

UNLOCKING THE POTENTIAL OF YOUTH

IN THE SOUTHERN AND EASTERN MEDITERRANEAN

This new ETF study takes status of the outlook for young people in the region and offers reflections for policy directions to improve it. It builds on extensive desk research, interviews with key people, surveys with young people in each of the countries concerned and case studies on Egypt and Jordan.

SITUATION IN THE REGION

The Southern and Eastern Mediterranean region (SEMED)¹ comprises a large number of countries bordering the EU to the south and southeast. While they span a variety of social, cultural and economic backgrounds and climates, they share many youth employment challenges.

They generally have quite large youth cohorts and a shortage of economic opportunities. The share of young people that are neither in education nor employment is large. Higher education qualifications are often poorly used, either through underqualified employment or because young women with university degrees withdraw completely from the labour market once they have started families. Employment opportunities for young people also tend to be less attractive, with most jobs created in the

informal economy, with poor working conditions, security and protection.

Young people² make up between 22% and 34% of the active population³ in the analysed countries. Except in Israel and Jordan, this share has been on a downward trend that is expected to continue further. Growth in the region has been modest, particularly compared to recent growth in the rest of the world, and of a kind that generates very few jobs.

Unemployment rates in all countries are much higher for youth than for the total population and, conversely, employment rates are much lower than for the total population. Female employment rates are particularly low. Something that sets the region apart from most other parts of the world is a high unemployment among tertiary educated youth.

¹The Southern and Eastern Mediterranean region stretches from Morocco to Syria. This report covers Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine* and Tunisia.

² For the purpose of this paper, 'youth' and 'young people' are defined as people aged between 15 and 29 (inclusive) years old.

³ People between ages 15 and 64 (inclusive).

* This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

The region boasts large numbers of young people who are neither in employment, education or training (NEETs). This appears to be for two main reasons. The first is the inability of economies to generate enough decent formal work opportunities for young people. The second relates to the persistent role of women as caretakers, who often disengage from the labour market to cater to family and home duties. As a result, a considerable proportion of NEETs are educated women that are inactive.

There are many reasons for the high levels of youth unemployment in the region. The financial crisis of a decade ago reverberated longer in the region than elsewhere and recent turmoil in global oil markets blocked classic labour migration patterns for young people, increasing their pressure on home labour markets.

The private sector that elsewhere in the world is an important driver of youth employment is underdeveloped. Large industries that were recently privatised are still trying to find their way in a competitive international environment. Small businesses often operate in the informal economy. Neither have the resources needed to help young people transition from school to work. Generally large public sectors are shrinking, thus offering few new openings for young people.

Schools themselves find it hard to keep up with ever faster changing labour market demands, causing occupational mismatches.

Not all is gloomy though. New technologies and new forms of employment are rapidly gaining ground in the region and in these, youth are generally at an advantage.

CASE STUDIES

Egypt

For many young people in Egypt, finding employment is an uphill struggle. In 2016⁴, only 29.6% were employed, while 26.6% were unemployed. For the total population, these figures were 40.9% and 12.9% respectively.

These figures hide underlying differences that aggravate the situation even more for some groups. The number of employed young women, for example, is only a third of the number of employed young men. Also, employment increases dramatically with age. Employment among the oldest third of the age group (25-29) is almost double that of the average.

Split by educational attainment, the employment outlook is best for young people with tertiary education. Of these, 54.4% are employed. This means that



⁴After 2016, only data broken down to age group 15-24 is available. In 2019 the total unemployment rate had gone down to 9.8% while unemployment among 15-24-year-olds stood at 24.7%.

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education in Egypt is still a success factor, granting better chances to find a job. Household size also plays an important role: the highest share of employed is among people living in households with fewer than four members.

Among non-active youth, most are homemakers or students, but these statistics are changing: since 2010, the share of students and unemployed has grown, while the number of employed and homemakers has decreased.

Although the situation for young people in the labour market has not changed significantly between 2010 and 2016, some general labour market shifts in the same period offer a glimpse at what lies ahead for them. The employment rate of men dropped from 56.5% to 43.8% while the employment rate of women increased from 12.5% to 15.2%. Women also moved out of households (-15 percentage points) and into higher education (+10 percentage points), while the number of male students did not increase a lot. Such changes may suggest important labour market changes, with more young women on the labour market and significantly more in education.

