

PUBLIC EMPLOYMENT SERVICES IN THE MIDDLE EAST AND NORTH AFRICA

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This study provides an institutional assessment of Public Employment Services (PES) in a selected group of countries in the Middle East and North Africa (MENA) and compiles an inventory of the programs they provide. Data included in this study were collected through face-to-face interviews with officers from the national PES in Tunisia, Morocco, Egypt, Yemen, Lebanon, Syria, and Jordan between January 2010 and June 2011. Results indicate the PES in a typical MENA country faces a number of severe problems: it lacks proper funding, is understaffed, and is heavily constrained by a fragmented network of micro-credit and training institutions. Moreover, many PES in the region operate in a very difficult environment of demand-deficient labor markets, double-digit unemployment rates, and high rates of informal employment. According to the data collected, most PES in the region provide a variety of programs, such as training, entrepreneurship promotion, direct job creation (i.e. public works), and employment incentives (such as wage subsidies). Labor intermediation remains largely undeveloped while in-class vocational training continues to be the main type of program provided by PES in MENA (targeting mainly high-skilled unemployed youth). Nevertheless, in recent years, many PES in MENA have scaled-up entrepreneurship and employment incentive programs. Most PES in the region do not have access to labor market information systems, to results-based monitoring, and/or to scientific methods for program evaluation. As such, despite important investments and a variety of services provided, the impact of most employment programs provided by PES in MENA remains largely un-assessed.

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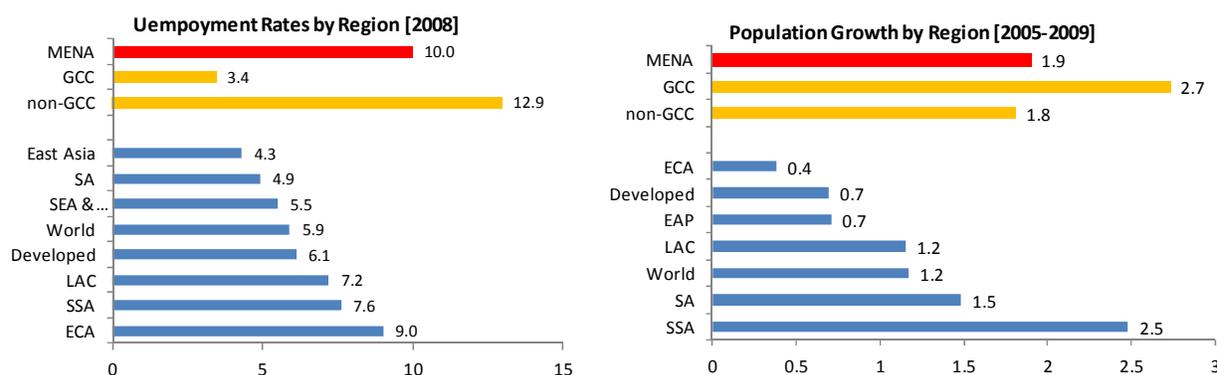
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INTRODUCTION

This chapter provides an institutional assessment of Public Employment Services (PES) in a selected group of countries in the Middle East and North Africa (MENA). Given the challenges in the labor market currently faced by countries in the region (high unemployment/informality rates and limited creation of quality jobs) (Gatti and others, 2011), employment services could constitute a relevant policy instrument to address labor market frictions, to facilitate individuals in finding available jobs, and to enhance the match (e.g. skills building) between supply and demand of labor (Angel-Urdinola and Kuddo, 2010). Indeed, one of the main challenges in the post *Arab Spring* MENA countries will be addressing the large and increasing stock of unemployed individuals. Based on the latest available data, unemployment in MENA (especially in non-GCC countries) is larger than in other regions of the world (Figure 1). At the same time, population growth in the region is also amongst the highest in the world, especially due to a demographic transition whereby the youth bulge in the region (15-24) accounts for about 30% of the overall population (compared to 18% worldwide).² While employment services are widely available in the MENA region, there are notable differences in their provision and implementation: employment services are mostly provided by the public sector in Tunisia, Morocco and Algeria; while in countries like Egypt, Jordan, and Syria programs are often provided by civil society, international organizations, and line ministries (Martín, 2010 and Angel-Urdinola, Semlali, and Brodmann, 2010). Public Employment Offices are national public or governmental bodies responsible for activities related to the implementation of employment services. PES generally deliver services free of charge to jobseekers (both unemployed and job-changers) as well as to employers. While most MENA countries have PES in some form, to date, there has not been a comprehensive evaluation of PES in the MENA region assessing their institutional set-up as well as their budget/capacity constraints, programs, and monitoring practices. The purpose of this note is to look at the provision of public employment services – mainly those provided by the National Public Employment Office – in a selected group of countries in the region: namely, Tunisia, Morocco, Egypt, Yemen, Lebanon, Syria, and Jordan.

Figure 1 Unemployment Rates and Population Growth by Region [Latest available data]



Source: ILO KILMNET dataset.

² UN Population Statistics (<http://esa.un.org/unpp/index.html>)

The basic mandate of the PES is to facilitate the adjustment of firms and workers to changing labor market conditions. Public Employment Services potentially play a vital role in anticipating skill needs and/or deploying knowledge on future skill needs in their services to jobseekers and employers. The PES is usually the primary government institution responsible for implementing a variety of active labor market programs (ALMPs). PES are responsible for delivering employment services to jobseekers and employers. The national PES may also be tasked with delivering special programs to assist displaced or retrenched workers, to support public works programs, or to work with enterprises to access training services or adopt public support for work sharing and other means of averting mass layoffs. PES usually deliver three main services: (i) job search assistance, career guidance and labor intermediation (such as referrals of jobseekers to vacancies); (ii) management of unemployment benefit; and (iii) provision of ALMPs and/or referral of job seekers to ALMPs.

Data included in this study were collected through face-to-face interviews with officers from the national PES. Results presented in this study are based mainly on data collected through a Public Employment Services survey implemented in Tunisia, Morocco, Egypt, Yemen, Lebanon, Syria, and Jordan between January 2010 and June 2011³. Data was collected through face-to-face interviews with several staff from each country's PES, such as financial officers, program managers, and staff in charge of monitoring and information systems. The survey asked for information about the institutional set-up of the PES (number of staff, number of offices, and type of services provided), budget, characteristics of the registered unemployed, and ALMPs provided (beneficiaries, targeting, and expenditures) for years 2008, 2009, and 2010. The questionnaire was based on instruments already developed to assess PES in OECD countries and in Europe and Central Asia (see Lippoldt and Brodsky, 2004 and Kuddo, 2009). Conducting the survey was not an easy task and several problems were encountered during its implementation. First, participant PES were reluctant to disclose financial data. As such, data on financing (overall PES budget as well as program budget) were only collected in Lebanon, Morocco, Tunisia, and Yemen. Second, availability and procedures to collect and update data on registered unemployment differs from country to country, making it challenging to produce international/regional comparisons. For instance, in Lebanon, data on registered unemployed was only available for the capital, Beirut. In Syria, there is not a clear procedure to update the existing dataset on registered unemployment and/or established procedures to exit the dataset. As a result, the available Syrian dataset – which includes almost 2 million registered unemployed – includes individuals that may have found a job already, become inactive, and/or have been queuing for public sector employment for more than 5 years. Finally, data for 2010 (programs and beneficiaries) was only available in Tunisia. Other countries provided information for years 2008 and 2009. Data collected during the face-to-face interviews were inserted into a database, which constitutes the main source of data for this note. Moreover, detailed country studies were produced using these data and complemented using available studies and institutional assessments conducted by various other institutions.

One of the challenges to PES in the region is that employment services operate in an environment of extremely high informal employment. A typical MENA country produces one-third of its GDP and employs 67% of its labor force informally (Gatti and others, 2011). For example, in the reviewed countries, the share of the labor force not contributing to the Social

³ The questionnaire is available upon request.

Security system is between 45% in Egypt to 90% in Yemen. Many of the registered unemployed are actually working informally. Most of the job vacancies and placements occur also in the informal sector but the PES' ability to reach that sector is very limited.

Generally, the PES in a typical MENA country faces a number of severe problems: it is usually understaffed and is heavily constrained by a fragmented network of employment services. An important factor contributing to the success of active labor market programs is the institutional capacity of national employment services, including the network of offices, legal framework within which they operate, and especially the professional level of the staff at the local employment offices. In particular, the staff caseload – the ratio of clients to employment counseling staff – is a critical constraint to PES performance in many countries. In 2009, in the reviewed countries the highest staff caseload was reported in Syria exceeding 14,000 registered job seekers per one PES staff, followed by Morocco, at over 1,500 job seekers, and Lebanon at over 1,200 registered job seekers per one staff. High staff caseload does not allow the PES to deliver personalized job intermediation services. Within the European Union, the average staff caseload is around 1:150, while the figure recommended by the ILO is even lower - 1:100.

Nevertheless, some MENA countries spend significant resources on PES. Data on public expenditures of PES activities are scarce in MENA. However, based on available data, in 2011 Tunisia spent 0.80% of GDP, Morocco 1.10% of GDP, and Lebanon 0.04% of GDP on labor market programs. Depending on unemployment rates or the generosity of the programs, MENA countries unequally finance labor market policies. In Tunisia, financing for the National Agency of Employment and Independent Work's (ANETI) active labor market programs (ALMPs) comes mainly through the National Employment Fund which is financed through a special account of the Treasury. Its budget consists of donations, resources from its interventions, and portion of privatization proceeds. The Fund is responsible for i) providing resources for ANETI's ALMPs, ii) funding micro-credits through the Banque Tunisienne de Solidarité (BTS) and iii) providing financial support to governorates to implement regional programs. The Fund provides funding for all ALMPs ANETI is offering, thereby putting ANETI in the position of being basically financially independent from the Ministry of Vocational Training and Employment. In Morocco, employment services and ALMPs are financed by the Ministry of Economy and Finances through special Treasury accounts. The National Agency for the Promotion of Employment and Competence (ANAPEC) in 2009 had a budget of 808 million Dirhams (USD 10 Million).

PES in MENA need to enhance their role in labor market intermediation much more. In Egypt and Lebanon (Beirut only), PES are quite active in registering job vacancies, and the ratio of registered job seekers per one vacancy is quite modest by international standards (more details in section 2). In Jordan and Morocco, the registered jobseekers-to-vacancy ratio, in turn, is relatively high. Nevertheless, job placement rates are not high enough to absorb the growing number of unemployed individuals. In Egypt, less than 5% of registered jobseekers are employed every month, in Jordan less than 3%, and in Morocco, about 1%. Among the reviewed countries, in Egypt, employers are required by law to send detailed statements to the Ministry of Manpower and Migration (MoMM) (the National PES) with information on the employees they hire within thirty days of hiring (qualifications, age, nationalities, gender and salaries). The companies have to meet certain criteria regarding work sites, salaries, and type of work in order to receive a

license. Currently the passive approach by many PES of waiting for the employers to post vacancies still predominates, with little effort put into marketing the service. Along with PES, employers use a variety of other recruitment channels such as advertising, applicant initiative, and references from existing employees, schools, and consultants. Moreover, the number of job seekers looking for a job through PES is especially low in many MENA countries. In Lebanon (0.3% of the workers) and Yemen (2.8% of the workers), only a fraction of all workers find a job through labor offices (public or private). In other countries, like Egypt and Iraq, between 30 to 50% of all workers find a job through intermediation services, highlighting the potential of labor intermediation to reduce frictional unemployment even in environments of general job scarcity.

Training remains the most popular employment program in MENA. This study collected a total of 33 employment interventions implemented by the National Public Employment Office in 2010 in the seven countries included in the review; namely Tunisia, Morocco, Jordan, Lebanon, Syria, Egypt, and Yemen. Out of this total, 30% were training programs. Contrary to international best-practices, MENA countries are moving away from less costly employment services and into more expensive training and employment incentives. In 2008, employment services constituted 35% of all interventions registered in the inventory. To a lower extent, programs provided by the National PES included direct job creation (i.e. public works) (15% of all programs in the inventory), start-up incentives (9% of all programs), and programs targeting persons with disabilities (3% of all programs). Also, most programs delivered by PES in MENA (training and non-training) target highly skilled unemployed individuals, mainly youth. Nevertheless, some programs target low-skilled individuals, rural areas, and minority groups who are likely to belong to more vulnerable segments of the population. The choice of targeting high-skilled youth is a response to the fact that in some countries, especially in North Africa, high-skilled youth display higher than average and increasing unemployment rates (see Chapter II and World Bank and INS, forthcoming for detailed discussions on Egypt and Tunisia).

Governance and design of training programs delivered by PES in MENA could be further improved. Only very few training programs delivered by the PES in MENA focus on the provision of soft-skills. At the same time, employers in the MENA region often express their dissatisfaction concerning deficiencies in technical/occupation specific skills amongst job-seekers but are also concerned about more generic/soft skills sets. This lack of appropriate skills is a hurdle when considering hiring especially young workers. Accreditation practices vary from country to country. Countries like Yemen and Syria largely lack standard accreditations systems and national qualifications networks while countries like Lebanon and Jordan have more developed accreditation systems (Chapter IV and Chapter III). Finally, it is worth mentioning that – despite being very popular and widely used – the impact of training programs in MENA on labor market outcomes (of individuals and firms) remains largely unknown. While most PES in MENA have some form of a monitoring system in place, they are not results-based and only provide data on the number of beneficiaries of different programs (i.e. outputs). Indeed, data collection on program outcomes, such as wages after program completion and or insertion rates, was not available for most programs included in the inventory. The majority of all programs included in the inventory did not have any type of method/procedure to assess program cost-effectiveness and only a handful (15%) have conducted an impact evaluation.

This study proposes a simple policy framework to address the main challenges encountered in most countries in the region to improve the effectiveness of delivery and provision of employment services:

- **Develop Public Private Partnerships** to improve service delivery and better coordinate with the private sector to develop demand driven programs;
- **Focus on Employment Services:** Service provision in the region should move towards cost-efficient interventions such as labor intermediation, coaching and counseling and soft skills training;
- **Improve governance and accountability** through clear M&E frameworks, results-based Labor Market Information systems and developing a culture of evaluation;
- **Strengthen institutional and regulatory frameworks** by reducing system fragmentation, promoting institutional coordination and developing better systems for training program certification/accreditation.

