

LABOR MARKETS



هذه الورقة هي من نتائج منصة الحوار التقني السوري لدى برنامج الاجندة الوطنية لمستقبل سوريا.
This paper was produced as part of NAFS Programme's Syrian platform for technical dialogue.

اخلاء مسؤولية:
طبعت هذه الوثيقة في الشكل الذي قدمت به و دون تحرير رسمي، وهي تعكس آراء الخبراء الذين عملوا على كتابتها ضمن إطار "برنامج الاجندة الوطنية لمستقبل سوريا" ولا تعبر باي شكل من الاشكال عن رأي اللجنة الاقتصادية والاجتماعية لغربي آسيا - الاسكوا.

Disclaimer:

The views expressed in this document, which has been reproduced without formal editing, are those of the experts of the "National Agenda for the Future of Syria" Programme and do not necessarily reflect the views of ESCWA.

Contents

The Labor Market Sector.....	1
I- Sector vision.....	4
II- Overview of the current situation and policy gaps in relation to the peacebuilding nexus of SPAF.....	4
Nexus 1-a. Voluntary return and reintegration	4
Nexus 1-b. Local response	6
Nexus 2. Current situation and policy gaps in building a legal framework and institutional rehabilitation.....	8
Nexus 3- Current Situation and Policy Gaps in Reconciliation and Social Cohesion	8
Nexus 4: Current Situation and Policy Gaps in Rehabilitation of Physical & Social Infrastructure	10
III- Institutional framework governing the theme/sector	11
IV- Human rights and the gender-related gaps in the sector.....	11
Main actors in the sector.....	12
Policy priorities and recommendations	13
A. Lessons learned (basis for the criteria for prioritizing LM policies).....	13
B. Recommended policies.....	18
Annexes	19
Annex 1- Active Labor Market Policies.....	19

The sectors where the effects of the conflict crisis tend to be **more discriminatory** are: **jobs & livelihoods, housing, and education**. Therefore, any response to promote the peacemaking and peacekeeping should have a special duty to tackle these sectors.

I- Sector vision

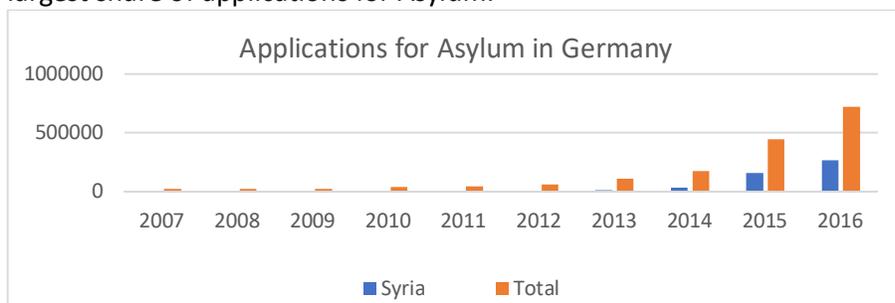
To contribute to the peace building process through better-targeted, regional policies in the labor market promoting female employment and making use of local capacities to improve policy design as well as implementation.

II- Overview of the current situation and policy gaps in relation to the peacebuilding nexus of SPAF

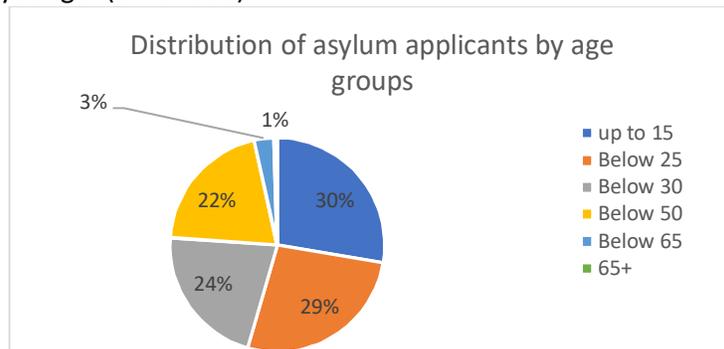
Nexus 1-a. Voluntary return and reintegration

Over 11.5 million (half of the pre-conflict Syrian population¹) have left their homes. Over half of them - about 6.6 million people - have been displaced within Syria. The remaining 4.9 million have fled the country as refugees mostly to nearby countries (Lebanon, Turkey, Iraq, Jordan and Egypt); about one million have gone to European countries.

Germany welcomed a large number of Syrian refugees. Official figures² show that Syrians have the largest share of applications for Asylum:



As for the age groups, 53% of the all applicants are in the age group 16 to 30 years, and 30% are 15 years or younger (childhood).



The processing of applications is not prompt, however, on average 32% of all applications were not granted asylum during the past 10 years. In 2016, of appx. 300 thousand Syrian

¹ In 2010, Syria had 59% of its population in the age group 15 to 65 years (the workforce).