The main economic sectors employing youth are agriculture, forestry and fishing (29.2%), followed by construction (14.9%), manufacturing (12.3%) and wholesale and retail trade (12.3%). Very few of the young people that work are self-employed. The private sector totally dominates youth employment in Egypt: 90.5% of young people work in the private sector, while only 7.5% work in the public sector. Between 2010 and 2016, the average job tenure for young people dropped considerably.

The high average number of working hours per week (42.8 for young people) points at precarious working conditions and intensive labour. People living in urban areas work longer hours than those living in rural areas. Men run longer days than women. Only 54.3% of young people work full time, typically not by choice, and 32.8% have irregular or seasonal jobs. These proportions are quite different for the total population, indicating much greater instability for youth.

The youth unemployment rate reached 26.6% in 2016. The rate was much higher for women than for men. Long-term unemployment made up 35.2% of total unemployment among young people.

Interestingly, the unemployment rate goes up with educational attainment above secondary general, which has the lowest unemployment rates. Although this may be due to more graduates registering as unemployed and graduates being more critical in finding employment that matches their education, it also quite certainly indicates a mismatch of education and labour market expectations and the inability of the economy to generate enough jobs to satisfy all highly-skilled new entrants in the market.

The main method of finding a job is through friends and relatives, followed by job ads and unsolicited applications. Public employment offices are underused.

An overwhelming majority of the surveyed youth thought that the national education system did not provide young people with the skills required by potential employers. More than 70% of them ticked job-seeking problems such as employers wanting experience, low numbers and quality of

appropriate jobs available, difficulties in commuting to jobs locations and prevalent traditions and social norms.

Starting a private business is considered difficult with support hard to find.

The vast majority of young people interviewed (83%) appear willing to relocate to other governorates, while only a minority looks for job opportunities abroad.

Most respondents (almost 88%) perceive their field of education and studies qualify them to enter the job market but nearly 70% also stated that their skills exceed the job's actual requirements.

Roughly one-third of the young people in Egypt are neither in employment nor in education or training (8 million young people). At 71.4%, the majority of these are women and most of them married, but the gender gap is narrowing.

Most of these NEETs surveyed for this study were university graduates. Those with working experience revealed that the limited scope of job openings had been the main reason for accepting a job that did not match their field of study. They also indicated though, that this had subsequently been the reason to leave the job again. Almost all of them (91%) are enthusiastic about pursuing further education or training, with a view to improving their employment prospects. Conversely, almost all of those without working experience appear willing to accept any type of employment, including occasional jobs and are ready to accept downsides such as, for example, long working hours.

Jordan

The employment rate differs greatly by gender and age in Jordan as well. Among young men, 42.5% are employed, but among young women only 12.3%. The share of employed youth is growing with age, reaching more than 52% among those aged 25-29. The highest employment rate is observed among young people with tertiary education (45.8%), while the second highest is for people who did not finish primary education. Overall, also in Jordan education pays off: the logistical regression run for the study demonstrated that VET is the path that pays off the most in terms of probability of being employed (followed by tertiary education) : people with secondary vocational education have 349% higher probability of being employed than those with no education.

The great majority of young people holding a job has employee status (94.7%), and only a fraction of them is self-employed. In Jordan, the most frequently occurring occupations are service and shop and market sales workers (35.9%). The private sector took in 73.4% of all employed young people. These proportions do not deviate strongly from the proportions in total population.

Part-time work is not popular among young people, but women and non-citizens work the longest hours and for women it is far more difficult to find jobs than for men.

One-third of all young people are neither employed nor in education or training and almost three-quarters of these are women. This figure has increased sharply in recent years for both women and men.

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Educational attainment is also a key factor at play here: people who dropped out before the end of primary education are five times more likely to be NEETS than people who finished secondary education.

The average unemployment rate among young people reached 24.5% in 2016, with a slightly higher rate for women than men. Tertiary education does not protect from unemployment in Jordan. Young women in particular find it hard to get a job after graduation. However, tertiary education seems to have a positive impact on activity rate of young women, which also indicates a higher level of engagement in public life.

