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The Challenge Of Employment In The Mediterranean Countries

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Novembre, 2007
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I. INTRODUCTION

This report addresses one of the most important challenges facing the Mediterranean Partners Countries (MPs) today, namely that of employment. Indeed, the region has to create sufficient decent and productive jobs at levels not achieved before to absorb the increasing number of new entrants into the labour market, a large number of unemployed youth, and a notable increase in women participation in economic activity. In addition, the region has to address the problem of informality, where a growing proportion of the population live and work under unfavourable conditions of low productivity, low incomes and low protection. Finally, the region needs to ensure that migration is a positive sum game for both exporting and hosting countries, rather than a source of brain drain.

Meeting this challenge is not easy. On the one hand, the population pyramid in the region is such that its base (young people) is much wider than the world average. Surely, the rate of population growth has been declining, but past high fertility rates are now making their impact felt. On the other hand, the region can no longer afford to deal with the employment problem through public hiring. The size of the public sector is already too large and globalization is making it difficult for countries to survive without being highly competitive by international standards.

However, we contend in this report that the challenge can be met, provided policymakers take whatever reforms needed capitalizing on the successful experiences of other countries after adjusting them to the initial conditions of the MPs. These reforms would involve making the transition, which has already begun, to a higher level of pro-job creating growth, along with improvements in the working conditions of labour. They also include aligning education systems with the demand for labour in the context of increasingly more diversified economies. And they could possibly involve mutually beneficial exchange of temporary labour migration between the MPs and the EU.

The purpose of this report is to contribute to the discussion of the nature and magnitude of the employment problem in the MPs, the root causes of the problem and possible remedies. To be sure, the report does not offer a blueprint for action in every country case; rather it sheds light on the above issues and proposes ideas for further discussion between the parties concerned.

The report is organized in four sections:
1. The employment challenge in the context of current and expected demographic trends.
2. The root causes of the problem.
3. Regional competitiveness, openness and the link between salary determination and productivity.
4. Meeting the challenges: basic ideas for consideration.

II. THE NATURE OF THE EMPLOYMENT CHALLENGE AND DEMOGRAPHIC TRENDS

The Mediterranean Partners Countries (MPs) continue to experience considerable labour force growth, despite the fact that fertility rates have subsided. This is partly because of past high fertility rates and a growing pressure from increasing female employment. The question is whether this phenomenon is a blessing or a curse. The short answer is that it depends on what countries do or not do.

On the one hand, a growing labour force can be a gift if it translates into higher economic growth, if it injects elements of dynamism into the economy, and if it facilitates intra-generational balances (e.g., through pensions). On the other hand, that gift only materializes if countries are able to create sufficient productive employment to absorb job seekers. Should the opposite occur, society becomes a place for a number of contradictions: the young have no incomes when life expectancy is increasing, which makes it difficult to balance pension systems; women face difficulties accessing the labour market as recent comers; and those who cannot afford to be unemployed resort to the informal sector for work under disagreeable conditions.

To size up the magnitude of the problem in the region, this section successively (i) highlights the pressuring factors characterizing the prevailing conditions, (ii) identifies the number of jobs needed over the next 15 years, (iii) assesses the region's capacity to create these jobs in light of past track record, and (iv) evaluates the potential role of migration in filling the gap between the supply of and demand for labour.

II.1 Stylized facts: three factors are pressuring on the labour markets

Employment in the MPs can be characterized by three factors of pressure, illustrated on the basis of the data in Tables 1 and 2:

√ The first factor is the large proportion of the population below fifteen years old, who hope to have an employment opportunity and will increase the supply of labour. Out of a population of 260 millions, 82 millions are below the age of fifteen that is one person in every three.

√ The second factor is the substantial gap between the number of persons who are likely to seek employment in the near future and the number of formal employment that is currently available (178 million potential active participants compared to currently 70 million jobs). This problem affects all categories of active population including young people, women and workers in the informal sector.

√ The third factor is the size of unemployment, i.e. people that have worked before but are currently unemployed (9.3 million). This corresponds to a regional unemployment rate of 13 percent according to official unemployment rates. This rate does not take into account hidden unemployment and is likely to be underestimated.

Hence, the magnitude of the challenge is daunting when taking into account two figures: the first is the number of persons who are going to seek decent employment (in the formal sector) in the next fifteen years: 82 millions (Table 1). The second is the number of persons who could be employed but are not and whom we can consider as seeking or will be seeking jobs: 108 millions (Table 2).

Table 1: Population and Employment in 2005

2005	Total*	In which less than 15 yrs	Share of less than 15 yrs (%)	Working age pop. (15 yrs and +)	Active population 2005**[a]	Employment 2005 **
Algeria	32 853 798	9 740 248	30	23 113 550	8 320 513	6 845 964
Egypt	74 032 884	24 838 103	34	49 194 781	20 359 300	18 118 600
Israel	6 724 564	1 867 639	28	4 856 925	2 740 000	2 493 600
Jordan	5 702 776	2 118 830	37	3 583 946	1 390 571	1 204 206
Lebanon	3 576 818	1 024 740	29	2 552 078	1 199 477	1 097 285
Morocco	31 478 460	9 787 867	31	21 690 593	11 139 725	9 913 296
Palest. A	3 702 212	1 683 840	45	2 018 372	790 596	578 439
Syria	19 043 382	7 019 470	37	12 023 912	5 459 562	4 821 757
Tunisia	10 102 467	2 619 677	26	7 482 790	3 413 100	2 926 700
Turkey	73 192 838	21 361 185	29	51 831 653	24 565 000	22 046 000
Total MP	260 410 199	82 061 599	32	178 348 600	79 377 844	70 045 847

Source: UN Pop. Div. quinquennial estimates and projections, **ILO, LABORSTA Labour Statistics Database : [a]: Active population are employees and unemployed seeking a job*

Table 2: Activity in 2005

2005	Population of 15 yrs and + 2005* [1]	Active Pop. 2005** [2]	Nb of inactive [3]=[1]-[2]	Activity rate (%) [2]/[1]	Unemployed [4]	Unempl. Rate (%) [4]/[2]	Inactive and unemployed [3]+[4]
Algérie	23 113 550	8 320 513	14 793 037	36	1 474 549	18	16 267 586
Egypte	49 194 781	20 359 300	28 835 481	41	2 240 700	11	31 076 181
Israël	4 856 925	2 740 000	2 116 925	56	246 400	9	2 363 325
Jordanie	3 583 946	1 390 571	2 193 375	39	186 365	13	2 379 740
Liban	2 552 078	1 199 477	1 352 601	47	102 192	9	1 454 793
Maroc	21 690 593	11 139 725	10 550 868	51	1 226 429	11	11 777 297
Palest. A	2 018 372	790 596	1 227 776	39	212 157	27	1 439 933
Syrie	12 023 912	5 459 562	6 564 350	45	637 805	11	7 202 155
Tunisie	7 482 790	3 413 100	4 069 690	46	486 400	14	4 556 090
Turquie	51 831 653	24 565 000	27 266 653	47	2 519 000	10	29 785 653
Total MPS	178 348 600	79 377 844	98 970 756	45	9 331 997	13	108 302 753

*Source: * UN Pop. Div. quinquennial estimates and projections, **ILO, LABORSTA Labour Statistics Database*

The above observations do not apply to all countries of the MPs equally since they differ in their demographics and their capacity to create jobs. Israel, for instance, has marked itself clearly by its different demographic structure and labour dynamics. Moreover, while Morocco, Turkey and Tunisia have progressed in terms of rate of activity of their populations, Algeria, Egypt and the Palestinian Authority have not. In terms of unemployment, a similar pattern emerges, with 50 percent of the total number of unemployed persons (9 million) concentrated in just 3 countries: Algeria, Egypt and Morocco. If Turkey is added, their share jumps to 80 percent.

II.2 Necessary job creation in the region in the next 15 years

On the basis of the demographic forecasts of the United Nations (median scenario, table 1 in annex), the first factor pressuring on the employment will be relieved, as the region will experience a reduction in the share of the less than 15 years to 27% of the total population. The additional good news is that since 2000 the MPs managed to stabilize the situation in the formal labour market by creating sufficient jobs to absorb the new flow of job seekers. By 2020, and in order to preserve the current activity and unemployment ratios, it will be necessary to create 22.5 million new jobs, which corresponds to an annual growth rate of 1.9% over 15 years (see Table 3).

Table 3: The number of new jobs to create in 2020 to maintain the ratios of activity and unemployment unchanged.

2020	Total Employment 2020	To create 2005-2020	Share (%) in employment 2005	No. of unemployed	Inactive of 15+
Algeria	8 892 917	2 046 953	29.90	1 915 441	19 216 175
Egypt	24 570 872	6 452 272	35.61	3 038 643	39 104 175
Israel	3 231 130	737 530	29.58	319 278	2 743 046
Jordan	1 797 275	593 069	49.25	278 150	3 273 608
Lebanon	1 363 371	266 086	24.25	126 973	1 680 600
Morocco	12 802 303	2 889 007	29.14	1 583 844	13 625 681
Palest. A	998 460	420 021	72.61	366 210	2 119 299
Syria	7 227 151	2 405 394	49.89	955 982	9 839 058
Tunisia	3 587 904	661 204	22.59	596 288	4 989 120
Turkey	27 983 306	5 937 306	26.93	3 197 403	34 609 956
Total MPS	**92 454 688**	**22 408 841**	**31.99**	**12 378 211**	**131 200 718**

Source: UN Pop. Div. quinquennial estimates and projections and Authors' calculations

However, preserving the current rates of activity and unemployment will translate into an increase in the number of unemployed that will be exceeding 12 million persons (half of those will be in Egypt and Turkey) in 2020, whereas the number of the non-active population will increase to more than 130 millions. Both figures indicate that keeping the ratios as they are is highly unsatisfactory.

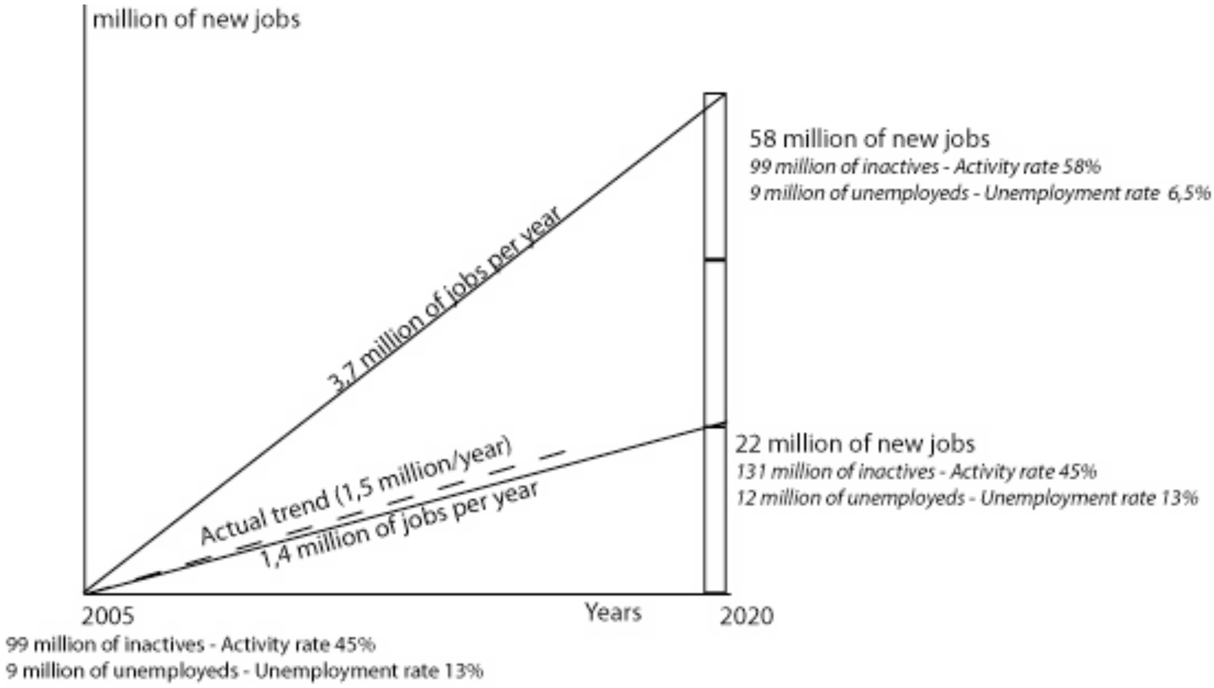
As regards the unemployed persons, an objective aiming at cutting the regional rate by 2 (that is 6.5%) would imply the creation of 28 million new employments (jobs), which amounts to an annual employment growth rate of 2.3% during 15 years. But, to improve simultaneously the situation on both elements of tension, that is an objective of maintaining the absolute number of active and unemployed to approximately 108 million persons, it would be necessary to add to this decrease in the unemployment rate, an increase in the activity rate to reach 58% (the highest regional rate in 2005 is that observed in Israel of 56%). It will imply that the MPs would be capable of creating 57.9 million employments (jobs) in 15 years that is an annual average regional rate of 4.1 % during 15 years (see figure below).

Table 4: The number of new jobs to create in 2020 with an increase of the activity and decrease of the unemployment

2020	Total employment in 2020	To create 2005-2020	Share (%) in employment 2005	No. of unemployed	Inactive of 15+	Av. Annual growth rate 2005/2020 (%)
Algeria	16 282 304	9 436 340	137.84	1 131 925	12 610 304	5.95
Egypt	36 178 834	18 060 234	99.68	2 515 106	28 019 749	4.72
Israel	3 412 940	919 340	36.87	237 263	2 643 251	2.11
Jordan	2 900 780	1 696 574	140.89	201 659	2 246 593	6.04
Lebanon	1 719 603	622 318	56.71	119 545	1 331 796	3.04
Morocco	15 190 814	5 277 518	53.24	1 056 046	11 764 968	2.89
Palest. A	1 889 356	1 310 917	226.63	131 346	1 463 267	8.21
Syria	9 773 434	4 951 677	102.69	679 437	7 569 320	4.82
Tunisia	4 974 687	2 047 987	69.98	345 834	3 852 791	3.60
Turkey	35 678 278	13 632 278	61.84	2 480 308	27 632 079	3.26
Total MPS	**128 001 030**	**57 955 184**	**82.74**	**8 898 467**	**99 134 119**	**4.10**

Source: Authors' calculations based on UN Pop. Div. quinquennial estimates and projection

Figure 1 : Objective of Job creation (2005-2050)



Source: Authors' Calculations

II.3 Are current trends compatible with these needs?

The beginning of the decade marked a period of success for the MPs, during which they managed to create annually more than 1.5 million jobs (except Jordan and Lebanon), a number slightly superior to the 1.4 million jobs per year necessary to maintain the current ratios of the labour market, which is translated into a decrease of the unemployment. Only two countries still have to raise the rhythm, Morocco and Turkey, which they are currently achieving in the past few years.

Nevertheless, one must underline two restrictions: (i) that this evolution assumes that the activity rates do not change, in particular, the female activity rate; (ii) that the contribution of one growth point of jobs will be maintained, while taking into account that jobs are mostly created in the public sector.

These recent achievements are however insufficient to improve on the two main factors of pressure (number of the non-active and unemployed persons), which will require the creation of 3.7 million jobs per year over 15 years. Only two countries are currently at a sufficient level: Algeria and Israel, whereas Tunisia is getting close. On the contrary, considerable efforts have to be made in Egypt and Morocco in particular, while Turkey has marked a special character since the beginning of the decade.

Table 5: Actual creation rate and creation rate that should be achieved

		Actual Period		Maintain ratio		Maintain absolute no.	
	Actual Period	Average growth rate (%)	No jobs/yr	Average growth rate (%)	No jobs/yr	Average growth rate (%)	No jobs/yr
Algeria	2001-2005	7.06	577 217	1.76	136 464	5.95	629 089
Egypt	1997-2003	2.28	412 389	2.05	430 151	4.72	1 204 016
Israel	2000-2005	2.34	58 364	1.74	49 169	2.11	61 289
Morocco	2001-2005	1.53	151 501	1.72	192 600	2.89	351 835
Palest. A	2001-2004	4.64	26 866	3.71	28 001	8.21	87 394
Syria	1991-2002	3.65	176 065	2.73	160 360	4.82	330 112
Tunisia	2000-2005	2.77	81 134	1.37	44 080	3.60	136 532
Turkey	2000-2005	0.43	94 195	1.60	395 820	3.26	908 819
Total MPs			**1 577 732**		**1 436 646**		**3 709 086**

Source: Authors' calculations based on UN Pop. Div. quinquennial estimates and projections and

II.4 Can migration offer a solution that could relieve a "Euro-Mediterranean labour market"?

Such demographic pressure in the South, considered as a push factor, naturally raises the question of people's circulation. Given the relation between Europe and the Mediterranean countries, two factors drive migrants towards this shore: the increasing gap between the revenues and the very different conditions of life, including the problems related to employment, adding to this the historical political and economic ties between the two shores**.** Secondly, whereas demographic trends in the south imply an excess in the supply, inverse trends are taking place in the north, in some sectors of the labour market today, but which seems to be generalized in the near future creating a migration of "replacement".

However, the issue of people's circulation continues to collide with a set of sociological and political considerations that cannot be ignored. It is equally difficult to think that all those who wish to immigrate to the EU can do so, than to think that migratory flows can be blocked. As a result, it is important to consider this issue in the context of a joint approach based on gradual actions that would ensure the optimization of these movements in a cooperative way, where both shores find their interests from the labour market points of view.

This report will stick to an objective presentation of the main facts about migration in the euromed context, that is to say: (i) the consequences of demographic trends in Europe; (ii) the level and the main destinations of the current flows from the MPS; (iii) the main economic impacts of migration for the MPs.

The context of migration between Europe and MPs

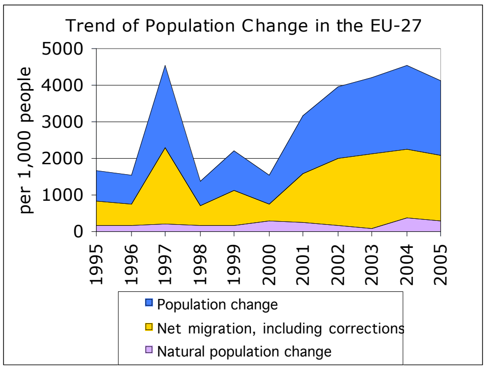
In Europe, there are two major trends that are taking opposite directions to those of the South Med Countries:
(i) The demographic trend is creating an aging population in Europe; the retirement age (64 and above) is increasing four times more than the working-age population (ages 15–64). In 2005, the proportion of active population (15-64) has been estimated at around 68.2% and the proportion of young population (0-14) at 16.7%, The total labour force will fall by approximately 66 million people between 2000 and 2050 and the European population will decrease by the year 2030.
(ii) The labour market is following a positive trend. According to recent releases of Eurostat, employment rate of the EU-27 rose to 64.4% in 2006 (up from 62.2% in 2000). Unemployment rate went down to 7.9%. The whole European economies performed better than expected in 2006, what should create about 9 million new jobs

over the period 2006-2008, bringing the unemployment rate further down to 6.7% by 2008.

Therefore, the actual tendency is set so forth: employment rate is increasing, more jobs are created and the European population (and specially the active population) is decreasing. So unless more people are added to the active population, there will be jobs left unfilled. This will create two pressures in Europe: (i) in the short term (and currently happening in some sectors), there will be shortage of workers, both unskilled (such as in the Spanish case) and skilled labour; (ii) in the medium term, Europe will suffer an increase in dependency ratios, that is expected to create public financial disequilibrium in the problem of financing the retirement.

The decreasing natural trend of the population seems unable now to fill this gap that could be naturally filled by net migration since migrants increase the number of workers relative to the retirees (Figure 2). Europe has been on average a net importer with net estimate migrants of 1.78 million. This overall figure hides large differences among countries, varying from being net exporter such as Poland and Netherlands to being high level importers such as Spain (Annex 2). Since the demographic structure of the accession countries is similar to that of current EU members, the likelihood that migrants from these countries could fill this demographic gap is low.

Figure 2: The growth of the population in the European Union at 27

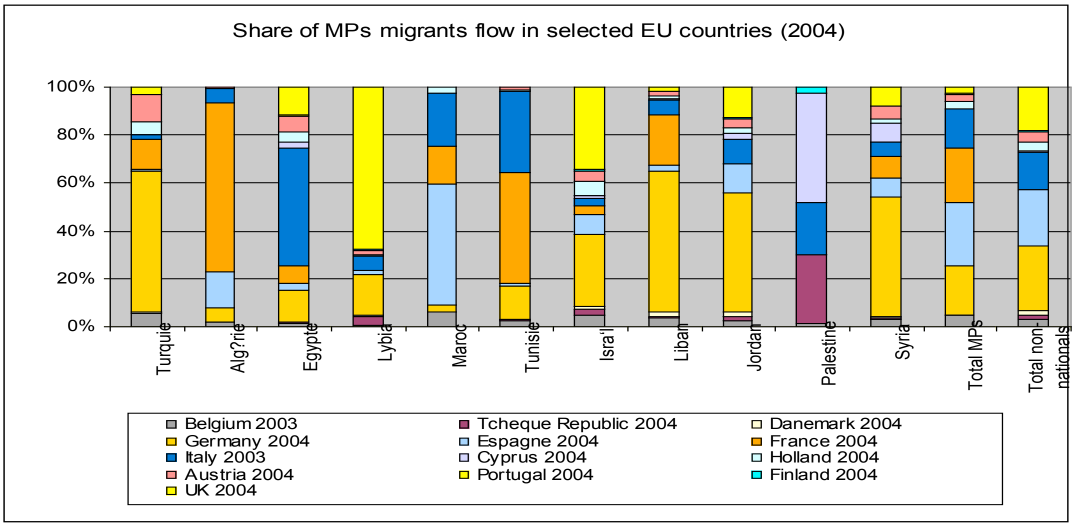


Source: Authors' calculations based on Eurostat migration flows database, 2007

In the MPs, the regional conditions and the opportunities offered elsewhere have increased migration in the past decade. Legal migration contributed in 2005 by 4% of the world migration up from about 3% in 1990. The region is an overall net exporter (with the exception of Israel and Jordan), with the absolute number of migrants reaching 300 thousands in the period of 2000-2005. In 2005, 3.9% of the MPs populations were migrants, which are considered a high rate compared to the world average of 2.9% (Annex 3).

For the Mashreq countries, the Gulf region has been the major migrants destination after the oil boom in the 70s, but this trend has substantially decreased after the mid 80s crisis, followed by the Gulf war in the nineties and 2004. Moreover, given that most of the migrants from the Mashreq countries are workers in the agricultural and unskilled labour, the hosting gulf countries tend to replace them by cheaper labour from East and South Asian countries. As a result, migration from the Mashreq to Europe has increased as evidenced by Egyptian emigration of which 30% are residing in OECD countries (Italy being the main host). On the other front, most migrants from the Maghreb countries are residing in Europe. Morocco is the highest exporter of migrants to Europe, in 2004, more than half of Moroccan migrants entered Spain (Moroccans constitute 90% of the migrants from the region). France receives the highest number of migrants from Algeria, Morocco and Tunisia, while most Turkish migrants reside in Germany.

