

CLUSTER (C_A.3.1_0014)

WP6 – A.6.1.1 Mapping of Policy Frameworks

Tunisia Report General Agency for Regional Development (CGDR)

This document has been produced with the financial assistance of the European Union under the ENI CBC Mediterranean Sea Basin Programme. The contents of this document are the sole responsibility of the General Agency for Regional Development and can under no circumstances be regarded as reflecting the position of the European Union or the Programme management structures. The project's total budget is € 1,108,162.62 and it is financed for an amount of €997,346.36 (90%) by the European Union (2014-2020 ENI CBC Med Programme).

Author: General Agency for Regional Development (CGDR)

Mohamed Abdessalem

Date: 21 November 2022

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Introduction and Methodology

The report is the result of the activities relating to the project Output 6.1 (A.6.1.1 - *Mapping of Policy Frameworks*), implemented within Work Package number 6 (*Raising awareness of public authorities to create supportive environment for employment*).

This report is therefore the result of several different actions carried out by WP6 leader (CGDR, the General Agency for Regional Development in Tunisia, PP7), in coordination with the all the project partners (PPs), namely: design and translation of the consultation for mapping policy frameworks related to fostering employability of youth and women; conduction of the consultation with public authorities and Civil Society Organisations (CSOs); and analysis of the feedback received complemented by desk research. This consultation and the elaboration of the report lasted for two months (October – November 2022).

The questions tackled the employment landscape in each project targeted country/region in the context of COVID-19, in addition to addressing the challenges of NEETs in accessing the labour market and the role of public institutions in combating their exclusion. The consultation also refers to the level of trust young people have in public institutions and the synergies that already exist between the government and external employment initiatives. This specific set of questions was designed by PP7 with the input and comments of all other PPs and the Project Coordinator.

This report is the result of desk investigations and field interviews with main actors involved in raising awareness of public policy on employment in general and specifically for NEETs.

The desk research covers 3 types of documents:

- Official statistics carried out by INS, mainly general surveys on population and household conditions (2014) and reports on employment investigations (available every 3 months). The official statistics of the MFPE on labour market statistics, are published monthly and constitute valuable information on the labour market; even though we would first point out that this information on the labour market does not cover the entire labour market in Tunisia. It concerns only the demand and supply registered in office jobs under the supervision of the ANETI (Agence nationale de l'emploi et du travail indépendant).
- Documents and reports officially published by ITCEQ, the MFPE and other institutions, are helpful. A particularly rich documentation through the publications of the OECD on the subject allowed possibilities to compare the main aggregates relating to employment policies in different countries.
- Legislative texts and regulations through the JORT (Journal officiel de la république tunisienne) are relevant for understanding the legislative framework of policies dealing with the issue of unemployment and youth unemployment in particular.

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The statistical information and comments identified in this research are relevant and enabled an assessment of the current situation covering the various aspects of the subject: Economic aggregates, the global situation of unemployment in general and of young people and women, its evolving aspect in terms of numbers, regionalization, qualification, etc. However, we note that the issue of NEETs is little addressed, perhaps due to the novelty of the concept and the difficulties in understanding it, so that specific studies on this issue are relatively scarce. Indeed, only one document is available as part of a study conducted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in 2020 that deals with youth employability and NEETs in particular. Another study was carried out within the framework of the MYSEA partnership project and also dealt with this question, through surveys conducted in different regions of Tunisia.

These documents allowed the understanding of the employment situation referring to data staggered over time in order to better simulate the evolution of trends and therefore to position oneself clearly on the relevant ideas. All the documentation points to the current trend of decline in economic activity by the economic aggregates, affecting unemployment which is already structural through a slowdown of job creations. This trend has been developing since the end of the 2000s, even before the turn of 2010 and has been reinforced by the Covid19-pandemic and the current international circumstances.

This desk research is complimented with field investigations both at national and regional level (in the governorate of Nabeul).

The field investigations were conducted as follows:

- Official letters were sent to organisms and administration targeted (both national and regional levels), contacts were therefore established with stakeholders, and finally specific meetings were planned. The framework questionnaire was used to discuss the relevant issues, starting with an overview and comments on the labour market, on the active programs, especially the role of the institution and the stakeholder's office in the implementation of these programs, discussing the results and comments and finally on the views of the stakeholders on the limitations of these programs and what should be done to improve the awareness of public authorities on the question of NEETs and , above all, how to establish a peaceful contact in order to meet the expectations of the young people.