PUBLIC EMPLOYMENT SERVICES: AN OVERVIEW

Employment services fulfill brokerage functions, matching available jobs with job seekers. Since the beginning of the twentieth century, developed countries (mainly OECD) created public bodies – commonly known as public employment offices – to combat unemployment and help people find work. The first PES was established in London (United Kingdom) through the Labor Bureau and subsequently offices were opened nationwide through the Labor Exchanges Act 1909. Today, all OECD countries (as well as many middle income countries and some low income countries in ECA region) have a national PES. The aim of the PES is to provide a broadly-based all-round job assistance and counseling service to people registered at the employment office, with the aim of increasing their chances of finding jobs in the labor market. This assistance comprises many different types of activities: for example, initial interviews at employment offices, in-depth counseling during an unemployment spell, job clubs, among others. Traditionally, employment services were provided exclusively by public agencies but now, in many countries, public and private services coexist, usually serving different clientele. Often, for example, public employment services target the disadvantaged and the long-term unemployed while private agencies focus more on the job-changers, skilled, and white-collar workers (Box 1). The PES typically serves the unemployed through the management of unemployment benefits; providing job search assistance and counseling, and referring the jobseekers to ALMPs. Nevertheless, there are many other labor market policy interventions ranging from labor market intermediation services to training, start-up incentives, and direct job creation programs, among others (Box 1). While most of the literature on PES has been developed for OECD countries, assessment of PES in developing countries and in the emerging market economies has become a topic of interest in recent years (Kuddo, 2009).

Employment services offer a spectrum of labor market interventions used to activate and support the unemployed and other disadvantaged groups in the labor market. The aim is to enhance job matching and reduce the waiting times for job-seekers to find work and for employers to fill vacancies. Labor market interventions can be described as public interventions in the labor market aimed at achieving efficient functioning and correcting disequilibria, and which can be

distinguished from other general employment policy interventions in that they act selectively to favor particular groups in the labor market (EC 2006). Labor market services' (client services') component of ALMPs provided by the PES encompasses the following groups of activities: (i) information services for jobseekers providing ad hoc information and referral to opportunities for work, training and other forms of assistance, together with job brokerage services for employers; and (ii) individual case-management services of individualized assistance (e.g. intensive counseling and guidance, job-search assistance, personalized action plans) and follow-up for unemployed persons provided as part of a planned path towards durable (re-) employment. A menu of employment services that can be provided by the staff of PES is summarized in Figure 2

Box 1 Types of Labor Market Interventions

Labor Market Policy services — category 1:

1 – *Labor market services*: all services and activities undertaken by the PES (Public Employment Services) together with services provided by other public agencies or any other bodies contracted under public finance, which help to integrate the unemployed and other jobseekers into the labor market or which assist employers in recruiting and selecting staff.

Labor Market Policy measures — categories 2-7:

2 – *Training*: measures that aim to improve the employability of LMP target groups through training, and which are financed by public bodies. All training measures should include some evidence of classroom teaching or, if in the workplace, supervision specifically for the purpose of instruction.

3 – *Job rotation and job sharing*: measures that facilitate the insertion of an unemployed by an existing employee.

4 – *Employment incentives*: measures that facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss. Employment incentives refer to subsidies for open market jobs where the public money represents a contribution to the labor costs of the person employed and, typically, the majority of the labor costs are still covered by the employer.

5 – *Supported employment and rehabilitation*: measures that aim to promote the labor market integration of persons with reduced working capacity through supported employment and rehabilitation.

6 – *Direct job creation*: measures that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place. Direct job creation refers to subsidies for temporary, non-market jobs which would not exist or be created without public intervention and where the majority of the labor cost is normally covered by the public finance.

7 – *Start-up incentives*: programs that promote entrepreneurship by encouraging the unemployed and target groups to start their own business or to become self-employed.

LMP supports — categories 8-9:

8 – *Out-of-work income maintenance*: programs which aim to compensate individuals for loss of wage or salary through the provision of cash benefits when: (i) a person is capable of working and available for work but is unable to find suitable employment, (ii) a person is on lay-off or enforced short-time work or is otherwise temporarily idle for economic or other reasons (including seasonal effects), (iii) a person has lost his/her job due to restructuring or similar (redundancy compensation).

9 – *Early retirement*: programs which facilitate the full or partial early retirement of older workers who are assumed to have little chance of finding a job or whose retirement facilitates the placement of an unemployed person or a person from another target group.

Source: EC/Eurostat 2006.

Core employment services – job search assistance and counseling - have been found to be the most cost-effective labor market measures for the general population of the unemployed.⁴ Workers often lack information and confidence about how to look for a job. Experience from industrial countries shows that counseling can be crucial in helping individual workers obtain information about education, training, and alternative job opportunities, in making other employment services more demand-oriented, and in better targeting expenditures for other employment programs. The provision of job search assistance or placement services -- which provide information on labor markets and job openings, registration of job seekers, selection and referral of job applicants, and follow-up with employers after referral -- helps enhance labor mobility.

Figure 2 Menu of Services Provided by the PES



Source: Processed from Kuddo (2012)

The diversity of needs of unemployed job seekers and employers require service models that are tailored to their needs. The most successful PES provide activities to several target groups (see EC 2009 for the details), including: (i) services to employed persons: support occupational and

⁴ Cost effectiveness means that they achieve similar results as other interventions, however at a significantly lower cost.

job-to-job mobility; (ii) services to the unemployed (early identification and intervention, support employability and lifelong learning, balance extensive support/self-help strategy, career planning/advice/guidance, work trials, and support entry for long-term unemployed); (iii) services to inactive persons, such as support employability and lifelong learning; and (iv) services to employers, such as anticipation of skills needs, job-to-job transitions, promotion of internal flexicurity, employment transitions following company restructuring, and promotion of entry points for long-term unemployed and inactive persons.

In order to be effective, employment services and ALMPs require a reasonably buoyant supply of job vacancies. Even in most OECD countries only between 10 and 50% of all new hires in the economy are preceded by the registration of a vacancy with PES (OECD 2000). Especially in developing countries with a large informal sector, a relatively small portion of vacancies are registered at the PES. A primary reason for the low registration of vacancies is that most employers do not need to advertise. They have enough applicants without it. Another reason is that employers prefer to hire on a referral from someone they trust. This is especially true for SMEs and informal sector. Vacancies registered at PES tend to be largely for unskilled or semiskilled workers, with low wages; in public sector jobs; or jobs with harmful working conditions. In many countries, employers have to notify to the PES all of their vacancies. By the World Association of Public Employment Services (WAPES)' survey among 70 public employment services worldwide, only one third have legislation stipulating that employers must register any vacancy arising within their establishment to the PES.⁵

One of the new challenges in provision of labor market policies has been the development and expansion of employment services and active labor market policies based on activation principles. The role of public employment services in the world has been changing over the recent years. In part this is related to the gradual disappearance of life-long jobs and an increasing need for job mobility. Workers are better protected by a support system in case of unemployment than by strict employment protection legislation. Increasingly, the PES is having a coordinating and facilitating role in the labor market. Today they are the main institutions responsible for carrying out labor market policy programs, including the management of unemployment insurance and the provision of specific individual programs. In the past their role was confined merely to job intermediation. Outsourcing of services to competent providers has also become a growing trend in many countries, especially in high income OECD countries. Also, many PES are moving towards helping individuals take ownership of their own job search and human capital development (the so called activation agenda). 'Activation Policies' encourage jobseekers and other vulnerable groups to become more active in finding work and/or improving their employability, including investing in their own skills. (See, for example, OECD 2007).⁶ The essence of activation is in many countries increasingly based on the principle of "mutual obligations". The principle states that in return for receiving income support (unemployment benefits and other related entitlements, or social safety nets) and being offered a range of (re-)employment services, individuals must commit and comply with a set of eligibility requirements, for instance, active job search behavior, and participation in training or other

⁵ WAPES express survey, May 2007 (see www.wapes.org). This is worldwide survey on the activities and programs performed by PES around the world.

⁶ Employability is a concept referring to terms used to assess the ability of a person to access a job. This concept is one element in the European Employment Strategy first adopted by the EU Member States in 1997.

(re)employment programs. Good activation policies involve: (i) improving personal, social, and vocational skills and competencies, and facilitating social integration; (ii) individually tailored ways to participate in ALMPs, taking into account such factors as the person’s age, experience, needs and priorities; (iii) taking advantage of the resources and strengths of the beneficiary; (iv) networking with labor market services, social services, health services, housing sector, and communities; and (v) cooperation and interaction between the beneficiary and the agency in the planning, design, and implementation of individual action plans.

The main target groups for activation programs are recipients (or claimants) of income-replacement benefits which are conditional on availability for work. This includes most recipients of unemployment benefits. Unfortunately only a few countries in MENA region have unemployment insurance (UI) systems, namely, Algeria, Bahrain, Egypt, Iran, and Kuwait (Table 1). Even in countries with UI systems in place – like Egypt – the system hardly exists. The factors contributing to the low utilization are lack of public awareness about UI benefits among plan members, restrictive eligibility conditions, the difficulty of (and the stigma attached to) documenting a “just-cause” firing decision, and low overall lay-off risk among covered open-ended contract employees.

Table 1 Does your country have an unemployment protection scheme?

	Number of countries	Yes	Including in countries/economies:
East Asia & Pacific	24	9	China, Hong Kong, Lao, Mongolia, Papua New Guinea, Solomon Islands, Taiwan, Thailand, Vietnam
Europe & Central Asia	25	23	All countries except Georgia and Kosovo
Latin America & Caribbean	32	8	Argentina, Brazil, Chile, Ecuador, Puerto Rico, St. Kitts and Nevis, Uruguay, Venezuela
Middle East & North Africa	18	5	Algeria, Bahrain, Egypt, Iran, Kuwait
High income: OECD	30	30	All countries
South Asia	8	1	India
Sub-Saharan Africa	46	4	Mauritius, Seychelles, South Africa, Tanzania
Total	183	80	

Source: Doing Business 2011 database

In developed countries, PES has been a successful mechanism to help the unemployed workers find better-paid jobs. This is true for most experimental studies in Canada, Sweden, the United Kingdom, and the United States. A study in Denmark found that workers receiving intensified job search assistance, career counseling, and regular check-up meetings at the local public employment service center had a 30% higher employment rate than the control group that did not receive these services (Graverson and Van Ours 2007). An evaluation of a similar package of services in four Swedish regions also found that participants had a 30% higher employment rate than the control group and, moreover, that the effects were more positive for jobseekers aged 45 years or over than for others (Hägglund 2009). Employment services have shown to be more beneficial for less educated males (in Australia), low skill and less educated workers (France), women (in Hungary and Poland), younger workers (in Romania), higher educated youth (in Uruguay), workers with histories of short-term unemployment (in Austria and Romania), and those living in rural areas (in Romania). When targeted to specific groups, employment services

seem to work best for women on welfare (in the United States) and the long-term unemployed (in New Zealand, the Netherlands, and the United Kingdom). In contrast, they do not seem to work well for young workers (in Canada, and the Netherlands), or mass layoffs (in Canada) (See Rodriguez-Planas 2007 for an overview).

Evaluations from developed countries indicate also that programs have different effects depending on the population they target. Based on a sample of evaluation studies of ALMPs implemented in Europe and the U.S., Kluve and Schmidt (2002) found mixed program effects across different types of interventions and target populations: while training and job search assistance were effective in improving participants' labor market prospects, direct job creation programs in the public sector led to negative outcomes. By Quintini and Martin (2006), job-search assistance programs are found to be the most cost-effective for youth, with wage and employment subsidy programs having a positive short-term impact but a less positive net impact on the longer-term employment prospects of participants. In Romania it was found that employment services and small-business assistance programs are useful active labor market programs to help get the unemployed back to work but employment services were more successful than small-business assistance in achieving this (Rodriguez-Planas 2007). Card and others (2009) indicate that job search assistance programs have relatively favorable short-run impacts, whereas classroom and on-the-job training programs tend to show better outcomes in the medium-run than the short-run. Training and education programs in turn are key measures to improve the employability of workers whether employed or unemployed (Box 2).

Box 2 Best practices in provision on employment services in Europe

In 2008 the European Commission launched a study on the role of the Public Employment Services in 27 Member States. The following case studies were selected as best practices:

1. Germany: Systematic profiling of PES clients
2. Germany: Funding of further education for low-skilled and senior employees in small and medium sized enterprises (SME)
3. Germany: Cooperation Agreement between German Federal Office of the Public Employment Service and important labor market actors
4. Germany: Early (earliest possible) job placement intervention
5. Germany: Employment-oriented case management (in close cooperation with municipalities)
6. Italy: Supporting job-to-job transitions
7. Italy: Employment services provided by private employment agencies and universities
8. Poland: Internship and vocational preparation in the workplace
9. The Netherlands: Early intervention/early identification/individual action plan
10. The Netherlands: Working with competences, Competences Test Centre (CTC).
11. Slovenia: Cooperation of the Employment Service of Slovenia with Social Welfare Centers
12. Slovenia: Job fairs as local and regional partnership for direct promotion of employment and career opportunities
13. Estonia: INNOACT – Labor market activation through innovation
14. Estonia: Enabling rapid reemployment of people who are made redundant
15. United Kingdom: Administration of payments to contractors to ensure that jobs are sustainable and to incentivize „in-work“ support
16. United Kingdom: Change in benefit administration to activate inactive claimants
17. Denmark: Jobnet – Internet-based job-database for all employers and job seekers in Denmark provided by PES

Source: EC 2009

In developing countries, the effects of PES on the labor market have been found to be less positive. According to Betcherman and others, 2004, the two studies that evaluate employment

services in developing countries (Brazil and Uruguay) show that in countries with large informal sectors, public employment services may have limited reach as workers may prefer other channels of job search. In addition, when positive results are found, they are linked to better-educated workers. This is important information in the MENA context due to the high rates of informality in the region (see Gatti and others, 2011). Also, program implementation and institutional capacity are fundamental aspects of successful PES. Indeed, successful PES are characterized by a combination of well-orchestrated design implementation features such as good stakeholder coordination with the private sector, performing quality assurance and accreditation mechanisms, and solid monitoring and evaluation (Angel-Urdinola, Semlali and Brodman, 2010).

