

PROGRESS AND TRENDS IN EMPLOYMENT AND LABOUR PRIORITIES

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PREFACE

This document is a cross-country report that brings together the collected intelligence from the Union for the Mediterranean (UfM) member states that volunteered to provide an overview on the state of the art, trends and progress on the four priorities of the UfM Ministerial Declaration on Employment and Labour, adopted in 2019, in Cascais (Portugal). It is meant to be concise and to present the main results from the monitoring exercise.

The report does not have the ambition to offer an in-depth analysis of the state of the art on each of the Ministerial priorities. It rather aims at providing an observation of trends, based on specific questions and areas of interest jointly identified by the UfM member states (herein after UfM MS) participating in the UfM Regional Platform on Employment and Labour (herein after UfM RPEL) and later agreed by the Senior Officials.

The objective of this monitoring process is to foster a culture of monitoring and evidence-based policy making in view of improving efficiency of policy design and implementation. It should be also noted that the participation in the monitoring process is open and voluntary, as stated in the UfM Ministerial Declaration. Therefore, through consultations with all UfM MS represented in the UfM RPEL, a number of countries have expressed interest to be part of this process, by nominating dedicated focal points to follow the process of implementation and prepare the monitoring and reporting tools with the support of the European Training Foundation (ETF). The participation of additional UfM MS remains open.

Being the process participatory, all steps have been discussed and agreed with (volunteering and non-volunteering) countries, including the approach, the monitoring framework, the indicators and the reporting tools and format.

The monitoring process was officially launched on 31st May 2021, in a side event of the UfM RPEL. On this occasion, the monitoring matrix as well as a calendar of implementation were presented and agreed. The finalised reporting guidelines and templates were shared with national focal points in the beginning of June 2021. Coaching sessions were organised regularly, both bilateral and in group, virtual as well as in person.

In parallel, an online tracking tool was developed, to store and visualise collected information and trends both thematically (Declaration priorities or pillars) and geographically (by UfM MS).

The process is coordinated and led by a Task Force, whose members are the Secretariat of the UfM, the European Commission, Directorate General for Employment, Social Affairs and Inclusion (DG EMPL) and the European Training Foundation (ETF). The UfM Secretariat leads and coordinates the whole process with the DG EMPL. The ETF provides technical advice and input and coordinates the technical work. The ETF has been supported in the process of collecting information, coaching and development of the tracking tool and preparing a background note by the Euro Mediterranean Economists Association (EMEA). The tracking tool is available at this link: <https://research.euromed-economists.org/ufm-4mdel-overall-introduction/#>

This report presents information provided through the national contact persons from the UfM MS that volunteered in this pilot monitoring process. The data was collected in 2021. Data collection and reporting do not aim at analysing the policy progress or development trends in the different monitoring pillars, neither to assess the countries' performance in the selected domains of the Ministerial Declaration priorities. It aims at presenting the information and data gathered and made available for the sole purpose of the pilot monitoring exercise and to identifying good practices and specific priority for actions. It will be presented at the 5th UfM Ministerial Conference on Employment and Labour in May 2022.

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Introduction

Objectives of the monitoring

The objective of this process is to foster a culture of monitoring and evidence-based policy making in view of improving efficiency of policy design and implementation. This process is based on a policy learning approach and accompanies and facilitates sharing and peer learning. More concretely, the participation in the monitoring process is meant to:

- Foster exchange, peer learning as well as networking and cooperation among UfM MS stakeholders and international organisations;
- Identify and gather reliable disaggregated data and statistics as well as to work on relevant indicators encouraging their harmonisation and sharing;
- Contribute to improving national capacities for monitoring policies related to the labour market; to monitoring the impact on labour market of other policies and co-operation initiatives in areas such as industrial co-operation, trade and investment, blue economy, the transition to a low-carbon and circular economy migration, education and gender equality¹;
- Identify financing sources to support the dissemination of best practices and the effective integration of monitoring of impact in actions directed to employment and labour market, including from the private sector or from public/private partnerships;
- Incentivise UfM MS to share their national monitoring reports on a regular and voluntary basis on the main national trends in the field of employment and labour with the UfM Secretariat; this could be an opportunity to identify innovative and strategic operational programmes and initiatives which will contribute to countries' efforts; Promote opportunities for the UfM Secretariat, European Commission and the relevant EU agencies, in particular the ETF, to provide relevant expertise to this work and facilitate exchange of experiences, best practices, lessons learned and innovative approaches at national and international level.

These objectives have been agreed by the UfM MS to track policy progress and developments on the 4 priorities of the 2019 UfM Ministerial Declaration on Employment and Labour.

The Ministerial Declaration also indicated the need to foster regular exchange and sharing of practice, experiences and lessons learned through a Community of Practice (CoP). The UfM MS participating in the process already configure a platform where countries discuss and exchange on the respective progress and challenges linked to the priorities of the Ministerial Declaration, and its monitoring process, in the spirit and approach of a Community of Practice.

The outcomes and good practices emerging from this pilot monitoring could be useful for other communities of practice such as the UfM Community of Practice on Youth Employment in the Southern Mediterranean that will be launched with the support of the German Development Cooperation following the 2022 Ministerial Declaration on Employment and Labour.

The report is structured around three main sections: the socio economic context, the results of the monitor by priority (pillar) and concluding remarks.

The report covers the UfM volunteering Member States (see the full list in chapter 2) and results from the monitoring are meant to be specific to those countries. When not otherwise indicated, when we refer to countries, they include the UfM volunteering Member States, UfM Southern and Eastern Mediterranean countries refer to all UfM MS in the southern and eastern shore of the Mediterranean, UfM EU Member States are countries members of the European Union.

¹ Not all these areas are covered directly in the monitoring exercise

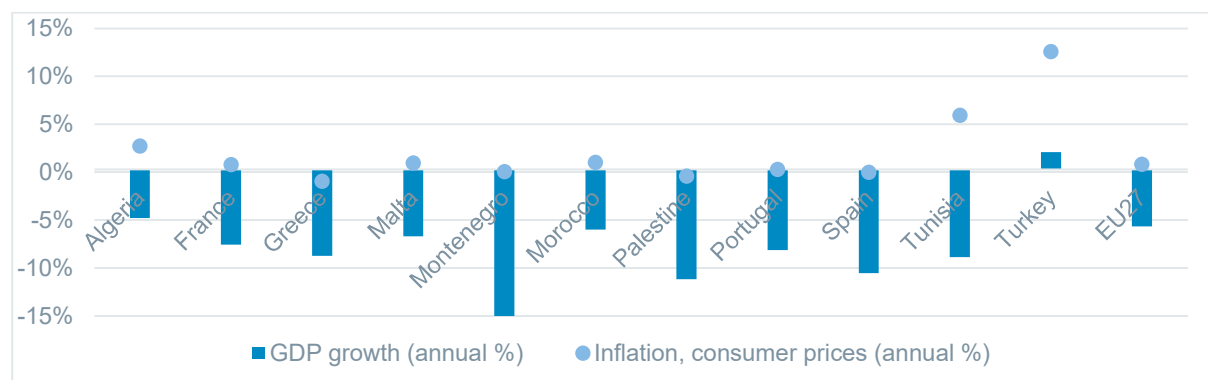
1. Context and overview of Employment and Labour challenges

The overview of the socio economic context that follows refers primarily to the UfM MS in the Southern and Eastern Mediterranean; while some data include trends in key contextual indicators also for UfM EU MS. The analysis of the context is based on key contextual indicators and on latest ETF monitoring and analytical work.

Despite the differences in their socioeconomic development, demographics, political systems and wealth distribution, the UfM Southern and Eastern Mediterranean countries face similar challenges in terms of sustainable growth, youth employment and demographic transition. Inclusive growth and decent job creation are at the heart of reforms in all countries. However, data suggests that much work still needs to be done to ensure sustainable development and prosperity to address inequity, inactivity, and unemployment, in particular among women and young people.

In general, UfM countries of the Southern and Eastern Mediterranean are middle-income countries with challenging socioeconomic contexts characterised by high demographic pressure (a significant, though declining, share of young people in the total population) and modest economic growth with very high volatility and wide regional variations (Graph 1). Micro enterprises and SMEs are the spine of economies: they account for over 90–95% of all firms in absolute figures (IMF, 2019) and provide most of the available jobs.

Graph 1: Annual GDP growth at consumer prices (2020)



Source: The World Bank

The outbreak of the pandemic brought by COVID-19 in early 2020 has further stretched socio-economic challenges in the Southern and Eastern Mediterranean countries, although indeed it brought recession and unprecedented economic downturns in countries worldwide.

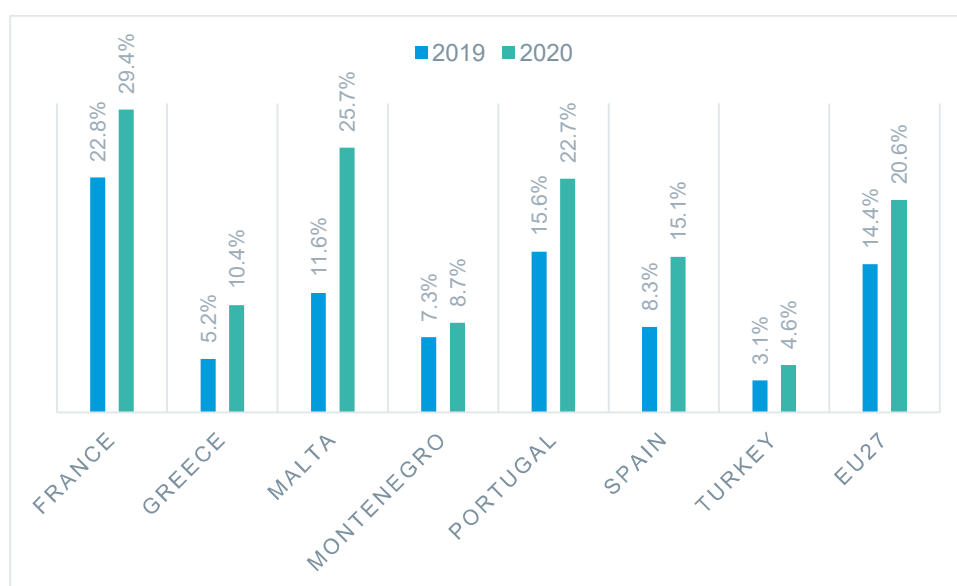
The monitoring exercise did not look specifically to COVID-19 impact nor to how the world of work and of education changed in the aftermath of the pandemic. However, the information collected, particularly key economic and employment indicators, point to worsening socio-economic conditions in all volunteering UfM MS (EU MS included). For the South Med countries (characterised by socioeconomic challenges and transition processes) the pandemic caught these countries in different phases of these processes of reform (ETF, 2021a).

