



UNION FOR THE MEDITERRANEAN REGIONAL EMPLOYABILITY REVIEW 2011

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EXECUTIVE SUMMARY



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YOUTH EMPLOYMENT AND EMPLOYABILITY IN THE 14 EU MEDITERRANEAN PARTNERS: FACING THE CHALLENGE OF INTEGRATING YOUNG PEOPLE INTO THE LABOUR MARKET

**Informal Background Paper to the
Euro-Med Employment and Labour
High-Level Working Group Meeting
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European Training Foundation

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The two key constraints to employment in the Mediterranean partner countries (MPCs) are insufficient labour demand (in particular for qualified labour), i.e., job creation, and skills mismatches due to failures in the education system, i.e. employability. This report focuses on the second of these problems, and more specifically on youth and female employment and employability.

Youth employment challenges in MPCs are daunting: the so-called “youth bulge” caused by rapid demographic transition in Arab Mediterranean countries (AMCs) and Turkey means that between 27% and 31% of their populations are between 15 and 30 years old, and this ratio will continue at least for the coming two decades. This means a total number of more than 80 million young people in all MPCs in 2010 and a number approaching to 100 million in 2020. Middle East and North African countries experience the highest average rates of youth unemployment in the world, well above 25%, despite very high rates of female inactivity, a specific regional feature that keeps the unemployment rates down. Similarly Western Balkan countries have also extremely high youth unemployment rates, 57.7% in Bosnia and Herzegovina (BiH) and 47.1% in Montenegro. Female unemployment (and inactivity) is very high even among the young population, despite the increasing levels of education and aspirations of women for jobs.

To complete the picture of youth unemployment and under-employment in the region, it is estimated that more than 20 million young people (mostly unskilled and/or low-skilled) work in informal, poor quality jobs at subsistence wages and without any prospects for improvement. These are mostly young males who cannot afford to be unemployed or take time to improve/upgrade their skills. The idle youth who are neither in education nor in employment (so-called ‘NEET’) is another group vulnerable to social exclusion as these people are more likely to be illiterate and/or school dropout females. Although it is difficult to get statistics on NEET in MPCs, surveys for some countries show close to half of the youth population, i.e. as much as 40 million young people. This “youth employment gap” entails a waste of human capital and education investment, a de-valorisation of (scarce) national human resources and an increased risk of social instability.

Beyond this quantitative approach, employability is also arguably a problem, at least in AMCs. According to enterprise surveys, 35.7% of private companies surveyed in AMCs indicate that the main obstacle to hiring youth is that the formal schooling system does not provide them with the skills needed for the labour market. The levels in Latin America and Africa stand at around 25% of private companies, and in East Asia and Pacific at 6%. Employability is a complex concept and a transversal issue. It encompasses all initial education and knowledge, skills, experience and intercultural competences required to succeed in the labour market. It depends on many different factors: human capital education and training, but also socio-economic and personal factors, macro-economic perspectives and labour demand and the institutional determinants of the job search and matching process. All these factors will be analysed throughout the report.

Given the extremely young demographic structure in AMPs and Turkey (60% of the population is less than 30 years old) and high youth unemployment in BiH, Croatia and Montenegro, the policies and measures implemented (or not) now will determine the labour market performance of the vast majority of the population of those countries for the coming thirty years, and with them their development prospects. It is recognised that there are other problems experienced by the current labour force (including mature and older workers) that may need support for re-skilling and improving their career and jobs quality, but the primary focus of this report is youth and women - key populations for any sustainable impact. It is therefore important to design a policy package to address primarily youth employment and employability issues as outlined throughout this report,

and to do it now. And this is at two levels, namely the national level (integrating international cooperation support) in each of the MPCs and also the regional Euro-Mediterranean level.

There are already a number of good initiatives in different countries, identified as 'good examples' in the boxes of the report: e.g. many governments in the region quickly recognised and reacted to the social demands of jobs after the 'Arab spring', increasing the scale and size of public works, active labour market programmes, training and retraining courses, employment subsidies, gender-sensitive career guidance and counselling, mainstreaming entrepreneurship training across the education system, etc. The efficiency and effectiveness of programmes need to be increased and vigorously monitored for better results. The report concludes with some elements for an agenda for national employability policies and Euro-Mediterranean cooperation in this field. Some of the highlighted strategic recommendations are the following:

At national level, in the field of education and training:

