CHAPTER 4
Economic Opportunities

Whether you're a girl or a boy, you tell yourself: "All the same, after all of these years of studying and sacrifice, you end up staying home. Even if you try to work past it, it affects you psychologically … this life does not satisfy you anymore. You would rather live in better conditions, in a better environment."
Female unemployed graduate, Tataouine (South Tunisia)

This chapter highlights the economic opportunities available to young Tunisian women and men, and presents the state of employment and entrepreneurship in both formal and informal sectors. The results underscore that significant regional and gender disparities exist in youth employment prospects, also documented in a recent World Bank study on labor market outcomes in Tunisia (World Bank 2013b). Most employment is offered without written contracts, providing limited job security and little access to social security.[1] Lastly, a separate section on self-employment highlights the substantial entrepreneurial potential of young Tunisians while also discussing limited access to finance and the implications of excessive regulations on self-employed youth.

4.1 Employment Opportunities

Despite Tunisia's policies on gender equality, few young Tunisian women are employed. Less than one in five young women in rural Tunisia (18.5 percent) and less than two in five in urban Tunisia (39.8 percent) have jobs.[2] Among Tunisian young people who are not in education, employment, or training (NEET), rates of employment are substantially lower among women than among men (see figure 4.1). Female employment is particularly low in the south (8.3 percent in rural areas and 17.2 percent in urban areas) and in the interior region (16.1 percent in rural areas and 34.3 percent in urban areas), compared with young women working in the coastal region (27.5 percent in rural areas and 45.9 percent in urban areas). Male youth employment is very low overall, even in the coastal region (58.1 percent in rural areas and 68.0 percent in urban areas), followed by the south (53.6 percent in rural areas and 60.3 percent in urban areas), and the interior (48.9 percent in rural areas and 56.6 percent in urban areas). Overall, between one-third and one-half of all young men who, in principle, could work are without employment, implying a substantial amount of forgone economic output.

The chances of young people to find employment depend first and foremost on family background. Regression analysis suggests that paternal education counts more than a young person's own education in determining whether the young person finds work, while household wealth also appears to play a strong role (see annex 4, table A4.1).[3] This suggests that factors that cannot be directly controlled for in the regression—such as family connections and educational quality, both of which are likely to be correlated with paternal education—play significant roles in youth finding employment.

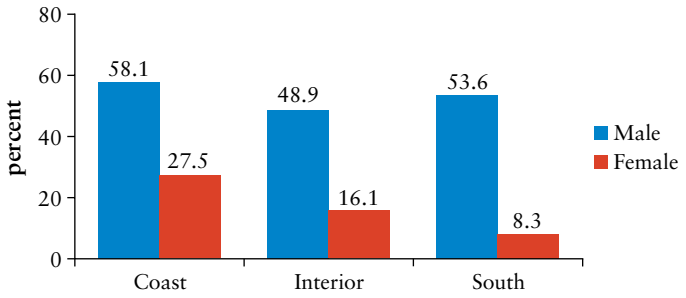
Regional Exclusion

[President] Bourguiba developed the Monastir region, [President] Ben Ali developed Sousse, but the regions of the interior are forgotten. The State should deal with the regions fairly. Given the rate of unemployment in Sidi Bouzid, which is twice that in Sousse, they should stop investing in Sousse until the other regions catch up, then everyone would be happy. With such measures, equality could be established between the regions. Male unemployed graduate, Sidi Bouzid

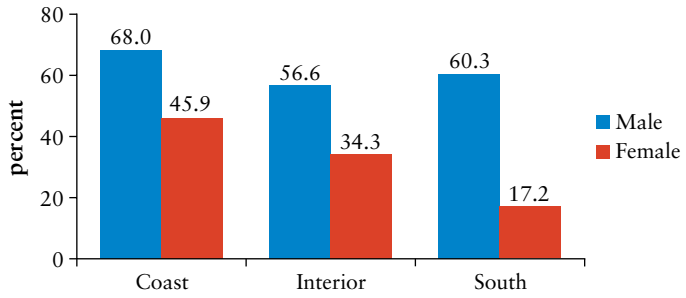
Young Tunisians face poor odds in finding employment, especially in the interior and the south, according to a recent report on the spatial divide of labor market outcomes (World Bank 2013b). In fact, among the underlying causes of the 2011 revolution was the spatial, economic, and political marginalization of society in parts of the country that favors the coastal region (Ayeb 2011).[4] A more recent analysis argues that the uprisings spread between marginalized communities throughout the country in what was coined "socioeconomic

Figure 4.1. Employment of Young Tunisians

a. Rural



b. Urban



Source: World Bank 2012d; 2012e.
Note: Figure excludes all youth enrolled in education or training programs.

proximity," rather than geographic proximity (Egel and Garbouj 2013).

Youth migration further reinforces existing regional disparities and urban-rural divisions. Youth migration deprives rural areas of its limited skilled young labor force while feeding the ever-growing poor suburbs of urban Tunisia. In effect, migration cements the inability of the rural hinterland to shift toward a high-productivity economic model. In this vicious circle, the youth of the interior see themselves as victims of neglect and regional bias. Youth migration further adds to the social pressure in urban areas that are unable to absorb the rapidly growing numbers of young unskilled workers. Young Tunisians migrate not only for work but also to exit from the social pressure in rural communities, delaying many life decisions, and thereby creating additional frustrations among young men and women. Migration is seen as traumatic by many—an exile from family and community. Many young people depict leaving home and the emotional and material support of family, friends, neighborhood, and the café for urban areas as a sacrifice "where no one sees me" rather than as an adventure.

Rural youth continue to move to cities as they attempt to escape rural areas, despite the lack of good jobs in urban areas. Nearly 90.2 percent of rural households report that members of their direct family[5] have migrated to urban areas, mostly the siblings of rural youth. Rural-urban migration continues to be an important pathway for rural youth, especially for young men. Nearly one-quarter of male migrants have moved to Greater Tunis (24.6 percent), to other cities (31.7 percent), or abroad (15.3 percent), while just over one-quarter (28.4 percent) of male migrants from rural households has moved to another rural location (see figure 4.2). In contrast, relatively few young women migrate to Greater Tunis (16.7 percent), other towns (32.2 percent), or abroad (2.4 percent). Nearly half of all migrated female siblings have moved to other rural areas (48.8 percent).

Unemployed youth compete for the few jobs that are available. Rural migrants are sometimes seen as undercutting the already low wages for unskilled workers in urban Tunisia.

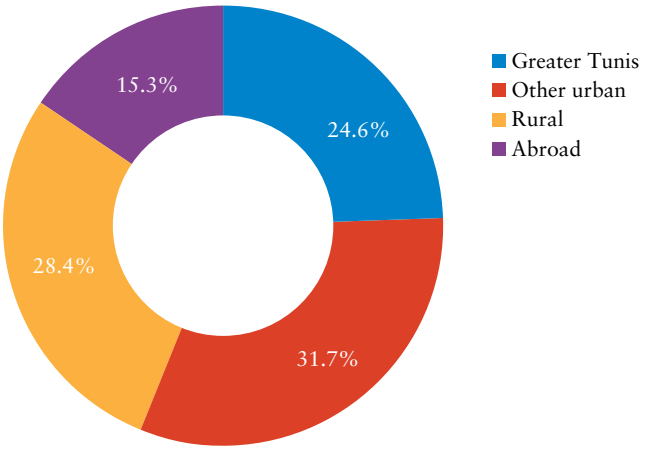
> *Those who come from rural areas are willing to work at lower wages. Tunis is invaded by migrants, while other areas of the country are empty, and Tunis residents cannot find a job. I think there should be a visa to live in the city, so that young people don't just overcrowd the place. In Tunis, there is no more space anywhere.* Male informal worker, Tunis (coastal Tunisia)

Gender Exclusion

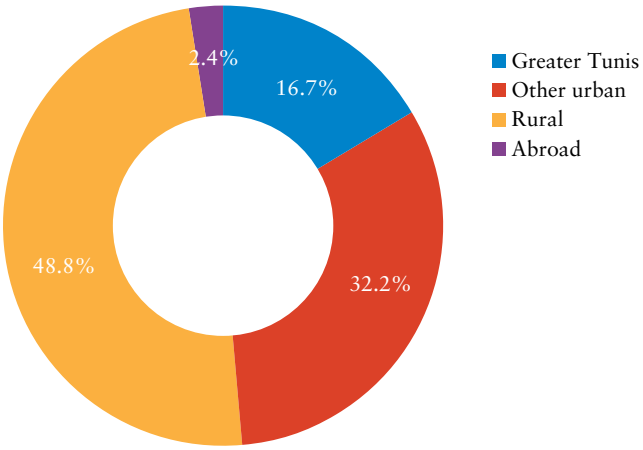
Exclusion based on gender remains a daunting challenge for young Tunisian women trying to enter the workforce. Tunisia has made admirable progress in closing gender gaps in education and health outcomes, but investments