At the start of the pandemic, most countries in the world adopted some preventive and containment measures to curb the spread of the virus. With border closures and supply chain disruptions, global trade collapsed. Across the world, remittances declined substantially, and unemployment increased almost everywhere, with young people and women most affected. As of January 2021, around 93% of the world's workers were in countries with some form of workplace closures; in 2020 working hour losses were four times greater than during the 2009 global financial crisis (ILO, 2021). Furthermore, in 2020 the employment losses were, in relative terms, higher for women (5%) than for men and for young workers (8.7%) than for older workers. Simultaneously, the economic degrowth, combined with

the dramatic decline in fiscal revenues and the need to sustain policies that help the healthcare system and the socioeconomic environment, led to states over-indebting themselves. Young people and children are among the categories suffering most from the pandemic, on one side because of labour market disruptions and on the other because they have experienced a loss of learning opportunities linked to the discontinuity and (in some cases) suspension of education and training activities. The estimated job disruption in 2020 was massive, coupled with scarce social security coverage and safety nets. Particularly hit were people working in precarious conditions and in the informal sector (extract from EMEA, 2020).

Many professions could not be performed from home, impacting further on the job and economic losses. On the other hand, working from home has increased considerably in 2020 as a direct consequence of the pandemic, as indicated in the graph 2 below.

Graph 2: Employed persons working from home as a percentage of total employment (age 15-64)



Source: Eurostat

Note: % of employed persons working from home sometimes or usually.

Global competitiveness, innovation capacity, technological readiness and economic diversification remain limited in the Southern and Eastern Mediterranean, as illustrated in Table 1.

Table 1: Ranking in global competitiveness, global innovation, digital readiness and economic complexity indexes (and changes compared with previous editions)

	Global Competitiveness Index 2019 [x/141]	Global Innovation Index 2020 [x/131]	Digital Readiness Index 2019 [x/141]	Economic Complexity Index 2019 [x/133]
Algeria	89 (+3)	121 (-8)	95	116 (+3)
France	15 (+2)	12 (+4)	23	19 (-1)
Greece	59 (-2)	43 (-3)	42	50 (+6)
Malta	38 (-2)	27 (+5)	27	/
Montenegro	73 (-2)	49 (+6)	53	/
Morocco	75 (=)	75 (+8)	86	89 (+3)
Portugal	34 (=)	31 (+4)	32	38 (-5)
Spain	23 (+3)	30 (-2)	26	32 (-1)
Tunisia	87 (=)	65 (=)	87	45 (=)
Turkey	61 (=)	51 (-2)	59	40 (=)

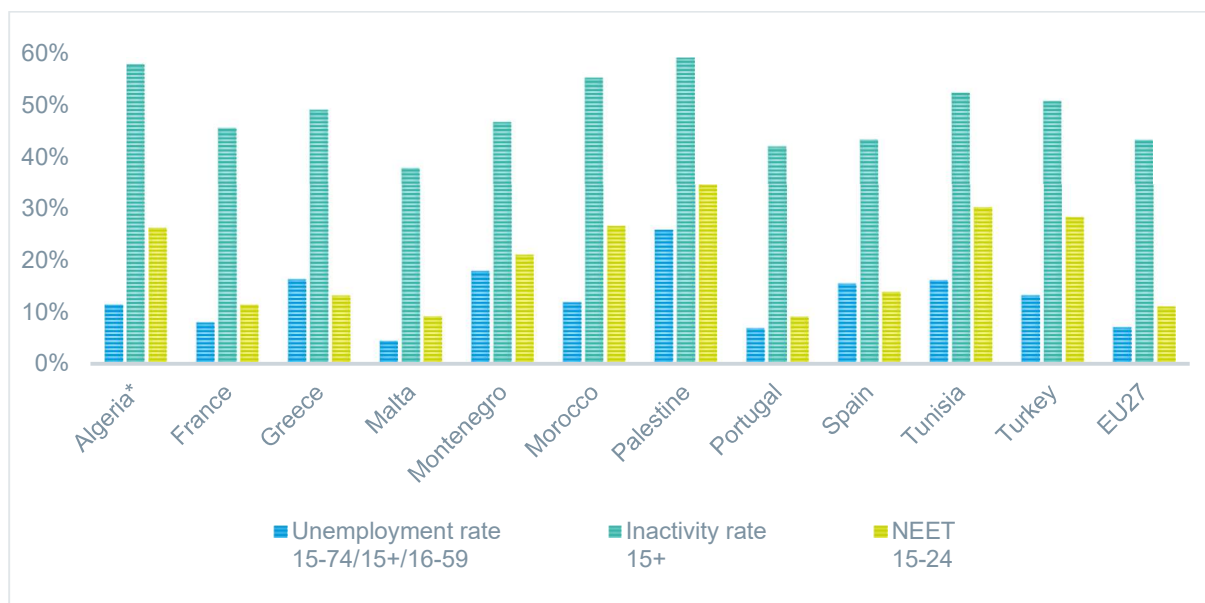
Source: WEF, Global Competitiveness Index 4.0 2019; WIPO, Global Innovation Index 2020; Cisco, Country Digital Readiness 2019; Harvard Center for International Development, The Atlas of Economic Complexity 2019.

Note: No data available for Palestine. No data available for Malta and Montenegro in the Economic Complexity Index. The figures in brackets indicate the changes in the ranking compared to the previous editions: 2018 for the Global Competitive Index [x/140], 2019 for the Global Innovation Index [x/129], 2018 for the Economic Complexity Index [x/133]. For example, '89 (+3)' for Algeria in GCI indicates that Algeria is ranked 89 out of 141 in 2019 and was ranked 92 out of 140 in 2018. The previous edition is not available for the Digital Readiness Index.

Nevertheless, policy reforms aimed at leveraging information and communication technologies (ICT), taking advantage of the digital economy and boosting national trade, are leading to some improvements. The UfM Southern and Eastern Mediterranean countries have caught up significantly in terms of the adoption of ICTs, and many countries reached a well-developed infrastructure. However, greater investments in human capital are needed to transform the countries into more diversified, innovative and creative economies (Schwab, 2019). Human capital development² also plays a key role, across all stages of digital readiness, greening and in building a workforce capable of utilising and creating technology and developing new skills in the emerging fields (Cisco, 2019 and ETF, 2021b).

Despite all the efforts deployed by governments, the labour market in most of the UfM Southern and Eastern Mediterranean countries is still characterised by low levels of activity and employment rates, structural unemployment and underemployment especially for young people, limited participation of women, a large and expanding informal sector, a relatively high level of emigration in general, and of educated persons in particular (brain drain), and an influx of refugees and foreign workers. This situation (inactivity, unemployment, migration and the informal sector) increases the risk of human capital depletion. While this risk covers all volunteering countries, its level varies among countries and population groups: young people, women and rural populations are the most exposed.

Graph 3: Unemployment, Inactivity and NEET rates, 2020



Source: ETF KIESE and Eurostat

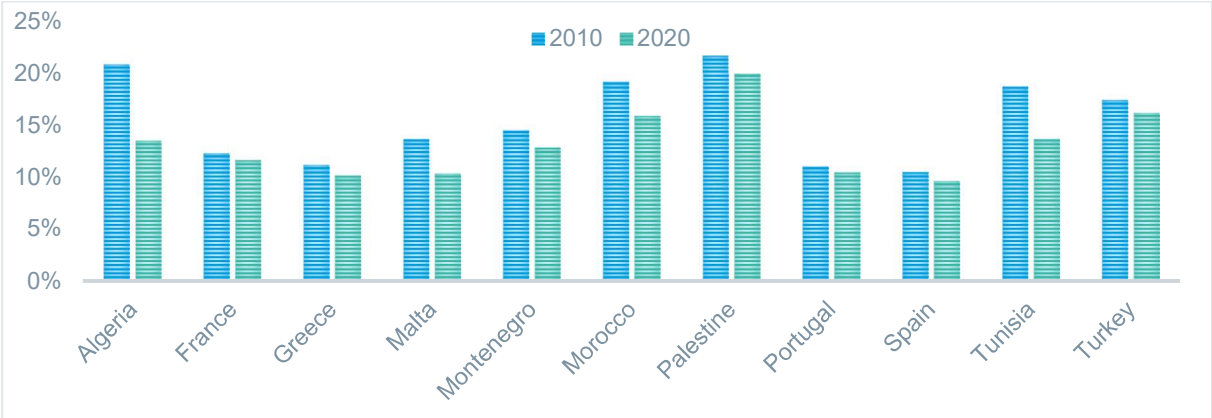
Note: *Algeria data refers to 2019; unemployment rate is evaluated on labour force population aged 15+ for Morocco, Palestine and Tunisia, aged 16-59 for Algeria, 15-74 for other countries and EU27; Inactivity rate is evaluated on total population aged 15+; NEET rate is evaluated on total population aged 15-24; NEET definition differs for Algeria and it includes "youth neither in employment nor in school"

Young population represents the main human capital potential and asset for socio-economic prosperity in the South and Eastern Mediterranean, while at the same time it represents the main

² See also ETF publication on Human capital development in the Southern and Eastern Mediterranean 2021 www.etf.europa.eu/en/publications-and-resources/publications/policies-human-capital-development-southern-and-eastern

challenge in terms of pressure as new workforce to be integrated into the labour market. There is a noticeable contrast between the change in the total population in the UfM Southern and Eastern Mediterranean countries and the evolution of the young population aged 15-24. As shown in Graph 4 while the relative size of the youth population remains high (ranging from 22% in PS to 15% in ME) compared to that in the EU-27 (5.2%), all volunteering countries experienced a decrease in the average relative size of the youth populations during the period 2010–2020. This decrease is quite significant in DZ, TN, MA and MT. This means a still young population yet declining. This may lower the pressure on labour market over time, due to decreasing birth rate with the risk that larger cohorts of youth decide to migrate, coupled with the risk of not benefiting from the present demographic dividend (because of high youth unemployment) and population ageing in the future decades.

Graph 4: Relative size of youth population, 2010 and 2020 (age group 15-24 as % of total population)



Source: UN DESA World Population Prospects 2019

Mobilising stakeholders and creating partnerships and synergies with private sector could be a key instrument to address most of the above-mentioned challenges. Public-Private- Partnerships (PPPs) are an effective way of bringing together relevant stakeholders to work in different labour market areas at national, sectoral, or local level.

Acting in partnership provides also opportunities for improving the relevance of skills for labour market, notably in terms of employability. Effective partnership between public and private actors at all levels, with a renewed consideration of social dialogue that pays more attention to skills, is certainly an effective way to establish efficient skills anticipation and development systems that promote socioeconomic prosperity.

Well thought and structured partnerships with private sector and civil society could be highly effective in optimising the social dialogue, reducing the different mismatches and gaps with labour market needs and eventually allowing the generation of more and better jobs and improving labour markets inclusiveness.

2. Policy progress in the four UfM Ministerial priorities

In this section, the outcomes of the monitoring exercise are analysed and summarised by priority of the 2019 UfM Ministerial Declaration and respective monitoring pillars and selected dimensions. The results that follow cover only the volunteering UfM MS³ (Algeria-DZ⁴, Morocco-MA, Montenegro-ME, Palestine-PS, Tunisia-TN, Turkey-TR, France-FR, Greece-EL, Malta-MT, Portugal-PT, and Spain-ES).

