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The Impact of Global Financial Crisis on Employment and Poverty in the MENA Region

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I. INTRODUCTION

This paper provides an overview of the impact of 2008 financial and economic crisis on ESCWA and other MENA countries and reviews some of the policy measures to tackle the impact on the poor and vulnerable. It starts with an overview of macroeconomic condition, poverty and vulnerability in the region. It would then discuss the linkages between the region and the rest of the world and channels of transmission of global financial crisis to the region. In the final section some policy options to counter the impact of the crisis on employment and poverty will be discussed.

II. A HETEROGENEOUS ESCWA REGION

In the first decade of the 21st century, and on the eve of the global financial crisis in 2008, most of the ESCWA and MENA countries have been experiencing an annual average GDP growth of about 5-6 per cent. This was well above the 3-4 per cent rates of the previous decade. (World Bank, 2008, table A.1, p. 98). The source of economic growth, however, varies across countries reflecting the heterogeneity of the region in terms of resources and economic structure that in turn have important implications in the way in which each country will be affected by changes in global financial and economic.

The ESCWA and MENA region is comprised of a range of countries with diverse social and economic histories and resource base. A useful taxonomy of MENA region countries has been provided by Richards and Waterbury (1996). Their taxonomy also covers countries that are not in the list of Arab ESCWA and MENA, that however would be interesting to keep in the background for comparative purposes. Their taxonomy is fundamentally based on the resources – natural and human **-** available in the country. Let us begin with (1) Small countries that are only rich in oil: Libya, Kuwait, Oman, UAE, Bahrain and Qatar. These have very small markets and little resources to diversify their economies, notwithstanding the fact that Dubai in UAE has been successful in developing a vibrant entrepot sector and, more recently, a tourist industry. Immigrant labour from poorer countries of the region as well as the Indian subcontinent has been crucial to the development of these sectors in Dubai as well as the economy of this group of countries. (2) The oil rich industrialising countries of Iran, Algeria, Saudi Arabia and Iraq (whose fortune has dramatically changed since the US led invasion and regime change a few years ago). They have substantial oil reserves and other natural resources as well as sufficiently large population allowing them to diversify their economies. Iran and Algeria have been more successful industrialisers than other countries in this group though they still rely heavily on oil for their export earnings. (3) The 'small' natural resource poor countries of Israel, Jordan, Lebanon and Syria, and Tunisia. Palestine would also fit well in this group. They have been relatively successful in diversifying their economies through education and skill development and developing a sizable manufacturing sector. (4) The newly industrialising countries (NICs) of Turkey, Egypt and Morocco have either no oil (Turkey and Morocco) or small reserves (Egypt) that provides some amount of foreign exchange. All have sizable populations and reasonably strong agricultural sector that has potential for further growth. (5) In the poorest category are Sudan and Yemen that rely on mainly agriculture and some oil export (that in the case of Sudan is expanding in the light of recent discovery of reserves), and worker remittances who work in the oil rich countries of the region as in the case of Yemen.

It has to be reiterated that the above taxonomy should *not* be treated like a map with clear demarcated boundaries, but as a general guide on the constraints facing the ESCWA and other MENA countries and how they can respond to the crisis. The other point to bear in mind is the linkages (through labour migration, trade and capital mobility) among countries with different resources; these linkages are the channels through which the crisis has been transmitted from one country or region to another.

III. GROWTH, POVERTY AND INEQUALITY IN ESCWA AND MENA : AN OVERVIEW

Most countries of the ESCWA and MENA, except Algeria and Sudan have experienced a steady real GDP growth since late 1980s. If we ignore the exceptionally high growth rates of 1980 for Egypt, Jordan and Syria, the average annual growth rates were in the range of 4 – 6 per cent. These are respectable rates of growth that should have helped the countries in question to attend to some of the urgent needs of the

population such as provision employment and alleviation of poverty. (Messkoub, 2009, Appendix Table 1.) What is important to note that all countries in the region, whether resource rich (and labour importing) or resource poor (and labour exporting), have shared in the high growth era of late 20th and early 20th century, in part because of the deep links between the two groups of countries.

As will be demonstrated later these countries achieved modest gains in terms of the reduction in poverty and increase in employment. For example, whilst real GDP per capita recorded modest increases from 1980 to 2003, the real GDP per person employed have been far more modest in most countries. In fact, the growth of real GDP per person employed were very low or even negative in some countries (see Appendix Table 1).

With regard to other basic macroeconomic indicators, real per capita GDP in constant US dollar has also increased in all countries, with inflation being brought down from double digit figures of the early 1980s to a single digit by 2000.

In broad terms, the macroeconomic situation looks rather healthy. There is no runaway inflation in the countries under study, public finances seem to be under control, and under the guidance and pressure of international financial institutions and sections of the local elite, all countries have opened up (*Infitah)2* their economies, in various degrees, to market forces at national and international levels. Given the increasing role of private sector and integration of ESCWA and MENA countries in the world economy it would be useful to consider forces that shape this opening up. According to Richards and Waterbury (1990) 'Infitah' should be seen as the outcome of three interacting set of forces: class actors, often fostered by earlier state-led growth policies; serious economic difficulties, generated both by state-led growth policies and by the international conjuncture; and pressure from international actors….[that] does not mean that the public sector is about to be dismantled…[nor] state ceding to "civil society". Rather than a *retreat* of the state, *infitah* is better conceived as a *restructuring* of state activity, always mediating between society and international actors, still responsible for the basic welfare of the population, and continuing to formulate the goals and strategy of economic development and structural change.' (261)

These developments have taken place against the background of structural transformation of ESCWA and MENA that has been under way for quite some time. Industry and service sectors have long replaced agriculture as the main source of contribution to GDP. By 2004 the share of agriculture in GDP in most countries under study had dropped to less than 20 per cent. Agriculture in Sudan had the highest share – 39 per cent, followed by Syria – 23 per cent. But in most countries agriculture employs a sizable proportion of the labour force despite its low contribution to GDP. In Egypt, for example, about 27 per cent of the labour force was employed in agriculture in 2002, whilst agriculture accounted for only 15 per cent of GDP (see Appendix Tables 5 and 6). The corresponding figures for Morocco were 43.9 per cent (share of employment) and 16 per cent (share of GDP). In Syria, the figures are 30.3 per cent (share of employment) and 27 per cent (share of GDP). Among the Arab MENA countries, Yemen has the highest percentage of labour force working in agriculture – 54.1 per cent with a low contribution of agriculture to GDP – 14 per cent. In Jordan, agriculture accounted for only 3 per cent of GDP in 2004 but employed 11 per cent of the labour force (ILO, 2006, and see Appendix Table 3 and 4). In Algeria, agriculture accounted for 10 per cent of GDP in 2004 but 12.2 per cent of employment.

