Tunisia, Turkey, and Yemen Arab Republic), both oil-exporting and not. This paper examines the implications of this turn of events for youth unemployment in the region and the need for education and labor market policies specifically targeted to young men and women. It reviews recent literature on youth unemployment from industrialized and developing countries to determine if the causes of unemployment across regions are comparable and whether policies tried in other regions might be transferable to EMENA countries.

Although problems of measurement and availability of reliable data exist, youth unemployment in the EMENA region is estimated to account for half or more of the region's total unemployment, a pattern similar to that of other developing regions. The region's high birth rates, increasing labor force participation rates of women, and the end of out-migration to Europe and the oil-rich Gulf states at a time of slack demand for labor in general is changing the nature of youth unemployment from a temporary difficulty of passage into adulthood to a more permanent condition for large numbers of young people. The paper argues that it is cost-effective economically, socially, and politically to place increased emphasis on addressing youth unemployment.

The causes of youth unemployment in the industrialized and developing worlds appear to be similar, although the effects are greatly magnified in the developing countries. Noninflationary macroeconomic growth policies are seen as necessary, but not sufficient for addressing youth unemployment. Many of the remedies attempted in industrialized countries may not be transferable to the EMENA countries, most of which still have underdeveloped agricultural sectors and large urban and rural informal sectors which absorb large amounts of unskilled and semi-skilled labor. Policies requiring sophisticated information, monitoring, and implementation systems will be applicable to only a few countries in the region.

Job creation efforts for youths in the public sector have been found useful as long as the jobs are viewed as leading to long-term employment in the non-public sector. The most difficult problem to address is the school to work transition. Occupational counseling and career education, residential education, and apprenticeship programs have all shown some promise in developing countries. It is agreed that it is easier to provide services and training to young people while in school rather than after they leave. Developing linkages between the education and training environment and the business community is essential to ensuring the relevance of training. Increasing the years of compulsory schooling throughout the region will certainly reduce the pressure on youth labor markets, but this must be done carefully with an eye toward future skill requirements.
# YOUTH UNEMPLOYMENT IN THE EMENA REGION

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Executive Summary

Introduction

i. The outlook for manpower training programs has changed considerably in the Middle Eastern and North African countries in recent years. Until the late 1970s, employment in the region was virtually guaranteed for anyone with the appropriate skills, and unemployment was primarily a problem for those at the lowest end of the educational spectrum. Since then, the actual and projected fall in oil revenues has led to a dramatic slowdown in the migration of labor from the capital-poor, labor-surplus countries to the capital-rich oil-exporting countries of the region, out-migration to Europe has come to a standstill, and the labor force participation rates of women, although still low, have risen sharply in many countries. The region is now facing actual and potential surpluses of both skilled and unskilled manpower.

ii. This report addresses the extent to which the problem of actual and potential unemployment in nine EMENA countries (Algeria, Egypt, Jordan, Democratic Republic of Yemen (PDRY), Portugal, Morocco, Tunisia, Turkey, and the Yemen Arab Republic (YAR)) can be considered a problem for the young people of the region and, if so, whether it requires policies specifically targeted to the young. It reviews recent literature on youth unemployment from both industrialized and developing country sources to determine if the causes of unemployment across regions are comparable and whether policies that have been tried in other regions might be transferable to the EMENA countries.

The Necessity of Addressing Youth Unemployment

iii. Youth unemployment rates that are markedly higher than those of adults are neither new nor necessarily cause for alarm. What is cause for alarm is that the high birth rates, the increasing labor force participation rates of women, and the end of out-migration to Europe and the oil-rich Gulf states at a time of slack demand for labor in general has changed the nature of youth unemployment from a temporary difficulty of passage into adulthood to semi-permanent or permanent condition for large numbers of young people. Unemployment is no longer a potentially serious problem for only the least skilled and most marginal groups. At a time when governments are facing increasingly severe fiscal constraints, it is often argued that it is cost-effective economically, socially, and politically to address youth more than adult unemployment.

Scope of the Problem

iv. The study concludes that youth unemployment is and will continue to be a serious problem for the EMENA countries. Although there are very few recent and reliable data sources, the data that do exist from the region (e.g., comprehensive Jordanian studies) suggest that youth unemployment accounts for half or more of the region's total unemployment. Studies of other developing countries have concluded that the problem is of a similar order of magnitude. Because most developing countries in the region have high to very high rates of population growth, the population and the work force are getting younger and the problem of unemployment is the problem of youth unemployment.
Causes of Youth Unemployment

v. The youth unemployment rate tends to mirror the adult unemployment rate, although at two to three times the level because of the particular supply and demand problems of the youth labor market. There is a substantial oversupply of young people entering the job market each year because the school system in most countries is insufficiently developed to absorb the entire school-aged cohort, the schools are not able to keep children long enough for them to acquire sufficient skills, and there are very few training opportunities for those who are not in school for whatever reason. The almost universal lack of linkage between local employers and the training system causes much effort to be expended on training for which sufficient jobs do not exist. The system for gathering and disseminating labor market information is often cumbersome and ineffectual, further exacerbating the training problem.

vi. There is little agreement about the appropriate mix between academic and employment-oriented training in the schools at an elementary or lower secondary level. Almost regardless of the mix that has been tried, employers complain that students lack both basic educational skills (literacy and numeracy) as well as relevant, up-to-date job skills. Some school systems have deliberately trained for the external labor market. As out-migration has slowed, returning emigrants have been unable to find jobs.

vii. Many countries have also promoted higher education, particularly in non-technical fields, through such policies as guaranteed employment in the public sector for all university graduates (Egypt). Vocational or technical training is seen as an unfortunate diversion from a preferred career path. Educated young people are led to expect a salaried position in the formal sector. Self-employment, particularly in agriculture or in any occupation requiring manual labor, is deemed more or less unacceptable for educated people.

Policy Responses

viii. General employment-generating macro-economic policies which focus on long-run, non-inflationary growth are seen as necessary, but not sufficient for addressing problems of youth unemployment in particular. Demographic and economic forecasts predict a worsening youth unemployment situation which will not respond to demand-side measures alone because policies which have a beneficial effect on the demand for labor may not have the same effect on the demand for young, particularly unskilled, labor.

ix. Although the causes of youth unemployment in the industrialized and developing worlds appear to be similar, the effects are greatly magnified in the developing countries. Many of the remedies attempted in the industrialized world are not transferable to the EMENA countries, most of which still have under-developed agricultural sectors and large urban and rural informal sectors which together absorb enormous amounts of unskilled and semi-skilled labor. Policies dependent upon sophisticated information, monitoring, or implementation systems are applicable only to a few countries with the appropriate institutional structures already in place.

x. Some policies that might be transferable have been successful, while others have not. Private sector job creation programs have often led to distortions in the labor
market. Public sector job creation programs hold some promise, as long as the jobs are viewed as leading to employment in the non-public sector. The transition from school to work is very difficult to facilitate. The employment and training problems facing out-of-school young people and dropouts are particularly difficult to remedy, and it is agreed that it is easier to provide services and training to young people while in school rather than after they leave school. The appropriate linkages between the employment and training environment and the business community are essential to ensuring the relevance of training. Occupational counseling and career education, residential education, and apprenticeship programs have all shown some promise in developing countries. Increasing the years of compulsory schooling throughout the region will certainly reduce the pressure on youth labor markets, but this must be done carefully with an eye toward future skill requirements.

Measurement Difficulties

It is possible to draw only the most tentative conclusions from this review because there is, with a few notable exceptions, little current or reliable information or analysis of youth unemployment. Visible unemployment is likely associated with a larger but unmeasurable volume of invisible unemployment because of the discouraged worker phenomenon. A further problem is that of visible and invisible underemployment. Because of the wage and employment structure and the extended family system, the "unemployment" problem is a question of family income inadequacy as well as individual employment inadequacy. In this context, data on "employment" or "unemployment" tend to reflect orders of magnitude rather than exactitude of measurement. Studies point out that one should not assume that precise data will be available in the near future. It is essential to develop ways of approaching problems in developing countries which are not dependent upon extensive and up-to-date data bases or sophisticated models.
1. Introduction

1.1. A consensus appears to be emerging that the economic boom which has characterized the development of the oil-rich countries of the Middle East is at least stabilizing, if not tapering off. This development has potentially profound implications for all the countries of the region, both oil-exporting and not. The oil-exporting countries had been experiencing severe shortages of both skilled and semi-skilled manpower, much of which was imported from the more capital-poor, labor surplus countries of the region. In recent years, the price of fossil fuels has been falling in real terms, the oil-exporting countries have completed most of the infrastructure construction that will be required in the near future, and the boom economy has caused wages for skilled labor to rise throughout the region so that labor imported from countries outside the region (particularly from South and Southeast Asia) is now competing for jobs previously held by citizens of the Middle East.

