

EMPLOYMENT POLICIES AND ACTIVE LABOUR MARKET PROGRAMMES IN TUNISIA



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PREFACE	3
1. THE TUNISIAN LABOUR MARKET	4
2. EMPLOYMENT POLICY FRAMEWORK AND INSTITUTIONS	8
2.1 National employment strategy	8
2.2 Institutional framework.	8
2.3 Labour legislation	9
3. ACTIVE LABOUR MARKET PROGRAMMES	10
3.1 ALMP schemes	10
3.2 New employment schemes under decree 2012-2369	12
3.3 Other actors	13
4. RESULTS AND ACHIEVEMENTS	16
4.1 University graduate programmes	16
4.2 Non-university graduate programmes	18
4.3 SME programmes and BTS funding.	20
4.4 AMAL and PEE programmes	21
5. CONCLUSIONS AND RECOMMENDATIONS	23

ANNEXES **25**

Annex 1. List of interviewees 25

Annex 2. Tunisian active labour market programmes – Summary table 26

ABBREVIATIONS AND ACRONYMS **29**

REFERENCES **31**

PREFACE

Since 2011 the southern and eastern Mediterranean countries have experienced a succession of revolts and regime changes, the so-called Arab Spring. The revolts served to focus attention on the lack of employment in the region – one of the main causes of social instability – and highlighted the importance of European Union (EU) cooperation with its neighbours in the field of employment. To address this problem, a structured Euro-Mediterranean policy dialogue on employment was initiated in 2008¹ and the reform of the European Neighbourhood Policy in 2011 attributed greater importance to job creation and inclusive growth in the region (European Commission, 2011a; and 2011b).

Alongside this process of structured policy dialogue, the European Training Foundation (ETF) has provided regular inputs to the European Commission (Directorate-General for Employment) through three employability reports, presented in 2007, 2009 and 2011 to the Euromed Employment and Labour High-Level Working Group tasked with preparing the ministerial conferences (Martín and Bardak, 2012). The aim of these reports was to contribute to the policy dialogue between the EU, the ETF and partner countries by providing reliable analyses of employment policy and employability in the region.

As part of this process, the ETF launched another round of analysis on employment policies in selected countries of the region. The focus of these country reports was not to analyse labour market trends and challenges, but rather to map existing employment policies and active labour market programmes and to assess the results and effectiveness of these instruments in addressing employment challenges. The reports also include a short description of the recent political developments in the country, including topics such as the impact of the Arab Spring on the economy and employment, new actors, as well as the recent policy changes (government, donors, funding, etc.).

This report was drafted by Sami Zouari (University of Sfax) in July 2013 in Sfax and Tunis. Besides the desk review and statistical data analysis, 22 stakeholders – representatives of government offices, social partners (trade unions and employer organisations), donors, and civil society – were interviewed to gather their opinions on the country's employment policies and programmes. The report provides an overview of current employment policies and active labour market programmes in the country, and a qualitative assessment of their results and outcomes.

Ummuhan Bardak, ETF
September 2013

¹ A Framework of Actions on job creation, employability of human capital and decent employment was adopted at the first Euro-Mediterranean Conference of Ministers of Labour and Employment held in Marrakech in November 2008, and restated at the second Union for the Mediterranean (UfM) Labour and Employment Ministerial Conference held in Brussels in November 2010.

1. THE TUNISIAN LABOUR MARKET

'Employment, Liberty, Dignity' was the slogan used for the Tunisian revolution of January 2011 that triggered what came to be called the Arab Spring. People from the western regions, among the poorest in the country, actively contributed to the regime fall. They were mainly 18-30 year-olds, an age bracket experiencing high unemployment and with no prospects of obtaining employment in the public sector, considered the most secure source of employment. However, matters have not much improved since January 2011, as the number of unemployed people has doubled, the poverty rate continues to remain at worrying levels and regional disparities continue.

According to the Tunisian National Institute of Statistics (INS)², due to the financial crisis which started in 2008, the Tunisian growth rate in 2010 fell to 3.1% from about 6.3% in 2007. The slowdown was more dramatic in 2011 (with negative growth of -0.8%), but 2012 was marked by a slight economic recovery; growth at 3.5% was the result of an upturn in many indicators. Industrial production saw an improvement from -3.6% to 1.6% between the third quarters of 2011 and 2012. Chemical industry production grew by 14.8% in 2012 compared to 2011 (after a drop of 31.1% in 2010). These relatively satisfying results need, however, to be viewed in the context of a dramatic rise in inflation (from 3.5% in November 2011 to 5.5% one year later) and an increase in the coverage rate, with exports covering only 69.3% of imports during the first 11 months of 2012 (71% during the same period of 2011).

Moreover, despite optimistic expectations regarding the 2013 growth rate, first results were disappointing – at only 2.5% instead of the expected 4%. This was mainly explained by overly high government expectations in terms of collected taxes. Tax revenues, estimated to grow by 13.5% in 2013, grew a mere 0.7% in the first quarter. The inflation rate, at 6.5% in March 2013, reached the highest level ever. Indeed, economic experts, considering that the inflation calculation methodology is no longer reliable, indicate that inflation may even reach 9.5% if changes in consumption behaviour are taken into account.

All these facts have contributed to a drop in Tunisian living standards and a worrying poverty rate of 15.5% (2012). However, the problem is not so much the 5.3% of the Tunisian population who are extremely poor, but the overall rise in precariousness, as retirement, illness, unemployment or an unexpected event would easily lead people into poverty. Unemployment in particular is a major cause of poverty.

With 10.78 million inhabitants in 2012, Tunisia has tripled its population since independence from France in 1956. Demographic transition has been much quicker than forecasted, with an annual population growth rate – 0.96% in 2012 – that is the lowest in the Arab world. Similar to other Arab countries, however, young people in Tunisia aged 15-30 years old represent a very significant 30% of the population. This has resulted in a serious mismatch between demand and supply in the labour market. Matching labour demand and supply is a national concern and a necessary condition to ensure successful democratic transition in the current critical climate.

The unemployment rate, despite relative stability in recent years (12.5% in 2006 and 13% in 2010), experienced a dramatic increase due to many negative impacts of the events of January 2011: insecurity, lack of new investments, the efflux of many foreign businesses resulting in a fall in foreign direct investment (FDI)³, etc. The economic activity rate of the working-age population aged 15 years and older was 47.2% in 2011 with marked gender inequities: 70% of men are active against only 25% of women (INS, LFS 2011). Likewise for the employment rate (44.3% in 2011): 68% of men are employed compared to 21% of women.

In May 2011, some four months after the revolution, the unemployment rate was 18.3%. Some recovery was evident by 2012 (17.6%) and early 2013 (16.5%). Women and men have been affected by the crisis differently; 19% and 11%, respectively, were unemployed in 2010, compared to, respectively, 27.4% and 15% in 2011, 25.6% and 14.6% in 2012 and 23.3% and 14% in the first quarter of 2013 (INS, LFS 2012 and 2013). These data would apparently indicate economic recovery; however, an in-depth analysis reveals that the decrease was partly due to a recruitment drive in the public sector in 2011 and 2012 that resulted in the creation of almost 59 000 new jobs⁴. The question is whether this policy was genuinely efficient and sustainable.

A huge gap exists between labour demand and supply. University graduates, as just one category, face several obstacles to employment (**FIGURE 1.1**). The unemployment rate for this category, which has tended to oscillate between 23% and 33% since 2010, hides a major gap between men and women. Male graduate unemployment

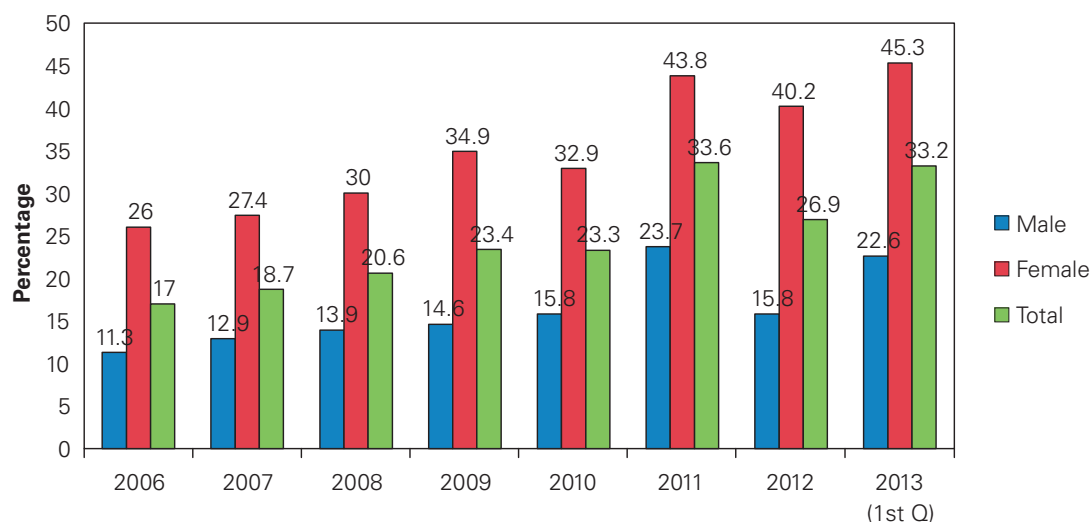
² All labour market data are from the Tunisian National Institute of Statistics (INS) website unless otherwise indicated.

³ FDI inflows in Tunisia decreased from USD 1 513 million in 2010 to USD 1 148 million in 2011 (by almost 25%), but increased again in 2012 to USD 1 918 million, partly reflecting an economic recovery (UNCTAD, 2013).

⁴ Law 2012-4 of 22 June 2012 contains derogations such as political prisoners benefiting from an amnesty, relatives of revolution dead and people injured in the revolution.

oscillated between almost 16% and 24% as compared to rates of between 33% and 45% for females. These are disquieting figures that confound government expectations; they also confirm the vulnerability of women in a country where the Personal Status Code has been in place since 1956, offering women empowerment, freedom and dignity in addition to many other rights and advantages⁵.