Figure 4.2. Destinations of Rural Migrants by Gender

a. Male



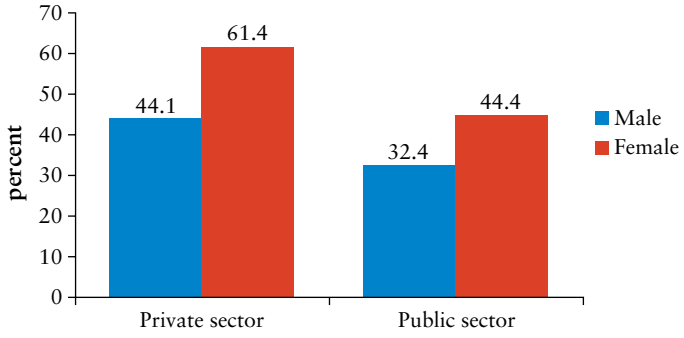
b. Female



Source: World Bank 2012d.
Note: Figure refers to all current migrants who are siblings of rural youth.

in human development have yet to translate into higher rates of female participation in economic life.[6] Several established methods are available to better understand the prevailing gender discrimination, including self-reported experience and perceptions and wage regression analysis (see annex 4, table A4.2). Figure 4.3 presents the perceptions of young men and women in rural Tunisia regarding gender discrimination in the labor market.[7] Nearly two-thirds (61.4 percent) of female respondents report that women are discriminated against when seeking work in the private sector. A smaller but still considerable number (44.4 percent) perceive gender discrimination in the public sector. A large proportion of young men agree that discrimination against the recruitment of women exists: 44.1 percent in the private sector and 32.4 percent in the public sector.

Figure 4.3. Perceived Gender Discrimination in Private Versus Public Sectors, Rural Tunisia



Source: World Bank 2012d.
Note: Figure only refers to youth in rural Tunisia.

Discrimination against women in the labor market is detrimental to female labor market participation and to Tunisia's development potential. As the *World Development Report 2012* states, "gender equality is smart economics" and matters for development (World Bank 2011). Providing women and men with equal access to education, economic opportunities, and assets has the potential to boost productivity. Qualitative research shows that many young men believe the importance of a woman having a job is less than that of a man, given that the man is traditionally seen as the breadwinner. However, increasingly, two incomes are becoming necessary to sustain a household, and employability can be an asset for young women. As one graduate commented:

> *Men today are not looking for a housewife, they prefer a woman who works and brings in money. And they are right.* Female unemployed graduate, Tunis

Familial concerns for women's safety and social propriety continue to limit young women's participation in the labor market. Fewer options exist for women to work outside the home, especially in the southern region, due to a lack of economic diversification and the limited availability of work considered appropriate for young women by their families. The qualitative data show that social norms continue to limit the mobility of young women for employment (see box 4.1 on family formation). A young woman living away from her family would be tolerated by some families only if the job were considered socially acceptable and increased her marriage prospects—i.e., work that is appropriate to her training, preferably in the public sector. Some of the young female survey respondents indicated that staying in their home regions may be seen as an imposition rather than an aspiration. Unlike young men, they cannot take on casual, short-term "filler" jobs that may result in gaining relevant skills. Given the scarcity of jobs considered appropriate, female graduates can face years of unemployment pending their assumed transition to wives and mothers.

> *Our parents encouraged us to study and work. But it is always within limits defined for us, which we can't go beyond. It is a question of mentality. People here think a girl can work as a teacher or nurse; these are respectable, decent occupations. I am only allowed to be a teacher and nothing else. I couldn't work as a tourist guide, or in a factory, or anything else. And worse, the job would have to be in the south of Tunisia. I couldn't even dream of working far from home.* Female graduate, Médenine (South Tunisia)

However, driven by the economic needs of their families, a significant proportion of young women from the interior and southern regions are working. These young women are typically working in factories in coastal towns

Box 4.1. Family Formation

Some segments of Tunisian society perceive the possession of a degree from an institution of higher learning as a burden in several respects, especially among young women. These young women effectively become constrained by their own initiative and academic success because men may perceive women graduates as possessing more autonomy than is their lot in a predominantly patriarchal culture and subsequently consider them inappropriate as potential wives. Furthermore, if the degree does not lead to employment, a young woman must return home to what, in some cases, is a mostly isolated life, particularly in the interior regions and in the south. Moreover, a woman's sector of employment largely determines whether or not she remains suitable for marriage. Prevailing social norms permit a young woman to work as a nurse or teacher, but they preclude most other lines of work.

Nevertheless, young Tunisian women believe that education and professional qualifications are significant assets for potential marriages as economic conditions make it progressively more difficult to manage households on single wages. The notion that both spouses can work is just as common among female nongraduates, who expressed the importance of contributing to household finances. In the words of one young woman "*Life is even harder nowadays. It is necessary that both members of the couple work.*"

Employment status and educational credentials affect marriage prospects for young Tunisian men as well, albeit in a different way. On a societal level, many families would prefer that their daughters marry an employed man, regardless of his degree. Thus, unemployed male graduates possess little-to-no comparative advantage relative to unemployed nongraduates. The resultant lack of social status assigned to unemployed male graduates may dissuade potential couples from seeking an engagement for fear of being refused by the bride-to-be's family, or worse, having the engagement broken off prematurely due to prolonged unemployment and intense pressure on the man to provide for his fiancée.

Source: World Bank and ONJ 2012.

such as Sfax, where they share accommodations with others. In this case, there is a trade-off: on one hand, between the norms governing the type of work considered appropriate for a university graduate and, on the other, the family's need for income and the young woman's desire to escape the tedium of the domestic sphere. As one female graduate put it:

> *I worked in a factory for a year after graduating. I notice that most graduates do the same since they can't find suitable work in their field of study.* Female graduate, Sfax

Job Informality

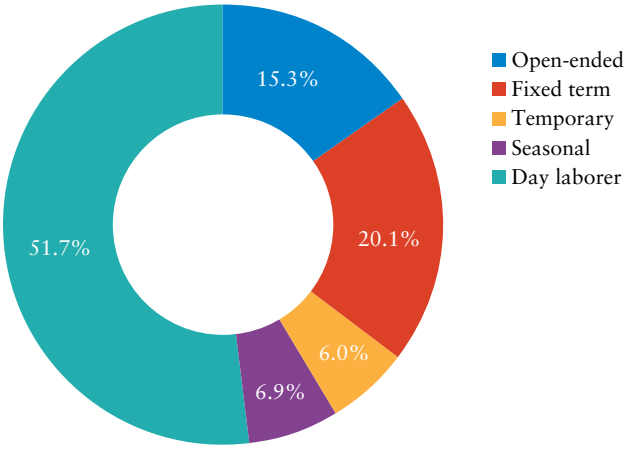
Job informality is common among Tunisian youth: less than one in three young workers has a formal work contract and access to social protection. Under Tunisian labor market regulations, only open-ended work contracts provide full access to social protection and extended job security. But only 15.3 percent of rural youth and 38.8 percent of urban youth have open-ended work contracts. Figure 4.4 shows the contract types held by employed youth in rural and urban areas. The labor market for young Tunisians is dominated by temporary and seasonal contracts and day-labor arrangements. Over one-fifth of both rural (20.1 percent) and urban (20.9 percent) youth work with fixed-term contracts, which provide limited job security.[8] Predictably, informality is the highest among rural youth, with over half (51.7 percent) working as day laborers. Overall, while these shares highlight job insecurity among young Tunisians, contractual stability is much higher than among older generations with much lower shares of open-ended contracts.[9]

Job informality affects young Tunisians from all walks of life. Regression analysis shows that informality is independent of household wealth, meaning that poor and better-off youth are equally affected by informality. Youth in the interior region face a higher probability of being informally employed, while young Tunisians with higher education face a lower probability of being informally employed. The same is true for young women, for whom informal jobs are less acceptable for social and cultural reasons (see annex 4, table A4.3).

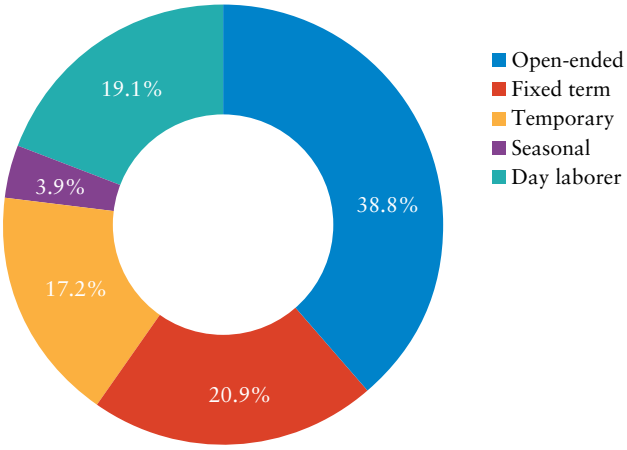
Young Tunisians are largely discontented with informal employment and the risk of exploitation that comes with it. This is corroborated by the young men and

Figure 4.4. Contract Type of Employed Youth (Ages 15–29)

a. Rural



b. Urban



Source: World Bank 2012d; 2012e.
Note: Figure only refers to working youth and excludes self-employed youth.

women interviewed who frequently cite the short-term nature of contracts as a major aspect of job insecurity. Young women and men associate short-term contracts with exploitative treatment by employers. In turn, stable employment, including medium- or long-term contracts with social security benefits, is cited among the main career aspirations. Registration in the social security system, the *Caisse Nationale de Sécurité Sociale* (CNSS), is frequently cited as the most important benefit of any job, even among workers without formal contracts. To many young workers, being registered in the social security system is perceived as a means of maintaining dignity in the face of job loss. Work that does not meet these criteria is considered "false work" (*faux travail*), undertaken only for the sake of survival.

