



CARNEGIE MIDDLE EAST CENTER

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

WASHINGTON DC  
MOSCOW  
BEIRUT  
BEIJING  
BRUSSELS

# Arab Youth Unemployment: Roots, Risks and Responses

February 10<sup>th</sup>, 2011

واشنطن  
موسكو  
بيروت  
بيجينغ  
بروكسل

مركز كارنيغي للشرق الأوسط

مؤسسة كارنيغي للسلام الدولي



**ديلاتك Dilatech™**

*Young People...Enterprise...Employment...*

---

## **The case of Yemen**

Carnegie Middle East Center Conference:  
**Arab Youth Unemployment: Roots, Risks  
and Responses**

*Thursday, February 10, 2011*

## Country Background

- Nearly half of the population lives on less than US\$2 a day
- social development indicators - such as child malnutrition, maternal mortality and educational attainment are amongst the lowest in the Arab World
- Nearly half the population of 23 million people are under the age of 15, and seventy percent are under 25
- Mean age of the country 17

- Youth (aged 18-30) represent 30% of the total population and close to 50% of the working age population in Yemen
- 3 conflicts
- Rapid urbanisation
- Growing water scarcity

## Unemployment and Youth unemployment

- Official unemployment rate cited is 15%
- Official Youth unemployment in Yemen 25%
- Unofficial unemployment rate est. 25%
- Unofficial youth unemployment rate 35-40%

- Regional and gender disparities
- Open unemployment however is an elastic concept in Yemen where very few can afford not to work and the majority perform some time of informal, irregular employment as a means of survival.

## Root causes of youth unemployment

### Daunting Demographics

- Worlds highest population growth
- 200,000 youth entering the labour market annually and raising
- 2 million new jobs will have to be created by 2020
- Job creation will be unable to keep pace with the number jobseekers.

### Sclerotic Labour Market

- Weak job placement and linkages services
- Negative public sector employment
- Limited private sector job creation

### Stagnating economy

- Declining hydrocarbon revenue
- Currency weakness
- Negative image abroad and lack of infrastructure
- Development assistance remains significantly below LDC averages.

### Education - LM mismatch

- Focus on quantity not quality
- Focus on “hardware” not “software”
- Education output largely deinked from the needs of the economy,

## Risks of youth unemployment

### For Youth

- Personal tragedy – crushed aspirations
- Poverty and despair – especially for young families
- “Waithood” – marriage and housing
- Frustration and disillusion – potential source of conflict

### For Political Regimes

- Tunisia offers a warning - social grievances can quickly escalate to broader demands
- Unemployment can feed local political grievances

### Macro-economic responses

- high profile, emergency response measures
    - Public sector wage increases
    - tax cuts
    - subsidies
    - Social security expansion
  - \$US 110M cost
  - RoGY rationale:
  - Immediate measures to placate protestors
- Challenges:
- May serve immediate needs but can the State afford this in Skills the main barrier

### Labour Market responses - Graduates Unemployment Fund

- 180,000 unemployed students – how now become a top priority.
- Fund to create 50,000 jobs for graduates annually.
- RoGY rationale:
- Targeted measures to address most vocal protestors
- Challenges:
- Where will the jobs come from?
- Target cohort to most difficult to employ

### Labour market policies - GCC Labour Migration

- Policy initiative launched in 2009

#### RoGY rationale:

- Pressure release valve
- Remittances and skills repatriation to fuel domestic growth

#### GCC rationale:

- Vested interest in preventing instability in Yemen
- Domestic political considerations

#### Challenges:

- Resistance to brain drain
- Security Concerns from GCC
- Skills the main barrier

### Labour market policies - Micro enterprise

- Micro-enterprise in adopted in 2008 as key mechanism to address poverty and unemployment in Yemen.

- The Government of Yemen backing the capacity building and growth of the microfinance sector in Yemen.

#### RoGY rationale:

- Microfinance recognised as key job creator
- Micro and small business can drive local economic development

#### Challenges:

- Weak lending culture, limited outreach, weak macro-economic situation



- You can't "rob Peter to pay Paul"
- Short-term solutions can build long-term resentment
- Emergency employment packages rarely work unless they are structured effectively
- Don't ignore the small businesses
- GCC or bust
- It's not 'how much' but 'how'
- "Plugging cables" creates immediate impacts
- PPPs offer recipes for success.

## Silatech supported initiatives in Yemen

### RoYG – Silatech Construction Skills GGC Training Initiative

- PPP between the Government, Silatech and the private sector
- Focus training, qualifications and placement services for Yemeni workers in GCC construction projects
- Yemen Gov budgetary support and infrastructure provision
- Private sector endorsement of quals and investment into ethical manpower solutions
- 1,000 people qualified, and scaling now to train and place up to 20,000 Yemenis a year.

### Silatech Micro-Enterprise Solution

- Solution to support the growth of youth run-businesses
- integrated partnership with microfinance institutions, entrepreneurship education & business support service providers
- Over 8,500 businesses including 800 start-ups now supported
- Employment impact of more than 15,000 jobs.
- 50,000 businesses support by 2013,