The investigation on the regional level was conducted as follows:

- The field research guideline was translated from English into Arabic to facilitate answering the questions and addressing the topics raised.
- Selection of stakeholders working in different fields related to the CLUSTER project, namely, the women's empowerment, agricultural development, vocational training, and civil society.
- Addressing official letters to the heads of selected institutions to carry out the field research in order to inform them of the objectives and content of this research.

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- Setting a schedule of meetings with the heads of the selected institutions.
- Mr. Chokri Messelmani, regional referent of the project and director of the Regional Service of Development in Nabeul has conducted the interviews with the stakeholders in person.
- Finally, the results of the field research were translated back from Arabic into English.

On the national level we were able to contact following people in person:

- Mrs. Iness Frej and Lilia Makhoulf from MEFE
- Ms. Samira Hached from ATFP
- Mr. Hichem Bou Said from ANETI
- Ms. Messoudi Lotfi and Habib Tekkeri from UTSS

On the regional level we conducted interviews in person with following people:

- Mr. Wahid Jenhani (Environmental Association in Kélibia)
- Mr. Fethi Lengliz (Regional Delegation for Women, Family and Children Affairs)
- Mr. Faïçal Kataa (CRDA)
- Mr. Kamel Shal (Sectorial Training Center for Marine Mechanization in Kelibia)

It appears clearly that the national and regional selected administrations and stakeholders contacted are different in order to find a synergy and coordination in the results, and to confirm that public policies of employment programs are designed at a central level and implemented regionally. In this scope, the responses of the executive staff interviewed show this conclusion.

The desk research and field research were conducted simultaneously so that the report would take a minimum of time to prepare.

Employment Landscape

1. Who is unemployed?

The INS is officially adopting the ILO (International Labour Organization) standards concerning the employment criteria, according to which a person is considered as unemployed if he or she is “over 15 years old who has not worked in the reference week, is looking for a job and is able to work for the next two weeks after the reference week”.

Compared to the definition of unemployed in France:

- For INSEE, an unemployed person is a person of working age who is unemployed, i.e. who has not worked a single hour during the reference week, who is available to work in two weeks, and who has taken active steps to find a job in the previous month (or who has found a job starting within three months).

So who is unemployed in Tunisia?

- The 1984 census considers the category of job seekers aged 18-59 as the unemployed population.

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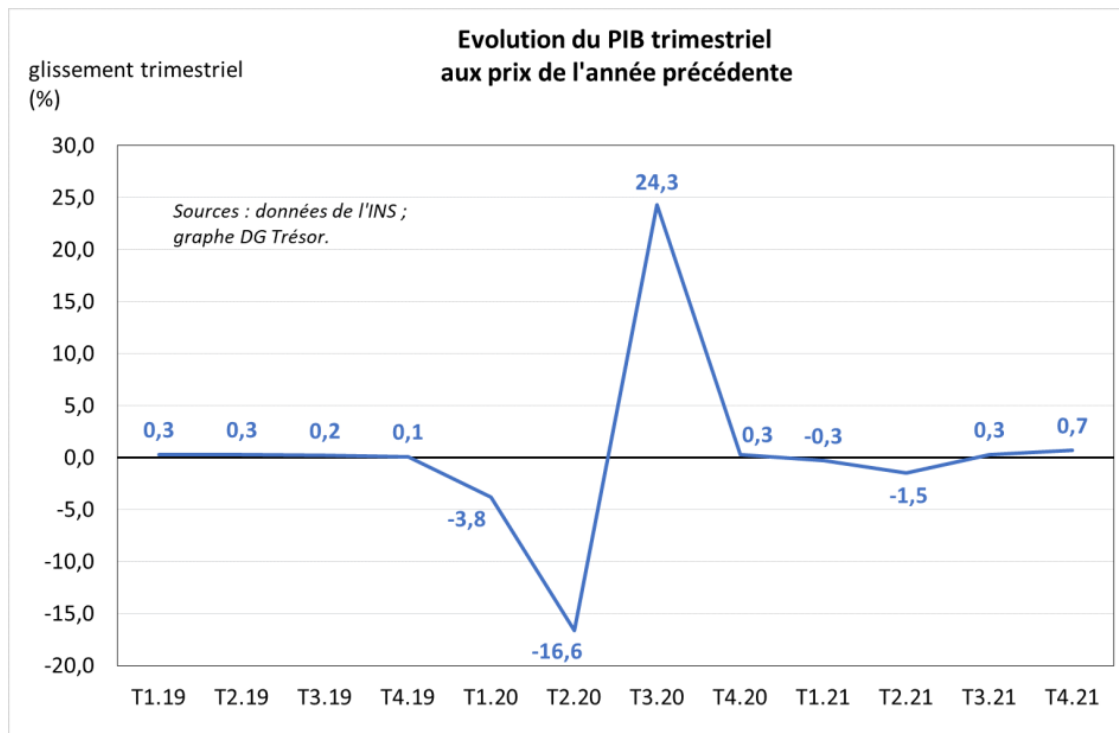
- Since the 1994 census, the category jobseekers aged 15 and more is considered as the unemployed population.

