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Arab Youth Unemployment: Roots, Risks and Responses

February 10th, 2011

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Youth Unemployment in Syria: An Overview

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Presented at the Conference on Arab Youth Unemployment: Roots, Risks and Responses Carnegie Middle East Center, Beirut, Lebanon, February 10th, 2011

Overview of the Syrian Context

- Major economic reforms are underway to move the country from a state-controlled to a “social market” economy.

Time is a factor: Syria is becoming a net oil importer.

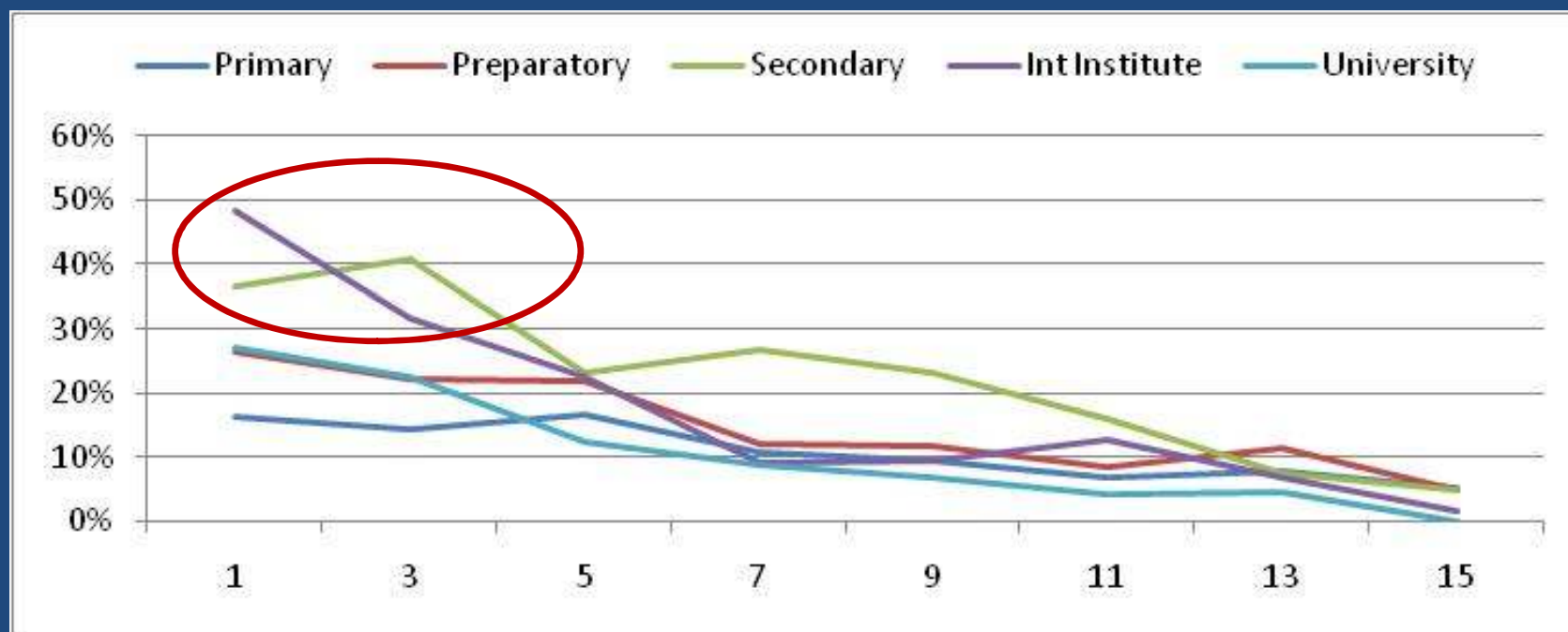
- Research suggests that the education system is not providing students with the skills demanded by the market.

improve access to and quality of public schools and allow private secondary schools and universities to open.

