EXECUTIVE SUMMARY

The twin challenges of child labour and youth employment in the Arab States

Overcoming the twin challenges of child labour and youth marginalisation is critical for realising the ILO Decent for social and economic development more generally. The International Labour Organization (ILO) estimates still some 144 million children aged 5-14 years at work worldwide in 2012, accounting for around 12 per cent this age group. At the same time, also according to ILO estimates, of the 1.1 billion young people aged 15 to 24 in 2005, one out of three was either seeking but unable to find work, or had given up the job search entirely, or living on less than US\$2 a day. The effects of child labour and youth unemployment are well-documented: both vulnerability and societal marginalisation, and both can permanently impair productive potential and therefore patterns of employment and pay.

The issues of child labour and youth marginalisation are closely linked, pointing to the need for common policy addressing them. Youth employment outcomes are typically worst for former child labourers and other early

groups with the least opportunity to accumulate the human capital needed for gainful employment. Indeed, today's jobless or inadequately employed youth are often yesterday's child labourers. The link between child labour and labour market outcomes can also operate in the other direction: the poor labour market prospects of youth can reduce the incentive of households to invest in education earlier in the lifecycle. The child and youth populations also overlap - young persons above the minimum age of employment but below the age of majority are still legally children and therefore need to be protected from child labour.

This Report examines the related issues of child labour and youth marginalisation in the Arab States. It focuses in particular on the non-rich countries and territories covered by the ILO Regional Office for Arab States (i.e., Lebanon, Jordan, Iraq, Yemen and the Occupied Palestinian Territory). All are conflict or conflict-affected societies where concerns relating to the well-being of children and youth are acute and where better information to inform policy is needed. All are also societies that have been affected directly and indirectly by the popular movements known collectively as the Arab uprisings, and by the calls for social justice and decent work that are at the roots of these movements. The situation of children and youth in Syria since the outbreak of the war is beyond the scope of the current Report. Clearly, however, the massive disruptions and dislocations associated with the on-going political violence in the country have had a devastating impact on the country's children and youth, and measures to mitigate this impact are urgently needed.

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Child labour

Child labour, while not high relative to the global average, remains an important policy concern in the Arab States. Yemen, by far the poorest of the Arab countries, also stands out as having the highest level of child labour, both in relative and absolute terms. Almost 14 per cent of Yemeni children in the 5-14 years age range, 835,000 children in absolute terms, are in employment, a widely-used proxy for child labour. At the other end of the spectrum lies Jordan, where less than 1 per cent of children in this age range (11,000 in absolute terms) are in employment. In between lie Iraq and Lebanon (Palestinians), where 5 per cent and 7 per cent, respectively, of 5-14 year-olds are in employment. The share of male children in employment exceeds that of female children, pointing to the importance of gender-related considerations in household decisions concerning children's work. Children's employment is also much higher in rural compared to urban locations, with clear implications for the design and targeting of interventions addressing the problem.

Information on the various characteristics of children's work is necessary for understanding children's workplace realities and their role in the labour force. Children are concentrated in the agricultural sector in Yemen and Iraq while in Jordan both the agriculture and commerce sectors are important. The predominance of agriculture is a particular concern in light of the fact that the ILO has identified this sector as one of the three most dangerous in which to work at any age, along with construction and mining. Children working in agriculture can face a variety of serious hazards, including operation of dangerous equipment, pesticide exposure and excessive physical exertion. In Yemen, the relatively high share of (especially female) children in domestic service is also worth noting, as this is a form of work that is hidden from public view and can leave children especially vulnerable to exploitation and abuse.

Many Arab child labourers must log very long working hours each week, increasing their exposure to workplace hazards and reducing their time for other activities. Jordan in particular stands out in this regard. While only a small share of Jordanian children work in employment, those that do work do so for over 32 hours per week. Average working hours are also long in Yemen, where children put in over 20 hours per week on average. In interpreting these figures on working hours, it is also worth recalling that many children in employment also spend a non-negligible amount of time each week performing household chores, adding to the overall time burden posed by work.

Another important concern is the adverse impact of child labour on Arab children's education and therefore on their future prospects. Children in employment are much less likely to attend school than their non-working peers, underscoring the barrier that child labour poses to the goals of universal primary enrolment and Education For All. The attendance gap between working and non-working children is largest in Jordan at 28 percentage points, followed by Iraq (22 percentage points), Lebanon (Palestinians) (19 percentage points) and Yemen (18 percentage points). Data are not available on the regularity of school attendance, i.e. the frequency with which children are absent from or late for class, but this is also likely to be adversely affected by involvement in employment.



