



Conférence internationale sur le travail productif pour les jeunes en Tunisie et la région MENA

International Conference on Productive Work for Youth in Tunisia and the MENA region

BACKGROUND PAPER

Youth Entrepreneurship as a solution to youth unemployment

Past and ongoing efforts and way ahead to tackle youth unemployment in Tunisia and the MENA region

In conjunction with:



In partnership with:



Agence de Promotion
de l'Industrie
et de l'Innovation



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EXECUTIVE SUMMARY

All over the world and more specifically in transition and developing countries, employment creation cannot be carried by the public sector alone. The number of public jobs created yearly has decreased significantly under the pressure of globalization, economic and social changes, and growing private sector in informal economies.

Financial and economic turbulences that keep shaking world economies added to the pre-existing economic, social and political difficulties in the Arab Region.

In addition, the “Arab Spring” revealed new and severe weaknesses even in emerging countries in the Region known for good performances in economic growth, long recognized and praised by international institutions.

Countries in the Arab region are encouraged to engage in a process of sound economic reforms particularly tackling the promotion of an enabling business environment and the adequacy of the education system with labour market needs.

It is an urgent challenge to develop appropriate policies and strategies to generate decent and productive jobs through the promotion of a sustainable, conducive and enabling business environment capable of encouraging public and private investments in view of creating decent jobs and viable micro, small and medium sized enterprises:

- Establish an efficient legal and regulatory framework including the development of means and tools for its implementation, for private sector promotion and job creation.
- Reform the complex and unfriendly business environment, characterized by cumbersome laws, regulations, and administrative procedures that lack transparency, in view of reducing the prevalence of informal economy through attractive incentives.
- Reinforce enterprises competitiveness and workers' productivity using available resources and institutional capacity.
- Strengthen cooperation and regional integration among countries especially in the trade sector, in order to foster economic diversification and broader based employment opportunities.
- Invest in the development of human resources.
- Tackle the mismatch between market needs and the existing educational, vocational and technical training systems.
- Foster an entrepreneurial culture, especially among young people, including young women.
- Eradicate the specific constraints and barriers that hinder women and youth from starting and managing their enterprises (lack of cultural support, poor education and training, a

paucity of business support services, an absence of gender equality regulations and limited access to finance and local promotion programs).

This paper outlines the fundamental importance of sustainable productive employment promotion, mainly through the creation of MSMEs to achieving social development goals, economic diversification, income generation and poverty reduction in the region.

The paper also highlights a number of challenges, either structural or resulting from the ongoing economic, financial and political crisis, as well as from the weaknesses revealed by the Arab Spring in the political, social and economic sphere in the Region.

The report outlines the need to promoting a conducive environment for the formation and growth of sustainable investments in order to help fostering more productive and competitive economies. Furthermore the report also highlights the importance of SME development and of fostering an entrepreneurial culture, especially among young women and men.

The purpose of the present background paper is to set benchmarks for the discussions and the constructive dialogue at the UNIDO/EU *International Conference on Productive Work for Youth in Tunisia and the MENA Region*".

This paper serves as a basis for discussion by presenting the latest economic analysis on youth productive employment in Tunisia and the MENA region, providing an overview over past and existing initiatives on the macro-, meso- and micro-level as well summarizing recommendations on youth employment from previous conferences and studies and presenting international best practices.

In preparation to the conference, UNIDO organized a number of decentralized workshops in the Tunisia with the objective to open a free and effective debate whereby potential and existing young entrepreneurs could voice their problems and express their needs.

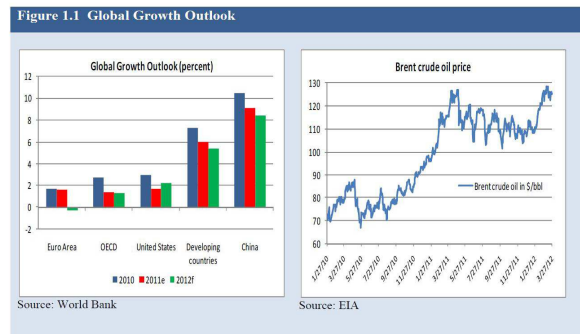
The *International Conference on Productive Work for Youth in Tunisia and the MENA Region* is organized by UNIDO funded by the European Union and in close cooperation with the Tunisian Government represented by the Ministry of Industry and the Tunisian Agency for Industrial Promotion (API).

1. The economic situation in the MENA region impacts the creation of productive work for youth¹

Growth in oil exporting countries will be strong as it rebounds from the average of 3.4 percent in 2011 to 5.4 percent in 2012 and is due to new impetus in oil markets (pickup in economic activity in the US, shift away from nuclear energy in Japan). Oil exporters are therefore expected to finance additional public spending which will boost domestic demand, new investments and thus promote social programmes and job creation.

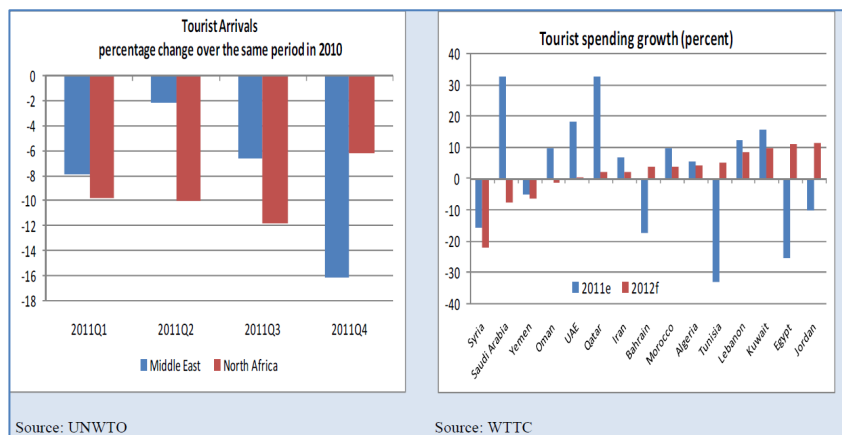
In turn, political turmoil and uncertainties in the MENA region are still prevailing in most of Oil importing countries, and negatively affect the short term economic prospects:

- Slow economic growth
- Diminished foreign reserves
- High oil prices
- Economies with strong EU links will be impacted by the weak growth expected in the Eurozone through reduced trade, reduced tourism flows, low foreign investment and diminished remittances from national workers abroad.
- Fiscal situation is expected to remain tenuous as a result of the expected increase in public expenditures (mainly in wages and social benefits)
- Rising inflation
- Low productivity of enterprises due to social instability (insecurity, strikes, sit-ins, etc.)
- Increased global food and energy prices which require increased public subsidies



For countries like Egypt, Jordan, Lebanon, Tunisia, Syria the Tourism sector represents a large part of their GDP (7 per cent in Tunisia) and was booming prior to 2011. The sector was hardly hit due lack of security and social unrest during the wave of uprisings in 2011. This triggered a sharp contraction in major MENA destinations (s. figure on the right)

Tourist arrivals declined dramatically in Syria, Egypt, Bahrain and Tunisia, and to a lesser extent in Lebanon and Jordan. In Morocco, the

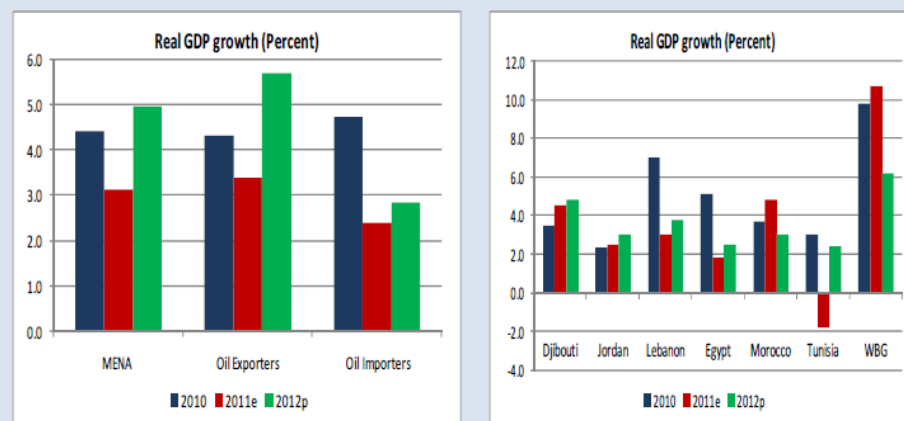


¹Main sources: WORLD BANK MIDDLE EAST AND NORTH AFRICA REGION A REGIONAL ECONOMIC UPDATE, APRIL 2012, Doing Business 2012-2013, ILO Global Employment Trends 2012

tourism sector remained stable in 2011 due to an increase by 14 percent in arrivals from Arab countries, in 2011.

According to the World Travel and Tourism Council (WTTC) tourist expenditures should grow across MENA countries in 2012. North Africa should expect an increase by 7 percent with 10 per cent in Egypt and 5 percent in Tunisia, follow the hard contraction of 2011. In Jordan a reasonable increase by 10 percent is foreseen, and in Bahrain the increase would reach 4 percent. In turn, further declines are expected to hit the sector in Syria and Yemen

Figure 1.2 Growth Outlook in MENA



Source: World Bank

As shown in the figure above, growth rate will not exceed an average of 2.8 percent in 2012 in oil importing countries. Even though many of these countries still depend on their capacity to quickly recover from political unrest in global domestic factors. In addition, country-specific growth outcomes reflect heterogeneous domestic conditions. Tunisia and Morocco remain particularly vulnerable to weak growth in the Eurozone, while Jordan and Lebanon may be vulnerable to spillovers from developments in Syria. Growth in Egypt is expected to be around 2.5 percent in the fiscal year 2012, up from 1.8 percent in fiscal year 2011.

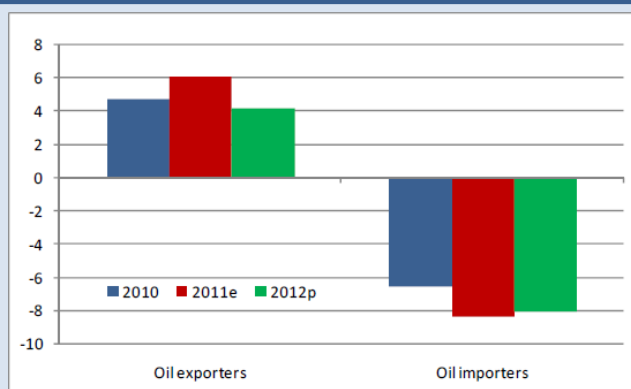
In addition, **the fiscal situation** will have a huge impact on state budgets. In Egypt, increased public spending, especially on wages and social benefits in combination with a revenue shortfall as a result of economic weakness is projected to exceed the budget for fiscal year 2012.

In Tunisia, the fiscal deficit will worsen by the expected increase in public expenditures envisaged in the Supplementary Budget Law, adopted by the Constituent Assembly in April 2012. The law aims to implement measures

to cope with the social tensions and increase public investment in support of regional development. However, in 2011 only part of the public spending approved with the supplemental budget in June 2011 could be spent due to weak capacity at the local level.

In Lebanon, the fiscal deficit will widen in 2012 compared to 2011 because of a sizable rise in public wages.

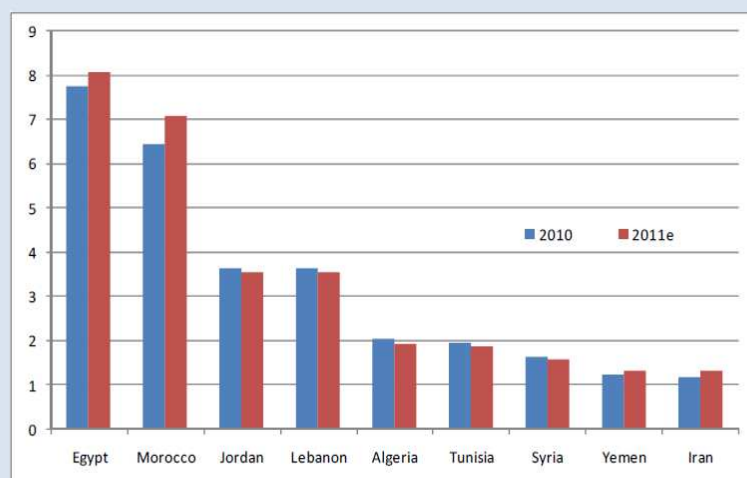
Figure 1.4 Fiscal Outlook (Percent of GDP)



Source: World Bank

Remittance growth was lower in 2011 than in 2010 due to the ongoing political conflicts in the region and the economic slowdown in the Eurozone which limited the ability of migrants to send home money (Figure 1.7). Tunisian and Algerian flows went down by 5 percent in 2011 whilst inflows to Syria declined by 4 percent in 2011. In Egypt remittance inflows increased in 2011 compared to 2010,

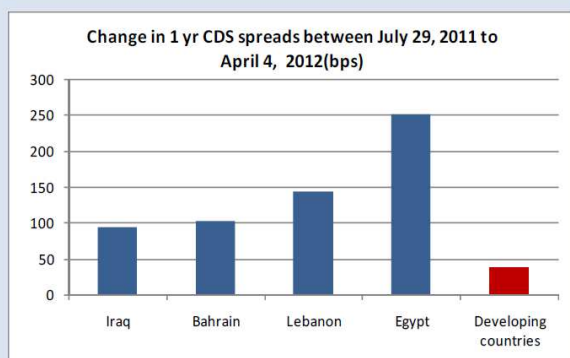
Figure 1.7 Remittance Inflows to MENA (US\$ bn)



Source: World Bank

due to increased inflows from GCC countries, in particular from Saudi Arabia. Inflows are expected to grow in 2012 as high oil prices will lead to a higher demand for migrant workers. Still, remittances to some countries may decline because of the fear about developments in domestic financial markets.

Figure 1.8 Credit Default Swaps (CDS)

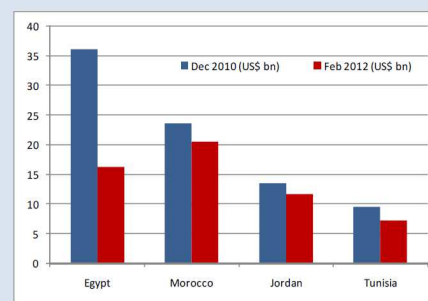


Source: Datastream

Increases in risk premia, borrowing costs and fragile macroeconomic conditions weakened the investor confidence in a number of countries. The cost of insuring against credit default in Egypt, for example, jumped by more than 200 basis points in April 2012 relative to seven months ago. CDS spreads escalated also in Lebanon, Iraq and Bahrain, though by a smaller amount (Figure 1.8). In all these cases, increases were substantially larger than the increase in the developing countries' average CDS spread of about 40 basis points.

Standard & Poor's downgrade of Egypt's long term foreign and local currency sovereign credit ratings led to an increase in Egypt's borrowing costs. Furthermore foreign reserves lost more than 50 percent in 2012 (Figure 1.9).

Figure 1.9 Official Reserves



Source: National statistical offices and IMF.

Note: For Morocco and Jordan, data refer to December 2011 and January 2012 respectively.

Foreign Direct Investment (FDI) in the region went down by about 35 percent in 2011. In Egypt it declined by about 65 percent, followed by Lebanon, Jordan, Morocco and Tunisia (Figure 1.10).

Foreign aid from GCC and other countries to Egypt, Lebanon, Jordan and Syria supposed to help governments filling fiscal deficits is below the identified needs and the announced amounts. Thus

the number of investment projects went down by 75 percent in the last quarter of 2011 compared to the same quarter of 2010. They declined by half in Egypt, Jordan and Lebanon (Figure 1.10)

In Tunisia, Foreign Direct Investment rose by 35.2 percent during the two first months of 2012, compared to the same months of 2011, although the comparison would have been more significant with 2010, considering the political turbulences in the country in 2011.

Inflation rates were high in 2011 and are expected to remain at these levels in 2012 because of domestic factors affecting overall prices, particularly the removal of food and energy subsidies. Inflation affects Algeria as food inflation surged by 8.1 percent between December 2011 and February 2012 as a result of poor weather that drove prices of fresh agricultural produce higher during the last trimester. Furthermore, higher public sector wages are also likely to spur inflation going forward. GCC countries have had the lowest inflation rates in MENA, and inflation is expected to remain low in 2012. There is some risk that high public spending could feed into prices later in the year. Tunisia is expected to register increased inflation from expansionary fiscal and monetary policy. In Egypt, inflation is high due to rising food prices and expansionary fiscal policy.

Subsidies aimed to keep domestic food and energy prices stable are expected to dampen the inflationary effects

of increased global food and energy prices, and inflation is expected to remain subdued in 2012 in much of the region. However, there will be significant differences across countries.

Figure 1.10 Foreign Direct Investment

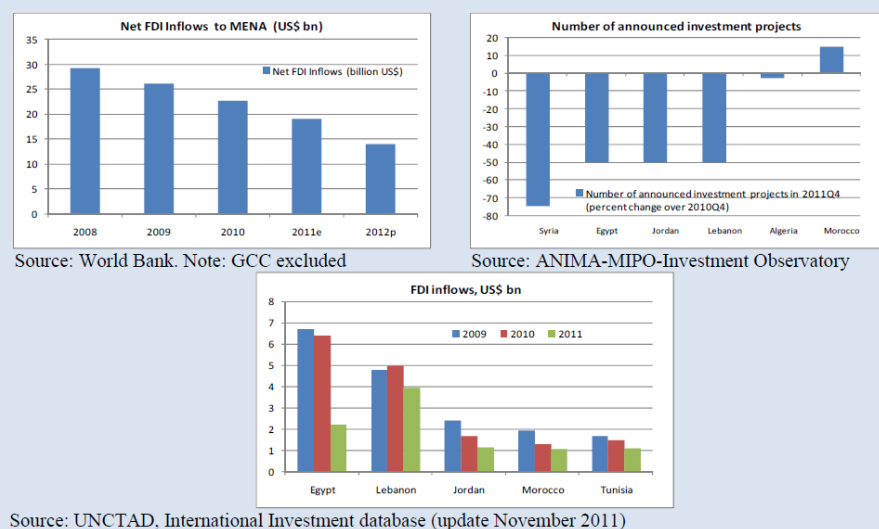
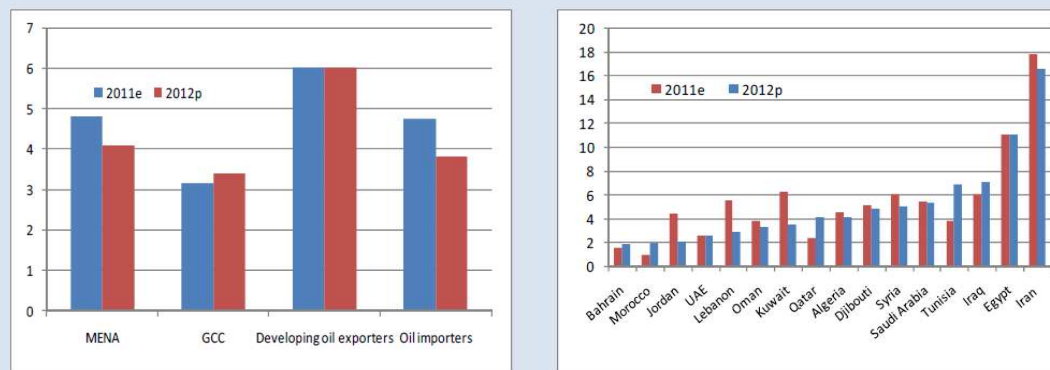


Figure 1.11 Inflation Rates in MENA (Percent)



Source: National statistical offices, IMF and EIU. Note: The average inflation rates are median rates for the region and sub-regional groups. The GCC group includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE; developing oil exporters – Algeria, Iran, Iraq, and Syria; oil importers – Djibouti, Lebanon, Jordan, Egypt, Morocco, and Tunisia.