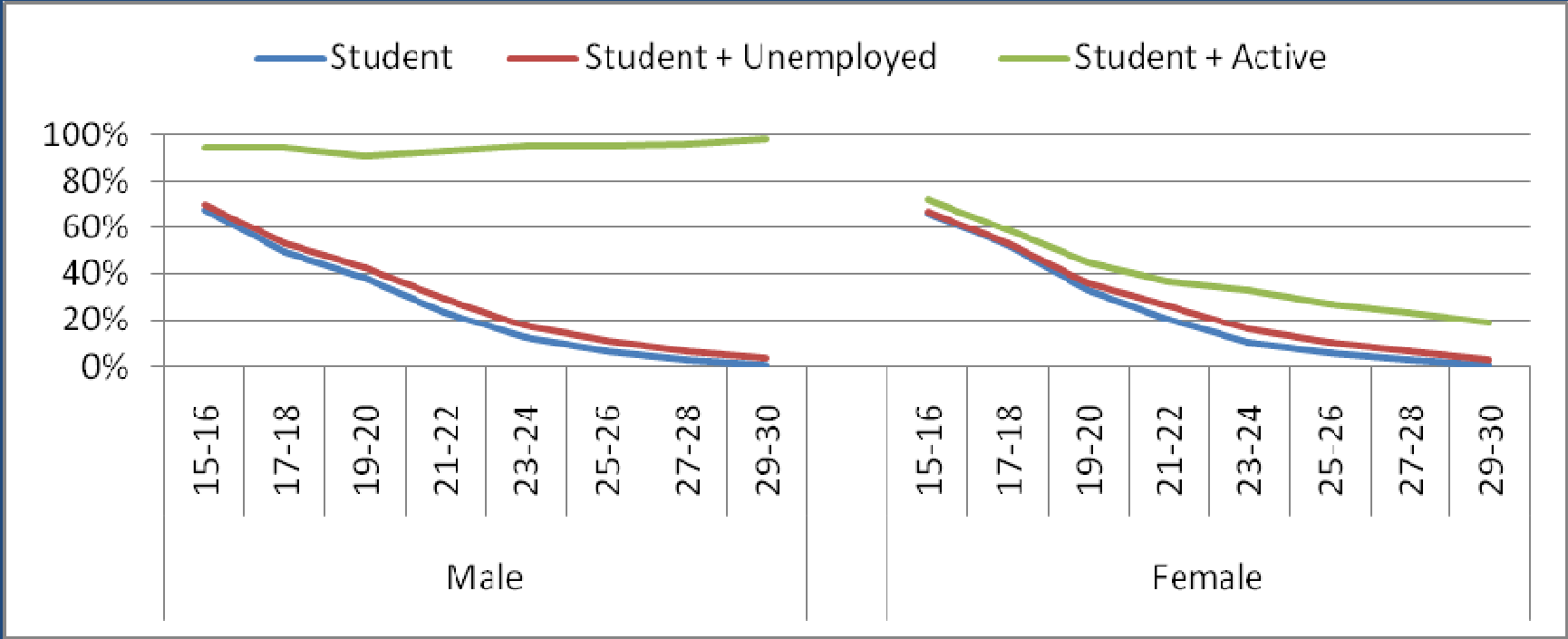
- Other challenges: the global financial crisis (mainly second round effects) and a severe drought (affecting the agricultural sector).
- New opportunities for people with right knowledge, skills, motivation. But, changes in institutions lagging behind market reforms.