² Published figures of the Bundesamt für Migration und Flüchtlinge, 2017

applicants, 0.1% only were denied the asylum. However, refugees' crisis has an effect on the host countries. The response to the socio-economic pressure in the host country varies, with the extreme policy "to send the refugees back to Syria"³. Hence, it is sensible to assume that the **host countries will prioritize the deportation of those who have not been integrated in the society and/or labor market.**

In addition, Syrian refugees started to find their way back home (reverse migration) taking the risk imposed by smugglers (again), in addition to the risk of going back to the war zone⁴. The refugees themselves choose to go back when their expectations of a "good life" are not met (especially working or studying). The refugees usually pay a premium price for the opportunity of getting a better life, so, when they come back, they are even **poorer than when they left.**

At this point, a reasonable assumption is that the *scale and demography of the returning Syrians* is skewed towards the low-skilled and low/non-educated youth with no savings. To reintegrate the returnees, the labor market programs and policies of priority are therefore those related to **upskilling, education, and employment promotion of the youth**⁵. Basic requirements for investment and job creation for all age groups are known (growing economy, stable macroeconomic & political environment, access to energy & infrastructure, a conducive business and labor market environment). However, the labor market position of youth differs from adults; some youth face persistent barriers to employment (incl. women, ethnic groups, the less educated, and youth with disabilities). Recognizing these differences is important for **designing youth employment programs tailored to the most affected youth groups**⁶.

Agriculture was providing employment to appx. 17% of the labor force in 2008. The **mass displacement** of agricultural workers from their places of origin had an effect of increasing the labor wages, and **farmers were not able to hire sufficient labor**, so they were forced to leave the crops unattended or abandon farming altogether⁷. At the same time, cost of food in Syria increased? over the previous years. Food inflation in Syria averaged 28.49% from 2008 until 2017 (and it is expected trend around 50% in 2020)⁸.

It is estimated that 15% of Syrians in the labor force are engaged in 'armed struggle' or 'illegal' economic activity (fighting, smuggling, and trafficking), in many cases as this is the **only livelihood opportunity available** to them⁹. Hence, a priority for the labor market policies is

³ <http://foreignpolicy.com/2017/12/06/germany-is-preparing-to-send-refugees-back-to-syria/>

⁴ <https://www.irishtimes.com/news/world/middle-east/road-to-damascus-the-syrian-refugees-who-want-to-go-home-1.3309941>

⁵ Link to the active labor market policies.

⁶ <https://openknowledge.worldbank.org/bitstream/handle/10986/12225/NonAsciiFileName0.pdf?sequence=1&isAllowed=y>

⁷ <https://reliefweb.int/sites/reliefweb.int/files/resources/Crop%20and%20Food%20Security%20Assessment%20Mission%20to%20the%20Syrian%20Arab%20Republic.pdf>

⁸ <https://tradingeconomics.com/syria/food-inflation>

⁹ https://reliefweb.int/sites/reliefweb.int/files/resources/2018_syr_hno_english.pdf

providing alternative livelihood opportunities for the labor force (linking employment with the agricultural sector and food security policies).

Those who left their towns and homes were fleeing the war, and looking for safety. With the **destruction of their properties** (houses and shops), they have nothing to come back to. To ease their return is both a challenge and opportunity (rebuilding as the vehicle for employment).

The distribution of “People in Need”¹⁰ in Syria (graph below) shows disparity in terms of the scale, sector, and geographic location.

PEOPLE IN NEED BY SECTOR BY GOVERNORATE	10,000-50,000 50,001-100,000 100,001-500,000 500,001-1,000,000 >1,000,000										
	CCCM	Education	ERL	Food Security	Health	NFI	Nutrition	Protection	Shelter	WASH	Inter-Sector
Aleppo	961,845	1,042,345	2,015,300	2,141,454	1,803,923	1,102,979	831,936	2,395,708	765,972	961,845	2,250,806
Al-Hasakeh	229,023	345,264	582,859	506,809	591,933	281,178	228,075	713,280	183,017	241,157	655,062
Ar-Raqqa	157,483	154,819	313,682	384,178	261,965	213,293	104,342	384,178	185,781	165,325	331,048
As-Sweida	63,344	93,169	132,602	124,727	165,863	40,471	70,617	172,173	38,805	63,344	182,958
Damascus	647,602	514,240	664,259	783,931	1,122,582	770,155	483,272	1,122,582	385,077	661,677	1,445,212
Dara	330,118	313,487	600,090	628,861	558,125	262,870	185,175	701,304	246,304	368,260	599,564
Deir-ez-Zor	151,800	312,363	434,803	671,541	470,100	399,933	212,317	739,881	122,592	710,355	722,235
Hama	287,803	520,177	644,447	715,115	752,518	205,099	381,223	844,273	216,912	306,930	875,262
Homs	355,291	377,541	715,502	608,178	779,252	247,461	368,109	887,339	321,444	529,149	949,879
Idleb	984,515	730,988	913,076	1,357,744	1,424,444	414,651	494,380	1,545,600	637,050	992,615	1,391,698
Lattakia	427,057	377,880	632,143	393,350	688,690	56,715	282,563	743,079	182,826	427,057	771,652
Quneitra	48,720	33,494	24,237	79,659	72,339	24,867	23,431	83,321	28,687	48,720	68,946
Rural Damascus	1,303,622	995,188	1,767,002	1,726,916	2,148,145	622,551	730,519	2,495,218	859,146	1,940,631	2,348,448
Tartous	201,782	216,456	365,221	355,069	481,753	44,643	208,712	500,302	67,514	201,782	552,798
TOTAL	6.1M	6.1M	9.8M	10.5M	11.3M	4.7M	4.6M	13.3M	4.2M	7.6M	13.1M

Hence, all policies and/or programs should **adopt a regional/local approach** in the planning. This links to the local response nexus in particular, and serves the careful targeting of the beneficiary group in general.

