

Youth unemployment, existing policies and way
forward :
Evidence from Egypt and Tunisia

World Bank
Washington DC
April 2008

Education System

General Education and Technical Education;

- Educational Attainment rising (1998 – 2002):
 - Primary enrollment rate 73% -96% for Egypt (97% - 97.3% for Tunisia) and Secondary Enrollment rate 50% to 85% for Egypt (69%-76% for Tunisia)
 - Substantial progress on gender disparities at both primary and preparatory levels
- Focus has been on building schools, recruiting and training teachers, and enrolling even greater numbers in primary school
- YET:
 - Literacy levels remain relatively low in Egypt and high in Tunisia and quality related issues remain;
 - NEED to overhaul education system to meet the increasingly competitive market and realize the potential of large and growing youth population
- To FACE:
Frictional and Structural Unemployment

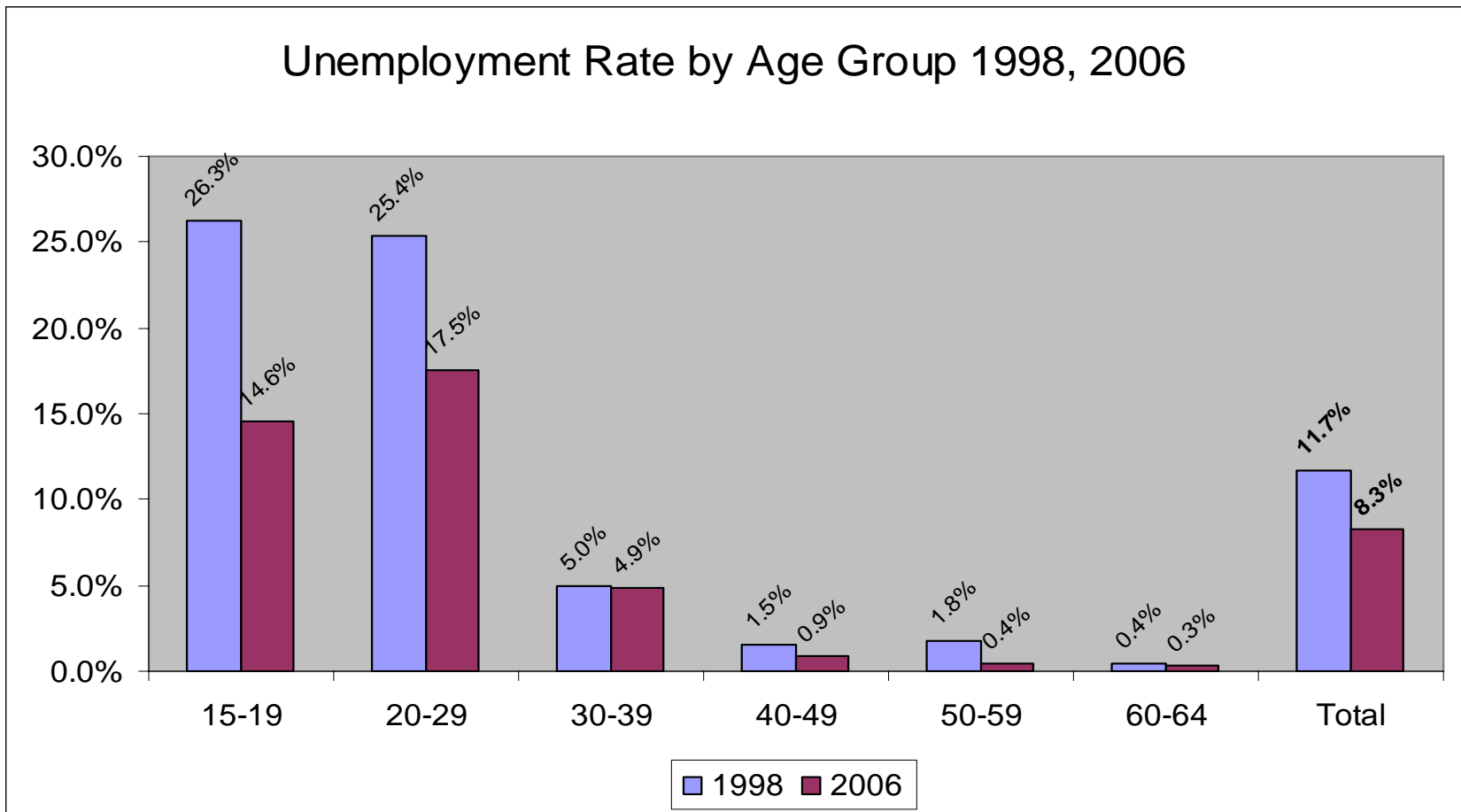
Education output and labor mismatch

- *40 years of policy to guarantee public jobs*
 - *Has generated a whole generation of youth with the wrong set of skills.*
 - *Degree seeking rather than skills seeking*
- *Now, the public job guarantee is no longer there (ceiling on hiring was imposed).*

Data Evidence: Egypt

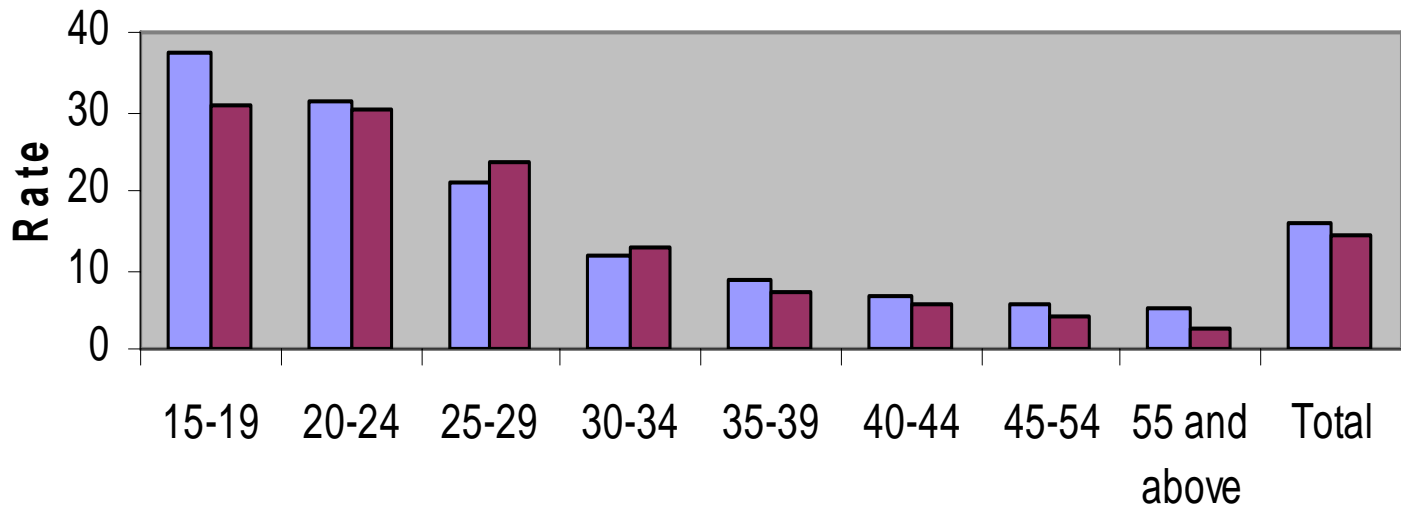
Unemployment Rate by Age Group 1998, 2006

Unemployment peaks at about age 20, then declines with age.



