

YOUTH EMPLOYMENT IN TUNISIA

CONCEPT NOTE FOR ACTIVITIES UNDER THE NEW WINDOW "BETTER EMPLOYMENT POLICIES"

1. Country and Sectoral context

1. **Tunisia faces a fragile macroeconomic situation.** GDP growth was 2 percent in 2017 and 2.6 percent in 2018 and is mainly driven by the agriculture and services sectors. Growth is projected to drop below 2 percent in 2019 before starting to slowly recover, contingent on the completion of pressing reforms to improve investment climate and ensure greater security and social stability. Growth will be supported by expansions in agriculture, manufacturing, and tourism, and oil and gas production. Inflation significantly accelerated between 2017 and mid-2018 (7.8 percent in July 2018). In response, the Central Bank increased the policy rate to 7.75 percent, and authorities recently moved to enforce tighter loan-to-deposit ratios among banks and reduce liquidity injections through FX swaps. Consequently, inflation has been decelerating since the second half of 2018, and stood at 6.7 percent in August.

2. **Despite many active labor markets programs (ALMPs), the large number of unemployed people remain high.** The unemployment rate has stagnated, recording 15.1 percent during the third quarter of 2019, compared to 15.9 percent in 2013. Unemployment rate for certain socio-economic groups is significantly higher than the national average: women (22.0 percent in Q3-2019) and graduates (28.6 percent in Q3-2019). The socio-economic groups facing the most severe constraints to employment are graduated women (38.7 percent unemployment rate in Q3-2019) and youth aged 15-24 years old (34.7 percent in Q3-2019 with only one percentage point difference between males and females)¹. Given the prevalence of unemployment among graduates, priority has been given to highly educated youth, at the expense of the unemployed who have secondary education and below. However, while much progress has been done in tertiary education, the population with tertiary education (about 1,800,000 Tunisian people) is significantly smaller in size compared to the population with secondary education (about 3,300,000), with primary education (about 2,900,000) and is similar in size to the number of people with no education at all (1,800,000)². As a result, the number of unemployed with secondary education and below is almost twice the size of unemployed with tertiary education while this population is less served by active labor market programs than unemployed graduates.

3. **Beyond the problem of unemployment, many workers are in low-quality jobs.** As much as three quarters of Tunisia's workforce are employed in low-productivity sectors³, while high productivity service sectors absorb less than 10 percent of total employment.⁴ Overall, 41 percent of the labor force are employed in low-quality jobs, i.e. self-employed (in agriculture or non-farm activities), un-paid work, or informal wage employees. There are important variations in labor market outcomes across regions, for example, in Jendouba, Kébili and Sidi Bouzid a higher share of the workers is engaged in unpaid work or self-employment in agriculture, whereas Tunis, Ariana, Manouba, Ben Arous and Sousse, the majority of workers are wage-employed (either in the public or private sector).

4. **A large share of the working-age population is idle.** There are low levels of labor participation, especially amongst women (under 26 percent compared to 71 percent for men) and youth (15-24 years old). In 2014, around one third of the youth population were categorized as Not in Employment, Education or

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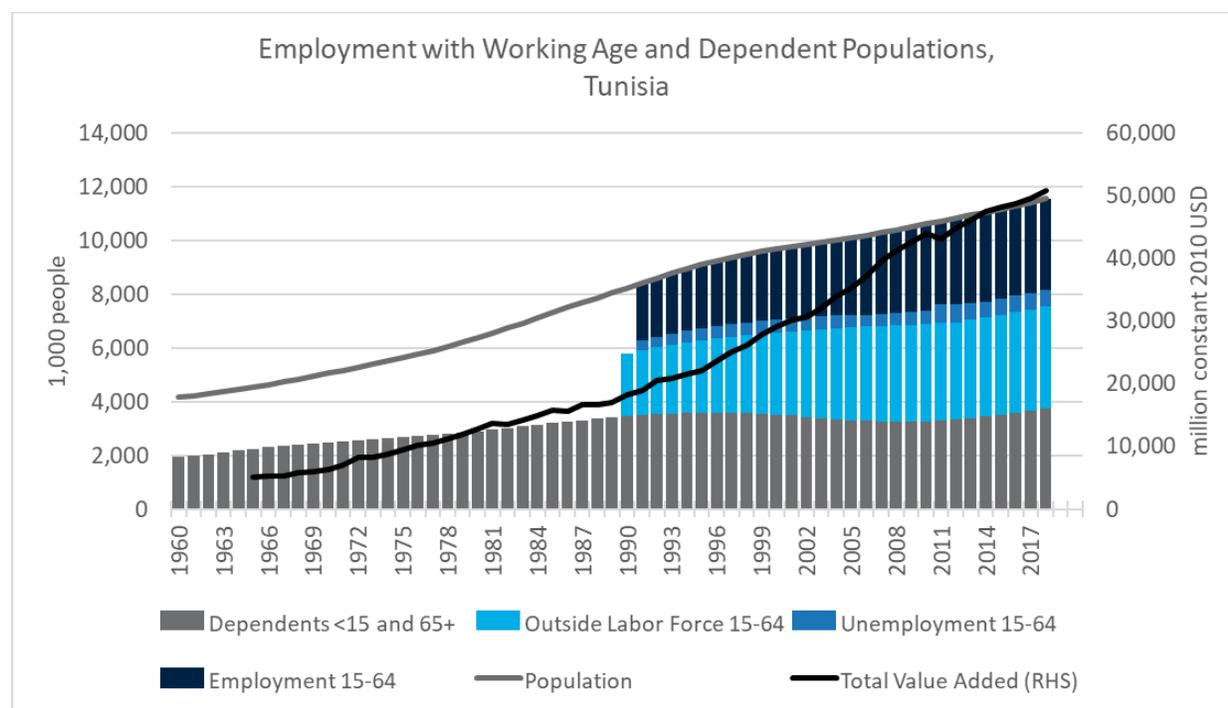
¹ Institution National des Statistiques (2019)

² Recensement Général de la Population et l'Habitat (2014) – RGPH 2014

³ Low productivity sectors refer to those with below-average productivity (e.g. agriculture, textile, construction, public infrastructure, commerce, and manufacturing (see World Bank (2015), "Labor Policy to Promote Good Jobs in Tunisia: Revisiting Labor Regulation, Social Security, and Active Labor Market Programs". Directions in Development. Human Development)

⁴ See World Bank (2015), "Labor Policy to Promote Good Jobs in Tunisia: Revisiting Labor Regulation, Social Security, and Active Labor Market Programs". Directions in Development. Human Development.

