



Out of the Middle Income Trap: Combatting Educated Outmigration and Increasing Female Labour Force Participation

Goal: Evidence on the drivers and opportunity cost of educated outmigration, low female labour force participation and weak private sector growth, and how it influences the policy discourse at the government and multilateral levels.

Duration: July 2015- December 2016

Situation Analysis: The economies of the West Asia-North Africa region suffer from a connected and multifaceted set of development challenges. These include bloated public sectors, rentierism and high unemployment, particularly for youth and women. These dynamics obstruct sustained growth, undermine the evolution of an equitable social contract, and heighten vulnerability to price shocks. These economies need to prioritise the development of a robust, active and high growth private sector in order to facilitate diversification, combat rentierism and promote workforce nationalisation. The required regulatory reforms and incentives needed to facilitate such a transition have received much scholarly attention. Less attention, however, has been paid to educated outmigration and female labour

force participation and the impact of these phenomena on private sector development.

'Brain drain' in Arab states — driven by lack of opportunity, bureaucracy and widespread patronage — is worsening, from an estimated loss of 10-15 percent of young Arabs in 2012 to 20-25 percent in 2014. While outmigration somewhat softens the impacts of unemployment, and is partially compensated for by remittances, for small countries like Jordan and Lebanon out-migration often surpasses a tipping point beyond which any benefits can accrue. This situation, however, reverses dramatically if emigrants return. The reason lies in the institutional and political differentials between poor and wealthy countries. Critically, when in wealthy countries, emigrants learn and absorb the norms and characteristics of inclusive institutions, and take this with them if they return to their countries of origin. The transformative potential of migration thus rests in long-term idea and norm transfer. Greater effort hence needs to be placed in examining the policy and incentives needed to promote return.



Project Components

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A second issue is low female labour force participation rates vis-à-vis countries' educational investments; largely due to a lack of decent opportunities, low wages vis-à-vis child care costs, and cultural norms. Despite such awareness, progress has been sluggish. Governments arguably need information on, not only what the drivers are, but the opportunity cost, both in economic and resilience terms, and sector-specific strategies to address the situation.

In response, this project will (i) identify the drivers behind weak private sector investment and growth; educated out-migration and poor female labour force participation (ii) develop a quantitative evidence base on the economic opportunity cost of these phenomena and (iii) develop concrete policy recommendations and action plans for overcoming these challenges. The research will focus on Jordan, Lebanon, Kuwait and the United Arab Emirates; countries selected because of the high potential for impact and replication. The methodology will include an analysis of government and IFI data sets; multi-country intention surveys targeting university students, educated migrants, female workforce participants and private sector entrepreneurs; and verification interviews with survey targets, policy-makers and business coalitions.

Activities	Objectives	Indicators
<ul style="list-style-type: none"> • Desk review of government and IFI data sets; surveying and key informant interviews • Data collection in Jordan, Lebanon, UAE and Kuwait • Analysis and recommendations • Dissemination and advocacy 	<ul style="list-style-type: none"> • 3 policy briefs on focusing on policy-programming recommendations and incentive schemes • 2 academic journal publications • 2 high level round tables (Jordan and UAE) to discuss and disseminate findings 	<ul style="list-style-type: none"> • An evidence base (qualitative and quantitative) on drivers and opportunity cost stemming from educated outmigration, low female labour force participation and weak private sector growth influences the policy discourse at the government and multilateral levels. • Findings on potential remedial measures needed from a regulatory, policy and investment perspective inform the programmatic strategies of relevant agencies.