

A STRATEGIC ANALYSIS OF LABOUR MATCHING POLICY IN 7 COUNTRIES OF THE  
EUROMED REGION: ALGERIA, MOROCCO, TUNISIA, EGYPT, JORDAN, PALESTINE AND  
LEBANON

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*Following the findings of the study “Exploring and proposing mechanisms for labour matching across the Mediterranean”, this paper provides a strategic analysis of labour matching policy in 7 selected European Neighbourhood Instrument South Partner Countries (ENI SPCs): Algeria, Morocco, Tunisia, Egypt, Jordan, Palestine and Lebanon. On the one hand, it describes the external environment of this policy area through a summary of key macro-economic, demographic, educational and labour-market indicators. On the other, it presents the labour matching mechanisms that policy-makers can use to address labour matching problems within ENI SPCs, as well as between ENI SPCs and third countries, including the European Union (EU). The paper concludes with a number of policy recommendations.*

**The external policy environment**

ENI SPCs' population grew at a consistently higher rate than the average rate of the European population. In order to exploit the potential positive effects of such a demographic expansion, over the last years ENI SPCs governments have devoted an increasing amount of expenditure to education, resulting in universal primary enrolment, a remarkable increase of enrolment in secondary education, and higher shares of tertiary educated people. Nevertheless, large unemployment rates among highly-educated jobseekers suggest that ENI SPCs labour markets have difficulty to absorb such an increasingly educated workforce<sup>1</sup> perhaps due to mismatch problems, i.e. insufficient connection between the type/level of education held by the workforce and the type of job positions available in the job market. This mismatch may translate into outward migration towards EU countries. Indeed, about 5 million people from ENI SPCs live in the EU, and this number has increased over the last few decades from less than 3 million in 1990<sup>2</sup>. The share of emigrants out of total population in the origin countries varies greatly among ENI SPCs. It is very high for Lebanon (15%), whereas it is

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<sup>1</sup> In Morocco the unemployment rate for people holding a university-level diploma is 21.1%, in Jordan it equals 15.8%, in Palestine 31.8%, in Algeria 14.1%, in Lebanon 11.4%, in Egypt 20% and in Tunisia 30.2%. Source: Unesco (ISCED 97 is used : illiterate, ISCED levels 0-1/2/3-4/5-6).

<sup>2</sup> Source: Eurostat. Outflow of migrants to EU countries as a percentage of resident population, 2008 - 2016

significantly lower for other countries (from approximately 5% to 8%)<sup>3</sup>. Due to Israeli occupation, Palestine represents an exception since the population living abroad is about the 80% of the resident population: most of these are refugees and only a small number lives in the EU. While migrants from Egypt, Jordan and Lebanon live primarily in non-EU countries, migrants from Algeria, Morocco and Tunisia have a clear direction towards the EU<sup>4</sup>.

Even though economic conditions cannot be considered the only cause of migration flows<sup>5</sup>, data suggest that this might be considered an important factor. Indeed, empirical evidence indicates that the higher the GDP per capita in ENI SPCs, the lower the outflow of migrants towards EU countries; suggesting that people who have to choose between a low-wage job or unemployment in their home countries might consider migration as a viable alternative<sup>6</sup>. This is particularly true for those who hold a university-level diploma, since the population with tertiary education among migrants is two to four times higher than the population with tertiary education among residents<sup>7</sup>. These data suggest that highly-educated population might attempt to solve the issue of unemployment and the lack of matching between skills and jobs by migrating towards the EU<sup>8</sup>. While occupational shortages exist in several EU countries<sup>9</sup>, data suggest that, once in the EU, migrants have difficulty to find a job or to find a job matching their education level (unemployment rate for migrants almost doubles that of natives). This is especially true in Southern European countries, where more than 50% of migrant workers hold a high level of education but is occupied in low or medium skilled jobs<sup>10</sup>.

### **Labour matching mechanisms**

Three typologies of labour matching mechanisms are in place in the Mediterranean region and constitute the pillars for the regional governance of an orderly labour migration in this area (Fig. 1).

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<sup>3</sup> Source: UN international migrant matrix. Nationals living abroad as a percentage of resident population for Palestine, Lebanon, Jordan, Egypt, Algeria, Morocco and Tunisia.

<sup>4</sup> Source: UN international migrant matrix. Share of ENI SPCs migrants stock residing in the EU.

<sup>5</sup> Country-level institutional conditions – i.e. control of corruption and rule of law, regulatory quality and government effectiveness, political stability and voice accountability – might be also important drivers of migration towards the EU. See: “Exploring and proposing mechanisms for labour matching across the Mediterranean”, Chapter 1.