Figure 3: Share of MPs Migrants Flow in Selected EU Countries (2004)



Source : Eurostat, 2007

Economic impact of migration

On the economic front, migration represents for the MPs an important source of external revenues and has been able to alleviate labour market pressures and reduce unemployment (especially among the young and educated) this would translate into fewer jobs needed.

Remittances represent one of the largest sources of external funding for MPs, surpassing FDI inflows (Annexes 4 & 5). They contribute with about a half in the Balance of Payment current accounts. They are also a source of revenue that can increase the economic level and consumption of families at home. These transfers can be directly linked to the process of job creation, if these funds are invested in a business activity. Unfortunately most of the remittances in the MPs are either consumed or are invested in non-productive activities such as real estate or directed to the informal sector.

In general, the composition of migration may cause market distortions and may create shortages in some sectors. In the MPs, where the labour force is abundant and diversified, the outflow of part of this labour force does not seem to create these imbalances on the overall[1] nor affecting the domestic wages. The main problem for the sending countries lies in the migration of graduates "brain drain". It is in fact a loss of human capital that the region could have benefited from if it had offered them the right jobs, decreasing the long term capacities of development. The problem of "brain drain" reaches a high level in MPs. If the share of MPs migrants in the population is 1 point of percentage more than the world average, the share of brain drain is 4 points more than the world average (9% as opposed to 5%)[2]. Most of MPs are concerned[3]: Lebanon has the highest emigration rate of skilled workers in the MPs (ranking 27 out of 195 studies countries); Egypt and Jordan have high selection rates[4] (59 and 56% respectively); Tunisia and Morocco show high emigration rates of their highly educated workers compared to those born in their home countries.

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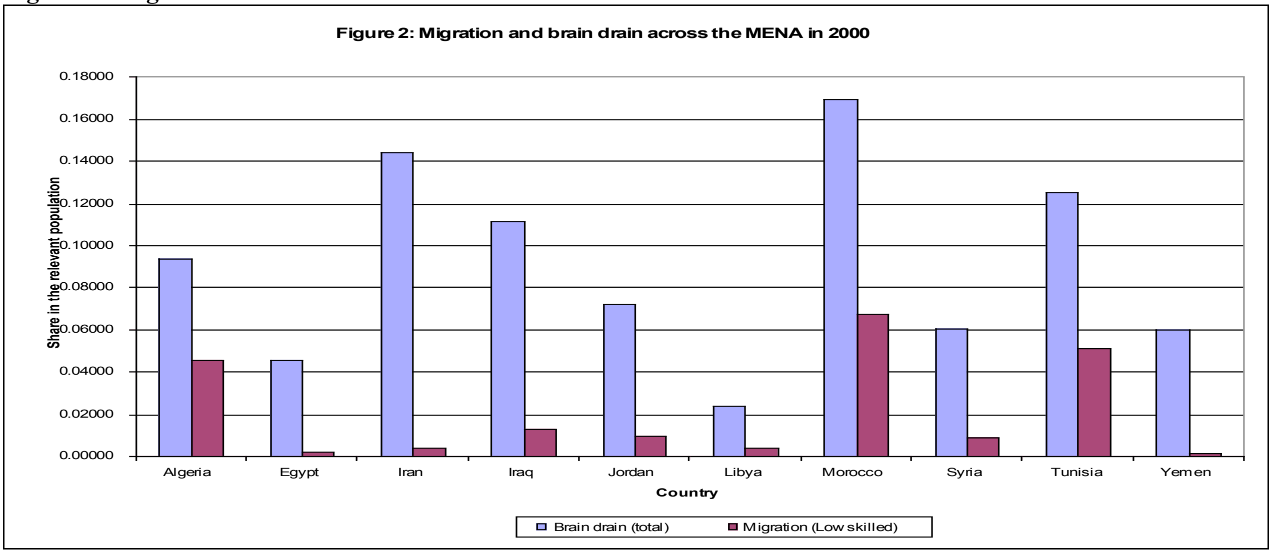
[1] Jordan, experienced shortage of unskilled labour in the agriculture sector, which was filled by migrants from neighbouring countries (e.g. Egypt)

[2] This figure is for the whole MENA countries but it can give an indication for the MPs, since most brain drain migrants are originating from this region.

[3] A study is conducted by Docquier and Marfouk in 2004 compiling OECD data on emigration stocks by educational attainment in 1990 and 2000

[4] the proportion of skilled emigrants in the total emigrants stock

Figure 4: Migration and Brain drain across the MENA in 2000



Source: K. Sekkat et, al. Brain Drain and Human Capital in the MENA, (work in progress)

Despite the theoretical evidence that free movement of persons should lead to efficiency gains and increase global income 25 times more than that accrued from free movement of goods and capital flows[5]. It is still challenged with a set of political and sociological considerations that cannot be ignored. In fact, despite the increasing flows of migrants and a reorientation toward EU, the expected gains in the extremely sensitive euromed context, can only be reached by cooperative schemes of concerted and progressive co-operative actions that would ensure the optimization of these movements, where both shores find their interest from the labour market points of view.

III. THE ROOT CAUSES OF THE PROBLEM

The inability of MPs to create sufficient productive and decent jobs to cope with the current factors of pressure lies fundamentally in the nature of economic growth and its sources. In general, economic growth (and employment) is affected by the quantity of factors of production (capital and labour), the speed with which these factors are accumulated as well as their quality and the way they are combined and managed to produce a given level of output. Low levels of factor accumulation, poor quality and inefficient management of these factors lead to low job creating growth and modest increases in Total Factor Productivity (TFP). On most of these dimensions, the MPs could do better.

As will be discussed below, investment levels are relatively modest compared with other fast growing countries. There is a mismatch between education and the demand for labour. Moreover, the informal sector is relatively large and entails the engagement of a large segment of the population in suboptimal activities, which are typically characterized by low productivity, low incomes, poor working conditions and limited labour protection against illness and old age.

In the remainder of this section, we begin by analyzing the relationship between past economic growth and employment. We then address the following issues successively: (i) the adequacy of domestic and foreign investment; (ii) the quality of the human capital and education, (iii) the effects of the presence of a large informal sector.

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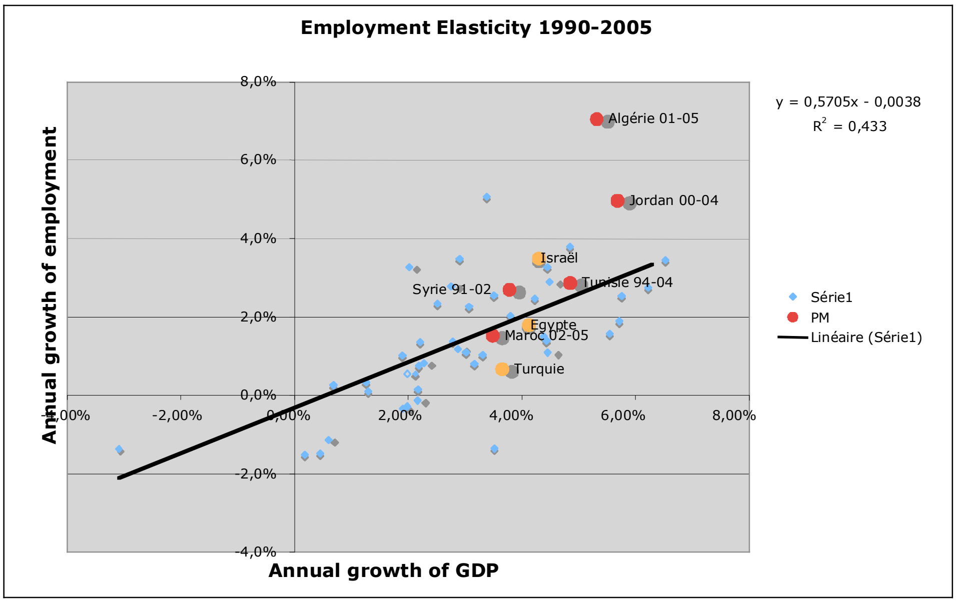
[5] Rodrik, Dani. 2002. "Feasible Globalizations" Cambridge, Mass.: National Bureau of Economic Research Working Paper Series 9129.

III.1 The growth-employment relationship in the MPs

One way of assessing the capacity of an economy to create jobs from a given economic growth rate is to look at the elasticity of employment with respect to production. This ratio is an evaluation of the job creation that corresponds to each point of GDP growth. By this measure, the region does reasonably well. Figure 5 below reports the employment elasticity with respect to output (measured in percent) over the period 1990-2005 for 50 developing and industrialized countries, including the MPs.

Figure 5: Elasticity of employment with respect to production over the period 1990-2005 for 50 countries and MPs



Source : Authors' Calculations, based on ILO database.

In general, the data show that higher economic growth correlated positively with job creation. With respect to the MPs, the following observations can be made:

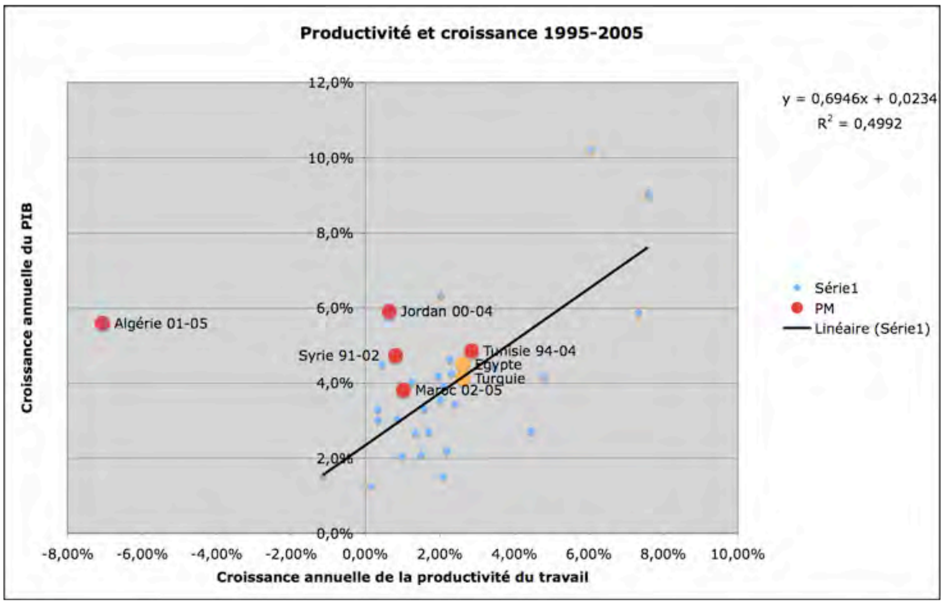
- √ The performance of some of the MPs over these past 15 years is in line with the average relation for the entire sample. This observation applies to Morocco, Egypt and to some extent Turkey, which are the most populated among the MPs.
- √ Others, such as Algeria, Jordan and to a lesser degree Syria show even larger employment elasticity than the average for the entire sample.
- √ The MPs exhibit however a large variance in the elasticity of employment with respect to economic growth. Egypt, Israel, Morocco, Syria and Turkey have a relatively close average of annual GDP growth rates ranging between 4 and 5%, but their rates of job creations is very different ranging from 0.7% to 3.5%.

On the face of it, the MPs have been able to squeeze a high level of employment out of their economic growth. However, it would be misleading to accept this conclusion at face value. The region is known, as will be discussed below, to absorb a large proportion of secondary school and university graduates in government jobs. Given that these jobs contribute little to GDP growth, observed high employment elasticities do not reflect efficient use of labour. Similarly, informality is increasing in some of these countries, which reinforces the point.

The relationship between productivity (of labour) and economic growth can further support the interpretation of the employment elasticity in the MPs as shown in Figure 6. In this respect, the heterogeneity among the MPs is large. On one hand Jordan, Morocco and Syria, which have almost the same modest gains in productivity (from 0.6 to 1% per year), experienced annual GDP growth rates of 5.9%, 3.8% and 4.7%, and annual job creation rates of 5%, 1.5% et 3.7% respectively. On the other hand, Egypt, Tunisia and

Turkey, which had higher productivity growth rates (ranging from 2.6 to 2.9% a year between 1995 and 2005), have annual GDP growth rates of 4.5%, 4.9% and 4.1%, and annual job creation growth rates of 2%, 0.9% and 1% respectively.

Figure 6: Relation between GDP growth and labor productivity growth over the period 1995-2005 for 50 developing and industrialized countries and MPs



Source: Authors' Calculations based on ILO laborstata and WDI of the World Bank

Finally, a number of studies have attempted to estimate TFP change in the MENA region and with some focus on certain countries in the MPs.[6]The results are not favourable in general. These findings can be summarized as follows:

√ There is little growth of the TFP on average (around 0.4% and in some cases negative growth). Countries that had the highest TFP growth are Turkey, Tunisia and Jordan, while growth in other countries was driven basically by an increase in the human and physical capital.

√ The contribution of factor accumulation to growth shifted in MPs in favour of labour since the 80s. In Jordan and Turkey, the accumulation of capital continues to contribute in a superior way than that of labour but the gap is reduced. For the others, the labour factor contribution to growth became larger than that of the capital for the period 1991-1997, while it was the opposite for period 1970-1980.

√ Positive TFP changes are particularly important for employment generation in the MPs, as a growth of 1% of TFP would create 2% growth in employment. Contrast this with another estimate, which suggests that the effect of a 4% of investment growth would lead to a 1% increase in employment.

Box 1: The Total Factor Productivity

Total Factor Productivity is the part of GDP growth that is not explained by capital and labor growth. To understand the phenomenon, one can give the following very schematic illustration. By supposing that the shares of capital and labour in the production are the same, and that the two factors increase by 2.5% per year, 3 cases are possible:

√ **In the first case**, there is no growth of TFP, the growth of the GDP is 5% and is totally explained by the growth of the factors.

√ **In the second case**, the TFP drops by 1%, i.e. the system is in entropy. The growth will be 4%. This could be found in case of bureaucratic systems where the injection of capital or labor is translated to a fall of productivity.

[6] for ex. Makdisi, Fattah, Limam, « Determinants of Growth in the MENA countries », 2000; Sekkat, « The sources of Growth in Morocco », 2003, and most recently S.A Pissarides, M.A.Véganzonès-Varoudakis, « Labor Markets and Economic Growth in The Mena Region », World Bank 2005

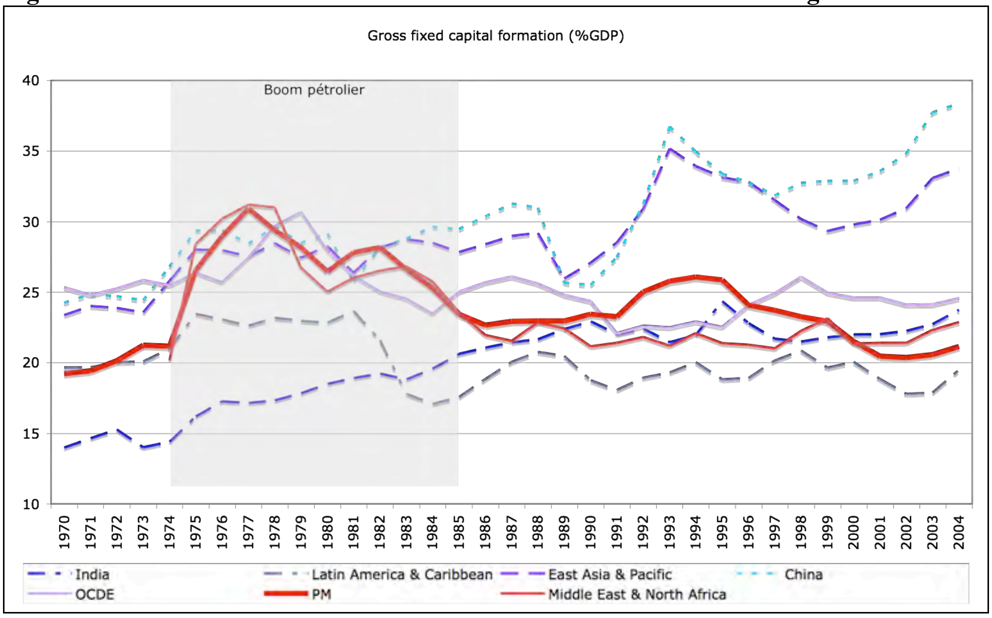
√ **In the third case**, the TFP increases by 1%, which is the most favorable dynamic systems. The growth of the GDP is 6%, which means that by an effect of organization (mobility, flexibility, innovation, just in time, knowledge economy); the growth is higher than that reached by the only contributions of the growth of the factors.

In short, although the quantitative relationship between economic growth, productivity and employment in the MPs, are close on the overall, the patterns observed show substantial individual variations. This reflects the differences in the strategies adopted by the MPs, in particular those related to policy interventions in the labour markets (or the lacking of these policies in some domains) and how the economy generates TFP gains.

III.2 Adequacy of domestic and foreign investment

Past experiences of strong economic convergence have taken place in countries with an investment/GDP ratio of around 30%. In comparison, the MPs since the 80s have only been able to invest on average close to 20-25% (see Figure 7). Moreover, the gap between the MPs and other countries has been widening over time. Since this trend has taken place in the context of a large growth of the active population in the MPs, it has led to one of the lowest capital/labour ratios in the world.[7] Thus, the MPs have not mobilized the necessary level of investment to attain high enough growth rates to provide their population with sufficient productive jobs.

Figure 7: Evolution of the ratio Fixed investments to GDP in several regions

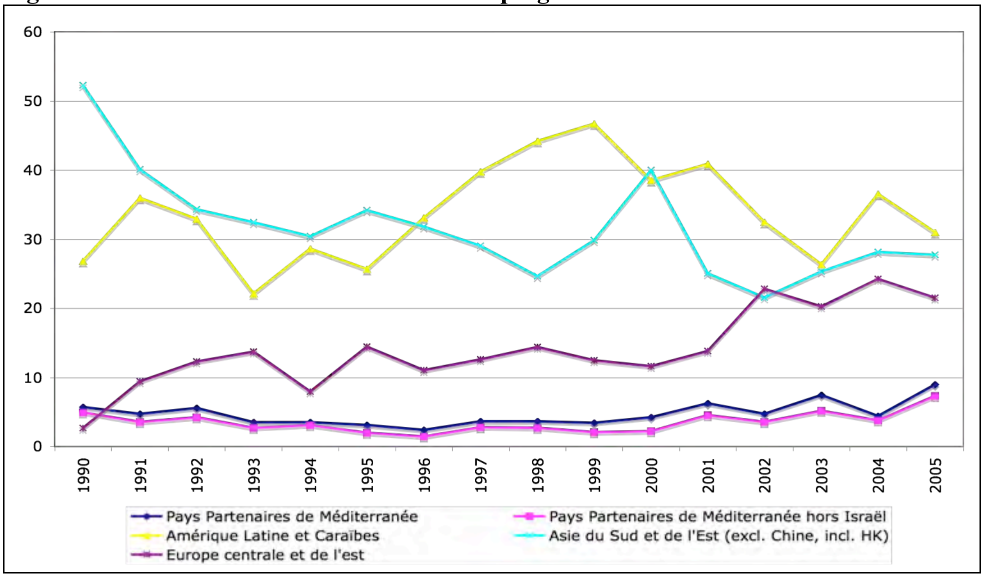


Source : WDI, Banque Mondiale, 2006, calculs Nathalie Grand Institut de la Méditerranée.

Nor have the MPs been able to compensate the deficiency of low domestic savings and investment by attracting sufficient foreign direct investment (FDI). As shown in Figure 8, the region scores very modestly compared to emerging countries in Latin America and East Asia in particular. Moreover, whatever FDI the region gets, most of it is concentrated in certain countries. In 2005, for example, Turkey alone accounted for 34% of the total FDI inflows in the MPs.

[7] S.L. Baier, G.P. Dwyer, R. Tamura 2002, «How important are Capital and TFP for Economic Growth».

Figure 8: Share of MPs in the FDI to developing countries



Source: UNCTAD, WIR

Beside the low level of investment, its distribution between the public and private sectors and allocation across sectors make a difference for employment generation. Thus, if the weight of public investment to total investment is relatively high, as in the MPs, crowding out private investment is a real possibility. Surely, some public investment, for example in basic infrastructure and education, is necessary for crowding in private investment. However, public investment in activities in which the private sector can perform better leads to a waste of scarce resources and diminished capacity to compete internationally and create productive jobs. Similarly, the allocation of investment, both public and private, to traditional sectors along inherited comparative advantage is not likely to enable countries to benefit from diversification and the opportunities offered by globalization. Such a policy will narrow the export base, as observed in the MPs, thereby diminishing the potential creation of new, dynamic and productive jobs.

III.3 The mismatch between education outcomes and labour market demand

Over the past three to four decades, the MPs made remarkable progress on many fronts related to human capital. Starting from very low levels of enrolment at all levels of education, especially of girls, high illiteracy rates and poor quality education, the region consistently allocated as much as 5% of GDP or about one fifth of the government budget to education. As a result, almost all eligible children are now enrolled in schools, a larger fraction than ever before are enrolled in secondary and higher education, illiteracy has come down, and gender parity is essentially achieved. The average number of years of education in the population is now only one year below the average for emerging economies in Asia and Latin America.

Notwithstanding this progress, there is a mismatch between education outcomes and the demand for labour in some of the MPs. As shown in Table 6, a large percent of the labour force, in this case of secondary education, end up in the unemployment column. This problem is more acute in Egypt, Algeria and Morocco. In Jordan and Tunisia, the proportion of the labour force with secondary education and no jobs is essentially the same. But even then, the relatively high percent of unemployment among these graduates indicate that investment in human capital goes unrewarded. Beside the loss in GDP growth, high unemployment also has negative effects on social stability.

Table 6: Distribution of the Labour Force and the Unemployed by Education in selected MPs economies

Country	Proportion of labor force with secondary education or above	Proportion of unemployed with secondary education or above
Egypt	42.0	80.0
Morocco	16.4	29.6
Jordan	45.1	43.6
Algeria	20.0	37.8
Tunisia	42.6	42.5

Source: World Bank, the Road Not Travelled: Education Reform in the MENA region, 2007 p.5 part III

Another limitation of the education systems in the MPs is that they tend to focus more on the study of humanities and social sciences than science and engineering. In more than half of the MENA countries, about two-thirds of the students major in humanities. This pattern of enrolment is the opposite of what is observed in East Asia, and to a lesser extent in Latin America (See Table 7). To the extent that modern development requires technological innovation and adaptation, the education systems in the MPs would benefit from a shift in education toward more science and engineering.