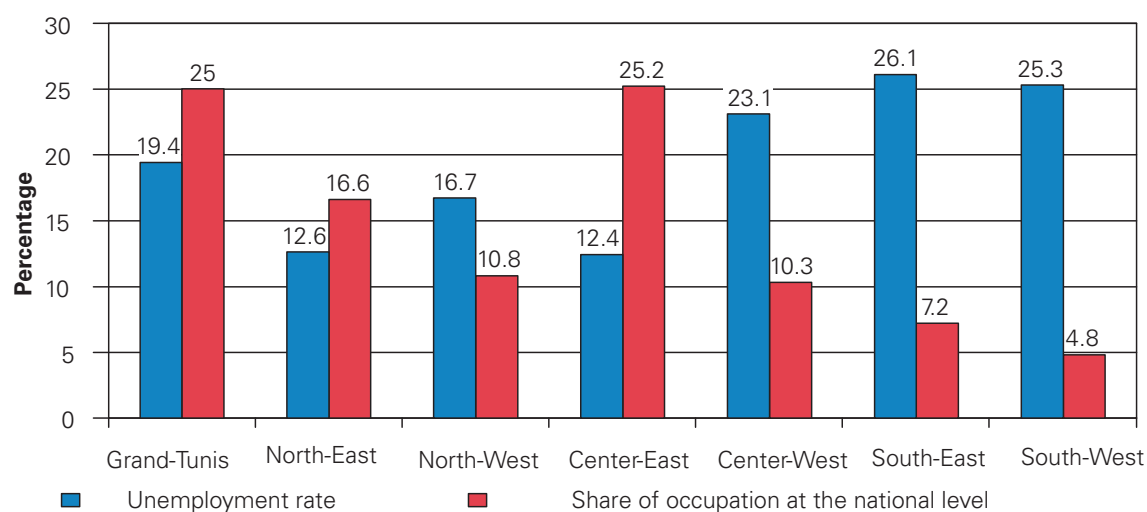
FIGURE 1.1 UNEMPLOYMENT RATE OF UNIVERSITY GRADUATES BY GENDER, 2006-13 (%)



Source: Ministry of Vocational Training and Employment, 2012

Regional disparities are also great (**FIGURE 1.2**). In 2012, the unemployment rate ranged between 19.4% in Grand-Tunis and 26.1% in the South-East (Médénine and Tataouine), for corresponding national shares in employment of 25% and 7.2%. Other highly disparate regions were the Centre-East (Sfax) and the South-West (Gafsa), where unemployment rates were 12.4% and 25.3% respectively, for shares of employment of 25.2% and 4.8%, respectively. Rates for the northern and eastern parts of Tunisia tended to be substantially lower, essentially due to the lack of infrastructures in the latter, where employment is mainly in agriculture and is consequently seasonal, poorly paid, unskilled and frequently female. Young people, resentful of their regions' impoverishment, shun such employment, feel excluded and discriminated against and demand better wealth distribution.

FIGURE 1.2 UNEMPLOYMENT RATE AND EMPLOYMENT SHARE BY REGION, 2012 (%)



Source: Ministry of Vocational Training and Employment, 2012

Unemployment in these regions is therefore a priority that requires innovative projects and skills development, especially bearing in mind that statistical estimates for the 2013-16 period indicate that an extra 80 000 jobs will be required to meet labour demand in existing sectors.

Labour market segmentation plays a crucial role in jobseeker placement according to skills. Three sectors are distinguished: agriculture, industry and services. Under a fifth of total employment is in agriculture (17.5% in 2010 and 16.3% in the first quarter of 2013), compared to around one third in industry (with over half of that in factories) and around half in services, such as telecommunications, hotels and restaurants, banking and insurance (48.8% in 2010 and 50% in early 2013). The tertiary sector is synonymous with greater stability, according to a strategic assessment paper for 2012 by Tunisia's national employment body (FNE – Fonds national de l'emploi). Some 95% of workers in this sector worked for more than 271 days in 2009; the equivalent rate for factories was 94% and for agriculture was 81%, due to seasonal and sporadic employment patterns.

The gross domestic product (GDP) share for the three economic sectors marks even greater differences, especially for agriculture, accounting for only around 8%-9% of GDP compared to 28% for industry and 64% for services. Half of Tunisian workers – those employed in the services sector – are therefore producing two thirds of GDP. Productivity and added value gaps explain this difference in GDP share.

Informal employment is high, with widespread precariousness, long working hours, poor pay (including no pay for family workers, mostly women) and a lack of social protection, with the resulting devaluation of human capital. The informal sector is estimated to be 39.2% of GDP, the self-employed share of total employment is 24.7% and the share of labour force employees who make no social security contributions is 49.9% (World Bank, 2011).

Employment stability is also associated with the public sector – especially attractive for university graduates, even if their job does not reflect their qualification. Employment security and holidays are the most attractive features of the public sector – advantages which often lead people to leave private sector jobs. This was especially noticeable after the January 2011 revolution, when a new employment scheme that awarded people aged 35 years and older (45 for university graduates) jobs in the public sector based on socioeconomic conditions or, in some cases, revolution injuries or relationship to revolution victims. In 2011, 22.2% and 77.8% of the employed people were in the public and private sectors, respectively, representing hardly any change since 2006, at 22.6% and 77.4%, respectively (Boughzala, 2013). However, in spite of government efforts to create jobs, jobseekers waiting for a public sector placement are still numerous, which may explain why migration flows have risen considerably since 2011.

In the context of a globalised economy, the Tunisian labour market is influenced not only by internal factors but also by external ones imposed by other countries' needs for labour and skills. Geostrategic factors affecting the local labour market need to be taken into account since they contribute to labour migration in the country. Libyan labour needs represent an extension of the Tunisian labour market and an important migration option. Although migration is a personal decision made individually, the Tunisian government is aware of its role in addressing illegal migration and ensuring legal international mobility according to host country needs.

According to statistics provided by the Office of Tunisians Abroad, around 1 156 000 Tunisians were abroad in March 2012, 36.6% of whom were women. Most are based in Europe (83%), with a mere 14% in other Arab countries, predominantly permanent residents in Libya (56.5%). Note that 85% of emigrant women are in Europe while only 12% are in other Arab countries, compared to 82% and 15%, respectively, of men. These statistics, however, greatly underestimate the extent of the Tunisian diaspora, as illegal migration has become very significant since January 2011. They also overestimate labour migration since the numbers also include students and women joining their husbands.

The minimum wage in Tunisia, even despite continuous increases, remains insufficient in the face of rising living costs. According to the Ministry of Social Affairs, between 2003 and 2012, the inter-professional minimum wage was raised annually by an average of 4.7%, from TND 211 to TND 320 (48-hour week) and from TND 184 to TND 278 (40-hour week). The minimum hourly wage in agriculture almost doubled between 2003 and 2012 (from TND 6.5 to TND 11.6), corresponding to an average annual increase of 6.6%. For those working in the informal sector, however, minimum wage rules are not applicable and there is no social security coverage. Despite all these improvements, Tunisian young people continue to demand better pay, especially in an unstable social, economic and political context.

The Tunisian government is aware of these issues and also that labour market needs in terms of skills are not matched with education system outputs. This is why many active labour market policies (ALMPs) have been implemented over the last four decades, aimed at reducing the gap between labour market needs and school and university education by providing complementary training that enables jobseekers to either join the labour market with better knowledge and suitable skills or build their own businesses and become self-employed.

Chapter 2 examines existing employment policies and strategies from different angles such as relevant laws and institutions and their human resource capacities. Chapter 3 analyses different ALMPs. Chapter 4 discusses employment policy results with the focus on key challenges such as limited funding, weak public capacity in managing different programmes, target groups of beneficiaries and whether schemes are reaching their targets, the role of non-governmental organisations (NGOs) and the extent to which they are contributing to combating unemployment (e.g. microfinance organisations). Finally, Chapter 5 presents conclusions and recommendations.

2. EMPLOYMENT POLICY FRAMEWORK AND INSTITUTIONS

2.1 NATIONAL EMPLOYMENT STRATEGY

In December 2012 a National Employment Strategy 2013-17 was adopted and ratified by the Ministry of Vocational Training and Employment, for a cost of TND 700 000. However, it is still not fully operational and there have been considerable criticisms regarding the delay. This strategy plans to progressively alleviate unemployment via three main objectives (**FIGURE 2.1**). The first objective – to promote small businesses, improve vocational training systems and develop skills for sectors experiencing labour shortages – is to be accomplished by the end of 2013. The second objective, which focuses on a slight but perceptible decrease in the unemployment rate, should be attained by the end of 2015. The third goal, to be achieved by 2017, refers to the adoption of a developed employment scheme and productivity upgrades.

To achieve these objectives, vocational training systems should form proactive partnerships with production sectors needing skilled workers. By 2015, incentives and subsidies will be allocated to a new employment model restructuring the economy towards a knowledge economy. In 2016, it is expected that measures to match educational training and labour market needs will start to show results. At this stage, the goal is to facilitate access to funding and to encourage entrepreneurs to create small and medium-sized enterprises (SMEs). This is a plausible way to generate employment, especially within a very dynamic institutional framework that draws a number of institutions together under the auspices of the Ministry of Vocational Training and Employment.

2.2 INSTITUTIONAL FRAMEWORK

NATIONAL AGENCY FOR EMPLOYMENT AND SELF-EMPLOYMENT – ANETI

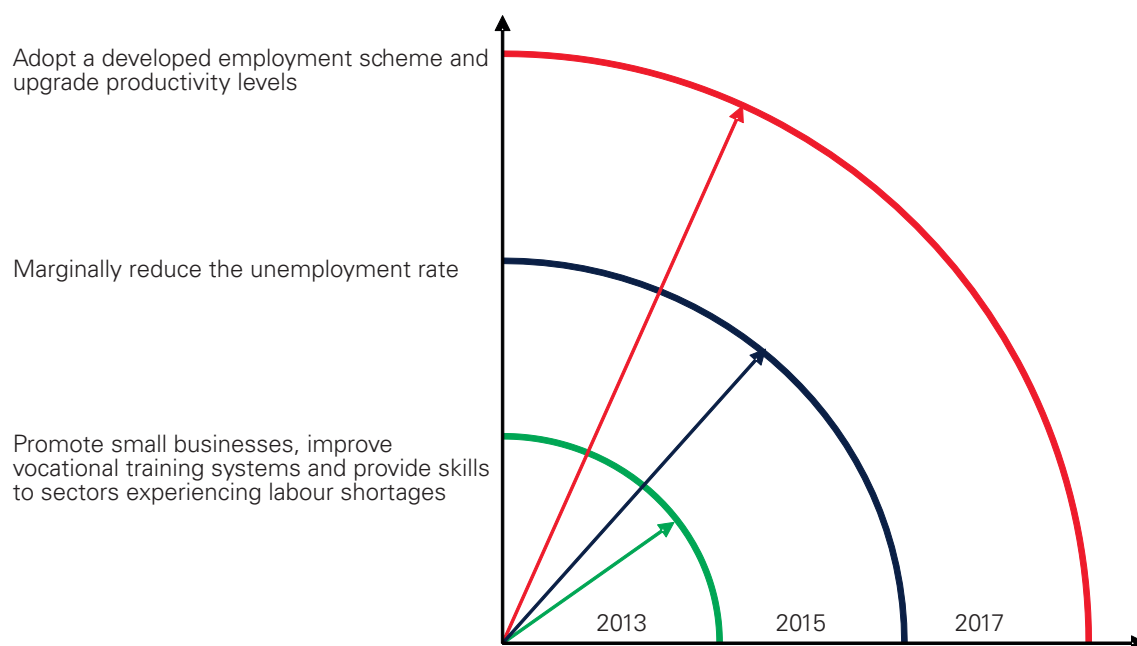
ANETI (Agence nationale pour l'emploi et le travail indépendant), created under Law 93-11 of 17 February 1993, is a public non-administrative body attached to the Ministry of Vocational Training and Employment. As a civil legal body it is administratively and financially autonomous. Its main mission is the implementation of the government's employment policies, especially for young people. It also has the task of energising the job market at national, regional, local and sectoral levels through its network of 91 employment offices and 1 164 staff throughout the country (data for 2010). It aims also to develop information on employment and professional qualifications by targeting entrepreneurs and jobseekers. It is responsible for organising and placing the Tunisian workforce abroad; it also facilitates the reintegration of returned migrants and takes care of workers dismissed for economic and technical reasons and of people with special needs. ANETI has an effective management information system, which can be accessed at any time from any office. However, human resources are a bottleneck, as there are insufficient advisers to take care of the public targets; this situation has deteriorated since the revolution (from a single adviser for 600 unemployed to a single adviser for 1 000 unemployed).

