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Aloysius Uche Ordu
Vice President ORVP
a.ordu@afdb.org
+216 7110 2001

Jacob Kolster
Director ORNA
j.kolster@afdb.org
+216 7110 2065

Nono Matondo-Fundani
Director ORNB
f.matondo@afdb.org
+216 7110 2054

Tackling Youth Unemployment in the Maghreb*

1. Introduction

Mohamed Bouazizi captured the frustrations of a generation when he set himself alight following the confiscation of his produce by police in Tunisia in December 2010. This event has been credited with sparking off the raft of violent youth protests that eventually led to the dissolution of President Ben Ali's government. Bouazizi's circumstances mirrored those of many young people in the Maghreb[1], who have set up small, often unregistered, businesses in an effort to financially cope in a harsh economic climate with a lack of decent jobs. Youth unemployment across the region is one of the highest in the world (World Bank, 2006). Whereas the global youth unemployment rate was 12% in 2008, in Algeria it was 24%, in Morocco 18% and in Tunisia an alarming 31% (see Table 1). These figures underestimate the scale of the problem, since labour force participation for young people is under 50% in all three countries (see Table 9), and there are also major concerns relating to youth underemployment and female disengagement. Moreover, in 2008 the full impact of the global recession had not yet taken hold. Although the crisis has affected the Maghreb less than other regions, because the countries are not fully integrated into international markets, it has put pressure on the region's already-squeezed young people. Add to this that the current youth

* This paper was prepared by Gita Subrahmanyam of the Public Policy Group at London School of Economics and Political Science under the supervision of Vincent Castel (Principal Program Coordinator, ORNA) with support from Paula Ximena Mejia (Consultant, ORNA). Overall guidance was received from Jacob Kolster (Director, ORNA) and Nono Matondo-Fundani (Director, ORNB). The team also included Yasser Ahmad (Country Program Officer, ORNA) and Diabaté Alassane (Principal Country Economist, ORNB).

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[1] Throughout this paper 'Maghreb' refers to Algeria, Morocco and Tunisia, not also Libya and Mauritania.

population entered a changing employment environment: they were born in an era where guaranteed public sector jobs were the norm but have matured in an increasingly globalised economy, where their education and training do not equip them to compete.

This paper identifies the main causes and gauges the extent of youth unemployment in the Maghreb, critically assesses interventions that have been made to address the problem and proposes options for policy makers. It focuses on youth (defined as individuals aged 15 to 24) in Algeria, Morocco and Tunisia. The paper is structured as follows. Section 1 explores the main causes and consequences of youth unemployment, including some of the key constraints to decent job creation, in the region. Section 2 critically reviews the major public and non-public active labour market programmes targeting youth unemployment. Section 3 highlights examples of good practices from other regions and assesses their relevance for tackling youth unemployment in the Maghreb context. The final section provides a summary of the main findings and offers specific recommendations.

This paper was commissioned before the recent political upheavals in the region. It intentionally avoids discussing these events in detail and focuses instead on the effectiveness of labour market policies from a non-political perspective. Recent events have, of course, made addressing the problem of youth unemployment more critical, but also problematic. In Tunisia, for example, the uncertainty about how exactly the new regime will look means that developing and implementing policy is difficult. It is in this dynamic context that the paper's recommendations are made.

2. Causes and Consequences of Youth Unemployment in the Maghreb

There are a number of key factors that have led to or exacerbated youth unemployment in the Maghreb. There are variations across the three countries, but here the focus is on factors present across all of them - that is, a 'youth bulge'; skills mismatches between the outputs of education and the needs of business; a shortage of 'decent jobs' in the region; and the global economic crisis. One consequence of youth unemployment has been high emigration, which has indirectly contributed to the problem.

Table 1 - Unemployment in the Maghreb, 2008

Country	Youth age 15-24	Male age 15-24	Female age 15-24	Overall age 15+	Male age 15+	Female age 15+
Algeria	24	25	23	11	11	10
Morocco	18	19	16	9	9	10
Tunisia	31*	31*	29*	14	13*	17*
World average	12	12	12	4	6	6
Youth unemployment as a ratio of overall unemployment						
Country	All Youth	Male	Female			
Algeria	2.2	2.3	2.3			
Morocco	2.0	2.1	1.6			
Tunisia	2.2	2.4	1.7			
World average	3.0	2.0	2.0			

** = numbers shown are 2005 figures, as 2008 data not available.*
Unemployment rates are expressed as percentages, while ratio data are absolute numbers.
Sources: Author's computations from ILO LABORSTA data; world averages from ILO (2011a: 61-62)

2.1 Emergence of a 'Youth Bulge'

Changing demographics are one factor explaining the high levels of youth unemployment across the Maghreb. The young population has been growing at a faster rate than other sectors of the population in all three countries. In 2005, youth comprised 23% of the total population in Algeria, 18% in Morocco and 21% in Tunisia (Assaad and Roudi-Fahimi, 2007). According to demographers, 'youth bulges' occur in every country at a particular stage of development, when rapid mortality and fertility rates slow down and produce an increase in the 'prime-age' working population relative to dependent groups (children and elderly).[2] Demographic transition in the Maghreb began in the 1990s (Achy, 2010a: 5). The youth bulge is expected to last until 2020 (Gubert and Nordman, 2009).

Table 2 - Public Expenditure on Education as Percent of GDP and of Government Spending, 1980-2008

Country	Education Spending	1980	1990	2000	2003	2008
Algeria	% of GDP	7.6	5.1	5.5	6.4	4,.3
	% of public spending	n/a	21.1	19.0	20.0	20.3
Morocco	% of GDP	5.9	5.3	6.2	6.3	5.6
	% of public spending	18.5	24.1	28.5	27.8	25.7
Tunisia	% of GDP	5.2	6.0	6.2	7.2	n/a
	% of public spending	n/a	13.5	22.8	23.6*	n/a

** = refers to 2002 data*
Source: World Bank (2008: 312-13); UNESCO Institute for Statistics (for 2008 data)

Youth bulges present countries with a window of opportunity for rapid economic growth and poverty reduction, so long as they implement sound policies at each stage of the demographic transition. This means providing education and training to develop productive human capital and actively promoting the creation of high value-added jobs that utilise the skills of the burgeoning youth population (Bloom and Williamson, 1998) Countries that take full advantage of a youth bulge can enjoy enormous 'demographic dividends' in the form of rising per capita output and enhanced savings and investment, such as the East Asian economies enjoyed between 1965 and 1990 (Bloom and Canning, 2008). However, there are significant costs to society as well as individuals if decent jobs are not generated to absorb youth into the economy, including wasted human resources, structural youth unemployment, increased informality in the economy and, potentially, social and political instability.[3]

Therefore, the youth bulge is not in itself a cause of youth unemployment. What is significant is how governments respond to its emergence. The problem in the Maghreb is that jobs have not been created quickly enough to absorb the growing youth population, and the level of human capital

[2] Youth bulges are a common feature in most developing countries today. The unique character of the youth bulge in the Maghreb is its high concentration of graduates.
[3] Samuel Huntington (1996: 259-67) controversially warned that countries with a youth population greater than 20% would deteriorate into conflict. His theory was later revised to show that youth bulges are only 'explosive' when combined with poor economic performance, particularly when limited migration opportunities do not allow for an escape from tensions (Urdal, 2004).

being produced does not adequately match the needs of the labour market.

Table 3 - Enrollment Rate by Level of Education, 1970-2008

Country	Level of education	1970	1980	1990	2000	2003	2008
Algeria	Primary (net)	76.6	80.9	93.2	93.7	97.1	94.9
	Secondary (gross)	11.2	33.0	60.9	75.0*	80.7	83.2**
	Tertiary (gross)	1.8	5.9	11.8	16.1	19.6	24.0
Morocco	Primary (net)	39.1	61.6	52.4	84.5	92.0	89.5
	Secondary (gross)	12.6	26.0	35.5	40.4	47.6	55.8
	Tertiary (gross)	1.4	5.9	10.9	8.8	10.6	12.3
Tunisia	Primary (net)	75.6	82.2	93.9	95.2	98.7	97.7
	Secondary (gross)	22.7	27.0	44.4	77.2	81.3	91.8
	Tertiary (gross)	2.6	4.9	8.7	21.3	28.6	33.7

** = refers to 2001 data*
*** = refers to 2005 data*
Source: World Bank (2008: 316-19); World Bank (2010a) for 2008 data

2.2 Quantity Versus Quality of Education: The Problem of Skills Mismatches

Maghreb governments have invested heavily in education over the past 30 years. They have committed over 5% of GDP and around 20% of total government budgets to education (see Table 2). All three countries have introduced compulsory basic education and are on track to achieving Millennium Development Goal 2: universal primary education, as indicated by net primary enrolments (see Table 3). Algeria and Tunisia have also registered significant improvements in gross secondary and tertiary enrolments, comparable to levels in East Asian countries (World Bank, 2008: 14-15) and have achieved Millennium Development Goal 3: gender equality at all levels of education (see Table 4).

Table 4 - Gender Parity Index of Gross Enrollment Rate by Level of Education, 1970-2008

Country	Level of education	1970	1980	1990	2003	2008
Algeria	Primary (net)	0.62	0.75	0.85	0.93	0.94
	Secondary (gross)	0.41	0.65	0.81	1.07	1.08
	Tertiary (gross)	0.25	0.37	0.52	1.08	1.40
Morocco	Primary (net)	0.55	0.61	0.69	0.90	0.91
	Secondary (gross)	0.42	0.61	0.73	0.84	0.86
	Tertiary (gross)	0.19	0.30	0.59	0.87	0.89
Tunisia	Primary (net)	0.66	0.74	0.89	1.00	0.98
	Secondary (gross)	0.38	0.60	0.79	1.05	1.08
	Tertiary (gross)	0.25	0.44	0.67	1.28*	1.49

** = refers to 2002 data*
Source: World Bank (2008: 321-23); World Bank (2010a) for 2008 data

However, educational provision has been uneven. Poor students and people who live in rural areas have lower access to education than non-poor students or those in urban areas (World Bank, 2008: 24-26; Vidal, 2006). As a result, around 6% of Moroccan students drop out of primary school, compared with 2% for Algerian and Tunisian students. Primary dropout rates are highest among rural children, especially girls, who are often expected to work to support their families (Akkari, 2008: 94). Secondary school dropout rates among Maghreb countries are the highest in the MENA region: 15% of Moroccan students drop out of secondary school, compared with 13% of Algerian and 9% of Tunisian (World Bank, 2008: 330-331). The World Bank (2007a: 7-8) calculated the aggregate lifetime costs of early attrition from secondary school for MENA economies, and found that they averaged between 3% and 4.3% of GDP across the region – approaching 10% of GDP for Morocco.

Table 5 - Adult (15+) Literacy Rate, 1970-2008

Country	1970	1980	1990	2000	2003	2008
Algeria	21.5	36.6	52.9	66.7	69.9	73.0
Morocco	19.8	28.6	38.7	48.8	52.3	56.4
Tunisia	27.4	44.9	59.1	71.0	74.3	77.6
MENA average	24.7	40.3	56.1	68.4	69.4*	-

** = refers to 2001 data*
Source: World Bank (2008: 337); UNESCO Institute for Statistics (for 2008 data)

In trying to widen access to education, Maghreb schools have sometimes sacrificed quality for quantity. In Tunisia, for example, primary schools operate a 'double flow' system, with students attending half-day sessions in the mornings or afternoons (Akkari, 2008: 99). Hence time spent learning is shorter than in other countries. Literacy rates across the three countries, while improving, are still low – particularly in Morocco, which falls below the average even among MENA countries (see Table 5). In Morocco, women's literacy rates fall below men's, particularly in rural areas, where they can be as low as 17% (World Bank, 2007b). For those who drop out of school early, especially girls and rural children, there is a problem of 'returning illiteracy', where reading skills once gained are lost (Akkari, 2008: 95).