Each pillar and its respective dimensions may have a different country coverage as not all countries have opted for filling in all pillars and all dimensions. Where the report refers to countries, it is meant UfM MS that participated in the pilot and provided the relevant information/data.

Pillar 1 - More and Better Jobs: Employment creation and entrepreneurship

Overall, information collected for this pillar show a very high policy interest for sectors and mechanisms that could generate more jobs as well as countries' will to foster and support decent work. The volunteering countries have presented many innovative policy measures and programmes on the areas of social economy, entrepreneurship and informal economy, that could be a good opportunity for regional and bilateral peer-learning and cooperation between and within both shores of the Mediterranean.

Social Economy⁵

Social economy (SE) is increasingly gaining interest in policy agendas of countries as a potential sector for decent job creation, labour market integration and inclusive and sustainable economic growth (see also the EU action plan on SE below in the good practices section). While the definitions of SE vary from country to country, the spirit remains the same as per solidarity, social cooperation, and common benefit. The social economy traditionally refers to the set of enterprises and organisations such as cooperatives, mutuals, associations, foundations and social enterprises, among other forms that can be specific to each country. They are united around the values of primacy of people and the social objective over capital, democratic governance, solidarity, and the reinvestment of most profits to carry out sustainable development objectives⁶. When exists, the definition of SE in volunteering countries fits in the above EU outlines.

All countries are undertaking actions on SE in one way or another. Many of them adopted clear definitions and legal frameworks with dedicated support and M&E mechanisms (MA, TN, ES, EL, PT), or are in the process to do so (EL). Other countries do not have an agreed and official definition or a legal framework but reported some financial support for start-ups operating in social economy (MN, PS, TR).

Data and statistics on SE are rather scarce and not always available. Morocco, Spain and Portugal reported the contribution of SE to the GDP, respectively 2%,10% and 3% (PT in 2016).. They also reported that the number of jobs created in this sector corresponded to 100.000 Jobs between 2015-

³ Along with the 27 EU member states, 15 Southern and Eastern Mediterranean countries are members of the UfM: Albania, Algeria, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, Palestine, Syria (suspended), Tunisia and Turkey.

⁴ Due to some delays in the submission of the qualitative information, the report does not include references to Algeria for the moment, it includes only (where available) quantitative data.

⁵ The term social economy refers to four main types of entities providing goods and services to their members or society at large: cooperatives, mutual benefit societies, associations (including charities), and foundations.

⁶ [Social Economy Europe](#)

2018 (MA), a total of 2.2 million jobs in 2019 (ES) and around 18.500 Full Time Equivalent between 2013 and 2016 (PT).

The main elements captured in the policy measures for social economy, cover i) the increase and reinforcement of companies operating in this sector, ii) the improvement of their competitiveness and foster inclusion of vulnerable groups in the labour market, iii) support to access and diversification of financing (SP, MA, PT).

In addition to Morocco, Spain and Portugal, other countries are undertaking new legislative frameworks to strengthen social enterprise operating on enhanced quality of life, social inclusion, and the protection of the environment (for example MT). Social economy is often considered as a complementary economic sector to foster formal job creation and labour market integration of specific occupational profiles, not aiming only at financial and profit gains but also addressing some social services and needs of communities, territories, and countries.

While social economy is still operating in traditional sectors such as health, personal care services, finance, agriculture etc., new skills needs are emerging, linked to the digital and green transitions.

Box 1 : Some facts and figures on social economy in Europe in EU28 (years 2014-2015)

Social Economy provides:

- over 13.6 million paid jobs in EU28 equivalent to about 6.3% of the working population of the EU28.
- The equivalent share of working population varies from country to country; 3.3% in Greece, 7.7% in Spain, 5% in Portugal, 1.3% in Malta.
- Employment of a workforce of over 19.1 million, including paid and non-paid
- more than 232 million members of cooperatives, mutuals and similar entities
- over 2.8 million entities and enterprises

Source: "Recent evolutions of the Social Economy in the European Union", European Economic and Social Committee 2017, <https://www.eesc.europa.eu/en/our-work/publications-other-work/publications/recent-evolutions-social-economy-study>

Examples of good practice

- **MA, ES and PT** - Action plans and strategic vision to build the capacities of SE actors and improve governance and the general business climate as well as direct and indirect financing support to young SE enterprises to maintain a balance between this support and fair competition. PT also established an official satellite account
- **EU action plan on Social Economy:** [Commission presents Action Plan to boost the social economy and create jobs - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)

Regional programmes

- **Med Up!** Promoting Social Entrepreneurship in the South Med Region - Running from 2018 to 2022, with an EU contribution of €5 million. Implemented by a consortium led by Oxfam in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

Main lines of action: (i) create an enabling regulatory and policy environment through the sharing of experience at policy-making level, (ii) capacity building and networking activities for business support organisations and (iii) provision of financial and technical support to social enterprises.

- **Safir** Programme - running from 2020 to 2024 with an EU contribution of €6.25 million. Implemented by a consortium led by the Institut Francais in 9 countries across Northern Africa and the Middle East. Specific focus on youth.

Three pillars: (i) to provide support to +1,000 young project leaders, (ii) to develop a regional network of organisations supporting social entrepreneurship, and (iii) to accompany the creation of spaces for dialogue between youth and governmental authorities.

Entrepreneurship programmes

Entrepreneurship is recognised in all countries as a booster of economic growth by introducing innovative technologies, products, and services, entrepreneurs possess the potential to provide new job opportunities in the short and long term. All countries indicate that they have set up and implement financial or non-financial programs for start-ups and entrepreneurship programmes supporting or reintegrating unemployed people. Some countries reported the existence of national legal and institutional framework⁷ for entrepreneurship programs (MA, PS, ES, MT, PT).

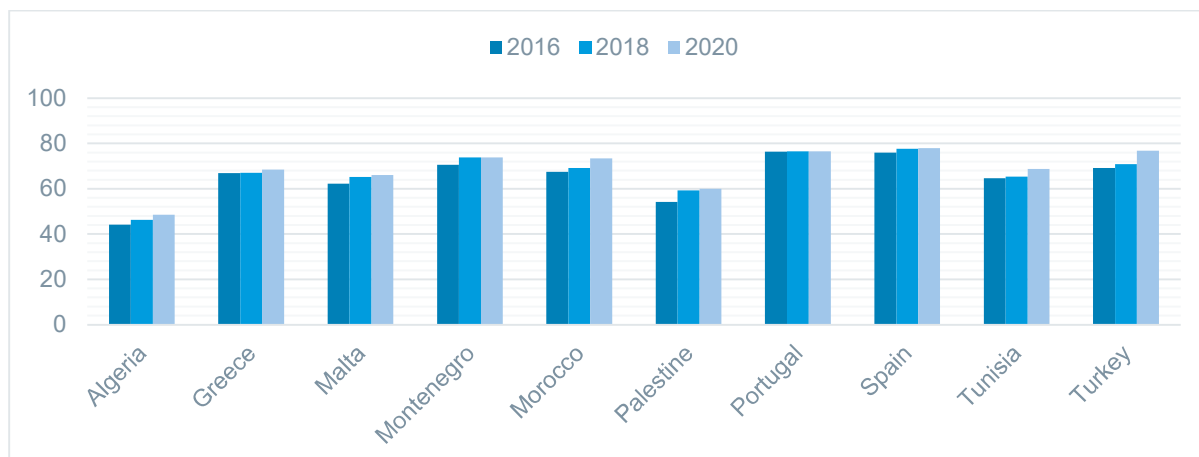
While entrepreneurship refers to new businesses and start-ups, its impact could go beyond, when education systems call for raising entrepreneurial culture, for instance by fostering growth of existing businesses. Volunteering countries are aware of the key role of entrepreneurial education and training in preparing would-be-entrepreneurs and influencing economic performance by bringing new products, methods, and production processes to the market and by boosting productivity and competition more broadly⁸. In most countries, entrepreneurship is part of the education curricula in general, vocational and higher education (MN, MA, PS, TN, MT, ES, PT). Entrepreneurship is not yet considered in all countries as a key competence for students, as for example in MT, TR.

Policy measures recently introduced cover areas such as making start-ups ecosystem visible, to attract talent and capital and stop the brain drain (ES), increase self-employment, support MSME and local development (MA, MN, PT), introduce entrepreneurship in school and colleges (MT) and lifelong entrepreneurial learning (MN), setup a Startup Act to support Startups launching and developing their businesses (TN).

While all countries report a strong involvement of the private sector in entrepreneurship policies and action plans, in a more or less structured way, not all of them put in place a regular monitoring and evaluation system of entrepreneurship programs at the national level (TN).

⁸ See also the EU EntreComp framework and the EU EntreComp framework in action and OECD, EC, ETF 2019

Graph 5: Easy of doing business



Source: The World Bank

Examples of good practice

- **ME** - Strategy and action plan for lifelong entrepreneurial learning to reinforce entrepreneurial competence at all levels of formal and non-formal education and increase the efficiency of the entrepreneurial learning system
- **ES** - Fiscal measures to promote the attraction of international talent and favour the creation of digital hubs

Informal economy

The high level of informal economic⁹ activity is one structural and persistent feature in the Southern and Eastern Mediterranean countries. It is suggested that for most young people it is easier to find an informal rather than a formal occupation due to the limited employment opportunities generated. This is linked mainly to the structure of these economies, dominated by micro and small enterprises, self-employment or related traditional occupations in agriculture. Most of these activities typically being fully or partially in the informal sector¹⁰.

While the informal economy ensures a livelihood for many people, it has a negative impact on individuals (poor working conditions, low-quality jobs, lack of social security, etc.) and on economies as a whole (negative impact on the state budget, tax evasion, unfair competition, low added value, low productivity and job creation, etc.)¹¹. Different studies suggest a strong link between informality, poverty, and social exclusion. There is also an inverse correlation between educational attainment and informality, with those who are less educated more likely to end up in informal employment (ETF, 2021). Also, the COVID-19 was a wakeup call for many countries to enhance social protection which is hindered by the informal economy.