Table 7: Distribution of University Students by Field of Study in selected countries (percent, most recent year)

	Year	Education and Humanities	Social Sciences	Medicine	Scientific, Technical, & Engineering	Others
Algeria	2003	16.4	38.2	7.1	18.0	20.2
Egypt	1995	35.0	41.2	7.4	10.2	6.1
Jordan	2002	30.0	26.0	10.0	30.0	4.0
Lebanon	2003	21.2	38.8	8.5	25.7	5.8
Morocco	2003	27.6	47.8	3.9	18.3	2.3
Syria	1994	29.2	28.2	11.5	25.3	5.8
Tunisia	2002	22.0	27.0	7.0	31.0	13.0
WBG	2003	42.4	33.4	5.6	18.1	0.4
China	1994	22.8	9.4	8.9	46.8	12.1
Korea	2002	23.4	20.4	7.3	41.1	7.9
Malaysia	2002	20.0	27.0	4.0	40.0	11.2
Philippine	2002	20.0	31.0	9.0	24.0	16.0
Thailand	1995	12.2	59.7	5.9	17.6	4.7
Argentina	2002	10.0	35.0	10.0	14.0	31.0
Bolivia	2000	26.0	33.0	17.0	16.0	8.0
Chile	2002	20.0	35.0	9.0	32.0	5.0
Colombia	1996	17.1	43.2	9.1	28.5	2.2
Mexico	2002	15.0	42.0	8.0	32.0	4.3
Peru	1991	13.0	42.1	11.4	24.3	9.2

Sources: UNESCO Statistical Yearbook 1998 and UIS database.

The previous pattern of enrolment is historically consistent with the government policy of absorbing most university graduates in civil service jobs, since in many countries of the region, the rapid expansion of secondary and higher education was accommodated by employment in the public sector at relatively high wages rather than by increasing demand for higher educated labour by a dynamic private sector[8]. This tends to disadvantage private sector against public sector and create anti-productive bias. In particular and in the actual situation, a widespread public employment led to a suboptimal use of labour and has created expectations which could not be fulfilled by the private sector. As a result, rent seeking behaviour, in particular among graduate are frequent, due to the contrast between the benefits, social protection and wage difference offered by the public vs. the private sector, thus lowering the capacity of countries in the

8 Source: World Bank, the Road Not Travelled: Education Reform in the MENA region, 2007 p.5 part III

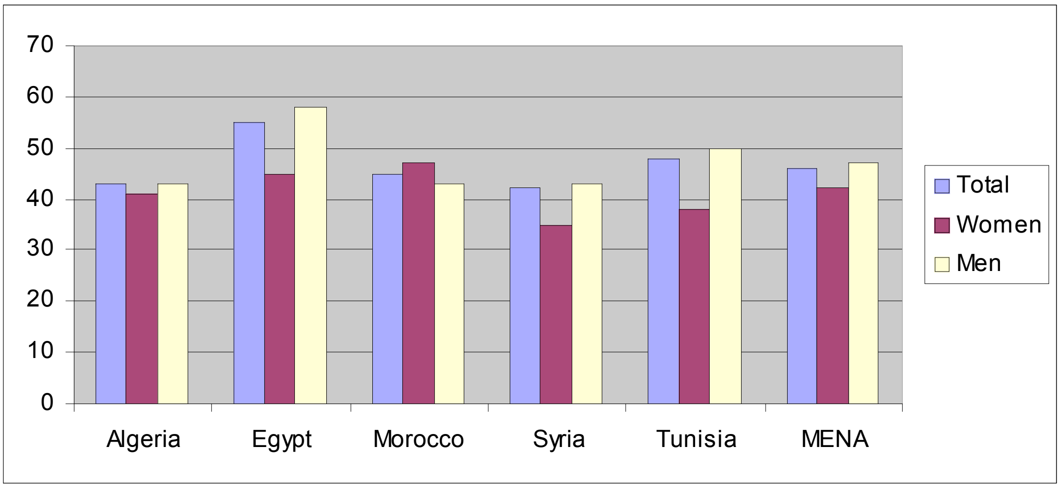
region to create productive jobs. In summary, there are here two important effects: (i) private sector is non-attractive and cannot get the competences it needs; (ii) graduates with higher education have interest in waiting for a public job (by joining the unemployed) or in migrating towards external labour markets and finding jobs that are compatible with their education.

This leads to a low level of TFP in the region, that is not a result of poor quality in the countries' educational systems (the progress in fundamental indicators as literacy clearly demonstrate), but of a mismatch in the allocation of labour factors which leads to achieving only a small fraction of the TFP potential.

III.4 Widespread informality

For a host of reasons, the size of the informal sector in the MPs is relatively large. According to the ILO (Figure 9 below), the average percent of informal employment relative to total employment is above 40 percent. This observation applies to Algeria, Egypt, Morocco and Tunisia. It also applies to both men and women, although the percent is somewhat higher for men.

Figure 9: Informal Sector Employment as a Share of Non-agricultural Employment, 1994-2000



Source: ILO, 2002

The rise of informal employment is partly the result of the limited working opportunities in the formal sector relative to the proportion of the inactive population in the working age. In part, it is the natural result of the fact that those who opt to work in the informal sector tend to be poor and cannot afford to be "unemployment". In fact, the relatively high levels of the minimum wages in some MPs influence in a way the firms' behaviours with respect to employment.

In some odd way, this outcome can be desirable. It provides society a mechanism to deal with poverty and a remedy against social instability. It accords the labour market some flexibility. And it may serve as an incubator before firms and individuals join the formal sector, by benefiting from successful accumulation. That would suppose nevertheless a great mobility between informal and formal that unfortunately hardly exists in the MPs.

The experience of the MPs is mixed however, with the positive effects of informality outweighed by the negative ones. This conclusion is illustrated by a few examples, as seen by different economic agents.

- √ Form the perspective of **individuals**, research on the informal enterprises in the West bank and Ghaza Strip shows that these enterprises play a significant socioeconomic role of a 'safety valve' by absorbing shocks to the national economy[9]. It also acts as a poverty alleviation device for household members who lost their jobs or couldn't have access to the formal labour market. On the negative side, most of the employment created in the informal sector is far from 'decent jobs' as defined by the ILO. In particular, these jobs often lack social protection. In Turkey, 35% of the male wage earners and 35% of the female wage earners do not have any social security coverage, working in the informal sector (without speaking of the percentage of self-employed who are not covered by social security, even much higher: 42% for men and 82% for women, cf. Tansel, 1998).

√ From the perspective of **firms**, informality has benefits, mostly in terms of regulations flexibility. Informal firms avoid the administrative and investment costs of access to the formal sector, and the costs of staying in it. They avoid paying taxes and labour related costs as well as costly bureaucratic procedures. On the other hand, there are drawbacks: firms in the informal sector have limited access to modern technologies, capital and government provided goods and services.

√ From the perspective of **governments,** informality represents a kind of an automatic mechanism for social stability, which is at the same time less expensive. In return, the public budgets are deprived of fiscal resources and the effects of reforms tend to be moderate as they do not impact a sector that lies outside the legal system.

When all these perspectives are added up, the impact of informality on economic activity is not favourable. One study on the informal sector in Tunisia argues that the larger the size of the informal sector, the more persistent is unemployment. Creating more jobs in the informal sector can delay policy reforms to deal with unemployment now and may aggravate unemployment in the medium run because of the low returns on investment in the informal sector and the needs for public capital to provide public services. In addition, because the informal enterprises in the region tend to be micro, small and medium enterprises, they typically operate at low levels of productivity and use traditional methods of production (Femise study on the MSEs in four countries: Egypt, Lebanon, Morocco and Turkey). And they typically lack access to finance, government contracts, and the protection of the law from abuse by local officials.

For what concerns employment, the presence of a large informal sector raises three main difficulties: (i) a large proportion of the economic agents (employed and employers) are de facto out of the active policies sphere (ii) the created employment is mainly for survival and is far from the "decency" criteria; (iii) informality creates a kind of low productivity trap that pressure on the whole economic system.

IV. COMPETITIVNESS, OPENESS AND LABOR MARKET POLICIES

The openness of an economy can potentially increase productivity through 4 channels: The first is related to the scale effects which are derived from the market enlargement, and as a result of global demand.[10] The second is derived from the increased competition and as a result the reallocation of factors of production from the least to the most efficient enterprises. The third is related to the market pressure that causes inefficient firms to exit and more efficient firms to enter. Finally, openness can have additional benefits from the reallocation of factors between sectors.

To explore the interaction between openness, competitiveness and labour market policies in the MPs, this section addresses the following issues: (i) the compatibility of the current pattern of specialization in the MPs with openness, (ii) the appropriateness of wage

[9] Eşim, Simel and Eileen Kuttab. 2002. "Women's Informal Employment in Palestine: Securing A Livelihood Against All Odds", Background Paper for the 9th Forum of ERF, Cairo
[10] The large size of domestic firms is an important element to be able to achieve the benefits of these channels..

policies from the point of view of reconciling international competitiveness and social concerns, and (iii) the extent to which policies and institutions can meet these objectives.

IV.1 The compatibility of the pattern of specialization and employment with openness in the MPs

The strategy of openness, adopted by the MPs in recent years, requires a relatively high degree of mobility of resources, including workers. The question is to know to what extend the current specialization is able to maximize the trade potentials and whether the MPs enjoy such flexibility or not.

Drawing on the most recent database on the structure of employment collected by the ILO for 50 countries, including the MPs and reported in Table 8, the following observation can be made:

- √ The MPs continue to employ a large fraction of the labour force in agriculture. This sector alone accounts for one third of the total labour force, which is 10 percentage points above the average of the countries in the larger sample, (excluding China).
- √ Only Turkey and Tunisia employ a comparable percentage in the manufacturing sector to those observed in the sample of 50 countries. Otherwise, manufacturing employment in the remaining MPs is less than 14 percent of total employment.
- √ With respect to services, the proportion of tradable professional services is lower in the MPs than in the rest of the sample, while the proportion of the non-tradable services and administration are over-represented.

Thus, the current structure of employment in the MPs has to change to benefit from openness. The size of non-tradable sectors, especially public services, is still large compared to the tradable sectors. Moreover, the agriculture and services sectors, which are absorbing most of the employment, remain non-liberalized, both at the local and the international level. The manufacturing sector is relatively small. Given the sectoral distribution of MPs, the openness implies a large transfer of jobs from the non-tradable sectors to tradable sectors with comparative advantages.

Table 8: The most recent structure of employment by sector in the MPs (percent)

Isic Rev. 2	Algeria	Egypt	Jordan	Mor occo	Syria	Tunisia	Turkey	MPs*	Sample
year	2004	2003	2004	2005	2002	2004	2005		2005
Agr. Hunting, Forestry, Fishing	20.7	29.9	4.1	45.4	30.3	16.2	29.5	30.0	18.6
Mining and Quarrying	1.7	0.2	0.9	0.4	Manuf	1.2	0.5	0.6	0.4
Manufacturing	10.9	10.9	14.2	11.6	13.7	19.4	18.5	14.2	14.3
Elect., Gas and Water Supply	1.0	1.3	1.4	0.3	Manuf	Manuf	0.4	0.7	0.6
Construction	12.4	7.4	9.1	7.1	13.2	13.3	5.3	8.0	6.8
Wholesale and Retail Trade and Restaurants and Hotels	17.2	13.5	16.9	16.7	15.0	10.9* trade only	20.6	16.8	20.8
Transport, Storage and Communications	5.6	6.3	8.1	3.8	5.5	5.6	5.1	5.4	5.6
Financing, Insurance, Real Estate and Business Services	1.8	3.0	4.7	1.3	1.3	13.3 *hotels & others incl.	4.0	3.3	9.0
Community, Social and Personal Services	28.5	27.5	40.0	13.2	21.0	19.1	16.1	21.1	23.7
Others	0.2	0.0	0.6	0.0	0.0	1.0	0.0	*0.1*	*0.2*
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Public Admin. and Defense; Compulsory Social Security	14.2	11.2	16.8	Nd	Nd	Nd	Nd		
Sources	*ILO*	*ILO*	*DOS 2004 Census.Jor+n on Jord*	*ILO*	*ILO*	*Total employment. RGPH 2004*	*ILO*	*Femise*	*Excl China*

Within the manufacturing sector, the MPs also exhibit little diversification. In fact, the five industries listed in Table 9 account for the bulk of employment in manufacturing. And out of these 5 industries, textile-clothing and leather account for most of the employment. In 2003, both sectors accounted for about 50 percent of total employment in manufacturing in Morocco and Tunisia, 37 percent in Turkey and 30 percent in Egypt. In comparison, paid-workers in this sector in China in 2003 were about 20 % of total paid-employment in manufacturing.

Table 9: The main sectors of employment in 2003 (in % of the wage-earning industrial employment)

	Textile, Clothing, Leather	Metal. items	Chemistry	Alim, drinks, tobacco	Metal industry
Egypt	29,8	14.5	13.7	30	6.1
Jordan	17.1	16	15.4	21.5	2.7
Morocco	48.8	14.3	8.4	15.3	1
Tunisia	51.9	16.7	5.9	11	1
Turkey (*)	37	21.5	10.1	15 .7	5.4
Bulgaria	32.4	23.3	8.7	17.3	3.9
Romania (**)	17.2	66.2	-	0.8	-
Russia	9.1	35	4.5	20.5	10.5
Ukraine (*)	8.4	33.6	9.9	18.8	14.8
China	19.9	33	15.1	8.2	7.6

(*) Turkey and Ukraine 2001
(**) Rumania 2000
Source : UNIDO – calculations of Institut de la Méditerranée

Looking at the evolution of competitiveness of the manufacturing sectors over time can be revealing, especially in terms of the relationship between the unit value of exports, labour productivity and per capita income.[11] An increase in the unit value of exports can be considered as an indicator of improved productivity and quality of products, which may or may not be translated into wage increases. Either way, the increase in the unit value of exports constitutes improved terms of trade that would translate into an increase in the quantity and quality of imports, notably of equipment. The result is an increase of TFP if the substitution from capital to labour is not too large. Consequently, if the ratio of productivity to salary per head evolves positively, wages are not affected by openness. On the contrary, a simultaneous decrease of the unit value of exports and the productivity can indicate that the re-allocation does not improve the efficiency, which threatens the quantity and the quality of employment.

By examining the trends of these indicators for the period 1995/97 to 2000/03 (Annexes 6 figures), it is clear that MPs are not taking advantage of trade liberalization. Only a few sectors exhibit an increase in the unit value of exports. Except for Jordan and to some extent Tunisia, productivity is either negative or low, putting pressure on the incomes of employees.

In the clothing sector, Tunisia maintains the unit value of its exports, which is effective. However, this is achieved at the expense of wages per head. The same is observed in Turkey, but to which is added a declining unit value of exports. The case of Jordan is different. The quasi-stability of the unit value of exports is accompanied by (or derived from) strong productivity gains. The ratio productivity/salary per head is increasing, while maintaining competitiveness prices. At the same time the quality of employment in the sector is improving (by means of better remuneration).

[11] The industrial data are issued from the international bases of the UNIDO (Indstat 3 rev2 2006). The unit values of exports are calculated using COMTRADE by observing the rules of equivalence between nomenclature of trade (SITC) and nomenclature industrial used by UNIDO (ISIC rev2), by N Roux, Cefi. A software was conceived to carry out calculations of the unit values of exports and which allows (1) to clean the base, (2) to reconstitute missing values and (3) to calculate the unit value by large aggregate industries

IV.2 Labour cost and salaries: untie the knot

In the context of globalization, competitiveness is affected by the cost of labour. If real wages' evolutions follow that of labour productivity and adequate exchange rate policy is implemented, price competitiveness is preserved. In the MPs, where accelerated growth of per capita incomes is a necessary objective, productivity cannot be considered as an obstacle to the decent jobs creation, but rather a way to increase real wages without affecting the competitiveness of the economy.

Box 2: Wages Indexing Policy

The MPs follow currently two main models for wages indexation:
The first scheme reflects the indexing based on consumer price level (such as the case of Morocco). This scheme aims at maintaining the living standard. The control of inflationary shift involves an inflation target strategy and a fixed nominal exchange rate pegged to a basket of currencies. The main difficulty with this scheme is the risk of appreciation of the local currency in real terms that induces a loss of price competitiveness, which contradicts the initial objective.

The alternative scheme is indexing the wages based on the productivity gains, at the same time, the exchange rate policy target a real fixed exchange rate with (such as the case of Tunisia). Here, competitiveness depends primarily on the real factors. This virtuous scheme is at the origin of progress achieved by Tunisia.

The example of Egypt and Morocco illustrates perfectly the situation of most of the MPs. In Morocco, enterprises surveys estimate that the level of wages (including charges)[12] is high relative to the productivity per head. Half of the Moroccan enterprises interviewed confirmed this. Consequently, many enterprises try to by-pass the regulation, notably by staying in the informal sector (cf. «Economic memorandum of the country, Morocco », World Bank, in March, 2006). The fact that informality allows to bypass the wages legislations is confirmed by surveys done in Egypt (and Turkey). In terms of wages, comparisons between formal and informal sectors in Egypt showed that most of private formal workers (73%) have a daily salary ranging between LE 10 and LE 50, while around 68% of the informal salaries-workers earn a daily salary between LE 5 and LE 10. A study on wage earners, self- employed and gender in the informal sector in Turkey showed that the salary per hour of the formal sector is on average 35% higher than that of the informal sector.[13]

BOX 3: Minimum wage-country cases

All MPs have adopted minimum wage policy as implied by law, but not all of them are binding. Since many employers use temporary or informal contracts or work in the informal sector, this minimum wage policy is adopted by very few firms.

Algeria : The (SMA) is negotiated between the government, labour unions and the employers. Its level is based in principal on the consumption prices, national average production and the economic conditions.
Egypt: Minimum wage in Egypt was set at LE 116 per month before the new law. The National Council for Wages set an annual increase in the Egyptian minimum wage at a minimum of 7% of the basic salary upon which social insurance contributions are reckoned. However, the law grants the establishment the right to refer its individual case

[12] The level of charges in the wages (including social security, illness, …) is also considered as high for countries of this level of development. For instance, in Morocco and Tunisia they represent 25% of the wage bill and in Algeria, social security cost alone represent more than 36% of the labour cost.
[13] Gender discrimination of wages in informal : Among the female workers, the log hourly wage of the covered wage earners is about 80 percent higher than that of the uncovered wage earners (Tansel, 1998).

back to the Council in case it is impossible to finance the set annual increment due to economic difficulties. The decision should be made within 30 days. It is to note that in the case of Egypt, the increment is not influenced by the consumer price index (CPI) that is perceived as non-indicative of the real inflation rate in the case of Egypt.
Jordan: The first national minimum wage was introduced in 1999 amid much controversy. The minimum wage was set at JD70 monthly across the board, and four years later the government announced a JD15 raise in minimum wage.
Morocco: 77,26 dh per day SMIG - 50 dhs per day SMAG
Syria: For many years, the urban minimum wage remained unchanged at 1,250 Syrian Pounds per month. As a result, the real value of the minimum wage declined and became essentially non-binding by the end of the 1990s. However, in 1999, the minimum wage was raised to 2,000 Syrian Pounds per month and in 2004 it was raised again to 3,500 Syrian Pounds per month (approximately US$70). At current levels, the minimum wage is binding for the lowest paid workers. In 2002, less than 5 percent of the full-time workforce earned wages that were less than 3,000 Syrian Pounds per month and less than 10 percent earned 4,000 Syrian Pounds or less per month
Turkey: A committee composed of government representatives and worker and employer organizations meets to establish the minimum wage at the latest every two years. However, rapid inflation has compelled more frequent adjustments (usually once or twice a year). The minimum wage is set by the day. Weekly, monthly, hourly or per piece wages are determined according to this daily rate. The minimum wage applies to all branches of economic activity, but is separately determined for workers younger than 16 years and those older. Although there is no exact indexation between the minimum wages of those younger than 16 and those older, the former is about 85 percent of the latter.

The MPs context here is important. Under constraints of competitiveness, the economic logic would conclude to the need to decrease minimum wages in real terms. This would affect the private sector real wages, which should mainly translate into improving competitiveness. Then, with a dynamic effect this should decrease the informal employment since the gains of informality will be reduced.[14]

This mechanism does not take place, because of two problems: First, the development of the informal sector as a flexibility tool to face heavy legislations minimizes the impact of the evolution of the minimum wage on the population (formal and informal active persons). Secondly, the salary has another social dimension that is directly linked to poverty. The average size of MPs households is higher than in Europe (in Morocco, the average household accounts for 6 persons, that is one and a half time the size observed in Bulgaria or in Rumania) and mostly includes only a single paid worker. In Morocco, it was found that a 5% decrease of the real minimum wage will drag 400 000 people below the poverty line. Evidently and given the context of the MPs and their development objectives, the real wages are de facto rigid downward and the channels to optimise on their levels are in the productivity gains (and/or exchange rate policy), within a framework of an openness strategy that implies a large competitiveness constraint. But, this assumes the existence of a coherent global functioning policy framework.

IV.3 Do the institutions and policies in the MPs maximize the benefits of openness, especially in terms of employment?

If the dynamic of job creation of the MPs is not sufficient, it is important to study in what way the institutional context contributes to this and what would be the main orientations to improve the current situation. The evidence is that macroeconomic policies, labour markets laws and related institutions have an impact on the job creation potentials, since they affect the allocation of resources, as well as the smoothness and the speed of this

[14] Agenor, El Aynaoui : « Labor market policies and unemployment in Morocco : a quantitative analysis » World Bank 2003 et FEMISE 2004, « Profile pays Maroc »

allocation. The remainder section will address successively what relates to the macroeconomic reforms and what concerns more specifically the labour market.

IV.3.1 Macroeconomic reforms: a framework that is yet to be optimized to benefit from globalization

All the MPs chose to adopt macroeconomic openness and to rely on trade to develop their economies. The first step, in which they have succeeded, was the establishment of a stabilized macroeconomic environment without large imbalances. Given this achievement, the following step is the implementation of policies and adopting reforms related to trade, investment, the business climate and governance that would match the openness strategy. On this front, a lot is still to be done.

The MPs have made good progress in terms of **trade** reforms. According to a study of the World Bank (Economic Prospects, 2007), most of the MPs are now ranked among the best half of the world in terms of reducing tariffs barriers and dismantling non-tariffs barriers. Those progress followed bilateral and regional agreements adopted by the MPs. Egypt, Jordan and Lebanon progress in terms of trade reforms is remarkable (Annex 7a). Despite this progress, MPs protection policies remain high (Annex 7b). Moreover, the transaction costs, poor infrastructure and communications have added to the cost of trade.

The **business environment** of the MPs is still not very encouraging for new firms to start up their business. The MPs have not progressed in this area, according to the World Bank doing Business reports most of them are ranked in the lowest categories notably Algeria, Egypt, Morocco and Syria. Jordan, Lebanon and Tunisia are better placed and Israel and Turkey are among the top 50s. Business regulatory and financial sector reforms are progressing very slowly and some areas have not witness any progress such as the judiciary system. The importance of the public sector is also pointed out as weighting on the private sector attractiveness.