Maghreb students are not internationally (or regionally) competitive, as demonstrated by their performance in cross-national achievement tests. In recent TIMSS (Trends in International Maths and Science Study) evaluations, all three countries scored significantly below the global averages (see Table 6). Even Tunisia, the best performing of the countries in 8th grade TIMSS tests, scored 20% below the OECD averages in PISA (OECD Programme for International Student Assessment). Their low performance reflects Maghreb educational systems' reliance on rote learning rather than problem solving or application of knowledge (World Bank, 2007a: 5). Worryingly, 4th grade TIMSS results in all three countries in 2007 were lower than their 8th grade TIMSS scores.

More significantly, across the Maghreb, the education system has not produced individuals with the skills and training required by the labour market. At individual and collective levels, this represents low returns on education and opportunity costs in terms of undeveloped human capital.

The education system does not appear to have moved on from its historic role of preparing people for jobs in the public sector – the region's principal employer prior to structural adjustment. In all three countries, there is an oversupply of university students majoring in 'soft' subjects and an undersupply of engineers, scientists and technicians – the drivers of economic growth in other regions. In 2003, 55% of Algerian, 49% of Tunisian and 75% of Moroccan students were enrolled in social science, education and humanities courses, while only 18% of Algerian and Moroccan students and 31% of Tunisian students pursued degrees in scientific, technical and engineering subjects (see Table 7). By contrast, in high-performing East Asian economies, over 40% of students major in science, technology and engineering (World Bank, 2008: 21).

Students' low propensities for pursuing technical degrees at university have their roots in primary and secondary school. First, the curriculum prioritises language instruction over math and science (Akkari, 2008: 99). In Tunisia in 2005, for example, less than 5% of the primary school timetable was devoted to teaching science, compared against a global average of 12% (Akkari, 2005: 70).[4] Second, French is the principal language for technical and scientific subjects and in vocational training programmes. It is also the dominant language of business (Bougroum and Ibourk, 2010). However, the Arabicisation of Maghreb education systems following independence has led to French language instruction being subordinated to Arabic in public schools –

Table 6 - Test Scores of TIMSS and PISA, 1999-2009

TIMSS score in Math - 8th grade			
Country	1999	2003	2007
Algeria	n/a	n/a	387
Morocco	337	387	381
Tunisia	448	410	420
MENA average	409	399	384
Global average	487	467	443
TIMSS score in Science - 8th grade			
Country	1999	2003	2007
Algeria	n/a	n/a	408
Morocco	323	396	402
Tunisia	430	404	445
MENA average	413	424	422
Global average	488	474	457
TIMSS scores in 2007 - 4th grade			
Country	Math	Science	
Algeria	378	354	
Morocco	341	297	
Tunisia	327	318	
MENA average	326	335	
Global average	472	476	
PISA scores in Tunisia - 15 year-olds			
Tunisia	2006	2009	
Reading	380	404	
Mathematics	365	371	
Science	386	401	
Tunisia	2006 rank	2009 rank	
Reading	52	56	
Mathematics	55	61	
Science	54	55	
	out of 57 countries	out of 65 countries	
OECD average	2006	2009	
Reading	492	493	
Mathematics	498	496	
Science	500	501	

Source: World Bank (2008: 335-6); OECD (2010a)

[4] Educational reforms in Tunisia after 2005 may have given science a greater priority in the teaching curriculum.

if it is offered at all (Akkari, 2008: 94-95.). Hence linguistic barriers impede students' pursuit of technical subjects and their suitability for many private sector jobs.

Table 7 - Distribution of University Students by Field of Study, 2003

Country	Education & humanities	Social sciences	Medicine	Scientific technical & engineering	Other
Algeria	16.4	38.2	7.1	18.0	20.2
Morocco	27.6	47.8	3.9	18.3	2.3
Tunisia	22.0	27.0	7.0	31.0	13.0
China	22.8	9.4	8.9	46.8	12.1
Rep of Korea	23.4	20.4	7.3	41.1	7.9

Source: World Bank (2008:21); numbers shown are percentages

Skills mismatches and ineffective school-to-work transitions have meant that youth unemployment rises with educational attainment. In Morocco, 61% of young people with secondary education or above are unemployed, compared with 8% of uneducated youth (Boudarbat and Ajbilou, 2007: 17). In Tunisia, 40% of university-educated youth are unemployed, as against 24% of non-graduates (Stampini and Verdier-Chouchane, 2011: 9). In Algeria, over 34% of the unemployed have completed secondary or tertiary education (Jelili, 2010: 2).

Table 8 - Job Supply and Labour Force Increase in the Maghreb, 2000-2008

Country	Yearly average number of jobs created (000s)	Yearly average number of new entrants to labour force (000s)	Surplus or deficit (000s)
Algeria	417	240	177
Morocco	162	123	39
Tunisia	75	81	(6)

Source: Achy (2010a: 7)

Many private sector employers would rather hire adults with work experience than youth with skills gained through formal education. 37% of private sector firms in Algeria and 31% in Morocco cite lack of skills among young workers as a major constraint to business development (World Bank Enterprise Survey 2007). They complain that youth lack soft skills, such as problem solving and creative thinking, which are gained through 'life experience' (Angel-Urdinola et al, 2010). Hence young workers, particularly educated youth, endure long periods of unemployment before finding stable jobs. In Morocco, the average length of unemployment is over 40 months (Aita, 2008: 110). In Tunisia, graduates are unemployed for 28 months on average, compared with 19 months for non-graduates (Stampini and Verdier-Chouchane, 2011: 11).

2.3 Quantity Versus Quality of Employment: the 'Decent Jobs Deficit'

A further problem is that there are few 'decent' high value-added jobs being generated in Maghreb countries to absorb the skilled workforce. Hence returns on education and labour productivity are low.

The pace of employment generation has not been sufficient to significantly reduce youth unemployment anywhere but in Algeria. Table 8 shows the average annual number of jobs created in each of the Maghreb countries between 2000 and 2008, alongside the average annual number of new entrants to the labour market. In Tunisia, the number of new jobs generated was below the increase in the labour force, meaning that overall and youth unemployment increased.[5] In Morocco, 312,000 jobs were created over the eight-year period, but they did not substantially benefit youth, whose unemployment rate rose from 15% in 2004 to 18% in 2008 (Boudarbat and Ajbilou, 2007: 17). In Algeria youth unemployment fell significantly, from 43% in 2004 to 24% in 2008, but overall unemployment fell at a faster rate, from a peak of 30% in 1999 to 11% in 2008. In all three countries, youth are twice as likely as adults to be unemployed (see Table 1).

Many youth become discouraged and leave the labour market. Table 9 shows that only 47% of all youth in Algeria, 38% in Morocco and 33% in Tunisia are economically active – well below the world average of 51% (Achy, 2010a: 5; ILO, 2009). Labour market participation rates are much lower for young women than for young men, regardless of the progress made in female educational attainment. Authors suggest

[5] Creating a sufficient number of jobs to reduce the unemployment rate in Tunisia by even 3% in 5 years would require a significantly higher GDP growth rate (about 6.5% per year), stimulated by much stronger investment (around 7 percentage points of GDP) to boost productivity and competitiveness (Casero and Varoudakis, 2004: 9).

that Maghreb women become discouraged by the greater difficulties they experience in finding adequate employment (Achy, 2010a: 6; Stampini and Verdier-Chouchane, 2011:13). Since most inactive people do not rejoin the labour force, structural unemployment has become a problem, especially in Morocco and Tunisia. Furthermore, people who leave the labour market are not accounted for in official estimates – and are therefore often ignored in government programmes to address youth unemployment.

Table 9 - Labour Force Participation in the Maghreb, 2008

Country	Youth age 15-24	Male age 15-24	Female age 15-24	Overall age 15+	Male age 15+	Female age 15+
Algeria	47	64	30	41	n/a	14
Morocco	38	57	21	51	76	27
Tunisia	33*	44*	22*	47	69*	25*
World average	51	n/a	n/a	65	78	33

Numbers shown are percentages
** = refers to 2005 data*
Source: Author's computations from ILO LABORSTA data; world averages from ILO (2011a: 65-66)

An unpredictable investment climate, the high costs of doing business, the rigidity of labour market regulations and slow progress towards fully open economies have deterred private sector growth and investment and encouraged informality, contributing to a deficit of decent jobs in the Maghreb region (see Box 1). The high costs of employing labour – in terms of corporate tax rates, restrictive hiring/firing policies, minimum wage legislation and social welfare contributions – provide firms with a strong incentive to either not hire workers or to hire them 'off the books' at below minimum wage. Hence, a large proportion of workers, mainly young women and youth in rural areas, work in the unregulated 'informal' sector of the economy – in non-standard, precarious employment without contracts or social protections (World Bank, 2007a). Informal employment accounts for 43-50% of total non-agricultural employment in the Maghreb countries (Dyer, 2005: 18). Work is unsecure and underpaid (or unpaid), with lack of career progression, contributing to youth underemployment, especially among educated young people. Because young people may be classified as 'employed' even when they work for negligible time periods[6], there is high incidence of working poverty: over one-third of employed youth in North Africa still live with their families, on a household income of less than US$2 per day per family member (ILO, 2010c). Most jobs, especially in the informal and agricultural sectors, are low in productivity[7] and skills, so offer little scope for wage or salary increases (ILO, 2011b). They also do not generate high value-added, sustainable growth that enables countries to strengthen their competitiveness in the global market. The informal sector includes self-employment, which accounts for 45% of new jobs created in Algeria between 2000 and 2007, and around 81% of all companies in Tunisia (Achy, 2010a: 7; Aita, 2008: 78). Lack of access to financing and the high costs of formally setting up businesses have led to the proliferation of small, unregistered companies that do not provide many jobs and are unlikely to grow bigger.

The public sector is hence the main employer providing decent work utilising the skills of university graduates. So educated youth, and especially young women, tend to 'queue' for public sector jobs, which offer wages above market levels along with generous non-wage benefits, including maternity leave (World Bank, 2007a: 28-29; Stampini and Verdier-Chouchane, 2012: 14). However, this sector has been shrinking since the 1980s due to budgetary reduction, privatisation and deregulation. While the public sector accounted for 65% of formal sector jobs in Algeria in 1987, it employed only 25% of workers in 2004 (Aita, 2008: 40-44). There is evidence that governments' propensity to episodically create jobs for higher-skilled workers has raised the level of expectations among university graduates, who prefer to remain unemployed for lengthy time periods rather than taking up less well-paid private sector jobs (Stampini and Verdier-Chouchane, 2011).

2.4 Economic Climate and Unemployment

The global economic crisis has occurred at a bad time for Maghreb countries, during the peak years of the youth bulge. The crisis did not initially affect the Maghreb as badly as other regions, since the countries are weakly linked with global markets (WEF,

[6] National surveys on employment differ as to the minimum threshold required to be categorised as 'employed'. In Tunisia, a person needs to work only one hour during the week preceding the survey to qualify as 'employed'. In Algeria, s/he needs to have worked 6 days during the month preceding the survey. In Morocco, the minimum is set at one hour during the previous 24 hours of the survey.
[7] Labour productivity across the Maghreb has remained low or decreased since 2000 (Dyer, 2005: 16).

Box 1: Identifying constraints to decent job creation in the Maghreb using MILES framework

The World Bank's MILES framework is a multi-sectoral policy framework for good job creation and offers a sound approach for examining the constraints to employment and productivity growth in the Maghreb region (World Bank, 2007c). MILES is an acronym for Macroeconomic framework, Investment climate, Labour market institutions, Education and skills, and Social protection.

Macroeconomic framework

The Maghreb countries show strong performance on a variety of macroeconomic indicators – for example, steady GDP growth, low inflation and declining public debt – suggesting a stable and predictable environment for private sector investment and job creation (see Table 10). However, the countries have only selectively opened their markets via bilateral agreements. Hence, inflows of foreign direct investment (FDI) and opportunities for export-led growth have been limited. Where FDIs have been channeled – for example, telecommunications, industry, tourism, real estate and banking in Morocco – there has been improved diversification and high growth (Aita, 2008:159-160). Tunisia is the most open of the three economies with the highest FDI inflows. Algeria is the least open and has recently imposed limits on FDIs and foreign ownership of public enterprises.