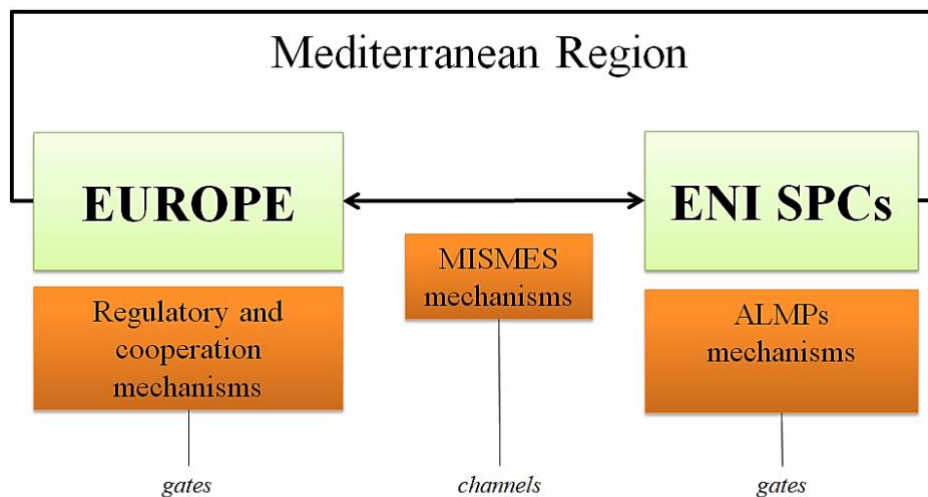
<sup>6</sup> Scatter plot and linear fit of GDP per capita and outflow migration from ENI SPCs to EU in 2016 (source: Eurostat - for outflow migration - and World Bank - for GDP per capita) in “Exploring and proposing mechanisms for labour matching across the Mediterranean”

<sup>7</sup> Source: OECD. For further details see paragraph ‘3.2 Drivers of Emigration’ in “Exploring and proposing mechanisms for labour matching across the Mediterranean”

<sup>8</sup> Unemployment rates for non-EU migrants and natives born in the EU28 (2006 – 2017). Source: Eurostat

<sup>9</sup> Occupation shortages are broadly identified as occupations for which it is “difficult to fill vacancies”. See European Parliament (2015) “Exploring new avenues for legislation for labour migration to the European Union”, Directorate General for internal policies - Policy department C: citizens’ rights and constitutional affairs civil liberties, justice and home affairs. Study for the LIBE Committee.

<sup>10</sup> Over-education rate among non-EU born migrants living in EU Member States in 2009 (2009, latest data available). Source: Eurostat



**Fig. 1** – Mechanisms for the regional governance of labour migration in the Mediterranean area<sup>11</sup>

Firstly, Active Labour Market Policies (ALMPs) provide mechanisms for the matching of ENI SPCs jobseekers with jobs available in their national labour markets. These are the main mechanisms of national employment strategies to match national jobseekers with jobs available in the national labour markets. These mechanisms are utilized to solve labour mismatch problems at the national level and to address workers resident in the country. These therefore act as gates keeping the workforce in ENI SPCs economies and integrating national jobseekers directly into their national labour markets.

Secondly, Measures from an Employment and Skills Perspective (MISMES) provide mechanisms for the matching of ENI SPCs jobseekers with jobs available in destination countries and include also programs to help migrants returning in origin countries to launch their own projects. Indeed, MISMES are usually defined as specific policy interventions in all phases of the migration cycle (before, during and after migration). These therefore act as channels that direct labour migration movements from the country of origin towards destination countries (including the EU) and vice versa.

Thirdly, EU regulatory and cooperation mechanisms provide a broad institutional framework to govern entry flows in the EU Member States and facilitate the matching between migrant jobseekers and jobs available in EU Member States. On the one hand, regulatory mechanisms set the conditions of entry and residence of certain categories of migrants in the EU<sup>12</sup>. On the other, cooperation mechanisms refer to the agreements between the EU and third countries (i.e. Euro-Mediterranean Association Agreements<sup>13</sup> and Mobility Partnerships Agreements<sup>14</sup>) allowing for specific collaboration

<sup>11</sup> Graphical display of existing labour matching mechanisms, based on the study “Exploring and proposing mechanisms for labour matching across the Mediterranean”, and presented at the ICMPD’s peer-to-peer Conference on Labour Migration “Enhancing Bilateral and Regional Cooperation on Labour Mobility in the Mediterranean Region” on 19-20 March 2019, Cairo (Egypt).