Training (NEET), an additional two fifth percent were students, while the remaining (around 30 percent) were working. NEET rates are the highest among young women (38 percent compared to 25 percent among young men). Lastly, education also matters since almost two thirds of the NEET did not complete secondary education.



Source: World Bank Jobs Tool based on the World Development Indicators

5. **Since the 2011 Revolution, under- and unemployment put tremendous pression on the Government of Tunisia (GoT) to deliver on the promised social contract with its citizens and demonstrate the tangible socio-economic dividends of democracy.** While poverty incidence was halved between 2000 and 2010 (from 32 percent to 15.5 percent), considerable disparities exist among regions and age groups (World Bank Group (WBG) Country Partnership Framework (CPF), 2016). This pattern has persisted since the Revolution and has actually worsened in some regions. Household vulnerability to poverty also remains considerable (Systematic Country Diagnostic (SCD), 2015: 24). Social Safety Nets (SSNs) such as the Program for Needy Families (*Programme National d'Aide aux Familles Nécessiteuses, PNAFN*) and Subsidized Health Cards (*Assistance Médicale Gratuite, AMG2*) exist but they lack adequate coverage and targeting accuracy. Social and economic exclusion is increasing for certain groups, especially youth. This exclusion of large segments of Tunisia's youth population from the country's social and economic mainstream has created a breeding ground for radicalization. At the core of public dissatisfaction is under- and un-employment, particularly among graduates, youth and residents of lagging regions or marginalized peri-urban areas.

6. **The job challenge is the resultant of various issues:** on the supply side of the labor market (namely orientation of youth but also the stakeholders' capacity in skilling youth), on the demand side (namely the ability of the private sector to generate jobs, in particular decent and high productivity jobs), and on the efficiency of intermediation mechanisms to link the supply and the demand sides.

7. **After a long recovery, the private sector is slightly picking up again in terms of job creation.** The aftermath of the 2011 Revolution (delays in reform implementation, and security-related incidents, social unrest, and regional instability) has deterred private investment in the country and created an uncertain business environment. This had led to a significant slowdown of economic growth (only 1.4

percent post-revolution compared to 4.4 percent during the five years before the revolution), and hence job creation. Indeed, between 2005 and 2010, businesses in Tunisia were growing by 3.6 percent annually in terms of job creation. After the 2011 Revolution and looking at the period 2010-15, the number of jobs created was almost null (+0.1 percent annually). The private sector is picking up again with + 3.8 percent of new employees in private businesses being created on average every year. This regain translated into 117,000 new jobs on the Tunisian labor market over the period 2015-18. While it is encouraging for the economy, this number is still significantly below the 634,900 unemployed people.

8. **In Tunisia, the shortage of jobs is not the only problem: among youth, expectations on the return to education are high.** When asked why they are not been working over the past seven days, most job seekers point out the lack of jobs⁵ (68 percent of the respondents who are actively looking for a job). However, among graduates, a significantly larger share of the job seekers highlights the limited suitability of jobs to their experience, qualification or salary expectations (44 percent to be compared to 18 percent for job seekers with secondary education or below).

9. **The Tunisian educational system does not align with the needs of the private sector.** In Tunisia, like many other MENA countries, the education system has had a quantitative and qualitative evolution over the past two decades. In fact, the proportion of youth following higher education has increased from 10 percent of the total learner population in 2004 to 25 percent in 2009. This significant increase in the number of students with higher education reflects both the arrival of increasingly large cohorts of youth with secondary education and a government policy that has promoted higher education at the expense of technical and vocational training. The low return on education can be partly explained by an oversized production coming from the tertiary education system and when compared to the needs of the productive sectors. This leads to a significant skills' mismatch.

10. **As a result, there are jobs that are published by businesses but not filled.** The national statistics agency indicates that in 2017, about 36,000 jobs are still waiting to be filled⁶. These statistics probably underestimate the number of these to-be-filled jobs as only a handful of businesses use the government systems to post a job offer. This indicates that youth are either not well informed about salaries in the private sector or that their qualifications are not in line with the private sector's needs.

11. **Intermediation systems are underutilized by businesses.** As highlighted by a recent survey conducted by the ANETI (National agency for employment and self-employment), many businesses are in contact with the ANETI to benefit from the wage subsidies tied to the recruitment of first-time young jobs seekers (59 percent of interviewed businesses). But only 31 percent of businesses use the ANETI to post a job offer⁷ and about two thirds have never seen any ANETI job counsellor. This highlights the weak link between the ANETI and the private sector.

12. **The same intermediation systems are commonly used by job seekers but do not deliver on their social contract.** The national employment offices (operated and supervised by the ANETI) are the main channels for job seekers to look for work opportunities, especially among job seekers with tertiary education. Indeed, 82 percent of job seekers with tertiary education use the ANETI channel, to be compared to 44 percent for all job seekers on average. But the ANETI fails to deliver on its social contract: out of the 657 000 unemployed people in 2017, only 50,000 job seekers have been placed in a job, of which 46,000 being first-time young job seekers. Most of these placements could be related to the government program of wage subsidies and there is no statistics available on retention of these first-time young job seekers in businesses once the subsidies stop.

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⁵ Tunisia Labor Market Panel Survey 2014.