1.2. As a result, the outlook for manpower development programs has changed considerably. Although there are significant individual disparities among the countries studied, the general issue at the start of the manpower development process was skills training for the modern sector. Before 1970, the labor force in these countries was concentrated in the traditional sectors (agriculture, fishing, etc.). Most of the labor force was unskilled, often illiterate and innumerate, and had very low productivity. Activity in the modern industrial sector was small to barely existent. As industrialization began to take a more or less great leap forward, the overwhelming constraint on this process was the lack of skilled and semi-skilled labor, and all efforts were focused on basic education (literacy and numeracy), and on skills training and upgrading. Employment in the region was virtually guaranteed for anyone with the appropriate skills and unemployment was primarily a problem for those at the lowest end of the educational spectrum.

1.3. In the 1980s, the economic situation turned around and the region is now facing actual and potential surpluses of both skilled and unskilled manpower. This report considers whether and to what extent the problem of actual and potential unemployment in the EMENA countries can be considered a problem for the youth of the region and whether it is a problem requiring policies specifically targeted to the young.

1.4. The study is limited to the following countries: Algeria, Egypt, Jordan, People's Democratic Republic of Yemen (PDRY), Portugal, Morocco, Tunisia, Turkey, and the Yemen Arab Republic (YAR). It attempts to determine the nature and extent of youth unemployment in these countries on the basis of a review of Bank literature on these countries and on youth unemployment in general. No interviews with Bank staff or other country experts were conducted. A thorough search of other relevant data bases in the Washington area provided additional information from a variety of sources on youth unemployment in both industrialized and developing countries. The review of industrialized country literature was undertaken in order to determine whether youth unemployment problems in these countries, primarily Western Europe and the U.S., are similar enough to those of the EMENA countries to provide a basis for further consideration. Policies that have been tried in industrialized and/or developing countries and their results, where available, were evaluated for both positive and negative policy
The study concludes that youth unemployment is and will continue to be a serious problem in the EMENA countries. It can be viewed as an issue separate in its policy implications from the more general problem of growing unemployment across the entire labor force. However, the paucity of data and analysis about the nature and extent of the problem seriously hinders any discussion of possible policy initiatives. In an attempt to address this difficulty, the report concludes with some suggestions for country case studies which will not only provide much-needed data about youth unemployment in EMENA, but will also develop a methodological framework applicable to a broader developing-country context.

II. Youth Unemployment in the EMENA Region

2.1. The Necessity of Addressing Youth Unemployment.

2.1.1. A certain amount of unemployment is essential for a flexible, dynamic economy. There will always be some people entering or re-entering the labor force and looking for employment, and others who wish to change jobs and choose to search for new employment. Such voluntary unemployment, provided that it does not last long, is easily tolerated. However, long spells of unemployment, especially those that are involuntary, are a major cause of concern. High unemployment, especially if much of it is of long duration, has political, social, and economic costs.

2.1.2. Viewed from this perspective, some have argued that youth unemployment need not be treated as a serious problem since much of it is voluntary in nature. Job changes allow young people to learn about the labor market, much of the unemployment is short-term, and the young people are less likely to be primary wage earners, so the economic hardships associated with unemployment are less severe. The fact that the higher unemployment rate of young people diminishes as a cohort ages suggests that the problem does not entail a residual effect.

2.1.3. This perspective overlooks the fact that the beneficial aspects of youth unemployment could be realized at a lower cost through improved market efficiency. It overlooks the indirect social costs (crime, vandalism, etc.) that numerous studies have associated with unemployment and idleness, and ignores the fact that some individuals may become permanently scarred by low self-esteem and alienation and develop expectations of an intermittent employment career.

2.1.4. It can be cost-effective to target youth more than adult unemployment also for other reasons. The opportunity cost of education relative to lost income and work experience is lower for young people. Also, the problem of unemployment is more treatable at the youth level because young people are, in general, less rigid than adults in their social and personal attitudes and more open to the benefits of training and education and the changes in lifestyle that these entail. Finally, the stream of lifetime personal benefits (higher life-long personal income) and social benefits (less dependence upon the extended family or the state for support, fewer social adjustment problems) is much higher for youths.

2.1.5. The high rates of population growth mean that youth unemployment will
likely become an even worse problem in the future. Even if steps are taken today to limit the birth rate, the countries are already locked into a worsening situation for the next decade because of the people that are already born. Not only will employment-generating policies not be able to keep up with the large number of first-time entrants into the labor force, but those factors which cause young workers to be less employable than adults, e.g., poor education and lack of skills, will likely make the problem even more severe if the schools and training institutions do not expand at least as fast as the rate of growth of the population.

2.1.6. Demand-side policies aimed at increasing the rate of employment in general are considered by some to be the most effective measures for combating the problem of youth unemployment in particular. However, when the supply of young people wishing to enter the labor force is growing much more rapidly than the rate of growth of the labor force in general, as is the case in all of the countries with which we are concerned (except Portugal), the problem of youth unemployment may require measures more specific than general demand-enhancing policies. In all the countries except Portugal, the rate of growth of the population is greater than 2 percent, which often means that around half the population is 15 years of age or younger. Even where measures have been successfully implemented to limit the rate of growth of population, as in Tunisia, the percentage of the population under 15 was still 41 percent in 1980 (down from 46 percent in 1965). In Jordan, in many ways the best-case scenario, 51 percent of the population is under 15 and the rate of growth is a very high 3.4%. Since the labor force is growing even faster (6 percent a year since 1975 on the East Bank), the very rapid growth of employment (4.3% per year since 1975) has not been enough to keep up with the growth of the labor force.

2.2. Defining Youth Unemployment.

2.2.1. With very few exceptions, e.g., Jordan, the data on youth unemployment are very scanty to non-existent. Because of the difficulties in defining unemployment and underemployment, it is helpful to review why and how youth unemployment is estimated in a general context.

2.2.2. In industrialized country studies, a variety of estimates are used to define the nature and severity of youth unemployment. One method is to determine how many young people actively seek work but are unable to find it over a given period of time. This approach is analogous to the definition of unemployment that is most commonly used in industrialized countries, i.e., that percentage of the labor force between 16 and 65 years of age that is actively looking for work but is unable to find it. The difficulty with this definition is that it neglects the "discouraged worker" - the person who wants work but has become so frustrated by his inability to find a job that he has stopped actively looking. Therefore, a second approach is to expand the concept to include persons for whom non-employment, not merely unemployment for a given period of time, is a serious problem. A third method would be to focus on young people whose unemployment problems contribute to low family income or poverty.

2.2.3. In developing countries, the definition would have to incorporate some estimate of the degree of un- and underemployment among young people in the traditional sector and in the rural areas. This type of unemployment is assumed to be
both more severe in developing countries (because more people and families are poor) and at the same time less severe. Most of those who are poor have the support of an extended family, so the effect of one individual's unemployment is not as great a financial difficulty for the person or the family as is often the case in the industrialized countries. Also, many sectors of the economy, particularly the rural and traditional ones, are not yet dependent upon the wage economy.

2.2.4. In short, any meaningful conceptualization of the problem of unemployment in developing countries needs to reach beyond the usual definitions. Those who are in the labor force are defined as a.) those who are employed at least one hour a week, or b.) those who are looking for work. Of those who are not in the labor force for whatever reason, there may be many discouraged workers who would be in the labor force if they had at least the hope of finding a job.

2.2.5. Among those who are in the labor force are the underemployed - those whose skills and education are being underutilized in their employment, to the detriment of both the individual and the economy. There are certain labor market characteristics common to many of the countries in the study, i.e., deliberate overemployment of university graduates in the public sector (especially in Egypt) and the seasonal nature of much agricultural employment, that make underemployment a potentially more serious economic issue than in industrialized economies. Because the difficulties involved in accurately measuring underemployment are enormous, there are almost no data available on the extent of the problem.

2.2.6. A final estimator uses the concept of a "job gap". The job gap is determined by defining a target ratio of employment to the total population of a certain age group (preferably separated by male/female) and determining how far a given sub-group of young people (for example, those with only a primary school education) falls short of the target ratio for the age group as a whole. This information would help explain how young people with specific educational, environmental, or other characteristics fare in the job market vis a vis their cohort members. The data on youth unemployment in this survey vary tremendously from extremely cursory to relatively comprehensive. There is little explanation of how unemployment statistics are calculated, and it is often noted that the data are meant to reflect orders of magnitude rather than exactitude of computation.

2.3. Scope of the Problem.

2.3.1. We will define the potential youth unemployment universe as stretching from 12 to 24. Across the entire spectrum, there is an oversupply of people without basic educational skills (literacy and numeracy) but also without basic job skills (dependability, willingness to perform assigned tasks, promptness, etc.) and/or insufficient training. At the upper educational levels, the problem is more one of irrelevant educational and vocational preparation, or an oversupply of people with skills that are not in great demand. For example, some countries are presently experiencing an oversupply of university graduates with training in the arts and literature alongside a continuing undersupply of those with scientific and technical training (Algeria, Morocco, YAR, Egypt, Jordan, Portugal).