Due to the expected lack of official data on this matter, only a few countries provided information on informal economy (MN, TR, ES). Measures to address informal economy differ from country to country. This ranges from fighting against informal economy as the main form of labour

⁹ The ILO measures informal employment according to the definition given by the Seventeenth International Conference of Labour Statisticians: https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087622.pdf

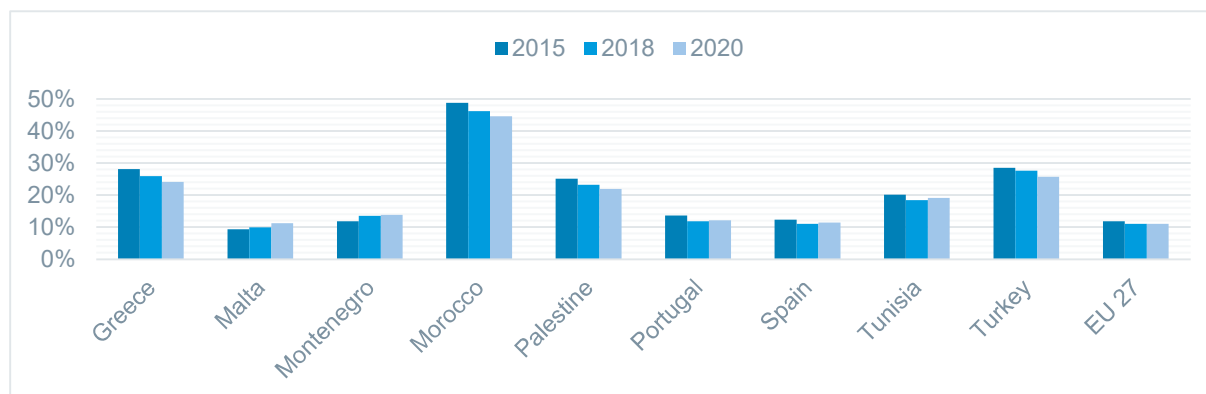
¹⁰ The incidence of vulnerable employment is defined as the number of own-account workers and contributing family workers as a proportion of the total number of employees. Persons in vulnerable employment are more likely to have informal work arrangements (ILO, 2018a).

¹¹ Policies for human capital development: Southern and Eastern Mediterranean (ETF, 2021): www.etf.europa.eu/en/publications-and-resources/publications/policies-human-capital-development-southern-and-eastern

precariousness and impairment to the Public Treasury and Social Security frauds (ES) to monitoring undeclared labour (MN) or supporting formal entrepreneurship and employment to decrease informality (TR).

It is worth underlining here that countries are developing other policy measures that are tackling indirectly the informal economy without being specifically labelled as a such. This would be the case for policies fighting poverty, reducing marginalisation of vulnerable groups, minimising gender gaps and/or upskilling and reskilling programmes.

Graph 6: Incidence of vulnerable employment 2015, 2018 and 2020



Source: ETF KIESE and Eurostat

The Incidence of vulnerable employment¹² indicator could be an acceptable proxy in the absence of other specific quantitative data for informal economy. With respect to the EU average, we can see that the incidence is high, although decreasing, in MA, TR, EL and PS while relatively low but slightly increasing in TN, PT, ES and MT.

Examples of good practices

- **ES** - Fighting informal economy Social Security frauds
- **ME** - Monitoring undeclared labour
- **TR** - Supporting formal entrepreneurship and employment to decrease informality
- **UN** (SDG 8 and 10) and the ILO commitment towards sustainable development and the promotion of employment and decent work, including the transition from the informal to the formal economy.
- **European Union** regional project SOLIFEM that targets four countries (Algeria, Egypt, Lebanon and Palestine) and has the objective to support transition from informal to formal economy, through tripartite social dialogue SOLIFEM - Dialogue social pour la formalisation et l'employabilité dans le voisinage méridional (ilo.org)

Wrap-up and suggestions for priority 1/pillar 1

Looking at the outcomes of the monitoring exercise for this pillar and the related data available, we can conclude that the three dimensions selected for monitoring this pillar (i. Social economy, ii. Entrepreneurship programmes and iii. Informal economy) are indeed essential for fostering job creation and creating opportunities for decent jobs. Countries are, in general, paying increasing attention to reforms and developments in these areas. Suggestions for improvement could cover the following non-exclusive points:

- **Further policy attention and support to improve the business climate for MSMEs** (Micro, Small and Medium-sized enterprises) as crucial providers of employment. Focus can be placed on

¹² The incidence of vulnerable employment is expressed by the Own-account workers and Contributing family workers as a proportion of the total employed.

promoting cooperatives and social economy as a key sector for the economic reactivation, employability and social inclusion.

- **Fiscal incentives for further development of social economy sector** as a way of encouraging the integration of specific groups (youth and women employment, particularly the lower qualified ones).
- **The informal economy is a major and persistent challenge** that should be addressed to organise and improve the quality of work and extending state protection to the informal workforce, especially the poorest and most vulnerable groups. This could be done through promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, skills development, and encourage formalisation and growth of micro and SMEs including through access to financial services (SDG 8.3).
- **Adoption of tax and social protection policies that privilege the formalisation of jobs**, grounded in specific social dialogue pacts, aiming at reducing the number of workers in the informal working relations and targeting particular sectors (construction, agriculture, tourism and hospitality, among others).
- **The need for (re)skilling youth and adults** to be more entrepreneurial is one of the common issues highlighted for this pillar. Being entrepreneurial is not only a way to find a job but also to create others. Entrepreneurial learning should be integrated as a key competence across the education systems at all levels, to further develop sound entrepreneurial skills and establish links with the private sector.
- **Creation of start-ups hubs** (incubators) where training activities combined with business incentives (start-ups grants) could serve as a booster for formal job creation and innovation development. This includes an integrated and diversified technical and financial support to promote the integration of youth entrepreneurs into economic networks.
- **Gather data for a better skills anticipation and monitoring & evaluation** of labour market outcomes: Conditions should be created for a sound and well-articulated LMIS, that provides actors with the necessary information to review policies in general and to bridge the skills gaps and mismatches, inform career guidance services and adapt ALMPs to the demand of specific sectors etc. In particular, a permanent flow information should be established to inform concerned stakeholders about emerging skills needs in different economic sectors, in particular where job creation or growth potential exist. This calls for a high level of interinstitutional cooperation between private sector, statistical offices, PESs and labour, education and training ministries etc. that would also allow to capture the “invisible/grey areas of the labour market dynamics.
- **Reinforce bilateral and regional peer learning, cooperation and networks** on areas such: social economy strategies and regulation, innovative entrepreneurial programmes, teleworking regulations, digitalisation and transformation of the world of work, fighting fraud and fostering decent work creation, etc.

Pillar 2 - Working together for better results: Mobilising stakeholders, creating partnerships and synergies

Social Dialogue

Social dialogue can support economic and social cohesion in the context of good governance and as a key mechanism for policy implementation. It plays an important role by promoting harmonious labour relations, fair and decent working conditions, job creation, inclusive growth and competitiveness.

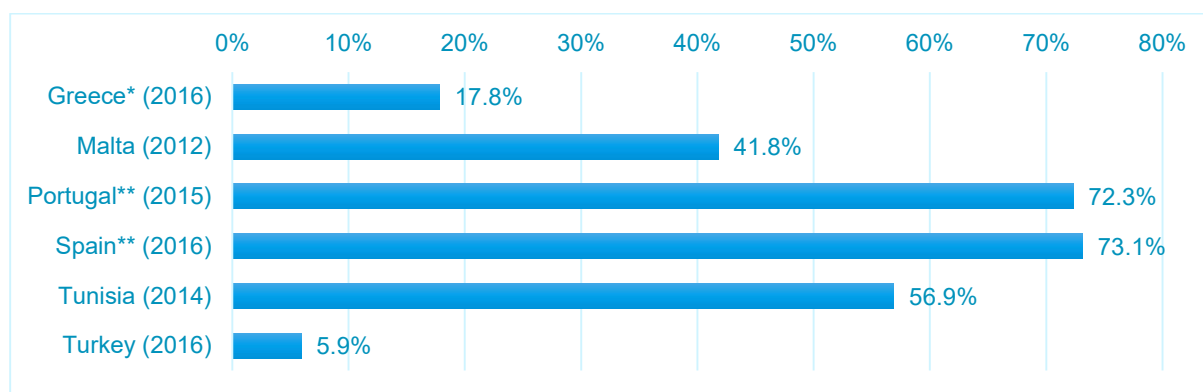
Social dialogue includes all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy (ILO definition). It can be a tripartite process, with the

government as an official party to the dialogue or it may consist of bipartite relations only between trade unions and employers' organisations. Social dialogue processes can be informal or institutionalised, or a combination of the two. It can take place at the national, regional or at enterprise level.

All countries have a framework for permanent structures of social dialogue adopted by law. In some cases, it has been setup recently (TN 2018, ME 2007, TR 2003, MT 2002, PS 2000) while in others since several years (ES 1980, EL 1982, PT 1991, MA 1996). All countries also reported the existence of a legal framework for association and rules of collective bargaining, in which the social dialogue structures play a key role in the formulation of rights, obligations and rules. However, the majority of countries do not have specific social dialogue mechanisms in place (MT, ME, MA, PS, TR), nor a regular monitoring system. During the pandemic ES puts in place a specific tripartite commission to monitor labour measures adopted during that period and PT presented and discussed those specific measures with social partners in the Economic and Social Council.

In this dimension, only few countries reported on progress, maybe due to the lack of monitoring mechanisms specific to social dialogue. The social dialogue measures reported cover improvement of employment rights, obligations and responsibilities (ME, MA, ES), including involvement of social partners in the monitoring, economic reactivation and proposals of measures related to COVID-19 impact on labour market (ES, PT), the minimum wage debates (PS), opinion of Council for Social Dialogue on bills and draft decrees related to employment, VET, and social protection (TN).

Graph 7: Collective bargaining coverage rate (%) – last available year



Source: ILO

Note: *Excluding agreements negotiated by associations of persons; **Adjusted for the right to collective bargaining

The collective bargaining coverage rate conveys the number of employees whose pay and/or conditions of employment are determined by one or more collective agreement(s) as a percentage of the total number of employees (ILO). As we can see in graph 7, the data is quite old and not available for all volunteering countries.

The findings in social dialogue dimension show that despite there are regulatory frameworks in place, there is still a lack of concrete influence of tripartite decisions in the policy making progress in most of UfM South and Eastern Mediterranean countries, due to the absence of dedicated mechanisms, including regular meetings and official procedures. It is expected that the EU funded programmes SOLIFEM and SOLID II would shed light on this aspect and contribute to improving the situation as this is a key democratic and participatory aspect for the governance and adoption of labour market policies.

Examples of good practice

- **ES** - Tripartite commission to monitor labour measures adopted during the pandemic “new legislation on teleworking and on digital platform workers through an agreement between Government and social partners”.
- **PT** – adoption of the teleworking regulatory framework through tripartite consensus

- **EU – SOLiD South Med Social dialogue project** in its second phase aims at building an inclusive and structured Social Dialogue in the Southern and Eastern Mediterranean neighbourhood. The SOLIFEM project also targets social dialogue to move from informal to formal economy.

Civil society organisations (CSOs)

While the role of the government and social partners in governance is usually well defined, the role of CSOs and their contribution to policy making is less clear-cut, with a traditionally stronger role in policy implementation. Civil society organisations contribute to many aspects of the socio-economic life, and thanks to their resilience, they have adapted flexibly and timely during the covid-19 pandemic to continue offering services to societies, during difficult periods of essential services discontinuity. The CSOs work in the field of human capital development, delivering non-formal learning to young and adult people as well as conducting research and analysis in the areas of skills development and employment (ETF, 2021d).