There is no adequate business environment without **good governance** and well defined roles of the public and private sectors. According to the World Bank measurement of governance[15], countries of the MPs are lagging behind the rest of the world in terms of quality of public governance (accountability, transparency, corruption, inclusiveness). Also, in terms of public administration (efficiency of bureaucracy, rule of law, protection of property rights, corruption, quality of regulations, etc.), the region in general is also lagging, and its performance worsens the higher the GDP per capita of the country. Whereas in terms of public accountability (respect of civil rights, transparency, openness of political institutions and participation, etc.) the whole region is at the end of the ranking. Of course those benchmarks are always considered cautiously, but they do testify a kind of negative overall perception of the international operators. This is translated for instance on the poor performance of **FDI**. As demonstrated by a FEMISE study (FEM2115), the FDI ratio can be doubled in some countries such as Egypt and Turkey, if the level of political risk is reduced. Tunisia and Egypt would be chief gainers (with one percent increase in FDI ratio) if the level of risk decrease to be the same as Switzerland.

IV.3.2 Reforms of labour codes: key issues in a specific context

The logical issue to be addressed next is to know if the regulations of the labour markets Mediterranean are also at the origin of frictions that hinders the process of job creation and prevent an optimal functioning as an open economy. The debates on the flexibility of the labour laws, even within the European countries, show how much the issues related

[15] Based of 22 indicators including rule of low, corruption control, public sector efficiency, ..etc. many of which are subjective.

to labour markets are strongly linked to the functioning of the societies. Reforms should be made while taking into account the economic, political and social contexts of these laws, according to their degree of sensitivity. These reforms can be done by improving rapidly on the issues that can accelerate the adjustment and which do not have direct impact on the individuals, while addressing cautiously the other more sensitive issues and taking enough time on the dialogue.

While progressing on the reforms of the labour laws, two important facts have to be taken into consideration:

√ Activity ratios that we have observed indicate finally that "the labour markets" concern only a relatively small part of the population. The size of the informality is important in at least two ways: (i) general laws, that are mostly considered as adding rigidity to the functioning of the labour market, only concern a minority of the working age population, hence the flexibility of the legal system is then a step to consider; (ii) the informal sector plays as "reserve of flexibility" which could be mobilized when the incentive to move to the formal market would be considered profitable.

√ Employment in the public sector has certainly decreased, but it still considered particularly attractive considering the large benefits it offers relative to the private (lifetime employment, higher remuneration, and larger social coverage). Several surveys indicate that the graduates prefer to delay their entry to the labour market to obtain jobs in the public. It is indeed the kind of phenomenon that tends to hinder the transformation of the individual progress in collective gains. Besides, considering the large percentage that these jobs represent, the gap in the benefits between private and public employment tends to reduce even more the number of population that is concerned by the common legal frame. It is observed that public employment encountered important modifications in productive term, such as in Egypt, since employment decreased more in the "State owned enterprises" that have been massively privatized, than in the administrations, weighting also more on the global production.

In the logic described above, notably on how to increase the mobility of factors, it is clear that the regulations that address both the labour market and the fluidity of the economic framework must be improved as fast as possible. Within this measure, reforms to reduce the delays to create an enterprise and the bureaucratic procedures (number of forms to fill), improving the bankruptcies management, reducing the durations of commercial courts disputes, decreasing the minimum legal capital to start-up a new business, facilitating obtaining credits, in particular by training banks staff and decreasing the credits amount (see Best practice box of Egypt, Annex 8). It is clear that this type of actions do not directly concern the employee status but they will increase the mobility, accelerate the reallocation potentials so as to take more advantage of the expected openness dynamic effects. They are, as explained, able to create gains in terms of factor productivity while improving the potentials of a better organization of available resources, without basically affecting the sensitivities related to the MPs context.

Then, there are the questions that relate to the employee status, for example the nature of the employment contracts that are obviously more sensitive. The well established idea is that the MPs have less flexible labour markets on this front. Hiring and firing procedures are not flexible by international standards in the MPs regions. The still low job creation and the long term unemployment have made hiring and firing flexibilities hard to achieve. Many firms in MPs rely on temporary and even informal (unregistered) contracts. In Morocco for example, in 2000 more than 20% of the employed in the small and medium enterprises worked with temporary contracts (25% for female employees). This percentage reach 35% for large enterprises (it doubles for female employees; Cf. World Bank). The 2003 labour code meant to partially reduce these figures, by permitting short term contracts (1 year) for newly established firms or for new production lines, these can be renewed one more time, after that it becomes a permanent contract. The new labour law of Egypt (2003) was more flexible, as it allows a type of contracts with defined duration which could be unlimitedly renewed, without having to transform them into permanent contracts (as was the case in the earlier labour law). In Israel, government enacted a law that regulates temporary contracts to a definite period of 9 months, after which, it becomes mandatory to hire the employee full time. The law is still not enforced due to problems of monitoring. It is to mention that most temporary contract salaries were below the minimum wage.

From the enterprises point of view, it is evident that the competitive context requires more flexibility in favour of hiring and simplifying the dismissals, by introducing temporary contracts and by being less rigid. The general trend adopted by the MPs is mainly oriented towards facilitating hiring, even through temporary contracts and subcontracting. This leads to a beneficiary dynamic to the development that should increase foreign capital attraction and enhance small firms to enter the formal sector. In fact, it improves the mobility between sectors. It also increases the elasticity of employment relative to output. In other words, this kind of flexibility is directly linked to the job creation objective. Nevertheless, it creates some debates especially within the labour and trade unions that could raise the fragility of the situation, but that in a way accepted.

However, the flexibility of dismissing remains limited. The problem here is more complicated and sensitive. Most countries of the region either prohibit dismissal for economic reasons or make it administratively difficult. In Morocco and Tunisia (and to some extend Egypt), dismissed workers have the right to appeal which could be costly to the enterprises specially that the legal process is unpredictable in this case. Some firms get around this by making employees sign undated letters of resignation, which are held in reserve in case layoffs are required. It is evident that facilitating the dismissal has to be made with extreme precautions and in a strategic framework specially that the labour markets are loaded with a historical large share of public employment that continues to be attractive to most workers, and where under-activity is socially destructive. A more cautious approach would be to increase the attractiveness of the private formal sector by substantially improving the social protection, the insurance on loss of jobs and process of finding new jobs. These efforts will be more productive on the collective front.

V. MEETING THE EMPLOYMENT CHALLENGE: SOME KEY ISSUES

To conclude this report that addressed the issue of employment in the South Mediterranean region, we would first remind here of the key issues that characterize the employment creation in the region, before getting into details on the issues related to the activity of women, the formalization of the economy, the adequacy of the education and training to the labour needs and the coordination of migration policies.

V.1 The need for an overall strategy

The current situation is characterized by: (i) a low activity ratio, leading half of the working age population outside the labour market; (ii) a high regional unemployment rate among the active persons; and (iii) a large population of less than 15 years that will be joining the labour markets seeking employments in the coming 15 years. The current economic performances of the MPs that are sensibly progressing since the year 2000 are not able to deal with these pressures. In fact, the current performance in terms of job creation needs to be doubled in order to prevent the increase in the number of persons that are concerned by the employment problems.

As highlighted throughout the report, there is a set of factors that are currently at the origin of the insufficient rate of job creation in the MPs. These factors are mainly related to inherited national historical strategies, in particular: (i) the role of the public sector, notably as an eventual last resort employer, (ii) the domestic investment rates that are insufficient and not efficiently oriented; (iii) the mismatch between the education and training of the work force and the needs of an under-sized private sector, despite the progress at the educational level; (iv) a large informal sector that is characterized by low productivity, low incomes, fragile working conditions and insufficient employees protection. All these elements converge towards a self-sustained sub-optimal use of the capacities of the MPs leading to weak productivity gains. However, successful stories of development suggest that international competitiveness generates productivity gains that will be derived from the capacity of an economy to adjust. Provided a coherent legal framework, these productivity gains enhance an improvement in the global level of activity, and consequently of employment. Moreover, this process generates a significant income growth that corresponds to the needs of development of the MPs (ie. income convergence and employment creation).

To deal with this challenge, the MPs have to adopt a strategy of adjustment that takes into account the particular social context. Hence, employment policies have to be handled in a precautious way. Some general measures or policies that are directly related to the employment market and are likely to improve the system vitality, seem to be easy to reform. Other measures that relate directly to the status of employees are also to be investigated in a very precise way and so as to benefit from the democratic support. This general frame is an endogenous virtuous process in which the economy is able to generate sufficient productivity gains, in openness logic. These gains will enhance the activity of the economy and will increase the real wages without negatively affecting competitiveness.

For this process to take place it is important to act on certain more specific vectors. We will address here those related to the human factors.

V.2 Encouraging the women to take part in the labour market

Independently of any ethical question, encouraging women to participate in the labour market is a need, so as to increase the particularly low activity rates of the MPs. In order to achieve that, the adopted strategies should be accompanied by a number of policies aiming at: (i) first of all, eradicate her illiteracy; (ii) preparing women to join the labour market by designing special vocational training programs to suit her needs, either in rural or urban areas (handicrafts, agriculture, micro enterprises, etc.); and (iii) ensuring a good working conditions in the formal public/private sector and certain flexibility to meet her social and household needs. Moreover women need to be aware of the potential gains that their participation will achieve on the individual, the household and national levels (see Box Best Practice in Annex 8: Algeria and Box Best Practice: Turkey).

√ Fighting illiteracy, most of the MPs governments has taken serious steps to improve this situation by designing special target programs for females especially in the rural and poor areas. In Tunisia for example, the National program for adults' education has for objective to reduce illiteracy to less than 18% (now at 37% for females), 49.8% of the enrolled in this program is girls between the age of 14 and 20 years.
Incentives are given in some countries to encourage families especially in the rural areas to send their girls to school. Such as establishing schools for girls only, linking the education of these girls to their environment (such as done in some schools in rural areas of Egypt), giving indemnity to families that have children in schools (including girls) and providing subsidies for the food and transportation (such as in Algeria, 2000 AD for each child in school given to 3 million child in deprived areas annually).

√ Specially designed programs and vocational training are put in place to increase the competence of women in the labour markets and encourage them to participate actively. Training of women to work in the handicrafts industry especially in the rural areas has been very beneficiaries. In Morocco, the agricultural vocational program targeted for young rural and non-educated (or with a minimum level of education) has engaged between 2001 and 2005 a large number of people, in which 12% are girls (see Annex 8 Box Best Practice: Tunisia).

Women entrepreneurs represent a high share in the informal market. But in many cases and given the high competitiveness of the market, they are isolated and have problems accessing the markets and micro credits. The role of NGOs and women associations in this area is essential. The creation of specific funds to grant women micro credits have been a success in Turkey (with the assistance of KOSGEB) and Tunisia (National Solidarity Fund-FSN and Tunisian Solidarity banks-BTST). These funds do not require the classical guarantees that are require by normal banks. The Association of Algerian Women (AFCARE) have taken some actions to improve the image of women entrepreneurs including education, training, creating of networks, also the role of the National Council for women in Egypt has improved a lot on the image of Egyptian women (see in Annex 8 Box Best Practice: Egypt)

√ Improving the working conditions for women is a minimum basic right to keep up her dual roles in the society. Equal salary schemes as those of men are essential. In Tunisia, women wages in the agriculture sector has been adjusted to match those of men, (female workers salaries were 15% less than those of men). Most of MPs give some flexibility to women such as maternity leaves, flexible working hours for working mother with young children, etc.. In Turkey there is project law specially designed for women that forbids the dismissal of women because of their pregnancy but provide her with legal maternity leaves and flexible hours.

V.3 Reducing the size of the informal sector

The main question that the informal share raise is whether or not its existence is beneficial to the economic dynamic and in particular job creation. In fact, the debate is ongoing, illustrating the MPs dilemma of quantity versus quality of jobs created (World Bank, 2007).

In general, the rationale for formalization includes macroeconomic, microeconomic and social factors:

√ On the macroeconomic level, the presence of an informal economy results in forgone revenues and an underestimation of the revenue base. It can be considered that the already existing high tax rates compel micro and small entrepreneurs to operate informally. Thus if the tax rates were lowered to reasonable levels, more enterprises would be willing to act formally. Although the informal sector plays a vital role in generating employment opportunities, a large segment of these enterprises are of a low productivity nature. Integrating the informal activities into the formal economy would help improve their productivity levels by offering them necessary technical support programs. The presence of the informal sector leads to the provision of inappropriate indicators for macro-policy decisions and in general, macro-policies are less effective given the existence of an informal economy.

√ On the micro-economic front, the presence of an informal economy provides an opportunity for distortions in resource allocation. Thus, informal firms can draw demand away from formal firms since they are likely to offer goods and services at a lower price. Also, as a result of the credit dilemma that firms in the informal sector face, these enterprises tend to focus on short-term, which reduces propensity to invest and accumulate the capital.

√ Finally, many scholars view the informal economy as contributing to the collapse of social norms, but the question that is often raised is whether or not the informal economy is actually a cause or an effect of unacceptable morals. On one hand, we find that workers in this sector suffer from injustices and poor levels of working conditions that would somehow make their illegal practices justified but on the other hand, behaviours like free-riding and its possible severe consequences confirms the informal sector role in degrading social norms.

It is interesting to estimate the cost-benefit value of the formalisation. This was done by a study for Egypt where the costs and benefits of formalization was calculated in two contexts[16]: (i) without any reforms of the actual legal framework or (ii) with a set of reforms to make formalization rewarding to entrepreneurs.

The point is that formalization will work only if from entrepreneur's point of view and from the society's perspective as a whole, the value of the firm in the formal sector is greater than the corresponding value of the same firm in the informal sector. This process of formalization affects different groups differently. It will most likely benefit entrepreneurs and governments according to which taxation regime will be imposed on formalized firms and workers since they will start benefiting from social insurance and better wages. The only uncertain impact is on consumers who will probably start paying a higher price for the same product after formalization.

The numerical simulation compares the estimated private value of the "typical firm" in the informal sector under continued informality and the corresponding value of the same firm under formalization. The results in the first case i.e. with the actual legal framework, lead to losses for both entrepreneurs and consumers, sustaining the actual large scale of informality. Aggregating the results across all firms in the informal sector indicate that formalization without reform would lead to a loss of resources to society equal to LE 6.5 billion, or 1.0 percent of GDP every single year.

However, adopting appropriate and comprehensive reforms, the simulation lead to positive aggregated results across all firms in the informal sector, generating an annual increase of 1.3 percent of GDP, every single year. Entrepreneurs would gain 1 percent of GDP, workers 0.7 percent of GDP and government 1.3 percent of GDP. Consumers will be worse off by 1.7 percent of GDP, but the loss is reversed by the benefits from improved product quality and of being either workers or entrepreneurs. The cost of formalization to taxpayers (citizens) is estimated at no more than 0.04 percent of GDP.

V.4 Improving the employment of a better educated population

The general education is not the only mechanism of development of the human capital and a better conciliation of the education with the needs of the labour market has to reflect on the knowledge-base notions, on the role of vocational training and training and on the issue of diplomas as recognition of capacity.

Higher education should not be the only benchmark and a lot should be done at the level of secondary education as well. Readjusting the contents of the school curriculum which do not correspond currently to the needs of the labour market is an action that needs to be implemented. Also setting up the constitution of a basic pedestal, what a young person at a given age has to accumulate as knowledge, would be an important step forward. Given the size of the informal and the existence of poverty, certain strata of the population, such as the young and the women, were not able to follow schooling in a successful way. The interest of such a pedestal notably lies in the possibility of creating alternative mechanisms that intend to adjust these missed out educations. Some pressure has to be put on establishing specialized schools (just like the schools of the second chance in Europe) which correspond to the needs of these populations, to answer their needs of specific qualifications could be attractive with a clear objective of an employment at the end of the period of training.

The role of specialized and commercial technical trainings is also essential. Obviously, the technical fields are still considered mainly as a second option for those who have no access to the university general fields. In principal, on the contrary these are important elements that can construct the link between education and employment needs of the

[16] Galal, 2004. "The Economics of Formalization: Potential Winners and Losers from Formalization in Egypt"

economy and when they function properly can supply more jobs in the private sector than in general channels. But, the general university channels are often considered more prestigious. Moreover, given the size of employment in the public administrations, which is due to the large gap of advantages provided by this sector compared to the private one, the choice of joining the public sector is a rather rational one from the point of view of the young. Hence, it is important to revaluate short-term technical education.

The continuous vocational training is a determining tool that allows the persons to progress and to put in value their experiences, which will encourage their mobility. From this point of view, centers of professional training in the MPS suffer several weaknesses (Kirchberger, on 2005, Femise on 2006).

The private sector must be encouraged to invest in the technical education. The profit of a private investment in this case is twofold. First, it means the use of advanced educational methods and adapted equipments. Second, it allows the student to have a customized education on the concerned private sector jobs, strengthening fundamentally the link between the education and the quality of the human capital on the labour market. An identical effort must be applied in the training (vocational training), currently they are financed by contributions from the employers and the employees in several MPs. These financing mechanisms are mostly looked upon as additional taxes and not investment.

Finally remains the question of the relation between the diplomas, that are supposed to give a certain level of general knowledge and the competence that is the capacity to do something in a satisfactory way in a given concrete situation. This relation is important to adapt to a certain job offer and requires an increasing mobility. The objective is to evaluate the competence obtained with regard to the diploma. This is particularly important in an economy that has a large informal sector. This implies first to identify the technical and professional competences that should be recognized by a formal system of accreditation, to set up the corresponding diploma/competence and the validation procedures (including of the professional experience).

V.5 Coordinating cooperative migration schemes

As it has been underlined throughout the report, it is important for the cohesion of these societies that the level of development and rhythm of convergence increase substantially, given the demographic context of the MPs and migratory flows.

In the euromed context, migration is a multidimensional issue that could be beneficiaries for the north and south if sufficient dialogue and cooperation are put in place, notably to reduce the asymmetry of information that is leading to the current mismatch between the two shores, while taking into account the sensitivity of the issue.

Currently, governments of the MPs have adopted different policies towards migration (table 10), varying, on the overall level, from policies that encourage emigration from the country ('raise') such as in Tunisia and Jordan[17] to policies that discourage emigration ('lower') such as in Lebanon, Israel, Palestine.

[17] Overall, there are only 11 countries in the world that adopts this policy (including those 2 MPs).

Table 10: Nature of migration policies in the Mediterranean Partners countries

	Immigration policy			Emigration policy	
MPs	**Overall level**	**Highly skilled workers**	**Integration of non-citizens**	**Overall level**	**Encouraging return**
Algeria	Maintain	..	..	No intervention	Yes
Egypt	Lower	Maintain	Yes	Maintain	Yes
Morocco	Lower	Maintain	Yes	Maintain	Yes
Tunisia	No intervention	No intervention	No	Raise	No
Israel	Raise	Maintain	Yes	Lower	Yes
Jordan	Lower	Lower	No	Raise	No
Lebanon	Lower	No intervention	No	Lower	Yes
Palestine	-	-	-	-	-
Syria	Maintain	..	..	Lower	..
Turkey	Lower	Raise	No	Maintain	No

Source: UN, department of Economic and Social Affairs, population division, 2006
Notes: Governments policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Moreover, some MPs governments have established migration agencies[18] that should have an important role to play in reducing this information asymmetry that leads to imperfect contracts and a strong mismatch of the quality. The migrant (here the employee) doesn't have enough information about job opportunities available outside his home country so as to match it with his skills and qualifications, nor is he fully aware of the corresponding regulations, responsibilities or rights. Similarly the employer in the receiving country does not have credible information about all the potential qualifications that are seeking employment from outside. This asymmetry is naturally one of the main reasons behind the mismatch of the supply of labour from the MPs and the demand emerging from Europe. Statistical tools are needed to overcome this problem. Another fundamental issue related to the efficient management of migration is the question of recognition of diplomas and other qualifications to insure that immigrants are working at their competence level, to avoid loss in terms of income and skills.

On the other side of the Mediterranean, the EU countries have adopted restrictive immigration policies since the 70s, but large number of migrants (legal, illegal and asylum seekers) has managed to enter the EU, creating a problem of illegal migration (around half a million of illegal migrant enter EU every year)[16]. The EU has decided that a new approach to manage the migration was necessary. A 'Policy Plan on legal migration' issued in December 2005, confirmed the need of 'highly skilled labour' to fill the EU countries market needs. A roadmap was traced for four years (the map included further analysis, discussions and consultation) which should put the migration issue on top of the EU-Med agendas, starting in 2006 by a dialogue. The main objective is to better manage migration flows by a coordinated approach which takes into account the economic and demographic situation of the EU. The immigration policy will have for main objective to fight illegal migration, while recognizing the EU needs of migrants in certain sectors and regions in order to deal with its economic and demographic needs. Moreover, the Commission is working on becoming a more attractive destination to highly qualified workers (that still prefer US, Canada and Australia), by setting up a one-stop shop for potential workers and issuing a 'European blue card' a single work and residence permit giving access to a range of socio-economic rights, but each country of the EU will decide the number of migrants. In addition to avoid the brain drain and its negative effects on

[18] Such as the Office National Algerien de Main-d'Oeuvre in Algeria (1962), the office de la Formation Professionnelle a l'Etranger in Tunisia (1969) and the Minsitry of Manpower and Emigration in Egypt (1996)
[16] European Commission Estimates

the sending countries, it will set standards to limit active recruitment. To insure integration of legal wanted immigrants, the Commission will make sure that they have the same rights as EU citizens.

The question of the migrations which ends this paper reveals at what point the economic interdependence must develop at the same rate as the human interdependence, the fruit of old proximities where the culture, the functioning of the institutions and the geography play important roles. These elements show that, in the euro-Mediterranean region, we are going more and more towards a paradigm of cohabitation.

Forum Euro-Mediterranéen des Instituts Economiques
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THE CHALLENGE OF EMPLOYMENT IN THE MEDITERRANEAN COUNTRIES

November 2007

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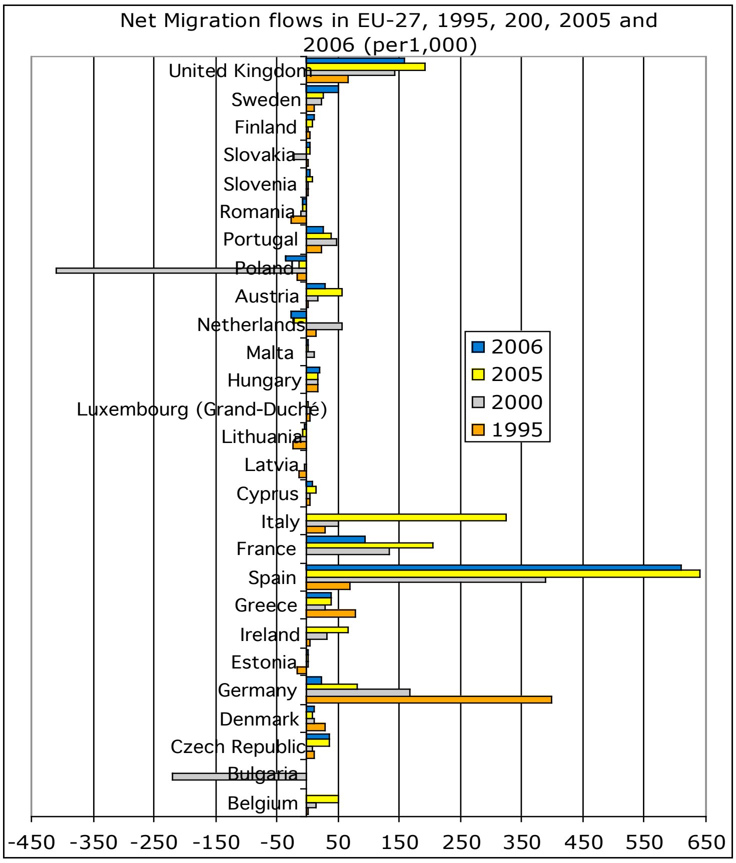
Annex 1. Total Population and the Evolution of the Working Population.