- **Widespread national literacy programmes** to ensure a rapid eradication of illiteracy among the whole population in countries who have not reach full literacy. In fact only Albania, BiH, Croatia, Montenegro and Israel achieved full literacy for their 15+ populations so far, while Morocco, Egypt, Algeria and Tunisia have a relatively large share of illiteracy. Special emphasis should be given to the literacy of young generations, in particular in countries with high youth illiteracy (20.5% in Morocco, 15.1% in Egypt, 8.2% in Algeria, 5.8% in Syria) and promote functional literacy where this is a problem even among the primary school leavers.
- **Increased enrolment and quality in post-compulsory education (including girls)** is a key building block to enhance employability of young people and their future engagement in lifelong learning activities. More than half of the students dropout of school before the upper secondary level in Syria, Morocco, Egypt and Algeria. Other countries struggle between a 60-75% enrolment rate at this level (Albania, Turkey, Jordan, Lebanon, OPT, Tunisia). The quality of primary and secondary education must be increased so as to retain students, reduce dropout rates and prepare them better for post-compulsory levels of education. Universal education at upper secondary level must be achieved for the better labour market preparation of students. Another line of action is to enhance and diversify provision at upper secondary level in particular through the development of quality vocational education and training programmes (see also point below) so as to provide a valid alternative pathway to general education programmes.
- **Higher attractiveness and quality of VET.** Considering the increasing demographic pressure on the upper secondary and tertiary education levels and the need for further expansion of upper and post-secondary schooling to address the challenge, VET systems need to grow in size tremendously in many countries. With the exception of BiH, Croatia, Montenegro (two thirds of students enrol in VET), Egypt and Turkey (half of students), the VET share of upper secondary education stands at 11-12% in the Maghreb, at 6% in OPT, and 15-20% in Albania, Jordan and Syria. Upper and post-secondary VET expansion cannot be done involuntarily against the will of pupils and without improving its attractiveness and the labour market prospects of its graduates. Attractive VET can be achieved with modernised curricula, enthusiastic teachers and schools/training providers and strong links with the business world.
- **More diversified offer of VET programmes**, including non-formal and adult training courses at accessible and affordable formats, is another important axis to develop, specifically addressing school dropouts who generally work in the informal sector and the NEET group of youth which remains widely idle and needs activation. Apprenticeships (also informal apprenticeships), which are often outside the formal education system and formal economy, traineeships or other practical training modalities in enterprises and training institutions need to

be recognised as valid learning opportunities, and upgraded to enhance the employability of young apprentices. One specific issue that requires attention is the lack of a gender-sensitive approach to the VET system: More labour market-related VET programmes must be available for female students and mixed gender enrolment across the occupations should be actively encouraged by the system.

- **A flexible, transparent and better regulated VET sector, linking initial and continuing training.** A more diversified offer of VET programmes including non-formal and adult training courses requires flexible pathways among different options of vocational and general education as well as more transparent and better regulated training options accessible and affordable for end-users. The development of qualification frameworks which many of the MPCs have started to design or implement are key instruments in that direction. VET training centres and employment offices (often affiliated to the same Ministry) should cooperate and coordinate more closely, as should investment agencies (implementing public work programmes), SME development agencies and the employment offices.
- **Appropriate career guidance and counselling systems** are necessary at all education levels and types, including VET centres and public employment services, to help young people choose their studies and career paths in rapidly changing labour markets and education provision. Particular attention needs to be given to gender-specific problems and the choices of women so as to facilitate their labour market entry.

In the specific field of employment policies:

- **Comprehensive national employment strategies** should be developed and followed-up in all countries with clear objectives and priorities, time-bound targets and benchmarks, staff-budget allocations and institutional coordination arrangements, integration of international cooperation resources, monitoring mechanisms and regular assessment of results allowing for an on-going process of review. Social partners should be actively involved in the process of formulation, monitoring and review of those strategies.
- **Labour market monitoring systems** that identify present and future skill needs of the labour market and transform them into appropriate actions for a relevant education and training provision. This includes greater transparency and dissemination of existing data collection instruments (e.g. Labour Force Surveys, PES registers, ALMP measures) and analyses of relevant labour market trends.
- **Inter-institutional coordination mechanisms** from the highest to the lowest levels (national, regional and local) should guarantee adequate implementation and coordination of employment policy with general economic policies (in particular macro-economic policy, trade policy, fiscal policy and industrial policy), education and VET policy, and social inclusion and social protection policies.
- **Stronger and efficient Public Employment Services (PES)** in terms of budget allocation, staff sizes and infrastructures, as well as their capacities and role to design and implement labour market policies at national and local levels in the region, including:
 - Capacity development including regular staff training and more financial resources, specifically for active labour market measures, and in rural areas;
 - The establishment of nation-wide electronic labour market information systems for PES in the AMCs;

