Arab Youth Unemployment: Roots, Risks and Responses

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Youth Unemployment in Syria: An Overview

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Overview of the Syrian Context

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

- Progress made in improving the business environment, but 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.
Trends in Youth Unemployment Rates

• MENA youth unemployment rates (24%) highest in world.
• Downward trend slowed in wake of global economic crisis.
• In Syria, rates lower than regional, but higher than World ave. and trending downward from 26% in 2002 to 17% in 2009.
Unemployment Rates by Year of Expected Educational Level Completion, 2007

- First 5 years after 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.
School-Work Transition in Syria (2007)

- Young men: 94% active, rising to 98% by age 28.
- Young women: 52% active, falling to 20% by age 29.
- URs peak for both at age 21. Men: 10% / Women: 38%.
Working-age pop increase 4% /year, employment <1%. Reasons:

- Fall in agriculture employment, especially for women (structural);
- Increase in retirement, including early retirement (transient);
- A doubling of secondary and tertiary enrollment (transient).
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.
• Average returns to education is around 3%; lower than MENA average of 6% and worldwide average of 10-15%.
The main difficulty in finding a job is lack of or unsuitable education, followed by the work requirements of available jobs. Lack of networks or job opportunities comes third.
**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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Male 2001-02</th>
<th>Female 2001-02</th>
<th>Male 2006-07</th>
<th>Female 2006-07</th>
<th>% Change 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary or Less</td>
<td>26.3</td>
<td>43.3</td>
<td>28.2</td>
<td>42.7</td>
<td>51%</td>
</tr>
<tr>
<td>Preparatory</td>
<td>40.6</td>
<td>41.9</td>
<td>42.7</td>
<td>24.7</td>
<td>-65%</td>
</tr>
<tr>
<td>Secondary</td>
<td>43.5</td>
<td>43.5</td>
<td>46.9</td>
<td>35.4</td>
<td>5%</td>
</tr>
<tr>
<td>Int. Institute</td>
<td>54.3</td>
<td>46.0</td>
<td>65.0</td>
<td>37.2</td>
<td>70%</td>
</tr>
<tr>
<td>University +</td>
<td>61.9</td>
<td>66.8</td>
<td>85.0</td>
<td>63.6</td>
<td>59%</td>
</tr>
</tbody>
</table>

Total: 42.1 43.5 65.0 34.7 59% 50% 91% 41%
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!