



Impact of the economic and financial crisis on the skills and employability of young people in the Arab region

Mary Kawar

**ILO regional office for Arab States
2010**

Introduction

While recognizing the variety of challenges facing individual countries, the common problem identified across the Arab region is that investments in education and training are not yet resulting in satisfactory levels of productive employment. Young people face uncertainty in moving from education into decent work. Enterprises often have trouble finding enough people with the skills they need to be able to expand their business or adopt new technologies. Also, the opportunities for employment growth due to industrial diversification and trade patterns may be jeopardized because skills development systems are not oriented towards preparing the workforce for the labour market of the future.

Thus we see cases of high unemployment among workers, or employment concentrated in work of low productivity in the informal economy, coinciding with labour shortages for enterprises. Skill gaps are not the only likely explanation, of course. Labour market conditions, especially prevailing wages, the industrial structure of the economy and population growth are other key explanatory factors.

Indeed, it is important to acknowledge that skills development is a critical element in achieving the economic goals which countries set for themselves. Many Arab countries are aware of this fact but have not fully succeeded in taking advantage of emerging opportunities by matching the demand for labour with new skills and by creating an adaptable workforce that can adjust to changing labour market conditions.

The current financial and economic crisis has brought this to the fore front.¹ While we do not know what shape the recovery will take we do know that the recovery in employment will be slower.² In a situation where there might be low demand for jobs, if not job losses, it is essential to focus policy attention to the need to re-think approaches to skills development and employability in the region. One international framework for this is the adoption of the Global Jobs Pact by the International Labour Conference in June 2009, and which responds to the twin objectives of: “(1) mitigating the impact of the crisis on workers and enterprises, and speeding up labour market recovery; and (2) addressing the structural problems, the jobs and decent work deficit, or the “crisis before the crisis”.

It is important to note here, however, that the Arab region which includes 22 countries in the Middle East and North Africa is quite diverse in terms of political, social and economic conditions and perspectives on development, employment and social inclusion. This diversity ranges from demographic parameters (countries with a large population and an abundant labour force versus those with a small population and a minority domestic labour force) to the criteria of income (the region includes some of the richest and the poorest countries) as well as the specific constraints of countries affected by crises and conflicts (such as Iraq, occupied Palestinian territory and Sudan). This also means a different impact of the economic and financial crisis on the different countries. As such, this paper will try as much as possible to reflect the reality of this diverse region.

This paper is structured in two parts; the first part provides an analytical review of main skills and employability challenges and recent trends which relate to existing conditions prior to the crisis. The second part relates specifically to the impact of the crisis on the issue of skills and employability and it will attempt to identify solutions such as avoiding job losses supporting enterprises and workers in adjustment.

¹ For updated information on employment trends, please refer to ILO's Global Employment Trends for Youth, August 2010, available at: http://www.ilo.org/empelm/what/pubs/lang--en/docName--WCMS_143349/index.htm

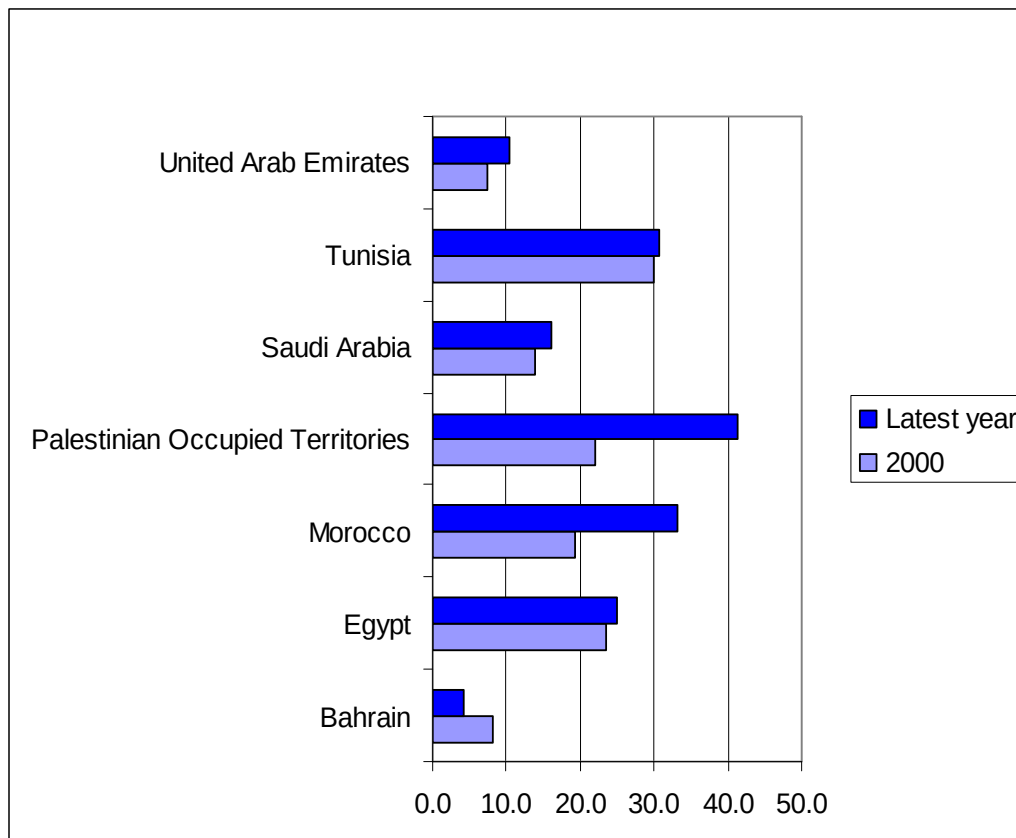
² Employment recovery lags behind financial recovery with a time lag of around 5 years. This is learned from previous crisis. This was Keynes fundamental insight regarding demand management from the Great Depression. And there were also many lessons from the Asian Crisis of 1997-98.

1. PRE-EXISTING REGIONAL TRENDS AND CHALLENGES IN SKILLS AND EMPLOYABILITY

1.1 Youth employment and unemployment

Unemployment in the Arab countries is first and foremost the problem of youth unemployment. In fact unemployment among Arab youth is the highest in the World. Youth unemployment represents 50%, on average, of all unemployment and it is higher among females.³ Over and above, youth unemployment in the Arab world has recently reached high levels. For instance, the Palestinian Occupied Territories has seen the highest increase in youth unemployment from 22% in 2000 to 41.2% in 2008. Most countries have witnessed an increase in youth unemployment except for Bahrain whose rates plunged from 8.1% in 2000 to 4.1% in 2007. (Figure1)