2. Promoting the creation of Micro, Small and Medium sized enterprises as a vector to creating productive work and redressing national economies²

In the current context, it is an urgent challenge to develop strategies to generate decent and productive jobs through the promotion of sustainable enterprises. Job creation through the creation of sustainable enterprises remains fundamental with regards to economic diversification, raising incomes and reducing poverty in the region.

A favorable business climate and efficient legal environment are necessary conditions for promoting private sector development and for the creation of jobs needed for the rapidly growing labour force in the Arab region. Generally, strategies for improving the business environment in the region have evolved from approaches based on industrial policies towards specific sectors and broader reform strategies aimed at improving the institutions and procedures that cut across all areas of enterprise activity.

A sustainable business environment is important for ensuring dynamic, sustainable and inclusive societies. An enabling environment for sustainable enterprises is likely to be characterized by appropriate regulations, minimal red tape and bureaucratic procedures, good infrastructure, the rule of law and effective safeguards of property rights, the absence of corruption amongst others. This encourages investment and promotes higher levels of growth by creating incentives for the formation and growth of enterprises of all types, both small and large enterprises and cooperatives.

The efficient functioning of markets and enterprises is in the interest of governments, businesses, citizens and the social partners and is determined to a large extent by the regulatory frameworks in which they operate. However, regulatory reform is not simply deregulation nor is it only a matter of costs. Regulations and administrative procedures are needed to implement public policies and enterprises depend on adequate regulatory frameworks to ensure fair competition (“level playing fields”), for making markets work better (such as through regulations on contract enforcement and protection of intellectual property rights) and for the promotion of decent and equitable workplaces.

Policy reforms in the business environment are often a prerequisite for successful interventions using other types of enterprise level support such as credit or business services. In comparison to direct enterprise level support, policy reforms can be a cost effective mean to achieve significant impact by reaching a large numbers of enterprises. Investment decisions – including investment within the region by resource rich countries – depend greatly on the business environment in particular countries.

There is no “one size fits all” approach to supporting an enabling environment for business. For example, the policy environment for small enterprises is a sub-set of the broader policy or enabling environment for the private sector as a whole. Generally, a good policy environment for broad based private sector development is also good for small enterprises but there are certain aspects of the business environment that are of particular relevance to small enterprises.

The Arab Spring revealed, among other weaknesses, severe regional imbalances at country level whereby rural and remote areas were marginalized while setting up and implementing social and economic

² Main sources: WORLD BANK MIDDLE EAST AND NORTH AFRICA REGION
A REGIONAL ECONOMIC UPDATE, APRIL 2012, Doing Business 2012-2013, ILO Global Employment Trends 2012

strategies by central Governments. High poverty and unemployment rates, lack of basic social services, poor infrastructure, devastating power of the “better off” and their favouring for corruption, led to the general upheaval that brought up the Arab Spring in several countries of the MENA Region.

Urgent measures taken by new transitional Governments appear to be insufficient to redress the prevailing situation. Rural populations strongly request for profound changes through sound reforms for the setting up of efficient strategies capable of decentralizing social and economic institutions. The objective is to guarantee social and economic rights for equitable growth banning the long-lasting concepts of regionalism, tribalism and marginalization for political reasons, and to recognize the country region as the only institutional framework for social and economic development.

Central Governments should recognize that the ultimate objective of economic growth is social development, and that every point in the economic growth rate should be translated into social development, i.e. amongst others employment creation, improvement of working conditions, creation of social services.

Encouraging social dialogue should lead to creating an efficient partnership between the Government and the region represented by its civil society, which includes all stakeholders, in view of setting up sustainable development plans at short, medium and long terms. Regional development, local and/or village initiative, local economic development, bottom-up approaches, are the basics for a successful partnership.

Particular focus should be put on vulnerable groups. Thus, development plans should emphasize on the needs of the poor, of youth, and women. The main vector should be the creation of income generating activities and micro-small enterprises.

Entrepreneurship plays a crucial role in driving economic development and job creation. Countries in the region display different proclivities towards what can be called entrepreneurial culture. For example, in the GCC, employment in the public sector remains the main career aim for men and women in the labour market and it can be a challenge to foster interest in self-employment and entrepreneurship. However, a number of governments have risen to the challenge of promoting entrepreneurship some time ago. Syria, Oman, Iraq, Yemen, Egypt and Palestine have recently acknowledged the importance of promoting self-employment among youth and they have engaged in the introduction and implementation of entrepreneurship education in their vocational and technical education systems.

Women and youth entrepreneurship can be a path out of poverty as it contributes to job creation, economic growth and social cohesion. However, women and youth encounter specific constraints and barriers that hinder them from starting and managing their own enterprises. Such constraints can include the lack of cultural support, poor education and training, a paucity of business support services, an absence of gender equality regulations and limited access to finance and local promotion programs.

Youth, especially young women, in the MENA region have a huge potential role to play in economic development and job creation. Since the 1970s the participation rates in the work force of women in the age range 15-29 has increased from 23 percent to 32 percent. Across all ages women’s participation in the labour force rose from about 22 percent in 1960 to almost 25 percent in 1980, 27 percent in the 1990s, and 32 percent in 2000. Furthermore, female participation in the work force is forecasted to reach 43 percent in 2020 (UNDP, The Arab Human Development Report 2005). In many countries, female participation in higher education is high, in some countries in the region 63 percent of university students are women. However, it is clear that much of this investment in human capital is not translated into productive employment: job opportunities for women graduates are limited; the relevance for the world of

work and the quality of many study programmes can be questioned; and many graduates (both male and female) may lack core skills for employability.

The empowerment of women through the increase of their bargaining power, their capacity for decision-making and their representation are all crucial parts of the broader policy environment for sustainable enterprise development. Empowerment of women does not only call for a change in the legal framework, but also in the social structures of society.

An entrepreneurial culture provides a solid foundation for the promotion of sustainable enterprises but it is not enough. Among the many other important factors, access to financial services is vital. A well-functioning financial system provides environment needed for a growing and dynamic private sector.

Throughout the region, budding entrepreneurs are often thwarted by a lack of access to appropriate financial services. This is especially acute for young people and women who are likely to be confronted by particular legal, social and cultural obstacles to getting credit. Making it easier for SMEs, including cooperatives and start-ups to access financing - credit, leasing, venture capital funds, etc. - creates appropriate conditions for a more inclusive process of enterprise development. The development of new instruments based on the principles of Islamic financing holds much promise.

The limited development of entrepreneurship in the MENA region can be explained by at least three factors: (1) high barriers to doing business, particularly for smaller firms (e.g. corruption, complex licenses, rigid labour laws, high taxes, and unfair competition); (2) cultural norms in which entrepreneurial activity is seen by young graduates as second-best compared with employment in the public sector, which offers more job security; (3) the very low participation of women in the labour force and in entrepreneurial activity. MENA economies need to step up their efforts to provide a more enabling business environment and to promote entrepreneurship and the development of small and medium enterprises (SMEs) – with a particular focus on gender-specific barriers to entrepreneurship.

As elsewhere, the MSMEs in the Middle East and North Africa (MENA) play a major role in creating jobs and revenues for many people. More than 90% of Tunisian, Egyptian, Jordanian and Moroccan businesses have fewer than 100 employees. With sub-Saharan Africa, the region displays the lowest number of bank loans to MSMEs. Less than 10% of the MSMEs contract bank loans, to invest. Small actors lack the capital, their production is stagnating and job creation reached its limit.

The crony capitalism excludes millions of entrepreneurs, who could thrive in a more equitable environment. The 2009 "From Privilege to Competition" report of the World Bank revealed a hyper-sclerotic and rigid system: on average, MENA small enterprises are twice as old (19 years) in Central Asia (10.5), their leaders are part of the oldest in a region where the population is young, and have 14 years of experience, against 7 in East Asia. The dominance of a few old firms indicates that relationships matter more than innovation to succeed. In short, the dynamism is hampered and young entrepreneurs are excluded.

These missed opportunities weigh on MENA banks, desiring to increase from eight to 21% the share of MSMEs loans in their portfolio. This requires a legal and regulatory framework more conducive, more funds, expanded risk sharing and technical support for banks and other financial institutions. The device to support MSMEs will provide complete solutions (funding and technical assistance) favouring the expansion of Bank lending to MSMEs. It will strengthen MSMEs capabilities, which will improve their solvency and fulfill their reporting obligations.

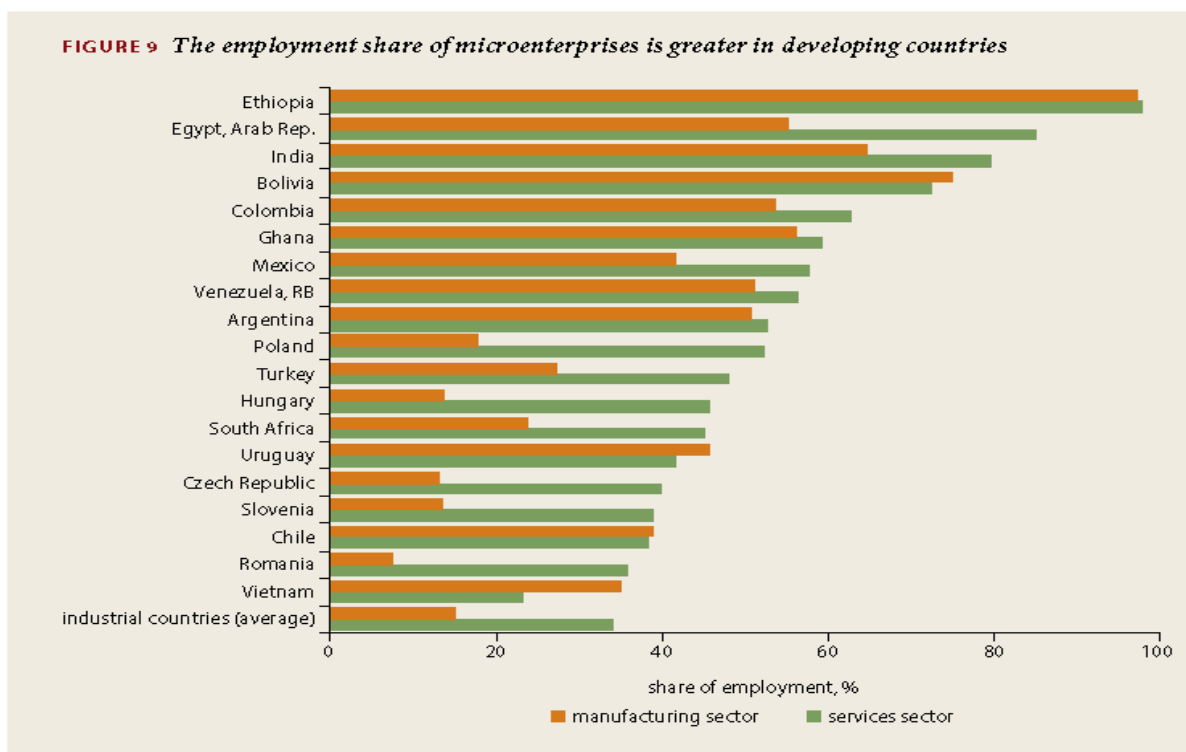
The World Bank and IFC hope to attract over the next five years more than 500 million USD from regional partners, including the African Development Bank, and other donors.

The approach should be threefold: (1) Governments must open up transparent and full competition; (2) commercial banks must accommodate borrowers which they use to mistrust, through new techniques of loan that will broaden their clientele of MSMES for minimal cost and risk; (3) the customer must ask specific questions to the banks and submit credible data on their trade and financial needs.

It is in this environment that the investment can flow to develop the activity that will create jobs to recruit people who want to seize the opportunities.

In industrialized countries, several large enterprises were of small sized type when they started. Honda, Microsoft, Thailand's Charoen Pokphand Group, India's Tata Group (114 companies and subsidiaries across several continents) grew up into large multinational enterprises

Unfortunately, in many developing countries, larger firms tend to be stagnant while smaller enterprises have the lion share in employment.

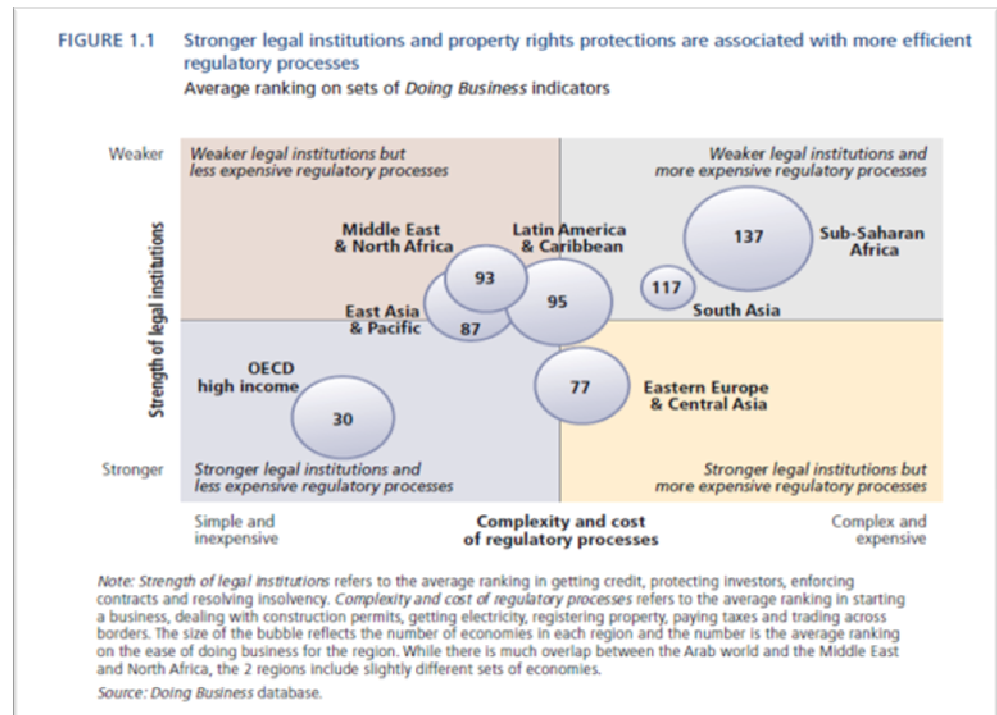


Sources: World Development Report 2013; team estimates and EUROSTAT.

Governments in 13 of 20 Arab economies implemented regulatory reforms in the past year aimed at improving the business environment for local entrepreneurs. Overall, these governments implemented 20 such reforms between June 2010 and May 2011. Morocco was the most active in encouraging entrepreneurship through regulatory reform.

Yet, entrepreneurs across the Arab world continue to face often complex and costly regulatory processes to start and run a business and contend with weaker investor and property rights protections than their counterparts in other regions. Accessing information needed to comply with regulations can be challenging. And the playing field can be uneven, often favoring some incumbent firms at the expense of competitors, including new entrants. Firm surveys show that manufacturing firms as well as their managers are in average older than those in other fields, indicating weaker entry and exit mechanisms.

Ongoing political changes in the MENA Region should target more inclusive and broad-based growth capable of promoting opportunities to new generations of men and women who have not yet entered the private sector as entrepreneurs or workers. This phenomenon in the Middle East and North Africa is among the lowest in the world. In most Arab economies the unemployment rate remains high; the highest in the world and the majority of the unemployed are under the age of 30.



Increasing employment opportunities for young people in the region requires the elaboration of adapted policies focused on promoting inclusive growth, creating incentives for the private sector to generate more decent and productive jobs and improving governance. To encourage private-sector-led growth, the investment climate has to be improved and productivity to be boosted. Investments in infrastructure, security and social peace are essential, so are investments in education and training. Encouraging entrepreneurship by creating a regulatory environment conducive to the creation and growth of businesses—one that promotes rather than inhibits competition, is vital.

Economic activity requires modern, transparent rules that are accessible to all. Legal frameworks and regulations should be efficient to avoid imposing unreasonable costs on new entrepreneurs and small firms - those least able to afford them. Where rules and regulations become discretionary and burdensome and competition is limited, business depends more on whom you know than on what you know or what you can do. The burdens and costs fall hardest. But where regulations are relatively easy to comply with and accessible, anyone with talent and a good idea should be able to start and grow a business in the formal sector. In the Arab world the shift to this kind of regulatory environment, so central to the promise of the Arab Spring, is far from complete.

This means costlier and more bureaucratic procedures to start a business, deal with construction permits, register property, and pay taxes and trade across borders. Getting an electricity connection costs more on average (relative to income per capita) in the Arab world than in any other part of the world except Sub-

Saharan Africa. The average cost in the Arab world is around 1,830% of income per capita, while the average in OECD high-income economies is 93% of income per capita.