Data and statistics are crucial to **fair and effective labor governance**. Lack of information (as a mediation factor between the demand and supply in the labor market) on the income sources of those employed in the informal sector¹¹ is a major obstacle for policy design and monitoring. A priority measure is concerning **collecting and availing data and statistics of the (demand, supply, and matching services) in the labor market** for better **targeting** of the policies, and also for the **monitoring and evaluation** of the impact of the LM measures.

Nexus 1-b. Local response

All areas of the country have been affected by the crisis, though to varying degrees.

¹⁰ https://reliefweb.int/sites/reliefweb.int/files/resources/2018_syr_hno_english.pdf

¹¹ https://www.acaps.org/sites/acaps/files/products/files/23_impact_of_the_conflict_on_syrian_economy_and_livelihoods_july_2013.pdf

NUMBERS IN MILLIONS	Male	Female	Children (0 - 4)	Children (5 - 17)	Adults (18 - 59)	Elderly (>59)	People in need of assistance
Protection	6.5	6.8	1.5	4.0	7.2	0.6	13.3M
Health	5.5	5.8	1.3	3.4	6.1	0.5	11.3M
Food Security & Agriculture	5.2	5.3	1.2	3.2	5.6	0.5	10.5M
Early Recovery & Livelihoods	4.8	5.0	1.1	2.9	5.3	0.5	9.8M
WASH	3.7	3.9	0.9	2.3	4.1	0.3	7.6M**
Camp Coordination & Camp Management	3.0	3.1	0.7	1.8	3.3	0.3	6.1M
Education	3.0	3.1	-	5.8	0.3	-	6.1M
NFI	2.3	2.4	0.5	1.3	2.6	0.3	4.7M
Nutrition	-	PLWs 1.6	(6-59 months) 3.0	-	-	-	4.6M
Shelter	2.1	2.1	0.5	1.2	2.3	0.2	4.2M

Access to basic public services has significantly declined which contributed to reduced access to healthcare and education as well as limited availability of water and electricity. With high levels of poverty across Syria (estimated 69% living in extreme poverty), and the nearly exhausted coping capacity of many people in the most affected communities, households are resorting to harmful coping strategies (**spending savings and accumulating debt**). These **coping strategies disproportionately affect the most vulnerable groups** (children, & youth), and, once exhausted, people will resort to increasingly exploitative and hazardous activities (child labor & recruitment, early marriage, and engagement with armed groups)¹².

Banks in Syria have endured physical destruction of branches. Private sector banking and payments systems appear to be largely functional in the key **government-held areas** with occasional **interruptions due to communication failure**. Private banks are unable to operate where the central bank does not have authority. Security of staff and branches has become a major concern for the banks¹³. **Access to financial products such as savings schemes, loans, insurance and remittances** (structures are mostly lost during the crisis) can help participants in the labor force diversify their income sources to meet basic needs and cope with economic problems without resorting to illicit economic activities.

Hence, the priority measures are:

- Restoring the **infrastructure needed for the localized financial services** offered by the banks, especially those related to remittances, salaries and wages transfers, and the loans/grants.
- Re-establishing a **normal banking culture**, including the possibility of making foreign transfers.

¹² https://reliefweb.int/sites/reliefweb.int/files/resources/2018_syr_hno_english.pdf

¹³ <https://openknowledge.worldbank.org/bitstream/handle/10986/27541/The%20Toll%20of%20War.pdf>

Nexus 2. Current situation and policy gaps in building a legal framework and institutional rehabilitation

- How is the sector affected by the political and military situation on the ground?
- What aspects of the impact of the conflict on the theme/sector need to be taken into consideration in the political dialogue and while setting up mechanisms to support and sustain peacebuilding and prevent relapse into conflict?
- What are the theme/sector opportunities that could be invested in and build on in support of building a legal framework and rehabilitating the institutions?

The termination of a civil war negatively impacts democracy in the succeeding period. However, **external intervention (through the UN) may increase democratization** in the succeeding period. Further research is needed into the impact of civil war on institutions and into government capacity more broadly¹⁴. Consequently, the institutional rehabilitation will not be aiming at the optimal political well-being. Nevertheless, the priority is to support the government capacity building in dealing with the “**rule of law**” and “**corruption**”, which are also affected by the crisis.