⁶ INS (2018), Annuaire statistique de la Tunisie 2013-17.

⁷ Vision ANETI 2030

	All jobs seekers	With secondary education or below	With tertiary education
Registered in government employment office	44%	35%	82%
Registered in private employment office	3%	3%	6%
Entered government job competition	21%	13%	60%
Sent job application/CV	20%	17%	35%
Inquired at work location	21%	23%	9%
Advertised employment inquiry in newspapers	1%	0%	1%
Search for an advertised job in newspapers or internet	15%	11%	32%
Applied for an advertised job in newspapers or internet	7%	5%	17%
Asked friends or relatives for help	25%	25%	23%
Waited at gatherings locations	8%	9%	0%
Strived to start his/her own business	0%	0%	0%
Did the necessary arrangements to obtain funds for his/her own project	0%	0%	2%

Source: TLMPS, 2014

2. Rationale and background

13. **The main objective of the new Window “Better employment policies” is to address barriers on the Tunisian labor market and intermediation systems to generate employment, in particular for youth and other socio-economic groups that are currently excluded from accessing good and decent jobs..**

14. **This Concept Note concerns solely the activities to be funded by the program EU4Youth and under the new window but do not exclude more activities being funded under this Window as long as they are in line with the overall objective of the Window.** It presents the World Bank Group implementation for part of the EU4Youth program as envisaged by the Delegation of the European Union. The Delegation of the European Union designed a 60 million euros program whose aim is to support youth in Tunisia. A specific pillar of this program focuses on strengthening youth inclusion through employability enhancement, creation of decent jobs and support to entrepreneurship (*OSI*). This concept note aims at responding at the outcomes R1.3 and R1.4 of this first pillar, namely *The governance and quality of the educational system have been improved (R1.3)* and *The efficiency of the intermediation services related to the labor market has been improved in coordination with private and public stakeholders (R1.4)*. The Delegation requested the World Bank Group (WBG) to be its implementing partner through a country-specific and multi-donor trust fund, Moussanada.

15. **Moussanada – [Zouhour and Laurence]**

16. **The proposed activities under this Window are fully aligned with the WBG Country Partnership Framework (CPF).** The objectives of these activities are fully aligned with pillars 2 and 3 of the WBG CPF that aims at reducing regional disparities and promoting increased social inclusion. This also consistent with the WBG Middle East and North Africa Regional Strategy pillar on renewing the social contract, by supporting the generation of employment opportunities, in particular in inland regions, and with a focus on youth and women, thus helping to forge greater social stability. These activities will be implemented over a period of 3 years with a possible extension by one year.

17. **This proposed Window is complementary to the Youth Economic Inclusion (YEI) Project**

(P158138). The Youth Economic Inclusion project is a \$60 million World Bank funded-project whose objective is to improve economic opportunities for targeted disadvantaged youth in the selected Governorates of Tunisia (Manouba, Sfax, Jendouba, Kasserine, Kairouan, Kebili, Siliana). In the context of this project, “economic opportunities” are defined as the chance to improve (a) earnings of target youth, and (b) access to wage or self-employment for target youth. The reduction of gaps between male and female beneficiaries for accessing key economic opportunities is an integral part of the project. The project is implementing by a project implementation unit hosted in the Ministry of Employment and Vocational Training (MFPE).

18. **The YEI project plans to achieve this objective by using an integrated approach:** the interventions on the supply side (Component 1) will enhance the employability of disadvantaged youth - which are currently outside the labor market or in low productive activities - while interventions on the demand side of the labor market (Component 2) will generate more job opportunities (a) in micro entrepreneurship for disadvantaged youth and (b) by supporting small and medium enterprises (SME) that have labor intensive investment plans. The profiling and online systems and capacity-building activities (Component 3) will ensure those synergies and linkages are maximized. The project has a geographical focus, i.e. seven governorates (out of 24) with different levels of economic development.

19. **The proposed activities under this Window will ensure a better coordination on the youth employment agenda and a scale-up of the tools and mechanisms being developed and tested under the YEI project at the national level as well as their anchoring into the existing national structures.** An important challenge for the implementation of the YEI project is to be involving the various ministries whose mandate affects directly or indirectly the agenda of youth employment. Effective Government performance on an inclusive jobs strategy requires tackling institutional fragmentation within and among relevant ministries at national and subnational levels. Innovative initiatives on jobs, including partnerships with non-governmental organizations and the private sector, do exist in Tunisia but have remained on a relatively small scale (ILO Youth Employment Inventory, 2015). These initiatives would need to be harnessed around common, coherent policy platforms at national and local levels, taking into account local specifics and allowing for flexible and adaptive changes in implementation. Strong and robust information systems (targeting, registration, profiling, monitoring and evaluation) take time to be set up but are needed to better inform labor market interventions and foster greater convergence of government partners and supporting donor interventions.

20. **The proposed activities will support the modernization of the ANETI.** The ANETI is an implementing agency under the Ministry of Employment and Vocational Training. Its mandate is to place job seekers in a job, whether it is a wage job or self-employment. As such, they are orientating and skilling (or re-skilling) job seekers as well as providing entrepreneurship training programs for job seekers who are willing to start their own micro-project. Various analyses indicate that the ANETI needs to re-focus its services to a more user-centered approach, away from the administrative tasks.

21. **The proposed activities aim at supporting the ANETI in the implementation of its Vision 2030 that was recently launched by the government (November 12, 2019).** As a response to this job challenge, the National Agency for Employment and Self Employment (ANETI for Agence Nationale de l’Emploi et du Travail Indépendant) has put forward a new strategy, Vision 2030. The objective of this reform is to enhance services to job seekers for employability (with a model employment bureau) or for self-employment (with a model Entrepreneur center) at the national level. To support these actions, the reform consists of four pillars: (i) digitalization (information system, dematerialization, business intelligence and virtual employment bureau); (ii) quality (quantity versus quality, process to support a job seeker, infrastructure and implementation of the norm ISO 9001 in employment bureaus); (iii) communication (visibility, partnerships and monitoring); and (iv) know-how through a ANETI Academy (Knowledge management, certification, staff training, Open innovation lab). The proposed activities aim at supporting part of the reform *Vision 2030* with both Bank-executed activities (time allocation for World Bank staff, consultants and consulting firms) and Recipient-executed activities (goods, services and equipment).