The efficiency of state employment policy is to large extent related to the amount of resources available for financing labor market programs. The countries usually finance labor market policies through general revenues, payroll taxes or a combination of the two. High income countries spend significant resources on labor market interventions. Across the EU, a total of 256 billion Euro, or 2.2% of EU-27 GDP was spent on labor market polices (LMP) in 2009 – a year of economic downturn. There was, however, considerable variation between Member States. (Table 2). In the EU, a major part of LMP expenditure (64% in 2009, or 164 billion Euro) goes on income support for out of work jobseekers – primarily unemployment benefits. Expenditure on LMP services in 2009 represented around 11% of total LMP expenditure, or 0.23% of EU-27 GDP. The United Kingdom is the only country where about half of LMP expenditure is spent on LMP services. This reflects the policy approach to focus on support for active job search and to reserve placement on full-time measures for those most in need.

Table 2 Labor market policy expenditure by type of action in selected EU countries, 2009

	Total expenditures (% of GDP)	Employment services (% of GDP)	Labor market measures (% of GDP)	Labor market support (% of GDP)
EU 27	2.18	0.23	0.55	1.40
Denmark	3.19	0.30	1.17	1.72
Germany	2.54	0.37	0.63	1.54
Spain	3.77	0.13	0.66	2.98
France	2.42	0.26	0.73	1.43
Italy	1.74	0.03	0.33	1.38
Portugal	2.06	0.12	0.63	1.31
United Kingdom	0.66	0.29	0.04	0.33
Czech Republic	0.64	0.12	0.09	0.43
Hungary	1.00	0.10	0.36	0.54
Poland	1.59	0.09	1.16	0.34

Source: Eurostat online

Also, the efficiency of PES operations can be improved by setting up performance targets that can be monitored, using administrative data generated by PES activities (e.g., number of individuals served, types of interventions, follow-up,) at various levels. Key performance indicators may include quantitative indicators: the number of visitors to the local employment offices, registered jobseekers, participants in ALMP, placements, and job vacancies filled within certain time, increasing the PES market share of notified vacancies, and reducing the incidence of long-term (over one year) and very long-term (two years and more) unemployment. Key performance indicators also may include qualitative indicators: client satisfaction with PES

services (jobseekers and employers); establishment of database of employers; and so on. For instance, the labor market in the United Kingdom is overseen and managed in a goal-oriented approach (management by objectives – MBO), under which annual targets are specified in operational terms on a quantitative basis. The goals and funding are defined by the government, and set down in a Public Service Agreement. A differentiated system of ongoing monitoring of results and goal-related feedback of results enables the oversight entities to intervene early when needed, so as to take corrective or countering action. Goals and funding are decided annually by the government (DWP) and the Treasury, and set forth in the Public Service Agreement. Information about regional and national developments and events is updated weekly. Official reports are prepared monthly. Reports on the status of goal achievement are submitted to the DWP quarterly. Output indicators include unemployed persons placed (job entries) / placement counselor per week or persons placed (job entries) / registered job openings. The Diagnostic Tool Kit is designed to show an employment office's current placement performance relative to the average performance of comparable offices from the year before. This instrument enables the Job centers to clearly determine where they stand.

Successful PES reforms have increasingly involved the private sector in some employment service provision such as the vocational training programs and the job intermediation functions. The practice in the countries shows that private agencies are often more efficient and effective in the provision of services of employment mediation compared to the public sector, bearing in mind that they can secure services within smaller and targeted segments of the labor market (comparing the costs), and are to a larger extent oriented towards the employers' requirements than the needs of the unemployed. Private agencies will likely address only a few labor market niches but will offer more proactive employment policy by tailoring it towards labor demand. In general, PES typically serves those individuals at lower skill levels and with limited education, while private employment agencies serve the better-skilled and better-educated. Private agencies also offer a more specialized search, better screening, and faster response times than most public services are equipped to offer. While private agencies also offer greater confidentiality to the employer, they choose large metropolitan areas and tend to ignore or under serve other parts of the country. In the absence of public regulation, private placement agencies will tend to concentrate on the most easily placed unemployed persons (i.e., "creaming off"). A criticism is often that private providers are frequently more oriented towards the employers' requirements than the needs of the unemployed. PES should consider cooperation with all relevant stakeholders – in particular the social partners, social benefit organizations, education and training providers, other public organizations and private employment agencies. This trend was recognized and further boosted by the private Employment Agency Convention adopted by the ILO in 1997 (Convention 181 supported by Recommendation 188) which encouraged "cooperation between the public employment service and private employment agencies (PRES) in relation to the implementation of a national policy on organizing the labor market." A main advantage of cooperating with or sub-contracting employment services to other actors is more specialized services triggered by the increasing complexity of the labor market.

Contracting out is the most frequently used method for making PES activities contestable, at least to a certain degree. Service contracts with private providers typically include a performance-based element with placement incentives for providers. The rationale is to cover a provider's base costs while providing an incentive for placement through an outcome dependent

bonus. In most high income countries, the PES does not have a monopoly in delivering employment services. For instance, in the Netherlands, job seekers are referred to external service providers, and the public authorities now work as gate keepers to a private quasi-market. The public authorities are still responsible for benefit payments though. The Danish market for employment services is a quasi-market where private service providers operate in parallel with a full-functioning public system. Private service providers are mainly used for sub-contracting particular services (Bredgaard and Larsen 2008). The majority of the private service providers are private employment agencies which is an encompassing definition covering temping agencies, recruitment agencies and private agencies for guidance and counseling.

Results-based contracting has become international best practice. Countries like Switzerland and the UK have good experiences with performance-related payment of sub-contractors where payment is dependent on the sustainability of the jobs. This is also the case of Germany, where a placement voucher entitles the job seeker to use a private agency. If the placement results in employment, the agency receives payment in the beginning of employment and the remaining part after six months of employment (Schneider 2008). The placement voucher, however, turned out to have some deadweight-loss, particularly in East Germany where the duration of employment of recipients and non-recipients was rather similar. The British Jobcentre Plus pays contractors on the basis of the sustainability of jobs and the ability of contractors. The payments to contractors are composed of a range of criteria, including: (i) job outcome (off-flow from benefit into employment) and (ii) sustainability of jobs (customer still being in work after 13/26 weeks). This “Work First Plus” model does not only focus on getting individuals off benefit into work but combines this with emphasis on ensuring that the individuals stay in the job and progress in the labor market. Based on policy reviews the model is expected to expand the sustainability payments beyond 13 weeks (EC 2009). Australia has been using outsourcing of services to private and NGO-type agencies since the 1990s. Under its Job Network, hundreds of licensed Job Placement Organizations in more than 2,700 locations across Australia offer placement services to the unemployed. In 2003, the Australian government introduced the Active Participation Model (APM) for jobseekers, adopting a more intensive and individualized approach to placing jobseekers through Australia’s Job Network service outsourcing system. Service providers are offered incentives through payment for placing jobseekers in work. Payments for the more difficult to place clients are higher than those for short-term unemployed clients (Tergeist and Grubb 2006).

Finally, Information and communication technologies (ICTs) and Monitoring and Evaluation are key components for delivery of performing employment services. Information and communication technologies are essential in strengthening the provision of self-service facilities such as on-line job-banks but also to build strong monitoring and evaluation of the services delivered. Many countries have built up CV-data banks of jobseekers which can be assessed by employers electronically. Just as in the case of employers entering their vacancies, jobseekers can enter their CVs with the help of a placement officer or by themselves. They can enter this information from their own work station at home over the internet or from stand-alone facilities in local labor offices or other public premises (World Bank 2008a). For example, in Austria, there is a range of services available on the Arbeitsmarktservice (AMS) website for jobseekers: e.g. searching for job vacancies (ejob room), deregistering from benefits and job seeking, early registration of unemployment, calculating unemployment benefit entitlement, training and career

information on a general basis – and for young people on a specialized basis, support with job applications as well as a wide range of information (also for downloading) on many aspects of the working world and unemployment. Those without private access to the internet may use parts of these services via the SAMSOMATEN or internet PC's in the regional offices.⁷

It is important to carefully evaluate labor market programs and introduce interventions on the basis of what works in the country. Properly evaluated programs are less likely to lead to positive assessments of impact and effectiveness than judgments based on “non-scientific” methodologies. In the absence of such evaluations, policy-makers are likely to overestimate the benefit of their interventions and, as a result, allocate resources inefficiently (World Bank 2010). Nevertheless, program evaluation is rather infrequent. The recent global World Bank study on youth employment programs revealed that for almost 40% of programs included in the inventory, no evaluation information at all on outcomes or impact could be found. An additional 35% have studies which cover only gross outcomes, and do not use a methodology (e.g., based on a control group) to estimate net impact. In other words, only about one-quarter of all programs included have some evidence on the net impact. Of these 172 programs, 132 (78%) were rated as having had a positive impact in terms of the employment and/or earnings of participants. When only programs with net impact evaluations were considered, the share with demonstrably positive labor market impacts for participants was 60% (Betcherman et al 2007).

PUBLIC EMPLOYMENT OFFICES IN MENA

Administration of public employment services in MENA

In most countries, public employment services function as an independent government implementing agency in provision of relevant services. They operate quite autonomously within the established legal framework and operating budgets. Usually the Ministry is responsible for policy related issues, including legislative framework and budgeting. The head office of the PES is responsible for the development of particular service standards and guidelines for employment programs; information systems (including collection of labor statistics); labor market analysis and research; financing of particular programs including unemployment insurance; contracting out to NGOs and private sector some of the services; quality control and internal auditing; international cooperation and public relations; human resources (staffing of the PES), and performs some other functions. Local offices of the PES, under the general supervision of the head office and in close collaboration with local administration, are directly involved in interacting with unemployed and job seekers.

The reviewed MENA countries offer different models for administration of public employment services. It can be the function of the labor ministry or a department within; it can be an autonomous agency or in some countries NGOs carry a big role in the provision. In for example Yemen, 150 registered NGOs work in the field of employment. In other countries it is the

⁷ The telephone service lines provide the jobseeker with a limited defined range of services, e.g. deregistering from benefits, feedback on job application suggestions, registering any changes, making appointments at the AMS, requesting information on AMS benefits, the labor market and the working world. All the services unavailable on the internet and via the service line are provided by personal contact advisors from the manpower service. It's entirely up to the jobseeker, which one of the channels he makes use of.

function of the relevant labor ministry or the department of the ministry, such as in Yemen, Egypt or Jordan, while in Syria, Lebanon, Morocco and Tunisia public employment services function as an independent and autonomous agency supervised by the labor ministry (Table 3). Private employment agencies are allowed to function in some countries while in some others, private provision of employment services is not allowed.

In Egypt, the Ministry of Manpower and Migration (MoMM) is the primary Public Employment Services agency, established in 1961. It has 307 branches throughout the country. During the past ten years the Ministry has seen its role change dramatically, as the national employment strategy shifted from public sector employment guarantees to job creation in the private sector.

In Syria, the Ministry of Social Affairs and Labor (MoSAL) is responsible for setting the labor policy agenda, as well as providing employment services. The Central Nomination Unit at the Directorate of Labor is assigned with coordinating and supervising the operations of 15 regional employment offices, activated in 2001 and located in all Governorates. Every unemployed person in Syria must register with the public employment agency in his Governorate.

In Morocco, the National Agency for the Promotion of Employment and Competence (ANAPEC) is the primary provider of employment services in the country. There are currently 74 branches of the agency covering the territory either of a region, province or prefecture. These branches are situated in large cities. For the cities where there is insufficient economic activity in order to justify the creation of a branch, ANAPEC instead partners with territorial authorities, local professional associations and NGOs in order to provide offices/spaces equipped with self-service job terminals. Employment services will still be provided including access to the ANAPEC data base.

In Tunisia, the National Agency for Employment and Independent Work (ANETI) comprises of 91 regional employment and independent work offices. Those offices can be either: i) multi service employment offices, ii) sector related employment offices, or iii) specialized employment offices. Multi service employment offices conduct complex operational tasks, related to providing information and vocational guidance, placement and insertion and the promotion of micro enterprises and independent work. Sector related employment offices aim at facilitating operations related to one specific economic sector (a sector identified as highly important to the region in question). Specialized employment offices assist specific employment seekers, taking their qualifications and needs into account.

Table 3 Public employment services in selected MENA countries, end-2009

	Legal name of national PES, and/or the ministry responsible for employment services	Year of establishment	Number of regional offices	Number of NGOs providing services	Number of private employment agencies
Egypt	Ministry of Manpower and Migration	1961	307	3	54
Jordan	Department of Employment and Training under the Ministry of Labor	2006	14		45
Lebanon	National Employment Office, Ministry of Labor	1977	3	4	...
Morocco	National Agency for the Promotion of Employment and Competence (ANAPEC), Ministry of Employment and Vocational Training	2001	74	-	-
Syria	Central Nomination Unit at the Directorate of Labor, Ministry of Social Affairs and Labor	2001	28	4	Legalized in 2010
Tunisia	Independent National Agency for Employment and Labor (ANETI), Ministry of Vocational Training and Employment	1993	91	2	Illegal
Yemen	Ministry of Social Affairs and Labor	1996	20	150	-

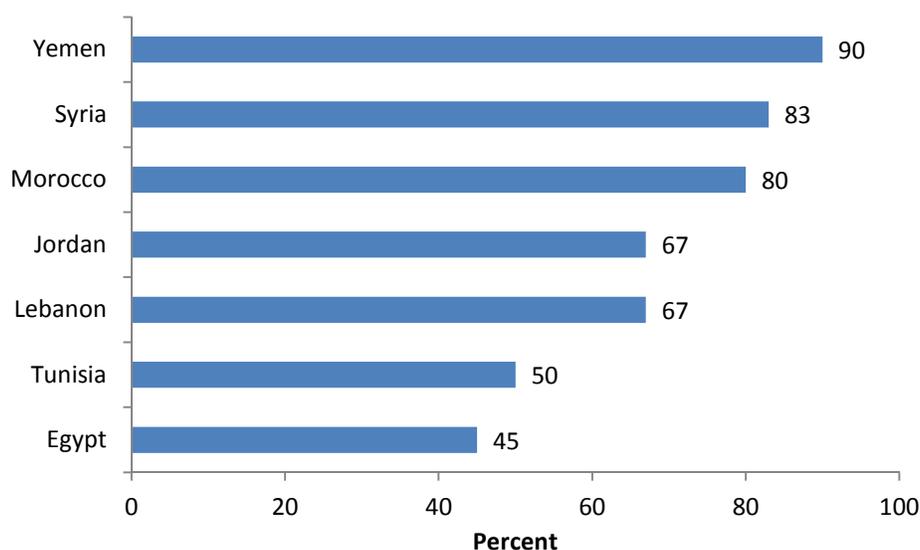
Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

In Lebanon, the National Employment Office (NEO) is a financially and administratively independent agency under the custody of the Minister of Labor, who chairs its Board of Directors. The Board includes both employer and worker representatives in addition to representatives from the education sector and academia. At the time of the PES survey in 2010, the NEO had only 3 offices (in Beirut, Tripoli, and Sidon). The agency was extremely understaffed (only 32 staff) and its capacity was very limited. By 2011, NEO's budget had doubled. The budget increase was intended to mainly finance the establishment of two new regional offices and the recruitment of an additional 41 staff.

