



## INVESTING IN YOUTH IN THE MENA REGION: LESSONS LEARNED AND THE WAY FORWARD

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**Introduction:** Young people represent a significant asset - in economic terms alone, they can contribute to productivity, increased consumption, and income taxes.<sup>2</sup> But youth are also an important asset for social change and innovation. Arab youth see themselves as change agents, with young women as likely to be key to future progress as young men.<sup>3</sup> Young people constitute well over half of MENA's population. Over 30% of MENA's population, 100 million individuals, were between 15 and 29 years of age in 2007. This can be a demographic opportunity if countries had a majority of youth enter their productive peak while the elderly population still remains small. This window of opportunity will remain open in MENA for nearly 10 years. In Iraq, Yemen and West Bank and Gaza, the window will be open beyond 2050.<sup>4</sup>

**The Youth Inclusion Challenge:** Indicators on the degree to which youth are part of the development process in their countries are not good. The global average youth unemployment rate is 14 percent; in the MENA Region it is 25 percent - the highest of any region.<sup>5</sup> Youth unemployment rates vary across the region,

ranging from 18 to 43 percent, with rates higher for young women than young men. In Algeria and Morocco unemployment rates rise with education levels, but this varies sharply across countries. The two key constraints to employment are insufficient labour demand and skills mismatches due to failures in the education system. Investment climate surveys note lack of appropriately skilled labour as a key constraint to growth for one-third of MENA businesses<sup>6</sup>.

**The Costs of Youth Exclusion:** If proper investments are not made in youth there is a risk that the youth bulge may manifest itself as a drain on growth and society. According to recent analysis by the Middle East Youth Initiative, MENA countries' performance in reducing youth exclusion has deteriorated in recent years and is among the furthest away from the best performers. The cost of youth unemployment for the 11 countries reviewed was at 2.32 percent of GDP when assuming a zero target rate, with the highest costs in Morocco (6.86 percent) and West Bank and Gaza (6.63 percent).<sup>7</sup>

**Lessons learned from global experiences:** The most comprehensive global analysis of youth employment initiatives found that those targeting youth from poor households work better.<sup>8</sup> The three case studies from LAC and the US, illustrate scalable self-standing

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<sup>2</sup> World Development Report, *Development and the Next Generation*, World Bank, 2007.

<sup>3</sup> Gallup, Inc. (2009) *The Silatech Index: Voices of Young Arabs*

<sup>4</sup> *Youth- An Undervalued Asset: Towards a New Agenda in the Middle East and North Africa*, MNSHD and MNSSD, 2007.

<sup>5</sup> Middle East Youth Initiative, *Meeting the 100 Million Youth Challenge*, The Wolfensohn Center for Development at Brookings and the Dubai School of Government, (2007).

<sup>6</sup> Benhassine, N, World Bank Staff, *From Privilege to Competition : Unlocking Private Lec growth in the Middle east and North Africa*, 2009.

<sup>7</sup> Jad, Chabaan, *The Costs of Youth Exclusion in the Middle East*, The Middle East Youth Initiative Working Paper N. 7, The Wolfensohn Center for Development and Dubai School of Government, May 2008.

<sup>8</sup> Betcherman et al.

interventions in support of youth inclusion through skills development, job creation, youth entrepreneurship, and active participation, all of which are needed in the MENA Region.

**1. The Jóvenes Employment Programs for Disadvantaged Youth in Eight Latin American Countries<sup>9</sup>:** The *Jóvenes* programs offer comprehensive training to unemployed and economically disadvantaged youth 16 to 29 years of age, though targeting focused on 16- to 24-year olds (about 70 percent of participants). The demand-driven model has been customized for Argentina, Chile, Colombia, the Dominican Republic, Panama, Paraguay, Peru, and Venezuela. Private and public institutions contracted through public bidding mechanisms provide training and organize the internships. The Table below provides an overview of the benefits in Chile and Argentina:

Costs and impact of programs across countries			
		Argentina	Chile
Coverage (people)		116,000	165,000
Cost per trainee (\$)		2,000	730-930
Private benefits			
Impact on	employment	+ 10%	+ 21%
Impact on	earnings	+ 10%	+ 26%

**Young Micro Entrepreneurs' Qualification Program in Peru<sup>10</sup>:** The *Programa de Calificación de Jóvenes Creadores de Microempresas* is implemented by the Peruvian NGO *Colectivo Integral de Desarrollo* to address the significant lack of entrepreneurial skills among the young. The program's objective is to provide assistance and training in developing business plans and establishing profitable businesses. The target population is economically disadvantaged 15 to 25 year olds, with some entrepreneurial skills or owning a small and/or informal business with less than a year of operation, and in targeted localities. During the first phase, youth

benefit from mentoring and training for business plan preparation. After the selection process, they are offered mentoring, training and internships and can have access to micro-credit. Every year the implementing NGO opens up a competition for interested youth.

