

1-2021

Investing in Entrepreneurship: The Sustainable Solution to Tunisia's Youth Unemployment Crisis?

Hussein Nouredin
Western University, hnoured@uwo.ca

Follow this and additional works at: https://ir.lib.uwo.ca/all_reports



Part of the [Growth and Development Commons](#), [Income Distribution Commons](#), [International Economics Commons](#), [International Relations Commons](#), [Labor Economics Commons](#), [Leadership Studies Commons](#), and the [Public Economics Commons](#)

Citation of this paper:

Nouredin, Hussein, "Investing in Entrepreneurship: The Sustainable Solution to Tunisia's Youth Unemployment Crisis?" (2021). *All Reports*. 11.
https://ir.lib.uwo.ca/all_reports/11

Investing in Entrepreneurship: The Sustainable Solution to Tunisia's Youth Unemployment Crisis?

By Hussein Nouredin
15 January 2021



The story of Mohamed Bouazizi, whose self-immolation became a global symbol of the region's fight for political reform, was one familiar to many young Tunisians. A street vendor in the rural town of Sidi Bouzid, he faced constant harassment by police for selling fruits and vegetables on the street out of sheer desperation. Life under the Arab autocracies had become insufferable for their citizens and, in Tunisia, unemployment was a central grievance of the Jasmine Revolution that unleashed the Spring protests eastward.

Like many other Euro-Med countries, high unemployment has been a persistent problem in Tunisia since Ben Ali's reign. But, when it comes to the critical issue of youth unemployment, it fares considerably worse than its neighbors; as of 2020, Tunisia has the world's tenth highest unemployment rate at 36.5% (World Bank 2020).

Despite undergoing regionally unparalleled democratization and sociopolitical change, the prognosis of its youth's unemployment plague has been bleak. With a frail government bound together by the consensus politics of what is often described as an 'endless transition' period, the question of how to incorporate Tunisia's frustrated and disenchanted youth into the labour market remains unanswered. The bureaucracy of Technical and Vocational Education and Training (TVET) programs, coupled with a lack of synergy between education and employability, has made it increasingly clear that the solution cannot lie in government hands.

Put simply, as studies from the World Bank and the OECD show, there is no singular solution to reduce the rising number of unemployed young Tunisians. This is in part due to the several compounding challenges that surround the issue. Beyond the regional and gender disparities that

must be addressed, there is a large skills mismatch exacerbated by a poor education-job market nexus – a problem reflected by Tunisia’s unusual case of higher education correlating to higher unemployment. Rather than anticipating wide structural changes to post-secondary institutions, there is one skill that should be encouraged above all else from foreign investment and the private sector: entrepreneurship.

Many experts agree that fixing the education system would eventually be a key supply-side remedy for new graduates in the labor force. To create pathways to a more fruitful job market on the demand-side, however, increasing self-employment must be at the forefront. A better startup ecosystem has the potential to not only diversify available opportunities for graduates in key emerging industries like renewable energy or ecommerce, but it would be especially crucial to expanding work for young citizens in the country’s poorer inland regions, where youth unemployment in cities like Gafsa include approximately half of the demographic (AfDB). Highlighting the importance of tackling this regional inequality, Tunisian business developer Mehdi Ben Abdallah believes that sending young people from rural areas to universities in order to learn more ‘developed’ skills, such as marketing, has effectively tarnished jobs in vital sectors like agriculture or mining. Instead, the youth must be encouraged to learn skills that better align with their region’s job market – becoming better farmers or engineers than their parents, for instance.

While it may seem counterintuitive to not focus on assisting university graduates, whose young women are disproportionately affected by unemployment, cultivating a generation of entrepreneurs in the more disadvantaged parts of Tunisia must be the priority. The majority of active labor market programs that include entrepreneurship already target university graduates, and economic development programs by the likes of USAID have been overwhelmingly centered on urban cities. The struggle of lagging regions, however, continues to be overlooked (World Bank 2020). This has been accentuated by the inefficacy of TVET government programs, which train secondary-level students, in promoting entrepreneurship; for perspective, the OECD found that only 17% of training centers under the TVET umbrella “actively promote their entrepreneurship offerings.”

According to the 2014 study, it is the lack of a common national framework to support entrepreneurial growth beyond basic education that has prevented a sense of “collective responsibility of outcomes” (i.e. the creation of new businesses). As such, it is time for a grassroots approach facilitated by a collaboration of the private sector, foreign investment projects, and ANETI – Tunisia’s main entrepreneurship agency – to provide self-employment resources in the country’s economically marginalized communities.