> *I have no goals as regards choice of work. I have no ambition. I accept any work I find. The most important thing for me is that I be registered legally under the CNSS.* Male informal worker, 21, Gafsa (South Tunisia)

The predominance of informal youth employment may be partly due to labor market distortions, which could be addressed by reform. According to a recent study on Tunisia's labor market regulations, several factors appear to drive job informality (World Bank 2013c). First, inflexible labor regulations, associated with open-ended contracts, make it very difficult to terminate employment, leading firms to use informal short-term contracts instead (World Bank 2013c).[10] Second, high income taxes on wages—approaching 29 percent—create financial incentives for workers and employers to avoid formal contracts. Third, the social security contribution is perceived as an additional tax because individual payments are not linked to respective benefits (World Bank 2013c). Balanced reforms in labor market regulation are needed to provide greater flexibility to firms while increasing protection for young workers. In particular, the entitlements and rules for dismissal associated with fixed-term and open-ended contracts should be aligned with international standards.[11]

In addition, limited education is one of the key drivers for labor market informality. Regression analysis shows that informal employment is strongly associated with a lack of educational qualifications in rural areas (see annex 4, table A4.3). Controlling for individual factors, informality appears to be particularly pronounced in the southern governorates.[12] The estimations also illustrate that young women are less likely to have informal contracts. Given social norms regarding the appropriate forms of employment for young women, the absence of formal employment seems to exclude young women from the labor market.

Education and Low-Skill Jobs

> *What I studied in university has no relation to what I now do at work, even though it is virtually in the same field. We had lots of theoretical courses, but the practical side was almost nonexistent.* Female bank employee, 28, Tunis

Tunisia's recent history of providing basic education throughout the country is impressive, achieving nearly universal literacy rates. In 2008, official literacy rates were 96.1 percent among young women and 98.2 percent among young men, although rates in rural areas tend to be lower (UNICEF 2012).[13] Similarly, the rate of enrollment in tertiary education has risen from only 6 percent in 1987 to 35 percent in 2007, with nearly half a million young Tunisians currently participating in higher education (Haouas et al. 2012).[14] Much of the increase has happened in recent years when, for example, the number of annual university graduates more than doubled in five years from 24,500 in 2001 to 52,300 in 2006 (Haouas et al. 2012).

Despite achieving high rates of literacy and university enrolment, Tunisia's education sector is failing to meet the needs and aspirations of the young generation. Young people are increasingly disenchanted with the overly theoretical knowledge they are taught, leaving them unprepared for the labor market, as are youth in other Middle East and North African countries (World Bank 2008). This section presents young people's views on the educational system, which they see as synonymous with ill-equipped classrooms, poorly trained teachers, outdated curricula without relevance to the contemporary labor market, lack of advice on the practical steps needed to

obtain employment, and a failure to promote the entrepreneurial spirit and potential of the private sector (see box 4.2 for an overview of the education system).

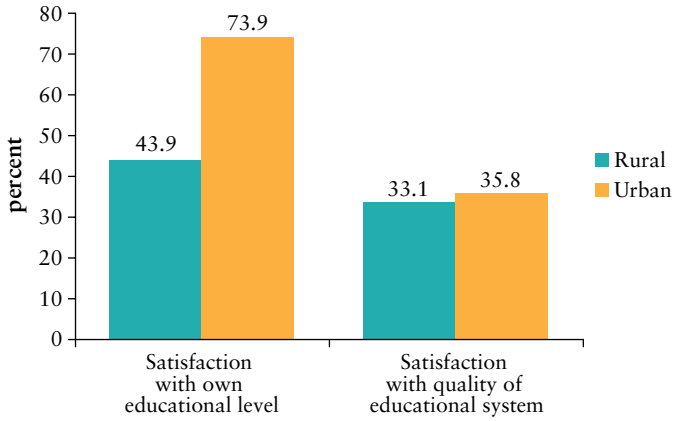
Educational attainment is strongly related to family background. Paternal education plays an important role, as one would expect, but so does household wealth. An estimation of educational attainment suggests that household wealth plays an important role in determining educational attainment (see annex 4, table A4.4).[15] This may be due to the relationship between family wealth and educational quality as well as the high opportunity cost for low-income families in allowing their children to pursue further education. However, it also may be due to the importance of connections, as noted above. Coming from a wealthy background may be a key factor in being able to realize the potential returns to higher education.

Notwithstanding advances in literacy and enrollment, the quality and performance of the education system is among the most challenging areas of public policy in Tunisia. The limited quality of education, as measured by objective criteria, and the limited capacity of the state to deliver education and training for employment continue to be the most urgent policy areas to address. The quality of education and training and their value on the labor market is perceived by young Tunisians to have declined over time.

> *My mother, when she passed the sixth grade exams* (concours), *could speak French well. Now students at that level cannot even read. I have given private lessons to primary school students who couldn't even write their names.* Female unemployed graduate, Madhia (CE)

As many as two-thirds of young Tunisians are unsatisfied with their national education system. Rates of satisfaction are very low among both rural (33.1 percent) and urban (35.8 percent) youth (see figure 4.5). Rural respondents were particularly unsatisfied with their educational attainment, with only 43.9 percent expressing satisfaction with their educational level, which is a reflection of the mediocre quality of schools in rural areas. In urban areas, while satisfaction rates are higher, more than one in four young people are unsatisfied with their educational attainment.

Figure 4.5. Satisfaction with Education System and Attainment



Source: World Bank 2012d; 2012e.
Note: Figure excludes all youth enrolled in education or training programs.

Students and former students, including graduates, were particularly critical of the overly theoretical orientation of most school and university courses, which they believe fail to provide them with the skill mix necessary for the labor market. School imparts little knowledge of the labor market and few of the skills relevant to entering it. The education system does not provide the critical thinking and reasoning skills that are essential for engineers and scientists (TIMSS 2007). As one graduate put it:

> *I studied at the technical secondary school at Mahdia. I think that these twelve years of study we did up to the baccalaureate were too theoretical. The practical side was almost nonexistent. Even the study trip was just for show. The teachers knew nothing. I found that later, in the world of work. There were so many gaps. We had never tried to apply what we had learned.* Male student, Mahdia (CE)

While the poor quality of education has been lamented about for years, this issue has now reached a critical point in Tunisia. In the eyes of Tunisia's youth, schools have become "manufacturers of the unemployed." Although they produce increasing numbers of graduates each year, a culture has arisen in which credentials are valued over skills (Haouas, Sayre, and Yagoubi 2012). Student degrees are

Box 4.2. Education in Tunisia

Basic Education.[a] Basic education from grades 1–9 is compulsory and is comprised of six years of primary education and three years of preparatory education, which is also referred to as lower secondary or middle school. At the end of grade six, students must score above 50 percent on their exams to continue to middle school. Traditionally, many students have to repeat the sixth year of primary education, which has led to increased dropout rates after only six years of education. In the early 1990s, about one-fifth of young Tunisians had to repeat the sixth year, and while the rate of this repeating has gradually reduced over the past twenty years, it is still relatively high (8 percent in 2012) (*Ministère de l'Education* 2012). The official primary level dropout rate was 12 percent in 2000 and 6 percent in 2009 (World Bank 2009a). Those primary education students who cannot make it to the general preparatory education are offered the opportunity to access technical preparatory schools, which can lead either to secondary education or vocational training programs. At the end of the ninth year, additional dropouts occur because students must obtain the Basic Education Completion Diploma.

Secondary Education.[b] Passing the ninth grade exam is required to enroll in the four years of secondary education from years 10–13 (previously 10–12). At the end of grade 11, secondary education students have to choose between nine streams that focus on academic and specialized studies. While these are meant to help students prepare to enter a university or to join the workforce, course content is mostly designed to prepare students to take the final exam of secondary education. Passing the final exam of secondary education is required to continue to public universities, as the exam is both a school-leaving and a university-entrance examination.[c] Until 2000, some 60–70 percent of secondary students failed the final exam each year, an outcome related to a number of factors, including—but not limited to—those associated with the educational system and youth engagement. The improvements in the baccalaureat pass rates observed since 2000 (from 32 percent in 2000 to 64 percent in 2011) is mostly due to a change in the exam rules. The failure rate further highlights the fact that youth have not acquired sufficient knowledge to prepare them for employment.

Vocational Training. Three different types of technical training are open to students. Basic technical training is an alternative to secondary education and lasts two years.[d] The professional technical degree requires at least two years of secondary education, followed by two years of practical training.[e] The advanced professional technical degree is available to vocational students by adding another two years of study to the advanced technical degree—i.e., two years of secondary school plus four years of technical training.[f] By 2007, about 10 percent of Tunisian students were enrolled in a vocational training program (World Bank 2007b).