22. **Education system.** The proposed activities also aim at enhancing the link between the educational system in Tunisia and employment opportunities for youth.

3. Project Description

3.1. Theory of Change and Development Objective

23. **The objective of the proposed activities under the new Window “Better Employment Policies” aligns with the objectives of EU4Youth.** The two objectives to be met by the World Bank are as follows: *The governance and quality of the educational system have been improved (R1.3) and The efficiency of the intermediation services related to the labor market has been improved in coordination with private and public stakeholders (R1.4).*

24. **The specific Project Development Objective (PDO) for this Concept Note is to increase the outreach and the quality of services related to intermediation systems and orientation of vulnerable youth.** This will need to be delivered through a close collaboration with both private and public stakeholders.

25. The intermediate indicators of the proposed Window will be aligned with the indicators for R1.3 and R1.4 of the EU4Youth program as per the document signed between DEU (Delegation of European Union) and the MDICI. These indicators are as follows:

Indicators for R1.3.:

- Evaluation of the existing governance for the educational system
- Inter-ministerial discussions and debates for a better governance, i.e. that will lead to a higher-quality education system that produces skills in line with the labor market’s needs.

Indicators for R1.4.:

- Tools for profiling developed;
- RTMC developed;
- ANETI portal and services designed and implemented (services to job seekers, services to enterprises, services for orientation and counseling);
- Marketing strategy designed and implemented;
- New models for partnerships;
- Inter-ministerial discussions and debates for a better governance, i.e. that ensures high-quality skills that are aligned with the labor market’s needs.

26. **In addition, the following indicators will be added:**

- Proportion of youth registered to the ANETI compared to official unemployed youth;
- Proportion of enterprises interacting with the ANETI compared to the official number of formal enterprises (posting a job offer, employing youth in internship or apprenticeship, number of enterprises benefiting from ANETI services);
- Number of job offers being posted on the ANETI portal;
- Proportion of job offers being filled by registered youth.

3.2. Project beneficiaries

27. Direct beneficiaries to be supported by these activities are private and public stakeholders involved in employment services.

28. Indirect beneficiaries are twofold: (a) Project beneficiaries are mainly unemployed youth, aged 18-35 years old. Youth will be provided with better services to find a job or start their business. But

improvements on the Tunisian labor market also stem from a better orientation in secondary education as well as more information about jobs in tertiary education; (b) Project beneficiaries are also enterprises, and in particular small and medium enterprises. They will be provided with human resources services to better assess their needs, write terms of references and select high quality candidates. This could lead to more jobs being created.

3.3. Implementation modalities

29. **These activities will be implemented as a hybrid Trust Fund with distinct Bank and Recipient execution modalities.** A significant number of activities will be under the Bank-Executed Trust Fund (BETF). This will allow the World Bank Group to provide technical assistance, capacity building and policy advice to public stakeholders as well as ensuring a dialogue between public and private stakeholders involved in the youth employment agenda. pilot various approaches, establish and test innovative modalities, undertake required preparatory activities (e.g. public expenditures and public procurement, functional reviews of (semi) public entities that play a role in supporting development of the agri-food sector). The Recipient-Executed Trust Fund (RETF) will provide funding to implement the activities as suggested by the BETF activities.

3.4. Project Components

COMPONENT 1 – IMPROVE UPSTREAM PROCESSES FOR INCREASED EMPLOYABILITY OF YOUTH (1.0 million euro)

Sub-component 1.1. – Improving the governance and the quality of the educational system (0.8m euros)

30. Improving youth employability requires the implementation of multiple and varied measures. Indeed, several factors related to the process of designing and implementing educational curricula, as well as to the governance of education entities, directly influence the match between the needs of the job market and the skills acquired.

31. **This activity proposes to create an inter-ministerial commission which aims to evaluate education curricula through an analysis of youth employability and monitoring the graduate's professional perspective and assess the skills need.** This commission could be comprised of the following ministries and departments: the Presidency of the Government, the MDICI - to promote coordination between various stakeholders -, the Ministry of Education (MOE), the Ministry of Higher Education (MES), the Ministry of Vocational Training and Employment (MFPE), the National Agency for Employment and Independent Work/Self-employment (ANETI), social funds (CNSS and CNRPS) and the National Institute of Statistics (INS).

32. There is a need to investigate and discuss the question of the efficiency of education from an economic approach based on the return of existing education systems in the labor market, in particular in tertiary education as the investment is high. Several analyzes show a large difference in RORE estimates across cursus. Qualitative differences that are often present throughout the learning process as well as the structure of the labor market affect the performance of certain academic pathways. Public and private (including students) investments should be directed towards the most profitable cursus and pathways.

33. As such, the employability and youth professional perspective committee would investigate in priority the following topics to improve the performance of the education system: (i) **Instruments for a continuous strategic monitoring:** Be always attentive to the market and maintain ongoing communication with all public and private, national and international stakeholders in order to follow the evolution of skills needs; (ii) **Relevance of each cursus in the Tunisian context:** Evaluate the potential for employability for

each of educational cursus (dropouts, placement, retention etc); (iii) **Orientation instruments:** Assess the existing orientation process, discuss the opportunity for enhanced gateways between academic education and vocational training and propose new mechanisms for youth to better choose their education cursus based on complete and up-to-date information on the educational requirements of these courses and on their professional opportunities.

34. The Committee will ensure the following tasks: (i) conduct short analysis in line with above mentioned topics, (ii) suggest and discuss recommendations with all public, private stakeholders, (iii) develop action plans for each of the agreed recommendations and (iv) follow-up on the implementation of these recommendations.

