

INTEGRATED SOCIAL POLICY

Labour Markets and Labour Market Policy in the ESCWA Region

Report IV



ESCWA

United Nations Economic and Social Commission for Western Asia

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ACKNOWLEDGMENTS

Decent and productive employment is the best way to fight poverty and integrate people into society. For most people, it provides independence, the possibility to develop their capacities, and the opportunity to contribute to the development of their family, community and society.

Employment generation has been at the centre of attention for most ESCWA member countries over the last decade and while this focus has produced some results, more needs to be done in order to satisfy the needs of a growing workforce, and in particular the aspirations of well-educated and ambitious young people.

This report reviews the employment situation in the ESCWA member countries as reflected in labour statistics, discusses some of the underlying policies employed by member countries, and looks at the predominant economic structures in the region and their relationship with employment. It is the result of intensive collaboration between ESCWA and a group of focal points in the member countries, who were actively engaged in data collection and review, and provided a wealth of comments and suggestions.

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Feedback from readers would be welcomed, and comments and suggestions may be sent to sps-escwa@un.org.

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LIST OF ABBREVIATIONS

ALO	Arab Labour Organization
CAPMAS	Central Agency for Public Mobilization and Statistics (Egypt)
CBS	Central Bureau of Statistics (Syrian Arab Republic)
DOS	Department of Statistics (Jordan)
EAPEP	Economically Active Population Estimates and Projections
ESCWA	Economic and Social Commission for Western Asia
EUS	Employment and Unemployment Survey
FDI	foreign direct investment
GCC	Gulf Cooperation Council
GDP	Gross domestic product
HRDF	Human Resource Development Fund
ILO	International Labour Organization
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification (Revision 3)
LFS	Labour force survey
MSEs	Micro and small-sized enterprises
MSMEs	Micro, small and medium-sized enterprises
OECD	Organisation for Economic Co-operation and Development
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
US\$	United States dollar

DEFINITION OF TERMS AND INDICATORS

Terms

Economically active/inactive population: See labour force.

Elasticity of employment to growth: The percentage change in employment in response to one per cent change in output.

Employment: Persons who during the reference period: (a) performed some work for wages or salary in cash or in kind; (b) had a formal attachment to their job, but were temporarily not at work during the reference period; (c) performed some work for profit or family gain in cash or in kind; or (d) were with an enterprise such as a business, farm or service, but were temporarily not at work during the reference period.

Gross domestic product: An aggregate measure of production, equal to the total value added of all goods and services produced in a country within a given year.

Factor accumulation: An increase in the quantity of a factor of production, for example, capital or labour.

Foreign direct investment: A long-term investment from abroad with potential for technology and know-how transfer.

Inactive population: These in the working-age population who are neither employed nor available and actively seeking work. These typically include the retired, students, housewives, discouraged workers and those who are incapable of working.

Informal sector: The collection of firms, workers and activities operating outside a regulatory framework.

Labour force (alternatively, the economically active population): All persons who fulfil the requirements for inclusion among the employed or the unemployed during a specified reference period.

Productivity: The production per worker calculated as the total added value of production in a sector over the total number of workers within the sector.

Underemployment: Employment in which individuals are working in jobs where their skills are not adequately utilized or the hours of work of an employed person are insufficient in relation to an alternative employment situation in that the person is willing and available to engage.

Unemployed: The unemployed comprise all persons aged 15-64 who during the reference period were: (a) without work, that is, were not in paid employment or self-employment during the reference period, (b) currently available for work, that is, were available for paid employment or self-employment during the reference period; and (c) seeking work, that is, had taken specific steps in a specified recent period to seek paid employment or self-employment.

Working-age population: Population aged 15-64.

Indicators

Employment Rate (in per cent): Share of employed in the labour force.

Labour Force Participation Rate (in per cent): Share of the labour force in the working-age population.

Unemployment Rate (in per cent): Share of unemployed in the labour force.

Source: Adapted from the Organisation for Economic Co-operation and Development Glossary of Statistical Terms.

EXECUTIVE SUMMARY

Whatever one thinks of as factors of growth and development, the human factor – human intelligence and creativity – is the most important source. Abundance of capital and natural resources certainly helps, but it still takes people to turn such resources into their most productive use. Markets do not automatically generate efficient allocation of resources. It is people who make investment decisions and find the most appropriate mix of resources for economic activity.

But why then do so many countries in the ESCWA region make such limited use of their human resources? Why do they send so many of their best and brightest people abroad? What is it that inhibits the productive employment of well-educated young people? What are the mechanisms that prevent economic growth from translating into more and better employment?

This report seeks to answer such questions by looking at the performance of labour markets in ESCWA member countries and the policies that have been applied by Governments over the years to improve them. In line with the mission of ESCWA to advocate for and support policy integration across different policy domains, the report embraces a comprehensive approach to labour market analysis, integrating statistical data collection with an exploration of changes in the regulatory environment and a brief review of economic policy. The study has adopted an interactive course by collecting most information directly from member countries and validating it through several rounds of reviews.

Chapter I presents an analysis of the statistical information collected from all 14 ESCWA member countries. It shows how the labour markets are divided into several segments, which broadly can be subdivided into formal and informal employment, and which partly overlap with employment in the public and the private sectors and with employment of national or foreign workers in the countries of the Gulf Cooperation Council (GCC). The presentation further examines gender gaps, the challenges of youth unemployment and the skill profiles of the employed population. The statistical data show that less than half the available human resources are employed in the economy and between 70 and 80 per cent of working-age women are either unemployed or inactive. For women in particular, unemployment rates rise with increased levels of education; where social policy is closing the gender gap in education, the labour market opens it up once again.

Chapter II considers a number of aspects of labour market regulation and explores the conditions under which regulatory reform can be effective in reducing the existing segmentation in the labour market. It argues that in order to be effective, regulatory reform needs to be accompanied by reforms in the social security systems that ensure the portability of benefits as well as the coverage of pension funds and health-care insurance during times of unemployment. More effective enforcement of statutory regulation, complemented by cooperative regulation within a framework of social dialogue, can more flexibly adjust to different conditions across economic sectors.

Within the same perspective, chapter III presents a summary of the active labour market policies currently applied in ESCWA member countries and examines how effectively such instruments have been applied to bridge the gaps in the structure of the labour markets and to smoothen their functioning. In addition to paying greater attention to structural problems in the labour markets, many instruments could

also be better targeted to specific groups and objectives, and need in particular to be adjusted to reach the talent currently vested in the informal sector.

Chapter IV summarizes some of the fundamental structures of the ESCWA economies and examines the ways in which economic policy aims to tailor them to the requirements of global competition and increase their efficiency. It argues that ESCWA economies are as segmented as their labour markets. While the progress in diversification away from hydrocarbon resources is encouraging, the high proportion of employment in low productivity sectors is of concern, especially for better educated and higher skilled workers. Efforts to open up markets and include more innovation and talented young entrepreneurs need to be intensified. More inclusive markets are also a precondition for the successful promotion of small and medium-sized enterprises (SMEs), which are often supported within the framework of active labour market policies.

Chapter V summarizes the discussion and highlights the following key points:

- Labour markets in the ESCWA member countries are highly segmented. This raises the question of the extent to which they can function as mechanisms of exchange and allocation of human resources. Micro and small enterprises, which contribute high shares of total employment, do not normally recruit in “the market”, but through informal channels, primarily through family connections. In the GCC countries, statutory employment services frequently act as job placement agencies, rather than matching supply and demand.
- Consequently, the main task for public policy consists in enlarging labour markets as much as in improving the efficiency of existing mechanisms of exchange. Such enlargement needs to focus on the demand and supply sides alike. In medium and higher skill segments in particular, workers compete for jobs that do not exist. Market creation in those segments should therefore focus on economic policy with a view to facilitating the expansion of skill-intensive industries to provide alternative employment to public sector jobs.
- Better integration of economic, employment and social policies is a precondition for effective market creation and better labour market outcomes. Labour market reforms must be accompanied by the dismantling of implicit or explicit monopolies and the opening up of markets to internal competition as a minimum, so that more companies can enter profitable markets and create employment.
- Social security systems must be constructed in such a way as to ensure the portability of entitlements and benefits across different types of employment. The current fragmentation of social insurance funds reinforces labour market fragmentation. Unemployment insurance also needs to facilitate contributions to health-care and pension funds in order to ensure coverage during periods of unemployment.
- The instruments of active labour market policies need to be both integrated and agreed with the business community. Ongoing work on national qualification frameworks offers an ideal opportunity to define and adapt quality standards for training provided in the context of active labour market policy. It is essential that workers in the informal sector be more actively engaged, especially with training services, and the various instruments available could be used to bridge the gaps in the labour market.
- Better governance of labour markets is a necessary condition for better employment outcomes. This includes improving policy coherence and coordination across administrative boundaries, as well as strengthening institutional capacity. More reliable and systematic enforcement of labour legislation is also a precondition for bringing the region out of the low productivity-low wage spiral.

- Transparency of policy objectives and achievements is a precondition for better governance. The standardization, production, dissemination and use of statistical information needs to be improved. This implies regular and standardized data collection with an expanded focus on such social aspects as working conditions, earnings and informal employment, as well as improved public access to such data.
- Better governance requires the involvement of social partners. Associations of both employers and workers need to be involved in shaping the rules that govern the labour market and participating in the enforcement of those rules. Since enforcement of regulation by State institutions does not penetrate society to any great depth, the involvement of social partners would help to balance the various interests involved and increase trust in the observance of rules.

Introduction



INTRODUCTION



After decades of market-oriented reforms, the ESCWA region is now facing fundamental questions about the parameters of future development. The expectation that top-down economic stabilization, liberalization of markets and strategic privatization would lead to more competitive, diversified and inclusive economies has only partially materialized. Such policies have indeed generated growth, but the quality of that growth has been disappointing, as it has not resulted in a broader economic base, improved quality of employment or a decrease in poverty. These policies have also failed to generate sufficient employment growth, notably in countries with significant levels of underutilized labour and large informal economies.

The employment challenge is not new to ESCWA member country Governments. It has been on the policy agenda for at least a decade and all development visions and strategies, both past and present, have placed strong emphasis on creating jobs, improving the quality of jobs and increasing labour productivity. A series of policies have been applied to improve the business climate, attract investment, generate employment and train and educate the workforce, yet results have been limited.

Standing within the context of the ESCWA series of publications on integrated social policy, which advocates for policy harmonization across economic sectors and for mainstreaming social and equity concerns throughout developmental domains, this report reviews a number of the key policies that are currently being applied by Governments in the region and examines the “missing links” that have turned so many efforts into suboptimal results.

The analysis starts with an assessment of the overall performance of the labour markets by presenting the key results of statistical data collected by ESCWA over the past year. Chapter I sets out the main characteristics of the labour market structure in terms of participation, employment and unemployment, and also considers a number of challenges related to skills, economic structure and informality. The following chapters examine some of the underlying policies in order to assess whether and how they may have influenced the current situation. As inadequate labour market regulation is often seen as one of the root causes of dysfunctional labour markets, chapter II summarizes changes in labour market regulation and looks at institutional questions related to labour governance. Active labour market policies are another instrument at the disposal of Governments to improve the functioning of labour markets and chapter III therefore presents an overview of activities by ESCWA member country Governments in this field. Other sectoral policies, such as education or social protection policies, are not reviewed in detail in this study, but references are made throughout the report where appropriate. Chapter IV examines some of the fundamental structures of the ESCWA economies and assesses the ways in which economic policy aims to

better position them to increase their efficiency and compete globally. Chapter V presents the concluding remarks, underscoring the overarching issues.

To the greatest extent possible, information for this report was collected from primary national sources. All ESCWA member countries were asked to nominate a Government focal point, who collected national data and information from various national agencies, including statistical agencies, ministries of labour and ministries of planning. Data tables were sent to gather statistical information and structured questionnaires were provided to collect information on methods of data collection and active labour market policies. Changes in the regulatory environment were traced through the International Labour Organization (ILO) database on national legislation (NatLex) and through secondary literature. Gaps were filled through additional research, collecting data from regional and international sources (such as the Arab Labour Organization [ALO], ILO and World Bank), and from the websites of national statistical offices, ministries of labour, employment agencies and national training institutions.

In the ESCWA region, statistical labour market information comes predominantly from labour force surveys (LFSs) which are conducted quarterly in Egypt, Jordan and Palestine; annually in Iraq,¹ Qatar,² Saudi Arabia,³ the Syrian Arab Republic⁴ and the United Arab Emirates; or on an ad hoc basis.⁵ Over the last ten years, the frequency of LFSs has improved substantially for most countries, although certain indicators and reliable time series are still not available. Supplemental data comes from censuses and other household and establishment surveys which provide information about key labour market indicators. However, combining data from different sources tends to compromise comparability of data across time, both within and between countries in the region. Annex table 1 provides an overview of data availability for a number of labour market indicators.

Chapter I



I. LABOUR MARKET STRUCTURE IN ESCWA MEMBER COUNTRIES



The working-age population in ESCWA member countries is subdivided into several segments of social groups with very different relationships to the labour market. The first partition arises from the fact that in most of the countries, only approximately half the working-age population participates in the labour market; among the female population, participation rates are even lower. The second major division lies between those in the formal sector, who are protected by a formal contract of employment and social insurance, and those who work in the informal sector, whose working conditions may be precarious. A third segment highlights the comparison between the small but growing group of highly-skilled professionals who are set to pursue global careers, and the less-educated majority, who are left to compete for low-paid jobs. Young first time jobseekers are de facto excluded from employment opportunities and high rates of migration, both inward and outward, further add to this complexity. Irrespective of their diversity, all countries in the ESCWA region share some of these labour market characteristics.

Employment policy through regulation and intervention by central Government can only be successful if the characteristics of each of these different groups and their interrelation are sufficiently understood for their needs to be addressed. This chapter presents the available information and identifies the following gaps in the labour market: (i) the participation gap; (ii) the gender gap; (iii) the age gap; (iv) the skills gap;

(v) the national/non-national gap; (vi) the public/private sector gap; (vii) the gap in the economic structure; and (viii) the informality/protection gap.

The participation gap

The combined population of the 14 ESCWA member countries amounts to some 260 million people.⁶ Some 36 per cent, or 94 million, are below the age of 15 and will reach working age in the coming years,⁷ while some 60 per cent, or 157 million, are currently of working age (15-64 years).⁸ In order to seize the opportunity of decreasing dependency rates and growing productive capacity, it is vital that all ESCWA economies create productive employment much faster than previously in order to accommodate the increasing workforce. Estimates vary, depending on assumptions about future participation rates and productivity increases, but generally revolve around the need to create five million jobs per annum for the broader Middle East and North Africa (MENA) region.⁹ At present, however, all ESCWA member countries continue to face the pressing issue of underemployment of their human resources.

Of the 157 million people of working age in the ESCWA region, on average, only about 50 per cent (74 per cent of men and 25 per cent of women) are currently participating in the labour market, representing the lowest activity rate in the world.¹⁰ In Iraq, Jordan and Palestine, only about 41 per cent of the population are active in the labour market.

The rate in the Syrian Arab Republic is little higher at 42 per cent, while in Egypt, Lebanon and Yemen, activity rates lie between 45 and 50 per cent (see figure I). However, despite these participation rates being so low, they may in fact be overestimated, as they include both unpaid and contributing family work, which in rural areas of Egypt, the Sudan and Yemen accounts for a sizable proportion of the work available.¹¹ Very little information is available about the difference in activity rates between urban and rural areas, but the data at hand suggest that activity rates are higher in urban areas of Jordan, the Syrian Arab Republic (although only since 2009) and the United Arab Emirates, whereas in Iraq, Palestine and the Sudan, participation rates are higher in rural areas.¹²

It is interesting to note that the weighted regional average has remained almost stable since 1990,¹³ despite significant population growth (on average 2.4 per cent between 1990 and 2010);¹⁴ during the past 10 years, average labour force participation has increased by just under 2 per cent. The main exception to this trend is the Syrian Arab Republic, which has displayed a dramatic decline in the participation rate over the last decade, as job creation has failed to keep pace with the growth of the working-age population.

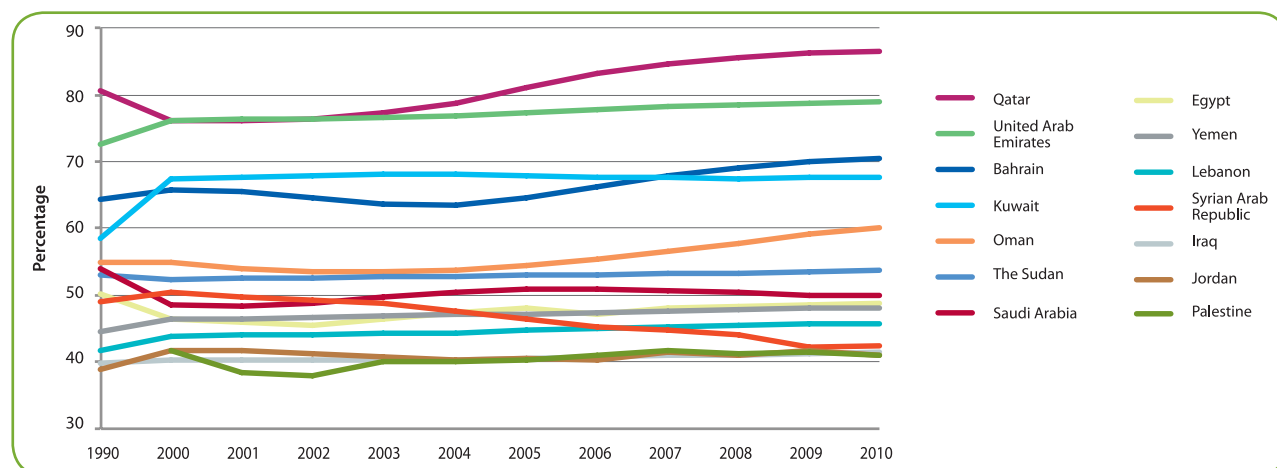
Underlying changes in the composition of the

labour force over the past 20 years show a slow but steady increase in female activity of about 1 per cent and a decrease in male participation.¹⁵ Despite the increase in female activity, regional average female participation rates remain below 30 per cent.¹⁶ Female participation rates are the highest in the countries of the GCC, reaching over 50 per cent in Qatar, around 44 per cent in the United Arab Emirates and 43 per cent in Kuwait.¹⁷ The reason for such high female participation rates in the GCC countries lies in the high activity rates of foreign female workers. Controlled for nationality, participation trends in the GCC countries are similar to those in other ESCWA member countries,¹⁸ in which female participation remains below 35 per cent on average and even lower (below 20 per cent) in Iraq, Jordan, Palestine, Saudi Arabia and the Syrian Arab Republic.^{19,20}

A comparison of these rates with those in northern Mediterranean countries shows that overall activity rates are higher in the northern Mediterranean countries, primarily as a result of higher female participation in the labour market. In Turkey, Malta and Italy, for example, where female activity rates are also low, the overall rate of participation in the labour market still stands at 52 per cent, 60 per cent and 62 per cent respectively (see Annex table 5).

The employment rate²¹ has proved equally

Figure I. Labour force participation rate, ESCWA member countries (Percentage)



Sources: **Palestine:** Palestinian Central Bureau of Statistics (PCBS), LFS database 2000-2010. All other countries: ILO, Estimates and projections of the economically active population, available at http://laborsta.ilo.org/applv8/data/EAPEP/eapep_E.html.

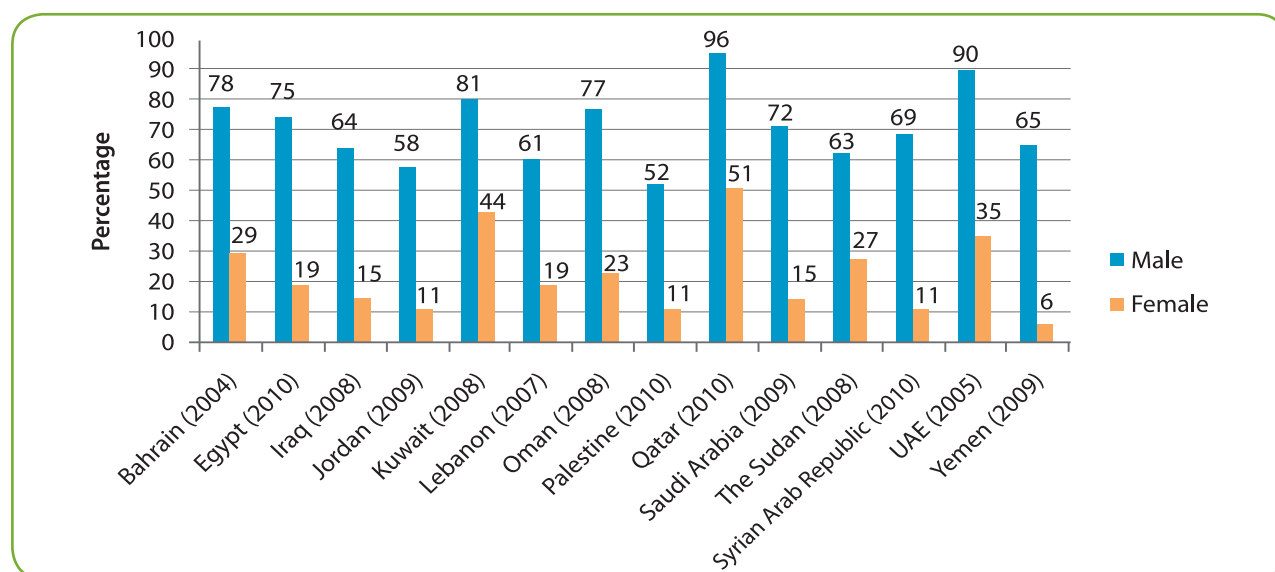
stable and has changed little, despite the high rates of economic growth seen over the past decade. Certain countries in the GCC have achieved an employment rate above 55 per cent, but this is primarily attributable to higher levels of employment of foreign workers; employment rates of GCC nationals are comparable to the rates seen in other ESCWA member countries. In the non-GCC countries, only some 45 per cent of the working-age population are actually employed, which in effect means that less than half the available human resources are employed in the economy.²² The employment rates for Jordan, Palestine and Yemen are below 35 per cent, meaning that only around one third of all persons of working age are actually in employment.²³ These rates are among the lowest in the world, with only Africa having lower rates.²⁴ In addition, with the notable exception of Egypt, Qatar and, to a certain extent, Jordan, the overall trend has decreased in recent years as the working-age population has grown faster than the economy could produce productive employment for them.

However, when the data are disaggregated

by sex, the picture changes substantially. Male employment rates are significantly higher, but again, with the exception of the GCC countries and Egypt, no country in the ESCWA region achieves an employment rate above 70 per cent for men, and the female employment rate in Iraq, Jordan, Palestine, Saudi Arabia, the Syrian Arab Republic and Yemen barely reaches 15 per cent (see figure II).

Unemployment is the third component in the participation gap, as it denotes the share of the population excluded from productive employment, mostly against their choice.²⁵ Given that between 1990 and 2010, only half the working-age population participated in the labour market,²⁶ unemployment rates are high, generally between 6.4 per cent and 15.3 per cent in non-GCC countries, although reaching as high as 24.5 per cent in Palestine (see table 1).²⁷ Even rates of this magnitude are frequently considered to be an underestimation of the real situation, as unpaid family work is counted as employment.²⁸ Unemployment not only reflects the degree of underutilization of human

Figure II. Employment by sex, ESCWA member countries, latest available year (Percentage)



Sources: Bahrain: LFS 2004; Egypt: LFS 2010; Iraq: Employment and Unemployment Survey (EUS) 2008; Jordan: EUS 2009; Lebanon: National Survey of Household Living Conditions 2007; Oman: LFS 2008; Palestine: LFS 2009; Qatar: Census 2010; Saudi Arabia: LFS 2009; The Sudan: Census 2008; Syrian Arab Republic: LFS 2010; United Arab Emirates: Census 2005; Yemen: Census 2004.

resources from an economic perspective, but also shows that the aspirations of often well-educated citizens cannot be realized.

Table 1 is a compilation of publicly available data from different national sources, which suggest that of the 14 ESCWA member countries, only Egypt, Jordan, Palestine and the Syrian Arab Republic can

rely on roughly comparable data time series over the past 10 years. In all other countries, information is sporadic and either not available or not publicly available.

The available data suggest a decrease in unemployment since 2001 in Egypt, Jordan, Palestine and the Syrian Arab Republic. While the trends are

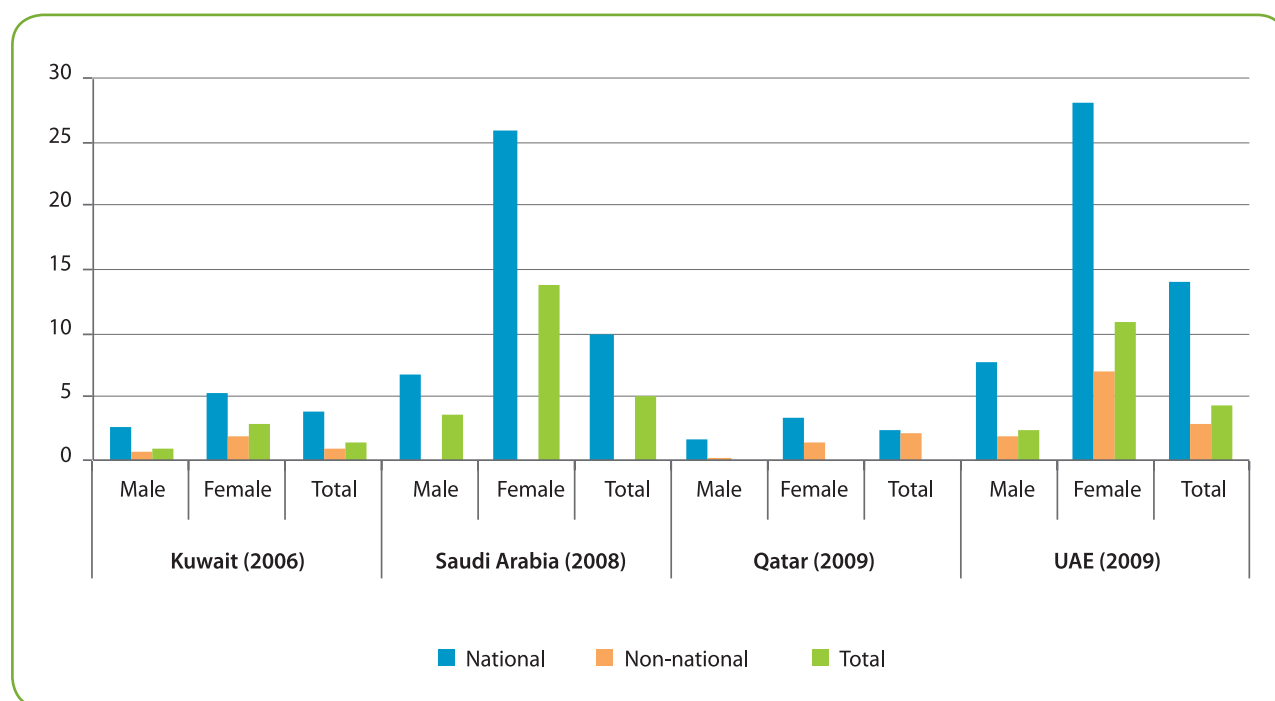
Table 1. Unemployment rates, ESCWA member countries, 1990-2010 (Percentage)

Country	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bahrain	6.3		5.5			9.0	1.8	1.9	2.6			
Egypt		9.0	9.2	10.2	11.0	10.3	11.2	10.6	8.9	8.7	9.4	9.0
Iraq					28.1	26.8	18.0	18.0		15.3		
Jordan		13.7	14.7	15.3	14.5	12.5	14.8	14	13.1	12.7	12.9	12.5
Kuwait		0.8	0.8	1.1	2.5	1.7	2.0	1.3	1.5	1.8		
Lebanon						7.9			9.0		6.4	
Oman							7.5		6.7	7.1		
Palestine		14.3	25.3	31.2	25.5	26.8	23.5	23.7	21.7	26.6	24.5	23.7
Qatar			3.9	0.9				0.9	0.5	0.3	0.3	0.5
Saudi Arabia		4.6	4.6	5.3				6.3	5.6	5.0	5.4	
The Sudan	25.7		18.0			16.3	17.1	16.5	18.9	16.8		
Syrian Arab Republic	6.8		11.2	11.7	10.9	12.3	8.1	8.2	8.4	10.9	8.1	8.6
United Arab Emirates	1.8	2.3	2.4	2.6	2.7	2.8	3.1	3.2	3.5	4.0	4.2	
Yemen	8.3	5.3				16.2	16.0	15.7	15.3	15.0	14.6	
Developed Economies and European Union*		5.6				6.1	5.8	5.3	4.8	5.0	7.1	
South-East Asia and the Pacific*		2.5				3.5	3.3	3.2	3.1	3.1	3.1	
Sub-Saharan Africa*		7.0				6.7	6.8	6.4	5.2	6.2	6.3	

Sources: **Bahrain:** Census 1991 and 2001; LFS 2004; 2005 and 2006 data: ILO, LABORSTA; 2007 data: ESCWA Statistics Division (SD); **Egypt:** LFS data, sourced from CAPMAS website; **Iraq:** 2003-2008 data: EUS **Jordan:** 2000-2010 data: EUS; **Kuwait:** Kuwait Statistical Authority publications, Kuwaitis and non-Kuwaitis included, source unknown; 2000-2001 data: ILO LABORSTA; 2007 data: ESCWA, Statistical Abstract of the ESCWA Region: Thirtieth Issue; Census 2005; **Lebanon:** National Survey of Household Living Conditions 2004 and 2007; 2009 data: Lebanon Central Administration of Statistics and UNICEF: Multiple Indicator Cluster Survey, round 3, 2009. **Oman:** 2005 and 2007 data: ALO estimates from ALO Labour Statistics in Arab Countries 2010, issue 8; 2008 data: calculation based on LFS (nationals only); **Palestine:** LFS 2000-2010; **Qatar:** LFS 2001, 2006, 2007, 2008 and 2009; 2002 data from ESCWA SD; Census 2010; **Saudi Arabia:** LFS, 2000-2002 and 2006-2009; **The Sudan:** 1990 data: ILO LABORSTA from employment office records; 2001-2007 data: ESCWA SD; Census 2008; **Syrian Arab Republic:** 1991 data: ILO, based on LFS, methodology revised, data not strictly comparable; LFS 2001-2009 data provided by focal point; LFS 2010 data: Central Bureau of Statistics website; **United Arab Emirates:** LFS 2009; 2004, 2006 and 2007 data: ESCWA SD; **Yemen:** 1999: Central Statistics Organization, Labor Force Statistics, table 6, rates calculated by ESCWA from absolute numbers; Census 2004, 2005-2009: estimates from Central Statistics Organization website.

*ILO, 2011, Global Employment Trends 2011: The Challenge of a Jobs Recovery, p. 63.

Figure III. Unemployment rates by nationality status, selected Gulf Cooperation Council countries, latest available year (percentage)



Sources: Kuwait: Central Statistical Office statistical abstracts; Qatar: Labour Force Sample Survey 2009; Saudi Arabia: Central Department of Statistics and Information Manpower Research Bulletin; United Arab Emirates: LFS 2009.

neither clear nor stable when seen in the context of continued population growth or in relation to stable participation and employment rates, the data suggest some job creation in Jordan, Lebanon and Qatar, even during the global economic and financial crisis. However, it should be noted that the data set is particularly sketchy, combining data from a wide variety of sources, as comparable national data on this key indicator is scarce for certain countries.

The relatively low unemployment rates in the countries of the GCC require further investigation, as the majority of the resident working-age population are foreign workers who, by definition, are unlikely to be unemployed. However, depending on the design of the sponsorship system, which may allow foreign workers to change employers directly without having to leave the country prior

to obtaining new employment, the unemployment rate may also include some frictional unemployment among foreign workers.

Looking further into sex-disaggregated data over time, it appears that the rise in unemployment in Saudi Arabia and the United Arab Emirates mainly reflects a rise in unemployment in the national female population (see figure III and table 2). Female unemployment in Palestine almost doubled between 2001 and 2010, and Yemen has also witnessed significant increases during the past decade. Qatar, however, experienced a decrease in female unemployment from 12.9 per cent in 2001 to 2.7 per cent in 2010 (see table 2).

This trend suggests that while more women are active in the labour force, they are increasingly unemployed, a further reflection of the fact that

Table 2. Female unemployment rates, 1990-2010 (Percentage)												
Country	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bahrain	11.8	..	10.5	..	..	20.0	4.4	6.3	9.8	..	..	..
Egypt	..	22.7	22.6	23.9	23.3	24.3	25.1	24.0	18.6	19.3	23.0	22.6
Iraq	..	..	..	..	16.0	15.0	14.2	22.7	..	19.6	..	..
Jordan	..	21.0	20.6	21.9	20.8	16.5	25.9	25.0	25.6	24.4	24.1	21.7
Kuwait	..	0.7	1.7	1.7	2.0	3.4	3.1	2.9	3.0	2.0	..	..
Lebanon	..	..	..	..	..	9.6	..	..	10.2	..	10.4	..
Oman	..	..	..	..	..	..	..	..	..	17.5	..	..
Palestine	..	12.4	13.8	17.0	18.2	20.0	22.2	20.5	19.1	24.2	26.4	26.8
Qatar	..	..	12.9	3.4	..	3.9	..	3.5	2.6	1.7	1.9	2.7
Saudi Arabia	..	9.3	9.1	11.5	..	..	..	14.7	13.2	13.0	15.9	..
The Sudan	70.1	..	..	..	..	..	..	..	..	24.7	..	..
Syrian Arab Republic	14.0	..	23.9	24.1	22.0	21.9	20.0	23.8	25.7	24.2	22.3	22.0
United Arab Emirates	2.4	3.2	3.2	3.4	3.6	..	7.1	..	..	12.0	10.8	..
Yemen	3.8	1.8	..	..	..	39.6	46.3	42.2	41.5	40.9	40.2	..
Developed Economies and European Union*	..	7.3	..	..	..	7.5	7.2	6.7	6.0	6.2	7.9	..
South-East Asia and the Pacific*	..	4.9	..	..	..	7	6.9	6.6	5.7	5.5	5.2	..
Sub-Saharan Africa*	..	9.6	..	..	..	9.2	9.2	8.5	8.3	8.3	8.1	..

Two dots (..) indicate that data are not available.