The Tunisian legislation considers that jobseekers who are to be integrated into the labour market are older than 18 years old. Hence the category of people aged between 15 and 18 are considered as active population without the right to be integrated into the labour market. This situation is not helpful for the category of young people.

2. General overview of economic aggregates

Tunisia is a successful example of demographic policy in the Arab world and the MENA region, with a population growth rate that currently reaches 1.06% per year. However, all analyses show a persistence of the unemployment rate around 15-16%, while the country has even recorded GDP growth of around 5 % for a series of 20 consecutive years (1990-2010). The general trend of the average annual growth rate of (GDP) is downward. This rate decreased from 4.3% to 1.7% during the decade 2010-2020. According to the INS, for the year 2021 Tunisian GDP growth reached 3.1%, after a decline of 8.7% in 2020.

Quarterly GDP growth between 2019 and 2021 compared to the previous year, measuring the quarterly annual shift, is shown in the graph below:



The recovery was hampered in 2021 by the continuous restraints due to the health crisis. The gross investment rate in relation to the state budget, already considered insufficient, collapsed to 13.3% in 2020 and is estimated at 8.8% for the year 2022.

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Investment effort/Total budget:

Year	2014	2016	2018	2020	2022
Total inv/budget (%)	17.2	16.4 7	14.2 8	13.3	8.8

The tax burden continues to rise, reaching an estimate of 25.4% in 2022, the highest level ever registered. The Tunisian economic fabric, dominated by small and medium-sized enterprises, is thus under double pressure, the negative impacts of Covid19-pandemic on the one hand and fiscal pressure on the other. This constitutes a brake on the economic recovery.

Tax pressure in Tunisia:

Year	1990	2000	2010	2016	2022
Tax burden (%)	20.1	20.0	18.6 0	20.8	25.4

The current budget deficit fell from 2-6 % of GDP in the 2000s to 8-11% in the decade 2010-2020. Inflation increased from 4.9% at the end of 2020 to 6.7% in January 2022,, fuelled both by pressures on world prices and changes in administered prices and affecting food prices in particular. Inflationary pressures are also reinforced by the Russian-Ukrainian crisis via increases in international prices for energy and largely imported agricultural products. Social indicators have deteriorated sharply during the crisis and barriers to employment have increased.

3. Overview of employment in Tunisia

According to the INS, the latest statistics for the second quarter of 2022 show that the number of employed persons is 3454.4 thousand compared to 3393.2 in the previous quarter, which is an increase of 61.2 thousand. This population is distributed unequally between the two sexes: 2464.7 thousand males against 989.7 thousand females, i.e., 71% and 29% of the employed population respectively. For the second quarter of 2022, the number of unemployed is estimated at 626.1 thousand, compared to 653.2 thousand in the first quarter of the same year. The unemployment is 15.3%, compared to 16.1% in the first quarter. The decrease in the unemployment rate is more significant for males (13.1% compared to 14.1% in Q1) than for females (20.5% compared to 20.9% in Q1). In the second quarter of 2022, 37.2% of employable people aged 15 to 24 are unemployed, compared to 38.5% in the first quarter of this year. Unemployment among those is 37.4% for young men and 36.7% for young women.