2020	Total Population (Median scenario)	In which less than 15 yrs	Share of less than 15 yrs (%)
Algeria	40 624 196	10 599 663	26
Egypt	94 833 729	28 120 040	30
Israel	8 295 522	2 002 068	24
Jordan	7 555 606	2 206 574	29
Lebanon	4 139 575	968 631	23
Morocco	38 326 921	10 315 093	27
Palest. A	5 693 658	2 209 689	39
Syria	26 029 379	8 007 188	31
Tunisia	11 603 673	2 430 361	21
Turkey	86 774 180	20 983 515	24
Total MPs	**323 876 439**	**87 842 822**	**27**

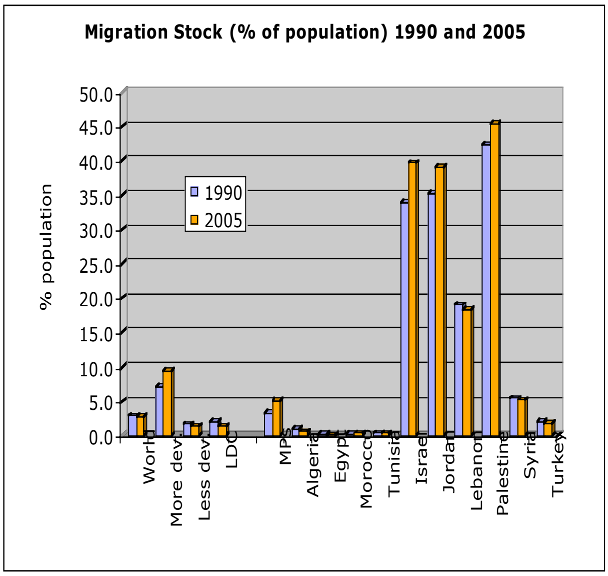
Source: UN Pop. Div. quinquennial projections, scénario médian

Annex 2: Net Migration Flows in the EU-27 (per 1,000)

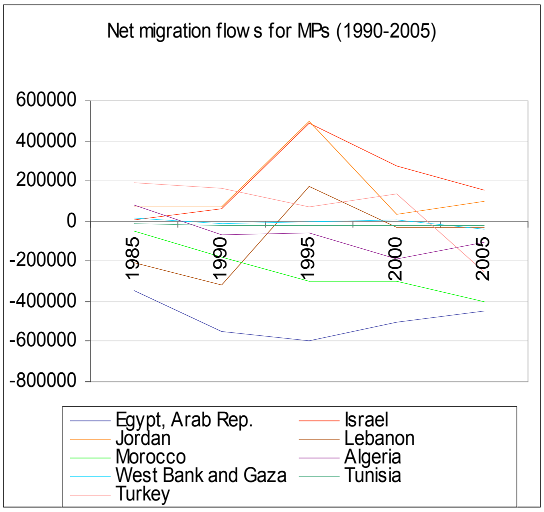


Source: Eurostat, 2007

Annex 3: Migrations stock and flows in MPs



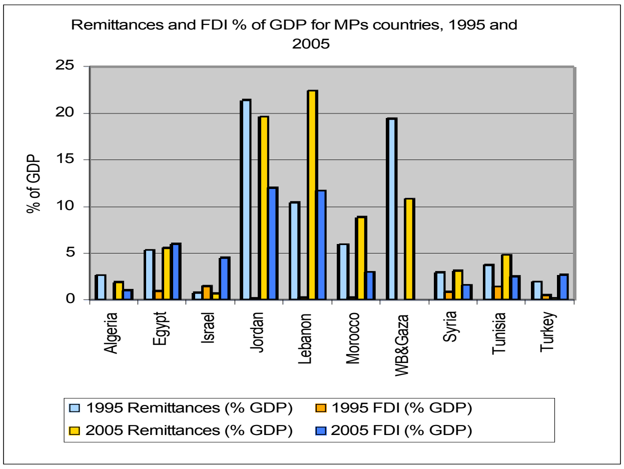
Source: UN, population division, International Migration 2006



Source: WBI, 2007

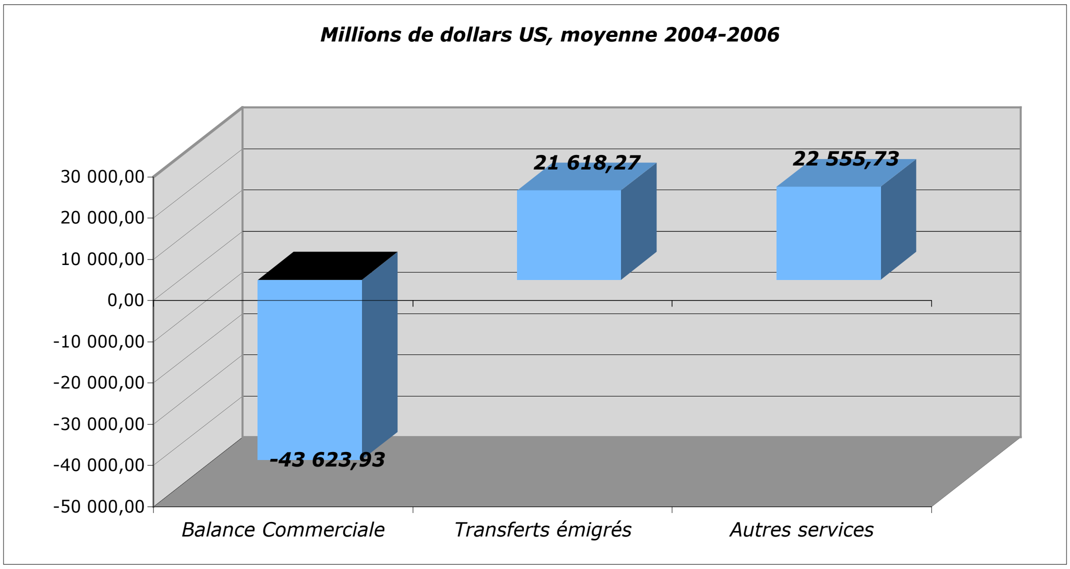
Notes: net migration is the difference between inflows and outflows of migration in a given country.

Annex 4: Remittances & FDI as % of GDP in MPs



Source: WBI, 2007

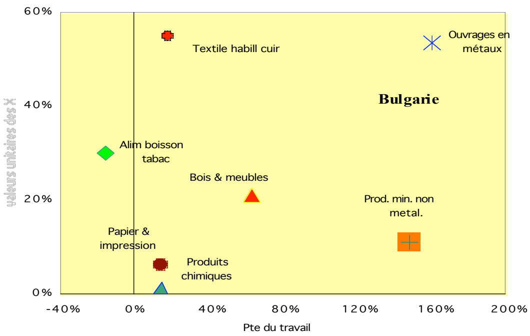
Annex 5: The equilibrium mechanism of the current account for the 10 MPs

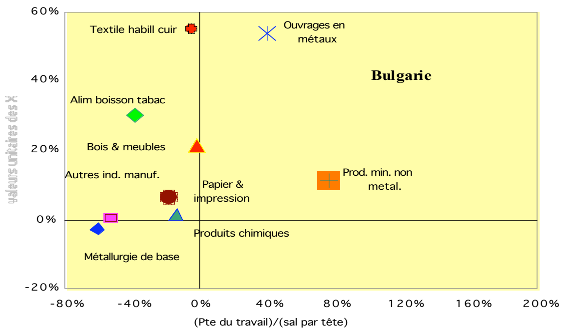


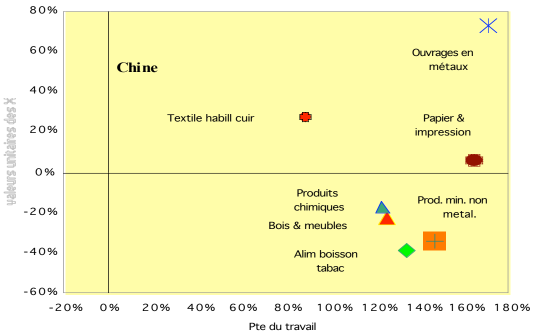
Source: EIU

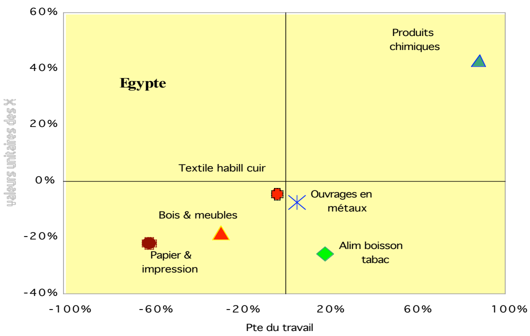
Annex 6 : Unit Value of Export, productivity and wages per capita

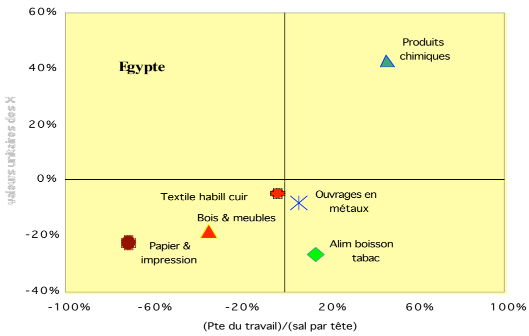
Evolution of the unit value of exports and the productivity between 1995/97 and 2000/03 per large sectors	Evolution of the unit value of exports and the ratio productivity /wage per capita between 1995/97 and 2000/03 per large sectors

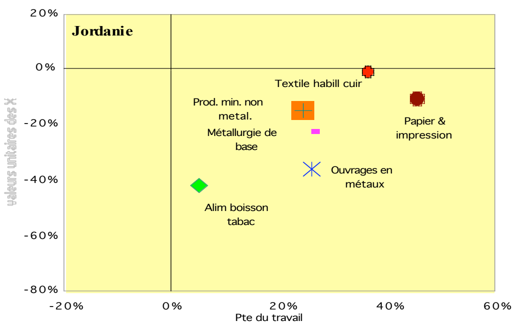


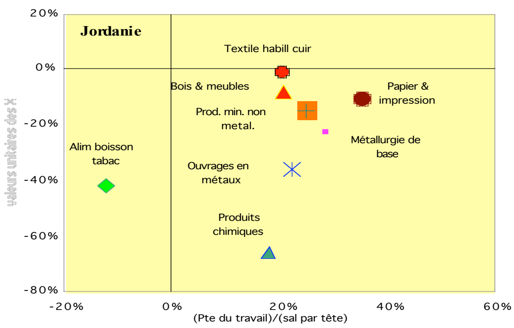


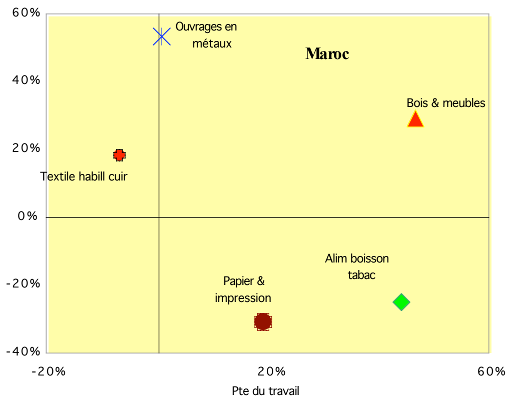











Maroc
Ouvrages en métaux
Bois & meubles
Textile habill cuir
Alim boisson tabac
Papier & impression
Pte du travail
60%
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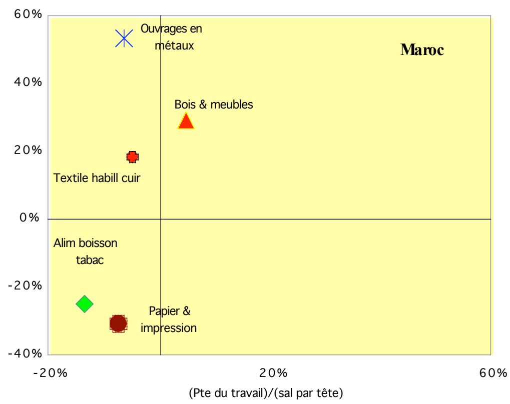
Maroc
Ouvrages en métaux
Bois & meubles
Textile habill cuir
Alim boisson tabac
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(Pte du travail)/(sal par tête)
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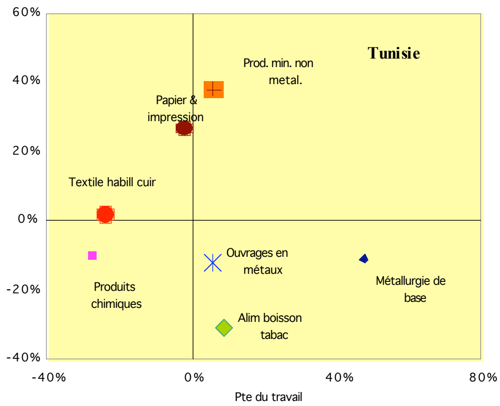
Tunisie
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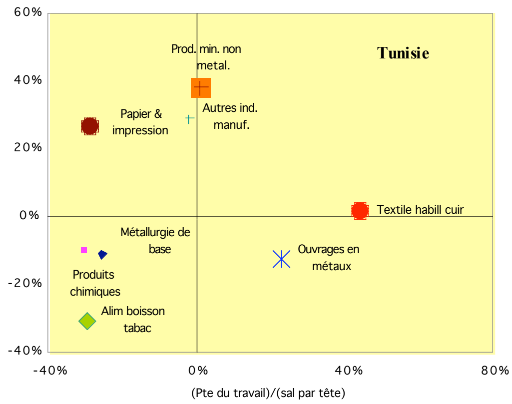
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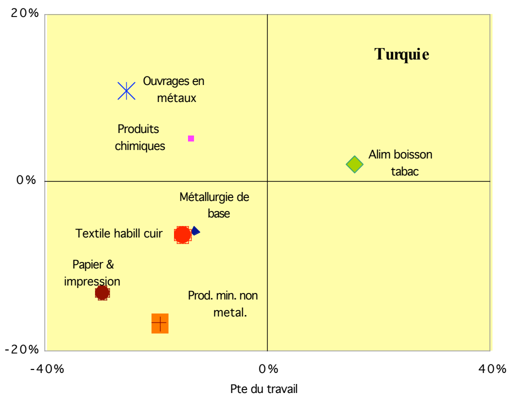
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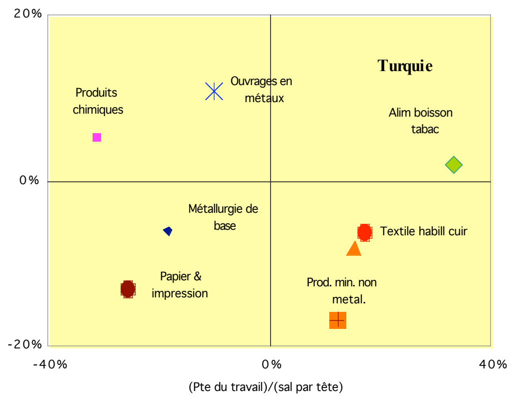
Turquie
Produits chimiques
Ouvrages en métaux
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Métallurgie de base
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(Pte du travail)/(sal par tête)
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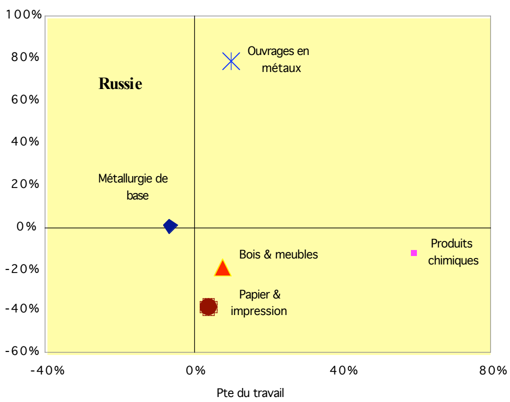
Russie
Ouvrages en métaux
Métallurgie de base
Bois & meubles
Produits chimiques
Papier & impression
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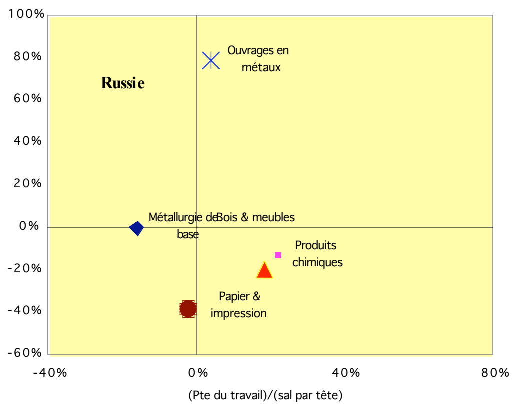
Russie
Ouvrages en métaux
Métallurgie de base
Bois & meubles
Produits chimiques
Papier & impression
(Pte du travail)/(sal par tête)
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Annex 7a: Trade-policy reform progress, 2000–06

	Current trade Policy 06	Trade policy reform progress (00-06)
Algeria	68	63
Egypt	60	100
Jordan	44	94
Lebanon	50	80
Morocco	52	50
Syria	2	32
Tunisia	53	42
Regional	averages	(unweighted)
MPs	47	86.9
East Asia & Pacific	53	40
Europe & Central Asia	50	64
Latin America and the Caribbean	64	57
High-income/OECD	84	61
South Asia	28	41
Sub-Saharan Africa	26	22
World	50	50

Source: Global Economic Prospects, 2007

Current trade-policy status reflects country's current placement in a worldwide ordering of countries, based on four major categories of trade-policy indicators available in 2006, expressed as a cumulative frequency distribution, with "100" reflecting the country (countries) with the most open trade policies and "0" reflecting the country (countries) with the most closed trade policies.

Reform progress reflects the improvement in a country's rank between 2000 and 2006 in a worldwide ordering of countries, based on the simple average tariff (the only trade-policy indicator widely available in 2000) expressed as a cumulative frequency distribution, with 100 reflecting the country (countries) that exhibited the greatest improvement in rank and 0 reflecting the country (countries) that exhibited the greatest deterioration in rank.

— = data not available.

Annex 7b: Tariff and non-tariff protection in the region, 2000 (or closest year available)

	Simple average Tariff	Non-tariff Barrier coverage
Algeria	24.0	17.5
Egypt,	21.4	28.7
Jordan	23.1	48.6
Lebanon	10.7	24.1
Morocco	30.5	9.1
Syrian	21.0	—
Tunisia	29.1	33.1
Regional simple average		
MPs	22.8	26.9
Sub-Saharan Africa	15.8	4.7
East Asia and Pacific	10.7	19.6
Europe & Central Asia	9.5	9.5
Latin America & Caribbean	13.4	30.0
South Asia	17.6	13.6
High income OCED	4.3	25.7
World	13.6	17.6

Source: Global Economic Prospects, 2007

a. Nontariff barrier coverage refers to the proportion of tariff lines that have at least one core nontariff barrier (quantitative restriction).

Annex 8: Labour Policies oriented to encourage Women participation

BOX: Algeria has increased female participation

As a result of the national plan aiming at integrating women in the labour markets, Algeria, has managed to increase the rate of activity of women from 8% in 1999 to 15% in 2006 (check figures and add labour force %). The promotional mechanisms of job creation have included specific policies for female participation as part of the national plan of "setting up a strategy to encourage the professional insertion and job creation". The following are some the programs adopted and achievements of women: (i) Emplois salariés d'initiative locale (ESIL) where 70% were women; (ii) Contrats de pré emploi (CPE) has created 112 thousands new jobs where 85% have been filled by women; (iii) the micro enterprise organization (ANSEJ– CNAC) have funded projects where 17% were initiated and established by young female entrepreneurs.

Furthermore, to prepare women to enter the labour market, the Algerian government with the help of the civil society has established programs and created centers for vocational training for women. Specially designed training programs for household female, handicrafts and women working in enterprises have encouraged women to participate. Also the double objective of alleviating poverty is also achieved with programs designed to especially vulnerable women in rural poor areas and with difficult social conditions.

The government has established 500 investment projects in the agriculture sector and rural development where females benefit from some credits given the agricultural acquisition. Also, the Caisse nationale de l'artisanat has established specially designed projects for handicraft women. 160 micro enterprises generating 480 jobs have been created in 2004 by women within the framework of 'unemployed –promoters' programs.

Box : Access of women to micro credits in Egypt

Increasing the participation of Egyptian women in the micro and small enterprise sector is important for the government given the role that they are already playing in this sector. The government adopted a number of activities and policies to enhance this role for women in the micro sectors using the following mechanisms: (i) Social development fund: this funds grants credits to small and micro enterprises, but the access of female entrepreneurs to these funds has decreased indicating the need to include the social aspect so as to attract more women; (ii) Productive Families Program, this program is one of the major programs designated for women entrepreneurs. It has contributed to a large extend to improve the condition of life of poor families. This program is specially designed for artisans and handicrafts work where 1.5 million families have profited from its funding and the services they provide in terms of education and training, many of those families are led by women. This program is financial support by the government, the social fund, NGOs and the private sector. This project assures credits, market access by organization expositions (permanent and seasonal), technical training to its members; (iii) other programs exists that promote the micro and small sectors and specially those related to women through the National Council of women. .

Box: Tunisia gives specially designed training to meet the women needs

Tunisia have intensified in the past decade its policy towards promoting the rights and the economic independence of women, giving her incentives to join the labour markets and ensuring good working conditions and having access to good training to respond to the market needs. Only in 2000 Tunisian married women have been granted the right to work without having to take their husbands formal approval.

In the objective of giving incentives to employment of women, several programs are designed to help the Tunisians integrate in the labour force (public or private) in general. Women have presented 45.1% of the beneficiaries of these programs.

The National Fund for Employment (Fonds National de l'Emploi (FNE)), created in 2000, finances activities to develop the qualifications of job seekers, a large number of women benefited from these activities (e.g. 7,364 of graduated women have benefited from specialised training in IT and multimedia, other have benefited from training in telecommunications, and others benefited from educational sessions. Also, the forum of Tunisian productive women "Hirafiyet''(artisans) have helped women in this forum to efficiently integrate in the market with their products.