Tertiary Education. Tunisia has rapidly expanded access to tertiary education during the past decade, currently enrolling over 35 percent of young Tunisians and spending more than two percent of its gross domestic product on public universities. Tertiary education used to be structured in three phases of two years each, but has recently been transformed toward the European and British system of Bachelor's (3 years), Master's (2 years), and Doctorate (3–5 years).[g]

a. Referred to in French as *Enseignement de base*.
b. Referred to in French as *Enseignement secondaire*.
c. The exam is referred to in French as *Examen National du Baccalauréat*.
d. *Certificat d'Aptitude Professionnelle* in French.
e. *Brevet de Technicien Professionnel* in French.
f. *Brevet de Technicien Supérieur* in French.
g. *Licence-Mastère-Doctorat (LMD)* in French.
Source: World Bank. 2008.

devalued by their very numbers as well as by their declining quality and credibility. Regional disparities in the quality of education are pervasive. Urban and coastal areas have benefitted from a history of colonial Franco-Arab education, which the rural zones and the interior and mountain areas lack. As a result, a "two- or even three-speed system" has developed. Increasingly differentiated by the rise of private education, with sizable tuition fees and regional variation, the education system reflects and amplifies Tunisia's generational, spatial, and social divisions. One student commented on the quality of education with specific regard to the "Arabization" of education:

> *The most important thing that I wish to bring to light is the story of the three years that I studied in high school, from the seventh year through the ninth. I studied math, physics, and the sciences in Arabic and we, we had professors who taught these subjects in French. I think personally, owing to my having been among the best students, that the teacher was confused, [that] he could not communicate the information, as he had done before. And I could no longer understand him. Because it was in Arabic and I had impression that it had been implemented by force. If the course has not been [taught] in Arabic since the beginning, and the person has not taught in Arabic previously, he or she will not manage to pass on the information. So over the course of these three years, I was under the impression that I was translating …. In basic education, the Arabization of the sciences benefits neither the student nor the professor because it is tiring.* Female university student, aged 26, Sidi Bouzid

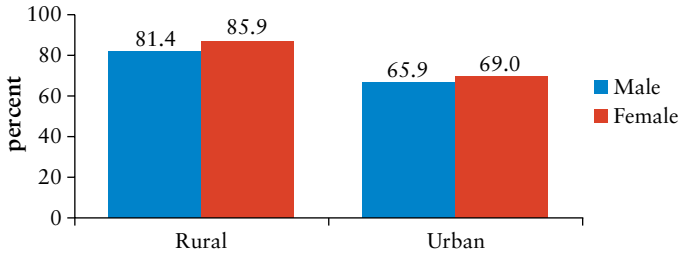
Youth are demanding better quality education, as are potential employers. Many manufacturers require technical and analytical skills, while the service sector needs young people with soft skills (IFC 2011). Young Tunisians express strong doubts about both the quality and the relevance of curricula. Many young people are willing to pay for more useful education to enhance their job opportunities and indeed, some do so. Not even half of new graduates are ready for the workplace when hired, according to private employers (IFC 2011). Consequently, many employers must provide substantial training for their new hires to ensure work readiness.

The challenge of providing better education cannot be met by the Tunisian government alone. To achieve higher quality in education at all levels, greater effort is needed to bring together all relevant stakeholders. These include public and private education providers, civil society, public sector policy makers and administrators, private employers, and—above all—Tunisia's young people.

Few partnerships exist between employers and educational institutions. While the comprehensive dual apprenticeship systems of Germany, Austria, and Switzerland have proved difficult to effectively implement in other countries, in many industrialized countries, modern educational systems routinely involve work experience and internships for students (OECD 2012). Key enablers for such partnerships that could promote high quality and appropriate education are missing. In this regard, three weak areas stand out: (1) standards and independent quality assurance, (2) funding mechanisms such as training vouchers tailored to the needs of young Tunisians in rural and urban areas with different education backgrounds, and (3) tools for information transparency and matching between employers and students in training (OECD 2012). In view of the overall regulatory environment and coordination needs across multiple government entities, organizations from civil society and the private sector can have important roles in organizing, monitoring, or providing crucial educational and matchmaking services.

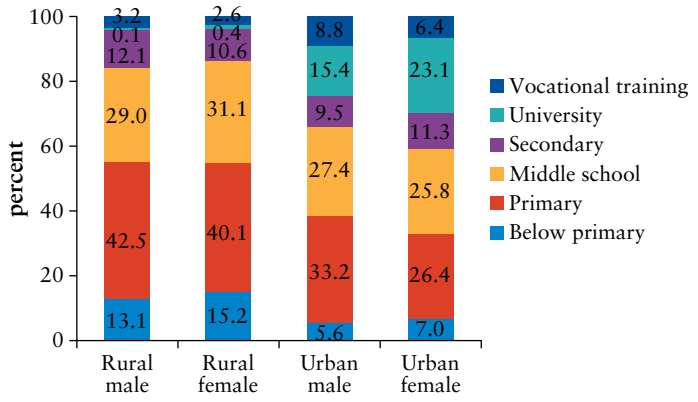
To provide adequate employment for graduates and other skilled youth, the Tunisian economy requires many more jobs in both low- and high-skill sectors. Most highly skilled Tunisians with secondary, vocational, or university-level education are currently working in low-skilled jobs. These are typically defined as jobs in sectors with limited productivity and relatively low wages. Generally speaking, most low-productivity firms that offer the majority of low-skill jobs can be found in agriculture, basic industries, and low value-added manufacturing, construction, mines, energy, and much of the textile industry (World Bank 2014). Most jobs in these sectors require little specialized training and tend to yield lower wages. Annex 4, table A4.5 presents additional evidence on the determinants of wage levels and highlights youth employment in sectors that can be characterized by low-productivity firms.

Figure 4.6. Youth Employment in Low-Productivity Sectors



Source: World Bank 2012d; 2012e.
Note: Figure only refers to working youth and excludes self-employed youth.

Figure 4.7. Education Levels of Young Working Tunisians—Rural Versus Urban



Source: World Bank 2012d; 2012e.
Note: Figure only refers to working youth, including self-employed youth, and excludes youth in education and training.

The great majority of employed young Tunisians (82.5 percent in rural areas and 67.0 percent in urban areas) work in sectors with limited productivity.[16] Figure 4.6 shows the share of jobs held by young Tunisians between 15–29 years in sectors of largely low productivity. Young women are especially likely to work in these low productivity sectors—69.0 percent in urban areas and 85.9 percent in rural areas. However, the situation for young men is only slightly better, with 65.9 percent of young men working in the low productivity sector in urban areas and 81.4 percent in rural areas. Young women in urban areas (69 percent) have an especially higher probability to work in low-productivity sectors than do older women in urban areas (58 percent), while the rates are similar across age groups for urban men.[17]

Tunisia's economy, based on its low-skill economic model, provides insufficient skilled jobs for young graduates (World Bank 2014). Although many young graduates are seeking work, firms continue to employ unskilled youth. In urban areas, 59.6 percent of all working youth are unskilled.[18] The proportion is even higher in rural areas at 83.7 percent. The virtual absence of secondary and university education among working youth reflects the dominance of low-skill jobs generated by the Tunisian economy. The dearth of skilled jobs also explains why university graduates face such serious difficulties in finding qualified work.

Most employed young Tunisians have not completed secondary education, and promoting their participation in a modern globalized economy will remain a challenge. In rural areas, almost three out of four (71.5 percent) working youth have dropped out of school before completing secondary education (*lycée*). An additional 13.5 percent of rural working youth did not complete their primary education; many of them never attended any school (see figure 4.7). Similarly, in urban areas, more than half of all working youth lack a secondary degree (57.6 percent), and an additional 6.1 percent has no education. However, a modern knowledge-based economy generates skilled jobs requiring personnel with the ability to develop complex technical products reliant on knowledge and creative innovation.

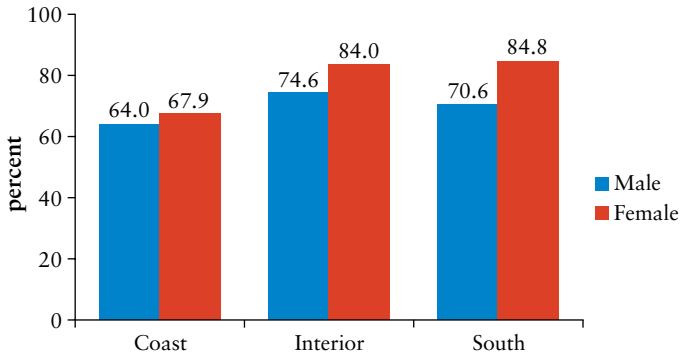
The Tunisian economy is underequipped for future growth.[19] Because of Tunisia's lack of high productivity job opportunities, the demand for skilled workers is weak. Consequently, many young Tunisians drop out of school because the investment in their education pays poor returns. In the short-term, young Tunisians may rationalize dropping out of school even before completing secondary education. However, in the medium-term, the large number of unskilled youth reflects a serious national underinvestment in human capital, affecting individuals and the country's long-term potential. Unskilled young women and men will find it difficult to benefit from future economic growth driven by increased productivity. The challenge presented by the lack of a skilled workforce is discussed further below.