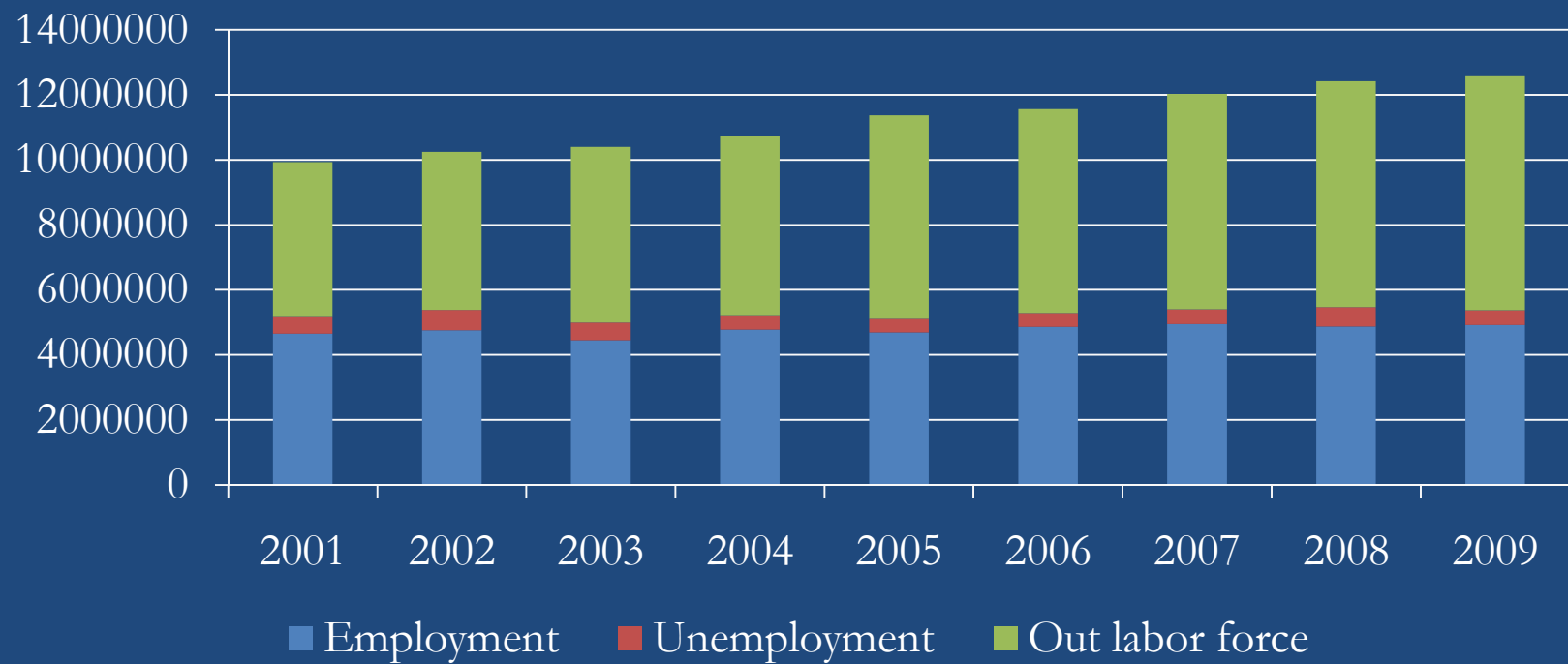


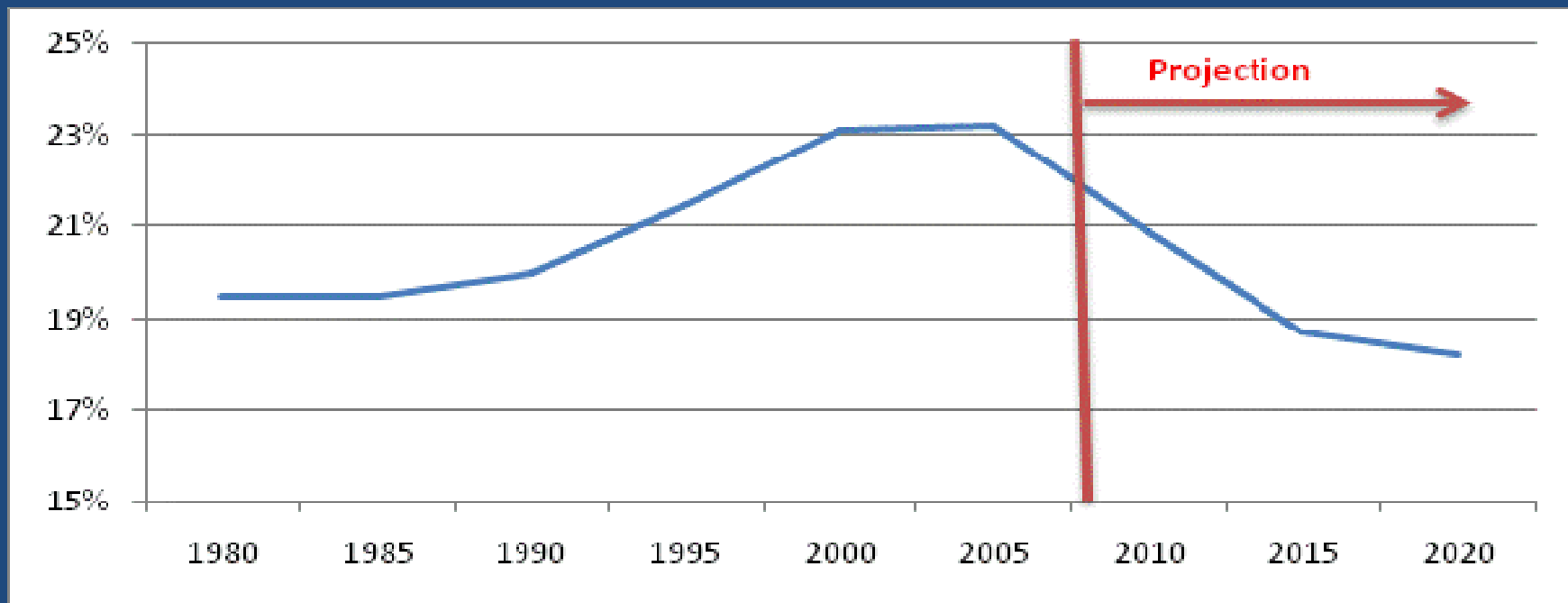
Unemployment Rates by Year of Expected Educational Level Completion, 2007



