

# Research Reports

## MSMUNQ VI: The SDGs





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**Forum:** Sustainable Development Goal 8 (Decent Work and Economic Growth)

**Issue:** Ensuring Employment, Decent work for all in the MENA region

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### **PART 1 of the Research Report: Root Causes of the Issue**

The MENA region includes 26 countries in the Middle East and North Africa. Each area has very diverse conditions and perspectives on development and employment. This diversity ranges from how the population demographics are set up, such as in Egypt, which has a large population and abundant labour forces, to countries like the UAE, which has a small population and minority domestic labour forces. The MENA region is also very varied and diverse in its income brackets, as it is home to some of the poorest countries, like Djibouti, and the richest, like Qatar.



News reports and political leaders' statements on refugees, migrants, and wars tend to dominate discussions about conditions in the Middle East. But the actual situation is actually far worse, because deep below this surface of this distress, hides a much more destructive force that



contributes to the terrible events we witness daily — a force that has started to tear the region apart from the inside. Poverty and inequality are the twin anchors of a damaging dynamic that ultimately sends tens of millions of families into painful cycles of vulnerability, helplessness and, in many cases, alienation from their state and society

According to United Nations Economic and Social Commission for Western Asia (ESCWA) data given out by Economist Khalid Abu-Ismael, 116 million people in just across 10 Arab countries, or 41 percent of the total population, were classified as poor, while another 25 percent were vulnerable to poverty. This translates to an estimated 250 million people who may be poor or vulnerable to poverty, out of a population of 400 million. That figure represents about two-thirds of the total Arab population. A family is considered vulnerable if its income barely covers essential life needs, but any drop in the income or increase in costs would drop them into poverty. Another way of looking at this is families that are one paycheck away from being homeless.

Mass poverty also means that the Middle East is the most unequal region in the world, with the **top 10 percent of its people accounting for 64 percent of its wealth**. Inequality cuts across virtually every sector of life and society, from access to quality healthcare to quality education. And of course, where there is unequal access to education, ensuring access to better jobs becomes a matter of class rather than a matter of qualification.

Mass pauperization in the Arab world means that several hundred million individuals find themselves with poor basic sustenance, no political power or voice, and little hope for improvement in their lives. Their desperation is heightened by parallel dangers to society as a whole, such as widening corruption and massive environmental abuse

THE FOLLOWING ARE THE SOME KEY BARRIERS TO ACHIEVING SDG 8 IN THE ARAB REGION

1. Rentier economies and inadequate economic policies

The region’s policy direction has generally focused on increasing growth of revenue, i.e. money, with a concentration of wealth among economic and political elites and a widening gap between the rich and poor. Investment has mostly focused on real estate or resource extraction, or trading on strategic positions by allowing military bases on strategic locations along important trade routes.





Arab economies are characterised by overdependence on oil in some countries. In the recent period, the MENA region has witnessed a relatively strong and sustained economic growth, driven for a large part by the oil boom in the Gulf countries, Libya, and Sudan, and a global rise in energy prices. This pattern represents a much higher average growth than in the 1990s. But the oil sector does not create that many jobs for local workers, with many of the workers being flown in from other countries. In order for the MENA region's current state to lead to more job creation, deliberate policies are needed. Policies that invest in infrastructures for better education, and invest in industries of the future such as green energy, rather than the past such as oil and gas.

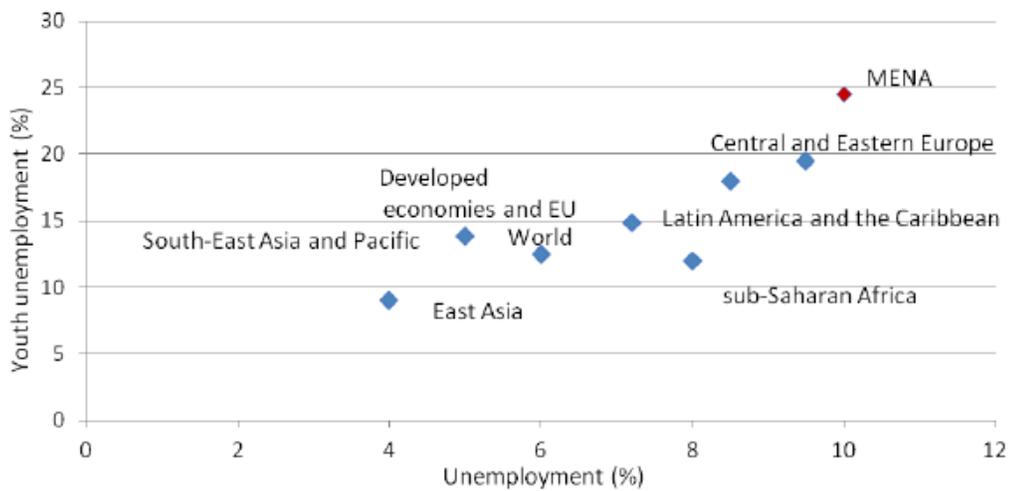
The dominance of low productivity sectors and underinvestment in agriculture even though the sector employs a significant share of the population in many countries is seen. Even periods of relatively positive growth before the economic fall of 2008 did not significantly improve the incomes of the poor or generate necessary decent work opportunities for a growing and educated labour force. In the GCC countries, low-skilled workers are predominantly migrant workers; the subregion faces significant challenges in nationalising its labour force.