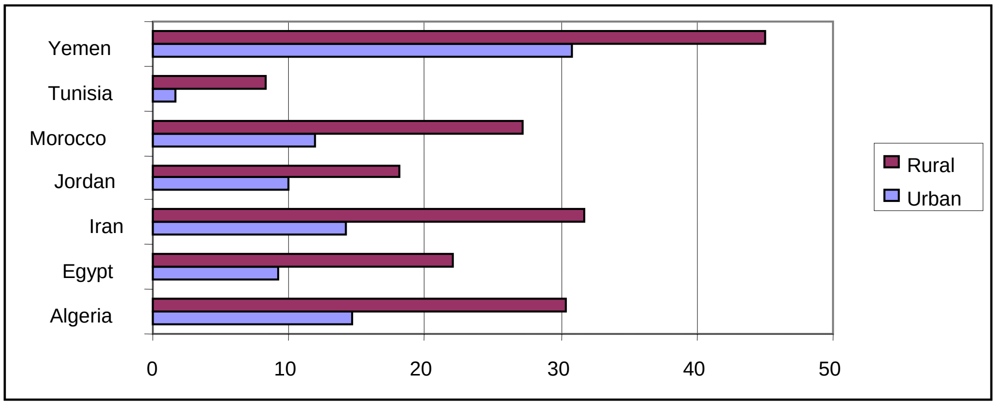
The upshot of the above figures is that a large proportion of population working in agriculture has to rely on a proportionately low share of GDP for its livelihood, and that would have implications for the incidence of poverty among the rural population. <u>The data on poverty reveal that in most countries of the region poverty rates are higher in rural areas than in urban areas.</u>

Appendix table 2 provides data on poor population for some of the ESCWA and MENA countries and their distribution between rural and urban areas. According to the national poverty line in each country, 22 per

[2] For an excellent discussion of comparative macroeconomic study of *Infitah* and other macroeconomic issues of MENA see Richards and Waterbury (1990).

cent of Algerians were considered to be poor in 1998. According to a similar indicator in Egypt 16 per cent of population were poor in 2000. Corresponding figures in other countries were: 19 per cent in Morocco in 1999, 35.4 per cent in Yemen in 1998 and 7.6 per cent in Tunisia in 1995. In all countries a larger proportion of the poor were living in rural than in urban areas. In Tunisia, for example, four times as many poor were living in rural areas than in urban areas. In Morocco, more than twice as many poor were living in rural areas in 1999 than in urban areas. (See Figure 1)

Figure 1: Rural versus Urban Poverty Rates in Selected MENA Countries, 2000.



Source*:* Iqbal, F (2005) *Sustaining Gains in Poverty Reduction and Human Development in the Middle East and North Africa.* World Bank. Figure 1.9, P. 18.

The scale of poverty in some of these countries increases dramatically if we use an international poverty line of the percentage of people below $2 a day that in the case of Egypt in 2000 would be 43.90 per cent. The corresponding figure for Tunisia in 1995 is 12.7 per cent. But in other countries, apparently there is not much of a gap between the national and international criteria since the percentage of population who are poor does not change much when the international poverty line is used.

As far as Jordan is concerned, only studies that use international poverty line are available. According to the $2 criterion, proportion of the population who were poor in Jordan in 1997 were 7.4 per cent, but another source (ILO, 2006) reports a higher poverty rate of 21.3 per cent in 1997. The same source also reports a higher incidence of rural poverty compared with urban areas, as observed in other countries. Despite the difference in headcount poverty rates, both sources agree on the reduction in poverty – by 2002 Jordan experienced a 33 per cent drop in poverty rate.

An important aspect of the inter-relationship between poverty and employment in the developing world is the poverty of the employed people whose earnings are not sufficient to provide them for their most basic - survival - needs of nutrition, sanitation and health (that is usually measured by an absolute poverty line of say $1 or $2 per day). The number of the working poor rises if we use the more appropriate measure of relative of poverty (that takes account of distribution of income and expenditure as well as capability to participate in the society by having a voice in the running of ones' affairs). In this paper the absolute poverty measures are used since the relative poverty measures that are country specific are not available for all countries concerned.

In contrast, poverty in the developed world is more often than not associated with unemployment. However, in the 1990s in the developed world liberalisation of labour markets led to major and fundamental changes in the labour market that shifted the balance of power against labour and in favour of capital. Whilst some of the consequences of liberalisation of the labour market like reduced job security and the casualisation of work may not necessarily affect wages, they nevertheless increase the vulnerability of the employed people and affect their bargaining position that in low skill and low wage sectors could easily lead to poverty level wages, especially if household circumstances are also taken into account. For example, the poor households

in the UK in the 1990s were female headed and those with low income (often single parents) and large families.

In the developing countries any employment policy must take into account return to labour if it were to have a poverty reduction objective. Evidence on the working poor in the ESCWA and Arab MENA countries is quite striking.

Appendix table 3 provides the evidence on working poor – proportion of employed persons living in a household whose members are estimated to be below the poverty line ($2/day). Among the ESCWA and MENA countries in the late 1990s, Egypt and Yemen had the highest share of the working population who were poor: 71.5 per cent (in 1999) and 73.70 per cent (in 1998) respectively. In the case of Yemen there was a doubling of the share of the working poor since 1995. The lowest percentage of the working poor belongs to Tunisia at 11.90 per cent in 2000 and Jordan at 12.80 per cent; and those figures were lower than the corresponding figures in the early 1990s. Morocco and Algeria, in contrast, recorded quite high percentage of working poor – 23.50 per cent (in 1998) and 30.50 per cent (in 1995) respectively.

The poverty of the employed people could be due to many factors such as labour market conditions as well as low productivity and poor skills that in turn lead to low return to labour. An excess supply of labour often pushes wages down, which in the absence of minimum wage regulation, could lead to the poverty of the employed people, though minimum wage is often set at too low a level to prevent people falling below the poverty line. Low productivity could also result in low returns to labour that may well push the employed people into poverty. This is often the case of the working poor who eke out a meagre living in the informal sector.

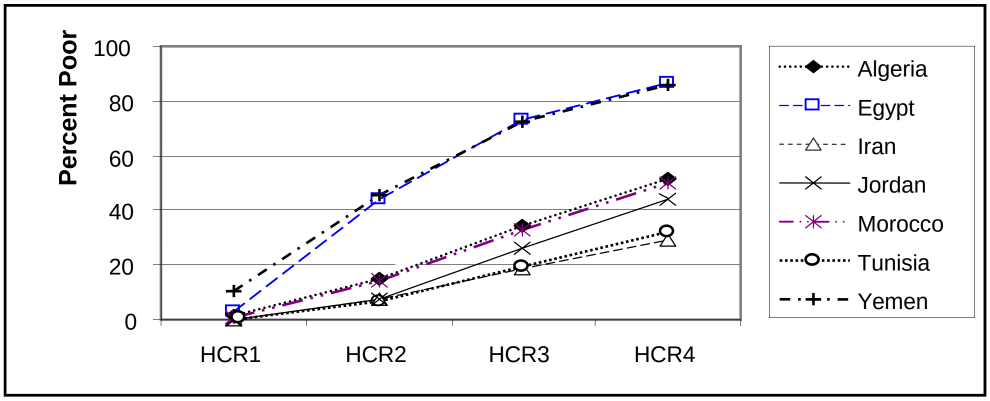
An important aspect of measurement of poverty based on poverty line is the treatment of those who are just above the poverty line. These are the people who are vulnerable to poverty because any changes in the economy (e.g. increase in inflation that will have price and income effects) would push them below the poverty line. Any anti-poverty policy that is based solely on a poverty line and does not address the problem of vulnerability fails to address the structural causes of poverty that are related to, for example, to distribution of assets, human capital and skills, ethnic/race/caste and gender discriminations.