Investment climate

The investment climate in all three countries is unpredictable and the cost of doing business high, which has deterred private sector growth and investment, productivity and formalisation by businesses. Notwithstanding their distinct rankings in the World Bank's 2011 Doing Business report (see Table 11), the countries share common attributes. Red tape, corruption and prohibitively high costs for certain start-up procedures, such as obtaining construction permits or registering property, encourage smaller firms to operate in the informal sector and to remain small to avoid detection. High corporate tax rates, especially for businesses employing labour, provideincentives to employers to hire workers 'off the books'. Access to financing is a major constraint to doing business, according to 50% of firms in Algeria, 19% in Morocco and 18% in Tunisia (WEF, 2010: 76; 246; 328-9). Entrepreneurs hence need private capital – which may be a problem for small- and medium-sized enterprises and youth, in particular young women. The recent political unrest in Tunisia, which caused a downgrading of its credit rating (see Table 12), and terrorist attacks in Morocco have also affected investor confidence in the region.

Labour market institutions

Excessive regulations make firms reluctant to hire workers formally, leading to a growth in informal arrangements and the establishment of a dual labour market (Achy, 2010a: 19). The three countries have overly rigid labour market regulations, as shown by their rankings of 100 or higher (out of 139 countries) in the WEF's Global Competitiveness Index (WEF, 2010). Morocco has the most restrictive hiring policies: firms can hire workers on a fixed-term basis for a short time period, but then must convert them to permanent contracts (Dyer, 2005: 24). Tunisia and Algeria have strict worker termination policies: employers in Tunisia wishing to lay off workers need to notify and obtain authorization from the regional board or central commission for dismissal control; in Algeria, it takes on average six months to lay off a worker and, in cases of collective dismissal, the employer has to negotiate with trade unions to determine who gets fired (ILO, 2000; Kpodar, 2007: 11). Because the costs of hiring or firing are high, firms are hesitant to hire workers or, if they do, tend to employ them informally. Hence, 70% of workers in Morocco and 54% in Tunisia have no employment contract (Achy, 2010a: 21; Labour Force Survey 2007). Maghreb minimum wage policies, which produce artificially high salaries not reflecting productivity gains or cost of living increases, contribute to informal sector growth and educated youth unemployment (Dyer, 2005: 22; Boudarbat and Ajbilou, 2007: 29-30). Since Maghreb minimum wages are close to the average wage in competitor countries, they deter the growth of businesses competing internationally.

Education and skills

An inadequately skilled labour force forms a major constraint to private sector job creation and business development, especially in high-knowledge sectors. 37% of firms in Algeria and 31% in Morocco cite lack of skills among young workers as a major constraint to business development (World Bank Enterprise Survey 2007). They complain that youth lack not only technical but also soft skills, such as problem solving and creative thinking, which are gained through 'life experience' (Angel-Urdinola et al, 2010).

Social protection

The costs of social protection across the Maghreb are high, encouraging employers to hire fewer workers or to hire them on a temporary or illegal basis (Dyer, 2005: 24). Contributions to social security and mandatory retirement add up to around one-third of the total wage bill in all three countries (Blanc and Louis, 2007: 61-71). In addition, companies wishing to terminate workers must pay severance, averaging 85 weeks' salary in Morocco and 17 weeks' in Algeria and Tunisia (Achy, 2010a: 21). Yet social protection mechanisms are weak and do not cushion many workers from economic shocks. Less than 20% of dismissed workers in Algeria, 19% in Morocco and 5% in Tunisia can apply for unemployment benefits (Blanc and Louis, 2007; Tunisia Labour Force Survey 2007; European Commission, 2010b: 25-31). Retirement benefits are paid to only 5-10% of the elderly across all MENA countries (European Commission, 2010a: 40). Most workers, particularly the young and vulnerable, are employed in the informal sector under insecure and precarious conditions.

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Table 10 - Key Macroeconomic Indicators for the Maghreb, 2000-2009

Real gross domestic product (GDP) growth (annual change %)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
Algeria	2.2	2.6	4.7	6.9	5.2	5.1	2.0	3.1	3.0	2.1	3.7
Morocco	1.6	7.6	3.3	6.3	4.8	3.0	7.8	2.7	5.6	5.0	4.8
Tunisia	4.7	4.9	1.7	5.6	6.0	4.0	5.7	6.3	4.6	3.1	4.7
Note: Real GDP growth is at market prices (2005 US$)											
Real GDP per capita growth (annual change %)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
Algeria	0.7	1.1	3.2	5.3	3.6	3.5	0.5	1.5	0.9	0.6	2.1
Morocco	0.3	6.2	2.1	5.1	3.6	1.8	6.5	1.4	4.3	3.7	3.5
Tunisia	3.5	3.7	0.5	4.9	5.1	3.0	4.6	5.3	3.6	2.1	3.6
Inflation, consumer prices (annual change %)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
Algeria	0.3	4.2	1.4	2.6	3.6	1.6	2.5	3.5	4.4	5.7	3.0
Morocco	1.9	0.6	2.8	1.2	1.5	1.0	3.3	2.0	3.8	1.0	1.9
Tunisia	3.0	2.0	2.7	2.7	3.6	2.0	4.5	3.2	4.9	3.8	3.2
Budget surplus/deficit (% of GDP)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average 2000-09
Algeria	9.8	3.7	1.2	4.9	5.3	13.7	13.9	6.2	9.1	-5.3	6.2
Morocco	-2.2	-4.3	-3.7	-2.2	-1.6	-4.2	-1.0	1.5	1.2	-2.6	-1.9
Tunisia	-2.3	-2.1	-2.2	-2.2	-2.2	-2.8	-2.6	-2.0	-0.6	-1.5	-2.1
Central government debt (% of GDP)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Algeria	62.1	56.5	47.1	-	-	-	-	4.2	3.3	-	
Morocco	-	-	56.5	-	-	-	-	27.3	23.4	-	
Tunisia	62.6	62.3	61.5	60.4	59.7	58.4	53.9	50.0	47.5	50.3	
Total debt service (% of exports of goods, services and income)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Algeria	-	-	-	-	16.4	11.9	22.5	2.0	14	-	
Morocco	25.2	23.2	29.5	29.4	17.5	14.0	15.1	14.2	12.1	12.5	
Tunisia	21.9	14.3	15.4	14.5	15.7	13.6	15.5	12.1	7.8	10.1	
Interest payments on external debt (% of exports of goods, services and income)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Algeria	-	-	-	-	3.0	1.8	1.1	0.3	0.2	-	
Morocco	10.0	8.8	8.9	9.1	3.6	3.0	2.7	2.5	2.2	2.6	
Tunisia	6.6	5.2	5.7	5.5	5.4	5.7	5.4	4.5	3.3	3.7	
Total reserves in months of imports											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Algeria	-	-	-	-	-	-	-	-	-	-	
Morocco	4.4	7.7	8.6	9.9	9.5	8.3	9.1	8.2	5.7	7.1	
Tunisia	2.2	2.1	2.5	2.8	3.1	3.3	4.5	4.2	3.7	5.8	
Foreign direct investments, net inflows (% of GDP)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Algeria	0.8	2.2	1.9	0.9	1.0	1.1	1.5	1.2	1.6	2.0	
Morocco	0.6	0.4	0.2	4.6	1.4	2.7	3.6	3.7	2.8	2.2	
Tunisia	3.9	2.4	3.9	2.4	2.3	2.5	10.6	4.3	6.5	4.0	
Current account balance (% of GDP)											
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Algeria	16.7	12.9	7.7	13.0	13.0	20.5	24.7	22.8	20.2	0.3	
Morocco	-1.3	4.3	3.7	3.2	1.7	1.8	2.2	-0.1	-5.2	-5.0	
Tunisia	-3.8	-4.6	-3.2	-2.7	-2.4	-0.9	-1.8	-2.4	-3.8	-2.8	

Source: World Bank national accounts data; OECD National Accounts data files; IMF, International Financial Statistics and data files. IMF, Government Finance Statistics Yearbook and data files; World Bank and OECD GDP estimates; World Bank, Global Development Finance; IMF Balance of Payments Statistics Yearbook and data files

Table 11 - Doing Business 2011 Rankings by Topic in the Maghreb (out of 183 Economies)

Indicator	Algeria	Morocco	Tunisia	MENA avg	OECD avg	China	Poland	Turkey
Ease of Doing Business rank	136	114	55	-	-	79	70	65
Starting a Business								
Rank	150	82	48	-	-	151	113	63
Procedures (number)	14	6	10	8	6	14	6	6
Time (days)	24	12	11	20	14	38	32	6
Cost (% of Income per capita)	12.9	15.8	5.0	38.0	5.3	4.5	17.5	17.2
Paid-in Min. Capital (% of Income per capita)	34.4	11.2	0.0	104.0	15.3	118.3	14.7	9.9
Dealing with Construction Permits								
Rank	113	98	106	-	-	181	164	137
Procedures (number)	22	19	20	19	16	37	32	25
Time (days)	240	163	97	152	166	336	311	188
Cost (% of Income per capita)	44.0	251.5	858.7	409.7	62.1	523.4	121.8	231.4
Registering Property								
Rank	165	124	64	-	-	38	86	38
Procedures (number)	11	8	4	6	5	4	6	6
Time (days)	47	47	39	33	33	29	152	6
Cost (% of Property value)	7.1	4.9	6.1	5.7	4.4	3.6	0.4	3.0
Getting Credit								
Rank	138	89	89	-	-	65	15	72
Strength of legal rights index (0-10	3	3	3	3	7	6	9	4
Depth of credit information index (0-6)	2	5	5	3	5	4	4	5
Public registry coverage (% of adults)	0.2	0.0	22.9	5.3	8.0	63.9	0.0	18.3
Private bureau coverage (% of adults)	0.0	9.9	0.0	7.0	61.0	0.0	91.7	42.2
Protecting Investors								
Rank	74	154	74	-	-	93	44	59
Extent of disclosure index (0-10)	6	7	5	6	6	10	7	9
Extent of director liability index (0-10)	6	2	5	5	5	1	2	4
Ease of shareholder suits index (0-10)	4	1	6	3	7	4	9	4
Strength of investor protection index (0-10)	5.3	3.3	5.3	4.8	6.0	5.0	6.0	5.7
Paying Taxes								
Rank	168	124	58	-	-	114	121	75
Payments (number per year)	34	28	8	22	14	4	29	15
Time (hours per year)	451	358	144	194	199	398	325	223
Profit tax (%)	6.6	18.1	15.0	12.0	16.8	6.0	17.7	17.0
Labour tax and contributions (%)	29.7	22.2	25.2	16.8	23.3	49.6	22.1	23.1
Other taxes (%)	35.7	1.4	22.6	4.1	3.0	7.9	2.5	4.4
Total tax rate (% profit)	72.0	41.7	62.8	32.8	43.0	63.5	42.3	44.5
Trading Across Borders								
Rank	124	80	30	-	-	50	49	76
Documents to export (number)	8	7	4	6	4	7	5	7
Time to export (days)	17	14	13	20	11	21	17	14
Cost to export (US$ per container)	1248	700	773	1049	1059	500	884	990
Documents to Import (number)	9	10	7	8	5	5	5	8
Time to import (days)	23	17	17	24	11	24	25	15
Cost to import (US$ per container)	1428	1000	858	1229	1106	545	545	1063
Enforcing Contracts								
Rank	127	106	78	-	-	15	77	26
Procedures (number)	46	40	39	44	31	34	38	35
Time (days)	630	615	565	664	518	406	830	420
Cost (% of claim)	21.9	25.2	21.8	23.6	19.2	11.1	12.0	18.8
Closing a Business								
Rank	51	59	37	-	-	68	81	115
Recovery rate (cents on the dollar)	41.7	38.4	51.7	29.4	69.1	36.4	31.3	21.1
Time (years)	2.5	1.8	1.3	3.4	1.7	1.7	3.0	3.3
Cost (% of estate)	7	18	7	14	9	9	20	15

Source: World Bank (2011)

2010: 37; Paciello, 2010: 52). However, Maghreb economies are heavily dependent on European markets for trade and capital inflows, as well as for tourism, so the recession has had delayed spill-over effects for the region (Achy, 2010b).[8]

One consequence has been an increase in youth unemployment and poverty. The recession caused a slowdown in European (and global) demand for exports, affecting Algeria's hydrocarbon sector[9] and Morocco and Tunisia's manufacturing and agricultural sectors (Achy, 2010a). Manufacturing accounts for 12% of employment in Morocco and 20% in Tunisia, while agriculture represents 45% and 16%, respectively (see Table 13). Hence, the downturn resulted in heavy job losses in those sectors, predominantly affecting youth and women.[10] Tourism visits also declined, leading to a contraction in that sector (Paciello, 2010: 52-54). In Morocco, overall unemployment fell slightly between 2007 and 2010, but youth unemployment increased by 1% (ILO, 2011b). Youth unemployment rates are more sensitive to economic shocks than adult rates (ILO, 2011a: 5). As the formal economy shrank, the informal economy expanded, since businesses do not want to hire people on contract during recessions. Along with rising unemployment levels, this has affected living standards. Working poverty increased across North Africa from 31% in 2008 and to 37% in 2009 (ILO, 2010b).