35. This sub-component will provide technical assistance to the employability and youth professional perspective committee (coordination and analysis to assess the current performance of the education system) and fund pilot activities for better orientation and enhanced employability of youth.

Sub-Component 1.2. – Developing tools to better orient youth towards self-employment (0.2m euros)

36. **Self-employment is currently a short-term solution but could contribute more to income generation and to a certain extent to job creation.** Self-employment accounts for 39 percent of formal employment⁸ and has been growing over the past 10 years at a substantial rate compared to other size categories of firms. However, similar to many other emerging economies, very few tiny firms or own-account workers rarely transition to a larger size and hence does not contribute significantly to job creation. Evidence collected in 12 countries and 14,000 enterprises show that small firms die at an average rate of 8.2 percent per year⁹. Younger firms are much more likely to die: 17 percent of firms die in their first year, compared to only 4 percent of five- to six-year old firms dying in their next year. While many programs in Tunisia are encouraging youth to start their own business, this same study indicates that death rates are substantially higher for younger entrepreneurs than middle-aged owners. Businesses run by youth have an annual death rate of 30.4 percent for 15-19-year-olds and 22.8 percent for 20-24 year-olds.

37. **Youth needs to be adequately orientated to self-employment.** Currently in Tunisia, youth are commonly self-selecting themselves into self-employment without a rigorous evaluation by job counselors of their odds as an entrepreneur. To our knowledge, no tool has been developed so far to support job counselors in orientating youth towards wage employment or self-employment. A discriminant analysis could be used to separate these two profiles using easily measured variables, like ability measures, family background and entrepreneurial attitudes¹⁰. In Sri Lanka, the team was able to classify correctly about 80 percent of wage workers and SME owners using a set of variables and hence to separate wage workers from SME owners.

38. **The proposed activity is to support the ANETI and the YEI in developing a profiling tool for self-employment.** This activity will support data collection of ability measures, family background and non-cognitive skills for about 500 business owners and 500 wage workers. This activity will then enable a characterization of each group that will support the development of an orientation tool to self-employment. The Window will fund: (i) the firm survey to collect data; (ii) a consultant to analyze the data and build the discriminant analysis tool; and (iii) the dissemination of this tool to YEI stakeholders involved in the orientation of youth and ANETI job counsellors.

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1. ⁸ RNE (2017)
2. ⁹ McKenzie and Pauffhausen, 2019),

¹⁰ See De Mel et al. (2010), Who are the Microenterprise Owners? Evidence from Sri Lanka on Tokman versus De Soto

COMPONENT 2 – SUPPORT TO THE MODERNIZATION OF THE ANETI

Sub-component 2.1. – Digitalizing the ANETI

39. The ANETI has made substantial progress in providing online services to job seekers, such as registration and an easy access to online courses (OpenClassRooms). However, this is only the premises of a broader digitalization. The ANETI strategy Vision 2030 envisages various aspects of the digitalization, such as the dematerialization of administrative tasks and paperwork, a better integration of the various information systems, the design and development of an online employment office, a matching software to better integrate job offers with the skills of job seekers, etc.

40. The YEI project aims at financing the creation of an Integration Information System (IS) for a coordinated, agile and transparent implementation of Project activities along two dimensions: (i) supporting data exchange and increasing access to information, finances, and services among Project beneficiaries, and (ii) supporting monitoring and beneficiary engagement, from the initial outreach phase to the capturing of user feedback during implementation (beneficiary report card). Specifically, the following activities will be financed (list not exhaustive):

- (i) *The creation of a database* that will host beneficiary information and profiles (resulting from the jobs profiling), linked with tracking of their activities, progress, and outcomes.
- (ii) *The creation of a portal (“one stop shop”)* to facilitate interactions among beneficiaries, service providers, and Project’s relevant public organizations at both central and regional levels. This online portal will be made accessible through PCs or smart phones.

41. Some key aspects of the digitalization will be developed for both the ANETI digitalization project and YEI project following a diligent analysis of the needs and a convergence on the terms of references for an IS firm.

42. This sub-component aims at supporting the ANETI in designing and implementing its digitization process in line with the needs of both job seekers and enterprises, user management and the new nomenclature for jobs. Hence, the implementation of the digitalization process cannot be disentangled from a more global thinking on job seekers’ and enterprises’ support process, communication among units of the ANETI, etc.