<sup>12</sup> Regulatory mechanisms are grounded on article 79 of the Treaty on the Functioning of the EU and can be grouped in two categories: a. Employment Directives (EU Blue Card Directive; Seasonal Workers Directive; Intra Corporate Transfer Directive; Students and Researchers Directive); and, b. Crosscutting Directives (Family Reunification Directive; Long-term Residents Directive; Single Permit Directive)

<sup>13</sup> The EU uses the Euro-Mediterranean Association Agreements to establish cooperation with the ENI SPCs in three strategic fields: security and political stability; economic, commercial and financial matters; and cultural

between the EU and ENI SPCs, such as MISMES initiatives mentioned above. EU mechanisms might thus act as gates establishing the conditions of entry and residence in the EU for various categories of workers from origin countries.

## **Policy recommendations**

### *National level*

In North African countries (Tunisia, Morocco and Algeria), national ALMPs initiatives are formulated and implemented by labour-ministry bodies (with political functions) in collaboration with dedicated executive agencies. Sometimes these agencies do not have enough funding to cover running costs and lack operational capacity to accomplish their statutory tasks. Firstly, agencies operate under the supervision of ministerial bodies but often lack a clear strategic framework. Indeed, even though national governments adopted draft national employment strategies, these have not yet been formally endorsed. Secondly, labour market information systems are available in all the countries under scrutiny but often data are incomplete.

In the Middle East, ALMPs mechanisms within the countries under scrutiny (Egypt, Jordan, Palestine and Lebanon) present other common features. Firstly, except for Jordan and Lebanon, national ALMPs programs are formulated and implemented by labour-ministry bodies without any dedicated agency (there is no clear-cut distinction between political and managerial functions). No clear employment strategy is in place and funding does not cover running costs. Labour market information systems lack in Egypt and Lebanon, whereas these are in place in Jordan and Palestine but data are incomplete.

One recommendation thus is to establish executive agencies for the management of ALMPs in the countries where these are lacking. When these agencies are in place, efforts ought to concentrate on capacity building in order to obtain, improve, and retain the human-resource skills, knowledge, management tools and equipment needed to accomplish their statutory tasks competently. These agencies ought to be established as a part of a government department - that is treated as managerially and budgetarily separate – in order to focus on the management of funded ALMPs programs by letting governmental bodies focus on high-level political issues. Additionally, properly functioning labour market information systems ought to be properly established and developed in both regions.

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and social matters. As far as training and employment is concerned, with these agreements both parties engage in collaborating to identify and employ the most effective means of improving education and vocational training. Collaboration consists in the establishment of links between specialized bodies of the EU and ENI SPCs to exchange information and experience as well as to pool technical resources.

<sup>14</sup> The EU uses Mobility Partnership Agreements to establish a set of joint political objectives with ENI SPCs and to provide for a series of initiatives designed to ensure that the movement of persons is managed as effectively as possible. These initiatives concern visa facilitation schemes as well as readmission schemes for the return of irregular migrants.

As far as MISMES<sup>15</sup> are concerned, these are often managed by scattered actors, including national authorities (namely education and labour ministries in collaboration with dedicated agencies) and a plethora of international organizations (e.g. United Nations, International Centre for Migration Policy Development, World Bank, International Organization for Migration, International Labour Organisation, Gesellschaft für Internationale Zusammenarbeit). Nevertheless, no formal coordination mechanism is in place to prevent overlaps and inconsistencies between ongoing MISMES and to exploit potential synergies between MISMES and ALMPs. It is therefore recommended that all the countries in the region develop platforms for the country-level coordination of all the national and international actors in charge of both MISMES and ALMPs. This platform would act as a coordination board allowing all concerned actors to meet, dialogue and take major strategic decisions about ongoing and future country-level ALMPs and MISMES initiatives.

Tab.1 summarizes above-mentioned ALMPs and MISMES areas of improvement by country.