Adding pressure to the situation have been spikes in food and fuel prices, which have risen since mid-2008, affecting the purchasing power of many households. In Morocco, this has led to an increase in school drop-outs, child labour and malnutrition (Jones et al, 2009; Martin, 2009: v). Maghreb governments have introduced subsidies to offset the soaring prices of staple goods, increased minimum wages and reduced income taxes (Achy, 2010a). However, these measures[11] have failed to contain the social tensions arising from unemployment, low living standards and other political grievances (Achy, 2011).

Table 12 - Changes to Credit Ratings for Morocco and Tunisia, March 2011

Country	Standard & Poor's	Moody's	Fitch
Morocco	BBB- (stable)	Ba1 (stable)	BBB- (stable)
Tunisia	BBB (CW negative)	Baa3 (negative)	BBB (negative)

Source: Reuters (2011) 'FACTBOX-Credit ratings moves in Middle East', Mar 11, 2011 10:40am GMT.

2.5 Migration and the 'Brain Drain'

The consequences of the difficulties discussed above reinforce some of the causes of youth unemployment, creating a self-perpetuating cycle. Lack of opportunities at home causes many youth to focus their attentions abroad. In opinion surveys

Box 2: Maghreb-wide economic union as a path to higher growth and youth employment?

The development of a Maghreb-wide economic union allowing free flows of labour and capital across borders could promote job creation and employment growth in the region and increase Maghreb countries' international competitiveness and power. The wave of regional alliances that have taken place globally over the past two decades has proven this point and made it difficult for single countries to compete on the global market (Brunel, 2008: 17). However, to date, Maghreb countries have not fully capitalised on each other as markets and sources of supply, hence have not realised potential gains in economic growth and employment. Trade flows between the three countries have constituted no more than 2% of foreign trade – making intra-regional trade among Maghreb countries one of the lowest in the world (Aita, 2008: 129).

Regional cooperation could yield important benefits for the countries, giving them not only greater weight in commercial and political negotiations with international partners, but also higher growth. One study has estimated that full-fledged free trade among Maghreb countries could result in a gain in regional trade flows of over US$1 billion (Eizenstat and Hufbauer, 2008: xii-xiii). A free trade agreement between either the EU or the US, on the one hand, and the three Maghreb countries, on the other, would yield an additional US$4-5 billion, or 3-4.5% in GDP growth. If both the EU and the US were to establish Maghreb free trade areas, the positive GDP impact could reach 8% in Tunisia, 6% in Algeria and 4% in Morocco.

The global economic crisis has highlighted Maghreb countries' heavy dependence on the EU for trade. Hence it may provide an incentive for Maghreb countries to deepen their ties with each other (Paciello, 2010: 62).

[8] The EU accounts for 75% of Tunisia's exports, 73% of FDIs, 90% of migrant remittances and 83% of tourism revenues – the equivalent of two-thirds of Tunisia's GDP (Achy, 2010a: 11; 2010b). Morocco is similarly dependent on the EU for exports (60%), migrant remittances (90%) and tourism revenues (80%).
[9] Algeria is economically dependent on its hydrocarbon sector, which accounts for 48% of its GDP, 97% of exports and 75% of revenues – but only 1% of employment (Achy, 2010a: 2).
[10] In Morocco, 10% of jobs in the textile industry have been lost since the beginning of the crisis (European Commission, 2010a: 51). This adds to the job losses sustained following the expiry of the WTO's Multifibre Agreement in January 2005, which increased competition in that sector in Morocco and Tunisia (Dyer, 2005: 34). The textile and clothing industry employs 93% of women workers in Morocco (ILO and Arab Employment Forum, 2009).
[11] The latter two measures are of little use to youth working in the informal sector of the economy, where minimum wages are not often applied or incomes declared.

across Maghreb countries, young people express high levels of desire to emigrate (CERED, 2004; CENEAP, 2008; Fourati, 2008). Media and cultural representations of great wealth abroad, especially in Europe, fuel unrealistic expectations and feelings of exclusion among youth (Boudarbat and Ajbilou, 2007: 23). Many young people are so desperate to escape their poverty and joblessness that they risk their lives through illegal migration. Maghreb youth generally aim for countries within the European Union, which take in 85% of all migrants from Morocco and Tunisia and 95% from Algeria (EIB, 2005: 32). France and Spain are the main destinations for Algerians and Moroccans, France and Italy for Tunisians.

Evidence suggests that people with the highest skills emigrate, since educated individuals have the most 'saleable' profiles and can manage the migration process more easily (World Bank, 2008: 260). A 'brain drain' occurs when more than 10% of the most educated sections in a population emigrate (Richard, 2003). The emigration rate of Moroccans with tertiary education in 2000 was 17%, Tunisians 13% and Algerians 9% (Ratha et al, 2010). The exodus of highly-skilled professionals results not only in negative returns to education, since educational investments funded by the home country benefits the destination country, but also in a reduced stock of skilled labour available to businesses, affecting countries' abilities to attract foreign direct investment or foster high-knowledge industries (Mghari, 2004). Moreover, migration can create labour shortages in certain sectors of the economy. For example, physicians comprise a large percentage of Maghreb emigrants: 44% for Algeria, 33% for Morocco and 31% for Tunisia (Clemens and Petersson, 2006).[12]

But 'brain drain' may not be a major problem for the Maghreb region, given the decent jobs deficit. After all, if the domestic labour market is not able to productively employ its highly-skilled workers, who end up unemployed or doing low-skilled jobs instead, then 'brain waste' is created (Lowell and Findlay, 2001: 6). In such cases, emigration may serve a helpful purpose by reducing pressure on the labour market. Governments hence have an incentive to encourage, or at least overlook, external migration as a way of managing youth unemployment (Jelili, 2010: 15). Around 16% of the labour force in Morocco, 15% in Tunisia and 14% in Algeria emigrated in 2000 (Chaaban, 2009: 43).

Table 13 - Structure of Employment by Sector in the Maghreb, 2004

Isic Rev. 2	Algeria	Morocco	Tunisia
Agriculture, Hunting, Forestry and Fishing	21	45	16
Mining and Quarrying	2	0	1
Manufacturing	11	12	19
Electricity, Gas and Water Supply	1	0	Manuf
Construction	12	7	13
Wholesale and Retail Trade and Resturants and Hotels	17	17	11
Transport, Storage and Communications	6	4	6
Financing, Insurance, Real Estate and Business Services	2	1	13
Community, Social and Personal Services	29	13	19
Others	0	0	1
Total	100	100	100
Public Administration and Defense; Compulsary Social Security	14	n/d	n/d

Source: Blanc and Louis (2007:18)

Overseas migrants alleviate some of the pressures caused by widespread unemployment by sending money home to their families or investing in domestic industries. The remittances received from overseas migrants are large, constituting greater sums than foreign direct investment and international aid combined. They account for over 9% of GDP in Morocco, 5% in Tunisia and 4% in Algeria (Aita, 2008: 88, 117). Migrant transfers play a major role in reducing household poverty through supporting the consumption and health needs of migrants' families (ILO, 2010a: 81). Remittances are also used to fund productive investments, aiding skills development and job creation. Across the Maghreb, around 20% of migrant transfers have financed childrens' education, 10% business development and 7% agricultural equipment purchases (Cassarino, 2008). The recent economic crisis and rising unemployment in Europe have indirectly affected the levels of

[12] As Table 7 shows, only 7% of university students in Algeria and Tunisia, and 4% in Morocco, studied medicine in 2003.

migrant remittances, which in Morocco fell 15% during the first quarter of 2009 alone and may have pushed some households below the poverty line (Paciello, 2010; European Commission, 2010a: 51). However, this downturn may be a short-term issue, lasting only as long as the recession itself.

Recently Maghreb governments have begun to realise the developmental potential of their migrant populations beyond monetary remittances. With the opening of economies to market forces and international competition, the skills and knowledge that migrants possess, as well as the entrepreneurial experience and savings they have gained in the global marketplace, are vital resources that can be used to provide jobs and upgrade the skills of youth populations at home. 19% of migrants returning to Morocco and Tunisia in 2007 engaged or invested in a business (ILO, 2010a: 107-8).

However, governments and other stakeholders need to ensure that migrants do not lose their associations with their home country after they emigrate, since the likelihood of return, as well as the likelihood of sending money home, diminishes the longer a migrant remains in their destination country (ILO, 2010a: vii). Around 62% of migrants from Algeria, 53% from Tunisia and 39% from Morocco have stayed in their destination countries for longer than 20 years (Marchetta, 2009: 14). So, while there is scope for increasing migrants' role in addressing youth unemployment at home, governments need to become more proactive in managing the process. Studies have shown that emigrants who have had to finance their own migration expenses are less likely to wish to return home, while those who have received help from friends or family are more likely to invest in their country of origin (ILO, 2010a: 106; Marchetta, 2009: 33). Governments can use these lessons to play a more active role in the migration process as a means of facilitating returns.

Current EU policy on migration could help the Maghreb educated youth unemployment problem. In December 2005, the EU issued a 'Policy Plan on Legal Migration', confirming European countries' need for highly-skilled workers to fill labour shortages.[13] The plan was designed to increase the share of legal Maghreb immigrants abroad, while acting as a disincentive for illegal migration, and is supported by technical and financial assistance through the EU's AENEAS programme. Overseas employment schemes are a potentially high-growth area for tackling Maghreb youth unemployment and can generate long-term benefits, particularly if combined with knowledge exchange and circular migration policies.

Other forms of migration also affect youth employment outcomes (Aita, 2008: 81-99). Inward or transit migration can add pressure to labour markets, depending on immigrants' length of stay and intentions. The recent influx of refugees into Tunisia needs to be considered from this angle. Territorial migration – movement across a country, for example, from rural to urban areas – can affect the concentration of unemployed youth, adding to social tensions through, for example, urban crowding or unmet housing needs.

In summary, youth unemployment in the Maghreb is widespread and has a number of complex, interwoven causes. A rapidly growing youth population has posed a challenge to governments trying to provide them with education and jobs, particularly in the face of a shift to market-based economies, which happened to coincide with the emergence of the youth bulge. Neither the education systems nor employment environments in the region have fully adjusted to the needs of an internationally competitive economy, a situation that has to change quickly if Maghreb countries are to capitalise on the window of opportunity presented by their youth bulge. The global economic crisis has caused an increase in youth unemployment and poverty, which in turn has created political and social instability in the region – denting investor confidence and threatening job creation. However, external migration, a consequence of youth unemployment and until recently viewed as a 'brain drain' deterring private sector investment at home, is now regarded as a potential avenue for addressing the problem. Managed migration schemes alone will not generate the level of jobs needed to absorb the youth bulge. They are one of a number of active labour market programmes that governments can use to address youth unemployment.