Figure 1. Youth unemployment rate for some Arab countries

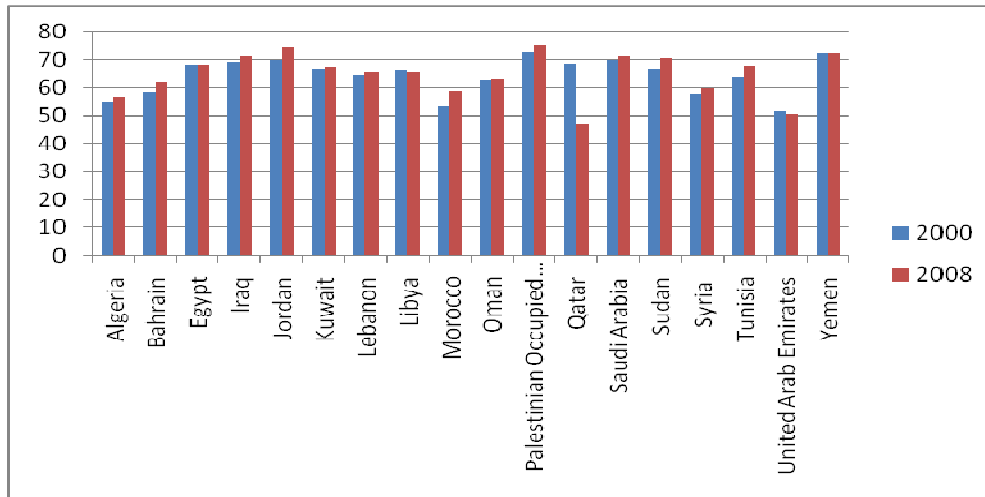


Source: ILO, Key Indicators of the Labour Market 6th edition, Geneva 2009
ILO, LABORSTA

Youth unemployment is mostly concentrated among the educated as a result of the incapability of the Arab economies to create enough jobs to sustain the annual increase in the labour force which is mostly composed of youth. Additionally, the gap between the educational system and the needs and requirements of the labour market in terms of skills, the absence of effective systems of public and private employment agencies and employment programmes are factors in the increase of youth unemployment.

³ ILO (2009) *Growth, employment and decent work in the Arab Region: Key policy issues*. Paper presented at the Arab Employment Forum, Beirut, October 19-21, 2009. ILO Regional Office, Beirut.

Figure 2: Youth Inactivity Rate (age 15-24) in the MENA Region for the years 2000 and 2008



Source: ILO, Key Indicators of the Labour Market 6th edition, Geneva 2009

Figure 2 shows that in most countries in the MENA region the youth inactivity rate has increased from 2000 to 2008. The largest increase was seen in Morocco where the youth inactivity rate increased from 53.3% in 2000 to 58.9% in 2008. However, some improvements were visible in a few countries. For instance, the most prominent improvement was seen in Qatar where the youth inactivity rate decreased from 68.8% in 2000 to 46.9% in 2008. This low inactivity rate is largely due to women whose labour force participation in Arab countries is the lowest among all other regions in the world.

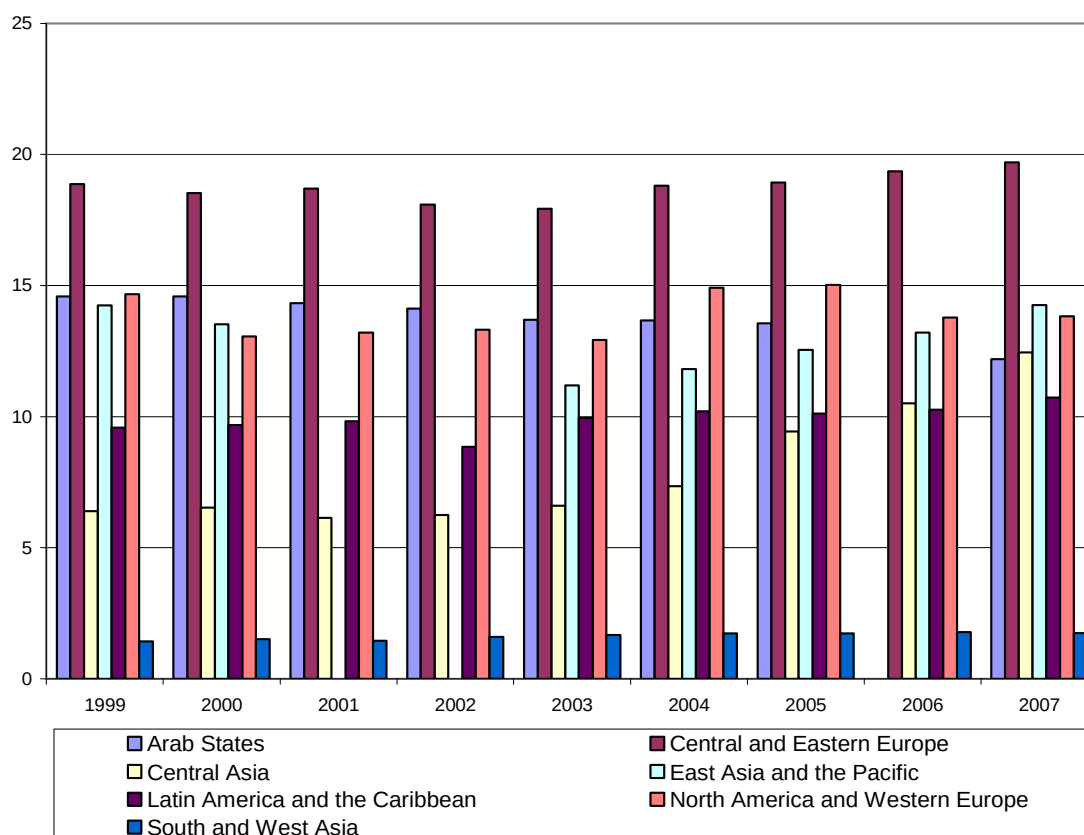
Promotion of opportunities for youth employment is a priority concern in most countries. Young people in the countries under study however are not a homogeneous group and their employment and employability prospects vary considerably. Many amongst the unemployed could become discouraged workers and stop seeking work with its potentially destructive effects on social cohesion. Yet, young women and men in the region are also making important contributions to their countries as productive workers and entrepreneurs when provided with opportunities. Their energy and capacity for innovation has been demonstrated in several sectors and need to be more fully unleashed.

1.2 Education and vocational training

The region has improved access to education at all levels, with the data showing significant improvements over time in terms of enrolment rates, average years of schooling and literacy rates. The majority of Arab States have been able to achieve almost universal enrolment in primary education. On average across the Arab States, two thirds of secondary-age children are enrolled in secondary school. This share has increased the most for girls, from 56.5 per cent in 1999 to 65 per cent in 2006. However, girls' enrolment still lags other regions, for example, compared to 75 per cent in East Asia and 90 per cent in Central Asia (Source: UNESCO website).

Availability of data on vocational education and training is more limited, and is more difficult to compare across countries. Data collected by UNESCO (Figure 3) show that the share of students in ISCED 2 and 3 enrolled in vocational training in the Arab States decreased from 14.5% in 1999 to 12.1% in 2007. The 14.5% rate that formerly matched those of the North America and European region (14.6%) and East Asia and the Pacific (14.2%) is now significantly below the 2007 rates of 13.8% and 14.2% respectively.

Figure 3. Technical/Vocational education enrolment in ISCED 2 and 3 as a percentage of total enrolment in ISCED 2 and 3



Note: The UNESCO regions are not identical to the regions used in the ILO data bases.
Source: UNESCO, <http://stats.uis.unesco.org>.