One important message emerging from the analysis is that any future attempt to reform the education system should be founded on a strong partnership with the private sector and young people themselves. The challenge is for all of these stakeholders to work together to counter the practice of imposing top-down reforms and artificial barriers to education while introducing innovative thinking and solutions and, most importantly, upholding the promises to a generation of young people. Although a full prescription for education reform is beyond the scope of this report, young Tunisians should play an active role in the process of identifying challenges, developing solutions, and monitoring the implementation of reforms, while private sector entities could become part of the suite of solutions.

Youth Underemployment

Underemployment is a significant problem in urban Tunisia, affecting two out of three employed urban youth. Underemployment is defined as part-time work with workdays of six hours or less. This is the norm for most youth working in urban areas. By this definition, 65.7 percent of all young men and 70.6 percent of all young women in urban areas are underemployed (see figure 4.8).[20] Underemployment levels are only slightly higher among women, suggesting that part-time work among young women is a result of labor market conditions rather than choice. The highest rates of underemployment for young women are found in the urban south (84.8 percent). The interior region has the highest proportion of underemployed young men in urban areas (74.6 percent). In contrast, underemployment is virtually absent in rural areas, where only 7.6 percent of young men and 7.4 percent of young women work for six hours or less per day.

Figure 4.8. Urban Youth Underemployment



Source: World Bank 2012e.
Note: Figure only refers to working youth in urban areas and excludes self-employed youth. Underemployment is defined as workdays of six hours or less.

Youth Employment by Sector

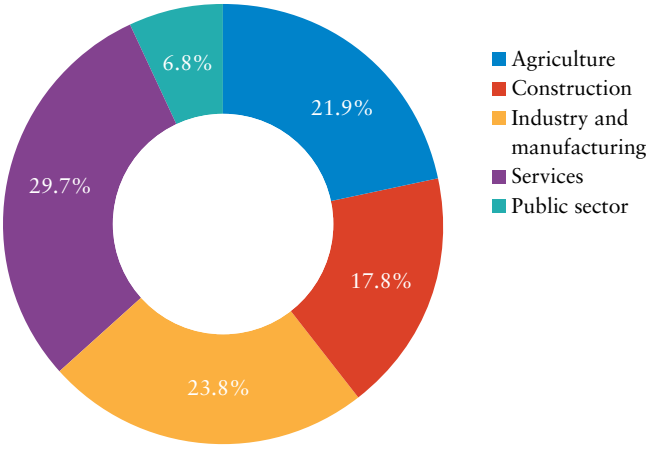
The public sector provides relatively little employment for young Tunisians—only 6.8 percent of working youth in rural areas and 12.4 percent in urban areas. These low percentages challenge the notion that young Tunisians choose to remain unemployed while awaiting public sector jobs. In fact, the proportion of young people wanting to work in the public sector has fallen markedly over the past few years, from about 46 percent[21] in 2009 to less than 5 percent[22] in 2012. This seems to reflect a shift in understanding among young Tunisians that, despite job security, the public sector is no longer nearly as attractive as it once was. Now employing only one in ten young working Tunisians—including teachers, doctors, and nurses—the public sector no longer dominates in the aspirations of unemployed youth.

The agriculture sector remains a major employer for young Tunisians in rural areas, providing more than one-fifth of all rural jobs for the youth (21.9 percent). This share remains consistent with data from 2009, when agriculture generated 12 percent of the gross domestic product, provided work for 22 percent of the total workforce, and contributed approximately 5.4 percent to overall economic growth (Oxford Business Group 2009).[23] However, many young rural Tunisians are uninterested in rural life and employment even though agriculture is a major employment sector (see figure 4.9).[24] Research shows that four out of five young Tunisians working in urban areas are employed in the service sector (37.9 percent). In rural Tunisia, most jobs, including most informal employment, are in the service sector, which accounts for 29.7 percent of all employed youth.

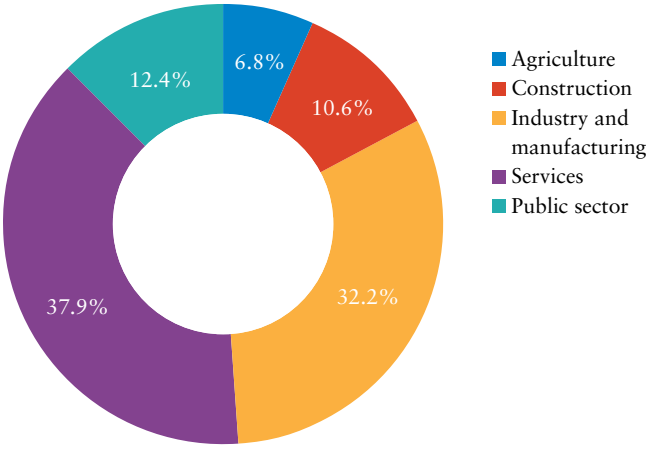
Tunisia's service sector has a strong comparative advantage and significant potential for exports, especially in information and communication technology,

Figure 4.9. Youth Employment by Sector

a. Rural



b. Urban



Source: World Bank 2012d; 2012e.
Note: Figure only refers to working youth and excludes self-employed youth. The agricultural sector includes jobs in the food processing industry.

professional services, transport and logistics, tourism, and health (ITCEQ 2010). Trade of services, particularly with the European Union, is one of the most promising sectors as a source of economic growth and job creation, especially for skilled youth (World Bank 2013a). Currently, more than half of all youth from rural Tunisia (52.8 percent), and nearly two-thirds (64.9 percent) of urban youth plan to work in services (see annex 4, figure A4.4). The tourism sector has been hit hard by the ongoing political transition, and hotels and restaurants currently provide few jobs for young people (6.9 percent in urban areas and 5.4 percent rural areas).[25] However, tourism is bound to recover. New services, such as ecotourism, could provide important opportunities for youth in nontraditional vacation locations.

However, Tunisia's young generation works in more productive sectors than their parents in both rural and urban areas. Annex 4, figure A4.3 presents the sector of employment among working age Tunisians aged 30–59 by sector: 32.2 percent of Tunisians in rural areas work in agriculture, followed by 22.4 percent in services, 22.0 percent in construction, 12.9 percent in manufacturing, and 10.5 percent in the public sector. In urban Tunisia, the generation aged 29 or older works mostly in services (35.1 percent), followed by the public sector (29.0 percent), industry and manufacturing (17.3 percent), construction (12 percent), and agriculture (6.6 percent). Apart from the large public sector in urban areas, these shares show that, on average, Tunisia's young generation has better jobs than their parents. Regression analysis shows that the sectors which yield the highest wages are industry and services, apart from the public sector (Annex 4, table A4.5). Traditional labor intensive sectors, such as agriculture and construction, yield relatively low wages. Young people with better skills tend to earn more, while youth on informal contracts earns less, as do women and young people in the interior of the country.

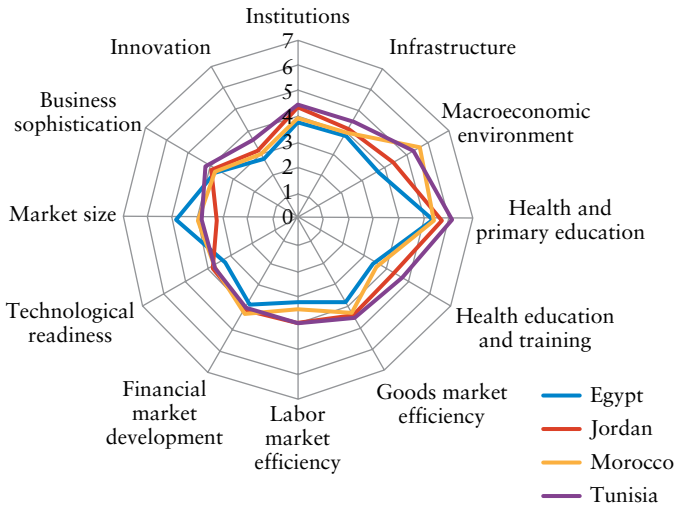
4.2 Self-Employment

> *The poor also have a right to buy and sell.* Salem Bouazizi, brother of Mohamed Bouazizi, Sidi Bouzid, interior region, as quoted in De Soto 2011.

Innovation and Entrepreneurship

Tunisia is relatively well positioned to become a champion in innovation and entrepreneurship, provided that it recognizes the potential of its aspiring generation of self-employed youth (De Soto 2011; World Bank 2010).

Figure 4.10. Global Competitiveness Index (2011–12)



Source: WEF 2011.

Compared with other Middle East and North African countries, Tunisia's performance is above average in terms of innovation (see figure 4.10). The Global Competitive Index, which ranks the competitiveness of 142 countries by several dimensions on a seven-level scale, ranked Tunisia 40th, well before Morocco, 73rd; Algeria, 87th; Egypt, 94th; Jordan, 71st; and Lebanon, 89th (WEF 2011). Tunisia also ranked better than Turkey (59th), which is often considered a champion in competitiveness. Tunisia's recently approved microfinance legislation enables international microfinance institutions to provide access to finance to previously underserviced areas and communities and will likely introduce new and innovative microfinance products.