2.3.2. Because there are so few data about the extent of youth unemployment, it is necessary to extrapolate from the relatively complete and comparable data that do exist
on school enrollment rates. The following table presents gross school enrollments (inclusive of overage students and repeaters) as a percentage of the relevant age group:

<table>
<thead>
<tr>
<th></th>
<th>Primary</th>
<th>Lower Secondary/Secondary</th>
<th>Secondary</th>
<th>Higher</th>
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</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>86% (age 6-12)</td>
<td>31% (13-18)</td>
<td>6% (19-23)</td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td>78% (grades 1-5)</td>
<td>30% (6-9)</td>
<td>20% (10-12)</td>
<td>5% (univ.)</td>
</tr>
<tr>
<td>Tunisia</td>
<td>100% (grades 1-6)</td>
<td>30% (7-13)</td>
<td>N.A. (14-18)</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>103% (grades 1-4)</td>
<td>56% (7-9)</td>
<td>15% (10-12)</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>69% (grades 5-6)</td>
<td>2% (7-12+)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>75% (age 6-11)</td>
<td>59% (12-14)</td>
<td>45% (15-17)</td>
<td>17% (18-22)</td>
</tr>
<tr>
<td>Jordan</td>
<td>108% (age 6-11)</td>
<td>91% (12-14)</td>
<td>66% (15-17)</td>
<td>19% (18-23)</td>
</tr>
<tr>
<td>Turkey</td>
<td>118% (age 7-11)</td>
<td>47% (12-14)</td>
<td>28% (15-17)</td>
<td>8% (18+)</td>
</tr>
<tr>
<td>PDRY</td>
<td>52.4%</td>
<td>65% (grades 1-8)</td>
<td>22% (9-12)</td>
<td>2% (13-18)</td>
</tr>
<tr>
<td>YAR</td>
<td>8.8%</td>
<td>3.4%</td>
<td>1.4%</td>
<td></td>
</tr>
</tbody>
</table>

2.3.3. In many countries, the presence of widespread illiteracy across all age groups has encouraged countries to target limited educational resources on the elimination of child illiteracy and the promotion of basic education to the detriment of secondary and higher education. The gross enrollment rates show that as much as 70 percent of young people ages 12 or 14 to 16 are not enrolled in any form of secondary education. Given dropout and repeater rates that average between 5 and 10 percent per year, the number of young people who are potentially unemployed and unemployable represent a very large majority of the age group.

2.3.4. In the PDRY, there were in 1979/80 273,000 students enrolled in grades 1-8 (65 percent of the age group), and 38,000 students enrolled in grades 9-12 (22 percent). There are 130,000 to 135,000 young people aged 14 to 18 who are not in the school system. Due to a policy of deliberate restriction of entry into secondary school, only about one-third of the graduates of grade 8 (age 14) were to be allowed entry into secondary school by 1985. This means that there would be a potential annual supply of ca. 15,000 fifteen-year-olds with basic education who are available for direct employment or vocational technical training. Those who are not offered general, technical, or vocational secondary education can be placed in employment by the Ministry of Labour and Civil Service upon reaching age 16, but there is no mention of what happens to these young people between the ages of 14 and 16. Of those who are in secondary school, only 7 percent were enrolled in vocational courses, largely due to the lack of facilities. IDA estimates show that ca. 55,000 new agricultural/fishery, industrial, and commercial workers (skilled workers, technicians, and professionals) will be required during 1984-1993. Thus, there are two separate problems to be addressed: the inability of young people with at least some education to gain access to further education or skills training when there is a critical lack of skilled workers, and the situation of the 35% of children who are never enrolled in school. Since even the simplest training courses require some level of primary education, these young people (along with other illiterates) are completely cut off from further training opportunities.

2.3.5. Tunisia has made tremendous progress in promoting basic education such that the gross enrollment rate in primary schools reached 100 percent in 1981/82. The 30
percent enrollment rate at the secondary level (grades 7-13) means that 70,000 - 90,000 children are not accepted into secondary education annually, and that there are more than 100,000 leavers from the school system annually through the secondary levels. Traditionally, students who leave the school system have had three choices: emigration, staying at home to assist with the family farm or small craft enterprise, or entering into an informal, traditional apprenticeship with established artisans or shopkeepers, which is often difficult to do. Large numbers of people cannot be absorbed into apprenticeship training for the modern sector because a lack of in-school training opportunities tends to occur along with a lack of out-of-school training opportunities, and for the same reason - a small and insufficiently developed modern sector. A fourth option is becoming increasingly prevalent, particularly in the urban areas - open unemployment.

2.3.6. Jordan is the country which has by far the most comprehensive employment and unemployment data in this study. The data from the 1979 census show that unemployment of the resident labor force rose sharply in 1979 to 9.1%, in contrast to the 2 percent measured in 1972, 1974, and 1976. Although the 1979 census figures may overstate the actual increase in unemployment, the age group breakdown shows that the unemployed are mostly young, unskilled, and uneducated. Young job seekers (age 15-24) account for more than 55 percent of all unemployed Jordanians, reaching an unemployment rate of 17 percent when the unemployment rate for the prime age group (25-44) averages around 5 percent. The unemployed are strongly concentrated in the primary through secondary educational range, which represent over 70 percent of the young unemployed. Almost one-half of the unemployed in the age group are first-time job seekers. At the upper end of the educational spectrum, university graduates, particularly engineers and physicians, are having increasing problems finding jobs either in Jordan or in the Gulf states.

2.3.7. The youth employment situation in Jordan is very similar in the aggregate to that of industrialized countries, where the youth rate of unemployment is typically two to three times higher than the adult rate. Furthermore, changes in general economic conditions set off especially large changes in the youth unemployment rate because of the general characteristics of the youth labor force: young people have little job tenure, low seniority, few skills specific to the job task, and are often first-time entrants to the labor market. For example, in the United States, when the prime age (25-44) male unemployment rate was 1.7%, the youth (16-24) male unemployment rate was 4.5%. When the prime age male unemployment rate reached 3.5% in 1977, the youth unemployment rate rose to almost 11 percent. Jordan has by far the best-educated labor force and one of the strongest economies of any country in the study. Since the degree of severity of the effect of general unemployment on youth unemployment in Jordan parallels so closely the trends observed in developed countries, we assume that the youth unemployment situation in the other countries is at least as grave as in Jordan.

2.3.8. Another problem to be considered is the boundaries of the youth cohort. Studies of youth employment and unemployment often divide the problem into two separate cohorts, ages 16-19 and 20-24, because the unemployment problems facing young teenagers differ significantly from those of young people in their early twenties. In industrialized countries, work is prohibited before the age of 16, and most young people combine work with some form of schooling for several years beyond that. Most people in this age group want part-time or temporary employment, so unemployment is not as serious an economic problem for the individual 16-19 who is not a single or
married head of household as it is for the group 20-24. All of the very young, those under 16, are potentially part of the youth unemployment universe if they are not enrolled in school or some kind of out-of-school program, e.g., apprenticeship training.

2.3.9. It is necessary to recall that children as young as 12 or 14 may need to be considered unemployed for policy purposes. Egypt calculates the labor force participation rate from age 6, and Jordan calculated from age 9 until the most recent census, but the most general cut-off point is age 15. In all the countries under review, primary schooling ends between the 6th and 8th grades (ages ca. 12-14), and there is a very large drop in enrollment from the primary to the secondary school level. Egypt, Jordan, and Portugal are the only countries where more than half of the relevant age group (age ca. 12-15) is enrolled in secondary school. In the Maghreb countries, only ca. 30 percent of the age group continues on to secondary school, and in YAR, the percentage is less than ten (8.8%). With dropout and repeater rates often running at around 10 percent a year, many fewer young people actually graduate from any kind of secondary school. A significant portion of the age cohort has received all the schooling it will ever receive, at least in the near future, by age 12 to 14, so one assumes that these young people are expected to become economically productive with the barest of basic education and almost no job skills.

2.3.10. In the middle range of the cohort are those young people with some form of secondary schooling - vocational, technical, university preparatory, or some combination. At the tail of the age group are those who have graduated from or left at some point advanced secondary or university training. Men are faced with at least two years’ compulsory military service in almost all countries, so a man who graduates from the university at 22 might not appear in the statistics as unemployed until the age of 24.

2.3.11. Not only is the majority of the young people in the region untrained, undertrained, or inappropriately trained, but those that are ready to enter the job market have very little idea how to do so. Both employers and students agree that schools and training centers do little or nothing to help graduates find jobs. Without any career counseling, job seekers may well have expectations about wages, promotions, quality of work life, etc. that are at considerable variance from the realities of the labor market. Job seekers with limited education and skills are undoubtedly at a particularly severe disadvantage in the first-time job search process. It is suggested that the young citizens of several countries (e.g., Egypt and Portugal) have always depended upon the public sector as the employer of last resort. They have never acquired, nor have they been taught, the need for personal initiative, organization, and other skills the job seeker in the private sector must have. Even the young job seeker who is not a first-time entrant to the labor force may be at a disadvantage vis a vis the adult worker particularly if there are wage rigidities which make the un- or undertrained worker less desirable than the experienced worker at a given wage.


2.4.1. Macroeconomic Growth.

2.4.1.1. As has been discussed, the youth unemployment rate tends to mirror the adult unemployment rate, although at two to three times the level because of the
particular supply and demand problems of the youth labor market. Consequently, macroeconomic policies which affect the overall rate of employment may have beneficial effects on the youth labor market. The manpower study of Jordan concludes that the country will be facing large overall surpluses of labor (280,000 people by 1990, of which almost 200,000 will be skilled and semi-skilled non-manual (office) workers). Even though unemployment is primarily a youth phenomenon and there are certain characteristics that young workers as a group share that lessen their employability, the labor force has been and is expected to be growing so rapidly that "macroeconomic growth policies have the dominant role to play" in generating enough job demand to absorb the growing number of labor force entrants and returning migrants.