Moreover, additional government agencies might be involved in the provision of selected services and ALMPs. For example, the Ministry of Labor is the provider of public employment services in Jordan; its Department of Employment and Training runs the basic labor intermediation function and also licenses private employment agencies. In parallel, the National Training and Employment Project (NTEP), an autonomous agency under the Ministry of Labor, also provides ALMPs to the unemployed. The Vocational Training Center is the main agency directly providing skills training programs and accrediting training providers. Finally, an independent agency called the National Employment and Training Company (NET) managed by the Jordanian Armed Forces is running a specialized ALMP for the construction sector (Chapter III).

One of the challenges to the PES in the region is that employment services operate in an environment of extremely high informal employment. A typical MENA country produces one-third of its GDP and employs 67% of its labor force informally (Gatti and others 2011). For example, in the reviewed countries, the share of the labor force not contributing to the Social Security system is between 45% in Egypt to 90% in Yemen (Figure 3). Many of the registered unemployed are actually working informally. Most of the job vacancies and placements occur also in the informal sector but the PES has limited if any outreach to that sector.

Figure 3 Ratio of labor force not contributing to the Social Security system in selected MENA countries (% of labor force)



Source: Gatti and others 2011.

Number of Registered Job Seekers, And Staff Caseload of the PES

An important factor contributing to the success of PES is the institutional capacity of the national offices, including the network of offices, legal framework in which they operate, and especially the number and professional level of the staff at the local employment offices. Available data show wide variations in levels of staffing among surveyed MENA countries. The differences are explained by the types and quality of services offered. Nevertheless, staff caseload largely depends on the number of the registered job seekers. Registration for placement at the PES is a precondition for getting access to employment services and labor market measures. In the absence of unemployment benefit systems (except Egypt), various other reasons motivate individuals to register at employment service offices, most importantly securing a new job through job listings and other employment services, or to participate and benefit from active labor market programs, albeit limited in scope.

In most of the reviewed countries the number of registered jobseekers significantly exceeds the number of unemployed, according to labor force survey data, indicating that many registered job seekers are de facto economically inactive or informally employed. In Egypt, the number of registered jobseekers exceeds survey data by the factor of 3.5; in Morocco, by the factor of 4.4, and in Tunisia, by the factor of 2 (Table 4). In 2009, in the reviewed countries the highest staff

caseload was reported in Syria exceeding 14,000 registered job seekers per one PES staff, followed by Morocco, at over 1,500 job seekers, and Lebanon at over 1,200 registered job seekers per one staff. High staff caseload does not allow the PES to deliver personalized job intermediation services.

Table 4 Number of Unemployed, Registered Job Seekers, and PES Staff, 2009

	Total number of unemployed, by the latest available LFS data, 1000'	Number of registered job seekers, 1000'	Total number of PES staff	Number of PES staff in contact with jobseekers and employers	Staff caseload***	Ratio of front-line counselors to Total PES staff (%)
Egypt	254.1	895.1	1600	1550	577	97
Jordan	26.2	28.0	133	63	444	47
Lebanon	12.1	12.2*	32	10	1222	31
Morocco	117.2	517.0	547	343	1507	63
Syria	54.6	1703.8**	397	120	14199	30
Tunisia	51.2	105.4	1200	850	124	71
Yemen	87.1	-	-	60	-	-

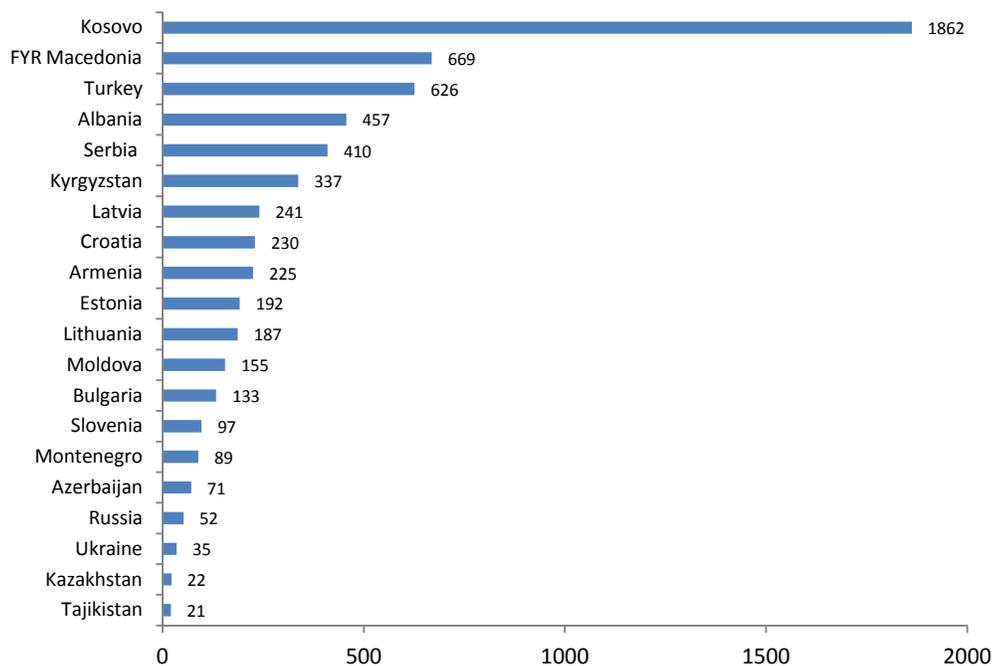
Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Notes: *- Beirut only. **- Public sector only; including individuals queuing for civil service/public sector jobs.

***- The average number of registered unemployed per PES staff

What really matters for the delivery of services to the unemployed is the proportion of staff in direct contact with the clients (that is, caseworkers and their workload). The staff caseload is significant in most MENA countries as well (Table 4). Out of the total PES staff in Syria, Lebanon and Jordan, less than half are frontline employment counselors/advisors. For comparison, among the emerging market economies in ECA region, by the end of 2009, the highest staff caseload was reported in Kosovo—on average 1,862 registered unemployed per one PES staff, followed by FYR Macedonia, at 669 unemployed per one staff. In contrast, the staff caseload was only 35 registered unemployed per one PES staff in Russia, and 35 unemployed in Ukraine per one PES staff (Figure 4). In ECA region, out of the total PES staff in Croatia, FYR Macedonia, and Slovenia, only around half are frontline employment counselors/advisors. In Azerbaijan, 90% of PES staff work directly with jobseekers and employers, in Moldova the number is 87%, and in Bulgaria the number is 84 %. Instead of increasing the number of PEO staff, several countries (Latvia, Bulgaria, Moldova, and Azerbaijan) have increased the number of front liners out of the total.

Figure 4 Staff caseload in some ECA countries (Average number of registered unemployed per PES staff; end-2009)



Source: Kuddo 2010

In many countries in the MENA region, the number of PES staff in general, and frontline counselors/advisers in particular is completely inadequate for delivering ALMPs, specifically effective and personalized mediation services. The staff caseload – the ratio of clients to employment counseling staff – is a critical constraint to PES performance in most MENA countries. Within the European Union, the average staff caseload is around 1:150, while the figure recommended by the ILO is even lower - 1:100.⁸ The efficiency and quality of service could be improved markedly by not necessarily only hiring more job counselors but placing more PES staff on the front line dealing with clients. However, the most important reserve for improving the functioning of the PES seems to be cleaning up the roster from the passive jobseekers, e.g., from individuals who are actively not looking for a job but may have other motives to register, or once registered have stayed on the roster for a long period of time.

In particular, in the emerging market economies the most common sanction used by the PES is that passive jobseekers are erased from the roster of unemployed for a period of time. Typical reasons are the failure to report to the PES without justification – for the first request or repeatedly; refusal to accept a suitable job offer; failure to meet the conditions of actively seeking employment and availability for work, or working informally while registered as unemployed. The reason for termination of the status of the unemployed person might also be the refusal, without good reason, to participate in active labor market programs, such as training or

⁸ It is worth noting that this EU average figure hides a lot of variation, for example, Germany has a ratio of about 1:200 and the Netherlands 1:60.

public works. Many of the registered jobseekers have actually found a job but have not informed the PES about their employment status. Some countries have established time limits for staying on the roster of unemployed individuals. For example, in Belarus, removal from the registry of unemployed occurs in the case of expiration of 36 calendar months from the date of registration as an unemployed. Following deregistration, the person must have the right to re-register.

In MENA many are on the PES roster waiting for rare public sector jobs, at the same time not all unemployed register themselves with the PES. In Syria in 2009, the PES had around 1.7 million individuals on the roster (Table 4). Young Syrians are queuing for employment in the public sector, often with no positive outcome in particular among low-skilled workers. In 2009, for example, 132,000 persons were registered while less than 12,000 were appointed to government sponsored jobs. The low quality of jobs, longer working hours and lower wages in private sector underlie the preference for public sector jobs. Workers in the formal private sector work on average 51.7 hours weekly, compared to 39.9 in the public sector (Syria LFS 2010), and salaries in the public sector are on average 22% higher than in the private sector (Kabbani 2009). Women, in particular, are more inclined to working in the public, rather than private, sector: 57% of employed women in Syria are Government employees, compared to a national average of 28.5%. At the same time not all the unemployed register themselves at the PES. For example, in Tunisia joint analytical work of the World Bank and ONEQ (Observatoire National de l'Emploi et des Qualifications) revealed that only 21% of unemployed are registered at ANETI (Tunisia LFS 2007) in contrast to 92% of university graduates (class of 2004, graduate tracer survey 2007). Not surprisingly, about half of registered job seekers in Tunisia have tertiary education.

Funding of PES Activities

By the available data, in 2011 Tunisia spent 0.80% of GDP, Morocco 1.10% of GDP, and Lebanon 0.04% of GDP on labor market programs. As noted above, the data on public expenditures of PES activities are scarce. Depending on unemployment rates or the generosity of the programs, MENA countries unequally finance labor market policies. In Tunisia, financing for ANETI's active labor market programs comes mainly through the National Employment Fund which is financed through a special account of the Treasury. Its budget consists of donations, resources from its interventions, and portion of privatization proceeds. The Fund is responsible for i) providing resources for ANETI's ALMPs, ii) funding micro-credits through the Banque Tunisienne de Solidarité (BTS) and iii) providing financial support to governorates to implement regional programs. The Fund provides funding for all ALMPs ANETI is offering, thereby putting ANETI in the position of being basically financially independent from the Ministry of Vocational Training and Employment. In Morocco, employment services and ALMPs are financed by the Ministry of the Economy and Finances through special Treasury accounts. In 2009, ANAPEC had a budget of 808 million Dirhams (USD10 Million).

The PES survey also investigates if the PES wants/needs to expand the services it offers or wants/needs to expand the capacity of a specific labor market program, or wants to hire more staff, and who will make the decision on whether or not extra budget will be allocated. Typically it is the Ministry of Finance (Lebanon, after consultations with the Board of Directors of NEO; and Yemen), or the Treasury (Syria, after consultations with the Ministry of Finance; Tunisia; and Egypt) but in Jordan and Morocco, line ministries (Ministry of Labor, and Ministry of

Employment and Vocational Training respectively), in consultations with the Treasury, are making such decisions. Keeping PES financing decisions only at the discretion of Ministers of Finance may be problematic, as staff from these ministries do not necessarily know the employment needs of the country and decide on budget allocations based on a principle of rationalization (and thus tend to underfund employment programs).

Characteristics of Registered Job Seekers

Generally, registered job seekers are a heterogeneous set of individuals, often with multiple employment barriers, including barriers related to skills (cognitive or non-cognitive), health-related barriers, and difficult home lives (for example, lack of transportation, many children, child care problems, etc.). Especially in Egypt and Morocco, a significant portion of registered job seekers are youth, and in Lebanon, Morocco and Tunisia, the majority of registered job seekers are long-term unemployed (Table 5). In Tunisia, long term unemployment is the predominant form of unemployment among registered university graduates. If not working informally, long-term unemployed may have completely lost touch with the labor market. Moreover, employers highly value recent work experience when recruiting workforce, and individuals with a long break in their work history, or without any work experience, such as youth and other labor market entrants, have little chances of being recruited in the current labor market situation in the reviewed countries. Unemployment early in a person’s working life has been shown to increase the probability of future joblessness and lower future wages (Kuddo 2009). High rates of long term unemployment in MENA may also be an indication that some individuals (especially young university graduates) wait to get jobs in the public sector, where wages and benefits are much more competitive than in the private sector. In Tunisia, more than half of registered jobseekers are females. This is in part explained by an increase in educational levels and labor force participation of women with tertiary education, and was accompanied by an increase in unemployment rates: between 2005 and 2009, unemployment rates among women with tertiary education almost doubled (Tunisia LFS 2005 & Tunisia LFS 2009).

Table 5 Characteristics of registered job seekers in selected MENA countries, 2009; %

	Youth*	Females	Disabled	Long-term unemployed	Primary education and lower	Vocational education	Tertiary education
Egypt	23.6	22.3	1.0	10.1	4.2	26.2	11.2
Lebanon**	2.6	38.5	3.0	93.7	8.9	22.3	44.8
Morocco	17.6	40.6	0.1	82.0	3.2	33.4	33.2
Syria	11.1	31.9	1.9	-	42.2	49.6	8.2
Tunisia	1.9	56.4	-	66.3	22.9	27.4	49.7

Source: Authors’ own elaboration based on MENA inventory of ALMPs, 2011.

Note: *- Youth age range: Lebanon 20 – 25 years old; Tunisia less than 20 years old; otherwise 15 – 24 years old.