[13] http://eur-lex.europa.eu/LexUriServ/site/en/com/2005/com2005_0669en01.pdf

3. Active Labour Market Programmes in the Maghreb Targeting Youth

Active labour market programmes (ALMPs) aim to correct labour market failures that result in high unemployment through tackling problems in the supply of labour (such as skills shortages) and stimulating aggregate demand. They are used widely around the world during economic crises and transition periods for addressing the consequences of labour market frictions, such as high unemployment and slow education-to-employment transitions (Heckman et al, 1999; Kuddo, 2009; Angel-Urdinola and Kuddo, 2010). In Maghreb countries, ALMPs are the principal tool for tackling unemployment. Government is the main provider, but non-governmental actors are increasingly involved in funding and implementing programmes. In some cases, key design flaws have meant that ALMPs have not been very effective, while in other cases lack of rigorous evaluations has meant that programme outcomes are difficult to assess.

3.1 Public Programmes

Table 14 shows the main government agencies and institutions involved in providing labour market services in the Maghreb. In Tunisia, the Ministry of Vocational Training and Employment oversees the labour market, while ANETI (National Agency for Employment and Independent Work) is responsible for employment intermediation. ANETI has 91 offices and 1,200 agents across the country. In Algeria, the Ministry of Labour, Employment and Social Security is responsible for labour market organisation and regulation, while ANEM (National Employment Agency) handles job placements. ANEM has 167 offices across the country and processes 10% of all employment applications (Aita, 2008: 62-66). In 1997, Algeria created an agency specifically to support young entrepreneurs: ANSEJ (National Agency in Support of Employment for Young People). Three other agencies are involved in managing active labour market programmes in Algeria: ANGEM (National Microcredit Agency), ADS (Agency for Social Development) and CNAC (National Unemployment Insurance Fund). In Morocco, the Ministry of Employment and Professional Development has principal responsibility for the labour market. ANAPEC (National Agency for the Promotion of Employment and Competencies) is responsible for employment intermediation and operates 24 branches across the country.

Youth-focused ALMPs fit into five categories. First, there are subsidised employment programmes that offer employers incentives in exchange for creating jobs. Employers are given subsidies that cover the salaries of qualified young workers, as well as other financial perks (such as exemption from social security tax), for a prescribed period. These benefits may be extended for a further period if the employer agrees to permanently employ the trainee. Examples include the CTA programme in Algeria, IDMAJ in Morocco and SIVP in Tunisia. Second, labour market (re)training and insertion programmes aim to correct skills mismatches by providing vocational conversion training to first-time jobseekers or to young people between jobs. CIDES in Tunisia, DAIP in Algeria and TAEHIL in Morocco fall into this category. Third, self-employment programmes provide young entrepreneurs with technical and financial assistance for creating micro-enterprises, and often involve non-governmental partners and sponsors. FONAPRAM in Tunisia and MOUKAWALATI in Morocco are two such programmes. Tunisia offers a comprehensive package of training, coaching and incubation support, with a dedicated funding source (Tunisian Bank for Solidarity). Fourth, governments can immediately reduce youth unemployment through public works – for example, direct job creation[14] or compensating young people for their involvement in socially

Table 14 - Active Labour Market Institutions in the Maghreb

Function	Algeria	Morocco	Tunisia
Organisation and regulation of labour market	Ministry of Labour, Employment and Social Security	Ministry of Employment and Professional Development	Ministry of Vocational Training and Employment
Labour market intermediation/placement	ANEM, CNAC, private agencies	ANAPEC, private agencies	ANETI
Labour market information	ANEM, National Office of Statistics, Labour Market Observatory	Ministry of Planning	ANETI, INTS, National Observatory for Employment and Qualifications
Management of active labour programmes	CNAC, ADS, ANSEJ, ANGEM	ANAPEC, national bodies	ANETI

Source: Aita (2008: 66)

[14] In February 2011, the temporary government in Tunisia announced an employment emergency plan that includes the creation of 20,000 new public sector posts.

Table 15 - Non-Publicly Provided ALMPs in the Maghreb - Key Features

Name of programme	Country/ countries	Intervention type	Targeting (if any)	Number of attendees	Implementer	Funders	Impact	External evaluation
INJAZ al-Arab	Tunisia/Morocco	Job training	Grade 7 to university level	varies	INJAZ	Private foundations, corporations, NGOs, private sector	Participants have 52% more knowledge than non-participants	Results stronger in some countries than others
Vocational Training Promotion	Algeria	Vocational training	People under 25 yrs age	60,000 over two years	GTZ	BMZ (German Federal Ministry for Econ Cooper & Devel)	Better qualified apprentices and teacher/trainers; interactions	Evaluations underway
ALEF	Morocco	Comprehensive	People under 25 yrs age	270,000 students in 07/08	AED+Ministry of Education	USAID	Quicker women's literacy, better performance, fewer dropouts	n/a
Workplace Success Training & Job Placement Program	Morocco	Comprehensive	People 20-30 years of age	222	Education for Employment Foundation	International Youth Foundation and EFE	86% of 182 graduates placed in jobs and internships	n/a
Sales Training Program	Morocco	Vocational and job training	People 20-30 years of age	180 in 2009	Education for Employment Foundation	MEPI and EFE	Launched in 2008 - 50 job commitments to date	n/a
INJAZ al-Maghrib	Morocco	Entrepreneurial & job training	Middle/high school students	4,300 in 2009/10	INJAZ al Arab+ Ministry of Education	Private sector	Corporate volunteers share their experience/skills in classroom	n/a
Preparing Youth for Jobs and Life	Morocco	Life skills training	People under 30 yrs age	n/a	Education and Employment Alliance	USAID and International Youth Foundation	Provide youth with market relevant skills and networks	n/a
E-Equality, ICT and Entrepreneurship Program	Morocco	Job/life skills & job training	Women under 25 yrs age	200,000	USAID, Cisco, UNIFEM, Moroccan Gov	USAID, Cisco, UNIFEM, Moroccan Gov	Half of graduates found jobs in ICT sector within 6 months	n/a
Support for Vocational Training Reform	Morocco	Vocational and job training	People 16-30 years of age	2,000	GTZ+Ministry of Employment+ professionals	BMZ, Germany	Some companies hiring grads gained competitive advantages	n/a
Emploi Habilite Program	Morocco	Vocational and life skills	People 15-25 years of age	1,400 in 2008/09	International Youth Foundation and EEA	USAID	300/766 grads placed in jobs; 500 youth places in interhships	Evaluations underway
Info Youth Centre IT Training	Tunisia	Job training	Youth	50,000 per year	UNESCO, Microsoft, Youth Observatory Tunis	UNESCO, Microsoft, Youth Observatory Tunis	Provide youth w/information technology skills for digital inclusion	n/a
INJAZ Tunisia	Tunisia	Entrepreneurial & job training	People 16-18 years of age	233	INJAZ al Arab+ Ministry of Education	USAID	Students improved understanding of business concepts by 30%	n/a
Graduate Entrepreneurship Training through IT	Tunisia	Entrepreneurial & job training	People 16-25 years of age	n/a	Industrial Promotion Agency (Tunisian NGO)	Hewlett Packard, UNIDO, Micro-Enterprise Acceleration Institute	Teach practical IT solutions for daily business challenges	n/a
Engaging Tunisian Youth to Achieve the MDGs	Tunisia	Job training	Youth	n/a	FAO, IOM, UNDP, UNIDO, ILO and Tun Govt	FAO, IOM, UNDP, UNIDO, ILO and Tun Govt	Support employment creation, with UNIDO providing tech support	launched 2009-11
Agricultural Training and Organisation	Morocco	Vocational training	Middle/high school students	3,170	Academy for Educational Development+MoA	USAID	100% graduate rate and high job placement (anecdotal evidence)	n/a
Entrepreneurship Training in Agriculture	Morocco	Vocational training	Youth	3,170	Academy for Educational Development+MoA	USAID	100% graduate rate and high job placement (anecdotal evidence)	n/a
Information and Communications Technology Program	Morocco	Teacher & curriculum training	Educ teachers/trainers /admin	750	Academy for Educational Development+MoA	USAID	ICT models developed for national use by Ministry of Education	n/a
Programme de developpement de l'esprit entrepreneurial	Morocco	Life skills & career guidance	Middle school students	10,061 (and 288 teachers)	Academy for Educational Development+MoA	USAID	Greater clarity of purpose, behaviour & school results for students	n/a
Dar Taliba de Qualite	Morocco	Life skills training	Secondary school dropouts	15,932	Academy for Educational Development+MoA	USAID	Reduction in number of school drop-outs among poor youth	n/a

Source: Angel-Urdinola et al (2010: 17) beneficial activities.[15] Fifth, labour market information and job placement services can help to match candidates with jobs.

All three countries have recently overhauled their active labour market programmes. In 2009, Tunisia reduced its 20 programmes to 6 generic ALMPs to improve their targeting and efficiency. In 2008, Algeria launched its new Plan of Action for the Promotion of Employment and Combating Unemployment. However, Tunisia and Morocco have gone further than Algeria in developing their ALMP offerings for youth. Both now actively promote overseas employment via legal migration agreements with host countries. Migration policy, including labour intermediation and facilitating returns, is a developing ALMP area. Tunisia has also begun to support people holding jobs through its National Centre for Continuous Training (CNFCPP), which assists companies in training staff for enhanced worker productivity and skills.

Maghreb investment in ALMPs has been high: Tunisia allocates 1.5% of its GDP in ALMPs, Morocco 0.7% and Algeria 0.6% (Dyer, 2005: 27). These contribution levels are in line with those of competitor countries and the OECD average, both around 0.6% of GDP (OECD, 2010b). Tunisia's levels are very high, above all OECD countries apart from Denmark, Sweden and The Netherlands. Tunisia's focus has been on self-employment (accounting for 42% of total spending) and wage subsidy programmes (37%) (MDGF, 2009: 15). Morocco has also concentrated on entrepreneurship and subsidised employment, while Algeria has invested mainly in public works programmes and wage subsidies (Achy, 2010a: 22).[16]

However, the programmes have benefitted only a small share of unemployed youth – mainly graduates and those in urban areas – hence the costs per beneficiary have been very high. Morocco ALMPs are principally aimed at vocational training and higher education graduates. In Algeria, all but one ALMP focuses on educated youth. In Tunisia, only four of six ALMPs target youth, and two are limited to university graduates. Even though unemployment rates are highest (and growing fastest) among the most educated, in absolute number terms the vast majority of unemployed youth in all three countries is not highly educated. In other words, the neediest groups do not benefit from ALMPs. In Tunisia, only 25% of the unemployed youth population is educated to tertiary level. Moreover, evidence suggests that ALMPs mainly benefit young people who have studied in prestigious and select universities (Martin, 2009: 34). Hence, there has been 'creaming', where the least needy obtain the greatest benefits (MDGF, 2009: 15). Additionally, because most employment programmes and services are located in urban areas, urban dwellers benefit more from ALMPs than youth in rural regions.

Moreover, the programmes have not proven very effective in reducing youth unemployment, given their design features. Wage subsidy programmes involve higher costs per participant than other ALMP interventions (such as retraining and self-employment); yet jobs created rarely last beyond the subsidy period (Puerto, 2007: 13-15). In Algeria, for example, only 12% of jobs created between 1998 and 2002 became permanent posts (Martin, 2009: 35). Wage subsidies can also result in substitution effects (where subsidised jobs replace non-subsidised jobs), deadweight losses (when programmes are used to finance jobs that would have been created anyway) and displacement effects (when subsidies promote job creation in one area at the expense of another). Hence they do not necessarily lead to a greater number of jobs (Calmfors, 1994).

Vocational training schemes are relatively low-cost, and well-designed programmes involving private sector firms can address skills match problems and lead to greater productivity and employability (Puerto, 2007: 20-25). However, they are costly and of limited use when employment opportunities for skilled workers are scarce – as in the Maghreb (Betcherman et al, 2004).

Self-employment programmes are also relatively low-cost and can create permanent, sustainable and high value-added jobs, so long as projects are carefully selected and supported, and entrepreneurs have ready access to credit and markets (Puerto, 2007: 16-20). In Algeria, 96% of all micro-credit loans have been rejected; hence self-employment schemes have had limited success (FSAP, 2004: 3). In Tunisia, only around

[15] In 2009, the Algerian government offered a monthly payment of 6000 dinars to unemployed youth who worked 3-5 hours per day on 'socially beneficial projects' (see http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2009/10/22/feature-01).
[16] Higher oil prices in the 2000s were a key factor enabling Algeria to implement reforms to lower unemployment.