Moreover the promotion of female entrepreneurs has been an important aspect of the economy. Women are benefiting form a specially designed training program in the framework of 'creating enterprises –entrepreneurs training' that helps in the creation of new micro enterprise, providing training on how to manage them and how to handle market regulations.

Box: Turkey: the participation of women in an export oriented market.

The economic policies adopted 10 years ago and their socioeconomic implications have had important consequences on female employment in Turkey. The export-oriented growth policies applied since the 80s have weakened the labour market and its capacity to create jobs which have affected female employment. Female participation in Turkey was on the decline, due to the internal migration and urbanization (women left the agriculture sector and had no jobs in the urban areas or joined the informal market).

The general administration plan started with gathering information about those women that was disseminated to the appropriate persons who have designed targeted polices to integrate those women in the labour markets to specific sectors.

In 1999, the employment Agency has revised their strategies and had as objective to decrease unemployment and increase the capacities of the active population. In 2002, 18% of job seekers were women; 9% of the unemployed that found jobs where women.

The law ensures equality between males and females in terms of access of work and of salaries. It forbids any discrimination because of gender or because of pregnancy and provides maternity leaves and flexible hours of mothers with young children. It forbids the work of women in certain difficult physical conditions.

In general, equality of chances for women for education and employment is granted.

Source: FEMISE 2007. « Le renforcement du role des femmes dans la societe » , Istanbul, 2006, Questionnaire d'Istanbul » pour les pays Euro Méditerranéens

Forum Euro-Mediterranéen des Instituts Economiques
www.femise.org

THE CHALLENGE OF EMPLOYMENT IN THE MEDITERRANEAN COUNTRIES

November 2007

F. Blanc, M. Louis
Coordinated by
A. Galal, J.L. Reiffers

Labour Market Country Sheets

Algeria

Egypt

Israel

Jordan

Lebanon

Morocco

Palestine

Syria

Tunisia

Turkey

Association FEMISE : c/o Institut de la Méditerranée, Palais du Pharo, 58, Bd Charles Livon 13007 Marseille, France
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The FEMISE network is supported by the European Commission

Country Sheet : Algeria

Table A: Algeria Labor Market Profile, Quantitative

Item	Unit	2000	2005
Population (1)			
• Total	mn	30.5	32.9
• Annual growth	%	1.0	1.0
Economically Active Population (15-64)			
• Total	mn	8.2	8.3
• Average annual growth	%	3.4	2.0
• Male	%	88.0	83.0
• Female	%	12.0	17.0
Activity rate	%	27.0	36.0
Employment			(2006)
• Total	mn	6.2	8.9
• Male	mn	5.3	7.4
• Female	Mn	0.9	1.5
• Governmental	%	37.7	
Unemployment		(2001)	(2004)
• Total	mn	2.3	1.6
• Male	%	26.6	17.5
• Female	%	31.4	18.1
• Rate		27.3	17.7
Unemployment by Education		(2001)	(2004)
• No schooling	%	5.6	5.0
• Primary	%	22.5	19.0
• Secondary	%	62.6	64.5
• University	%	9.2	11.4
Employment by Sector (2)			(2004)
• Total	%	100	100
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%	23.0	22.4
• Manufacturing	%	10.1	10.9
• Construction, Elect., Gas and Water Supply	%	12.2	13.4
• Wholesale & Retail Trade & Restaurants & Hotels	%	14.0	17.2
• Transport, Storage and Communications	%	5.5	5.6
• Financing, Insurance, Real Estate and Business Services	%	2.1	1.8
• Community, Social and Personal Services	%	33.2	28.5
Public Admin. and Defence;			
• *Compulsory Social Security*	%	16.2	14.2
Informal Employment(3)		(2002)	
• % in Total Employment (non-agriculture)	%	36.5	
• % in Urban Employment	%	39.0	
Estimation of contribution in GDP(4)	%	42.7	
Migration(5)			
• Net flows	thous	-184.9	-100.0
• Stock (% of population)	%	0.82	0.74

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated. Notes: (1): UN Pop. Div. quinquennial estimates and projections; (2) data for 2000 and 2004 from ILO; (3) Algeria Femise Country Profile; (4) Source: Algeria Femise Country Profile based on estimation through a model designed by the authors; (5): WDI, 2007

Table B: Algeria Labor Market Profile, Qualitative

Item	Description
Labour Unions	The law grants the workers to form trade unions. The General Union of Algerian Worker (UGTA) dominates on other unions, representing most of the public sector (enterprises and admin), it includes 50% of the workers. It is the only syndicate that is allowed to present the workers in political negotiations; other autonomous syndicates related to some profession (teachers and doctors) are deprived of any political participation. Prior authorisation must be obtained from the government however before a union can operate legally. The law bans unions from associating with political parties and receiving foreign funding.
Legal rights to peaceful strikes	Strikes are permitted by the new law. The law requires a secret ballot of all the workforce to be held in order to call a strike. The government may prohibit a strike if it feels it may cause a serious economic crisis, a provision which the ILO has repeatedly asked it to repeal. The number of strikes and lockouts has substantially decreased in 2004 (35) compared to 2000 (187), due to the decreasing number of strikes from the manufacturing sector (50 in 2000 vs 8 in 2004)
Labour Flexibility	The new labour law introduce more flexibility to the labour market, where licensing is made easier (by using contracts with determined duration), the collective convention can negotiate salaries other than the minimum guarantee. The cost of dismissal of an employee can reach up to 15 months of wages. These payments are scaled over time, but this system did not reduce the cost that the enterprise has to pay for dismissal. It only ensures the autonomy of the enterprises in their decisions to dismiss an employee. This is more binding in the public than in the private sector *(source: Femise Country Profile)*. Some places has to be occupied by minority groups of mentally or physically disabled workers.
Social Insurance	The National Retirement Fund insures represent 17% of the wage bill (where the employee pays 7% and the remaining share is paid by the employer). The National social insurance Fund represents 15% of the wage bill and it is divided equally between the employee and the employer.
Employment and Unemployment Policies	Other than the institutional reforms, the government has taken some active actions to give more incentives to the unemployed and young to engage in creating their own enterprise (even if temporary) until they found suitable job. Other incentives are given to the enterprises to create more jobs and to provide the young with training and basic knowledge that would assist in getting a job. The unemployment insurance scheme in Algeria aims at providing revenues for the unemployed in the transition period between jobs. It is set at a diminishing rate so as to encourage the unemployed to seek a new job with no delay (FEMISE Country Profile).
Wages and minimum wages	The minimum salary of activity (SMA) is negotiated between the government and the unions and is based on CPI, productivity, and the overall economic condition. The National Minimum Guaranteed Salary (SNMG) has increased about 150% in 10 years, reaching in 2004 DA 10,000 *(source: Femise Country Profile).*

Female Participation	
Equal opportunities to work	By law, there is no discrimination based on gender. A national plan was launched to increase the participation of women in employment. Several organisms have been successful in creating jobs, in which the participation of women was particularly high.
Equal Access to Education	A literacy program for women and girls has been launched by the National office to fight against the illiteracy of women especially in the rural areas. In the objective of encouraging families to send their children to school (specially girls), the government have launched several support channels, such as the school allowance granting AD 2,000 to the family for each child that goes to school, food allowance in schools.
Micro credits and Informal Markets	Many women entrepreneurs of micro enterprises are still leading marginal and isolated economic activities and are not easily granted loans through banks. Several investment projects have been established in the agriculture sector where women have benefited from materials and funds. Also projects for artisans have supported women to received credits to run their business.
National Migration Policies[1]: Immigration policy: overall Highly skilled Emigration policy Encouraging returns	 maintain - No intervention Yes

Sources: FEMISE, Algeria Country Profile and Algerian Labour Law; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO, FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007

Notes: (1) Data from: UN, department of Economic and Social Affairs, population division, 2006. Governments' policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet : Egypt

Table A: Egypt Labor Market Profile, Quantitative

Item	**Unit**	**2000**	**2005**
Population [1]			
• Total	mn	64.2	74.0
• Annual growth	%		1.8
Economically Active Population (15-64)		(2001)	
• Total	mn	19.3	20.4
• Male (2006)	%	78.1	77.1
• Female (2006)	%	21.9	22.9
Activity rate	%	na	41.0
Employment			(2003)
• Total	mn	17.2	18.2
• Male	mn	14.0	14.7
• Female	mn	3.2	3.5
Unemployment			(2003)
• Total	mn	1.7	2.2
• Male	%	5.1	7.5
• Female	%	22.7	23.3
• rate	%	9.0	11.0
Unemployment by Education[6]		(1998)	
• Illiterate	%	8	
• Read-Write & below intermediate	%	12	
• Intermediate	%	55	
• Above intermediate	%	11	
• University	%	14	
Employment by Sector [2]			(2003)
• Total	%		100
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%		30.1
• Manufacturing	%		10.9
• Construction, Elect., Gas and Water Supply	%		8.7
• Wholesale & Retail Trade & Restaurants & Hotels	%		13.5
• Transport, Storage and Communications	%		6.3
• Financing, Insurance, Real Estate and Business Services	%		3.0
• Community, Social and Personal Services	%		27.5
Public Admin. and Defence; Compulsory Social Security	%		*11.2*
Informal Employment[3]			
• Total	mn	4.8	
• Urban			
• Rural			
• Annual growth rate	%	5.0	
Earnings [4]			
Average earnings per week			
• Total	LE	162	190
• Male	LE	169	193
• Female	LE	125	169
Migration [5]			
• Net flows	thous	-500.0	-450.0
• Stock (% of population)	%	0.25	0.22

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated. Notes: (1): UN Pop. Div. quinquennial estimates and projections; (2) data for 2003 from ILO; (3) Egyptian Labour Market Survey (2006) for 2005; (4) latest available year is 2004; (5): WDI, 2007; (6): CAPMAS, Labor Force & Unemployment. Labor Market Demand: Labor Demand Survey in Labor Market

Table B: Egypt Labor Market Profile, Qualitative

Item	Description
Labour Unions	According to Egyptian labour law, workers have the right to have labour unions but this right is heavily curtailed in law (for ex. A minimum of 50 employees in the enterprise is required and it has to join one of the 23 industrial federations) All labour unions have to belong to one trade centre: the Egyptian Trade Union Federation (ETUF), which is in close liaison to the National Democratic Party (the ruling party). The main functions of the unions include protecting workers' rights and interests, improving work conditions, and raising cultural and social standards for their members and contributing to the vocational training plans. The General Federation also has the right to draft collective employment contracts, the workers' comments on all legislations of concern to them, and approve saving and other group funds. The minister of manpower and migration can monitor collective negotiations and agreements. Unions are bared from engaging in political activities and since mid 90s, the government imposed judicial supervision over many unions representing profession groups (doctors, engineers, lawyers and pharmacists).
Legal rights to peaceful strikes	The 2003 law acknowledges the right of workers to stage peaceful strikes (after the approval of 2/3 of the board members) as a tool of collective bargaining rather than illegal work disturbances. Strikes are prohibited in vital establishment or those that provide basic services to citizens. The number of strikes is negligible in 2003 there were only 4 strikes, where 3 of them were in the manufacturing sector. Collective bargaining is limited in the private sector, as companies have to abide by certain government-established standards particularly in relation to minimum wages, social security and official public holidays.
Labour Flexibility	The new law give the employer the right to dismiss the workers for economic reasons and even to reduce their wages if necessary. The worker has the right to appeal to this decision. Hiring in the public admin sector is done (normally) through a competition.
Social Insurance	The Social Insurance systems are administrated by the General Authority for Insurance and Pensions and the General authority for Social Insurance. Social insurance on workers is required by law and it represents 31% of the wage, of which 2/3 is paid by the employer. The relatively high insurance results in high evasion rates specially from the employer's side, but this can only take place in the private sector.
Employment and Unemployment Policies	Fight against unemployment in Egypt is one of the main objectives of the government. The Law has established an emergency relief fund for workers whose wages have been discontinued from partially or wholly closed establishments. The fund draws it resources from contributions of 1% of the basic wages of workers in all sectors, whether public or private, along with aid, donations, and investment yields. Underemployment seems to be a serious problem in Egypt as well, where workers are working less hours than the standard (better than to be unemployed), which is translated into low productivity, low wages, or over-qualifications of the workers for the job he is doing. Concerning active employment policies, Egypt relies on

	internally and externally funded projects to apply the national strategy of job creation. Examples of these projects: the ELMSR project, funded by the Canadian International Development Agency, which intends to develop a modern national employment service in order to provide counselling and job search assistance. Another project funded by the World Bank on Skills Development Project which aims to stimulate private sector demand for skills training by providing short-term training (less than six months) on production processes in tourism, construction and manufacturing. The Egyptian Small Enterprise Development Organisation (SEDO) also provides financial and technical assistance and training to start-up and existing enterprises. Operating through NGOs and financial institutions; it represents one of the the most important source of funding for small enterprises, beside the Social Fund for Development (SFD). It has established a number of one-stop-shops. Most beneficiaries borrow directly from SEDO *(ETF, 2006).*
Wages and minimum wages	The official minimum wage in Egypt is LE 116 per month by the new law with a 7% annual increase. This minimum wage and the foreseen annual increase are not binding if justified. On the other hand real wages has substantially decreasing since the 80s with little increases that do not compensate the general decrease.
Female Participation	
Equal opportunities to work	Article 13 of the 1971 Constitution gives all citizens a constitutional right to work, without discrimination between men and women. The new Labor Law No. 12/2003 includes a sector on the employment of women that provides protection and security to working women. The particular section is intended to facilitate the performance of women's duties towards their families and children, without suffering any prejudice or deprivation of any of their rights as workers (salaries, working hours, working in a non-safe or difficult environments . employer to establish a nursery for more than 100 women employed, maternity leaves, childcare flexible hours, ..etc.). However unemployment among women is still four times more than that of men and those who work earn significantly less than men especially in the private sector. There is a clear discrimination against employment of women in the private sector.
Equal Access to Education	Education is a national right provided by Law, but the implementation process is affected by economic, social and cultural impediments. Several programs and special targeted policies target the education of girls and give incentives to families to send their girls to school especially in the rural areas. Illiterate women are much higher than men
Micro credits and Informal Markets	20% of the informal MSE entrepreneurs in Egypt are women, working in difficult conditions. Access to credit to run small and micro business is difficult in general in Egypt: banks require extensive knowledge of procedures and require the submission of guarantees, which either men or women are able to handle. This is changing slowly with the introduction of micro-credit through public sector banks. There is still great need for enhancement of micro-enterprises and micro-credit, especially for women. The National Council for Women is currently developing a project to promote micro-enterprises for women.

National Migration Policies[1]:	
Immigration policy: overall	Lower
Highly skilled	Maintain
Emigration policy	Maintain
Encouraging returns	yes

Source:FEMISE, Egypt Country Profile and Egypt Labour Law of 2003; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO; FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007; "Employment Policy Reforms in the Middle East and North Africa, European Training Foundation, 2006.

Notes: (1) Data from: UN, department of Economic and Social Affairs, population division, 2006. Governments' policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet : Israel

Table A: Israel Labor Market Profile, Quantitative

Item	Unit	2000	2005
Population [1]			
• Total	mn	6.3	6.7
• Annual growth	%	2.6	1.8
Economically Active Population (15-64)			
• Total	mn	2.4	2.7
• Average annual growth	%		
• Male	%	54.3	53.5
• Female	%	45.7	46.5
Activity rate	%	54.3	56.4
Employment			
• Total	mn	2.26	2.49
• Male	%	54.6	53.7
• Female	%	45.4	46.3
• Governmental	%		
Unemployment			
• Total	Thous	213.8	246.4
• Male	%	8.4	8.5
• Female	%	9.2	9.5
• Rate	%	8.8	9.0
	%		
Unemployment by Education		(WDI)	(ILO)
• No schooling	%	1.1	4.8
• Primary	%	23.3	20.6
• Secondary	%	43.9	48.7
• University	%	31.7	25.9
Employment by Sector [2]			*(ILO 2003)*
• Total	%		100
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%		1.8
• Manufacturing	%		16.3
• Construction, Elect., Gas and Water Supply	%		6.3
• Wholesale & Retail Trade & Restaurants & Hotels	%		17.4
• Transport, Storage and Communications	%		6.5
• Financing, Insurance, Real Estate and Business Services	%		22.6
• Community, Social and Personal Services	%		34.9
Public Admin. and Defence; Compulsory Social Security	%		5.4
Earnings [3]			
Average earnings per month			
• General (NIS)			7 300
• Minimum Wage (NIS)			3 500
Migration[4]			
• Net flows	thous	275 650	158 250
• Stock (% of population)	%	35.9	38.4

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated.
Notes: (1): WDI, 2007 (2): Femise calculation from ILO; (3): Yetnews.com, 04/03/06; (4): WDI, 2007

Table B: Israel Labor Market Profile, Qualitative

Item	**Most Recent**
Labour Unions	Employees are free to join and establish trade unions and have the liberty of establishing collective bargaining. In fact, there is a law that specifically prohibits anti-union discrimination. The majority of the unions are affiliated to the Histadrut Ha Hadasha (created in 2001, superseding the old Histadrut of the 1920s). Although Trade Unions claim approximately 700,000 members (almost the entirety of the Israeli workforce is covered by unions), the unionisation rate dropped from 80% to less than 50% of workforce wages. This drop can be attributed to the 1995 Health Insurance Reform which disconnected healthcare services from the Histadrut; and to the increase in the number of firms and number of employees covered by personal contracts. As a result, Israel has switched from a continental European system to a system at the crossroads of European countries and the United States or Japan. (Israel's union density rate is higher than that of Anglo-American systems and higher than the rates found in most European countries). It is to note that Palestinians from the West Bank and Gaza Strip who work in Israel (only) have the right to organize their own unions in Israel or to join Israeli trade unions, while Palestinian trade unions in the WB and GS are not allowed to carry on activities in Israel. Palestinian members of the Histadrut may not elect, or be elected in leadership elections.
Legal rights to peaceful strikes	Strikes are permitted, but unions must give 15 days' advance notice unless otherwise specified in the collective bargaining agreement. Strike leaders are protected by law. The number of strikes varies from year to year from 69 in 1997 to 54 in 2000, 57 in 2005 and 35 in 2006. But it is to note that most of these strikes are made by the 'Public Administration and Defense; Compulsory Social Security' sector (ILO). Due to the special nature of the country, the government holds the right to apply emergency measures (security) and here strikes are not permitted.
Labour Flexibility	Approximately 6% of the Israeli labor force is employed through Manpower agencies, a figure considerably higher than Western Europe and the US. In terms of dismissal procedures, 2/3 of the work force, which is unorganized and not protected by collective agreements, has limited protection against dismissal. If the dismissal is not discriminatory the only protection the worker has is his individual labour contract with its good faith requirement. The labour contract generally allows dismissal if advance notice is given or at the conclusion of the contract term. The National Labour Court has begun to develop case law which expands the good faith requirement, holding that the dismissal cannot be arbitrary and the employee must be informed of the reasons for his dismissal and given a fair hearing and chance to relate to these reasons. Also, Given the high percentage of temporary contracts, (50 percent of temporary workers earn the minimum wage or less), the Knesset enacted the Manpower Law in 2000 which limits temporary employment to a nine month period, after

	which it becomes mandatory to hire the employee full time. The law is not convincingly implemented due to regulation loopholes and inadequate monitoring and enforcement.
Social Insurance	Israel adopted the European Social security model. The National Insurance Institute founded in the 1950's covers basic branches of social welfare, such as worker's compensation. Today this social security legislation covers the following benefits: maternity, disability, free burial, medical insurance, unemployment and minimum annual income. Social security cover old age pension and health insurance with temporary assistance to the unemployed. The share of the employer and employee is the same (6.2% of the income each) and 2.9% on health insurance (shared). The self employed contribute 15.3% and 6.2% unemployed insurance (Israel Ministry of Finance)
Employment and Unemployment Policies	Unemployment is an increasing problem in Israel. It is specially concentrated in the low education level persons and those in the periphery areas of the country. Holders of academic degrees were employed 2.6 times more than those without high school diplomas. But this rate seems to decrease and unemployment among the graduates started to increase from 3.8% in the 90s to 5.8% in 2003. Moreover, in order to reduce government spending under the heading 'From welfare to work,' transfer payments are being reduced with the goal of removing the implicit labor disincentive. In the year 2003 alone, income maintenance and unemployment compensation payments tightened in real terms by in excess of 20%. Access to transfer payments is similarly affected by the tightening of unemployment eligibility criteria to one of the strictest standards in Western economies (for instance, a minimum employment term of 360 days during the 540 prior to unemployment is required for eligibility). There is an Israeli plan to reintegrate disadvantaged populations into the workforce through counseling and professional training in designated centers.
Wages and minimum wages	The Minimum Wage Law, 1987 provides for a minimum wage, which is set at 47.5% of the average wage, the latter being updated at least every year or when a general cost of living collective agreement is signed. In accordance with this law, the minimum wage was raised in March 2006 to about NIS 3,500 (USD 752) per month, or NIS 18.60 (roughly 4 dollars) an hour. The Histadrut is campaigning for a substantial increase in the minimum wage to a fixed $1,000, instead of the $650 today. This is bitterly opposed by employers and many economists. All employees 18 years and older are entitled to the minimum wage. Handicapped and youth are entitled to a lower minimum wage, so that it will be worthwhile economically for employers to hire them. The structure of Israeli wages is somewhat intricate. Some of the elements comprising it are uniform for all employees, whereas others are specific to the individual employee situation. All in all, three components form the general wage structure: the *basic wage* which is the fundamental industry component; the *cost of- living increment* which results from a basic general collective agreement and covers all employees; and finally special wage supplements like departmental or occupational

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Female Participation	
Equal opportunities to work	Despite the equal work rights granted to women, their hourly wages represented on average 83 percent those of men and their salaries only 63 percent of men's. The unemployment gender gap is significantly closing. Over the past 10 years the ratio of women's to men's unemployment has dropped from 1.6 to 1.1, at a compound annual growth rate of -4.1 percent. The law protects female employees (for ex. prohibit or

Source: FEMISE, Israel Country Profile and Israeli Labour Law; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO; and FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007.