Sources: **Bahrain:** Census 1991 and 2001; LFS 2004; 2005 and 2007 data: ESCWA, Statistical Abstract of the ESCWA Region: Thirtieth Issue; **Egypt:** LFS data, sourced from CAPMAS website; **Iraq:** 2003-2008 data: EUS **Jordan:** 2000-2010 data: EUS; **Kuwait:** Kuwait Statistical Authority publications, Kuwaitis and non-Kuwaitis included, source unknown; 2000-2001 data: ILO LABORSTA; 2007 data: ESCWA, Statistical Abstract of the ESCWA Region: Thirtieth Issue; Census 2005; **Lebanon:** National Survey of Household Living Conditions 2004 and 2007; 2009 data: Lebanon Central Administration of Statistics and UNICEF: Multiple Indicator Cluster Survey, round 3, 2009. **Oman:** 2005 and 2007 data: ALO estimates from ALO Labour Statistics in Arab Countries 2010, issue 8; 2008 data: calculation based on LFS (nationals only); **Palestine:** LFS 2000-2010; **Qatar:** LFS 2001, 2006, 2007, 2008 and 2009; 2002 data from ESCWA SD; Census 2010; **Saudi Arabia:** LFS, 2000-2002 and 2006-2009; **The Sudan:** 1990 data: ILO LABORSTA from employment office records; 2001-2007 data: ESCWA SD; Census 2008; **Syrian Arab Republic:** 1991 data: ILO, based on LFS, methodology revised, data not strictly comparable; LFS 2001-2009 data provided by focal point; LFS 2010 data: Central Bureau of Statistics website; **United Arab Emirates:** LFS 2009; 2004, 2006 and 2007 data: ESCWA SD; **Yemen:** 1999: Central Statistics Organization, Labor Force Statistics, table 6, rates calculated by ESCWA from absolute numbers; Census 2004, 2005-2009: estimates from Central Statistics Organization website.

the economies of the region are not making good use of the additional human resources supplied by women. According to the 2008 LFS in the Syrian Arab Republic, two thirds of men over the age of 15 were in employment, whereas their female counterparts were neither employed, nor studying.²⁹ Gender parity rates (the ratio of female to male unemployment rates), calculated by the World Bank in 2006, show the same results; in most countries, unemployment rates for women were higher than those for men.³⁰

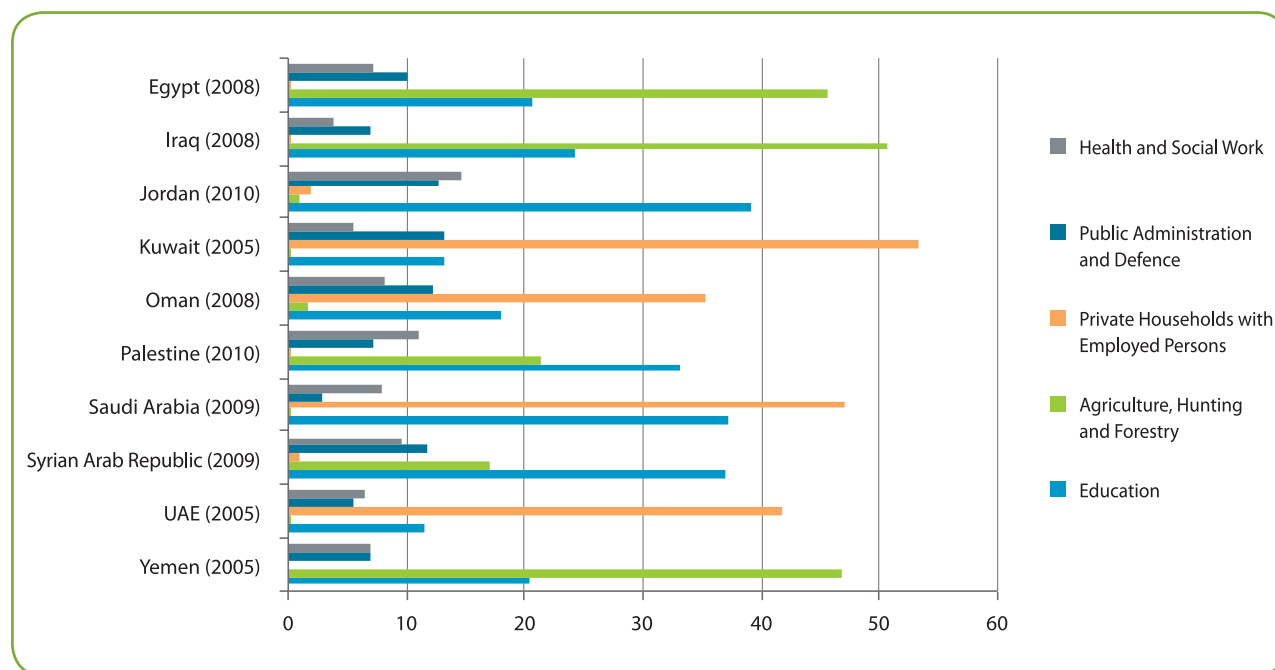
The gender gap

Rough estimates, based on available data, suggest that, on average, of the 71 million people in employment in the ESCWA region, only 13 million (about 18 per cent) are women.³¹ In contrast, of the 8.5 million unemployed, some 3.5 million (about 41 per cent) are women.³²

As fertility rates decline and women are relieved of care responsibilities, they may become increasingly active in the labour market. However, this phenomenon will only increase the challenge to generate sufficient and appropriate employment opportunities (especially since it is the better educated within the female labour force who are becoming more active). A deeper analysis of participation rates disaggregated by education in Jordan and the Syrian Arab Republic suggests a tripling of activity rates for women with post-secondary education.³³ A recent study in Jordan found that women with less than secondary education are almost absent from the labour market.³⁴ Conversely, in countries such as Iraq, Egypt and Yemen, female employment is highly concentrated in sectors with low productivity, such as agriculture (see figure IV).

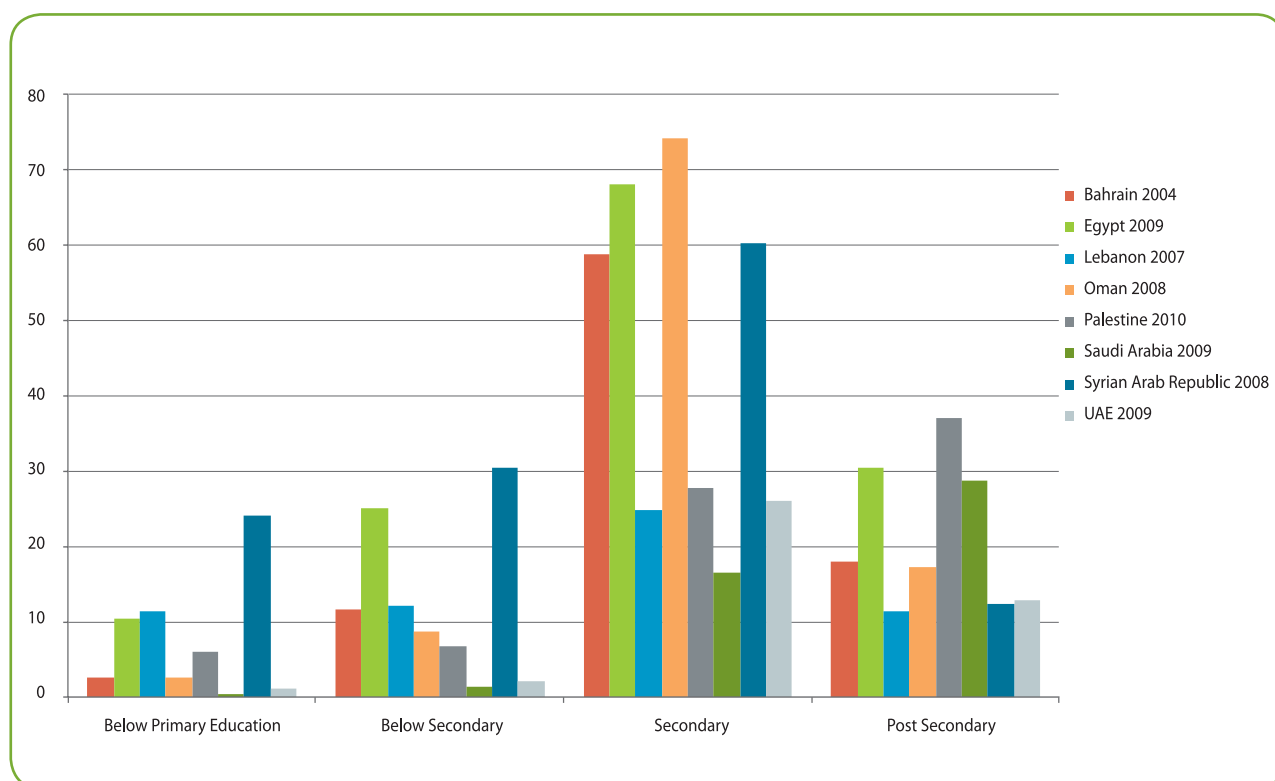
Consequently, female unemployment is strongly correlated with education (see figure V),

Figure IV. Main sectors of female employment, selected ESCWA member countries, latest available year (Percentage)



Sources: Egypt: LFS 2008; Iraq: EUS 2008; Jordan: EUS 2010; Kuwait: Census 2005; Oman: LFS 2008; Palestine: LFS 2010; Saudi Arabia: LFS 2009; Syrian Arab Republic: LFS 2009; United Arab Emirates: Census 2005; Yemen: Household Budget Survey 2005-2006.

Figure V. Female unemployment by level of education, selected ESCWA member countries (Percentage)



Sources: Bahrain: LFS 2004; Egypt: LFS 2009 (data from CAPMAS); Lebanon: National Survey of Household Living Conditions 2007 (note: “age group 65+” only contains data for individuals aged 65-69); Oman: LFS 2008; Palestine: LFS Database 2000-2010; Saudi Arabia: LFS 2009; Syrian Arab Republic: LFS 2008; United Arab Emirates: LFS 2009.

Note: For an explanation of the comparison of educational status and a breakdown of educational attainment categories³⁵

which clearly signifies a waste of both talent and investment. Low female participation rates, together with high female unemployment mean in effect that in the ESCWA region, only a small number of women (one in seven), are actually gainfully employed in the economy. Where the education of women is improving, yet they remain unable to find adequate employment, there are undoubtedly strong barriers in place that prevent the economy and the labour market from being able to allocate human resources adequately. By contrast, in all northern Mediterranean countries (and in the 27 Member States of the European Union), unemployment decreases with higher levels of education for both men and women.³⁶ While public policy has taken steps towards

closing the gender gap in education, the labour market opens it up once again.

In the past, the public sector has absorbed a substantial share of the educated female labour force. Figure IV shows that besides agriculture, the education, health and social work, and public administration sectors provide the most employment for women. However, downsizing of the public sector in the structural adjustment of recent years has had a negative impact on female employment opportunities.³⁷ Apart from agriculture and private household services, the private sector currently plays an extremely limited role as an employer of women.

The age gap

Youth unemployment presents a similar case of under-utilization of human resources and, more importantly, demonstrates the failure of society to provide young people with the opportunities they need for further development of their skills, an independent life and full integration into society. In the Arab region, youth unemployment is often double the overall unemployment rate and among the highest globally.³⁸ In 2010, the 15-24 age group constituted 45 per cent of the total unemployed in Iraq, 50.1 per cent in Jordan and 63 per cent in Egypt.³⁹ In Oman,

the percentage is even higher: among nationals, almost 64 per cent of the unemployed are in the 15-24 age group and 88 per cent are under 30.⁴⁰ Although considerable attention has been given to this problem in recent years, available data suggest that no significant improvement has resulted. In those countries for which comparable time series are available (Jordan, Palestine, Saudi Arabia and the Syrian Arab Republic), youth unemployment is at least double the overall employment rate and none of these countries exhibits a stable downward trend (see table 3). The available data set for all countries is presented in Annex table 10.

Table 3. Youth unemployment by age group compared with total unemployment, selected ESCWA member countries, 1990 and 2000-2010 (Percentage)

Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Jordan	15-19	..	..	37.9	38.0	37.0	31.6	38.8	35.6	34.7	32.9	31.2	33.0
	20-24	..	..	27.1	28.9	28.2	24.1	28.7	26.8	26.6	25.8	25.7	26.7
	25-29	..	..	10.9	11.4	10.5	9.6	11.6	11.3	10.4	10.3	10.5	10.1
Palestine	15-64	..	13.7	14.7	15.3	14.5	12.5	14.8	14.0	13.1	12.7	12.9	12.5
	15-19	..	21.5	38.7	46.0	39.5	41.3	37.0	33.6	33.5	39.5	36.4	36.9
	20-24	..	20.1	34.2	41.4	38.1	39.5	36.3	36.8	36.2	41.5	40.0	39.6
	25-29	..	16.5	26.9	32.3	26.5	27.4	24.9	26.2	24.0	30.7	29.7	29.5
Saudi Arabia	15-64	..	14.3	25.3	31.2	25.5	26.8	23.5	23.7	21.7	26.6	24.5	23.7
	15-19	49.8	37.8	45.4	43.6	..	..	..	51.0	34.3	33.6	25.9	..
	20-24	18.9	22.5	22.2	25.5	..	..	..	31.8	29.0	27.8	30.2	..
	25-29	5.1	6.8	7.6	9.1	..	..	..	10.6	10.5	10.1	12.8	..
Syrian Arab Republic	15-64	4.3	4.6	4.6	5.3	..	..	..	6.3	5.6	5.0	5.4	..
	15-19	..	..	18.4	27.8	19.0	26.4	18.8	17.3	17.8	21.3	14.8	19.7
	20-24	..	..	23.2	24.9	21.9	23.8	18.6	18.9	19.8	23.0	17.7	20.8
	25-29	..	..	14.0	11.2	15.0	14.0	10.0	11.9	12.2	15.5	13.2	13.4
	15-64	6.8	..	11.2	11.7	10.9	12.3	8.1	8.2	8.4	10.9	8.1	8.6

Two dots (..) indicates that data are not available.

Sources: Jordan: EUS 2000-2010; Palestine: LFS 2000-2010; Qatar: LFS 2001, 2006, 2007, 2008 and 2009; 2002 data: ESCWA SD; Census 2010; Saudi Arabia: LFS, 2000-2002 and 2006-2009; Syrian Arab Republic: 1991 data: ILO, based on LFS, methodology revised, data not strictly comparable; LFS 2001-2009 data provided by focal point; LFS 2010 data: Central Bureau of Statistics website.

Note: Youth unemployment as defined by the United Nations comprises age groups 15-24. However, in this age group, university graduates may represent a disproportionate share of recent labour market entrants, since they are captured for only two to three years (ages 22-24). For comparison reasons, therefore, the 25-29 age group has been included in the table.

The disadvantage of young men and women in the labour market becomes even clearer when comparing participation and unemployment rates across different age groups. Unemployment for certain age groups is very high in proportion to their share in the labour force. In countries such as Jordan, Palestine and the Syrian Arab Republic, between 21 per cent and 40 per cent of women aged 20-24 were looking for a job in 2010 (see table 3).

There is a concern that youth unemployment appears to increase with education. Available data for Egypt and Jordan suggest that in 2007 the highest unemployment rates were among the better educated,⁴¹ although they may represent only a small share of the total unemployed youth. However, Jordanian data also suggest a rapid growth in young male jobseekers who have completed only basic education.⁴² Information on the skills profiles of unemployed young people

is not readily available, and policymakers may therefore wish to explore this question further in order to better establish the kind of support needed to assist young people in the labour market.

The skills gap

In contrast to the earlier situation of generally equal distribution of education across different social groups, since the 1970s educational inequality has risen in the broader Middle East and North Africa region.⁴³ While this is partly attributable to an increasing gap in educational attainment as younger populations become more educated while older generations remain at the same low level of education, it is also the result of policy decisions to direct greater investment to secondary and higher levels of education than to the primary level.⁴⁴ Information on the composition of the workforce by level of education is not readily available from

Table 4. Labour force composition by level of education, selected ESCWA member countries, latest available year (Percentage)									
Totals	Egypt	Palestine	Jordan	Lebanon	Syrian Arab Republic	Qatar*	Oman	Kuwait	United Arab Emirates
	2009	2008	2010	2007	2009	2004	2000	2003	2005
Labour force	25,353,300	886,828	1,412,134	1,228,773	5,447,303	444,100	365,889	1,172,659	2,559,668
Below primary	9,088,900	73,472	52,528	135,215	1,076,402	163,800	96,564	372,781	646,762
Below secondary	2,412,700	450,752	647,730	573,269	2,101,931	107,200	127,469	295,808	750,434
Secondary	8,120,300	138,010	326,851	223,144	1,307,606	83,700	91,221	245,007	618,308
Post-secondary	5,731,400	224,595	385,025	297,145	961,364	82,500	50,635	259,063	544,164

Sources: **Palestine:** European Commission, 2010b, p. 31. **All other countries:** ILO LABORSTA.

Note: For an explanation of the comparison of educational status and a breakdown of educational attainment categories, see footnote 35.

*Data for Qatar do not add up to 100 per cent, the remainder being accounted for by the "other" category.

Government statistics, but certain published data show that the majority of workers in Kuwait, Lebanon, Oman, Palestine, Qatar and the Syrian Arab Republic have still not attained secondary education (see table 4). In addition, it should be recalled that a substantial proportion of low-educated women in the region do not participate in the labour force. Taken together with the frequent concerns about the quality of education provided⁴⁵ and the often higher unemployment rates of those with higher levels of education, the natural inference to be drawn is that the innovative capacity of the

human resources available to the economy remains limited and that the available capacity (particularly that of women) is not fully utilized.

Figure VI and Figure VII show the education levels of the currently employed for selected ESCWA member countries. While it should be underlined that the data sources in table 4 above, and figures VI and VII are not the same, analysis suggests that the distribution of skills currently employed in the economy broadly corresponds to their distribution in the labour force.

Figure VI. Female employment by level of education, selected ESCWA member countries, latest available year (Percentage)

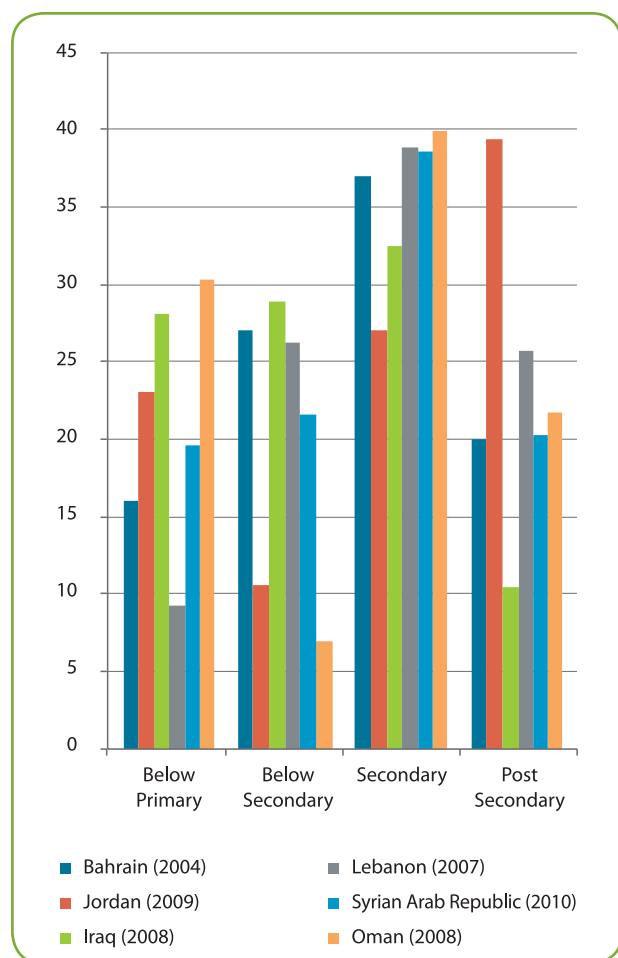
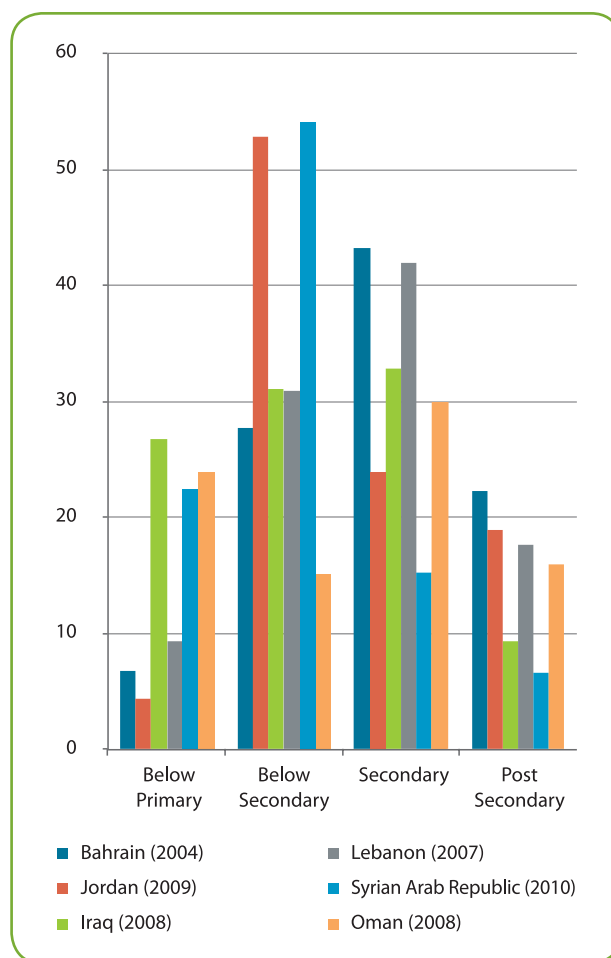


Figure VII. Male employment by level of education, selected ESCWA member countries, latest available year (Percentage)



Sources: Bahrain: LFS 2004; Jordan: EUS 2000-2009; Iraq: LFS 2008; Lebanon: National Survey of Household Living Conditions 2007 (domestic workers excluded); Oman: LFS 2008; Syrian Arab Republic: LFS 2010.

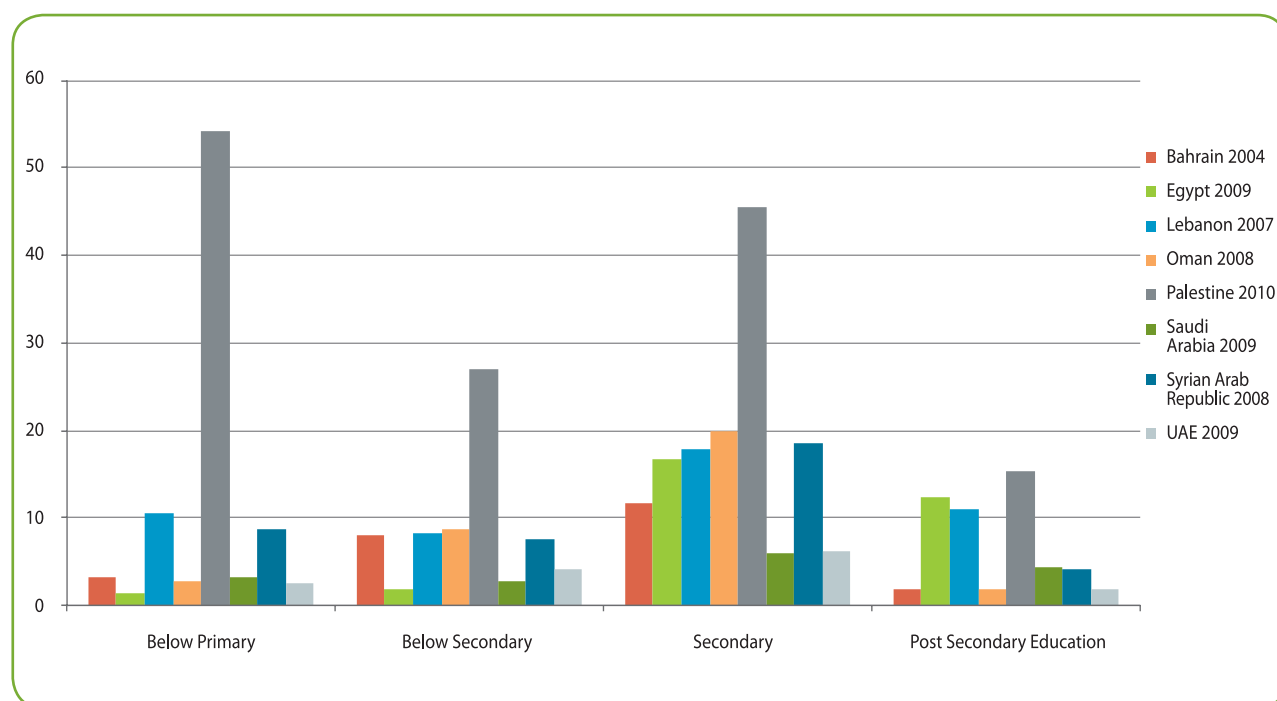
The majority of the employed men in the Syrian Arab Republic have completed primary education and while approximately a quarter of workers have no formal education, another quarter are educated to secondary or post-secondary level (see figure VII). Conversely, nearly 60 per cent of female employees have completed secondary education or above (see figure VI). In Jordan, some 50 per cent of male employees are educated to less than secondary level and 40 per cent to secondary level or above (see figure VII), while approximately two thirds of employed women have completed secondary education or above, some 40 per cent holding a post-secondary qualification (see figure VI).

A comparison with information about unemployment by level of education (which is, unfortunately, not available for exactly the same

group of countries) shows that there is an oversupply of labour at every level of education, although less so at the lower levels of education (with the exception of Palestine) (see figures V and VIII). It appears that certain economies (for example, those of Jordan and the Syrian Arab Republic) are rather small at the secondary level and above, possibly because high-skill industries in those economies are neither numerous, nor labour intensive.

It is important that such skill profiles for both the employed and unemployed population be viewed against the background of the expertise demanded by employers; it has often been noted that there is a mismatch between supply and demand of skills. Of the 10 ESCWA member countries included in the annual Executive Opinion Survey conducted by the World Economic Forum, seven rank an “inadequately educated workforce” among the top

Figure VIII. Male unemployment by level of education, selected ESCWA member countries (Percentage)



Sources: Bahrain: LFS 2004; Egypt: LFS 2009 (data from CAPMAS); Lebanon: National Survey of Household Living Conditions 2007 (note: “age group 65+” only contains data for individuals aged 65-69); Oman: LFS 2008; Palestine: LFS Database 2000-2010; Saudi Arabia: LFS 2009; Syrian Arab Republic: LFS 2008; United Arab Emirates: LFS 2009.

four most problematic factors for doing business, frequently coupled with “poor work ethics in the national labour force”.⁴⁶ Similarly, the International Finance Corporation (IFC) country survey for Egypt in 2008 found that inadequate education was reported as a concern for small, medium and large-sized firms alike.⁴⁷

However, persistently high migration, both within the region and beyond, proves that a lack of skills and insufficient education of the workforce cannot be the only explanation for high rates of unemployment. The fact that well-educated people are often able to find a job abroad tends to suggest that the demand for skilled labour is structured in a way which is not conducive to their employment in their own country.

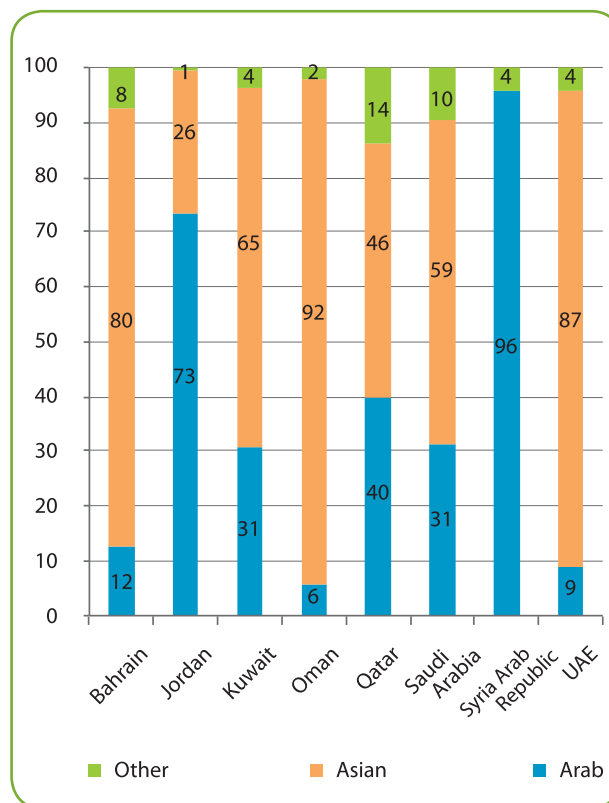
A closer look at the demand for labour shows that it is divided into three broad segments: demand from abroad, demand from the public sector and the formal private sector, and demand from within the informal sector. Demand for skilled labour comes primarily from the first two, and the gap between those two segments and the informal sector is largely a reflection of a number of gaps in the economic structure. These gaps will be examined in turn.

The national/non-national gap

It is estimated that some 8.3 million people from the ESCWA region are living outside their home countries, either elsewhere in the Arab region (4.8 million) or in other world regions, primarily in countries of the Organisation for Economic Co-operation and Development (OECD).⁴⁸ In absolute numbers, the top countries for emigration are Lebanon, Egypt and the Syrian Arab Republic, as well as Iraq, Palestine and the Sudan, in which a substantial share of the “emigrant” population consists of refugees. Furthermore, a substantial share of the population of certain GCC countries, such as Bahrain, lives abroad.

The share of Arab labour in the countries of the GCC has declined from a peak of 72 per cent of all incoming contractual workers at the beginning of the 1970s to an estimated 23 per cent in 2005.⁴⁹ Of the GCC countries, Qatar, Saudi Arabia and Kuwait tend to employ the highest number of non-national Arab workers (between 30 and 40 per cent of the total foreign workforce), while in the United Arab Emirates and in Oman, the share is below 10 per cent (see figure IX). In both Jordan and the Syrian Arab Republic, the share of Arab workers is even higher, although the vast majority of such workers are Arab migrants; in Jordan, most Arab workers come from Egypt, while in the Syrian Arab Republic, most are Palestinian refugees.

Figure IX. Composition of foreign-born employment by country of origin, selected ESCWA member countries (Percentage)



Sources: Syrian Arab Republic: 2004 data: Census 2004; Jordan: 2009 data: Ministry of Labour, Annual Report, various years; All other countries: ALO Database 2005.

The problem with the use of high levels of foreign labour, especially in the countries of the GCC, lies in the fact that such labour is mostly unskilled and engaged in low-productivity trades for low wages as, for example, in the construction and certain services sectors. The low skills level provides no motivation for increased productivity, yet while productivity and wages do not increase, the industries are unable to attract higher-educated labour, whether from their own citizens or from abroad. The persistence of a low-wage, low-productivity economy does not support national goals towards the development of knowledge economies.

However, the skill profiles of Arab migrants to the GCC countries appear to be higher than those of East Asian migrants, as they would otherwise be unable to compete with them for such work. As table 5 shows, some 45 per cent of migrants from Egypt and Qatar, and between 36 and 40 per cent of those from Palestine, Oman and Jordan have completed tertiary education. The emigration rates of workers with tertiary education are highest in Bahrain (22 per cent), the Syrian Arab Republic (12 per cent) and Kuwait (11 per cent). About 45 per cent of Lebanese migrants to the countries of the OECD are highly skilled.⁵⁰

Table 5. Emigrant population rates and emigration rates by educational level, ESCWA member countries (Percentage)

Country of birth	Emigrant population (thousands)	Share of primary educated of the emigrant population	Share of tertiary educated of the emigrant population	Total emigration rate, including foreign born	Emigration rate of primary-educated, including foreign born	Emigration rate of secondary-educated, including foreign born	Emigration rate of tertiary-educated, including foreign born
Bahrain	80.9	44.4	15.6	14.7	20.1	9.3	21.7
Egypt	348.8	21.5	45.8	0.8	0.3	0.6	5.1
Iraq	412.6	44.9	26.1	2.8	1.5	5.6	12
Jordan	71.3	21.3	39.8	2.4	0.9	3.8	4.7
Kuwait	70.1	40.1	26.3	4.1	3.2	3.4	10.9
Lebanon	378.3	36.2	30.2	12.6	..	..	..
Oman	2.8	15.1	37.8	0.2	..	..	..
Palestine	23.9	32.5	36	1.4	..	..	..
Qatar	3.4	16.7	44.6	0.7	0.2	0.8	2
Saudi Arabia	42.3	25.7	31.6	0.3	0.2	0.4	0.8
The Sudan	196.5	76.3	13	1	0.9	0.9	7.9
Syrian Arab Republic	180.8	39.8	28.5	1.8	0.9	3.1	12.4
United Arab Emirates	27.7	24.9	16.5	1.1	0.7	1.3	1.3
Yemen	73.4	62.5	14.4	0.8	0.6	1.4	5.9

Two dots (..) indicates that data are not available.

Source: OECD database on immigrants in OECD and non-OECD countries (DIOC-E), Release 2.0 01/12/2010.⁵¹

Discussions about possible brain drain in the face of such high rates of skilled emigration are mixed. While the broader Middle East and North Africa region appears to suffer more than other regions,⁵² such concerns are countered by the argument that unemployment among the highly skilled remains considerable. Furthermore, it is argued that the fact that high migration rates to date have not motivated a significant increase in female labour force participation does not suggest shortages on the domestic labour markets.⁵³

While low-skilled migration is equally motivated by unemployment and, at least temporarily, better prospects abroad, it appears that high-skilled migration is primarily attracted by large wage and income differentials, and driven by unemployment to a lesser extent. Studies in Lebanon have found that the majority of highly skilled emigrants were in employment before leaving.⁵⁴

Indeed, wage differentials seem to be substantial. Real wages in the Arab Mediterranean countries are on average less than one sixth of net wages in the countries of the European Union (calculated in purchasing power parity).⁵⁵ Comparative wages collected by the World Bank for selected ESCWA member countries suggest that a manufacturing worker from Egypt could earn almost double his monthly wage in Jordan, three times his wage in Qatar, and four times the amount in Bahrain.⁵⁶ In the real estate sector, Egyptian and Jordanian workers could double their wage in Qatar; in financial intermediation, the monthly wages in Qatar are more than double the rates in Bahrain and Jordan, and five times those in Egypt.⁵⁷ Although the opportunities for migration to the countries of the GCC have been decreasing in recent years, the motivation to move to the region remains high.

The public/private sector gap

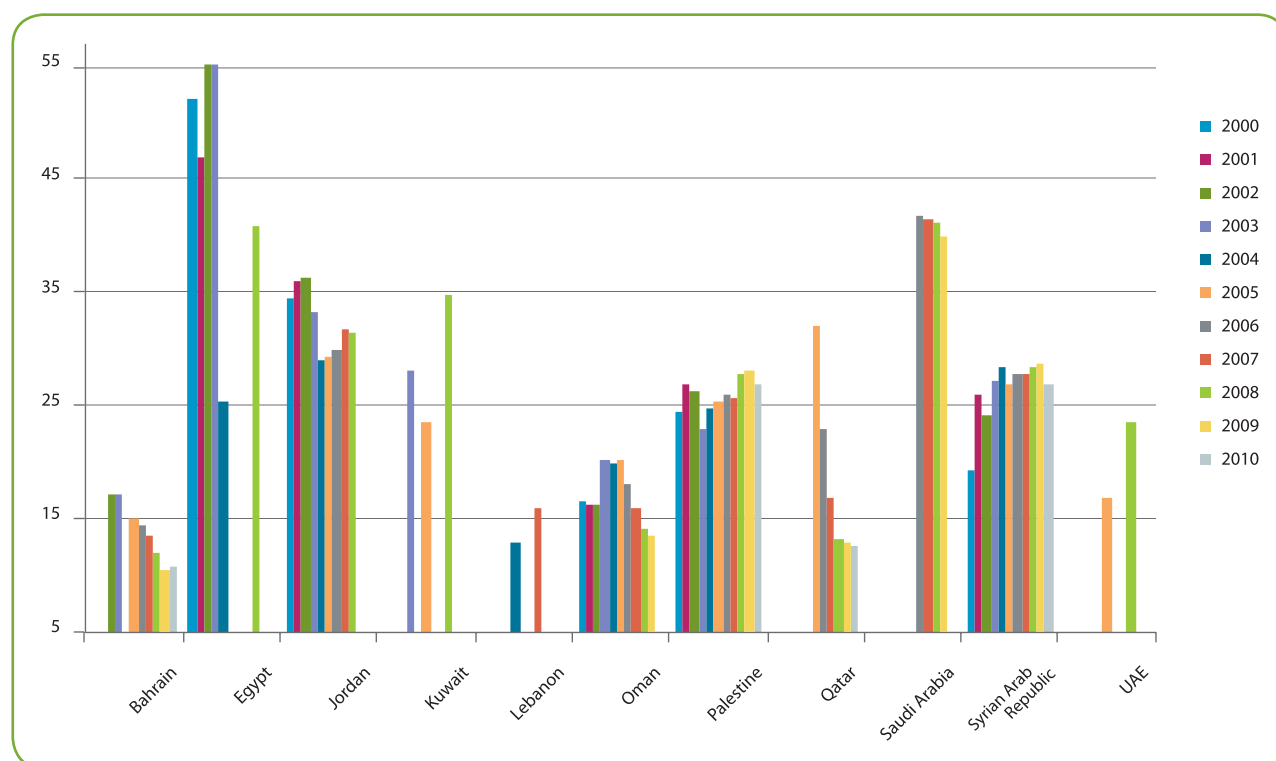
The second main source of labour demand is the usually well-paid and well-protected public sector.