However, this data must be treated with caution – both as an indicator of training within the Arab region and in comparison to other regions. Other sources estimate vocational training in the Arab region at significantly lower shares of secondary education, suggesting that typically less than 10 per cent of secondary students receive vocational or technical training.⁴ Across sources,

⁴ Kabbani and Kothari, 2005, *Youth Employment in the MENA Region: A Situational Assessment*, World Bank Social Policy Discussion Paper No. 0534.

data do not systematically capture apprenticeship-based training, and may not cover private training institutions as extensively as public ones.⁵

It is also difficult to draw conclusions from the data. Is the 12.1 per cent share of secondary education in vocational training too low or too high? The relatively large share of academic secondary education may reflect a social preference for academic pathways of education, or a perception that vocational training is synonymous with academic failure rather than an alternative path to productive and decent work. Or it could be an indicator of low quality of vocational training or of training that is above the financial means of students.

If general and vocational education had consistently been of good quality and relevant to labour market needs, then we would expect to see lower unemployment rates at higher education levels. The data available for some countries in the Arab region show a different trend: workers with secondary education are the most likely to be unemployed. Workers with little or no education cannot afford to remain unemployed and so have no option but to accept low-paid jobs in the informal economy. At the other end of the spectrum, high unemployment rates may reflect a preference by educated young people to wait for jobs in the formal and public sectors. But as shown in Table 1, data for a handful of countries in the region show that unemployment rates are highest among those with secondary education. In fact, most of the unemployed are either semiskilled or have intermediate or secondary education. This raises questions about the quality or relevance of the training received. It also raises questions on how to deliver training better (e.g. vocational orientation instead of formal TVET, shorter modules of relevant training, work based training, etc).

Table 1. Unemployment rates (%) by educational level for the working-age population (15-64 years) in selected countries in the Arab region

Country	Year	Primary	Secondary	Tertiary
Algeria	2004	19.00	22.40	22.80
Morocco	2003	8.80	24.00	30.30
Palestinian Occupied Territories	2006	24.70	20.80	21.00
United Arab Emirates	2005	2.40	3.90	4.00

Source: ILO, Key Indicators of the Labour Market 6th edition, Geneva 2009

Averaging across all age groups and education levels, the Arab region has consistently ranked number one in terms of overall unemployment rates, from 11.8 per cent in 1997 to 9.9 per cent in 2007. Unemployment rates for women in the region were significantly higher: in 1998, 16.1 and 18.3 in the Middle East and North Africa respectively; whereas in 2008, it decreased to 13.4 and 16.1. (ILO, Trends Econometric Models, January 2009)

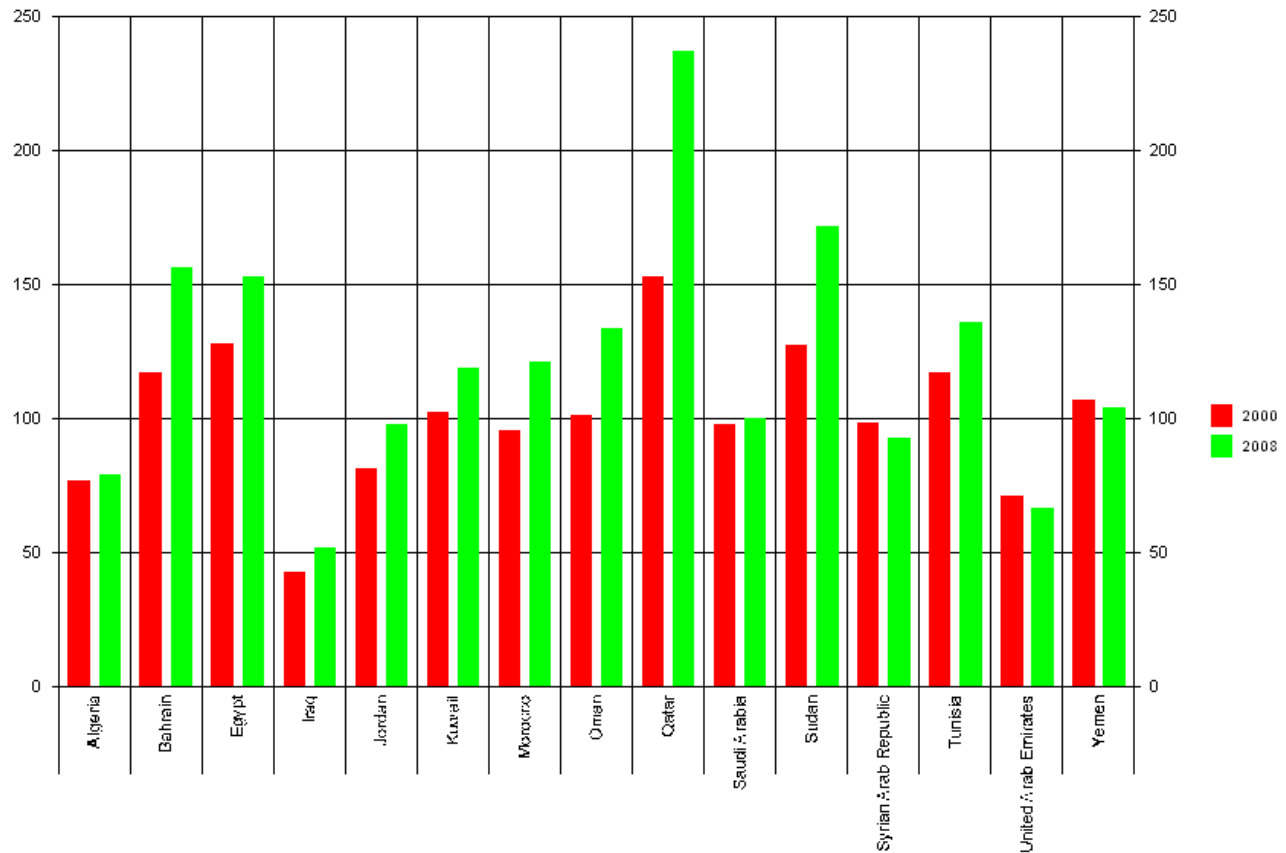
Education does not seem to explain the lower labour force participation by women. The data for secondary education, vocational training, and tertiary education show no significant disparities between male and female enrolment rates. And yet the differential in employment-to-population ratios between women and men in the MENA is the highest in the world: 52.6 and 24.7 per cent for women in the Middle East and North Africa compared to 81.7 per cent for men in the MENA region as a whole (ILO, Trends Econometric Models, January 2009). The implication would seem to be that countries interested in increasing employment opportunities for women would need to focus on issues other than basic and vocational education to catalyze that change.

⁵ For example, the share of vocational and technical training out of total secondary enrolment has been estimated by UNESCO at 27% in Egypt, 22% in Libya, 12% in Algeria, 8% in Tunisia, and 6% in Morocco (UNESCO Global Education Digest, 2007).

1.3 Labour productivity

Figure 4 shows that most countries in the MENA region have seen an increase in productivity for the 2000-2008 period especially Qatar which witnessed the highest change among MENA countries and reached 236.8 (1990=100) or 30328 in constant 1990 US\$. However, Syria, UAE and Yemen have experienced slight decreases.