NATIONAL OBSERVATORY FOR EMPLOYMENT AND QUALIFICATIONS – ONEQ

ONEQ (Observatoire national de l'emploi et des qualifications) is a component of the national statistics system that, as a specialist institution, supports decision making in the area of employment and skills. Its principal mission is to collect labour market statistics, analyse employment and skills data using relevant indicators and issue regular reports on labour market trends. ONEQ collects information on the labour market at the national, regional and sectoral levels in accordance with laws and regulations applicable to the national statistical system. ONEQ is also responsible for monitoring employment in enterprises by conducting surveys, for designing and developing employment databases and for evaluating programmes and instruments used to place jobseekers. By analysing employment and skills data, ONEQ provides key inputs regarding the future of employment in Tunisia and possible measures to promote employment.

NATIONAL EMPLOYMENT FUND – FNE

The FNE (Fonds national de l'emploi), also known as Fonds 21-21, aims to facilitate the integration of young people and, in general, jobseekers facing difficulties in the labour market regardless of age, education level or region.

FIGURE 2.1 NATIONAL EMPLOYMENT STRATEGY 2013-17

Source: Ministry of Vocational Training and Employment, 2012

The FNE is designed to help young people acquire better training and improve job access opportunities. Training is an important component in most FNE instruments to enhance sustainable employment opportunities, whether for wage earners or independent workers. The FNE also sponsors specific programmes aimed at supporting the economic development of Tunisia.

TUNISIAN SOLIDARITY BANK – BTS

The BTS (Banque tunisienne de solidarité) was created in December 1997 with the aim of helping all segments of Tunisian society to seize opportunities created by economic and social development efforts. The bank finances micro-projects for people who would not normally qualify for getting credit from commercial banks because of their lack of assets or collateral. Men and women in urban and rural areas are eligible to apply for loans with a maximum annual interest rate of 5% and a flexible grace period of 3-12 months before repayment begins. Repayment is over a period of 2-7 or 2-11 years. Self-financing must represent 3-10% of the total investment.

2.3 LABOUR LEGISLATION

Labour laws from 1994 and 1996 allow greater flexibility in three areas (Mzid, 2009).

- Recruitment – Employers are not required to hire through employment agencies but may hire directly, may choose their future employees without any constraint and may use the model (fixed-term or permanent contract) they prefer when hiring people. However, professional organisations and social stakeholders are concerned regarding the level of hiring under fixed-term contracts, with many situations of sustainable jobs being performed by temporary workers. Although fixed-term contracts comply with the greater flexibility needs of enterprises, these tend to indefinitely rely on this type of contract.
- Layoffs – When employers dismiss workers, with or without due cause, the process is lengthy and expensive. Nevertheless, layoffs based on guilty of serious misconduct can be considered a flexible option as they offer the possibility of dismissing workers more easily.
- Working hours – Part-time workers find this option convenient, especially women in the clothing and textile sector where female labour is widely used. However, the option is still under-used because of the lack of suitable and clear regulations for working conditions and social protection.

The most recent amendments to articles in the labour laws of 1994 and 1996 (Law 2006-18 of 2 May 2006, published in the Official Journal of the Tunisian Republic (JORT) No 37 of 9 May 2006) mainly concern the creation, composition and functioning of employment tribunals (conseil de prud'hommes).

3. ACTIVE LABOUR MARKET PROGRAMMES

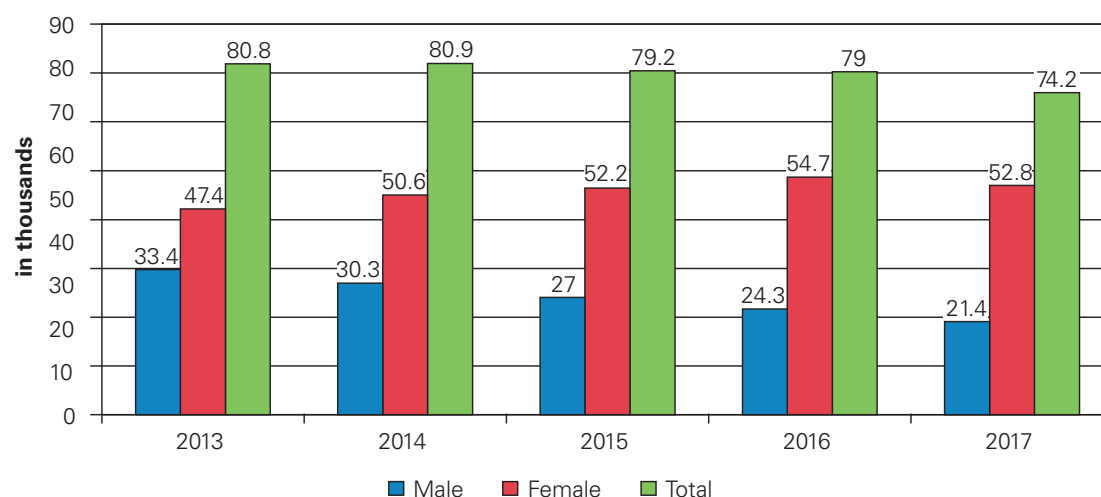
Given the high structural unemployment rate, many ALMPs have been deployed by the Tunisian government through ANETI to address this serious problem. Even international organisations, such as the International Labour Organisation and the United Nations Industrial Development Organisation (UNIDO), have implemented interventions to tackle the problem. Of the North African countries, Tunisia and Egypt have more than four youth employment interventions each, Morocco has fewer than four and the remaining countries have none (ILO, 2012).

In Tunisia, substantial funds have been allocated to promoting employment under many ALMP schemes. In the 1997-2006 decade, the annual budget devoted to the implementation of ALMPs was TND 250-270 million, representing 0.8% of GDP (Haouas et al., 2012). However, due to the revolution, a total budget of TND 611 million was earmarked for ALMPs in 2012 (Rajhi, 2012). This would presumably enable Tunisian authorities to accommodate the additional 80 000 labour market entrants per year expected until 2017 (**FIGURE 3.1**). Newly active women will exceed men by 14 000 in 2013 and by 31 400 in 2017, confirming the fact that women are becoming increasingly active.

Two kinds of programmes exist, one devoted to training and integrating jobseekers in the labour market and including public work schemes targeting unskilled and poor people, and the other promoting and providing funds for self-employment and small business development. Each category imposes many requirements regarding eligibility (e.g. regarding experience and qualifications). The different programmes are characterised by a wide range of instruments and an accumulated four decades of experience and improvements (Haouas et al., 2012).

More recently developed schemes and innovations, as referred to in Decree 2012-2369 of 16 October 2012, are described below in terms of goals, beneficiaries, benefits, employer engagement, etc.

FIGURE 3.1 FORECASTED NUMBER OF NEW JOBSEEKERS, 2013-17 (THOUSANDS)



Source: Ministry of Vocational Training and Employment, 2012

3.1 ALMP SCHEMES

INITIATION TRAINING TO PROFESSIONAL LIFE – SIVP

The SIVP (stage d'initiation à la vie professionnelle) programme aims to assist beneficiaries to acquire the professional skills necessary to actively participate in the labour market. Applicants should be Tunisian first-time jobseekers who graduated from higher education (or equivalent) at least six months prior. The internship can take

place in private companies or public bodies. Conditions and modalities are established by decree and duration is 12 months maximum, or 18 months in exceptional circumstances (an additional six months in the same company or a second internship in another company). ANETI pays a monthly allowance of TND 150 (EUR 71), to be added to whatever the beneficiary may receive from the company as a complementary payment (variable, but a minimum of TND 100, that is EUR 48).

The goal of employment subsidies (in the form of direct wage subsidies or social security contributions) is to reduce the cost of hiring new employees and so increase the demand for labour (Broecke, 2012) – although trade union representatives do not totally agree with this point of view (see Chapter 4). Candidates may also be admitted to additional training sessions during their internship if the host company agrees. ANETI may organise further training sessions, to a maximum of 200 hours, in the host company or in a public or private training institution. However, all these benefits are subject to prior registration of the beneficiary with ANETI and the conclusion of an SIVP contract. Companies may not hire any additional trainee under the SIVP scheme if they have not employed at least 50% of those who completed internships in the previous three years.

HIGHER EDUCATION GRADUATES' INSERTION CONTRACT – CIDES

CIDES (contrat d'insertion des diplômés de l'enseignement supérieur) enables graduates to acquire professional qualifications in a scheme whereby they alternate between a private company and a training institution – training can be provided in a private or public training institution or in the host company. Beneficiaries should be Tunisian higher education graduates (or equivalent) and unemployed for a minimum of three years counted from the date of graduation. Training involving the host company, the trainee and ANETI lasts for a period of 12 months maximum. During the contract period, ANETI supports training costs to a maximum of 400 hours and also pays a monthly allowance of TND 150 to the trainee. It pays candidates residing outside the governorate where the host company is based an additional amount which may not exceed TND 50.

The company also pays a complementary monthly allowance of at least TND 150. If the company employs the trainee, it will receive a subsidy of TND 1 000 after one year. The FNE also pays a proportion of employers' contributions to the social security system (CNSS) for new employees recruited under the CIDES scheme for seven years: 100% in the first two years, scaled back to 85%, 70%, 55%, 40% and 25% for each successive year. To be eligible for the above-mentioned benefits package, the trainee should be registered with ANETI. Any company which does not comply with the previously mentioned obligations may not benefit from CIDES until two years after the end of the last signed contract.

VOLUNTARY PUBLIC SERVICE – SCV

The SCV (service civil volontaire) programme is designed to enable university graduates and first-time jobseekers who cannot benefit from an SIVP to do voluntary and part-time community service work (for a maximum of 12 months) in order to acquire practical skills and professional attitudes. These trainees benefit from personalised support to facilitate their integration into the workforce as employees or self-employed people. The courses are supervised by associations or professional organisations on the basis of agreements concluded with the Ministry of Vocational Training and Employment. The association or professional organisation, in collaboration with ANETI and the beneficiary, determines the content of the course and monitors the beneficiary during the training period. The student is required to attend support meetings organised periodically by ANETI and must submit a report containing information about the internship in accordance with the model available in ANETI offices. This programme grants a monthly allowance of TND 150 to the student throughout the training period. ANETI may also reimburse up to 60% of urban public transport costs under an agreement concluded between the Ministries of Vocational Training and Employment and of Transport.