It is the employer of choice for the well-educated or, as in the case of the GCC countries, for the national labour force.

High shares of public sector employment in the region have often been criticized as limiting the fiscal space available to Governments for productive investment and for being unsustainable in the longer term. Within the framework of economic and structural reforms, significant efforts have been made to downsize the public sector through privatization of public enterprises and limiting public sector employment. In Jordan, for example, employment in the public sector decreased from approximately 45 per cent in 1987 to 36 per cent in 1996 and further to about 31 per cent in 2008.⁵⁸ However, over the last 10 years, the respective shares of public and private employment elsewhere in the region do not seem to have followed a clear pattern. Since the year 2000, the three countries with the best comparable time series data (Jordan, Palestine and the Syrian Arab Republic) have exhibited relatively stable shares of public sector employment (between 28 and 36 per cent for Jordan and 27 to 31 per cent for Palestine and the Syrian Arab Republic) (see figure X). Given their highly segmented labour market, public sector employment in the GCC countries follows different considerations.

It appears that women in particular are oriented towards public sector employment, which represents more than 70 per cent of total female employment in Kuwait and Saudi Arabia, and around 50 per cent in Jordan and the Syrian Arab Republic (see figure XI). Typically, this is attributed to better benefits and more flexible working hours, which make public sector work especially attractive for women.⁵⁹ Yet with a share over 20 per cent, the public sector in Bahrain, Iraq, Jordan, Kuwait, Palestine, Saudi Arabia, the Syrian Arab Republic and the United Arab Emirates also remains an important employer for men. In general, it is the better educated who are employed or seek employment in the public sector.⁶⁰ In Bahrain, Iraq, Jordan, Lebanon, Palestine, the United Arab

Figure X. Public sector employment, selected ESCWA member countries, 2000-2010 (Percentage)



Sources: **Bahrain:** Estimation of employment and wages from the Labour Market Regulatory Authority. Data provided for four quarters; these figures are the averages; **Egypt:** ILO establishment surveys 2000-2004 (excludes private companies with fewer than 10 employees), 2008 CAPMAS Statistical Abstract; **Jordan:** Data from establishment surveys provided by focal point; **Kuwait:** LFS 2003 and 2008, Census 2005; **Lebanon:** National Survey of Household Living Conditions 2004 and 2007; **Oman:** Statistical Yearbook 2010 (includes nationals and non-nationals); **Palestine:** LFS database 2000-2010; **Qatar:** LFS 2001, 2006, 2007, 2008 and 2009; Census 2010 (table 7.14; it should be noted that the categories include “Government” and “Government establishments”); **Saudi Arabia:** LFS data; **Syrian Arab Republic:** 2000: Statistical Abstract; other years: LFS 2001-2009; **United Arab Emirates:** Census 2005; LFS 2008.

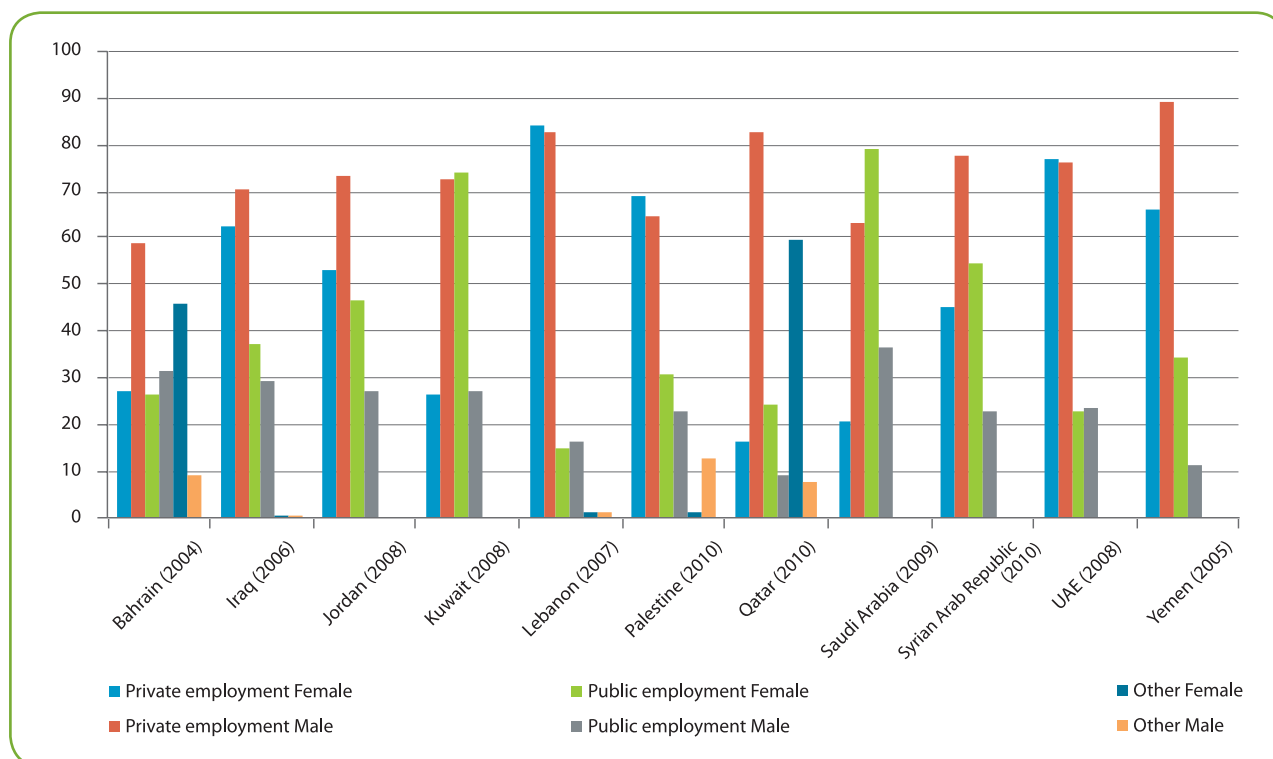
Emirates and Yemen, the private sector is the dominant employer for both sexes and only in Kuwait, Qatar, Saudi Arabia and the Syrian Arab Republic are more women employed in the public sector than in the private sector. This is likely to be attributable to the fact that foreign female workers are predominately employed in the private sector.⁶¹

The size of the gap between these two worlds of work is reflected in the disparity in wages between public and private sector salaries. In Egypt, public sector wages in November 2010 were reported to be as much as 60 per cent higher than those in the private sector,⁶² while in Jordan in 2008, the average

monthly salary was 26 per cent higher in the public sector than in the private sector.⁶³ In the Syrian Arab Republic in 2007, the gap was 22 per cent.⁶⁴ Similar results have been reported for Qatar⁶⁵ and the United Arab Emirates.⁶⁶ A number of studies mention high reservation wages in expectation of public sector employment as one of the reasons for unemployment, for example in Jordan⁶⁷ or in the countries of the GCC.⁶⁸

However, public sector wages do not appear to be excessively high. Taking into account an average household size of five or six persons supported by a single breadwinner, average public sector wages

Figure XI. Public/private sector employment by sex, selected ESCWA member countries, latest available year (Percentage)



Sources: **Bahrain:** Estimation of employment and wages from the Labour Market Regulatory Authority. Data provided for four quarters; these figures are the averages; **Iraq:** EUS 2006; **Jordan:** Data from establishment surveys provided by focal point; **Kuwait:** LFS 2008; **Lebanon:** National Survey of Household Living Conditions 2007; **Palestine:** LFS 2010; **Qatar:** Census 2010 (table 7.14; it should be noted that the categories include “Government” and “Government establishments”); **Saudi Arabia:** LFS data; **Syrian Arab Republic:** LFS 2010; **United Arab Emirates:** LFS 2008; **Yemen:** Household budget Survey 2005.

in Jordan and the Syrian Arab Republic are barely sufficient to sustain a family above the poverty line.⁶⁹ Information about wages in the private sector in ESCWA member countries is insufficient to draw conclusions, although it appears that productivity in certain economic sectors is not sufficiently high to pay competitive wages, an issue which is related to the overall structure of the ESCWA economies.

The gap in the economic structure

Recent research by the World Bank has investigated why the considerable investment in education by

countries in the Middle East and North Africa region has not resulted in higher growth and an increase in total factor productivity.⁷⁰ According to that research, possible explanations include the increasing inequality of education outlined above, concerns about quality of education and the fact that the industrial structure of most countries in the region is not sufficiently diversified or dynamic to absorb well-educated workers.

The lack of economic diversification in the ESCWA member countries and their dependence on a narrow economic base is clear. There have even been reports that the region has become less

industrialized in recent years, that the manufacturing sector is shrinking⁷¹ and that the countries may be stuck in low-skill, low-productivity and low-wage economies.⁷² A closer look at the sectors with the highest shares of employment in relation to their contribution to GDP shows, unsurprisingly, that those with the highest value added are not the biggest employers: while the oil and gas sectors (mining and utilities) are key drivers of GDP, they are not particularly labour intensive (Iraq being the sole exception to this rule in the ESCWA region).⁷³ Similarly, the financial intermediation sectors in Bahrain, Kuwait and Lebanon are small

employers in comparison with their share in GDP.⁷⁴ Manufacturing in Egypt and Jordan contribute some 16 per cent to GDP and 11 per cent to employment;⁷⁵ in the United Arab Emirates, the relationship is 14 per cent and eight per cent respectively; in Bahrain, it is approximately 12 per cent and 7 per cent; and in Saudi Arabia, it is about 10 per cent and 7 per cent.⁷⁶ In Oman and Palestine, the two shares are roughly equal, while in Iraq, Kuwait and Qatar, the share in employment is slightly larger than the share in GDP. It is clear that the manufacturing sector in all these ESCWA member countries is either too small or not sufficiently competitive to absorb qualified labour.

Table 6. Number and size of micro, small and medium-sized enterprises, selected ESCWA member countries, latest available year

Country	Year	Income group	MSME definitions (unless otherwise noted, number of employees)			Structure of the MSME sector (as a percentage of all MSMEs)			MSME participation in the economy		
			Micro	Small	Medium	Micro	Small	Medium	MSMEs	MSMEs (per 1,000 people)	MSME employment (as a percentage of total employment)
Bahrain *	2006	..	0-9	10-99	100+	77.2	21.4	1.4	19,000	..	..
Egypt	1998	Lower middle	1-4	5-14	15-49	92.7	6.1	0.9	1,649,794	26.8	73.5
Jordan	2004	Lower middle	1-4	5-19	20-99	89.3	9.0	1.7	141,327	26.8	50.0
Lebanon	1996	Upper middle	0-9	10-49	50-99	96.9	2.9	0.3	192,569	47.2	..
Oman	2004	Upper middle	0-5	6-20	21-100	80.9	13.0	6.1	7,373	2.9	..
Palestine**	2007	..	1-9	10-49	50-100+	97.0	2.75	0.3	109,686	..	..
The Sudan	2001	Low	0-9	..	..	..	..	..	22,460	0.7	..
United Arab Emirates	1995	High	0-9	10-49	50-499	88.0	9.7	2.2	82,440	34.2	86.0
Yemen	2002	Low	..	..	..	..	..	..	310,000	16.24	..

Two dots (..) indicate that data are not available.

Source: IFC, 2006.

* Hertog, 2010a, p. 11.

** Shunnar, 2008, Project for the Establishment of an SME Development Agency in Palestine. Presentation at MENA-OECD Working Group Manama, Bahrain, 18 November 2008.

Note: Figures do not necessarily add up to 100 per cent due to rounding.

In contrast, the largest “employers” are often sectors which make a comparatively low contribution to GDP. This is clearly the case for the agricultural sector in Egypt, Iraq, the Sudan and, to a certain extent, Palestine. In Egypt, over 30 per cent of the labour force is employed in the agricultural sector, which contributes some 16 per cent to GDP. In Iraq, the relationship is around 23 per cent to 7 per cent; in the Sudan, it is approximately 45 per cent to 30 per cent; and in Palestine, where the share of agricultural employment is around 12 per cent, the sector contributes just 6 per cent to GDP. Similar pictures emerge for the construction sectors in Bahrain, Egypt, Iraq, Kuwait, Palestine, Qatar, Saudi Arabia, the United Arab Emirates and Yemen, and for the trade and tourism sectors in Bahrain, Iraq, Jordan and Saudi Arabia.⁷⁷

The prevailing enterprise structure in certain ESCWA member countries and the skills currently employed (see figures VI and VII) further confirm the picture of largely low value-added economies (with the exception of the oil and financial sectors), leaving little capacity for increased investment and productivity. Both the economic structure and the labour market appear to be divided into a broad segment of micro and small-sized enterprises (MSEs), some highly productive firms which contribute the largest shares in GDP and a limited number of medium-sized, modern, competitive enterprises (see table 6).⁷⁸

The informality/protection gap

The third main aspect which makes the public sector a preferred employer (in addition to higher wages and better working conditions) is the social security coverage which is granted with a public sector contract. Contributions to pension funds, paid annual leave, health insurance and maternity leave may not be equally available to private sector employees and are certainly not available to the majority of people working in the informal sector. Informality is a concern for many reasons, primarily

productivity and vulnerability, and thus closely connected to economic and social development.⁷⁹

Depending on the main policy focus, informality is measured either in terms of its share in GDP or its share in total employment. For the former, current estimates assume that about one third of GDP is currently produced in the informal sector of the developing economies in the region;⁸⁰ estimates for the latter vary depending on how informal employment is defined.

The approach of the ILO and the Millennium Development Goals is to take “economic status” as a proxy indicator for informality. From this perspective, informality has decreased in the Western Asia region from 42.7 per cent in 1991 to 28.6 per cent in 2009.⁸¹ The situation as reported by ESCWA member countries covers a range from zero to 10 per cent of own account and contributing family workers in the GCC countries, while for the non-GCC countries, the figures range from 9 per cent in Jordan to almost 70 per cent in the Sudan.⁸²

However, some studies suggest an increasing trend in waged employment in the informal sector (see table 7), which means that using own account workers as a proxy indicator of informality may capture only part of the situation. Research on the structure of the informal economy in Egypt found that 97 per cent of enterprises in Egypt are micro, small and medium-sized enterprises (MSMEs) and that they provide 62 per cent of total non-agricultural private employment. Of that 97 per cent, 81 per cent are informal and 88 per cent of their employees are informal workers.⁸³ In Lebanon, the share of informal labour as a part of total employment in micro and small-sized enterprises was 69 per cent, with a significant majority of them employing 10 or more workers, and some producing for regional and international markets. In both countries, the entrepreneurs tend to be male with secondary education or above, while the majority of workers tend to be unskilled or semi-skilled.⁸⁴

Table 7. Share of waged employment in informal employment, selected ESCWA member countries, 1990s and 2000s (Percentage)				
	Self-employed in informal employment		Paid employees in informal employment	
Country	1990	2000	2001	2002
Egypt	49.7	35.5	50.3	64.5
Lebanon	..	46.8	..	53.2
Palestine	..	62.0	..	38.0
Syrian Arab Republic	65.5	..	34.5	..
Yemen	89.2	88.6	10.8	11.4

Two dots (..) indicate that data are not available.

Source: Adapted from: OECD, 2009, Is Informal Normal? p. 37.

Table 8. Public pension scheme coverage, selected ESCWA member countries											
	Military	Civil servants	Other employees in public administration	Employees in State-owned enterprises	Private sector employees outside agriculture with a permanent contract of employment	Temporary employees	Employees in agriculture	Employers and the self-employed	Domestic workers	Foreigners	Estimated effective coverage of all pension schemes (percentage of total working population)
Bahrain	x	x	+	+	+/- ^a	-	+/-	(+)	-	+	30
Egypt	x	x	+	+	+	x	+	x	x	+	58
Iraq	x	x	x	x	+	-	+	-	-	+	18
Jordan	+	+	+	+	+	-	-	(+)	-	+	55
Kuwait	x	+	+	+	+	+	+	(x)	+	-	21
Lebanon	x	x	x	x	+	-	+	-	-	-	25
Oman	x	x	x	+	+	-	+	-	-	-	10
Palestine	x	+	+	-	-	-	-	-	-	-	30
Qatar	+	+	+	-	-	-	-	-	-	-	5
Saudi Arabia	x	+	+	+	+	-	-	(+)	-	-	23
Syrian Arab Republic	x	x	x	+	+	+/-	+	(+)	(+)	+	35
United Arab Emirates	x	+	+	+	+	-	-	-	-	-	10-15
Yemen	x	x	x	x	+	-	-	-	-	+	13

Notes: The table captures the situation prior to 2010; changes in Egypt and Jordan in 2010 are thus not reflected.

+ Covered by the general scheme.

x Covered by a separate pension scheme.

- Not covered.

+/- Partial/some coverage.

(+) May enrol on a voluntary basis, but must pay the entire contribution (both employer and employee shares).

a Only those employed by enterprises with at least five employees.

Source: Adapted from Loewe, 2009, p. 12.

Another concept and measure of informality focuses on the concern that, typically, neither employers nor employees are covered by any social protection scheme. By looking at the share of workers who do or do not contribute to any pension or social insurance schemes, this approach seeks to identify the relative sizes of the formal and informal shares of employment.

Reviewing the coverage rates set out in table 8, it appears that of the non-GCC countries, only Egypt and Jordan have shares of informal employment below 50 per cent. In Iraq, Lebanon, Palestine, the Syrian Arab Republic and Yemen, informal employment ranges from 65 per cent (the Syrian Arab Republic) to almost 90 per cent (Yemen). Coverage in the GCC countries is low because of the high share of foreign workers, who are only accorded coverage in Bahrain. However, since several countries do not support voluntary contributions of self employed or agricultural workers, or have other gaps in coverage, this approach conveys accurate estimates only if it is assumed that those groups which are not covered are likely to be in the informal sector. While such an assumption may correspond to reality, it introduces an element of ambiguity into the concept.

Beyond the vulnerability which stems from such sizeable gaps in social protection, additional concerns arise from the fact that informality is often a poverty trap in which a combination of low wages, insecure working conditions and lack of social protection place individuals and families in a precarious position, dangerously exposed to economic shocks. Scant information is publicly available on wages, none of it systematic, but the fact that unemployment is not absorbed by the informal sector has led to the assumption that informal wages lie below the minimum wage.⁸⁵ Very little mobility appears to be possible between the informal and formal sectors. A study tracing labour mobility in Egypt found no movement from the public sector to informal employment, but significant mobility in the opposite direction,

mainly young people who had been bridging the time while waiting for a job in the public sector. For most others, however, informal employment often becomes a lifelong career.⁸⁶

Summary

The analysis suggests that unemployment is high in part because certain population groups are active in a limited segment of the labour market, as in the case of nationals in the GCC countries, who are almost exclusively oriented towards the public sector. The fact that employment opportunities for educated women are curtailed as public sector employment shrinks⁸⁷ also points to the conclusion that a very small segment of the labour market is available or socially acceptable for that group. In most ESCWA member countries, unemployment is lower at lower levels of education (Palestine being a notable exception) because of a higher number of jobs: since the market for low-skill jobs is larger, it is less segmented and mobility is therefore higher.

The high segmentation of the labour markets as set out in this chapter prompts the question as to the extent to which they can function as mechanisms of exchange and allocation of human resources. Micro and small-sized enterprises, which contribute high shares of total employment, do not normally recruit “in the market”, but through informal channels, predominantly through family connections. Conditions in the public sector are so specific that it constitutes a small market in itself. The rural-urban divide has not been examined in this chapter due to insufficient data, but available information points to the need for careful analysis of conditions in geographical subregions.⁸⁸

All these characteristics point to the very limited capacity of the labour markets in the countries of the ESCWA region to function smoothly and to allocate human resources to their best possible use. The movement of workers between the various segments of the labour market following the

incentives of market forces alone is highly unlikely. Public labour market policy needs to provide targeted support by removing barriers and assisting people to find suitable employment. Unfortunately, possibilities are often limited.

The following two chapters examine two of the instruments available to public policymakers to improve the functioning of the labour markets, namely labour market regulation and active labour market policies. The final chapter will further assess the economic structure of the ESCWA member countries, focusing on the challenges faced by economic policy in bridging the gaps.

Chapter II



II. LABOUR MARKET REGULATION



In an ideal situation, Governments are able to regulate the functioning of the labour market in a way that facilitates the highest possible degree of transparency, supports horizontal and vertical labour mobility, increases productivity and provides an adequate level of income and social protection. In this regard, the economic structure of the ESCWA region, with its high dependency on natural resources, low levels of industrialization and sizeable informal economy, combined with a rigid segmentation of the labour market, poses considerable challenges to policymakers. If the estimates about informal sector employment discussed in the previous chapter correspond to reality, ESCWA labour markets are clearly divided into “insiders” and “outsiders”, into those 50-60 per cent of the workforce employed in the formal economy and the remainder in the informal sector. In the GCC countries, a similar division between insiders and outsiders applies. In that case, however, the division lies within the formal economy and is between national and non-national workers.

It appears that while the boundaries between these two worlds of work are permeable by default in the non-GCC countries, in the GCC countries they are strict by design. Weak enforcement of labour legislation in Egypt and the countries of the Arab Mashreq allows for a certain overlap between the formal and the informal economies, as the formal sector employs people without formal work contracts or without registering them with social security institutions. In the GCC countries,

by contrast, the boundaries are strictly monitored and enforced.

The attitudes of the business community in the two groups of countries towards the adequacy of labour regulation for their needs are consequently somewhat different. According to the World Economic Forum Annual Executive Opinion Survey, all six GCC countries included in the poll rank “restrictive labour regulations” among the top three most problematic factors for doing business, and for four of them, it is ranked as the number one concern.⁸⁹ In Egypt, Jordan and Lebanon, however, labour regulations are of lower concern.⁹⁰ This broadly coincides with IFC country survey results, which find that in Egypt, the Syrian Arab Republic and Yemen, labour regulations are the lowest concern of the business community, although they were a top priority in Oman as long ago as 2003.⁹¹

While acknowledging the wide variance between countries, the World Bank assesses labour regulations in the Middle East and North Africa as “not too rigid” by international standards.⁹² By contrast, a study carried out by the European Training Foundation in 2006 concluded that hiring and firing rules were still relatively rigid, but that given the large informal sector and lax enforcement, the regulations protected only a small group of employees.⁹³ An OECD study in 2006 referred to cross-country evidence which suggested that the strictness of employment protection had little direct impact on general levels of employment and

unemployment, but appeared to have a negative effect on the employment chances of such specific groups as women and young people.⁹⁴

Increasing evidence suggests that narrow, single-issue policy reforms do not lead to the desired results and that interventions need to be coordinated and integrated across several policy domains.⁹⁵ Particularly in highly segmented markets in which the separation between insiders and outsiders is not the only gap, the design of policy approaches needs to take into account the way in which segments are interrelated and how mobility across segments can be facilitated. This chapter examines certain key elements of labour legislation⁹⁶ and traces recent changes, before moving on to discuss the institutions involved in labour market regulation and their impact on enforcement.

Labour legislation

Almost all ESCWA member countries have amended their labour legislation in the past decade, mostly within the context of economic and structural reforms.⁹⁷ With a view to facilitating worker mobility, most of the changes have sought to tear down the barriers that separate the various segments of the labour market, addressing such policy areas as contract regulation, employment protection and the provision of social protection, such as unemployment insurance or pension fund contributions. Contract regulation and employment protection determine the extent to which flexible employers can adjust to changes in market conditions by hiring additional workers for short periods of time or terminating existing employment contracts. It is essential that social security systems be constructed in such a way as to allow portability of benefits from one employer to another and not to pose an excessive financial burden on employers.

Regulations in ESCWA member countries for contracting workers are usually assessed as

being reasonably flexible and adequate. Most countries allow for fixed-term contracts in their labour legislation, either allowing for an unlimited number of renewals (as is the case in Egypt, Jordan, Kuwait, Qatar and Yemen) or for longer term periods (for between two and five years, as is the case in Lebanon, Palestine, Saudi Arabia, the Sudan, the Syrian Arab Republic and the United Arab Emirates).⁹⁸ In Egypt, Iraq, Kuwait, Oman and Qatar, the involvement of national labour offices is mandatory.⁹⁹ Employers are required to report all vacancies to national employment offices, which will nominate suitable candidates. In Egypt, however, this requirement has recently been relaxed.¹⁰⁰

The exception to this rule, however, relates to the hiring of foreign workers, which is highly regulated in Jordan, Lebanon and the countries of the GCC. In Jordan and Lebanon, preference has to be given to nationals and in the GCC countries, foreign workers may only be employed if equally qualified nationals are not available. Nationalization strategies in the GCC countries aim to encourage and expand the mobility of their citizens out of the public sector into private employment by establishing quotas and target shares of nationals in certain industries, in particular for highly skilled trades in banking and finance or the oil and gas sectors. Most legislation establishes that vacant positions must first be offered to nationals, then to citizens of other GCC countries, then to other Arabs and lastly to foreigners.¹⁰¹ The preference for Arab workers is pursuant to resolutions of pan-Arab summits, notably the Arab Agreement for the Mobility of Arab Labour (No. 2 for the year 1967) and the Arab Agreement No. 4 in 1975. Both agreements aimed to organize and regulate the Arab labour market, but were not ratified by all Arab countries, and today most foreign workers in the GCC countries come from Asian countries.¹⁰² Quota systems may target specific positions or entire industries. The executive plan to implement the National Employment Strategy in Jordan, for example, targets the tourism, water, electricity,

health, construction, services and trade sectors in particular and divides positions into four skill levels.¹⁰³ In most countries, such nationalization strategies are accompanied by active labour market policies such as training or employment subsidies, which will be discussed in chapter III.

In most countries, cancelling a contract of employment is more difficult. In Iraq,¹⁰⁴ Palestine¹⁰⁵ and Yemen,¹⁰⁶ while dismissals must be notified to the Ministry of Labour, companies do not have to obtain approval before dismissing staff. In the case of collective dismissal, prior consultation with trade unions or worker representation groups is required in the Syrian Arab Republic, with the aim of agreeing upon selection criteria to decide who should be dismissed.¹⁰⁷ Complaints procedures may involve mandatory conciliation (as in Bahrain) or labour court decisions.

In the absence of unemployment insurance, other ways to protect workers include severance payments and the imposition of bureaucratic procedures to be followed by employers wishing to fire employees. In developing countries, which often lack the administrative capacity to administer unemployment insurance, such regulation is the easiest instrument to put in place, but it places high burden on employers. By setting employment protection prohibitively high, well-intended legislation does not necessarily meet its objectives. According to research in Egypt and the Syrian Arab Republic, it is common for employers to request undated letters of resignation to be signed when the contract of employment is signed.¹⁰⁸ In Lebanon, it is reportedly common for enterprises to fail to declare their employees, both national and foreign.¹⁰⁹ Consequently, protective legislation, especially if coupled with selective enforcement, may encourage enterprises to engage workers outside the law, thus increasing the share of informal employment.

Unemployment insurance is now widely considered to be the best way out of the dilemma as to whether the burden of fluctuations in the

business cycle should be shifted to the employer (by making it difficult for the employer to dismiss workers) or to the employee (by making it easy for employers to dismiss him or her). A number of countries in the ESCWA region have embarked upon this path. Egypt established unemployment insurance in 1965, which was reformed in 2002 and 2010; Bahrain in 2006 (operational in 2008); and Jordan is moving towards establishing the administrative capacity required to roll out such a scheme.¹¹⁰ The unemployment insurance scheme in Bahrain covers civil servants, private sector workers and first time jobseekers. Contributions are 3 per cent of the monthly wage, shared equally between the employer, the employee and the Government, and the replacement rate is 60 per cent of wages for a maximum of six months.¹¹¹

The fragmented structure of most social security systems hinders the mobility of workers between jobs, as separate groups of employees are often covered by different schemes (see table 8). In Egypt, for example, only permanent employees are entitled to enrol, and public and private sector employees are covered by six different schemes, which compromises the effectiveness of the system.¹¹² Similarly, the existence of different schemes by sector does not encourage mobility between jobs if portability is not assured. The pension system in Jordan, for example, has integrated different schemes into a single pension fund, but until recently did not grant access to the self employed or agricultural workers;¹¹³ and Iraq, Lebanon, Qatar, the United Arab Emirates and Yemen do not include the self employed or temporary workers in their different pension schemes.¹¹⁴ Egypt, Bahrain and Kuwait have opened their social security systems to workers in the informal sector on a voluntary basis and Jordan is also moving in this direction. In Kuwait, a separate insurance fund exists for workers in the informal sector and in Bahrain, the social insurance system is open to own account workers and workers in the informal sector, provided that they pay both employer and employee contributions. Foreign workers

are not entitled to contribute to pension funds in either country, but in Kuwait they are insured against work injuries.¹¹⁵ In Egypt, until recently, a separate social insurance fund covered day labourers, seasonal workers and those working in the informal sector. Following reforms, the pension system is now based on individual accounts and also includes elements of a “social pension”, independent of contributions.¹¹⁶ The integration of different insurance funds is undoubtedly the way forward, although it may not be an easy path, as certain established privileges may be lost and the distribution of costs may change.

Such examples show that labour law is not the only part of labour market regulation that influences the mobility of workers in and out of different types of jobs. Relaxing employment protection legislation will either lead to a failure to achieve the increased mobility desired or will be even more detrimental to workers (who may lose their entitlements if portability is not ensured) if employment protection is not integrated into reforms of the broader social security system.

Furthermore, the assessment as to whether legislation is adequate depends in large part on the interests involved. Regulation that may be overly strict from the perspective of an employer may not satisfy even minimal employment rights from an employee perspective. Strategic privatization, which has often lacked transparency and signalled the retreat of the State from economic activity, combined with cutbacks in protective regulation, has resulted in the impression at least of colluding interest between the State and business.¹¹⁷ From the point of view of the approximately 50 per cent of workers employed in the formal sector of the economy, the State simply decreased the level of protection without giving them the means to defend their interests, as union activity is strictly regulated and collective bargaining limited. The weak enforcement of existing labour legislation means that, in effect, the remaining 50 per cent of workers are excluded even from this basic level of protection.

Cooperative regulation

The weak enforcement of labour regulations may testify to a lack of political will to protect workers and may also represent a tacit assessment or concern that job creation would stall in the face of stronger enforcement as countries face a potential trade-off between quantity and quality of jobs. On the other hand, it also stands as evidence of the limited capacity of Governments to govern the ever-increasing complexity of modernizing economies with adequate flexibility. Governments need partners with whom to discuss and negotiate an appropriate balance of costs, risks and benefits, and their distribution across people and institutions active in the economy.

Changes in labour laws to increase the ability of workers to negotiate collectively have occurred in several countries in the region over the last ten years. In the case of Bahrain, Oman and Qatar, it has been argued that such changes were introduced as a result of negotiations with the United States of America over free trade agreements.¹¹⁸ More recently, the Arab uprisings have fuelled legislative change, although the extent of the reforms is yet to be seen. Nowhere, among ESCWA member countries, are these changes more evident than in Egypt, where the previous monopolistic position of the Federation of Egyptian Trade Unions is now contested by the newly-formed Egyptian Federation of Independent Trade Unions. Annex table 13 provides an overview of legislation on freedom of association in the ESCWA member countries and Annex table 14 sets out legislation on collective bargaining.

Freedom of association is covered by the ILO Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, 1949, which in the ESCWA region has been ratified only by Egypt, Kuwait, the Syrian Arab Republic and Yemen. The right to collective bargaining is enshrined in the ILO Convention concerning Freedom of Association and Protection

Table 9. Restrictions on trade unions, ESCWA member countries

No trade unions allowed	Trade unions highly restricted	Some level of free unionization
Saudi Arabia (with the exception of workers' committees in workplaces with more than 100 employees) United Arab Emirates	Bahrain Egypt (currently changing) Iraq Jordan Qatar Syrian Arab Republic The Sudan Yemen	Kuwait Lebanon Oman Palestine

of the Right to Organise, 1949, which has been ratified by Egypt, Iraq, Jordan, Kuwait, Lebanon, the Sudan, the Syrian Arab Republic and Yemen.¹¹⁹ Several ESCWA member countries have freedom of association enshrined in their constitution (Bahrain, Egypt, Iraq, Kuwait, Lebanon, Oman, Qatar, the Sudan, the Syrian Arab Republic, the United Arab Emirates and Yemen), although this does not necessarily extend to trade unions, which are sometimes prohibited and often severely restricted by regulation or State intervention. Overall, as table 9 shows, ESCWA member countries can be divided into three groups with varying levels of restrictions on trade unions.

Even in the countries where trade unions are allowed, rates of unionization are low and they often represent only a minority of the formal workforce.¹²⁰ Estimates for Jordan for 2004 show a 10-15 per cent unionization rate and coverage is highly dependent on sector and occupation.¹²¹ Workers in the private sector are generally underrepresented, not only in unions, but also in collective bargaining agreements.¹²² In Egypt, union membership is approximately 20-25 per cent of the formal workforce and while unions played an important role in negotiating redundancy conditions (social packages) within the framework of the country's privatization programmes, they are less representative of small businesses.¹²³ Estimates of union membership in Lebanon range between 5.7 per cent and 7 per cent, with membership concentrated primarily in industry and the

service sector.¹²⁴ Unfortunately, further data on unionization rates in member countries are not publicly available. It is, however, clear that unions play only a limited role in organizing the labour market in the majority of ESCWA member countries.

The business community appears to be better organized and less restricted in its activities. Organizations representing employers are active and well connected, both on the national level and internationally, and business groupings such as chambers of commerce provide a variety of services to their members. Detailed studies are not available, but taking into account the large numbers of micro and small enterprises (see table 6), it can be assumed that such organizations represent an important and probably the dominant share of the economic and business elite, although only for a limited group of employers. Furthermore, while it is well established that the interests and needs of small enterprises differ from those of larger corporations, it appears that the former are lacking voice and influence, although collectively they probably provide more employment.

Given the limited membership and insufficient space for manoeuvre of trade unions, the failure of business associations to systematically reach out to the vast community of micro and small enterprises, and the lack of governmental capacity to enforce labour legislation, most labour relations appear to be unregulated and workers consequently lack the protection which statutory or cooperative regulation could provide.