2.4.1.2. Both Algeria and Tunisia have long had serious unemployment problems. In Algeria, it was estimated that 25 percent of the urban labor force was unemployed and 40 to 50 percent of the rural labor force was underemployed in 1973. Unemployment in all non-agricultural sectors was estimated at 17 percent in that year, down to 10 percent by 1976. The picture in Tunisia is much the same: the general unemployment and underemployment rate was estimated to be between 20 and 25 percent in 1981, with significant underemployment particularly in agriculture, which employs ca. 35 percent of the work force. The inability of the economy to generate sufficient employment opportunities led to social unrest which culminated in serious labor disturbances in 1978.

2.4.1.3. In the early 1970s, both countries pursued an industrial development strategy which emphasized heavy, capital-intensive, energy-related industries. Later on in the 1970s and early 1980s, they began to make the transition to the post-hydrocarbon era by promoting more labor-intensive light industries serving priority needs and requiring greatly increased numbers of skilled workers. Employment generation in order to reduce unemployment and to absorb additions to the work force has become a major priority of these countries' development strategy.

2.4.1.4. Jordan, Portugal, and Turkey have all chosen to follow outward-oriented development programs. The strategy is to promote light industry and small to medium-scale manufacturing for export. Light industry has the added advantage of being relatively labor-intensive, but a successful policy of manufacturing for export depends upon a labor force capable of working to international standards.

2.4.1.5. Policies which have a positive effect on the demand for labor may not always have the same effect on the demand for young, particularly unskilled, labor. If employers cannot easily substitute young workers for adult workers because of lack of appropriate skills, seniority restrictions, or wage rigidities, then an increase in the demand for labor in general in a slack labor market could result in a fall in the percentage of young workers in the labor force. Furthermore, as the job market improves, discouraged workers of all ages may begin looking for work again. They become registered as "in the labor force but unemployed" rather than "not in the labor force", so the registered unemployment rate may actually go up.

2.4.2. Quantitative Oversupply of Young People.

2.4.2.1. There are three main reasons for the substantial oversupply of young people entering the job market each year. First, the school system is insufficiently developed and not able to absorb the entire school-aged cohort, particularly outside the
urban areas. Second, the schools have little holding power - those that enter the school system often do not or cannot stay until they have acquired sufficient skills. Third, the absence of a vigorous modern sector is reflected not only in the schools, but also in the absence of out-of-school training opportunities. What was originally a problem of schooling becomes a youth unemployment problem when young people who leave school voluntarily or involuntarily have no opportunities for direct employment or alternative training. Furthermore, the high rate of population growth in these countries (all except Portugal) means that the absolute numbers of young people are growing.

2.4.2.2. Regardless of the effectiveness of macroeconomic policies in generating more demand for labor, the overwhelming constraint on development in many countries will still be the lack of skilled and semi-skilled labor. In Portugal, for example, the rate of growth of the population is low (0.8% p.a.), so there is relatively little pressure on employment for demographic reasons. A recent manpower study projects a minimal expansion of skilled worker jobs in the industrial sector during the period 1986-1995 from 700,000 to ca. 735,000. With natural attrition and economic growth factored in, there is a calculated demand for ca. 274,000 new workers during this decade. At the same time, there will be approximately 235,000 out-of-school young people and adults under 25 years of age and with a 9th grade level of training or less to fill these positions.

2.4.3. Qualifications of Young People.

2.4.3.1. One of the main barriers to the development of middle-level education and skills training is the low output of the primary schools, which are internally very inefficient. There are high dropout rates, low pass rates, low completion rates, and major shortcomings in instruction. As at all levels, there is a premium placed on attaining the certificate rather than acquiring the skills. The entire educational system is oriented towards the arts and literature rather than the sciences and technology. This is partially because higher education was and often still is conducted in a foreign language by foreign instructors, and partially due to the cultural bias toward university-level liberal arts training.

2.4.3.2. In Egypt, for example, nearly 61% of the labor force was illiterate and another 25 percent barely able to read and write; a very low 1.4% of the labor force had post-secondary technician-level education, but a high 3.6% had a university or postgraduate degree in 1972. The relative abundance of university-trained staff and the very low proportion of skilled craftsmen and technicians represented the major imbalance of the labor force. The problem was further complicated by a government policy of automatic employment in the public sector, regardless of need, for all university graduates unable to find employment elsewhere. This not only contributed to considerable overstaffing and consequent underemployment, but also rewarded students' preference for a university education and reinforced the bias against middle-level technical careers. A mass of well-educated, but largely unemployable and unproductive personnel burdened the public sector. The imbalance between supply and demand was also reflected in the salary levels, with skilled craftsmen earning much higher wages on the average than university graduates.

2.4.3.3. Within the vocational/technical training system, many of the deficiencies of academic training tend to be magnified. A particular problem is that teachers' salaries are across the board significantly lower than wages paid for comparable skills in
private industry. It is often impossible to attract teachers with both the relevant technical qualifications and the appropriate practical experience. In such circumstances, teachers tend to have the former but not the latter, and in some cases, new graduates of the system are simply recycled as teachers without ever having obtained any practical industrial experience.

2.4.3.4. Teaching methods are antiquated, teachers are un- or mis-qualified, equipment is out-of-date, and there are often language problems. In Morocco, instruction in the sciences and technology in the mid-1970s was still entirely in French. Since French-language textbooks are expensive, teachers spent most of their time dictating notes, leaving little time for teacher demonstrations and less time for hands-on work by students. Such residual problems exacerbate an almost universal complaint of employers - that graduates of the vocational/technical training system have had too much theory and not enough practice, and that the practice they have had is so out-of-date as to be irrelevant.

2.4.4. Transnational Migration.

2.4.4.1. In order to train appropriately, the educational establishment must be clear about who the potential employers are and which labor market(s) graduates will be entering: the public sector - both industry and government - accounts for a large share of non-agricultural employment in Egypt, PDRY, and YAR. Private sector employment is more prevalent in Jordan and Tunisia. The informal sector is important in practically all the countries of the region. Finally, the emigre labor market was, until recently, a very important source of jobs. The destination of migrant labor, the type of work sought and offered and the level of remuneration varied from one country to another. Moroccans and Tunisians emigrated mainly to Europe and Libya; Egyptians went to Jordan, Saudi Arabia, and Libya. From PDRY, YAR, and Jordan, workers went to the Gulf states and to Saudi Arabia. Each of these markets operated differently, but the one factor they all seem to have in common is that none of them is as important today as an employment outlet for the Middle East as was the case only a few years ago, and none is expected to be as important in the immediate future.

2.4.4.2. The uncertainty of the international labor market presents great problems for employment and training in the EMENA countries. Since the early 1980s, the Gulf states have largely completed the infrastructure construction phase of development, and have also suffered from falling oil revenues. The demand of the oil states for imported labor has levelled off, and the current market for Arab skilled labor is Iraq and other non-Gulf Arab states. In the past, many of the capital-poor, labor surplus countries devoted significant resources to training workers to become expatriates. Of the total YAR labor force, 20 percent was employed abroad in 1975. The majority of these emigrants was registered as having migrated for short-term work as unskilled labor in neighboring Arab countries; two-thirds of these migrants were between 15 and 29 years of age. In the neighboring PDRY, ca. 12 percent of the labor force was abroad in 1978. More importantly, 80 percent of the skilled PDRY labor force worked outside the country in the same year.

2.4.4.3. In Jordan, open unemployment decreased from an estimated 20 percent in 1966 to 8 percent in 1970 to 2 percent in 1977, primarily through out-migration to the Gulf states, where wages were 4 to 5 times higher than in Jordan. In 1980, Jordan exported a
higher percentage of its labor force, particularly in the high skill occupations, than any other country in the region. Characteristically, out-migration led to chronic shortages of well-trained, middle-level technicians and skilled craftsmen locally while an increasing number of graduates from general secondary schools were unable to find work.

2.4.4.4. The sharp increase in the demand for labor in the labor shortage states in the 1970s had the further effect of causing wage inflation in the labor-exporting states. This has placed a particular strain on labor-intensive industries like agriculture and construction, leading to some "replacement migration" of unskilled, mainly South Asian, workers into the region. For example Jordan, although still a net exporter of labor, imports labor in the lower skill categories for jobs which Jordanians do not want, and in which the wages of non-Jordanian workers are significantly lower than for Jordanians of similar skills.

2.4.4.5. Today, the emphasis has shifted to facilitating re-entry into the domestic labor market of erstwhile migrants by providing training in basic entrepreneurial skills. Few countries are providing training programs specifically for returning migrants except Tunisia, which has the longest experience with return migration (from France). Although Tunisia had long been a labor exporter to Europe and the Middle East, net migration had declined to zero by 1979, and the country, along with its neighbors Algeria and Morocco, has had to absorb significant numbers of returning migrants into a labor market where there was already very high unemployment.