*Impact estimates* suggest an increase of 7.8 percentage points in the probability of having a business operating and an 8 percent increase on the beneficiaries' average income. Also there was an important secondary effect - beneficiaries employed 17.3 percent more workers than the control group. Total Cost per beneficiary was USD 536.

**Initial Lessons from MENA Region:** There are multiple state-funded youth employment initiatives, as well as small-scale NGO projects focusing on Arab youth- especially on increasing their employability and entrepreneurship opportunities.<sup>11</sup> However (i) they reach a limited number of young beneficiaries, mostly tertiary educated young urban males; (ii) they lack rigorous impact evaluations and analysis of their cost-effectiveness, and hence (iii) provide limited lessons for replication and scaling up. These circumstances have so far limited regional prospects for launching larger-scale youth investments a la Latin America and Africa.

The Bank is now aiming to establish a presence by piloting innovative programs and learning lessons on the ground. The Jordan and Syria pilots below exemplify this approach. The Morocco Youth Inclusion study is an analytic approach to address youth unemployment and social exclusion via tailored youth investments.

**Providing school drop-outs with equivalency education, job training and life skills in the Hashemite Kingdom of Jordan:** The project was initiated by the World Bank through a Japan Social Development Fund (JSDF) grant<sup>12</sup>

<sup>9</sup> The WDR 2007, p. 117. Aedo and Nuñez (2001); Aedo and Pizarro Valdivia (2004); de Moura Castro (1999); Elias and others (2004); Inter-American Development Bank (2005); and Santiago Consultores Asociados (1999).

<sup>10</sup> Olga Susana Puerto, *Interventions to support Young workers in LAC: Regional Report for the Youth Employment Inventory*, The World Bank (2007).

<sup>11</sup> For an assessment of NGO-run youth employment initiatives see Angel-Urdinola, Semlali and Brodman, *Non-Public Provision of Active Labor Market Programs in Arab Mediterranean Countries*, SP Discussion Paper N. 1005, July 2010.

<sup>12</sup> The Japan Social Development Fund (JSDF) was established in June 2000 by the Government of Japan (GoJ) and the World Bank as a united mechanism for providing direct assistance to the poorest and most vulnerable groups

through the Ministry of Social Development and the NGO Questscope to support youth in earning income in day-jobs while attending evening classes in public schools. Certified teachers helped youth earn a proficiency certificate (10th grade level), leading to vocational certification. Vocational graduates also received business management training, enhancing future employability and livelihood options. Other learning elements included coaching in life, social and coping skills, which would help young beneficiaries to integrate into society.<sup>13</sup>

Young participants expressed increased self-confidence and improved relations with family, friends and authority figures. A key outcome of the program was the development of a "Street Education" program and its integration into the Ministry of Education's 3-Year Alternative Education Curriculum, which supported learning among school dropouts to obtain a 10th grade equivalency certification. 80,000 to 100,000 school dropouts benefitted from the 10th grade certification program to diversify their training and employment opportunities. In 2007, the Ministry of Education authorized Questscopes Non Formal Education Program as the official program to an alternative 10th grade certification. This Government-NGO partnership offered the first certification program for school dropouts. The cost for each child was around USD 350 per year.

**Syria - Improving Employability of Marginalized Youth through Enhanced Capacity and Local Partnerships:** In another JSDF supported intervention, the World Bank awarded a grant to the Syria Trust for Development for an integrated youth development project for disadvantaged youth<sup>14</sup>. The objectives are to: (i) Improve employability and job placement opportunities; (ii) Deliver technical training and work skills in two governorates and (iii) Build partnerships across providers of youth service and develop capacities of local institutions and NGOs to

respond to labor markets and the psycho-social needs of beneficiaries.

The project relies on partnerships between vocational institutions and establishes a network of referral services for marginalized youth, supporting skills training and employment. Two Private Sector Councils of Employers were formed to hire marginalized youth in Damascus and Aleppo and develop the curricula. Vocational training schools and NGOs receive capacity building on life skills and entrepreneurship development, improved vocational training design and implementation, and techniques for better case management and psychosocial support and upgraded training equipment. Participants rely on job matching services, including counseling and advisory services and an interactive jobs and skills needs database based on employer surveys in Damascus and Aleppo. A rigorous impact evaluation program is in place.