At the local level, ANETI must concentrate its efforts on connecting both TVET students and those in the informal economy to access financial resources. Here, it is pivotal that foreign aid redirects its support to give underprivileged young Tunisians better access to credit, a metric the World Bank identifies as a major hindrance to business development in the country. One noteworthy example of foreign investment was the USAID-funded program, “*Mashrou3i* (My Project),” that worked to mentor entrepreneurs in the interior regions.

From a non-financial standpoint, ANETI's collaboration with foreign investors and Tunisian firms will also be crucial to providing TVET students with apprenticeships in relevant industries, paving the way for them to gain experience before trying to create their own enterprises. This will lead to a greater onus on the private sector to stimulate a more efficient job market and, hopefully, reduce the Tunisian government's need to over-allocate jobs in the public sector.

Without government action to tackle unemployment on several fronts, from the education system to revamping industries like tourism, getting the youth to work will continue to be a major obstacle. It is no surprise that over 100,000 young Tunisians have left the country in search of opportunities since 2011, and the country's socioeconomic woes will continue so long as the youth is unemployed. As the COVID-19 pandemic has continued to decimate vital sectors, the impact of future foreign investment and development cannot be understated. After a decade of post-revolution stagnation from the government, Tunisian agencies and outside actors must recognize that changing the predicament of this generation will not come without their concerted effort. The most appropriate starting point: empowering young Tunisians inland to become future business owners, honoring what Bouazizi stood for.

References

- Ben Abdallah, Mehdi, Ons Ben Abdelkarim, and Aymen Errais. "Tunisia's Accelerating Economic Challenges." Carnegie Endowment for International Peace, n.d. <https://carnegieendowment.org/2020/07/21/tunisia-s-accelerating-economic-challenges-event-7389>.
- "Economic Growth and Trade: Tunisia." U.S. Agency for International Development, February 10, 2020. <https://www.usaid.gov/tunisia/economic-growth-and-trade>.
- Larsson, Naomi. "How Tunisia's Young Entrepreneurs Are Tackling the Country's Brain Drain." *The Guardian*. Guardian News and Media, July 22, 2019. <https://www.theguardian.com/business-call-to-action-partnerzone/2019/jul/22/how-tunisia-young-entrepreneurs-are-tackling-the-countrys-brain-drain>.
- Ryan, Yasmine. "The Tragic Life of a Street Vendor." Al Jazeera English, January 20, 2011. <https://web.archive.org/web/20110123013219/http://english.aljazeera.net/indepth/features/2011/01/201111684242518839.html>.
- "Supporting Entrepreneurship in the Vocational Training System in Tunisia: An Assessment of Entrepreneurship Support in Vocational Training Centres under the Tunisian Agency for Vocational Training (ATFP)." *OECD*, 2014.
- "Tunisia - Unemployment Rate 1999-2020." Statista, November 4, 2020. <https://www.statista.com/statistics/524516/unemployment-rate-in-tunisia/>.
- "Tunisia - Youth Unemployment Rate 1999-2020." Statista, November 4, 2020. <https://www.statista.com/statistics/813115/youth-unemployment-rate-in-tunisia/#:~:text=Youth%20unemployment%20rate%20in%20Tunisia%20in%202020&text=The%20statistic%20shows%20the%20youth,Tunisia%20was%20at%2036.51%20percent>
- "Tunisia Economic Snapshot." OECD, 2020. <http://www.oecd.org/economy/tunisia-economic-snapshot/>.
- "Tunisia – Skills Development for Employment: The Role of Technical and Vocational Education and Training." *World Bank Group*, May 4, 2020. <https://doi.org/10.1596/34068>.
- "Tunisia: Economic and Social Challenges Beyond the Revolution." *African Development Bank Group*, 2012.
- "Tunisia: Unemployment Rate by Educational Level." Statista, December 16, 2020. <https://www.statista.com/statistics/1186347/unemployment-rate-in-tunisia-by-educational-level/>.
- "Unemployment, Youth Total (% of Total Labor Force Ages 15-24) (Modeled ILO Estimate)." World Bank, n.d. <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>.

“World Bank. 2020. Doing Business 2020 : Comparing Business Regulation in 190 Economies.
Washington, DC: World Bank.
<https://openknowledge.worldbank.org/handle/10986/32436> License: CC BY 3.0 IGO.”