



Unlocking the potential of people in MENA

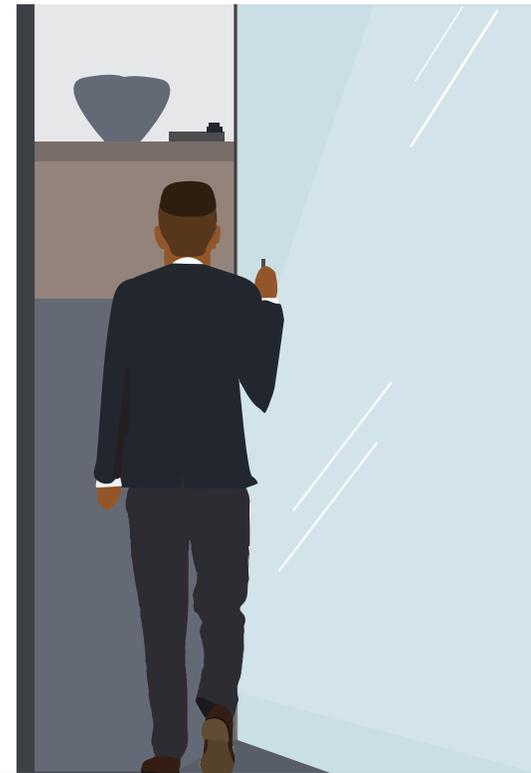
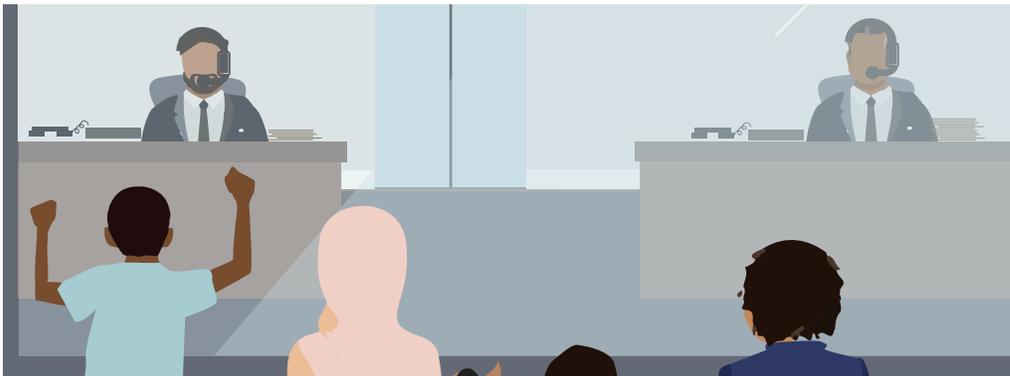


70%

think governments are not doing enough to create employment opportunities

35%

of Arab youth regard unemployment as the biggest obstacle in the Middle East



FACTS

No.1 A young and growing population has been left on the sidelines

No.2 Women and youth have few opportunities to find work

No.3 MENA is not creating enough high quality jobs

No.4 Private sector firms are too few and too small

No.5 Private firms have limited opportunities

3

A dynamic private sector

2

Well-functioning labor markets

1

A level regulatory playing field for all firms

3 POLICIES



TO TURN THE SITUATION AROUND

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* Based on data compiled by the International Labour Office, the World Bank, the World Economic Forum, and the International Monetary Fund. Survey results are from the Arab Barometer Survey and the ASDA/A Burson-Marsteller Arab Youth Survey.