The expected outcomes include (i) enhanced technical and work skills for 10,400 marginalized youth; ii) 50% of trained youth to be employed within 8 months of graduation and the remaining 50% to enroll in further education; (iii) 20% of trained youth to develop entrepreneurial skills; (iv) Government Vocational schools to start e education/training services for marginalized youth.

**Morocco Study on Youth Inclusion:** The objectives are to identify the key factors leading to the social and economic exclusion of young people (15 to 29 years), provide an investment roadmap for youth inclusion; and support with data and analysis the national youth strategy, currently being formulated by the Ministry of Youth and Sports. The survey will present data on youth economic inclusion, community participation and active citizenship as well as access to key public services. The survey will highlight under-studied issues such as: labor force participation and intermediation, career choices and opportunities, the situation of youth in rural areas, use of free time and of recreational and learning opportunities complementary to formal education. Econometric analysis will highlight the relationship between various dimensions of youth exclusion and household backgrounds.

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in eligible World Bank group member countries. Since its start, 278 grants with a total value of \$295 million have been approved.

<sup>13</sup> Questscope International. [www.questscope.org](http://www.questscope.org)

<sup>14</sup> Defined as those out of work for more than 2 years and having less than a 9<sup>th</sup> grade education.

Financial assistance for a follow-up youth investment could include the expansion of infrastructure for youth services, better delivery of integrated youth-friendly services at the community level, including direct youth to youth engagement (IT, language, life skills and technical training, and job intermediation services). Support could also be had for income generating activities (apprenticeships, internships and youth entrepreneurship) and assistance for youth participation in national and local youth policies.

### **Public service programs and Developing Soft Skills:**

Young people in MENA have few opportunities to build soft skills through volunteering or community service. A Morocco government youth survey in 2000 showed only 15 percent of youth participating in any association activities - including sports. A 2009 survey in Egypt by the Population Council had only 3.3 percent of young males and 1 percent of young females in voluntary activities. Gaining soft skills - leadership, the ability to work independently and in teams, solve problems and communicate effectively is important in reducing skills mismatch in the labor market and in promoting constructive engagement by young people. Youth service programs also serve as a positive alternative to out of school and unemployed youth. Participation in service programs empowers young people to become active citizens, greatly contributes to self-esteem while meeting community needs through volunteer work in public health, conservation, tutoring, etc. indicating an important area for future investments.

### **The need for a Multi-dimensional Approach:**

Although comprehensive assessments of youth employment and inclusion programs in MENA countries are still at early stages, evidence indicates that government focus and financial resources have been primarily directed towards job creation for unemployed university graduates. Less educated and underprivileged youth have received limited attention, both by policy-makers and in applied research. Global research and experience shows that single-sector policies and interventions offer only partial solutions. Unless a youth-tailored approach across multiple sectors is established

and interventions are developed with critical impact at the community level<sup>15</sup>, the needed results will not materialize. The MENA Region will continue to support policy reforms in education and labor policy to more directly benefit unemployed graduates, while increasing focus on investments to address disadvantaged young males and females, the majority within the 15 to 29 years age group.<sup>16</sup>

**Investing in Youth in MENA:** The increasing attention of many governments and the League of Arab States indicates that the time is right to advance policy dialogue for adequate youth investments at the country level and in the context of the Arab World Initiative's regional integration efforts. There is a continued need to expand the knowledge base - particularly on youth-related data - to many more countries in the MENA region, through analytic work similar to the Morocco youth inclusion study, and the upcoming Egypt and Tunisia ones. As of FY11, the youth program will aim at scaling up and launching a new youth-focused lending operation in at least one country. Specific youth components will also be developed in upcoming urban, rural, environmental, and skills employment projects.

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<sup>15</sup>Betcherman, G., M. Godfrey, S. Puerto, F. Rother, and A. Stavreska. 2007. "Global Inventory of Interventions to Support Young Workers: Synthesis Report." World Bank, Washington, DC; Bamfield, Louise. 2007. "The Contribution of Non-formal Learning to Young People's Life Chances." A Fabian Society report for the National Youth Agency. National Youth Agency, Leicester, England.

<sup>16</sup> La Cava et. al, *Young People in Arab Countries: Promoting Opportunities and Participation*, MNA Fast Brief, April 2010,