Labour governance thus appears to be fragmented at several levels and – in the non-GCC countries at least – as compartmentalized as the labour market itself. Policy formulation is insufficiently integrated with other sector policies and does not systematically involve all stakeholders concerned. At the ministerial level, labour ministries are often not sufficiently empowered to take the lead in policy formulation and at the operational level, employment agencies are not sufficiently staffed or equipped to actively reach out to their constituencies and to liaise with possible employers.¹²⁵

Some Governments have reached out to social partners and established consultative bodies to solicit advice. Lebanon established its Social and Economic Council in 1999¹²⁶ and Jordan set up an Economic and Social Council in 2007.¹²⁷ Egypt, Iraq, Palestine and Yemen are also planning to establish similar bodies. In Jordan, the role of the council is to broaden participation in public policymaking and to bring together social partners, which have hitherto been highly fragmented. Palestine is currently studying the Jordanian experience. In Lebanon, however, the work of the council is blocked, as the mandate of its General Assembly expired in 2002 and has not been renewed.

A number of GCC countries have established consultative councils with a closer focus on economic issues, such as the Bahrain Economic Development Board, the Dubai Economic Council and the Economic Co-ordination Council in Oman. In the countries of the GCC, policy formulation and operational activities have generally been more closely integrated with active labour market policies, both of which will be discussed in the following chapter.

Summary

There is a legitimate concern that enforcement of existing labour legislation and/or expanding legal and social security coverage would drive a number

of enterprises that are now operating on the margins and which provide employment (albeit vulnerable), out of business. However, the true impact is hard to assess, as better employment conditions and the stability introduced by expanded social insurance would undoubtedly also have a positive impact on consumption and the economy at large.

There is no better way to find the right balance between the interests of employers and those of employees, and to adjust employment conditions to the specificities of different sectors and different locations in a given country than through collective bargaining. While it is the role of the State to set certain standards that respect human rights and international conventions, statutory regulation needs, in general, to address the median employer and employee, and therefore always carries the risk of being inadequate for certain conditions in certain sectors at certain times. While the effectiveness and flexibility of cooperative regulation naturally depend on the way in which centralized or decentralized negotiation processes are organized, it is without doubt an indispensable element in the progress towards improved governance of the labour market.

A further consideration is that the predictability and reliability of the enforcement of labour legislation is an essential element of competition policy and that it is essential that conditions be equal for all economic actors, including foreign investors, who are generally not in a position to be able to neglect labour laws.

Care needs to be taken to ensure that social security systems are designed in such a way as to allow the portability of benefits from one type of employment to another and to bridge periods of unemployment. This means that the funds should be integrated or otherwise cooperating, and that systems of unemployment insurance should be integrated with pension and health-care systems such that benefit entitlements and coverage are not lost.

Chapter III



III. ACTIVE LABOUR MARKET POLICY



Promoting employment, bridging the gaps between the various segments of the labour market and supporting people to adjust to structural change in the economy is the tripartite purpose of a set of more direct and targeted interventions in the labour market. These interventions, commonly referred to as active labour market policies, comprise a collection of five programmes that assist the matching of jobs and skills, further the integration of specific vulnerable groups into the economy, help bridge spells of unemployment through public programmes or support self employment. For those who have lost their jobs, particularly in countries which do not have an established compensation programme (such as unemployment insurance), fast, targeted and effective public action is crucial to provide support in times of economic downturn or structural change in the economy. Public attention is also increasingly needed by young people as they seek to transition from school to their first job.

This chapter looks at active labour market policies as applied in ESCWA member countries, with a particular focus on the ways in which programmes aim to address structural segmentation in the labour markets, assist the mobility of workers and improve the matching of jobs and skills. The comparatively low participation rates in the region, combined with high rates of unemployment, mean that on average every employed person supporting three to four persons who are not working for various reasons – including children and elderly people.¹²⁸ As overall dependency rates are decreasing, countries need

to bring more people into employment in order to reap the benefits of the demographic window of opportunity.¹²⁹ Accordingly, public labour market policy has to focus on two broad objectives: raising employment rates and lowering unemployment. While these objectives are similar, they are not identical – the target groups in particular are different – and involve different instruments and approaches. Governments wishing to raise the employment rate¹³⁰ will target the entire working-age population and seek to increase the human resources available to the economy through an activation strategy. Such strategies address the reasons underlying the choice of certain individuals not to be active in the labour market and seek to address the participation gap described in chapter I.

Activation policies

Given the very low activity rates of women in the ESCWA member countries, the predominant requirement of activation policies must be to target the reasons for female inactivity, as well as to identify ways in which to mobilize the capacity of marginalized groups, such as persons with disabilities. As available statistics show that female activity in the labour market increases in line with better education, the considerable investment in the education and health of women in recent years should be viewed as a serious and successful activation strategy, which not only increases female labour force participation, but also has a direct

impact on female employment, since education and health-care services are significant employers of women. In several GCC countries, there are now significantly more female than male students studying at university.¹³¹

Another element of strategies to increase female employment rates is the reform of maternity entitlements. In eight of the 14 ESCWA member countries (Bahrain, Kuwait, Lebanon, Qatar, the Sudan, the Syrian Arab Republic, the United Arab Emirates and Yemen), maternity entitlements are paid solely by employers, with no contribution from the Government. In Iraq, the cost of maternity leave is paid by the social security system, while in Egypt, it is shared between the social security system (which pays 75 per cent) and the employer; Jordan has recently been moving to a similar system.¹³² Shifting the funding of maternity leave from employers to a social insurance system (to which employers contribute, along employees) can increase the incentive for employers to hire women and, at the same time, improve the portability of benefits between jobs, thereby facilitating worker mobility.

The promotion of part time work schemes (possibly also through tax schedules) could also increase female employment. Among other benefits offered by the public sector, predictable and convenient working hours, with the opportunity to finish work in the early afternoon, are especially attractive for women with family responsibilities. At present, however, social protection frameworks are often biased against part time work. In the Syrian Arab Republic, for example, the fixed cost of hiring a part time worker is the same as that for hiring a full time worker, which increases the hourly costs of part time work and discourages the establishment of part-time jobs. Even in the GCC countries, where the goal of nationalizing the labour force cannot be achieved without a significant mobilization of women to participate in the labour market, it is not yet clear whether Governments will decide to move towards part time work and increased female employment. With

the exception of Qatar, activity rates of female GCC citizens are similar to those in other ESCWA member countries¹³³ and few employers offer child care facilities.¹³⁴

Moreover, as discussed in chapter I, the better education and increased participation of women in the labour market has not yet resulted in more and better employment for women. In the countries of the GCC, many women feel discriminated against and believe that their chances of promotion are lower than those of their male colleagues.¹³⁵ The possibility of using anti-discrimination legislation to increase female employment has not yet been used by ESCWA member countries. To date, only Egypt has proposed the introduction of an anti-discrimination law in order to protect religious and ethnic minorities, as well as women.¹³⁶

Increased activation of persons with disabilities and their integration into the labour market would further decrease dependency rates and improve the social integration of this largely marginalized group. In order to harness the productive potential of persons with disabilities, almost all ESCWA member countries have established target employment quotas for public or for public and private enterprises above a certain size (generally economic units with more than 50 employees).¹³⁷ However, in most countries, few private sector enterprises fall into that category, and as the legal provisions are neither closely monitored nor reinforced by anti-discrimination legislation, the success of such quota systems remains weak and few persons with disabilities have actually been integrated into the labour market.

Active labour market policies

Apart from activation policies that aim to increase the overall employment rate, the second set of instruments available to Governments aims to facilitate the mobility of people between different sectors and types of jobs in order to

decrease unemployment. In general, such policies seek to assist the matching of supply and demand for labour through the provision of employment services and job assistance schemes. They aim to upgrade the skills of jobseekers through training and retraining activities, and to try to influence the demand for labour through employment subsidies and the promotion of micro-enterprise and support for self employment.

Employment services

Public employment services are generally regarded as the most successful and cost-effective way to support the functioning of the labour markets and reduce unemployment. Effective public employment services are especially important for the poorer segments of the population, who are less likely to find a good job through social connections and are generally confined to jobs in the informal sector.

Employment services in ESCWA member countries primarily provide job matching services, either in a limited fashion by maintaining and updating databases or by actively reaching out to private sector enterprises and preparing jobseekers by providing them with training and skills development. Despite the significant potential for such services to influence the employment situation positively, their success to date appears to be limited. In Jordan, between 2004 and 2010, only 3 per cent of registered jobseekers found a job through the National Employment Centre;¹³⁸ in Lebanon, between 1998 and 2005, the National Employment Office received an average of only 1,370 job requests per year, resulting in just 450 job offers and a mere 210 jobseekers finding a job through the Office each year;¹³⁹ and in Palestine, while more than 300,000 people were registered as unemployed with the Directorate of Labour in 2008, it was able to facilitate the employment of just 87 individuals.¹⁴⁰ The situation appears to be slightly better in Egypt, where 29 per cent of registered jobseekers found a job through the labour

offices of the Central Department for Employment and Labour Market Information between April and June 2010.¹⁴¹ The situation is also better in the countries of the GCC: in Bahrain, 18 per cent of jobseekers registered with the Employment Service Bureau of the Ministry of Labour found a job through the Bureau between 2005 and 2007,¹⁴² and in Saudi Arabia, the employment offices of the Ministry of Labour facilitated the employment of 57 per cent of those registered with them in 2008.¹⁴³

Some employment agencies already provide integrated services, combining job search with career guidance and targeted skills enhancement and training. In the GCC countries in particular, the role of employment offices includes contributing to the nationalization objective and hence maintaining an active relationship with the private sector. Agencies such as Tanmia in the United Arab Emirates,¹⁴⁴ the Manpower and Government Restructuring Program in Kuwait, the Human Resource Development Fund (HRDF) in Saudi Arabia and the employment offices of the Ministry of Manpower in Oman¹⁴⁵ provide integrated solutions which address the needs of employers and jobseekers alike. Similarly, in Jordan, the reform of the National Employment Center is part of a move towards more diversified and integrated employment services.¹⁴⁶

Training programmes

The integrated services provided by employment offices generally comprise counselling and training programmes, but offices may also offer public works programmes, employment subsidies, or support for self-employment or to micro-enterprises. Programmes in some of the GCC countries provide good examples of service integration: for example, the University Graduates 1912 Programme in Bahrain¹⁴⁷ and the Training and Employment Programme of the HRDF in Saudi Arabia¹⁴⁸ both combine employment-linked training with one or two years of subsidized employment.

Training courses address several of the gaps outlined in chapter I, including the skills gap, the deficits in the labour market for young people, and – primarily in the countries of the GCC – the limited employment of nationals in the private sector. Employment offices offer training courses on a wide variety of topics, including job search skills (in Bahrain and Jordan, for example), computer skills (in Kuwait, for example) and vocational training (in Jordan, Kuwait, Oman, Qatar and Saudi Arabia).

A substantial proportion of the training programmes in the region are focused on young people, providing evidence that policymakers and donors are seeking to address the problem of youth unemployment through targeted interventions. A number of public programmes, such as the Vocational Training Centre in Egypt, the training programmes of the Ministry of Labour in Iraq and the employment programme in Jordan, as well as certain donor-funded programmes, such as the Accelerated Vocational Training programme in Lebanon,¹⁴⁹ specifically target low-skilled and otherwise disadvantaged young people. The programmes focus on hard skills, generally provided in a classroom setting. A few programmes, such as the Training and Vocational Education Strategy (TVET) in Jordan¹⁵⁰ and Tamkeen in Bahrain,¹⁵¹ also include the development of soft skills, such as critical thinking, communication and social skills, in the curriculum.

Indeed, several reviews of the training and vocational education approaches taken in the region, especially in the non-GCC countries, point to significant room for improvement. The European Training Foundation criticized the lack of analysis of which skills are needed in the market, the vast duplication of training programmes and a lack of coordination, notably between different public institutions, but also between donors and ministries. It also highlighted the fact that training providers have little autonomy to develop relevant curricula and that many teachers are poorly trained and

unenthusiastic.¹⁵² A recent World Bank review of non-publicly provided programmes reiterated the same points, highlighting the lack of coordination between stakeholders and insufficiently transparent targeting, which means in effect that programmes primarily benefit young, urban, middle class students.¹⁵³ The National Training and Employment Project in Jordan¹⁵⁴ has summarized the weaknesses of its earlier capacity-building approach, which may also be valid for other countries (see box 1).

One of the main routes towards improvement is the development of national qualification frameworks, which specify and formalize the content of different levels of qualification and facilitate better understanding and smoother interaction between the education system, the vocational training authorities and the labour market. Bahrain launched the development of its framework in 2009 as part of its overall education reform process.¹⁵⁵ Saudi Arabia started developing a qualification framework for post-secondary education in 2006, which also covers vocational education. Similarly, the United Arab Emirates initiated the process in 2006 and established the National Qualifications Authority in 2010,¹⁵⁶ with the aim of better integrating educational qualifications and labour markets. The GCC countries regularly organize inter-agency meetings in order to coordinate qualification requirements and exchange experience. In Egypt, the Government approved the third phase of the Higher Education Master Plan in October 2010, which foresees the development of a national qualifications framework.¹⁵⁷ In Lebanon, the decision to develop a similar framework was taken in March 2010,¹⁵⁸ while in Jordan, the newly-created Centre for Accreditation and Quality Assurance started preparing pilot qualifications frameworks for the tourism and water sectors in 2009.¹⁵⁹

A second important axis of reform is the expansion of the training infrastructure, which helps to improve outreach into rural or marginalized areas. Iraq and Yemen are investing in training infrastructure, with the construction, equipment

Box 1.**Realities of the TVET system in Jordan**

Although considered one of the tools for facilitating Jordan's human resource development within the context of lifelong learning, TVET lacks the support necessary to enable it to adapt to rapid changes in the economy. Numerous studies have concluded that the E-TVET system faces the following difficulties:

- The TVET sector is fragmented and uncoordinated, with delivery of TVET by three different Government agencies, using different delivery models and methodologies;
- Private sector involvement in governance and practical needs to be stepped up and supported;
- Linkage between TVET providers and the labour market is limited;
- The training provided by TVET public providers does not meet the requirements of the labour market: it is mostly supply driven and limited to initial training, with no consideration for lifelong learning;
- Financial mechanisms do not contribute towards improving system performance;
- Civil service rules and regulations need to be amended to facilitate the hiring of a highly qualified workforce in the public TVET system;
- The image of TVET (dead-end training with no chance for further development) is not up to the standard expected by Jordanian society and employers;
- The guidance and counselling system is weak and fragmented, and has little impact on individual choices;
- The equipment of most training institutions needs to be replaced or upgraded;
- The skills of trainers need to be upgraded;
- Continuing training is ignored by the system, both by providers and enterprises;
- Little autonomy is devolved to TVET institutes, particularly with regard to the development of continuing training activities;
- The Labour Market Information System is at an initial level and does not serve the decision-making process well;
- The absence of a national qualification framework reduces the attraction of Jordanians into low-skilled positions in the labour market because of the risk of being "stuck" in a career with no possible progression.

Source: Adapted from Ministry of Labour, Jordan E-TVET Sector Reform, *Realities of the Current TVET System*.

and operation of 10 new training centres in Iraq¹⁶⁰ and 35 new training institutes in Yemen.¹⁶¹

Public works programmes

Public works programmes and employment subsidies are two other instruments through which Governments can directly assist especially vulnerable groups. Public works programmes are usually designed to provide employment and income to the parts of the population that are most severely affected by economic crises and,

as such, serve as poverty alleviation tools. In the ESCWA region, Egypt,¹⁶² Iraq¹⁶³ and Yemen¹⁶⁴ have experience in operating large-scale public works programmes with a volume of several million United States dollars, predominantly in rural areas. These programmes pursue the twin objectives of firstly creating employment and secondly creating vital economic and social infrastructure in often marginalized areas.

It appears, however, that none of the programmes in operation is combined with any kind of training component which could provide workers not only

with work experience and income, but also with certified skills which they could transfer to other types of employment outside the programme on the open labour market. Improved integration of income generation in combination with a skills development component could increase the impact of public works programmes and serve as a more effective bridge to possibly more stable employment in the formal sector.¹⁶⁵

Employment subsidies

Employment subsidies, the second tool to support the employment of especially vulnerable groups, are used in the main to encourage private sector employers to hire such workers. In the ESCWA region, such subsidies are applied primarily in the GCC countries and Jordan, predominantly to help unemployed young people in the transition to their first job. Young people are also the focus of the National Training and Employment Project in Jordan, the Graduate Employment Program¹⁶⁶ and the University Graduates 1912 Project in Bahrain,¹⁶⁷ and the Qatar Employment Program, in which the 15-29 age group represents 71 per cent of the jobseekers who found employment through the Program between October 2007 and March 2010.¹⁶⁸ Subsidies can amount to up to 50 per cent of the salary of the beneficiaries (as is the case, for example, in the Graduate Employment Program in Bahrain, the National Employment Program in Jordan and the HRDF in Saudi Arabia,¹⁶⁹ and may also cover part of the social security contributions (as is the case, for example, in the National Employment Program in Jordan and the University Graduates 1912 Program in Bahrain). Such subsidies are often combined with training programmes, which makes the beneficiaries even more attractive to employers.

It is interesting to note that in the ESCWA region, employment subsidies are primarily used as hiring subsidies, with the aim of encouraging employers to engage vulnerable categories of workers and alleviate structural unemployment. There appears

to be no experience of using employment subsidies to prevent seasonal or cyclical unemployment during economic downturns. Instead of supporting the capacity of employers to adjust to economic conditions by relaxing employment protection (and thus making it easier to lay off workers), employment subsidies are sometimes also paid to support work-sharing arrangements and short-time work in order to help employers maintain their workforce and protect jobs. In this case, the subsidies also have a countercyclical economic effect by supporting income and consumption during times of recession when the otherwise massive lay-off of workers would be dangerously procyclical. This approach could be of particular interest in countries without established unemployment insurance. Germany and Italy, for example, have adopted this approach during the recent financial and economic crisis with some degree of success, although conditions may not be easily transferable, especially not to countries with large informal sectors.

Promotion of micro, small and medium-sized enterprises

The last instrument which is employed throughout the ESCWA region is support to micro, small and medium-sized enterprises (MSMEs). These programmes are used to address a number of the gaps described in chapter I, including support to private sector development and to close the gap in the economic structure. The objectives and design vary significantly, depending on the economic environment and the social needs to be addressed.

In the GCC countries, a range of programmes provide services and support to small and medium-sized enterprises (SMEs) in order to diversify the economic structure, support private sector growth and nationalize the workforce. The HRDF in Saudi Arabia maintains a SME training programme, as well as a Programme to Support the Establishment of Small Businesses. Similarly, the Mohammad Bin Rashid Establishment for SME Development¹⁷⁰ and

the Khalifa Fund for Enterprise Development¹⁷¹ the United Arab Emirates support the development and growth of SMEs for the creation of job opportunities. In Qatar, Enterprise Qatar is committed to building a flourishing SME sector.¹⁷² The services provided by the Qatar programme may include seed capital, loans and loan guarantees. The Kuwait Small Projects Development Company may also hold equity shares in the companies it supports.¹⁷³ Non-financial services include training, technical and legal advice. The Bahrain Development Bank has set up a business incubator centre,¹⁷⁴ and the Khalifa Fund in the United Arab Emirates has developed a set of integrated services, which aim to combine high quality financial and non-financial services.

In countries such as Egypt, Lebanon, Jordan and Yemen, similar support to MSMEs is mainly applied as a poverty alleviation tool, which targets poor, marginalized or informal workers to generate income through self employment. The Social Fund for Development in Yemen promotes microfinance; training and advisory services are integrated into those programmes.¹⁷⁵ Social Fund for Development in Egypt, the Public Corporation for Employment and Enterprise Development in the Syrian Arab Republic, and the Development and Employment Fund in Jordan¹⁷⁶ are funding both micro and medium projects for the poor and unemployed with a view to eradicating poverty. Most of these funds (those in Egypt, Jordan and Yemen, for example) are dedicated to reaching out to poor and marginalized areas through a network of regional offices.

Summary

Reviewing the extent to which the instruments of active labour market policies are used to address the segmentation of the labour markets in the ESCWA member countries and the gaps described in chapter I of this report, it appears that insufficient attention is given to workers in the large informal sectors of all but the GCC

countries. The considerable entrepreneurial talent vested in the vast number of micro and small-sized enterprises and their development potential remains largely unrecognized and unutilized. Active outreach to those working in the informal sector should also aim to integrate their knowledge and skills into a qualifications profile, which would allow for a transfer to comparable employment in the formal sector. Second, the underrepresentation of women in the labour market does not seem to be of adequate concern. Despite the fact that especially well-educated women are highly likely to be unemployed, none of the programmes reviewed appear to pay particular attention to this group. Third, in recent years, public policy has directed considerable attention to the problem of youth unemployment and several countries (Palestine in 2004; Bahrain, Iraq and Jordan in 2005; the Syrian Arab Republic and Yemen in 2006; and Egypt in 2007) have developed youth strategies with a strong focus on employment and skills development in order to support this particular age group.¹⁷⁷ The pressing problem of youth unemployment is being addressed through a variety, and possibly even the majority, of interventions, including training programmes, employment subsidies, and the promotion of micro and small-sized enterprises. From the programmes analysed, however, it was not possible to judge whether the targeting of such interventions is being done in such a way as to ensure that the programmes cater equally for the needs of all population groups across the full range of skill levels and income groups.

In large part, the skills gap as described in chapter I appears to reflect a weakness in the overall education and vocational education system, which can – but should not – be addressed through the instruments of active labour market policy alone. The considerable effort currently being invested in the development of national qualification frameworks is undoubtedly the best way to formalize the development of knowledge and skills, ensure transferability and support worker mobility. The formalization of qualification

profiles, including vocational education, would also facilitate the transition of graduates from school to work. Regional coordination of such qualification profiles would support mobility and portability of skills and experience, especially among the vast group of labour migrants. In the short term, improved coordination between stakeholders, better integration of the private sector into training activities, and more effective integration and targeting of employment services undoubtedly constitute the best way to proceed.

The gap between the public and private sectors is addressed in part by enterprise support programmes, particularly in the GCC countries. However, insufficient economic diversification and a lack of medium-sized, high-skill, high-value-added enterprises cannot be addressed through the instruments of active labour market policies alone, but must be pursued within the framework of overall economic policy. The following chapter therefore examines the economic policies currently applied in the ESCWA region and their impact on the creation of employment.

Chapter IV



IV. ECONOMIC POLICY AND ITS IMPACT ON EMPLOYMENT



The economic policies of Governments in the ESCWA region are designed to attain two overarching objectives: to achieve economic growth and to effect economic and social development. While these objectives are conditional on each other, they do not necessarily work in parallel.

Taking foreign direct investment (FDI) as an indicator for both the economic climate and the objectives and priorities of economic actors in the ESCWA region, these appear to be oriented more towards short-term profits than towards medium or long-term development. In 2009, 71 per cent of total FDI inflows into the region went to just three countries (Saudi Arabia, Qatar and Egypt), while the two countries in the region designated as least developing (Yemen and the Sudan) received only 4 per cent combined.¹⁷⁸ The largest share went to three sectors: oil and gas, real estate and construction, sectors which generate high rents, but are characterized more by extractive or consumptive than by productive activities. Similarly, intraregional investments were concentrated in the services and real estate sectors,¹⁷⁹ and while these sectors generate growth, they generate neither the quantity nor the quality of employment which would translate such growth into income or economic and social development.

Conversely, diversification away from oil and other rents into a broader-based economic structure has been the established objective of Governments in the region for some time. An increasing share

of investment is now targeting the manufacturing and service sectors, and a number of countries in the region have improved their competitiveness through the modernization and streamlining of regulatory and physical infrastructure.

This chapter looks at some of the fundamental structures of the ESCWA economies and at the ways in which economic policy aims to align them more closely to global competition and social development.

Industrial policy and SME promotion

A fundamental dilemma for many ESCWA economies lies in their rather fragmented and paradoxical economic and employment structure. The economic sectors with the largest shares in GDP provide relatively little employment, while those industries with the largest shares in employment provide relatively small shares to GDP. In the GCC countries, the bifurcated labour market poses additional challenges. In most countries of the ESCWA region, over 90 per cent of all establishments are SMEs, which are in competition with a much smaller number of large, publicly and privately-owned companies, which often dominate their markets.¹⁸⁰

Under these conditions, Government policy will continue to support the largest sources of GDP while at the same time assisting SMEs to grow to

fill the gap in the economic structure identified in chapter I. Efforts are concentrated in two main areas, namely attracting not only FDI, but also private domestic investment, and enhancing the absorptive capacity of businesses. In the GCC countries, these objectives are often combined with a third goal, that of increasing the nationalization of the workforce.

Almost all ESCWA member countries have established one or several investment promotion authorities,¹⁸¹ which offer services ranging from basic information and assistance to more comprehensive investor services. The Sudan has established the Federal Ministry of Investment, which aims to promote domestic and foreign investment, and to simplify administrative procedures in a one-stop-shop.¹⁸² A similar ministry in Egypt operates an online investment portal.¹⁸³ The Doing Business Surveys of the World Bank and the Competitiveness Reports of the World Economic Forum regularly trace improvements in the overall business climate.¹⁸⁴

The Unified Industrial Development Strategy for the Arab States of the Gulf Cooperation Council sets out a roadmap to accelerate industrial development, boost growth in the manufacturing sector, increase the share of nationals employed in the manufacturing sector and support the development of remote areas. The strategy aims to increase private sector investment in heavy industry, while supporting small and medium-sized enterprises through their connection to larger firms, thus facilitating economies of scale for smaller enterprises.¹⁸⁵ The use of industrial zones is highlighted as a tool to achieve such a strategy.

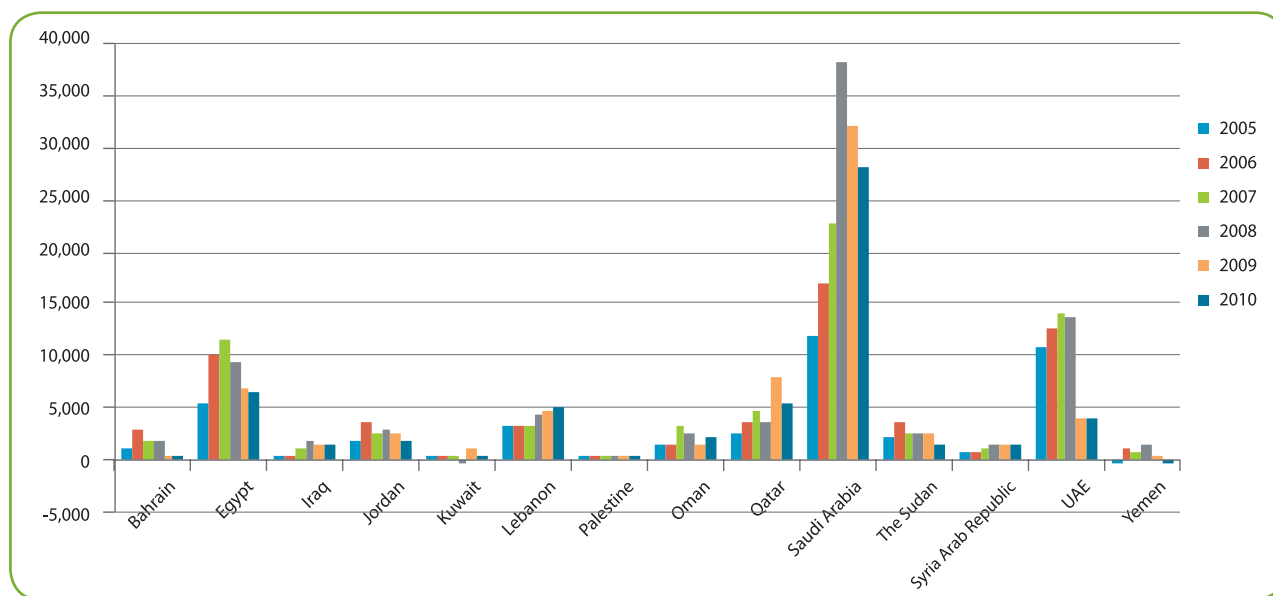
In Egypt, the National Industrial Development Strategy sets out three main stages: first, achieving higher industrial growth by developing exports and attracting FDI; second, leveraging industrial competitiveness to boost industrial productivity; and third, gradually shifting the industrial structure from low-tech to medium and high-tech industries.¹⁸⁶

It also includes components which cover investment promotion, industrial development and SME promotion.¹⁸⁷ The industrial policy of Jordan, adopted in 2008, focuses on export-oriented industries by increasing the competitiveness of Jordanian industrial products.¹⁸⁸ The Syrian Arab Republic targets the expansion of manufacturing and employment in that sector, and its SME Support Programme aims to increase the competitiveness of small and medium-sized enterprises and their access to finance.¹⁸⁹

The policy of choice of a number of countries (Bahrain, Egypt, Jordan, Oman, Saudi Arabia, the Syrian Arab Republic and Yemen) has been the establishment of special industrial zones. These offer simplified business procedures, improved infrastructure, direct business support and special tax regulation, and are designed to support small enterprises to grow into clusters of excellence through horizontal technology transfer and their integration into value chains. In the countries of the GCC, the establishment of industrial cities; the provision of subsidized utility services, including cheap gas and water; and the availability of concessionary loans have allowed both private and public companies to expand rapidly into such areas as petrochemicals, aluminium, construction materials and plastics. The establishment of such zones in rural and otherwise disadvantaged areas is also connected to the objective of more decentralized development, away from the capitals and dominant business hubs. It is anticipated that investment in specialized zones will be attractive to both national and foreign investors, as they provide a certain element of organization in an otherwise fragmented SME landscape.

A special study by ESCWA in 2007 on the impact of industrial policies on the competitiveness of SMEs found 42 industrial zones operating in Egypt, 23 in the United Arab Emirates and more than 65 in Jordan.¹⁹⁰ The study concluded that the expansion of the manufacturing sector in the United Arab Emirates could be attributed in

Figure XII. Foreign direct investment, ESCWA member countries, 2005-2010



Source: UNCTAD database.

part to the expansion of industrial zones. Dubai Industrial City, for example, has been designed to host a wide range of manufacturing enterprises of all sizes, operating under a common centre for industrial standards. In Jordan, a shift in national priorities from SME promotion to the maximizing of investment is clear from the National Agenda 2006-2015,¹⁹¹ under which additional support is provided to larger companies in the Qualified Industrial Zones. While such companies have been successful in increasing exports, notably the export of clothing to the United States of America, it should also be noted that some 40 per cent of the workers in such zones are foreign contractual workers, primarily from Asian countries.¹⁹²

The objective of attracting increased investment has been successful insofar as FDI inflows into the region have increased in recent years. Figure XII illustrates the extent to which foreign investment into Saudi Arabia dominates the situation in the region, but it also shows the strong position of Egypt as the third largest recipient. In 2010, Saudi Arabia received almost 50 per cent of all FDI inflows

into the region and the GCC countries combined received some 70 per cent.¹⁹³ If, however, the share of FDI in overall GDP is taken into account, Lebanon, Jordan and Qatar were the most successful countries in the region in 2008 and 2009.¹⁹⁴

The sobering aspect of such success, however, lies in the pattern of sectoral distribution: as noted by the World Bank in a recent report (which covered the broader Middle East and North Africa region), extractive industries and real estate continue to attract a major proportion of FDI.¹⁹⁵ Even in a more diversified economy, such as that of Egypt, 53 per cent of all inflows in 2009 went into the petroleum sector, a non-labour-intensive industry.¹⁹⁶ In certain GCC countries, in contrast, progress is being made towards diversification. A recently published annual report on FDI by the Saudi Arabian General Investment Authority notes that only one third of FDI inflows in 2009 targeted the petroleum sector and related industries, while a quarter went into the construction and real estate sectors, with the remainder being spread across a broad range of other industries and services.¹⁹⁷

Economic trends

Over the years, the three most important economic sectors for all ESCWA member countries have been natural resource extraction, public administration and public services, and agriculture. While this remains the case, the manufacturing sector and services such as transport, telecommunications, trade and tourism are increasing their shares rapidly. Manufacturing is now the second largest sector in Egypt and Jordan (after “other activities”¹⁹⁸), but with 13.6 per cent in the United Arab Emirates, 12.4 per cent in Bahrain and 10 per cent in Saudi Arabia, it has also gained importance in the GCC countries. Long-term growth rates¹⁹⁹ in the manufacturing sector have been impressive across the region, particularly in Bahrain, Oman, Qatar, Saudi Arabia, the United Arab Emirates and Yemen (albeit from a rather low baseline). In Egypt and Jordan, the sector has been growing more than 6 per cent per annum. The second most important group of engines of growth in the GCC countries are the construction, transport and communication sectors, and the trade and hospitality industries, with growth rates of around 10 per cent for most countries. Outside the countries of the GCC, sectoral growth rates of 10 per cent are very much the exception and are currently only being attained in the construction sector in Iraq and the trade and hospitality industry in Yemen. The drivers of growth in the non-GCC countries are the construction, trade and communication sectors, with annual growth rates ranging from 6.7 per cent to 8.2 per cent. Across the region, growth rates in the mining and utilities sectors – despite their prominent contribution to GDP rates – are generally lower than those of the key growth sectors.

Intensity of employment creation to growth (elasticity)

From a development perspective, a further issue to be considered is that of the capacity of such growth to create employment. Unfortunately,

in this regard, the information base is vague. The percentage change in employment for every percentage change in GDP (elasticity), as calculated by ILO, ranges from as low as 0.33 in Bahrain, 0.34 in the Sudan and 0.37 in Lebanon to as high as 1.05 in Yemen. It is clear from the data that growth has a high direct impact on employment in Qatar, the Syrian Arab Republic and Yemen, while Bahrain and Lebanon would require higher growth rates in order to produce a similar increase in employment (see table 10).

However, as lower elasticity may also signify higher degrees of productivity and because differences between industries can be significant, policymakers may wish to explore this relationship by examining sectoral differences. Regrettably, very little information is available on the relationship between growth and employment in different sectors of the economy. A recent report by the European Commission calculated that in Egypt, 1 per cent growth in agriculture or industry would generate around 0.35 per cent growth in employment, whereas in the service sector, the relationship would be more than double that rate (0.85 per cent).²⁰⁰

The statistical data sets available to ESCWA allow for the calculation of sectoral elasticity only for a limited set of countries with neat time series data on employment by economic sector (Jordan, Palestine, Saudi Arabia and the Syrian Arab Republic). The results are shown in Annex table 11. In the case of Jordan, the overall elasticity of 0.56 per cent between 2000 and 2008 conceals significant intersectoral differences. The highest sensitivity of employment to changes in economic growth lies in the “other activities” (or “public sector”) category,²⁰¹ in which a 1 per cent increase in growth results in a 0.85 per cent increase in employment. The responsiveness of employment to growth in the construction, trade, hospitality, transport and communications industries lies around 0.45 per cent. The role of agriculture as a reserve sector in times of crisis is clearly shown

Table 10. Employment elasticity to growth, selected ESCWA member countries, 1992-2008

Country	Elasticity of total employment to total GDP, 1992-1996	Elasticity of total employment to total GDP, 1996-2000	Elasticity of total employment to total GDP, 2000-2004	Elasticity of total employment to total GDP, 2004-2008
Bahrain	0.68	0.66	0.44	0.34
Egypt	0.67	0.48	0.82	0.57
Jordan	1.99	0.36	0.69	0.58
Kuwait	0.02	2.93	0.41	0.46
Lebanon	0.69	0.92	0.52	0.37
Oman	1.21	0.63	0.50	0.42
Qatar	0.37	0.28	1.26	1.03
Saudi Arabia	1.99	1.74	1.00	0.68
The Sudan	1.40	0.44	0.43	0.34
Syrian Arab Republic	0.69	2.99	0.65	1.03
United Arab Emirates	1.38	1.33	0.88	0.51
Yemen	1.09	0.60	1.12	1.05
Average	1.02	1.11	0.73	0.62

Source: ILO, Key Indicators of the Labour Market database. Available at <http://www.ilo.org/kilm>.