The impact of COVID-19 is very remarkable on employment, and particularly on young jobseekers. The results of the INS surveys for the third quarter of 2019, compared to those of the third quarter of 2022 are reported in the following table:

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Global unemployment rates (%)

	Third quarter 2019	Third quarter 2021
Men	12.2	15.9
Women	22.0	24.1
Total	15.1	18.4

Source INS (inquiry employment)

Youth unemployment rate (15-24 years old) (%)

	Third quarter 2019	Third quarter 2021
Young men	34.4	42.8
Young women	35.5	41.7
Total	34.7	42.4

Source INS (inquiry employment)

Policy Framework and Responses

The main constraints of the legal system, leading to young exclusion from the labour market are:

- Rigidity of Tunisian legislation against new recruitment, even though the public policies promote the labour market.
- Public recruitment has been blocked since the year 2014.
- Insufficient facilities of transport and communication, high cost of living (housing and food), especially in big cities of the country, compared to the wages paid discourage young job seekers.
- Public policy and most active employment programs are targeted at highly qualified job seekers; NEETs and other categories have natural issues with employment.
- The authorisation system for new private projects. Recently, the government exempted a second list of 8 activities from authorization. This system is still blocking so many investment opportunities that economic partners are calling for a complete unblocking of private initiative, except for national security and military necessities.

Two basic institutions under the supervision of the ministry in charge of employment are ANETI (in charge of employment) and the ATFP (in charge of training activities).

Role of the ANETI

The main mission of the agency is to implement the public policy in the guiding young people towards employed or self-employed work, mainly:

- Revitalize the labour market at national, regional, local, and sectoral level.

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- Widespread information on employment and professional qualifications for businesses and job seekers.
 - Implement programs to promote youth employment and integration.
 - Promotion of small businesses and self-employment.
 - Provide companies with services in the skills profile and recruitment counselling.
 - Organize operations for the placement of Tunisian labour abroad and ensure its implementation.
- Currently, 4 active programs are implemented by ANETI.

The objectives of the **Professional Life Initiation Contract (CIVP)** are to meet the needs of private sector companies and help job seekers acquire professional skills in order to facilitate their integration into working life. As for companies, the objective is to support the employer's share of salaries paid to DES or BTS employees among the beneficiaries of the CIVP within the same company for a period of two years under a CDI and up to 600 dinars per month. In this context, the companies undertake to recruit at least 50% of the total number of trainees during a period of 3 years.

The objective of the **KARAMA Dignity Contract** is to encourage private sector companies to recruit job seekers and improve their supervision rate. The State supports during the period of the contract first-time job seekers of Tunisian nationality, graduates of higher education (DES) or BTS whose period of unemployment is at least two years from the date of obtaining the last degree. The employer's share of the job seeker's salary is maximum 600 dinars per month. It is worth noting that the duration of the granting of these two benefits is 3 years for people with disabilities who have obtained a university degree. 50% of the net salary paid to the recruit up to a maximum of 400 dinars per month. Support from the National Employment Fund for two years from the date of recruitment of the company. The support of the National Employment Fund in the amount of the salary portion paid to the employee, up to a maximum of 600 dinars per month. A minimum global monthly salary of 600 dinars per month provided by the company. All companies in the private sector and the liberal professions whose tax and social situations is regularized. Duration: Two years from the start date of the employment contract.

When it comes to the **adaptation program to improve the employability of job seekers**, it targets beneficiary job seekers of Tunisian nationality registered in the BETIs, with a minimum level of study 7th basic year completed. The structures involved in the training are public or private training institutions, private sector companies, professional associations or organizations. In this case, the advantage is that the State pays during the training or adaptation period: The cost of additional trainings or adaptation courses for a maximum period of 6 months for each beneficiary amounting to 2500 Dinars. Social security coverage for the beneficiary. A monthly allowance of 200 Dinars for graduates of higher education or holders of a BTS (recognized). 150 Dinars for other categories. 50 additional Dinars for people with disabilities

Finally, the **Civil Service Contract (CSC)** enables job seekers to develop own skills facilitating their integration into working life. The beneficiaries are first-time job seekers of Tunisian nationality, graduated from higher education whose period of unemployment exceeds 12 months from the

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date of obtaining the last diploma. All associations, professional and civil organizations. Duration: One year, renewable for a period not exceeding 12 months. Advantages are a monthly allowance of 200 Dinars, social security coverage as well as a support for costs of additional training up to a maximum of 400 hours per person.

Role of the ATFP

The ATFP is the most important public training organization in Tunisia. It offers large, diversified training opportunities that cover several areas. 136 training centres (sectoral training, training for young rural girls, apprenticeship training and training in crafts) and more than 400 specialisations are offered. During the training, the learner can benefit from an innovative pedagogy with solutions that combine work-studies and e-learning training. With its training centres, the ATFP covers 12 vocational training sectors. Currently, the ATFP covers 80% of the vocational training market.