** - Beirut only

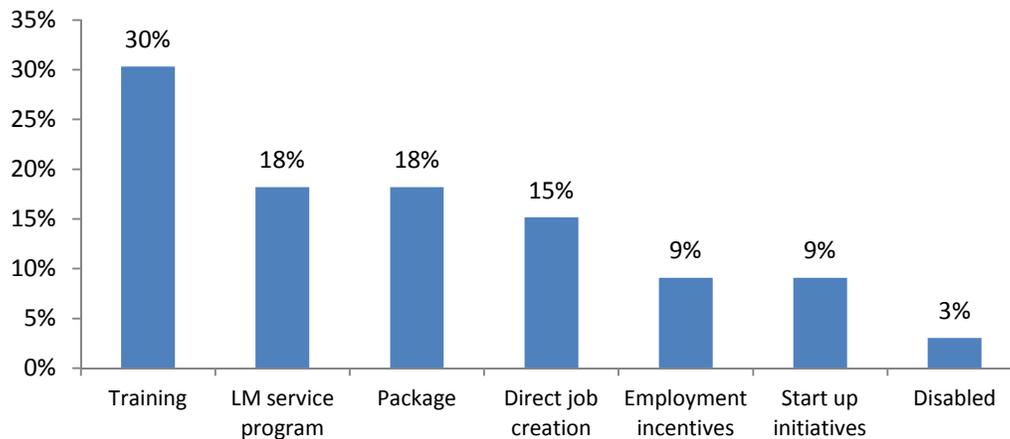
PROGRAMS PROVIDED BY NATIONAL PES

Program Type and Objective

The two main labor market objectives of ALMPs provided by the PES are to enhance employability and promote job creation. The choice of ALMP type depends on needs of the labor market and overcoming the country specific barriers, such as insufficient labor demand, inadequate labor supply and information asymmetries. The five main types of ALMPs are (i) employment services, (ii) labor market training, (iii) wage subsidies, (iv) public works, and (v) self-employment promotion. The main objective of employment services and labor market training is to enhance employability, the main objective of wage subsidies, public works, and assistance to the self-employed is to promote job creation. Enhancing employability and promoting job creation are complementary objectives to reduce (long-term) unemployment, to increase labor force participation, and ideally to prevent unemployment for those individuals at risk. The following sections lay out the main characteristics of the type of programs in the seven reviewed countries.

In 2010, the majority of the ALMPs interventions provided by the PES in MENA focused on enhancing employability, with labor market training being the most common type of intervention. The inventory collected a total of 33 employment interventions implemented by the National PES in the seven countries included in the review; namely Tunisia, Morocco, Jordan, Lebanon, Syria, Egypt, and Yemen. Out this total, 30% were training programs (Table 5). Tunisia implemented four on-the-job training programs, Lebanon and Syria two in-class training programs each, while Egypt and Jordan implemented one in-class training program each. Morocco and Yemen offered program packages generally composed of in-class training combined with other employment services, such as wage subsidies and start-up incentives. The National PES in Yemen implemented one program in total in 2010, but this program included several components such as training, labor intermediation, direct job creation, and out-of-work income support. Comprehensive packages that combine training with additional employment services are regarded as international best practice (Angel-Urdinola, Semlali and Brodmann 2010). To a lower extent, programs provided by the National PES included direct job creation (i.e. public works) (15% of all programs in the inventory), start-up incentives (9% of all programs), and programs targeted to persons with disabilities (3% of all programs).

Figure 5 Distribution of Programs in the Inventory by Program Type (in%)

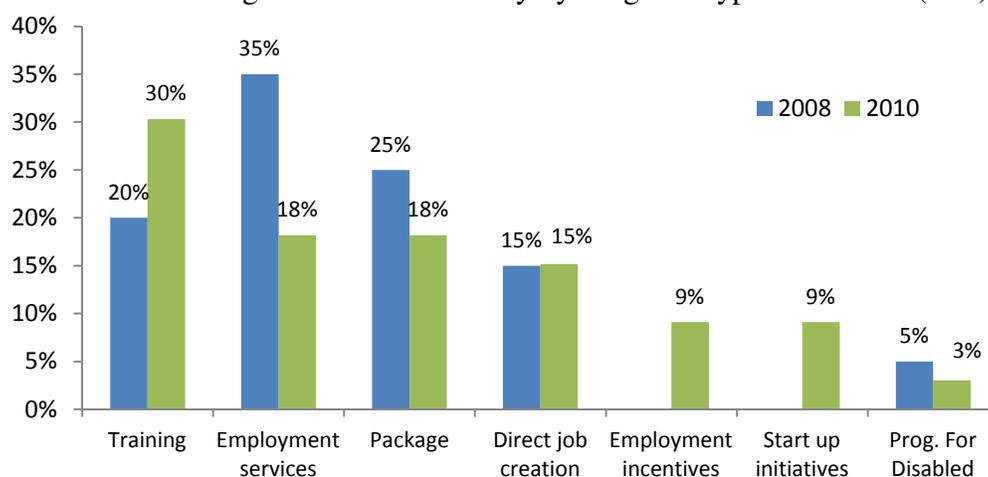


Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Notes: Countries included are Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, and Egypt

Contrary to international best-practices, MENA countries are moving away from less costly employment services and into more expensive training and employment incentives. In 2008, employment services constituted 35% of all interventions registered in the inventory. Between 2008 and 2010 data indicate a drift away from these programs and into training programs and employment incentives (such as wage subsidies). However, international experience indicates that employment services are one of the most effective type of employment programs (also quite conducive to insertion) while the impact of training and wage subsidies in labor market outcomes are rather limited (Betcherman and others, 2007). In 2010, only 18% of all programs in the inventory constituted employment services (Figure 6). Employment services encompass all measures aimed at enhancing job search efficiency, such as providing information on job vacancies, assisting in matching workers to jobs, career counseling, and assessment and testing to determine job readiness. In the reviewed countries, Tunisia and Egypt have the leading roles when it comes to intermediation programs. In Tunisia, more than 100,000 vacancies were registered with the National PES and about 20,000 unemployed found employment through intermediation services provided by the National PES in year 2010. In Egypt, the National PEO registered about 222,888 vacancies in the private sector and contributed to about 40,101 placements per month (many of them in public sector jobs) (Chapter II). These finding highlight the potential of labor intermediation to reduce frictional unemployment even in environments of generalized job scarcity. Finally, programs that address direct job creation (mainly public works) have remained at a constant level over the period 2008-2010 (accounting for 15% of all programs in the inventory) which also holds for programs geared towards people with disabilities, which have remained at a steady but low level over the time period in question (3 to 5% of all programs in the inventory).

Figure 6 Distribution of Programs in the Inventory by Program Type 2008-2010 (in%)



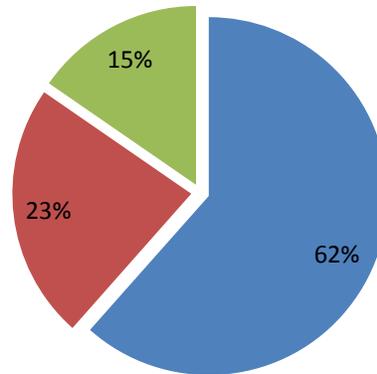
Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Notes: Countries included are Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, and Egypt

Most training programs reviewed in the inventory are conducted in-class only, with only a minority providing on-the-job training. Practical on-the-job experience is crucial in order to create well rounded and qualified workers. International evidence indicates that the most efficient way of acquiring knowledge and skills is to provide an opportunity to apply the theories learnt in-class in real world environments, through on-the-job training and internships. It is very important not only to teach students their chosen career but to also obtain a realistic understanding of the workplace, develop appropriate work habits and receive job-training skills, which would make them more employable. Unfortunately, only a fraction of the training programs analyzed offer on-the-job training in addition to in class training. 62% of the training programs are conducted in-class only, while 15% are conducted on-the-job only (Figure 7). This shows that the majority of programs reviewed use very traditional ways of transmitting knowledge and skills. Moreover, at times there seems to be a lack of understanding amongst some PES staff of the actual benefits of combining in-class and on-the-job training, illustrated by the following statement by one of the interviewed PES staff: “*Why should we insist that program beneficiaries work also during their training? They will eventually spend their lives working, but training is training and that should be in class, no?*”

Figure 7 Type of Training Provided [2009]

■ IN-CLASS ONLY
■ IN-CLASS AND ON-THE-JOB TRAINING
■ ON-THE-JOB TRAINING ONLY



Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

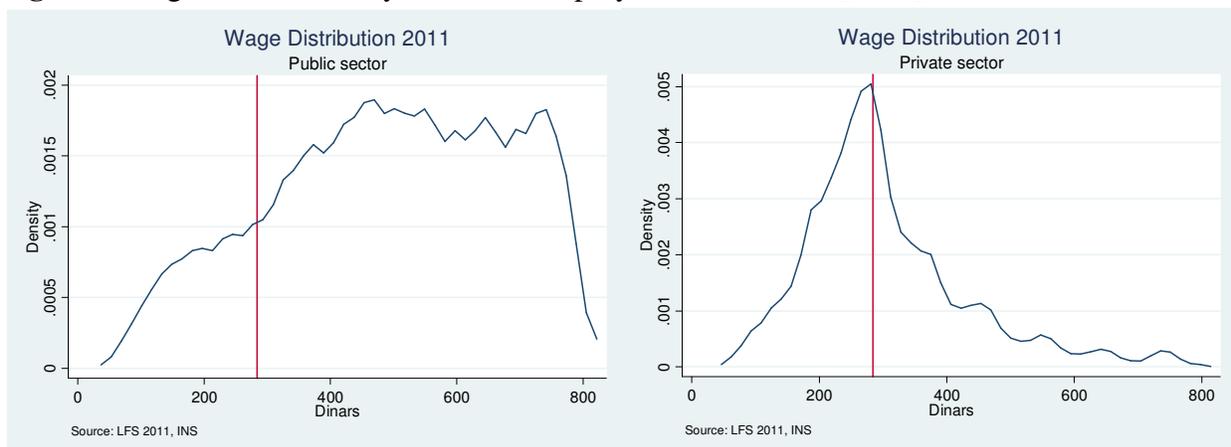
Notes: Countries included are Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, and Egypt.

Data also indicates a positive tendency toward entrepreneurship promotion focused programs. While entrepreneurship promotion has long been part of ALMP provision in MENA, these programs have not traditionally been delivered by the National PES. Most entrepreneurship programs in MENA have been traditionally provided by social funds (Egypt and Yemen), micro-credit institutions (Tunisia), and donors (Egypt, Lebanon) (Angel-Urdinola, Semlali and Brodmann, 2010). Indeed, data collected indicates that in 2008 none of the National PES were offering start-up assistance – although the National PES in Tunisia would offer to link promising entrepreneurs to micro-finance institutions. By 2010, start-up assistance programs were offered by the National PES in Lebanon Morocco, Egypt and Syria, suggesting a shift of National PES towards promoting entrepreneurship among the unemployed. These programs entail direct financial and advisory assistance for starting up small businesses to microcredit programs – that are intended to also function as a poverty alleviation strategy (some also include components of training in entrepreneurial skills, and mentoring). The underlying motivation for providing this type of assistance is that entrepreneurship is prevented due to lack of access to credit. With the introduction of these types of programs it is of crucial importance to ensure that any self-employment promotion policies identify the binding constraints facing prospective entrepreneurs (whether it is access to finance or capacity), in order to be effective.

Employment-incentive programs take a more prominent role in Morocco, Jordan, and Tunisia, compared to the other reviewed countries. Employment incentives programs (mainly wage subsidies) are programs aimed at facilitating recruitment or ensuring continued employment to promote job creation. In Jordan for example one program took the form of fully subsidized employees' contribution and half of employer's contribution toward social security for a two year period. In Tunisia subsidized paid internships (for maximum one year) also covering social contributions are offered to a significant number of first-time job seekers. Wage subsidy programs are commonly used in countries where market wages are rigid and are set above worker's productivity levels (especially important for high-skilled first time job seekers). In some MENA countries (like Tunisia and Egypt), the public sector often distorts labor market

wages (Figure 8 for Tunisia). In Tunisia, for example, wages for first entrants are set by wage matrixes and collective agreements that often pay above productivity levels and labor taxes and contributions are high by international standards (Belghazi, 2012). This creates important gaps between wages in the public and private sector, leading to the hiring of workers informally to bypass regulation. Many countries in MENA are trying to address these public/private sector wage gaps by bridging the gap through the use of wage subsidies targeted to first time job seekers. The first time job seekers tend to have particularly strong incentives to remain unemployed otherwise, while waiting for the rare but better-paid/more secure public sector jobs. However, wage subsidies need to be used with care as unintended macroeconomic side-effects of wage (and employment) subsidies include deadweight loss (hiring from the target group that would have occurred also in the absence of the program), substitution effects (the extent to which jobs created for the target groups replaces jobs for other groups), and displacement effects (the possible reduction of jobs elsewhere in the market) (Calmfors 1994).

Figure 8 Wage Distribution by Sector of Employment in Tunisia [2012]



Source: World Bank and INS (forthcoming)

Main Design Features of Existing Programs

Successful ALMPs depend largely on program implementation and design. Just as the choice of type of program is important, it is equally important to focus on necessary design elements to increase the likelihood of program success (independently of the program type). Despite their widespread use, there is no systematic analysis of the program design features of public ALMPs provided in the MENA region. This lack of evidence represents an immense knowledge gap that precludes the design of new and effective programs and abolishing (or restructuring) of ineffective ones. However, a systematic analysis has been conducted of privately provided ALMPs in the Arab-Mediterranean region (Angel-Urdinola, Semlali, and Brodmann 2010). This analysis of design features of public interventions will complement this previous study/review by providing information on public provision, in order to provide a comprehensive first step towards understanding and assessing the provision of ALMPs in the MENA region. The aim of the below section is to analyze some of the main design features of programs included in this inventory. Five main design features will be analyzed: (1) targeting, (2) skills provision: hard/soft, (3) certification provision and (4) Monitoring and Evaluation.