- Gender-sensitive measures (specific career guidance, counselling, job search and intermediation, gender quotas) to improve the participation and advancement of women on the labour market, as well as increased awareness of gender issues.
- **Cost-effective ALMPs based on the evaluation and impact assessment studies on employability.** Many ALMP measures are implemented in MPCs, but their real impact on the beneficiaries is not assessed properly. There are already indications for their proliferation, targeting effectiveness problems for the employment prospects of beneficiaries. ALMPs should include mechanisms to monitor their implementation and impact evaluation, and ensure better targeting of measures for more vulnerable groups.
- **Entrepreneurship and self-employment support programmes** are a key component of employment policy in MPCs, and should be extended and enhanced. As the economies of MPCs are dominantly formed by SMEs and micro-enterprises, a business environment conducive to more SME start-ups and SME growth is the most cost-effective way to promote job creation. The share of ALMPs geared towards entrepreneurship should be increased, and entrepreneurship and SME support programmes must be the backbone of the youth employment strategy, and particularly target high-skilled youth for a higher chance of success and wider spill-over effects.
- **Local Employment Development (LED) Initiatives** that use a bottom-up approach and mobilise local social and economic stakeholders, encouraging committed local partnerships for employment that identify with the localities they operate in. To promote regional development, reduce territorial disparities and offer tailor-made solutions taking into account local needs and realities, employment and training policies and ALMPs should include a local and/or regional ‘touch’.

At the Euro-Mediterranean regional level, the link between labour market performance and migration flows and between employment situation and prospects and social stability, as illustrated by the Arab Spring, makes clear that employment policies in MPCs are a question of common interest for all Euro-Mediterranean Partners. In this regard, even in the absence of a regional labour market, employability could be understood and analysed at regional level (for the whole Mediterranean), and not exclusively at national level. The new social, political and economic developments in the region have increased the urgency to undertake concrete cooperation activities in this field. Some lines of action are suggested below:

- **Implementation of the Framework for Actions** agreed in the Euro-Mediterranean Employment and Labour Ministers Conferences. As an example, if all the parties of UfM commit themselves to its implementation, Annual Reports of National Progress could become a standard tool of Euro-Mediterranean employment policy dialogue and cooperation reflecting “the responsibility of each partner to specify and implement” its objectives. The nine priorities within the Framework for Actions highlighted in the Conclusions of the Second Euro-Mediterranean Employment and Labour Ministers Conference can be transformed into specific objectives and indicators to allow for progress assessment and comparability. The MedStat Programme, a statistical cooperation programme funded by the ENPI Regional Programme-South, could help facilitate the production of reliable, comparable data on employment and employability throughout the region in support of regional employment policy dialogue and implementation of the Framework for Actions.
- **Increasing weight employment in the European Neighbourhood Policy** (both in terms of budget and actions). The creation of decent jobs and employment policies need to be at the heart of the ENP Action Plans, and mainstreamed with other policy fields, including a

systematic assessment of their employment impact on the countries. The *mise-à-niveau* (modernization) of the labour markets, employment policies and social partners are as important as industrial modernisation and support for the *mise-à-niveau* of the business sector to face competition. National Indicative Programmes could include comprehensive employment sectoral support programmes and large projects with actual service delivery to the large numbers of young people.

- **Benefiting from the vision of Europe 2020 Strategy.** The external dimension of the EU's 2020 strategy is important for the EU Neighbourhood, and the objectives and priorities of the strategy are widely shared by most MPCs. The Enlargement countries which are covered by the EU Instrument for Pre-accession (IPA) are already in a process of gradual adoption of the strategy as part of EU *acquis communautaire*, but a voluntary dialogue mechanism can be developed for interested MPCs who commit to more ambitious employment policies. There is a wide scope for synergy between EU economic and financial assistance in the Mediterranean and the EU 2020 Strategy, in particular in the framework of the "Agenda for New Skills and Jobs" and the "Youth on the Move" flagship initiatives.
 - **Enhancing legal migration and mobility dialogue in the Euro-Mediterranean Area** and the links with national employment and skills policies of the home countries. Labour migration is a common phenomenon of the region and its benefits can be increased for all the parties (sending countries, receiving countries and migrants) with more cooperation and better management of flows. The role of skills and better matching in both national and international labour markets are crucial for better migration outcomes for individuals. As a result of recent political developments in the region, the EU started to negotiate with Morocco and Tunisia in October 2011 and has announced similar negotiations for the near future with Egypt and Libya for new mobility partnership agreements. These mobility partnership frameworks need to have an employment and skills pillar, closely linked to the national employment and skills policies of the countries.
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