Less business-friendly regulatory environment is not just about complex formalities or red tape. It also means weaker legal protections of minority shareholders and weaker collateral laws and institutions such as courts, credit bureaus and collateral registries. Globally, more efficient regulatory processes often go hand in hand with stronger legal institutions and property rights protection. There is an association between the strength of legal institutions and property rights protection and the complexity and cost of regulatory processes. OECD high-income economies, by a large margin, have the world's most business-friendly environment on both dimensions. At the other end of the spectrum, economies in Sub-Saharan Africa and South Asia are most likely to have both weaker legal institutions and more complex regulatory processes. The Arab world breaks away from the general trend. Regulatory processes on average have improved over time, particularly in areas such as business start-up. But legal institutions related to protecting investors, enforcing contracts and resolving insolvency are relatively weak compared with those in other regions.

Although policy makers in the region realized reforms to improve credit information systems in recent years and seventeen Arab economies have a public credit registry or private credit bureau, coverage by these institutions covered only 15% of the region's population. This is lower than in any other region except Sub-Saharan Africa (12%), South Asia (10%), Eastern Europe and Central Asia (40%).

Private sector development requires efficient and transparent legal mechanisms and institutions such as courts, registries, tax agencies and credit information bureaus. To improve the efficiency of processes and institutions, governments around the World - regardless of national income level - are making greater use of technology.

In Mexico a municipal license reform across states increased new firm registrations by 5% and employment by 2.2%.⁸ The effect was greater in states with less corruption and better governance. Cross-country analysis found that a 10-day reduction in the time to start a business means a 0.3 percentage point increase in the investment rate and a 0.36% increase in the GDP growth rate in relatively poor and well-governed economies. Another study points to synergistic effects between institutional reforms that reduce the costs of high-quality production and trade reforms. In many developing economies production of high-quality output is a precondition for firms to become exporters. Institutional deficiencies that raise the costs of high-quality production therefore limit the positive effect that trade facilitation can have on income.

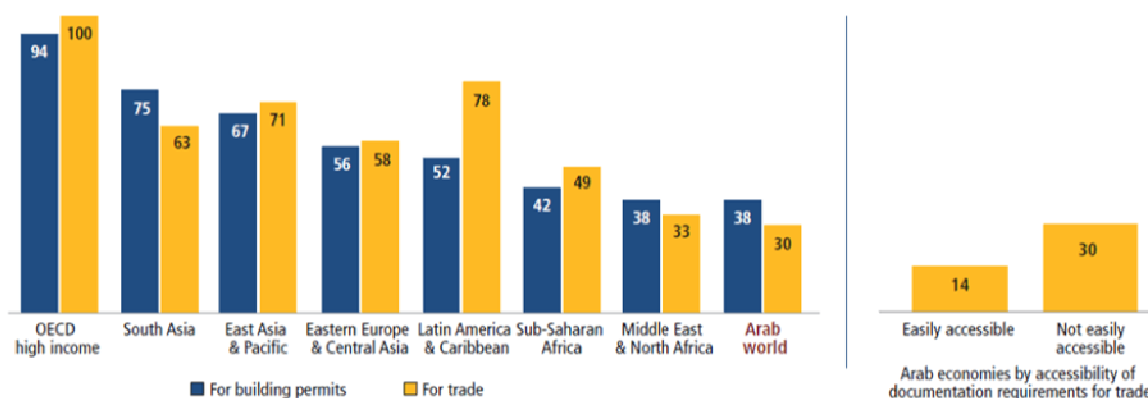
Source: Doing Business 2012

Efficient mechanisms for business registration, customs clearance or court filings help saving time and money for business and governments alike. They contribute to increase transparency as well as to facilitate access to information and compliance with regulation.

FIGURE 1.4 Access to documentation requirements for building permits and trading across borders remains difficult in the Arab world

Share of economies where documentation requirements are easily accessible (%)

Average time to import goods (days)



Note: Documentation requirements are considered easily accessible if they can be obtained through the website of the relevant authority or another government agency or through public notices, without a need for an appointment with an official. The data sample for building permits comprises 159 economies, including 16 in the Arab world. The sample for trade comprises 175 economies, including 20 in the Arab world. Relationships in the second panel are significant at the 5% level after controlling for income per capita.

Source: *Doing Business* database.

In the majority of economies in the Arab world, obtaining information requires a meeting with an official. In all OECD high-income economies documentation requirements for trade are accessible online, at an agency or through public notices. This is the case in only about 30% of Arab economies. In Arab economies where fee schedules for company incorporation are easily accessible, starting a business costs 35% of income per capita on average. In economies where they are not, it costs 52% of income per capita on average. In close to 75% of a sample of 151 economies—and in 69% of the 13 Arab economies in this group—courts are required by law to publicize the initiation of insolvency proceedings.

Globally, the 20 economies with the most business-friendly regulation as reflected in their ranking on the ease of doing business are Singapore; Hong Kong SAR, China; New Zealand; the United States; Denmark; Norway; the United Kingdom; the Republic of Korea; Iceland; Ireland; Finland; Saudi Arabia; Canada; Sweden; Australia; Georgia; Thailand; Malaysia; Germany; and Japan (Annex IV).

Some economies have gone particularly far in closing the gap with the regulatory systems of top performing economies such as Singapore, New Zealand and the Northern European economies. For starting a business, for example, the bar is set by New Zealand on the time (1 day), Canada and New Zealand on the number of procedures (1), Denmark and Slovenia on the cost (0). Georgia, Norway, Portugal, Sweden and the United Arab Emirates set the bar on the number of procedures for registering property (1), France on the documents required to export (2), Singapore on the time to enforce contracts (150 days).

Source: *Doing Business* 2012

Malaysia is the 12th most competitive economy in the world for doing business, according to the 2013 edition of The World Bank's 'Doing Business' report.

The ranking places Malaysia ahead of economies like Sweden (13th), Taiwan (16th), Germany (20th), Japan (24th) and Switzerland (28th).

Malaysia's new ranking is a significant improvement over last year's 18th position and 23rd in 2010, continuing a trend of improving competitiveness which began four years ago. This year's climb by six notches to 12th spot represents the country's largest leap in competitiveness ranking in recent years.

The World Bank report surveyed 185 economies across competitive criteria such as ease of starting a business, getting licensing approvals, efficiency of tax administration and ease of trading across borders.

Malaysia improved its competitiveness in five areas of business, namely getting electricity (from 59th to 28th), registering property (59th to 33rd), paying taxes (41st to 15th), trading across borders (29th to 11th) and dealing with construction permits (113th to 96th).

The World Bank ranked Malaysia fourth globally in the category of 'protecting investors' and first together with South Africa and the United Kingdom in the category of 'ease of getting credit'.

The World Bank acknowledged that Malaysia is among the top ten reformers within the Asia-Pacific Economic Cooperation (APEC) region to have made the most progress towards the frontier of regulatory practices.

Malaysia's competitiveness as an economy reflects the successful implementation by the government to improve the business environment and make it conducive for sustained economic growth.

The World Bank also recognized the government's reform agenda, driven by the Special Taskforce to Facilitate Business (Pemudah) and the Performance Management Delivery Unit (Pemandu).

In the Asean region, Malaysia is ranked second after Singapore but ahead of Thailand, Indonesia, Vietnam, Brunei, the Philippines, Cambodia and Laos.

Pemudah programme will continue to undertake initiatives to improve the business environment. These include the business process re-engineering in various licensing processes and procedures, implementation of web-based e-payment facilities for online payments nationwide and fine tuning the one-stop centre approval processes for building plans.

3. Impact of the global financial and economic crisis on SMES

For SMEs, the prevailing structural challenges and weaknesses highlighted in this paper represent a greater burden than what the crisis added.

The highly publicized job losses in large enterprises potentially distract attention from the significant impact that the financial and economic crisis is and will increasingly have on employment in Small and Medium Sized Enterprises (SMEs).

The impact on SMEs and their workers arises from two major results of the crisis, namely:

- Increased difficulties in SMEs accessing credit and financial services;
- Reduced demand for goods and services provided by SMEs linked both to falls in aggregate demand and to decreased activity of global supply chains

The distribution of these negative impacts is very uneven, and varies greatly between and within countries. Regions and territories that are reliant on a few key industry sectors that are deeply embedded in global supply chains (e.g. automotive, natural resources, etc.) are likely to be severely impacted.

Because of these impacts, there is already an observed increase in SME closures and bankruptcy, with a corresponding increase in employment insecurity, downward pressure on wages, and job losses. This trend is likely to increase as the crisis deepens, **especially, as long as the structural weaknesses are not adequately addressed.**

The financial and economic crisis has added to the pre-existing economic, social and political challenges in the Region. However, and in order to best capture the intricacies of jobs creation in the region, it is necessary to **highlight the prevailing structural challenges and the negative impact the crisis has had on the SME environment.** It is important to note that structural challenges facing sustainable enterprise development in the Arab region did not change because of the financial crisis. These challenges were prevailing in the Region before the crisis and are now back on the forefront and need decision makers' attention and action. Some of the main structural challenges that threaten sustainable enterprise development are:

- **Prevalent deficit in their balance of trade**, continuously aggravated by a weak production structure and hardly competitive goods.
- **Relatively low revenues and extended poverty** do not allow for consistent bank savings, and GNP per capita growth did not exceed a yearly one percent during the last decade, which reveals one of the lowest productivity growth rates in the world.
- **Global GDP growth** rates are projected to decrease
- **Investments yearly growth** remains very low and does not favour important sectors' development. Agriculture suffers from urban growth and irrigation deficits, and industry elasticity rate is rather weak.

- Food stocks are low and energy costs are high. Mechanisms of supply/demand are constantly under stress due to speculation, mismanagement and corruption.
- **Financial systems do not always match markets needs and the banking system can benefit from a reform process.** For instance in 2006, the total amount of funds allocated to respond to credit needs of small enterprises in Egypt did not exceed 4.5 percent of the total needs of this sector. Lack of funds and the absence of adapted credit schemes and mechanisms constitute a major impediment towards the development of a healthy and strong SME sector³. Funding systems in the region are not adapted to SMEs needs with high interest rates, low capitalization, short grace periods and in some cases, the total amount of credit allocated by law, under governments' initiative, does not exceed five percent of the expressed needs of SMEs. Banks in the United Arab Emirates have faced liquidity problems since midsummer 2008, following the mass exodus of short-term deposits from foreign investors who finally abandoned hopes of a revaluation of the Dirham. This squeeze prompted the UAE Central Bank to create a Dh120 billion emergency fund for domestic lenders in October. Questions over the lack of liquidity have filtered through to Dubai's property market, causing some distress and confusion amongst homeowners, prospective buyers and real estate businessmen. Tight bank liquidity, speculation-driven price increases and reduced lending to individuals (along with a recent wave of corruption investigations) have all had a marked impact on a market previously unaffected by global events⁴.
- **The informal economy is growing rapidly** and dominates in some cases the national economies. In Egypt 85 percent of small enterprises, which represent more than 99percent of the enterprises of the country, are in the informal economy⁵. The informal economy represents the great proportion of the employed in the region and a significant portion of the private sector employment. It is composed of micro and small businesses as well as casual and precarious wage employment, with low and insecure incomes, experiencing serious deficits in conditions of work and in access to social protection. The prevalence of small and informal enterprises in the region is, in large part, due to a complex and unfriendly business environment, characterized by cumbersome laws, regulations, and administrative procedures that lack transparency. Data available for four countries in North Africa (Algeria, Morocco, Tunisia, and Egypt) show the extent of the phenomenon ranging between 40 to 80 percent of non-agriculture employment in the region⁶.
- **External Competition** is increasing and putting pressure on SMEs in the Arab region who are finding it extremely difficult to export due to the weak competitiveness of their products and services and the high production costs. Furthermore, start-up enterprises in most Arab countries are continuously challenged by the uncontrolled imports of goods especially from Asian countries.
- **Legal and administrative procedures** to start up small businesses are costly and time consuming. This constitutes one of the main burdens faced by start-up entrepreneurs in the region.
- **New technologies** are either lacking in the production process, or introduced without sufficient care and knowledge by small entrepreneurs. In addition, there is a lack of modern production processes and marketing and sales techniques.

³ ILO SRO Cairo, 2006

⁴ The impact of financial and economic crisis on Arab states, ILO ROAS, April 2009

⁵ Report on Decent Work in the Informal Sector, Case of Egypt, Alia Al Mahdi, June 2001

⁶ Arab Youth: Education Skills and Employment, Challenges and Prospects, issue paper at the Arab Forum on Population and Development, Arab League, Doha Qatar 18-20 May 2009

- **Labour Market Information** is in turn deficient in some countries of the Region making it very difficult for the private sector in general and specifically SMEs to access needed information such as availability of skilled workers, educational levels, gender and others.
- **The availability and suitability of Business Development Services (BDS)** remains problematic. It remains a challenge for SMEs to find affordable and needs-based services that are provided by experts. Lots of efforts have been exerted in the Region in the BDS sector but challenges remain in terms of commercial provision versus subsidy and/or free of charge, sustainability, suitability and women's involvement among others.
- **The challenge of absorbing the major part of the annual 3.3 % additional workforce.** In other words, 74 million jobs need to be created within the next 15 years, which represents a 75% increase and the equivalent to the total workforce growth between 1950 – 2000;
- **Resolving the current unemployment situation** required the creation of 90 million jobs, which means doubling the present number of workers in the Arab region;
- **There is a need to reduce the public-sector employment** which remains very high with a rate of 30 per of total employment, compared to 18 percent worldwide.
- **In Egypt, around one million jobs have to be created yearly** to absorb part of the new comers to the labour market who are looking for a job for the first time, and stabilize unemployment rates. Among this total, the Government engaged to hire 250,000 job seekers, and pressured the private sector to hire the remaining 750,000. During the first decade of this programme 2000-2010, the maximum the public sector could afford was around 35,000. In the private sector, no reliable figure can be found, since 99 percent of the total enterprises are SMEs, and more than 80 percent of these are in the informal economy.
- **Mismanagement and corruption** which led to the Arab Spring upheaval, revealed a high social and economic cost paid by national economies. In Tunisia, it is estimated that 3 percent of the GNP growth were embezzled by the ousted regime each year during the last decade.
- **An important problem in the region relates to the quality of workers and entrepreneurs' skills**, especially among new entrants to the labour market. This is mainly due to the mismatch between the market needs and the existing educational system; as well as the poor performance of the vocational and technical training systems.
- MENA countries on average dedicated 5% of GDP and 20% of government expenditures to education—more than other developing countries at similar levels of per capita income. MENA countries have reached almost full primary education enrollment and increased enrollment in secondary schools almost threefold between 1970, 2003, and fivefold at the higher education level. Gender-parity for basic education is virtually complete. Although the region started from relatively low levels of gender parity, indexes for secondary and higher education are not significantly different from Latin America and East Asia. Illiteracy rates have been halved in the past 20 years and the absolute difference between male and female adult literacy rates has declined rapidly. **Vocational education and training** in turn is confronted with the same

challenges and is not always able to deliver the expected number and quality of skilled labour, despite heavy budgets that some governments allocate to this sector. For example, Egypt counts for as much as 1,400 vocational training centers, but the end-user/private sector is dissatisfied with the quality of the training. The prevailing lack of coordination between stakeholders prevents from having clear national policies in this sector which in turn would help in assessing the needs, designing adapted and innovative training programmes in collaboration with end-users, and ensuring effective follow up, monitoring and evaluation of results.

- **Youth empowerment policies remain inefficient.** Around 7 percent of members of parliaments are under the age of 40, and among national associations, only one out of 1,000 is a youth associations.
- **The Arab region has the lowest level of access to ICT** of all regions of the world, even lower than Sub-Saharan Africa (Arab Human Development Report, 2002).
- **Labour markets in the Arab region face several challenges**, among which and perhaps the most important, is the population growth, which is among the highest in the world. By 2020, the Arab population is expected to be 410 to 460 million⁷.
- **Geographic proximity as well as economic and cultural similarities** provides countries in the region with a favourable context for enhanced regional economic integration. The region must pursue closer cooperation in order to foster economic diversification, broader based employment opportunities and ultimately develop global industry leaders. Greater regional integration will help export and import-oriented firms learn how to enter and operate on foreign markets in “safer” conditions before they enter global competition. It will provide a training ground for policy makers and senior officials who can thus gain experience in negotiating highly technical aspects of the trade policy environment. It provides an opportunity to go further with respect to the harmonization of selected rules and regulations across partner countries than what would be possible at the multilateral stage, and benefit from the resulting economies-of-scale for intra-regional as well as extra-regional trade. It can help to reinforce positive elements in domestic reform programmes by anchoring policy in regional trade agreements.
- **Competitiveness and productivity** form the foundation of growth and take on national and enterprise level dimensions. Policies to enhance productivity and competitiveness need to recognize diversity and need to be customized in line with countries’ levels of development, available resources and institutional capacity. Clearly, there is no magic formula but trends can be discerned and can indicate the relative importance of different factors, according to levels of development. Greater focus within countries on emerging sectors and linking skills development to investment is critical in order to increase both the quantity and quality of employment.

While the impact of the crisis is clearly negative, it opens the way for new business opportunities that SMEs can take advantage of (a) as larger enterprises restructure their operations, and (b) broader economic stimulus packages provide new or expanded opportunities (e.g. Infrastructure stimulus packages). In addition to these new business opportunities, experience shows that there is often an increase in the number of micro and small enterprises activities (particularly in the informal economy) because of people becoming unemployed.

⁷ Arab League, *Department of Populations and Migrations 2008*

Turkey ranked 71st among 183 countries in the World Bank Group's Ease of Doing Business rankings, up from 73rd place last year.

The 2012 report highlights the progress that Turkey has made to improve its investment climate. In particular, it notes that Turkey made starting a business less costly by eliminating notarization fees for the articles of association and other documents. It also reflects that Turkey made tax compliance easier, with an offer of a 5 percent rebate that lowered the social security contribution rate for companies.