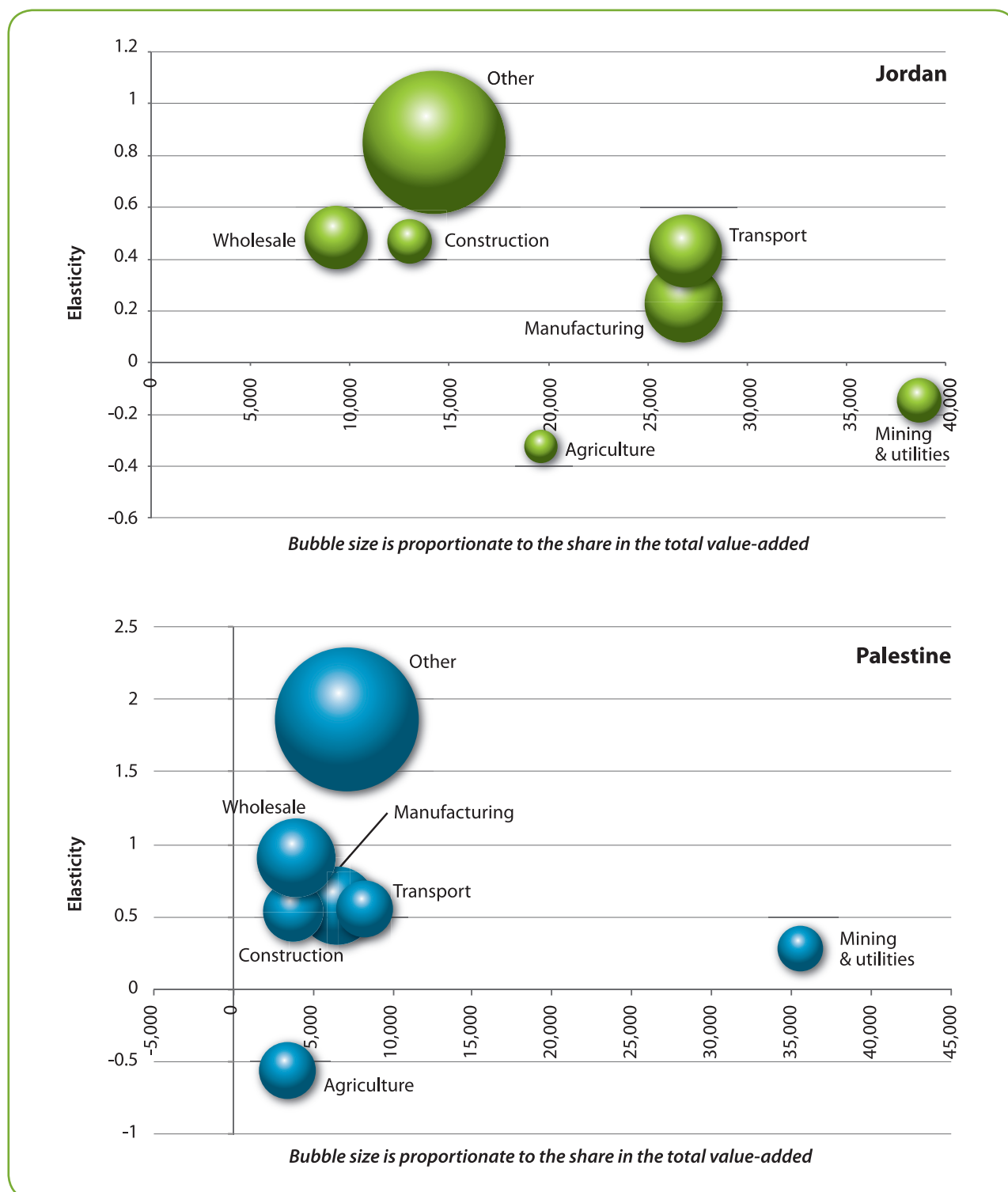
by its negative elasticity of 0.3 per cent; when the economy improves, people move out of the frequently precarious conditions in agriculture and jobs appear to be lost. However, the negative relationship also means that in times of crisis, people move back into the agricultural sector.

The data from Palestine show a similar role for the agricultural sector. With every percentage point of GDP growth, more than 0.5 per cent of jobs are lost in the agricultural sector as people move to higher value jobs. The fastest reacting sectors are trade and hospitality (0.9 per cent) and the “public sector” (1.86 per cent), while the sensitivity of employment to growth in the transport, communications, construction and manufacturing sectors lies around 0.5 per cent. The computed overall elasticity of employment to growth for the

Palestinian economy over the period from 2001 to 2009 was 1.17 per cent.

Figure XIII illustrates the relative importance of the different sectors in the Jordanian and Palestinian economies. It shows that the relative weight of the “other activities” category in terms of its share in GDP is very high. Job creation in this sector as a reaction to a rise in GDP (elasticity) is also very high, while productivity is comparatively low. The graphs depict an overall lower productivity level in the Palestinian economy and visibly smaller differences in productivity between economic sectors than in the Jordanian economy. The very low productivity of the agricultural sector in Palestine offers a clear indication as to why people tend to move towards higher value activities in times of economic growth.

Figure XIII. Sector shares in GDP, productivity and elasticity, Jordan and Palestine



Source: Annex table 11.

Productivity trends

The high employment intensity of economic growth in certain sectors of the economies of the ESCWA region indicates the capacity to generate large numbers of jobs in times of economic upswings, but during downturns these jobs are often also rapidly lost. A high elasticity of employment suggests little growth in the productivity of the labour employed. A closer look at productivity by sector produces a clearer picture.

Mining and utilities is the sector with the highest productivity in all ESCWA member countries, followed by the transport and communications sector (in Egypt, Iraq, Lebanon, Oman, Qatar, Palestine, the Sudan, the Syrian Arab Republic and Yemen) or, in Bahrain, Jordan, Saudi Arabia and the United Arab Emirates, the manufacturing sector.

Across the region, some of the sectors with the highest growth rates over the past 10 years are at the same time those with the lowest productivity per person employed. The construction sector in Bahrain, Iraq, Jordan, Kuwait, Oman, Qatar,

the Sudan, the Syrian Arab Republic, the United Arab Emirates and Yemen are all cases in point. Available data show that in Egypt, Iraq, Palestine and Yemen, between 40 per cent and 55 per cent of those employed are working in sectors with below-average productivity.²⁰³ In Jordan and the Sudan, these shares are even higher at 77 per cent. In Jordan, this is attributable to the high number of people employed in the “governmental sector” (more than 59 per cent of employment is in the “other activities” category) and in the Sudan, it is due to the fact that more than 40 per cent of workers are employed in the agricultural sector. In some of the GCC countries, the share of those working in below-average productivity sectors is equally troublesome: 84 per cent in Saudi Arabia (primarily as a result of the fact that over 50 per cent of all employment is in the “other activities” category), 51 per cent in Oman (for similar reasons) and 62 per cent in Qatar, mainly due to approximately 40 per cent of employment being in the construction sector. Recent calculations by the IMF show continuing relatively low labour productivity in most of the GCC countries and declining total factor productivity in Oman, Qatar and Saudi Arabia.

Table 11. Contribution of various production factors to GDP growth, average growth rates, 2000–2007

	Gross domestic product	Capital	Labour	Human capital*	Total factor productivity
GCC countries					
Bahrain	5.6	2.4	0.9	0.4	1.9
Kuwait	5.8	3.0	1.8	0.1	0.9
Oman**	4.4	3.3	1.8	0.4	-1.1
Qatar	9.2	7.2	2.8	0.5	-1.3
Saudi Arabia	3.5	2.0	1.9	0.7	-1.0
United Arab Emirates	8.8	2.7	3.0	0.9	2.2
Selected advanced countries					
Norway	2.6	0.9	0.5	0.7	0.6
Singapore	6.0	1.1	1.6	0.5	2.8
United States of America	2.4	1.2	0.7	-0.3	0.7

Source: IMF, 2011, Qatar: 2010 Article IV Consultation, p. 47.

* Human capital is defined in terms of years of schooling of the workforce.

** Human capital growth for Oman is imputed from the GCC average.

In order to assess developmental progress, the World Economic Forum classifies countries into three categories according to their drivers of growth; these are factor-driven, efficiency-driven and innovation-driven economies. According to this classification, of the 10 ESCWA member countries included in the most recent review, only Bahrain and the United Arab Emirates are driven by innovation, with Oman coming close. Jordan and Lebanon are classified as efficiency-driven economies, while Egypt, Kuwait, Qatar, Saudi Arabia and the Syrian Arab Republic are assessed as transiting from a factor-driven economy to efficiency-driven growth. In Yemen, growth is still mainly driven by factor accumulation.²⁰⁴

Among the most important factors supporting efficiency growth are the quality of secondary and higher education; the efficiency of goods, labour markets and financial markets; and the quality of infrastructure and institutions. Future research will need to explore in greater depth the links between policies in those areas on the one hand and the expansion of growth, productivity and employment on the other hand.

Summary

The challenge of simultaneously increasing the quantity and quality of jobs for the rapidly increasing workforce has been laid out for the broader Middle East and North Africa region²⁰⁵ and it is equally relevant for the ESCWA region. The analysis of available information suggests that policymakers are aware of this challenge and are developing corresponding policy institutions and instruments. In practice, however, it appears that economic growth and the need to generate large numbers of jobs have taken precedence over concerns about the quality of employment. In the ESCWA region, to date only Jordan, Oman, the Syrian Arab Republic and Yemen have concluded their first decent work country programmes with ILO.²⁰⁶ Impressive growth rates in manufacturing

and in the transport and communication sector are encouraging, although these appear to be subsidized to a significant extent through energy subsidies and tax rebates. Further analysis is required to establish the driving factors behind such growth and identify opportunities for increasing productivity and improving jobs.

Some GCC countries are taking a more integrated approach, combining industrial policy with the goal of developing national industries, with the overall aim of nationalizing the labour force. In contrast to the mostly low-skill, low-productivity, foreign labour-driven growth path, a number of State-owned companies, including giants of heavy industry such as the Saudi Basic Industries Corporation (SABIC) and Aluminium Middle East, technology companies such as Mubadala and Advanced Technology Investment Company in Abu Dhabi, and service companies such as Etisalat and DP World offer high value added and remunerative jobs for a significant share of national workers. While the share of national staff is not as high as that in the public administration, Saudi operations for SABIC employ more than 75 per cent Saudi staff and in early 2010, Etisalat employed 36 per cent United Arab Emirates nationals (3,600 staff), helping to build up technical skills in the national workforce.

In order to conceptualize an economic policy which will effectively address the quantity and quality challenges in the labour market and target specific industries and social groups, a detailed understanding of the characteristics of specific economic sectors, their growth patterns and employment dynamics is essential. Unfortunately, publicly available information is limited and, as it stands, is insufficient to guide Governments in their economic and investment policy. It is assumed that additional information is available to national Governments for that purpose.

Chapter V



V. CONCLUSION



At first glance, a striking contrast appears between the highly volatile economic and political environment in the ESCWA region and the somewhat rigid, segmented economic structures and employment patterns within the countries of the region. A closer look, however, reveals that economic flexibility appears to be achieved through the division into a well-protected formal sector on the one hand and the informal economy (or, in the GCC countries, foreign contractual workers) on the other hand, serving as an economic reserve, which expands or contracts in rhythm with the business cycle. Adjustments are thus designed to take place in the informal part of the economy, thereby assuring additional protection for the formal sector. In effect, the poor are supporting the better off.

According to current estimates, about a third of GDP and two-thirds of employment is located in the informal sector.²⁰⁷ Differences in productivity and significant variations in elasticity of growth between industries further underscore the division of the economy into a low-skill, low-productivity, low-value-added segment (both of the economy and of the labour market) and other, more rewarding but smaller sectors. The prevailing enterprise structure of a limited number of larger companies surrounded by a sea of SMEs completes the picture.

The challenge which this poses to labour market policy is to find ways in which to overcome such fragmentation and integrate all available human

resources for productive use in the economy. Job improvement is as important as job creation for the engagement of all available skills. A review of a number of the instruments available (labour market regulation, active labour market policy and economic policy) leads to the following conclusions.

Regulatory reform

Scaling down public sector employment in the course of structural reforms and relaxing labour regulation has created a difficult situation, especially for well-educated young people. With a public sector increasingly closed to new employment and large parts of the private sector operating with a lower-skilled workforce, it is not easy for the well-educated to find adequate employment. The unemployment statistics set out in chapter I stand as testament to this problem.

While it was expected that regulatory reform, including the deregulation of labour markets, would create increased demand for labour, it appears that in order to be fully effective, such reform must go hand-in-hand with broader market liberalization. Studies on the overall pace of economic reform have pointed to a difficult political economy, in which large groups of dominant entrepreneurs complicate market entry for outsiders.²⁰⁸ The combination of strategic privatization, which often lacked transparency, and cutbacks in protective regulation has resulted in the impression of colluding interest

between the State and business.²⁰⁹ It appears that the interests of at least those 50 per cent working in or oriented towards formal sector employment in the region were overridden by Government decision without the creation of commensurate alternative jobs and without allowing for collective action to express dissent.

Arbitrary enforcement of labour regulation adds to the uncertainty and unpredictability of the overall economic environment and tends to discredit the role of the State as the guardian of the public good. It also reinforces the perception that the rules are not the same for all economic actors. This in turn has a disproportionate effect on SMEs, which do not always have the connections or the influence to make things work as they should. It also tends to deter foreign investment, particularly investment in longer-term activities which need time to mature and offer no quick gains.

On the other hand, wide variations in the dynamics of growth and employment between economic sectors and industries illustrate the difficulty in finding adequate regulation which would provide an equal fit for both high-productivity and labour-intensive industries. The increasing complexity of labour relations requires a flexible governance system which goes beyond the capacity of Governments alone. Statutory regulation is required to set overall standards which respect human rights and international conventions, but it is essential that such regulation be complemented by self-regulating mechanisms through the use of collective agreements between social partners that are sufficiently flexible to adjust to the conditions of different economic sectors.

Active labour market policy

Active labour market policy, as applied in most ESCWA member countries, would benefit from better integration of the various instruments available. Improved coordination between stakeholders,

including donors, would also contribute to greater efficiency. Certain GCC countries have developed promising models that integrate employment services with training and technical advice, and, where applicable, with funding and support for SMEs.

It appears that the programmes currently in operation are following, if not reinforcing, the existing segmentation in the labour market. Most exclude or are not specifically designed to actively reach out to the talent currently employed in the informal sector. Support programmes for the self-employed and microenterprises, which (outside the GCC) are primarily used as poverty alleviation tools, could be expanded by the inclusion of a qualification component specifically designed to include the entrepreneurial talent in SMEs. By engaging small businesses and including them in vocational training and apprenticeship schemes, active labour market policy would serve to bridge the gaps, professionalize workers and contribute to increased productivity. Similarly, combining public work programmes with training components would help to improve skills in some of the most vulnerable groups of the population.

Active labour market programmes are effective tools within certain limits, but they are not a panacea for all the deficits of the labour market. Training programmes, in particular, are no substitute for broader vocational education and, in turn, vocational education is no substitute for, but rather needs to build on, high-quality school education. It should be clearly understood that the deficits of the education system cannot be solved by active labour market policy.

National qualification profiles are a promising instrument through which knowledge acquired in different institutions can be standardized and the various providers of education and training integrated into a broader qualifications network. This would go some way towards solving one of the reasons for youth unemployment, which is

related to “signalling”, as it would give employers more information about the knowledge and skills of potential employees. It could also be a way of certifying knowledge and experience acquired outside formal channels, such as that gained in the informal sector.

Economic policy

The ESCWA economies have set their industrial and overall economic policies to achieve high growth, economic diversification, and high and decent employment. The overall economic performance of most ESCWA member countries in the decade to early 2011 was strong. Solid growth rates of around 4.5 per cent of GDP, combined with low inflation and macroeconomic stability, even during the global financial crisis, has provided a good foundation for broader development objectives.

Member countries have also made progress in economic diversification. The manufacturing, transport and communication sectors, and the trade and tourism industries are experiencing encouraging growth rates. Manufacturing is now the second largest sector in Egypt and Jordan, and is also increasing in a number of GCC countries. The modern transport and communication sectors are also gaining increasing importance in the economies.

However, between 2000 and 2007, annual employment grew on average by just 2 per cent, which was insufficient to absorb the growing workforce.²¹⁰ The average intensity of employment creation to growth is relatively high at 0.62 per cent,²¹¹ indicating that jobs are created quickly in times of growth, but may be lost equally rapidly in times of crisis. Such sizeable swings in employment without a compensation programme in place (such as unemployment insurance) have a procyclical effect and add to economic volatility. Data, which are available only for very few countries, suggest that

intersectoral differences are high, ranging in Jordan, for example, from 0.23 per cent in manufacturing to 0.48 per cent in trade and hospitality, and in Palestine from 0.53 per cent in construction to 0.91 per cent in the trade and hospitality sectors. More detailed analysis, both intersectoral and between regions within individual countries, is essential if policymakers are to target high-productivity sectors in their economic policies effectively and identify those sectors which have the potential to generate employment rapidly.

Of overarching concern is the fact that the fastest-growing sectors are those with the lowest productivity per person employed. The construction sector in almost all countries, and the trade and hospitality sectors in certain countries, are a case in point. Available data show that in several countries (Egypt, Iraq, Palestine and Yemen), between 40 per cent and 55 per cent of those in employment are working in sectors with below average productivity.

This analysis suggests that while economic policy has been successful in achieving diversification, it has been primarily in low value-added trades, which in turn confirms that demand for skilled work is weak across the economies of the region.

Overarching issues

The highly volatile economic environment, augmented by political risk and uncertainty, requires a well-developed policy infrastructure to enable Governments to make rapid adjustments when necessary and, in so doing, to provide economic and national stability. If it is to achieve such flexibility and stability, the current policy infrastructure in the ESCWA region requires development and improvement in a number of areas.

First, statistical systems and analytical capacity need to be expanded in order to provide a differentiated picture of developments in the

economy and the labour market. A number of core indicators, notably those related to working conditions and informality, are not available (see Annex table 1), and those data sources which are available are not of the necessary quality. The absence of any systematic information on wages in a region where poverty is of concern is particularly disconcerting.

Second, institutions need to be strengthened so that they may serve as effective communication channels with society. This clearly concerns Government institutions, such as ministries or employment services, but an effective governance system also requires the involvement of trade unions and associations representing employers. More transparent and systematic publication of statistical data would also assist in providing direction and orientation to all economic stakeholders.

Third, policy coherence needs to be improved across institutional boundaries. This requires improved coordination between ministries of education and ministries of labour, increased partnership with the private sector, and fine-tuning of plans and activities with donors. But, even more importantly, reform initiatives in different policy areas need to be better synchronized. Deregulating the labour market in an otherwise monopolistic environment may not produce the intended results. Monetary and fiscal policy needs to be attuned to the financing and development needs of small and medium-sized enterprises, and competition policy should be transparent and reliable.

One of the reasons underlying high unemployment is that certain population groups are active in limited segments of the labour market. These include nationals in the GCC countries, who are almost exclusively oriented towards the public sector, and educated women, whose employment opportunities have been curtailed as public sector employment has shrunk in recent years.²¹² Unemployment at lower levels of education is less problematic in most countries because there are

more jobs, meaning that the market for low-skill jobs is larger and less segmented, and mobility is therefore higher. Conversely, this means that efforts to increase labour mobility for the higher-skills segment by dismantling employment protection can only be effective if economic policy and investment promotion result in the creation of a larger high-skill jobs market, offering sufficient good quality employment.

At the same time, labour market policy needs to be fully integrated with social protection reform. The portability of social insurance between different types of employment must be ensured, as must the opportunity to contribute to health insurance and pension schemes during periods of unemployment.

Economic and social councils can provide an ideal forum in which to engage in a broader dialogue, which should include the voice of small businesses, which represent a large share of employment in all the ESCWA member country economies, together with trade unions and employer representation. Such councils offer an opportunity to harmonize the existing system of labour market governance and overcome the problems caused by its current fragmentation.

ENDNOTES

1. The Iraqi Employment and Unemployment Survey was not conducted in 2007.
2. The Labour Force Sample Survey has been conducted annually in Qatar since 2006.
3. The Manpower Survey has been conducted semi-annually in Saudi Arabia since 2007.
4. Since 2007, the LFS in the Syrian Arab Republic has been conducted semi-annually.
5. Lebanon is the only ESCWA member country without an LFS, although other household surveys include labour market data. It should be noted that Lebanon has not conducted a full census since 1932.
6. Calculations from: United Nations Department of Economic and Social Affairs Population Division, World Population Prospects: The 2010 Revision, available at <http://esa.un.org/unpp>. (Accessed 12 October 2011.)
7. Ibid.
8. Ibid.
9. World Bank, 2009c, p. xx. It should be noted that a significant proportion of those five million jobs per annum will be required by non-ESCWA member countries in the MENA region.
10. See Annex figure I: Economic activities of females of working age, regional comparison and Abu Ismail et al., 2011, p. 5. Note, however, that while the male activity rate is lower than the global average, it is not the lowest in the world.
11. See Annex figure VI: Economic status of all individuals of working age, ESCWA member countries.
12. See Annex table 2: Urban-rural labour force participation rates, selected ESCWA member countries, 2000-2010.
13. ESCWA calculations.
14. See Annex table 3: Total population, ESCWA member countries, 1980-2025.
15. See Annex figure VII: Female labour force participation rate, ESCWA member countries and Annex figure VIII: Male labour force participation rate, ESCWA member countries.
16. Female participation rates in the ESCWA region are among the lowest globally: in 2009, the world average female labour force participation rate was 52.7 per cent, split as follows: Developed Economies and European Union: 53.1 per cent; Central and South-Eastern Asia and Commonwealth of Independent States: 50.4 per cent; East Asia: 66.5 per cent; South-East Asia and Pacific: 57.6 per cent; South Asia: 39.6 per cent; Latin America and the Caribbean: 52.0 per cent; Middle East: 24.8 per cent; North Africa: 27.6 per cent; Sub-Saharan Africa: 61.3 per cent. ILO, 2011, p. 66. It should be noted that the ILO groupings do not coincide with the ESCWA region; certain ESCWA member countries are included in its Middle East category and others in the North Africa grouping.
17. See Annex figure VII: Female labour force participation rate, ESCWA member countries.
18. See Annex figure XI: Labour force participation rate by nationality, selected Gulf Cooperation Council countries.
19. See Annex figure VII: Female labour force participation rate, ESCWA member countries.
20. Between 50 and 75 per cent of non-participating women are housewives (see Annex figure IX: Reasons for female economic inactivity).
21. See Definition of Terms and Indicators.
22. See Annex figure XIII: Employment to population rates, 2000, 2005 and 2010.
23. Ibid.
24. Nabli, et al., 2007, p. xvii; Tzannatos, 2009, p. 46.
25. While some people may choose to stay unemployed while waiting for public sector employment, it is difficult to quantify their share in total unemployment.
26. ESCWA calculations based on Annex table 3: Total population, ESCWA member countries, 1980-2025 Annex table 3. Total population, ESCWA member countries, 1980-2025 and figure I: Labour force participation rate, ESCWA member countries.
27. Superficially, the situation in the GCC countries appears to be different, with low unemployment rates (ranging from 0.5 per cent to 5.4 per cent); however this does not accurately reflect the situation of the national population. This will be reviewed in detail below.
28. It should also be noted that the ILO definitions of employment and unemployment are sometimes regarded as too strict for developing countries, which tend to have high rates of informality. The ILO seeks to remedy this through the use of categories of underemployment.
29. ILO, 2010a, p. 1.
30. Nabli et al., 2007, p. 46.
31. ESCWA calculations.
32. Ibid.
33. Bardak et al., 2006, pp. 13-14.
34. Dougherty, 2010, p. 42.
35. For comparison of educational status, the educational attainment categories were simplified into the following four broad categories: "Below primary", "Below secondary", "Secondary" and "Post-secondary". The categories include the following subcategories: Below primary: "Illiterate", "Literate", "Primary education incomplete" and "Read and write"; Below secondary: "Elementary", "Preparatory", "Primary", "Less than secondary" and "Lower than intermediate"; Secondary: "Lower and upper secondary education", "Secondary", "Diploma", "Intermediate diploma" and "Intermediate institutes"; Post Secondary: "University and above" and "University" (Qatar and Bahrain), Bachelor and above (Jordan and Bahrain), "Above secondary", "Above university", "Above intermediate", "Master" and "Doctorate".
36. EUROSTAT2011: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database.
37. European Commission, 2010b, p. 46.
38. Tzannatos, 2009, pp. 22 and 46.
39. See Annex table 7: Proportion of unemployed aged 15-24. More complete sex-disaggregated data are included in Annex tables 8 and 9.
40. Ministry of National Economy, Oman, LFS 2008, table 6-1.
41. Nabli et al., 2007, p. 19.
42. Dougherty, 2010, p. 45.
43. World Bank, 2008b, p. 24.
44. Ibid., p. 25.

45. World Bank, 2009a, p. 1.
46. World Economic Forum, 2010, pp. 30-55.
47. International Finance Corporation (IFC), 2008, p. 4.
48. University of Sussex Development Research Centre on Migration, Globalisation and Poverty, Global Migrant Origin Database Version 4.
49. Arab Labour Organization and International Organization for Migration, 2009, p. 20 and p. 63.
50. World Bank, 2009c, p. 23.
51. The emigration rate in the table is calculated over the total resident population of the individual countries, which also includes immigrants.
52. World Bank, 2009c, p. 22.
53. European Commission, 2010b, p. 18.
54. European Commission, 2010, p. 61.
55. Ibid., p. 16.
56. World Bank, 2009c, p. 30.
57. Ibid.
58. World Bank, 2004, pp. 98-99.
59. ILO, 2009, p. 8.
60. World Bank, 2004, p. 95; and World Bank, 2008b, p. 228.
61. Female public sector employment in Kuwait, Qatar and Saudi Arabia is high because relatively few women are employed in those countries and of those employed, the majority work in the public sector. Since most migrants are men, the number of non-national women working in the private sector does not skew the overall picture, which is that most women work in the public sector.
62. Central Agency for Public Mobilization and Statistics: <http://www.capmas.gov.eg/news.aspx?Nid=503&lang=2>. (Accessed 9 August 2011).
63. Jordan Times, Wide Wage Gap Reported Between Public, Private Sectors. 21 September 2010.
64. Kabbani, N. 2009. Policy Outlook: Why Young Syrians Prefer Public Sector Jobs. Middle East Youth Initiative Policy Outlook. Available at <http://www.shababinclusion.org/content/document/detail/1319/>. (Accessed 9 August 2011).
65. Qatar Labour Force Sample Survey 2009.
66. Tong, 2010, p. 4.
67. World Bank, 2008a, pp.4 and 58.
68. Kabbani and Kothari, 2005, p. 51.
69. European Commission, 2010b, p. 41.
70. World Bank, 2008b, p. 52.
71. United Nations Development Programme (UNDP) Regional Bureau for Arab States, 2009, p. 103.
72. World Bank, 2008a, p. 41.
73. See Annex table 11: GDP production, employment, productivity and elasticity.
74. See Annex table 12: GDP for financial institutions and insurance, for real estate and business services, and as a share of employment.
75. See Annex table 11: GDP production, employment, productivity and elasticity.
76. Ibid.
77. Ibid.
78. Bardak et al., 2006, p. 35.
79. The concept of informality partly overlaps with the notion of underemployment and vulnerability. While this report focuses on informality, the other indicators are discussed in one of the background papers for this report: Labour Market Structures and Challenges in the ESCWA Region (forthcoming).
80. World Bank, 2011b, p. 37.
81. United Nations, 2011, Statistical Annex, Indicator 1.7, p. 4.
82. See Annex figure VI: Economic status of all individuals of working age, ESCWA member countries.
83. Elbadawi and Loayza, 2008, p. 53.
84. Ibid., pp. 53, 56-57 and 60.
85. European Commission, 2010b, p. 48.
86. Wahba, 2009b, p. 7.
87. Nabli, 2007, p. 26.
88. World Bank, 2008a, p. 13.
89. World Economic Forum, 2010, pp. 28-55.
90. Ibid.
91. IFC, 2008, p. 4; IFC, 2003b, p. 4; IFC, 2010, p. 4; and IFC, 2003a, p. 4.
92. Angel-Urdinola and Kuddo, 2010, p. 35.
93. Bardak, Huitfeldt and Wahba, 2006, p. 49.
94. OECD, 2006, pp. 96-98.
95. Ibid.
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198. The United Nations Statistics Division national accounts statistics aggregate activities such as financial intermediation, real estate, public administration and public social services under the heading of "other activities". Since public administration and public social services such as health and education are likely to dominate this sector, and since banks in certain countries are still under public ownership, this sector is often considered to denominate the size of the governmental sector.
199. Unless otherwise indicated, data in this chapter refer to Annex table 11: GDP production, employment, productivity and elasticity.
200. European Commission, 2010c, p. 18.
201. The UNSTATS national accounts statistics aggregate activities like financial intermediation, real estate, public administration and public social services under "other activities". Since public administration and public social services like health and education are likely to dominate this sector and since banks in some countries are still publicly owned, this sector is often treated as denominating the size of the governmental sector.
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Annex



ANNEX



Annex table 1. Data availability, selected labour market indicators

Countries	Bahrain	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Palestine	Qatar	Saudi Arabia	The Sudan	Syrian Arab Republic	United Arab Emirates	Yemen
Labour force participation rate by sex and age														
Labour force participation rate, spacial disaggregation (percentage of total population)														
Employment to population ratio (employment as a percentage of population aged 15-64)														
International migrant labour as a share of labour force (percentage)														
Number of employed by private/public sector and sex														
Number of employed by economic sector, youth/adult and sex														
Employment by occupation and sex														
Employment by economic status and sex														
Employment rate by educational attainment and sex (percentage)														
Employment rate, working-age persons with disabilities by sex														
Employment rate by age and sex (percentage)														
Average real wages, disaggregated by educational attainment and sex														
Average real wages, disaggregated by sector and sex														
Average weekly hours actually worked, disaggregated by sector														
Usual weekly hours worked, disaggregated by sector														
Average real annual wages, disaggregated by occupation and sex (in constant US dollars)														

Annex table 1. Data availability, selected labour market indicators (Cont.)

Countries	Bahrain	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Palestine	Qatar	Saudi Arabia	The Sudan	Syrian Arab Republic	United Arab Emirates	Yemen
Labour productivity by sector (in constant US dollars)														
Unit labour costs by sector (in constant US dollars)														
Occupational injuries														
Unemployment rate by age and sex (as a percentage of the labour force)														
Unemployment rate by educational attainment and sex (percentage)														
Unemployment rate rural/urban and sex (percentage)														
Average duration of unemployment by age and sex (in days, most recent data)														
Reasons for inactivity as a percentage of total inactive persons within group, most recent data														
Estimates of underemployment														
Estimates of informal employment														
Average contribution to social security by employers per employee by sex (in constant US dollars)														
Average contribution to social security by employees by sex (in constant US dollars)														
Industrial disputes														
Unionization rate by sector (percentage of employed within sector)														

KEY

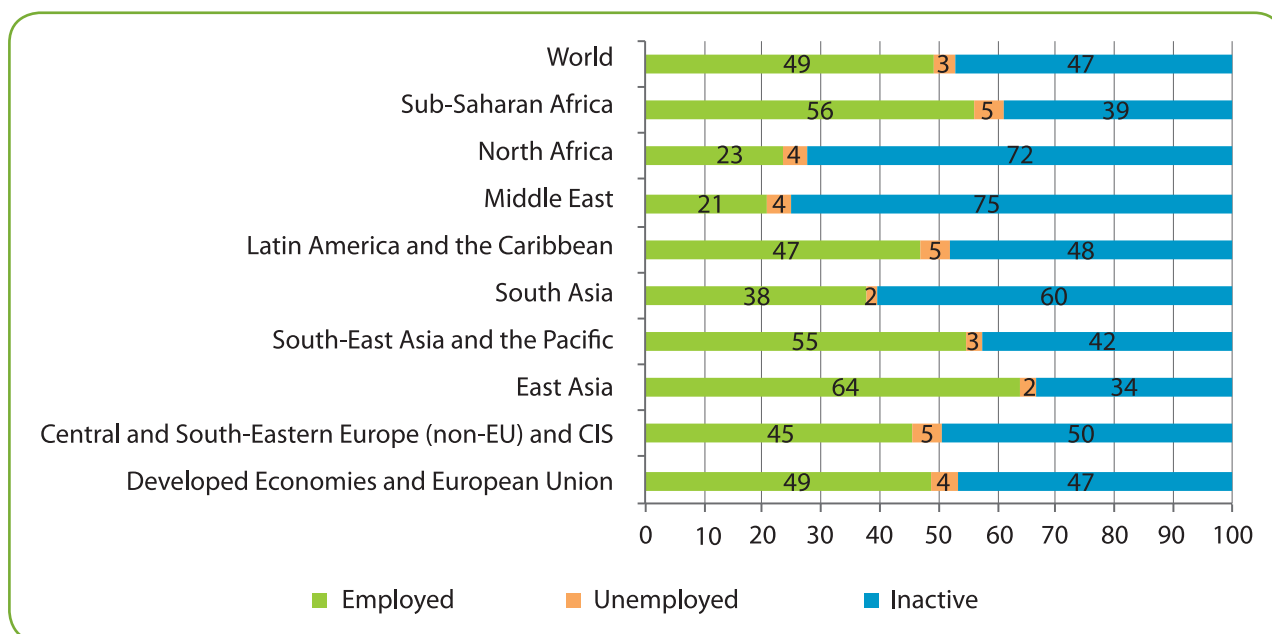
Complete or close to complete dataset available

Partial dataset available

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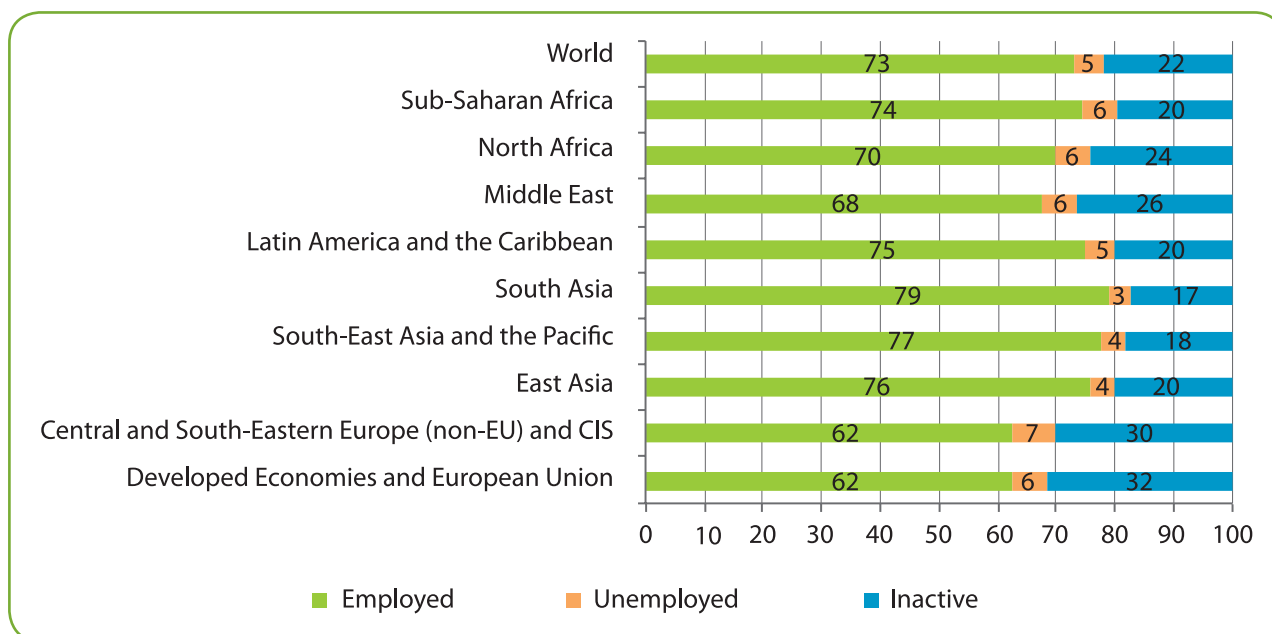
Data available from ILO or ALO sources

Annex figure I. Economic activities of females of working age, regional comparison (Percentage)



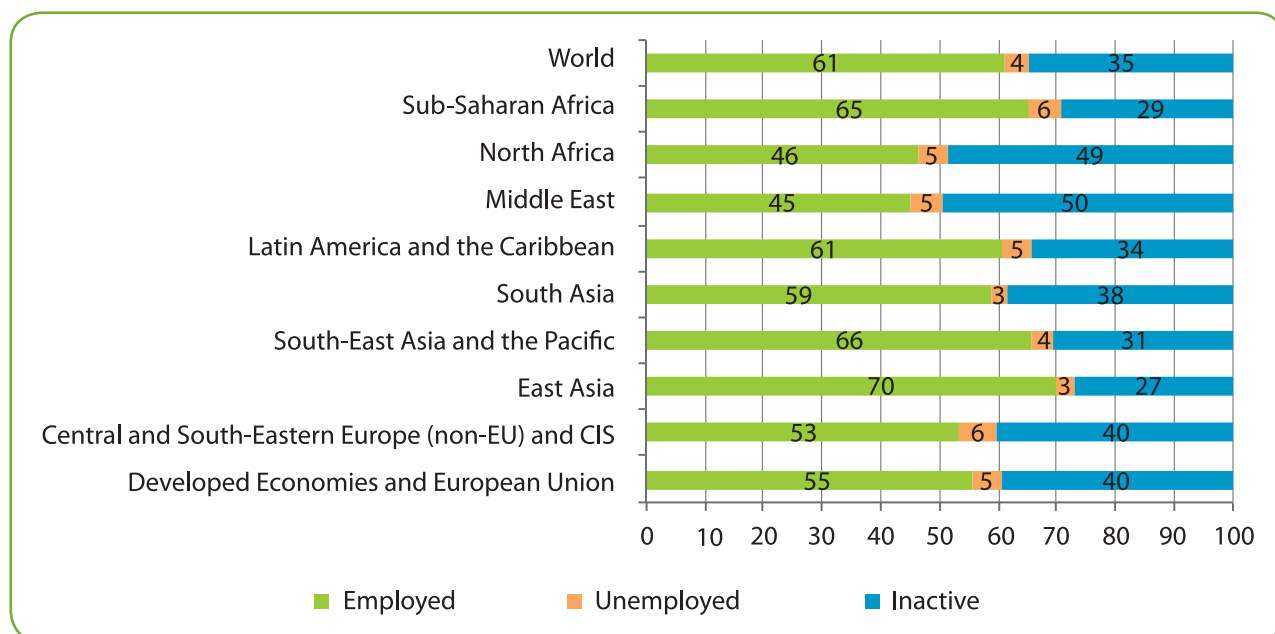
Source: ILO, 2011, *Global Employment Trends 2011: The Challenge of a Jobs Recovery*. Geneva: ILO. Available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_150440.pdf.

