MENA: The Great Job Rush

The ‘unemployment’ ticking time bomb and how to fix it

- **Is unemployment a major cause for civil unrest in some parts of the MENA region?**
- **Why do the locals have a preference for government jobs and shun the private sector?**
- **Why does the private sector see more benefit in hiring expatriates rather than the locals?**
- **How can the unemployment dilemma facing the MENA region be solved?**
- **What are the latest developments in Saudi Arabia’s nationalization policies?**
- **Do we have any successful model employed elsewhere?**

EXECUTIVE SUMMARY

The MENA has witnessed a wave of civil unrest. Waves of populist uprisings that started with the self immolation of a Tunisian street vendor on 17 December 2010 have spread to other countries in the region. Since then, long-standing presidents of two countries, Tunisia's Zine El Abidine Ben Ali (23-year regime) and Egypt's Muhammad Hosni Sayyid Mubarak (30-year rule), have been ousted from their positions. Violence and protests continue in areas of Libya, Syria, Yemen and Bahrain.

The political turmoil in the region can be ascribed to issues such as high inflation, demand for democracy, large disparity in incomes, corruption, and high unemployment. In this report, we try to understand the last and most crucial issue among these – unemployment.

The unemployment rate in the MENA is the highest in the world – Middle East (10.3%) and North Africa (9.8%). The situation in GCC is somewhat better; with an unemployment rate of 4.2%. Countries such as Djibouti, Yemen and Libya have unemployment rates in excess of 30%. Joblessness is a structural problem, particularly among youth in the region. The unemployment rate among the youth in the MENA is high – one in every four youths living in this region is unemployed. The youth unemployment rate in the Middle East and North Africa stands at 25.1% and 9.8% respectively.

A World Bank report released in 2003 mentioned that countries in the MENA region need to create some 100 million new jobs during 2000-2020 to overcome unemployment. The demographic data shows that as many as 76 million people (male and female) in the MENA region would enter the 20–30 (youth) age group by 2020. Based on an employment rate of 65% among the youth and the exit of 18.3 million from the working age group (retirees), the total number of new jobs required stands at 30.7 million. Similar analysis places the total number of new jobs required in GCC nations at 3.3 million. Generating jobs in proportion with the growing youth population over the next 10 years will be a priority for countries in MENA.

Creating jobs to accommodate new entrants in the labor market forms the core agenda of most governments in the MENA region. Governments in the MENA are taking serious steps to rectify the unemployment problem. In line with this, many of the MENA countries are significantly investing in improving their education system to equip their citizens with the knowledge and skills needed to join the workforce. Countries have also been hiking their budgetary allocations for education. Saudi Arabia, for example, allocated USD40 billion (more than one-fourth of its 2011 budget) for education and training. The country's budgetary allocation for education and training was USD36.7 billion in 2010 and USD32.5 billion in 2009, highlighting the increased focus on this area.

Nationalization policies, despite criticism, are also being actively pursued across the region (especially GCC) to spur employment for the local population and reduce capital outflows in the form of expatriate remittances. MENA governments do realize the valuable contribution that expatriates offer to the economy in terms of expertise and knowledge, so they are unlikely to be targeted as unwelcomed guests. Instead, the rate at which the expatriate population grows in regions like the GCC is likely to slow down going forward in order to pave the way for the rising local faction that is joining the workforce with ever-increasing levels of skills and qualifications. Each country faces unique challenges pertaining to unemployment and hence similar solutions cannot be applied to eradicate their problems. Therefore, each government would have to react based on its available resources and intensity of the problem.

The Saudi Labor Ministry has been in the news lately. Media reports in the second half of May 2011 suggested that Saudi Arabia – the largest economy in the Arab world – would place restrictions on employment of expatriates by not renewing permits for foreign workers who have been in the country for six years. This news has caused concern among the 8.4 million expatriate population of the Kingdom.

However, it was later clarified that the new 'Nitaqat Program' was applicable to only those private companies that did not abide by the Saudization program. *(The Saudization quota system requires businesses across sectors to have a blanket nationalization rate of 30%).* The Nitaqat Program categorizes private companies in Saudi Arabia under various bands. Establishments with high rates of Saudization have been placed under the Excellent/Green band and granted most privileges in visa requests and operations for non-Saudis. Companies with a lesser number of Saudi employees are classified under the Yellow and Red bands. These companies have been given a period of three months (until 10 September 2011) to comply with the policy before restrictions come into effect.

According to Saudi Arabia's Labor Minister Adel Faqih, nearly 40% of the private sector firms fall under the Yellow and Red bands. These firms could be forced out of business if they fail to comply with the new Nitaqat rules within the given time frame.

This move is partly aimed at addressing the high unemployment rate among the Kingdom's youth. At 25.9%, the unemployment rate among the youth in Saudi Arabia is nearly double the global average of 12.6% in 2010. Youth unemployment in the GCC averaged 22.8% in 2010. However, Saudi Arabia is not alone in battling a high unemployment of 10.8% (countrywide). Unemployment rates in GCC countries were lately recorded as follows: Bahrain (15%), Oman (15%), Saudi Arabia (10.8%), UAE (2.4%), Kuwait (2.2%), Qatar (0.5%).

Governments also should look at other long-term viable solutions to deal with unemployment. Our suggestions for solving the unemployment dilemma are: (1) Assist self-employment/ entrepreneurship, (2) Encourage investments from the private sector, (3) Continue to give greater emphasis to education, (4) Nationalization, and (5) Diversification.

Regional governments have understandably reacted swiftly in order to quell street protest. There is urgent need for such speed as the repercussions for inaction are obvious. The logic is simple, if you keep the population busy, they won’t have time to take to the streets. However, the actions so far, especially in Saudi and Egypt, are cosmetic at best. Short term solutions will not remove problems that took generations to fester. Deep structural changes are required, changes that go to the heart of cultural mentality, methods and processes that themselves will take generations to bear fruit. The Singapore example we use in this report, an example that can be used as a regional playbook, took generations to implement. The government support was long standing, unequivocal and resolute. It was based on an education system that not only taught the young generation a new way of the world but equally it taught the existing generation the need to adapt to a changing world. An education system should not only teach the best tenets of math’s, science and history but it should also promote the virtue of hard work, that no job is menial, that all persons are equal and only those that put in the effort will see just rewards. Over reliance on expatriates will not go away as long as the indigenous population only expects the best jobs with the best perks regardless of merit and competency. The Arab Spring shows that the Arab people are ready for this change and they are ready to accept the challenges that come with a new dawn. It is now up to the policy makers to respect that need, to address it with practicality and not carrot and stick. Fixing regional unemployment is the single most important issue facing the decision makers, one that will determine the future arc of growth, progress, human development and prosperity.

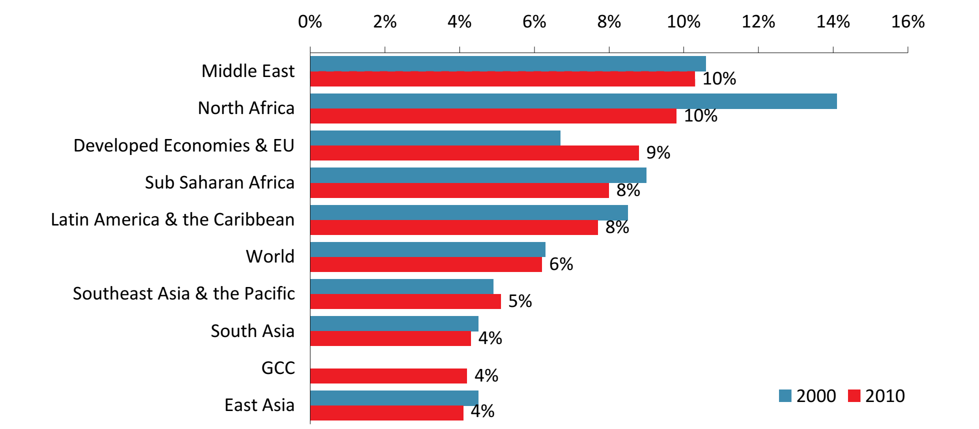
INTRODUCTION

MENA has the highest unemployment rate worldwide

The recent wave of civil unrest, starting with the Jasmine Revolution in Tunisia has swept across the Arab world. The uprise against years of authoritarian rule was driven by lack of political liberty, endemic corruption, large rural-urban divide, high inflation and unemployment in the region. Unemployment is a key reason among these.

The MENA has the highest unemployment rate worldwide. Though the unemployment rate in Middle East and North Africa declined to 10.3% and 9.8% in 2010 from over 10.6% and 14.1% in 2000, it is much higher than the global average of 6.2%. The situation is slightly better in the GCC region – unemployment rate stood at 4.2% in 2010.

Exhibit 1: Unemployment rate across various regions



Source: ILO, UNDP

Though new job opportunities are being created every year, it has not been enough to bring down the unemployment levels significantly as the population in the region is also on the rise. Between 2000 and 2010, population increased by 7.2 million a year, a CAGR of 2.2% vis-à-vis the global average of 1.3% (refer Appendix 3).

