

REGIONALPROGRAMM

GOLF-STAATEN

SARA-IDA KAISER

LARISSA ALLES

FRANZ J.H. POLENZ

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A Generation in the Waithood – Youth without perspectives as a catalyst of the “Arab Spring”

PRESENTATION BY THE KAS REGIONAL PROGRAM GULF-STATES TOGETHER WITH JUSTIN SYKES FROM SILATECH QATAR ON „ENTREPRENEURSHIP AS SOCIAL POLICY“

“Without the perspective of having a job, the youth of the Arab countries are not motivated to leave their parents’ homes, let alone to set up their own families. This leads to a young generation that is in the situation of *waithood*, waiting for a better future”, claimed Justin Sykes, manager for social innovations at the Qatari Think Tank Silatech at the beginning of his lecture on “Entrepreneurship as Social Policy”. Sykes’ presentation on the term “waithood” made clear that the socio-economic problems of this generation are important structural challenges that need to be tackled within the next years. The potential for social unrest born out of unemployment and the lack of perspectives was clearly a driving factor in the eruption of the Arab Spring.

Around 50 participants with backgrounds in economics, academia and politics attended the lecture that was part of the CSR network evenings, organized by the KAS Regional Program Gulf-States. The idea behind this periodically event is to enable other people to build their own networks in the field of Corporate Social Responsibility, and to enhance the exchange on issues like sustainable management, the concept of social market economy, strengthen civil society and ethical, environmental and social impacts.

Justin Sykes talked in his lecture „Entrepreneurship as Social Policy“ about the lack of perspectives for the future of Arab youths, and called it one of the important catalysts for the revolutions in the Arab countries.

The population of the MENA region will rise up to 700 Million people until 2050, which means an increase of 66% compared to 2010. Two third of the population will be under the age of 30 and at least 80-100 million people will have to live from less than two US Dollar per day. Unemployment and the lack of perspectives among young men and women is already a significant social problem. This has become prevalent during the events of the Arab Spring that are also rooted in the precarious economic situation of the Arab youth. The unemployment rate among youths is at 25% in the region and the risk to be unemployed as a young person is three times higher than among adults over 30. At least 25 Million jobs must be created within the next ten years in order to enhance the situation on the job market for this group of people.

Sykes however denied that neither the public sector nor big companies from the private sector are able to create this amount of jobs in such a short period of time, except in the GCC States. The only way to solve this job crisis would be more young people who start their own businesses. The problem here lies in the absence of support for young people from the government and

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the private sector, as well as a lack in comprehensive consulting.

Silatech targets this existing lack of support. Together with the public and the private sector as well as civil society actors, it aims to support entrepreneurship and the formal education of young people in the MENA region. Here, local Civil Society Organizations (CSO) and enterprises are its main partners. In this way, Silatech is involved in projects in most of the Arab countries, including countries with high risks such as Syria and Yemen.

Justin Sykes pointed out that the demand for the work of Silatech and its partner organizations increased significantly throughout the last months. In addition to the economic pressure, the countries now face in the framework of the Arab Spring also a political pressure to reach sustainable solutions for youth unemployment as one of the most significant problems of the Arab World.

Yet, Sykes explained that there remain a number of structural boundaries to develop a strong spirit of entrepreneurship among the Arab youths. A lot of young people still do not have the essential basic knowledge or lack the access to information. They also face restrictions through resentments by banks, an excluding legislation, or cultural biases.

Silatech invests in consulting and networking opportunities. Its focus is on the assistance of sustainable financial planning and business development that extends the start-up phase. To provide young, potential entrepreneurs with a comprehensive access to knowledge, Silatech engages with a number of local NGOs and financial institutions in the region (such as the Fondation Micro-Credit in Morocco or the Ebdaa Bank). Eventually, the young entrepreneur also receives support for social innovations and the exploitation of new markets. In this regard, Silatech pioneers in introducing online platforms to enable private foundations to invest and to let money to micro enterprises in accordance with Islamic law.

In the following discussion, several questions captured the interest of the audience: Which role does the government have? Which problems occur with credit default risks in case of missing collaterals? How does the internet and higher education contribute to the support of young entrepreneurs?

Sykes denied the potential of the government to provide loans. He illustrated at the example of Algeria that these unconditional loans are usually taken as „free money“ and rarely paid back. Therefore, he sees the responsibility for sustainable financial aid predominantly with banks and financial institutions. Credit default risks are minimized through different approaches. Instead of collateral securities, the beneficiary has to provide immaterial securities, such as a guarantor. Alternatively, the material items bought or produced with the help of the credit remain the property of the donor until the entire refund of the credit.

However, universities should play a larger role in capacity building. They should support entrepreneurial thinking and act as a „robust bridge“ between education and the job market. The internet also plays an important role to inform and mobilize people, according to Sykes. Yet, this depends on the degree of penetration and access to the internet in the different countries.

The role of expatriates as a structural problem in the Gulf States was another issue raised in the discussion. Most of the work in the Gulf States is carried out by foreign labor force at the moment. The question is how to transfer the workload from these foreign laborers to the local young population during the next years. Sykes regards this redeployment as one of the biggest challenges. The disproportionately high salaries in the public sector pose a significant problem, as working in the private sector becomes unattractive for locals in this way. Sykes mentioned the rise of salaries of around 80% on average in the public sector in Qatar, which decreases the chance to attract young Qataris as entrepreneurs immensely. This example shows the importance of CSOs and initiatives from the pri-

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vate sector providing information and incentives to the young population.

In sum, both the lecture and the discussion underlined the significance of youth unemployment and the absence of young entrepreneurship as a central challenge for the entire MENA region. Furthermore, Sykes illustrated the links between the current political unrest in the region and the precarious economic future of its young population. It became clear that the transfer of knowledge is an indispensable condition to advance independent economic initiatives and young enterprises by the region's youths.

Silatech is a nonprofit initiative of the wife of Qatar's emir, Sheikha Mozah. Apart from consulting, Silatech publishes together with the Gallup Center empirical studies about the socio-economic perspectives of young people in the Arab countries, as well as the so called „Silatech Index“, in which young people from 21 countries state their opinions regarding their ideas and perspectives for the future, but also regarding social and economic participation.