Targeting

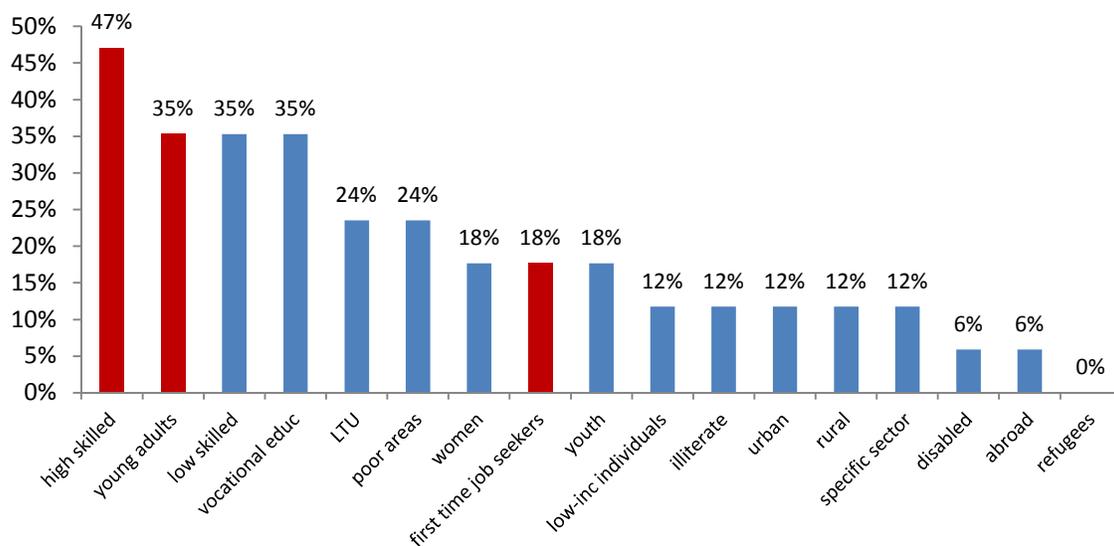
It is widely recognized that tight targeting is essential and that only cost-effective and sustainable interventions should be initiated and sustained. However it is difficult to achieve this goal in practice. In general, programs should be carefully and tightly targeted to improve labor market outcomes of vulnerable groups such as youth, women, and long-term unemployed, among others. Targeting, thus, implies redistributing employment opportunities (Calmfors 1994). However, due to data restrictions, targeting for ALMPs is generally ad-hoc and categorical. Moreover, many countries practice “creaming” whereby programs are targeted to most qualified applicants. Doing so increases program effectiveness and is generally regarded as cost-effective as many ALMPs are designed to help individuals to get formal employment. However, creaming is not considered equitable as it leaves out more disadvantaged groups (i.e. those who need public intervention the most) and often benefits individuals who would have found a job without program participation.

Most programs delivered by PES in MENA (47%) target highly educated youth. Nevertheless, some programs target low-skilled individuals, rural areas, and minority groups who are likely to belong to vulnerable segments of the population (Figure 9). The choice of targeting programs toward high-skilled youth reflects the fact that in some countries, especially in North Africa, high-skilled youth display higher than average and increasing unemployment rates (see Chapter II and World Bank and INS, forthcoming for detailed discussions on Egypt and Tunisia). Recent regional data indicate that high-skilled unemployed individuals in MENA (proxied by those who attained a tertiary education degree) account for 20 to 30% of the stock of unemployed (World Bank, forthcoming). Indeed, many ALMPs are designed to help individuals find formal employment. In MENA, low-skilled individuals have very low chances of finding formal employment (Gatti and others, 2012) and ALMPs may not be able to correct structural deficiencies introduced by the education system and/or should not be seen as social assistance/income support (with the exception of programs like public works and some type of entrepreneurship promotion programs). Nevertheless, PES could consider designing programs targeted to high-school dropouts, such as “second-chance programs” – which could provide this segment of the population with equivalency education and/or certification in order to enhance their employability.

Most programs in the inventory are not designed to accommodate to the needs of female participants, which results in a low female take-up. Despite the fact that women in MENA have much higher rates of unemployment than men (according to ILO data, the average unemployment rate among women in MENA is 17% vs. 8% among men in 2008), only 18% of the programs are designed to specifically target females. While most of the programs reviewed are open to both males and females (and thus do not have a specific gender targeting), females are radically underrepresented within these programs. There could be several reasons why females do not benefit from employment programs in general, such as lack of schedule flexibility and childcare constraints. Programs like training (the most common ALMP provided by PES in MENA) are generally conducted during working hours and/or require full time participation. As such, it may be difficult for a young woman with children to participate in programs with strict schedule requirements.

Also, there are cultural restrictions that may create constraints for women to participate in employment programs provided by the PES. For instance, to improve female take-up, training programs may require having a female teacher and/or to set up classes for women only. In addition, because labor demand is rather constrained in the region, there is a belief that encouraging women to increase their participation in the labor force participation will lead to higher unemployment for men, who are traditionally considered to be the main bread-winners of the family. While this argument may be valid in the context of wage employment, there could be enormous potential to even increase labor demand if women are encouraged to develop their entrepreneurship potential. According to data from the World Values Survey, a majority of MENA women agreed with the statement that “*when jobs are scarce, men should be given priority over women*” (World Values Survey 2005). Hence women themselves may be less forthright and confident about their right (or even capacity) to work, especially in times of economic downturn. In summary, ALMPs have the potential to promote female take-up if programs introduce flexible schedules (classes during nights/weekends) and /or are combined with some form of child care support. Expanding entrepreneurship program may also positively affect women.

Figure 9 Program targeting (as% of all programs)



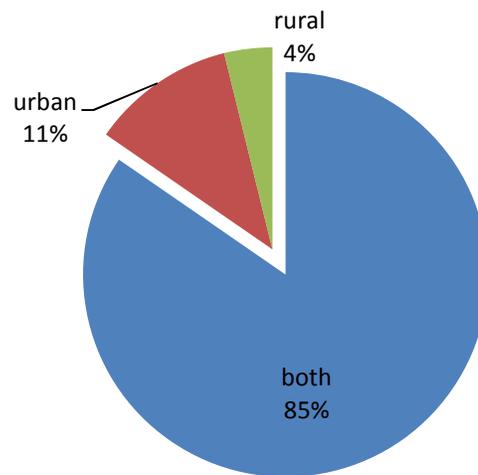
Source: Author's own elaboration based on MENA inventory of ALMPs, 2011.

Notes: Data from Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, Egypt

Most programs in the inventory target both urban and rural areas (Figure 10), with the exception of Morocco where 75% of programs have an urban focus. This equity feature in the geographical targeting of programs provided by the PES stands in contrast to privately provided ALMPs, which are more often targeted to urban areas (see Angel-Urdinola, Semlali and Brodmann, 2010). Since rural populations have higher risks of poverty, school dropout, and informal employment, it is good that public interventions reach this target population. Programs to promote labor demand (such as public works and entrepreneurship assistance) are generally more targeted to rural settings, while vocational training, wage subsidies, and employment services (which are designed to encourage formal wage employment) are generally more targeted to urban settings. This composition of employment programs actually reflects the economic

context, as rural employment in MENA tends to be predominantly informal. Nevertheless, there is a need to promote entrepreneurship programs in urban settings and among more educated segments of the population as doing so could promote innovation and develop high-productivity private sector jobs. Currently, most entrepreneurship programs are designed to support the creation of small enterprises among disadvantaged segments of the population. For instance, in Tunisia, despite very high rates of unemployment among high-skilled youth (surpassing 50% in 2010 – according to data from Tunisian Labor Force Survey), more than 80% of all beneficiaries of entrepreneurship programs delivered by the National PES (ANETI) attained at most secondary education (Belghazi, 2012).

Figure 10 Location of program implementation, Selected Countries [2009]



Source: Source: Author's own elaboration based on MENA inventory of ALMPs, 2011.
Notes: Countries included are Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, and Egypt.

Skills Provision

Only very few programs in the inventory focus on the provision of soft-skills. With the exception of training programs, most non-training programs included in the inventory did not focus on skills development. In Tunisia, internship programs (most of which are accompanied by wage subsidies) are required by law to provide some training to beneficiaries. In practice, however, this rarely happens and skills enhancement is largely absent from all non-training programs provided by the national PES. Within training programs in the inventory, the large majority focuses solely on the provision of hard skills. Only a very few training programs analyzed provide also soft skills (see Chapter VI for an example in Syria). Indeed, the lack of PES programs providing both soft and hard skills is notable in the region. At the same time, employers in the MENA region often express their dissatisfaction concerning deficiencies in technical/occupation specific skills amongst job-seekers but also concerning more generic/soft skills sets. This lack of appropriate skills is a hurdle when considering hiring especially young workers. Soft skills refer to the cluster of personality traits, social graces, interpersonal skills, language and personal habits that characterize relationships with other people. It also refers to a person's ability to communicate and think creatively/independently. The acquisition of both "hard" and "soft" skills is crucial in order to create well rounded and qualified workers.

Certification

About half of the training programs delivered by PES in MENA provide some type of certification. However, certification practices vary from country to country. Countries like Yemen and Syria largely lack standard certification and accreditations systems and national qualifications networks while countries like Lebanon and Jordan have better developed accreditation systems (Chapter IV and Chapter III). Although far from ideal, the public sector is doing better than the private sector when it comes to program certification. A previous review of privately provided ALMPs revealed that only 10% of all training programs included in an inventory provided beneficiaries with some type of “recognized” credential upon program completion (Angel-Urdinola, Semlali, Brodmann 2010). In the MENA region, as in most regions of the world, a diploma has a “credentialing” value, which means that it mainly signals that the bearer of the credential has reached a particular level of knowledge and competence, allowing continued access to higher levels of instruction. Given the hiring and firing restrictions in the MENA region, employers give a lot of weight to signals of productivity, such as diplomas, degrees, test scores and the like, thereby reinforcing the importance of credentials. To increase the effectiveness of ALMPs, it is important that the skills provided match the specific needs of the labor market. Equally important to acquiring skills through ALMPs is the capacity of beneficiaries to send a signal to employers about the usefulness and quality of the acquired skill. Training programs should provide beneficiaries with a diploma upon training completion that certifies that their acquired skills are aligned with occupational norms and standards. In order to signal the value added of training programs, it is important that both skills *and* service providers are accredited so that the certification has a signaling value in the labor market– which becomes quite relevant in countries like Lebanon where training programs offered by the PES are actually implemented by private training providers (Chapter IV).

Monitoring and Evaluation (M&E)

It is important to carefully monitor and evaluate ALMPs in order to be able to introduce and scale-up interventions on the basis of what proves to work. Properly monitored and evaluated programs are less likely to lead to assessments of impact and effectiveness based on judgment and “non-scientific” methodologies. In the absence of monitoring and evaluation, the benefits of interventions remain largely unknown and success tends to be measured in terms of outputs (i.e. the number of beneficiaries served). This may lead to an inefficient allocation of financial resources into large – albeit ineffective – programs. Rigorous, independent impact evaluations are critical to achieving real progress in addressing the major employment challenges. Sound evidence promotes better understanding about what works, enhances cross-country sharing of best practices, boosts capacity in the region, and improves policymaking and spending toward more effective employment programs. Program evaluation can be seen as a public good, often financed by the public sector or large donors, given high costs and positive externalities on the design of future programs. Absence of rigorous evaluations almost certainly leads to an overestimation of program effectiveness by policy-makers. Process evaluations are also useful in order to identify bottle necks and implementation problems. Typically, process evaluations consist of interviews with beneficiaries and providers in order to assess whether programs are being implemented according to how it is specified in the program’s operation manual and if the

program achieves its proposed objectives. Process evaluations, which are faster and less expensive options to engage in program evaluation, could be useful at an operational level (they could be implemented as often as on a yearly basis).

Most programs included in the inventory have output based monitoring systems but lack results-based systems and/or rigorous program evaluations. While most MENA PES included in the inventory have some form of a monitoring system in place, they are not results-based and only provide data on the number of beneficiaries of different programs (i.e. outputs). Indeed, data collection on program outcomes, such as wages after program completion and or insertion rates, was not available for most programs included in the inventory (Box 3). The majority of all programs (93%) did not have any type of method/procedure to assess program cost-effectiveness and only a handful conducted (15%) have conducted an impact evaluation (Figure 11). The majority of evaluations conducted lack scientific rigorousness and rarely used control groups which would allow for an estimation of the program's net impact. Most of the programs, however, provided some information on placement rates after program completion (at least for the first year). Only three programs provided information on earnings after program completion. Only one country, Morocco, conducted impact evaluations - in 3 out of 4 programs- to assess the impact the programs had (for more details on the results of these evaluations see Chapter 5). In this case, the program administrators hired an external evaluator. In Tunisia, there have been some attempts to evaluate employment programs delivered by ANETI, but results are outdated, sporadic, donor driven, and lack scientific credibility (Belghazi, 2012).

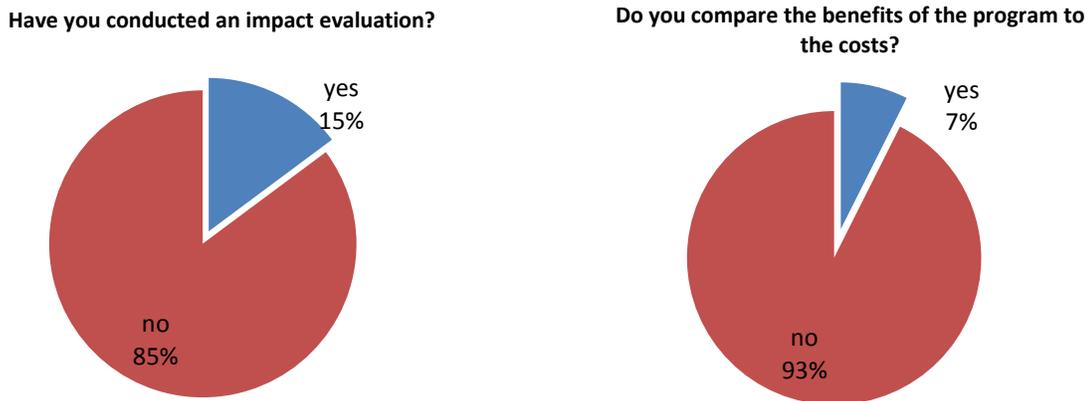
Box 3 Monitoring and Evaluation

Monitoring is a process whereby data is collected periodically to assess program performance. Ultimately, the value of monitoring is its capacity to become a “learning tool” to help organizations implementing and funding ALMPs to clearly identify if program objectives are met and if resources are being used to achieve those objectives. Monitoring indicators should generate relevant information for quantifying program performance.

Evaluation is the process of assessing the “impact” of a particular ALMP on program participants (at least). The main difference between monitoring and evaluation is that evaluation aims to attribute causality (i.e., the actual effects of ALMPs on employment outcomes in the short and/or the long run). Evaluations are highly desirable because they provide evidence that could lead to more efficient allocation of public resources and to improve the targeting of existing/new programs to the appropriate clients. Evaluations aim at understanding “What would have happened in the absence of the program”, which is something that cannot be observed directly. Thus, evaluators have to find a way to estimate what participants’ outcomes would have been in the absence of the program (“a counterfactual”). This is usually done by measuring the outcomes of another group whose members have similar characteristics to the beneficiaries (a control group).