Tunisia

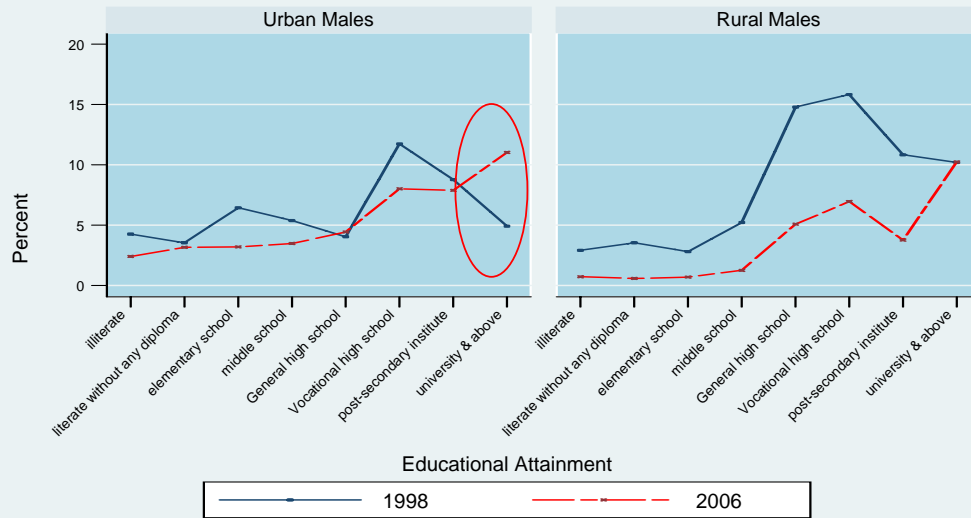
Unemployment rate by age groupe 1999, 2005



Age group

1999 2005

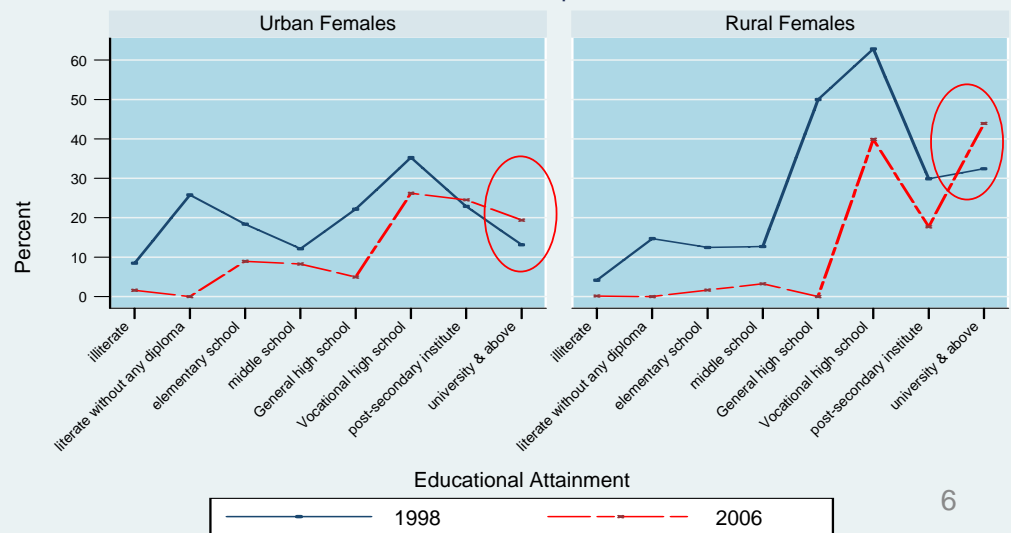
Male Unemployment Rates by Educational Attainment, Urban/Rural Location, Ages 15-64, Market Labor Force Definition, Search is Required, 1998-2006