- First 5 years expected completion, URs highest among secondary school and intermediate institute completers.
- Decline in URs sharpest among higher education completers, suggesting they were able to find work more quickly.







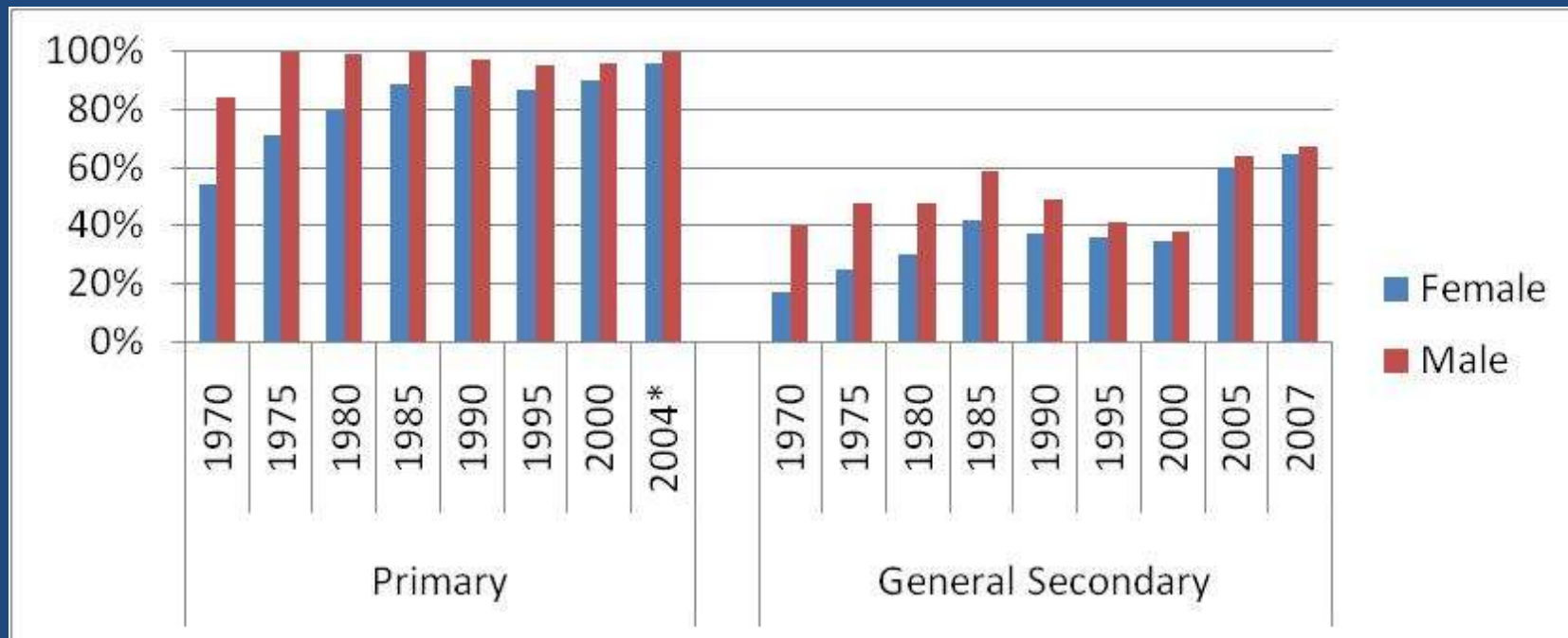
- Syria is facing a large youth bulge (23% of the population age 15-24).
- Youth bulge peaked in 2005; but numbers will continue to rise, presenting challenges as well as opportunities.
- Second youth bulge expected in 2025.