All volunteering countries present a legal framework, adopted by law, for the creation and development of associations. Similarly, to social dialogue frameworks, there is a variance across countries in terms of time of adoption. In most cases, the regulation falls under the same law regulating social dialogue. In most countries, Economic and Social Councils hold a consultative function, for example on new legislation or planned policy measures, for both social partners and CSOs.

While some countries present both a participatory mechanism to consult civil society organisations and financial support schemes (MT, ME, PT, ES, MA), others have participatory mechanisms to consult civil society only in formal processes linked to employment and labour policies without financial support (PS, TN). The rest of countries have not reported any of those mechanisms.

The number of CSOs has been provided by most countries as a total number (PS, PT, MA, ME, MT) while only PT provided some percentages by area of intervention. CSOs seem to operate mainly on household sector, followed by agricultural, industrial, health and public services. By way of indication, in Portugal, altruistic associations account for 92.9% with a total of 66.761 units and the Cooperatives constitute the second group with the greatest relative weighting in terms of the number of units with a total of 2.343.

Few countries reported on policy measures for CSOs (ES, MT and ME). Those indicated cover areas such as guaranteeing the participation of CSOs in the social, employment, equality and inclusion policies, or the adoption of the extraordinary mechanism of the short-time work, and the regulation of telework(ES), formal consultation processes held for involving CSOs at national and regional levels, in the development of the new National Employment Strategy (MT), reinforce capacity building and participation of the CSOs in the implementation of public policies of CSOs (ME).

Some challenges related to the involvement of CSOs in the policy cycle have been highlighted by volunteering countries. CSOs formal consultation/participation in the policy making processes is rather limited, which requires the formalisation of clear rules and procedures and its further implementation as well as dedicated financial resources for CSOs operations, ensuring its unbiased and impartial role, transparent management and advocacy practices, and increased acknowledgement and acceptance of their recommendations by public administration associating them to the decision-making processes.

Examples of good practice

- **MT-** [National-Strategy-on-Volunteering-2019-2024-Report-2.pdf \(maltacvs.org\)](#)
- **EU-** support to Southern Neighbourhood: strengthen the capacity of CSOs and support them financially and non-financially to promote and defend accountability, rule of law, media freedom, ending violence against women and sustainability among other human rights [Eu roadmap for engagement with civil society, EU & Southern Neighborhood \(meddialogue.eu\)](#)

Wrap up and suggestions for priority 2

While the regulatory framework of social dialogue may vary from country to country, it is setup in all countries and the data collected suggests the will of countries to reinforce its concrete implementation and operationalisation and extend its influence on the entire policy cycle from design to monitoring and review of policies. However, dedicated mechanisms should be devised for such an extended implementation of social dialogue in practice. This said, civil society organisations and associations are gaining increasing policy interest as an unavoidable player in the governance of labour market and related challenges. However, by nature the associations represent a varied platform that differs in size, scope and coverage. Their importance, especially in supporting and contributing to countries socio-economic development, is still to be recognised across the volunteering countries.

Suggestions for improvement could cover the following non-exclusive points:

- While social dialogue is well regulated and formally recognised as key tool for policy making, especially in difficult times such as those of the pandemic, little is known about its operationalisation and efficiency. **Regular data gathering** on collective bargaining, right to association, social partners' representativeness and membership is needed to be able to monitor and assess the social dialogues effectiveness and so be able to review and improve.
- **Devise and implement mechanisms to operationalise social dialogue**, such as: tripartite commissions on jobs and employment at sectoral/territorial levels; public-private partnerships that facilitate transition to employment and its sustainability; operational framework that recognise the outcomes of the CSOs in the field of human capital development and employment. These mechanisms should include milestones at which the parties take stock of their learning, as well as issues of membership, sectoral and territorial representation among other relevant aspects of organisational learning.
- **Cooperate to exchange and take stock on major issues** such as impact of social dialogue on growth and productivity, job creation (including the size of the informal sector), quality and efficiency of public services, public-private partnerships, between and within countries. This should reinforce the monitoring role of social partners' organisation and where relevant CSOs, regarding the long-term benefits of the policies and of the social dialogue itself.
- **Recognition, freedom and financing of associations** are still key challenges in most countries and need to be addressed urgently to allow their contribution to the socio-economic prosperity.

Pillar 3 - Making labour markets more inclusive for workers and potentially vulnerable groups

Youth participation in labour market

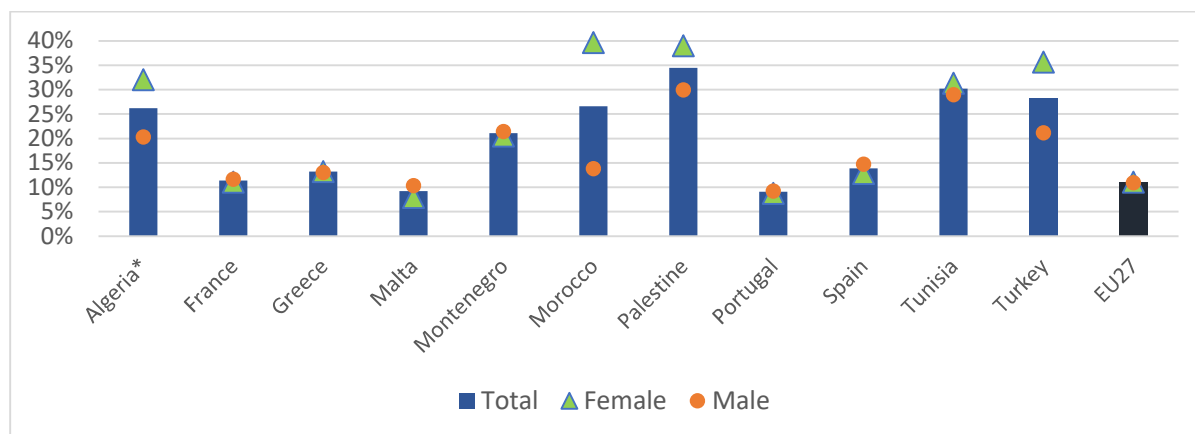
Youth participation in the labour market is without doubt one of the first concerns in the Southern and Eastern Mediterranean countries and so all volunteering countries reported specific policy measures to increase youth employability. The EU member states and ME reported the crucial role of the Youth Guarantee Program and its measures as a mean to improve youth employability, particularly for the NEETs and other vulnerable youth groups.

Policies mentioned range from promoting supporting measures for innovation in specific branches or sectors to the "Youth Guarantee Plus: Plan 2021-2027 for Decent Employment for youth (ES, EL); introduction of a Youth Guarantee Implementation Plan based on the principles of the EU Youth Guarantee Program including a youth programme for entrepreneurship (ME); fulfilling youth potential and aspiration while addressing their needs and concerns including VET and on-the-job training programmes (MT, MA, TR); reinforcing active labour market measures for youth to improving alignment of education and higher education with labour market (PS); strategic vision for youth to create an appropriate allowing their active participation to the achievement of sustainable development goals (TN); promote the realisation of the right to decent and inclusive employment,

faster and better access to the first job and fighting against precariousness, accompanied by the Youth Guarantee program (PT), offering a solution to every young person through the “1 young, 1 solution” action plan that mobilizes all levers: hiring subsidies, training, apprenticeship, support and financial assistance for young people in difficulty (FR).

Some EU countries reported specific regulation of teleworking: On voluntary basis for both the employer and the worker through a signed agreement (ES); covers employee privacy, Data Protection as well as compensation for costs incurred during telework, right to disconnect, agreement on availability to telework, occupational safety and health while teleworking (MT, EL, PT); definition of the scope of teleworking positions, motivation for refusal of teleworking by employer, payment of professional expenses, equipment and use of digital tools (FR).

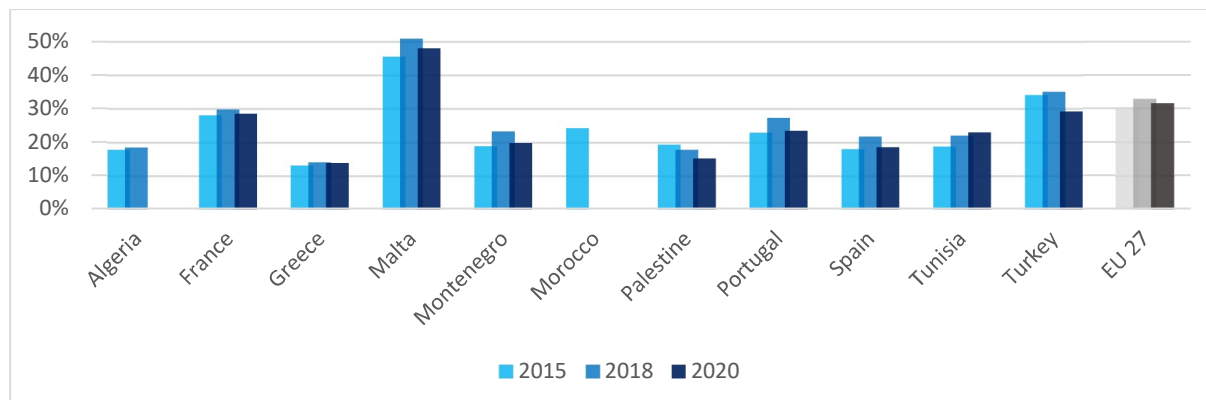
Graph 8: NEET rate by sex, age 15-24, year 2020



Source: ETF KIESE and Eurostat

Note: * for Algeria year 2019 and definition differs “Youth neither in employment nor in school”

Graph 9: Employment rate, age 15-24



Source: ETF KIESE and Eurostat

The above 2 graphs show that NEETS rates are very high across the board and especially in the Southern and Eastern Mediterranean, and that youth employment rates remain quite low with respect the EU average, even showing a negative trend in most of the countries¹³.

Examples of good practice

- **MT - NEET Activation Scheme**².pdf
- **Youth Guarantee EU** (see also box 2 below)

¹³ The downward trend in employment for 15-24 is not necessarily worrying if it is explained by the extension of years of studies

- Teleworking regulatory framework **ES, PT, MT, EL, FR**
- EU- EUROPEAN YEAR OF YOUTH 2022: <https://europa.eu/youth/year-of-youth>
- **Team Europe Initiative on jobs through trade and investment** in the Neighbourhood South – the objective is to better focus European trade and investment policies and promotion instruments towards their impact on creating decent jobs. Three main components are envisaged to be addressed: i) sustainable trade and investment; ii) vocational training/technical skills; iii) inclusive entrepreneurship. The Team Europe Initiative is expected to be presented at the UfM Ministerial meeting on Employment and Labour in May 2022.

Box 2 : EU Youth Guarantee programme

The youth guarantee scheme aims to secure a smooth transition from school to work, support labour market integration and make sure that no young person is left out. The scheme should ensure that all young people under the age of 25 receive a quality offer of employment, continued education, an apprenticeship or traineeship within four months of losing a job or leaving formal education.