To have a measure of vulnerability in the ESCWA and MENA region, let us look at the percentage of poor in population at different poverty lines of $1, $2, $3 and $4 (figure 1). Sharp increases in the percentage of the poor can be observed as we move up from $1. The jump is most dramatic in cases of Egypt and Yemen where the rates of poverty at $1 are respectively about 3 and 10 per cents that increases to about 42 per cent for both countries at $2. Further jumps in the percentage of the poor can be observed at $3 and $4 but the rate of increase declines. For the richer ESCWA and MENA countries the jump in the percentage of the poor is lower as we move up from $1 to $2 than it is for a move from $2 to $3 and from $3 to $4. In Jordan, for example, the percentage of the poor is below 5 per cent at $1 and goes up to about 5 per cent at $2, but then jumps to about 22 per cent at $3 and 42 per cent at $4.

The difference in the rate of increase of poverty in the poorer and richer group of countries may well be attributed to difference in per capita income. The higher the per capita income the sharper is the increase in the percentage of the poor as the poverty line is moved up.

The ESCWA and MENA countries not only need anti-poverty policies to deal with the sizable number of the poor, they also need to have policies that would monitor and provide cover for the substantial number of people who are just above poverty, whatever the threshold, who could join the ranks of the poor with slightest shifts in the economy. In Syria, for example, Islam (2006) estimates that about 19 per cent are considered vulnerable and go through periods of poverty that is almost double the percentage of the people who are poor - 11 per cent (p. 27) In Egypt, in 2001, the number of the poor at $2 was 28.6 millions that would jump to 47.6 at $3. (See table 4 for the size of the vulnerable people in other countries). This vulnerable population of just under 20 million people should be taken into account in the design of pro-poor social policies in Egypt. At MENA level, with the use of higher threshold of poverty line - at $3 – the number of poor rises to 95.3 million, indicating that the vulnerable population at the lower poverty line of $2 is 43 millions.

Figure 2: Percentage Poor at Alternative Poverty Lines



Source*:* Iqbal, F (2005) *Sustaining Gains in Poverty Reduction and Human Development in the Middle East and North Africa.* World Bank. Figure 1.8, P. 17.

Given that the vulnerable population in Egypt accounts for about half the vulnerable population in the MENA region, Egypt should have a strategic position in regional poverty alleviation programmes of international organizations working in the region.

Table 1: Numbers Poor at Alternative Poverty Lines, 1987, 2001.

	Numbers poor at $2 (in millions)		**Numbers poor at $3 (in millions)**	
	1987	2001	1987	2001
Algeria	2.3	5.1	6.4	11..2
Egypt	24.2	28.6	38.0	47.6
Iran	7.0	3.5	13.9	10.1
Jordan	0.1	0.3	0.3	1.1
Morocco	3.0	4.1	7.8	9.5
Tunisia	1.3	0.5	2.7	1.7
Yemen	2.2	9.5	4.4	14.1
Total	40.1	51.6	73.5	95.3

Source*:* Iqbal, F (2005) *Sustaining Gains in Poverty Reduction and Human Development in the Middle East and North Africa.* World Bank. Table 1.5, P. 17.

IV. EMPLOYMENT AND LABOUR MARKETS IN ESCWA\

High natural growth of population in the region has ensured a rising labour supply that has outstripped labour demand in all ESCWA and other MENA countries. Despite the recent decline in fertility rates, the population momentum has kept the labour supply on the increase – the labour force in the region has been growing at an annual rate of 3-4 per cent since the mid-1980s. High population growth of the recent past also accounts for the young age structure of the population. At least 30 per cent of population in the ESCWA and other MENA countries are below the age of 15 - a critical challenge in the region is to increase labour demand in public and private sector.

Unemployment has been a major problem in the region. In countries for which data are available the aggregate unemployment rate for males in 2003 varies between a rather low figure of 7.3 per cent in Egypt to

a high of 23.4 per cent in Algeria. In between are Morocco with 11.5 per cent and Jordan with 14.7 per cent. The aggregate rates for females are in most cases higher than that for males with unemployment rate in Algeria being 25.4 per cent, in Egypt 23.2 per cent, in Morocco 13.0 per cent, and in Jordan 19.7 per cent. A similar picture emerges in Syria where female unemployment is slightly higher than male unemployment, with the largest gap being at the 20-24 age group. (Islam, 2005, figure 2, p. 39)

Since 1980 the trend in male unemployment rate has been on the increase in Egypt and Jordan while that in Morocco has been relatively stable. Interestingly enough, female unemployment either has been relatively stable as in the case of Egypt or has had a moderate downward trend as in Algeria, Morocco and Jordan.

An important feature of unemployment in the region is a very high rate of youth (those in the 15-24 age group) unemployment. ILO's KILM only provides data on youth unemployment for a couple of countries in the region. In Morocco youth unemployment rates are 17.4 per cent for males and 15.9 per cent for females. In Jordan youth unemployment rates are 28.0 per cent for males and 43.2 per cent for females. ILO Country studies reveal that a large proportion of the young unemployed people are educated at least to secondary level. In some cases the higher the level of education the higher the unemployment rate. In Jordan female unemployment rate has been highest for those with a bachelor degree (ILO, 2006, p. 3). In Egypt both males and females with 'intermediate' education had the highest rates of unemployment. (Laithy and El Ehwany, 2006, appendix table 9, p. 10)

Both supply and demand factors have been responsible for the rise in unemployment. On the supply side rapid population growth of earlier periods has increased the size of the labour force, especially the young, and on the demand side, economic growth and job creation have fallen far behind the labour supply. An interesting feature of labour supply in the Arab MENA is the decline or stability of male labour force participation rate (LFPR) in most countries, as against the rise, albeit modest, of the female LFPR. This is the pattern in Algeria, Morocco, Tunisia and Syria (See Appendix Table 3) that poses an important question regarding the problem of female unemployment in these countries. Labour market and job creation policies in the ESCWA and MENA region rarely take note of such gender difference in unemployment rates.

On the demand side it is important to know growth of employment by sector in order to investigate whether sectoral distribution of employment has changed and whether a shift of labour from sectors with low productivity to those with higher productivity has been taking place that could, in turn, assist in reducing poverty. As noted earlier there has been a sectoral shift in employment away from agriculture, but the gain in employment in the industrial sector has been very modest in most ESCWA and other MENA countries for which data is available. Within the industrial sector the manufacturing sector employment has had a very disappointing employment record. KILM provides data for the manufacturing employment in very few (Egypt, Iran, Morocco) of the larger countries of the ESCWA and MENA region. In all of them, the share of manufacturing in total employment as well as the volume of employment in the manufacturing sector has been stagnant over the years. The data indicates that whatever productivity gain might have taken place in these countries it has come about more from higher sectoral productivities (that is people in different sectors have been increasing their productivity through the use of more capital and other resources) than a shift from low productivity to high productivity sectors. But it is interesting to note that female employment in manufacturing has gone up, albeit modestly in all the countries concerned.