FACT No. 1

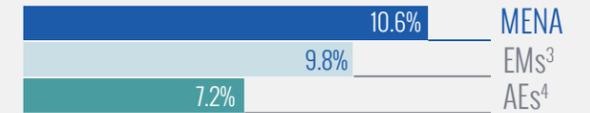
A young and growing population has been left on the sidelines



MENA¹ is the world's **2nd youngest** region

60%
of the population
under the age of 30

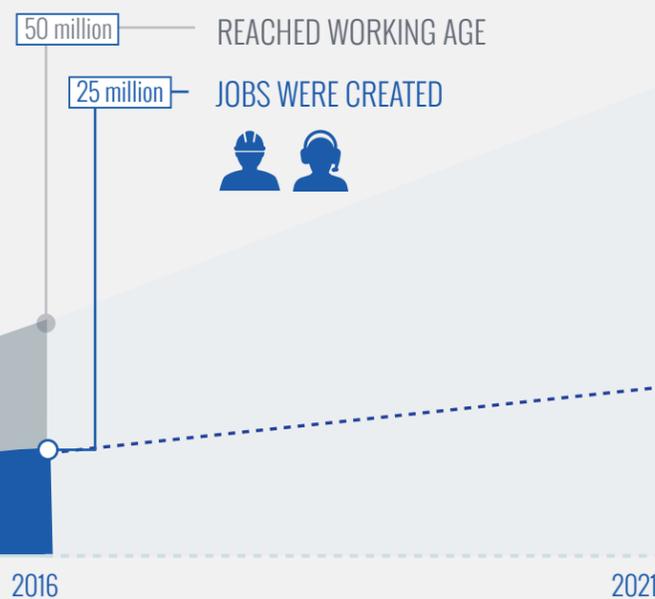
Total Unemployment Rate, 2016



The **unemployment rate** of **10.6%** is far higher than other regions

In the next 5 years over **52 million new** people will be of working age...

...over **27 million** will seek jobs²



Employment rates are low

Total Employment to Population Ratio, 2016 (Men and Women with Jobs/Total Population Age 15+)

MENA 48.5% EMs 55.8%



¹ Groupings and Abbreviations: MENA refers to the Middle East, North Africa, Afghanistan, and Pakistan

² ILO estimates, with unchanged participation rates

³ Emerging Markets
⁴ Advanced Economies

FACT No. 2

Women and youth have few opportunities to find work



Women are nearly **3x less** likely than men to seek work



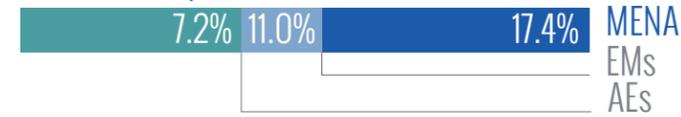
Young people are **3x more** likely to be **unemployed** than adults



— 24.6% MENA
— 22.3% EMs
— 16.2% AEs

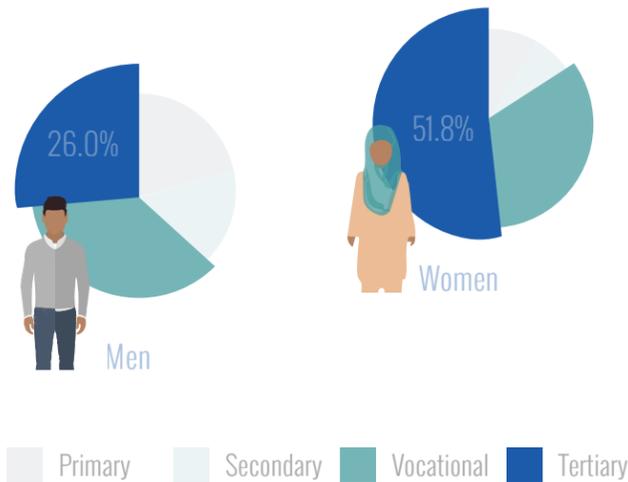
⁵ Based on five MENA emerging economies

Female Unemployment Rate, 2016



And when they do look, women are nearly 2x as likely to not get a job

Level of Education of Unemployed Youth⁵



Unemployment affects youth irrespective of their educational attainment

FACT No. 3

MENA is not creating enough high quality jobs

A large share of people rely on informal work, especially in rural areas

Rural **72%**



Based on seven MENA countries where estimates are available

INFORMALITY RATES



Urban **60%**



Many jobs are low paid
22% of MENA workers make **< \$3.10** PPP⁶ adjusted per day