2.4.5. Urban-Rural Migration.

2.4.5.1. The process of development of a modern industrial sector has caused a significant increase in migration to the urban areas. In Algeria, while the average annual rate of population growth was a very high 3.2% per annum, the rate of growth in the cities was 6 percent and the agricultural work force was almost stagnant, growing at only 1 percent p.a. from 1974-76. In neighboring Tunisia, the population was only 26 percent urban in 1950, but was 47 percent urban by 1975. Not only is urban unemployment often more visible and more documentable than rural unemployment, but it is often more severe because the underemployed, unskilled farm laborer who was marginally or seasonally productive in the agricultural sector becomes completely unproductive, unemployed, and unemployable in the modern sector. The Tunisians have taken this problem into explicit account in the 1982-86 development plan. It reflects a strategy of job creation through increased investment in and appropriate training for manufacturing industries, tourism, and agriculture, with particular emphasis on integrated rural development as a way of reducing rural underemployment and migration to the cities.

2.4.6. Labor Force Participation Rates of Women.

2.4.6.1. The entrance of women in relatively large numbers into the labor force can have an enormous impact upon general unemployment because the labor force participation rates of women are so low. For example, in Jordan, the employed labor force represented as little as 20 percent of the population, with the participation rates for women much lower than that. Many of the countries have made great efforts to educate young women and to encourage them to become economically productive. Where these efforts have been reasonably successful, the results have been a double-edged sword: both a declining birth rate (Tunisia), and a rate of growth of the labor force that
exceeds the rate of growth of the population even more than would otherwise be the case (Morocco).

2.4.7. Cultural Issues.

2.4.7.1. Several broad cultural issues must also be considered as possible causes of youth unemployment. The YAR, for example, has only had a formal school system since 1963. Although progress has been dramatic, it has been hampered by parents' resistance to education for their children. The teaching force is largely non-Yemeni at all levels: in 1979/80, 60 percent of primary school teachers were non-Yemeni; by 1980, this percentage had reached 85%, partly as a result of a government decision to replace unqualified Yemeni teachers with qualified non-nationals. This percentage is projected maintained in the Second Five Year Plan (1982-86) because the demand for teachers is so much greater than the rate at which Yemenis can be trained. Government thus faces the dilemma that it is an absolute priority to expand the educational system in order to produce the trained workers that are sorely needed for economic development and employment generation. At the same time, expanding the school system requires for the moment the importation of large numbers of expatriate staff, who are attracted by higher salaries than their Yemeni co-workers receive. This results in very high teacher turnover of both nationals and foreigners, poor teaching methods, and a generally indifferent attitude on the part of teachers toward students. The presence of a large, annually changing, non-Yemeni teaching force which, consequently, lacks an appreciation of local customs, attitudes, and standards of behavior, has not helped overcome parental apathy toward education, which acts as a constraint on the full utilization of the educational facilities that are available.

2.4.7.2. A much more universal problem is the widespread bias in the Middle East against manual work, including agriculture, and toward training in the arts and literature. Vocational training is seen as an unfortunate diversion from a more preferred career path. Since many countries do not have easy transferability between vocational/technical and higher education, the vocational/technical systems attract the least qualified and least motivated right from the start. The tendency is to select those who have done least well academically, and within this group to direct those who are regarded as least able of all to vocational training centers, in-company apprenticeships, or to the labor market rather than to the schools. The students suffer from very low self-esteem and self-confidence. Employers report that workers often refuse to perform tasks which they consider to be "humiliating" or beneath them, such as handling equipment and machines that "dirty the hands".

2.4.7.3. Policies which reward the students' bias toward university training, such as guaranteed employment for all university graduates in the public sector (Egypt), lead to educated unemployment. The resistance to manual work appears to be a reflection of social values such as one's status in the community rather than of economic values such as inequities in the wage structure. In Egypt, skilled workers on the average earn much more than university graduates, yet this is only having a very gradual effect on young people's educational preferences. On the other hand, restricting or forcing access to certain types of education is a politically sensitive issue. In many countries, government policy is to increase the number of students going into vocational or technical streams, and to do this by compulsion if necessary. The result of these policies may not be to raise the status of vocational training, as is the governments' intent, but to lower it in
the eyes of young people. Unless vocational training is presented in a positive light, as a means of acquiring skills which will lead to a satisfying and remunerative career, it will continue to be a second or third choice.

2.4.8. Lack of Linkages to Employers.

2.4.8.1. Many kinds of policies have been implemented in all the countries to provide primary school students with some sort of preparation for work - pre-vocational training, pre-apprenticeship training, "initiation aux travaux manuals", etc. However, primary school graduates have had particular difficulty entering the labor market because of their young age and poor general educational attainments. Employer surveys have found that employers do not want graduates with inadequate vocational training. They prefer to train their own workers and want labor market entrants with higher levels of general, rather than vocational, education.

2.4.8.2. The vocational/technical training system also has the problem of too few linkages to employers. The best way to ensure linkages is to involve the employers in the training process. Employer cooperation in the training process has been achieved particularly in Egypt, Jordan, and Morocco. Employers may advise on curricula, lend equipment, buildings, and staff, act as part-time instructors, and provide financial support for training. At the national level, representatives of industry may sit on national committees, as is the case in Morocco, Egypt, and Jordan. The Vocational Training Corporation in Jordan and the Offices of Vocational Training and Employment in Tunisia and Morocco all run national systems in which the relationship between the individual training center and local employers is both continuous and close. In PDRY, there are also on-going relationships directly between vocational training centers and large local establishments such as the Aden Refinery.

2.4.8.3. However, even centers of this type have a much less satisfactory relationship with small employers. One exception to this rule is the company-based apprenticeship system in Tunisia, which seems to have developed effective relationships with small companies. Where institutions, schools, or centers are not linked to industry through a system of apprenticeship, the problem of maintaining a relationship with local firms becomes much more difficult. As a rule, little is being done to address this situation.

2.4.9. Lack of Out-of-School Training Opportunities.

2.4.9.1. The internal inefficiencies of the educational systems have been commented on repeatedly, as well as the external inefficiencies in the form of a lack of appropriate linkages with employers. This lack is reflected not only in insufficient and incorrect information about what skills are and will be in demand, but also lack of employer involvement in non-formal education. If there is an active program of on-the-job training, apprenticeship training, or other opportunities for out-of-school young people that feed directly into the employers' needs, then being out of school is not automatically tantamount to being unemployed.

2.4.10. Lack of Labor Market Information.

2.4.10.1. The lack of effective ties to employers reflects a system-wide deficiency
of labor market information in most countries (except Jordan). Without clear, occupationally- and geographically-specific information about manpower requirements, it is not possible to determine educational or training needs. Labor market planning is often piecemeal, without any sectoral or overall projections relating enrollments in the various institutes to the needs of the economy. Data are often old, insufficiently detailed and analyzed, and/or not processed for sufficiently short and continuous periods. The gaps and inconsistencies in base data limit the relevance of manpower planning exercises. There is often a lack of communication and co-operation among the various levels of government - national, regional, and local. Such labor market information systems as do exist are hampered by institutional rigidities and have great difficulty being flexible and responsive to rapidly changing economic realities.

2.5. Policy Responses.

2.5.1. Youth unemployment in the EMENA countries is a new phenomenon as a policy concern. Only a few (Jordan, Portugal, Tunisia, YAR, PDRY) discuss the issue explicitly. There is relatively little information, the data are scant, and the time period for demonstrating the effectiveness of policies has been too short. Any discussion of policies options must keep the above constraints well in mind. This review will not further consider macroeconomic policies which are designed to generate more demand for labor, decrease the birth rate, increase the labor force participation rate of women, or otherwise affect a country's general economic environment.

2.5.2. A substantive discussion of policies that address the problems of the school system is also not within the scope of this paper. Very briefly, the relationship of vocational training to general education appears to have gone back and forth. In some situations, vocational training has been taken out of the general educational system in order that the latter might better concentrate on basic skills; in other situations it has been put back into the school system so that young people will receive at least the rudiments of pre-work training. Enormous resources are being spent on improving the quality as well as the quantity of education. With the exception of Jordan, which has the appropriate training institutions in place, the countries are facing a severe lack of vocational facilities, teachers, and equipment.

2.5.3. There has been a consistent effort to redirect students at all levels away from literary training and toward vocational/technical training, whether inside or separate from the general educational format. Most countries are expanding the number of years of compulsory education in order to keep young people in school long enough for them to acquire job-relevant skills. The Tunisian effort to extend compulsory education through 7th grade is a deliberate effort to keep 12-year-olds out of the labor force for at least one more year.

2.5.4. Several countries are attempting to use the public sector to change expectations about employment. The PDRY now requires a minimum literacy level for all newly-hired government workers, which has greatly spurred literacy training in the public sector. In countries where the public sector is the legal or actual employer of last resort, steps have been taken to limit the growth of the public sector, make the wage structure more compatible with private industry, and promote the private sector. There is some awareness that promoting the private sector necessitates equipping job seekers with entrepreneurial skills. In Morocco, for example, the government has recognized
that the vocational training system must not only produce people with the appropriate
skills, but help them into employment, either on a self-employed or employee basis.
Little attention has been paid to the informal sector except to note that the job skills
required by returning overseas migrants are often identical to those that would be most
useful in the informal sector.