Countries in the MENA region would need to create nearly 100 million new jobs during 2000-2020—World Bank

Creating jobs to accommodate new entrants in the labor market forms the core agenda for most governments in the MENA region. Governments are initiating steps such as: (i) diversifying the economy beyond traditional industries; (ii) adding knowledge-based infrastructure in the form of universities and vocational training centers; (iii) encouraging investments from the private sector and foreign investors; (iv) fostering self-employment /entrepreneurship; and (v) improving labor policies.

According to the World Bank, countries in the MENA region would need to create nearly 100 million new jobs by 2020 (between 2000 and 2020) to overcome unemployment. Most of these new jobs would be essential to absorb the young entrants in the labor force. Our analysis of the demographic data available from LABORSTA and IMF suggests that countries in MENA would need to create nearly 30.7 million new jobs over the next 10 years, while the GCC region would require 3.3 million new jobs.

Egypt, Iran, and Iraq would need to generate the maximum jobs

Egypt, Iran, Iraq, Algeria, Morocco and Saudi Arabia would need to generate the maximum jobs since more than three-fourth of the people in the age group of 20–30 are expected to come from these countries.

OVERVIEW OF THE JOB LANDSCAPE IN THE MENA

Public sector – the employer of first choice

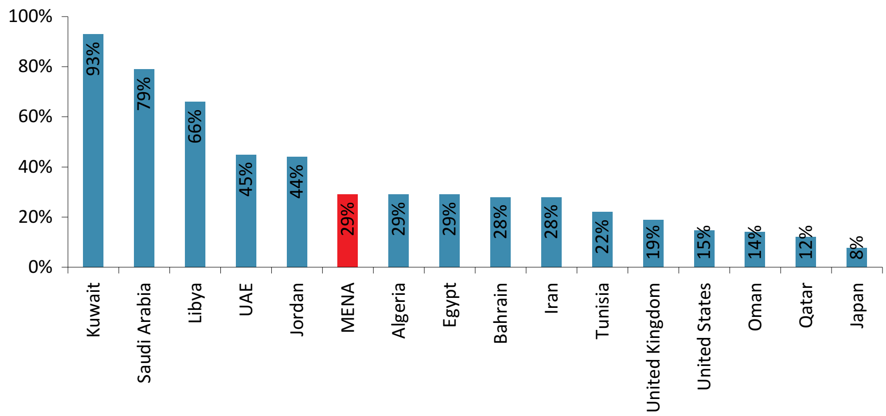
Citizens of most MENA countries prefer to work in the public sector

The public sector remains the primary source of employment in the MENA region. It is the employer of first choice and usually also the last resort, especially in many GCC countries. According to the World Bank, public sector employment in MENA contributed to 29% of the total employment in 2005, much higher than the corresponding figures for Japan (7.7%), the US (14.6%) and the UK (18.9%). Public sector employment is as high as 93% in Kuwait and it is 79% in Saudi Arabia and 66% in Libya.

According to the Middle East Policy Council, 72.3% of all public sector jobs in GCC are held by citizens/nationals. The ratio of nationals in public sector jobs is high in Saudi Arabia (91.3%), Bahrain (90.8%), Oman (80.5%) and Kuwait (74.6%).

Citizens of most MENA countries prefer to work in the public sector due to a better pay scale, shorter working hours, job security and other associated benefits. For instance, as per a 2003 survey, 80% of the unemployed youth in Syria sought employment in the public sector, while 60% preferred jobs exclusively in the public sector. As per a World Bank policy research working paper "Workers in Crisis in the MENA Region: An analysis of labor market outcomes and prospects for the future", public sector wages in MENA were about 30% higher than in the private sector in the 1990s. Public sector employees work for six hours a day relative to eight hours put in by the private sector staff.

Exhibit 2: Public sector employment as a share of total employment in various countries



Source: World Bank, London School of Economics and Political Science, UAE Yearbook 2010

Public sector employment gained traction due to the social contract obligations of governments in the MENA

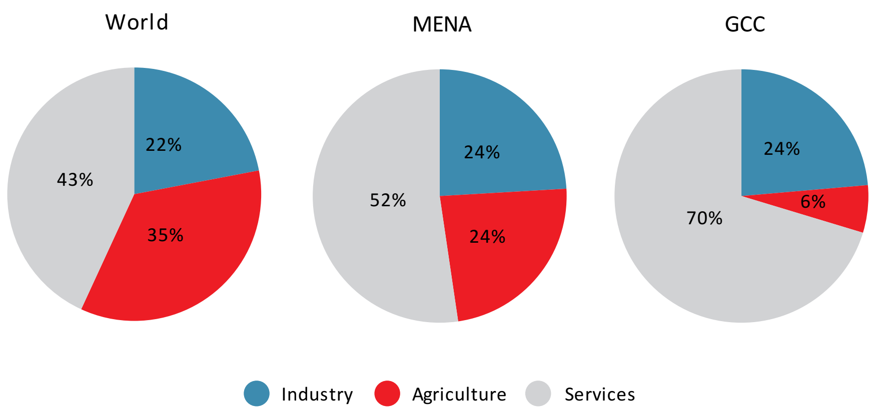
Public sector employment in the MENA was driven by nationalization policies during the 1950s and 1960s. It further expanded (especially for hydrocarbon-rich nations) during the oil boom in the 1970s and early 1980s. Public sector employment also gained traction due to the social contract obligations of governments in the MENA region that guaranteed educated workers access to permanent jobs.

Most people engaged in the services sector

It is worth noting that the services sector accounts for 52% of the jobs in the MENA region, 70% in the GCC region compared to 43% for the rest of the world. On the other hand, the agriculture sector and industry are responsible for 24% each compared to 35% and 22%, respectively, for rest of the world. However, a lower number of people engaged in agriculture is but natural for the Middle East region due to poor climatic conditions.

The services sector accounts for 52% and 70% of the jobs in MENA and GCC

Exhibit 3: Employment statistics by sector - World, MENA and GCC



Source: ILO, Kuwait China Investment Company, Al Masah Research

Sectoral employment trends in the MENA during 1999–2009 indicate the rising importance of the services and industry sectors. The share of both sectors has increased 1.1% and 1.2%, respectively, over the past decade. These sectors gained at the cost of agriculture (down 2.3%).

Expatriates comprise a large portion of the labor force

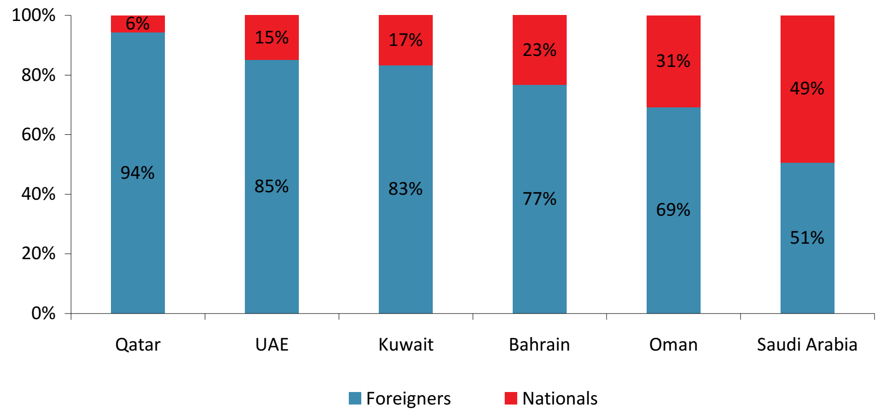
A distinguishing feature of the MENA labor markets (especially GCC member countries) is the significant number of expatriates in the labor force.

GCC countries employ significant number of expatriates in the labor force

These countries have been employing foreigners since the early years of the oil boom. Thereafter, the large inflow of petrodollars filled government treasuries and boosted spending on infrastructure and related activities. Focus on diversifying economies and developing the non-oil sector generated considerable employment opportunities that were again occupied mostly by the foreign workforce.

Private sector employers prefer foreigners over nationals due to their knowledge and skills, lower salaries, higher productivity and flexible hiring arrangements.

Exhibit 4: Foreign and native components of the labor force across the GCC



Source: London School of Economics and Political Science

Slow recovery in the private sector

Job creation in the private sector largely benefited expatriates

According to the IMF's Regional Economic Outlook report (April 2011), jobs were mainly created in the private sector in the GCC over the past decade. (We have used GCC as a proxy due to data unavailability in terms of private sector employment in the MENA region.) IMF reports that job creation in the GCC private sector largely benefited expatriates more than locals. It has been noted that employers have a preference for expatriates as there are several advantages of hiring them over locals. Therefore, despite high levels of job creation in the private sector, the local population in the region suffers from high rate of unemployment.

The exhibit below shows that job creation in countries such as Bahrain, the UAE, Kuwait and Oman has averaged close to or more than 8.0% per annum over 2000–09.

Exhibit 5: Employment creation in select MENA countries during 2000–2009

Country	Total Employment 2000—(millions)	Total Employment 2009—(millions)	Annualized Change (% age)
Algeria	6.2	10.2	7.1%
Bahrain	0.2	0.4	16.1%
Iran	15.6	18.0	1.7%
Kuwait	1.2	2.1	8.2%
Libya	1.4	1.6	1.2%
Oman	0.7	1.1	8.0%
Saudi Arabia	6.0	8.1	4.0%
Sudan	8.7	12.0	4.2%
UAE	1.7	3.5	11.5%

Source: IMF - REO April 2011

Employment of nationals in the private sector has also benefited from the nationalization programs

Employment of nationals in the private sector has also benefited from the nationalization programs (such as Saudization, Emiratization and others) adopted by several GCC countries. However, these measures have drawn criticism since they are not yielding the desired results.