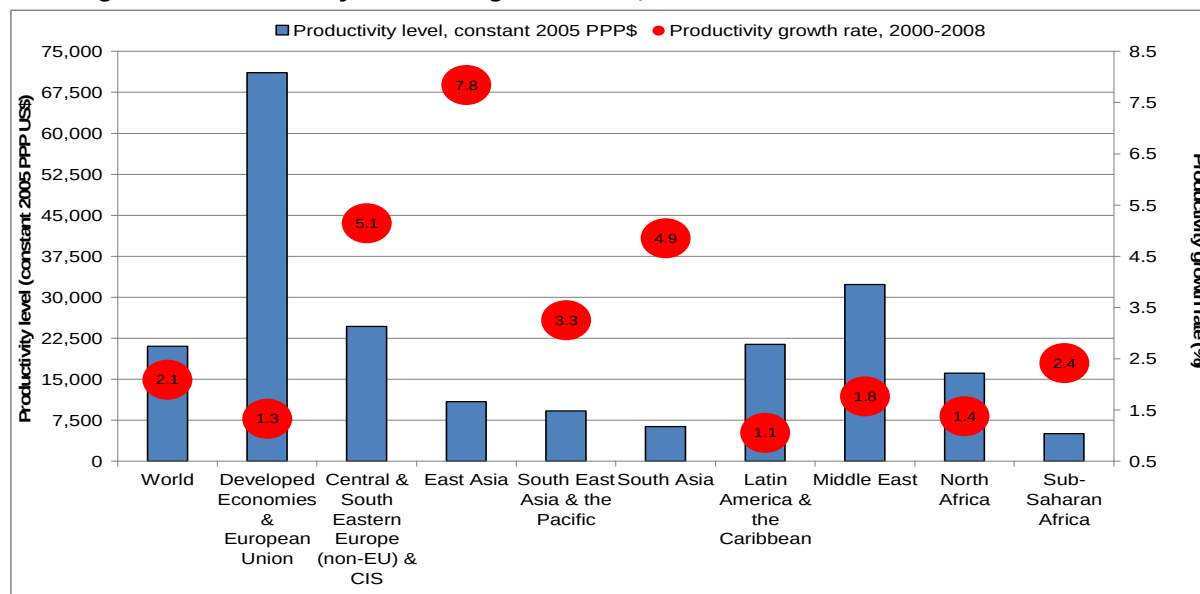
Figure 4 Productivity measured as output per person employed (1990=100)



Source: ILO. Key Indicators of the Labour Market 6th edition, Geneva, 2009

Of more importance than nominal productivity is that productivity growth has been modest, at best, across the Arab region: a 1.8 per cent annual growth rate for the Middle East and 1.4 per cent annual growth rate for North Africa. Both these rates are lower than the average annual growth rate of the world at 2.1 per cent. The Middle East and North Africa region exceed only the growth pace of the Latin American and Caribbean region of 1.1 per cent (Figure 5).

Figure 5. Productivity level and growth rate, 2000-2008



Source ILO, Trends Econometric Models, May 2009

Achievements in education across the Arab region have not led to satisfactory growth in employment and productivity. Low productivity growth is particularly ominous because it is productivity growth that provides the possibility for improved wages and living standards.

Low growth in productivity is related to low demand for skills and this creates a vicious circle. On the labour supply side high unemployment rates among graduates may reduce the incentives to job seekers to invest in education. In turn under-investing in education causes productivity losses that reduce economic growth. On the demand side overall economies in the region are still biased towards low productivity investments (including real estate) which in the end result that the majority of the new jobs being created are in low skilled Low wage jobs.⁶

While education and skills development are necessary factors to improve productivity and employment, they are not sufficient. Other critical factors include pro-employment macroeconomic policies; an enabling environment for sustainable enterprise; respect for workers' rights, gender equality, and health and safety standards; social dialogue; and fundamental investments in health and physical infrastructure.⁷

⁶ Tzannatos Z. (2009). *The Global Financial, Economic and Social Crisis in the Arab Countries: A Review of the Evidence and Policies for Employment Creation and Social Protection*. Paper presented at the Arab Employment Forum, Beirut, October 19-21, 2009. ILO Regional Office, Beirut.

⁷ *ibid*

1.4 Barriers to meeting labour demand

When addressing skills issues it is usually assumed that it is an issue related to labour supply and that efforts in better preparation of young people for the labour market and linking them with employment opportunities will have dramatic effects. Nevertheless, a significant barrier which faces the region is the inability of the economy to create jobs. Without a demand for jobs no human resources development strategy can succeed.

Prior to the global financial crisis, and since 2000, the Arab region has experienced a relatively strong and sustained growth of around 5 to 6 per cent, mostly driven by the oil boom and the rise in energy prices. This pattern represents a significantly higher average growth than in the 1990s, estimated at about 3.5 to 4 per cent. The growth has been stronger in resource-rich countries of the region. Another characteristic feature of growth in the region is the fluctuating nature of oil revenues, as the recent sharp decline in the international prices of oil in the midst of the current financial crisis has once again shown. The oil sector is not an employment-intensive sector, per se, and for oil exports-led economic growth to result in job creation, deliberate policies are needed – policies that utilize the high revenues for investment in infrastructure for knowledge and skills development, and for economic policies that boost job creation and increase productivity.⁸

The impact of growth on employment has been extremely uneven across countries and across different segments of the population. Unemployment rates have been decreasing in the Arab region on average since 2003 in spite of rapid population growth. Unemployment increased in some GCC countries and to a larger extent in the conflict-affected countries of Iraq and the occupied Palestinian territory. Prior to the financial crisis, other GCC countries were at the higher end of employment growth (United Arab Emirates, Bahrain and Qatar), with a relatively high growth in some of the labour-abundant countries such as Algeria followed by Morocco and Tunisia.⁹

This situation indicates that in the Arab Region, there are a number of limitations that tend to undermine the potential for labour demand. This is related to the nature of labour markets and economies which are either not producing new jobs for the new entrants or are producing low skilled jobs which do not provide a value added in terms of skills development. Indeed, several countries who are investing heavily in human resources development are choosing economic growth paths which require low skills (e.g. construction and export industry). With an increasingly educated labour force, this is likely to increase the mismatch between supply and demand and end up importing unskilled and semi skilled workers. This provides an example where economic planning focusing on growth, and especially export-led growth, is actually separated from the investments in human resources development that aim at creating an educated and skilled labour force.

2. IMPACT OF THE FINANCIAL AND ECONOMIC CRISIS ON SKILLS AND EMPLOYABILITY IN THE ARAB REGION

2.1 A brief overview of the impact of the crisis on employment in the Arab Region

The global economic crisis has not left the Middle East and North Africa region unaffected. Its impact, however, has been relatively milder than elsewhere in the world, and a widely-shared opinion is that the region will recover soon, unless the crisis deepens. The extent to which the countries have been affected differs widely among the energy-producing and non-energy-producing countries. The losses in revenue from oil exports in some countries have resulted in GDP contraction by as much as a quarter. However, the substantial financial reserves accumulated over the boom years by most of the Gulf countries should allow them to weather the crisis. The situation does not look as optimistic for the emirate of Dubai, Iraq, Yemen and

⁸ ILO (2009) *Growth, employment and decent work in the Arab Region: Key policy issues*. Paper presented at the Arab Employment Forum, Beirut, October 19-21, 2009. ILO Regional Office, Beirut.

⁹ *ibid*

Oman, which have significantly fewer energy reserves and/or a larger population. On the other hand, energy-importing countries¹⁰ that have suffered from high commodity prices over recent years are now able to save 5-10 per cent of their GDP due to low energy prices.¹¹ This, however, is balanced by the decline in industrial exports, tourism and remittances.¹² The energy-importing countries of the Arab region have been spared the severe impact of the global recession owing to their more limited integration in international trade and global financial markets.