50% of young entrepreneurs have repaid their loans, the main reason being lack of clients (MDGF, 2009: 17). In Morocco, low support for entrepreneurial initiatives has meant that, of 4,000 micro-enterprises funded, only a few hundred new jobs have been created (European Commission, 2010b: 25-31). Hence, government programmes to boost self-employment often mask, rather than tackle, youth unemployment.

Public works programmes are costly to run and almost by definition provide only temporary income support and employment. Moreover, they have a null to negative impact on employability and can create dependency, hindering beneficiaries' transition to unsubsidised employment (Puerto, 2007: 15-16).

Labour market intermediation services in the Maghreb have also had limited success. While ANETI in Tunisia has been able to place around one in four jobseekers who register for its services annually, ANEM in Algeria has been able to find jobs for only around 11% of its registrants and ANAPEC in Morocco only about 9% (Barbier, 2006; Achy, 2010a: 23; European Commission, 2010b: 25-31). Partly this is due to a lack of fit between candidates and available jobs. For example, in Tunisia, proportionally more university graduates register with ANETI than do other unemployed people (92% against 21%) (Graduate Tracer Survey 2007; LFS 2007). But since most employers seek unskilled workers, most of ANETI's clients are difficult to place.

The ALMPs commonly used by Maghreb governments are not best suited to the groups being targeted, limiting their effectiveness. Findings from the World Bank's Youth Employment Inventory show that, in non-developed countries, less-educated youth and other disadvantaged young people (including women) obtain the greatest gains from wage subsidies, public works, skills training, micro-finance programmes and job search assistance, as well as reform of employment protection legislation (Betcherman et al, 2007: 69). But to tackle more-educated youth unemployment, the best route is through providing counselling based on accurate labour market information and disseminating information about high-return training opportunities.[17] In other words, targeting ALMPs to highly-educated young people in non-developed countries is not expected to greatly reduce youth unemployment rates. What is needed instead is reform in the educational system, on the one hand, and a change in the types of jobs being generated, on the other. This requires a much more nuanced and comprehensive strategy.

3.2 Non-Public Programmes

Maghreb governments have only recently opened up their ALMP markets to outsiders, which is a welcome development, since non-public involvement increases the types of programmes, funding sources and number of beneficiaries beyond public sector capacities. Until 2009, ANAPEC was the monopoly provider of ALMPs in Morocco. However, Morocco's Labour Code has been amended to allow private labour intermediation providers and temporary employment agencies to enter the market. ANAPEC now works in partnership with private recruitment firms and training operators. Local and international NGO involvement in youth-focused ALMPs in Morocco has increased the opportunities available to disadvantaged youth and women in particular, especially in terms of micro-loans (Boudarbat and Ajbilou: 28). Tunisia's labour intermediation functions have also been privatised: some service companies, business outsourcing companies and temporary contract companies (for example, Manpower and Adecco) have now been given permission to operate in the country.

The World Bank has recently reviewed non-publicly provided ALMPs for youth employment in Arab-Mediterranean countries (AMCs) (Angel-Urdinola et al, 2010). Their survey includes 14 programmes in Morocco, 5 in Tunisia and 1 in Algeria. While Maghreb countries have fewer non-publicly provided ALMPs compared to other AMCs, they offer some of the largest programmes – four of the top five in terms of number of beneficiaries (Angel-Urdinola et al, 2010: 17). Table 15 shows the key features of the Maghreb ALMPs. The programmes are mainly funded by international donors: ten of the nineteen programmes are funded or part-financed by USAID, while other funders include United Nations-affiliated bodies, German government ministries and several large private foundations (Education for Employment Foundation and International Youth Foundation). One-quarter of the programmes are multi-stakeholder partnerships involving international organisations, government ministries, corporate sponsors and private foundations. Four ALMPs involve local NGOs, business associations or private

[17] Voluntary national service schemes are also a useful route.

sector firms. Some programmes are very large, extending to over 200,000 participants; some are small, reaching only around 200. Most involve job and skills training, but some comprehensive programmes also include job placements. Most ALMPs target youth generally by age or educational level, but three are aimed specifically at young women, secondary school dropouts or staff at educational establishments.

The World Bank paper points out the drawbacks of non-publicly provided ALMPs in AMCs. Their criticisms suggest some of the same problems already identified for publicly-provided ALMPs in the Maghreb. First, a lack of targeting results in mid- to high-income groups and male university graduates in urban areas benefiting more than other groups, particularly low-income groups and women in rural areas. Poorer youth are excluded from many programmes because of minimum skills requirements (education), location (most ALMPs are offered in urban areas) and lack of information about training opportunities, while women often cannot attend programmes that lack flexible schedules. Second, since most ALMPs provide vocational training, they do not benefit the groups to whom they would offer the highest gains – disadvantaged youth and women. Additionally, many of the programmes are not supply-driven: they need to involve more local firms, especially SMEs. Finally, many programmes provide technical skills training, without incorporating soft skills and practical experience, and most do not offer certification to help youth in signalling their skills to potential employers.

Looking more closely at the programmes listed in Table 15, it seems possible that some of the non-publicly funded ALMPs in the Maghreb have had more impact than those in AMCs as a whole – although none of the Maghreb programmes has been rigorously evaluated, using a control group to assess project outcomes, so this claim is difficult to substantiate. But the multiple bodies involved in the design and implementation of at least one-quarter of the non-public Maghreb ALMPs and the anecdotal impacts they claim to have had seems to suggest that these programmes may be having a substantive positive impact. For example, the second-largest Moroccan ALMP, funded by Cisco and aimed at young women, claims that half the programme graduates found jobs in the ICT sector within six months. Another Moroccan programme, part-run by GTZ and involving local chambers of trade and industry and business associations, contends that some companies that have recruited programme graduates have gained competitive advantages and are now doing business with large European clients as a result. These productivity gains are obviously in line with Maghreb-wide aims to foster an internationally-competitive knowledge economy.

However, unless there are major changes to the Maghreb business environment and the types of opportunities available locally, the huge investment in human capital development will not result in returns on education and training to the Maghreb region – either because of 'brain drain' or 'brain waste'. ALMPs may be successful in providing skills to the youth population, but they need to translate into permanent jobs, rather than a series of short-term occupations, if they are to have the desired effect on growth prospects and youth employment rates.

3.3 Critical Assessment of Public and Non-Public Programmes

To correct market failures, stimulate labour demand and overcome labour supply problems, Maghreb governments have invested heavily in ALMPs. However, the programmes have thus far had only a limited impact on youth unemployment rates because: they are not generating permanent jobs at a fast enough pace to absorb the large youth population entering the labour market each year; the programmes being used are not the optimal ones for the groups being targeted; and the level of support being given to programmes that could work has been insufficient. These problems could be a function of the capacity limits of public providers. Hence it is a welcome development that non-public provision of ALMPs has now been permitted, since the range and reach of ALMPs have been greatly enhanced.

Non-public ALMPs, like publicly-provided ones, have mainly benefited highly-educated youth. However, they may be having a more positive impact. The involvement of international organisations, multinational corporations, national governments and local firms in ALMP implementation may allow for the development of internationally-competitive skills thatcan translate into high-productivity gains and the basis of a knowledge economy.

One major gap in government provision through targeting, and in non-public provision through lack of targeting, has been the sidelining of uneducated or disadvantaged youth. While highly-educated youth unemployment may have grown at a faster pace than less-educated, the latter group is still larger in numerical terms and deserves some attention.

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4. Successful Labour Market Programmes Applied in Other Regions

The programmes selected here are intentionally varied as to programme type and target group. These initiatives might be usefully introduced in the Maghreb region, addressing some of the main shortcomings of current ALMPs – for example, through establishing links between education and employment, ensuring resources target disadvantaged youth and providing comprehensive support for entrepreneurial ventures. Recent programmes involving diaspora populations have been included because of their potential direct benefits in upgrading human capital and indirect benefits in improving sector productivity and decent job creation.

4.1 Generating Decent Jobs Through Community-Based Private-Public Partnerships: Artisans d'Angkor in Cambodia

Artisans d'Angkor (AA) is an arts/crafts production and retail enterprise in Siem Reap, Cambodia.[18] It was established in 1999 as an offshoot of Chantiers-Écoles de Formation Professionnelle (CEFP), a government-funded school providing disadvantaged rural youth with vocational training in traditional craft skills (stone carving, wood carving, lacquering, etc). AA provides CEFP students with a transition to sustainable, meaningful jobs, part of a two-pronged development strategy.

Case relevance: There are some similarities between late 1990s Cambodia and Maghreb countries, in particular Morocco, today. In 1997, 36% of the Cambodian population were classified as poor, with much higher poverty levels in rural areas (Hughes and Conway, 2003: 9). Most people who worked were employed informally, mainly in agriculture, Cambodia's largest economic sector. While Cambodia performed well on a number of macroeconomic indicators, its reliance on agriculture rendered its economy vulnerable to natural shocks. Its tourism industry was also susceptible to fluctuating demand. The need to provide decent jobs for rural communities, to diversify the economy and to provide products and services to attract tourism formed a triple impetus for the creation of AA.

Target group: AA and CEFP target disadvantaged youth aged 18-25 from Siem Reap villages. Beneficiaries are selected as apprentices based on their motivation and skills.

Programme design/implementation: Training at CEFP lasts 6 months and is provided free of charge. AA pays apprentices a living allowance during the training period to cover the cost of clothes and tools.

Costs and benefits: AA was established with funding from the European Union, the French Agency for Development and the Cambodian government, but became financially self-sustaining and autonomous within eight years and now participates in major projects to promote Cambodian handicrafts (Kenyon, 2009: 4). In 1999, AA had an annual turnover of US$89,000; in 2004, this increased to US$4.58 million (Chelladurai, et al, 2007: 8).

The two-pronged approach facilitates the school-to-work transition and has had a clear impact on youth employment, generating over 1000 jobs. The jobs are decent as well: the 700 artisans employed by AA earn a base salary of between US$60-US$80 per month – equivalent to what a Cambodian rural farmer would earn in a year (Kenyon, 2009: 27). Moreover, AA artisans can earn a commission based on how well their products sell, encouraging innovative designs and product enhancements (Bank of Ideas, 2009: 2). They are also stakeholders in the success of the enterprise: Artisanat Khmer (an artisan association) owns a 20% share in AA.[19] All artisans are given employment contracts and benefit from medical and social welfare. The jobs provided are sustainable and lead to a career path: many former employees have established their own private businesses after leaving AA.

Issues/limitations: AA has created decent jobs for young people in rural areas, as well as contributing to economic growth in Siem Reap. The main limitation of the programme may be AA's reliance on tourism, which is an unreliable and fluctuating source of income. Other criticisms could include that AA is dependent on CEFP to train artisans before they can be employed, which somewhat limits possibilities for future expansion; or that labour-intensive, low-tech production is not sufficient to initiate wider economic development. The AA model may be replicated in

[18] http://www.artisansdangkor.com/html/customer_service/faq.php
[19] The Cambodian government owns 40%, the Board of Directors 10% and private shareholders 30% (Bank of Ideas, 2009: 2).

other countries, particularly those with blossoming tourism industries, such as Morocco and Tunisia.

4.2 Supporting Youth Entrepreneurs Through Multi-stakeholder Partnerships: Bharatiya Yuva Shakti Trust in India

Bharatiya Yuva Shakti Trust (BYST) is an Indian NGO that was launched in 1992 by Prince Charles and is a founding member of his Youth Business International Network. BYST's main aim is to help young people aged 18-35 start their own businesses and create employment. Its key design feature is the high level of support that is offered to youth entrepreneurs, both in terms of access to funding and business networks, as well as the one-to-one mentoring that each beneficiary receives (Brewer, 2004: 85).