Many international agencies, especially of the UN, continued to provide support for the Syrian refugees and the most affected. The agencies already developed a **foresight of priorities for support in the aftermath and rebuilding**. The international community is waiting for the situation to stabilize in order to start operations. This opportunity needs to be seized with **well-informed policies for the partnerships in the re-building and humanitarian aid** in order to promote:

- Increasing transparency of the operations and support provided on the ground (information collection, impact assessment).
- Better targeting of the beneficiaries (groups).
- Tailoring the support programs to the (local) needs.
- Enforcing the role of the national/local actors and structures.

Policies of priority are:

- Developing criteria for all engaged partners in the re-building to promote hiring qualified (local) Syrians with equal chances but favoring females, youth, and handicapped.
- Developing and transparently managing a “black list” of the partners in development who are banned from working inside Syria (blacklisted by the international development agencies, proven direct/indirect involvement in the conflict, proven corruption cases in the conduct, mismatching objectives of the intended support with the national plans,...).

Nexus 3- Current Situation and Policy Gaps in Reconciliation and Social Cohesion¹⁵

- How did the conflict-related division in the Syrian society affect the theme/sector?
- What aspects of the theme/sector would contribute to further division among Syrians and

¹⁴ <https://doi.org/10.1080/00036846.2014.1000529>

¹⁵ A socially cohesive society is one in which institutions exist that foster norms of cooperation between distinct ethnic, religious, and other identity groups, including non-discrimination (as in the labor market); and non-violence, whether it be via low-level, spontaneous communal conflict, or more institutionalized forms of intergroup struggle (as terrorist activities or civil war).

in the Syrian society if not accounted for in the peacebuilding phase?

- What aspects of the theme/sector could be used as opportunities to invest in and build on in support of reconciliation and social cohesion?

Over the course of the crisis, Syria has seen a 30% **decline in social capital**¹⁶, rising to up to 80% in governorates such as Raqqa which have experienced a **high intensity of hostilities and widespread displacement**¹⁷.

Policymakers need to be aware that social capital, particularly when associated with groups that have a narrow radius of trust, can produce negative externalities and be detrimental to the larger society. **The area where governments probably have the greatest direct ability to generate social capital is education** (doctors learn not just medicine but the Hippocratic oath; one of the greatest safeguards against corruption is to **give senior bureaucrats high-quality professional training** and to create an *esprit de corps*¹⁸ among this elite). States can also indirectly foster the creation of social capital by **efficiently providing necessary public goods, particularly property rights and public safety**¹⁹.

Worth noting is the empirical fact that **norms play a great role in enabling formal law to be effective**, and that the system of social capital is a fragile resource that policymakers must conserve and enhance²⁰. States can have a serious negative impact on social capital when they start to undertake **activities that are better left to the private sector or to civil society**²¹. If the state gets into the business of organizing everything, people will become dependent on it and lose their spontaneous ability to work with one another²².

Recent literature²³ highlighted the potential positive externalities arising from **collective action** in the form of **providing, monitoring, and enforcing the provision of necessary public goods** such as infrastructure, schooling or health (Ostrom 1990). The **contribution of social cohesion to collective action** is underlined in social capital literature as: the presence of divisive social cleavages inhibits willingness to contribute to collective funds and public investments. Literature also showed levels of public goods provision (education, roads, sewers and waste removal) is weaker in the context of ethnic and religious fractionalisation (Alesina et al., 1999, Keefer and Khemani 2004). Based on the identified cases, researchers suggest that the **policy priorities for leaders wishing to enhance social cohesion** should be: 1) to **ensure representation of marginalized groups**, 2) **ensure universal access to public**

¹⁶ Social capital is an instantiated informal norm that promotes cooperation between two or more individuals.

¹⁷ <http://scpr-syria.org/download/1630/?v=1653>

¹⁸ A feeling of pride in belonging to a group and a sense of identification with it

¹⁹ <https://www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm>

²⁰ https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=3527&context=penn_law_review

²¹ France had a rich civil society at the end of the Middle Ages, but horizontal trust between individuals weakened as a result of a centralizing state that set Frenchmen at each other through a system of petty privileges and status distinctions.

²² <https://www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm>

²³ <https://www.oecd.org/development/pgd/46908575.pdf>

goods such as policing and secure property rights, and 3) to build collective identities into which marginal groups are able to identify.

Post-conflict experience in Rwanda²⁴ showed that **rule of law is the main factor enabling the formation of bonds of intergroup tolerance and trust**, and is more salient than social or socioeconomic factors *alone*. In addition, the findings suggest a very different priority: in post-conflict countries, such as Rwanda, **the strengthening of public institutions, including the police and judiciary, ought to be pursued from the start**.

Encouraging the displaced Syrians to go back to their towns is expected to drive the rents down. However, **the conflict promoted a practice of informal contracts** (eg. rent). Therefore, **disputes over property rights or rent contracts** are likely to emerge. One alternative to the **costly and longer procedures of the legal system** is the **introduction of a mechanism of mediation**.

Nexus 4: Current Situation and Policy Gaps in Rehabilitation of Physical & Social Infrastructure

- What is the impact of the conflict on the theme/sector infrastructure if applicable?
- What are the theme/sector opportunities that could be invested in and build on in support of rebuilding the physical and social infrastructure?