All EU countries have committed to the implementation of the reinforced Youth Guarantee in a **Council Recommendation of October 2020**. The Recommendation is based on a Commission [proposal](#), part of the [Youth Employment Support package](#).

To be mentioned that Youth Guarantee programmes require substantial funds and resources and thus the need for a political decision behind to make it happen.

The Youth Guarantee represents a flagship for the Western Balkan and Turkey, where the implementation of Youth Guarantee Action Plans are being developed with the support of the European Union (ILO and ETF are providing technical support and advice).

The Southern Neighbourhood also expressed interest in getting to know more about this instrument through awareness raising actions. The Joint Communication on the renewed partnership with the Mediterranean promotes initiatives that are inspired by the Youth Guarantee.

Women participation in the labour market

While women in South and Eastern Mediterranean gained progressively more access to education and training, exceeding men in some cases, their participation to labour market remains very limited due to the burden of private and care responsibilities and the unpaid work which still largely on their backs. Commitment to create the conditions for a gender mainstreaming approach has been reiterated by the UfM Ministers of Employment and Labour in all the Ministerial gatherings organised so far, but progress is limited, and as mentioned before the Covid-19 pandemic has worsened the situation of women towards labour market integration in most of the EU and South and Eastern Mediterranean countries, being one of the groups most affected by unemployment and labour market changes. This calls for a renewed attention to this group of the population.

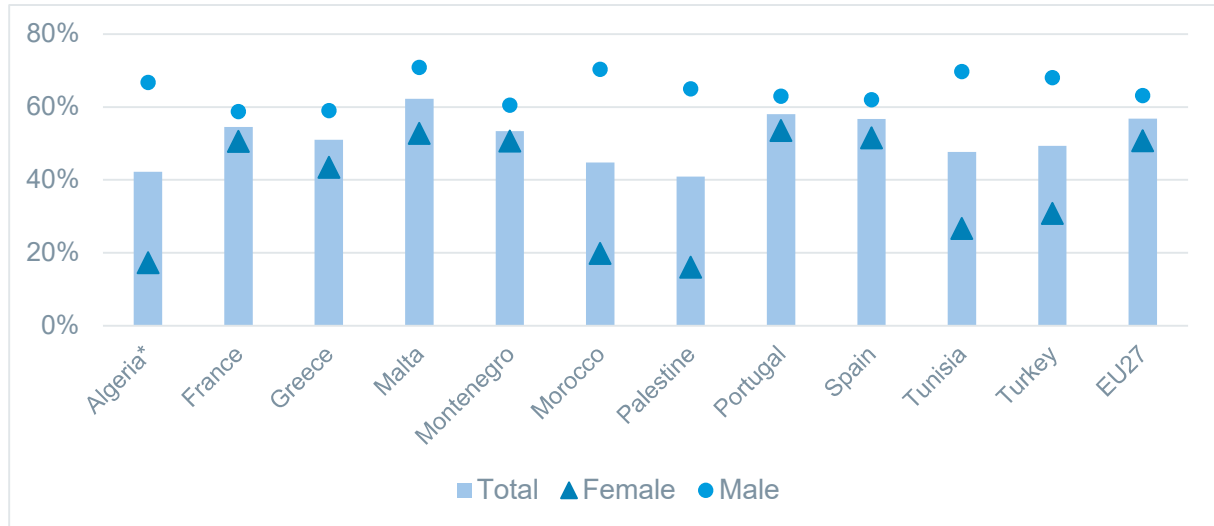
All countries¹⁴ reported specific policy for the woman participation in the labour market at different stages. For some countries, the policy is fully regulated by law MT, FR, EL, ES, PT and TR, the policy is adopted without regulatory framework for conciliation of family and work in MA, ME and PS.

Interesting policy measures and initiatives related to the enhancement of women participation to the labour market have been presented. FR adopted several policies tackling wage disparities between men and women, sexual violence and sexual harassment at the workplace and discrimination in hiring (Gender equality is a constitutional principle since 1946); while MT opted the Equality for Men and Women Act and a policy for the conciliation of family and work life. MT also reported the legal framework of paternity leave, the right for a leave in case of medically assisted reproduction methods etc. MA, PS and TR reported initiatives and programmes to promote women participation in the labour

¹⁴ In the case of Tunisia, this information is not provided.

market, fostering VET enrolment and strengthen the perception of gender equality. PT which recognises in its constitution the “reconciliation of professional activity with family life” presented an Action Plan for gender equality, part of a wider resolution establishing the National Strategy for Equality and Non-Discrimination. In ES all companies with more than fifty workers must have an Equality Plan to integrate and apply the principle of pay transparency.

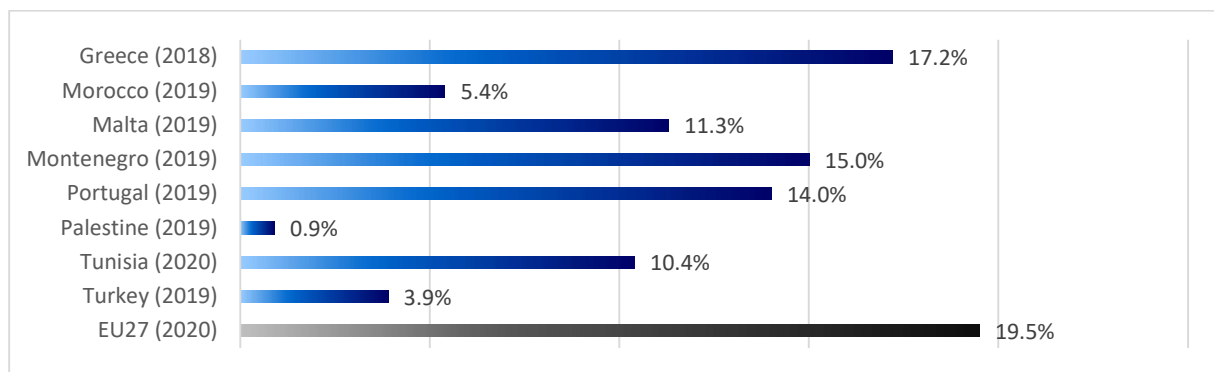
Graph 10: Activity rate by sex (%), age 15+, year 2020



Source: ETF KIESE and Eurostat
 Note: * for Algeria year 2019

The graph is self-explanatory regarding the extent the challenges linked to women inactivity in the Southern and Eastern Mediterranean. In fact, evidence suggests that the women inactivity rate in the Southern and Eastern Mediterranean countries (Maghreb and Mashrek) is among the highest in world. An average of only one woman out of four is active (ETF, 2021a). A multitude of reasons underlie this fact such as Social norms that affect women’s decisions and opportunities to engage in education and work; high proportion of women are engaged in unpaid family work and other caring activities, which limits their future job prospects and earning ability; as well as the quality and availability of public transport, the weak or non-existent early child care, the limited flexibility in working conditions, etc.

Graph 11: % of firms with female top manager (last available year)



Source: World Bank

Looking at the data presented in the graph 5, a positive increase in doing business indicators can be observed in all the volunteering countries while the top management gender gap (graph 11) remains high in all countries with lower pics observed in PS, TR and MA. This shows the difficulty of women to access top management positions even if they have better or the same educational levels.

Examples of good practice

- **FR:** An output-based obligation for companies to achieve gender equality in the workplace (measured by the Index for gender equality)
- **PT:** integrated strategy on gender Equality and Non-Discrimination
- **EU:** [Gender equality - European Commission](#) Promoting equal economic independence for women and men, advancing gender balance in decision making, ending gender-based violence and promoting gender equality beyond the EU.

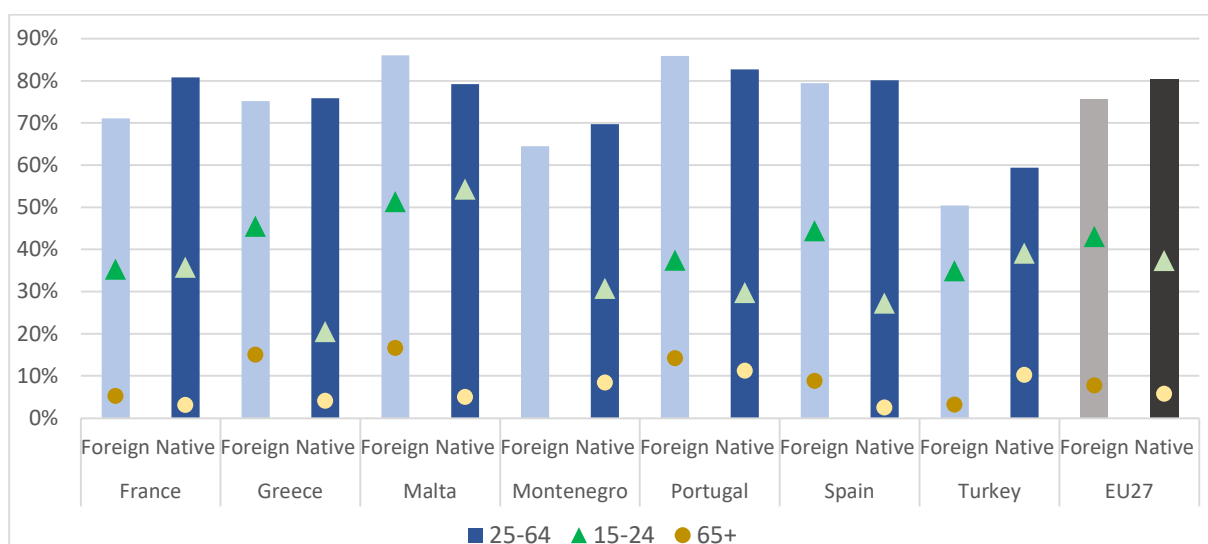
Migrants' participation in labour market

Migration flows creates both challenges and opportunities for countries of origin, transit and destination. It is recognised that coordinated responses, partnership and shared responsibility are the best responses to optimise this escalating phenomenon and to fight against irregular migration. Moreover, interlinkages between migration, labour markets and skills development are key to optimise the benefit for all and foster a successful circular migration.

National migration policies are developed in most countries EL, ME, MT, MA, TN, ES, FR, PT. These policies cover legislations and strategies ranging from migrants' protection, reintegration of Returnees and Reception of Asylum Seekers and Irregular Migrants' (EL, ME, MT) to promoting regular employment for regular migrants and strengthening governance in the area of migration management and prevention of irregular migration (MA, TN). Other countries such as ES and PT, adapted their legislation on migration to combat the COVID 19 pandemic to prevent irregularity of foreign workers, residents, students or to find workers for the agriculture and healthcare sectors; while the main FR policy objective was to better welcome and integrate foreigners, make the national territory more attractive to "talents" and to fight against irregular immigration.

Most countries have a national employment program to support migrants (EL, MT, MA, PT, ES, FR), aiming at increasing employability through the provision of professional guidance, upskilling and other professional support services (MT, MA, EL, ES); "passport talents" accessible within each prefecture (FR); action plan to facilitate fair and ethical recruitment and safeguarding conditions that guarantee decent work, among other (PT).