Educational Roots: Some Stylized Facts

- Focus on passing exams relying on rote memorization of texts

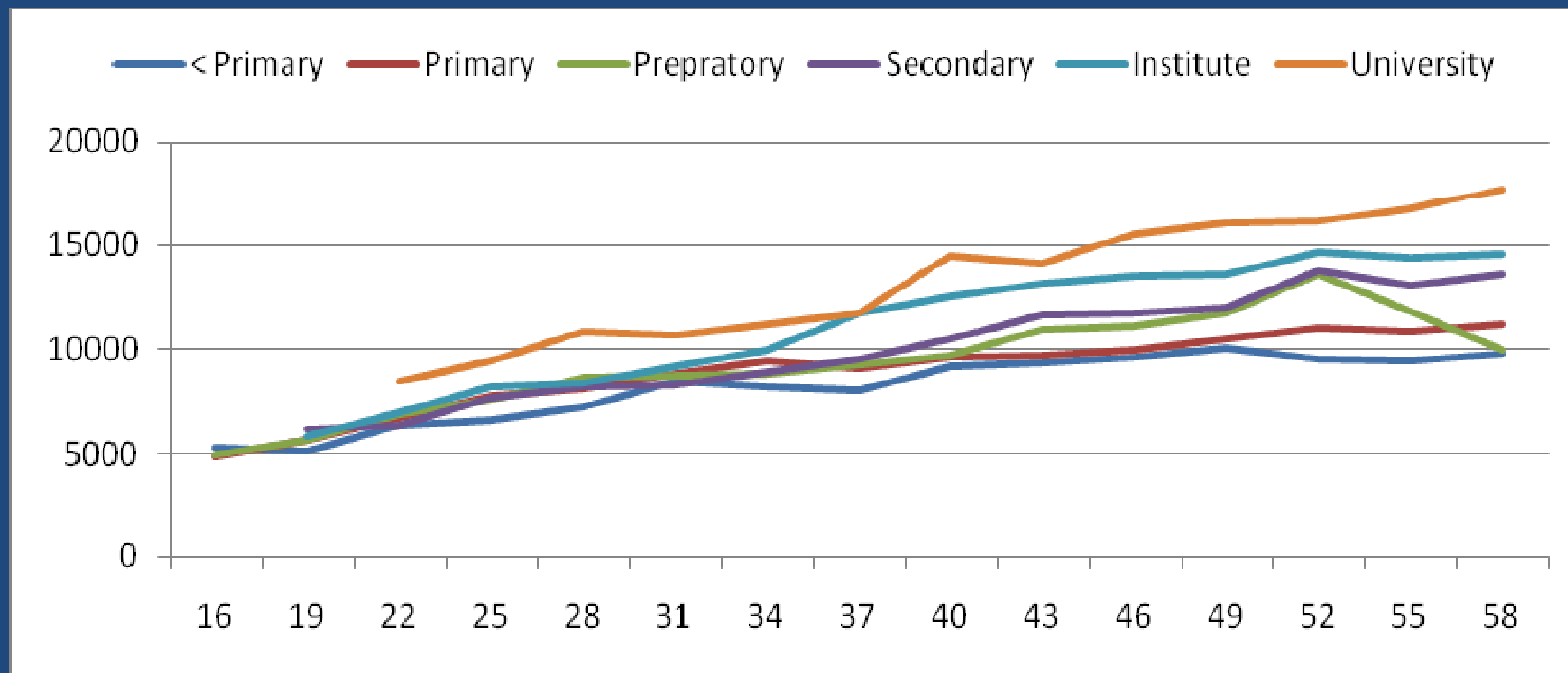


Ed Quantity: Net School Enrollment Rates

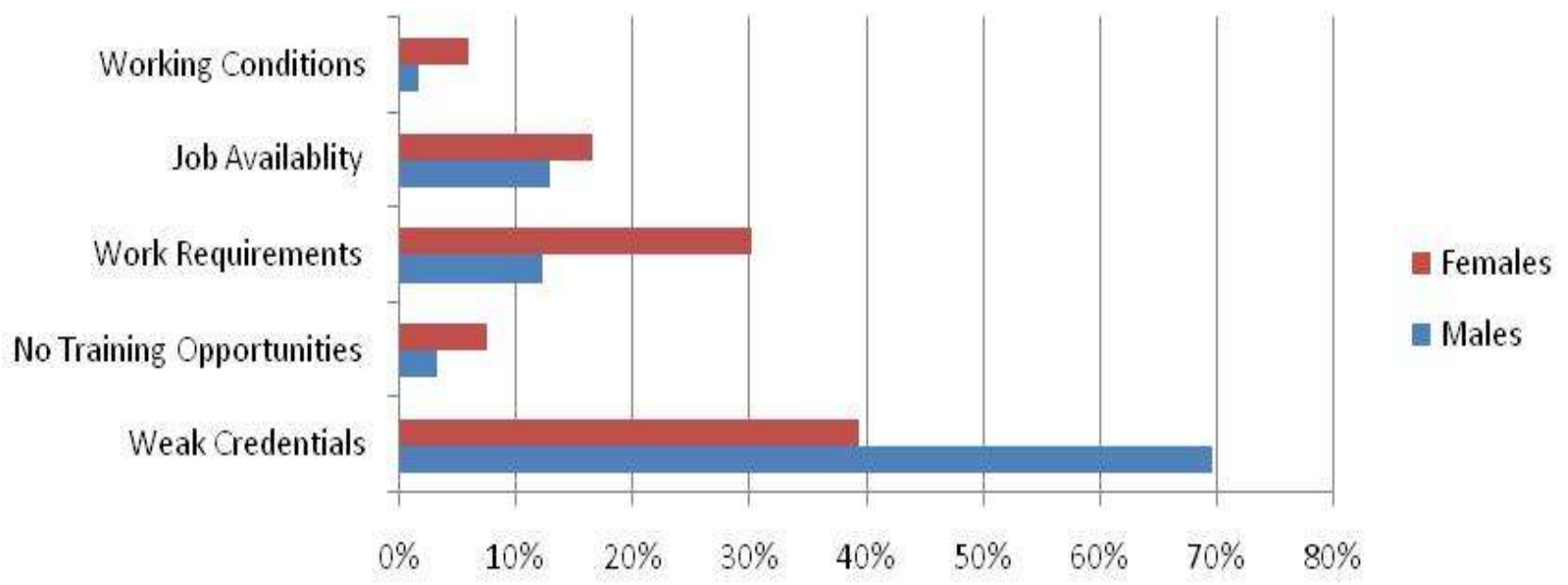


- Syria has near-universal primary school enrollment.
- Secondary school enrollment rebounded after large fall.
- Gender parity almost achieved at all levels.
- Attendance levels, especially in rural areas, remain a concern.

Ed External Efficiency: Age-Earnings Profiles, 2006-2007



- Average returns to education is around 3%; lower than MENA average of 6% and worldwide average of 10-15%.