2.5.5. Egypt appears to have had some success on a fairly large scale with both
public and private sector vocational training. The Ministry of Education's 3-year
vocational school program (ISS) is far the largest potential resource for the supply of
skilled manpower, with the industrial schools alone having the capacity to supply over 60
percent of the demand for industrial skilled manpower. Schools are in poor shape, they
are inadequately financed, the equipment and the curricula are outdated, and the
teachers are often unqualified. As a result, the quality of graduates from these schools
is low, and employers report that training for industrial employment from these schools
is inadequate. However, the Ministry has begun to improve its communications with both
public and private sector employers: there are 7 special industrial schools training for a
particular company, and there are special programs training on behalf of particular
enterprises in a further 17 schools.

2.5.6. The Ministry of Industry, through its Productivity and Vocational Training
Department (PVTD), has specific responsibility for training employees in the major
industrial skill areas for the large public sector enterprises which dominate the industrial
sector. In addition, the PVTD provides skilled and semi-skilled labor for private industry,
and private sector firms participate in the PVTD program. The range of training
programs is closely geared to local employers' requirements, and the employment
prospects of graduates are excellent. It appears that the major reason that employers
are more satisfied with PVTD graduates than with ISS graduates is that the PVTD
graduates lack theoretical training but have industry-specific practical training, while
the ISS graduates lack practical training.

2.5.7. In general, a promising start has been made in developing links between
training and industry in Egypt, particularly in the PVTD system. Further efforts are
needed to develop formal and informal employer linkages at national, regional, and local
levels to broaden the responsiveness of training programs to industrial needs and to
become more demand- rather than supply-oriented. Employers also need to share more
of the burden of training skilled workers through contributions of facilities, staff,
equipment, and other resources. Some employers reported a willingness to contribute to
the costs of training.

2.5.8. Outside of the formal Egyptian education system, there are a few programs
targeted to young people. The Ministry of Vocational Training runs programs of mostly
industrial skills training for out-of-school young people, and the Ministry of Social
Affairs has training programs aimed at a number of disadvantaged groups, including
semi-skilled training for school dropouts, handicapped persons, and juveniles with social
adjustment problems. In addition, a number of industries, such as iron and steel, operate
their own training centers. There is no data about the size of these programs, but it can
be assumed that they are relatively small since they are targeted toward quite specific
segments of the labor market.

2.5.9. In the YAR, a small but important program focuses on the needs of out-of-
school young people. Through the District Training Center and village training unit network, courses have been provided in remote rural areas in such fields as literacy, agricultural skills, handicrafts, home economics, health, nutrition, electricity, and automotive mechanics. By 1984, about 10 percent of the 10,000 literacy students had successfully completed the primary education course, and ca. 1,800 had completed the basic skills training courses. In 1982/83, the total number of trainees in the seven DTCs and their village training centers was approximately 17,000. However, projections of the Second Five Year Plan (1982-86) indicate that manpower shortages in semi-skilled manual occupations requiring functional literacy and skills training would be approximately 46,000, underlining the urgent necessity of more opportunities for basic education and skills training, particularly for out-of-school youths.

2.5.10. Portugal has also developed programs to address the training needs of out-of-school young people. The Bank's 1st education loan aided the government of Portugal in its efforts to provide urban, unemployed school leavers (15-16 years old), with the opportunity to acquire specialized pre-apprenticeship training. The project was designed to re-orient 5 vocational training centers from training adults to training out-of-school youths. There is also a system of skilled worker training centers which offer an additional incentive - unemployed graduates of these centers qualify for a higher rate of unemployment compensation than those who do not complete the training. Although it is unclear at what age and under what circumstances a young person would be considered legally unemployed, such an incentive could be a significant motivator for out-of-school young people who do not have family resources to fall back on.

2.6. Conclusions.

2.6.1. This review of 9 countries in the EMENA region has highlighted a number of the economic, demographic, social, cultural, and institutional forces which tend to exacerbate the problems young people face in all societies in gaining secure employment.

2.6.2. There is a definite lack of appropriate data. The most comprehensive information that does exist, from Jordan, shows that there is already a serious problem of youth unemployment in the country and that it is projected to become worse in the next decade. The young people who are having difficulties entering the labor market are primarily those with few skills, but there is already an oversupply of university-trained professionals. This situation exists in Jordan in spite of the generally high level of education of Jordanians and the high rate of economic growth of Jordan compared with other countries in the study. One can extrapolate from the Jordanian situation and from the sporadic data that do exist about youth unemployment in other countries and conclude that the problems facing all young people, but especially those at the low end of the skill spectrum, are at least as severe as they are in Jordan.

2.6.3. It has been noted that most countries have only recently begun to pay explicit attention to the actual or potential problem of youth unemployment. Certain measures have been implemented, particularly in the area of the problems of out-of-school young people. The time frame is too short and the policies too few to attempt to draw any conclusions about their efficacy. More research needs to be done about the extent of the problem, its causes, and the best ways of addressing the issues.
III. Experience outside the EMENA Region

3.1. A Problem Worldwide.

3.1.1. Youth unemployment in the 1970s was an issue of concern worldwide affecting industrialized and developing countries. In Western Europe and North America, the entrance of the postwar baby boom generation into the labor market, alongside the rising labor force participation rates of women of all ages, placed enormous pressure on the labor markets of industrialized countries. This pressure was applied at a time when economies were threatened by inflation and the rising cost of energy. Youth unemployment in industrialized countries surged to new highs during the decade. At the same time, rising numbers of youths entering the labor force in the 1970s in the developing countries outpaced employment growth. Youth unemployment emerged as a problem worldwide.

3.1.2. The experience of industrialized and developing countries outside the EMENA region with youth unemployment can be examined for the lessons that might be found for shaping responses to the region's rising youth unemployment problem. The urgency of this response is dictated by evidence that the problem will not disappear quickly as population growth continues to outpace employment growth within EMENA. Three elements of the youth unemployment problem in industrialized and other developing countries can be examined. The first involves the nature and scope of the problem. Is the youth unemployment experienced elsewhere similar to that in the EMENA region? The second is the policy response to the problem. What youth employment policies have been adopted in industrialized and other developing countries? Which policies have been successful and which have not? What lessons can be derived from this experience for addressing youth unemployment in EMENA?

3.1.1. The search for answers to these questions is based on a careful review of the literature. The experience of industrialized countries is derived from a review of the youth unemployment literature in the United States and Western Europe. This literature includes the experience of the United States with a wide range of program options adopted under the Youth Employment and Demonstrations Project Act of 1977. The relevance of this experience for developing countries is found in the focus of this legislation on disadvantaged populations. The experience of Western Europe is drawn from the literature of the Organization for Economic Cooperation and Development (OECD). The literature of developing countries is taken primarily from studies of the International Labour Organization (ILO).

3.2. Nature and Scope of the Problem.

3.2.1. Youth unemployment in industrialized and developing countries elsewhere is quite similar to that found in the EMENA region. Youth unemployment rates exceeding 10 percent were common in North America and Western Europe by the mid-1970s. Much of the increase in youth unemployment could be explained by slackening economies and rising numbers of youths and women of all ages entering the labor force. Youth unemployment rates were two to three times adult rates. In many industrialized countries, youths 16 to 24 years of age accounted for more than half of the total
unemployment. Data from the U.S. show that the youth unemployment problem has become more severe in each downturn of the economy since 1950.

3.2.2. A large share of youth unemployment in industrialized countries and even in developing countries reflects the normal operation of a dynamic economy and labor market. New entrants probe the market, trying first one job and then another as they gather occupational information preparing them for career choices. Patterns of frequent entry and exit from the labor force are observed. Youth unemployment in industrialized countries is of relatively short duration in most cases, but so is employment. Over a period of several years, young people are more likely than adults to experience multiple periods of employment and unemployment.

3.2.2. While most youths in industrialized countries experience some unemployment, the incidence and consequences are more severe for some. Young people with limited skills and credentials are likely to experience extended and/or multiple spells of unemployment. The consequences are especially severe for those out of school. For these youths, employment is essential to establishing a career path. Among older jobless youths, unemployment can translate into economic hardship as few young people in industrialized countries have worked long enough to establish their eligibility for programs providing income support during spells of unemployment.

3.2.4. The youth unemployment problem in developing countries is especially severe. Measures of unemployment and underemployment in developing countries are estimated to be two to three times higher than those in industrialized countries. Official figures from the ILO show that youth unemployment has been for many years the major factor in total unemployment. In 1980, youth unemployment as a percentage of total unemployment in 10 developing countries ranged from a low of 48 percent to a high of 74 percent. In all but 2 of the countries, Turkey and South Korea, youth unemployment was more than one-half of total unemployment. The ILO concludes that unemployment and youth unemployment are virtually synonymous.