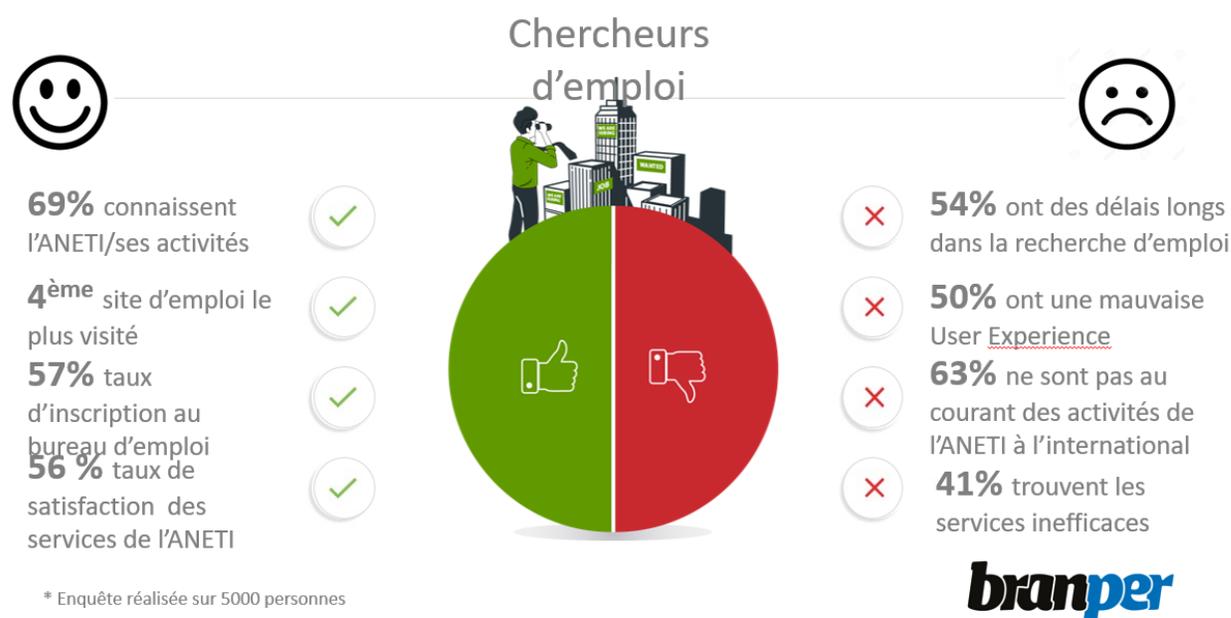
43. This sub-component will finance a technical assistance to the ANETI that will be in charge of: (i) aligning the proposed integrated information system on the process to support a job seekers; (ii) coordinating the development of the YEI and the ANETI systems to ensure a efficient use of public funds; (iii) supporting the ANETI in finalizing the terms of reference for all supplemental tasks (beyond the ones being funded by the YEI project); (iv) integrating the RTMC (Référentiel Tunisien des Métiers et Compétences) that was recently developed and provides a nomenclature of jobs as well as required skills for each of these jobs; (v) supporting the ANETI in implementing the digitalization process in due time and (vi) support the ANETI in developing a wide range of online courses and materials (for both job seekers and enterprises).

44. In addition, the RETF under this sub-component will finance: (i) the development of an updated ANETI portal and online services through the recruitment of a IS firm – the Recipient will try as much as possible to include some modules into the procurement for a IS firm being hired under the YEI project; and (ii) purchase of goods and small works (wiring if necessary) for local employment offices to ensure that these employment offices are able to fully reap out the benefits of a digitalization process.

Sub-Component 2.2. – Designing and piloting a model for a local employment office

45. **Services delivered to youth at a local employment office could be substantially improved.** As

indicated by the recent survey conducted by the ANETI, a large majority of job seekers experience unexpectedly long delays, have a bad user experience or find the services inefficient (see Figure below). The qualifications and professionalism of counsellors are relatively high. The daily time allocation of a job counselor is usually mostly focused on registering new job seekers in the office and ensuring the compliance of ALMP beneficiaries to operational manuals. Effectively job counselors have very little time (if none) allocated to counseling and orientating job seekers. As a result, the motivation of counselors is negatively affected, and they are progressively losing their expertise and are no longer specialized.



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Source : ANETI, Vision 2030

46. **An ideal employment office should be user-centered and user-friendly, whether the user is a job seeker, an enterprise or a partner in employment services.** The digitization process is a cornerstone of better services as theoretically it will lower the burden linked to administrative tasks for counselors, facilitate online registration (hence, also freeing up time for counselors) and offer high-quality online services to both job seekers and enterprises. However, this digitalization process needs to be accompanied by a broader reflection around the management of users (job seekers, enterprises and partners). An ideal employment office offers: (i) orientation sessions for job seekers to better define their professional project; (ii) an intensity of services in line with their distance to the labor market; (iii) a regular counseling and follow-up by job counselors; (iv) in the case of disadvantaged youth – further away from the labor market –, a more intensive counseling that could be done in part by partners (like NGO or private bureaus working in employability); (v) a service dedicated to enterprises, (vi) a specialization of its services in line with the local economy, and (vii) an inspiring space.

47. The World Bank is already involved in the definition of an ideal local employment office. This working group is led by the ANETI with technical inputs from ILO and World Bank.

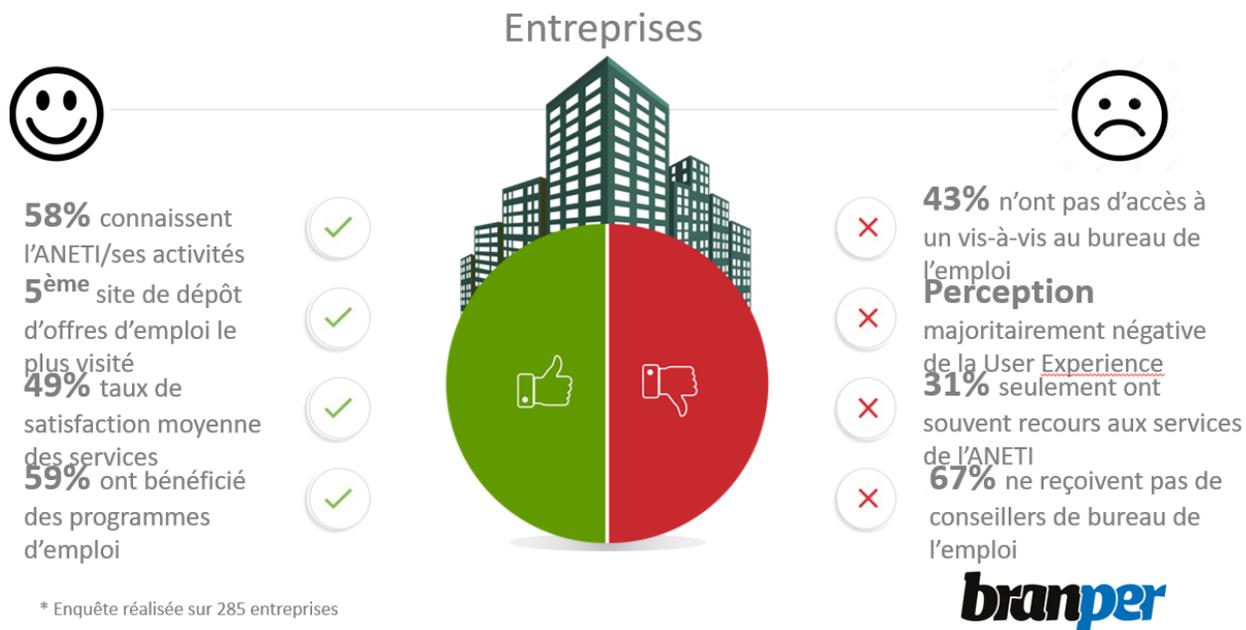
48. **This sub-component aims at supporting the ANETI in designing and piloting an ideal employment office to provide higher quality services to job seekers and enterprises while ensuring strong linkages with NGO and the local economy.**