Annex figure II. Economic activities of males of working age, regional comparison (Percentage)



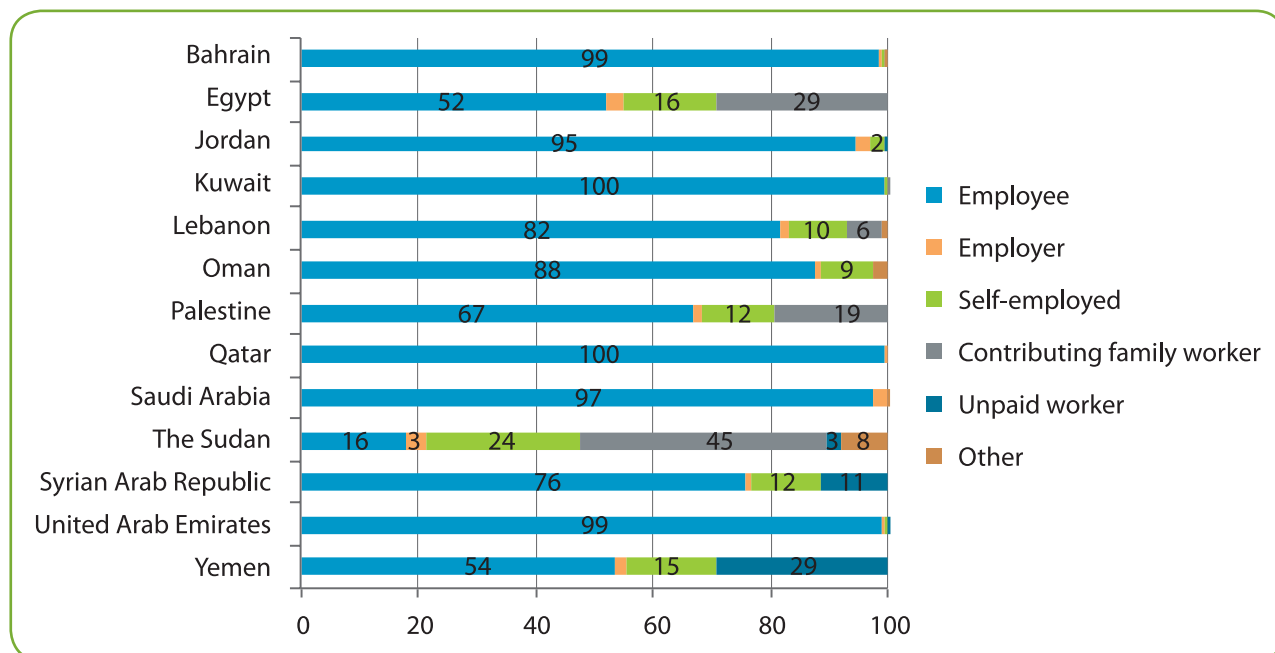
Source: ILO, 2011, *Global Employment Trends: The Challenges of Job Recovery*, Geneva: ILO. Available from http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_150440.pdf. (Accessed 1 September 2011).

Annex figure III. Economic activities of all individuals of working age, regional comparison (Percentage)



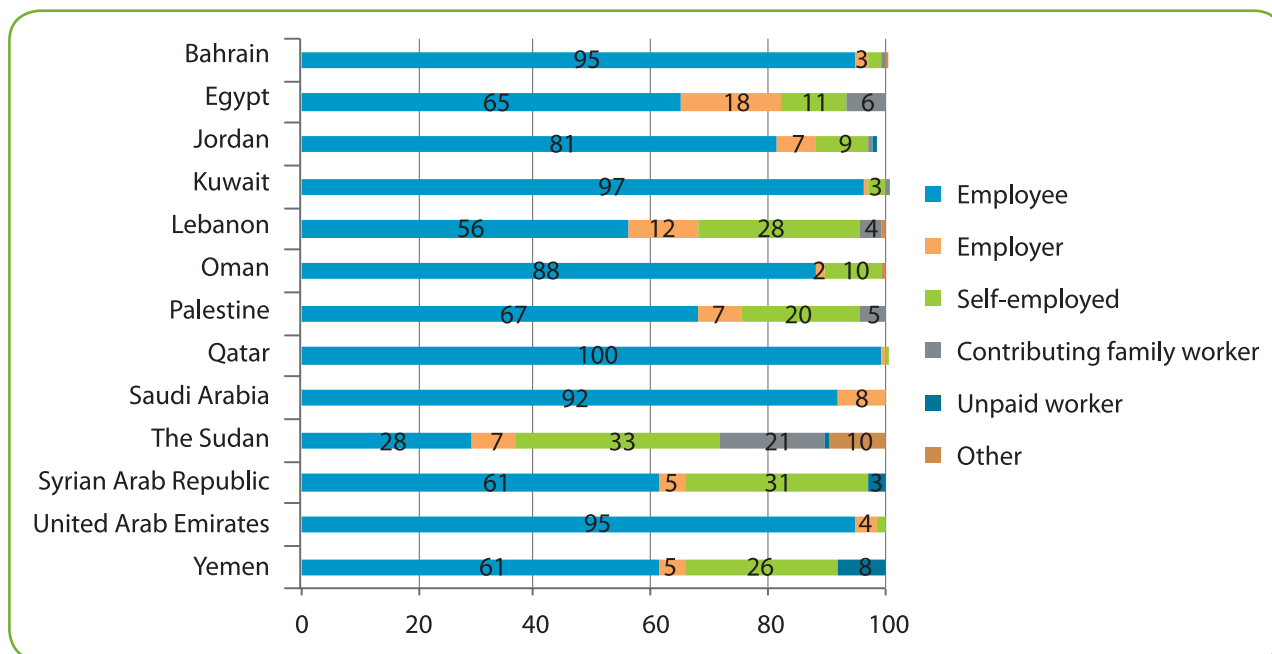
Source: ILO, 2011, *Global Employment Trends: The Challenges of Job Recovery*, Geneva: ILO. Available from http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_150440.pdf. (Accessed 1 September 2011).

Annex figure IV. Economic status of females of working age, ESCWA member countries (Percentage)



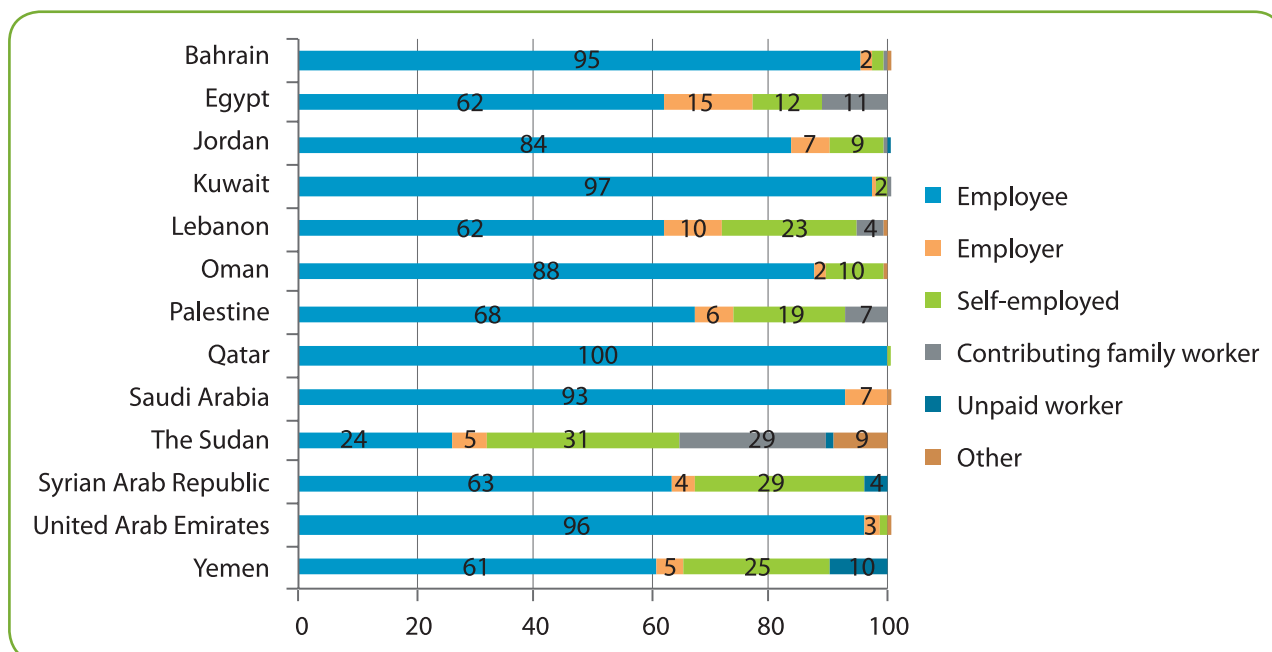
Sources: Bahrain: LFS November 2004; Egypt: LFS 2010; Jordan: EUS 2010; Kuwait: Census 2005; Lebanon: Living Conditions Survey 2007; Oman: LFS 2000; Palestine: LFS 2010; Qatar: LFS 2009; Saudi Arabia: LFS 2009; Sudan: Census 2008; Syrian Arab Republic: LFS 2010; United Arab Emirates: LFS 2008; Yemen: Census 2004.

Annex figure V. Economic status of males of working age, ESCWA member countries (Percentage)



Sources: Bahrain: LFS November 2004; Egypt: LFS 2010; Jordan: EUS 2010; Kuwait: Census 2005; Lebanon: Living Conditions Survey 2007; Oman: LFS 2000; Palestine: LFS 2010; Qatar: LFS 2009; Saudi Arabia: LFS 2009; Sudan: Census 2008; Syrian Arab Republic: LFS 2010; United Arab Emirates: LFS 2008; Yemen: Census 2004.

Annex figure VI. Economic status of all individuals of working age, ESCWA member countries (Percentage)



Sources: Bahrain: LFS November 2004; Egypt: LFS 2010; Jordan: EUS 2010; Kuwait: Census 2005; Lebanon: Living Conditions Survey 2007; Oman: LFS 2000; Palestine: LFS 2010; Qatar: LFS 2009; Saudi Arabia: LFS 2009; Sudan: Census 2008; Syrian Arab Republic: LFS 2010; United Arab Emirates: LFS 2008; Yemen: Census 2004.

Annex table 2. Urban-rural labour force participation rates, selected ESCWA member countries, 2000-2010 (Percentage)												
Country		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Egypt	Urban	30.0	30.6	29.1	30.0	30.5	32.2	32.2	31.9	32.7	33.0	33.6
	Rural	29.0	28.7	28.9	28.9	30.7	32.3	31.5	33.0	32.7	33.2	33.2
	Total	29.4	29.5	29.0	29.4	30.6	32.3	31.8	32.5	33.0	33.1	33.4
Iraq	Centre Urban	..	..	..	..	..	..	46.2	43.1	44.9	..	..
	Other Urban	..	..	..	..	..	..	45.5	41	43.7	..	..
	Rural	..	..	..	..	..	..	57.5	45.7	51.7	..	..
	Total	..	..	..	..	..	..	49.7	43.2	46.8	..	..
Jordan	Urban	39.9	39.4	39.1	38.1	38.2	38.9	38.2	40.3	39.8	40.4	39.7
	Rural	37.3	36.4	36.1	35.1	34.6	35.6	35.3	37.5	37.9	38.8	38.3
	Total	39.4	38.8	38.4	37.4	37.4	38.3	37.7	39.8	39.5	40.1	39.5
Palestine	Urban	41.7	38.5	38.1	40.2	39.7	40.2	40.9	41.6	41.1	41.4	40.9
	Rural	43.7	40.3	39.1	41.4	42.7	42.5	43.8	44.5	43.6	43.6	43.8
	Camps	37.2	34.8	35.0	36.8	36.3	37.1	36.1	36.5	37.8	37.9	37.3
	Total	41.6	38.5	37.9	40.0	40.1	40.4	41.0	41.7	41.2	41.6	41.1
The Sudan	Urban	..	..	..	..	..	..	..	..	42.9	..	..
	Rural	..	..	..	..	..	..	..	..	51.3	..	..
	Nomad	..	..	..	..	..	..	..	..	50.5	..	..
	Total	..	..	..	..	..	..	..	..	48.5	..	..
Syrian Arab Republic	Urban	..	..	47.5	46.6	..	..	45.2	43.9	44.2	43.3	43.0
	Rural	..	..	52.6	50.6	..	..	46.4	46.0	44.6	42.7	42.4
	Total	50.4	49.8	49.3	48.8	47.6	46.4	45.2	44.7	44.0	42.2	42.3
United Arab Emirates	Urban	..	..	..	..	..	78.4	..	..	73.3	73.0	..
	Rural	..	..	..	..	..	72.5	..	..	69.4	69.5	..
	Total	..	..	..	..	..	77.4	..	..	72.6	72.4	..

Two dots (..) indicate that data are not available.

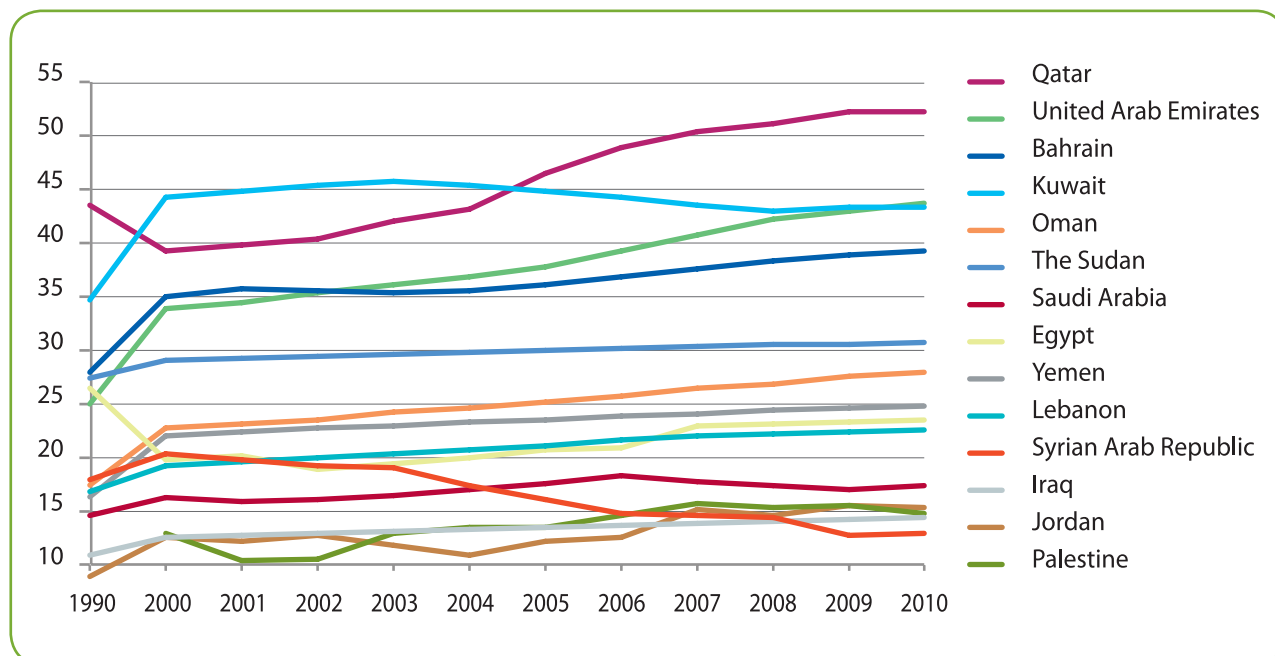
Sources: **Egypt:** LFS 2000-2010; **Iraq:** Employment and Unemployment Survey; **Jordan:** EUS Annual Reports; **Palestine:** LFS Database 2000-2010; **The Sudan:** Census 2008; **Syrian Arab Republic:** LFS 2002-2003; Bureau of Statistics Manpower Survey 2006-2009; **United Arab Emirates:** Census 2005; LFS 2008 and 2009.

Annex table 3. Total population, ESCWA member countries, 1980-2025

Country	1990	1995	2000	2005	2010	2015	2020	2025	Population growth (percentage)
									1990-2010
Bahrain	493	578	650	728	807	882	953	1,021	2.46
Egypt	57,785	63,858	70,174	77,154	84,474	91,778	98,638	104,970	1.90
Iraq	18,079	20,971	24,652	28,238	31,467	35,884	40,228	44,692	2.77
Jordan	3,254	4,304	4,853	5,566	6,472	6,957	7,519	8,088	3.44
Kuwait	2,143	1,725	2,228	2,700	3,051	3,378	3,690	3,988	1.77
Lebanon	2,974	3,491	3,772	4,082	4,255	4,426	4,587	4,736	1.79
Palestine	2,154	2,617	3,149	3,762	4,409	5,090	5,806	6,553	3.58
Oman	1,843	2,172	2,402	2,618	2,905	3,198	3,495	3,782	2.28
Qatar	467	526	617	885	1,508	1,630	1,740	1,848	5.86
Saudi Arabia	16,259	18,255	20,808	23,613	26,246	28,933	31,608	34,176	2.39
The Sudan	27,091	30,841	34,904	38,698	43,192	47,730	52,309	56,688	2.33
Syrian Arab Republic	12,721	14,610	16,511	19,121	22,505	24,494	26,475	28,592	2.85
United Arab Emirates	1,867	2,432	3,238	4,089	4,707	5,193	5,660	6,109	4.62
Yemen	12,314	15,523	18,182	21,024	24,256	27,819	31,635	35,509	3.39
Total	159,444	181,903	206,140	232,278	260,254	287,392	314,343	340,752	2.45

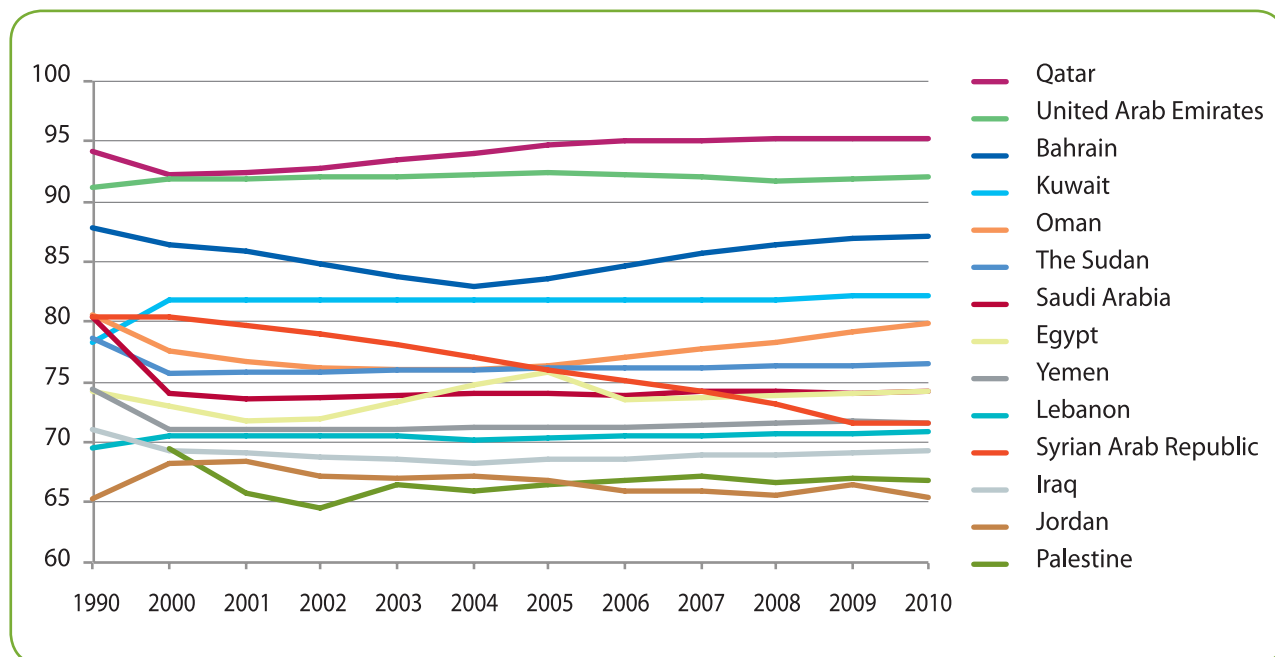
Source: Source: United Nations Department of Economic and Social Affairs Population Division online data, available at http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm.

Annex figure VII. Female labour force participation rate, ESCWA member countries (Percentage)



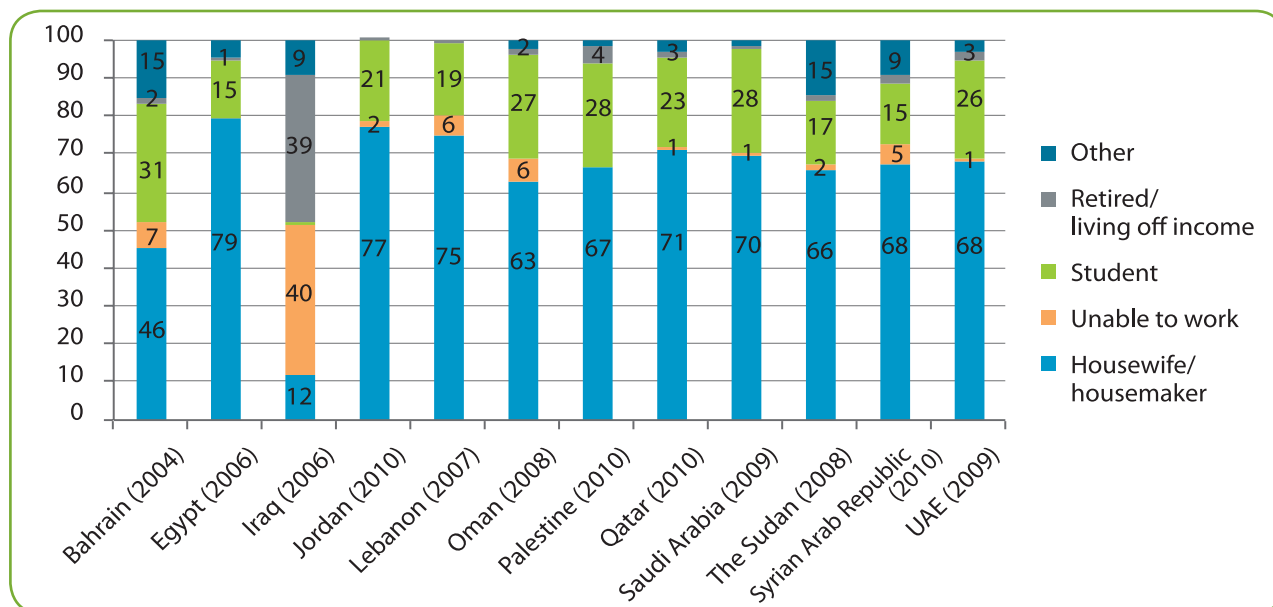
Sources: Palestine: LFS Database 2000-2010. All other countries: ILO, Economically Active Population Estimates and Projections Database (sixth edition).

Annex figure VIII. Male labour force participation rate, ESCWA member countries (Percentage)



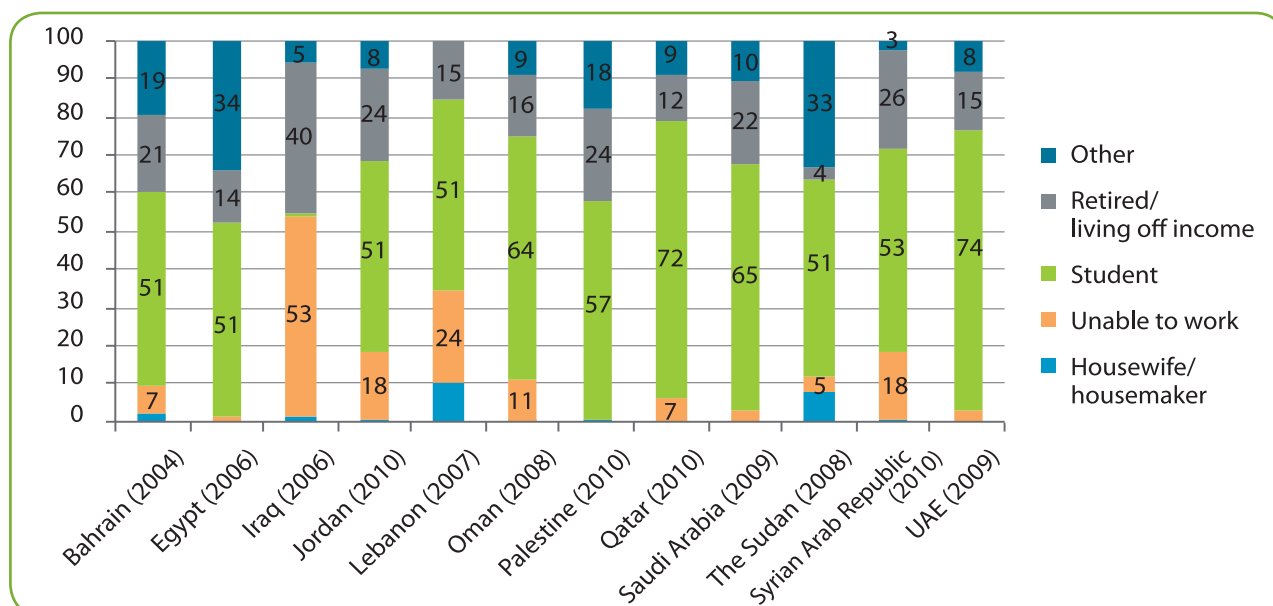
Sources: Palestine: LFS Database 2000-2010. All other countries: ILO, Economically Active Population Estimates and Projections Database (sixth edition).

Annex figure IX. Reasons for female economic inactivity (Percentage)



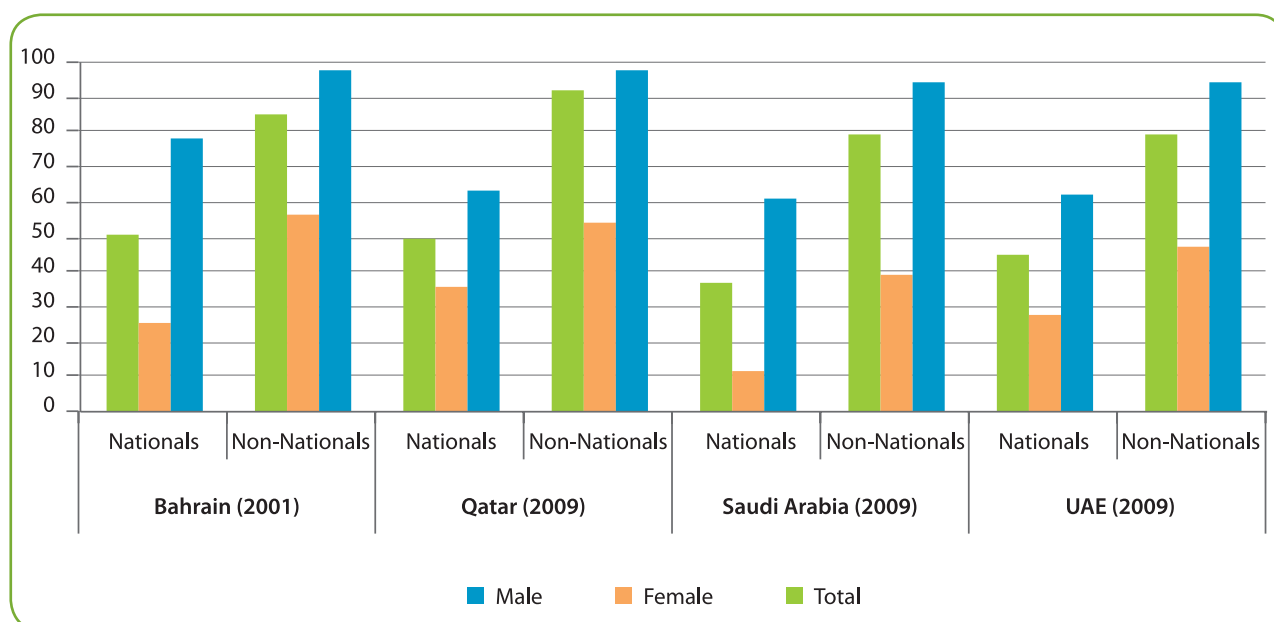
Sources: Bahrain: LFS 2004; Egypt: Census 2006; Iraq: Unemployment Survey 2006 (note that the category “Illness and disabled” includes those who are unable to work due to old age; the data are therefore not strictly comparable); Jordan: EUS - Annual Report 2010, table 10.1; Lebanon: National Survey of Household Living Conditions 2007; Oman: LFS 2008; Palestine: LFS 2010; Qatar: Census 2010, table 7.7; Saudi Arabia: Central Department of Statistics and Information, Manpower Research for 2009; The Sudan: Census 2008 (based on table E1); Syrian Arab Republic: LFS 2010; United Arab Emirates: LFS 2009.

Annex figure X. Reasons for male economic inactivity (Percentage)



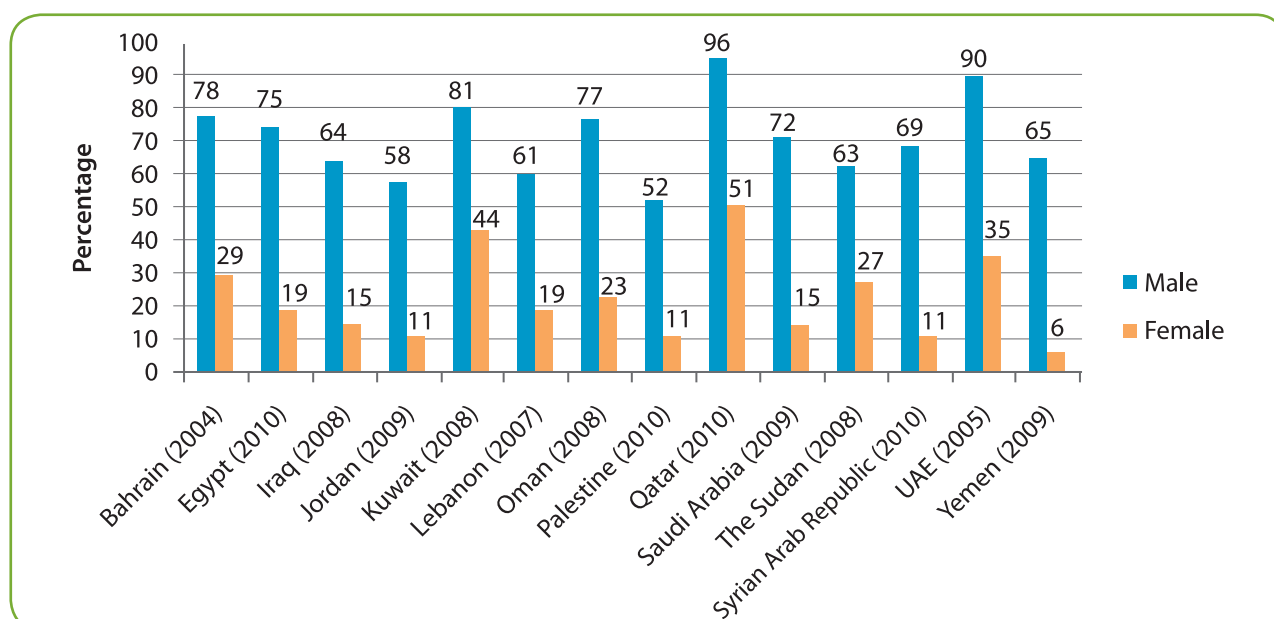
Sources: Bahrain: LFS 2004; Egypt: Census 2006; Iraq: Unemployment Survey 2006 (note that the category “Illness and disabled” includes those who are unable to work due to old age; the data are therefore not strictly comparable); Jordan: EUS - Annual Report 2010, table 10.1; Lebanon: National Survey of Household Living Conditions 2007; Oman: LFS 2008; Palestine: LFS 2010; Qatar: Census 2010, table 7.7; Saudi Arabia: Central Department of Statistics and Information, Manpower Research for 2009; The Sudan: Census 2008 (based on table E1); Syrian Arab Republic: LFS 2010; United Arab Emirates: LFS 2009.