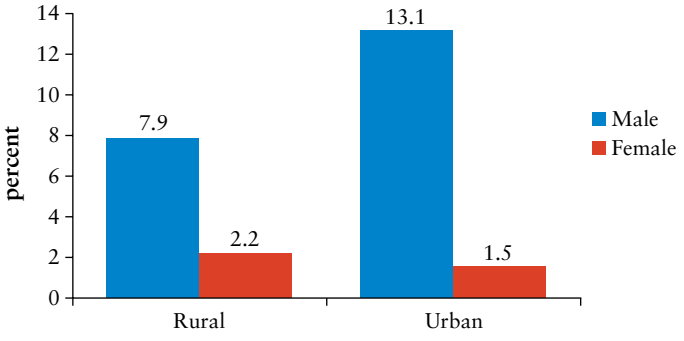
Stimulating economic innovation through the right mix of targeted regulations and economic incentives present policy challenges to most governments around the world. Innovations can be loosely defined as any new method, idea, or product, and permanent innovation is largely considered an essential ingredient to economic growth in modern economies. To better foster innovation and entrepreneurship in high-performance sectors, different approaches have been developed, which include manufacturing complex products in innovation hubs; supporting the vertical and horizontal integration of the information and communication technology sector into existing and new economic sectors; and supporting service industries such as the banking sector, which is crucial for economic success. Tunisia is already boasting some social entrepreneurs, such as the Cogit Dialogue Center, and others, such as the Digital Mania Studio, are also among the many start-ups in the Middle East and North Africa Region that have achieved market success since the Arab Spring (Korenblum 2013).

Tunisia's Self-Employed Youth

Self-employment is relatively common among young men—1 in 10 are self-employed. Specifically, in urban Tunisia, about 13.1 percent of all young men are self-employed, a rate that is nearly twice as high as rural Tunisia's 7.9 percent (figure 4.11). The relatively high share of youth entrepreneurship among men reflects the presence of an enormous entrepreneurial spirit combined with a lack of employment opportunities. In comparison, self-employment among older generations is much higher, especially among men, ranging from 18 percent in rural areas to 22.7 percent in urban areas among 30–59 years olds (see annex 4, figure A4.5).

In contrast, self-employment among young women is virtually nonexistent—2.2 percent in rural areas and 1.5 percent in urban areas. These results are confirmed by a regression analysis that controls for other factors (see annex 4, table A4.6).[26] The qualitative research shows that public and private investments in female entrepreneurship could lead to high returns and viable enterprises,

Figure 4.11. Youth Self-Employment—Rural Versus Urban



Source: World Bank 2012d; 2012e.
Note: Figure excludes all youth enrolled in education or training programs.

especially in view of the limited opportunities for formal employment. The combination of a wide array of market niches, relatively high education levels, and strong online skills, would likely enable young women working from home or in offices or shops to create value-added businesses. Women in rural and urban areas alike expressed a strong interest in starting their own income-generating activities. As a young woman who received a microloan through the microfinance institution Enda indicated:

> *It is comforting, especially for a young woman, to work for herself. Personally, I detest having a boss. I have worked in a dry cleaner, in a taxi call center, and as a salesperson in a boutique. In each case, there was an awful amount of pressure … no mercy. It was a shock for me to work in such circumstances. Now I work well for myself after being unemployed for two years.* Young self-employed woman in the informal sector, Tunis

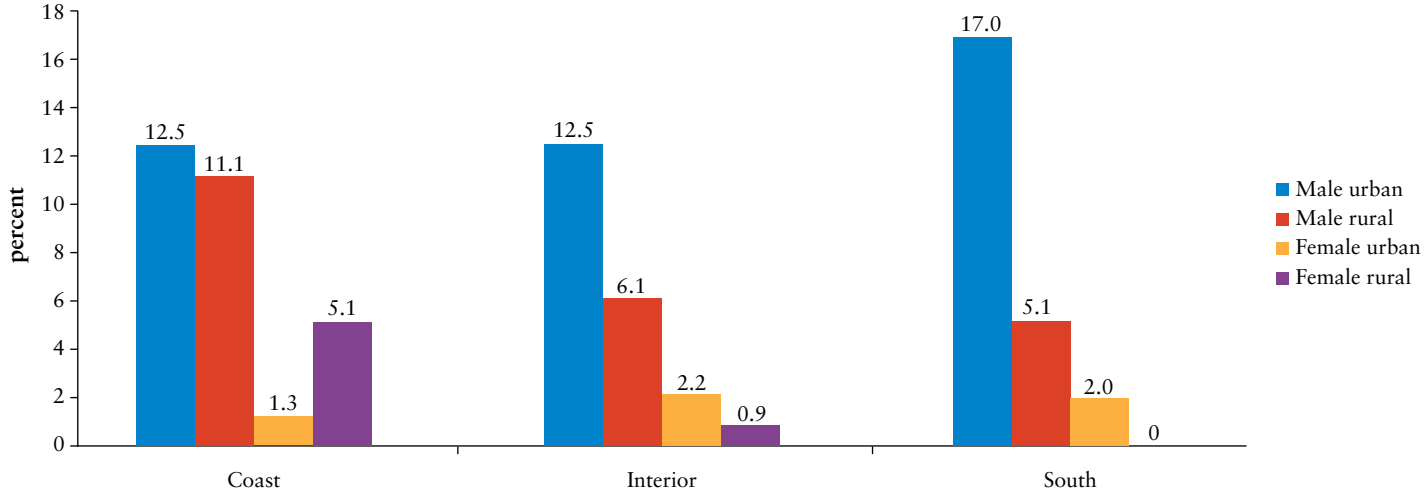
Overall, self-employment is most common in the coastal region and in the south. The interior region has the lowest rate of youth self-employment, and only 8.1 percent of young men are self-employed (see figure 4.12). In comparison, 12.1 percent of young men are self-employed in the coastal region and in the southern governorates. As pointed out above, among young women, self-employment is a rare phenomenon, and even in the coastal region, which has the highest share of female self-employment, it only reaches 2.1 percent.

Almost all self-employed youth work without any formal registration, leaving them without access to finance and often vulnerable to exploitation and extortion by police and other public officials. The fact that virtually all self-employed youth work informally reflects the complexity of the administrative procedures and regulations that are required to register a small firm. The qualitative research also shows widespread skepticism of young people about the role of the public sector and banks when it comes to supporting small businesses.

> *The state should find a solution, but instead of encouraging us [to start a business], they put barriers in our way.* Student of agriculture, 22 years. Zaghouan (coastal Tunisia)

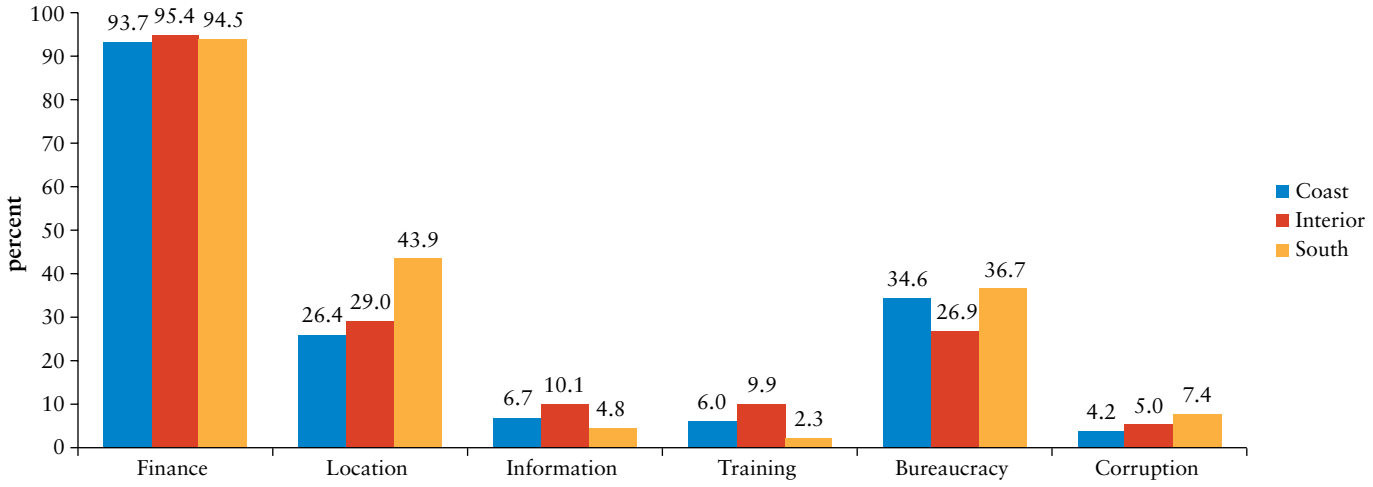
> *Graduates from 1992 or 1996 still haven't been able to find jobs. What remains? The private sector. I could tell you about the exploitation that happens there, the favoritism, the bribes. … People are at the end of their tether. There is nothing else left [but to work for oneself].* Male self-employed, Tunis

Figure 4.12. Youth Entrepreneurship by Region



Source: World Bank 2012d; 2012e.
Note: Figure excludes all youth enrolled in education or training programs.