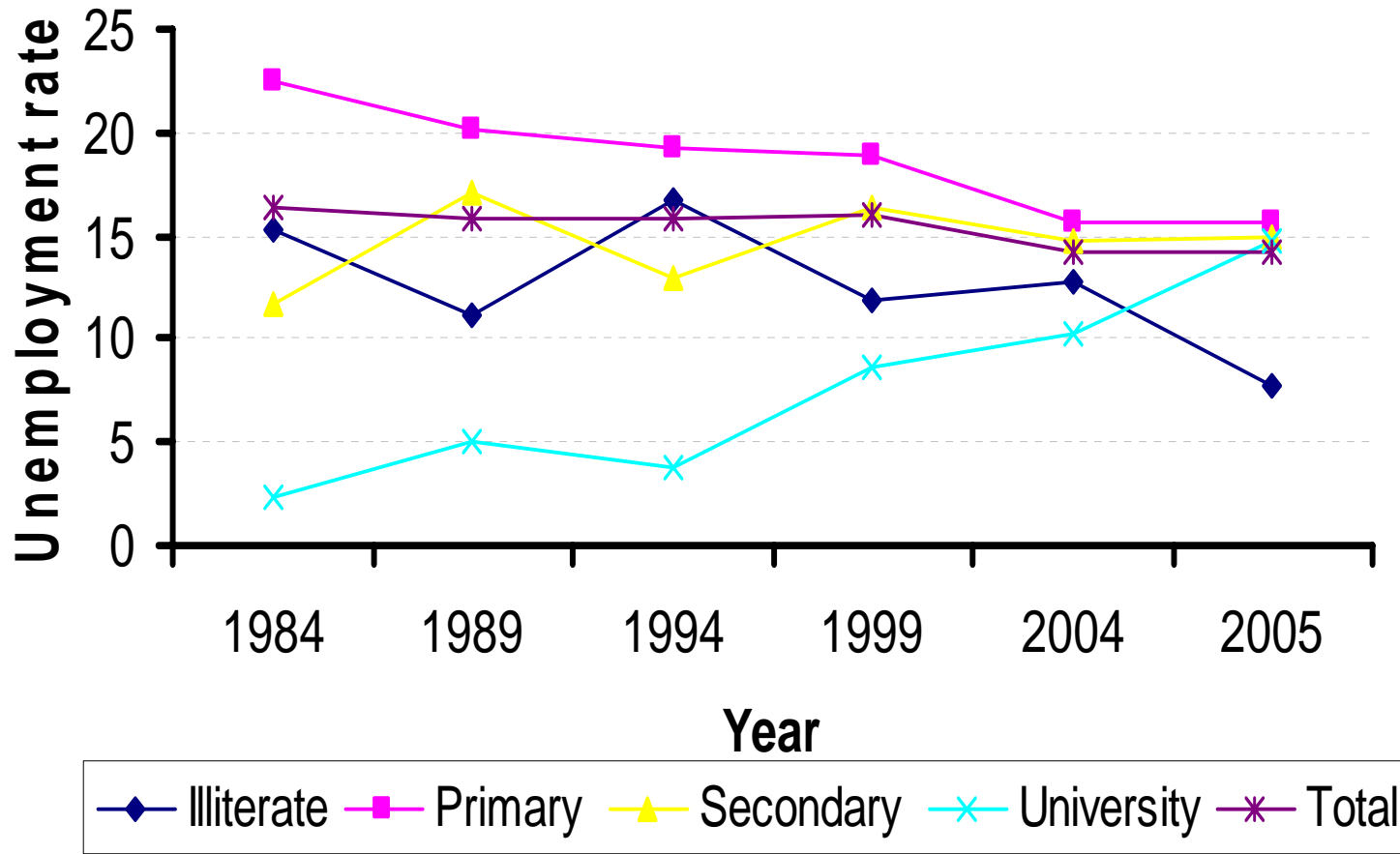
Unemployment in Egypt was highest among technical secondary graduates

Now it is highest among university graduates, who are the only group to have experienced an increase in unemployment

Female Unemployment Rates by Educational Attainment, Urban/Rural Location, Ages 15-64, Market Labor Force Definition, Search is Required, 1998-2006