Annex figure XI. Labour force participation rate by nationality, selected Gulf Cooperation Council countries (Percentage)



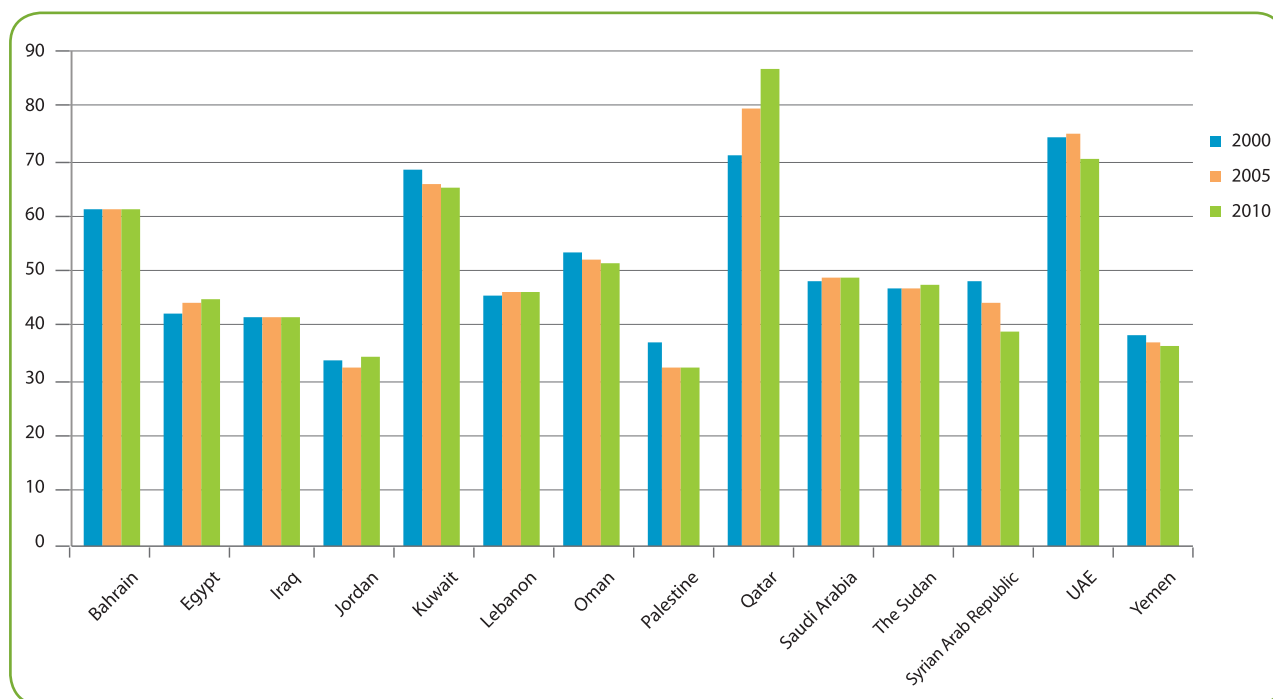
Sources: **Bahrain:** Directorate of Statistics, Statistical Abstract 2007 (calculations based on tables 11.01 and 11.06); **Qatar:** Qatar Information Exchange; **Saudi Arabia:** Central Department of Statistics and Information, Manpower Research Bulletins;

Annex figure XII. Employment to population rates by sex, ESCWA member countries (Percentage)



Sources: **Bahrain:** LFS November 2004; **Egypt:** LFS 2010; **Iraq:** EUS 2008, provided by focal point; **Jordan:** EUS 2009; **Kuwait:** LFS 2008 data provided by focal point; **Lebanon:** National Survey of Household Living Conditions 2007; **Oman:** LFS 2008; **Palestine:** LFS database 2000-2010 (provided by focal point); **Qatar:** Population and Housing Census 2010; **Saudi Arabia:** LFS 2009; **The Sudan:** Census 2008; **Syrian Arab Republic:** Manpower Survey/LFS 2010; **United Arab Emirates:** LFS 2009; **Yemen:** 2009: Central Statistical Organisation estimates, based on Census 2004.

Annex figure XIII. Employment to population rates, 2000, 2005 and 2010 (Percentage)



Sources: Bahrain: Egypt: Labour Force Sample Survey; Jordan: EUS; Palestine: LFS database 2000-2010; Qatar: Population and Housing Census 2010; Labour Force Sample Survey 2001 and 2005; 2010 data: Manpower Survey; 2000 and 2005 data: ILO; Syrian Arab Republic: 2000 and 2005 data: ILO Trends, 2010 data: National Manpower Survey (data comparable to ILO data); All other countries: ILO Trends. (Accessed via KILM 2011 edition).

Annex table 4. Male labour force participation rate by age, selected Mediterranean countries (Percentage)

	15-24	25-54	55-64	15-64
Greece	33.4	94.2	60.2	78.9
Spain	45.1	92.5	63.9	80.7
Italy	33.2	89.4	49.6	73.3
Cyprus	40.4	93.5	75.0	81.7
Malta	55.4	94.3	50.3	77.6
Portugal	38.6	92.5	61.8	78.2
Turkey	49.8	88.6	45.7	74.5

Source: Eurostat, Population, activity and inactivity - Annual averages. (Extracted 27 July 2011).

Annex table 5. Female labour force participation rate by age, selected Mediterranean countries (Percentage)				
	15-24	25-54	55-64	15-64
Greece	27.2	72.2	30.9	57.6
Spain	40.1	78.3	38.5	65.9
Italy	23.4	64.4	27.0	51.1
Cyprus	40.7	80.9	44.9	67.4
Malta	47.4	50.8	13.4	42.2
Portugal	34.8	84.9	47.0	69.9
Turkey	25.5	33.4	17.3	29.6

Source: Eurostat, Population, activity and inactivity - Annual averages. (Extracted 27 July 2011).

Annex table 6. Total labour force participation rate by age, selected Mediterranean countries (Percentage)				
	15-24	25-54	55-64	15-64
Greece	30.3	83.3	45.1	68.2
Spain	42.7	85.5	50.8	73.4
Italy	28.4	76.9	38.0	62.2
Cyprus	40.6	87.2	59.6	74.4
Malta	51.5	73.1	31.6	60.2
Portugal	36.7	88.7	54.0	74.0
Turkey	37.4	61.1	31.1	51.9

Source: Eurostat, Population, activity and inactivity - Annual averages. (Extracted 27 July 2011).

Annex table 7. Proportion of unemployed aged 15-24 (Percentage)		
	15-19	20-24
Bahrain (2004)	15.5	33.4
Egypt (2010)	12.2	46.9
Iraq (2006)	21.8	23.2
Jordan	50.1	
Lebanon (2007)	13.9	31.1
Oman (2008)	16.6	47.7
Saudi Arabia (2008)	5.0	46.7
Syrian Arab Republic (2009)	13.8	30.4

Sources: Bahrain: LFS November 2004; Egypt: LFS 2010; Iraq: EUS 2006; Jordan: EUS 2010; Lebanon: National Survey of Household Living Conditions 2007; Oman: LFS 2008; Saudi Arabia: ILO LABORSTA, table 3B; Syrian Arab Republic: Manpower/LFS 2009.

Annex table 8. Female youth unemployment and total female unemployment by age, 1990 and 2000-2010 (Percentage)

Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bahrain	15-19	68.9	..	55.8	..	..	52.6	..	..	..	..	..	..
	20-24	27.1	..	23.7	..	..	29.6	..	..	..	..	..	..
	25-29	9.2	..	12.6	..	..	19.3	..	..	..	..	..	..
	15-64	11.8	..	10.5	..	..	20.0	4.4	6.3	9.8	..	..	..
Egypt	15-64	..	22.7	22.6	23.9	23.3	24.3	25.1	24	18.6	19.3	23.0	22.6
Iraq	15-19	..	..	..	..	..	..	..	..	..	21.6	..	..
	20-24	6.3	..	..	..	..	37.2	28.8	32.5	..	35.6	..	..
	25-29	..	..	..	..	..	..	..	..	..	25.7	..	..
	15-64	..	..	..	..	16.0	15.0	14.2	22.7	..	19.6	..	..
Jordan	15-19	..	..	42.4	42.3	38.6	23.3	41.1	40.4	44.4	52.3	38.1	38.9
	20-24	..	..	41.1	41.7	43.6	33.2	50.7	45.8	48.1	48.6	46.4	47.2
	25-29	..	..	16.3	18.3	15.1	13.2	21.1	21.2	22.0	20.8	21.2	18.2
	15-64	..	21.0	20.6	21.9	20.8	16.5	25.9	25.0	25.6	24.4	24.1	21.7
Kuwait	15-19	..	..	..	..	30.1	..	40.9	..	..	17.9	..	..
	20-24	..	..	..	..	7.6	..	8.4	..	..	8.6	..	..
	25-29	..	..	..	..	2.1	..	1.4	..	..	1.8	..	..
	15-64	..	0.7	1.7	1.7	2.0	3.4	3.1	2.9	3.0	2.0	..	..
Lebanon	15-19	..	..	..	..	..	26.3	..	..	37.2	..	22.3	..
	20-24	..	..	..	..	..	17.3	..	..	18.7	..	..	..
	25-29	..	..	..	..	..	10.7	..	..	12.5	..	..	..
	15-64	..	..	..	..	..	9.6	..	..	10.2	..	10.4	..
Oman	15-19	..	..	..	..	..	..	..	..	..	68.2	..	..
	20-24	..	..	..	..	..	..	..	..	..	35.8	..	..
	25-29	..	..	..	..	..	..	..	..	..	..	..	..
	15-64	..	..	..	..	..	..	..	..	..	17.6	..	..
Palestine	15-19	..	8.5	17.2	27.2	14.3	22.1	15.9	9.2	7.1	11.4	7.9	17.6
	20-24	..	26.6	33.0	38.0	41.6	47.4	50.3	48.8	48.5	52.3	50.9	53.5
	25-29	..	18.6	17.8	20.3	22.6	24.1	32.8	29.7	28.7	35.4	40.2	43.2
	15-64	..	12.4	13.8	17.0	18.2	20.0	22.2	20.5	19.1	24.2	26.4	26.8
Qatar	15-19	..	..	78.8	..	..	..	..	..	29.6	5.5	11.0	24.6
	20-24	..	..	46.5	..	..	..	..	..	5.9	4.7	6.8	5.6
	25-29	..	..	28.0	..	..	..	..	..	3.3	1.9	2.0	3.3
	15-64	..	..	12.9	3.4	..	..	..	..	3.5	2.6	1.9	2.7

Annex table 8. Female youth unemployment and total female unemployment by age, 1990 and 2000-2010 (Percentage) (Cont.)

Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Saudi Arabia	15-19	38.9	34.8	37.1	46.8	..	..	..	56.0	23.5	23.0	11.1	..
	20-24	25.2	32.3	31.2	38.6	..	..	..	48.7	45.8	46.9	55.8	..
	25-29	11.5	12.7	14.9	17.7	..	..	..	26.3	23.3	25.2	31.4	..
	15-64	8.1	9.3	9.1	11.5	..	..	..	14.7	13.2	13.0	15.9	..
The Sudan	15-19	..	..	..	..	..	..	..	..	..	32.9	..	..
	20-24	..	..	..	..	..	..	..	..	..	34.8	..	..
	25-29	..	..	..	..	..	..	..	..	..	29.5	..	..
	15-64	70.1	..	..	..	..	..	..	..	..	24.7	..	..
Syrian Arab Republic	15-19	8.5	..	28.3	40.0	26.6	35.9	32.2	45.2	47.5	44.1	33.8	27.2
	20-24	20.6	..	40.6	37.7	39.5	37.3	37.5	46.6	49.7	49.0	46.5	48.6
	25-29	22.1	..	30.0	24.0	29.0	25.0	27.0	29.9	33.9	32.9	32.7	35.3
	15-64	14.0	..	23.9	24.1	22.0	21.9	20.0	23.8	25.7	24.2	22.3	22.0
United Arab Emirates	15-19	1.8	0.9	..	..	..	..	28.1	..	..	36.1	34.7	..
	20-24	3.6	2.4	..	..	..	..	11.5	..	..	20.5	18.1	..
	25-29	2.4	1.4	..	..	..	..	6.9	..	..	11.8	12.5	..
	15-64	2.4	3.2	3.2	3.4	3.6	..	7.1	..	..	12.0	10.8	..
Yemen	15-19	11.9	2.4	..	..	..	..	..	..	..	..	..	..
	20-24	7.2	3.2	..	..	..	..	..	..	..	..	..	..
	25-29	2.7	2.8	..	..	..	..	..	..	..	..	..	..
	15-64	3.8	1.8	..	..	..	39.6	46.3	42.2	41.5	40.9	40.2	..
Developed economies and European Union*	15-64	..	7.3	..	..	..	7.5	7.2	6.7	6.0	6.2	7.9	..
South-East Asia and the Pacific*	15-64	..	4.9	..	..	..	7	6.9	6.6	5.7	5.5	5.2	..
Sub-Saharan Africa*	15-64	..	9.6	..	..	..	9.2	9.2	8.5	8.3	8.3	8.1	..

Two dots (..) indicate that data are not available.

Sources: Bahrain: Census 1991; Census 2001; LFS 2004; 2005 and 2006 data: ILO, LABORSTA; 2007 data: ESCWA Statistics Division (SD); **Egypt:** LFS data, sourced from CAPMAS website; **Iraq:** 2003-2008 data: EUS; **Jordan:** 2000-2010 data: EUS; **Kuwait:** Kuwait Statistical Authority publications, Kuwaitis and non-Kuwaitis included, source unknown. 2000-2001 data: ILO, LABORSTA; Census 2005; 2007 data: ESCWA SD; **Lebanon:** National Survey of Household Living Conditions 2004 and 2007; 2009 data: Lebanon Central Administration of Statistics and UNICEF: Multiple Indicator Cluster Survey, round 3, 2009. **Oman:** 2005 and 2007 data: ALO estimates from ALO Labour Statistics in Arab Countries 2010, issue 8; 2008 data: calculation based on LFS (nationals only); **Palestine:** LFS 2000-2010; **Qatar:** LFS 2001, 2006, 2007, 2008 and 2009; 2002 data from ESCWA SD; Census 2010; **Saudi Arabia:** LFS 1990, 2000-2002 and 2006-2009; **The Sudan:** 1990 data: ILO LABORSTA from employment office records; 2001-2007 data: ESCWA SD; Census 2008; **Syrian Arab Republic:** 1991 data: ILO, based on LFS, methodology revised, data not strictly comparable; LFS 2001-2009 data provided by focal point; LFS 2010 data: Central Bureau of Statistics website; **United Arab Emirates:** LFS 2009; 2004, 2006 and 2007 data: ESCWA SD; **Yemen:** 1999: Central Statistics Organization, Labor Force Statistics, table 6, rates calculated by ESCWA from absolute numbers; Census 2004, 2005-2009: estimates from Central Statistics Organization website.

*ILO, 2011, *Global Employment Trends 2011: The Challenge of a Jobs Recovery*, p. 63.

Annex table 9. Male youth unemployment and total male unemployment by age, 1990 and 2000-2010 (Percentage)

Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bahrain	15-19	50.1	..	36.7	..	..	56.6	..	..	..	..	..	..
	20-24	16.6	..	13.5	..	..	19.3	..	..	..	..	..	..
	25-29	3.8	..	4.5	..	..	4.5	..	..	..	..	..	..
	Male 15-64	5.2	..	4.1	..	..	5.6	1.1	0.5	0.4	..	..	..
Egypt	Male 15-64	..	5.1	5.6	6.3	7.5	5.9	7.1	6.8	5.9	5.6	5.2	4.9
Iraq	15-19	..	..	..	..	..	..	..	29.7	..	37.1	..	..
	20-24	..	..	..	..	..	..	..	0.0	..	25.2	..	..
	25-29	..	..	..	..	..	..	..	14.2	..	15.7	..	..
	Male 15-64	..	..	..	..	30.2	29.4	19.2	16.2	..	14.3	..	..
Jordan	15-19	..	..	37.6	37.8	36.9	31.9	38.7	35.4	34.0	32.0	30.9	32.7
	20-24	..	..	24.2	26.1	24.8	22.2	23.6	22.1	20.3	19.4	19.5	20.7
	25-29	..	..	9.7	9.7	9.5	8.9	9.5	9.1	7.3	7.5	7.5	7.8
	Male 15-64	..	12.3	13.6	14.0	13.4	11.8	12.8	11.9	10.3	10.1	10.3	10.4
Kuwait	15-19	..	..	..	..	45.2	..	39.4	..	..	27.9	..	..
	20-24	..	..	..	..	14.3	..	9.3	..	..	7.8	..	..
	25-29	..	..	..	..	4.0	..	2.1	..	..	2.2	..	..
	Male 15-64	..	0.8	0.8	1.0	2.8	1.1	2.0	0.8	1.0	1.8	..	..
Lebanon	15-19	..	..	..	..	..	27.2	..	..	24.0	..	..	..
	20-24	..	..	..	..	..	17.3	..	..	21.6	..	14.6	..
	25-29	..	..	..	..	..	7.8	..	..	11.9	..	..	..
	Male 15-64	..	..	..	..	..	7.4	..	..	8.8	..	5.0	..
Oman	15-19	..	..	..	..	..	..	..	..	..	56.5	..	..
	20-24	..	..	..	..	..	..	..	..	..	20.3	..	..
	25-29	..	..	..	..	..	..	..	..	..	..	..	..
	Male 15-64	..	..	..	..	..	..	..	..	..	..	..	..
Palestine	15-19	..	22.3	39.5	46.9	40.7	42.2	38.3	35.3	35.4	..	38.0	..
	20-24	..	18.9	34.5	42.1	37.3	37.7	33.3	34.1	33.3	..	36.8	36.1
	25-29	..	16.2	28.4	34.5	27.3	28.1	23.0	25.3	22.9	..	26.6	25.7
	Male 15-64	..	14.6	27.1	33.5	26.8	28.1	23.8	24.4	22.3	..	24.1	23.1
Qatar	15-19	..	..	30.2	..	..	..	..	..	3.1	2.3	2.2	..
	20-24	..	..	9.1	..	..	..	..	..	0.5	0.5	0.4	..
	25-29	..	..	2.8	..	..	..	..	..	0.2	0.1	0.2	..
	Male 15-64	..	..	2.3	0.4	..	1.1	..	0.4	0.2	0.1	0.1	..

Annex table 9. Male youth unemployment and total male unemployment by age, 1990 and 2000-2010 (Percentage) (Cont.)

Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Saudi Arabia	15-19	52.0	38.3	46.3	43.3	..	..	..	50.0	35.8	35.0	27.0	..
	20-24	17.2	19.6	19.5	21.5	..	..	..	26.8	24.5	22.5	23.2	..
	25-29	3.8	5.4	5.7	6.8	..	..	..	6.5	7.2	6.3	7.9	..
	Male 15-64	3.7	3.8	3.9	4.2	..	..	..	4.7	4.2	3.5	3.5	..
The Sudan	15-19	..	..	..	..	..	..	..	..	..	24.1	..	..
	20-24	..	..	..	..	..	..	..	..	..	20.1	..	..
	25-29	..	..	..	..	..	..	..	..	..	15.5	..	..
	Male 15-64	..	..	..	..	..	..	..	..	..	13.9	..	..
Syrian Arab Republic	15-19	12.2	..	15.2	22.7	17.0	24.1	16.2	12.7	13.5	17.5	12.3	19.0
	20-24	28.6	..	17.6	20.3	16.5	20.6	14.5	12.7	12.9	16.9	11.9	14.6
	25-29	24.2	..	9.0	7.1	11.0	12.0	7.0	7.6	6.9	11.6	8.8	8.5
	Male 15-64	5.2	..	8.0	8.3	8.3	10.5	5.9	5.3	5.2	8.3	5.7	6.2
United Arab Emirates	15-19	3.0	6.5	..	..	..	..	25.3	..	..	28.7	36.8	..
	20-24	2.5	9.3	..	..	..	..	5.1	..	..	5.6	8.0	..
	25-29	1.6	6.1	..	..	..	..	2.0	..	..	1.8	2.6	..
	Male 15-64	1.8	2.2	2.3	2.4	2.6	..	2.5	..	..	2.0	2.4	..
Yemen	15-19	25.0	8.3	..	..	..	..	..	..	..	..	..	..
	20-24	16.8	14.1	..	..	..	..	..	..	..	..	..	..
	25-29	9.4	12.4	..	..	..	..	..	..	..	..	..	..
	Male 15-64	9.3	8.7	..	..	..	13.0	11.9	12.1	11.8	11.5	11.3	..

Two dots (..) indicate that data are not available.

Sources: Bahrain: Census 1991; Census 2001; LFS 2004; 2005 and 2006 data: ILO, LABORSTA; 2007 data: ESCWA Statistics Division (SD); **Egypt:** LFS data, sourced from CAPMAS website; **Iraq:** 2003-2008 data: EUS; **Jordan:** 2000-2010 data: EUS; **Kuwait:** Kuwait Statistical Authority publications, Kuwaitis and non-Kuwaitis included, source unknown. 2000-2001 data: ILO, LABORSTA; Census 2005; 2007 data: ESCWA SD; **Lebanon:** National Survey of Household Living Conditions 2004 and 2007; 2009 data: Lebanon Central Administration of Statistics and UNICEF: Multiple Indicator Cluster Survey, round 3, 2009. **Oman:** 2005 and 2007 data: ALO estimates from ALO Labour Statistics in Arab Countries 2010, issue 8; 2008 data: calculation based on LFS (nationals only); **Palestine:** LFS 2000-2010; **Qatar:** LFS 2001, 2006, 2007, 2008 and 2009; 2002 data from ESCWA SD; Census 2010; **Saudi Arabia:** LFS 1990, 2000-2002 and 2006-2009; **The Sudan:** 1990 data: ILO LABORSTA from employment office records; 2001-2007 data: ESCWA SD; Census 2008; **Syrian Arab Republic:** 1991 data: ILO, based on LFS, methodology revised, data not strictly comparable; LFS 2001-2009 data provided by focal point; LFS 2010 data: Central Bureau of Statistics website; **United Arab Emirates:** LFS 2009; 2004, 2006 and 2007 data: ESCWA SD; **Yemen:** 1999: Central Statistics Organization, Labor Force Statistics, table 6, rates calculated by ESCWA from absolute numbers; Census 2004, 2005-2009: estimates from Central Statistics Organization website.

*ILO, 2011, *Global Employment Trends 2011: The Challenge of a Jobs Recovery*, p. 63.

Annex table 10. Total youth unemployment and total unemployment by age, 1990 and 2000-2010 (Percentage)

Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bahrain	15-19	54.7	..	40.8	..	..	55.3	..	..	..	..	..	..
	20-24	19.3	..	16.6	..	..	23.3	..	..	..	..	..	..
	25-29	5.0	..	6.5	..	..	9.4	..	..	..	..	..	..
	15-64	6.3	..	5.5	..	..	9.0	1.8	1.9	2.6	..	..	..
Egypt	15-64	..	..	9.2	10.2	11.0	10.3	11.2	10.6	8.9	8.7	9.4	9.0
Iraq	15-19	..	..	..	..	..	..	..	30.3	..	34.1	..	..
	20-24	..	..	..	..	..	..	..	0.0	..	27.1	..	..
	25-29	..	..	..	..	..	..	..	16.0	..	17.7	..	..
	15-64	..	..	..	..	28.1	26.8	18.0	18.0	..	15.3	..	..
Jordan	15-19	..	..	37.9	38.0	37.0	31.6	38.8	35.6	34.7	32.9	31.2	33.0
	20-24	..	..	27.1	28.9	28.2	24.1	28.7	26.8	26.6	25.8	25.7	26.7
	25-29	..	..	10.9	11.4	10.5	9.6	11.6	11.3	10.4	10.3	10.5	10.1
	15-64	..	13.7	14.7	15.3	14.5	12.5	14.8	14.0	13.1	12.7	12.9	12.5
Kuwait	15-19	..	..	..	..	40.8	..	39.7	..	..	25.9	..	..
	20-24	..	..	..	..	11.5	..	9.1	..	..	8.0	..	..
	25-29	..	..	..	..	3.2	..	1.9	..	..	2.1	..	..
	15-64	..	0.8	0.8	1.1	2.5	1.7	2.0	1.3	1.5	1.8	..	..
Lebanon	15-19	..	..	..	..	..	27.0	..	..	26.1	..	..	..
	20-24	..	..	..	..	..	17.3	..	..	20.7	..	16.9	..
	25-29	..	..	..	..	..	8.7	..	..	12.1	..	..	..
	15-64	..	..	..	..	..	7.9	..	..	9.0	..	6.4	..
Oman	15-19	..	..	..	..	..	..	..	..	..	59.5	..	..
	20-24	..	..	..	..	..	..	..	..	..	24.6	..	..
	25-29	..	..	..	..	..	..	..	..	..	..	..	..
	15-64	..	..	..	..	..	..	7.5	..	6.7	7.2	..	..
Palestine	15-19	..	21.5	38.7	46.0	39.5	41.3	37.0	33.6	33.5	39.5	36.4	36.9
	20-24	..	20.1	34.2	41.4	38.1	39.5	36.3	36.8	36.2	41.5	40.0	39.6
	25-29	..	16.5	26.9	32.3	26.5	27.4	24.9	26.2	24.0	30.7	29.7	29.5
	15-64	..	14.3	25.3	31.2	25.5	26.8	23.5	23.7	21.7	26.6	24.5	23.7
Qatar	15-19	..	..	37.8	..	..	..	..	..	6.4	2.8	3.2	..
	20-24	..	..	14.1	..	..	..	..	..	1.3	0.9	1.1	..
	25-29	..	..	5.9	..	..	..	..	..	0.7	0.4	0.4	..
	15-64	..	..	3.9	0.9	..	..	..	0.9	0.5	0.3	0.3	0.5

Annex table 10. Total youth unemployment and total unemployment by age, 1990 and 2000-2010 (Percentage) (Cont.)													
Country	Age group	1990	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Saudi Arabia	15-19	49.8	37.8	45.4	43.6	..	..	..	51.0	34.3	33.6	25.9	..
	20-24	18.9	22.5	22.2	25.5	..	..	..	31.8	29.0	27.8	30.2	..
	25-29	5.1	6.8	7.6	9.1	..	..	..	10.6	10.5	10.1	12.8	..
	15-64	4.3	4.6	4.6	5.3	..	..	..	6.3	5.6	5.0	5.4	..
The Sudan	15-19	..	..	..	..	..	..	..	..	..	26.8	..	..
	20-24	..	..	..	..	..	..	..	..	..	24.3	..	..
	25-29	..	..	..	..	..	..	..	..	..	19.5	..	..
	15-64	25.7	..	18.0	..	..	16.3	17.1	16.5	18.9	16.8	..	..
Syrian Arab Republic	15-19	..	..	18.4	27.8	19.0	26.4	18.8	17.3	17.8	21.3	14.8	19.7
	20-24	..	..	23.2	24.9	21.9	23.8	18.6	18.9	19.8	23.0	17.7	20.8
	25-29	..	..	14.0	11.2	15.0	14.0	10.0	11.9	12.2	15.5	13.2	13.4
	15-64	6.8	..	11.2	11.7	10.9	12.3	8.1	8.2	8.4	10.9	8.1	8.6
United Arab Emirates	15-19	2.8	..	..	..	..	..	26.0	..	..	30.8	36.1	..
	20-24	2.6	..	..	..	..	..	6.6	..	..	10.2	11.2	..
	25-29	1.7	..	..	..	..	..	2.8	..	..	4.7	5.3	..
	15-64	1.8	2.3	2.4	2.6	2.7	2.8	3.1	3.2	3.5	4.0	4.2	..
Yemen	15-19	21.3	5.5	..	..	..	..	..	..	..	..	..	..
	20-24	15.1	8.6	..	..	..	..	..	..	..	..	..	..
	25-29	8.2	7.4	..	..	..	..	..	..	..	..	..	..
	15-64	8.3	5.3	..	..	..	16.2	16.0	15.7	15.3	15.0	14.6	..
Developed economies and European Union*	15-64	..	5.6	..	..	..	6.1	5.8	5.3	4.8	5.0	7.1	..
South-East Asia and the Pacific*	15-64	..	2.5	..	..	..	3.5	3.3	3.2	3.1	3.1	3.1	..
Sub-Saharan Africa*	15-64	..	7.0	..	..	..	6.7	6.8	6.4	5.2	6.2	6.3	..

Two dots (..) indicate that data are not available.

Sources: Bahrain: Census 1991; Census 2001; LFS 2004; 2005 and 2006 data: ILO, LABORSTA; 2007 data: ESCWA Statistics Division (SD); Egypt: LFS data, sourced from CAPMAS website; Iraq: 2003-2008 data: EUS; Jordan: 2000-2010 data: EUS; Kuwait: Kuwait Statistical Authority publications, Kuwaitis and non-Kuwaitis included, source unknown. 2000-2001 data: ILO, LABORSTA; Census 2005; 2007 data: ESCWA SD; Lebanon: National Survey of Household Living Conditions 2004 and 2007; 2009 data: Lebanon Central Administration of Statistics and UNICEF: Multiple Indicator Cluster Survey, round 3, 2009. Oman: 2005 and 2007 data: ALO estimates from ALO Labour Statistics in Arab Countries 2010, issue 8; 2008 data: calculation based on LFS (nationals only); Palestine: LFS 2000-2010; Qatar: LFS 2001, 2006, 2007, 2008 and 2009; 2002 data from ESCWA SD; Census 2010; Saudi Arabia: LFS 1990, 2000-2002 and 2006-2009; The Sudan: 1990 data: ILO LABORSTA from employment office records; 2001-2007 data: ESCWA SD; Census 2008; Syrian Arab Republic: 1991 data: ILO, based on LFS, methodology revised, data not strictly comparable; LFS 2001-2009 data provided by focal point; LFS 2010 data: Central Bureau of Statistics website; United Arab Emirates: LFS 2009; 2004, 2006 and 2007 data: ESCWA SD; Yemen: 1999: Central Statistics Organization, Labor Force Statistics, table 6, rates calculated by ESCWA from absolute numbers; Census 2004, 2005-2009: estimates from Central Statistics Organization website.

*ILO, 2011, *Global Employment Trends 2011: The Challenge of a Jobs Recovery*, p. 63.