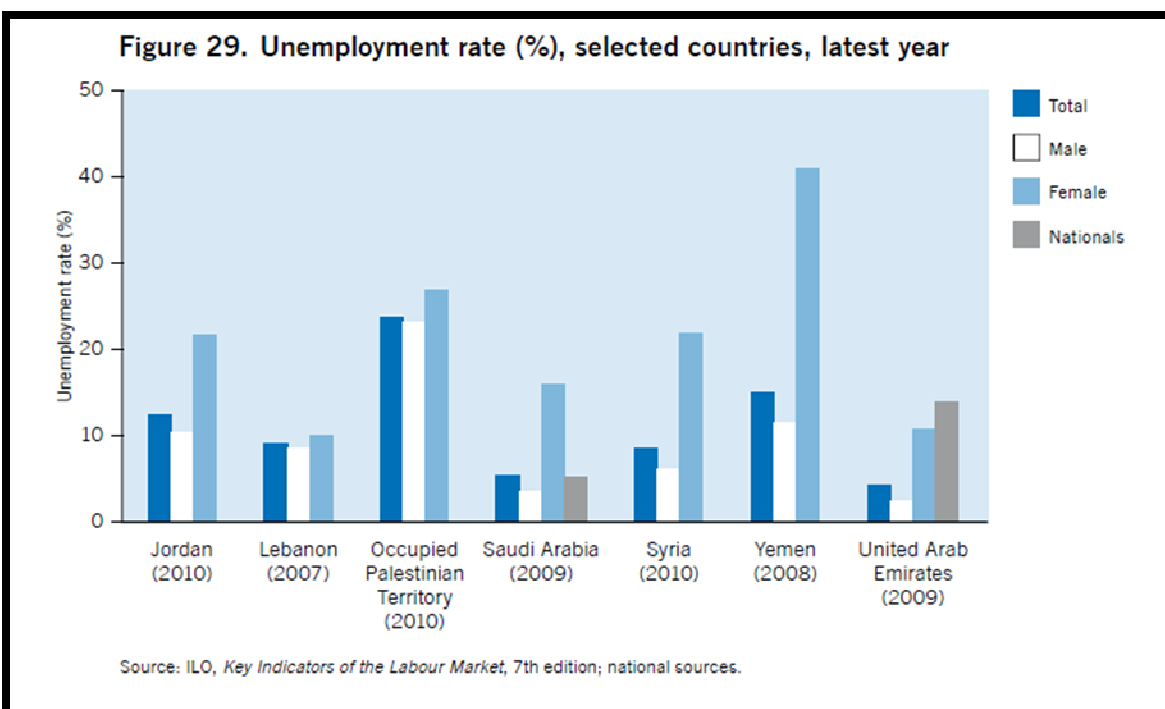
The Government of Turkey remains committed to the process of addressing business environment constraints to firms' growth and job creation. Over the past year, for example, the adoption of the Commercial Code represents a major step in enhancing corporate governance and financial transparency in Turkey, which will boost small and medium enterprises' access to finance. The World Bank is working closely with the Turkish authorities to reflect these areas as priorities in Turkey's new Country Partnership Strategy with the World Bank

Net enrolment rates in secondary school, often characterized as the Achilles heel of human development in the country, climbed steeply from 51 percent (2002) to 59 percent (2008). Similarly, poverty had decreased from 27 percent in 2002 to 19 percent in 2007 – and further decreases have likely materialized until mid-2008. Such poverty reduction was achieved not only through the strong growth performance of the economy but also due to a marked reduction in inequality in society: between 2003 and 2006, consumption inequality declined by more than ten percent. The expansion and good targeting of social safety net programs like the Green Card program (increasing from around 2 million people in 2003 to over 9 million today) and the Conditional Cash Transfer Program (CCT) have built and protected human capital of the poor.

The Welfare and Social Policy work Program, a joint effort between the Turkish State Planning Organization and the World Bank, set out to examine some of these remaining challenges for Turkish society today. The work agenda includes the preparation of a number of jointly conceptualized, and in part co-authored, analytical studies on topics ranging from examining the determinants of female labor force participation to analyzing poverty trends, and from examining equity determinants to investigating the link between poverty, employment creation and growth. Further, the work agenda also comprises an ongoing human development dialogue series where international experts and practitioners share their experiences about social policy reforms with the Turkish Government, academia and civil society.

4. Productive work for youth: the labour market challenges⁸

Unemployment continues to be a major concern in the Middle East (see figure 29). The MENA Region is one of only two regions of the world in which the unemployment rate is estimated to exceed 10 per cent. The rate reached 12.6 per cent in 2003, went downward to 10.3 per cent in 2007, stagnated in 2008, with the beginning of the global financial and economic crisis, and continued its slow downward in 2009 and 2010. In 2011, the downward trend again reversed, and the unemployment rate is estimated at 10.2 per cent in this year, an increase of 0.3 percentage points in comparison with 2010. The rate varies unevenly between two groups of countries in the region, oil exporters and oil importers, among the second group; the rate varies again depending on several economic, political and social factors. Today, one out of four young men and women has a job.



The ratio of youth to adult unemployment in 2011 was exceptionally high (4.0) as a result from a youth unemployment rate of 26.2 per cent and an adult rate of 6.6 per cent. Against relatively high levels of educational attainment, employers oppose the lack of employable skills among the region's youth as a barrier to employment⁶

Women face a particularly difficult labour market situation. The ratio of female to male unemployment rates in most regions exceeds 1.0, but in the Middle East the regional ratio was as high as 2.3 in 2011. The large discrepancy between male and female labour market indicators is not just limited to

⁸Main sources: WORLD BANK MIDDLE EAST AND NORTH AFRICA REGION

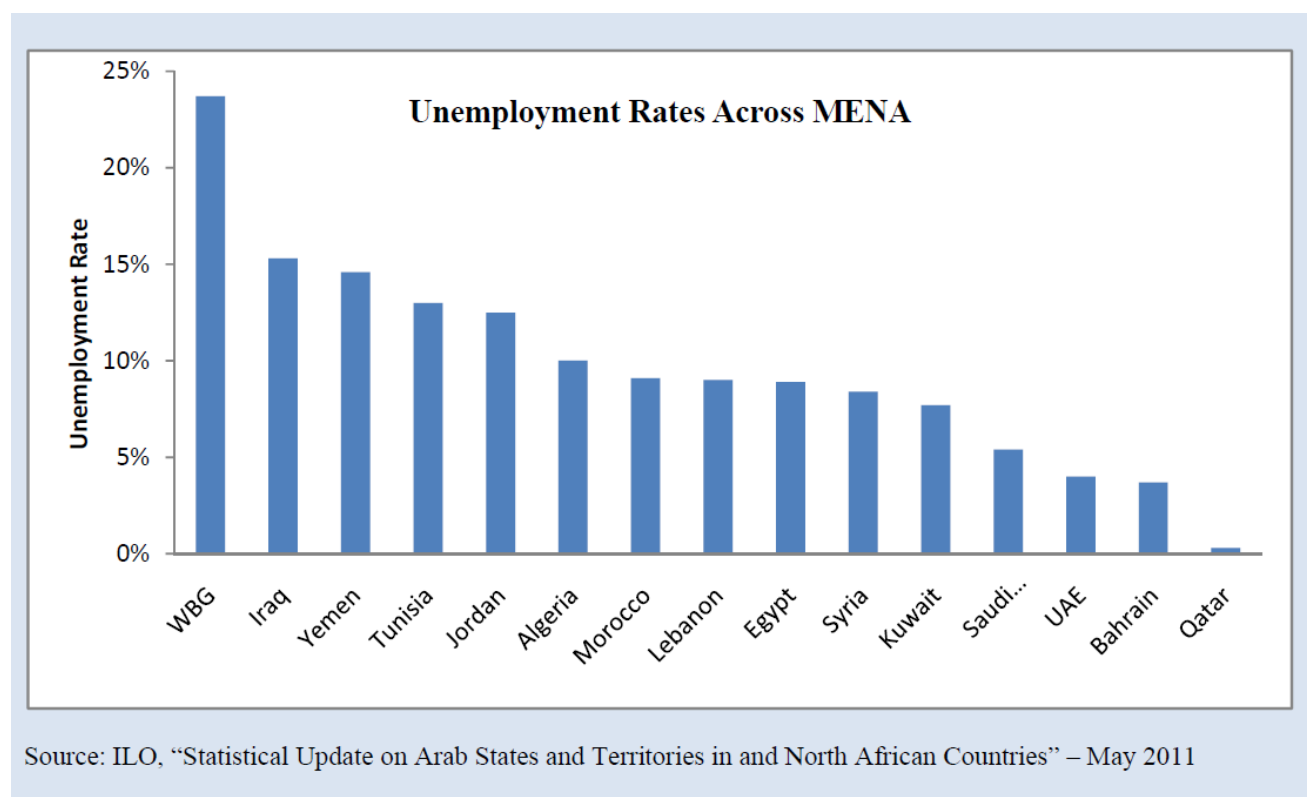
A REGIONAL ECONOMIC UPDATE, APRIL 2012, Doing Business 2012-2013, ILO Global Employment Trends 2012

unemployment rates, women's participation in the labour force is projected at 18.4 per cent in 2011, the lowest such aggregate rate in the world, compared with 74 per cent for men⁹.

Social and economic gender divisions deprive the region from a considerable economic potential.

Levels of vulnerable employment and working poverty in the Middle East are relatively low (below 30 per cent in 2010). Nonetheless, the rate was significantly higher for women (at 42.7 per cent) than for men (27.3 per cent). (See Annex VIII)

Although the working poor at the US\$1.25 represented 1 per cent in 2010, those at the US\$2 a day level stood at 6.8 per cent in 2010. (See Annex VIII)



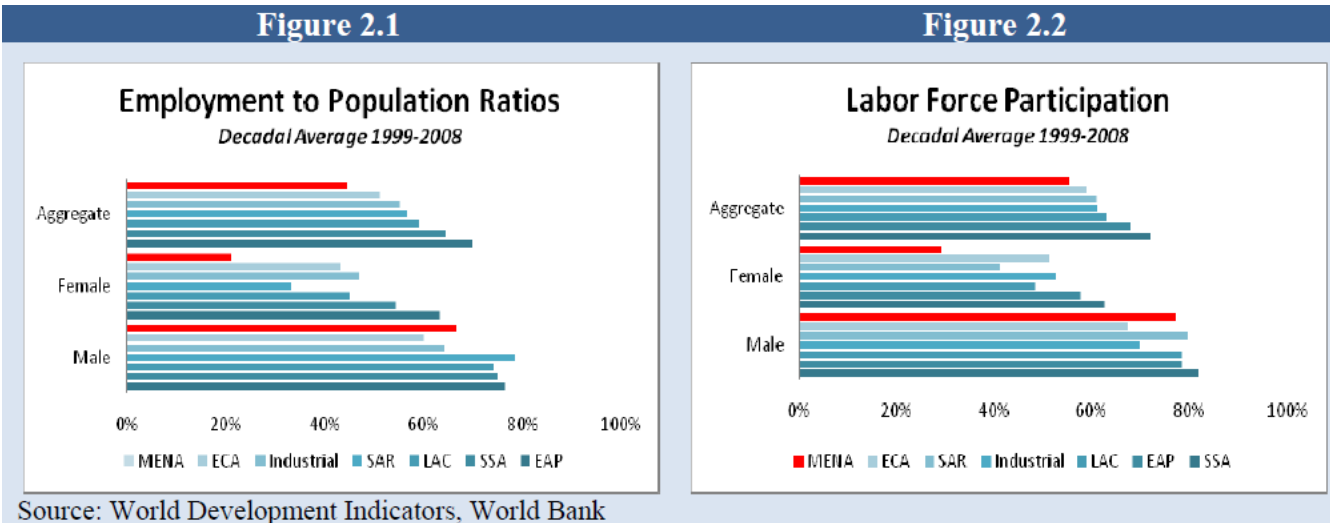
MENA faces an enormous employment challenge in terms of average employment to population rates, labor force participation patterns, and unemployment across regions for the period 1999-2008, demonstrating that MENA's has the lowest employment to population and labor force participation rates, as well as the highest levels of unemployment. The lack of employment opportunities in the region is also reflected in high levels of informality, manifested, inter alia, in more than a quarter of all output being produced informally, two-thirds of workers not having pensions, and self-employment accounting for approximately 28% of all employment (Gatti, Angel-Urdinola, and Silva 2012).

These broad averages mask substantial heterogeneity across countries. The large variability in labour market performance across MENA countries is illustrated in Figure 2.4, which plots national unemployment rates using recent ILO data. Unemployment rates are as high as 23.7% in the West Bank

⁹ ILO: Global Employment Trends 2012

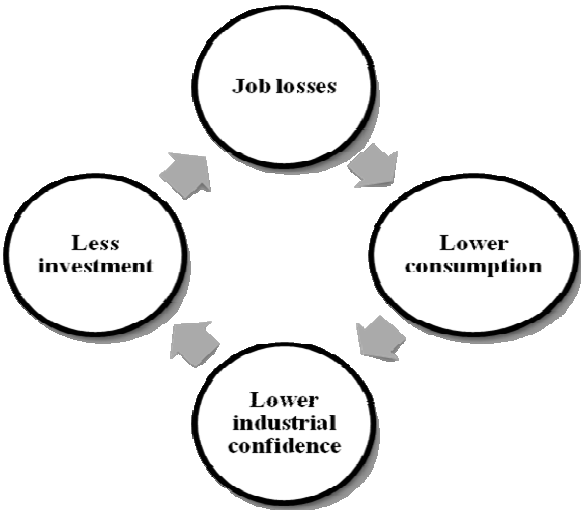
and Gaza, and as low as 0.3% in Qatar. That the West Bank and Gaza, Iraq and Yemen record the highest unemployment rates attests to the debilitating impact of conflict on labor market performance.

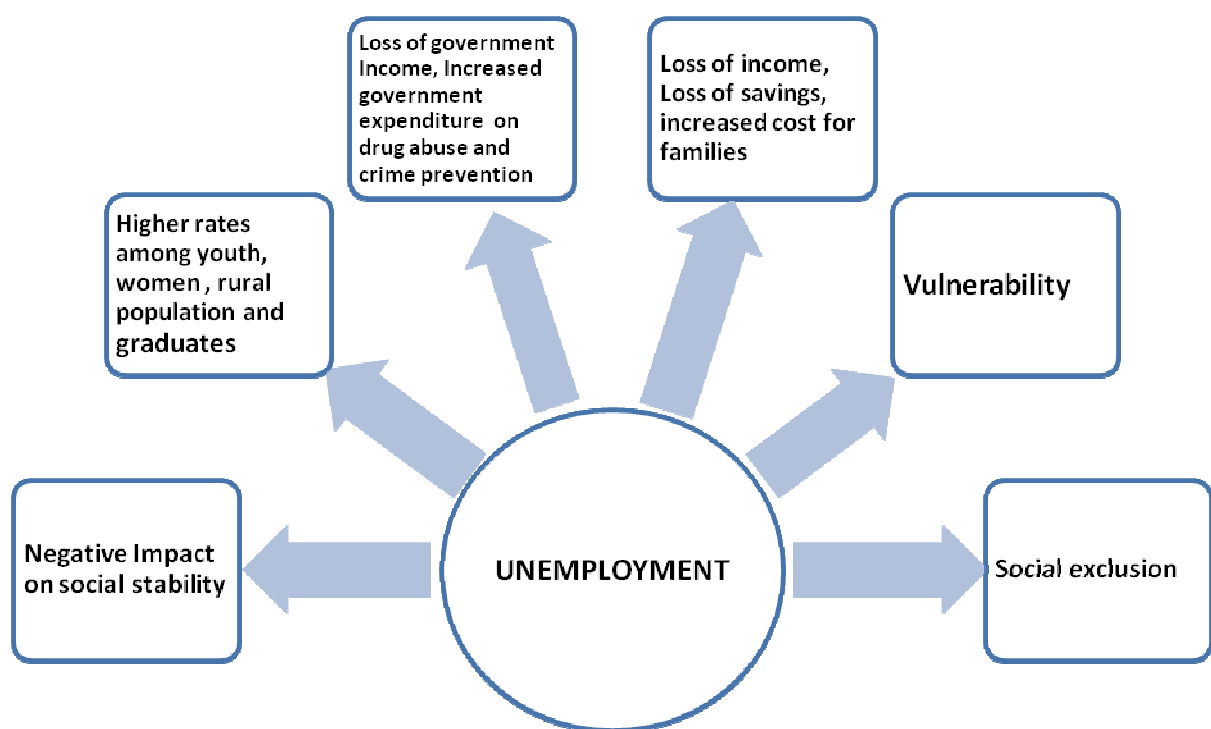
MENA region records the lowest ratio of female employment to population, the lowest female labour force participation, and the highest female unemployment rate. More than two out of three women did not participate in the labor market. Women in MENA appear to face special challenges, which are documented in detail in a World Bank forthcoming report “Opening Doors: Gender Equality and Development in MENA”.



Youth unemployment rate is one of the highest in the world, and among unemployed youth a large number are university graduates. This is aggravated by the fact youth often lack the coping capacity to deal with even short-lived lack of income earning opportunities since they closely depend on labour income.

Moreover, those who are without a job, or in low-quality jobs, at the early stages of their careers are likely to have a harder time obtaining good jobs later in life. Last but not least, youth unemployment undoubtedly has a negative impact on the overall social and economic climate (Figure below).





GDP growth remains the determinant factor for unemployment and poverty alleviation, although the correlation depends also on the GDP structure in general. In other words one has to consider which sector (s) are more labour intensive and job creators in a given economy. In the MENA region, it is unlikely that major shifting would occur between economic sectors at short or medium term, thus unemployment reduction shall remain closely dependent on GDP growth. The issue is important for reliable forecasts.

Another determinant factor for business growth is the institutional framework and the regulations it encompasses. Simplified legal procedures, labour market transparency, affordable skilled manpower and other support mechanisms and facilities tend to accelerate the creation of productive and decent work. Yet, several MENA countries have relatively burdensome business regulations. Regulatory reforms towards greater flexibility are likely to lead to reductions in unemployment. A study by Heritage Foundation showed that one standard improvement in a given regulation may allow for a 0.9% reduction in unemployment.

Thus, combining growth with sound reforms is certainly a way for enabling job creation. Again, the combination has to go some steps forward. It should be accompanied by a stable labour market which means a reasonable demographic growth that would not destabilize the national economic capacity to create jobs. Where demographic increase goes beyond the absorbing capacity, unemployment may still increase. In MENA region, where the largest part of the population is in the age bracket that constitutes the labour force, the growing demography and moreover the growing number of educated young men and women will continue to limit drastically the absorbing capacity of the labour market. In addition to the inadequacy between the education and vocational training systems and the labour market needs in terms of employability and required skills.