Those who left their towns and homes were fleeing the war, and looking for safety. With the destruction of their properties (houses and shops), they have nothing to come back to. To ease their return is both a challenge and opportunity:

- The challenge: the restoration of housing and basic utilities as well as state services (especially the subsidized goods, local administration, and education system).
- The opportunity: designing programs of **public works** (demand factor of the labor market=new/limited period jobs especially for the unskilled) for the restoration of houses and infrastructure which will create jobs on the local level (formal, providing minimum livelihood). Resuming the provision of state services means that government employees -appx. 30% of the employed before the conflict- will go back to doing their (paid, formal) jobs. Most government jobs -education in particular- **provide employment for females**, hence will help **promoting the female participation rate in the labor force**. The special situation of the female as a bread-winner will encourage the exchange of other services (ex. babysitting, transporting children to/from schools, ...) which in turn will contribute to restoring the social capital.

²⁴https://www.google.de/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwjqm6ungbfaAhWQZFAKHZmgB1MQFggpMAA&url=http%3A%2F%2Froberto.foa.name%2FFoa_Rwanda.pdf&usg=AOvVa_w0NLzUwW3DAJtP-aGNA2c0j

III- Institutional framework governing the theme/sector

IV- Human rights and the gender-related gaps in the sector

As of 2015, the unemployment rate was estimated to be 53%, rising to levels as high as 75% among youth (15-24 years, mainly resulting from school drop-out). 82% of the 4,185 communities surveyed across Syria perceived the occurrence of **child labor preventing school attendance** within their communities. In addition, some 69% of communities perceived the occurrence of **early marriage**, exposing girls to loss of self-esteem, significant personal protection risks, health issues, and **depriving them of an education**²⁵.

The 2018 assessments²⁶ confirmed that gender-based violence continue to pervade the lives of **women and girls** in Syria inside and outside the home, resulting in very few spaces where women and girls feel safe. The fear of sexual violence, often associated with abduction, is a concern raised by women and girls, contributing to psychosocial stress and further **limitation of their movements**. The **restriction on freedom of movement of women and girls** also inhibits their **access to services**, humanitarian aid and ultimately **their rights**. Girls are reportedly being married younger to **ease the financial burden on the family**. The **socio-economic situation, lack of livelihood opportunities, and increased poverty** is ultimately leading more women to **resort to negative coping mechanisms** such as survival sex.

A quantification of the **effects of gender gaps in the labor market**²⁷ on aggregate productivity and income per capita showed specifically that, if no women work as an entrepreneur, output per worker would drop by around 12%, while if the **labor force participation of women was zero, income per capita would decrease by almost 40%**. The country-by-country analysis revealed that **gender gaps do not differ much across income groups, but the region**²⁸ **with the largest income loss due to gender inequality is Middle East and North Africa**, with a total income loss of 27% (7% from entrepreneurs' gaps and 20% from labor force participation).

Priority policies are therefore those promoting life skills, vocational training, entrepreneurship and economic empowerment of women.

²⁵ https://reliefweb.int/sites/reliefweb.int/files/resources/2018_syr_hno_english.pdf

²⁶ https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/2017-12_voices_from_syria_2nd_edition.pdf

²⁷ <https://www.birmingham.ac.uk/Documents/college-social-sciences/business/economics/external-seminars/Cuberes-GenderAndGrowth-August2012.pdf>

²⁸ Gender inequality in **low income** countries creates an average loss of almost 14% in GDP per capita, which can be decomposed in losses due to gaps in entrepreneurs (5%) and losses due labor force participation gaps (9%)

Main actors in the sector

Taking the classification of institutions²⁹ (rules of the game) we can categorize the actors (players of the game) in the labor market as follows:

Level ³⁰	Main actors
Embeddedness: informal institutions, customs, traditions, norms...	Communities, faith-based organizations and religious leaders
Institutional environment: formal rules of the game, especially property (polity, judiciary, bureaucracy)	Parliament members Judges Prime ministry
Governance: play of the game, especially contract (agreements)	Associations (CSOs, Syndicates, trades unions,...) Line ministries
Resource allocation and utilization (prices and quantities, incentive alignment)	Labor force (supply side) Labor market service providers (education and training, matching and placement, financing, business development services,...etc.) Employers: <ul style="list-style-type: none"> • Agricultural sector: land owners, farmers and their associations, Ministry of agriculture and Agrarian Reform^(*). • Housing sector: contractors, manufacturers of raw material, Ministry of Housing, City Council. • Infrastructure rehabilitation projects: public or private. • Education sector: public or private. • Transportation sector: public or private. • Service sector: public or private. • Health sector: public or private. • Local administration of line ministries

(*) FAO supported the Ministry of Agriculture and Agrarian Reform to set up a national agriculture sector coordination mechanism which aims to improve information flow among all concerned actors, while leading to more comprehensive planning and reduction of duplication of efforts³¹.

In addition, Syria will be supported by the *international development organizations* (UN agencies and others) who will be an actor by offering jobs, and working in collaboration with the ministries and community representatives in the development programs.

²⁹ Definition: "Institutions are the humanly devised constraints that shape human interactions" (North, 1990).