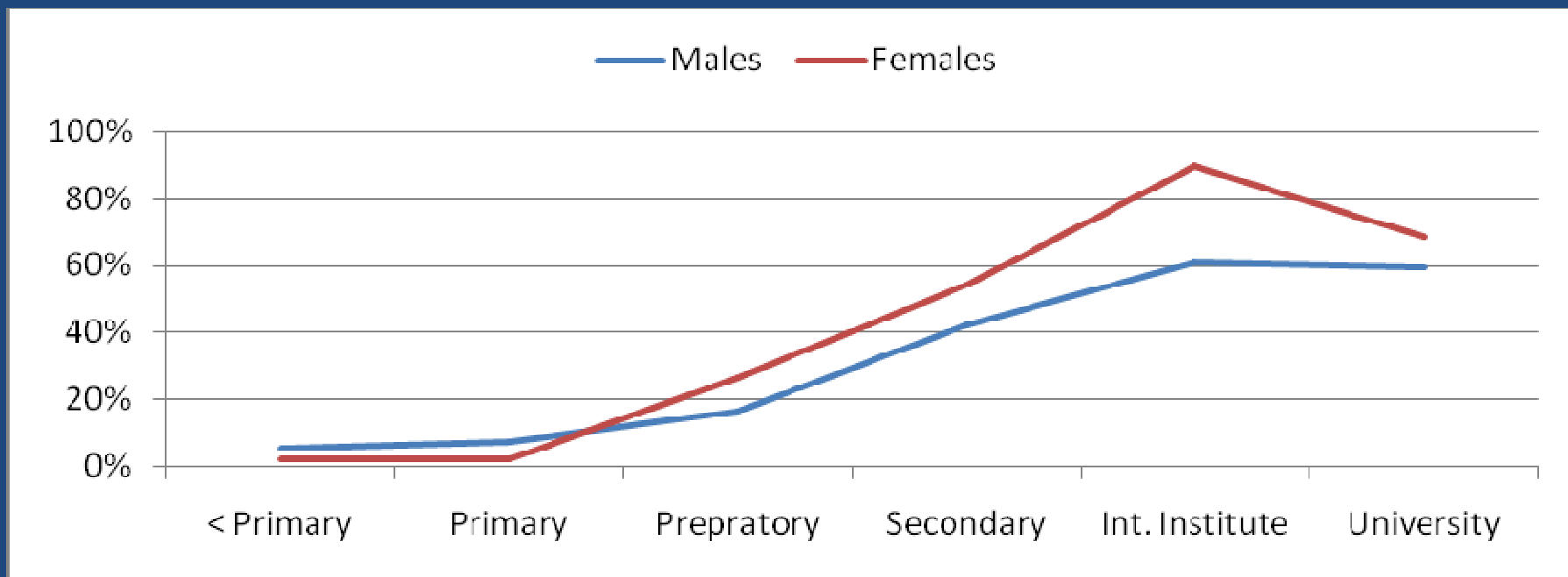
Labor Demand Issues

- Macroeconomic conditions stable; but room for improvement.
- Healthy economic growth (5%), but no increase in employment.
- Investment Climate is weak:
 - Progress in reforming business environment, but more to be done.
 - Ease of Doing Business Ranking: 144 (out of 183)... a moving target.
 - Ex. Difficulties in starting a business and access to credit: Young people are more innovative; more likely to hire other young people.
 - Not an issue of deregulation, rather smarter regulation.
- Low levels of market competition:
 - Barriers to entry and competition.
 - Informal organizational structures; inequality of opportunity.
 - Mismatch is a contributor to low levels of productivity.

Institutional Factors: Public Sector Employment Policies
Hourly Wage Rates by Sector (2006-07) Ages 20-29

Share of Employment in Public Sector

Syria: 15-29 Years-old (2006-07)



- Share of youth in public sector jobs rises sharply with education.
- A majority of Syrian youth prefer jobs in the public sector.
- Limited social protection coverage in the private sector.

Analysis: Risks and Responses

- Situation is improving in terms of educational access and options, but concerns regarding quality and efficiency:
 - Need to make system more flexible to adapt to needs of labor market.
 - Move beyond knowledge transfer to skill development (analytical, etc.)
 - Government is introducing reforms (ex. revising curricula), but slowly.
 - Mismatch in expectations may be leading to poor choices; youth (and parents) should be more involved: work experience; discussing policy,...
- Situation is improving in terms of (un)employment and income, but concerns regarding distributions and equity of opportunity:
 - Some populations worse off, ex. people from drought-stricken regions.
 - Wages have increased, but cost of living has also gone up.
 - Weak earnings is contributing to rising age of marriage.
 - Gender issues and policies need to be examined more carefully.
 - Reform should accompany improved social safety nets and policies.

Analysis: Risks and Responses

- Many roots are transient, but still associated with risks:
 - Demographic trends passing, but peak is currently at university age.
 - Second youth bulge expected in 2025; policies should not be postponed.
 - Increase in school enrolment temporarily reduced labor supply pressures, but more young graduates need higher-skilled jobs.
- Job creation is needed at all skill levels:
 - Low- / medium-skilled jobs needed to absorb displaced agricultural workers, including manufacturing, building, and infrastructure.
 - High-skilled jobs needed for higher-educated young workforce.
- Main issues are weak competitiveness and business climate:
 - Ensuring more competition and reducing barriers to entry can improve decent work opportunities, for young people especially.
 - Government should study reform of public sector employment policies.

Thank You!