The service sector, which has absorbed much of the increase in the labour force in the MENA region, is composed of a diverse range of activities – ranging from high productivity and high return activities such as banking, insurance and finance at one extreme to very low productivity and low return street vendors on the other. To investigate whether the service sector can or will be able to play a major role in poverty reduction we need to see which sub-sectors of the service sector have been growing and have the potential to provide high productivity and high wage jobs to the unemployed and under-employed labour force. The available data for the larger countries of ESCWA and MENA that have the most serious unemployment and poverty problems indicate that the high productivity, high return sectors are a very small sub-set of the growing service sector, and have also been growing very slowly. The trade and small scale repair shops (motor car as well as household goods) are the only sub-sectors that have been showing some sign of growth. A large proportion of this sub-sector could be considered informal with low productivity and low returns. However, it would be of interest to know the composition of this sector both in terms of products and skills as well as

its linkages with other sectors in order to investigate its potential for productivity growth. Very little information is available on these aspects of the informal sector.

Finally, we should consider the labour demand of the public and private sector and its change over time. There is a large variation in the ESCWA and MENA region in the share of public sector employment in total employment. On the high end of the spectrum are Egypt (with a figure of 60 per cent in 1998) and Jordan (with a figure of 56 per cent in 1998), and on the low end are Algeria (with a figure of 25 per cent in 2004), Syria (with a figure of 26 per cent in 2003) and Yemen (with a figure of 11 per cent in the 2003). In all these countries the share of public sector employment has either been falling over the years or at best has been fairly stable (as is the case in Syria and Jordan). The mirror image of the these figures is the private sector employment that would employ 89 per cent of the labour force in Yemen, at one extreme, and 40 per cent in Egypt, at the other. This raises very important questions with regard to the role of public and private sectors in creating good quality jobs in the future, in particular when one considers the pressures on the public sector finances. How to improve the capacity of the private sector to increase its supply of high quality jobs would depend on a range of factors: level of demand in the economy, government tax and subsidy policies, labour market rules and regulations, and complementarity between public sector investment (in particular in the areas of education and infrastructure) and private sector investment.

V. THE GLOBAL FINANCIAL AND ECONOMIC CRISIS AND THE ESCWA

In various degrees the ESCWA countries have been integrated in the international financial and economic structure for many decades. The pace of integration has increased in the recent years and in response to the current phase of globalisation. This has exposed ESCWA countries to fall outs from the recent financial and economic crisis. But the way in which the recent crisis is going to affect individual member countries of ESCWA depends on their main economic and financial linkages with the world economy, as has been demonstrated in late 2009 by the collapse of the property market in Dubai.

In general the main channels of transmission of international financial and economic crisis are through trade in goods and services, finance (FDI and portfolio investment, foreign aid, transfers such as remittances) and labour migration. One or more of these linkages dominate the relationship between ESCWA and the international economy based on the brief taxonomy of the MENA and ESCWA countries that was discussed earlier. For example Egypt as a labour abundant country has strong links with the labour deficit countries in the region through migration of Egyptian workers and remittances that are sent back, whilst at the same time it has a thriving tourism industry that is targeted at both regional (from ESCWA) and international market.

A. INTERNATIONAL LINKAGES

This section provides a brief overview of international linkages of the ESCWA countries focusing on trade, migration and financial flows.

1. Trade flows

Based on export and import to GDP ratios, as a measure of openness, there is a high and varied degree of openness among ESCWA and other MENA countries. For the MENA (excluding Iraq) countries as a whole export and import ratios in 2007 were 57 and 39 per cent, respectively. These figures are comparable with openness of developing countries in East Asia and Pacific where export and import to GDP ratios are, respectively, 49 and 36 per cents, and in Sub-Saharan Africa where both ratios are 39 per cent. But ESCWA and other MENA countries are much more open than Latin American and the Caribbean (where both ratios are around 25 per cent) as well as South Asian countries (where both ratios are around 18 per cent). In the same year export to GDP ratios varied from a low of 26 per cent for Lebanon to 99 per cent for UEA. Similarly import to GDP ratios varied from a low of 23 per cent for Kuwait to 91 per cent for Jordan. (World Bank, 2009, tables A.15 and A.18)

The commodity composition of trade varies across ESCWA that in the case of the resource rich countries is dominated by oil, whilst labour intensive manufacturing, services and tourism dominate the trade of the resource poor-labour abundant countries. (World Bank, 2009, Table A.20 and pp. 44-48.)

All in all the region is highly integrated with the world economy and has important international linkages, with all its potential and opportunities as well as vulnerabilities to international economic and business cycles, this is particularly true for the small open countries of the region.

2. *Migration flows*

Migration flows in the ESCWA and other MENA countries closely follow the pattern of available resources in each country. The resource rich – labour deficit countries of for example sheikdoms of the Persian Gulf are magnet for in-migration from the resource poor – labour abundant countries in the region (such as Egypt) or from outside the regions (such as India and Pakistan). Egypt has the largest stock of out-migrants in the ESCWA region, that in 2005 was estimated to be 2.4 million (3.2 per cent of population), followed closely by Occupied Palestinian Territory (oPt) with 955 thousands emigrants, Jordan with 641 thousands and Lebanon with 622 thousands. However, a much larger proportion of the population of smaller countries emigrate, that for oPt was 25 per cent in 2005, and 11.2 per cent for Lebanon and 11.2 per cent for Jordan.

The resource rich – labour deficit countries and regions of the ESCWA on the other hand had very high in-migration to population ratios in 2005 that ranged from 26 per cent for Saudi Arabia to a staggering 71 per cent for UAE and 78 per cent for Qatar. (Tzannatos, 2009, Table B2).

There is also a large flow of out-migration from the ESCWA and MENA region to European and north American countries as well as in-migration from outside ESCWA region, predominantly from South Asian countries, however at least half the migrants originating in ESCWA and other MENA countries moved within the region. All these flows are sensitive to international financial and economic cycles that drive labour demand and flow of capital in the region and around the world, flows that in turn are reflected in the flow of international remittances, capital and finance.