Unemployment rate evolution by education level in Tunisia



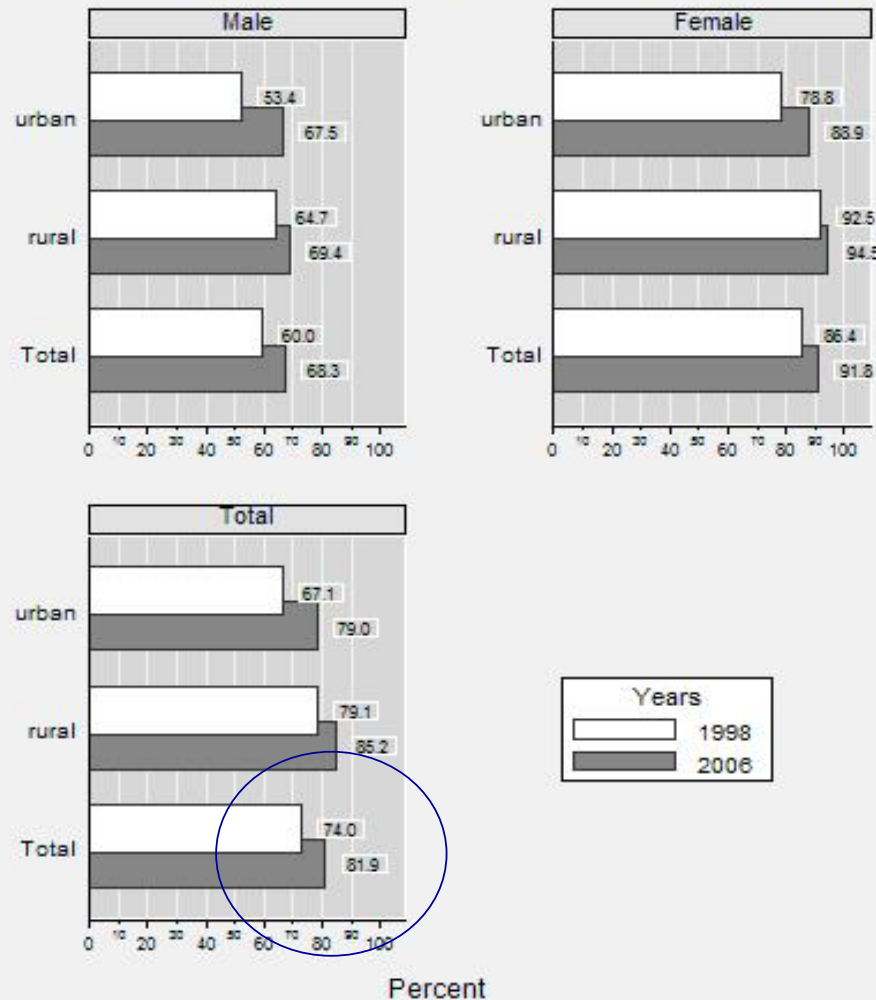
Proportion of New Entrants among the Unemployed

Proportion of new entrants among the unemployed has continued to climb

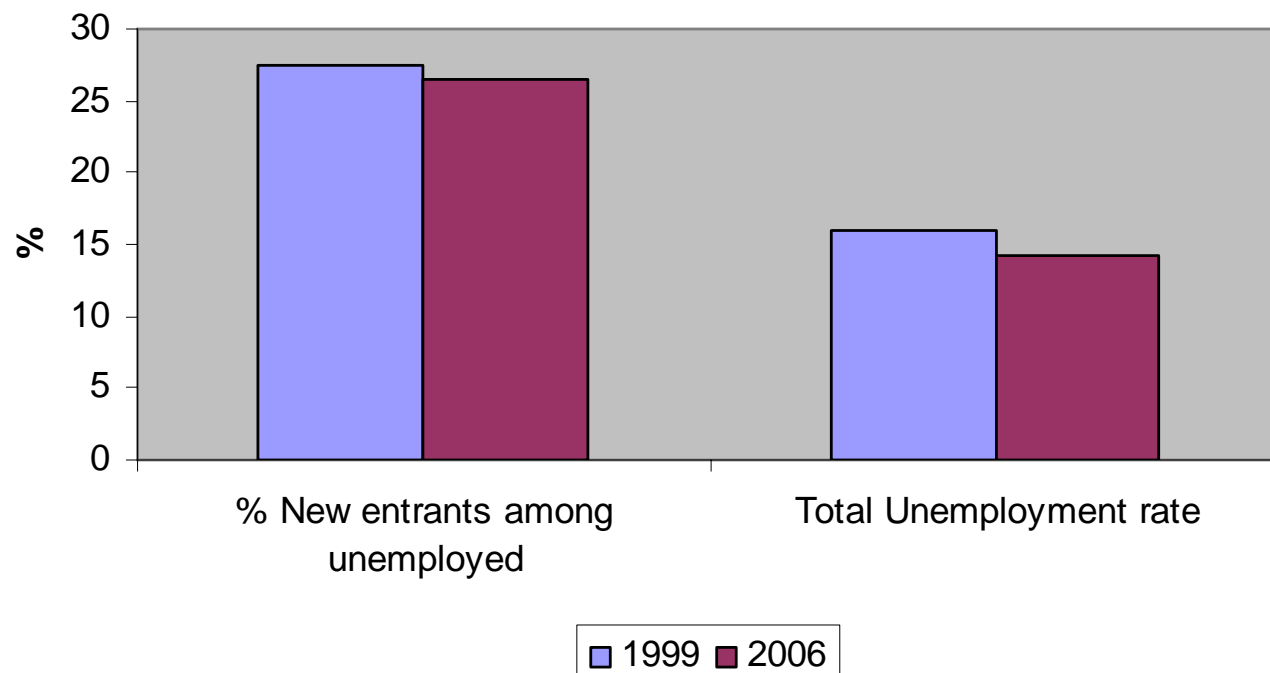
→ confirming that Unemployment in Egypt is essentially a problem of youth insertion in the labor market.