Percent of Workers that make less than \$3.10 PPP adjusted per day

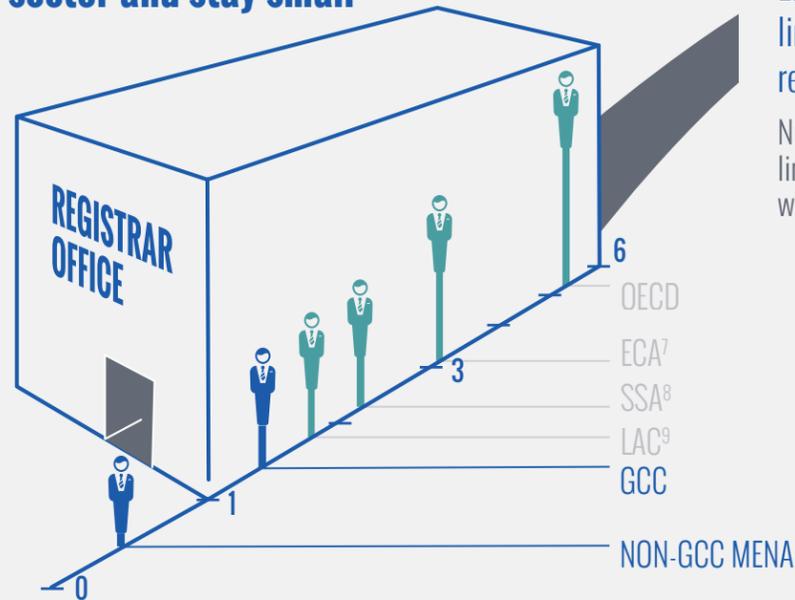


⁶ Purchasing Power Parity

FACT No. 4

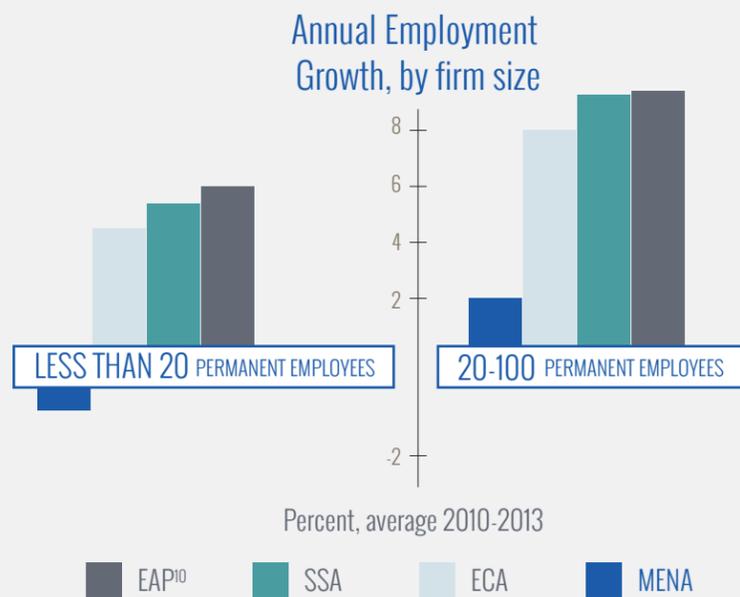
Private sector firms are too few and too small

Firms face barriers to entry to the formal sector and stay small



Entry density of formal sector limited-liability firms across regions and countries, 2010-2012
Number of newly registered limited liability firms per 1,000 working-age people