3. *Financial flows*

Remittances and financial flows, especially FDIs and capital flows, are the other major linkages within ESCWA and between ESCWA and the rest of the world. ESCWA and other MENA countries being one of the main sending and receiving regions of international migration account for a sizeable share of world remittances. It is estimated that in 2005-09 period MENA countries received 8.4 per cent of world inflow of remittances. This share has been on the decline since the late 1970s indicating the importance of the other international migration and remittance flows. (Tzannatos, 2009, Table A10, p. 49, based on World Bank estimates). As a proportion of national income importance of remittances varies greatly, that for example in 2006 in Jordan was estimated to be about 18 per cent and in Lebanon about 22 per cent, whilst the corresponding figures for Egypt is 5 per cent and for Yemen is 6 percent. (World Bank, 2009, Figure 2.21 p. 55)

FDI is another major source of finance in the region that in terms its impact on domestic capital formation and as a share of GDP is far more important, on average, for the resource poor-labour abundant countries than resource rich-labour deficit countries. In 2006 FDI as a share of gross fixed domestic capital formation for the resource poor-labour abundant countries was 42 per cent compared with 10-14 per cent for the resource-rich countries. As it would be expected the share of FDI in DGP is higher in the resource poor countries. The other notable and expected feature of foreign investment in the region is that of capital flows from resource-rich to resource-poor countries. (World Bank, 2009, Tables A.24 and A.25, and pp. 48-49)

In general foreign investors are attracted to resource-poor labour abundant countries to take advantage of cheap labour in order to produce labour intensive manufactured goods for domestic and foreign markets. This type of investment is much more sensitive to short term fluctuations in international markets than FDI that flows to resource-rich labour deficit countries that is motivated by the long term profit of the extractive industries and investment in the capital intensive manufacturing sector to produce goods for the domestic market of these countries. Given that in the short to medium run there exists a low price elasticity of demand for oil and other minerals and there is a relative stability of domestic demand for home produced goods in the resource-rich countries, FDI flow to these countries may well be more stable than that to resource-poor

labour abundant countries. The decline in the flow of FDI to China and the resultant rise in unemployment, since the financial and economic crisis of 2008, are going to be replicated in other countries with abundant labour resources.

B. The Impact of the Crisis on the ESCWA Countries

The ESCWA and MENA region with their relatively open and well integrated economies have not been immune to the 2008 financial and economic crisis but the impact will be gradual depending on the depth of global integration of various markets and the speed of transmission of the crisis from one market to another.

Given that the global financial markets are the most integrated of all markets it is not surprising that the stock markets in the ESCWA and MENA have been the first casualty of the global financial crisis. Even before the recent property crash in Dubai, the Dubai stock market registered one of the highest losses in the ESCWA region by losing 70 per cent of its value from January to August of 2009. (Tzanntos, 2009, p. 25). It would take time for the stock market losses to work their way into the real economy in terms of loss of output, jobs, etc. This would critically depend on the links between the financial market and the real economy and the availability of liquidity for companies that are hit by global crisis.

The resource-rich ESCWA countries are far better positioned to ride the financial crisis by supporting their companies during the crisis. They run balance of payments surpluses and have substantial foreign exchange reserves (World Bank, 2009, Tables A.21-A.22), even with occasional dips in the price of oil that has stabilised since October 2009. Most also have good international credit rating and can raise money on the international financial markets.

Once the crisis reaches the real economy, the transmission through labour market will affect the resource-poor labour abundant countries which have been sending migrants to the ESCWA and MENA labour deficit countries. The labour market impact also affects migrants from the south Asian countries. By all accounts remittances at best remain constant. Anecdotal evidence so far suggest that despite rising unemployment in the labour deficit ESCWA and MENA and immigrant receiving European and North American countries most migrants from less developed countries stay put hoping for a quick recovery. Migrants who decide to ride the recession at destination would have to not only dip into their savings (that would reduce their remittances sent home) but might also have to be supported by their families back home as evidence from Mexico in 2009 suggests. Tzannatos (2009, p. 26) provides a review of available evidence and suggests that remittances are estimated to be declining. This worsens the balance of payments of most of the these countries which were running large current account deficits that in the case of Jordan and Lebanon in 2006 amounted to 13.5 and 16.7 per cents of GDP, respectively. (World Bank, 2009, Tables A.22)

C. Policy Responses to the Crisis

Considering the high incidence of poverty and vulnerability among the population in the region, what can be done to reduce the impact of the crisis on the population? The answer critically depends on the fiscal capacity of state and on support policy of aid donor countries and international financial institutions.

Almost all labour abundant, whether resource-rich or not (Algeria being an exception) have had fiscal deficits since the 2006 that are expected to deteriorate, particularly for the resource-poor labour abundant countries. This raises the all important question of fiscal capacity of state and the associated social policy space to alleviate the worst effects of the crisis on the population by increasing employment, maintaining access to basic consumption goods, maintaining social expenditure on health and education, and in general preventing poverty to increase even further.

What states in the region can do to a large degree depends on the fiscal space and policy space that they have, and the way such a space is interpreted. Interestingly enough, the developed countries in general take a counter-cyclical approach during a downturn by adopting an expansionary fiscal and monetary policies (as

observed in the north American and most of the EU countries) but in the developing countries it is often the opposite. The way fiscal and policy space is interpreted is at the heart of this difference.

An orthodox neoclassical interpretation of fiscal space as favoured by the IMF and other IFIs, is put in terms of 'the room in government's budget that allows it to provide resources for a desired purpose without jeopardising the sustainability of its financial position or the stability of the economy.' (Cavallo and Izquierdo, 2009, quoted in Islam, I. 2009). This approach usually focuses on the short term stability of the economy, that could be at the expense of long term development goals of increasing investment in infrastructure and meeting the basic needs of population in the areas of health, education, nutrition, etc. An alternative interpretation of the fiscal space, that is rooted in the structuralist/heterodox macroeconomics and has been associated with UNDP does not negate the importance of economic stability (avoidance of runaway inflation and ballooning of balance of payments deficit) but focuses instead on the development objectives.

The fiscal and policy space then is as much about the priorities of state and the economic and development model that it adopts. For example the orthodox approach recommends cuts in public expenditure that remain static if not rising in the short to medium run during a financial crisis because tax and other revenues will be on the decline. The alternative approach requires a shift in expenditure away from areas like defence and focuses on health, education, social protection and infrastructure. Countries that have the possibility of accumulating reserves during the boom could pay for their social expenditure in the downturn. (Islam, 2009) This is the path that East Asian countries followed after the East Asian financial crisis of the 1990s.

The resource-rich countries of the ESCWA and MENA have sufficient reserves at national and international levels to cope with the crisis if they choose to do so. It is in this connection that social policy space should be added to the fiscal policy space. That is how fiscal policy space could be translated to social policy goals to ensure that social protection is provided on a generalized basis for all especially the poor and vulnerable, with the emphasis on the vulnerable. This should be the short-run objective of any policy response to the impact of crisis on ESCWA and other MENA countries.

The resource-poor countries of the region on the other hand have a more difficult task because of their government budget and balance of payments deficits and having to cope with a larger proportion of their population being poor.

In the short-run the resource-poor countries would certainly need support to stabilize their external balances, but without the usual orthodox strings of cuts in public spending and in general pro-cyclical policies that would worsen the impact of crisis. Given that unemployment in the region is expected to increase, of particular concern is the share of 'vulnerable employment' in total employment that in the MENA region has been put at 33 per cent in 2008 and is expected to increase to 39 per cent in 2009, according to the worst case scenario. The corresponding figures in North Africa are 37 and 42 per cent, respectively (Tzannatos, 2009, Table 4, p. 25).

Maintaining social expenditure on food subsidies, education and health is not only important from a social and humanitarian point of view, but also would contribute to demand in the economy.