For instance, despite being in force for many decades, Saudization has met with little success. According to the Ministry of Economy and Planning, the rate of Saudization was 47.9% in 2009, below the target of 51.5% in the Eighth Development Plan. Accordingly, the target rate in the Ninth Development Plan has been lowered to 53.6% for 2014 from the earlier 60.4%.

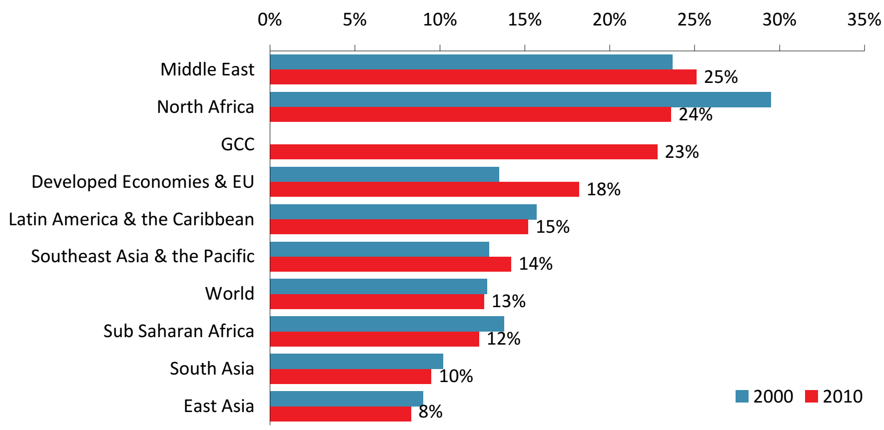
THE MENA HAS HIGH YOUTH UNEMPLOYMENT AND HIGH INFLATION

Unemployment rate among the youth in MENA is nearly double the global average of 12.6%

The MENA has the highest unemployment rate compared to other regions worldwide. According to data from ILO, the unemployment rate in Middle East and North Africa was 10.3% and 9.8% in 2010 compared to the world average of 6.2%. Also, it was the highest worldwide at the beginning of this decade (refer Exhibit 1).

Unemployment is a structural problem, particularly among youth. Unemployment in the age group of 15–24 in the MENA is among the highest worldwide. Data from ILO indicates that the unemployment rate among youth stood at 25.1% for Middle East and 23.6% for North Africa in 2010 compared to the global average of 12.6%.

Exhibit 6: Unemployment rates among youth across various regions



Source: ILO, UNDP, LABORSTA
Note: For calculating GCC youth unemployment rate, we have assumed the population in the age group of 15-24 years to be the labor force

The rate of unemployment among the youth is extremely high in MENA, particularly in countries such as Yemen (50.0%), Algeria (45.6%) and Iraq (43.5%). Refer the Exhibit below for the unemployment rate among the youth in MENA countries.

The economic loss of youth unemployment exceeds USD40-50 billion annually across the Arab world—McKinsey

The youth are an important asset for the economy and as such, their unemployment is a huge loss. A McKinsey report states that the economic loss of youth unemployment exceeds USD40–50 billion annually across the Arab world. Governments in many of these nations spent heavily on creating educational institutions but did not lay the foundation to employ students that pass out from these institutions. The report also reveals that just one third of new graduate employees are ready for the workplace when hired, a much lower rate than that in other regions. Private employers have therefore complained that the education system in this part of the world simply overlooks market needs and requires to be revamped.

The McKinsey findings were based on approximately 200 interviews, surveys of 1,500 employers and 1,500 young people in nine countries. The countries comprised of three middle-income economies (Morocco, Egypt, and Jordan); three oil-producing economies (Algeria, Oman and Saudi

Arabia); as well as Iraq, West Bank and Gaza, and Yemen.

Youth unemployment is extremely high in Yemen, Algeria and Iraq

Exhibit 7: Unemployment across various MENA countries

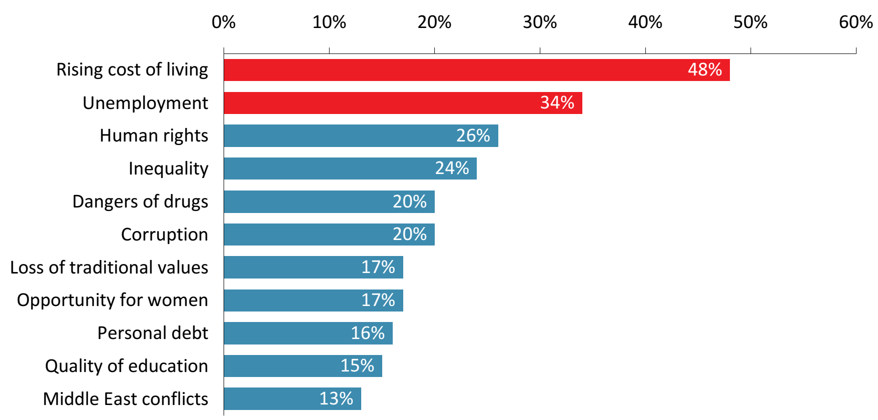
Country	Total Unemployment	Youth Unemployment
Yemen	35.0%	50.0%
Algeria	9.9%	45.6%
Iraq	15.3%	43.5%
Tunisia	14.0%	29.4%
Jordan	13.4%	28.1%
Saudi Arabia	10.8%	25.9%
Iran	14.6%	25.0%
Egypt	9.7%	24.8%
Kuwait	2.2%	23.3%
Lebanon	13.0%	22.1%
Bahrain	15.0%	20.7%
Oman	15.0%	19.6%
Syria	8.3%	18.3%
Morocco	9.8%	17.6%
Qatar	0.5%	17.0%
UAE	2.4%	6.3%

Source: ILO, UNDP, Others
Note: Youth defined as age group of 15 to 24 years

Unemployment coupled with inflation is a lethal combination. A survey on Arab youth conducted by ASDA'A suggests a rise in the cost of living and unemployment are the two biggest challenges for the Middle East. Factors such as human rights, inequality and corruption pose a lower challenge.

Rise in cost of living and unemployment are the two biggest challenges for the Middle East

Exhibit 8: Arab youth survey – biggest challenges



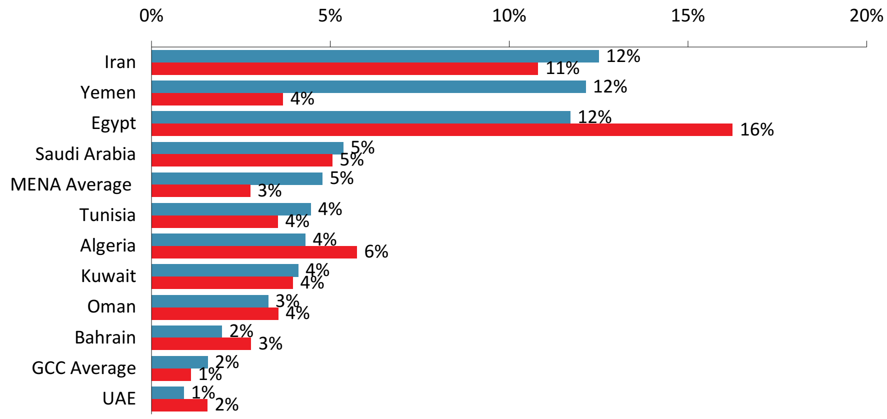
Source: ASDA'A 2010 Arab Youth Survey

According to the recent IMF Regional Economic Outlook report (April 2011), inflation averaged 7.0% in 2010 in the MENA region compared to 6.1% in 2009. Inflation is projected to increase to 10.2% in 2011 due to a rise in fuel and food prices.

Higher food prices are perhaps the foremost area of concern for MENA countries, given that the region imports more than half of its food requirements (World Bank). GCC countries, in particular, are significantly dependent on rest of the world for their food consumption as agriculture is nearly absent due to arid climatic conditions. Food inflation is high in Iran (25%), Egypt (18%) and Yemen (15%).

Inflation is very high in Iran, Yemen and Egypt

Exhibit 9: Inflation among some of the MENA countries (2010 and 2009)



Source: IMF

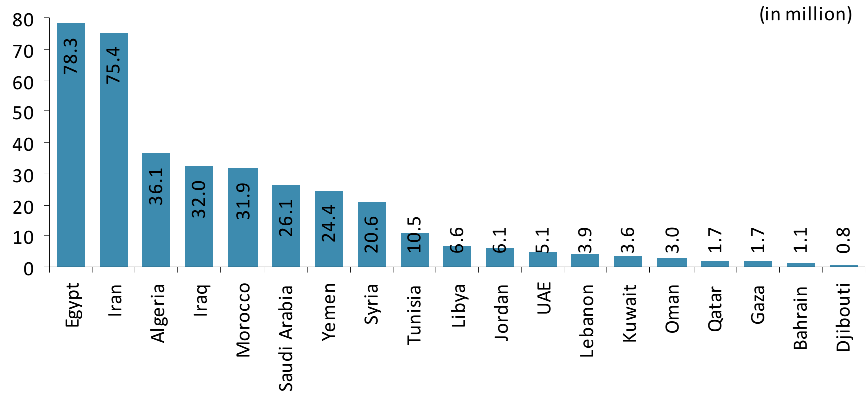
Inflation in the GCC stood at 3.2% in 2010 vis-à-vis 3.0% in 2009. IMF projects inflation could scale up to 5.3% in 2011. The projections are high for GCC member countries such as Kuwait (6.1%) and Saudi Arabia (6.05%).