3.2.5. The numbers, however, may not tell the whole story. In many developing countries, the numbers are simply not available, or are very limited in their detail and frequency of collection. The youth unemployment problem is understood largely through impressions and crude estimates. Even where numbers are found in industrialized and developing countries, the concepts used to measure unemployment are inadequate to grasp the extent to which young people are being fully utilized. Youths represent a large fraction of the so-called discouraged workers, those who have given up looking for work because they believe no jobs are available. In France, more than half of those counted as discouraged workers in 1975 were youths. The number of young people who choose to stay in school longer than they would otherwise rather than face a difficult and possibly unsuccessful job search is impossible to determine.

3.2.6. The counting of young people as employed, moreover, does not assure their full utilization. In developing countries, and to a lesser extent in industrialized countries, underemployment is understood as an important problem. Agriculture-based economies experience seasonal shifts in manpower utilization that are not captured in employment and unemployment concepts. Many young people work part-time, some for reasons of convenience, but other for reasons related to their inability to find full-time jobs. While counted as employed, they are nevertheless under-utilized. As a
consequence, youth unemployment statistics fail to tell the whole story. When these statistics are collected in industrialized and developing countries outside the EMENA region, they show the problem to be an important one. The problem, however, if anything, is biased downward by the measures used.

3.2.7. Judging from these statistics, the youth unemployment problems of countries in the EMENA region are not unique. The distinction between industrialized and developing countries is one of degree, with the latter experiencing higher levels of unemployment and underemployment in general, and among youths in particular. In both settings, youth unemployment has grown as a consequence of demographic shifts and slackening economies. Countries in EMENA share these causes with other industrialized and developing countries. They share many of the other causes found for youth unemployment as well. The experience of these countries in addressing the problem should therefore be of interest to the EMENA region.

3.3. The Policy Response to Youth Unemployment.

3.3.1. All industrialized country studies state that sound macroeconomic policies offering sustainable, non-inflationary economic growth are a pre-condition for youth employment policies. These policies alone, however, will not solve the youth unemployment problem. The structural character of the problem found in skill deficiencies, cultural barriers, and inadequate market information and training opportunities for young people necessitates specific youth employment policies. The characteristics of the target population for many of these programs - the educationally and/or economically most disadvantaged - are not very different from the characteristics of young people in developing countries. OECD studies advocate:

* A substantial increase in the number of jobs created in the short-term, which implies both demand-management and selective employment policies,

* Within the overall approach, special employment and manpower programs for improving the job readiness and employment opportunities of all young people. These programs can be phased out as general growth policies take hold. Particular attention needs to be paid to those who are especially disadvantaged in the job market, including school dropouts and females. While the severely disadvantaged are a relatively small group, their problems are overwhelming. Constructive alternatives should be provided for young people who are temporarily or permanently unemployable,

* Long-run programs to address the underlying structural issues which, if not addressed, will lead to continued youth unemployment even if and when demand-management policies are successful.

3.3.2. The array of youth employment programs tried in industrialized countries is extensive. These programs include efforts to create jobs for young people, to ease the transition from school to work, and to improve the labor market access and the distribution of employment opportunities for young people. One of the most difficult problems faced by these programs involves the allocation of resources between in-school and out-of-school youths. This problem would be particularly severe in the EMENA
region where large numbers of young people leave school as early as at twelve years of age.

3.3.3. In the United States under the Youth Employment and Demonstration Projects Act of 1977, efforts to develop effective programs to reach disadvantaged youths were considered to be much less successful in reaching out-of-school youths than in school youths. Many programs designed specifically to serve dropouts through school-conditioned work or through alternative education, training, or work settings often had difficulties recruiting them and, once they were recruited, experienced difficulty retaining them in the programs. Programs designed to serve either in-school or out-of-school youths evolved toward serving in-school youths, recasting the dropout problem in terms of prevention instead of remediation. The question of how to reach and serve dropouts effectively was largely unanswered.

3.3.4. Against this background, it is possible to examine the array of youth employment programs adopted in the United States and Western Europe and their results.

Creating Jobs for Youth

3.3.4.1. OECD studies of job creation efforts in the private sector through employer subsidies and exemptions from payroll taxes and social security charges suggest few results in terms of net job creation. Results show there is a "displacement" effect with a young worker substituted for an older worker or a subsidy for a job that would have existed in any case. The studies suggest that a subsidy may perpetuate outmoded industrial sectors and hence impede necessary long-run changes. If subsidies are used as countercyclical measures in a downswing, the policy may become so expensive that it has to be abandoned, thus causing unemployment to rise sharply.

3.3.4.2. Job creation efforts in the public sector are viewed more optimistically by the OECD. Properly designed public sector jobs, especially in combination with special work experience schemes, are seen as a way of mainstreaming disadvantaged groups into the labor force. These programs, however, are particularly sensitive to budget constraints. The U.S. experience under YEDPA with temporary jobs programs distinguishes between out-of-school and in-school youths.

3.3.4.3. Temporary jobs programs for out-of-school youths were found to be effective in increasing participants' employment and earnings during the period of program participation. The jobs, moreover, were found to provide output of positive social and economic value. However, for out-of-school young people who were severely disadvantaged school dropouts, there was no evidence of long-term gains in employment and earnings from these jobs. These jobs also had no observable effect on educational attainment nor on reducing crime or alcohol or substance abuse.

3.3.4.3. Temporary jobs programs for in-school youths were also found to be effective in increasing participants' employment and earnings during the period of program participation. There was no reliable evidence, however, of a long-run post-program effect on the employment and earnings of in-school young people. A major program offering temporary jobs to youths under YEDPA on the condition that they remain in school was not effective in increasing school retention, nor was a similar program offering temporary jobs to dropouts on the condition that they return to school.
3.3.4.4. OECD studies, on the other hand, have shown that community-based services have been effective in creating youth employment. Specific community development programs can create employment quicker than general public works schemes and make more lasting linkages to the community. In recent years, local employment initiatives by the jobless, with active financial support and, in some cases, expert guidance from the government have been tried. In Italy, local workers' cooperatives have been started by young people themselves. In Italy and in the U.K., large private sector companies have helped to create local enterprises in areas where they are cutting back operations.

Improving the Transition from School to Work

3.3.4.5. Preparation for work while in school has included counseling, occupational training, and work experience. The evidence on the success of these efforts is mixed. Counseling and career education have been found to be useful tools for increasing youth awareness of employment opportunities and the skill requirements associated therewith. Occupational training in secondary schools, however, has been the subject of considerable controversy. In the U.S., studies of vocational education have criticized it for inadequate coordination with employers, out-of-date training methods and equipment, and social stratification of young people. The long-term effects of this training on the employment and earnings of youths remain to be demonstrated. Much less evidence is available on the success of work experience and apprenticeship programs while in school.

3.3.4.6. The U.S. experience provides clear evidence on the success of residential training through the Jobs Corps. The Job Corps is a comprehensive program for out-of-school young people providing occupational skills training, basic and remedial education, counseling, health care, and job placement to young people more disadvantaged than typical participants in youth programs in the U.S. Studies show that participation in the Job Corps results in gains in employment and earnings in the post-program period and in declines in receipt of welfare and unemployment payments. These positive effects persist at a relatively stable rate for up to four years after youths leave the program.

3.3.4.7. The Job Corps reaches out-of-school young people, mainly dropouts. Studies also show that participation in the Job Corps results in gains in educational attainment during the program. It is also associated with reductions in criminal activity, as indicated by rates of arrest during program participation and decreases in seriousness of crimes in the post-program period. The benefits of participation in this residential program in terms of increased employment and earnings and decreased crime and transfer payments exceed the cost by a sizable margin per enrollee, U.S. $2,300.

3.3.4.8. Although there is substantial evidence supporting the effectiveness of the Job Corps, it is not known which of its several component parts contributes to which effects; how much, if any, is due to the self-selection factors of youths who enroll in the program; or how program components and participant characteristics interact. The residential requirement of the program, in particular, is untested as a factor in explaining the program's effectiveness and precludes generalizing its results to non-residential settings. It is not known if the occupational training provided by the residential program would be effective in a non-residential setting.
Improving Labor Market Access

3.3.4.9. From the U.S. experience with YEDPA, programs designed to provide job placement assistance to in-school and out-of-school young people have been effective in increasing employment for the first year after program participation. This effect decays gradually and disappears entirely by two years after program participation. Other programs in industrialized countries that tend to enhance the access of youths to jobs and improve the distribution of youth employment opportunities include youth wage differentials, work-sharing, and measures to reduce the number of youths searching for work. Youth wage differentials are relevant only to those countries with minimum wage legislation. Their effect is debatable. Work-sharing can be a particularly contentious policy which fails to address the more fundamental problem of job shortages. Both training and extended education as policies can reduce the number of young people in the labor force. Paid educational leaves are a growing practice in OECD countries.

3.3.5. The experience of industrialized countries in addressing youth unemployment is much more extensive than that of developing countries outside the EMENA region. Beyond analyses and exhortations to policy-makers to pay attention to the problem, there are few specific policy suggestions and still fewer policies that have been tried and evaluated in developing countries. Apart from the question of resources with which to address the problem, the issue is who should be addressed first. Should a developing society help the most marginal groups who are arguably the most alienated from society and potentially the greatest threat to social order and equilibrium, or the more responsive groups who can be helped in larger numbers with the same resources?