Focusing solely on the financial effects of the crisis, however, downplays the much more significant real economic effect the crisis has had in the region. In 2009, Egypt's growth dropped to 3.6 per cent,¹³ a 50 per cent decline compared to 2008. Along with Tunisia and Morocco, Egypt is strongly linked to Europe in the areas of trade and tourism, which partly explains the severity of the impact of the crisis on their real economies.

Significant for these economies is the anticipated decline in the remittances these countries receive from labour migrants in Europe. Remittances represent an important source of income and play a huge role in the national economies of labour-donor countries. The largest migrant receivers, such as the emirate of Dubai, witnessed a large wave of layoffs of migrant workers and a mass outflow of labour due to the cancellation or suspension of large construction projects.

In a situation of paucity of labour market data, the absence of regular updates and the evolving nature of the crisis, the impact of the crisis on the real economy is difficult to appraise. Efforts to monitor and respond need to be increased. Nevertheless, if compared with the structural characteristics of labour markets in the region reviewed in the preceding section, a more proactive approach is required to protect the most vulnerable and to support the economic and productive capacity of enterprises and workers. Responses to crisis need to take into account the needs of workers to be able to adapt in the evolving nature of the labour market, on the one hand, and the need of enterprises, to be able to retain workers, on the other.

2.2 Global responses: The ILO Jobs Pact and skills and youth employment

The ILO Global Jobs Pact can provide a useful framework for developing national and regional initiatives that would address, not only the crisis effect, but would also help the longer-term development agenda of the Arab countries. The Pact is designed to guide policies aimed at stimulating economic recovery, generating jobs and providing a social protection floor to workers and their families. It seeks to support economic recovery and reduce the risk that the crisis spreads further across countries, and ultimately paves the way for a more sustainable, fairer globalization. Such a pact would not only develop short-term crisis response strategies, but also tackle the transmission mechanisms of the crisis, and lay the foundation for more sustainable economies. The Pact is not about how much more governments can spend, but how they spend. It calls on governments and organizations representing workers and employers to work together to collectively tackle the global jobs crisis through policies in line with the ILO's Decent Work Agenda. It urges governments to consider options such as public infrastructure investment, special employment programmes and the broadening of social protection and minimum wages. Particularly in developing countries, such measures can reduce poverty and contribute to economic stability. The challenge is to translate the measures in the Pact into action at the national level. This would require effective social dialogue and strong labour market institutions that are found only in varying degrees in the Arab region.

¹⁰ Jordan, occupied Palestinian territory (oPt), Morocco, Tunisia and Lebanon

¹¹ It is to note that energy prices have come up significantly since the beginning of the year.

¹² J. Brach and M. Loewe (2009) *Getting Off Lightly? The Impact of the International Financial Crisis on the Middle East and North Africa*, available at http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_0901.pdf.

¹³ IMF: *World Economic Outlook* (April 2009).

The Jobs Pact addresses the issue of skills development and the ability of enterprises to retain jobs. It provides a framework for averting layoffs and promoting business retention by communities, enterprises and workers' associations. It calls for limiting the risk of long-term unemployment through 'implementing effective, properly targeted active labour market policies; enhancing the competence and increasing resources available to public employment services so that jobseekers receive adequate support.' The Pact also calls for 'implementing vocational and entrepreneurial skills programmes; investing in workers' skills development, skills upgrading and re-skilling to improve employability, in particular for those having lost or at risk of losing their job and vulnerable groups. The Pact also addresses the issue avoiding job losses and supporting enterprises in retaining their workforce through well-designed schemes.

The ILO has also developed a tool to specifically address the rising worker retrenchment.¹⁴ This guide identifies 6 different stages of the cycle of losing a job until finding a job. These are: the pre-payoff stage; the layoff; acquiring new skills; intensive job search ; running out of benefits and/or savings; adjusting to a new job. The guide highlights that it is very important for programmes to continue peer support and counseling after workers start new jobs.

Part of this cycle is the retraining which is a transitional stage in the cycle of unemployment. Retraining carries with it the possibility of better employment prospects, but it may also place a great strain on the displaced workers and their families. For many dislocated workers this is their first encounter with a classroom situation in a decade or more. After all that time, it is not surprising that most workers are nervous about going back into a classroom. Those who had bad school experiences may have a real crisis of self-confidence.

Workers usually need a lot of support to get through a retraining program. A hidden issue that can surface with retraining is the worker's basic literacy skills. Some displaced workers may have enough reading, writing, and math skills to get by in their daily lives, and in their old jobs, but not in the classroom unless they receive additional help. Some workers may not be able to read and write in the national language, or not at all. Retraining is a much more difficult option for them to choose. If workers are worried about their ability to read or write or use numbers, this may show up as not wanting to enroll in a retraining program. Transition centers can start formal or informal skills upgrading classes to help workers overcome that barrier. They can also make sure that the training programs provided address the workers' basic skill needs.

2.3 Regional responses related to skills and employability

In response to the crisis, many governments in the region took measures to mitigate its effects. Most of the emphasis seems to have been on the financial sector aiming to reduce the systemic effect arising from lack of credit. Many countries introduced fiscal and monetary measures to maintain economic activity at the macro level. While many projects have been abandoned, increases in public spending, if not rescue packages as such, have been introduced.¹⁵

Labour market programmes and especially related to skills development have received a more modest attention in the crisis response. The matrix below provides a compilation of such programmes.

Bahrain

The labor unions began a "right at work" campaign to reinstate workers who lost their jobs. The Ministry of Labour indicates close relations with Bahrain Chamber of Commerce and the Federation of Bahrain Trade Unions in addressing the crisis effects: Issues related to the protection of workers and the improvement of working conditions are discussed in tripartite social dialogues through various channels such as joint committees, tripartite boards and ad-hoc

¹⁴ Hansen G. (2009) *A guide to worker displacement*. International Labour Organisation, Geneva. Also on http://www.ilo.org/skills/what/pubs/lang--en/docName--WCMS_103594/index.htm

¹⁵ For a detailed review see Tzannatos, *opt cit*.

meetings. The Ministry of Labour is preparing a new program to enhance the employability of unemployed university graduates, which includes retraining, income support and on the job training. Supplementary measures to facilitate the crisis response include (a) upgraded jobs bank at Ministry of Labour; (b) job orientation to be included in range of training programmes; (c) first-time job seekers included in unemployment insurance scheme; and (d) expansion of training opportunities for job seekers.

Iraq

With the contribution from nine banks, short and middle term loans will be provided to the unemployed to help them launch investment projects. The loan's amount varies between 5,000 to 250,000 Dinar with a maximum interest up to 10 percent.

Jordan

The Ministry of Labor will start assessing the vocational, technical and technological skills needed in new and emerging industries/mega projects with the view to customizing training jointly with employers. A company for the recruitment and training of workers in the agricultural sector was created to recruit initially 1,000 residents of the Jordan Valley who will also receive social security, health insurance and monthly salaries in accordance with the minimum wage system. Other measures will offer incentives to employers who hire Jordanians instead of expatriate workers, support to the General Federation of Trade Unions and consultations with concerned parties regarding labour legislation. The National Training and Employment project (NTEP) aims to reduce unemployment in Jordan, especially amongst young men and women. A law to "Combat Trafficking in Human Beings" was passed in 2009 accompanied by a relevant section in the Ministry of Labor and the planned creation of a shelter is to protect the victims of trafficking. Jordan A committee was formed to encourage employment in the agriculture sector and job insertion of those with less than high school education.