Case relevance: Although not as severely as Maghreb countries, India suffers from high youth unemployment, estimated at 11% in 2004. BYST was established to help India's unemployed and underemployed youth realise their entrepreneurial ambitions (Venkatesan and Naayaab, 2003: 11). The NGO provides young entrepreneurs with access to low-cost funding as well as dedicated training, monitoring and mentoring by a larger, successful organisation. It therefore represents a useful development model for Maghreb countries, where youth entrepreneurs face impediments to starting and expanding businesses, given the high costs of obtaining funding and the paucity of other forms of support.

Target group: Young people aged 18-35 years who have a sound business idea but lack the resources to launch their enterprise can apply to BYST for assistance. BYST targets in particular disadvantaged entrepreneurs who are considered too high risk to obtain financing, and supports ventures in the manufacturing and service sectors. Beneficiaries are selected on the merits of their proposals, which are initially screened by BYST and then subject to scrutiny by Entrepreneur Selection Panels that comprise both lenders and BYST staff. BYST has recently extended its support to India's 'missing middle' – that is, struggling businesses in the informal sector which fall between funding mechanisms that could help them expand and become sustainable ventures.

Programme design/implementation: BYST provides an integrated support package consisting of access to start-up funds without the need for guarantees or collateral; a volunteer mentor who provides personal development as well as business advice; and entrepreneur support services, from drafting a business plan, to training, to expanding a growing enterprise.[20] According to Brewer (2004: 85), BYST mentoring occurs 'on a one-to-one basis in the guru-shishya tradition, according to which the teacher not only teaches but also guides and helps develop the disciple'.

Costs and benefits: 80% of BYST's programme costs are funded by a wide range of corporate partners, international organisations and state governments. The other 20% comes from the interest earned from investment of BYST's core funds, as well as nominal service charges paid by successful BYST-supported enterprises, thereby contributing to programme growth and sustainability. BYST maintains strong links with a variety of Indian businesses, from large multinational corporations (such as Tata, Bajaj, Godrej and Diageo) to SMEs, so enjoys high levels of corporate donations. These links also provide young entrepreneurs with access to larger markets and supply chains, making it easier for them to establish themselves and produce higher-quality goods and services. BYST benefits from in-kind assistance which keeps its costs down; for example, the Confederation of Indian Industry provides BYST with free headquarters space and regional administrative support.

Since 2008, BYST has outsourced its loan financing operations through private-public partnership arrangements, reducing its operating costs, while retaining control over the entrepreneur selection process. Involving lenders in the selection of beneficiaries probably results in stricter standards in assessing new business viability. Hence, 95% of loans made to BYST programmes have been repaid, and 95% of the businesses started under BYST continue to operate after 3 years (Chambers and Lake, 2002:10). Of the businesses that have ceased to trade, 50% of their young owners were able to move to a career in conventional employment or further education (ibid). BYST measures success not only in the numbers of successful businesses it has supported, but also in the number of jobs its programmes have created. By September 2009, BYST had supported over 2,100 new ventures which generated over 17,700 jobs.[21]

Issues/limitations: The programme has clearly been successful and enabled the upscaling of skills as well as the emergence of decent, high-productivity jobs in the formal sector of the economy. The question arises as to how well the model can be applied in Maghreb countries. After all, BYST was part-founded by JRD Tata of the Tata Group and its current Executive Vice President is Lakshmi Venkatesan, daughter of former President of India H.E.R. Venkatesan. Hence, the levels of business contacts enjoyed by BYST's beneficiaries are difficult to replicate elsewhere. Nevertheless, with the privatisation of ALMP provision in the Maghreb and the entry of international organisations and multinational corporations into the field of employment generation, some useful adaptation along the lines of volunteer one-to-one mentoring must be possible.

4.3 Public-private Partnership for Employment: 'Chile Joven' Programme

'Chile Joven' is a youth-focused employment initiative promoted by the Chilean government. It is a market-driven programme that offers comprehensive training and in-firm subsidised employment to young people aged 16-29 years. The programme is regarded as a success and has been applied in several other Latin American countries.

Case relevance: There are marked similarities between Chile in the 1990s and Maghreb countries today. Chile Joven started in 1991, after structural reforms had taken place in Chile. The country performed well in a variety of macroeconomic indicators but did badly in terms of social targets, such as unemployment rates (Giordano et al, 2006: 2). In the 1990s, Chile was characterised by double-digit youth unemployment, which was 2.3 times higher than the overall unemployment rate in the country, and the probability of unemployment for young women was around 30% higher than for young men (Tokman, 2003: 7). Young people experienced difficulties in obtaining employment and earned between 50-70% less than adults, depending on their age. Youth who worked were generally employed in low-level jobs in the informal sector of the economy and did not benefit from social protection. School dropout rates were high, especially among poorer youth, as is the case in Morocco today. In an environment where educational coverage was increasing, young people who did not finish school were finding it especially difficult to secure decent work.

Target group: Chile Joven targeted economically disadvantaged youth who had left the education system early and were either unemployed or had left the labour market at time of enrolment (Giordano et al, 2006: 3). Other targeting criteria, such as employment status, gender and age, were also applied. To remove impediments to participation, training was provided free of charge and transportation costs were covered by scholarships. Women with children were given extra financial help. The beneficiary pool of 165,000 youth (surpassing the initial goal of 100,000) had the following characteristics: 60% came from low-income backgrounds, 50% were school dropouts, 57% were unemployed, over 40% were women and around 70% were aged 16-24 (World Bank, 2006: 117).

Programme design/implementation: One interesting feature of the programme is the balance between state involvement and private sector implementation (Giordano et al, 2006: 4; Tokman, 2003: 14). The Chilean government oversaw the design, financing, coordination, monitoring and evaluation of the programme, but did not become involved in its content and execution, which was contracted out to private providers through public bidding. Training providers were selected based on experience and the quality of their business proposals, and firms for internships were chosen by their experience, features and the fit of their activity with the training content (Puerto, 2007: 8). Participants gained not only technical training, but also basic life skills and other support to ensure social integration and job readiness (World Bank, 2006:117).

[20] http://www.youblisher.com/p/42201-YBI-Network-approach/

[21] http://www.youblisher.com/p/42201-YBI-Network-approach/

Costs and benefits: The costs of the programme were high, between US$730-US$930 per participant, and were met through a combination of domestic capital provided by the Chilean government and financial support from the Inter American Development Bank. The programme was cost-effective, however, with a positive internal rate of return above 4% (Puerto, 2007: 8). It should be borne in mind that the costs of the programme were part-met by government but the benefits were mainly private, accruing to participants. Chile Joven increased participants' probability of employment by around 21% and their earnings by about 26% (World Bank, 2006: 117). Results were strongly significant for participants at the lower end of the age range (16-21 years). Moreover, a significant number of beneficiaries returned to formal education after completing the Joven programme (Giordano et al, 2006: 3).

Issues/limitations: Like most subsidised programmes, Chile Joven provided a temporary fix, rather than securing participants' long-term employment prospects. However, given that the programme's focus was on unemployed, disengaged and disadvantaged youth, this limitation is not severe. While rural, less-educated youth also showed lower employability rates than did more-educated, older urban youth, this may reflect differences in the availability of jobs in rural versus urban areas (Fawcett, 2003: 22). The programme's success lies in its reintegrating beneficiaries into the job market and education.

4.4 Fostering 'Brain Gain' Through Circular Migration: MIDA Ghana Health Project

The Migration for Development in Africa (MIDA) Ghana Health Project was initiated in 2005 by the International Organisation for Migration (IOM) in cooperation with the Ghanaian Ministry of Health and the Dutch Embassy in Accra.[22] Its aim is to overcome 'brain drain' in Ghana's health sector through mobilising the resources of the African diaspora for 'brain gain' human resource capacity-building in the home country (Appiah, 2008: 3). The project has been successful and is currently in its third phase.

Case relevance: As in Maghreb countries, structural adjustment in the mid-1980s in Ghana resulted in economic decline, causing a growth in educated youth unemployment and emigration. Most of Ghana's migrants have come to the United Kingdom, where they are among the top ten diaspora groups (Anarfi and Kwankye, 2003: 8). Ghana's medical 'brain drain' has been more severe than that of the Maghreb countries: 56% of physicians born in Ghana had settled abroad in 2000, compared with 44% of those born in Algeria, 33% in Tunisia and 31% in Morocco (Clemens and Pettersson, 2006: 12). However, medical brain drain is still a problem in the Maghreb and has purportedly 'resulted in low expertise of medical professionals in Algeria'.[23] So it needs to be addressed.

Target group: Groups eligible to participate in the project include Ghanaians living and working in the EU with a background in health care or a related field and at least five year's relevant working experience; health workers from Ghana; hospitals in Ghana; and health institutions in the Netherlands.

Programme design/implementation: Circular migration under MIDA involves a two-way process: on the one hand, Ghanaian migrants[24] living and working in EU countries can come to Ghana on temporary assignments to transfer their knowledge, skills and experience; on the other hand, Ghanaians can undertake professional training internships in the Netherlands or United Kingdom. The project is demand-driven, based on the specific training needs of health training institutions and hospitals in Ghana, which are matched to available skills or suitable placements by the IOM. Members of the diaspora can make one-time or repeated trips to Ghana or can transfer knowledge and skills virtually. Medical assignments and internships last between two weeks and three months.

Costs and benefits: The costs of the programme to participating Ghanaian institutions are low, since the IOM pays the travel and living costs of participants, and host institutions need only pay for accommodation and internal transport (Appiah 2008: 5-7). The benefits have been widespread: in the first two phases of the project, over 35 Ghanaian health institutions and 8264 students and health workers benefited directly from capacity-building activities. But whereas 66 temporary returns to Ghana were made by diaspora populations, only five internships in Europe took place.

[22] http://www.iom-nederland.nl/dsresource?objectid=1414&type=org
[23] http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2010/11/09/feature-02
[24] The scheme is not restricted to Ghanaian nationals; other African migrants can participate as well.

Issues/limitations: The project has been successful in developing human capital, which may have an impact on health sector productivity in the short run and on economic growth in the long run. However, its effect on youth unemployment outcomes is indirect if not negligible, since the project does not create new jobs and its beneficiaries are already employed as health workers. The project can be applied in the Maghreb, although a partner (such as the IOM) would help to keep costs low and enable effective implementation of the programme.

4.5 Promoting Knowledge Exchange Through Diaspora Networks: Overseas Professionals, the People's Republic of China and the Philippines

Governments in the People's Republic of China (PRC) and in the Philippines have taken steps to harness the brainpower of their highly-educated diaspora. Knowledge exchanges involve a long-term, two-way relationship between migrants and their home country, and are useful in fostering high-tech, internationally-competitive industries and upgrading human capital. They can be useful in tackling youth unemployment in the Maghreb through addressing the skills gap and/or enabling the creation of decent, high-knowledge jobs for educated youth. The methods by which knowledge exchanges occur vary on a case-by-case basis, depending on the activity – for example, academic visits, industrial conferences or overseas citizenship schemes. However, ways of attracting diaspora are more generalisable and are covered briefly here.

Case relevance: Like Maghreb countries, both the PRC and the Philippines have large educated migrant populations. Overseas Chinese professionals (OCPs), defined as tertiary-educated ethnic Chinese migrants using their specialist knowledge abroad, numbered around 1.1 million in 2003 (Biao, 2005: 16). Applying a comparable definition to overseas Philippine professionals (OPPs), there were about 2.5 million in the same year (Wescott, 2006: 35). Maghreb countries' tertiary-educated migrants are closer in educational attainment to OPPs, 99% of whom have only Bachelor's degrees, than to OCPs, 78% of whom have PhDs (Wescott, 2006: 34). Some of the strategies employed for promoting knowledge exchange in the PRC can still be usefully adopted in the Maghreb.