³⁰ Paper: 2000 Williamson-The new institutional economics

³¹ http://www.fao.org/fileadmin/user_upload/emergencies/docs/FAOSyriaSitRep_Nov2017.pdf

Policy priorities and recommendations

A. Lessons learned (basis for the criteria for prioritizing LM policies)

1) Recommendations from the experience in humanitarian response programs

Humanitarian response aid for the Syrian refugees in the neighboring countries already had experience³² over years of operation that should be used to guide the planning of measures in Syria. Namely,

- Importance of establishing effective, conflict- and gender-sensitive evidence and **monitoring systems**, with a particular focus on the **local level**.
- Importance of **linking short-term income generation initiatives to longer-term efforts to address major infrastructure and service deficits** (e.g. solid waste collection and disposal, rehabilitation/construction of schools or health facilities, hydro-projects, etc.), and where **women and youth are the prime targets**.
- The need to **strengthen local governance** systems by focusing on core functions and key dimensions of decentralization processes.
- To emphasize national ownership and sustainability, it is essential that stakeholders ground their efforts in existing strategies and systems at national and **critically at local levels**. Local governments and other grassroots actors, including civil society organizations (CSOs), should be a major focus of tailored **capacity development and empowerment initiatives**.
- Short-term employment and livelihood support initiatives (e.g. 'cash for work' schemes) aimed at mitigating income pressures should be designed so as to address major **infrastructure and service delivery deficits**³³ in affected communities. These initiatives should also seek to **strengthen skills, promote savings and support entrepreneurship opportunities**.

2) Recommendations from the UNHCR livelihoods programing

It is advisable to use the "Livelihoods guiding principles³⁴" to set the standards behind all livelihoods programing. These principles of the UNHCR are based on global best practices, experiences emerging from its operations, and sector research and guidelines:

1. **Protection**: aim to further respect the human rights, and design programs to support overall protection strategy with a priority to protect and foster people's dignity as linked to economic independence and self-reliance.
2. **Age, Gender and diversity**: programs should ensure inclusiveness and accessibility for specific groups of concern including women, adolescent girls and boys, older persons, the young, persons with disabilities, and those belonging to national, ethnic, religious and linguistic minorities or indigenous groups.
3. **Equity**: Ensure that people have equal opportunity to participate in livelihoods interventions, and prioritize vulnerable people where possible, particularly where they face

³²http://www.arabstates.undp.org/content/dam/rbas/doc/SyriaResponse/SyrianCrisis_ImpactonJordanandLebanonApril2014.pdf?download

³³ This may include employment programs for: solid waste collection and disposal, health facility and school rehabilitation/ construction, improvements to water and waste water systems, shelter, environmental rehabilitation/ green jobs, ...etc.

³⁴<https://cms.emergency.unhcr.org/documents/11982/49760/UNHCR%2C+Global+Strategy+for+Livelihoods+2014-2018/87f6b6bd-7cfe-4df6-b87f-a928154efe84>

obstacles not encountered by the majority of the population. Activities of the support programs should maintain the goal of enabling self-reliance in the wider economy, and should not foster dependency.

4. Access: programs should support access to local services in parity. Skilled workers and entrepreneurs will contribute to the economic well-being of a region, providing goods, services, jobs and tax revenue to governments and communities.

5. Sustainability: programs are planned for long-term self-reliance. So, beyond the initial emergency phase where intensive support may be necessary, initiatives must help people build the knowledge and skills pertinent to their mid-term and long-term goals.

6. Community empowerment: communities should participate in all stages of planning, needs assessment, implementation, monitoring and evaluation in order to design appropriate and sustainable programs. Interventions should build upon the knowledge, skills and resources present, and aim to enhance them further while strengthening community leadership and integration.

7. Appropriateness and reliability: programs should be appropriate and tailored to needs of the local community, and they should be targeted to people best able to achieve goals, be consistent in their approach and delivery, and take into consideration the economic status and interests of the local population. Citizens should be able to rely on interventions appropriate to their strengths and needs. Population should be assured that programs will contribute to the economic well-being of the entire community.

8. Enhance local markets: programs should strive to strengthen the local market providing an injection of labor, consumers, and traders. Programs work through local governments, businesses, trade and labor associations to build on existing market opportunities, benefitting communities. The target group will be empowered to make decisions while supporting local markets.

3) Recommendations from the experiences in youth employment programs³⁵

General remarks

- Over time ALMPs have developed in a manner that goes beyond the strict objective of reducing unemployment.
- During a recession, more emphasis should be put on employment subsidies and other measures aimed at **creating temporary employment opportunities and providing income support**.
- Programs need to be of **sufficient duration** to have a significant effect.
- Programs which **target disadvantaged youth** seem to be more effective than programs targeting youth as a whole.
- **Longer programs**, which appear to be less effective than short programs when looking at immediate impacts, are found to have significant positive effects in the medium term.

a. Minimum wages

- The development of a minimum wage needs to take account of the existence and **functioning** of other labor market institutions in the country.
- Effects of minimum wages on employment were found small and negative on average.