Figure 4.13. Barriers Faced by Youth in Establishing Small Businesses (Rural Tunisia)



Source: World Bank 2012d.
Note: Figure refers to all self-employed youth.

Self-employed youth struggle to gain access to finance, which remains the main challenge in successfully establishing a business. The rural survey asked young entrepreneurs about the most significant difficulties in establishing a business. As figure 4.13 shows, "Access to Finance" was considered the single most important barrier for young entrepreneurs in all regions—93.7 percent in the coastal region, 95.4 percent in the interior region, and 94.5 percent in the south. These results demonstrate the higher barriers met by young entrepreneurs compared with those encountered by firms in general. As indicated by the recent report, "Investment Climate Assessment," access to finance is also regarded as a major constraint by 39 percent of small- and medium-size Tunisian firms (World Bank 2013j).

Existing microfinance programs have limited reach and are widely perceived as inefficient. Specialized banking products tailored to young people are largely absent, although the 2014 microfinance law is designed to facilitate the increase of institutions offering new services, such as savings, transfer, and insurance.[27] The current lack of available finance for young entrepreneurs was mentioned in several focus group discussions.

> *When all of the other doors are closed, it is best to have one's own project, be one's own boss, and realize one's dreams. But, there is a problem of finance, of markets.* Female entrepreneur and graduate in biomedical engineering. Tunis (coastal Tunisia)

> *When credit agencies have a good idea presented to them, they will have their own grounds for not giving finance. Then they will sell the idea to someone else. Hence, you will find the idea for a project in Zaghouan resurfaces in Sousse.* Unemployed graduate, Zaghouan (coastal Tunisia)

The amended microfinance law is bound to open financial market to new financial intermediaries and could provide more innovative products tailored to small firms led by youth. In July 2014, the National Assembly amended the 2011 microfinance law with the aim of strengthening the supervision and regulation of banking institutions providing microfinance while opening the sector to international competition. This could mean that up to half-a-dozen new institutions could begin offering products within the coming months, with more to follow. Increased competition will require providers of microcredit to become more innovative and flexible in the design of their financial products, including collateral, interest rates, delayed repayment plans, and other aspects crucial to youth-led firms. To better manage risk and portfolios, providers of financial products are also likely to target niche groups such as rural women or

certain sectors such as small information and communication technology firms. Nontraditional financing, such as crowd-funding, could complement the credit market for Tunisia's self-employed youth. However, while this new law will have a rapid short-term impact on access to finance, in the rural areas, where most smaller microfinance associations are located, it could also generate adverse effects on the market and on stability, which could mean young graduates may not have access to microcredit in the medium-term if their risk-pricing profile is above the regulatory ceiling.

However, one-third of all self-employed youth struggle with the burden of bureaucracy, including the costs, difficulties, and delays entailed in obtaining the required licenses. The rural youth survey finds that bureaucracy represents a major challenge for more than one-third of self-employed youth in the coastal region (34.6 percent), more than one-third in the south (36.7 percent), and more than one-quarter in the interior (26.9 percent), as shown in figure 4.13. Especially for small businesses, bureaucracy represents a high burden because these firms tend to lack the means to employ qualified staff to process the administrative requirements. As a consequence, high levels of bureaucracy induce small firms to remain informal. Put another way, the bureaucratic burden imposes a de facto tax on the competitiveness of firms and forces businesses to use informal credit and to work without licenses (De Soto 2012). These findings are confirmed by the recent Tunisia Investment Climate Assessment, which indicates that firms spend about 13 percent of annual sales to address regulations (World Bank 2013j). This expense reflects the cumulative cost of interacting with the administration and includes compliance time.

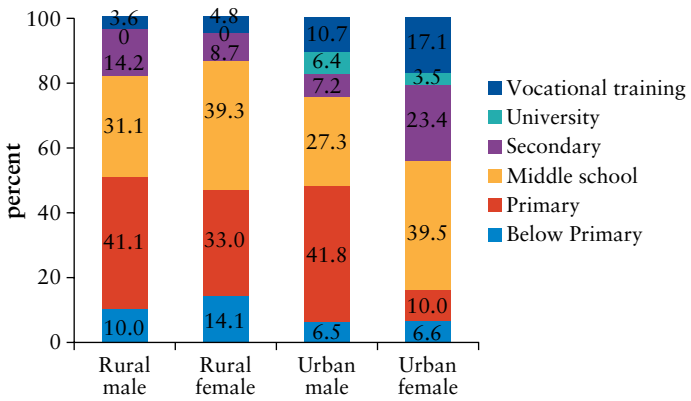
Driven by informality, many self-employed youth operate their businesses in unfavorable locations to avoid fines and extortion, very much like the self-employed young man from Tunisia's interior who triggered the Arab Spring. Business location is the main concern among half of self-employed youth in the southern governorates (43.9 percent), followed by the interior region (29.0 percent), and the coastal region (26.4 percent), as shown in figure 4.13. The qualitative research highlights that youth attempt to avoid problems with law enforcement, which can reportedly lead to fines or requests for bribery. Many self-employed youth, especially mobile street vendors and other more flexible microbusinesses, therefore chose to operate in locations away from their primary customer base. This issue is crucial and at its heart is caused by regulations and rules designed under the old regime that were aimed at large firms. The resulting vulnerability of self-employed youth should be urgently addressed, not only because it can be argued that it triggered the Arab Spring throughout the region (De Soto 2012).

Additional business training and enhanced access to business information would be helpful to many self-employed youth. The survey results show that "limited access to information," as well as "needs for additional skills training" are currently holding self-employed youth back (see figure 4.13). Business training is an important field for youth investment, can be vitalized through public-private partnerships, and has the potential to strengthen local economies and to generate youth employment.

Skill Levels of Self-Employed Youth

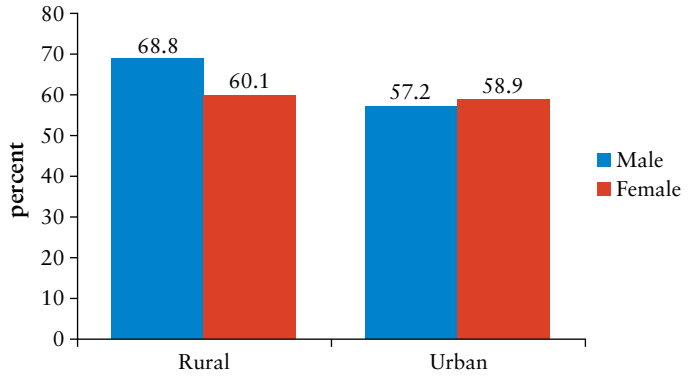
The education levels of self-employed youth are very low, and most have not completed secondary education. Education levels are the lowest in rural areas where most self-employed youth left school before reaching secondary education (83.0 percent). About one out of 10 self-employed youth in rural Tunisia do not have any

Figure 4.14. Youth Entrepreneurship by Education



Source: World Bank 2012d; 2012e.
Note: Figure refers to all self-employed youth and excludes youth in education and training.

Figure 4.15. Youth Entrepreneurship in Low-Productivity Sectors



Source: World Bank 2012d; 2012e.
Note: Figure refers to all self-employed youth.

formal education (see figure 4.14). In urban areas, average education levels are only slightly higher, although some university graduates operate small firms in urban areas, especially young men (6.4 percent). Overall, it appears that self-employment is mostly driven by economic exclusion from employment opportunities, especially among youth with low levels of education. These findings are also supported by a regression analysis of self-employment, which shows that the lack of secondary and tertiary education are key factors in increasing the probability of being self-employed (see annex 4, table A4.6).

Most young entrepreneurs work in low-productivity sectors with limited economic returns. However, 30–40 percent of young entrepreneurs work in high-productivity sectors, demonstrating the potential of entrepreneurship.[28] Low-productivity sectors are characterized by low return on investments, which limit the ability of young entrepreneurs to obtain the necessary resources to expand and grow. Many firms in low-productivity sectors face difficulties in growing beyond small- or medium-size enterprises. Even though some low-productivity firms manage to survive for the relatively long-term, they tend to face many challenges and struggle with low returns. In rural Tunisia, 67.5 percent of all youth entrepreneurs work in low-productivity sectors; the rate is 57.3 percent in urban areas (see figure 4.15). Nonetheless, the survey data show that even though almost 90 percent of young entrepreneurs are unskilled, some 30–40 percent of their firms operate in productive sectors. While specific business activities were not addressed in the survey, this suggests that about one-third of firms that are run by young Tunisians are in fields with growth potential.

Half of young entrepreneurs operate small businesses in the service sector, including modern information and communication technologies—45.4 percent in rural areas and 52.1 percent in urban areas (see figure 4.16). The prioritization of services is important for future growth since services provide the backbone of modern economies and are essential for endogenous growth. A growing number of young and mostly urban Tunisian entrepreneurs are targeting Internet and smartphone users. This young wave of entrepreneurs holds enormous potential because of the high productivity environment in which these firms operate, allowing for rapid firm growth and job creation. The versatility of many information technology products favors export. The most common examples are smartphone apps, which can be sold worldwide. Technology firms have started to spring up all over the Middle East and North Africa Region (Schroeder 2013).