According to entrepreneurs who took part in the World Bank's Enterprise Surveys (2006-2010), macroeconomic (and political) stability, consistent enforcement of regulation and control of corruption should be policy priorities, as the absence of these are widely considered to be major impediments to doing business in MENA.

UNIDO conducted in early November in three different regions in Tunisia a number of workshops on three major themes related to youth entrepreneurship, financing SMEs, support institutions and mechanisms (nurseries, coaching units) and value chains. Participation to these workshops regrouped young existing and potential entrepreneurs together with representatives of banks and other Government institutions in charge of support to young entrepreneurs. The debate was focusing on the nature and extent of difficulties that young entrepreneurs suffer from and the nature of response they had or did not have from the different partners. Under the three themes, and in three different regions, not only that there was a strong common view, but it appears clearly that common denominators exist in the MENA region's developing countries. Young entrepreneurs are waiting for profound reforms to come and to redress business regulations, policies that facilitate trade, and sound catalyzing actions capable of creating enabling environments that promote enduring employment opportunities for those countries currently suffering high unemployment.

5. Productive youth employment in Tunisia

*Overall economic situation*¹⁰

After a difficult year in which revolution, social upheaval and strikes scared away tourists and crippled industrial production, Tunisia's economy is slowly climbing out of a deep recession that saw it shrink by 2 percent in 2011¹¹.

Tunisian economic recovery is vital to the success of the democratic transition of this North African country of slightly over 10 million people that touched off the Arab Spring in 2011. The country, however, needs political stability to allow the economy to recover, while at the same time it needs the economy to calm social tensions.

The events of December 2010 galvanized the nation, but it wasn't just a dictatorship Tunisians were protesting but a dead-end life with no prospect of real jobs - something that is still a problem in Tunisia.

This fragile political climate and subsequent political noise underpin Moody's and Standards an Poor's ratings agencies in their report in June that mentioned the nascent signs of recovery while expressing concern over social tensions, including riots.

Although the overall situation worries international donors, the European crisis threatens the recovery of Tunisian economy which largely depends on its European partners.

"There is an economic recovery, it is not as strong as we would want, largely because of Europe and also because of the political uncertainty that continues," central bank previous Governor Mustapha Kamel Nabli told The Associated Press in an interview shortly before he was replaced¹².

While Tunisia has yet to receive the billions in economic aid promised by various international conferences, it did get a \$100 million grant from the U.S. in March as well as a \$400 million bond that guarantees Tunisia can borrow at favourable rates on the international market.¹³

There has also been talk in the U.S. Congress of starting negotiations next year on a U.S.-Tunisia free trade treaty to support the democratic transition.¹⁴

In the short term, Tunisia needs to revive its tourism sector, which makes up 7 percent of GDP and directly employs 400,000 people.¹⁵

In 2011, tourists stayed away in droves, leaving empty beaches and deserted bazaars in their wake. Now they appear to be returning, and in the first five months of 2012 much of the ground lost has been made up and receipts are at 87 percent their 2010 levels¹⁶.

¹⁰ Central Bank reports and National Institute of Statistics, 2012

¹¹ Paul Schemm, Daily Star, 26 July 2012

¹² Paul Schemm, Daily Star, 26 July 2012

¹³ Paul Schemm, Daily Star, 26 July 2012

¹⁴ Paul Schemm, Daily Star, 26 July 2012

¹⁵ Paul Schemm, Daily Star, 26 July 2012

Unemployment remained at 18.1 percent in the first quarter of 2012, unacceptably high despite dropping from 18.9 percent in the previous quarter. Some 34 percent of those with college degrees are unemployed, according to government statistics.

Tunisia's new government launched in May and June a long-anticipated series of infrastructure projects - especially in the impoverished interior.

The government is increasing spending - and its deficit - in the hope that it will create jobs and encourage investment through improved infrastructure. It is estimated that the new projects will create 20,000 jobs, with another 25,000 to be created within the government¹⁷.

Tunisia is also borrowing to pay for its unemployment benefit program, which it hopes will help calm social unrest.

The government has forecast a modest growth rate for 2012 of 3.5 percent, a dramatic improvement over last year's contraction, but not much better than 2010¹⁸.

In 2011, the Tunisian economy entered in a recession, or to be more precise, in a form of stagflation (negative growth over inflation relatively strong) and, for the first time since independence. At the end of the twelve - thirteen months of its revolution January 2011 - January 2012, the economic dashboard shows a series of significant aggregates.

Economic growth for the year 2011 would be subject to the actual results of the fourth quarter of last year, between 1.8% and 2.0%, compared to 3.2% in 2010.

Unemployment, all categories combined, more and more massive: almost 19% of the active population, or some 740 thousand of Tunisian in working age. The figures were 14% and some 400 thousand unemployed by end 2010, almost the double in 12 months. The rates are largely above the national average in 4 major geographic areas on a total of seven 7: between 29.5% and 27.2% in the South and in the Central-Western Tunisian and 22.3% in the Northwest. The total unemployment includes 224,000 university graduates (more than 30%).

Trade deficit decreased by more than 80% between January 2011 and January 2012, and the deficit doubled in the first two months of the current year. The rate of coverage, which was 75% in January 2011, fell to 63.8% in January 2012, less than two-thirds.

A current account deficit that continues to widen: nearly 1% of the GDP, for the single month of January 2012 against 0.5% in January 2011.

A budget deficit that now exceeds 8% of GDP.

There was a net decrease in foreign currency assets. Mid-February 2012, these assets barely cover 108 days (3.6 months of imports), while the standard of security in this area is estimated to be 6 months.

¹⁶Paul Schemm, Daily Star, 26 July 2012

¹⁷Paul Schemm, Daily Star, 26 July 2012

¹⁸Paul Schemm, Daily Star, 26 July 2012

Threatening inflationary is pressuring the financial stability of the country and the purchasing power of households and domestic savings. Between February, 2011 and February 2012, the consumer prices reached 5.4% against 3.7% for 2011.

However, with low economic growth and a trend to lower prices of imported commodities - energy excluded - the general level of prices is not expected an increase. The observed rise in prices was the result of the support to domestic private consumption via easy bank credit, and also the result of massive export, authorized or illegal, of food products to Libya, on a background of destabilized local distribution circuits. However, strong industrial groups (Poulina, General store), managed to maintain their healthy operations in 2011, in contrast to the losses by other companies.

A bank liquidity contraction, leading to a tightening of rates of the money market (TMM), which reached 3.71% in January 2012 compared to 3.16 per cent a month ago. Injection by the Central Bank of some 3.8 billion dinars in January 2012, followed by another of the same amount in the first 13 days of February, on the one hand confirms the inability of conventional monetary policy.

The fall in the index of industrial production reached 3.2% in November 2011 (-57.1% in the mining sector and 1.1% in the manufacturing sector).

The stock index (Tunindex) fell by 25% between September 2010 and May 2011.

In 2011 Tunisian companies registered an overall decrease of revenues of more than 2%; and the largest 10 of them, with rare exceptions, have realized no benefit.

Foreign Direct Investment decreased by 25% to 30% and closing of foreign companies (around 150 of them) resulted in losses for more than 200 million for some 900 enterprises.

Despite the difficult situation that followed the upheaval, yet positive indicators can be mentioned. Exports recorded a 2.6 percent increase in January 2012, compared with a decrease of 1.2 percent in January 2011. In this respect, industrial exports have been particularly successful: + 15.4 percent with a special mention for the agribusiness industries: + 55.5 percent and electrical components: + 33.7%.

Imports of equipment goods (+ 29.4 percent according to the BCT or + 21.7 percent according to the National Institute of Statistics) as well as raw materials and semi-manufactured goods (+ 17.4%) are of course welcome. Imports of equipment goods are intended to rebuild the stocks of capital equipment and inputs or to strengthen the potential of effective productive investment of the concerned enterprises.

Tourism sector earnings were estimated during the first 10 days of January 2012 to 238 million dinars, a remarkable increase compared with 185 million dinars in January 2011. The February figures seem to confirm this positive trend.

Employment situation

For years, Tunisia was praised by international institutions for its endeavors in the area of creating employment and promoting SMEs development. The yearly World Bank report "Doing Business" was ranking Tunisia high in the MENA and Africa regions in several domains (ranked first in education in general, sciences and math education, availability of research and training services, management schools, staff training, etc.)

Since the mid of nineties, Tunisia embarked on an important programme aiming at building up business development services to provide an enabling environment capable of encouraging private initiatives mainly in the area of SMEs. Encouraging regulations and facilities allowed to attract foreign investment which contributed to creating 2,172 industrial enterprises by end 2011 which represent 37 percent of the industrial sector and thus to creating 312.000 jobs. Nevertheless, Arab investment accounts for only 104 enterprises as direct investment or in capital sharing¹⁹.

Realizing the importance of SMEs which account for 92 percent of the industry and contribute by 19 percent of the GDP and 80 percent of the exports²⁰ availed an important framework for supporting SMEs development through several tools and institutions. Around 20 institutions work for SMEs development and use an important number of tools in areas of funding (two banks specialized in credit and technical guidance for small entrepreneurs), entrepreneurship training, coaching, post-creation support and guiding, nursing. Facilities include tax exemption, fiscal benefits, specific benefits for small entrepreneurs who export, invest in rural areas, or in environment protection. Other advantages are given to investors in new technologies, innovative initiatives, micro enterprises, social enterprises, value chains creation.

Hit by the last events, the SMEs sector is facing several difficulties due to the prevailing economic and social uncertainties.

UNIDO conducted three workshops in November 2012 in the representative geographic areas, Le Kef, Sfax and Kairouan with the objective of assessing small entrepreneur's needs and the obstacles they face under the present situation. Each workshop regrouped an average of 50 participants, majority small existing and potential entrepreneurs together with representatives of local and regional officers from support agencies (Industrial Promotion Agency, banks, local authorities, university professors, etc.). A fair and free dialogue revealed an important number of "complaints", and not surprisingly, most of the "complaints" were nearly identical in the three different regions.

- Lack of communication and information still persist either because young entrepreneurs find it difficult to identify the right institution that can help them, or they loosed credibility in these institutions due to what they called "lack of professionalism of the institution's staff";
- Innovative ideas are not always well understood by their interlocutor
- Lack of skilled workers, due to weak vocational training output and/or migration flows to Libya
- Lack of networking among businesses
- Lack of encouraging policies and strategies that would reduce administrative procedures, reinforce funding structures and mechanisms, clarify land ownership situation.
- Absence of a new vision
- Low integration of scientific research that would help orientating potential small entrepreneurs to the most productive economic areas

¹⁹ Speech of the Prime Minister at the 6th Arab Forum on SMEs, 24-26 April 2012, report of the "La Tunisie Economique, May 2012

²⁰ See note above

- Heavy costs of preliminary and feasibility studies due to cumbersome procedures, lack of information and lengthy responses
- Lack of professionalism within the banking system which leads to disruption of communication between the small entrepreneur and the credit officer
- Lack of enterprise culture
- Overlapping, and lack of coordination / communication between the different support institutions, may be resolved by the creation of a coordinating body
- Lack of adequacy between the education system and the labour market needs
- Centralization of the administration
- Lack of coaching for post-creation and follow up
- Need for integrating universities in the value chain promotion
- Absence of interest from the media

The prevailing situation that appears from the economic and social climate and from the voiced "complaints" of young man and women, in majority university or secondary school graduates but unemployed and not expecting changes to occur, is taken into consideration by the Government for which unemployment constitutes the priority in its programme.

Although the declared number of between 61,000 and 85,000 of created jobs during the first five month of year 2012 seems to be rather ambitious, the Government considers unemployment as the most important burden to be solved.

The study conducted in November 2011 by the Ministry of Regional Development and Plan revealed an unemployment rate of 18.9 percent, an increase by 0.6 percent compared to May 2011 figure. Men account for 15.4 percent and women for 28.5 percent. By education level, the rate is as high as 13.0 percent for primary school level, 19.9 percent for secondary level and 30.5 for university level. Among the unemployed university graduates, engineers and or equivalent represent 45.0 percent

The chance that Tunisia holds is that support institutions and mechanisms exist; they only need to be revitalized and reinforced by an ad-hoc reform that would ensure an appropriate restructuring with the objective of reviewing objectives and reinforcing staff capabilities and skills.

6. UNIDO'S ROLE IN THE AREA OF PRODUCTIVE EMPLOYMENT

UNIDO Mandate

UNIDO is a specialized agency of the United Nations mandated to promote and accelerate sustainable industrial development in developing countries and economies in transition. The Organization is recognized as a highly relevant, specialized and efficient provider of key services in support of the interlinked challenges of reducing poverty through productive activities.

By focusing on poverty reduction, inclusive globalization and environmental sustainability, UNIDO offers a vast set of services and tailor made solutions to address the specific challenges faced by developing countries and countries in transition.

UNIDO aspires to reduce poverty through sustainable industrial development and offers customized services, ranging from industrial policy advice to entrepreneurship and SME development and from technology diffusion to sustainable production and the provision of rural energy for productive uses.

The private sector plays a central role in reducing poverty, as it is a primary driver of economic growth and employment creation. However, in many countries the majority of the population faces obstacles in starting or expanding productive activities. Therefore UNIDO aims to unleash the productive potential of disadvantaged groups by promoting productive activities, industrial policies, institution building, and industrial support services.

UNIDO's comparative advantage lies in the proven capacity to develop and successfully implement comprehensive interventions to address the evident challenge of youth unemployment. Moreover, strategic partnerships with relevant local institutions/partners have been forged in recent years, enhancing the sustainability of its interventions and guaranteeing the national ownership of the developmental approaches.

UNIDO in Tunisia

As part of a project funded by the Spanish government and the MDG fund, UNIDO in partnership with four other UN agencies, has initiated a joint programme to support the Tunisian Government in its efforts to create jobs and prevent migration.

The objective of the initiative is the creation of sustainable jobs and the strengthening of local capacities in the regions of El Kef, Gafsa and Grand Tunis to enable them to implement regional policies and programs.

The UNIDO intervention operates at two levels: the institutional and entrepreneurial level as well as capacity building of support infrastructure assisting the private sector. The project emphasizes the importance of export and trade promotion, the development of value chains and alignment of supply and demand on the labour market.

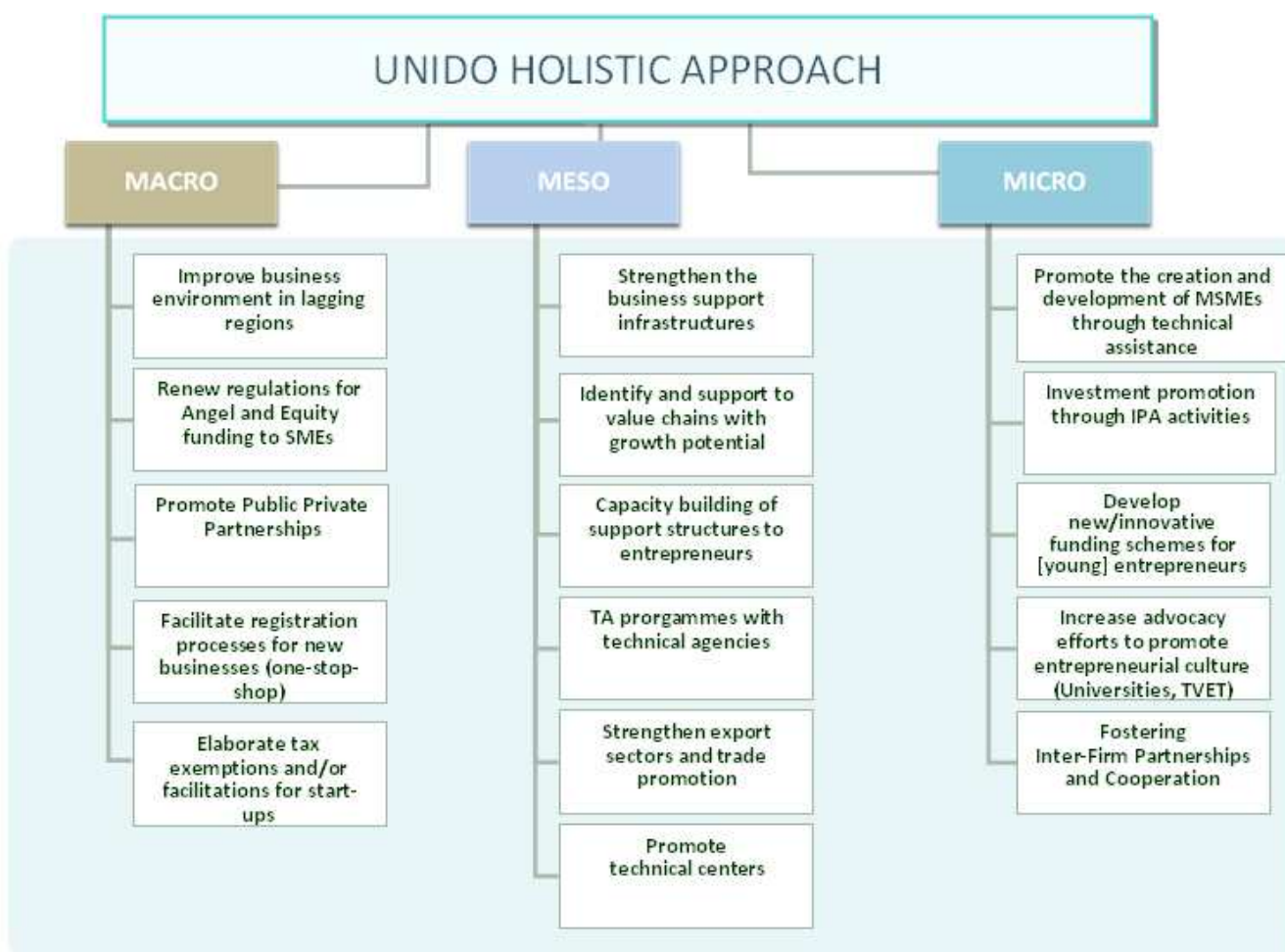
Current results

- 160 entrepreneurs received training in enterprise creation and management
- 91 entrepreneurs received IT trainings
- 35 projects of the 160 entrepreneurs started their businesses with a total investment of USD 2.285 million, creating more than 175 jobs
- 80 business support institutions benefited from training of trainers

UNIDO Holistic Approach on Productive Work for Youth

Youth entrepreneurship is a feasible option to create employment, taking into account the often limited absorptive capacity of formal labour markets.