3.3.6. It is necessary to keep in mind that large parts of the industrialized country experience are not directly transferable to the developing countries. In countries where much of the youth labor force works in the agricultural sector when possible, there are large seasonal fluctuations in employment and earnings. In general, policies recommended in developing countries for stabilizing rural employment and earnings and increasing the productivity of agriculture have not been the focus of youth employment schemes in the industrialized countries. Although there is very little information, the informal sector is also assumed to be of enormous importance in absorbing huge numbers of unskilled and semi-skilled young workers who would otherwise not be absorbed in the formal labor market. Finally, the relatively sophisticated data collection and information and policy dissemination common to youth employment schemes in most industrialized countries cannot be transferred to developing countries without first developing the appropriate institutions.

3.3.7. The ILO has drawn some conclusions from recent experience as a guide for developing countries in addressing youth unemployment:

* The fight against youth unemployment cannot be disassociated from the fight against general unemployment. Youth employment policies must both increase the number of job openings and help young people to qualify for them,

* Youth unemployment must be viewed as a medium- to long-term problem amenable only to comprehensive solutions,
* Educational and training curricula must be systematically reviewed with an eye toward appropriate preparation for working life.

* It is not enough to attempt to reconcile the supply and demand for jobs. The kind and quality of jobs that young people tend to get must be reconciled with the skills and interests of young people.

* The need for coherence and comprehensiveness does not necessarily imply a national focus. Youth unemployment is primarily a local labor market problem, and must be addressed as such.

* Since full employment is not a realistic short-term objective, it may be appropriate to review the nature of "employment" to see if there are new outlets and new activities that can be included.

3.3.8. The ILO points to the need for comprehensive labor market planning in developing countries. Macro-economic data are of little use in a country where labor markets are highly segmented, and other data do not exist in many countries. Policies need to be developed which assume that reliable methods for labor market planning will not be available. Simple models resulting in flexible policies must replace drawn-out modelling based on outdated data.

3.3.9. It is generally conceded that efforts to ease the school-to-work transition have failed in developing countries. Often they lack scope, continuity, and coordination. Educational policies are often held hostage to politics. Education-to-work policies are also criticized for not preventing the exploitation of young people in apprenticeship and on-the-job training arrangements and for perpetuating discrimination against certain kinds of workers, particularly young women.

3.3.10. Any employment policies in developing countries geared to the urban environment will make urban/rural disparities worse. Recognizing this, an increasing number of governments have realized that promoting youth employment means promoting opportunities in rural areas by boosting both incomes and agricultural production simultaneously, preferably within overall integrated rural development plans.

3.3.11. Among policies targeted to young persons, special apprenticeship schemes are acknowledged as a good way, in spite of the above criticisms, of preparing young people for formal and informal sector jobs. There are also a number of special youth employment and training schemes that are devised to enable poorly-educated and out-of-work young people to complete some form of training while contributing to national development objectives.

3.3.12. Special youth employment programs must be compatible with overall development goals and philosophies. In Africa, national youth employment programs have fallen into 4 groups:

* Training for production oriented toward the modern, non-rural sector (Kenya).
* Training for production oriented toward a rural sector in the process of
modernization (Ivory Coast, Cameroon).

* Training oriented toward integration into the rural environment of origin with a view to promoting its development (Mali).
* Training oriented toward the establishment, promotion, and development of structures in traditional rural societies (Burkina Faso, Guinea-Bissau).

3.3.13. Training for youths should be compatible with the initial educational level of trainees; it must also be compatible with the practical, economic, and social situations which the trainees will be facing. Because of the extended family structure and the seasonal nature of much rural employment, the opportunity cost of putting rural young people into training programs is assumed to be zero. However, removing young people from their own environment and placing them in programs not linked to existing structures tends to create organized marginality, wherein young people are no longer comfortable in the home environment and yet feel separate from the new environment. This is an important qualification to the U.S. finding for residential training in the Job Corps.

3.3.14. Rural employment programs for youth need to be linked to production on the land in some way. A comprehensive policy should include the provision of amenities and equipment that make rural life more attractive to young people. The informal sector should be promoted in new ways through cooperatives, environmental associations and neighborhood development, and attempts should be made to combine small scale urban and rural social and production units with a view toward complimentary production and synergy.

3.3.15. In Malaysia, survey results concluded that a comprehensive multidisciplinary program of national youth employment and training schemes was relatively successful, as evidenced by low dropout rates and high placement rates, but that the component of youth self-employment schemes was unsuccessful. It was concluded that participants should be older, should have some family back-up guarantee, and should receive much more training in business entrepreneurship. It might also be necessary to supplement the entrepreneurial training program with government promotion of small-scale industries and cooperatives for young people.

3.3.16. Special youth employment programs such as that in Malaysia, it is argued, should be of an interim nature, not duplicate or prejudice the development of regular educational or vocational training programs, and be integrated with human resource programs as well as with the country's overall development goals. Participation must be voluntary to be at all effective. The cost of such programs is relatively high, so these kinds of training programs may well remain limited in scope and relatively cost-ineffective.

IV. Summary and Conclusions.

4.1. Youth unemployment represents a potentially serious problem for almost all the countries in the EMENA region. Although there are very few reliable and comprehensive data sources, the data that do exist suggest that half or more of the region's unemployment is accounted for by youth. Studies of other developing regions have reached similar conclusions about the magnitude of the problem. Because most developing countries have high to very high rates of population growth, the population
and the work force are getting younger and the problem of unemployment is the problem of youth unemployment.

4.2. Demand- and employment-enhancing macroeconomic policies are necessary, but not sufficient tools for addressing youth unemployment in the EMENA region. Because of high birth rates; increasing labor force participation rates for all groups, especially women; inadequacies in the education and training system which create untrained or inappropriately trained people with high expectations about economic and social status; traditional barriers to first-time entrance into the labor force; the end of out-migration to Europe and the labor-importing Arab states; and a further projected decline in those sectors of the regional economy that are dependent upon oil, the prognosis is that the youth unemployment situation will deteriorate further in almost all countries.

4.3. Industrialized countries have paid explicit attention to youth unemployment since it became an important and growing economic, social, and political issue in the mid-1970s. It seems fair to conclude that the causes of high youth unemployment are quite similar in both the developed and developing worlds, yet the effects are arguably more severe in developing countries. While the causes are similar, many of the remedies attempted in industrialized countries are not transferable to the developing countries. Unlike the industrialized countries, most EMENA countries still have a large and underdeveloped agricultural sector. Employment-generating policies need to focus on small-scale, labor-intensive, rural enterprises, preferably within the context of an integrated rural development program. Both the urban and rural informal sectors are assumed to be of critical importance in the youth labor markets of most developing countries, yet almost no information on the extent and workings of the informal sector is available. Programs which require sophisticated systems of implementation and/or monitoring are applicable only to a very few countries with the appropriate institutional structures already in place.

4.4. Some policies that might be transferable have been successful, while others have not. Private sector job creation programs, for example, involving tax incentives and wage subsidies have not achieved their objectives in industrialized countries and there is little reason to believe the outcome would be different in countries within the EMENA region. Moreover, these programs create distortions in the economy and impede necessary long-run changes. There is some promise, on the other hand, for youth job creation efforts in the public sector, as long as the jobs created are viewed as transitional in nature, providing an opportunity for work experience leading to employment in the non-public sector.

4.5. Smoothing the transition from school to work is more difficult. The task requires rationalizing the role of education. Much attention has been paid to the link between the school system, the out-of-school training system, and the labor market. There is no consensus about whether a government with limited resources should integrate pre-employment and skills training into the school system, separate training from the academic environment, keep young people in school longer, or focus on providing the barest of literacy and numeracy for the greatest number of young people. The one conclusion that has been reached elsewhere is that it is easier to provide services to youths while in school rather than after they leave school. Providing services to out-of-school youth and dropouts is especially difficult.
4.6. For those schools in the EMENA region that attempt to integrate training into the academic environment, the effort promises to be more successful where appropriate linkages between the schools and the business community are established. This is especially important for vocational education to ensure the relevance of the training provided. Along with this training, occupational counseling and career education have been found to work well in industrialized and developing countries in preparing youth for the world of work by acquainting them with occupational choices and requisite skill requirements. There is also evidence to suggest the value of some residential education and apprenticeship programs.

4.7. Job placement programs have shown some success for youths in industrialized countries, but these programs generally require the support of a labor market information system. Few countries within the EMENA region, with the exception of Jordan, would be prepared to support such a program. Other programs such as work-sharing hold little promise for addressing the region's long-run youth unemployment problem, and are better suited to cushioning the impact of cyclical downturns of an economy. Increasing the years of compulsory schooling throughout the region will certainly reduce the pressure on youth labor markets, but this must be done carefully with an eye toward future skill requirements.

4.8. It is possible to draw only the most tentative conclusions from this review regarding effective policies for youth unemployment within EMENA because, with a few notable exceptions, the information available from within the region is limited. It is simply not possible in many countries to gather a great deal of precise data. Several studies of other developing countries point out that one should not assume that such information will be available in the near future. It essential to develop ways of approaching problems in developing countries that do not rely on extensive and up-to-date data bases or sophisticated models.
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