Mauritania

The government is working on the training and insertion to employment of 4 000 unemployed youth and strengthening the youth-job-promotion fund. A strategy was developed to fight the consequences of slavery to follow up the on slavery practices that were outlawed in 2008.

Morocco

The Emergency Plan II focuses on "Morocco's world jobs," (i.e. fields where Morocco holds competitive advantages, such as off-shoring, automobile industry, aeronautics and electronics). The government is in the process of creating 22 integrated industrial platforms and numerous "host sites" for investors with a view to creating 220,000 new jobs by 2015. The major actors involved in the emergency plan were official authorities (Government and Central Bank), political parties, labor unions and the civil society.

Oman

The upcoming Plan and economic reform program aims to diversify the economy away from its reliance on hydrocarbons and to create employment opportunities for the young and rapidly growing population. The government intends to intensify efforts for the private sector to meet targets for the employment opportunities for Omani citizens.

Saudi Arabia

The Labor Ministry will open employment offices at universities and secondary schools. It will also prepare an actionable program to implement a recently developed employment strategy that will encourage, among others, Saudis to take up jobs offered by the mega economic cities in Rabigh, Hail, Madinah and Jazan. The new strategy includes supporting productive family programs and the establishment of women's units at the Human Resource Development Fund and.

Tunisia

The parliament put forward a new law in June 2009 that would allow early retirement (before the age of 60) for public employees so that to free up jobs for young people. In addition, to reduce particularly graduate unemployment, the government will offer loans to help launch small businesses.

3. Conclusions

The paper has reviewed the pre-existing trends to skills and employability in the region and then attempted to demonstrate the impact of the crisis on these pre-existing challenges. What transpires is that the current financial and economic crisis provides an opportunity to Arab countries to address pre-existing challenges. The challenges in skills formation and employability have been that it was not producing a competitive and adaptable labour force. Right now it is essential to avoid job losses and support enterprises in retaining their staff. This can be achieved through targeted investment workers' retraining, skills upgrading and re-skilling to improve employability, in particular for those having lost or at risk of losing their job and vulnerable groups.

A low skills, low productivity and low wage economy can not be sustainable in the long term, and is not consistent with the goal of poverty alleviation. This vicious circle of inadequate education, poor training, low productivity and poor quality jobs and low wages, the burden of which mostly falls upon the working poor, and excludes workers who do not have the appropriate skills to participate in economic growth and social development. This also has a negative impact on the competitiveness of enterprises and their ability to contribute to economic and social development.

A regional strategy based on improving the quality of education and training could, instead, create a virtuous cycle that improves the development of skills, the ability to innovate and increase productivity and growth of enterprises, technological change and investment, economic diversification and competitiveness. All these are necessary to sustain and accelerate the creation of more and better jobs in the context of the path to decent work.

Within the current economic crisis, a focus on youth and skills development as part of the response to the current economic crisis would be appropriate. There are 2 facets to mitigate the negative effects of the crisis: ensuring that workers have a positive transition to a new work and mitigating the social and economic costs that change imposes on workers, enterprises and countries. For workers, a smooth transition to a new work requires a certain set of mechanisms to exist, including:

- Systems or skills recognition to approve and ratify previous education and experience gained in the workplace, such that workers who have transferable skills are able to transition easily into new jobs within the enterprise as well as to other jobs and other industries,
- The availability of re-training and upgrading of skills by governments or employers through the commitment of workers to continuous learning through the use of these opportunities,
- Access to labour market information in a timely manner and career guidance and employment services.
- Investment in retraining programs for workers to ensure that workers are able to upgrade their existing qualifications as well as acquiring new skills.
- Empowerment of institutions of vocational training and higher education to the recognition of education and practical experience as a tool that helps in entering into vocational education and higher education.

Annex: Statistical Annex

Table A1: Total working-age population and youth population, by region

	1998	2008	Change between 1998 and 2008 (%)
Total working-age population ('000)			
World	4,170,917	4,991,468	19.7
Developed Economies & European Union	810,056	883,267	9.0
Central & South-Eastern Europe (non-EU) & CIS	284,814	306,797	7.7
East Asia	983,803	1,148,638	16.8
South-East Asia & the Pacific	344,103	423,799	23.2
South Asia	856,592	1,084,512	26.6
Latin America & the Caribbean	344,993	418,967	21.4
Sub-Saharan Africa	339,585	448,349	32.0
Arab Region	170,156	228,453	34.3
Middle East	98,489	136,346	38.4
North Africa	108,482	140,792	29.8

	Adult population ('000)		
World	3,114,375	3,782,996	21.5
Developed Economies & European Union	680,163	754,386	10.9
Central & South-Eastern Europe (non-EU) & CIS	223,114	242,461	8.7
East Asia	771,705	904,875	17.3
South-East Asia & the Pacific	243,747	314,741	29.1
South Asia	593,200	770,660	29.9
Latin America & the Caribbean	246,432	314,184	27.5
Sub-Saharan Africa	219,028	289,981	32.4
Arab Region	113,317	158,203	39.6
Middle East	64,343	93,568	45.4
North Africa	72,643	98,141	35.1

	Youth population (‘000)		
World	1,056,542	1,208,472	14.4
Developed Economies & European Union	129,894	128,881	-0.8
Central & South-Eastern Europe (non-EU) & CIS	61,700	64,335	4.3
East Asia	212,097	243,763	14.9
South-East Asia & the Pacific	100,357	109,059	8.7
South Asia	263,392	313,853	19.2
Latin America & the Caribbean	98,560	104,783	6.3
Sub-Saharan Africa	120,557	158,368	31.4
Arab Region	56,839	70,250	23.6
Middle East	34,147	42,779	25.3
North Africa	35,839	42,651	19.0

Source: ILO: *Growth, Employment and Decent Work in the Arab Region: Key Policy Issues*. Paper presented at the Arab Employment Forum, Beirut, 19-21 October, 2009.

Table A2: Gross enrolment ratios, world regions

Gross enrolment ratios	Secondary total		Secondary male		Secondary female		Tertiary total		Tertiary male		Tertiary female	
	1999	2006	1999	2006	1999	2006	1999	2006	1999	2006	1999	2006
Arab States	60.1	67.8	63.5	70.4	56.5	65.1	19.1	22.0	21.8	22.0	16.2	22.0
Central and Eastern Europe	87.4	87.7	88.1	89.4	86.7	86.0	37.8	59.6	34.6	53.0	41.0	66.4
Central Asia	83.4	91.4	84.3	93.3	82.4	89.6	18.4	24.7	19.1	23.5	17.8	25.8
East Asia and the Pacific	64.8	75.2	..	75.0	..	75.5	13.8	24.6	15.7	25.3	11.7	23.9
Latin America and the Caribbean	80.3	89.4	77.7	86.3	83.1	92.6	21.5	31.3	20.3	29.1	22.7	33.6
North America and Western Europe	100.4	100.7	100.8	100.9	100.0	100.6	61.2	69.7	54.9	60.1	67.8	79.9
South and West Asia	44.5	..	50.5	..	38.0	..	..	10.9	..	12.3	..	9.4
Sub-Saharan Africa	23.8	31.8	26.1	35.4	21.4	28.2	3.7	5.2	4.4	6.2	2.9	4.2

Source: ILO: *Growth, Employment and Decent Work in the Arab Region: Key Policy Issues*. Paper presented at the Arab Employment Forum, Beirut, 19-21 October, 2009.