## 2. Structural challenges of the labour market

The MENA region is a place with very many young people. The figure below shows the relationship between unemployment and youth unemployment around the world. As we can see by the red MENA dot, the MENA region has high unemployment and high youth unemployment. Unemployment increased in some GCC countries, but it is really at its highest in conflict zones such as Libya, Iraq, and the Occupied Palestinian Territories.



Unemployment among educated youth is particularly alarming, signalling lack of consistency between education and the labour market. This means that whilst education rates are high, education is not giving people the opportunity to get a decent job! An estimated 80 per cent of youth work in the informal sector where they endure uncertain work hours, irregular and insecure income, and limited access to social security. The labour market is therefore full of young people, who are educated in fields that are not useful to that countries available jobs.



Total and Youth Unemployment by Regions (2010)

source : ILO and IMF data

The insufficient labour demand also remains a major challenge. The population has been growing significantly, exceeding 414 million in 2017, and underlining the need to create more and better job opportunities.

3. Weak unity between economic policies, educational strategies and the industry interface

Young people’s risk of unemployment is four times higher than that for adults; in Egypt this figure is six times bigger. Significant levels of under-employment and poverty persist: the



absence of employment opportunities in the formal sector and underemployment often push individuals into the informal economy, which is large. The lack of high-quality jobs means that more than **four out of ten people** working in the MENA countries in 2009 had a vulnerable job, working either as self-employed workers or as unpaid contributing family workers, and in all countries the share is considerably higher for women than for men –the MENA countries were alone in the past decade in witnessing an increase in women’s agricultural employment, mainly as vulnerable workers. Some 70% and 60% of young working men and women in several countries are not even covered by an **employment contract**.

While insufficient labour demand is a major barrier to achieving progress on SDG 8, other challenges also stem from the mismatches between supply and demand, and the difficulties youth face in the school-to-work transition. Without corrective actions, such mismatches will only intensify, especially as the region works to strengthen innovation and entrepreneurship. The current state of education, especially public education, does not support a transition to innovative research and industry. The 18 percent share of youth Not in Employment, Education or Training (NEET) is worrying. The rate is 10 per cent for men and 27 per cent for women. Strategies for higher education and vocational training are not sufficiently linked to labour and economic policies, and do not prioritise the transfer and localization of knowledge. Research and development cannot be managed separately from educational reform if the goal is to encourage creativity and innovation, and the uninhibited search for knowledge.

### **The Region is At Risk of being Left Behind**

High unemployment among youth is a significant burden not only on young people but on society as a whole. It has worsened the income inequality, stunted social mobility and led to



social discontent. In the last decade, frustrated youth, facing other challenges, including limited political participation, have been at the forefront of the Arab uprisings and calls for change.

Many also choose to migrate, regularly or irregularly, and sometimes with dangerous or fatal consequences.

With high rates of unemployment and limited access to resources such as land and credit, women take on very low levels of economic participation. The consequences are economic dependence and marginalisation. Women report that their inability to make independent decisions, move about freely or access safe transport as well as harassment in the workplace are the main impediments to stronger labour market participation.

The absence or inadequacy of social protection floors in the region is a major hurdle to eliminating poverty under SDG 1 and to achieving SDG 8. Workers in the informal and agricultural sectors combined constitute the majority of workers in many countries, but lack job and financial security. This has implications for food security and access to education and health care. A lack of pension plans, sick leave and other provisions compounds the precariousness of their situation.

Migrant workers in the region often lack access to basic services and rights, and are unprotected from arbitrary, exploitative or unfair working conditions. In many Arab countries, their work is mainly regulated by the kafala system, under which a migrant worker's immigration status is legally bound to an individual employer or sponsor for their contract period. This leaves a large margin for exploitation and abuse, given an imbalance between the rights and abilities of workers



and employers to terminate an employment relationship and be mobile in the labour market. Female migrant domestic workers, mainly from Africa and Asia, are at an even higher risk, bound as they are to their employers' private homes, and in most cases they are not covered by national labour laws.

"The goal of decent work is best expressed through the eyes of people." For workers faced with extreme poverty, decent work is about moving from subsistence to existence" and is "the primary route out of poverty." For many others, it is about realising personal aspirations in their daily existence and about solidarity with others. Everywhere, and for everybody, decent work is about securing human dignity. Human dignity can only be fought for and secured only if they are provided with the right to. Here is where countries in the Mena region lack as they fail to provide full rights to their people and limit their rights. All those countries which fail in recognizing these values and rights are most impacted by the issue of Economic growth and decent work, while those countries that provide these rights better than others find themselves in an advantageous position.