Therefore UNIDO interventions in the area of youth employment render the necessary support to youth-led businesses on the macro-, meso- and micro-level, by fostering an enabling environment for the private sector and youth led entrepreneurship, by building the capacities of local institutions and by providing counseling and facilitating the access to finance as well as coaching of young entrepreneurs beyond the start-up phase.



I. Macro Level – Creating an enabling environment

UNIDO interventions in the field of youth entrepreneurship foster favorable macroeconomic and regulatory framework. In close cooperation with local and national governments UNIDO provides the necessary analytical and advisory services for the creation of an enabling business-friendly environment (e.g. through industrial policy advice).

II. Meso Level – building capacities at institutional Level

UNIDO interventions build and strengthening the capacities of the local business support infrastructure. By closely cooperating with local business service providers, consultants and financial institutions a sustainable support infrastructure providing the needed assistance to young entrepreneurs and aspiring entrepreneurs is built.

III. Micro Level – Enterprise creation and development

On the enterprise level UNIDO promotes innovative and growth oriented youth-led enterprises by providing the necessary technical assistance and facilitating the access to non-financial and financial services.

IV. Investment promotion

UNIDO can count on the proven capacity to attract and mobilize domestic and foreign investment, stimulate CSR initiatives and promote investment and technology transfer with foreign and domestic partners aiming at strengthening and expanding local MSMEs, including youth-led businesses thus creating job opportunities for youth.

By promoting domestic and foreign investment through tools like the Investment survey and the Sub-contracting Programme Exchange (SPX) UNIDO promotes the connection of enterprises to market opportunities and growth potentials.

UNIDO Enterprise Development and Investment Promotion Programme (EDIP)

Facilitating the emergence of employment (particularly of graduated youth and women) through enterprise creation and expansion of existing SMEs are the objectives of the UNIDO Enterprise Development and Investment Promotion Program.

The Enterprise Development and Investment Promotion program has been developed and conceptualized in by UNIDO through the Arab Regional Centre for Entrepreneurship and Investment Training (ARCEIT, based in Bahrain) in cooperation with the Inter Regional Centre for Entrepreneurship and Investment Training.

The EDIP program is built upon two main components, enterprise creation and enterprise growth, as follows:

The enterprise creation component aims at helping potential entrepreneurs/investors translate their new investment ideas into commercial ventures.

The enterprise growth component intends to bring tangible results in the quickest possible timeframe to enterprises which have growth potential, but are faced with problems related to competitiveness and productivity by strengthening enterprise's capacities mostly in the areas of innovation, quality production and access to international markets.

Current results:

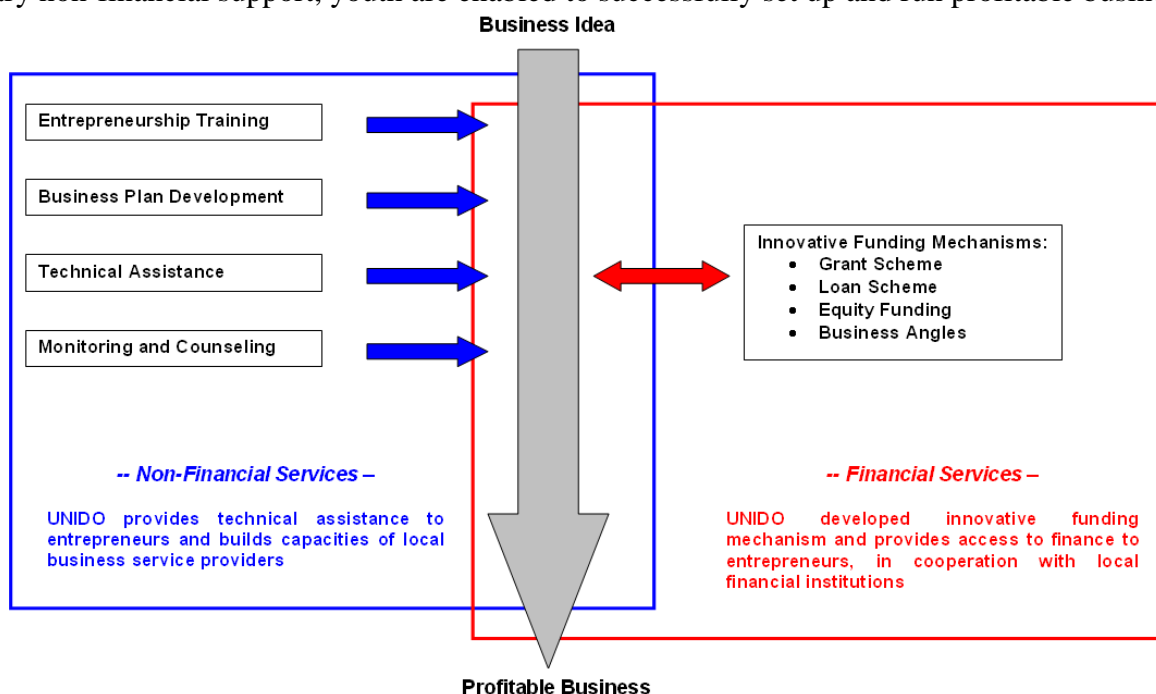
The program has been replicated in 33 Countries out of which 13 in Africa: Bahrain, Saudi Arabia, United Arab Emirates, Kuwait, Egypt, Sudan, Yemen, Lebanon, Syria, Jordan, Iraq, Tunisia, Laos, Mozambique, Sierra Leone, Ghana, Kenya, Uganda, Uruguay, Afghanistan, Azerbaijan, Brunei, Kazakhstan, Malaysia, Tajikistan, Turkey, China, Zambia, Eritrea, Ethiopia, Tanzania and Zanzibar.

- 49 Enterprise Development Centers have been established in 32 Countries,
- 65 Enterprise Development Centers are planned to be established,
- 2,026 experts have participated to the Capacity Building programs on Micro Small Medium Enterprises development program through ARCEIT

Combination of financial and non financial services

One of the major obstacles for successful youth entrepreneurship creation and expansion is the missing link between financial and non-financial services.

Experience has shown that entrepreneurial and technical training alone does not generate its full potential of results unless combined with adequate financial services. UNIDO has developed a comprehensive approach that supports young entrepreneurs to create and set up or expand their own businesses while contributing to employment creation, economic development and growth. Provided with access to funding through innovative mechanisms, such as grant and loan schemes or angel funding as well as the necessary non-financial support, youth are enabled to successfully set up and run profitable businesses.



Non Financial Services

UNIDO developed a set of non-financial support measures that, combined with financial services, add substantively to the sustainability of entrepreneurship projects. In particular young people benefit from training, monitoring, coaching and accompanying activities: to start and maintain a business, a young person needs entrepreneurial and vocational as well as financial literacy skills. These skills also help to reduce their perceived high credit risk and thus to gain access to financial services.

Access to Finance

A major obstacle for successful youth entrepreneurship creation and expansion is the weak borrowing capacity of potential borrowers, lack of financial literacy, and that financial institutions have not developed services that could serve potential but marginalized borrowers. Available financial services are often not sufficiently accessible for youth. Loans are often not granted to young entrepreneurs due to lack of collateral, their limited experience and their young age.

Provided with access to funding through innovative mechanisms, such as grant and loan schemes or angel funding as well as the necessary non-financial support, youth are enabled to successfully set up and run profitable businesses.

The UNIDO- YEN Youth to Youth Grant Scheme

UNIDO has successfully implemented three rounds of a Youth to Youth Grant Scheme in the Mano River Union countries in collaboration with the Youth Employment Network (YEN).

Especially designed for post-conflict environments, the Competitive Grant Scheme aims at enabling youth-led organizations to design and implement projects for youth employment, by strengthening their institutional capacity as business service providers. Above all, the grant scheme must be understood as an initial incubation model which assists underprivileged youth who would otherwise have had little or no access to funding, to create employment opportunities in their communities.

With 450,000 USD initially invested in the first round of the grant scheme, much has been achieved:

- Total beneficiaries: 724
- Beneficiaries with sustainable jobs: 75 %
- 61 micro-enterprises have been created
- 60% of beneficiaries were young women
- Grant Scheme is replicated in several countries

SME development and expansion

Whilst business start-ups and micro enterprises are best supported by the above described combination of financial and non-financial services, small and medium-sized enterprises (SMEs) require different technical support and specialized assistance. Therefore, the above mentioned interventions for the enhancement of self-employment and entrepreneurship as well as the establishment and development of micro and small enterprises are closely linked to subsequent UNIDO services that focus on the expansion and development of existing SMEs as well as on the successful transition of enterprises to the formal sector:

Export Consortia: By combining their knowledge, financial resources and contacts within an export consortium, SMEs can significantly improve their export potential and reduce the costs and risks involved in penetrating foreign markets.

Clusters: By building sustainable linkages between small-size enterprises, their larger scale business partners and support institutions, SMEs can combine their strengths and jointly take advantage of market opportunities or solve common problems with a combined effort.

Value chain development: UNIDO assists in the identification and set-up of promising economic sectors such agro-food value chains as they can constitute a solid vector for employment intensity and the potential for the establishment of new small enterprises and possible links to national and international markets.

Cooperation with the Private Sector

With regard to the labour market, it is critical that the offer meets the demand, particularly in countries with high rates of youth unemployment. To enhance youth employability on-the-job training is essential, as well as skills development training that match the demand of the private sector. Therefore, UNIDO enhances a continued and expanded cooperation with the private sector.

Cooperation with the private sector:

Success Story UNIDO-Hewlett-Packard (HP) Global Partnership Programme

Since May 2008, UNIDO has been partnering with Hewlett Packard (HP), one of the world's largest technology companies, to implement a global programme for entrepreneurship and IT education. Together, UNIDO and HP equip aspiring and existing entrepreneurs in developing countries with hands-on business and IT skills to start, run and grow their enterprises.

Building on the successful deployment of the "Graduate Entrepreneurship Training through IT" (GET-IT) programme in Africa and the Middle East, in 2010 the UNIDO-HP partnership reached a global coverage including Asia and Latin America. Today at the core of the partnership lies the global Learning Initiative for Entrepreneurs (LIFE) training programme which is available in several languages and covers selected topics in the areas of marketing, operations, communication and finance for different stages of entrepreneurship, from imagining to innovating.

The LIFE trainings are provided by carefully selected partner organizations who receive a HP technology package, access to the LIFE curriculum and to various online tools and a cash grant. Selection of partner organizations is based on a scoring system, which, inter alia, includes gender equality factor. Also, designated LIFE trainers are enabled to take part in a training-of-trainers course to become certified and thus to pass on their knowledge to the students. The UNIDO-HP partnership programme is implemented in collaboration with MEA-I (Micro-Enterprise Acceleration Institute) and EDC (Education Development Center).

Current Results:

- Establishment of 122 LIFE centers in 15 countries (Algeria, Brazil, China, Colombia, Egypt, India, Kenya, Morocco, Nigeria, Saudi Arabia, South Africa, Tunisia, Turkey, Uganda and United Arab Emirates)
- Certification of over 310 LIFE trainers
- Training of approximately 50,000 students face-to-face
- Creation of over 20,000 jobs

7. Streamlining conclusions / recommendations of major forums/seminars conducted in the MENA region during the last decade

Several meetings, seminars and forums were conducted at regional level, in the last decade, tackling the subject of productive work for youth. During the same period, almost all UN Agencies gave the lion share to the subject repeatedly during their annual conferences, each according to its mandate. The Arab League contributed largely to this activity through its Population and Social Affairs department, in Egypt, Morocco, Tunisia, and Qatar. At national level, such events took place in the majority of the MENA countries with the participation of multi-bilateral institutions, and their number increased significantly at the aftermath of the Arab Spring events, mainly at local level.

Among the events organized by the Arab League, there was the Arab Employment Forum, Doha Qatar in May 2009, Euro-Med seminar, Cairo Egypt in November 2006, Arab Parliament Forum, Sharm El Sheikh Egypt in November 2006. UN agencies helped organizing several wide scope meetings and conferences, among which the Youth Forum in Cairo Egypt in August 2008, the Arab Employment Forum, Beirut October 2009. (*Sample Agenda in Annex 10*)

The UNIDO General Conference in Vienna in November 2011, preceded by the Experts Meeting to debate the issue of youth productive employment recommended the following:

- The creation and development of productive Micro-small and medium enterprises is to be considered as a viable solution for job creation and sustainable development. It should be included in the overall social, cultural and economic development country strategies, to enable it to create productive jobs for more young men and women;
- While the role of the private sector is to create productive and decent jobs, the public sectors is to provide sound reforms with the clear objective of establishing and/or reviewing appropriate policies and strategies creating an enabling environment capable of encouraging private initiatives among young entrepreneurs;
- Sound reforms are undertaken in view of bringing the education System closure to the national social and economic objectives in the area of creating more productive jobs for educated youth and promoting a sound entrepreneurship culture;
- Investing in appropriate infrastructure should be considered as a major facilitator to favour MSMEs activities;
- Banking sector reforms should include the setting up of specific lending institutions and innovative mechanisms as well as the identification of new funding sources capable of responding to young entrepreneurs' needs and to their small business reimbursement capacities;
- Regional development plans should favour the effective involvement of CSOs and the civil society in general;

- Provide specific incentives and support to young entrepreneurs who intend to invest in small enterprises capable to create green jobs and related services. A special focus will be put on the transition from traditional régime to low-carbon industry and intensive use of renewable energy.
- Access to information should be facilitated through proper channels and institutions as well as access to ICTs and new technologies
- Special focus should be put on the development of Business Development Services capable to offer appropriate financial and non-financial support services to young potential and existing entrepreneurs, thus helping them to start and/or expand their enterprises;
- Institutional capacities should be reinforced in view of promoting partnerships, cooperatives, MSMEs networking, active clusters;
- Specific incentives should benefit to research activities, value chain analyses, data availability, market information, to facilitate the inclusion of MSMEs in the overall economic development;
- Young educated entrepreneurs should be encouraged to set up MSMEs in rural and poor areas, and therefore benefit from specific incentives, such as seed money to create income generating activities;
- Efficient use of the Medias, among other tools, should allow for better awareness and stronger advocacy among stakeholders and larger public in favour of the whole MSMEs' sector;
- Training of young entrepreneurs, mentoring, coaching and other modern methods of assisting young entrepreneurs, such as UNIDO's Enterprise Development
- Investment Promotion (EDEP), should be established within appropriate structures and frameworks;
- Special incentives (financial and non-financial) should be given to young educated entrepreneurs who invest in social small enterprises, such as those investing in education, health, environment, energy saving enterprises;
- Stronger cooperation between all concerned public and private stakeholders should be encouraged in view of setting up efficient partnerships capable of facilitating the emergence and growth of start-ups led by young educated men and women;
- Organization of international forum on productive youth employment should be organized to foster the discussion on challenges, opportunities and best approaches to assist developing countries and economies in transitions to respond in a coordinated and sustainable manner to the critical issue of youth unemployment.
- More technical cooperation projects between Governments and UN specialized Agencies, such as UNIDO, ILO and other to allow for creating sustainable and productive decent jobs for more educated men and women through the promotion of formal MSMEs

In addition, the National Employment Forum held on 28-29-30 June 2012 in Tunisia recommended:

- The participants agreed on the necessity of conducting deep structural reforms and recommended the following:
- Review the current development model in view of focusing on productive job creation. Thus measuring the effectiveness of macroeconomic policies will depend on the volume of jobs created;
- Reinforce regional development through efficient investment pools in rural and poor areas to create productive employment for the poor;
- Spread the culture of work, autonomy and leadership and integrate it in the education system at all levels. Education, teaching and training systems should be strengthened through information and orientation to be embedded to the labour market;
- Review the education system of education in view of ensuring better adequacy with economic needs, skills and qualifications;
- Remove legal and all other obstacles that constitute a burden for business development and reinforce transparency, good governance and competitiveness policies;
- Harmonize public and private sector wages and working conditions and perform, for this purpose, the necessary legal reforms in the labour legislation;
- Restructure the employment public services and revise their mandates. Public employment services should play the role of a professional intermediation body to ensure support and operational assistance for job seekers;
- Adopt a legal and institutional framework for public-private-cooperative partnership system;
- The above recommendations should be integrated into a national employment strategy to be developed jointly by the Government, the social-economic partners and the civil society. This strategy will be proclaimed on 17 December 2012 by a technical commission composed of members from the National Employment Forum.

8. Concluding remarks

Given the great diversity throughout the region, there are no blueprint solutions to the fundamental challenge of productive employment creation through sustainable enterprise development. However, there are some common trends that can be the focus of country level plans of action:

1. To develop entrepreneurship culture and ensure its integration in the education and vocational training systems;
2. To value success stories in the region in view of promoting competitiveness;
3. To reinforce Public-Private partnerships to ensure better adequacy between youth competencies and enterprises' needs;
4. To reinforce the "DEP-Youth.org" platform in order to facilitate access to information related to entrepreneurship and favour youth participation, notably women, to the formulation of policies and strategies in their concern;
5. To finalize action plans adapted to the specificities of each country in close cooperation with youth associations and concerned national and international partners, under the coordination of the European Union and UNIDO being the initiators the "Tunis Conference" ;
6. To create national committees at the highest political level with the objective of 1) to simplify procedures and alleviate barriers for enterprise creation by young potential entrepreneurs at the short term; 2) to develop at the mid-term national policies and strategies for enterprise creation; 3) to identify a number of mediators who will propose practical solutions to various problems facing young entrepreneurs;
7. To double by year 2017 national and international financial resources geared to productive and decent employment promotion for young men and women in the MENA countries, particularly in poor areas in order to ensure national and regional economic stability;
8. To facilitate access to financial support for young entrepreneurs' projects through raising specific funds within the banking system including central banks;
9. To favor investment in rural and poor areas through appropriate and innovative funding mechanisms;
10. To develop and ensure better coordination among institutions and services delivering financial and non-financial support to young entrepreneurs at national and decentralized level within public-private partnerships framework;
11. To enhance technical knowledge and professional skills of support institutions officers in view of enabling them to apprehend better the technical specificities of young entrepreneurs projects, such

as their innovative aspect, their variety and to ensure a better follow up, monitoring and evaluation;

12. To help in restructuring support institutions in view of a better definition of their mandates which will lead to supersede existing overlapping in their activities which are rather confusing for young entrepreneurs;
13. To select the most efficient entrepreneurship technical support methods such as coaching, counseling, and training and to streamline and institutionalize them for greater efficiency and easy embedding in the national education systems;
14. To promote revenue generating activities, micro-enterprises and self-employment and notably for women in poor areas through specific enterprise-packages;
15. To support active NGOs in small enterprise development, particularly in the areas of technical support to small entrepreneurs and capital formation;
16. To promote quality information and its accessibility by young entrepreneurs who are in constant need for pertinent data on labour market aspects, economic environment and existing facilities;
17. To sustain and reinforce networking between young entrepreneurs at national, regional and international level, including through promoting B2B (business-to-business) events;
18. To enhance business exchanges and identification of employment and enterprise creation opportunities by young people through encouraging the setting up of value chains, particularly within priority and innovative sectors;
19. To ensure efficient follow up of the implementation of the recommendations made by young entrepreneurs, public and private concerned partners, and national and international organizations through the setting up of a yearly international forum on productive employment and investment, for the benefit of young entrepreneurs in the MENA Region.