Source: World Bank, 2010

Figure 11 Impact Evaluation and Cost-Benefit Comparison [All Programs in Inventory]

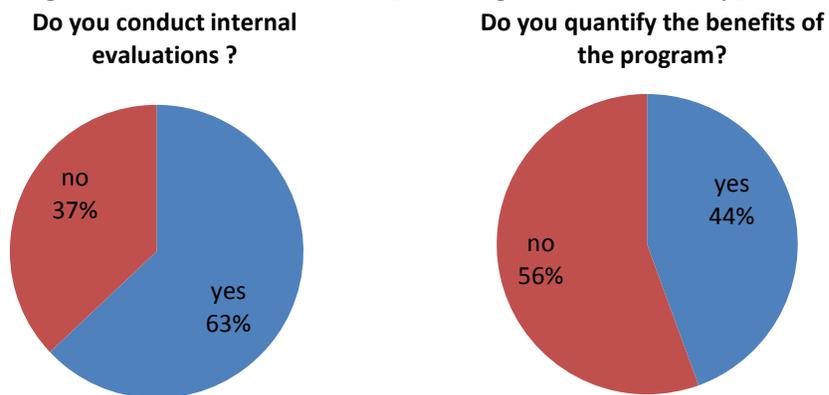


Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Notes: Countries included are Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, and Egypt.

Nevertheless, most programs did conduct various forms of internal evaluations (Figure 12). Many of the programs in the inventory did have some type of internal (mainly qualitative) program assessment. Most programs conduct programmatic assessments and many attempted to quantify the benefits of the program. Many of the programs conducted informal interviews with staff and beneficiaries' questionnaire surveys and focus group discussions. Some programs conducted evaluations (skills tests before, during and after project completion) in order to assess progress (but without including control groups). Nevertheless, the quality and relevance of these evaluations remains largely un-assessed. (Box 4).

Figure 12 Monitoring and Evaluation Practices [All Programs in Inventory]



Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Notes: Countries included are Jordan, Tunisia, Lebanon, Yemen, Syria, Morocco, and Egypt.

Box 4 Basic Results-based Indicators for Employment Programs

The following are basic indicators used widely by national employment agencies to measure fundamental outcomes. While these are proposed as the core performance indicators, three additional indicators could be considered at a later stage: average length of time required per job placement; the average length of time per filled vacancy; and the annual cost per program participant. At a minimum, this set of indicator should be calculated annually (but it would be preferable if they were calculated quarterly or semi-annually).

- **Job Placement Rate:** The number of registered unemployed in *quarter t* who are employed in *quarter t+1*. A related measure could be calculated only for those registered unemployed who participated in ISKUR programs.
- **Job Retention Rate:** The number of registered unemployed in *quarter t* who are employed in both *quarter t+2* and *t+3*.
- **Average Earnings:** Average earnings in *quarters t+2* and *t+3* for those registered unemployed in *quarter t* who retained employment in these quarters.
- **Filled vacancy rate:** The number of registered job vacancies in *quarter t* that are filled by registered job seekers in *quarter t+1*.

Source: Betcherman and others (2010)

Employment Services Provided By PES

All of the reviewed countries have walk-in employment centers, and most of them allow posting of CVs, and database search for job offers. Egypt, Jordan, Morocco and Tunisia also provide online services, including electronic matching platforms (Table 6). For example, in Jordan, the Ministry of Labor's Department of Employment and Training (DET) offers labor intermediation through its Electronic Labor Exchange (ELE) Platform. Unemployed job seekers who want to register can access the platform online or could visit the regional offices to acquire assistance. In addition to posting ones CV, the website offers career and job search advice. Employers can register and view personal profiles only if they have a job vacancy to post. Employers outside of Jordan also have access to the platform and can also post job vacancies. In 2009, 27,961 job seekers posted their CVs on the ELE, of which 8,775 (31%) were successfully placed in firms.

More cost effective types of programs hardly exist, such as counseling, labor intermediation, job search skills training and job clubs/fairs. Lebanon provides a typical example in which the role of the National Employment Office (NEO) as a core provider of employment services and training programs has remained residual, partly as a result of its limited financial and institutional capacities. NEO's mandate is in practice limited to: (i) running an electronic labor intermediation platform; (ii) conducting occasional studies and labor market needs assessments, and (iii) subsidizing some vocational training programs implemented by NGOs.

The list of intermediation services provided by the PES for jobseekers and employers in the reviewed countries is presented in Table 6 and Table 7.

Table 6 PES services for registered job seekers in selected MENA countries, 2009

	Walk-in centers	Database search for job offers	Posting job profile	Posting of CVs	Alerts for matching
Egypt	Yes	Yes	-	Yes	-
Jordan	Yes	Yes	Yes	Yes	Yes
Lebanon	Yes	-	-	-	-
Morocco	Yes	Yes	-	Yes	-
Syria	Yes	Yes	Yes	Yes	Yes
Tunisia	Yes	Yes	Yes	Yes	-

Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Table 7 PES services for unemployed and employers in selected MENA countries, 2009

	Firm interviews to assess needs of labor market	Electronic matching platform	Provide services on Internet
Egypt	Yes	Yes	Yes
Jordan	-	Yes	Yes
Lebanon	Yes	-	-
Morocco	Yes	Yes	Yes
Syria	Yes	-	-
Tunisia	Yes	Yes	Yes

Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

NEO in Lebanon lacks systematized and fully automated processes to fulfill its job-matching role efficiently. A major constraint lies in a not very functional electronic labor exchange platform and the reliance on the limited human resources of the Office to facilitate job matching between employers and jobseekers. NEO receives announcements of job vacancies from firms, and CVs from job seekers via fax, phone, emails or personal visits to its walk-in-center, and enters the requests into an electronic platform which, due to technical difficulties, is not available online. Thus, neither firms nor job seekers have access to the database, resulting in the NEO being solely responsible for matching vacancies with jobseekers, selecting jobseekers and forwarding their CVs to the firms. The lack of automated and systematized processes also results in unsystematic follow-up on the recruitment of jobseekers by prospective employers and the use of an unreliable paper record system for program monitoring. Moreover, the databases of the offices in Saida and Tripoli are not linked to the central office in Beirut.

In Egypt, beyond employment intermediation, labor offices do not provide other types of employment services such as counseling or life-skills training. Furthermore, there is not much interaction and information exchange between the various offices across regions/governorates, as each employment office in each governorate is working independently without communication with other offices. The implication is that employment seekers are not referred to potentially suitable jobs in other regions and/or governorates – leaving a large gap in the Egyptian employment matching apparatus.

Certain intermediation services are available to employers in most of the reviewed countries, such as posting of vacancies, database search for job profiles, pre-screening of job applicants and matchmaking (Table 8). In order to participate in labor intermediation programs, as the rule, employers have to register themselves at PES, for example, in connection with vacancies they have to report to the PES. Except Jordan, in other reviewed countries the PES also conduct interviews with firms assessing the needs of the labor market.

Table 8 PES services provided to employers in selected MENA countries, 2009

	Posting of job advertisements	Database search for job profiles	Matchmaking	Alert functions for matching	Automated collection/ forwarding of applications	(Pre-) screening
Egypt	Yes	Yes	Yes	Yes	-	Yes
Jordan	Yes	Yes	Yes	Yes	Yes	-
Lebanon	Yes	Yes	Yes	-	-	-
Morocco	Yes	Yes	-	-	-	Yes
Syria	-	-	-	-	-	Yes
Tunisia	Yes	Yes	Yes	-	Yes	Yes

Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

In Syria, while job opportunities mainly occur within the private sector, the Central Nomination Unit is exclusively geared toward job intermediation and the recruitment of jobseekers in the public sector. Its main function is to manage the queue for public sector jobs: its operations are essentially that of a clearing house that receives job applications from all job seekers, screens and matches them with announced vacancies from Ministries and Government agencies, and forwards them to the concerned employment offices for referral.

In some MENA countries, such as Tunisia, employment services are a monopoly of the State, while other countries actively involve the private sector in provision of labor market services such as training, job brokerage, and other services, as an integral part of PES reform. Around the world the labor market has become so complex so no single service provider can possibly deliver the range of expertise required for the diverse groups of unemployed and employed jobseekers, inactive groups, and employers (Box 5). Involving the private sector allows for lower pressure on public budgets and provides a wider array of options for a diverse range of clients. In Jordan, the Ministry of Labor licenses private employment agencies, which in turn also get access to the Electronic Labor Exchange (ELE) Platform. According to the data collected in the inventory, there are 45 licensed private employment agencies in Jordan, and 54 private agencies in Egypt. Labor market programs are subcontracted to external providers also in Lebanon. In Syria, since 2010, the regulation of private providers of employment services has also become part of the mandate of MoSAL. Up until 2010, private employment agencies were considered illegal in Syria, with the exception of those recruiting foreign workers. The 2010 Labor Law reform legalized private employment agencies in Syria, allowing them to act as an intermediary between jobseekers and private businesses, and mandated MoSAL to license them and regulate their activities. Private providers of employment services are mandated to “implement the employment policy devised by the Ministry and its underlying principles”. As such, they report to and coordinate their activities with MoSAL’s local employment agency, including submitting a monthly statement listing the names of registered unemployed. It also includes providing details on the placement of jobseekers.

Nevertheless, in some countries in the region, provision of employment services continues to be a monopoly of the State. For instance, the Tunisian labor code (Articles 280 to 285) gives ANETI the monopoly in the provision of placement and intermediation services in Tunisia. Private providers of placement services (free or for pay) are forbidden by law. Currently, ANETI does not have the capacity alone to provide services to all registered unemployed. In 2009, an

ANETI counselor served on average 794 job-seekers, a figure that is significantly above international standards for middle-high income countries (e.g. 88 in Czech Republic, 97 in Slovenia, and 133 in Bulgaria) (Kuddo, 2012). The Jasmine Revolution exacerbated the problem, as hordes of unemployed youth registered in ANETI in order to receive unemployment assistance. This placed a significant and unexpected additional burden on ANETI's counselors, most of who became involved in the registration and payment of AMAL beneficiaries, hindering their capacity to provide employment services to the registered unemployed.⁹

Box 5 Involvement of private sector in provision of services

Traditionally, PES had a near monopoly status in most countries, however PES increasingly need to cooperate with a plethora of institutions to deliver pro-active and preventive employment services, be it private employment agencies, training and education institutions, local authorities, employers' organizations, NGOs, etc. PES need to assume the role of manager of relations with various relevant institutions and external service providers. (EC 2009). This trend was recognized and further boosted by the private Employment Agency Convention adopted by the ILO in 1997 (Convention 181 supported by Recommendation 188) which encouraged "cooperation between the public employment service and private employment agencies in relation to the implementation of a national policy on organizing the labor market."

As an example, the Netherlands has implemented a full-scale tendering model, meaning that all target groups of job seekers are referred to external service providers and that the PES has stopped providing traditional employment services to the unemployed. Public authorities are instead used as gate-keepers in the quasi-market and to pay out social security benefits. Australia has been using outsourcing of services to private and NGO-type agencies since the 1990s. Under its Job Network, hundreds of licensed Job Placement Organizations in more than 2,700 locations across Australia offer placement services to the unemployed. Service contracts with private providers typically include a performance-based element with placement incentives for providers. The rationale is to cover a provider's base costs but provide an incentive for placement through an outcome-dependent bonus. For instance, the British Jobcentre Plus pays contractors on the basis of the sustainability of jobs and the ability of contractors. The payments to contractors are composed of a range of criteria, including: Job outcome (off-flow from benefit into employment); Sustainability of jobs (customer still being in work after 13/26 weeks). This "Work First Plus" model does not only focus on getting individuals off benefit into work but combines this with emphasis on ensuring that the individuals stay in the job and progress in the labor market. Based on policy reviews the model is expected to expand the sustainability payments beyond 13 weeks. (EC 2009). In 2003, the Australian government introduced the Active Participation Model (APM) for jobseekers, adopting a more intensive and individualized approach to placing jobseekers through Australia's Job Network service outsourcing system. Service providers are offered incentives through payment for placing jobseekers in work. Payments for the more difficult to place clients are higher than those for short-term unemployed clients. (Tergeist and Grubb 2006). Moreover, training contracts are usually competitive. PES typically contract for a selected number of training slots or days of training. The training contractor may provide additional counseling services. Usually the contractor is required to accept a negotiated placement of a portion of the trainees in jobs.

Source: Kuddo, 2012

⁹ In light of the Jasmine Revolution, Tunisia's interim government launched the AMAL ("hope" in Arabic) program in February 2011. AMAL is a comprehensive youth employment program that seeks to provide unemployed university graduates with employment services for a maximum of 12 months.

Vacancies and Job Placements

In Egypt and Lebanon (Beirut only), the PES are quite active in registering job vacancies, and the ratio of registered job seekers per one vacancy is quite modest by international standards (Table 9). In Jordan and Morocco, the registered jobseekers-to-vacancy ratio, in turn, is relatively high. Nevertheless, job placement rates are not high enough to absorb the growing number of unemployed individuals. In 2010, staff the Tunisian PES (ANETI) were able to visit about 95 thousand enterprises, identify 176 thousand job offers (internships and permanent positions), and fill about 20% of these vacancies. Vacancies filled were entered in a database available to job-seekers.