## **PART 2 of the Research Report: UN Treaties/Policies/Resolutions**

The International Labour Organisation (ILO) is a United Nations agency. The goal of the International Labour Organisation is to advance social and economic justice by setting international labour standards. The International labour standards, currently comprise 189 Conventions and 205 Recommendations. The Conventions that establish fundamental standards



have been nearly universally ratified. Other Conventions shape labour market institutions and influence labour law frameworks.

Some of the key Fundamental principles and rights at work established by them are: Freedom of association and the right to collective bargaining. The abolition of child labor, particularly in its worst forms, must be achieved. The elimination of forced labour, which is essential to human dignity and development, to the eradication of poverty and inequality. The elimination of discrimination in employment, etc.

#### The Right of Freedom of association

Countries in the Mena region like Kuwait, Bahrain have ratified several core UN human rights conventions such as the Convention on the Elimination of all forms of Racial Discrimination (CERD), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Convention on the Rights of the Child (CRC), etc which have largely helped ensure that every individual is free to organise and to form and participate in groups, either formally or informally. This is important because It is impossible to defend individual rights if citizens are unable to organise in groups around common needs and interests. But these rights are restricted to certain levels by the laws of these countries that prohibit the working of these rights. These restrictions include the right to form associations only to Nationals and not all humans including migrant workers, voting rights , etc.

#### Abolition of child labor



It commits States to take effective measures to prevent forced labour, sanction its perpetrators, and protect its victims and ensure their access to justice and remedies. Saudi Arabia was one of the first countries in the MENA region to demonstrate its firm commitment to combating forced labour in all its forms, including human trafficking by ratifying the Protocol of 2014 to the Forced Labour Convention, 1930. But there still exists conditions where nothing is done to end recruitment fees, debt bondage, and non-payment of wages, which have been normalised in the UAE and enslave workers. There still exist many Domestic workers who are excluded from the labour law, in breach of international standards.

\*The Study regarding the efforts, problems and outcomes of ratification of these rights in countries of the MENA region helps us to understand the problems that still exist and are based on the facts of certain countries and do not apply to all countries of the region.

Another Important Approach by the UN is the Global Initiative on Decent Jobs for Youth. Launched by the ILO in 2016, the Global Initiative on Decent Jobs for Youth is the first ever UN system-wide effort to come together and tackle the challenge of youth unemployment. Specifically in the MENA region its current projects includes to Connect conflict-affected youth (In the middle east) to online work, in which at least 50% will be women. Provide training to youth in relevant skills, including technical and vocational skills and help gain work experience, including through internships and quality apprenticeships.

The VZF is part of the ILO's Safety and Health for ALL Programme. The Vision Zero Fund (VZF), an initiative of the Group of Seven countries, aiming to prevent work-related deaths, injuries and diseases in sectors operating in or aspiring to join global supply chains. The main objective of VZF is to increase collective action aimed at fostering and enhancing occupational



safety and health prevention activities. Their Target includes businesses operating in low- and middle-income countries.

### **PART 3 of the Research Report: Possible Solutions**

SDG 8 pairs the concepts of sustainable and economic growth with decent work. The focus, therefore, is not on just increasing economic growth but on increasing sustainable and growth designed to create decent work across all segments of society. Progress on SDG 8 is necessary to create prosperous societies. The achievement of SDG 8 has a direct impact on ending poverty (SDG 1), reducing inequalities (SDG 10), and improving livelihoods and well-being (SDGs 2, 3 and 4). Progress on education (SDG 4) is also of direct relevance to job creation policies and diversification of the economy. The increased economic participation of women has the potential to dismantle a number of other barriers to gender equality (SDG 5).

Thus achieving the goal ensures peace and prosperity for all.

#### **What can the MENA Region do to ensure Employment, decent work for all in the Mena Region and thus accelerate the progress on SDG 8?**

Ensuring sustainable growth, enhancing productivity, creating decent jobs. Further, policies must empower youth and women, end corruption and discrimination, and pave the way for a vibrant private sector and the spread of innovation and enterprise. The following can support this transformation:

##### **1. Pursue budgetary and regulatory policy reforms & Engage in economic restructuring to develop sectors that are sustainable, inclusive and productive**

- Introduce a comprehensive set of macroeconomic policies and fiscal (tax and budgetary) reforms to drive employment growth and generate new employment opportunities for the growing number of educated youth.
- Encourage domestic investment (investment in the companies and products of someone's own country rather than in those of foreign countries) and foreign direct investment (investments



made by an individual or firm in one country in a business located in another country) in high-value-added areas.

## **2. Improve labour laws and protect labour rights**

- Reform laws in line with international rights and standards, and expand legal protections.
- Improve labor migration governance by reforming the kafala system, and address discrimination against migrant workers as well as domestic workers.
- To cope with the challenges of globalisation GCC labour law system to be improved in these areas:
  - The right to establish a labour union.
  - The collective bargaining structure needs to be enhanced.
  - The regulation of the labour force needs to be improved.
  - The sponsorship system needs to be abolished.

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