³⁵http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_556949.pdf

- Increasing the minimum wage would impact a larger the number of jobs³⁶. Hence, stronger negative employment effects will be associated with increasing the minimum wage. In short, a greater degree of inequality is expected to be associated with a more negative youth employment effect.
- In countries with *stronger employment protection legislation* (EPL), employers are less prone to reducing their workforce in reaction to higher minimum wages.
- Youth dis-employment effects of minimum wages decrease with a country's average per capita income.

b. Wage subsidies

- **Wage subsidies** are more effective **in the short run** and **training programs** – of sufficient duration and quality – tending to have a more significant **impact over the longer run**.
- Wage subsidies could be used to shift the composition of employment across age groups (if there are long-lasting scarring effects from youth non-employment).
- The wage subsidy may not raise overall employment, but simply “reshuffle” the pool of non-employed. Whether or not this is desirable then becomes a policy choice.
- These programs might have some undesired effects: stigma effect³⁷, *displacement effect*³⁸ on firms, and in some circumstances, increasing young people's incentives to leave education³⁹.
- In Jordan, participants in the New Opportunities for Women program targeting recent female college graduates, were randomly selected to receive vouchers entitling their potential employers to a six-month flat-rate wage subsidy with a value equal to the minimum wage. Groh et al. (2012) reported that the receipt of the voucher more than tripled **young women's employment probability** during the period of the subsidy, and that this effect was particularly pronounced outside the capital, where the labor market for female graduates is especially weak. However, while the employment probability was 10% higher among those who received a subsidy voucher than among those in the control group, the positive **impact of the wage subsidy was much dampened** four months after the subsidy ran out, at which point the difference was no longer significant. The most likely explanation for this short-lived positive effect of the wage subsidy is that most of the jobs created were temporary (and unregistered), and it is very probable that they arose from the displacement of other graduates.

c. Job Training programs

- **On-the-job training** appears to be more effective⁴⁰ than *off-the-job training* (included in the agreement of wage subsidy).
- Over the medium term (two to three years after program participation), **job training programs** are found to be particularly successful.

³⁶ With unequal incomes, there will be more low-wage/low-productivity jobs in an economy.

³⁷ firms view the targeted subsidy as an indication of the potential employee's low productivity, or, the targeted workers themselves may feel that eligibility is stigmatizing and degrading.

³⁸ Increases in employment in firms that use subsidized labor may come at the expense of job losses in firms that do not have eligible workers, as the first type of firm gains a cost advantage enabling it to out-compete the second type

³⁹ Eligible candidates consider the subsidy too attractive to “waste time” on schooling or training.

⁴⁰ Possibly in part because by its very nature on-the-job training involves direct contact with employers.

d. Social partners involvement

- There is a general consensus that the involvement of social partners **in the formulation and implementation of ALMPs** is likely to increase the effectiveness of such policies for several reasons (incl. quality of programs is likely to be higher if the social partners are involved, involvement of employers and workers implies a commitment on their part to the success of policies and programs).

d. Entrepreneurship⁴¹ promotion

- The scope of formal wage employment is often limited in developing countries, where the majority of workers are self-employed and/or in informal employment. **Encouraging (formal) self-employment of young people through entrepreneurship subsidies** tends to be seen as a more fruitful way of promoting youth employment. Start-up subsidies can thus take over the role of hiring subsidies in some countries.
- The prevalence of **self-employment** is closely – and inversely – related to the level of per capita income in a country.
 - o In low and middle income countries (LMICs) a clear majority of the economically active population are self-employed, concentrated in sectors such as construction, agriculture and street trades (Gindling and Newhouse, 2014, p. 318).
 - o In all regions **men are more likely than women to be self-employed** (employers or own account workers).
 - o The proportion of both men and women who are **own account workers** increases sharply with age until the late 30s, levels off, and then begins to fall from 40 on”.
 - o Within LMICs, **self-employment** often means undertaking work within the informal sector with low wages and limited access to social protection or social insurance coverage (Fields, 2014; Cho et al., 2012, pp. 8–9).
 - o The majority of self-employed jobs within LMICs are “not productive and generate low earnings, and as a result many of these workers and their families remain poor” (World Bank, 2012a, 2012b).
 - o The push factors towards self-employment are all the stronger where there are **limited opportunities for wage employment**, as is the case particularly in LICs.
- In **MENA**, around one out of five young working people are self-employed. Self-employment is very limited compared to high income countries. Also, proportions of self-employed and employers who are members of trade unions are much lower.
- Informal sources were far more common than more formal sources of financial capital.
- Over a third (36 per cent) of self-employed relied on their own savings.
- Those with the **highest levels of education** were about three times as likely to use banks for finance as those with the lowest levels of education.
- As with start-up capital, money from friends and family was the most common source (27%), followed by own savings.