Table A3: Youth employment and youth employment-to-population ratios

	Youth Employment-to-Population Ratio		Youth Employment ('000)	
	1998	2008	1998	2008
Total Youth				
World	47.6	44.6	519,059	557,941
Developed Economies & European Union	45.8	43.9	59,467	56,555
Central & South-Eastern Europe (non-EU) & CIS	34.7	33.3	21,387	21,427
East Asia	61.6	53.0	130,701	129,235
South-East Asia & the Pacific	47.2	45.2	47,352	49,293
South Asia	44.4	42.0	116,828	131,897
Latin America & the Caribbean	46.6	45.2	45,931	47,343
Sub-Saharan Africa	51.0	50.1	61,451	79,281
Arab Region	28.3	26.8	16,095	18,850
Middle East	29.2	30.0	9,987	12,842
North Africa	27.5	26.3	9,861	11,218
	Male youth			
World	54.9	51.4	293,515	315,142
Developed Economies & European Union	48.4	45.3	32,108	29,896
Central & South-Eastern Europe (non-EU) & CIS	39.4	38.2	12,319	12,477
East Asia	58.3	48.7	63,709	62,282
South-East Asia & the Pacific	53.2	52.0	26,914	28,777
South Asia	60.5	58.6	82,520	95,536
Latin America & the Caribbean	59.4	55.0	29,405	29,017
Sub-Saharan Africa	57.3	55.0	34,487	43,640
Arab Region	41.6	37.7	12,054	13,518
Middle East	43.4	42.5	7,595	9,291
North Africa	39.2	35.9	7,117	7,765
	Female youth			
World	40.0	37.5	205,697	218,740
Developed Economies & European Union	43.0	42.4	27,359	26,659
Central & South-Eastern Europe (non-EU) & CIS	29.8	28.3	9,068	8,950
East Asia	65.2	57.8	66,991	66,953

South-East Asia & the Pacific	41.1	38.2	20,438	20,516
South Asia	27.0	24.1	34,309	36,361
Latin America & the Caribbean	33.7	35.2	16,526	18,326
Sub-Saharan Africa	44.7	45.1	26,964	35,641
Arab Region	14.5	15.5	4,041	5,332
Middle East	14.4	17.0	2,392	3,551
North Africa	15.5	16.4	2,744	3,453

Source: ILO: *Growth, Employment and Decent Work in the Arab Region: Key Policy Issues*. Paper presented at the Arab Employment Forum, Beirut, 19-21 October, 2009.

Table A4: Youth unemployment and youth unemployment rates

	Youth unemployment ('000)		Youth unemployment rate (%)	
	1998	2008	1998	2008
Total				
World	64,810	69,194	12.3	12.3
Developed Economies & European Union	9,591	8,532	13.9	13.1
Central & South-Eastern Europe (non-EU) & CIS	6,236	4,857	22.6	18.5
East Asia	13,760	12,997	9.5	9.1
South-East Asia & the Pacific	6,880	9,375	12.7	16.0
South Asia	11,594	14,797	9.0	10.1
Latin America & the Caribbean	8,534	8,499	15.7	15.2
Sub-Saharan Africa	8,215	10,139	11.8	11.3
Arab Region	4,877	5,362	23.3	22.1
Middle East	2,415	2,972	19.5	18.8
North Africa	3,545	3,613	26.4	24.4
	Male youth			
World	37,378	39,892	12.2	12.1
Developed Economies & European Union	5,142	4,833	13.8	13.9
Central & South-Eastern Europe (non-EU) & CIS	3,520	2,751	22.2	18.1
East Asia	8,058	7,528	11.2	10.8

South-East Asia & the Pacific	3,799	5,122	12.4	15.1
South Asia	8,171	10,308	9.0	9.7
Latin America & the Caribbean	4,317	3,987	12.8	12.1
Sub-Saharan Africa	4,371	5,363	11.2	10.9
Arab Region	3,270	3,266	21.3	19.5
Middle East	1,607	1,861	17.5	16.7
North Africa	2,241	2,016	23.9	20.6
	Female youth unemployment ('000)			
World	27,433	29,302	12.5	12.7
Developed Economies & European Union	4,449	3,698	14.0	12.2
Central & South-Eastern Europe (non-EU) & CIS	2,717	2,107	23.1	19.1
East Asia	5,702	5,469	7.8	7.6
South-East Asia & the Pacific	3,082	4,253	13.1	17.2
South Asia	3,422	4,489	9.1	11.0
Latin America & the Caribbean	4,217	4,511	20.3	19.8
Sub-Saharan Africa	3,845	4,776	12.5	11.8
Arab Region	1,606	2,096	28.4	28.2
Middle East	808	1,112	25.2	23.8
North Africa	1,304	1,597	32.2	31.6

Source: ILO: *Growth, Employment and Decent Work in the Arab Region: Key Policy Issues*. Paper presented at the Arab Employment Forum, Beirut, 19-21 October, 2009.

Table A5: Productivity measured as output per person employed (constant 2000 US\$, PPP adjusted)

	1998	2008	Change between 1998 and 2008 (%)
World	17,013	21,022	23.6
Developed Economies & European Union	61,005	71,102	16.6
Central & South-Eastern Europe (non-EU) & CIS	15,009	24,652	64.2
East Asia	5,246	10,920	108.2
South-East Asia & the Pacific	6,807	9,222	35.5
South Asia	4,054	6,341	56.4
Latin America & the Caribbean	19,857	21,377	7.7
Sub-Saharan Africa	4,128	5,028	21.8
Arab Region	18,416	22,358	21.4
Middle East	28,129	32,319	14.9
North Africa	12,703	16,117	26.9

Source: ILO, Trends Econometric Models, September 2009

Table A6 Literacy rates for adults (15 and over) and youth (15-24), by sex, selected countries.

2005-07, percentages of corresponding total population

Country	Adult (15 and over) literacy rate			Youth (15-24) literacy rate		
	MF	M	F	MF	M	F
Algeria	75	84	66	93	94	91
Egypt	66	75	58	85	88	82
Jordan	91	95	87	99	99	99
Lebanon	90	93	86	99	98	99
Libya	87	95	78	99	99	98
Morocco	56	69	43	75	84	67
OPTerritories	94	97	90	99	99	99
Syria	83	90	77	94	95	92
Tunisia	78	86	69	96	97	94
Source: UNESCO Institute for Statistics, Global Education Digest 2009						

Source: European Commission, Skills development for the informal economy: issues and options in vocational education and training in the Southern partner countries of the European Neighbourhood Policy 2009

Table A7 Number of secondary school students in general and vocational education, % of female students in each, and % of vocational in total students, selected countries, 2005