Proportion of new entrants is slightly higher in rural areas than in urban areas, but much higher among women than among men.

Proportion of New Entrants Among the Unemployed
by Gender and Urban/Rural Location, 1998-2006
Standard Unemployment Definition and Market Labor Force Definition



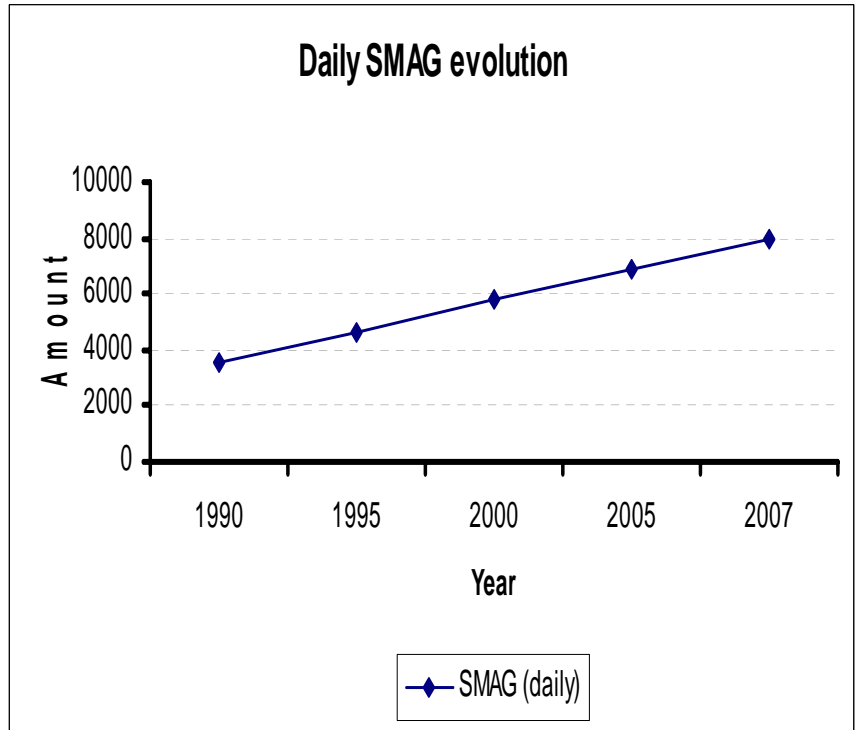
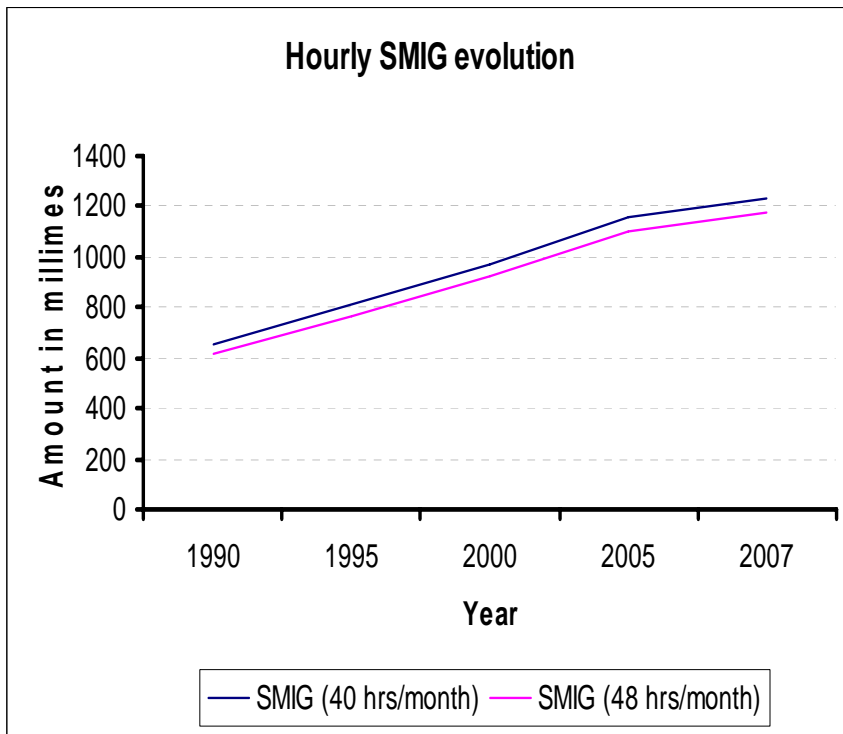
Proportion of new Entrants among total unemployed in Tunisia