⁴¹ Economists have used self-employment as a measure of entrepreneurship as people in self-employed positions “fulfil the entrepreneurial function of risk-bearing” (see Parker, 2004; Sheehan and McNamara, 2015, pp. 11–13). Davidson (2004) has examined 20 definitions of entrepreneurship. The recent Eurofound report on youth entrepreneurship identifies definitional differences along academic lines. Within sociology, entrepreneurship may be seen as “the creation of a new organization and the analysis takes place at the individual level or firm level, focusing especially on the role of networks”. Within psychology, entrepreneurship may be framed “in terms of cognitive processes, or psychological traits such as creativity, motivation or the mental process generating the intention of starting a business”. Economists are mostly interested in firms and the processes underlying job creation and growth. See Eurofound, 2015a, pp. 10–11

- Problems reported by entrepreneurs:
 - o Lack of financial resources
 - o Competition in the market
- The relationship between education and employment status is particularly strong.

Education \ Employment status	high (post-secondary) level	medium level	low (none or primary) level
Employee	87%	64%	41%
Self-employed (own account)	9%	25%	44%
Family worker	2%	8%	12%
Employer	2%	3%	3%
	100%	100%	100%

- 51 per cent of the self-employed respondents reported working 30 or more hours in the previous week
- 73 per cent of men working 30 or more hours per week compared to 61 per cent of women. Overall, this suggests that some **women** are drawn to self-employment as **a way to work short hours** that are compatible with their domestic work, but also that involuntary underemployment is a more serious problem for the self-employed than for employees.
- Three-quarters of all self-employed said that they were very satisfied or somewhat satisfied with their jobs (least satisfied are the family workers).
- Overall, 47 per cent would like to change their current employment situation (highest for family workers).
- Transition:

From status	Employees	Self-employed
Employees	47%	10%
Unemployed jobseekers	79%	9%
Home duties (child care)	53%	20%
Unpaid family worker	33%	29%
Self-employed	34%	14%
Interns/apprentices	34%	NA

The transitions data suggests that there are two “clusters” of individuals’ trajectories. Some individuals move from one job to another, and if they are not in employment, then they are most likely to be unemployed. Other individuals move between family work, own-account work and being out of paid work (whether looking for it/unemployed or not).

B. Recommended policies

1) Regional Labor Market Information

- Involving all local stakeholders (from data, design, .. to M&E)
- Evidence base for the interventions design in the region
- Implementation of the interventions co-financed by international development programs
- Targeting: Women, Youth.

2) Associations Law

3) SMEs promotion

4) Public Employment Offices

Annexes

Annex 1- Active Labor Market Policies

Definition: ALMPs are typically publicly funded programs which aim to improve the employment prospects of participants. Usually these involve one or more of the following elements²

- *Employment services and job search assistance* (ESJSA) typically takes the form of public employment services playing a mediating role between jobseekers and firms seeking workers.
- *Subsidized employment*. is takes two primary forms:
 - employment on public projects (public employment programs or PEPs) such as infrastructure construction, socially useful work, etc.
 - employment with private employers via wage subsidies. *Skills training* typically involves training on or off the job with the purpose of providing young people with job-related skills.

Often, single programs offer a range of support measures covering more than one of these elements. This may mean that individual participants receive a combination of forms of support – e.g. ESJSA combined with a wage subsidy with a private employer on condition that the employer provides training.

Although they are typically evaluated using similar criteria, different programs serve rather different specific functions. ALMPs generally serve one or more of the following purposes:

- Increasing the skills of participants
- Increasing the employability of participants
- Creating new short-term employment opportunities
- Providing immediate income support
- Increasing the chances of finding employment in the longer term – as a consequence of enhanced employability of participants and/or profitability of firms
- Increasing the wages/incomes of participants in the longer term – primarily as a consequence of the greater (long-term) productivity of participants.

The main types of ALMP for young people: Advantages and disadvantages

Type of program	Strengths	Weaknesses
Employment services and job search assistance	Can help youth make realistic choices and match their aspirations with employment and training opportunities; improve information on job prospects as well as efficiency, effectiveness and relevance of initiatives.	May create unrealistic expectations if not linked to labor market needs and often cover only urban areas and the formal economy.
Public employment programs	Help young people gain labor market attachment and, at the same time, improve physical and social infrastructure and the environment – especially if combined with	Low capacity for labor market integration; young workers may become trapped in a carousel of public works programs; often gender-

	development and sectoral strategies – and enhance employability, if combined with training.	biased; displacement of private sector companies.
Wage subsidies	Can create employment if targeted to specific needs (e.g. to compensate for initial lower productivity and training) and to groups of disadvantaged young people.	Potentially high deadweight losses and substitution effects (if not targeted); employment may last only as long as the subsidy.
Skills training	Works better with broader vocational and employability skills that are in demand and includes work-based learning as well as employment services; positive effects of training on labor market outcomes. Can enhance the skills of young people, promoting their longer-term employability.	May produce temporary rather than sustainable solutions and, if not well targeted, may benefit those who are already “better off”. Training alone may not be sufficient to increase youth employment prospects.

The general aim of such programs is to raise the quantity and quality of employment among young people as a whole, whether in the short or the longer term. Particularly in low and medium income countries, such programs may also have as their focus the goal of poverty reduction and community development as well as the construction of local infrastructure useful for development. This in part explains why public works type programs which do not tend to lead to substantial longer-run employment and income gains for participants are relatively popular in low income countries.