THE MENA IS ENDOWED WITH CONSIDERABLE HUMAN CAPITAL, THAT IS GROWING AT A FAST PACE

The MENA region's population is nearly 370 million or 5.4% of the global population. Three countries, Egypt, Iran and Algeria, account for a little more than half of the MENA population. Despite the recent decline in fertility rates, population is projected to reach 600 million by 2050.

Egypt, Iran and Algeria, account for a little more than half of the MENA population

Exhibit 10: Population across the MENA – 2010

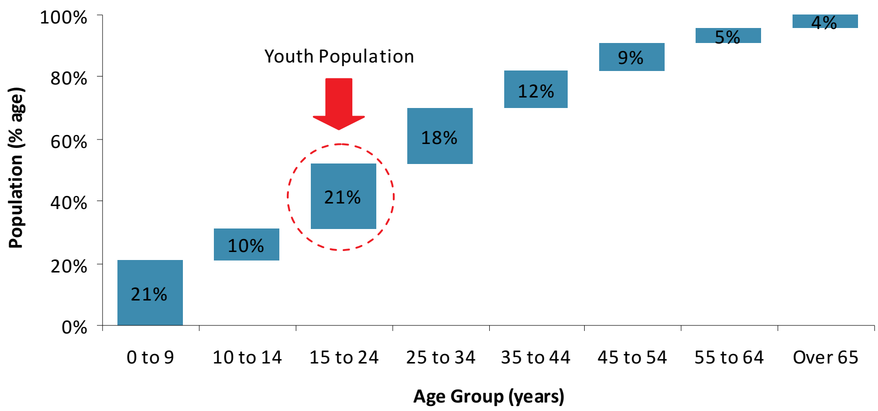


Source: IMF

The MENA has a young demographic profile. One in every three people living in this region is less than 14 years old. Moreover, the youth population—defined as those in the age group of 15–24—is close to 80 million (males and females).

The youth population—defined as those in the age group of 15–24—is close to 80 million or 21% of the total population in MENA

Exhibit 11: Relatively young population in MENA (2010)



Source: LABORSTA, IMF, Al Masah Research

As per Population Reference Bureau's (PRB) projections, the population in the MENA region would increase to 470 million by 2025 and 600 million by 2050 with Yemen, Iraq, Jordan, Oman, Saudi

Arabia and the UAE registering the maximum growth.

Egypt is likely to remain the most populous country in 2050, with as many as 138 million inhabitants, followed by Iran (97 million), Iraq (64 million) and Yemen (52 million). Morocco, which ranks among the five most populous countries in the MENA as of 2010, is likely to bequeath its position to Yemen.

Algeria is expected to rank fifth in terms of the most populous nation in the MENA by 2050 vis-à-vis third in 2010. The country has successfully managed to limit population growth since the beginning of 2000.

Egypt is likely to remain the most populous country in 2050, with as many as 138 million inhabitants, followed by Iran (97 mn), Iraq (64 mn) and Yemen (52 mn)

Exhibit 12: Population across various MENA countries (million)

Country	Population		CAGR	Population	CAGR
	2010	2025E	2010—25E	2050E	2010—50E
Egypt	78.3	103.6	1.9%	137.7	1.4%
Iran	75.4	87.1	1.0%	97.0	0.6%
Iraq	32.0	44.7	2.2%	64.0	1.7%
Yemen	24.4	34.5	2.3%	52.2	1.9%
Algeria	36.1	43.6	1.3%	50.4	0.8%
Saudi Arabia	26.1	35.7	2.1%	49.8	1.6%
Morocco	31.9	36.6	0.9%	41.2	0.6%
Syria	20.6	28.6	2.2%	36.9	1.5%
Tunisia	10.5	12.1	0.9%	13.2	0.6%
Jordan	6.1	8.5	2.2%	11.8	1.7%
Libya	6.6	8.1	1.4%	9.8	1.0%
UAE	5.1	7.0	2.2%	9.4	1.6%
Oman	3.0	4.2	2.3%	5.7	1.6%
Kuwait	3.6	4.1	0.9%	5.4	1.0%
Lebanon	3.9	4.7	1.2%	5.0	0.6%
Qatar	1.7	2.1	1.4%	2.6	1.1%
Bahrain	1.1	1.6	2.5%	2.0	1.5%
Djibouti	0.8	1.1	1.9%	1.5	1.5%

Source: IMF, PRB

However, the rising population is driving unemployment in MENA. The unemployment rate among the youth in MENA is the highest in the world: 25.1% for Middle East and 23.6% for North Africa – nearly double the global average of 12.6% in 2010.

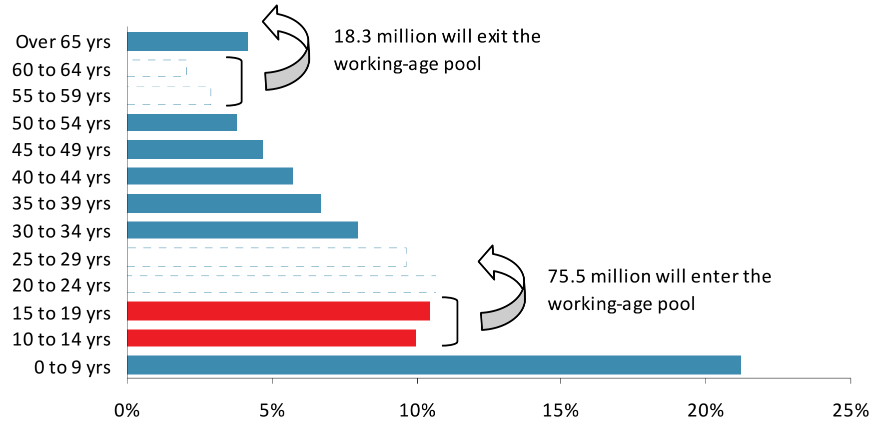
WOULD THE POPULATION FIND SUITABLE JOBS?

According to a World Bank report released in 2003, countries in the MENA region would need to create nearly 100 million new jobs between 2000 and 2020 to overcome unemployment. That's four million new jobs each year.

Analysis of the demographic data available from LABORSTA and IMF indicates that as many as 75.5 million people in the region would be in the 20–30 age group by 2020. Considering an employment rate of 65% among the youth and exit of 18.3 million from the working age group, 30.7 million people in the region would need new jobs. Creating jobs for these new entrants would be a challenging task for MENA countries.

By 2020, as many as 76 million people would be in the age group of 20–30 in the MENA region

Exhibit 13: By 2020, approximately 76 million people will likely join the working-age population pool in the MENA region, while 18.3 million will exit

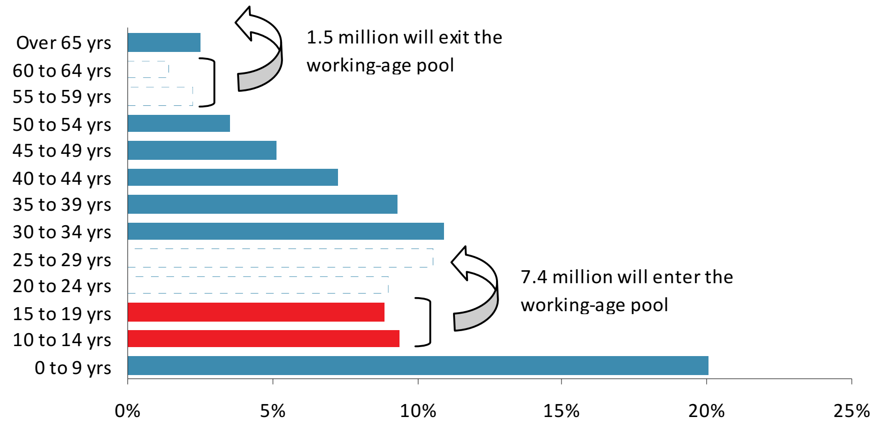


Source: LABORSTA, IMF, Al Masah Research

Using the same measure, the total number of people in need of jobs in GCC would be 3.3 million.