EMPLOYMENT SOLIDARITY CONTRACT – CES

The CES (contrat emploi solidarité) programme facilitates integration of all categories of jobseekers in the workforce under specific actions such as initiatives to promote employment and adjustment to cyclical changes in the labour market. Beneficiaries who are university graduates receive a monthly allowance of TND 150-250 during a maximum period of three years. Other (non-graduate) beneficiaries receive a monthly allowance of a maximum of TND 130 for a maximum of 12 months. ANETI supports all costs related to beneficiary integration. Programme supervisors are granted a maximum monthly allowance of TND 300 for a maximum of 12 months. As with other programmes, beneficiaries must be previously registered with ANETI in order to be eligible for all the listed benefits.

CONTRACT OF ADAPTATION AND PROFESSIONAL INTEGRATION – CAIP

The CAIP (contrat d'adaptation et d'insertion professionnelle) programme enables non-graduate jobseekers to compensate for their lack of skills and acquire professional qualifications that meet the requirements of specific job offers. To be eligible, interested jobseekers must be registered with an employment office. The contract is concluded

between the host company and the trainee for a maximum period of 12 months, during which time ANETI pays a monthly allowance of TND 80 to complement a monthly additional allowance of at least TND 50 paid by the company. After completion of training, the host company must hire the beneficiary, as otherwise it cannot benefit from the CAIP programme for the next two years. Through this programme, ANETI supports the cost of training to a maximum of 400 hours, in accordance with a specific training schedule agreed with the company. Training can take place in the host company or in a public or private training institution. The host company can benefit from this programme individually or within a framework of agreements with training centres, professional associations, chambers of commerce and industry, etc.

CONTRACT OF REINTEGRATION INTO WORKING LIFE – CRVA

The main objective of the CRVA (*contrat de réinsertion dans la vie active*) is to enable unemployed workers to return to the labour market. The programme aims to improve worker skills and retrain workers so as to meet new labour market needs. Beneficiaries must be former permanent workers (in employment for at least three years), laid off for economic or technical reasons or due to company closure. The internship within a company lasts a maximum of 12 months. ANETI supports the cost of up to 200 training hours and pays the beneficiary a monthly allowance of TND 200, to be added to a monthly allowance of at least TND 50 to be paid by the host company. Once training ends, the host company must recruit the beneficiary, as otherwise, it may not benefit from any other reintegration contract for two consecutive years.

AMAL PROGRAMME

A new ALMP came into being as a consequence of the revolution era. This was the AMAL (Arabic for 'hope') programme, available exclusively to first-time jobseekers. The main objective of AMAL was to facilitate school-to-work transition, especially for university graduates, by assisting young people in their search for a job or internship and by providing them with complementary training if needed. In terms of benefits, this programme provided a monthly allowance of TND 200 for a maximum of 12 months, in addition to health insurance coverage, with the beneficiary who was genuinely looking for a job. This condition was not adequately fulfilled and other defects were discovered while the AMAL programme was being deployed so it was terminated by Decree 2012-2369 of 16 October 2012. The decree also brought new ALMPs and initiated a specific programme to foster employment (PEE – *Programme d'encouragement à l'emploi*, discussed further in Chapter 4).

3.2 NEW EMPLOYMENT SCHEMES UNDER DECREE 2012-2369

Given the persistent and critical unemployment levels of 2011 and 2012, Tunisian authorities rethought ALMPs and established new programmes under Decree 2012-2369 of 16 October 2012.

EMPLOYABILITY IMPROVEMENT CHEQUE

This programme aims to improve – through complementary training, support and vocational adjustment – the skills of young Tunisians registered with one of the regional ANETI offices and so facilitate their entry to the labour market. The training sessions aim to improve the jobseekers' skills and match these with identified labour market needs in different economic sectors within Tunisia or abroad. ANETI pays all beneficiaries (for a maximum of 24 months) a monthly allowance of TND 200 for participants with higher education and TND 100 for participants with lower education levels.

EMPLOYMENT SUPPORT CHEQUE

This scheme encourages private companies operating under the Investment Incentives Code to recruit Tunisian first-time jobseekers registered with an ANETI regional office. Private companies can benefit from this scheme only if the candidate is recruited under a permanent or fixed-term contract for a minimum of 12 months. In terms of benefits, the FNE assists the host company by paying 50% of the candidate's salary, which may not exceed a maximum amount previously agreed by the Ministries of Vocational Training and Employment and of Finance. Alternatively, the FNE can pay the social security contributions of the new employee. However, no company may benefit simultaneously from these two different types of benefits.

SUPPORT TO SMALL BUSINESS ENTREPRENEURS

The main purpose of this programme is to assist entrepreneurs to identify a new business idea in agriculture and fishing or services and develop a business plan to enable them to start a business. It also assists them in managing their business through technical training in management, finance, human resources, etc. The government supports the cost of training sessions up to a maximum of 200 hours to train new entrepreneurs, 120 hours to help them

manage their business and 400 hours for additional technical training. Moreover, the government will pay the cost of expert technical assistance for up to 12 days. Candidates for this programme take up internships in companies for a maximum period of 12 months, during which time they receive a monthly allowance of TND 200 for university level participants or TND 100 for other participants. Once they finish their internship, small business entrepreneurs will receive a subsidy of TND 5 000 from the FNE for self-financing, provided total project cost does not exceed TND 100 000.

LOCAL COMMUNITY PARTNERSHIPS TO FOSTER EMPLOYMENT

This programme aims to facilitate the integration of different categories of jobseekers in the labour market by supporting regional and local job creation and new enterprise initiatives. It is based on a participatory approach whereby regional civil society organisations design, implement and monitor projects. Partnership with regions regarding employment programmes is governed by an annual performance contract concluded between local communities and the Ministries of Vocational Training and Employment and of Finance. These contracts specify the target jobseekers, allowance amounts, kinds of intervention to be deployed and the evaluation impact indicators. Note that Decree 2012-2369 describes the composition of a committee to supervise and evaluate the impact of FNE interventions (Chapter 3, Article 24).

PROGRAMME TO FOSTER EMPLOYMENT – PEE

PEE (Programme d'encouragement à l'emploi) targets unemployed Tunisian university graduates aged 28 years and older, who graduated at least two years previously and who have been registered with an ANETI regional office for at least three months. Its main objective is for jobseekers to acquire complementary skills and practical abilities to improve their employability and facilitate their integration in the labour market. Beneficiaries attend short complementary training sessions and undertake practical internships in companies. They can also participate in economic and social programmes of public interest. However, many job categories are excluded from this scheme (physicians, pharmacists, engineers and architects, and also jobseekers who have benefited from an internship for six months or more in the previous 12 months).

In addition, to be eligible for this programme, financial constraints apply, such as a household income below three times the minimum wage. ANETI pays a monthly allowance of TND 200 during the first six months and TND 150 during the second six months (participants who have already benefited from the AMAL programme receive only TND 150 in the first six months and TND 100 during the second six months). If a candidate is employed by a private company within the first six months, ANETI makes a payment of TND 600 to the candidate in two instalments. If the candidate wants to establish a business, ANETI grants the new entrepreneur up to 10% of the total investment cost (to a maximum of TND 5 000) and pays a monthly allowance of TND 200 for the first 24 months of project implementation.

To conclude this section, all these schemes and programmes (summarised in Annex 2) are administered and funded, with the assistance of the FNE, by ANETI, as the official institution dealing with youth unemployment and with the integration of young people in the labour market as employees or self-employed people. Nevertheless, other stakeholders also play an important role in alleviating unemployment in Tunisia; these are described in the next section.

3.3 OTHER ACTORS

Below a distinction is drawn between donors and NGOs, two important participants in employment service delivery in Tunisia given the key services they offer.

DONORS

EU

Being the first Arab country that underwent a political revolution has made Tunisia a priority country for international aid. Therefore, the EU (together with the African Development Bank, the World Bank, and the French Development Agency) have joined funds for increased budget support, whose disbursement indicators are linked to progress in various sectors including employment. Attention is also paid to support human capital development, with the view to addressing the current mismatch between the skills provided by the education and training system and the labour market skill needs. An important budget support of EUR 65 million to be paid in three tranches, called PEFESE (programme d'appui à l'éducation, la formation professionnelle, l'enseignement supérieur et l'employabilité des diplômés), targets education, higher education and youth employability sectors. The EU also funds a regional development programme in disadvantaged localities and a programme to increase competitiveness of enterprises and services in Tunisia.

ETF

The ETF's support in Tunisia mainly focuses on the promotion of multilevel governance of vocational training at territorial level in the Médenine region through networks of training institutions, alumni associations to facilitate transition from school to work, monitoring progress and capacity building for social partners in VET. Another activity is entrepreneurship learning agenda, as a promising element to address high unemployment and insufficient job creation by the private sector and encourage young people to start their own business. In a joint project with the OECD and the German cooperation GIZ, the ETF contributes to an assessment of entrepreneurship learning in a limited number of VET centres. Finally supporting progress review of VET and employment policies through the Torino process and the employability reviews is carried out by a national team with ETF's expertise support.

GIZ

GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) has been operating in Tunisia since 1975 on behalf of the German Federal Ministry for Economic Cooperation and Development, and it is one of the main donors involved in employment issues. It has projects on new business start-ups and a regional employment promotion fund to increase the competitiveness of SMEs. Currently, GIZ is managing a project titled Regional Fund for Training and Employment Promotion of Young People in the Middle East and North Africa Region. This three-year project has a total budget of EUR 8 million, of which EUR 500 000 is allocated to Tunisia. The German-Tunisian Chamber of Trade and Industry (AHK Tunisia) conducted a survey of some 200 German firms installed in Tunisia to identify their training and recruitment needs. Based on this survey, seven training sessions were organised for university and vocational training graduates and three others were organised focusing on human resource management skills. In total, 50 candidates benefited from this project that was implemented in 2012.

WORLD BANK

The World Bank has recently contributed to the implementation of a pilot project leading to the employment of 1 000 university graduates as freelancers in their specialty areas. Beneficiaries attend compulsory training and receive personalised coaching enabling them to independently offer their services through an e-lancing platform. Locally, this project is piloted by ANETI in partnership with ONEQ. Other donors are involved – the British Council, GIZ, the United Nations Development Programme (UNDP) and the United States Agency for International Development (USAID) – along with universities, the Central Bank of Tunisia, etc.

INTERNATIONAL ORGANISATION FOR MIGRATION – IOM

The IOM, in coordination with ANETI, the Office of Tunisians Abroad and the Swiss Confederation, is involved in the Swiss AVRRO programme to support returned migrants from Switzerland by helping them implement their own projects. Some 69 projects have been funded for a total amount of CHF 448 000 (approximately EUR 362 000): 28 are community projects and the remaining 41 are individual projects, employing 106 and 41 people, respectively. Around a fifth (31) of these 147 newly employed returnees are women. The programme includes a compulsory training component in practical tools to better manage micro-projects.