Table 9 Job-seekers-to-vacancy ratio, and the number of job placements per 1,000 registered job seekers in selected MENA countries, 2009

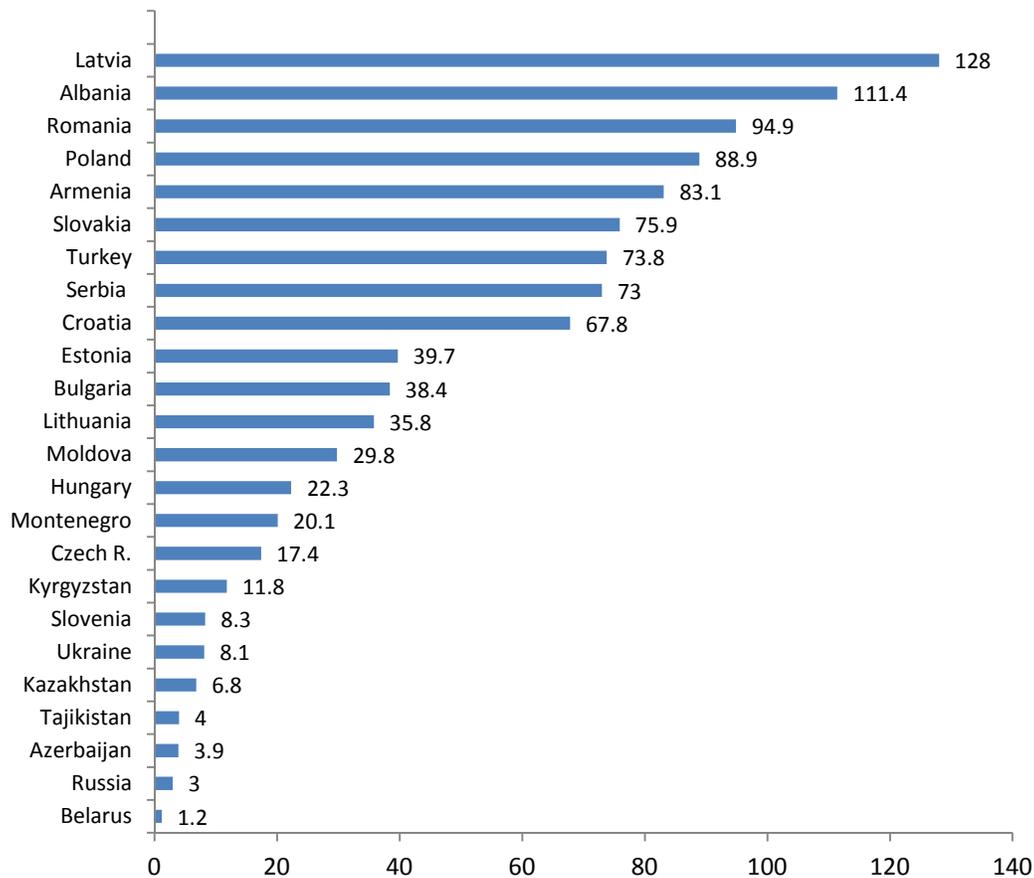
	Number of registered job seekers, 1000'	Number of registered job vacancies, 1000'	Ratio of job seekers per one registered vacancy	Average placements per month, 1000'	Job placements per 1,000 job seekers per month
Egypt	895.1	222.9	4.0	40.1	45
Jordan	28.0	2.6	10.8	0.7	25
Lebanon*	12.2	3.6	3.4	-	-
Morocco	517.0	27.7	18.7	4.4	9
Tunisia	105.4	-	-	1.6	-

Source: Authors' own elaboration based on MENA inventory of ALMPs, 2011.

Notes: *- Beirut only

Vacancies were generally filled by job seekers who directly contact the enterprise and subsequently inform ANETI of the match. Nevertheless, there is no systematic way to match the registered unemployed (about 600 thousand in year 2010) to available vacancies. This partly explains why about 80% of available vacancies are not filled. In Egypt, less than 5% of the registered jobseekers are employed every month, in Jordan less than three %, and in Morocco, about one %. Among the reviewed countries, in Egypt, employers are required by law to send detailed statements to MoMM of the employees they hire within thirty days of hiring (qualifications, age, nationalities, gender and salaries). The companies have to meet certain criteria regarding the work sites, salaries, and type of work in order to receive a license. For comparison, the ratio of registered job seekers per one vacancy was much worse in most of the emerging market economies in the ECA region including more than 100 job seekers per vacancy in Latvia in Albania, and 74 jobseekers in Turkey (Figure 13).

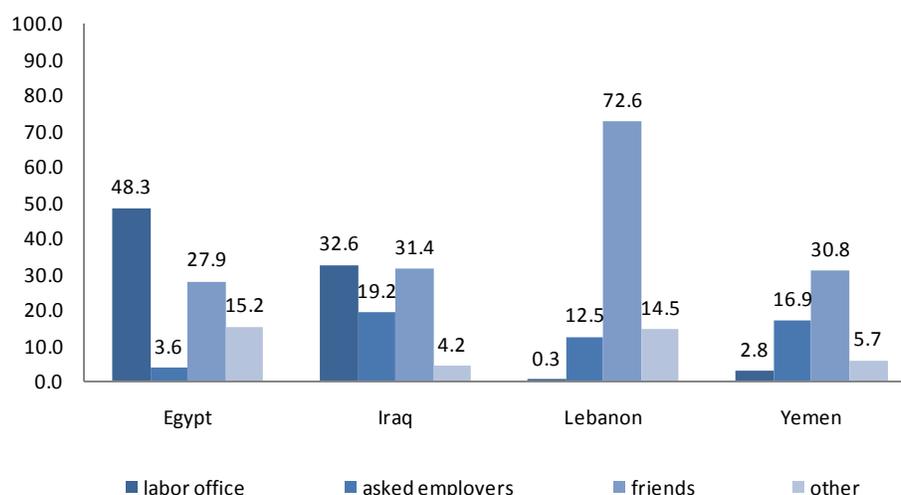
Figure 13 Job seekers-to-vacancy ratio in selected ECA countries, end-2009



Source: Kuddo 2010

Currently the passive approach by many PES of waiting for the employers to post vacancies still predominates, with little effort put into marketing the service. Along with PES, employers use a variety of other recruitment channels such as advertising, applicant initiative, and references from existing employees, schools, and consultants. Even in high income countries, the majority of workers rely solely on personal and family connections as the main way to find suitable employers, and many job placements occur without an intermediation role of the PES. But the number of job seekers looking for a job through PES is especially low in many MENA countries. In Lebanon (0.3% of the workers) and Yemen (2.8% of the workers), only a fraction of all workers find a job through labor offices (public or private). In other countries, like Egypt and Iraq, between 30 to 50% of all workers find a job through intermediation services, highlighting the potential of labor intermediation to reduce frictional unemployment even in environments of generalized job scarcity (Figure 14).

Figure 14 How do workers find jobs in the MENA region?



Source: Authors' own elaboration based on the MENA Inventory of ALMPs, 2011.

Notes: Available years are Egypt, 2006; Iraq 2006/2007, Lebanon 2004, Yemen, 2005/2006.

CONCLUSIONS AND POLICY RECOMMENDATIONS

In the reviewed MENA countries, large informal labor markets and weaker capacity to implement programs may limit what PES and measures can achieve in terms of creating formal employment. Nevertheless, assisting effective job search, facilitating access to advice, training and work for the unemployed and inactive people, is of crucial importance, especially in a period of economic and political reforms when people are at risk of losing touch with the labor market. Based on the PES survey data, some conclusions can be made and a simple policy framework is proposed.

Overall, the institutional capacity of PES is quite limited. In particular, in several countries in MENA region, the number of frontline counselors/advisers is totally inadequate for delivering ALMPs, specifically effective and personalized mediation services. While there might be limitations in hiring new staff, the efficiency and quality of service could be improved markedly by placing more PES staff on the front line dealing with clients. Erasing from the roster passive jobseekers (those actively not looking for a job) is also an important tool for improving staff caseload.

As a result in part of low capacity of PES, in many MENA countries, only a fraction of all workers find a job through labor offices (public or private). Job placement rates are not high enough to absorb the growing number of unemployed individuals.

Some groups of jobseekers are especially vulnerable in the labor market and need specialized services. However, survey data indicate that although high-skilled unemployed individuals in MENA (proxied by those who attained a tertiary education degree) account for 20 to 30% of the stock of unemployed, about half of programs delivered by PES in MENA target high skilled unemployed individuals, mainly youth.

ALMPs also tend to mainly help disadvantaged groups. For example, female participants and the less-educated tend to obtain higher gains from the programs than male participants and those with university degrees, respectively (Puerto 2007). Despite the fact that women in MENA have much higher unemployment rates than men, only 18% of the programs are designed to specifically target females. The PES should have tools (e.g., menu of services) and resources in hand to address specific needs of jobless females, long-term unemployed, less educated jobseekers and other disadvantaged groups.

This study proposes a simple policy framework to address the main challenges encountered in most countries in the region to improve the effectiveness of delivery and provision of employment services (Figure 15):

Figure 15 A simple Policy Framework for PES in MENA



Source: Authors' own elaboration

Develop Public Private Partnerships

In industrial countries, there is an increasing reliance on private delivery of services (e.g., for training, employment services, and public works). Government's role in these situations has been to establish overall priorities, ensure quality, and provide financing, especially to address equity concerns. For MENA countries, closer partnership with private service providers, training and education institutions, employers and communities might also be a useful experience – in order to ensure that programs respond to market conditions. Various methods can be used to achieve this including extensive outreach by local office staff, job fairs, an aggressive marketing campaign, and regular labor demand surveys (World Bank 2010).

Moreover, most training programs reviewed in the inventory are conducted in-class only, with only a minor part of the programs providing on-the-job training. Recent evidence indicates that program designs that combine different training approaches have a higher probability of yielding

positive labor market impacts on employments and/or earnings outcomes of trainees. In particular, compared to in-classroom training alone, the interaction of in-classroom and workplace training increases the likelihood of positive labor market impacts by 30 percentage points, and when combined with other services, the probability of a positive impact increases by 53 percentage points.¹⁰

Public employment services in the region will need to develop partnerships with the private sector to (i) deliver training and employment services to the stock of unemployed (notably youth), (ii) promote beneficiary participation in internships and on-the-job training, and (iii) develop demand driven programs tailored to the needs of the private sector.

Focus on Employment Services

Core employment services – job search assistance and counseling have been found to be the most cost-effective labor market measures for the general population of the unemployed. That is, they achieve similar results as other interventions, however at a significantly lower cost. However, contrary to international best-practices, MENA countries are moving away from less costly employment services and into more expensive training and employment incentives. In 2008, employment services constituted 35% of all interventions registered in the inventory, and in 2010, only 18% of all programs were employment services. More cost effective counseling and labor intermediation programs, such as job search skills training programs, career/job counseling, job clubs, job vacancy fairs, employer contact (intermediation) services, etc., in the region hardly exist.

Given the PES staff constraints of many countries, job counseling for jobseekers could be improved by focusing more on group-based activities, such as collective sessions on: (i) labor market information in which the unemployed learn about the local and regional labor market situation, including jobs offered and the qualifications needed to apply for them; (ii) job counseling in which the unemployed participants are counseled about the skills and qualifications they need to improve in order to increase their employability, and obtain information about education, training, and alternative job opportunities; and (iii) job search skill training programs that offer practical assistance to the unemployed in their efforts to find new employment, such as in drafting job applications and succeeding in job interviews

Service provision in the region should move away from costly interventions that are more cumbersome or scale-up (notably wage subsidies, vocational training, and entrepreneurship promotion) and into more cost-efficient interventions, such as labor market intermediation, provision of soft-skills training, and employment counseling services.

¹⁰ The evidence is based on recent meta analysis of 345 studies of training programs from 90 countries around the world (Fares and Puerto 2008). Also in Argentina, Chile, Peru, and Uruguay the *Joven* training programs have been widely recognized as successful in reaching disadvantaged youth. Critical to their success is the nature of the training – from technical to life skills and from lectures to internships – and the sound support services and course certifications that foster continuing participation.

In general, despite limitations associated with the large informal sector in the economy, it is vital for PES to register as many vacancies as possible. Experience from European Union member countries suggests a number of factors increase the quantity and quality of vacancy registrations. In addition to incentives for employers marketing and services to employers to increase vacancy notifications, the employment service can register vacancies advertised elsewhere. Also the employment service need not limit itself to longer-term jobs, and formal sector jobs. In many instances, temporary or part-time employment contracts can be regarded as an intermediate state between full employment and unemployment. Hence, repeated temporary placements often lead to the offer of a permanent job, and consequently it is in the interest of PES to handle also short-term work.

One of the ways to combat human resource and budget constraints is also to move away from costly face-to-face interactions and towards the extension of self-service facilities for jobseekers and employers. Many countries have built up CV-data banks of jobseekers which can be assessed by employers electronically. Just as in the case of employers entering their vacancies, jobseekers can enter their CVs with the help of a placement officer or by themselves. They can enter this information from their own work station at home over the Internet or from stand-alone facilities in local labor offices or other public premises (World Bank 2008).

Improve governance and accountability

Most programs included in the inventory have output based monitoring systems but lack results-based systems and/or rigorous program evaluations. The majority of all programs (93%) did not have any type of method/procedure to assess program cost-effectiveness and only a handful (15%) have conducted an impact evaluation. Most of the programs, however, provided some information on placement rates after program completion. Only three programs provided information on earnings after program completion, and only one country, Morocco, conducted impact evaluations - in 3 out of 4 programs- to assess the impact the programs had.

Most countries in the region need to develop clear framework (and allocate resources) to monitor and evaluate the efficiency and effectiveness of existing employment programs. This could be done, among others, by developing clear M&E legal frameworks, results-based (nor output-based) labor market information systems, and by promoting a culture of program evaluation and auditing.

Strengthen institutional and regulatory frameworks

While labor intermediation remains largely undeveloped, vocational training continues to be the main type of program provided by PES in MENA targeting mainly high-skilled unemployed youth. In 2010, out of the total inventory in selected countries, 30% were training programs. By international experience, training programs do have their limitations. First, they are relatively costly and thus participation would be limited. Second, their impact will be limited when job opportunities for trained workers are scarce. Finally, training programs are also associated with deadweight losses (i.e., some workers would have found jobs without the training). Also labor market related training organized or supported by the PES cannot substitute for general education and cannot make up for the failings of the educational system. Also, only 10% of all

training programs gave beneficiaries some type of “recognized” credential after program completion thus making trainees less attractive to potential employers. Active Labor Market programs (notably vocational training) should develop their capacity to signal their value added to the private sector. This could be achieved by developing better systems for program accreditation and certification. Developing regulatory frameworks and setting rules and standards for the provision of ALMPs, whether by public or private providers, would also improve the quality of ALMPs. ALMP provision in most countries lacks coherent nationwide regulations. For example, many countries in the region lack of a vocational qualification framework to set standards for the delivery of training programs with regards to curricula, skills acquisition and certification. Strengthened regulation would ensure better quality standards for the services provided to jobseekers. It would also, especially concerning training programs, provide clearer signals to employers on the skills and capacities of jobseekers.

Countries in the region need to improve institutional capacity to deliver employment services. This could be achieved by reducing system fragmentation. Many countries in the region have parallel and, in some cases, redundant systems providing similar services; notably in the area of vocational training. Institutional coordination should be promoted across relevant agencies as well as between central and local agencies (as the needs of the unemployed vary across localities). Defining mechanisms for institutional coordination across all public agencies engaged in ALMP development and provision would ensure more integrated provision of services and help avoid duplication.

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