But most working children do in fact attend school, so a key question is how work affects their school performance. Data on average grade-for-age show that children in employment lag behind their non-working counterparts in terms of grade progression in all four localities. The largest difference in grade-for-age is in Iraq, where working children are almost a full grade behind other children. While the difference in grade-for-age is likely in large part to be a reflection of higher repetition arising from poorer performance, information on learning achievement scores is needed to obtain a more complete picture of the impact of work on children's ability to benefit from their time in the classroom. Nonetheless, it stands to reason that the exigencies of work limit the time and energy children have for their studies, in turn negatively impacting upon their academic performance.

A substantial share of 7-14 year-olds are out of school in the Arab States, many of whom work in employment. Out of school children are a particular concern in Yemen and Iraq, where 21 per cent and 14 per cent, respectively, of all children in the 7-14 years age range do not attend school. In both countries, girls are much more likely than boys to be denied schooling. Many of these children are educationally poor, i.e., lacking four years of education, and in need of second chance learning opportunities.

Youth employment outcomes

Although data on youth in the Arab States are incomplete – itself an issue that requires addressing – the partial picture of youth employment outcomes that emerges from a review of the available evidence is one of significant challenges.

The youth unemployment rate in the region is the highest in the world. Over 28 per cent of all economically active 15-24 year-olds in the region are unable to find jobs. This compares with 23 per cent in the next poorest-performing region, North Africa, and with the global youth unemployment rate of 13 per cent. Youth job prospects appear especially bleak in Yemen, the Occupied Palestinian Territories, Iraq and Jordan, where around one in three youth who are actively looking for a job are unable to find one. Unemployment affects over one in four active youth in Saudi Arabia and Bahrain and around one in five in Oman and Syria. Unemployment rates are somewhat lower in the oil-exporting economies of the United Arab Emirates and Kuwait (11 per cent and 9 per cent, respectively) and much lower in the oil-exporting economy of Qatar (2 per cent).

The youth unemployment rate in the Arab States differs dramatically by sex. The rate for female youth (42 per cent) is almost twice that of male youth (24 per cent), underscoring the special challenges faced by young women in the Arab States in finding a place in the labour market. Globally, by comparison, the youth unemployment rates for males (12.4 per cent) and females (12.8 per cent) differ only marginally. High female unemployment is in part a reflection of a broader labour market segmentation that places limits on both the educational and career options available to Arab female youth.

Another important way of contextualising the youth unemployment rate is by comparing it with that of adult workers. This comparison shows that the youth unemployment rate in the region is 3.8 times higher than the rate for adults (i.e., those aged 25 years or older), suggesting that youth face unique barriers to finding jobs, above and beyond general labour market forces faced by youth and adult workers alike. This discussion argues for special policies specifically targeting the unique employment challenges confronting youth.

A striking feature of the high youth unemployment rate in the Arab States is that it occurs against a backdrop of very low labour force participation, particularly among females. In other words, a large share of active youth are unable to find jobs despite the fact that the overall number of active youth is relatively limited. Only 30 per cent of 15-24 year-olds in the Arab states are economically active, lowest of the world's regions and much lower than the world average of almost 49 per cent. This low rate is driven primarily by female youth, of whom just 13 per cent are economically active, again lowest of the world's regions and a full 27 percentage points lower than the global rate for female youth labour force participation of 41 per cent.

Data on unemployment duration are unfortunately limited in the Arab region. However, evidence from the three countries where such data are available (i.e., Iraq, Jordan and Yemen) indicate that a substantial share of unemployed youth have been in this state for a prolonged period. Almost one-half of unemployed Iraqi youth, one-third of unemployed Jordanian youth and over one-fifth of unemployed Yemeni youth have been looking for a job for at least one year. It is also worth noting that these figures do not include discouraged youth who have given up actively seeking work. The figures also do not reflect youth who are too poor to be able to "afford" prolonged unemployment, and therefore must accept any job in order to survive, regardless of the pay and conditions associated with it.

The share of Arab youth who are both inactive and out of education is substantial. Around one-third of youth in Iraq and Yemen, 22 per cent in Jordan and 18 per cent in OPT fall into this group. In all four locations, the share of female youth who are inactive and out of education is much higher than that of male youth. The difference by sex is in large part a reflection of the different socio-cultural paths followed by male and female youth upon leaving education: relatively more male youth enter the labour force to act as household breadwinners and relatively more female youth stay at home to undertake domestic responsibilities. Many Arab young people are inactive and out of education despite high levels of education. Almost two-thirds of those who are inactive and out of education in Jordan have at least secondary education. In OPT, the share is 39 per cent, in Yemen 17 per cent and in Iraq 13 per cent. These figures underscore the lost productive potential represented by the inactive and not in education group.