At a more general level policies should be put in place to maintain employment. In the public sector investment in infrastructure (water, sewage, roads, etc.) would boost demand and have a counter-cyclical effect on the economy while increasing demand for labour, at least in the short-term. Private sector would also need support to maintain employment. In all financial crisis private sector will face cash flow problems as a result of general decline in economic activities and a credit crunch. Not only state should step in to provide short term finance, it could also help by giving tax holidays and help to reduce labour costs through social expenditure on health, nutrition and education.

Labour market policies in the region have taken variety forms. They range from early retirement in Tunisia (to boost demand for labour); support for small and medium size enterprises in for example Egypt and Jordan; tackling youth unemployment through employment of graduates, introduction and expansion of training programmes; job sharing as in Tunisia; measures to tackle child labour as in Egypt and offer of cash transfers to families if they keep their children at school.

In the medium to long-run job creation and raising the income of the working poor as a policy to reduce poverty remains the main challenge facing the ESCWA and other MENA countries. This is perhaps one of the most difficult areas of policy, not only in response to crisis but also in general. (For further details see Messkoub, 2008, especially sections 4 and 5)

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APPENDIX

Tables

Table 1: Selected annual macroeconomic indicators, 1980-2003
Selected Middle East and North African countries

	Real GDP growth (%)				Inflation rate (%) [1/]				Per capita real GDP (2000 US$)				Real GDP per person employed (1980=100) [2/]			
Country	1980	1990	2000	2003	1980	1990	2000	2003	1980	1990	2000	2003	1980	1990	2000	2003
Algeria	0.80	0.80	2.40	6.80	14.94	16.40	0.30	2.55	1,841	1,804	1,759	1,916	100.00	85.90	67.80	69.10
					(1981)								(-1.50)	(-4.77)	(-1.31)	(2.83)
Egypt	10.00	5.70	5.10	3.20	10.11	16.76	2.67	4.47	934	1,240	1,554	1,622	100.00	127.00	139.80	140.20
					(1981)								(1.40)	(3.32)	(3.13)	(1.39)
Iran	12.80	11.20	5.00	6.60	22.73	7.41	14.42	16.51	1,278	1,196	1,511	1,715	100.00	92.20	102.70	108.60
					(1981)								(-6.40)	(7.96)	(1.78)	(2.74)
Morocco	3.60	4.00	1.00	5.20	12.76	6.92	1.94	1.16	945	1,111	1,161	1,278	100.00	113.30	111.20	119.40
					(1981)								(-5.20)	(1.43)	(-1.33)	(2.75)
Sudan	1.50	5.50	6.50	6.00	50.00	100.00	5.71	-	283	281	388	433	100.00	85.00	106.60	117.00
					(1989)								(-1.20)	(-1.20)	(7.29)	(3.28)
Tunisia	7.40	8.00	4.70	5.60	8.97	6.45	2.88	2.67	1,353	1,503	2,036	2,215	-	-	-	-
					(1984)											
Jordan	19.00	1.00	4.20	3.20	7.69	16.23	0.70	2.41	1,939	1,624	1,732	1,801	100.00	83.40	68.30	69.40
					(1981)								(0.20)	(-4.25)	(-0.29)	(-0.29)
Lebanon	-	26.50	0.50	2.70	-	-	-	-	-	2,280	3,810	3,925	-	-	-	-
Syria	12.00	7.60	0.60	2.50	18.52	19.38	-3.85	0.97	1,011	902	1,115	1,135	100.00	90.80	105.30	104.20
					(1981)			(2002)					(6.10)	(4.37)	(-3.31)	(-1.14)
Yemen	-	-	6.50	3.80	-	36.61	4.60	10.83	-	453	538	553	100.00	94.30	112.40	114.90
						(1991)							(2.00)	(-3.87)	(1.90)	(0.00)

1/ The years directly below the rate refer to the earliest data available.

2/ The first line refers to the index of real GDP per annual working hours of employed persons. Directly below are the growth rates of the index. In 1980, the growth refers to 1981.

- Data not available.

Source: 2004 Key Indicators of the Labour Market (KILM) , 4th Edition (Table A.1: Macroeconomic, social and human development and Table 18a: Labour productivity, and unit labour costs, total economy)

Table 2: Real GDP growth and real GDP growth per person employed Middle East and North African countries

Country	Real GDP growth (%) 1980	1990	2000	2003	Real GDP growth per person employed (%) [1/] 1981	1990	2000	2003
Algeria	0.80	0.80	2.40	6.80	-1.50	-4.77	-1.31	2.83
Egypt	10.00	5.70	5.10	3.20	1.40	3.32	3.13	1.39
Iran	12.80	11.20	5.00	6.60	-6.40	7.96	1.78	2.74
Morocco	3.60	4.00	1.00	5.20	-5.20	1.43	-1.33	2.75
Sudan	1.50	5.50	6.50	6.00	-1.20	-1.20	7.29	3.28
Tunisia	7.40	8.00	4.70	5.60	-	-	-	-
Jordan	19.00	1.00	4.20	3.20	0.20	-4.25	-0.29	-0.29
Lebanon	-	26.50	0.50	2.70	-	-	-	-
Syria	12.00	7.60	0.60	2.50	6.10	4.37	-3.31	-1.14
Yemen	-	-	6.50	3.80	2.00	-3.87	1.90	0.00

1/ Computed as the ratio of real GDP growth and growth of annual working hours of employed persons.

- Data not available.

Source: 2004 Key Indicators of the Labour Market (KILM) , 4th Edition (Table 1a: Macroeconomic, social and human development and Table 18a: Labour productivity and unit labour costs, total economy).

Table 3: Selected poverty indicators, 1991-2000
Selected Middle East and North African countries

Country	(Survey period)	National poverty line (%)			(Survey period)	International poverty line (%)(population below US$2/day)	International poverty gap (%)(population below US$2/day) [1/]	Share of working poor at US$2/day in total employment (%) [2/]	GINI Index
		National	Rural	Urban					
Algeria	(1995)	22.60	30.30	14.70	(1995)	15.10	3.60	30.50	35.30
	(1998)	12.20	16.60	7.30					
Egypt	(1995)	22.90	23.30	22.50	(1991)	42.60	11.40	-	32.00
	(2000)	16.70	-	-	(1995)	42.80	10.80	71.50	32.60
					(2000)	43.90	11.30	71.70 (1999)	34.40
Iran	-	-	-	-	(1994)	7.80	1.70	12.90	43.00
					(1998)	7.20	1.50	11.60	44.10
Morocco	(1991)	13.10	18.00	7.60	(1991)	7.50	1.30	-	39.20
	(1999)	19.00	27.20	12.00	(1999)	14.30	3.10	23.50 (1998)	39.50
Sudan	-	-	-	-		0.00	-	-	-
Tunisia	(1995)	7.60	13.90	3.60	(1995)	12.70	3.10	22.90	41.70
					(2000)	6.60	1.30	11.90	40.80
Jordan	-	-	-	-	(1992)	10.60	2.20	19.20	43.40
					(1997)	7.40	1.40	12.80	36.40
Lebanon	-	-	-	-		-	-	-	-
Syria	-	-	-	-		-	-	-	-
Yemen	(1998)		45.00	30.80	(1992)	20.70	6.10	35.00	39.50
					(1998)	45.20	15.00	73.70	33.40

1/ Defined as the mean shortfall from the US$2/day (counting the non-poor as having zero shortfall), expressed as percentage of the poverty line.