For all MENA countries, strategies to address productive employment for youth need to be not only comprehensive but also adapted to the particular circumstances, needs, and potential of each country. Raising international competitiveness and attracting more and better foreign direct investment (FDI) will be fundamental components to securing sustainable growth, productive employment, and better living standards.

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ANNEX I: The real GDP growth in the MENA region

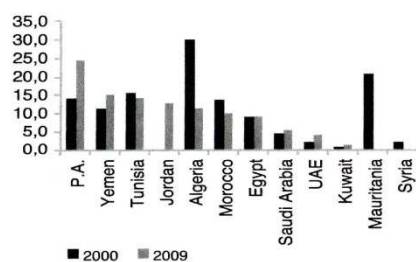
	Real GDP Growth				Fiscal balance				Current account balance			
	2010	2011e	2012p	2013p	2010	2011e	2012p	2013p	2010	2011e	2012p	2013p
	(Annual percentage change)				(in percentage of GDP)				(in percentage of GDP)			
MENA region	4.4	3.1	4.8	3.7	2.4	3.1	1.7	2.1	8.7	9.9	7.8	7.2
Oil Exporters	4.3	3.4	5.4	3.6	4.7	6.0	4.1	4.2	12.1	13.8	11.3	10.0
GCC	4.9	6.5	5.2	4.3	4.8	9.4	8.7	6.8	15.4	19.6	16.4	14.8
Bahrain	4.1	-1.2	2.5	4.0	-7.8	-7.3	-5.3	0.0	4.9	5.9	5.9	5.9
Kuwait	3.3	5.0	5.5	5.0	20.7	26.1	25.0	12.5	27.8	33.5	32.7	26.7
Oman	4.1	4.8	4.9	3.8	6.2	10.1	7.7	3.5	11.4	11.0	9.0	7.1
Qatar	17.0	19.0	6.4	3.9	3.0	7.0	7.2	8.7	26.3	28.1	26.3	19.0
Saudi Arabia	4.1	6.5	5.9	4.5	5.2	8.1	6.8	5.5	14.9	20.6	14.2	14.6
United Arab Emirates	3.2	3.3	3.8	4.0	-1.3	6.5	6.9	6.2	7.7	10.4	10.5	9.5
Developing Oil Exporters	3.3	-2.1	5.8	2.2	4.5	1.3	-2.0	0.2	7.7	5.9	4.4	2.8
Algeria	3.3	2.5	3.1	3.5	-1.9	-4.0	-6.0	2.0	15.6	19.3	12.0	11.4
Iran, Islamic Republic of	2.9	2.0	-0.8	-0.7	10.6	6.8	1.6	-1.0	5.9	4.9	0.6	-0.8
Iraq	0.8	9.9	11.1	13.5	-9.1	7.4	0.2	6.8	-1.8	7.9	9.1	10.7
Libya	3.8	-59.9	63.3	8.6	10.8	-31.9	-3.1	7.0	23.0	-20.9	21.3	16.4
Syrian Arab Republic	3.2	-3.0	-6.0	2.5	-4.8	-7.1	-18.6	-6.0	-5.1	-2.2	-16.3	-7.0
Yemen	7.7	-10.5	-0.9	2.9	-4.0	-4.3	-5.0	-5.9	-3.7	-3.4	-1.0	-3.9
Oil Importers	4.7	2.4	2.8	4.0	-6.6	-8.4	-8.1	-7.1	-5.0	-6.1	-6.3	-5.7
Djibouti	3.5	4.5	4.8	5.0	-0.5	-0.9	0.5	0.9	-5.8	-12.7	-12.0	-11.9
Egypt	5.1	1.8	2.5	3.5	-8.1	-9.8	-9.5	-8.3	-2.0	-1.2	-3.0	-2.5
Jordan	2.3	2.5	3.0	3.5	-7.7	-12.7	-9.2	-8.2	-5.0	-9.0	-7.3	-6.1
Lebanon	7.0	3.0	3.8	4.4	-7.0	-5.4	-7.0	-6.4	-19.1	-22.6	-18.0	-17.5
Morocco	3.7	4.8	3.0	4.8	-4.7	-6.8	-5.1	-4.4	-4.3	-8.0	-6.9	-6.0
Tunisia	3.0	-1.8	2.4	3.7	-1.3	-3.7	-6.6	-6.0	-4.8	-7.4	-7.7	-6.5
West Bank & Gaza	9.8	10.7	6.2	7.0	-17.6	-18.8	-13.7	-11.5	-25.9	-19.0	-18.0	-21.0

Source: World Bank. Note: Data for Egypt are for fiscal year.

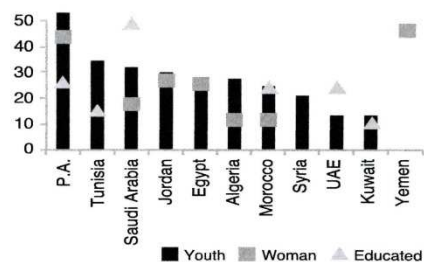
ANNEX II: Unemployment rates and Employment in the informal economy

MENA registers high unemployment levels, mostly among youth, women, and the educated

A. Unemployment rates in percent in 2000 and 2009 or closest years for which data are available



B. Unemployment in percent among youth, women, and the educated in 2009 or most recent year for which data are available

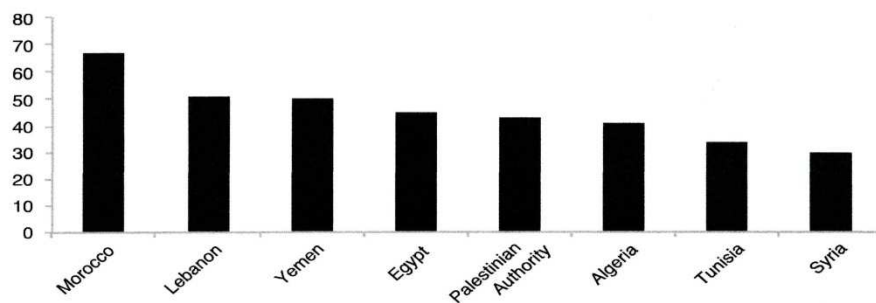


Source: World Bank 2011a.

Notes: Recent unemployment data are not available for Mauritania and Syria. Youth unemployment refers to the unemployed aged 15-24 as a percent of total labor force aged 15-24. Women's unemployment refers to the female unemployed as a percent of the female labor force. Unemployment among the educated refers to the unemployed with tertiary education as a percent of total unemployment. P.A. stands for Palestinian Authority.

Employment in the informal economy is high in some MENA countries

Informal employment as percent of total non-agricultural employment, 2000-07



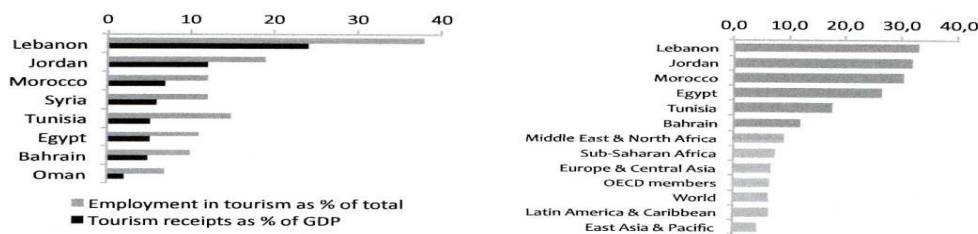
Source: Heintz and Chang 2007.

ANNEX III : Tourism and Agriculture as important job providers

Tourism is a key economic sector for several countries in the region

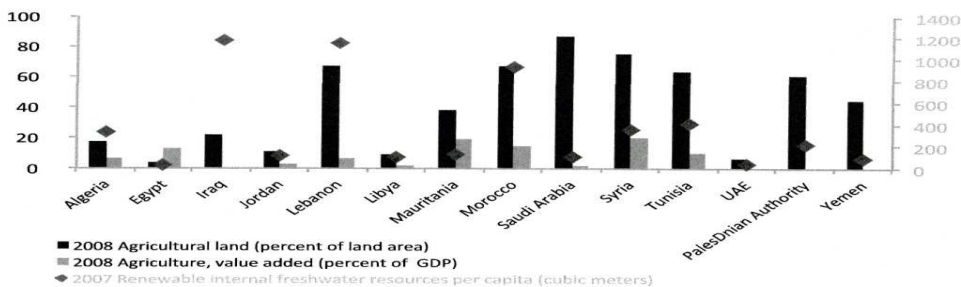
A. Employment and receipts in the tourism sector, 2010

B. International tourism receipts as percent of total exports



Sources: IMF 2011d and World Bank 2011a.

MENA countries could exploit opportunities in agribusiness development



Source: World Bank 2011a.
Note: Data on agriculture value added as percent of GDP are not available for Iraq, the UAE, the Palestinian Authority and Yemen.

ANNEX IV: Global Competitiveness Index 2011 – 2012

TABLE 1.1 Rankings on the ease of doing business

DB2012 AW rank	DB2012 rank	DB2011 rank*	Economy	DB2012 reforms	DB2012 AW rank	DB2012 rank	DB2011 rank*	Economy	DB2012 reforms	DB2012 AW rank	DB2012 rank	DB2011 rank*	Economy	DB2012 reforms
	1	1	Singapore	0		62	59	Poland	2		123	119	Uganda	1
	2	2	Hong Kong SAR, China	2		63	60	Ghana	0		124	123	Swaziland	1
	3	3	New Zealand	1		64	70	Czech Republic	2		125	127	Bosnia and Herzegovina	2
	4	4	United States	0		65	64	Dominica	0		126	120	Brazil	1
	5	5	Denmark	1		66	69	Azerbaijan	0		127	125	Tanzania	1
	6	7	Norway	0	7	67	71	Kuwait	0		128	130	Honduras	2
	7	6	United Kingdom	1		68	76	Trinidad and Tobago	0		129	126	Indonesia	1
	8	15	Korea, Rep.	3		69	91	Belarus	3		130	131	Ecuador	0
	9	13	Iceland	2		70	67	Kyrgyz Republic	0	13	131	128	West Bank and Gaza	0
	10	8	Ireland	0		71	73	Turkey	2		132	139	India	1
	11	14	Finland	1		72	65	Romania	2		133	133	Nigeria	0
1	12	10	Saudi Arabia	1		73	68	Grenada	0	14	134	136	Syrian Arab Republic	1
	13	12	Canada	1		74	81	Solomon Islands	4	15	135	135	Sudan	0
	14	9	Sweden	0		75	66	St. Vincent and the Grenadines	0		136	134	Philippines	1
	15	11	Australia	1		76	75	Vanuatu	3		137	144	Madagascar	2
	16	17	Georgia	4		77	72	Fiji	0		138	138	Cambodia	1
	17	16	Thailand	1		78	74	Namibia	1		139	132	Mozambique	0
	18	23	Malaysia	3		79	78	Maldives	0		140	137	Micronesia, Fed. Sts.	0
	19	19	Germany	0		80	79	Croatia	1		141	150	Sierra Leone	4
	20	20	Japan	0		81	99	Moldova	4		142	146	Bhutan	2
	21	31	Latvia	4		82	77	Albania	1		143	142	Lesotho	1
	22	34	Macedonia, FYR	4		83	86	Brunei Darussalam	1		144	140	Iran, Islamic Rep.	0
	23	21	Mauritius	0		84	80	Zambia	0		145	141	Malawi	2
	24	18	Estonia	0		85	82	Bahamas, The	0		146	148	Mali	2
	25	24	Taiwan, China	2		86	89	Mongolia	1		147	152	Tajikistan	1
	26	22	Switzerland	2		87	83	Italy	1	16	148	143	Algeria	1
	27	25	Lithuania	2		88	85	Jamaica	0		149	145	Gambia, The	3
	28	27	Belgium	2		89	98	Sri Lanka	2		150	151	Burkina Faso	3
	29	26	France	1		90	107	Uruguay	2		151	155	Liberia	3
	30	30	Portugal	2		91	87	China	0		152	149	Ukraine	4
	31	29	Netherlands	0		92	88	Serbia	2		153	147	Bolivia	0
	32	28	Austria	1		93	92	Belize	1		154	157	Senegal	4
2	33	35	United Arab Emirates	2	8	94	115	Morocco	3		155	161	Equatorial Guinea	1
	34	32	Israel	2		95	84	St. Kitts and Nevis	1		156	160	Gabon	1
	35	36	South Africa	3	9	96	95	Jordan	2	17	157	156	Comoros	1
3	36	38	Qatar	2		97	93	Guatemala	0		158	153	Suriname	0
	37	37	Slovenia	3		98	90	Vietnam	1	18	159	162	Mauritania	1
4	38	33	Bahrain	0	10	99	94	Yemen, Rep.	1		160	154	Afghanistan	1
	39	41	Chile	3		100	101	Greece	2		161	165	Cameroon	2
	40	49	Cyprus	1		101	97	Papua New Guinea	0		162	158	Togo	2
	41	39	Peru	3		102	100	Paraguay	2		163	174	São Tomé and Príncipe	4
	42	47	Colombia	3		103	109	Seychelles	2	19	164	159	Iraq	0
	43	42	Puerto Rico (U.S.)	2	11	104	103	Lebanon	1		165	163	Lao PDR	0
	44	45	Spain	1		105	96	Pakistan	0		166	164	Uzbekistan	1
	45	50	Rwanda	3		106	102	Marshall Islands	0		167	170	Côte d'Ivoire	3
5	46	40	Tunisia	0		107	110	Nepal	1		168	169	Timor-Leste	2
	47	58	Kazakhstan	1		108	105	Dominican Republic	1		169	177	Burundi	4
	48	43	Slovak Republic	1		109	106	Kenya	1	20	170	167	Djibouti	1
6	49	53	Oman	3	12	110	108	Egypt, Arab Rep.	0		171	168	Zimbabwe	0
	50	44	Luxembourg	0		111	104	Ethiopia	0		172	171	Angola	2
	51	46	Hungary	0		112	112	El Salvador	1		173	172	Niger	1
	52	48	St. Lucia	0		113	114	Argentina	0		174	166	Haiti	0
	53	54	Mexico	3		114	113	Guyana	1		175	173	Benin	2
	54	52	Botswana	0		115	111	Kiribati	0		176	181	Guinea-Bissau	2
	55	61	Armenia	5		116	116	Palau	0		177	175	Venezuela, RB	0
	56	56	Montenegro	3		117	117	Kosovo	0		178	176	Congo, Dem. Rep.	3
	57	51	Antigua and Barbuda	0		118	122	Nicaragua	3		179	179	Guinea	1
	58	62	Tonga	3		119	129	Cape Verde	3		180	178	Eritrea	0
	59	57	Bulgaria	2		120	124	Russian Federation	4		181	180	Congo, Rep.	1
	60	55	Samoa	0		121	121	Costa Rica	2		182	183	Central African Republic	3
	61	63	Panama	1		122	118	Bangladesh	0		183	182	Chad	2

Note: The rankings for all economies are benchmarked to June 2011 and reported in the country tables. This year's rankings on the ease of doing business are the average of the economy's rankings on the 10 topics included in this year's aggregate ranking (see box 1.1). The number of reforms excludes those making it more difficult to do business.

a. Last year's rankings, shown in italics, are adjusted: they are based on the same 10 topics and reflect data corrections.

Source: *Doing Business* database.

