



Executive summary

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Comparative study on employment policies in the MENA region – examples and lessons learned

This study analyses the integration of young people into the labor market in six countries of the Maghreb and the Middle East (Algeria, Egypt, Jordan, Libya, Morocco and Tunisia) in the context of the Arab uprising.

As part of that work, a literature review was prepared containing all the publications that cover the subject in the target countries. On this basis, a bibliographic database was created and recommendations were drawn on studies that could be conducted to fill literature gaps.

An analysis of the labour market active policies and mechanisms set up by different countries to improve youth employment was performed based on existing information. A list of best practices from each mechanism has been developed in order to achieve an overview of what could be achieved in these countries on the field of active employment policies. This study analyses the various socioeconomic factors of integrating young people into the labor market such as gender, family background, social and human capital, economic structure at micro and macro level.

Despite a relatively good economic growth in the six countries concerned, the job creation rhythm was not able to fulfill the social demand. Meanwhile, in many countries there is a reduction in employment in the public sector. For illustration, in Algeria, employment in the public sector increased from 56% at the end of the 80s to 28% in 2010. The difference between the slow rate of job creation and the number of young people seeking employment causes a tendency among young people to migrate that becomes a social problem.

The link between education and integration into the labor market is developed in this study in the focal area of the role of human capital. It is noticeable that a major obstacle to the

integration of young people into the labor market is the mismatch between the skills of graduates and demands. The present study showed that the graduate by fields of study is not best suited to the economic structure.

Access to information for young people in the labor market is also a key determinant of youth employment. Developed knowledge of the labor market, wages and working conditions are necessary for the better functioning of the labor market. The study analyses the development and mechanisms set up in order to produce more information through the national agencies in charge of employment. The study highlights that the success of these systems is disappointingly low when considering the proportion of young people using these services.

While the level of education is no longer a factor in finding a job, the role of social capital becomes important. Personal connections with family, friends, professional or social networks are methods that can be activated to seek employment.

As part of this analysis of the job market, a development perspective in economic activity, particularly in terms of entrepreneurship should also be addressed. Development of economic activity is necessarily connected a regulatory environment stable, transparent and incentive. To date, several states, such as Morocco and Egypt undertook reforms that have led to a clear improvement in the economic environment. Others, such as Algeria and Libya, have accumulated a significant backlog in the region.

Facilitation of procedures for starting a business, representing a central element of improving the business climate in a country are under reforms. We can quote the Regional Best Practice in Morocco, "Guichet unique à la creation d'entreprise," that became fully operational in 2011. In Egypt, a reform concerning property registration has reduced the total cost of registration of more than 80%. This has had the effect of generating a bulk of confidence in the field of entrepreneurship and increased revenues by 39%. In addition to the overly complex procedures, the minimum capital requirement is one of the obstacles to business creation. Between 2006 and 2008, Morocco has divided by more than 50 % the minimum capital contributed to the creation of a business. The number of new companies registered at the national level has increased by 23%.

An analysis of the integration of young people into the labor market must necessarily included a statement of the existing social protection systems in these countries. Based on the literature review that was conducted, it is clear that very few publications have been published on this subject. It is therefore difficult to achieve a true comparative study between the different social security systems in those countries. Some systems of social protection and pension systems set up over the past decade have been listed. However, few states have implemented a national policy and coherence of social security, including social insurance and services. Only Algeria has developed an unemployment insurance fund, the NACC and it is estimated that only 11.4% of young people who have a job contributing to the Social Security Fund and only 9.7% have health insurance.

All the factors mentioned above, added to the lack of action by states identified in this study inevitably leads to the following conclusion: many young people change into the informal

sector. In Algeria, it is estimated that the informal sector in the non-agricultural private sector represent 37% of employment. The lack of data and economic studies on the subject hinders the identification of the country-specific and adapted policies.

Different mechanisms put in place for each country to facilitate the integration of young people into the labor market are also developed. It was found that the developed mechanisms are focus on the intermediation function. The ministry, under whose deals with the labor market, has either a national agency (National Agency for Employment and Independent Work for Tunisia National Agency for the Promotion of Employment and Skills for Morocco, National Agency for Employment for Algeria) or offices directly under its authority. Agencies or offices may, from case to case, manage the entire claims management and employment opportunities; disseminate knowledge on the private sector.

However, there is a lack of coordination between all these national agencies and the role of departments is not well-defined, some agencies are inefficient.

The study analyses active employment policies implemented in the last decade. All of these policies are different. In Tunisia, for example, the public is predominant. In Egypt, the programs are geared towards employability. Indeed, each adopts a method of its own as its social, economic and political specificities. However, we can see that the measures revolve around key areas: accelerating the pace of economic growth, investment promotion, encouragement of entrepreneurship. The study highlights that it is in Morocco and Tunisia that programs are more comprehensive. The whole program is analyzed in this study. "Best practices", such as those of the "New Opportunities for Women in Jordan" (Jordan NOW), established by the Jordanian authorities have also been identified.

The results of these policies and programs carried out by the study, is both negative and positive. These devices are able to avoid permanent exclusion of a portion of the population. However, we can see that none of these devices have resulted in a sharp increase in the number of jobs. These programs also disadvantage young people which are excluded from the scope of these policies and not focus enough on job quality and social protection.

Based on the literature review conducted, this study provides an overview of available knowledge on the integration of young people on the labor market. We note that certain areas like working conditions, demography, social networks are not covered by the existing literature. An other observation, Libya been almost no documentation except for studies on the Arab world in general. The quality level of documentation is also analysed. Indeed, we note that the data on underemployment are not published regularly except for Egypt and Morocco. This study provides a basis for recommendations concerning studies that should be on identified areas and countries and that not or insufficiently covered.

On the basis of the analysis of active employment policies and other programs implemented, a list of recommendations was made operational. It relates in particular to public employment agencies in place, areas that should be developed as training.

Towards a young employment action plan

Component 1: Develop access to information on labour market

- Labour market active policy review points at several action plan components.
- Publish all documents on employment thema and conduct additional studies
- Make technical documents and litterature techniques mutual through CMI portal
- Improve youth access to job opportunities information (online, social network, Smartphones apps...)

Component 2: Provoke structural changes of education provision

- Promote public-private partnership in technical/vocational and higher education
- Develop scientific fields of study enrolment and relevance in higher education
- Improve education quality (including skills in international languages)
- Upgrade secondary education curricula to foster youth employability skills

Component 3: Promote better sector wide approach

- Rationalise and simplify institutionnal arrangements through one national coordination body
- Create a regional network of the national coordination bodies
- Set up a standardised monitoring system

Component 4 Reinforce social dialogue at all levels

- Involve civil society in education policies design
- Break down national plans into regional action plans or targeting local labour markets
- Promote social networks as les réseaux sociaux comme positive proposal forces

Each component can be better designed through specific benchmarking tool (indicators), logical framework tool and precise and measurable targets.

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