Notes (1): Governments policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet : Jordan

Table A: Jordan Labor Market Profile, Quantitative

Item	Unit	2000	2005
Population (1)			
• Total	mn	4.8	5.7
• Annual growth	%	2.1	2.9
Economically Active Population (15-64)(2)			
• Total	mn		1.4
• Average annual growth	%		
• Male	%		78.1
• Female	%		21.9
• rate	%		39.0
Employment(2)			
• Total	mn		1.2
• Male	%		83.5
• Female	%		16.5
• Governmental	%	32.0	33.1
Unemployment			
• Total	Thous		186.4
• Male (3)	%	12.3	11.8
• Female (3)		21.0	16.5
• Rate	%		13.4
Unemployment by Education (4)			
• No schooling	%		1.3
• Primary	%		51.0
• Secondary	%		11.2
• University	%		36.5
Employment by Sector (2)			(2004)
• Total	%		100.0
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%		5.0
• Manufacturing	%		14.2
• Construction, Elect., Gas and Water Supply	%		10.5
• Wholesale & Retail Trade & Restaurants & Hotels			16.9
• Transport, Storage and Communications			8.1
• Financing, Insurance, Real Estate and Business Services			4.7
• Community, Social and Personal Services			40.0
Public Admin. and Defence; Compulsory Social Security			16.8
Informal Employment			
• Total	mn		
• Urban			
• Rural			
Earnings (5)			
Average earnings per month			
• National Minimum Wage			JD 85 (2003)
Migration (3)			
• Net flows		35 000	100 000
• Stock (% of population)		40%	40.6%

Sources: Department of Statistics (DOS) of Jordan, 2004 Census unless otherwise indicated.

Notes: (1): UN Pop. Div. quinquennial estimates and projections; (2) Department of Statistics, Census of 2004; (3): WDI, 2007; (4) ILO KILM 5th Edition; (5) Femise Country Profile

Table B: Jordan Labor Market Profile, Qualitative

Item	Description
Labour Unions	Trade union can be established by at least fifty founding members working in the same trade or engaged in similar or interdependent occupations within one field of production. There are currently 17 Labour Trade unions in Jordan that are unified under the General Federation of Jordanian Labor Unions. These unions had previously played an important role in pressuring the government, and had participated in formulating policies related to the labor force, labor market, wages, and labor legislation back in the 60s, 70s and 80s. However, its influence on the government and employers has become completely marginal over the past three decades, affecting negatively the openness trend that the Jordanian government is currently adopting *(source: Femise Country Profile)*.
Legal rights to peaceful strikes	Collective bargaining is not mentioned in the Labour Code but Collective agreements exist. Strikes and lock outs are regulated by Law and are only permitted under tight conditions (e.g. no worker may go on strike and no employer may proceed to a lock-out while proceedings concerning a dispute are pending before a conciliation board; also a notice period is required about 2 weeks and double in case of a public service).
Labour Flexibility	According to Article 28 of the labour law the worker can dismiss the employee for serious damage or assaults however, the amendment of the law (2002) gives protection to the worker against dismissal for economic and technical reasons by adoption of tight regulations. Labour Law permits the employment of those under 16 and older than 7, but this is restricted with tight regulation
Social Insurance	There are three social insurance programs that provide pensions and other types of benefits to public and private employees in the country. *The Social Security System* is run by the Social Security Corporation (SSC) and covers both public and private employees in enterprises with at least five employees, 15% of the Jordanians are enrolled in this program, Jordanians working abroad and non-Jordanians working in Jordan can also be enrolled. *The Civil Pension Program (CPP)* is administered by the Ministry of Finance and is in charge of civil servants recruited before 1995 (those who are recruited after 1995 have become the responsibility of SSC). Finally, the *Military Pension Program* is also administered by the Ministry of Finance and covers all members of the armed forces, the public security forces, and the intelligence forces. The MPP is identical to the CPP in all dimensions with the exception of the minimum coverage, which is 16 years for both men and women. Workers in the SSC pay 5.5% of their salary while the employer pay 9%; civil servants or military contribute 8.75% of their salaries to CPP (nothing from the employer)[(1)]
Employment and Unemployment Policies	Unemployment in Jordan is high. Both the SSC social security and the CPP do not cover the unemployed. Solving the unemployment problem is a main priority for the government, and it is done by labour market intervention policies and tackling the education system to respond more the labours markets needs. Some micro-credits projects are directed to finance small enterprises for the unemployed, but this has not reached its potentials. There are also active labour market policies through a number of measures. In 1989, a Development and Employment Fund was established to provide technical and financial support to SMEs and to promote entrepreneurship and self-employment. The Jordanian government, in cooperation with the Vocational Training Corporation, the military and the private sector established also an

	training project in 2002, offering a range of training specialisations (each composed of a disciplinary component offered by the military and a vocational component). The aim of the programme was to teach positive attitudes and strengthen work ethics. However, too much supply driven, the programme was found to be ineffective and folded after three years *(ETF, 2006)*.
Wages and minimum wages	The first national minimum wage was introduced in 1999 amid much controversy. The minimum wage was set at JD70 monthly across the board, and four years later the government announced a JD15 raise in minimum wage. There is no yearly increase per se, the 2003 increase in min wage came after across-the-board raises in the prices of some basic items in compliance with the structural adjustment program, including bread, petroleum and its by-products, especially that the government subsidies of these items were also reduced.
Female Participation	
Equal opportunities to work	The law provides equal rights for men and women to work. Women have the right for maternity leaves and one hour leave per day for her baby. Every woman worker in an establishment employing ten or more workers is entitled to a maximum of one year unpaid leave to bring up her children. There is however a decrease in the female participation rate of women from 16.5% in 1997 to 10.4% in 2004. One possible explanation is the reluctance of the private sector to employ women specially after the requirement of the law that impose special legislation for female workers (maternity leaves, …etc). Some private enterprises reduce the salary of women to compensate these non-wages benefits.
Equal Access to Education	Special program in 2006-7 has been launched to reduce female illiteracy. Other programs are put in place to encourage families to send their girls to schools (e.g. subsidizing uniforms, books, etc.)
Micro credits and Informal Markets	Micro-credits for small enterprises are discriminated against women. The government is planning creating a national fund specialised in the professional training and credits to women in the rural areas.
National Migration Policies[(2)]: Immigration policy: overall Highly skilled Emigration policy Encouraging returns	 Lower Lower Raise No

Source: FEMISE, Jordan Country Profile and Jordan Labour Law of 1996 and 2003; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO; FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007; "Employment Policy Reforms in the Middle East and North Africa, European Training Foundation, 2006.

Notes: (1) World bank, 2003, "Unlocking the Employment potentials in the Middle East";

(2) Data from: UN, department of Economic and Social Affairs, population division, 2006. Governments' policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet: Lebanon

Table A: Lebanon Labor Market Profile, Quantitative

Item	**Unit**	**2000**	**2005**
Population (1)			
• Total	mn	3.8	4.05
• Annual growth	%	1.3	1.27
Economically Active Population (15-64)			(2004)
• Total	mn		1.2
• Average annual growth	%		
• Male	%		78.8
• Female	%		21.2
Employment			(2004)
• Total	mn		1.07
• Male	%		79.5
• Female	%		20.5
• Governmental			
Unemployment		(2001)	(2004)
• Total	Thous		96 400
• Male	%	9.3	7.5
• Female	%	18.2	11.0
• rate			8.2
Unemployment within Education level		(2001)	
• No schooling	%	9.8	
• Primary	%	12	
• Secondary	%	11.5	
• University	%	10.5	
Employment by Sector (2)		(2001)	
• Total	%	100	
• Agriculture	%	6.7	
• Industries	%	14.1	
• Construction	%	9.4	
• Services	%	35.2	
• Transport	%	6.9	
• Administration	%	8.4	
• Education	%	10.0	
• Health	%	4.0	
• Others	%	5.2	
Public Admin. and Defence; Compulsory Social Security		nd	
Earnings		(1997)	
Average earnings per month			
• Total			
• Male	LL	732,000	
• Female	LL	568,000	
Migration (3)			
• Net flows		-30 000	-35 000
• Stock (% of population)		18.5%	18.4%

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated.
Notes: (1): WDI; UN Pop. Div. quinquennial estimates and projections; (2): Lebanon Country Profile (3) WDI, 2007

Table B: Labor Market Profile, Qualitative

Item	Most Recent
Labour Unions	The Lebanese law recognizes the right of workers to form trade unions and federations. Setting up a trade union should be authorised by the Ministry of Labour, which controls trade unions elections. The law permits the dissolution of unions if they do not follow the required regulations. Some groups of workers are not members in any unions (domestic workers, day, temporary and some agricultural workers) putting 150 thousands government employees outside the union.
Legal rights to peaceful strikes	Collective bargaining is recognized by law. However, a minimum of 60% of workers must agree before a union can engage in collective bargaining. The right to strike is limited and the law does not adequately protect workers against anti-union discrimination, although fines for infringing labour legislation are relatively high. Organizing demonstrations is limited by the obligation to specify the number of participants in advance and the requirement that 5% of the union's members be assigned to maintain order. The organizers must sign a document whereby they assume full responsibility for all damages occurring during the demonstration. The Ministry of Labour issued a decree that established a high-level national steering committee to amend the local labour law to take better account of the rights of domestic workers. Given the special nature of the Lebanese society and division of parties, all sorts of political groups have been trying to manipulate the trade union movement by creating divisions amongst workers and activists. There are currently 13 different confederations, but many are totally unrepresentative. There are approximately 400,000 Palestinian refugees in Lebanon, who make up eleven per cent of the population. They are not allowed to form trade unions as there has to be a reciprocal arrangement with their home state *(Source: 2007 Annual Survey of Violations of trade union rights)*.
Labour Flexibility	Labour Market policies have generally focused on economic recovery and reconstruction following the civil war. The official approach to employment has followed a typically liberal line; Nonetheless, the authorities remain unconvinced of the need for employment creation measures *(ETF, 2006)*. In fact, hiring is done mainly on subjective criteria and inter-personnel. In 1995, according to a study done by the employment bureau, 61% of employment has been obtained through personnel relations, 21% were not based on clear criteria of selection. Moreover, 60% of the Lebanese enterprises refuse to go through the recruitment agencies. *(Femise Country Profile)*. The restrictions placed on dismissal in Lebanon have also been criticised by employers as being too costly; they particularly dispute the definition of unfair dismissal. A study of the investment climate in Lebanon reports it to be third in the region in terms of strictness of employment protection measures. It is then very common for enterprises to avoid declaring their Lebanese and foreign employees, as also the real wages and other earnings of their workers.

	Unauthorised overtime and dismissal are then common *(ETF, 2006),* what contributes to enlarge the informal sector.
Social Insurance	The Lebanese labor market does not have an effective or generalized system of Social Security. Out of approximately 800 000 salaried in Lebanon in 1997, less than half were declared at the National Fund of the Social security (CNSS). The weakness of this net work of social protection reinforces the inequalities. Without counting parallel employment and undeclared one, 40% to 50% of the paid labor is not covered by the CNSS. The insurance system covers employees in industry, commerce and agriculture where the employer pays 8.5% of the payroll. The retirement benefit is paid as a lump sum. The program for sickness benefit has not been implemented yet *(source: US Social Security Administration 2006)*.
Employment and Unemployment Policies	There is a mismatch and inadequacy between education in general, vocational training in particular and the needs of the labour market. In fact, there is a lack of appropriate training that would offer the necessary skills to the labour force. Most of the curriculum is very theoretical and doesn't allow trainees to acquire the qualifications most wanted on the labour market. On-going and on the job training is also a missing concept. In 1995, 87% of the enterprises declared that they don't need to offer training to their employees, 86% do not organize any kind of training and 93% declared consecrating no budget for such training. From the employees side, 80% declared that they never attended a work training although 75,5% of them had never obtained a vocational training before joining the labour market. The national employment bureau, reopened in 1995, received approximately 1,370 job requests and 450 job offers per year, for the period 1998 to 2005. Hence, the national employment office recruit only 15% of the applicants *(ETF, 2006)*.
Wages and minimum wages	Distortions in the labour market have generated strong wages disparities, which dropped in real terms after 1990. Gender disparities exist, and its magnitude depends on the sector and the region. Hence, males earn 20% on average more than women, but several evaluations in the rural areas have indicated that males earn 2 times more than females. (Femise Country Profile). Moreover, since 1996, real wages have tendencies to decline especially in the private sector. This was accompanied by the pressure of the Lebanese returnees on the labour market and wages. Wages adjustments are done on the basis of public remuneration which entails a kind of disparities between the public and private wages. In 1999 a new salary system has put in place in the public sector which simplified the categories but implied a decrease in the nominal salaries. Increase in the private sector wages are normally less than those in the Minimum Salary. The minimum salary of Lebanon is currently 300,000 Lebanese lira per month ($2170 per year) and has not changed since 1996.
Female Participation	
Equal opportunities to work	According to the new labour law, it is forbidden to discriminate between males and females that provide the same work in terms of salary, promotion, career,

	etc. Also the law states that women have the right to maternity leaves (fully paid). The increase of the total activity rate was due to the improvement of participation of women in the labour force that has increased from 14.7% in 1997 to 17.2% in 2001. Female labour (59%) is mainly concentrated in education sector (29.4%), trade (18.8%) and social services and health (10.7%). This distribution is not inline with the level of education of women since Lebanon is offering equal opportunities in education without discrimination. The level of unemployment however rose among women to 18.2% against 9.3% for men in 2001 compared to an unemployment rate of 7.12 for females and 8.9% for females *(Femise Country Profile)*. The National Commission for Lebanese Women is the official body concerned with women's issues and coordinate with various public departments and institutions, NGOs and civil bodies in order to promote the profile of women in Lebanon.
Equal Access to Education	Since the 1998 law, primary education is compulsory for both females and males and some achievements have been made to eradicate women illiteracy. However, women still represent only 21.5% of the labour force whereas they constitute about 50% of students. University education seems to be the best way for women to enter the labour markets: 38.2% of female workers have high education as opposed to 16.2% of males. This tends to indicate that without university education, it is hard for females to get an employment or that the less qualified employment are occupied by men *(Femise Country Profile)*. Vocational programs have been implemented by the government with a growing number of female enrollment.
Micro credits and Informal Markets	It is estimated that females own about 8% of the micro and small enterprises in Lebanon and they are more concentrated in the trade sector *(ERF/FEMISE MSE report on Lebanon)*. A project funded by the European Union 'the Economic and Social Fund for Development –ESFD (2002-06) aims at creating more jobs opportunities in the disadvantaged areas through the provision of micro and small credits to establish enterprises. This project is beneficiary for Females wishing to have access to credits in non-complicated way. Another project funded by the World Bank with the contribution of Lebanon government aims at increase the living conditions and economic status of disadvantaged groups including women and children (Government Programs in Lebanon-regional development, ILO).
National Migration Policies[(1)]: Immigration overall Highly skilled Emigration policy Encouraging returns	 Lower No intervention Lower Yes

Sources: FEMISE, Lebanon Country Profile and Lebanese Labour Law; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO, FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007; "Employment Policy Reforms in the Middle East and North Africa, European Training Foundation, 2006.

Notes: (1) Data from: UN, department of Economic and Social Affairs, population division, 2006. Governments' policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention.

Country Sheet : Morocco

Table A: Morocco Labor Market Profile, Quantitative

Item	Unit	2000	2005
Population(1)			
• Total	mn	28.8	31.5
• Annual growth	%	1.9	1.2
Economically Active Population (15-64)		(2001)	
• Total	mn	10.2	11.1
• Average annual growth	%	2.9	
• Male	%	74.8	72.9
• Female	%	25.2	27.1
Employment		(2001)	
• Total	mn	9.3	9.9
• Male	%	74.1	73,0
• Female	%	25.9	27.0
• Governmental			
Unemployment			
• Total	Thous	1 394	1 226
• Male	%	13.8	10.8
• Female	%	13.0	11.5
• Rate	%	13.6	11.0
Unemployment by Education			
• No schooling	%	6.9	4.3
• Primary	%	51.8	51.1
• Secondary	%	22.5	22.4
• University	%	18.0	21.6
Employment by Sector (2)			
• Total	%		100
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%		45.8
• Manufacturing	%		11.6
• Construction, Elect., Gas & Water Supply	%		7.4
• Wholesale & Retail Trade & Restaurants & Hotels	%		16.7
• Transport, Storage and Communications	%		3.8
• Financing, Insurance, Real Estate and Business Services	%		1.3
• Community, Social and Personal Services	%		13.2
Public Admin. and Defence; Compulsory Social Security	%		na
Informal Employment (non-agricultural)(3)			
• Share of non-agri employment	%	39.0	
• Urban	%	72.7	
• Rural	%	27.3	
• Female	%	12.7	
Earnings(4)			
Average earnings per day			
• SMAG (minimum agri salary)	Dh/day		50
• SMIG (minimum inter-professional salary)	Dh/day		77.26
Migration (5)			
• Net flows	Thous.	-300.0	-400.0
• Stock (% of population)	%	0.42	0.44

Sources: Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated. Notes: (1): UN Pop. Div. quinquennial estimates and projections; (2) data for 2005 from ILO; (3)Moroccan Country profile based on Direction de la Statistique : "Enquête Nationale sur le Secteur Informel (ENSI), June 2003 ; (4) Moroccan Country Profile for 2003 ; (5) WDI, 2007

Table B: Morocco Labor Market Profile, Qualitative

Item	Description
Labour Unions	Workers are free to form and join trade unions without prior authorization but following cumbersome administrative procedures. Workers may form a trade union established by workers engaged in a single profession or occupation, or a union established by workers in professions or occupations that are similar or connected to each other. The judiciary may order the dissolution of a union if its members do not fall into the above categories.
Legal rights to peaceful strikes	Unions have the right to organize strikes and actively defend workers' rights, but some restrictions exist. In 2002, Morocco witnessed 237 strikes which concerned 172 establishments and 17,569 workers. The average yearly rate of increase of strikes is 6.4% and 3.2% (avoided strikes).
Labour Flexibility	Hiring and salaries determination usually occur through a direct process of negotiation between the employer and worker although the new labour law supports the mechanism of collective negotiations. The conventional right takes into account the specificities of the companies and sectors, the concluded collective agreements regulate, the methods of recruiting and individual and collective dismissal, and establish the reasons for the dismissals which can be primarily of an economic nature, technological and financial. If a worker is dismissed from his work (due to economic reason) he has the right for an indemnity that corresponds to the period he has worked.
Social Insurance	Social insurance on worker is required by law and it covers workers in the public and private sectors. The social security covers health, maternity, death (1%); pension (12%), family support (6.5%) disease (4%), which adds up to a total of 24.4% of the income where the employer pays 18.1% of the wage bill and the remaining sum is paid by the employee (6.3%).
Employment and Unemployment Policies	Unemployment in Morocco is mainly concentrated in the young and educated. Morocco started implementing active employment measures at the beginning of the 1990s. To face the unemployment problem, the state is encouraging the emergence of new job opportunities especially for this category of unemployed and self-employment. Among those measures is to activate the laws 16/93 and 13/94 that encourage training and incentives through programs of 'employment incentives'. Enterprises that accept trainees are given a subvention of a sum of 800 to 1300 dirham per trainee. Those enterprises are also entitled to an exemptions in terms of social charges *(Femise Morocco Country Profile)*. Measures targeting unemployed graduates are of three kinds: • better labour market information and public employment services (reorganisation of the Agence Nationale de Promotion de l'Emploi et des Compétences), • complementary training courses or in-company training, to improve qualifications and ensure better employability • young investor loans and self-employment programmes to foster the creation of better jobs *(ETF, 2006)*.

Wages and minimum wages	The law implies that the salary are determined by collective conventions but this holds a marginal role and is almost inexistent (Morocco Country Profile). The minimum agriculture salary (SMAG) and the minimum inter professional salary (SMIG) is binding. The state is responsible for fixing the levels of those two minimum salaries, after consultancy. An increase is due when the inflation rate (measured on the index of cost of living) has increased by at least 5%. With this concept, in the past 50 years the minimum salaries have been revised upward at least 30 times.
Female Participation	
Equal opportunities to work	The new law of 2003 has added a whole section on the non-discrimination in terms of employment. Female workers have equal opportunities to work. The law grants women the right for maternity leaves, and safe working environment. However, according to the 2007 survey of union rights, women working at the garment industries (70% of the sectors') most under 30 years old, are still suffering from gender discrimination.
Equal Access to Education	A programme of elimination of illiteracy of women based in rural areas was initiated within the framework of convention of the Secretary of State responsible of Literacy and non-formal Education, as well as other training programs for girls. Illiteracy continue to be high among women, 54.7% vs 30.8% for men. Illiteracy rate of the rural women is estimated at 74.5%.
Micro credits and Informal Markets	To promote the role of women as entrepreneurs several programs and centres are set up: the installation of Young promoters (26% of beneficiary women) as well as self employment programmes. The PADE, national programme aiming at supporting by way of incubator the entrepreneurial women activities in the economically vulnerable areas. - To encourage women to participate in the micro credit programs, a new micro-credit law has been implemented that facilitate the micro-financing of women's projects that do not meet the conditions of bank credit access. Generating projects of incomes for the rural women (PGR) of the Ministry for agriculture and the rural development, with a special line of financing.
National Migration Policies[1]: Immigration policy overall Highly skilled Immigration policy Encouraging returns	 Lower Maintain Maintain Yes

Sources: FEMISE, Morocco Country Profile and Morocco Labour Law; 2004 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO, FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007.