By 2020, as many as 7.4 million people would be in the age group of 20–30 in the GCC region

Exhibit 14: By 2020, approximately 7.4 million people will likely join the working-age population pool in the GCC region, while 1.5 million will exit

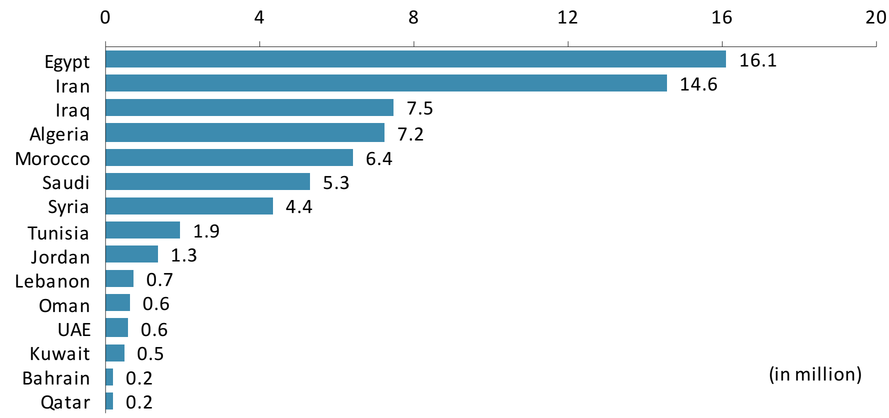


Source: LABORSTA, IMF, Al Masah Research

Considering the same for each country in the MENA region, people in the age group of 20–30 joining the workforce is expected to be substantially high in Egypt (16.1 million), Iran (14.6 million), Iraq (7.5 million) and Algeria (7.2 million). Figures for some of the other countries are depicted in the chart below.

People in the age group of 20–30 is expected to be substantially high in Egypt, Iran, Iraq and Algeria

Exhibit 15: Population in the age group of 20–30 by 2020 across several MENA countries



Source: LABORSTA, IMF, Al Masah Research

Consulting firm McKinsey & Company voiced the same concern about the employment challenges in the Arab world in its recently commissioned report "Education for Employment: Realizing Arab Youth Potential". The report highlights that the large number of youth in the Arab World would continue to exert pressure on the labor market over coming years. About a third of the total population in the Arab World is currently below the age of 15, and a further third is in the 15–29 age group. As a result, tens of millions of young people would enter the region's workforce over the next ten years, searching jobs either at home or through regional labor mobility.

HOW WILL MENA COUNTRIES SOLVE THE UNEMPLOYMENT CHALLENGE?

Greater emphasis on education

MENA needs to work on its education system. Surveys reveal that the youth here often lack the basic skills required for a job

Governments in the MENA region are aware of the need for serious investments in improving their education system. For instance, Saudi Arabia allocated USD40 billion (more than one-fourth of its 2011 budget) for education and training. The Kingdom has more than tripled its budgetary allocation on education and training programs since 2000. However, Saudi Arabia still suffers from high unemployment, especially among the youth. Unemployment among the youth (in the age group of 15 to 24 years) stood at 25.9% in 2010.

The main reason behind this phenomenon is that the focus is on quantity rather than the quality of education imparted to students. Survey results based on responses from employers reveal that the youth from MENA often lack the basic skills required for a job. There is also a dearth of people with higher technical education. A Booz & Company report reveals that majority of the unemployed in the GCC region just had a high school diploma or lower level of education.

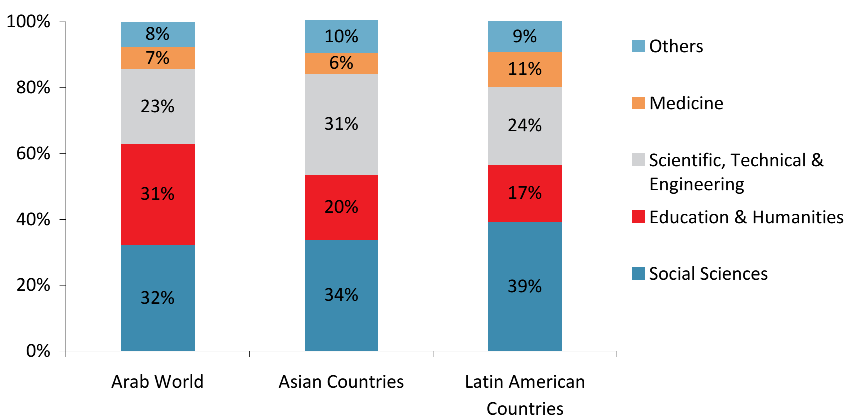
Our broad suggestions:

- **Push to pursue higher education:** The governments in the region have focused on investments in primary and secondary schooling until now. The focus would now have to be broadened to include higher education facilities.

- **Align to the needs of the job market:** MENA produces more graduates in humanities and social sciences than in science and technology. The current educational system fails to impart the right skills and hence should be reformed taking into consideration the market requirements.

MENA produces more graduates in humanities and social sciences than in science and technology

Exhibit 16: MENA produces more graduates in humanities than in science and engineering



Source: World Bank, UNESCO

- **Encourage interactive teaching models:** The current education system in MENA places little emphasis on group work, problem solving and interactive teaching methods. Governments need to take steps to improve the method of imparting knowledge in the region. They should also look at updating the curriculum and improving teacher training programs.

The education space in MENA is drawing attention from the private sector (including private equity) due to the Private Public Partnership (PPP) model. As per a report by Deloitte, several governments have entered into contracts with the private sector to manage and operate educational institutions. The PPP model of education is already active in some of the GCC countries. For instance, Abu Dhabi launched a PPP pilot project in thirty K-5 Schools in 2006.

The PPP model has been successfully adopted by countries worldwide for developing infrastructure such as airports, railways, and roads.

The education space in MENA is drawing attention from the private sector, including private equity

Exhibit 17: Notable Private Equity deals in education – MENA

Year	Country	Education Facility	PE Fund
2010	Qatar	Newton Schools	NBK Capital Mezzanine Fund I
2009	UAE	Al Maaref Private School	NBK Capital Mezzanine Fund I
2009	Saudi Arabia	Al Raeda for Education Development	Eastgate MENA Direct Equity
2008	Kuwait	Sama Educational Company	Kuwait Investment Opportunities Fund
2008	Kuwait	Madaares PJSC	Global Capital Management
2008	UAE	Taaleem	Al Khayyat, Rasmala Investments, RHT Partners
2007	Saudi Arabia	Ma’arif for Education and Training	Gulf Capital Equity Partners Fund II

Source: Zawya, Thomson Reuters

The PPP model has been successfully adopted by countries worldwide for developing infrastructure such as airports, railways, and roads.

Encouraging self-employment/entrepreneurship

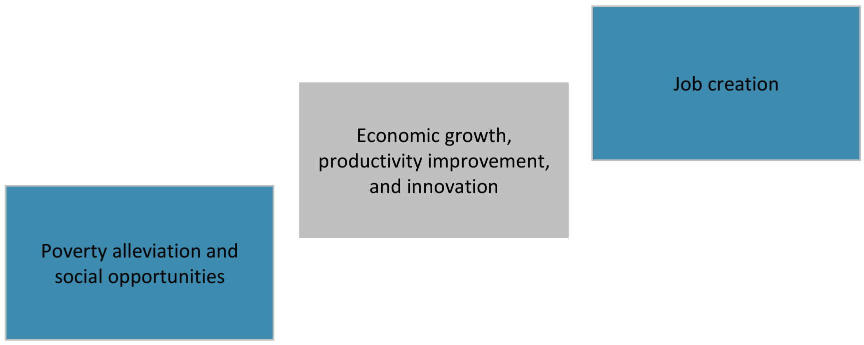
Entrepreneurs are the driving force behind SMEs that, in turn, create several jobs in the economy

Entrepreneurship is considered the key to economic performance. Promoting entrepreneurship has gained significant attention from all spheres of the community.

Entrepreneurs are the driving force behind small and medium enterprises (SMEs) that, in turn, create several jobs in the economy. According to the World Bank, SMEs employ more than half of the working population in many market economies and account for about 90% of the total firms.

Creating a suitable environment for fostering entrepreneurial activities is a priority shared by governments worldwide. However, the case for entrepreneurship is stronger among governments in the MENA region due to the high level of unemployment. Some strategies for promoting entrepreneurial activities are as follows.

Exhibit 18: Higher level of entrepreneurial activity leads to job creation, economic growth and poverty alleviation



Source: Organization for Economic Co-operation and Development (OECD)

- **Easy access to finance:** Easy access to funds is an important part for the growth of entrepreneurial eco system. The capital markets (debt and equity) of MENA are not matured compared to that of the developed markets and even when compared to many of the emerging markets. While the capital market reforms are already underway in many of the Arab countries, lot more needs to be done. Many of the capital markets in the region lack breadth and depth compared to the developed markets.

- **Ease of establishing and closing down a business:** The regulatory and administrative framework of a country plays an important role in creating entrepreneurs. Economies that have simpler rules for establishing and closing down businesses as well as lower regulatory compliances for running an existing business prove to be fertile grounds for entrepreneurs.

- **Business incubation centers:** It is a successful model for preparing future entrepreneurs. Incubation centers enable people to showcase their business plans. Following a detailed analysis, some of the promising entrepreneurs are selected. Thereafter, they receive funding as well as the requisite training for turning their business plans into reality.

Government of Dubai strongly supports entrepreneurs through MBRE and MBR Foundation

Within GCC, the Government of Dubai strongly supports entrepreneurs through the Mohammed Bin Rashid Establishment for Young Business Leaders (MBRE) and the Mohammed bin Rashid Al Maktoum Foundation (MBR Foundation). Both these offer help ranging from training courses and workshops to awarding non-refundable grants to nationals interested in entrepreneurship.