Labour force participation, unemployment and the other aggregate labour market indicators reported above provide only a partial picture of the employment challenges facing Arab youth. This is because the most vulnerable population segments simply cannot afford to be unemployed, and must accept work regardless of how difficult, hazardous, socially unacceptable or poorly paid. Therefore, indicators reflecting the conditions of employed youth are also critical to assessing their labour market outcomes.

Indicators of underemployment, employment formality and contractual status all suggest that the quality of youth jobs is an important policy concern:

- Around one in ten employed youth in Iraq and OPT are under-employed, i.e., have jobs that offer them fewer hours than they would like to or are willing to work, a phenomenon sometimes referred to as "hidden unemployment".
- Less than one-third of employed youth in Iraq and one-fifth of employed youth in Yemen enjoy jobs in the formal sector. In both countries, female youth are particularly disadvantaged in this regard. Formality is higher for Jordan youth, but even there two of every five youth must settle for more precarious jobs in the informal sector.
- Only one-fifth of employed Iraqi youth, and even lower shares of employed youth in OPT and Yemen, enjoy written contracts. The situation in this regard is much better in Jordan, where 59 per cent of all employed youth have a written contract. A written contract, in turn, is generally associated with more job stability and legal protections and access to non-wage benefits such as pensions and health care.

Comparisons with adult workers again provide a useful way of contextualising the employment conditions of young persons. Youth appear disadvantaged in terms of employment conditions in Iraq and Yemen. Youth in these countries are less likely to enjoy work in the tertiary sectors (and are more likely to be in low productivity agricultural employment), are less likely to be in wage employment and are less likely to be in formal sector employment. In Iraq, a lower share of employed youth (33)



per cent) than employed adults (73 per cent) enjoy jobs with written contracts and therefore also the greater security, protections and non-wage benefits that typically accompany such contracts. Jordanian youth and adults differ little in terms of their involvement in tertiary employment, but a much lower share of employed youth (59 per cent) than employed adults (73 per cent) enjoy jobs with written contracts.

Youth employment challenges are exacerbated by a lack of job-relevant skills. Over half of firms interviewed as part of the World Bank Enterprise Survey programme in Syria and Lebanon, one-third of firms interviewed in Jordan and Iraq and one-quarter of firms interviewed in Yemen pointed to inadequate skills levels and contents as a major constraint to growth. At the same time, the World Bank Enterprise Survey programme results indicate that few of the firms offer formal training to their workers. These results call into question the ability of educational and vocational training systems in the Arab region to equip young people with the knowledge and skills needed in the labour market. The results are also consistent with a broader literature highlighting the lack of meaningful participation of employers in skills development systems and the unrealistic expectation that trainees should be job-ready without investment by employers in their skills upgrading.

This feedback from firms may help explain why education is no guarantee against unemployment in the Arab States. Simple correlations of unemployment with educational attainment provide a similar pattern across the four countries where data for these indicators are available – unemployment increases with level of educational attainment. In two of the countries – Iraq and Jordan – this pattern is especially pronounced for female youth. The positive link between education and unemployment is partially the product of the fact that less-educated young people by definition begin their transition to work at an earlier age, and therefore have had a greater length of exposure to the labour market and more time to secure employment. To the extent that youth education is correlated with household income, better educated youth are also more able to afford spells of unemployment. But the positive link between unemployment and education levels may also be a further reflection of mismatches between the skills produced by the education system and those needed in the labour market, and of the need for recruitment systems that do not promote connected insiders at the expense of more competent outsiders.

More education is nonetheless clearly correlated with ultimately better employment outcomes. Again the data from the four countries where data are available paint a clear picture – less-educated youth are much more likely to work in the primary agriculture sector and much less likely to work in the tertiary services and commerce sectors, while for more-educated youth the opposite pattern prevails. Other indicators also point to a positive link between educational attainment and job quality. Formal sector employment is much higher for educated youth in the three countries where these data are available (i.e., Iraq, Yemen and Jordan). Youth with higher education also appear more likely to enjoy written contracts in Iraq and OPT. Finally, successive levels of educational attainment are associated with higher earnings for youth in wage employment in all three countries where earnings data are available (i.e., Yemen, Jordan and OPT).

Taken together, these results suggest that vulnerable youth with little or no education should be a particular focus of policy efforts. These youth are much more likely to be mired in informal and precarious forms of employment without written contracts and the benefits associated with them. They are also more poorly paid and more likely to be in the ranks of the working poor.

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