NON-GOVERNMENTAL ORGANISATIONS

A number of NGOs also support and implement projects to combat unemployment in Tunisia, the most important of which are described below.

EDUCATION FOR EMPLOYMENT – EFE

EFE supports youth with tools to enable them to launch projects and build careers. It implements programmes to train university graduates according to country needs. In other words, trainees receive skills training that match previously identified needs. Since 80% of these trainees obtain jobs, EFE is concretely providing jobs, rather than only training with no prospect of placement. A recent programme implemented by EFE in Tunisia is 'Finding a Job Is a Job' aimed at students aged under 24 in their final term at university. Training takes place in a course prepared by Manpower that aims to develop job search techniques and improve recruitment interview outcomes.

ENDA INTER-ARABE

This pioneering non-profit, socially responsible and environmentally committed microfinance NGO helps improve living conditions for low-income Tunisians. Among its several programmes is Bidaya (meaning 'start-up'), a joint programme with the Swiss Confederation, encourages young people to create enterprises. More than 2 000 youth entrepreneurs have established their own business (by March 2013): 50% are women, 16% are university graduates; 40% are under 30 years and 70% are under 40 years. In 14 months these new entrepreneurs benefited from TND 4.4 million (TND 2 200 per entrepreneur on average) in micro-credits. A total of 3 000 jobs have been created (1.5 per project on average). Despite early reservations, this programme has under 0.13% of unpaid debts, reflecting its solidly grounded procedures. In addition, the organisation has trained its own youth entrepreneurship staff and has established strict selection criteria to identify potential beneficiaries. The maximum loan granted is TND 5 000.

INTERNATIONAL YOUTH FOUNDATION – IYF

The IYF, which only recently set up in Tunisia, has launched an ambitious two-year programme called Tunisia Works, implemented with the support of the Middle East Partnership Initiative. The programme aims to implement youth employability, entrepreneurship and civic engagement projects in Grand-Tunis, Bizerte, Béja and Jendouba. The capacity of Tunisian youth organisations is enhanced – through financial and technical assistance – to deliver high-quality, market-driven services for young people within their local communities. Over 4 000 young people aged 18-35 years benefit from employment or entrepreneurship training, placement in internships or jobs and assistance in starting their own businesses. By the end of the programme, the IYF will have developed a framework of local life-skills trainers and will build the capacity of local partners to design and implement effective youth services, thereby ensuring a long-lasting and sustainable impact.

CENTRE FOR YOUNG BUSINESS LEADERS – CJD

The main concerns of the CJD (Centre des jeunes dirigeants d'entreprise) are entrepreneurship promotion and capacity building, for which purpose two main programmes have been implemented.

- **Entrepreneurship Development Programme** – This programme was launched in 2009 by the CJD in partnership with UNIDO, the BTS, the Agency for the Promotion of Industry and Innovation, an SME bank (Banque de financement des petites et moyennes entreprises), a women entrepreneurship body (Chambre nationale des femmes chefs d'entreprise), and the regional Centre of Arab Women for Training and Research (CAWTAR). It aims at fostering the entrepreneurial potential of young people with interesting business ideas. Since its launch, 70 participants (38 women) have been involved in the programme, 20 (8 women) have implemented projects and 44 projects are underway (6 people have abandoned because of a lack of motivation).
- **Students in Free Enterprise (SIFE)** – Launched in 2009, the main objective of the SIFE programme is orientation of students towards entrepreneurship through the implementation of projects on enterprise creation and improvement of youth employability and integration. In its first round in 2010, 150 students from several universities and about 50 entrepreneurs were brought together and a total of eight high schools and institutions were involved in this experience. The second edition in 2011 brought together 200 people, who participated in the SIFE World Cup in Malaysia in October 2011.

SOUK AT-TANMIA

The main objective of Souk At-Tanmia (Arabic for 'development market') is to encourage youth entrepreneurs and non-profit civil society organisations with innovative ideas to realise their projects. Funded by international organisations and private companies in Tunisia, the initiative identifies and supports innovative activities by mobilising resources for access to funding and sustainable projects leading to employment and greater regional equality. Moreover, this initiative also deploys a set of follow-up mechanisms to enhance the economic impact of projects, beyond providing simple project funding. One of these mechanisms is to encourage cooperation between the African Development Bank and Tunisian development partners. A project follow-up scheme has been adopted to guarantee transparency in the use of funds.

4. RESULTS AND ACHIEVEMENTS

Tunisian ALMPs are assessed below, based on the statistics provided by ONEQ and our desk review, specifically, in terms of results achieved regarding the types and number of beneficiaries and employment sustainability. **TABLE 4.1** summarises figures for the number of beneficiaries and signed contracts for all the programmes between 2010 and 2012.

Between 2010 and the end of 2011 there was a decline in the number of new contracts signed in all programmes, which reflects the impact of the revolution era and events of 2011. The number of those who left the programmes also increased. Out of this number, some 30% of them postponed their contracts for reasons such as a lack of motivation, finding employment or difficulties in integrating in their contracted company. Matters changed between 2011 and 2012 in terms of growth in the number of current beneficiaries (almost 34%) and of new contracts signed (almost 21%), due to the revolution atmosphere in 2012 on one hand and the introduction of the AMAL programme on the other hand. The fact that the rate of contract cancellation remained more or less stable indicates that no great influence was exerted by cancellations, with the trend reflecting the termination of contracts.

TABLE 4.1 NUMBER OF BENEFICIARIES AND SIGNED CONTRACTS IN ALL EMPLOYMENT PROGRAMMES, 2010-12

	2010	2011	2012	Change 2010-11 (%)	Change 2011-12 (%)	Average change 2010-12 (%)
New contracts signed	120 305	112 299	135 616	-6.7	20.8	6.2
Current beneficiaries	70 537	72 002	96 425	2.1	33.9	16.9
Number of those who left the programmes	95 549	107 696	106 246	12.7	-1.3	5.4
Of which % of contract cancellations	29.1	30	35.2	16.2	15.7	16

Source: Author, based on ONEQ, 2012

The integration rate (those employed upon the completion of the programme as a share of total beneficiaries) for all employment programmes was 42% some 18 months after programme termination, compared to only 20% six months earlier, according to ANETI data for December 2012 (ONEQ, 2012). Around 90% of those employed in the labour market as a result of the programmes have been working in the private sector as wage workers or employers/self-employed.

Programmes are discussed below by beneficiary category for university graduates and for other jobseekers and entrepreneurs. AMAL and PEE programme achievements are analysed in a separate paragraph, given their larger numbers and more comprehensive involvement in the labour market.

4.1 UNIVERSITY GRADUATE PROGRAMMES

NEW CONTRACTS

Below we focus on the SIVP, CIDES and SCV programmes. **TABLE 4.2** compares the number of new contracts signed with university graduates under these three programmes for the 2010-12 years, showing a slight decrease in the number of beneficiaries between 2010 and 2011 (-28%), but a slight upturn in 2012 (11%), due to economic recovery after the elections of October 2011. In 2012, a total of 74 120 contracts were signed in all three programmes, 65% for women (reflecting the percentage of women graduates from universities).

TABLE 4.2 NEW CONTRACTS SIGNED WITH UNIVERSITY GRADUATES, 2010-12

	2010	2011	2012	Change 2010-11 (%)	Change 2011-12 (%)	Average change 2010-12 (%)
SIVP	45 245	45 018	55 723	-0.5	23.8	11
CIDES	3 996	1 018	276	-74.5	-72.9	-73.7
SCV	5 901	6 719	18 120	13.9	169.7	75.2
Total	55 142	52 755	74 119	-27.9	10.8	16

Source: Author, based on ONEQ, 2012

It seems clear that what has largely contributed to the increase in the total number of beneficiaries is the important change in SCV contracts, which tripled over the period (from 5 900 in 2010 to 18 120 in 2012). The average annual increase of 75% was almost totally neutralised by the average annual reduction in CIDES beneficiaries, mainly due to the removal of an important benefit of the programme at the end of 2011 (seven-year support for social security contribution was reduced to five-year support under Law 2012-1 of 16 May 2012, published in the Official Journal of the Tunisian Republic (JORT) No 39 of 18 May 2012). However, note that there was a slight decrease in SCV signed contracts in the first four months of 2013 (3 487 vs 4 797, -27.3%) compared to the same period of 2012 (Sondes, 2013), essentially due to the application of Decree 2012-2369 of 16 October 2012 with its alternative ALMP schemes.

SCV beneficiary signups over the entire 2010-12 period were marked by an important increase in the number of women joining the programme, especially in 2012, when almost 13 900 women benefited from the SCV compared to only 4 200 men. In addition, some 40% of SCV beneficiaries were from four disadvantaged governorates (Gafsa, Kébili, Gabès and Kasserine), accounting for more than the total number of Grand-Tunis beneficiaries. It is clear that uptake by these youth was due to the local lack of private companies. Even if they were far fewer than in Grand-Tunis, civil society organisations were capable of recruiting a huge number of people. This implies defective human capital management in these organisations where the existing work volume did not justify the extremely high number of beneficiaries, who were effectively receiving allowances in return for no effort. The programme acted, indeed, as unemployment assistance. The SCV integration rate for this category was below 17%, with fewer than 6% placed in private sector. Accordingly, finding jobs in the private sector after the programme appeared to be difficult (ONEQ, 2012).

The number of new SIVP contracts – in favour of disadvantaged regions and aimed at alleviating regional imbalances – were almost the same between 2010 and 2011 and increased by about a quarter from 2011 to 2012, for an average change of 11% over the period. The stability between 2010 and 2011 was only to be expected as 2011 was characterised by instability, especially in the private sector with sit-ins and stand-offs affecting the activities of existing companies and insufficient number of newly created enterprises. The increase in 2012 was essentially due to a rise in beneficiaries from the West-Centre and South regions (Tataouine, Kasserine, Kébili, Béja, Le Kef, Médenine, Sidi Bouzid, Gabès, Gafsa and Jendouba), with rates of increase ranging between 40% and 129% and far exceeding the national rate of 23.8% (ONEQ, 2012). Moreover, this increase continued during the first third of 2013, with 35% more SIVP contracts signed (21 151 vs 15 712) compared to the same period of 2012 (Sondes, 2013). SIVP beneficiaries were mainly hired in the tertiary sector (consulting firms, lawyers, architects, physiotherapists, kindergartens, etc.).

An important number of companies continue to survive due to the SIVP (e.g. kindergartens). However, once a contract comes to an end, the employer could simply hire another graduate who has not yet benefited from an SIVP contract. To stop this abuse, companies are obliged to definitively employ at least 50% of SIVP interns within a specific period of time. SIVP and CIDES placement rates were around 47.6%, and employment in the public sector was around 12% for both programmes (ONEQ, 2012).

TERMINATIONS

Programmes may come naturally to an end or be cancelled, but the fact remains that about 31% of all beneficiaries during the 2010-12 period failed to complete their internship. The relative stability in this rate is due to the fact that contract completion was positively correlated with the newly signed employment contracts after internship. However, there is no denying the costliness of cancelled contracts, given the amount of allowances distributed to the beneficiaries.