		North-Africa			Middle-East			
		Tunisia	Morocco	Algeria	Egypt	Jordan	Palestine	Lebanon
ALMPs	Strategy framework	O	O	O	O	O	O	O
	Separation between political and managerial functions				O		O	
	Running costs		O	O	O	O	O	O
	Performance assessment		O	O	O	O	O	O
	Labour market information systems	O	O	O	O	O	O	O
MISMES	Coordination among concerned actors	O	O			O		
	Coherence with existing ALMPs	O	O			O		

**Tab. 1** – ALMPs and MISMES areas of improvement by country<sup>16</sup>

### Regional level

Policy-makers ought to launch a strategic reflection on the objectives of ongoing labour matching policies in ENI SPCs region. Particularly, these findings suggest questioning the efficacy of national ALMPs and MISMES initiatives merely oriented to supply-side objectives to solve mismatch problems. Indeed, the analysis of the external policy environment points to the ENI SPCs national economies having a structural difficulty to absorb the highly-qualified human capital available in the national labour markets. It is therefore recommended that national employment strategies in this region include ALMPs programs having demand-side objectives, such as employment and start-up incentive programs. These programs have to be considered complementary – rather than alternative – to supply-side ALMPs programs (training, and public employment service and administration) and be

<sup>15</sup> ICMPD's study "Exploring and proposing mechanisms for labour matching across the Mediterranean" only addressed MISMES mechanisms in countries having signed Mobility Partnerships with the EU.

<sup>16</sup> Tab. 1 is based on the findings of ICMPD's study "Exploring and proposing mechanisms for labour matching across the Mediterranean", Chapter 4.

connected to local development needs in ENI SPCs. In parallel, ENI SPCs national authorities ought to recognise that economic development in a country and migration are related processes and that MISMEs initiatives ought to be designed to enable synergies between labour migration objectives on the one hand and local development objectives on the other. Concrete examples are MISMEs initiatives targeting migrants willing to return to launch their own business projects in origin countries. These initiatives provide investment support in sustainable professional return projects, with financial resources planned and directed towards projects, in order to contribute to local development objectives in ENI SPCs national economies.

### EU level

In order to improve the functioning of ALMPs and MISMEs mechanisms in ENI SPCs, the EU should concentrate financial efforts on the establishment of agencies in the countries where these are lacking. When these agencies are in place efforts ought to concentrate on capacity building. To this end, the use of Twinning Program can be very useful in order to fund initiatives of institutional cooperation between EU's national public administrations and those of partner countries. Twinning projects could be used in the framework of labour matching programs to promote best-practice exchanges between the EU and ENI SPCs by focusing, particularly, on the following areas of improvement (see above Tab.1):

- Formulation and enforcement of national employment strategies - integrating both labour migration and local development objectives. Strategy scorecards might be developed at this stage to frame and steer ALMPs and MISMEs programs in ENI SPCs
- Internal auditing of existing agencies to map and improve the structure of running costs and improve the financial sustainability of ALMPs and MISMEs programs in ENI SPCs
- Mapping the functioning of country-level labour market information systems and improving data availability and data integration
- Developing performance assessment expertise and procedures within national agencies to evaluate impact and outcomes of ongoing ALMPs and MISMEs programs

As far as EU regulatory mechanisms are concerned, data indicate that the main legal migration instrument for ENI SPC nationals is family reunification<sup>17</sup>. Residence permits issued to the citizens of ENI SPCs specifically for work purposes represented less than 1/5 of all permits delivered in the EU between 2008 and 2016<sup>18</sup>. Among all work permits issued in this period, about 18% concerned seasonal workers, whereas 3.6% concerned researchers and highly skilled migrants, including the Blue Card. The European Commission is currently carrying out a “fitness check” and, therefore, some

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<sup>17</sup> Between 2008-16, 55% of permits concerned family reunification, 20% were issued for work-related reasons and 11% for education purposes, while the remaining 14% fell under the category ‘other’, which includes, *inter alia*, permits for international protection status, refugee status and other humanitarian reasons (First residence permits issued by EU's Member States to nationals of ENI SPCs. Source: Eurostat).

<sup>18</sup> First residence permits issued by EU's Member States to nationals of ENI SPCs. Source: Eurostat

improvements are expected in the near future. Nevertheless, it is recommended that, for forthcoming policy intervention, the EU collect in-depth migrant-centred information about these mechanisms in order to detect areas of improvement. Concretely, it is recommended to fund more on-the-ground research on the personal experience a migrant jobseeker has when applying for an EU work permit. Information collection ought to follow a user-journeys approach by looking at the steps migrant jobseekers take when they apply for work permits. The aim would be to decipher the current (as-is) user workflow as well as revealing areas of improvement for the to-be workflow. These findings would enable the EU to have a user-centric design of work permit application procedures where usability goals, migrant characteristics, environment, tasks and workflow are given extensive attention at each stage of the application process. Such an approach would be consistent with the EU's GAMM framework calling for a migration policy that is migrant-centred: "migration governance is not about 'flows', 'stocks' and 'routes', it is about people. In order to be relevant, effective and sustainable, policies must be designed to respond to the aspirations and problems of the people concerned."<sup>19</sup>

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<sup>19</sup> European Commission COM(2011)743