49. This sub-component will finance a technical assistance to the definition of an ideal local employment office, a gap analysis for each employment office in the country, technical assistance to re-design employment offices in line with the existing buildings and the needs of the local economy, goods, equipment and small works to fully equip one or two employment offices. This sub-component will be

under both the RETF and the BETF (see annex for details).

Sub-Component 2.3. – Developing high-quality services for enterprises for more jobs and placement

50. **Services to enterprises are almost inexistent.** Indeed, 67 percent have not seen a job counselor in-house. Very few enterprises are posting job offers on the ANETI portal to find candidates, except for ALMP beneficiaries. While theoretically job counselors have the responsibility of interacting with the local private sector, in practice they do not have the time nor the qualifications to do so. An unit is present at the central level but mainly deal with demands from large clients. SME are thus in practice totally excluded from the services offered by the ANETI.



2.

Source : ANETI, Vision 2030

51. **A more structured offer to enterprises could increase the number of jobs offers as well as the number of jobs being created in the Tunisian economy.** The French National Employment agency (Pôle Emploi) has recently developed new offerings for SMEs on top of their offerings to job seekers: more visits to sensitize SME to Pôle Emploi, support to better define qualifications for a job position, support to identify the right media to publish the job offers, pre-selection of candidates, support to interview candidates and draft contracts. After 6 months, the impact evaluation shows that these new services have substantial impacts on job creation: a 30 percent increase in the number of published job offers, a 9 percent increase in the number of permanent contracts, + 48 worked days per year per firm on average, and no displacement effect on other types of contracts within treated firms (Algan et al., 2018). Evidence also suggests larger impacts within firms in markets whereby demands for jobs are high while job offers are low. According to the authors, the intervention is lowering recruitment costs for firms by transferring search and screening costs away from the firms. This may explain why there are larger impacts for markets where demands exceed offers: recruitment costs are higher in these markets because firms receive too many offers for one job.

52. **This sub-component aims at designing a wide range of services to enterprises to increase the number of jobs being created in the local economy and to enhance the penetration of the ANETI in the private sector sphere.**

53. This sub-component will finance (i) an analysis to understand in-depth the existing services to

enterprises, the needs of the private sector, a international benchmark of other national employment agencies and to suggest recommendations in the menu of services offered to enterprises; (ii) study tours in two national employment agencies that offer high quality services to enterprises; (iii) an operational manual for enterprise counselors; (iv) training of staff to deliver these services to enterprises; (v) follow-up and support for one year of implementation and (vi) sensitization to decent jobs within enterprises.

Sub-Component 2.3. – Supporting the outreach strategy and governance of the ANETI

54. The success of the ANETI modernization lies in its capacity to attract enterprises, high quality partners working in employability or self-employment but also other international partners (private companies for instance). There is also a need to rebuild the trust between the civil society and its government in terms of the quality of public services, government's transparency and its promise to deliver on the social contract. The ANETI is not exempted from this mistrust.

55. A better communication about the revamped services offered to job seekers will contribute to encouraging more job seekers to benefit from these services and increase their likelihood to find a job. It will also encourage enterprises to use more systematically the ANETI portal to post job offers but also to receive human resources consulting from the ANETI, hence contributing to job creation.

56. In parallel, the ANETI has the potential to become a leader in employment services and could provide technical assistance to other employment agencies and/or train job counselors. This service could generate a stream of revenues for the agency.

57. This sub-component aims at supporting the outreach strategy of the ANETI at the national level (to job seekers, enterprises, NGOs, public stakeholders) and at the international level (to private firms as well as other employment agencies). It also aims at improving the governance of the ANETI through a better monitoring and evaluation system.

58. This sub-component will finance: (i) a technical assistance in charge of piloting the ANETI strategy *Vision 2030* over the next 3 years; (ii) the design of a communication strategy at the national level; (iii) the implementation of this strategy for one year (starting at the launch of the communication strategy); (iv) the development of a business model for the ANETI; and (v) the design and implementation of a monitoring and evaluation system.

COMPONENT 3- PROJECT MANAGEMENT AND COORDINATION

59. **The World Bank will establish a project coordination unit to provide technical and managerial oversight of project implementation.** It will be responsible for designing and launching bids to select implementing firms and individual consultants. It will supervise implementation and prepare monitoring reports. This unit will include a task team leader to provide supervision and guidance as close as possible to implementation. He/she will be supported by other staff and key experts from the World Bank on specific technical matters and will receive support from the TF manager of the World Bank Group Tunis Country Office for trust fund administration and management. As regularly done for TFs, a back-up administrative team in DC will also assist the Tunis team in expediting TF administration and management procedures.

60. The BETF will provide funding for sound monitoring and evaluation of project implementation. At the start of the project, the coordination unit will undertake detailed baseline analyses that will help refine the selected result indicators and their targets and/or use existing datasets collected in the context of ANETI Vision 2030. The unit will then conduct regular surveys to monitor progress and undertake mid-term and final implementation performance assessments and impact evaluations. Drawing from international experience, dedicated methodologies will be developed to properly track job creation.