In terms of cancelled contracts (**TABLE 4.3**), the trend for SCV was more negative and for CIDES more positive. The number of cancelled SCV contracts increased by almost 75% over the period, in a steady change. In contrast, the number of cancelled CIDES contracts fell dramatically between 2011 and 2012 (almost -88%), for an overall decrease over the period of almost 67%.

TABLE 4.3 CANCELLATION OF UNIVERSITY GRADUATE CONTRACTS, 2010-12

	2010	2011	2012	Change 2010-11 (%)	Change 2011-12 (%)	Average change 2010-12 (%)
SIVP	11 654	12 790	14 375	9.7	12.4	11
CIDES	1 057	966	117	-8.6	-87.9	-66.7
SCV	668	1 250	2 037	87.1	63.0	74.6
Total	13 379	15 006	16 529	12.2	10.1	11

Source: Author, based on ONEQ, 2012

Although the change in the cancellation rate for SIVP contracts in 2010-12 was low with 11%, the overall rate of cancelled contracts for this programme was high in 2012 (33%); while the overall rate of cancellation for SCV contracts was 27% (ONEQ, 2012). The cancellation rate for CIDES was far lower than for SIVP and SCV, at under 15%. CIDES contracts were less likely to be cancelled for the simple reason that companies who cancel the previous contracts cannot benefit from any other new CIDES contracts.

4.2 NON-UNIVERSITY GRADUATE PROGRAMMES

Non-university graduates can enter specific programmes enabling them to develop skills for the labour market, e.g. CAIP and CRVA.

NEW CONTRACTS

The total number of new contracts concluded under the CAIP and CRVA programmes (**TABLE 4.4**) increased steadily, for an overall average change for the 2010-12 period of just under 7%, compared to an increase of almost 16% for university graduate programmes (see Table 4.2), with both rates reflecting the growing number of entrants to the labour market each year. The average change for the 2010-12 period was a decrease of almost 31% in signed contracts under CRVA and a slight increase of nearly 8% in those signed under CAIP.

TABLE 4.4 NEW CONTRACTS SIGNED WITH NON-GRADUATES, 2010-12

	2010	2011	2012	Change 2010-11 (%)	Change 2011-12 (%)	Average change 2010-12 (%)
CAIP	34 954	37 629	40 458	7.7	7.5	7.6
CRVA	750	621	359	-17.2	-42.2	-30.8
Total	35 704	38 250	40 817	7.1	6.7	6.9

Source: Author, based on ONEQ, 2012

Curiously, in the first four months of 2013 (data not shown), new CAIP contracts registered a decrease of over a tenth compared to the same period of 2012, while the number of contracts signed under CRVA increased by more than half, possibly highlighting a longer-term change in contract distributions depending on labour market circumstances and the socioeconomic framework.

Nevertheless, the actual number of contracts seems itself to be rather contradictory. CAIP new contracts numbered 46 times the CRVA contracts in 2010, 60 times in 2011 and 112 times in 2012; in other words, the difference was increasingly greater as the period advanced. The ratio fell somewhat (50 times) in the first four months of 2013, yet remained important. It seems that the CRVA programme is focusing on a relatively small group of individuals who have lost their jobs, probably because the target group found new jobs relatively quickly. This would question the programme's effectiveness in terms of focus.

By gender, women represented almost 66% of the CAIP beneficiaries. The highest number of contracts was concluded in textile and clothing workshops and factories (almost 56% of the total number of contracts, with women accounting for 65.5% of the contracts concluded in this sector). Women were also more likely to be present in activities like education, health care, trade and other services, accounting for almost 39% of the total number of contracts. Men were more likely to be assigned to factories and workshops too, but also to trade and other services (almost 28% of the total number of contracts). This reflects gender orientation of work sectors and the distribution of students within universities, as women are more likely to study education, health care and humanities, whereas men tend to take up more technical specialties.

By regions, women's participation in the CAIP programme was notable in governorates in the interior (Tozeur, Gafsa, Siliana, Le Kef, Gabès, Kebili, Jendouba), with around 80% of contracts in 2012, and in governorates of the Sahel (Sousse, Sfax, Tunis, Ben Arous, Nabeul), with 60% of contracts in 2012. This fact seems to reflect gender-oriented activities, as enterprises located in governorates in the interior are more likely to be textile and clothing entities. Moreover, education, health care and social services attract female jobseekers who want to stay in their region of origin, unlike men, who may want to migrate to other regions to obtain better jobs.

TERMINATIONS

TABLE 4.5 presents data on non-graduate contract cancellations. Overall cancellations in total for the 2010-12 period increased by 22.4% annually, but reflected changes in opposite directions: the number of cancellations under CAIP increased by just over 23% on average, whereas those for CRVA decreased by almost 34%. By gender, CAIP female participants were less likely to cancel their contract compared to men (50% vs 53%); the difference became even more important for female-intensive sectors such as textile and clothing, education, health care and social work.

The CRVA and CAIP contracts, despite difficulties, achieved integration rates of 55.3% and 57.3% respectively in this period, with almost all placements occurring in the private sector. Of 40 600 contracts that ended in 2012, just under 50% were cancelled prematurely.

TABLE 4.5 CANCELLATION OF NON-GRADUATE CONTRACTS, 2010-12

	2010	2011	2012	Change 2010-11 (%)	Change 2011-12 (%)	Average change 2010-12 (%)
CAIP	13 355	16 263	20 257	21.8	24.6	23.1
CRVA	230	182	101	-20.9	-44.5	-33.7
Total	13 585	16 445	20 358	21.1	23.8	22.4

Source: Author, based on ONEQ, 2012

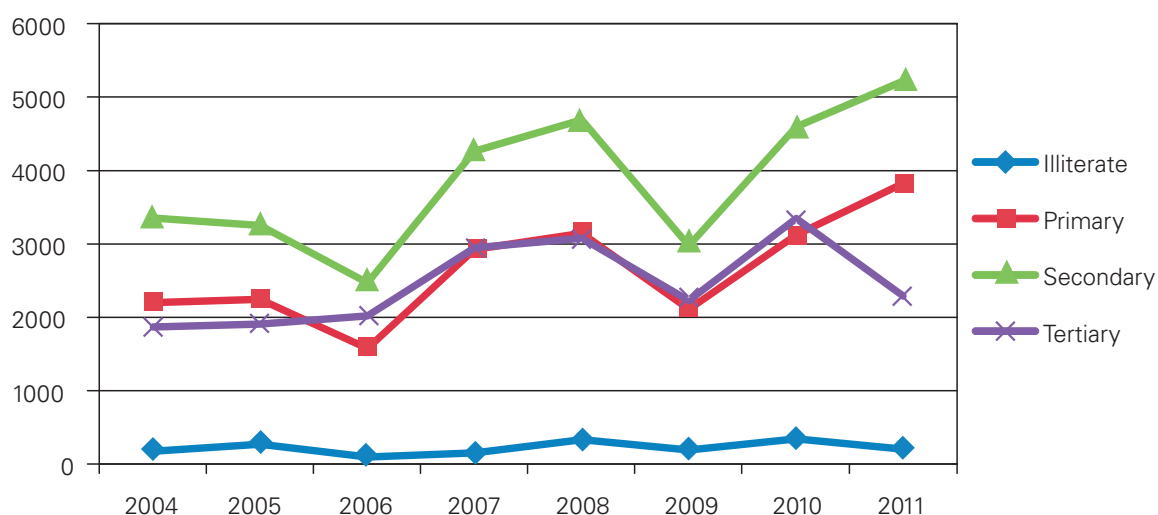
4.3 SME PROGRAMMES AND BTS FUNDING

Entrepreneurship programmes focus on different training tools that enable young people to start their own business. The outcomes of these programmes will be discussed below in terms of beneficiaries over the 2010-12 period. Some 11 700 individuals have benefited from at least one form of entrepreneurial training and 60% of these were university graduates. However, numbers decreased by 3.5% from 2011 to 2012, although they did so more dramatically between 2010 and 2011, by almost 25%, due essentially to a significant decrease in the number of accompanying subsidies granted (a monthly allowance of TND 80-150, with 2 062, 1 855 and 1 348 such beneficiaries in 2010, 2011 and 2012, respectively), but also due to the deterioration in the socioeconomic context, which discouraged young entrepreneurs from starting their own business.

In terms of gender distribution, on average 60% of beneficiaries were women. However, they accounted for 80% of participants in the initial stages of entrepreneurial training (practical workplace training, vocational training, etc.). Women are apparently more interested than men in entrepreneurship, yet are less likely to benefit from the accompanying subsidy. Both sexes may face serious difficulties in terms of access to funding and this is a major obstacle for those who would like to start a business. In 2011 the BTS distributed TND 108 million in funding for SMEs, almost three times that of 2004⁶. A total of 11 522 beneficiaries in 2011 created 19 661 jobs, compared to 7 586 beneficiaries in 2004 who created 12 211 jobs (**FIGURE 4.1**). Distribution of BTS beneficiaries by education level (illiterate, people with primary, secondary and tertiary education) shows that secondary education graduates, who do not necessarily have suitable skills to build their business, are heading the list.

It is obvious that BTS provides small business with funds, but stringent conditions apply. Most beneficiaries who have received training have not been able to launch their SMEs as planned because they have not been able to obtain credit. The borrower, for example, must have a guarantor and make a deposit of TND 5 000 (although note that from 2014 there will be no requirement for a guarantor for women entrepreneurs). Also, for agriculture-oriented SMEs, the BTS requires borrowers to have trained with the Agricultural Investment Promotion Agency (Agence de promotion des investissements agricoles) and do not acknowledge training provided by the Food and Agriculture Organisation. Another impediment is that if someone has defaulted on a loan, the BTS would refuse to give a loan to any of their relatives, even if otherwise qualified. BTS insists that there must be strong guarantees to ensure loan repayment, arguing that giving young people loans to establish their own company is highly risky, given previous experience of loan default by beneficiaries.

FIGURE 4.1 DISTRIBUTION OF BTS LOAN BENEFICIARIES BY EDUCATION LEVEL, 2004-11



Source: Based on Ministry of Vocational Training and Employment statistics

4.4 AMAL AND PEE PROGRAMMES

The outcomes of the AMAL and PEE programmes are described below based on the impact evaluation carried out by the Ministry of Vocational Training and Employment between May 2012 and May 2013. It must be recalled that PEE replaced AMAL, given the disappointing outcomes for the latter.