MENA small and medium-sized firms do not create enough jobs



FACT No. 5

FACT No. 5

Private firms have limited opportunities



Loans to SMEs amounted to **2% of GDP**, the lowest concentration in the world

Latin America and the Caribbean +11%



Investment in the region has declined

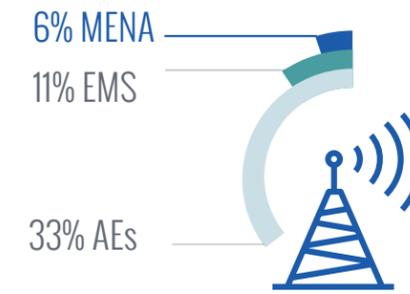
MENA: **-53%**

Change in foreign direct investment inflows, 2010-2015

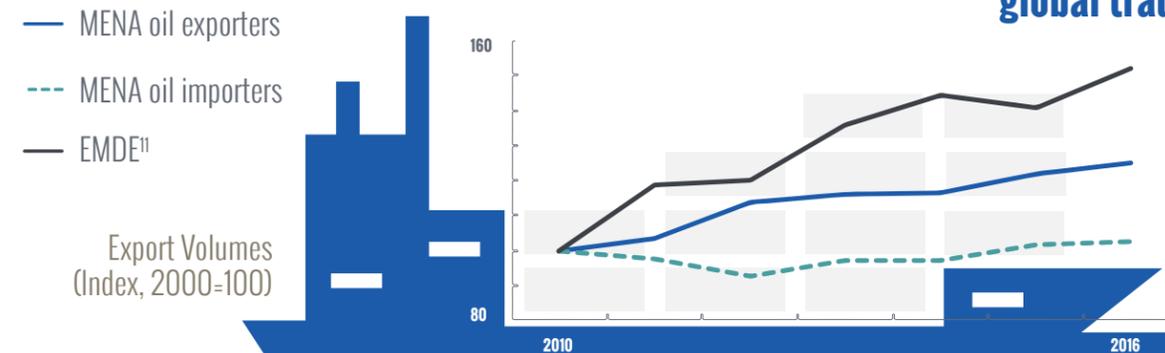
Sub-Saharan Africa +76%

MENA has not been riding the technological wave

Only **6%** of the population has access to broadband



The region could benefit from greater integration into global trade



¹¹ Emerging Markets and Developing Economies

⁷ Europe and Central Asia
⁸ Sub Sahara Africa
⁹ Latin America and the Caribbean
¹⁰ East Asia and Pacific

Turning this situation around

requires a comprehensive approach to job creation that is...

...anchored around three pillars...

A level regulatory playing field for all firms

- Improve the business climate to boost productivity growth
- Improve access to finance and venture capital especially for small and medium sized firms
- Reduce red tape and enhance fair enforcement of regulations

Well-functioning labor markets

- Provide more relevant education to prepare workers for private sector jobs
- Use targeted and well-designed programs to facilitate job search
- Protect workers not jobs

A dynamic private sector

- Attract foreign private sector investment
- Develop policies to enhance gains from trade
- Foster innovation and use of technology

...and grounded in good governance and macroeconomic stability

WITH REFORMS

More opportunities...



Moving 1 point up on the global competitiveness index would...

increase productivity growth by **+1.4 percentage points**



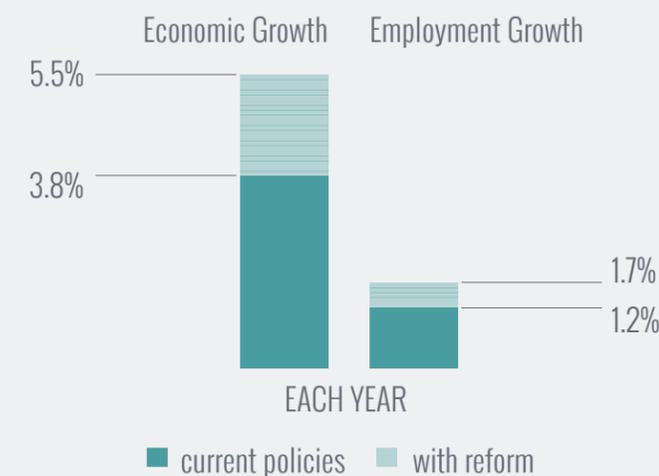
Countries that become more open to trade, by as much as the best reformer in the region could add...

+1 percentage point to their projected 2018-22 GDP growth



Increasing economic growth by **1.7 percentage points** would help create jobs and lower unemployment yielding...

an average of **+0.5 percentage points** of employment growth per year and the unemployment rate would be **6 percentage points lower by 2030¹²**



...better results for all

¹² Corresponding to a rate of 8 percent compared to a projected 14 percent under current conditions.