Graph 12: Activity rate by place of birth and age group, year 2020



Source: Eurostat

Note: distinction foreign/native born is defined with respect to the reporting country, this includes also the aggregate of EU27; missing data for Montenegro age groups 15-24 and 65+ for the foreign born.

Examples of good practices

- [Towards a Holistic Approach to Labour Migration Governance and Labour Mobility in North Africa \(THAMM\) \(ilo.org\)](#) : THAMM, a multilateral approach that could be the start of a new paradigm – in line with the concept of Talent Partnerships:
- [New Pact on Migration and Asylum | European Commission \(europa.eu\)](#): building confidence through more effective procedures and striking a new balance between responsibility and solidarity.
- **PT: [Occupational Insertion Offices Network](#)** for Immigrants. Employment support structures, cooperating with local Employment Centres, to provide support to unemployed migrants in defining or developing their pathway to insertion or reinsertion in the labour market.

Box 2: EU Platform work

Platform work is an employment form in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services in exchange for payment. Previously, Eurofound used the term ‘crowd employment’ to capture the click-work originally associated the concept, but the phenomenon has changed and now encompasses many more types of tasks. Accordingly, Eurofound has adopted the term ‘platform work’ in its 2018 publication [Employment and working conditions of selected types of platform work. The main features of platform work](#) are: i) paid work is organised through online platforms; ii) three parties are involved: the online platform, the worker and the client; iii) work is contracted out; iv) jobs are broken down into tasks; and v) services are provided on demand.

Platform work may be delivered either online or on-location (in person). The most common tasks performed include:

professional tasks (for example, software development or graphic design)

transport (for example, person transport or food delivery)

household tasks (for example, cleaning)

micro tasks (for example, tagging images on web pages)

In the South, platform work may mitigate gender segregation in the labour market if women are given the necessary skills (e.g. IT, entrepreneurship, marketing, etc). Platform economy offers many opportunities for women such as work from home, better balance with family duties, avoid complex/unsafe transports, etc.

Wrap-up and suggestions for priority 3

Youth is the region’s main asset and at the same time the subject to many challenges. Despite the effort and ambitious policies and actions to address the serious and persistent challenges related to youth and women participation in labour market, the situation remains worrisome in the Southern and Eastern countries. Suggestions for improvement could cover the following non-exclusive points:

- **Comprehensive and integrated socio-economic, education & training and employment policies** are needed to address women and youth challenges in the labour market. The implementation of these policies should be monitored and evaluated to measure their impact and adapt them when needed.
- **Targeted measures to promote NEETs** and other youth vulnerable groups’ employability, as part of the countries’ Youth Guarantee implementation plans including regular monitoring and evaluation. The measures should focus particularly on prevention and identification of root causes of exclusions, but also on reintegration of those who have left active life, in education and training (apprenticeship, up- and re-skilling etc.), or directly in the labour market.
- **Providing guidance to navigate and manage career and learning opportunities:** In fast-changing labour markets, people need relevant, timely and easily accessible information and guidance to make informed decisions about their career and learning pathways. This needs career development support systems available and reaching out to all.
- In addition to the information and guidance support, apprenticeship and training of youth should be promote through direct financing for youth or support to companies to promote learning, training funds etc

- Design of concrete policy measures for promoting the **access of women to equal pay and top-management positions** in the private sector and public administration as well as **concrete Action Plans for conciliation of work and family Life** with measurable goals to be adopted by countries
- **Cooperation with Diasporas** as well as incentives to and reintegration of returning migrants needs further policy attention for a successful and efficient regular and circular migration. This includes recognition of skills and qualifications of immigrants, refugees and returning migrants.
- **Mobility, in its different forms including migration, can offer opportunities for the aspirations of youth**, particularly in terms of participation in economic, political, and social life and help young becoming the drivers of change. The solutions lie in the labour market which is essential for the inclusion of young people and in the education system which must not only enable young people to acquire the skills required for better integration into the labour markets, but also to strengthen their capacities as citizens and enhance their openness to the region, to others and to the world (CMI, 2021)

Pillar 4 - Preparing for work: Skills and employability in a changing world of work

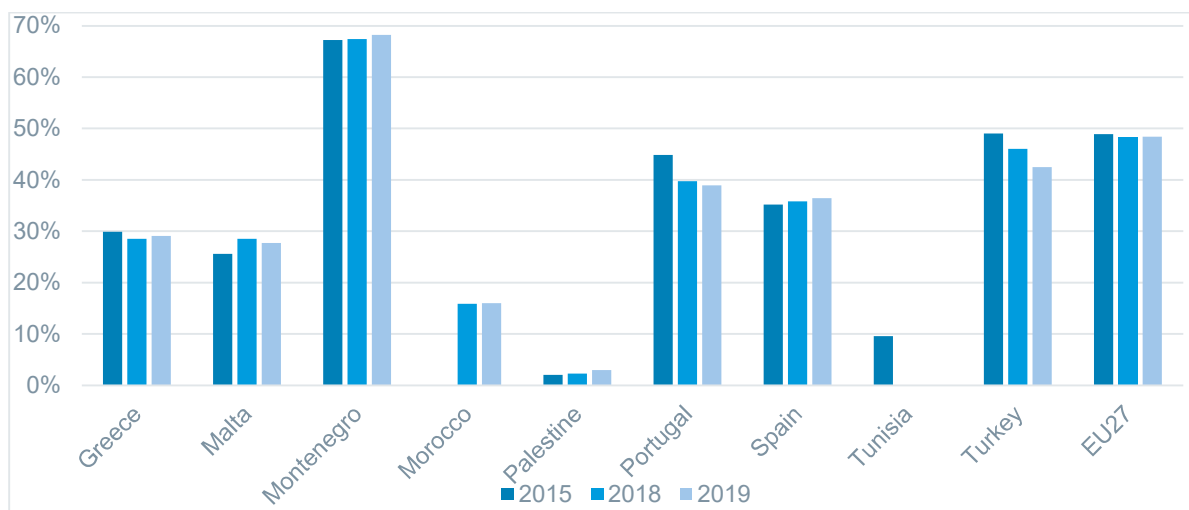
Vocational educational and training

The Ministerial declaration of Cascais 2019 considers skills development and particularly vocational educational and training (VET) as crucial for the optimisation of labour market outcomes. This statement can be clearly observed in the UfM member states' ambitious policies and actions in this sector. However, evidence suggests that skills systems in general are not prepared for the deep transformation of societies, or to bring learning closer to people and counteract growing inequalities. They are based on standardised provision with limited flexibility to meet the learning needs of highly diversified populations of learners or rapidly evolving labour markets and social requirements¹⁵.

All countries have a specific policy on VET but MT which has an education Strategy 2014-2023 including VET. The recent policy measures reported are very rich and diversified, ranging from seeking the direct connection between VET in Lifelong Learning perspective and the labour market outcomes, expanding access through distance learning, increase the capacity of VET schools to have more students, increasing adult participation in lifelong learning, fostering digital learning and recognition of prior learning (EL, ES, ME, MA, PT), reinforcing financial support to increase employability through upskilling (TN), to reducing the rate of early leavers (PT)

¹⁵ ETF 2021 conference 'Building lifelong learning systems: Skills for green and inclusive societies in the digital era'

Graph 13: Students in vocational programmes as % of total upper secondary students



Source: UNESCO and ETF calculations on Eurostat data

Though national authorities are considering VET as a national priority and that skills development policies are ambitious and targeting mainly the labour market needs, according to a recent ETF analysis on human capital development in the Southern and Eastern Mediterranean countries¹⁶, this sector is still facing structural challenges in terms of access, relevance, governance and financing.

Examples of good practices

- **ME:** Work based learning: learning in the workplace
- **TR:** Enhance the employability of jobseekers through upskilling
- **EU:** EU Council Recommendation on VET for sustainable competitiveness, social fairness and resilience, adopted in November 2020: [EUR-Lex - 32020H1202\(01\) - EN - EUR-Lex \(europa.eu\)](#)

Anticipation of future skills

Policy makers, employers, workers, providers of education and training, and students all need timely and accurate information about the demand for skills on the labour market and how this relates to the skills supply. Given the speed at which labour markets are changing, the identification of skills needs has become even more crucial for addressing the skills mismatch, the skills gaps and the substantial levels of unemployment and underemployment in all countries, regardless of their level of economic development. Skills mismatches¹⁷ concept is quite complex because of the variety of skill types and taxonomies, of measurement approaches and sources as well as the lack of reliable statistics.

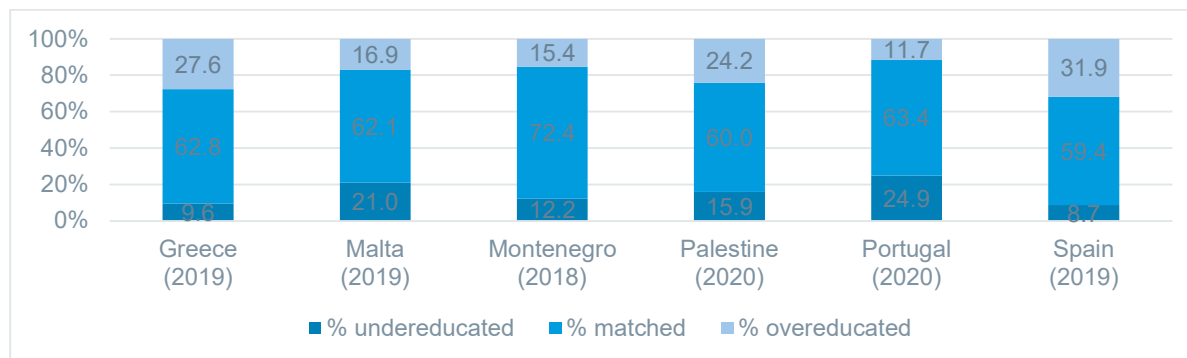
Few countries have regular mechanisms for skills anticipation and systematic update of skills provision. Only ES, MA, PT and EL reported some initiatives and policy measures in this area. ES stands out with a clear plan for future skill anticipation correlated to the revision or design of new vocational qualifications. Based on sectoral studies, MA has also reported a quite comprehensive plan for future skill anticipation aiming at updating and diversifying the VET offer and supporting the programming and management mechanisms. PT is implementing sectoral studies for diagnosis and anticipation of skills needs and update of the National Catalogue of Qualifications (NCQ). EL reported

¹⁶ www.etf.europa.eu/en/publications-and-resources/publications/policies-human-capital-development-southern-and-eastern

¹⁷ skills mismatch can be used to describe vertical mismatch (usually measured in terms of overeducation, under-education, over-skilling and under-skilling), horizontal mismatch (usually fields of study and work are compared), skills gaps (the extension to which workers lack the skills necessary to perform their current job), skills shortages (usually measured in terms of unfilled and hard-to-fill vacancies) and skill obsolescence (skills can become obsolete due to ageing, through technological or economic change which renders certain skills unnecessary or through the underutilisation of skills).