Programme design/implementation: PRC tactics for attracting OCPs are largely state-led and include OCP-friendly government policies, fund-based programmes, activity-based programmes and official websites (Wescott, 2006). The PRC government has liberalised employment and residence regulations to create a more friendly living and working environment for OCPs, including offering free office space and subsidised housing. To encourage more frequent visits, a 'green card' scheme enables OCPs with foreign passports to enter and exit the PRC easily. Special funds have been set aside to support academic exchanges, collaborative trips, and short-term work and teach programmes. Governmental and semi-governmental agencies have organised and funded OCP delegations to the PRC, as well as information exchanges and large fairs bringing together OCPs and domestic actors. Official websites have been launched providing information of particular interest to OCPs.

While the Filipino government does not have a specific set of policies for attracting OCPs, from 1988 to 1994, it participated in the UNDP's Transfer of Knowledge through Expatriate Nationals (TOKTEN) programme to match OPP volunteers with projects in the Philippines and to bring TOKTEN consultants to the Philippines.

Governments in both the PRC and the Philippines have formed links with overseas professional associations and networks as a means of maintaining contact with their diaspora.

Costs and benefits: The costs of knowledge exchange programmes vary depending on the activity. Funding the costs of trips home for overseas professionals and their families can be expensive, whereas encouraging 'virtual visits' via web exchanges is relatively low-cost. Nevertheless, well-designed, well-planned and well-targeted programmes can yield significant, long-term and wide-ranging benefits to the home country in terms of economic growth, productivity gains and human capital development. To achieve optimal, cost-efficient results, governments and other actors need to coordinate their outreach efforts.

Issues/limitations: Knowledge exchange strategies used by either the PRC or the Philippines could be employed in Maghreb countries. The main consideration will be whether the internal infrastructure makes these schemes possible, as well as the cost of funding specific programmes.

4.6 Relevance and Lessons for the Maghreb

The best-practice examples highlight a few broad trends that link with the earlier findings regarding ALMPs. First, public-private and multi-stakeholder partnerships produce the best results, significantly better than those of governments acting alone. Maghreb countries are therefore encouraged to promote a greater role for private sector and international agents in the fight against youth unemployment. Second, labour market programmes should adopt a market-driven, comprehensive and integrated approach for highest positive impact, while taking care to ensure coordination between service providers. Third, relationships with diaspora populations should be nurtured, since these groups can serve a useful role in upgrading skills and developing human capital at home for the development of a knowledge economy leading to decent jobs.

5. Conclusions and Recommendations

5.1 Main Conclusions

Tackling youth unemployment is crucial for overcoming poverty, restoring political and social stability, and fuelling sustainable economic development in the Maghreb region. The issue has become so vital, not only to the Maghreb but also to other developing regions, that in 2008 it was added as a new Millennium Development Goal target.[25] The results presented here therefore have implications beyond the subject of this paper.

A number of factors have led to or exacerbated youth unemployment in the Maghreb. Although each country faces unique challenges, all three share key supply- and demand-side constraints.

- On the supply-side, although the coverage of education has improved, access to education is still uneven and the education system is not producing individuals with the skills and training required by the labour market. There is an undersupply of engineers, scientists and technicians to drive innovation and spur economic growth, and most young people lack work-ready 'soft skills', such as problem-solving and creative thinking. Moreover, students' basic skills are not yet of a high enough level to enable them to compete in an open, global market.

- On the demand side, too few 'decent' high value-added jobs are being generated to absorb the youth bulge. An unpredictable investment climate, the high costs of doing business, rigidity of labour market regulations and slow progress towards fully open economies have deterred private sector growth and investment and encourage informality. Unemployment has become a problem particularly among highly-educated youth, and the ones who can afford to wait before beginning work tend to queue for public sector jobs. For most other young people, the choice is often between working in the unregulated informal sector of the economy on low wages and under precarious conditions, or deciding that it is futile to find decent work and joining the ranks of the economically inactive and structurally unemployed. Poverty levels are thus high among the working and unemployed populations.

Lack of good job opportunities at home has encouraged an exodus of highly-skilled professionals, resulting in negative returns to educational investment and reducing the stock of skilled labour within Maghreb countries. This, in turn, has decreased foreign direct investment and hindered the development of high-knowledge industries – a self-perpetuating cycle.

Recent economic and political events have exacerbated youth unemployment and poverty in the region. Although the global economic crisis did not initially affect the Maghreb as badly as it did other regions, Maghreb economies are dependent on European markets for trade and capital inflows, as well as for tourism, so the recession has had delayed spill-over effects for the region. While it is too early to assess the effects of the recent political uprisings, it is worth noting that Tunisia's investment rating has been downgraded as a result, which may have a negative impact on FDI flows and private sector growth.

Maghreb countries have invested heavily in active labour market programmes to try to reduce levels of youth unemployment, but a combination of constraints to long-term job creation and weaknesses in the skills sets of the labour pool has meant that these programmes have thus far had limited success. The opening of labour market intermediation to private sector companies and international institutions has boosted the number of programmes available and beneficiaries able to be assisted into employment. While non-publicly provided ALMPs have not yet been rigorously tested and evaluated, initial signs suggest that they may be having a positive effect on both employment outcomes and productivity in the region.

Given a lack of progress on tackling youth unemployment in terms of what is currently being done in the region, I have introduced some examples of good practice from across the world. Adapted to and implemented in Maghreb countries, these programmes could potentially produce favourable outcomes. A number of key lessons emerge:

[25] Target 1B: Achieve full and productive employment and decent work for all, including women and young people

- *Importance of partnership.* Including a wide range of partners and stakeholders in ALMPs increases the levels of financial, technical and personal support available to beneficiaries and can ensure the success of programmes, so long as efforts are coordinated and integrated. To ensure ALMPs deliver the right skills, private sector firms should be involved in the design and implementation of vocational training programmes. Examples from Cambodia, India and Chile demonstrate how apprenticeships, one-to-one mentoring schemes, and work placements serve to enhance the impact and quality of ALMP interventions, leading to the creation of new enterprises as well as decent jobs within existing organisations. In respect of entrepreneurship schemes – which have often been unsuccessful in the Maghreb – good practice suggests that sources of finance need to be accompanied by dedicated support and access to markets, which can be provided by larger businesses.

- *Focus on disadvantaged groups.* Artisans d'Angkor and Chile Joven show the value of focussing efforts on disadvantaged and rural youth, who otherwise might be left behind as economies develop. In the Maghreb, too many ALMPs concentrate on unemployed urban, educated young males.

- *Value of overseas diaspora.* The Maghreb's highly-skilled diaspora population represents a valuable asset and should be included in efforts to upgrade the levels of skills and knowledge in the region, especially in key sectors such as science, engineering and medicine. Lessons from Ghana, the PRC and the Philippines provide examples of policies and programmes that governments can adopt to capitalise on the skills, knowledge and experience of its overseas professionals, with potential long-term benefits to the economy.

5.2 Implications and Recommendations

Algeria, Morocco and Tunisia each face distinct challenges and opportunities in addressing youth unemployment. As such, the recommendations proposed below apply to the region as a whole and need to be adapted to the unique circumstances of each country. Hence they are general policy options that can be used as a roadmap for tackling youth unemployment in the short- to medium-term.

The recommendations are set out according to the following themes: the education system, the transition from education to employment, ALMPs and the quantity and quality of jobs.

The education system

- School and university curricula need to be reformed to provide skills that are valued in the labour market. At primary and secondary school levels, students need to be taught high-level basic skills and soft skills. Soft skills require greater emphasis on problem solving and creative group work. Teacher exchanges and circular migration schemes may allow for reforms to be implemented in a relatively low-cost and effective manner. At university level, a greater emphasis needs to be placed on technical training and job relevant skills. One way this could be achieved is through involving private sector firms in curriculum design and class projects and activities. Funded scholarships and other programmes encouraging university students to pursue scientific and technical subjects could also prove useful, but need to be tied to reforms in the links between general education and subject specialisation. University twinning and other types of knowledge exchanges may allow for internationally-competitive standards to be promoted.

- Official guidelines and quality measures need to be put in place to ensure that programmes meet agreed basic standards and are uniformly applied. Rural-urban educational divisions need to be bridged. Governments also need to find ways of reducing primary and secondary school dropout rates. Conditional cash transfer schemes, which have been successfully applied in other developing countries, are one option (Fiszbein et al, 2009).

- Maghreb education systems need to become more aligned with international standards. To maximise opportunities for overseas employment, jobseekers need to be able to signal skills to potential employers abroad. Designing a competency-based National Qualification Framework (NQF) may help.

The transition from education to employment

- To address discrimination against hiring youth, more opportunities are needed for youth to gain practical work experience. This can be achieved through apprenticeship schemes, work shadowing, internships, capstone projects, volunteer placements, corporate presentations and projects undertaken in partnership with schools and further and higher education institutions. This can also enhance better understanding between firms and youth workers.

- To address skills mismatches and facilitate education to employment transitions, closer links between educational institutions and businesses need to be established. The Artisans d'Angkor example of specialised schools and universities linked to businesses may be a useful model in some cases, although by no means all. Formal business-university partnerships can be incentivised by government, for example, through offering tax breaks for jointly-funded research institutes. Private-public partnerships could also reduce the burden of educational provision on the state budget.

- Highly educated youth need to reorient their expectations away from public sector jobs. Graduates from the Maghreb continue to queue for public sector jobs, even though this is an increasingly unrealistic expectation. Social dialogue between government, business and young people can help to create a more diverse set of aspirations.

ALMPs

- ALMPs need to target a broader range of groups, including disadvantaged youth. Historically, Maghreb ALMPs have tended to benefit well-educated youth rather than the most needy and most populous groups, including those who are structurally unemployed. The good practice examples included in this paper provide some approaches for targeted programmes that could be successfully applied in Maghreb countries. However, ALMPs should be used sparingly, particularly where short-term job creation is involved.

- ALMPs need to be well-designed and should ideally involve multiple partners for greatest effectiveness and coverage. Including a wide range of partners and stakeholders in ALMPs increases the levels of financial, technical and personal support available to beneficiaries and can ensure the success of programmes, so long as efforts are coordinated and integrated. This is relevant in the Maghreb because of the historical mismatch between skills and jobs. Skills development programmes should be linked to genuine jobs and shortages in supply. Entrepreneurship schemes need to provide access to finance and markets, as well as dedicated training and support.

Quantity and quality of jobs

- The financial and administrative costs of doing business need to be reduced to attract private sector investment and FDI to the region. Regulatory reforms can produce significant outcomes in terms of generating jobs and employment. A significant benefit of a low-cost regime would be a transfer of firms from the informal to the formal sector: a recent paper on Mexico shows that the introduction of simplified business entry regulations led to a 5% increase in the number of registered businesses and a 2.2% increase in wage employment (Bruhn, 2011). Increasing the availability of low-collateral credit and lowering corporate tax rates would further boost private investment and entrepreneurship.

- Firms should provide on-the-job training, which could be encouraged through government subsidies or tax incentives. According to the World Bank Enterprise Survey 2007, only 17% of firms on Algeria and 25% in Morocco provide formal training to staff, which falls below MENA levels (27%), East Asian countries (47%), Eastern European firms (35%) and the global average (35%). This renders Maghreb businesses uncompetitive relative to other regions and results in low innovation and technological adaptation.

- Job creation can be boosted by encouraging and incentivising return migration, while high-knowledge sectors can be fostered through knowledge exchanges and circular migration. It is important to facilitate the return of highly skilled diaspora, especially in key sectors such as engineering, where the Maghreb has underperformed. The Overseas Chinese Professionals example suggests that incentives such as providing affordable housing, office space and tax breaks can be an effective way to attract skilled diaspora home, bringing long-term benefits to the country. The political reforms taking place in Tunisia in particular may provide a unique opportunity to achieve similar outcomes. Some sectors face acute shortages in trained personnel due to emigration, and circular migration schemes may help to shore up these sectors.

Recent events have raised both expectations and doubts about the future of the Maghreb region. The youth bulge still offers a major opportunity, but it must be capitalised on before it becomes a major issue in 2020. The recommendations contained in this paper are not easy or cheap, and will require significant external support and funding – another reason for involving multi-stakeholder partnerships. Each of the suggested reforms, implemented individually, will not make a difference in tackling youth unemployment. However, as part of a concerted and comprehensive strategy, they hold the potential for significant positive change that can produce substantial benefits for the region.

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