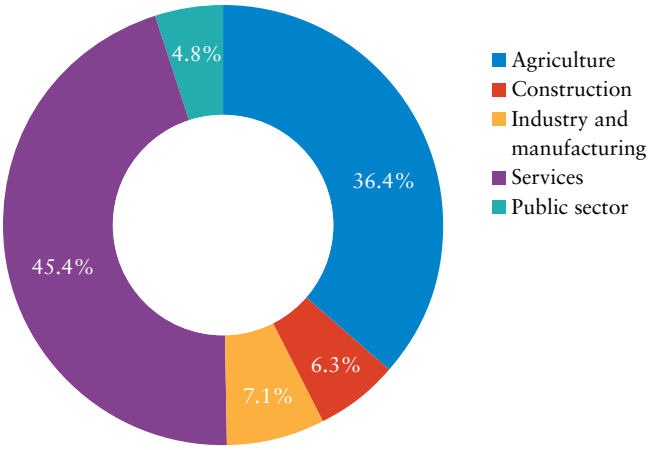
Modern technology makes it easier for young women to start businesses and generate incomes. Working mostly in Arabic, women-owned technology firms help families achieve a work-life balance, offer collaborating crowd-sharing platforms, and sell products to women. Nevertheless, challenges remain because it is more difficult for young women to obtain credit than men and because women are constrained by social norms. The Internet opens young people's minds to possibilities, and youth-led firms from Tunisia will be important in that regard.

In rural areas, 36.4 percent of young entrepreneurs work in agriculture and food processing; the rate is 10.8 percent in urban areas. The agricultural sector has significant potential for young entrepreneurs. Nevertheless, qualitative research emphasizes that the aspirations of young entrepreneurs to develop family farms are often thwarted by a lack of finance.

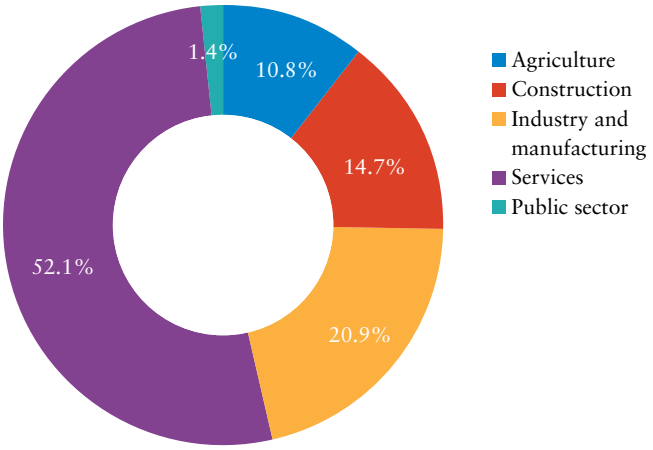
> *It would be good to give work to people here and participate in the development of the village, but the conditions are difficult. To get credit, one needs property as collateral, or one's own funds. But we are poor.* Male school dropout, Mahdia (coastal Tunisia)

Figure 4.16. Entrepreneurship by Sector

a. Rural



b. Urban



Source: World Bank 2012d; 2012e.
Note: Figure refers to all self-employed youth.

One in five young urban entrepreneurs works in manufacturing and industry (20.9 percent) compared with only 7.9 percent of rural entrepreneurs. This difference is a reflection of the disparity in investments between rural and urban Tunisia, itself a driver of the higher levels of unemployment and inactivity in rural Tunisia (World Bank 2013b).

Youth Entrepreneurship: Challenges and Investment Opportunities

> *It feels good to work, especially for oneself. Personally, I hate to work for a boss. I worked in a laundry, in a taxi phone line, and as a salesgirl in a shop. There is always a lot of pressure, and never any consideration for the employee. No mercy. It really shocked me. Now, after two years unemployed, with my family pressuring me to work, I have a profession and the work is good.* Female informal sector worker, Tunis (coastal Tunisia)

Tunisia's young entrepreneurs could benefit from local innovation hubs to create an environment conducive to business and to help informal entrepreneurs become formally established. New innovation hubs and cyber parks, including business incubators and workspaces that regularly conduct competitive startups with investors, have begun to generate success stories that inspire young entrepreneurs (Yaros 2012). Online networks help to bring people together and provide additional training and mentorship to young entrepreneurs, especially in rural areas where face-to-face meetings and trainings are costly to organize (World Bank 2013e).

Online training can help self-employed youth gain skills not taught in schools and universities (La Cava et al. 2011). By teaching business skills, financial literacy, marketing, and languages such as English and French, online platforms provide bottom-up solutions. Platforms including MobiWorks, MobiSouk, and Ta3mal help to overcome the structural shortcomings of Tunisia's education system, which yields too few science, math, and informatics graduates for a modern economy.[29] Online learning can bring quality education to more people, including adults, and especially to young women. However, the digital divide—diminished Internet access in rural areas—may be a barrier to online training.

Notes

1. Employment is defined as paid work. The quantitative results are based on survey questions inquiring about recent employment history.

2. These employment statistics exclude youth enrolled in education or training programs.

3. The regression analysis simultaneously controls for differences in age, educational level, parental background, and regional disparities. The potential endogeneity of the variable suggests that not too much weight be placed on the coefficient values related to household wealth.

4. The term "Jasmine Revolution," is arguably a misnomer, as it refers to the plant from the relatively lush and prosperous northern coast. Instead, Ayeb argues that "Alfa Grass Revolution" might be a better term, based on the plant growing in Tunisia's interior region.

5. The concept of the direct family includes children, spouse, and parents of the household head.

6. This finding resonates with the conclusion of the recent MENA Development Report on gender equality (World Bank 2013h). These findings are further supported by the regression results on different forms of employment reported in annex 4.

7. One survey question asked: "Do you think women searching for work in the private/public sector are discriminated against?"

8. There is an argument in favor of fixed-term contracts since the increased flexibility could enable employers to increase hiring of youth. However, without access to social protection, fixed-term contracts are widely perceived by youth as exploitative.

9. See annex 4, figure A4.1 on contract type of employed adults (aged 30–59).

10. While originally intended to protect workers, it can be argued that labor regulations have encouraged informality. To allow greater flexibility in adapting staffing to economic conditions, fixed-term contracts were introduced in the early 2000s. Fixed-term contracts can be used to hire workers under flexible short-term contracts, which are renewable for up to four years. For workers, such contracts provide only a limited improvement compared with informal employment since both are characterized by high job insecurity. In addition, because of the flexibility allowed by fixed-term contracts, firms tend to avoid open-ended contracts for new hires altogether.

11. For a detailed discussion of recommended labor market reforms, please see World Bank 2013c.

12. The Probit estimation includes controls for differences in age, educational level, parental background, and regional disparities.

13. Ages 15–24.

14. The total number of students is expected to peak in 2014 at 449,000.

15. As before, the model controls for gender, age, parental background, and region. Once again, the potential endogeneity of wealth may play a role. However, the size and strength of the relationship, as well as the weaker role played by wealth in employment determination suggests that family wealth is playing a key role.

16. For this report, productivity is classified by sector. Sectors with predominantly high productivity firms include trade, communications, tourism (hotels and restaurants), banks and insurance companies, social and cultural services, and real estate services. Sectors with mostly low-productivity firms include primary economic activities—e.g., agriculture and fishing, food industry, building materials, ceramics and glass, mechanical, chemical and electrical industries, textile and shoes industries, other industries, construction and public works, mines and energy, transportation, repair, and manufacturing.

17. See annex 4, figure A4.2 on adult employment in low-productivity sectors.

18. Skilled jobs are defined as requiring at least a secondary school degree or vocational training.

19. For a more detailed analysis, refer to World Bank 2014.

20. For many youth, particularly those still in school or interested in searching the job market, part-time work can be an optimal choice and should be encouraged. However, qualitative research shows that youth usually do not choose part-time work.

21. Based on Gallup Data reported in AfDB 2012a.

22. Only 4.3 percent of rural and 2.2 percent of urban young Tunisians plan to work in the public sector.

23. Agriculture could become an important source of growth and youth employment, especially in the fertile northern parts of Tunisia. Supporting labor-intensive crop production for the many small farmers in the interior regions could also help to reduce regional disparities. In addition, Tunisia could take advantage of existing opportunities for agricultural exports to the European Union, which does not subsidize its fruit and vegetable production.

24. See annex 4, figure A4.3 on sector of employment of employed adults (aged 30–59).

25. Tourism is included in the service sector.

26. In addition to gender, the Probit model of self-employment controls for age, family background, and region.

27. Chapter 5 presents a more extensive review of existing microfinance programs.

28. Low productivity sectors include agriculture and fishing, food industry, building materials, ceramics and glass, mechanical, chemical and electrical industries, textile and shoes industries, other industries, construction and public work, mines and energy, transportation, repair, and manufacturing. High productivity sectors include trade, communications, hotels and restaurants, banks and insurance companies, social and cultural services, and real estate services.

29. For more details, see, for example, www.ta3mal.org.