Increase in investments from the private sector

The economy needs an appropriate contribution from the private sector for overall growth

The private sector is the true solution for the existing unemployment problem in MENA. Providing jobs in the government/public sector, such as those assured by the Saudi Arabian government recently, definitely are welcome steps but are not enough to provide long-term solution for unemployment.

It is difficult for any economy to run solely on the success of the public sector. It needs an appropriate contribution from the private sector for overall growth. However, private firms should not only be interested in generating large profits, but should also play a larger role in activities that are in the wider interest of a country. In fact, many economist theories suggest that it is not the government's job to run businesses. Instead, the government should focus on activities like policy formulation, legal and regulatory framework, maintenance of the law and creation of the right infrastructure for improving the business environment for private sector participation.

The World Bank publishes the Ease of Doing Business Index to assess the business environment prevailing in different countries. According to the most recent findings, Saudi Arabia is the country of choice to conduct business in the MENA region. It ranks 11th among 183 odd countries surveyed by the World Bank. It is followed by Bahrain (28th), the UAE (40th) and Qatar (50th), all of which fall under Level 2, i.e., among the top 50 countries to conduct business. However, it is important to note that none of the MENA countries are classified under Level 1 or the top 10 rankings.

According to the most recent findings, Saudi Arabia is the country of choice to conduct business in the MENA region

Exhibit 19: Countries offering the best framework for business across MENA

Source: World Bank – Doing Business 2011, Al Masah Research

A nation's ranking on the index is based on the average of nine sub indices: starting a business, dealing with construction permits, registering property, obtaining credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing down a business.

Please refer to Appendix 1 for the complete ranking list on various parameters for each of the MENA countries.

Nationalization policies

Nationalization policies like Saudization, Emiratization, Omanization, Qatarization, Kuwaitization and Bahrainization exist in the GCC

Saudi Arabia and several countries in the MENA region are currently struggling with high levels of unemployment among nationals. As a result, the importance of Saudization, a policy initiated by King Fahd bin Abdul Aziz, has increased significantly. The Saudization quota system requires businesses across sectors to have a blanket nationalization rate of 30%.

Similar to Saudization, nationalization employment policies such as Emiratization, Omanization, Qatarization, Kuwaitization and Bahrainization exist in the UAE, Oman Qatar, Kuwait and Bahrain, respectively. The policies aim to increase the employment of locals/nationals through mandatory, administrative and qualitative measures.

Exhibit 20: Policy instruments to nationalize the workforce

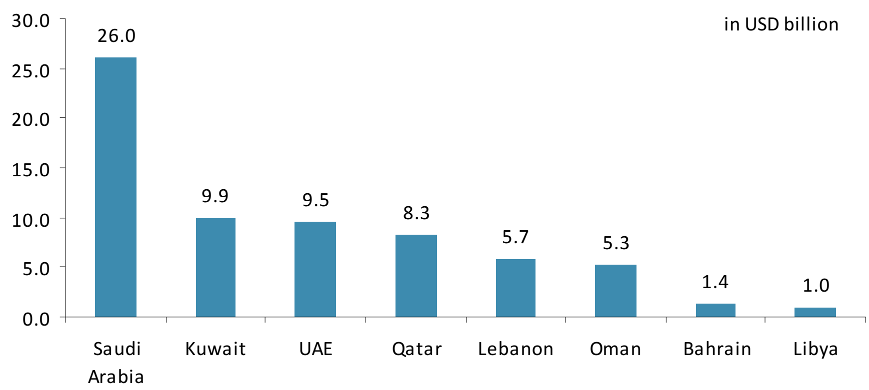
Mandatory	Administrative	Qualitative
Nationalization of the public sector workforce	Fees for the use of expatriate labor	Wage restraint in the public sector
Quotas on expatriates	Time-specific cash benefits for employing nationals	Civil service retrenchment
Quotas on employment of nationals		Reduction in implicit subsidies
Ban on hiring expatriates in certain sectors		Enhance private sector benefits
Tightening of immigration legislation		Educational reforms and Vocational training

Source: IMF Working Paper by Ugo Fasano and Rishi Goyal

Although these policies were subject to criticism, they are being actively pursued across the region (especially the GCC) to spur employment for the local population and reduce capital outflows in the form of remittances. According to the World Bank, Saudi Arabia was one of the top three remittance sending countries in 2009. The chart depicts remittances of USD1 billion and more, across some of the MENA countries.

Exhibit 21: Outward remittances by foreign workers in MENA - 2009

Outward remittances by foreign workers in Saudi Arabia were USD26 billion in 2009



Source: World Bank, UAE Exchange Centre

In May 2011, Saudi Arabia announced a strong initiative to safeguard the employment interests of its nationals

Below is a detailed discussion on the recent changes in the nationalization policy of Saudi Arabia.

Nitaqat, the new weapon

In May 2011, Saudi Arabia (largest economy in the Arab world) announced a strong initiative to safeguard the employment interests of its nationals. The government announced that it would not renew permits for foreign workers who have been in the country for six years. Expatriates comprising a little more than 50% of the total workforce in the Kingdom expressed concern over this initiative. After few clarifications, it was found that the rule was applicable to just those private companies that did not abide by the Saudization program.

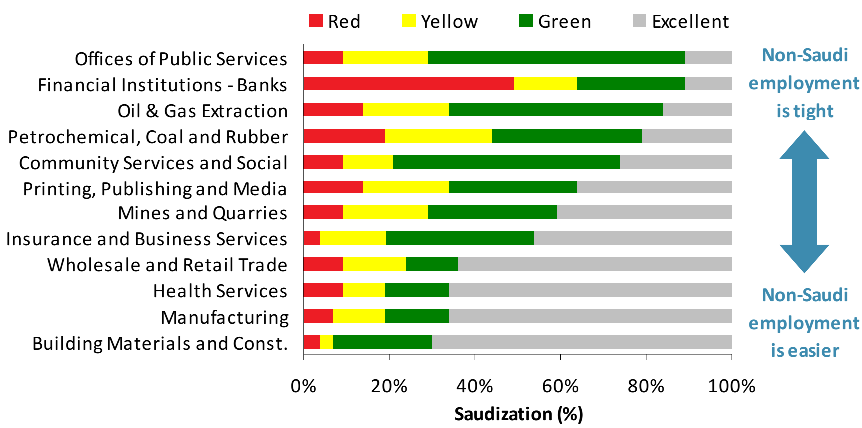
The new rule Nitaqat Program places firms under various bands. Establishments with high rates of Saudization have been categorized under the Excellent/Green band; they would be granted most privileges in visa requests and operations for non-Saudis. Those with lesser number of Saudi employees are classified under Yellow and Red bands. Companies under both the Yellow and Red bands have been given a period of three months (until 10 September 2011) to improve their rate of nationalization before restrictions come into effect.

Furthermore, companies with an exceptional track record of employing Saudi nationals would enjoy a host of incentives from 10 September 2011 for their efforts; penalties would be imposed on the ones that do not comply with the rules. The privileges for companies in the Excellent/Green band include speedier procedures for getting visas for foreign workers and the right to hire expatriates working for other companies without getting their employers' approval, as was the case earlier.

Nitaqat assigns different Saudization (nationalization) rates according to the employment size and activity of companies; smaller businesses have lower overall quota requirements than the larger ones. Below is a graphical representation of the different nationalization rates applicable to companies employing 3,000 and more people.

The Nitaqat Program places firms under various bands like Excellent, Green, Yellow and Red

Exhibit 22: Saudization bands across some of the business lines



Source: Ministry of Labor Saudi Arabia, Al Masah Research
Note: Refer Appendix 2 for the complete list

A major chunk of the expatriate population in the Kingdom is employed in construction and building, as well as wholesale and retail trade

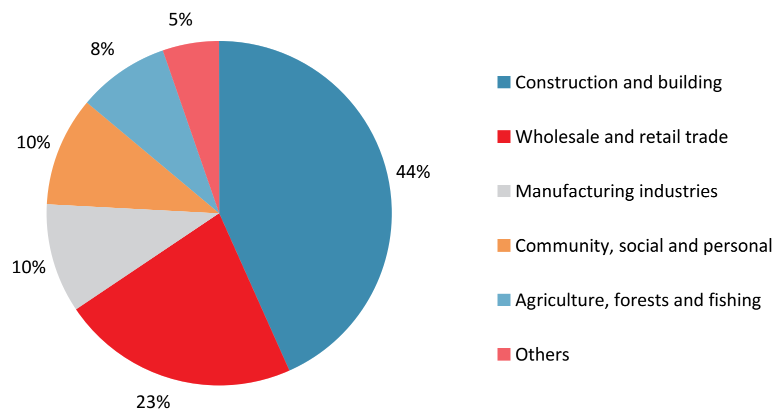
According to the Saudi Arabia's Labor Minister Adel Faqih, as many as 40% of the private sector firms in KSA fall under the last two bands (Yellow and Red). As per the Nitaqat Program, these firms could be forced out of business if they fail to comply with the new rules within the given time frame.

The new rule is causing concerns since the private sector employs 77% of the total expatriate population in Saudi Arabia. According to John Sfakianakis, Chief Economist at Banque Saudi Fransi, "Given the skewed balance of employment in the private sector toward non-nationals, as many as 30% of private sector companies, mainly smaller in size, will struggle and possibly be forced to shut down as a result of the policy if it is widely enforced."