Main Policy Measures Adopted to Stimulate Youth Employment in Egypt

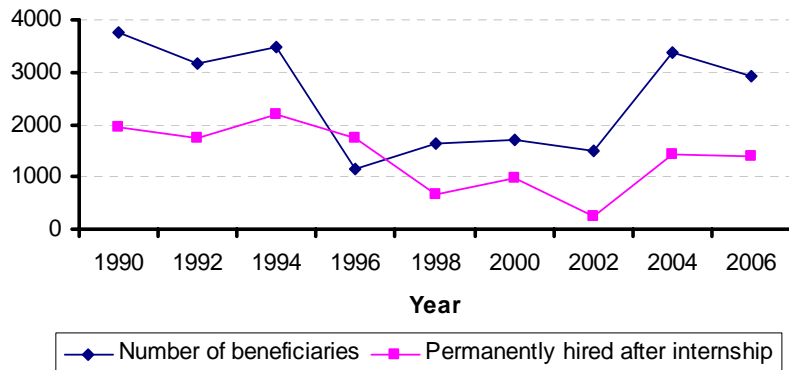
- Self-employment schemes (SMEs , microcredit, and Public works) to encourage youth employment - mixed results
- Minimum wage set too low – currently being revised
- Liberalization of labor Code to provide greater flexibility in hiring and firing (became effective in 2004) – not reflected in improved employment conditions (Reference Doing Business)
- Training:
 - Employability (e.g. dual education, youth employment initiative – mixed results/ no job matching, ITC/IMC campaign)
 - Skills Upgrading – not targeted towards youth as such

Main Policy Measures Adopted to Stimulate Youth Employment in Tunisia (Minimum wage)

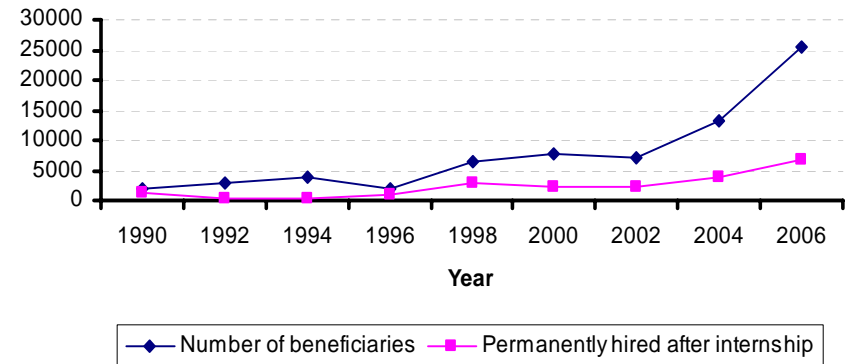


Main Policy Measures Adopted to Stimulate Youth Employment in Tunisia (Labor market program)