“Rebrain Greece” initiative aiming at the upskilling or reskilling of unemployed as well as on-the-job training in technologically advanced sectors and according to company’s needs.

Graph 14: Vertical mismatch: Employees by educational mismatch (normative approach)

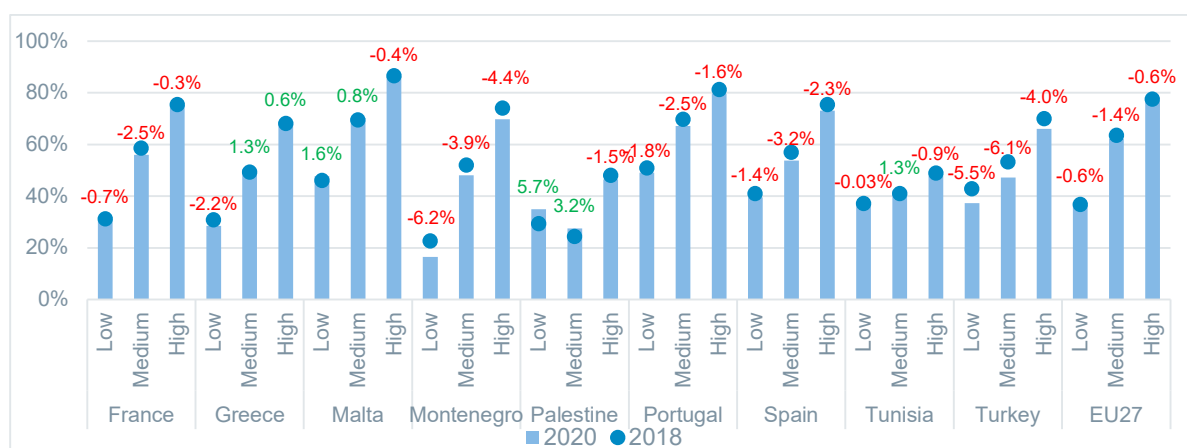


Source: ETF calculations on ILO data

Note: ILO “normative approach” consists in comparing the actual and the expected education level associated with the ISCO group of the occupation of the employed person.

According to qualitative evidence such as employers’ surveys and studies in the Southern and Eastern Mediterranean, skills mismatch and skills gap are prominent and represent one of the main reasons of human capital depletion. However, the lack of reliable statistics doesn’t allow an accurate measurement of the extent of this phenomena and thus the relevant measures to face it.

Graph 15: Employment rate by educational attainment – 2018 vs. 2020



Source: ETF KIESE and Eurostat

Note: data labels over the columns represent percent point difference 2020-2018; age group 15-74 for all countries but Palestine and Tunisia (15+); Low: ISCED 0-2; Medium: ISCED 3-4; High: ISCED 5-8 (from ISCED-11 classification), for Tunisia Low includes also “no schooling”.

Examples of good practice

- **MA-ES:** Sectoral skills needs analysis to constantly update the skills provision
- **TR - Skills Inventory:** putting skills matching forward by creating a knowledge Database
- **EU Skills Panorama:** online tool providing central access to data, information and intelligence on skill needs in occupations, sectors and countries on short- and medium-terms - [Skills intelligence | CEDEFOP \(europa.eu\)](#)
- **Blueprint for Sectoral Cooperation on Skills** –measures to satisfy short and medium-term skills needs, as part of an overall strategy for a particular sector - [Blueprint for sectoral cooperation on skills - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)

Wrap-up and suggestions for priority 4

One of the main challenges faced by the skills development systems in the Southern and Eastern Mediterranean is the concrete and efficient involvement of private sector representatives in its policy cycle and the diversification of its financing. A stronger connection between the world of education and the world of work would facilitate skills anticipation, development and use and thus reinforce employability and actual employment. On financing, the overall allocation by country remains below the recommendation formulated in the framework of the SDG4, notably at least 4% of GDP and/or 15% of public expenditure dedicated to the education and training sector¹⁸. While countries are declaring education and training a top priority sector, budget allocations have been declining over the last two decades, globally, with negative effects like the obsolescence of learning methods and content, aging of teachers, inadequate infrastructures and learning environments. The diversification of financing sources assumes an economically fair cost–benefit approach, making those who benefit from public policies also contribute to them.

Suggestions for improvement could cover the following non-exclusive points:

- **New technologies, new business models, digitalisation**, demographic shift, climate change etc. call for fast and flexible responses from VET systems. Strong partnerships with private sector at national, sectoral and territorial levels is a guarantee of agile and resilient skills development system able to adjust to disruptions and to turn threats into opportunities. These governance arrangements should be associated to regular monitoring and evaluation mechanisms.
- **Establishing a lifelong learning culture** to expand learning opportunities and outcomes. This entails recognising learning outside education institutions, for instance in the workplace, online, in (virtual) communities, or through social activities or any other non-formal settings. Partnerships and local ecosystems are key for reaching out to all learners, including vulnerable groups.
- **Diversifying the financial mechanisms of VET** to address the various needs and ensure budget sustainability. There is a need to review the current budget formation and allocation as well as its efficiency in providing the right skills. This would aim at developing a costing methodology to ensure accurate budget planning and execution and diversifying the sources of funding and increase the share of non-state resources for implementing the skills and labour market strategies and concretely engaging the private sector.
- **Setting up skills anticipation mechanisms**, LMISs and supporting regular data gathering and analysis at national and territorial levels. This includes the establishment of information management systems, that provide usable and relevant information to stakeholders and policy makers relying on multiple sources of data, both quantitative and qualitative. Specific attention should be given to specific sectors with high employment or growth potential.

¹⁸ [Message from Ms Audrey Azoulay, Director-General of UNESCO, on the occasion of the International Day of Education, 24 January 2022 - UNESCO Digital Library](#)

3. Priorities for Action

The present report highlights the trends and progress on the four pillars of the 2019 UfM Ministerial Declaration, which represented policy priority areas for the Employment and Labour Ministers of the Southern and Eastern Mediterranean countries over the last four years. It is important to stress the significant progress made in the areas of employment creation and entrepreneurship and on the development of skills and employability prospects in a changing world of work, while facing the Covid-19 pandemic and its socio-economic impacts, and to a less extent in the domains of social dialogue and inclusive labour markets. The collection of good practices shows the diversity of policy solutions put in place to address, at the same time, the persistent labour market bottlenecks, and the attempt of catching the new dynamics in the world of work, such as the need for establishing new forms of remote work and social protection measures for laid-off workers, among others.

Even if the progress is visible, and the effort for implementing ambitious reforms is a reality in many UfM MSs, there is a renovated “call for action” as of 2022, which is seen as a turning year after the pandemic cycle. This new cycle of socio-economic recovery reinforces the need of Governments to focus on some priorities and to take the necessary measures to shift from crisis to recovery.

The areas for further attention are the following:

- **Enabling environment for job creation**, formalisation of jobs and decent work for all, including fair wages, decent working times, social protection, occupational safety and health at work, as key elements for sustainable and inclusive growth:
 - Fiscal incentives for further development of social economy sector.
 - Organisation of the informal economy, protection of its workforce and skills development programmes for all as a tool to raise productivity and support transition to the formal economy
 - Skilling youth and adults to be more entrepreneurial, reinforcing start-ups hubs (incubators) and business incentives (start-ups grants) to boost job creation, etc.
 - Provision of good quality child care services, appropriate protection against harassment in workplace, reduction of gender inequality in the workplace etc.
- **Fostering sound social dialogue and partnerships** with private sector and civil society that foster entrepreneurship, reinforce SMEs growth and promote cooperatives and social economy enterprises.
 - developing the capacities and procedures for effective participation of social partners in the policy-making, social concertation and collective bargaining mechanisms
 - Reinforcing public-private partnerships and synergies to foster a multilevel and multistakeholder labour market governance ecosystem at national, sectoral and local levels
- **Improving services to outreach the NEETs** (making use of instruments such as the EU Youth Guarantee program) to enhancing youth’s employability and bringing innovation and digitalisation for economic growth, decent work and social inclusion
- **Empowering women** economically and socially, enabling the conditions for them being active drivers for the economic recovery from the COVID-19 crisis in an equal basis, together with other vulnerable groups such as migrants, ethnic deprived groups, persons with disabilities or from rural areas etc.

- **Strengthening PESs and targeted ALMPs with a focus on upskilling pathways**¹⁹. Training policies seem to have some of the greatest long-term impacts and prove to be the most effective of the ALMPs at increasing employment in low- and middle-income countries, especially when combined with counselling (ETF, 2021e). Participation in training has not only a positive effect on the probability of finding a job but can also support labour market transitions of adult workers by increasing their adaptability to a changing environment and making better career decisions²⁰. Employment measures work best when they are targeted while remaining prone to vulnerable populations and associated to upskilling pathways.
- **Reinforcing public-private partnerships for skills anticipation and development** to boost employability, and better address the challenges of green transition, technological change, and digitalisation of the economy in the region, as well as to address the prominent and persistent issue of skills gaps and mismatches in the region.
- **Embedding the culture of monitoring and evaluation** of policies in general and those related to labour market outcomes in particular. This calls for robust and transparent Data collection, analysis and dissemination that allow designing and reviewing labour market and social policies on an evidence-based approach
- **Strengthening bilateral and regional peer learning and cooperation** through community of practices and other platforms of exchanges. This cooperation may also prompt the so needed regional integration.

¹⁹ The upskilling pathways aim at providing the priority target groups with the opportunity, according to their individual needs, to: acquire a wider set of skills, knowledge and competences, relevant for the labour market and active participation in society

²⁰ [Navigating difficult waters: learning for career and labour market transitions | CEDEFOP \(europa.eu\)](#)

4. Conclusion

While economic, social and environmental challenges are increasingly complex, national authorities are facing growing pressure to deliver more and better for less. Policy monitoring and evaluation has a critical role to play in effectively design, implement, and deliver public policies and services.

This pilot UfM initiative to monitor some key areas of labour and employment shows that, despite the limited data availability, countries are able to monitor most of their policies and thus ensuring that policy making is informed by sound evidence to achieve key long-term objectives.

This monitoring exercise also reveals the wealth of information and good practices that could be shared and used by other countries thus fostering North-South and South-South cooperation and raising awareness on regional integration. It is highly suggested to setup communities of practices and reinforce knowledge sharing.

The monitoring process itself was a great and very appreciated opportunity for exchanges and policy learning and identification of good practice. Based on this kind of positive feedback from volunteering countries, ETF, UfM and DGEMPL would highly recommend to continue, and if needed and possible, enlarge the scope of the current monitoring framework and make it a regular exercise between the different Ministerial conferences.

ACRONYMS

ALMPs	Active Labour Market Policies
CoP	Community of Practice
DG EMPL	Directorate General for Employment and Social Affairs
EMEA	Euro Mediterranean Economists Association
ETF	European Training Foundation
EU	European Union
RPEL	Regional Platform on Employment and Labour
UfM	Union for the Mediterranean
UfM MS	Union for the Mediterranean Member States
VET	Vocational Education and Training

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