Data from SAMA suggests that a major chunk of the expatriate population in the Kingdom is employed in construction and building, as well as wholesale and retail trade. Therefore, we could look at new Saudization levels for the top three employment sectors (for non-nationals) to gauge the possible level of job loss among expatriates.

- **Construction and building:** Firms need to comply with just 8% Saudization to be deemed Green.
- **Wholesale and retail trade:** Companies need to follow the 25% Saudization rule to be categorized under the Green band.
- **Manufacturing industries:** Firms need to comply with 20% Saudization to be under the Green band.

Exhibit 23: Expatriates employment trends in the private sector – Saudi Arabia



Source: SAMA, Al Masah Research

The compliance norm for the construction and building space does not look very difficult. However, demand for higher Saudization in the other two sectors could surely result in quite a few job losses.

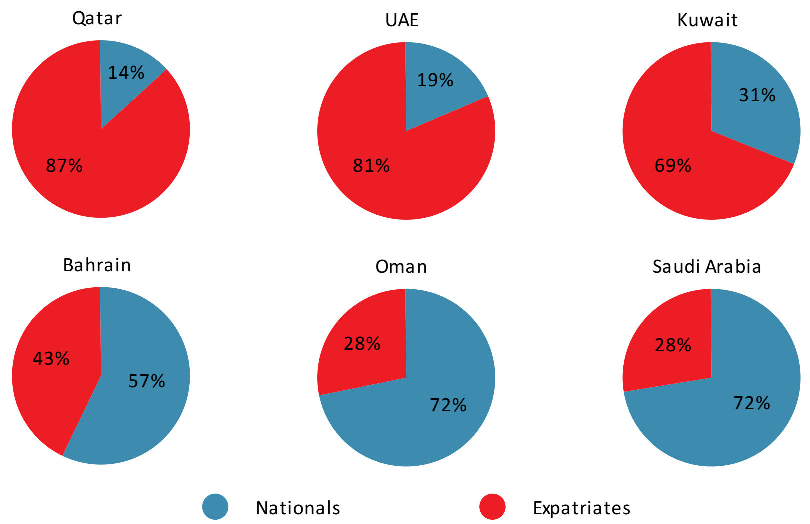
The expat residency cap is also being considered as a solution to the unemployment problem

Capping expat residency in the region

The expat residency cap is being considered (particularly in GCC) as a solution to the unemployment problem in the region. Capping residency for expats refers to limiting the years of stay for a foreigner employed in a country.

According to a local daily Gulf News, the Government of Kuwait is planning to introduce residency caps on foreigners to lower their numbers to 45% of the total population. Currently, 2.34 million expatriates comprise 69% of the total population in Kuwait. The country, along with Qatar and the UAE, comprise more foreigners than the locals.

Exhibit 24: Break-down of total population in each GCC country – 2009



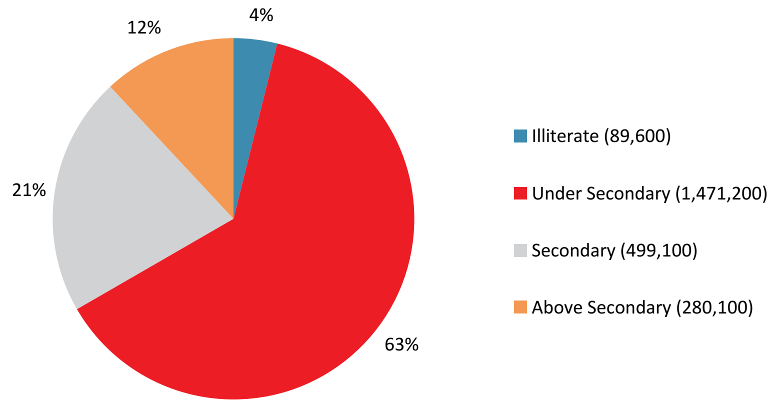
Source: www.cds.edu

The government of Kuwait is expected to suggest imposing a cap of six years on unskilled laborers

GCC countries are looking at reducing/replacing foreigners, especially the unskilled ones, with locals. As per news reports, the government of Kuwait is expected to suggest imposing a cap of six years on unskilled laborers, eight years on semi-skilled employees (without families), ten years on semi-skilled employees (with families) and 12 years on skilled employees. However, foreigners with rare expertise are expected to be given an open stay in the country.

Information available from the Central Statistical Office (Kuwait) indicates that nearly two-third of all expatriates employed in the private sector is either under secondary or illiterates. Assuming half of this two-third expat population falls under unskilled laborers, 780,000 expats could be placed under residency caps.

Exhibit 25: Non-Kuwaiti labor in the private sector by educational level – 2010E



Source: State of Kuwait Central Statistical Office, Al Masah Research

Two-third of all expatriates employed in the private sector (Kuwait) is low on education

Governments in GCC have been debating on capping expat residency for quite some time as a way to prevent erosion of the local culture and reduce unemployment among the locals. Dr. Majeed Al Alawi, the Labor Minister of Bahrain, was the first to propose introducing residency caps on foreigners in 2007. He has been advocating the idea of imposing six-year residency cap on expatriates working in Bahrain and replicating the same in other GCC countries.

Our view on Nationalization

The current actions taken by Saudi Arabia are not long-term solutions for the problem of unemployment

The current actions taken by Saudi Arabia seem cosmetic. Actions such as the Nitaqat program and capping of expat residency (expected in Kuwait) are not long-term solutions for the problem of unemployment in the MENA region. Restricting employment for expatriates, if done aggressively, could prove detrimental to the region's economy.

Expatriates are necessary for functioning of many of the economies in MENA, especially the GCC. They bring in the much needed expertise, knowledge and experience, and act as pillars of strong growth for the economy. Qatar is the perfect example in this regard. The country has an unemployment rate of just 0.50%, despite expatriates accounting for 87% of its population.

Therefore, we cannot place each country facing unemployment under the same category and apply similar solutions to eradicate their problems. We need to appreciate the fact that the problem of unemployment is specific to each country and hence each government would need to react based on its available resources and intensity of the problem.

The unemployment and job creation scenario in the UAE and Saudi Arabia are different and therefore would require different solutions. The UAE has a low population base and needs the expatriate workforce more than Saudi Arabia.

Diversification

The economic problems of countries in the MENA region have been ascribed to their lack of economic diversification

At a Ministerial Conference at Morocco, the Secretary-General of the Organization for Economic Co-operation and Development (OECD) Angel Gurría stated, “MENA countries need to diversify away from reliance on natural resources, agriculture, construction and public works towards sectors that are knowledge-driven and can provide better jobs for young people.”

The economic problems of countries in the MENA region have been ascribed to their lack of economic diversification. Oil and gas continue to fuel much of the region’s economic growth. Realizing the shortcoming, some of the countries in MENA are investing billions of dollars into creating world class petrochemicals projects, trade and logistic hubs, and related infrastructure to have a diversified economic base for future.

Some countries have laid down multi-year diversification strategies such as Abu Dhabi Economic Vision 2030, Oman Vision 2020 , and Qatar National Vision 2030

The GCC states are planning for the longer term and have laid down multi-year diversification strategies such as Abu Dhabi Economic Vision 2030, Oman's Vision 2020 program, and Qatar National Vision 2030.

Abu Dhabi Economic Vision 2030 intends to build a sustainable and diversified, high value-added economy that is well integrated into the global economy and provides more accessible and higher-value opportunities for its citizens and residents. According to the Abu Dhabi Council for Economic Development, there are seven broad objectives of the plan.

Exhibit 26: Abu Dhabi Economic Vision 2030 - Objectives

BUILD A SUSTAINABLE ECONOMY

ENSURE A BALANCED SOCIAL AND REGIONAL ECONOMIC DEVELOPMENT APPROACH THAT BRINGS BENEFIT TO ALL

Build an Open, Efficient, Effective and Globally Integrated Business Environment

Adopt a Disciplined Fiscal Policy that is Responsive to Economic Cycles

Establish a Resilient Monetary and Fiscal Markets Environment with Manageable Levels of Inflation

Drive Significant Improvement in the Efficiency of the Labor Market

Develop a Sufficient and Resilient Infrastructure Capable of Supporting the Anticipated Economic Growth

Develop a Highly Skilled, Highly Productive Workforce

Enable Financial Markets to Become the Key Financiers of Economic Sectors and Projects

Source: Abu Dhabi Council For Economic Development

- According to the Plan, building an open, effective, efficient and globally integrated business environment would be achieved through enhancing federal-local cooperation, improving transparency, streamlining government processes, and facilitation of investment process.

- A disciplined fiscal policy that is responsive to economic cycles would be possible through diversification of government revenue sources and optimization of government spending.

- Establishing a resilient monetary and fiscal markets environment with manageable levels of inflation would only happen by enhancing regulations on banking and insurance sectors, leveraging monetary policy tools to contain inflation, and development of less speculative financial markets.

- Significant improvements in the efficiency of the labor market would take place by encouraging participation of nationals in the private sector, and by expanding the base of skilled labor force and reduce unskilled labor.