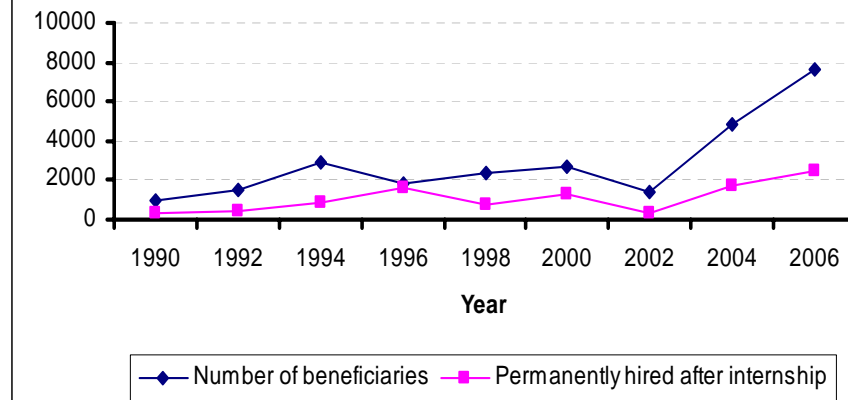
To what extent CEF program is working out ?

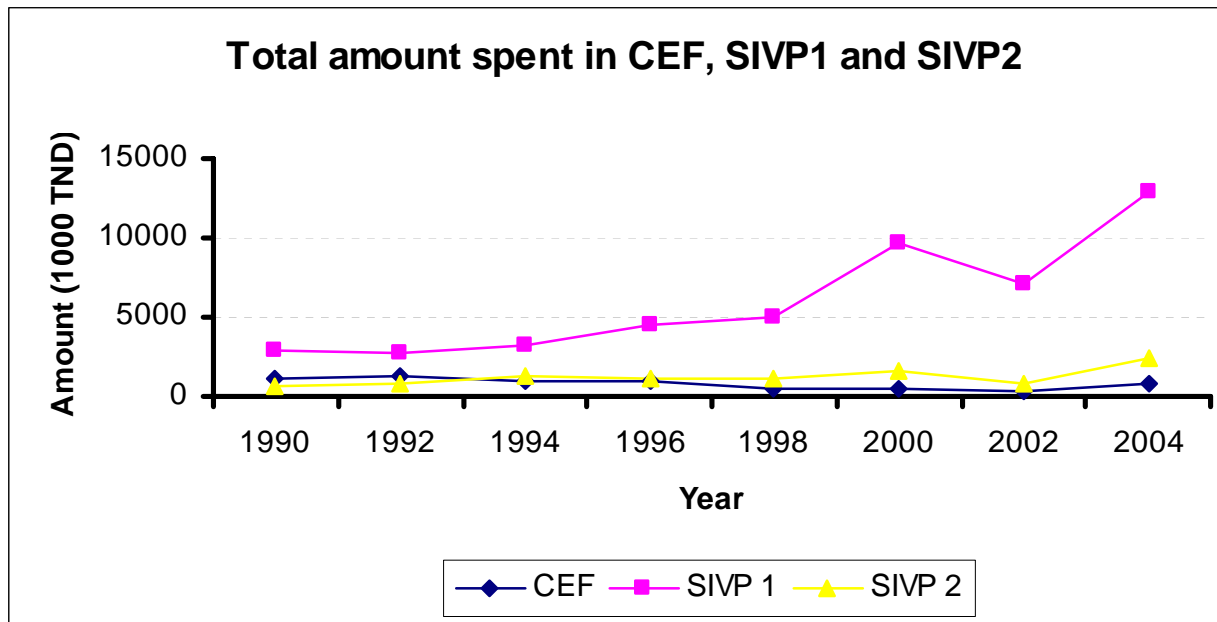


To what extent SIVP 1 program is working out ?



To what extent SIVP 2 program is working out ?





	SIVP 1	Without SIVP 1	SIVP 2	Without SIVP 2	CEF	Without CEF
% of hired people	44,5	36	36,5	28	37,5	23
Average wage	550	500	263	232	278	278

Source: l'Observatoire National de l'Emploi et des Qualifications, 2000

Way Forward

- Investment Climate and Business Environment;
- Labor Market Information System – enhance information symmetry
- Functional Training levy with substantial GOE support at start-up
- Integrated approach linking recruitment, training and placement of youth
- A necessary cultural transition: Reinforcing message that government is no longer employer of last resort
- Education reform: Restructuring education system away from credentialism to skill formation.

Final Message:

Adopt an integrated approach linking education, training, social protection, and investment climate improvement

Useful websites

- **Tunisia**

www.emploi.nat.tn

www.ins.nat.tn

www.info-emploi.tn/observatoire

Thank you !