Country	students in general secondary	women in general secondary	students in vocational secondary	women in vocational secondary	vocational (m/f) in secondary
Algeria	3 291 971	39%	463 850	52%	12.4%
Jordan	594 733	35%	30 949	50%	4.9%
Lebanon	313 729	41%	48 637	53%	13.4%
Morocco	1 834 766	39%	117 690	45%	6.0%
OPTerritories	651 518	30%	5 279	50%	0.8%
Syria	2 267 027	43%	122 356	48%	5.1%
Tunisia	1 136 657	39%	102 811	52%	8.3%
Source: World Bank, World Development Indicators					

Source: European Commission, Skills development for the informal economy: issues and options in vocational education and training in the Southern partner countries of the European Neighbourhood Policy 2009

Table A8 Unemployment Rates

Total	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
World	6.3	6.4	6.2	6.3	6.4	6.5	6.4	6.3	6.0	5.7	5.9
Developed Economies and European Union	7.1	6.9	6.6	6.7	7.3	7.3	7.1	6.8	6.3	5.7	6.1
Central and South Eastern Europe (non-EU) & CIS	12.4	12.7	10.8	10.3	10.1	10.1	9.9	9.4	9.1	8.4	9.0
East Asia	4.7	4.7	4.5	4.5	4.4	4.3	4.2	4.2	4.0	3.9	4.3
South-East Asia and the Pacific	4.8	5.1	5.0	5.8	6.0	6.2	6.4	6.4	6.0	5.4	5.4
South Asia	4.1	4.4	4.6	4.6	4.6	4.7	5.3	5.3	5.2	5.0	5.0
Latin America and the Caribbean	8.4	8.7	8.6	8.9	9.1	9.1	8.5	8.1	7.4	7.1	7.2
Middle East	10.6	10.0	9.5	10.9	10.8	12.1	9.2	9.8	10.1	9.5	9.0
North Africa	12.8	13.3	14.1	13.6	13.4	13.1	12.3	11.5	10.5	10.6	10.0
Sub-Saharan Africa	7.4	7.9	7.9	8.1	8.1	8.2	7.9	7.9	7.8	7.7	7.6
Males	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
World	6.1	6.2	6.1	6.2	6.3	6.3	6.2	6.1	5.8	5.5	5.7
Developed Economies and European Union	6.6	6.5	6.2	6.4	7.1	7.2	6.9	6.6	6.0	5.5	6.0
Central and South Eastern Europe (non-EU) & CIS	12.3	12.5	10.6	10.3	10.2	10.5	10.0	9.5	9.3	8.6	9.1
East Asia	5.4	5.3	5.1	5.1	5.0	4.9	4.8	4.8	4.6	4.4	4.9
South-East Asia and the Pacific	4.5	4.8	5.0	5.6	5.7	5.7	5.9	6.0	5.6	5.2	5.0
South Asia	3.9	4.3	4.5	4.5	4.5	4.5	5.1	5.0	4.8	4.7	4.7
Latin America and the Caribbean	6.8	7.1	7.2	7.4	7.6	7.5	6.8	6.5	5.9	5.7	5.7
Middle East	9.4	8.8	8.5	9.6	9.5	11.0	8.1	8.5	8.9	8.6	8.0
North Africa	11.0	11.6	12.3	11.6	11.4	11.0	10.1	9.2	8.4	8.6	8.1
Sub-Saharan Africa	7.2	7.3	7.5	7.6	7.6	7.7	7.5	7.5	7.4	7.3	7.2
Females	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
World	6.6	6.7	6.4	6.6	6.7	6.7	6.8	6.7	6.3	6.0	6.2
Developed Economies and European Union	7.8	7.5	7.2	7.1	7.6	7.5	7.4	7.2	6.6	6.0	6.1
Central and South Eastern Europe (non-EU) & CIS	12.5	12.9	11.0	10.4	9.9	9.7	9.7	9.3	9.0	8.2	8.8
East Asia	3.9	3.9	3.7	3.7	3.6	3.5	3.5	3.5	3.3	3.2	3.6
South-East Asia and the Pacific	5.2	5.4	4.9	6.1	6.6	6.9	7.1	7.0	6.6	5.8	5.9
South Asia	4.5	4.7	4.8	4.8	4.8	5.0	6.0	6.1	5.9	5.8	5.8
Latin America and the Caribbean	10.9	11.2	10.8	11.3	11.4	11.6	10.9	10.4	9.6	9.2	9.4
Middle East	15.4	14.5	13.4	15.6	15.2	15.8	12.9	14.1	14.0	12.2	12.3
North Africa	18.0	18.2	19.5	19.3	19.3	19.0	18.2	17.7	16.0	15.8	15.0
Sub-Saharan Africa	7.7	8.6	8.4	8.6	8.8	8.8	8.5	8.4	8.4	8.2	8.2

Adults	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
World	4.7	4.7	4.6	4.7	4.8	4.8	4.8	4.7	4.5	4.2	4.4
Developed Economies and European Union	6.0	5.8	5.6	5.6	6.2	6.2	6.1	5.8	5.3	4.8	5.0
Central and South Eastern Europe (non-EU) & CIS	10.4	10.8	9.2	8.7	8.4	8.3	8.2	7.8	7.4	6.8	7.4
East Asia	3.5	3.6	3.4	3.4	3.4	3.3	3.2	3.2	3.1	2.9	3.3
South-East Asia and the Pacific	2.5	2.5	2.5	3.5	3.1	3.4	3.5	3.4	3.2	3.0	2.8
South Asia	2.4	2.6	2.7	2.7	2.8	3.0	3.7	3.7	3.6	3.5	3.5
Latin America and the Caribbean	5.9	6.3	6.3	6.6	6.7	6.7	6.1	5.8	5.3	5.2	5.3
Middle East	6.9	6.4	6.3	7.1	7.0	8.2	6.1	6.4	6.8	6.8	6.1
North Africa	8.3	8.8	9.4	8.8	8.9	8.6	7.7	6.7	6.4	6.6	6.3
Sub-Saharan Africa	5.9	6.2	6.3	6.5	6.5	6.6	6.4	6.4	6.4	6.2	6.2
Youth	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
World	12.3	12.7	12.5	12.7	13.1	13.1	13.0	13.0	12.5	11.9	12.2
Developed Economies and European Union	13.9	13.8	13.1	13.4	14.3	14.5	14.2	13.9	13.0	12.2	13.1
Central and South Eastern Europe (non-EU) & CIS	22.6	22.3	19.4	18.9	19.1	19.7	19.1	18.5	18.9	17.5	18.1
East Asia	9.5	9.5	9.3	9.3	9.2	9.0	9.0	8.9	8.7	8.4	9.2
South-East Asia and the Pacific	12.7	13.7	13.3	13.9	16.2	16.2	17.0	17.9	17.2	14.8	15.6
South Asia	9.0	10.0	10.4	10.4	10.2	9.9	10.5	10.6	10.2	10.1	10.1
Latin America and the Caribbean	15.6	15.8	15.8	16.3	17.0	17.4	16.6	16.1	15.1	14.4	14.8
Middle East	21.6	20.3	18.9	21.9	21.7	23.5	18.7	20.2	20.4	18.3	18.8
North Africa	26.3	26.4	28.8	29.2	28.1	27.7	27.5	27.9	25.0	25.2	24.1
Sub-Saharan Africa	11.2	11.8	11.7	11.9	12.1	12.1	11.8	11.6	11.5	11.4	11.3

Source: ILO, Global Employment Trends may 2009 Update