Notes: (1) Data from: UN, department of Economic and Social Affairs, population division, 2006. Governments' policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet : Palestine

Table A: Palestinian Labor Market Profile, Quantitative

Item	Unit	2000	2005
Population (1)			
• Total	mn	2.9	3.7
• Annual growth	%	4.3	3.3
Economically Active Population (15-64)			
• Total	Thous	685	791
• Average annual growth	%		
• Male	%	86.7	83.4
• Female	%	13.3	16.6
Activity rate	%	31.3	39.2
Employment			(2004)
• Total	Thous	597	578
• Male	%	84.4	81.9
• Female	%	15.6	17.1
• Governmental (3)	%		32 (G) 18 (WB)
Unemployment			(2004)
• Total	Thous	98.8	212.2
• Male	%	14.4	28.0
• Female	%	12.3	20.0
• Rate	%	14.1	26.7
Unemployment by Education			
• No schooling	%	12.1	9.4
• Primary	%	55.4	58.5
• Secondary	%	12.7	13.1
• University	%	19.7	18.9
Employment by Sector (2)			
• Total	%	100	100
• Agriculture	%	13.7	15.9
• Industries	%	34.4	24.7
• Services	%	51.5	58.1
Migration(1)			
• Net flows	thous	10 575	-40 000
• Stock (% of population)	%	47.5	56.3

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated.
Notes: (1): WDI, 2007 (2) Femise calculation from ILO; (3) FEMISE, Palestinian Country Profil

Table B: Palestinian Labor Market Profile, Qualitative

Item	Description
Labour Unions	Under the umbrella of the Federation of Palestinian Workers Unions, many Palestinian unions have been established covering almost all sectors. Due to the political circumstances, most (if not all) of these unions are involved in political activities at the expense of performing basic duties for their members which are defending workers' rights and improving working conditions *(Femise Country Profile)*. There is no legal and institutional framework that governs the industrial relations which leads to sporadic and non-consistent actions *(source: 2007 Annual Survey of violations of Trade union rights)*. A new Trade union law is being discussed to legalise the institutional framework for industrial relations, but is still not agreed by the Federation.
Legal rights to peaceful strikes	The Labour Law provides the right to strike with two weeks advance notice, or four weeks in public utilities. The Ministry of Labour can impose arbitration, however, and trade unions can face disciplinary action if they do not accept the outcome of that arbitration. In 2006, after the US and EU cut their financial assistance, the newly elected government became unable to pay the public sector workers (160,000) and following several warnings, the unions began an unlimited strike (except for teachers and nurses) which was opposed by the government.
Labour Flexibility	Labor markets are regulated by a set of laws: the labor law regulates work in the private sector (including NGOs) and the civil servants law regulates public sector employment. The labor law is widely criticized by the private sector because it overemphasizes the rights of employees relative to employers' rights. While it is rather easy to hire workers, firing is one of the most difficult in Palestine.
Employment and Unemployment Policies	Current situation does not allow the existence of a stable social security scheme. All funding rely on international donors. In 2006, a Social Safety Net Reform was set up with the World Bank around the following components : A- Financing of conditional cash transfer grants. B- Capacity building of ministries involved in social safety net planning, administration and evaluation. C- Administration and monitoring the project. D- Ministry of social Affairs should coordinate program operations with other ministries, UNRWA and donors E-The ministry of Social Affairs should implement the proposed project using the administrative structure of the existing Conditional Cash Transfer program *(source: Ministry of Social Affairs – Palestine; Third International Conference on Conditional Cash Transfers Istanbul, Turkey, June 26-30, 2006)*.
Employment and Unemployment Policies	The Palestinian National Authority and the international community initiated many activities and projects to alleviate unemployment after 2000. The PNA has absorbed about 145 thousand workers in the public sector which reached a saturation level and evidence of disguised unemployment is apparent. In addition, the PNA has followed active labour market policies including the creation of a social safety net with a fund worth 240 million US$ allocated in 2005. About 26 employment offices belong to the Ministry of Labour, whose main

	function is to match job seekers with job providers. In reality, the role of these offices is relatively minor. *(Femise Country Profile)*
Wages and minimum wages	A large wage gap of 19% exists between the West Bank (WB) and the Gaza strip (GS). A substantially wider gap exist between wages of Palestinian working in Israel and those working in the WB of 71% and those working in the GS of 103%. It is known that the WB is more open to the Israeli economy in terms of the movement of workers compared to Gaza. Also, the economic base in the West Bank is relatively more diversified and stronger than the economy of Gaza. But the real wage gap between the two regions has been narrowing over the past 10 years. The Israeli labor market has distorted wages schemes in the Palestinian economy: higher wages do not reflect higher productivity, which hurts the competitiveness of the Palestinian economy at the aggregate and sectoral level.
Female Participation	
Equal opportunities to work	To promote the equal opportunities to work between males and females, the Ministry of Labour has undertaken a gender analysis based on the type of activities and an action plan has been put in place to give incentives to females to join both the public and private sectors. This national strategy has been followed by an urgent program for Palestine whose objective is to optimize the jobs offered by all sectors and specially designed for women and to facilitate the promotion of competences in non-traditional sectors so as to create a source of income. Specially designed training programs for women are offered by the Ministry of Labour and the Ministry of Planning trough its program on "Feminine Condition and Development" gives a wider scope of the equality issue. It is worth mentioning that over the 21 ministries in Palestine only 6 have specific orientations towards females (including agriculture and education) but sufficient funds are not currently available *(Femise, 2007)*. Despite these efforts, there is a clear gender discrimination in terms of employment and wages. In 2003, male wages were 14% higher than those of females.
Equal Access to Education	The right for education is equally granted for girls and boys and in general. Female illiteracy and drop out rates are high in Palestine. This is a social trend attributed to the low age of marriage of girls in Palestine. A specially designed program to eradicate illiteracy among older women has been put in place (including refugees). Also special programs of education are designed for married females so that they do not need to drop out from schools. The Palestinian Central Bureau of statistics reports that the share of females attending universities and schools is the same as that of males (2005/6), but this does not go inline with the drop out rates and illiteracy of women.

Source: FEMISE, Palestinian Country Profile and Palestinian Labour Law; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO; and FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007.

Country Sheet : Syria

Table A: Syria Labor Market Profile, Quantitative

Item	Unit	2000	2005
Population[1]			
• Total	mn	16.5	19.0
• Annual growth	%	2.5	2.7
Economically Active Population (15-64)			
• Total	mn	4.9	5.5
• Average annual growth	%		
• Male	%	80.2	78.5
• Female	%	19.8	21.5
Activity rate		..	45.4
Employment		(2001)	(2003)
• Total	mn	4.7	4.8
• Male	mn	3.9	3.7
• Female	mn	0.80	0.76
• Public sector[2]	%	27.0	24.0
Where: Male	%	22.0	21.0
Female	%	32.0	31.0
Unemployment		(2001)	
• Total	thous	613.4	637.8
• Male	%	8.0	7.8
• Female	%	23.9	20.9
• rate		11.2	11.0
Unemployment by Education[4]			(2002)
• No schooling	%		5.2
• Primary	%		62.1
• Secondary	%		23.4
• University	%		9.8
Employment by Sector			(2002)
• Total	%		100.0
• Agr. Hunting, Forestry, Fishing,			30.3
• Manufacturing, Mining & Quarrying, Elect., Gas and Water Supply			13.7
• Construction,			13.2
• Wholesale & Retail Trade & Restaurants & Hotels			15.0
• Transport, Storage and Communications			5.5
• Financing, Insurance, Real Estate and Business Services			1.3
• Community, Social and Personal Services			21.0
Public Admin. and Defence; Compulsory Social Security			na
Informal Employment[2]		(SCBS, 2002	(SCBS, 2003)
• Total employment	%	39.0	23.0
• Male		40.0	27.0
• Female		32.0	12.0
Earnings[2]			
Average earnings per month			
• Illiterate/basic education	SD		4,500 ($90)
• Secondary	SD		6,200 ($124)
• University degree	SD		8,000 ($160)
In public Sector:			
• On average	SD		5,000 ($100)
• 1% of the public employees	SD		9,000 ($180)
Migration [3]			
• Net flows	thous	-30.0	-30.0
• Stock (% of population)	%	5.4	5.2

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated. Notes: (1): UN Pop. Div. quinquennial estimates and projections; (2): Femise Syria Country Profile; (3) WDI, 2007

Table B: Syria Labor Market Profile, Qualitative

Item	Description
Labour Unions	The General Federation of Trade Unions (GFTU) is the sole national trade union center in Syria. All trade unions should be affiliated to the GFTU which have the power to dissolve any unions if it is not conform to the regulations. Also they have the power to determine which sectors can have a union and acts as the link between workers and government. There are a large number of unions and associations in Syria, such that the majority of workers are affiliated with at least one. Examples include: the Labor Union, Youth Union, Women Union, the Federation of Artisan Associations, the Engineers Syndicate, the Physicians Syndicate, and the Pharmacists Syndicate. These unions and associations hold a good deal of administrative authority, as their approval must be secured for many types of business-related activities. At the same time, unions provide a variety of services to their members, including training, housing projects, social security systems, and health insurance. These support services are well-appreciated by union members and help facilitate a healthy business environment.
Legal rights to peaceful strikes	Although law does not forbid strikes, but the right to strike is severely restricted by the threat of punishment and fines. Is considered publishable by fines (and even prison) if the strike involves more than 20 workers in a certain sector, or if the strike takes place in a public places or occupation of premises. Despite the fact that the law provides the right to collective bargaining, it is have not been practiced in a meaningful way *(Source: 2007 Annual survey of violations of trade union right)*.
Labour Flexibility	Hiring in the public sector is done through employment offices through competition among applications with higher education and skills. After one year, either the worker is dismissed or given a life-time contract. Dismissal in these kind of contracts is difficult and is only done for very poor performance or health reasons. Hiring in the private sector is straightforward and it is left to the company to decide. Dismissal is more difficult as it requires the decision made a Committee for Dismissal Affairs (including members of the ministry of labour and social affaire and municipal governorate and labour syndicate). Many private companies request from the worker to sign undated resignation letters before the employment contracts.
Social Insurance	Syria has a social security system in which workers in private sector firms contribute 7 percent of their basic salary and employers contribute 14 percent. For employers with 5 employees and more, the social security benefits are administered through the government. For employers with fewer than 5 employees, the benefit is paid to workers directly upon their leaving employment. The social security system also covers public sector workers, who contribute 10 percent while the government contributes 10 percent. Syria also has an on-the-job injury and disability insurance system.
Employment and Unemployment Policies	Unemployment rate is very high in Syria and so is the underemployment (estimated at 16.2% in 2003). Youth represent the highest share of unemployed (82% for males

	and 73% of females). This could be attributed to the changes in government policy which discontinued the mandatory government service work for university graduates, but it is not the sole reason behind the high unemployment (as many unemployed are concentrated among those who completed elementary school or less). To combat unemployment, the government has established the Agency for Combating Unemployment (ACU) spending one billion dollars for job creation activities over 5 years (2002-07). This is based on giving loans for the creation of micro, small and medium size enterprises. The ACU gives facilities for infrastructure and training. Also, the government is looking into engaging the private sector to create more jobs by removing restrictions on private sector entry, to reform education to better match the need of the labour market and providing tax incentives for firms that hire large number of workers (that are also registered in the social service).
Wages and minimum wages	The minimum wage levels in Syria are set according to the sector. Until recently, Syria had separate levels for workers in urban and rural areas, which was combined with the new labour law of 2004. For a long time the minimum wage was set at 1250 SD, which was decreasing in value and hence was non-binding. It was raised twice in 1999 and 2004 and now is equal to 3500 SP per month (US$70) and is binding for the lowest paid workers.
Female Participation	
Equal opportunities to work	Despite that equal opportunities is a legal right in Syria. There exist no agencies that facilitate or support female work in Syria. It is to note that although the maternity leaves are granted for female workers, they do not have that right for their fourth child. Female wages are 20% less than male across education levels, this could be partly due to the fact that most employed females (52%) are between 15 and 20 years old (vs 40% of males). In terms of unemployment, it is to note that in the 80s unemployment of women was 66% higher than that of men, while in 2002 it was three times higher than men (190% more). This could be due to females exiting the labour markets for family reasons and re-enter years later. It is to note that in general, especially in the private sector, employers are discouraged to employ females specially those who are in the age of marriage and having children. Another reason could be that the well educated females tend to wait for better opportunities than males (given the non-financial restrictions).
Equal Access to Education	In line with the general policy of increasing female literacy, the minister of agriculture in particular has established programs to fight against the illiteracy of female in the rural areas. Specially schools have been designed to educate girls between the age of 10-20 years that do not follow the standard curriculum and that was put in place by the minister of education in collaboration with the UNICEF. The low participation of women in the labour market has forced labour unions to urge the government to open schools to train Syrian women to domestic workers, rather than import foreigners from Indonesia, Philippines and Ethiopia (amounting for 60,000). However it is considered a problem in Syrian Culture for women to do this kind of work. (IRIN Middle East news)
Micro credits and Informal Markets	Female entrepreneurs are represented by a female business committee in the Industrial and Commerce Chambers. In 2004, females represented 10% of entrepreneurs. The 2001

	law grants facilities to encourage employment of young and females by granting them special credits. However, The condition of the property is a condition which limits the range of these measurements. The access to the property being an obvious aspect of discriminations which the women undergo.
National Migration Policies[(1)]: Immigration policy: overall Emigration policy	 Maintain Lower

Source: FEMISE, Syria Country Profile and Syria Labour Laws; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO, FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007

Notes: (1) Data from: UN, department of Economic and Social Affairs, population division, 2006. Governments' policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet : Tunisia

Table A: Tunisia Labor Market Profile, Quantitative

Item	Unit	2000	2005*
Population[1]			
• Total	mn	9.6	10.1
• Annual growth	%		
Economically Active Population (15-64)		*(2003*	
• Total	mn	3.2	3.4
• Average annual growth	%		4.7
• Male	%	73.8	73.4
• Female	%	26.2	26.6
Activity rate	%	..	46.0
Employment			
• Total	mn	2.7	2.9
• Male	mn	2.0	2.2
• Female	mn	0.7	0.7
Unemployment			
• Total	Thous.	475.1	486.4
• Male	%	15.3	13.1
• Female	%	16.9	17.3
• rate	%	15.7	14.2
Unemployment by Education			
• No schooling	%	10.1	7.4
• Primary	%	45.6	42.4
• Secondary	%	37.5	38.6
• University	%	6.6	13.9
Employment by Sector [2]			(2004)
• Total	%		100
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%		17.3
• Manufacturing, Elect., Gas & Water Supply	%		19.4
• Construction	%		13.3
• Wholesale & Retail Trade	%		10.9
• Transport, Storage and Communications	%		5.6
• Other services (incl. Restaurants & Hotels)	%		13.3
• Education, health and administrations	%		19.1
Public Admin. and Defence; Compulsory Social Security	%		na
Informal Employment[3]			
• % of total employment	%		49.9
• % of VA	% GDP		11.5
Earnings [3]			
Average annual salary	TD	2243	
• Total		*14% more than women*	
• Male			
• Female			
Migration [4]			
• Net flows	Thous	-20.0	-20.0
• Stock (% of population)	%	0.40	0.38

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated. Notes: (1): UN Pop. Div. quinquennial estimates and projections; (2) Emploi total,RGPH 2004; (3) Tunisia Country Profile; (4) WDI, 2007

Table B: Tunisia Labor Market Profile, Qualitative

Item	Description
Labour Unions	The Labour Code provides for workers to form and join trade unions. Unlike associations, prior authorisation is not required to form a trade union. A union may only be dissolved by court order. *(2007 Annual Survey of violations of Trade union rights).* Tunisia is characterised by a reduced number of social partners. Workers are represented by single trade union: The General Union of Tunisian workers (UGTT) (Union Générale des Travailleurs Tunisiens, or UGTT). Composed of 7,000 trade unions, 23 regional unions and 20 federations, UGTT membership exceeds 30% of the active population (60% of public sector workers). Two associations represent employers in the private sector: the first for the industrial and services sectors (Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat, or UTICA) and the other for the agricultural and fishing sectors (Union Tunisienne de l'Agriculture et de la Pêche, or UTAP) *(ETF, 2006)*. Some concerns have been expressed for anti-union activities for private sector employees, specially in applying the dismissal regulations. *(2007 Annual Survey of violations of Trade union rights)*
Legal rights to peaceful strikes	The new law granted the workers the right for peaceful strikes to defend a case or request a right. Unions, and particularly those representing state employees, have the right to strike, provided they give ten days' advance notice to the UGTT, which should give its authorisation. In 2005, 466 strikes and lockouts were recorded about 54% of them were located in the manufacturing sector (*Source: ILO*)
Labour Flexibility	The law of 1996 has added flexibility in hiring workers by abolishing the provisions to inform the public Office before recruiting, specified modalities to adopt fixed term contracts for the maximum period of 4 years and those of part time, flexibility in the reduction of working hours per week and flexibility in negotiation the non-working and holidays. Moreover the labour law precise the criteria of abusive dismissal and fixed the ceiling of indemnities in this kind of dismissal.
Social Insurance	Employers in Tunisia contributed 16% of the total wage for social security. Other social protection costs (e.g. training, accident insurance, medical, protective clothing …etc.) could increase this contribution to 28% of the salary, which makes employing formal workers rather expensive. (*Source: Tunisia Femise Country Profile, Development and international cooperation ministry*).
Employment and Unemployment Policies	Unemployment in Tunisia is higher in men than in women and is concentrated in those with low level of education and young (15-19 years). Tunisia awards high priority to employment activation by means of its systematic efforts to develop active labour market policies (related expenditures of active measures reaching 1.5% of GDP in 2002; World Bank (2003). In 1995, Tunisia launched an ambitious plan under a comprehensive programme entitled MANFORME for upgrading training services and enhancing worker employability. The first decade of reform focused on establishing infrastructures (in particular training centres), implementing partnership principles and developing training programmes *(ETF, 2006)*. While the strategy is to offer a whole range of programmes

	covering different job-seeker skill levels, only 5.3% of the labour force benefited from the programmes *(ETF, 2006)*. The programmes underway in Tunisia can be classified into four groups: insertion programmes, university graduate employment programmes, FIAP (Fonds d'Insertion et d'Adaptation Professionelle) programmes, and micro-enterprise and self-employment programmes *(ETF, 2006)*.
Wages and minimum wages	An increase in level of the SMIG and SMAG was announced to reach 239.824 dinars and 7.379 dinars per day respectively. Collective bargaining is recognised in law. Wages and working conditions are set in triennial negotiations between unions and employers after general guidelines are laid out through national tripartite consultations.
Female Participation	
Equal opportunities to work	The law of 2000 put an end to the necessity of the husband's approval to the employment of the wife. Moreover, several; programs have been designed to help women integrate in the labour market such as "Le fonds National de l'emploi (FNE)". The labour law does not discriminate between men and women. In the agriculture sector, the female salary has been adjusted to meet that of the male workers of the same category. Moreover, women with young children have flexible hours.
Equal Access to Education	Illiteracy among women has decreased due to the efforts of the governments, such ass the national program of adult learning that was specially designed to young and women in the rural areas (young women (14-20years) represented more than half of the beneficiaries of this program.
Micro credits and Informal Markets	The Tunisian government has established several programs to support women entrepreneurs such as the Forum of Productive women (artisans), and to organize training programs of which women entrepreneurs have benefited. The National Solidarity Fond (FSN) and the Tunisian Bank for Solidarity have been particularly active in granting micro credits to women entrepreneurs.
National Migration Policies[1]:	
Immigration overall	No intervention
Highly skilled	No intervention
Emigration policy	Raise
Encouraging returns	No

Source: FEMISE, Tunisia Country Profile and Tunisian Labour Law; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO; FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007; "Employment Policy Reforms in the Middle East and North Africa, European Training Foundation, 2006.

Notes (1): Governments policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention

Country Sheet : Turkey

Table A: Turkey Labor Market Profile, Quantitative

Item	Unit	2000	2006
Population [1]			
• Total	mn	67.4	72.9
• Annual growth	%	1.7	1.2
Economically Active Population (15-64)			
• Total	mn	22.2	24.5
• Average annual growth	%	1.9	1.14
• Male (2001)	%	73.4	73.9
• Female (2001)	%	26.6	26.1
Employment			
• Total	mn	21.6	22.3
• Male	mn	15.7	16.5
• Female	mn	5.80	5.81
• Governmental			
Unemployment			
• Total	mn	1.49	2.44
• Male	%	6.6	9.9
• Female	%	6.3	10.3
Unemployment by Education			
• No schooling	%	4.5	2.2
• Primary	%	44.5	40.6
• Secondary	%	41.5	45.1
• University	%	9.5	12.0
Employment by Sector [2]			
• Total	%		100
• Agr. Hunting, Forestry, Fishing, Mining & Quarrying	%		30.0
• Manufacturing	%		18.5
• Construction, Elect, Gas & Water Supply	%		5.7
• Wholesale and Retail Trade & Restaurants & Hotels	%		20.6
• Transport, Storage and Communications	%		5.1
• Financing, Insurance, Real Estate & Business Services	%		4.0
• Community, Social and Personal Services	%		16.1
Public Admin. and Defence; Compulsory Social Security	%		Na.
Informal Employment			
• Total		51.6	495,000
• Urban		(% total)	(2004)
• Rural			
Earnings			
Average earnings per week			
Total	NTLira	488.7	
Migration [3]			
• Net flows	Thous.	135.24	-250.0
• Stock (% of population)	%	1.9	1.8

Sources: ILO, LABORSTA Labour Statistics Database; unless otherwise indicated.
Notes: (1) UN Pop. Div. quinquennial estimates and projections; (2) data for 2005 from ILO; (3) WDI, 2007

Table B: Turkey Labor Market Profile, Qualitative

Item	Description
Labour Unions	Unions are permitted by law in Turkey but they have to obtain official permission to organize meetings and must allow police to attend their events. Obviously, progress in bringing the country's legislation on worker's and trade unions rights is still far from international standards *(2007 Annual Survey of violations of Trade union rights).*
Legal rights to peaceful strikes	Strikes are allowed but are very restricted: there is an excessively long waiting period (nearly three months) from the start of negotiations to the date when a strike can be held, and the union must follow specific steps. There is still no formally recognized right to strike for the public sector, despite a revision of the PETU in 2005, which is incompatible with the Convention. Solidarity strikes, general strikes, go-slows and workplace occupations continue to be banned. Police intervention in demonstration is permitted.
Labour Flexibility	The employer has the right to terminate an ongoing contract by giving an appropriate notice period. According to Article 17 of the labour a valid reasons has to be given in the notice. The law requires hiring a minority group of mentally or physically disabled (minimum of 0.5%) in firms with more than 50 employees.
Social Insurance	Social security is provided by three publicly run institutions. The employer share is between 19.5 and 25% of the wage bill.
Unemployment Policies	An Unemployment Insurance (UI) scheme was not implemented in Turkey until 1999, even though Turkey accepted the ILO Convention No. 102. The UI system is a compulsory scheme and covers mainly the wage earners registered to the Social Insurance Institution (SSK, Turkish acronym), and to a much lesser extent some other types of employees defined by the law. The scheme is financed by the contributions of employers (2 percent out of the contribution base for SSK). In 2000, the new law permits to the unemployed to continue receiving maternity and health support.
Wages and minimum wages	The minimum limits of wages shall be determined every two years at the latest by the Ministry of Labour and Social Security through the Minimum Wage Fixing Board.
Female Participation	
Equal opportunities to work	The labour law grants equal chances of work to men and women. Moreover, a new project law foresees prohibiting the termination of a contract due to pregnancy and will be prohibiting any discrimination because of gender and to consider maternity leaves as working days and allow certain flexibilities to mothers with young children.
Equal Access to Education	To narrow the gap between men and women in terms of education, several programs have been initiated by the government. In 2001, a supporting mechanism has been created for the national campaign of education from collaboration between governmental and non-governmental organisations and universities. This campaign included literacy classes, as well as professional specialised training and socio-cultural classes (about 63% of the participants were women).
Micro credits and Informal Markets	A micro credit program has been established for women to encourage initiatives that generate revenues (about 21 thousands women benefited from it since its creation).

	Several foundations offer credit training services and advises for women that with to establish a small enterprise. Other form of support is to help women enterprises to market and sell their products.
National Migration Policies[(1)]: Immigration policy: overall Highly skilled Emigration policy Encouraging returns	 Lower Raise Maintain No

Source: FEMISE, Turkey Country Profile and Turkish Labour Law; 2007 Annual Survey of violations of Trade union rights; National Labour Law profiles, ILO; www.sendika.org (labornet Turkey); and http://en.hukuki.net/index.php/topic,27.0.html; and FEMISE « Le renforcement du rôle des femmes dans la société ; Questionnaire d'Istanbul pour les pays Euro Méditerranéens », oct 2007.

Notes (1): Governments policy on immigration: Overall level: Governments policies regarding the current overall level of immigration into the country. It is coded into four categories: to raise the level of immigration; to maintain the level of immigration; to lower the level of immigration; and no intervention