



International Labour Office



# Challenges in the Arab World: An ILO response

Creating decent work opportunities  
in the Middle East and North Africa

## Executive Summary



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### EXECUTIVE SUMMARY

The popular uprisings in Arab countries have many common causes. Structural impediments to equitable growth and social justice have exacerbated poverty, unemployment, inequality, and exclusion, themselves the results of a long-term deficit of democratic governance, essential freedoms and social dialogue.

**Social justice and decent work** are central to the demands of the current wave of popular movements, and the ILO is ideally situated within the UN system to support Arab countries and place decent work and employment at the core of socio-economic policies and strategies. This ILO strategy responds to the immediate challenges while addressing the structural issues that require medium to long-term responses. It entails policy and downstream support to re-examine structural aspects of unemployment, low productivity and limited access to decent work opportunities and social protection, as well as respect for rights at work. It focuses on labour market challenges and decent work deficits, and presents an integrated response strategy based on the ILO's comparative advantages and potential areas for technical cooperation.

In all countries covered by this strategy, there are major local disparities in the degrees of **poverty** within individual countries. The significant progress made at the national level by many countries in the Middle East and North Africa (MENA) towards MDG 1 masks severe disparities at the local level. Lack of infrastructure, limited access to services and education, and unequal access to information technologies are some of the causes of such inequality within countries. The disadvantaged countries are caught in a vicious cycle: their situation hinders improvements in productivity and output, leaving no room for income increases, thus exacerbating their weakness.. More generally, the region also faces problems in such areas as trade, migration, and climate change patterns which affect all MENA countries.

**Unemployment** is central to the crisis. Recent economic growth in the countries concerned has either not created enough jobs to absorb the new labour market entrants, or has fostered only low quality jobs, some of which have been taken by migrant labour. **Labour market challenges** in the region are structural rather than cyclical, and in particular the youth employment challenge persists: there is no comprehensive approach to integrating young women and men into the labour market, nor are efforts in this regard normally linked to any national job-centred economic framework, and there is limited policy coordination and coherence between the main government bodies, national stakeholders and international agencies.

The main Decent Work deficits include –

- Low employment-to-population ratios and high unemployment rates, especially for **young people and women** and across all levels of education: The employment-to-population ratio for North Africa and the Middle East stood at 46.6 and 45.4 per cent respectively in 2010 (compared to a world average of 61.1 per cent). This means that out of 100 people that could work, not even half of them do. Levels of unemployment stood at 9.8 per cent in North Africa and 10.1 per cent in the Middle East in 2010, with high figures especially for women (15.0 and 17.0 per cent in North Africa and the Middle East respectively, compared to a world average of 6.5 per cent). Unemployment among Arab youth is the highest in the world (23.6 per cent in North Africa and 25.1 per cent in the Middle East, compared to a world average of 12.6 per cent). Young people's risk of unemployment is four times higher than that for adults; in Egypt this figure is six times bigger. Significant levels of **under-employment and poverty** persist: the absence of employment opportunities in the formal sector and underemployment often push individuals into the informal economy, which is large. The lack of high-quality jobs means that more than four out of ten people working in the MENA countries in 2009 had a **vulnerable** job, working either as own-account workers or as unpaid contributing family workers, and in all countries the share is considerably higher for women than for men –the MENA countries were alone in the past decade in witnessing an increase in women's agricultural employment, mainly as vulnerable workers. Some 70% and 60% of young working men and women in several countries are not covered by an employment contract.
- **Public employment services** are chronically understaffed and do not have the means or the expertise to provide good services. The absence of a regulated framework for **private employment agencies** is also a problem.

- Lack of a conducive environment for the growth of **micro, small and medium-sized enterprises**, the result of a weak entrepreneurship culture and insufficient knowledge of how to start and run a business, and of an environment that does not encourage business start-ups.
- Unregulated **migration**: many migrants end up with poor quality jobs, no social protection and no respect for their rights. This is the result of poor migration policies and insufficient or defective migration management systems.
- The increase in **productivity levels** has been minimal in recent years in the MENA countries, since most of the jobs created have been low productivity jobs in the informal sector, and increases in productivity in MENA countries are usually capital-intensive, despite achievements in **education**. There are large differences in the **quality of education** in the countries covered in the strategy. Schools, universities, and **vocational education and training** institutions are turning out graduates lacking the skills that are needed in competitive labour markets. Diplomas are often not recognized internationally. The percentage of young people who are both out of school and out of work is higher in Arab countries than in any other developing region (60 per cent).
- Arab countries have established pension schemes and the related institutions in recent decades, but few have developed a coherent national **social security** policy encompassing social insurance and non-contributory transfers and services. An effective **social protection floor** is lacking.
- Weaknesses in **social dialogue** are a manifestation of broader weaknesses in governance, respect for the rule of law, and development of a space and role for civil society. Key actors are largely unable to play effective roles in social dialogue institutions or processes. Organizations of employers and workers remain weak, and the role of the State in promoting and participating in social dialogue is relatively little understood. Functioning national institutions for social dialogue are few.
- There are problems with **labour standards** in all MENA countries. All the Maghreb countries have ratified ILO Conventions Nos. 87 & 98, except for Morocco, which has not yet ratified Convention No. 87,<sup>1</sup> but problems with several fundamental Conventions are widespread in many MENA countries.

### **ILO response**

The ILO response is focused on **promoting employment opportunities** through the increased use of local resources, labour-intensive investment and environmental protection-related jobs, enhancing the capacity of countries to reduce **vulnerability**, and building on the existing coping strategies of social and employment safety networks to ensure implementation of the concept of a wider social protection floor. Another challenge is to **strengthen and broaden social dialogue** to ensure a democratic transformation process in the subregion; and to **strengthen the rule of law**, since the strategy is rights-based, taking international labour standards and their promotion as benchmarks and aiming to use them to guide development.

ILO programmes to promote youth employment are expanding in many MENA countries, working with ILO constituents on a multi-faceted approach to improve school-to-work transition, active labour market policies and entrepreneurship promotion. The ILO is engaged in restructuring labour market governance and institutions, supporting the emergence of democratic trade unions and employers' organizations.

The ILO response is guided by the 2008 ILO **Declaration on Social Justice for Fair Globalization**, and includes a number of **cross-cutting considerations**; the re-orientation of **capacity-building** initiatives to focus on supporting the transition to pluralism and democracy, in particular with regard to labour market governance, revitalizing the involvement of the social partners and social dialogue and the strengthening of civil society; promoting aspects of a **social economy** approach; **gender equality**; and the elimination of **child labour**.

Support for the **private sector** is a major concern, with emphasis placed on the promotion of a conducive enterprise environment and assistance to the development of micro and small enterprises.

The ILO is seeking additional funding for specific proposals in Algeria, Bahrain, Egypt, Jordan, Morocco, Oman, Tunisia, and the Syrian Arab Republic.

<sup>1</sup> C87: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); C98: Right to Organise and Collective Bargaining Convention, 1949 (No. 98).

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The largest proposals concern decent jobs for young people; employment-intensive investment in capacity building and pilot programmes; employment-intensive public works; promoting inclusive and equitable social dialogue for consensus-building in Arab States; and strengthening workers' organizations.

The successful implementation of these proposals will do much to provide the key elements of improved governance that will lay the foundations for sustainable economic recovery and enable democratic procedures to guide national development.