Benchmarking of active/Passive programs employment

Tunisia has always opted for active employment programs (PAE). These programs consist of incentive measures, mentoring, and training for job seekers. Expenditure on PAEs is in range of 1 to 1.5 % of GDP per year* (Employment Strategy Papers 19/2005 (intermediation on the labor market in Tunisia by M.S Redjeb and Miloudi Ghobhban). Comparing the situation of Tunisia with the southern Mediterranean countries, we find :

Active employment programs / GDP

Country	Year 2020	Year 2019
France	0.76	0.72
Spain	1.18	0.69
Italy	0.45	0.40

Source OECD.stat

In addition to active programs, these countries are implementing passive expenditure distributions, which are largely higher, and more important due to the fight against COVID19. The following table shows this importance:

Passive employment programs / GDP

Country	Year 2020	Year 2019
France	3.21	1.98
Spain	3.36	1.52
Italy	2.58	1.29

Source OECD.stat

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Main Challenges

Nowadays, it is more and more complicated for NEETs to integrate into the labour market, especially for those who left school early without graduating. This category of job seekers is usually recruited in the informal economy. This sector is becoming a serious economic problem; both for existing enterprises which are affected in their competitiveness and threatened in their existence on one hand, on the other hand the costs of economic deficit become high. In this view, a specific law aiming to integrate the informal economic activities into legal sectors is gradually applied.

A second challenge concerns the legislation for the authorization to start a new economic project. This challenge is faced by all young people who want to develop their own projects, but specially by young NEETs who suffer from a lack of qualification and who are at risk of social exclusion.

The third challenge is related to Tunisian legislation limiting the possibility for young people, who left school earlier (15- 18 years old) to integrate into the training system before reaching the age of 23, otherwise they are no longer accepted into the training system.

The fourth challenge concerns the Tunisian laws about accessibility to the labour market. Young people aged 15 and over are considered part of the active population, without the right to integrate into the labour market.

As for the trust in public institutions, this topic is mitigated, some of the interviewees consider that the actual level of coordination between organisms are sufficient but affected by administrative limits. Some others consider that there is no coordination between the organisms, rather is the responsibilities overlap in relation to the services provided. The third category notes that while there is coordination between actors, it is limited to informal relationships between actors, and this should be clarified at high level between ministers.

Approaches Going Forward

The respondents expressed different views on the approaches to be taken, such as:-

- Develop an accurate database on the requirements of the labor market and job seekers
- -Develop medium and long-term programs and strategies to target these groups
- High level of regional and local authorities to develop and implement their own programs for employment within the framework of decentralization.
- Create a reference document that defines the tasks of all stakeholders.
- Create an interactive platform to address the needs of young people.
- Inter-ministerial cooperation for the implementation of youth policies in a multisectoral framework, to ensure each one's responsibility.
- Strengthen the role of trainers and teachers, as well as their economic partners, with regard to the development of training programs and teaching.

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- Continue to provide financial support to NGOs that intervene in the integration of young people into the labour market.
- Strengthen dialogue on employment and active work programs with social and economic partners.
- Improve the quality and image of training at all levels: Training of trainers, more efficient and attractive training tools and logistics, openness to training programs training that break new grounds.

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Acronymes

ATFP	Agence Tunisienne de la Formation Professionnelle
ANETI	Agence Tunisienne de l'Emploi et du Travail indépendant
BTS	Brevet Technicien Supérieur
BETI	Bureau de l'Emploi et du Travail Indépendant

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CDI	Contrat à Durée Indéterminée
CIVP	Contrat d'Insertion à la Vie Professionnelle
CRDA	Commissariat Général au Développement Régional
CSC	Civil Service Contract
DES	Diplômé des Etudes Supérieure
GDP	Gross Domestic Product
GIZ	Coopération Technique allemande
ILO	International Labor Organization
INS	Institut National de la Statistique
INSEE	Institut National de la Statistique et des Etudes Economiques
MENA	Middle East and North Africa
MEFP	Ministère de l'Emploi et de la Formation Professionnelle
NGO	Non Governmental Organization
NEET	Not in Education, Employment or Training
OECD	Organisation for Economic Cooperation and Development
PAE	Programme Actif pour l'Emploi
UTSS	Union Tunisienne pour la Solidarité Sociale

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