AMAL OUTCOMES

At the end of 2011, the total number of AMAL beneficiaries who received monthly allowance was 144 300 people. Out of this number, only 21 700 (15%) benefited from other components of the AMAL programme; accompanied individual or group sessions accounted for 15 600 participants (10.8% of total beneficiaries) and workplace training accounted for just 6 850 beneficiaries (4.7%). These very low percentages of training components indicate that AMAL adherents were essentially interested in the TND 200 monthly allowance (a charge of around TND 360 million to the state budget). Moreover, many beneficiaries were not eligible since they did not fulfil the prescribed conditions. According to the Ministry of Vocational Training and Employment, allowances were stopped for some 44 000 ineligible people a few months after contract start-up. All these defects, in addition to very poor quantitative and qualitative results, were due to a number of factors:

- lack of coordination with enterprises and professional and civil society organisations;
- unwieldy and lengthy administrative procedures;
- limited numbers of trainers capable of coaching candidates;
- lack of organisational and planning capacity with limited human resources;
- candidates who, in fact, were not actively seeking work.

A major negative impact was the huge cost of the AMAL programme, despite other urgent priorities, especially in view of the fact that the allowance was not always assigned to the right target groups. There were even reported cases of non-jobseekers (especially inactive women), who declared themselves unemployed and registered with an ANETI office to be eligible for the AMAL allowance. Another negative impact was that AMAL beneficiaries were discouraged from looking for work, preferring to wait to be placed in the public sector rather than invest any effort in seeking work in a private company or creating their own company. It became obvious that the AMAL programme needed to be replaced by a more effective programme adapted to the reality, hence PEE was introduced in late 2012.

PRELIMINARY PEE OUTCOMES

From September 2012 to March 2013, 47 771 people applied to benefit from PEE, 51% in September 2012 and under 5% in March 2013. This decrease in application was to be expected due to the strict eligibility conditions applied (such as having a household income below three times the minimum wage, as already explained in Chapter 3, p. 15). PEE outcomes are summarised in **TABLE 4.6**.

Of the 35 163 selected to benefit from the programme, almost 70% were women (18.5% married). Graduates from between 2006 and 2011 represented 70% of beneficiaries: 56% with a degree (baccalaureate + four years at university) and 41% with a diploma (baccalaureate + three years at university) – a difference attributable to the change in the higher education system and the shift to the degree-master-doctorate system in 2006. Age ranges of beneficiaries were 28-31 years (53%) and over 35 years (11.2%). Participants aged 29-31 years had the most internship opportunities (2 672, 2 426 and 2 502, respectively).

TABLE 4.6 PEE BENEFICIARY DATA, SEPTEMBER 2012-MARCH 2013

	Male	Female	Total
PEE beneficiaries (number)	10 684	24 479	35 163
Percentage (%)	30.4	69.6	100
People who were involved in AMAL (number)	9 401	21 506	30 907
Percentage (%)	30.4	69.6	100
Internships within PEE (number)	4 479	12 749	17 228
Percentage (%)	26	74	100

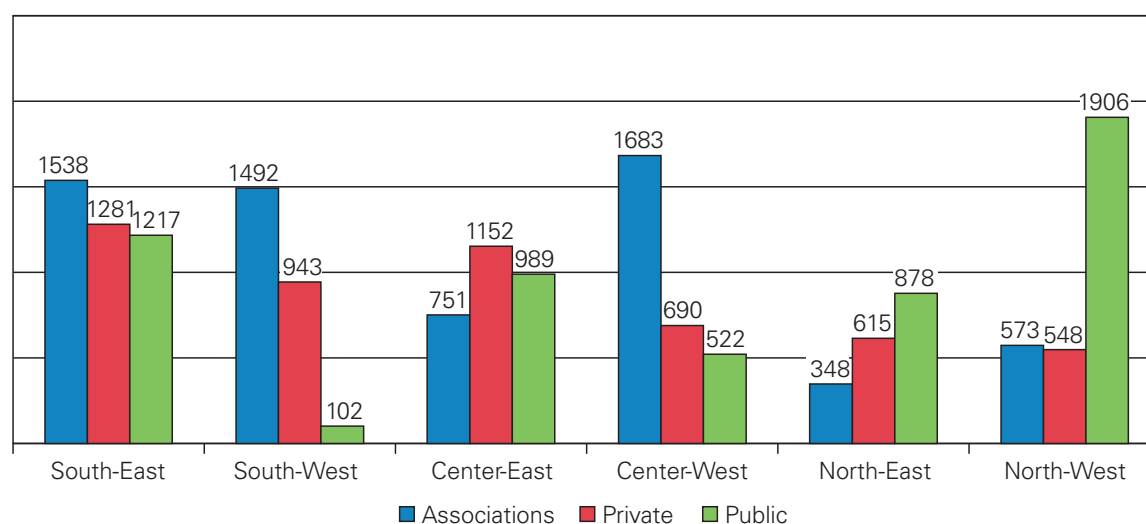
Source: Author, based on Ministry of Vocational Training and Employment statistics

The assessment of the ministry indicated that some 88% of PEE beneficiaries (70% women) had already benefited from the AMAL allowance for over six months. Women also represented 74% of internships arranged in the labour market under the PEE programme.

Of the total of beneficiaries, 17 228 (49%) obtained internships in associations (37.1%), the private sector (30.4%) and the public sector (32.6%). Placements in associations were especially important in the Centre-West, South-East and South-West regions, mainly due to the presence of numerous social work associations and the significant incompatibility between qualifications and available internships. In other parts of the country, such as North-West and South-East regions, internships in the public sector were significant, with 1 906 and 1 217 individuals placed, respectively. This distribution was partly explained by the absence of an industrial base. **FIGURE 4.2** summarises the details of distribution by sector and region.

Although associations were favoured slightly, all the sectors played more or less the same role in terms of internships. This points to an intelligent project design, highlighting the importance of a public-private partnership strategy adopted between public, private and non-governmental sectors, which would likely respond better to the multifaceted dimensions of youth (un)employment.

FIGURE 4.2 PEE INTERNSHIPS BY SECTOR AND REGION, SEPTEMBER 2012-MARCH 2013



Source: Author, based on Ministry of Vocational Training and Employment statistics

5. CONCLUSIONS AND RECOMMENDATIONS

Given the high unemployment rate and extensive informal employment practices in Tunisia, the adoption of ALMPs is crucial. A broad range of ALMP programmes has been deployed since the early 1980s, with the ultimate goal of providing jobs to unemployed youth and alleviating unemployment in Tunisia. Programmes have been operated mainly by the government and by donors and NGOs. Those implemented by the Tunisian government mainly focus on equipping graduates and non-graduates with the skills needed for the labour market or to build their own business. The other programmes are mainly oriented towards SME creation. Microfinance is a common formula used by donors and NGOs to encourage unemployed people with little education to develop their own business.

Both ONEQ and ANETI regularly collect and issue statistics concerning ALMPs, thereby enabling outputs to be evaluated. However, these statistics do not reflect many important indicators, such as the quality of jobs found, whether jobs match labour market needs and employee expectations, whether employment is sustainable and whether placements are genuinely effective. In some cases, employees are dismissed shortly after being hired or contracts are cancelled for no valid reason while still covered by an employment programme.

The question also must be asked whether a jobseeker who received no training would find work anyway; in other words, would employers recruit even in the absence of employment programmes? The answer is definitely yes, according to trade unions and employers, for whom ALMPs are not only insufficiently adapted to company needs but also not really necessary. There are also reported abuses of programmes by both individual beneficiaries (e.g. AMAL) and companies (e.g. SIVP). These programmes tend to benefit employers more than employees, since pay is subsidised and companies are exempted from employers' social contribution for several years. If a company needs to hire employees, it will do so without resorting to any ALMP scheme. There is also the issue of the high cost of ALMPs in relation to their effectiveness. International experiences show that such employment programmes have little positive impact and do not address large-scale unemployment. Moreover, the highest share of the ALMP budget tends to be disbursed in favour of wage earners more than entrepreneurs. Even if entrepreneurship is encouraged under several employment programmes, the beneficiaries are few, especially in the final stages (loan procurement). This is partly due to the absence of an entrepreneurial culture, but slowness and rigidity of financial institutions' procedures is also a major obstacle.

Adopting such costly policies needs the guarantee of acceptable results, so the impact of ALMPs needs to be systematically monitored and evaluated⁷. It is clear that ONEQ is doing reliable impact evaluation work; however, evaluation should be done over the longer term to highlight the real effectiveness and sustainability of ALMP outputs. Impact also has to be rigorous and based on in-depth analyses. Advanced econometric tools and sophisticated indicators need to be used to shed light on typical problems of ALMP implementation, such as:

- deadweight costs (outcomes contribute nothing that would not have occurred in the absence of the programme, e.g. public funds spent on unemployed individuals who would be hired anyway without subsidies);
- substitution effects (a worker in a subsidised job replaces an unsubsidised worker who would otherwise have been hired so the net employment effect is zero);
- displacement effects (a firm with subsidised workers displaces the output of firms operating without subsidised workers, or individuals given help to start enterprises crowd out regular employment elsewhere in the economy through competition);
- selection bias or 'creaming' (the tendency to select the best candidates who are most likely to succeed even without subsidies).

Public-private partnerships that identify labour market needs in terms of skills would efficiently integrate young people in the labour market, and, along with rigorous evaluation and impact assessment, are crucial for ALMP success.

Finally, many interviewees have indicated that Tunisian politicians seem to be more interested in political containment rather than solving the problems of youth employment and development. The main concern of Tunisian politicians on the two occasions when the cabinet was reshuffled after 23 October 2011 was to adopt partisan quotas. This argument is bolstered by the Tunisian opposition (mainly the secretaries general of the parties making up the Union for Tunisia) of the opinion that such an approach is not likely to end the crisis.

⁷ Specific indicators were developed to evaluate impact jointly by the World Bank and the ministry, including intention-to-treat, treatment-on-the-treated, gender impact gap, etc. For more details, see www.jobsknowledge.org/ExperiencesFromtheField/ProjectDocuments/Rapport_TunisiaBPTC.pdf

RECOMMENDATIONS

This short overview points to an overwhelming emphasis on ALMPs and much less emphasis on policies related to job creation, the education system and social security. Longer-term solutions may require deeper reforms of the labour market, e.g. improving the business environment, economic restructuring, changing the legislative framework and institutions, rapprochement of working conditions between public and private sectors, SME growth, strong private-sector development, improving informal sector conditions, etc. There is a need to focus more on improving the quality of education and the lifelong learning system. Although education has been prioritised with significant public investments, despite significant progress towards universal access, there has been a poor return on investment in terms of meaningful education outcomes, as the education system is hindered by poor quality, irrelevancy and inequity (Martín and Bardak, 2012). Good quality early-stage education is likely to be a less costly and more cost-effective prevention measure than later remediation through ALMP measures.

Our analysis based on desk reviews indicates that many needs remain unmet because current ALMPs try to place workers in activities that are already saturated. Therefore, they do not address the underlying problems of the real economy and job creation capacities. If the private sector cannot grow, there is little possibility of solving the unemployment problem without the permanent injection of public money. Below are some recommendations to assist decision makers in adopting suitable policies that aim at more stability in the labour market.