2/ The working poor are defined as those who work and who belong to poor households (ILO definition).

- Data not available.

Sources: 2004 Key Indicators of the Labour Market (KILM) , 4th Edition (Table 20: Poverty, working poverty and income distribution)
International Monetary Fund Country (IMF) Reports 2005-2006 (for employment growth)

Table 4: Selected labour market indicators, 1980-2003
Selected Middle East and North African countries

	Total labour force (in '000)								Labour force participation rate (%)								Unemployment rate (%) [1/]							
	1980		1990		2000		2003		1980		1990		2000		2003		1980		1990		2000		2003	
Country	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Algeria	**(1985)**		**(1996)**						**(1985)**		**(1996)**						-	-	-	-	26.6	31.4	23.4	25.4
15-24	994	171	2,020	455	-	-	-	-	45.1	8.0	65.0	15.3	-	-	-	-					**(2001)**			
25-54	2566	306	4,392	534	-	-	-	-	95.0	10.3	95.2	11.8	-	-	-	-								
55-64	285	27	-	-	-	-	-	-	71.6	5.9	-	-	-	-	-	-								
65 +	102	11	-	-	-	-	-	-	26.6	2.4	-	-	-	-	-	-								
Egypt					**(2002)**								**(2002)**				3.9	19.2	5.2	17.9	5.1	22.7	7.3	23.2
15-24	2,160	325	2,090	1,150	2,951	1,302	-	-	51.1	8.3	40.6	25.0	39.0	19.6	-	-								
25-54	2,283	309	8,088	2,738	11,119	2,942	-	-	-	-	97.0	31.6	98.3	21.8	-	-								
55-64	-	-	1,145	186	1,464	99	-	-	-	-	77.2	11.4	60.6	4.0	-	-								
65 +	391	114	482	86	284	15	-	-	52.7	14.7	41.5	12.7	16.3	1.4	-	-								
Iran	**(1982)**		**(1991)**						**(1982)**		**(1991)**						12.9	25.5	8.5	13.4	13.8	16.5	10.1	20.4
15-24	1,346	344	3,390	657	-	-	-	-	53.9	14.1	60.8	12.4	-	-	-	-	**(1986)**		**(1996)**					
25-54	3,500	400	7,548	753	-	-	-	-	95.8	12.0	95.5	9.8	-	-	-	-								
55-64	458	17	1,261	49	-	-	-	-	78.2	3.3	83.1	4.0	-	-	-	-								
65 +	195	10	634	28	-	-	-	-	53.9	2.4	59.5	3.4	-	-	-	-								
Morocco	**(1982)**				**(2001)**				**(1982)**				**(2001)**				13.4	18.5	14.2	20.4	13.8	13.0	11.5	13.0
15-24	1,362	419	582	296	1,983	655	1,989	748	64.9	19.6	49.6	23.0	63.6	21.2	62.0	23.8	**(1987)**						17.4	15.9
25-54	2,655	513	2,055	645	4,959	1,726	5,250	1,930	93.6	17.0	93.6	29.6	93.8	30.7	93.7	32.3							9.6	11.9
55-64	380	58	-	-	-	-	-	-	78.9	12.8	-	-	-	-	-	-								
65 +	178	20	-	-	-	-	-	-	41.8	5.3	-	-	-	-	-	-								
Sudan	**(1983)**		**(1996)**						**(1983)**		**(1996)**						-	-	-	-	-	-	-	-
15-24	1,052	477	1,113	712	-	-	-	-	67.7	29.0	44.6	26.7	-	-	-	-								

25-54	2,413	920	3,277	1,321	-	-	-	-	95.6	32.4	93.9	33.1	-	-	-	-								
55-64	303	92	466	92	-	-	-	-	93.2	33.5	93.2	21.3	-	-	-	-								
65 +	232	62	394	40	-	-	-	-	79.0	25.5	73.0	11.3	-	-	-	-								
Tunisia			**(1997)**								**(1997)**						-	-	-	-	-	-	-	-
15-24	454	160	474	250	-	-	-	-	70.1	24.3	50.0	27.3	-	-	-	-								
25-54	819	182	1,519	437	-	-	-	-	96.5	19.4	94.9	27.0	-	-	-	-								
55-64	123	17	173	26	-	-	-	-	70.8	11.1	66.4	10.0	-	-	-	-								
65 +	51	5	90	9	-	-	-	-	32.5	4.1	34.0	3.5	-	-	-	-								
Jordan			**(1991)**						**(1983)**		**(1991)**						4.8	22.8	18.1	30.0	12.3	21.1	14.7	19.7
15-24	-	-	21	4	-	-	-	-	-	-	50.0	11.2	46.3	7.8	-	-	**(1982)**		**(1993)**		24.5	39.2	28.0	43.2
25-54	-	-	41	6	-	-	-	-	-	-	92.4	14.0	85.1	16.9	-	-					7.8	11.7	7.8	11.7
55-64	-	-	5	0	-	-	-	-	-	-	66.1	2.4	51.5	1.0	43.2	1.3								
65 +	-	-	1	0	-	-	-	-	33.8	0.9	30.5	0.9	15.2	0.3	13.9	0.4								
Lebanon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Syria	**(1981)**		**(1994)**						**(1981)**		**(1994)**						-	-	9.0	7.2	-	-	-	-
15-24	570	67	913	161	1,178	347	1235	349	65.3	8.1	64.7	11.5	62.5	18.9	60.0	18.8			**(1997)**					
25-54	1,042	84	1,853	264	2,361	578	2471	583	95.8	7.8	96.2	13.9	97.8	23.7	96.4	21.3								
55-64	133	5	214	13	248	35	210	31	77.7	3.0	77.4	4.8	71.5	12.7	53.8	8.5								
65 +	54	1	108	5	171	19	142	11	37.4	1.1	48.4	2.4	55.3	9.9	37.4	4.3								
Yemen			**(1994)**								**(1994)**						-	-	12.5	8.2	-	-	-	-
15-24	-	-	513	164	-	-	-	-	-	-	39.5	14.0	-	-	-	-			**(1999)**					
25-54	-	-	1684	370	-	-	-	-	-	-	91.8	19.2	-	-	-	-								
55-64	-	-	210	33	-	-	-	-	-	-	80.9	14.1	-	-	-	-								
65 +	-	-	136	16	-	-	-	-	-	-	49.7	6.6	-	-	-	-								

1/ Breakdown of unemployment is available for 15-24 (youth unemployment) and adult unemployment (15 +) only. The line corresponding to 25-54 age bracket refers to 15 +.

- Data not available.