- Development of a sufficient and resilient infrastructure capable of supporting the anticipated economic growth would be achieved through enhanced energy security, efficient and safe transport infrastructure, availability of ICT (information communication technologies) infrastructure, and ensuring environmental sustainability.

- Developing a highly skilled and productive workforce would require increasing national workforce participation, optimizing the allocation of workforce, and enhancing productivity.

- Enabling financial markets to become the key financiers of the economy and projects would happen through increased savings and deposits, and enhancing performance of financial markets.

DO WE HAVE ANY SUCCESSFUL MODEL EMPLOYED ELSEWHERE?

The Singapore model of job creation and spurring growth using the knowledge-capital model is well known. However, it is not a math formula that can be adapted elsewhere with surety of success.

The Singapore model

The Singapore model of job creation and spurring growth using the knowledge-capital model is well known

Singapore is one of the most talked about economic success stories in recent history. The country, with 5 million inhabitants and no natural resources, has grown at 8% a year over the last five decades. How did Singapore achieve this feat?

When Singapore gained independence in 1965, the country just had two things – (1) strategic location and (2) the skill of its population. The country made excellent use of both to reach where it is today.

Singapore was a hub for international trade ever since it’s founding in 1819. The country did well for itself until World War II. After the war, Singapore faced enormous problems in the form of labor and social unrest, decaying infrastructure, inadequate housing, poor economic growth and high unemployment. However, the situation became positive after the country was declared independent in 1965. Singapore chose the route of industrialization to grow by focusing on labor-intensive industries producing garments, textiles, toys, and wood products, among others. Although the strategy worked well, Singapore needed a bigger push. The country opened the doors for greater foreign investments as it lacked the technical know-how for speedy industrialization. As a result, Singapore attracted large multinational companies and became a manufacturing hub for high value-added products such as electronics, chemicals and biomedical. During the 1990s, Singapore took steps to develop itself as a knowledge-based economy since it understood that development of a highly educated and flexible workforce would be a key determinant of long-term competitiveness. In line with this, the country followed the motto of “Thinking Schools, Learning Nation” and reformed the education curriculum.

Singapore took steps to develop itself as a knowledge-based economy

Singapore was wise enough to keep shifting/updating its education system to spur growth for the overall development of the economy. Development of human resources in Singapore has happened in three phases: Survival-driven (1959–78), Efficiency-driven (1970–97), and Ability-driven (1997 onwards).

Exhibit 27: Development of human resources in Singapore

Source: World Bank, Al Masah Research

Singapore had 96% literacy and an unemployment rate of mere 2.1% as of 2010.

CONCLUSION

Unemployment is a cause of concern. We suggest five key points to solve this problem to a large extent

Unemployment is a cause of concern, especially among the nationals in the MENA region. The governments are seeking both long-term as well as quick fix solutions to avoid facing the wrath of citizens. However, creating three million new jobs each year is not an easy task.

We believe sustained efforts built around five key points could solve the region's unemployment problem to a large extent: (1) Support self-employment/entrepreneurship, (2) Encourage investments from the private sector, (3) Give greater emphasis on education, (4) Nationalization, and (5) Diversification.

The steps are being implemented, though at varied degrees across the region. Sustenance of these efforts is the key to the success.

DO WE HAVE ANY SUCCESSFUL MODEL EMPLOYED ELSEWHERE?

APPENDIX 1: Countries offering the best framework for doing business

The World Bank's 'Ease of Doing Business Index' assesses the business environment in different countries across the globe. We relied on this index to evaluate the level of business friendly environment in MENA countries.

Exhibit 28: Countries offering the best framework for business in MENA

Country	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Registering Property	Obtaining Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
Saudi Arabia	1	1	1	1	1	1	3	2	14	7
Bahrain	2	8	2	4	4	4	6	5	9	1
United Arab Emirates	3	4	3	2	2	12	2	1	13	16
Qatar	4	11	4	6	12	8	1	7	5	2
Tunisia	5	5	11	7	4	5	11	4	3	3
Oman	6	7	6	3	10	8	4	10	6	8
Kuwait	7	14	7	10	4	2	5	13	8	6
Egypt	8	2	17	11	2	5	16	3	16	14
Yemen	9	6	5	5	14	15	17	15	1	9
Jordan	10	12	8	13	10	12	8	8	12	11
Lebanon	11	10	15	14	4	8	9	11	10	13
Morocco	12	9	9	15	4	16	15	9	7	5
Iran	13	3	16	17	4	17	14	17	2	12
West Bank and Gaza	14	16	18	8	15	3	7	12	4	17
Algeria	15	15	12	18	12	5	18	16	11	4
Syria	16	13	14	9	15	11	13	14	18	10
Djibouti	17	18	13	16	18	18	12	6	17	15
Iraq	18	17	10	12	15	12	10	18	15	17

Source: World Bank – Doing Business 2011

APPENDIX 2: Nitaqat

The nationalization level for companies employing 3,000 and more people in Saudi Arabia:

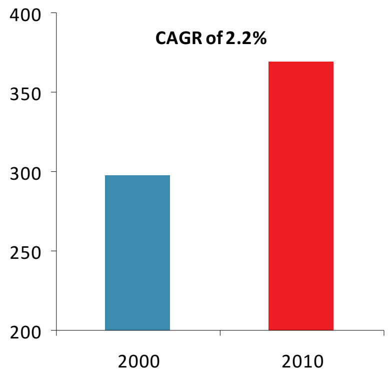
Exhibit 29: Saudization bands across various business lines

Country	Red	Yellow	Green	Excellent
Road Transport of Goods within Cities	7%	11%	21%	22%
Farmers and Fisherman and Herdsmen	1%	8%	26%	27%
Agriculture, Fishing, Grazing and Horse	4%	13%	26%	27%
Agriculture and Livestock Production	5%	9%	26%	27%
Pharmacies and Drug Stores	9%	14%	29%	30%
Foreign Schools	6%	14%	29%	30%
Building materials and Construction	4%	7%	30%	31%
Construction Maintenance, Operation and Subsistence	3%	6%	30%	31%
Nutrition Services	4%	15%	30%	31%
Laboratory	11%	16%	31%	32%
Manufacturing	7%	19%	34%	35%
Health Services	9%	19%	34%	35%
Wholesale and Retail Trade	9%	24%	36%	37%
Transport of Passengers and Goods, outside Cities	4%	9%	39%	40%
Consulting Services and Business	6%	11%	39%	40%
Maintenance Workshop and Stores	14%	29%	39%	40%
Private and Public Schools Boys	14%	19%	39%	40%
Accommodation and Tourism	5%	17%	41%	42%
Ground Transportation to Passengers, within Cities	4%	11%	44%	45%
Storage	9%	29%	44%	45%
Insurance and Business Services	4%	19%	54%	55%
Mines and Quarries	9%	29%	59%	60%
Cement Industry	7%	29%	59%	60%
Trading Gold and Jewellery	9%	28%	59%	60%
Air Transport	9%	29%	59%	60%
Collection Offices and Real Estate Services	4%	17%	59%	60%
Personal Services	4%	12%	64%	65%
Printing, Publishing and Media	14%	34%	64%	65%
Electricity, Gas and Water	7%	19%	69%	70%
Kindergartens, Institutes and Colleges	14%	34%	69%	70%
Maritime Transport	9%	24%	74%	75%
Communications	9%	29%	74%	75%
Community Services and Social	9%	21%	74%	75%
Petrochemical, Coal and Rubber	19%	44%	79%	80%
Private and Public Schools Girls	39%	49%	79%	80%
Oil and Gas Extraction	14%	34%	84%	85%
Security Guards	51%	76%	86%	87%
Employment Agencies	51%	76%	86%	87%
Financial Institutions - Banks	49%	64%	89%	90%
Offices of Public Services	9%	29%	89%	90%
Recruiters Eligibility	9%	29%	89%	90%

Source: Ministry of Labor Saudi Arabia

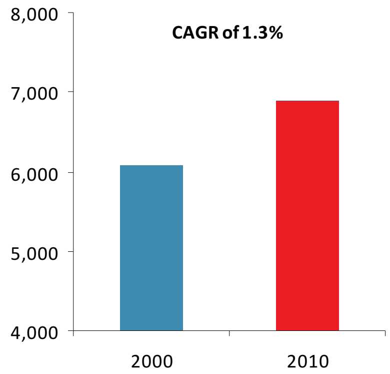
APPENDIX 3: Population growth over 2000–10

Exhibit 30: MENA Population grew at a CAGR of 2.2% over 2000 - 2010



Source: IMF

Exhibit 31: World Population grew at a CAGR of 1.3% over 2000 - 2010



Source: U.S. Census Bureau

APPENDIX 4: Per capita income by country-2010

Exhibit 32: Income levels are highly varied across the MENA countries

Country	Per Capita Income (USD)
Qatar	76,168
UAE	59,717
Kuwait	36,412
Bahrain	20,475
Oman	18,657
Saudi Arabia	16,996
Libya	11,314
Lebanon	10,044
Iran	4,741
Jordan	4,500
Algeria	4,435
Tunisia	4,200
Morocco	3,249
Syria	2,877
Egypt	2,789
Iraq	2,564
Djibouti	1,383
Yemen	1,282

Source: IMF

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