- There needs to be more coordination between different stakeholders (Ministry of Vocational Training and Employment, ANETI and ONEQ, business incubators and professional and civil society organisations) so as to share data and follow up on jobseeker career development, for which public-private partnerships and a common information technology platform are essential.
- Decentralising ALMP management would strengthen partnerships between local employment offices and regional institutions and would build the capacity of regional staff to provide services to jobseekers according to their needs.
- Training ANETI staff, especially front-office components, would enable these to better respond to jobseeker inquiries. Human resources of employment agency need to be optimised, especially in view of the new legal framework.
- The national occupations taxonomy needs to be updated with new job types, which would require regular labour market needs surveys. This would help ensure the effectiveness of new ALMPs and school-to-work transition measures.
- Encouraging international labour migration by developing migrant services (such as the Migrant Resources Centre to be implemented by the IOM, Office of Tunisians Abroad and ANETI in the Tunis, Sfax and El Kef governorates) will enable provision of necessary information about job vacancies abroad and also the development of training schemes that would enable candidates to upgrade their skills to match foreign labour market needs.
- In line with the ANETI-World Bank pilot project to encourage graduate jobseekers to become freelancers, more effort should be deployed to push talented young people to be service providers via the internet.
- Industrial and logistical infrastructure should be improved to reach international standards. This could reduce regional disparities by attracting investors to western areas and would increase FDI inflows, leading to the alleviation of unemployment. This would require more flexibility in the Investment Incentives Code.
- Combating corruption and working within a transparent climate would enhance investment intentions. Government initiatives and mechanisms at this level need to be more flexible and more accessible and should be properly followed up.
- Gender sensitive ALMPs are crucial to deal with the higher female unemployment rate. Women's particular needs are addressed by legislation (more flexibility in working hours for mothers, a restriction on women performing physically tough jobs, night shifts, etc.), but such measures imply additional costs when hiring women. They would have to be activated initially in the public sector as a first step for generalisation to the private at a later stage.
- ALMP schemes should be reduced and simplified to come up with more flexible and less complicated programmes as this would ensure optimal use of human and financial resources.
- The education system should be rethought by re-establishing vocational training from the beginning of secondary school and promoting co-constructed professional licences. The role played by vocational training centres should also be enhanced through good governance and partnership with the private sector.
- The novel concept of the social economy should be taken on board in Tunisia, as this will not only create jobs but will also inculcate a new entrepreneurial culture of cooperatives, consortia, mutual societies, etc. Such independent work has had its reliability confirmed in Latin America and Asia.

ANNEXES

ANNEX 1. LIST OF INTERVIEWEES

Name	M/F	Organisation/institution/ministry
Faiza Kallel	F	Ministry of Vocational Training and Employment
Selma Benkraiem	F	
Nizar Ata	M	
Saloua Lachheb Fezzani	F	National Agency for Employment and Self-Employment (ANETI)
Radhia Benmoussa	F	
Mohamed Abid	M	
Walid Troudi	M	National Observatory for Employment and Qualifications (ONEQ)
Latifa Saidi	F	Ministry of Social Affairs
Mohamed Achraf Mrabet	M	National Institute of Statistics (INS)
Yemen Hlel	M	
Samir Majoul	M	
Khelil Ghariani	M	Tunisian Union for Industry, Commerce and Handicrafts (UTICA)
Maher Gki	M	
Abdelaziz Halleb	M	
Helene Legoff	F	International Organisation for Migration (IOM)
Dorra Harrar	F	Zahrouni vocational training centre (Tunis)
Kamel Jallouli	M	Tunisian universities
Sameh Sallemi	F	
Mohamed Kechaou	M	Arab Centre for Labour Administration and Employment (ACLAE)
Fathi Cherni	M	Enda inter-arabe
Imed Zouari	M	International Youth Foundation (IYF)
Salem Ayari	M	Union of Unemployed Graduates (UDC)

ANNEX 2. TUNISIAN ACTIVE LABOUR MARKET PROGRAMMES – SUMMARY TABLE

Programme	Beneficiaries	Duration	Benefits	Other characteristics (conditions, constraints, etc.)
Initiation training to professional life (SIVP)	First-time jobseekers, higher education graduates (or equivalent) since at least six months	18 months maximum	From ANETI: A monthly allowance of TND 150. Additional training sessions during the internship (200 hours maximum). From the company: Complementary pay of a minimum of TND 100.	Companies may not hire any additional trainee under the SIVP if they do not recruit at least 50% of those who completed an internship in the previous three years.
Higher education graduates' insertion contract (CIDES)	Higher education graduates (or equivalent), unemployed for a minimum of three years after graduation	12 months maximum	From ANETI: A monthly allowance of TND 150. A maximum subsidy of TND 50 for those from other governorates. Training cost to a maximum of 400 hours. From the company: A monthly allowance of at least TND 150. The company receives a subsidy of TND 1 000 in the case of effective recruitment. From the FNE: Contribution (on behalf of the employer) to the CNSS during seven years.	Companies that do not comply with their obligations may not benefit from other CIDES for two years after the end of the last signed contract.
Voluntary public service (SCV)	Higher education graduates (or equivalent) and first-time jobseekers who have not benefited from a SIVP	12 months maximum	A monthly allowance of TND 150. Up to 60% of urban public transportation costs reimbursed. Personalised course to facilitate integration in the workforce.	The trainee must submit a report containing information about the internship to the association or professional organisation and to ANETI at the end of each quarter.
Employment solidarity contract (CES)	All categories of jobseekers	12-36 months maximum	Graduate beneficiaries: A monthly allowance of TND 150-250 during a maximum period of three years. Other beneficiaries (non-graduates): A monthly allowance of maximum TND 130 during at most 12 months.	ANETI grants supervisors working in this programme a monthly allowance of at most TND 300 for a maximum period of 12 months.
Contract of adaptation and professional integration (CAIP)	Non-graduate jobseekers	12 months maximum	From ANETI: A monthly allowance of TND 80. Training cost to a maximum of 400 hours. From the company: A monthly allowance of at least TND 50. After completion of the training, the beneficiary will be recruited by the host company.	Companies that do not hire their trainees do not benefit from the programme during the next two years.

Programme	Beneficiaries	Duration	Benefits	Other characteristics (conditions, constraints, etc.)
Contract of reintegration into working life (CRVA)	Former permanent workers dismissed from a company where they had been working for at least three years before losing their job	12 months maximum	From ANETI: A monthly allowance of TND 200. Training cost to a maximum of 200 hours. From the company: A monthly allowance of at least TND 50 during the contract duration.	Once the training gets to its end, the host company recruits the beneficiary. Any company that does not satisfy this engagement would not benefit from additional reintegration contract for two consecutive years.
AMAL	First-time jobseekers	12 months maximum	A monthly allowance of TND 200 in addition to health insurance coverage.	Replaced by another one in 2012 due to many insufficiencies. Jobseekers should look for a job seriously.
Employability improvement cheque	All jobseekers	24 months maximum	A monthly allowance of TND 200 for university graduates and TND 100 for people with other education and training levels.	Interested youth would participate in sessions devoted to complementary training, support and vocational adjustment.
Employment support cheque	Private companies	Variable	Only one of the two following advantages is applicable. FNE assists the host company by bearing 50% of the candidate revenue, which could not exceed a maximum amount previously specified. FNE takes care of employers' social security contributions.	Private companies could benefit from this cheque only if the candidate is recruited under a permanent or a fixed-term contract for a minimum period of one year.
Support to small business entrepreneurs	Future entrepreneurs	12 months maximum	A monthly allowance of TND 200 for university graduates and TND 100 for people with other education and training levels. After internship, small business entrepreneurs could receive a subsidy of TND 5 000 from the FNE as self-financing of their total project cost, which should not exceed TND 100 000. Training cost of : 200 hours to adapt new entrepreneurs to their new job, 120 hours enabling them to manage their own business, a maximum of 400 hours for additional technical training. Twelve days of expert honorarium for technical assistance.	

Programme	Beneficiaries	Duration	Benefits	Other characteristics (conditions, constraints, etc.)
Local community partnerships to foster employment	An annual objectives contract is concluded between local communities, the Ministry of Vocational Training and Employment and the Ministry of Finance. The contract specifies the focus group of jobseekers, the allowance amounts, the kind of interventions to be deployed and the evaluation impact indicators.			This programme is based on a participatory approach – regional civil society organisations being involved in its conception, elaboration, implementation and monitoring.
Programme to foster employment (PEE)	Jobseekers (including future entrepreneurs) aged 28+, university graduates since at least two years and regularly registered in one of the ANETI regional offices since at least three months	12-24 months	A monthly allowance of TND 200 (TND 150 for previous AMAL beneficiaries) during the first semester of the internship and TND 150 (TND 100 for previous AMAL beneficiaries) during the second semester. In case of recruitment within the first semester, the candidate would receive TND 600 from ANETI. For new entrepreneurs, ANETI grants up to 10% of their total investment cost with a ceiling of TND 5 000. In addition to a monthly allowance of TND 200 during the first two years of the project implementation.	To be eligible for this programme other financial constraints are applicable, such as household revenue, which should not exceed three times the minimum wage. Beneficiaries should also attend short complementary training sessions and practical internship in companies.

ABBREVIATIONS AND ACRONYMS

ALMP	Active labour market policy
ANETI	Agence nationale pour l'emploi et le travail indépendant (National Agency for Employment and Self-Employment)
AVRR	Assisted Voluntary Return and Reintegration
BTS	Banque tunisienne de solidarité (Tunisian Solidarity Bank)
CAIP	Contrat d'adaptation et d'insertion professionnelle (contract of adaptation and professional integration)
CHF	Swiss franc
CIDES	Contrat d'insertion des diplômés de l'enseignement supérieur (higher education graduates' insertion contract)
CJD	Centre des jeunes dirigeants d'entreprise (Centre for Young Business Leaders)
CNSS	Caisse nationale de sécurité sociale (National Social Security Fund)
CRVA	Contrat de réinsertion dans la vie active (contract of reintegration into working life)
EFE	Education for Employment
ETF	European Training Foundation
EU	European Union
EUR	Euro
FDI	Foreign direct investment
FNE	Fonds national de l'emploi (National Employment Fund)
GDP	Gross domestic product
GIZ	Gesellschaft für Internationale Zusammenarbeit (German cooperation)
INS	Institut national de la statistique (National Institute of Statistics)
IOM	International Organisation for Migration
IYF	International Youth Foundation
JORT	Journal officiel de la République tunisienne (Official Journal of the Tunisian Republic)
LFS	Labour force survey
NGO	Non-governmental organisation
ONEQ	Observatoire national de l'emploi et des qualifications (National Observatory for Employment and Qualifications)
PEE	Programme d'encouragement à l'emploi (programme to foster employment)
SCV	Service civil volontaire (voluntary public service)

SIFE	Students in Free Enterprise
SIVP	Stage d'initiation à la vie professionnelle (initiation training to professional life)
SMEs	Small and medium-sized enterprises
TND	Tunisian dinar
USD	US dollar
UNIDO	United Nations Industrial Development Organisation

APPROXIMATE EXCHANGE RATE (December 2013)

TND 1 = EUR 0.50

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