Roughly three-quarters of all young jobseekers try to find a job by applying directly to the employer, while half of them seek the help of friends and relatives or use job ads. A smaller proportion look for jobs through official public channels, such as employment offices.

In 2016, 41.4% of all unemployed young people had been so for more than 12 months, while 15.8% had been looking for a job for more than two years. Overall, long term unemployment is structural and significant in Jordan.

All respondents to the survey stated that there is not enough government support for helping young people in finding a job or starting a business. Only one third believed that the education system in Jordan provides young people with a fair amount of skills that respond to the needs of employers. Yet, well over half said that they would definitely choose their field of study again. This, together with the fact that jobs are simply in short supply, is considered the main hurdle for young jobseekers in Jordan.

Almost half of the respondents believe that employers perceive young people as poorly skilled. In terms of pay, almost all respondents think that young people are offered a lower salary than others.

The vast majority (94%) of the sampled employed youth work in the private sector across various subsectors. Interestingly, the majority of employed respondents obtained their first job either during their education or within six months following the completion of education. Working conditions of employed young respondents are reported as good, with a few exceptions. Almost a quarter of the employed respondents stated that they do not have a contract. Half of the employed respondents are looking for other jobs, mainly citing low salaries, a mismatch between their education and job requirements, and a poor career outlook in their current job.

Among the sample of young people interviewed for this study that are neither in employment nor in education or training, the majority of respondents reported that they were unemployed. The rest are economically inactive because they lack skills or because they are homemakers. Only 16% of them found that their education had been very useful preparing them for work. Women who had quit jobs had primarily done so to cater for family responsibilities or because working conditions had been poor.

They had no particular preference for working in the private and public sector: a third preferred a job in the public sector, a third in the private sector, and a third indicated that it did not matter. In terms of subsectors, a third are looking into the electricity and water supply sector, a



quarter into the education sector, and near to a fifth are looking into the financial sector. Not surprisingly, the majority of those wishing to work in the education sector are female. More than half indicated that they are looking for a job that is in line with their education.

Policy reflections

Youth employment is high on the policy agendas of all countries in the Southern and Eastern Mediterranean region. Different national and international programmes have tried to address this with limited success. Coordination among different initiatives is critical but has proven to be difficult. While this has negatively affected the results of different initiatives, several successful policy initiatives have also appeared in the region. These primarily addressed youth skills and the transition from school to work.

The appearance of COVID-19, however, has made a complex situation even more

challenging. Although the specific effects of the COVID-19 pandemic on the labour market, the ETF is running parallel studies to better understand the phenomenon, so that evidence can be available for policy makers and international organisations. Global research already conducted by different international organisations such as the OECD, the UN and the ILO shows that youth are and will be disproportionately affected by COVID-19, with many million jobs lost worldwide. Therefore, extraordinary measures will be needed to face an extraordinary situation. Specific support will be needed for new graduates and for young girls and women.

The resetting effect of the pandemic, however, could also be the opportunity to accelerate the transformation toward new development models, based on a socio-economic and ecological transformation that put individuals at the heart of their policy agendas and that respects human well-being and the environment.

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Rising new forms of youth employment (new jobs, platform economy, cultural shifts, etc.), new emerging sectors, new technologies, accelerated digitalisation of jobs and new forms of digital learning are all opportunities that governments need to grasp to provide new prospects for younger generations. Accelerating the transitions toward more digital and green systems comes with both opportunities and uncertainties. Building resilience of individuals and companies and developing agile, coordinated and targeted public policies will be key to tackle youth unemployment and to improve the quality of existing jobs.

Existing practice in the region can guide new actions and highlight current limitations. The final section of this report suggests demand-side, supply-side and cross-cutting actions as summarised here.