Annex table 11. GDP production, employment, productivity and elasticity
(Percentage)

Country	Year	Gross domestic product (constant prices, US dollars)	Agriculture, hunting, forestry and fishing (ISIC A-B)	Mining, manufacturing and utilities (ISIC C-E)	Manufacturing (ISIC D)	Mining and utilities	Construction (ISIC F)	Wholesale, retail trade, restaurants and hotels (ISIC G-H)	Transport, storage and communication (ISIC I)	Other Activities (financial intermediation, real estate, public administration, education, health, other community and private households (ISIC J-P)
Bahrain										
Value added by sector (percentage of total GDP)	1990	6,445,524,148.8	0.5	38.1	8.8	29.4	6.1	11.6	4.6	54.6
	1995	8,224,017,179.4	0.6	41.0	10.7	30.3	5.0	11.3	4.3	49.3
	2000	10,048,626,586.3	0.5	46.8	10.1	36.6	3.2	11.4	5.4	46.2
	2005	13,459,077,694.2	0.4	38.5	12.1	26.4	4.6	11.9	6.2	48.5
	2009	17,052,349,475.7	0.4	35.8	12.4	23.4	4.8	10.8	6.7	49.6
Annual growth rate (percentage)	1970-2009	6.1	4.4	3.2	9.8	-	6.1	6.6	9.7	9.1
	1990-2000	5.6	5.0	9.1	8.1	9.5	-1.8	5.3	8.1	3.2
	2000-2009	7.7	3.1	3.3	12.0	0.9	16.8	6.8	12.5	9.2
Employment in sector as a percentage of total employment	2004		0.9	8.9	6.8	2.1	9.8	22.2	5.7	52.5
Estimated production per worker	2004	40,778.2	19023.7	181023.5	62640.0	564360.4	17183.3	20914.5	43229.5	37536.3

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)										
Egypt										
Value added by sector (percentage of total GDP)	1990	49,388,379,042.3	18.3	31.8	14.1	17.7	5.3	16.0	10.9	28.0
	1995	61,949,217,212.2	16.8	30.5	14.2	16.3	5.0	15.7	9.8	27.0
	2000	78,697,294,062.6	15.7	30.2	16.1	14.1	4.4	16.0	10.0	27.1
	2005	98,322,960,228.4	15.8	30.5	15.9	14.6	4.0	13.9	10.1	28.5
	2009	124,037,113,024.0	15.8	30.5	15.9	14.6	4.0	14.1	10.1	28.4
Annual growth rate (percentage)	1970-2009	5.6	3.6	6.3	6.2	-	6.7	5.6	8.2	6.2
	1990-2000	5.9	3.7	5.1	8.2	2.7	3.3	5.9	4.7	5.5
	2000-2009	6.4	6.5	6.6	6.2	7.0	4.8	4.3	6.5	7.2
Employment in sector as a percentage of total employment	2009		29.9	13.1	11.6	1.5	10.6	12.7	7.4	26.1
Estimated production per worker	2009	5,554.7	2,850.1	12558.9	7425.3	51214.1	2018.4	6001.9	7344.2	5876.3
Estimated elasticity for sector	2000-2010	1.0	0.9	0.6	0.2	0.6	1.7	0.3	0.9	0.3
Iraq										
Value added by sector (percentage of total GDP)	1990	14,829,638,637.7	9.1	110.2	4.3	105.9	1.1	4.9	13.5	9.8
	1995	11,013,380,081.1	8.9	112.2	4.1	108.1	1.1	5.0	13.6	9.4
	2000	17,712,752,686.8	7.5	119.4	3.4	116.0	1.5	5.9	14.7	8.0
	2005	18,164,451,171.9	9.5	82.6	1.8	80.8	5.0	7.9	11.0	22.5
	2009	23,324,364,024.5	7.0	82.9	1.8	81.1	5.0	7.8	7.3	24.8
Annual growth rate (percentage)	1970-2009	2.5	2.0	1.5	1.9	-	10.5	7.2	4.1	6.5
	1990-2000	1.9	-0.2	2.9	-0.4	3.1	6.8	4.3	3.0	-0.2
	2000-2009	3.5	2.4	-1.0	-3.2	-0.9	37.7	8.3	-3.8	34.1
Employment in sector as a percentage of total employment	2008		23.4	7.4	4.9	2.6	10.8	16.2	8.0	34.1
Estimated production per worker	2008	2,942.6	687.8	34065.5	1084.8	96879.4	1437.7	1562.0	3097.8	2091.9

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)										
Jordan										
Value added by sector (percentage of total GDP)	1990	5,832,825,009.8	5.1	15.2	9.5	5.7	3.2	12.0	12.9	41.6
	1995	7,894,088,450.0	3.5	16.8	11.2	5.6	5.6	11.5	10.9	40.9
	2000	9,243,505,937.5	2.4	18.3	12.5	5.8	3.8	10.5	13.7	41.6
	2005	12,588,665,685.5	2.8	20.6	15.4	5.3	4.3	10.0	14.1	41.0
	2009	16,230,321,486.5	2.9	21.1	16.1	5.0	4.7	9.9	14.0	40.4
Annual growth rate (percentage)	1970-2009	4.7	3.2	6.4	6.4	-	4.5	3.4	6.2	4.3
	1990-2000	5.9	-2.6	9.1	10.9	6.1	8.9	3.8	6.8	5.8
	2000-2009	8.4	12.6	11.4	14.0	5.8	13.1	7.4	8.8	7.8
Employment in sector as a percentage of total employment	2010		2.0	12.3	10.4	1.9	6.4	18.4	10.1	50.4
Estimated production per worker	2008	17,308.3	16575.1	29425.0	26342.7	43630.7	11524.7	8957.2	25140.7	13911.2
Estimated elasticity for sector	2000-2008	0.6	-0.3	0.2	0.2	-0.2	0.5	0.5	0.4	0.9
Kuwait										
Value added by sector (percentage of total GDP)	1990	41,325,887,727.0	0.4	62.3	9.5	52.8	2.0	9.1	2.8	30.8
	1995	54,110,817,138.8	0.3	68.8	7.4	61.4	2.0	5.1	2.2	28.6
	2000	54,706,942,064.2	0.3	67.6	6.5	61.1	1.9	5.2	3.7	29.2
	2005	80,797,945,205.5	0.3	60.6	7.3	53.3	1.9	5.0	5.2	30.7
	2009	91,885,781,390.2	0.3	48.0	6.9	41.1	2.2	5.0	10.0	39.6
Annual growth rate (percentage)	1970-2009	1.8	6.6	-0.6	5.4	-	5.7	4.6	12.5	8.1
	1990-2000	3.2	1.0	4.4	-1.0	5.3	2.6	-2.5	7.4	2.6
	2000-2009	7.6	5.3	2.1	8.7	1.4	10.0	6.8	39.2	14.2
Employment in sector as a percentage of total employment	2005		2.7	6.3	4.4	1.9	14.2	16.9	3.9	55.2
Estimated production per worker	2005	71,765.3	8043.4	687152.0	117745.6	2010913.7	9342.6	21332.4	97278.4	39382.3

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)											
Lebanon											
Value added by sector (percentage of total GDP)	1990	9,509,416,732.3	3.9	9.7	10.6	-0.9	4.9	22.9	14.3	65.4	
	1995	16,907,687,222.4	5.6	9.4	10.2	-0.8	19.0	21.9	8.7	44.1	
	2000	18,152,904,729.6	5.9	10.7	11.3	-0.7	7.6	29.3	11.3	57.8	
	2005	21,860,696,517.4	5.3	9.9	10.7	-0.8	8.1	23.2	8.9	44.8	
	2009	27,901,337,061.5	4.7	9.1	9.7	-0.6	9.0	23.5	9.0	45.4	
Annual growth rate (percentage)	1970-2009	1.1	2.0	1.3	1.2	-	2.4	1.4	-1.6	1.3	
	1990-2000	9.1	18.5	10.9	10.4	4.8	19.7	14.4	5.1	6.9	
	2000-2009	6.0	2.6	3.4	3.5	3.9	9.2	2.6	2.5	2.3	
Employment in sector as a percentage of total employment	2007		7.2	13.8			5.6	22.7	7.0	43.7	
Estimated production per worker	2007	21,134.5	13464.5	14202.0			36237.1	21998.1	27241.6	21947.6	
Oman											
Value added by sector (percentage of total GDP)	1990	17,133,705,736.6	1.7	71.3	3.1	68.3	2.7	6.2	2.1	22.9	
	1995	22,776,455,350.5	1.7	67.0	3.7	63.3	2.7	6.6	2.6	22.9	
	2000	26,577,756,566.1	1.7	69.5	5.4	64.2	1.6	6.7	3.5	21.5	
	2005	30,904,921,274.4	1.5	59.9	8.5	51.4	3.8	8.0	5.4	23.7	
	2009	40,626,443,592.0	1.3	51.3	9.2	42.1	5.5	10.1	6.1	23.9	
Annual growth rate (percentage)	1970-2009	10.0	1.4	8.9	23.5	-	7.7	18.1	22.0	12.9	
	1990-2000	5.5	5.8	5.1	17.4	4.6	-0.7	6.6	16.2	4.6	
	2000-2009	5.9	2.0	1.4	17.9	0.1	46.3	14.6	18.2	7.7	
Employment in sector as a percentage of total employment	2008		8.6	13.5	9.5	4.0	12.5	19.8	4.6	40.2	
Estimated production per worker	2008	32,509.4	4616.9	116828.2	31972.1	317482.8	17109.5	18405.7	43265.6	22771.8	

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)										
Palestine										
Value added by sector (percentage of total GDP)	1990	2,011,333,930.0	13.8	19.4	17.5	1.9	7.6	17.1	3.3	32.5
	1995	3,245,721,764.8	13.7	20.3	18.5	1.8	6.5	17.5	3.0	32.5
	2000	4,186,155,587.2	10.3	13.1	11.5	1.6	8.4	12.9	5.1	37.2
	2005	4,634,400,000.0	5.5	16.8	13.0	3.8	6.4	10.8	5.6	39.6
	2009	4,975,637,251.1	5.8	14.5	11.0	3.5	6.3	10.8	6.6	38.8
Annual growth rate (percentage)	1970-2009	5.2	3.2	4.8	4.3	-	5.0	4.3	7.4	6.0
	1990-2000	10.8	5.6	4.1	3.6	7.9	13.1	5.6	23.0	13.8
	2000-2009	2.1	-3.7	3.5	1.6	17.2	-1.2	0.0	5.9	2.7
Employment in sector as a percentage of total employment	2010		11.8	11.8	11.2	0.6	13.2	19.3	6.0	36.8
Estimated production per worker	2009	7,045.0	3439.3	8096.2	6516.0	35565.1	3751.3	3943.8	8125.8	7109.8
Estimated elasticity for sector	2000-2009	1.2	-0.6	0.5	0.6	0.3	0.5	0.9	0.6	1.9
Qatar										
Value added by sector (percentage of total GDP)	1990	14,701,110,733.0	0.5	62.7	13.7	49.0	3.0	4.4	1.3	28.6
	1995	16,758,560,612.4	0.5	61.8	9.4	52.4	3.8	5.4	2.1	28.5
	2000	28,916,866,023.1	0.3	75.5	7.7	67.8	3.1	4.3	1.9	19.8
	2005	42,462,637,362.6	0.1	69.4	8.4	61.0	5.7	4.4	3.3	19.1
	2009	86,992,700,741.9	0.1	59.9	4.3	55.6	9.7	4.8	6.1	19.8
Annual growth rate (percentage)	1970-2009	9.5	2.4	8.4	9.4	-	10.8	10.7	16.4	10.8
	1990-2000	9.7	0.1	13.7	1.0	17.3	10.2	9.4	18.4	3.6
	2000-2009	22.3	-1.4	15.4	7.5	16.3	94.0	26.4	97.0	22.4
Employment in sector as a percentage of total employment	2010		1.3	15.0	7.9	7.1	39.9	11.2	2.7	28.9
Estimated production per worker	2009	69,236.0	3129.7	293423.2	34291.6	701878.2	15147.7	25969.8	96113.7	60809.7

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)												
Saudi Arabia												
Value added by sector (percentage of total GDP)	1990	200,419,783,490.9	3.9	55.8	6.9	48.9	4.5	4.4	2.7	27.8		
	1995	230,832,208,239.3	3.8	60.5	7.3	53.2	4.6	4.3	2.6	25.6		
	2000	262,041,582,588.0	3.6	57.9	8.5	49.3	4.6	5.2	2.8	26.1		
	2005	315,582,519,737.6	3.2	58.6	9.4	49.2	4.7	5.3	3.3	25.5		
	2009	347,001,377,981.2	3.1	53.7	10.3	43.4	5.0	5.9	4.3	26.0		
Annual growth rate (percentage)	1970-2009	5.8	7.3	4.3	8.6	-	7.1	10.7	8.4	6.5		
	1990-2000	3.1	2.3	3.6	6.2	3.2	3.3	5.3	3.5	2.3		
	2000-2009	3.6	1.3	2.5	6.7	1.8	4.9	5.6	11.5	3.6		
Employment in sector as a percentage of total employment	2009		4.1	8.6	6.5	2.1	11.8	20.2	4.6	50.6		
Estimated production per worker	2009	42,587.4	32183.6	266095.4	67792.8	874765.8	18042.9	12442.6	39316.3	21850.5		
Estimated elasticity for sector	2006-2009	1.0	5.2	-1.1	0.1	0.3	1.2	0.8	0.9	0.0		
The Sudan												
Value added by sector (percentage of total GDP)	1990	12,542,680,763.1	30.8	8.2	6.6	1.5	8.1	29.0	17.6	14.1		
	1995	17,459,552,455.8	30.0	7.4	5.7	1.7	2.7	22.8	17.2	14.5		
	2000	25,262,284,991.2	39.5	13.5	6.9	6.6	2.8	17.3	11.2	13.1		
	2005	35,182,707,994.8	33.0	16.4	7.4	9.0	4.4	14.6	14.4	14.4		
	2009	47,348,797,920.1	30.5	16.8	7.2	9.6	4.8	14.7	14.7	15.3		
Annual growth rate (percentage)	1970-2009	4.8	3.8	7.0	5.2	-	3.5	3.7	5.1	5.8		
	1990-2000	10.1	15.8	23.3	10.9	76.6	-3.1	2.0	2.9	8.7		
	2000-2009	9.7	5.0	14.8	10.7	19.1	24.7	6.6	16.0	13.2		
Employment in sector as a percentage of total employment	2008		44.8	5.8	5.0	0.8	5.1	13.0	6.7	23.2		
Estimated production per worker	2008	4,797.6	2977.4	19703.5	8965.8	129432.5	6215.1	6444.7	15150.2	2635.8		

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)										
Syrian Arab Republic										
Value added by sector (percentage of total GDP)	1990	12,566,772,774.2	22.1	26.3	5.0	21.3	3.1	19.6	9.9	16.0
	1995	18,569,500,964.2	20.7	31.2	6.7	24.4	3.3	20.6	11.0	13.6
	2000	22,208,234,846.4	21.9	34.0	0.6	33.3	3.1	14.8	12.4	14.5
	2005	28,396,996,497.0	20.3	27.3	2.5	24.8	3.9	20.2	10.7	17.6
	2009	34,831,672,620.7	16.7	25.9	3.4	22.4	3.5	22.1	12.2	22.1
Annual growth rate (percentage)	1970-2009	5.4	4.6	5.2	2.9	-	5.2	5.4	6.3	6.4
	1990-2000	7.7	7.5	12.9	-7.8	17.7	7.5	3.3	12.2	6.1
	2000-2009	6.3	2.2	2.2	83.4	0.6	9.0	15.0	6.0	15.4
Employment in sector as a percentage of total employment	2010		14.9	16.4	-	-	15.9	18.0	7.8	26.9
Estimated production per worker	2009	9,422.5	7658.0	11011.5	-	-	1521.4	9393.2	11155.5	68644.3
Estimated elasticity for sector	2001-2009	0.2	-0.4	0.9	0.3	-	0.2	0.3	0.9	0.3
United Arab Emirates										
Value added by sector (percentage of total GDP)	1990	54,784,970,123.8	1.1	73.4	5.7	67.7	6.1	9.9	4.3	19.9
	1995	66,261,859,285.9	1.9	55.5	7.6	47.9	6.4	11.3	5.4	25.3
	2000	90,729,294,548.8	2.8	50.4	11.3	39.1	5.6	11.5	6.0	25.6
	2005	137,993,192,648.1	1.7	50.1	12.2	37.9	7.7	12.0	6.2	24.2
	2009	180,223,402,399.2	1.3	48.4	13.6	34.8	9.2	11.7	6.4	24.9
Annual growth rate (percentage)	1970-2009	8.8	13.8	7.0	19.3	-	10.6	9.8	12.0	13.2
	1990-2000	6.6	30.5	1.4	22.5	-0.4	5.1	9.3	13.3	11.4
	2000-2009	11.0	-0.4	10.1	15.5	8.5	25.2	11.5	12.4	10.4
Employment in sector as a percentage of total employment	2005		4.9	10.9	8.1	2.8	29.0	17.5	6.8	30.2
Estimated production per worker	2005	55,645.1	19802.1	256769.5	84378.0	751663.1	14783.1	38093.6	50853.4	43507.6

Annex table 11. GDP production, employment, productivity and elasticity (Percentage) (Cont.)										
Yemen										
Value added by sector (percentage of total GDP)	1990	7,275,774,237.5	11.4	40.5	3.7	36.8	5.7	8.9	11.4	21.8
	1995	9,495,472,932.7	10.8	58.5	4.3	54.1	5.4	8.4	8.1	22.2
	2000	14,187,537,204.8	10.5	53.6	7.1	46.6	4.1	9.9	8.6	18.2
	2005	17,872,429,083.0	10.1	41.8	7.3	34.5	5.2	13.5	11.3	18.9
	2009	21,056,078,532.6	10.5	34.4	7.8	26.7	5.1	17.7	11.6	20.2
Annual growth rate (percentage)	1970-2009	6.9	5.2	7.1	9.7	-	5.6	10.0	6.0	6.5
	1990-2000	9.5	7.9	15.8	26.9	14.7	4.0	11.5	4.6	6.3
	2000-2009	5.4	5.4	-0.5	7.0	-1.7	9.8	18.5	11.2	7.2
Employment in sector as a percentage of total employment	2005		35.3	6.4	5.6	0.9	12.2	18.2	6.0	21.9
Estimated production per worker	2005	4,484.8	1288.8	29226.7	5889.1	182914.0	1909.7	3333.3	8407.4	3875.5
Estimated elasticity for sector	2006-2009	0.3	-2.3		1.8	-2.1	1.5	1.0	1.3	0.9

Sources for GDP by sector: United Nations Statistics Division: National Accounts Main Aggregates Database, available at <http://unstats.un.org/unsd/snaama/selbasicFast.asp>. (Accessed 4 October 2011).

Sources for employment: Bahrain: LFS 2004; Egypt: LFS 2008; Jordan: EUS 2009; Kuwait: Census 2005; Lebanon: National Survey of Household Living Conditions 2007; Oman: LFS 2008; Palestine: LFS database 2000-2010; Qatar: Census 2010; Saudi Arabia: LFS 2009; The Sudan: Census 2008; Syrian Arab Republic: LFS 2010; United Arab Emirates: Census 2005; Yemen: Household Budget Survey 2005/2006.

Annex table 12. GDP for financial institutions and insurance, for real estate and business services, and as a share of employment (Percentage)

Country	Year	Financial institutions and insurance	Real estate and business services
Bahrain			
GDP	2006	22.8	7.9
	2007	22.8	7.4
	2008	20.2	6.7
	2009	21.4	7.1
Employment	2004	3.0	0.9
Egypt			
GDP	2006	7.7	3.3
	2007	7.2	2.9
Employment	2008	0.7	2.0
Iraq			
GDP	2006	0.9	9.0
	2007	1.6	9.9
	2008	1.3	7.0
	2009	2.0	10.5
Employment	2008	0.3	0.5
Jordan			
GDP	2006	7.2	10.1
	2007	7.7	9.4
	2008	8.8	7.6
	2009	7.9	7.2
Employment	2010	1.6	4.1
Kuwait			
GDP	2007	14.4	4.9
	2008	12.0	4.0
	2009	14.4	5.0
Employment	2005	1.2	5.6
Lebanon			
GDP	2006	34.6	..
	2009	31.4	..
Employment	2007	2.1	..
Oman			
GDP	2007	4.3	4.3
	2008	3.6	3.5
	2009	4.8	5.2
Employment	2008	1.8	3.7

Annex table 12. GDP for financial institutions and insurance, for real estate and business services, and as a share of employment (Percentage) (Cont.)			
Country	Year	Financial institutions and insurance	Real estate and business services
Palestine			
GDP	2006	4.0	10.0
	2007	6.3	7.2
	2008	5.6	6.5
Employment	2010	1.1	2.1
Qatar			
GDP	2007	5.9	6.4
	2008	4.8	5.3
	2009	6.1	6.1
Employment	2010	0.8	0.7
Saudi Arabia			
GDP	2007	3.9	3.8
	2008	3.4	3.3
	2009	4.5	4.5
Employment	2009	1.2	3.8
The Sudan			
GDP	2007	1.4	5.3
	2008	1.5	5.2
	2009	1.6	5.6
Employment	2008	0.3	...
Syrian Arab Republic			
GDP	2007	5.3	..
	2008	4.9	..
	2009	4.8	..
Employment	2010	2.6	..
United Arab Emirates			
GDP	2007	7.1	9.1
	2008	6.7	8.4
	2009	7.1	9.6
Employment	2005	1.5	5.2
Yemen			
GDP	2006	3.4	4.8
	2007	3.4	4.7
	2008	3.1	4.5
	2009	4.3	5.1
Employment	2005	0.3	0.7

Two dots (..) indicate that data are not available. Three dots (...) indicate that the figure is less than 0.05.

Source: ESCWA calculations, based on ESCWA, 2010b.

Annex table 13. Primary legislation and other legal regulation of labour and labour relations, ESCWA member countries

Main labour legislation	Groups included	Groups excluded	Groups with separate legislation
Bahrain²¹³			
Legislative Decree No. 14 of 1993 amending the Labour Law for the Private Sector No. 23 of 1976.	All workers employed for remuneration of any kind in the service of an employer and under his control or supervision.	Domestic workers; family and casual workers employed for less than a year; most agricultural workers.	Civil servants and employees of public corporate entities subject to the civil and military service regulations; seafarers.
Egypt²¹⁴			
Labour Code No. 12 of 2003, as amended in 2005 and 2008.	All enterprises; agricultural workers; foreign workers, provided there is reciprocal treatment.	Domestic servants; family members of the employer who are also dependent on him/her.	Public servants, including those working in local government units and public authorities; military personnel; seafarers.
Iraq²¹⁵			
Act. No. 71 of 1987, dated July 27, 1987, as amended in 2000 and 2004.	All workers employed in the private, mixed and co-operative sectors in enterprises with one or more employees; trade unions. Arab workers employed in Iraq are to be treated on an equal footing with Iraqi workers.	Unpaid workers and self-employed individuals; no specific mention of agricultural workers.	Public servants; no specific mention of military personnel.
Jordan²¹⁶			
Labor Act No. 8 of 1996.	Most workers and employers.	Family members of the employer working without remuneration; domestic servants; agricultural workers (with the exception of engineers, technicians and individuals working for the Government in an agricultural capacity).	Government workers; municipal workers; military personnel; seafarers.
Kuwait²¹⁷			
Labour Law No. 6 of 2010 concerning labour in the private sector.	All workers in the private sector; seafarers; workers in the petroleum sectors; public workers; with the exception of cases in which sector-specific regulation is more beneficial to the employee.	Domestic workers (separate legislation will be implemented for this group); no specific mention of agricultural workers.	Workers in the petroleum sector.

Annex table 13. Primary legislation and other legal regulation of labour and labour relations, ESCWA member countries (Cont.)			
Main labour legislation	Groups included	Groups excluded	Groups with separate legislation
Lebanon²¹⁸			
Labour Code of 23 September 1946.	All employers and employees unless excluded by specific texts; foreign companies which have a branch or an agency in the country.	Domestic servants; agricultural corporations that have no relation to trade or industry; establishments in which only family members work under the oversight of a father, mother or guardian.	Government and municipal services employees; provisional or daily employees; seafarers; no specific mention of military personnel.
Oman²¹⁹			
Labour code of 26 April 2003, issued by Royal Decree No. 35/2003.	Employers; employees; various types of establishment, including local and foreign branches which carry out activities in the Sultanate, whether [foreign] public or private, including private national and foreign educational institutions.	Members of the family of the employer who are dependent upon him/her; domestic workers; no specific mention of agricultural workers.	Members of the armed forces and public security organizations; State administration employees; other Government employees; no specific mention of seafarers.
Palestine²²⁰			
Labor Law No. 7 of 2000.	Most workers and employers.	Civil servants and local administration employees; domestic servants; first-degree family members of the employer.	No specific mention of legislation covering public servants or military personnel.
Qatar²²¹			
Labour Law No. 14 of 2004.	All workers and employers unless otherwise stated.	Casual workers; domestic workers; family members of the employer; workers employed in agriculture and grazing, other than persons employed in establishments processing and marketing their own products or those permanently employed in the operation or repair of mechanical appliances.	Employees and workers of the Ministries and other governmental organs; public institutions; corporations and companies established by Qatar Petroleum; officers and members of the armed forces and police; workers employed at sea.

Annex table 13. Primary legislation and other legal regulation of labour and labour relations, ESCWA member countries (Cont.)

Main labour legislation	Groups included	Groups excluded	Groups with separate legislation
Saudi Arabia²²²			
Labour Law 2006.	Any contract where a person is working under management or supervision for a wage; Government and public organization workers (including the military); workers for charitable organizations; workers in agricultural or pastoral firms that employ ten or more workers; workers who permanently operate or repair agricultural machines. Part time workers are covered with respect to safety, occupational health and work injuries.	Family members of the employer; domestic helpers; some sea workers; agricultural workers other than those working in agricultural firms that process their own products; foreigners residing for less than two months; players and coaches of sports clubs and federations.	Seamen are covered by a separate section within the legislation.
The Sudan²²³			
Labour Code 1997; Industrial Relations Act 1976; Manpower Act 1974.	Most workers.	Domestic servants; agricultural workers; family members of the employer; casual workers.	Civil servants; members of the armed forces.
Syrian Arab Republic²²⁴			
Labour Law No. 17 of 2010.	Labour relations in the private sector; Arab and foreign companies; the cooperative sector; the mixed sector not covered by the Civil Servants Basic Law No. 50 of 2004 and amendments thereto.	Family members of the employer supported by him/her; domestic servants and similar categories; workers in charity associations and organizations; casual workers; part-time workers working less than two hours per day.	Workers subject to the Civil Servants Basic Law No. 50 of 2004 and amendments thereto; workers subject to the Agricultural Relations Law; no specific mention of military personnel.
United Arab Emirates²²⁵			
Federal law No. 8/2007; Federal law No. 8 of 1980 on Regulation of Labour Relations.	No mention of specific groups.	Domestic servants working in private residences; workers employed in agriculture or pastures, other than those employed in agricultural corporations engaged in processing their own products or those permanently engaged in operating or repairing mechanical machines required for agriculture.	Officials, employees and workers of the federal Government and governmental departments of member Emirates; officials, employees and workers of municipalities; members of the armed forces, police and security.

Annex table 13. Primary legislation and other legal regulation of labour and labour relations, ESCWA member countries (Cont.)

Main labour legislation	Groups included	Groups excluded	Groups with separate legislation
Yemen²²⁶			
Law No. 25 of 2003, adding new provisions to the Labour Code (Act No. 5 of 1995); Law No. 25 of 1997, amending numerous provisions of the Labour Code; Labour Code (Act No. 5 of 1995).	All employers and workers.	Employees of the State administration and the public sector; officers of the judiciary and the diplomatic and consular corps; staff of military and security establishments; foreigners seconded to work with the State; foreigners working in the Republic under an international Convention; foreigners holding diplomatic or special passports; casual workers; dependents of the employer; household servants and workers of equivalent status; persons employed in agriculture and pastoral work (with certain exceptions).	Public servants.

Annex table 14. Distribution of foreign direct investment, ESCWA member countries

Legislation focusing on trade unions and/or collective bargaining	Freedom of association	Categories of workers excluded from union activity	Collective bargaining	Additional information
Bahrain ^{227, 228}				
Workers Trade Union Law of 2002.	Enshrined in the Constitution and recognized by law, but strictly regulated.	Armed forces; police; other civil servants and public employees.	Not protected by law.	Bahrain reversed a ban on unions in 2002 as part of a package of political reforms.
Egypt ^{229, 230, 231}				
Trade Union Act No. 35 of 1976 as amended in 1995, 1996, 2000 and 2003; Article 56 of the Constitution.	Enshrined in the Constitution and recognized by law, but strictly regulated.	A minimum of 50 members of the same company are needed to form a union; in effect, this excludes a large proportion of individuals working in smaller companies.	Under the 2003 Labour Act, a collective agreement is only valid if it complies with the law on public order or "general ethics".	Until 2011, all trade unions were required to operate under the Egyptian Trade Union Federation, which made unionization difficult. In March 2011, the Egyptian Federation of Independent Trade Unions was created and several independent unions have since emerged.
Iraq ^{232, 233, 234}				
Act. No. 71 of 1987 as amended in 2004 and 2000; Decree 8750 (2005).	Enshrined in the Constitution and recognized by law, but strictly regulated.	Resolution 150 from 1987 bans all public sector workers from organizing.	Legal and recognized under the 1987 Labour Code.	Decree 8750 (2005) severely limits trade union activities by prohibiting unions from holding funds, collecting dues and maintaining assets. A new Labour Code is being drafted, but has not yet been finalized.
Jordan ^{235, 236}				
Labour Law No. 8 of 1996; Interim Act No. 26 of 2010 amending the Labour Code.	Regulated by the Labour Code, but limited since all unions are required to belong to the General Federation of Jordanian Trade Unions.	Civil servants; foreigners; domestic workers. A minimum of 50 members of the same company or trade are needed to form a union.	Not recognized.	Trade unions require approval from the Ministry of Labour.

Annex table 14. Distribution of foreign direct investment, ESCWA member countries (Cont.)

Legislation focusing on trade unions and/or collective bargaining	Freedom of association	Categories of workers excluded from union activity	Collective bargaining	Additional information
Kuwait ^{237,238}				
Law No. 6/2010 concerning labour in the private sector. This legislation also covers collective bargaining rights.	Enshrined in the Constitution.	Domestic workers.	Recognized by law.	The authorities have wide powers to supervise trade union finances and records; unions may not engage in any political activity.
Lebanon ^{239,240}				
Decree No. 17386 dated 3 September 1964 governing collective agreements, conciliation and arbitration.	Enshrined in the Constitution and recognized by law, but strictly regulated.	Government employees; domestic workers; agricultural workers; workers with casual or temporary contracts; Palestinians (due to lack of reciprocal agreements).	Recognized by law.	New trade unions need prior authorization from the Ministry of Labour and union elections are controlled by the Ministry.
Oman ^{241,242}				
Sultan's decree no. 112/2006 amending the labour code related to federations and trade unions; Ministerial Decision No. 294 of 2006; Ministry of Manpower Order No. 17/2007 amending Ministerial Decree No. 294/2006; Ministerial Decree No. 24/2007.	Enshrined in the Constitution and recognized by law.	A minimum of 25 employees are required for the formation of a union. Armed forces; police; Government employees; domestic workers.	Recognized by law.	Decrees 112/2006 and 24/2007 granted workers the right to form trade unions. Previously only "representation committees" were allowed. The Ministry of Employment may refuse to register a trade union without substantial justification.
Palestine ²⁴³				
Palestinian Labor Law No. 7 of 2000.	Employers and employees have the right to form trade unions and professional unions.	Domestic workers; families of the employer in the first degree.	Recognized under the 2000 legislation.	The Ministry of Labour can impose arbitration; trade unions may face disciplinary action if they do not accept the outcome of the arbitration.

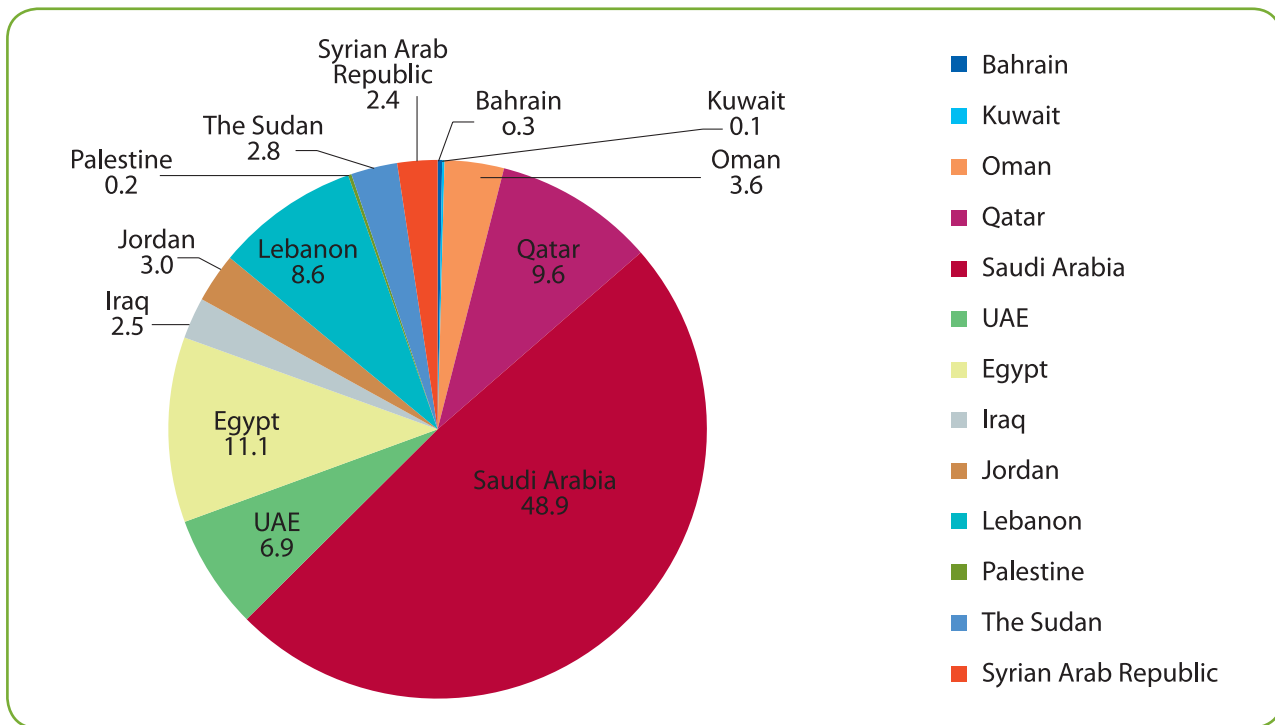
Annex table 14. Distribution of foreign direct investment, ESCWA member countries (Cont.)

Legislation focusing on trade unions and/or collective bargaining	Freedom of association	Categories of workers excluded from union activity	Collective bargaining	Additional information
Qatar ^{244,245,246}				
Labor Law No. 14 of 2004.	Enshrined in the Constitution and recognized by law, but strictly regulated.	A minimum of 100 employees are required for the formation of a union. Government employees and non-Qatari nationals are not allowed to organize.	Recognized by law, but strictly regulated.	The Labour Law allows for only one trade union: the General Union of Workers of Qatar. The 2004 law introduced the right to form trade unions and strike.
Saudi Arabia ^{247,248}				
Decision No. 12 of 2001 on the application of rules regarding the establishment of works councils.	Workers' associations are prohibited. Anyone who tries to form a union can be dismissed, imprisoned or, in the case of migrant workers, deported.	Union activity is generally illegal but workers have the right to form workers' committees in workplaces of more than 100 workers. Foreigners are not allowed to join such committees.	No legislation.	In 2011 there were demands for increased association rights by privately employed workers.
The Sudan ^{249,250,251}				
Labour Code 2000; Trade Unions Act 2010.	Enshrined in the Constitution and recognized by law, but strictly regulated.	Members of the armed forces; the police; judges; legal advisors to specific arms of the Government.	Partially restricted, in particular in the areas of wage setting and disputes.	The Trade Unions Act only allows for one trade union federation, the State-controlled Sudan Workers Trade Union Federation.
Syrian Arab Republic ^{252,253}				
Labour Law No. 17 of 2010.	The Constitution provides for freedom of association, but workers may not establish unions independent of the Government.	Domestic workers; civil servants; family members; agricultural workers. The General Federation of Trade Unions (GFTU) decides which sectors and occupations may unionize.	The right to collective bargaining and unionization is recognized by the 2010 Labour Law.	All workers' organizations must belong to the GFTU.

Annex table 14. Distribution of foreign direct investment, ESCWA member countries (Cont.)

Legislation focusing on trade unions and/or collective bargaining	Freedom of association	Categories of workers excluded from union activity	Collective bargaining	Additional information
United Arab Emirates ^{254,255}				
Federal Law No. 8/2007 amending law No. 8/1980 on Regulation of labour relations; Federal Law No. 8 of 1980 on Regulation of Labour Relations.	Enshrined in the Constitution. This aside, freedom of association is neither specifically regulated by law, nor explicitly prohibited. The Labour Law does not permit trade unions.	Public sector workers, security guards and migrant workers are not allowed to strike. Migrants can be temporarily banned from working in the country or deported for striking. No active trade unions.	No mention of collective bargaining in the labour legislation.	The Minister for Labour has the power to intervene to end a strike.
Yemen ^{256,257}				
Labour Code (Act No. 5 of 1995) as amended by Law No. 25 of 1997; Law No. 35 of 2002 on the organization of trade unions for workers.	Enshrined in the Constitution and recognized by law, but strictly regulated.	Civil servants; domestic workers; some limitation of participation for individuals aged 16-18; foreigners, although a proposed new Labour Code would allow foreigners to be members of trade unions.	Recognized by law, although the Government has the right to veto.	All organizations of workers must belong to the General Federation of Workers Trade Unions of Yemen.

Annex figure XIV. Distribution of foreign direct investment, ESCWA member countries



Source: UNCTAD, UNCTADstat: Inward and Outward Foreign Direct Investment Flows. Annual, 1970-2010. (Accessed 13 October 2011).

After decades of market-oriented reforms, the ESCWA region is facing fundamental questions about the parameters of future development. The expectation that top-down economic stabilization, liberalization of markets and strategic privatization would lead to more competitive, diversified and inclusive economies has only partially materialized. The employment situation in particular remains a constant challenge and needs to be addressed through a more integrated approach to labour market policy, combining economic and social policy.

This report continues the ESCWA series of integrated social policy reports, which advocate for harmonization across policy domains. It reviews labour market statistics collected from member countries, traces recent changes in labour market regulation and labour governance, analyses active labour market policy and looks at selected aspects of economic policy, such as the employment elasticity of economic growth.

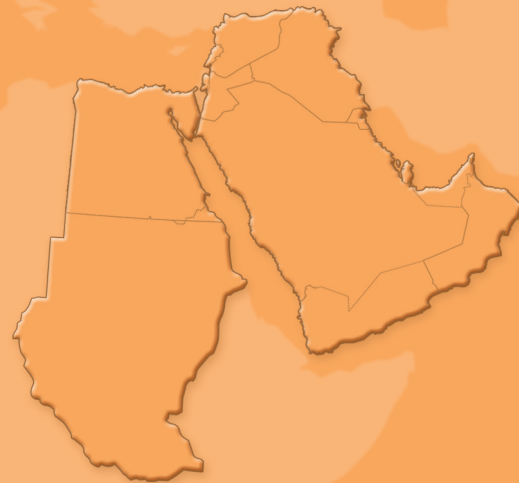
The report concludes that labour market policy needs to take a broader approach. The segmentation of labour markets is repeated in the fragmentation of social security systems and in the economy at large. Policies need to address such divisions by adopting a more holistic approach in order to successfully address the employment challenges facing ESCWA member countries.



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