ANNEX V: Streamlining conclusions / recommendations of major forums/seminars conducted in the MENA region during the last decade

Conditions for a conducive environment for sustainable enterprises

1. Peace and political stability
2. Good governance
3. Social dialogue
4. Respect for universal human rights
5. Entrepreneurial culture
6. Sound and stable macroeconomic policy
7. Trade and sustainable economic integration
8. Enabling legal and regulatory environment
9. Rule of law and secure property rights
10. Fair competition
11. Access to financial services
12. Physical infrastructure
13. Information and communications technology
14. Education, training and lifelong learning
15. Social justice and social inclusion
16. Adequate social protection
17. Responsible stewardship of the environment

Role of government in the promotion of sustainable enterprises

1. Facilitating and participating in social dialogue
2. Labour law enforcement through efficient labour administration, including labour inspection
3. Encouragement of voluntary concept of corporate social responsibility
4. Promotion of socially and environmentally responsible public procurement, lending and investment
5. Promoting sectors and value chains
6. Flexibility and protection to manage change
7. Targeted programmes
8. Research and innovation
9. Access to information and business and financial services
10. Policy coordination and coherence
11. International policies
12. Production and consumption patterns
13. Supporting skills development

Enterprise-level principles for sustainable enterprises

1. Social dialogue and good industrial relations
2. Human resource development
3. Conditions of work
4. Productivity, wages and shared benefits
5. Corporate social responsibility
6. Corporate governance

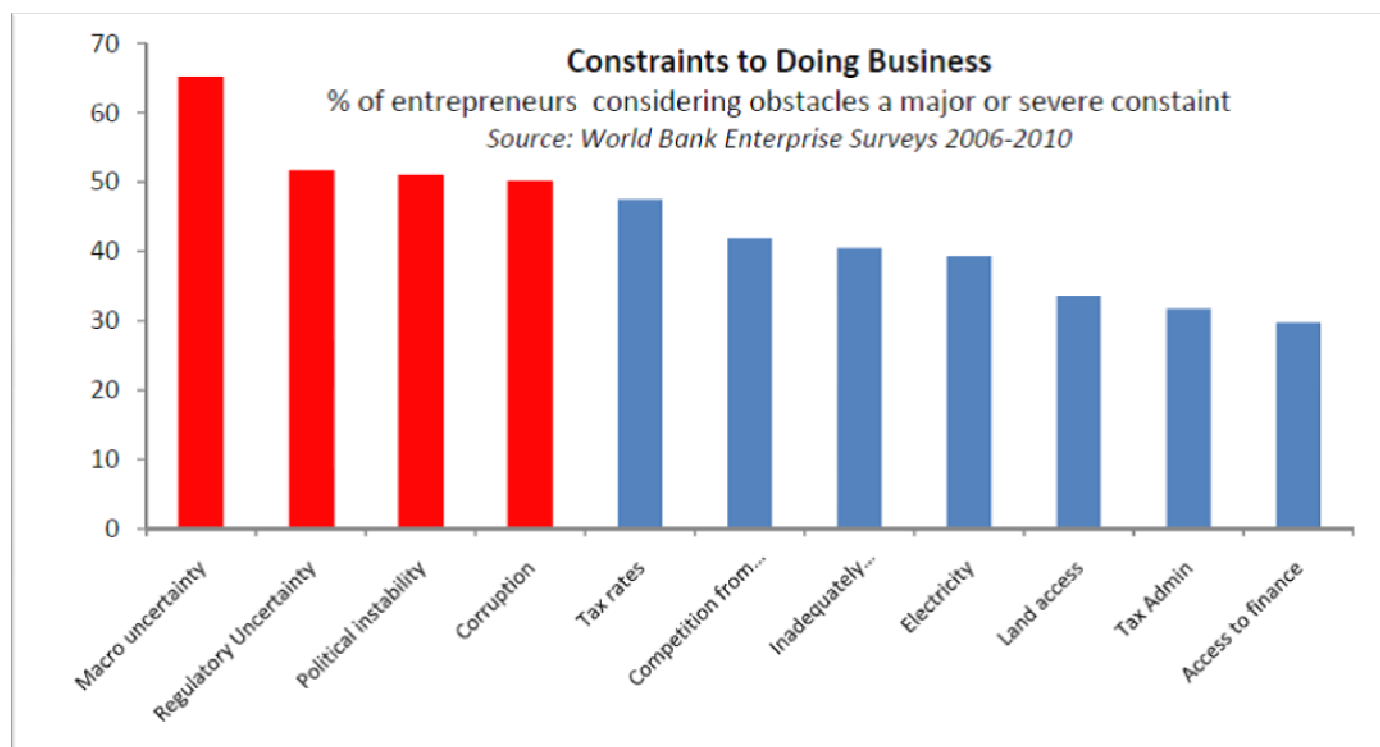
Role of the social partners in the promotion of sustainable enterprises

1. Advocacy
2. Representation
3. Services
4. Implementation of policies and standards

ANNEX VI: a) Constraints to doing business

<u>Economie ▲</u>	<u>Création d'entreprise classement</u>	<u>Procédures (nombre)</u>	<u>Délai (jours)</u>	<u>Coût (% du revenu par habitant)</u>	<u>Capital minimum versé (% du revenu par habitant)</u>
Moyen-Orient et Afrique du Nord	..	8	23	29,8	72,3
Algérie	156	14	25	12,1	27,2
Arabie saoudite	78	9	21	5,0	0,0
Bahreïn	88	7	9	0,7	229,9
Cisjordanie et Gaza	179	11	48	91,0	206,7
Égypte	26	6	7	10,2	0,0
Émirats arabes unis	22	6	8	6,0	0,0
Iraq	177	10	74	81,1	25,2
Jordanie	103	7	12	13,8	0,0
Koweït	142	12	32	1,1	56,7
Liban	114	5	9	67,0	35,2
Malaisie	54	3	6	15,1	0,0
Maroc	56	6	12	15,5	0,0
Mauritanie	160	9	19	47,6	327,9
Oman	73	5	8	2,6	223,1
Qatar	109	8	9	4,9	60,7
République arabe syrienne	132	7	13	15,6	122,6
Tunisie	66	10	11	4,1	0,0
Turquie	72	6	6	10,5	7,2
Yémen, République du	110	6	40	71,9	0,0

ANNEX VI: b) Constraints to doing business



ANNEX VII:

Table A12. Vulnerable employment shares by sex, world and regions (%)

Both sexes	2000	2005	2006	2007	2008	2009	2010	2011*
World	52.8	52.0	51.7	51.1	50.0	49.8	49.6	49.1
Developed Economies and European Union	10.8	10.3	10.0	9.9	9.7	9.8	10.0	9.8
Central and South-Eastern Europe (non-EU) and CIS	25.5	22.7	21.9	20.6	20.4	20.6	20.9	20.6
East Asia	58.0	55.8	55.6	54.8	52.4	50.9	49.6	48.7
South-East Asia and the Pacific	65.3	62.8	62.6	62.3	62.2	61.4	62.3	61.6
South Asia	80.9	80.6	80.3	80.0	78.9	78.2	78.4	77.7
Latin America and the Caribbean	35.9	33.9	32.9	32.3	31.8	32.4	31.9	31.9
Middle East	33.8	32.4	31.8	31.0	30.1	30.1	29.8	29.5
North Africa	42.2	41.8	40.3	40.5	39.8	39.4	37.7	37.4
Sub-Saharan Africa	80.7	78.7	78.4	77.6	76.7	77.1	76.9	76.6
Males	2000	2005	2006	2007	2008	2009	2010	2011*
World	51.0	50.4	50.0	49.5	48.7	48.7	48.6	48.2
Developed Economies and European Union	11.4	11.3	11.0	10.9	10.7	10.8	11.2	11.0
Central and South-Eastern Europe (non-EU) and CIS	25.9	23.4	22.5	21.1	20.7	21.2	21.2	20.9
East Asia	52.8	51.1	50.9	50.2	48.4	47.2	46.1	45.4
South-East Asia and the Pacific	61.3	59.4	59.3	58.7	59.1	58.3	59.1	58.5
South Asia	78.1	78.1	77.8	77.5	76.5	75.9	76.1	75.5
Latin America and the Caribbean	35.4	33.6	32.5	31.8	31.2	31.7	31.6	31.6
Middle East	30.9	29.2	28.8	28.0	27.5	27.7	27.3	27.0
North Africa	37.7	36.4	34.8	34.6	33.9	33.7	32.6	32.2
Sub-Saharan Africa	75.1	71.9	71.6	70.8	69.8	70.4	70.3	70.0
Females	2000	2005	2006	2007	2008	2009	2010	2011*
World	55.7	54.5	54.1	53.5	52.0	51.5	51.0	50.5
Developed Economies and European Union	10.2	9.1	8.8	8.6	8.4	8.5	8.5	8.4
Central and South-Eastern Europe (non-EU) and CIS	25.1	21.8	21.1	20.1	19.9	19.8	20.5	20.2
East Asia	64.3	61.6	61.4	60.5	57.4	55.5	53.9	52.7
South-East Asia and the Pacific	70.7	67.5	67.1	67.3	66.3	65.6	66.7	65.9
South Asia	88.1	86.5	86.4	86.3	85.0	84.3	84.6	83.8
Latin America and the Caribbean	36.8	34.3	33.6	33.1	32.7	33.4	32.3	32.3
Middle East	49.3	47.6	46.6	45.8	43.3	42.7	42.7	42.1
North Africa	59.2	61.7	60.2	60.7	60.0	59.0	55.0	55.1
Sub-Saharan Africa	87.6	86.7	86.4	85.5	84.8	85.0	84.7	84.5

* 2011 are preliminary estimates.

Source: ILO, *Trends econometric models*, October 2011; see also source of table A2.

ANNEX VIII:

Table A14a. Working poor indicators, world and regions (US\$1.25 a day)

Both sexes	Number of people (millions)				Share in total employment (%)			
	2000	2007	2010	2011*	2000	2007	2010	2011*
World	689.2	493.5	459.1	455.8	26.4	16.7	15.1	14.8
Central and South-Eastern Europe (non-EU) and CIS	6.8	2.9	2.2	2.0	4.6	1.8	1.4	1.3
East Asia	222.6	87.9	66.9	64.3	29.9	10.9	8.1	7.8
South-East Asia and the Pacific	75.4	39.7	33.1	32.9	31.1	14.5	11.4	11.1
South Asia	238.9	226.9	225.8	225.0	46.7	37.8	36.8	35.9
Latin America and the Caribbean	14.5	10.3	9.0	8.8	7.0	4.2	3.5	3.3
Middle East	0.7	0.9	0.7	0.8	1.6	1.6	1.1	1.2
North Africa	7.0	4.7	4.1	4.3	15.0	8.0	6.5	6.7
Sub-Saharan Africa	123.3	120.2	117.4	117.7	54.8	43.4	39.1	38.1

* 2011 are preliminary estimates.

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2011; see also source of table A2.

Table A14b. Working poor indicators, world and regions (US\$2 a day)

Both sexes	Numbers of people (millions)				Share in total employment (%)			
	2000	2007	2010*	2011*	2000	2007	2010*	2011*
World	1197.6	978.3	916.6	911.5	45.9	33.1	30.2	29.5
Central and South-Eastern Europe (non-EU) and CIS	19.3	8.8	7.7	7.4	13.0	5.5	4.8	4.5
East Asia	396.0	206.7	157.1	148.9	53.2	25.6	19.1	18.0
South-East Asia and the Pacific	146.5	105.3	96.1	95.7	60.5	38.3	33.0	32.3
South Asia	415.5	425.5	421.1	421.6	81.2	70.8	68.7	67.3
Latin America and the Caribbean	31.3	25.5	23.7	23.3	15.1	10.4	9.1	8.8
Middle East	3.4	4.4	4.1	4.4	8.3	8.0	6.8	7.0
North Africa	15.4	16.7	16.8	17.3	32.7	28.4	26.5	27.2
Sub-Saharan Africa	170.2	185.3	189.9	193.0	75.7	67.0	63.2	62.4

* 2011 are preliminary estimates.

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2011; see also source of table A2.

Annex 2. Projections

Table P1. Unemployment 2007–11 (rates)

Region	2007	2008	2009	2010	2011*		2012*			2015*			2016*				
					CI lower bound	Preliminary estimate	CI upper bound	CI lower bound	Preliminary projection	CI upper bound	CI lower bound	Preliminary projection	CI upper bound	CI lower bound	Preliminary projection	CI upper bound	
World	5.5	5.6	6.2	6.1	5.7	6.0	6.3	5.6	6.0	6.5	5.4	5.9	6.5	5.3	5.9	6.5	
Developed Economies and European Union	5.8	6.1	8.3	8.8	8.1	8.5	8.7	7.7	8.5	9.2	7.0	7.9	8.8	6.7	7.7	8.6	
Central and South-Eastern Europe (non-EU) and CIS	8.4	8.4	10.2	9.5	8.1	8.6	9.3	7.7	8.6	9.5	7.4	8.5	9.6	7.3	8.5	9.7	
East Asia	3.8	4.2	4.3	4.1	3.9	4.1	4.3	3.9	4.1	4.3	3.9	4.2	4.4	3.9	4.2	4.4	
South-East Asia and the Pacific	5.5	5.3	5.2	4.8	4.4	4.7	5.0	4.3	4.7	5.1	4.2	4.7	5.2	4.1	4.7	5.3	
South Asia	3.8	3.7	3.9	3.9	3.6	3.8	4.1	3.6	3.8	4.1	3.5	3.9	4.2	3.5	3.9	4.2	
Latin America and the Caribbean	7.0	6.6	7.7	7.2	6.7	7.2	7.6	6.5	7.2	7.9	6.5	7.3	8.1	6.4	7.3	8.1	
Middle East	10.3	10.4	10.1	9.9	9.5	10.2	10.8	9.5	10.3	11.1	–	–	–	–	–	–	
North Africa	10.1	9.6	9.6	9.6	10.3	10.9	11.6	10.0	11.0	12.0	9.4	10.6	11.9	9.1	10.5	11.8	
Sub-Saharan Africa	8.1	8.1	8.2	8.2	7.9	8.2	8.5	7.8	8.2	8.6	–	–	–	–	–	–	
Region	2008	2009	2010	2011*		2012*			2015*			2016*					
				CI lower bound	Preliminary estimate	CI upper bound	CI lower bound	Preliminary projection	CI upper bound	CI lower bound	Preliminary projection	CI upper bound	CI lower bound	Preliminary projection	CI upper bound		
							Change from 2007 (percentage points)										
World	0.1	0.7	0.6	0.2	0.5	0.8	0.1	0.6	1.0	–0.1	0.5	1.0	–0.2	0.4	1.0		
Developed Economies and European Union	0.3	2.6	3.0	2.4	2.7	3.0	1.9	2.7	3.5	1.2	2.1	3.0	0.9	1.9	2.9		
Central and South-Eastern Europe (non-EU) and CIS	0.0	1.9	1.2	–0.2	0.3	0.9	–0.6	0.3	1.2	–0.9	0.2	1.3	–1.0	0.2	1.4		
East Asia	0.5	0.5	0.4	0.2	0.3	0.5	0.2	0.4	0.6	0.1	0.4	0.6	0.1	0.4	0.7		
South-East Asia and the Pacific	–0.2	–0.4	–0.7	–1.1	–0.9	–0.6	–1.2	–0.8	–0.4	–1.3	–0.8	–0.3	–1.4	–0.8	–0.2		
South Asia	–0.1	0.1	0.1	–0.2	0.1	0.3	–0.2	0.1	0.4	–0.3	0.1	0.4	–0.3	0.1	0.4		
Latin America and the Caribbean	–0.3	0.8	0.2	–0.3	0.2	0.6	–0.4	0.2	0.9	–0.5	0.3	1.1	–0.5	0.3	1.2		
Middle East	0.1	–0.2	–0.3	–0.8	–0.1	0.6	–0.8	0.0	0.8	–	–	–	–	–	–		
North Africa	–0.5	–0.5	–0.5	0.2	0.9	1.5	–0.1	0.9	1.9	–0.7	0.6	1.8	–0.9	0.4	1.8		
Sub-Saharan Africa	0.0	0.0	0.0	–0.2	0.1	0.3	–0.4	0.0	0.4	–	–	–	–	–	–		

* 2011 are preliminary estimates; 2012–16 are projections; CI = confidence interval

– = data not available.

Sources: ILO, *Trends econometric models*, October 2011; see also source of table A2 and Annex 5.

ANNEX X

Towards Decent Work in Egypt Tuesday, June 24th Ministry of Investment Auditorium

Purpose of the conference:

The M/SME Donor Sub-group is organizing a joint conference on the current challenges and opportunities facing the labor market and their impact on the economic and social development.

Agenda

Conference Opening: 9:30 - 10:00	Objective: In this session, the Ministers of Labor, Industry and Trade, and Investment are invited to share their vision about the problem of skilling the Egyptian labor force. This will include their perception of Egyptian SMEs as a tool for the creation of decent jobs, from the angles of labor issues, industrial development and investment promotion.	Opening - Skilling the Egyptian Labor Force <ul style="list-style-type: none"> • <i>Welcome Note</i> Ms. Eman Omran, Chair of the M/SME Donor Sub-group & SME Program Team Leader, Canadian International Development Agency (CIDA) • <i>Labor perspective</i> H.E. Mrs. Aisha Abdel Hady, Minister of Labor* • <i>Industrial perspective</i> H.E. Eng. Rashid Mohamed Rashid, Minister of Industry & Trade* • <i>Investment perspective</i> H.E. Dr. Mahmoud Mohieldin, Minister of Investment
Session 1: 10:00 - 11:00	Objective: This session is dedicated to the analysis of the present situation of the labor market and its shortcomings, in relation to the SME sector. It will also position Egypt from an international perspective.	Situation Analysis Moderated by: Ms. Ghada Waly, United Nations Development Program (UNDP) and Co-Chair M/SME Donor Sub-group <ul style="list-style-type: none"> • <i>Egyptian labour market, with special emphasis on SMEs</i>, Dr. Ragui Assaad, Director, Population Council • <i>Positioning Egypt vis-a-vis international experience</i> Dr. Abdel Karim Kebiri, Senior Specialist, International Labor Organization (ILO)
11:00 - 11:30	Coffee Break	
Session 2: 11:30 - 13:30	Objective: Concerned partners in the private and public sector, as well as members of the civil society, shall share views on their respective roles, mainly on how to strengthen SMEs' ability to create more decent jobs. Particular emphasis will be put on improving productivity and	Is it Possible? Moderated by: Mr. Helmy Abouleish, Chairman, Industrial Modernization Center (IMC) <ul style="list-style-type: none"> • <i>Does the government remain relevant? Case study</i> Mr. Adham Nadim, Executive Director, Industrial Modernization Center (IMC) • <i>Is the private sector willing and capable? Case study</i>

	competitiveness through improving working conditions and social value of jobs, strengthening private sector contribution to vocational and entrepreneurship training.	<p>Mr. Mohamed El Mahdi, President and CEO, Siemens Limited (Egypt)</p> <ul style="list-style-type: none"> • <i>Are NGOs on the right track? Case study</i> Mr. Malik Kotadia, CEO, Aga Khan Development Network • <i>Decent work is good for business/computerized game to promote entrepreneurship with children</i> Mr. Peter Paproski, Counsellor/Head of Aid, Canadian Embassy
<p>Session 3:</p> <p>13:30 - 15:00</p>	<p>Objective: The panel will discuss other realistic interventions that have potential for outreach and application, working models for enhancing the job quality and employability of the Egyptian labor force, and debate on how to bring social and cultural value of skilled labor jobs.</p>	<p>What then & wrap-up</p> <p>Moderated by: Dr. Samir Radwan, Advisor to Chairman of General Authority for Investment and Free Zones (GAFI).</p> <p>Panel discussion with:</p> <ul style="list-style-type: none"> • Eng. Assem Ragab, Chairman, General Authority for Investment and Free Zones (GAFI) • Eng. Mohamed El Sewedy, Chairman, Industrial Training Center (ITC) • Eng. Ahmed Bakry, CEO, Olympic Group • Mr. Fouad Thabet, Chairman, Federation of Economic Development Associations (FEDA) • Ms. Seham Moughazy, Egypt's 1st Female Plumber
15:00 – 16:00	Light Lunch	

* To be confirmed (TBC)