Source: 2004 Key Indicators of the Labour Market (KILM) , 4th Edition (Table 1c: Labour force participation rate. Table 8a: Uenmployment and Table 9: Youth unemployment)

Table 5: Total labour force, status in employment and real manufacturing wages, 1980-2003
Selected Middle East and North African countries

Country	(Period)	Total labour force 15 + (in '000)	(Period)	Total employment (in '000)	Percent share of total employment (%) 1/			Period	Real manufacturing wage index (1995=100)
					Wage and salaried workers	Self-employed workers	Contributing family workers		
Algeria	(1982)	4,164	-	-	-	-	-	(1992)	126.40
	(1996)	7,903	-	-	-	-	-	(1996)	97.90
Egypt	(1980)	10,340	-	-	-	-	-	(1982)	166.70
	(1990)	15,964	-	-	-	-	-	(1990)	114.90
	(2001)	19,253	(2000)	17,203	59.90	28.50	11.50	(2002)	118.50
Iran	(1982)	6,271	-	-	-	-	-	(1994)	113.00
	(1986)	12,338	-	-	-	-	-	(1999)	110.70
	(1996)	15,651	(1996)	14,572	51.7	39.7	5.5	(2001)	128.00
Morocco	(1982)	5,585	-	-	-	-	-	-	-
	(1990)	3,804	-	-	-	-	-		
	(2001)	10,230	-	-	-	-	-		
	(2003)	10,902	(2003)	9,603	38.10	31.10	29.70		
Sudan	(1983)	5,549	-	-	-	-	-	-	-
	(1996)	7,415	-	-	-	-	-		
Tunisia	(1980)	1,810	(1989)	1,979	67.00	23.40	8.90	-	-
	(1997)	2,978	(1999)	2,635	68.40	23.30	7.80		
			(2000)	2,705	68.10	23.60	7.40		
			(2003)	2,951	64.30	26.80	8.70		
Jordan	(1991)	79	-	-	-	-	-	(1994)	94.40
								(2000)	93.60
								(2001)	90.00
Lebanon	(1997)	1,347	-	-	-	-	-	-	-

Syria	(1981)	1,955	-	-	-	-	-	-	-
	(1994)	3,530	-	-	-	-	-		
	(2000)	4,937	-	-	-	-	-		
	(2003)	5,032	-	-	-	-	-		
Yemen	(1994)	3,126	(1999)	3,622	41.60	58.00	0.30	-	-

1/ Figures will not add up to 100%. Not classified items (average of 1% of total employment) are not included in the table.

- Data not available.

Source: 2004 Key Indicators of the Labour Market (KILM) , 4th Edition (Table 1c: Labour force participation and Table 15: Manufacturing wage indices)

Table 6: Total labour force and employment by sector, 1980-2003

Selected Middle East and North African Countries

Country	(Period)	Total labour force (in '000)	(Period)	Total employment (in '000)	Percent share of total employment (%) 1/ Agriculture	Industry	Services
Algeria	(1982)	4,164	(1997)	5,708	15.5	20.5	64.0
	(1996)	7,903	(2000)	5,726	15.7	24.3	59.0
			(2001)	6,229	21.1	24.3	54.7
Egypt	(1980)	10,340	(1980)	9,799	42.4	20.1	35.7
	(1990)	15,964	(1990)	14,361	39.0	20.7	40.1
	(2001)	19,253	(2000)	17,203	29.6	21.3	49.1
			(2002)	17,856	27.5	20.6	51.9
Iran	(1982)	6,271	(1990)	12,108	26.4	28.3	45.3
	(1986)	12,338	(1991)	12,534	25.6	28.9	45.6
	(1996)	15,651	(1992)	12,986	24.7	29.4	45.9
			(1993)	13,471	23.8	30.1	46.1
			(1994)	13,986	23.0	30.7	46.3
			(1995)	14,542	22.1	31.4	46.5
			(1996)	14,572	23.0	30.7	44.3
Morocco	(1982)	5,585	-	-	-	-	-
	(1990)	3,804	-	-	-	-	-
	(2001)	10,230	-	-	-	-	-
	(2003)	10,902	(2003)	9,603	43.9	20.2	35.9
Sudan	(1983)	5,549	-	-	-	-	-
	(1996)	7,415					
Tunisia	(1980)	1,810	-	-	-	-	-
	(1997)	2,978					

Jordan	(1991)	79	-	-	-	-	-
Lebanon	(1997)	1,347	-	-	-	-	-
Syria	(1981)	1,955	-	-	-	-	-
	(1994)	3,530	-	-	-	-	-
	(2000)	4,937	-	-	-	-	-
	(2003)	5,032	(2002)	4,822	30.3	26.9	42.8
Yemen	(1994)	3,126	(1999)	3,622	54.1	11.1	34.7

1/ Figures will not add up to 100%. Not classified items (average of 1% of total employment) are not included in the presentation..

- Data not available.

Source: 2004 Key Indicators of the Labour Market (KILM) , 4th Edition (Table 1c: Labour force participation and Table 4a: Employment by sector)

Table 7: Real GDP growth, sectoral employment growth, employment elasticity and poverty, 1980-2003
Selected Middle East and North African countries

	Employment growth (%) 1/			Sectoral value-added GDP growth and employment elasticity (1991-2003)							International poverty line (%) 2/ (population below US$2/day)	
				Agriculture		Industry		Services		Total GDP		
Country	1990	2000	2003	Growth	Elasticity	Growth	Elasticity	Growth	Elasticity	Growth	(Period)	
Algeria	26.10	2.70	5.10	3.70	1.22	2.30	0.75	3.20	0.51	2.60	(1995)	15.10
Egypt	-	2.38	1.68	3.10	0.27	3.80	0.14	4.60	0.81	4.40	(1991)	42.60
											(1995)	42.80
											(2000)	43.90
Iran	10.05 a/	6.06	4.03	4.70	1.50	0.30	0.30	7.30	0.20	4.10	(1994)	7.80
											(1998)	7.20
Morocco	-	0.30	4.60	0.30	0.63	3.20	0.52	2.90	1.06	2.50	(1991)	7.50
											(1999)	14.30
Sudan	-	-	-	9.30	0.53	5.70	0.37	3.30	0.10	5.60	-	-
Tunisia	-	-	-	2.20	2.05	4.60	0.77	5.30	0.57	4.60	(1995)	12.70
											(2000)	6.60
Jordan	-	-	-	0.60	1.61	6.00	1.27	4.60	1.28	5.10	(1992)	10.60
											(1997)	7.40
Lebanon	-	-	-	-	-	-	-	-	-	-	-	-
Syria	-	-	-	4.20	1.89	7.30	0.63	3.40	1.50	4.40	-	-
Yemen	-	-	-	6.30	1.14	5.30	0.72	5.60	0.77	5.60	(1992)	20.70
											(1998)	45.20

1/ Data in the 1980s are not available
2/ Data in the 1980s and 2003 are not available.
a/ Due to limited data, the 1990 figure refers to fiscal year 1986/1987 and 1999/2000 growth. Iranian fiscal year ends on 20 March.

Sources: 2004 Key Indicators of the Labour market)KILM), 4th edition (Table 19b:Sectoral employment elasticites for the period 1991-2003; Table 20: Poverty, working poverty
International Monetary Fund Country (IMF) Reports 2005-2006 (for employment growth); 2006 World Bank World Development Indicators