Demand-side actions

- SMEs are the biggest source of youth employment opportunities in the region. Policies must support their development. Doing so in a gender-sensitive way can unleash a lot of untapped potential.
- Strategic integration into global value chains provides an opportunity that could help economies of the region generate enough jobs to absorb the large number of young people who join the labour market every year. Strategic is the key word here. Careful assessments must be made on the prioritisation of promising sectors over others and subsequent all-out support for these sectors, from education to legislation.
- Related to this, there is a need to reinforce the public-private dialogue

and engage in partnerships that can align the education system and labour market, ease the youth school-to-work transition and restore trust in the government. Promoting business-education partnerships, supporting key industrial ecosystems and SME networks, as well as increasing the prevalence of work-based learning within existing programmes can greatly enhance the relevance of education.

- Skills intelligence systems must generate reliable and sustained flows of information that can support youth employability.
- Offering incentives to the private sector to employ youth may help facilitate the integration of youth into the labour market. Such interventions may be particularly effective for promoting employment of specific groups or in specific sectors.

Supply-side actions

- Improve the relevance of education. Focus on competencies for the 21st century and sectors with job potential creation. Existing training should focus not only on specific technical subjects but also on life skills, creativity, critical thinking, collaboration and digital technology. Basic digital skills need particular attention.
- It is important to adopt measures to reduce school drop-outs or to provide second-chance education programmes. Raising the compulsory age of education could help lower the number of dropouts and absentees from school.
- Appropriate career guidance needs to be introduced at an early age, at all

levels and across all types of education, including VET.

- Vocational education and training need to expand significantly in many countries. Their attractiveness must be increased with modernised curricula, better prepared teachers, up-to-date workshops and equipment, and schools and training providers that have strong links with the business world.
- Expand work-based learning, which has proved to be very successful in countries where it has been implemented systematically. Dual system programmes can help young people link to companies and gain real work experience and therefore relevant work skills.
- Entrepreneurial learning helps young people to develop their own career path. This in turn can support youth employment. Youth entrepreneurship programmes can include non-cognitive skills, such as innovation, decision-making, teamwork, and flexibility.
- Many of the region's young people are employed in the informal sector, which mainly offers low-skilled, low productivity and subsistence oriented jobs. Although informal employment offers a short-term solution for youth unemployment, it often has a negative long-term impact on youth employability. The urgency of this becomes even more apparent as youth employed in the informal sector were among the groups hardest hit by the pandemic since they lack social protection or employment benefits.
- Public employment services must be strengthened. Many need capacity building to reach out to greater numbers

of young people and vulnerable groups, and to provide more individualised support.

- Globally, non-standard forms of (often self-)employment are on a dramatic incline. This type of employment offers considerable opportunities for young people but also poses risk due to a complete lack of employment security, increased occupational health risks, and other precarious conditions. To harness the potential of the gig economy and platform work, people need to be equipped with technical skills and soft skills, such as self-management, self-organisation, time management and communication. Governments must take measures to improve the working conditions for such people.

Cross-cutting actions

- Having good policies is one thing, implementing them successfully is a different thing altogether. A good start is to stick to realistic plans with achievable targets in line with the country's capacity. A solid log-frame approach to planning and implementation of programmes might be a solution for countries to really influence the situation of youth.
- Monitoring and (external) evaluation of policies and programmes is lacking. As a result, it is difficult to assess their effectiveness and impact. Sound monitoring and evaluation practices make programmes more effective and improve their potential for replication and upscaling.
- Gender-sensitive programmes ought to be developed to reduce barriers to female participation in the labour market, increasing their economic

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activity. Specific programmes and interventions should be developed targeting young people in rural areas and disadvantaged regions.

- Youth employability is a multisectoral policy issue. It is affected by a plethora of development projects that are often poorly connected. There is a need to better coordinate the relevant work of government institutions and other stakeholders and to strengthen the social dialogue, incorporating authorities, social partners, businesses, chambers, regions, youth organisations, VET providers and think tanks.

- COVID-19 generated a huge disruption in youth's access to education and employment opportunities – as well as income. Specific research is needed to measure the magnitude and quality of immediate and long-term impact on youth, particularly NEETs, to inform policy making in this area. Governments need to ensure that their economic stimulus policies and measures are aligned with ambitious climate change and wider environmental protection goals. Skills should play a key role in this, with the support and action of all stakeholders to help people transit from school to work or from job to job.



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info@etf.europa.eu

Online Community
openspace.etf.europa.eu