4. Implementation arrangements

5. Fiduciary and safeguards arrangements

61. **Both the BETF and RETF will follow the WBG fiduciary and safeguards policies and procedures.** Implementation partners under the RETF will be subject to the standard due diligence of the WBG. As standard procedure for all WBG projects, the WBG fiduciary team will monitor financial management and procurement performance of implementing partners. The WBG environmental and social safeguards will apply to all activities under the RETF and safeguards instruments will be developed and approved before the signing of Grant Agreements with implementing partners.

6. Governance Arrangements

7. Overall Risk Rating and Explanation of Key Risks

ANNEX 1 – EXTRACT OF THE CONVENTION SIGNED BETWEEN THE DELEGATION OF THE EUROPEAN UNION AND THE MDICI

1. DESCRIPTION DE L'ACTION

1.1. Objectifs/Résultats

- **Objectif général**

Contribuer à l'amélioration de l'inclusion économique, sociale et politique des jeunes tunisien(ne)s les plus défavorisés à travers une approche de développement local en Tunisie et plus particulièrement dans les régions ciblées.

- **Objectifs spécifiques (OS)**

- **OS1 – Renforcer l'inclusion des jeunes tunisien(ne)s par l'amélioration de l'employabilité, la création d'emplois décents, et le soutien à l'entreprenariat des jeunes en Tunisie et plus particulièrement dans les régions ciblées**

R1.1 - Le secteur privé contribue à l'amélioration et à la mise en place de projets de développement économiques durable dans des filières porteuses d'emploi pour les jeunes ;

R1.2. – Le soutien au secteur de l'économie sociale et solidarité contribue à la création d'emploi et à la structuration des acteurs dans les régions ciblées ;

R1.3. – La gouvernance et la qualité du système éducatif sont améliorées ;

R1.4 – L'efficacité des services d'intermédiation sur le marché de l'emploi est améliorée en concertation entre les acteurs privés et publics ;

R.1.5 – Des mesures pour l'amélioration de l'employabilité des jeunes sont mises en place à travers le renforcement de l'esprit de créativité et le soutien aux post doctorants.

- **OS2 – Renforcer l'inclusion des jeunes tunisien(ne)s à travers la création, l'accès à la culture et au sport au niveau local**

(...)

- **OS3 – Renforcer l'inclusion des jeunes et des questions liées à la jeunesse dans la conception et la mise en œuvre des politiques publiques au niveau national et local**

(...)

1.2. Principales activités

Les activités seront menées principalement dans des régions ou localités avec une population jeune vulnérable, à identifier dans la phase de démarrage. Les activités identifiées veilleront dans la mesure du possible à l'inclusion de mesures de conciliation familiale (congé maternité, horaire flexible, crèches, quotas dans les entreprises privées), en faveur de jeunes handicapés ainsi qu'à promouvoir un changement de mentalité et la rupture des stéréotypes de genres défavorables aux femmes, qui pourrait contribuer à améliorer la participation des jeunes femmes dans le marché du travail. Les activités veilleront également à l'inclusion des mesures pour promouvoir la participation des femmes dans la vie citoyenne.

Objectif spécifique 1

(...)

R.1.3 – La gouvernance et la qualité du système éducatif sont améliorées

- Evaluer le système de gouvernance actuel et la qualité de mise en œuvre de différentes réformes annoncées ;
- Conduire des évaluations des politiques publiques d'éducation et de formation professionnelle et délivrer des recommandations stratégiques pour améliorer l'adéquation entre l'offre et la demande ;
- Accompagner les acteurs (écoles, familles, universités, centres de formations, secteur privé) à concevoir un modèle de gouvernance (au niveau central, intermédiaire et local de l'établissement) qui assure une meilleure qualité et efficacité du système éducatif ;
- Accompagner le dialogue entre les différents acteurs dans la conception d'un système éducatif flexible avec la création des passerelles permettant à l'apprenant de cumuler les compétences et de construire un parcours éducatif librement choisi.

R.1.4 – L'efficacité des services d'intermédiation sur le marché de l'emploi est améliorée en concertation entre les acteurs privés et publics

- Développer les services dédiés aux entreprises en leur offrant une assistance dans leurs recrutements, et en les accompagnant dans l'identification de leurs besoins en compétences ;
- Développer un référentiel métier pour faciliter l'adéquation entre l'offre et la demande d'emploi et rendre intelligible la demande et l'offre des compétences pour toutes les intervenantes et tous les intervenants sur le marché du travail ;
- Mettre en place un système de profilage des demandeurs d'emplois pour permettre un accompagnement personnalisé et efficace ;
- Développer le partenariat des services publics d'emploi avec les associations et les agences privées pour une meilleure prestation des services d'accompagnement personnalisé des demandeurs d'emploi et des créateurs de projets ;
- Accompagner la réflexion autour de la réforme de la législation du travail et les conditions de travail.

(...)

ANNEX 2 – PROCUREMENT ARRANGEMENTS

This table does not include the World Bank staff.

	Category of procurement	Estimated amount	BETF or RETF
Sub-component 1.1.	Individual consultants	650,000	BETF
	Goods	100,000	BETF
Sub-component 1.2.	Survey firm (consulting services)	120,000	BETF
	Individual consultants	80,000	BETF
Subcomponent 2.1.	Technical assistance to the design and implementation of the digitalization (consulting services) Individual consultants	1,000,000	BETF
	SI firm (non-consulting services)	500,000	RETF
	Goods	2,250,000	RETF
Subcomponent 2.2.	Individual consultants	300,000	BETF
	Goods, equipment	400,000	RETF
	Possible small works	400,000	RETF
Sub-component 2.3.	Individual consultants	500,000	BETF
	Study tours	50,000	BETF
	Goods, Equipment	200,000	RETF
Sub-component 2.4	International workshop for pan-African employment agencies	100,000	BETF
	Communication firm (consulting services)	300,000	BETF
	Communication and sensitization firm (non-consulting services)	760,000	RETF
	Individuals consultants	180,000	BETF
	Coordination TA	1,000,000	BETF

World Bank staff for technical assistance, coordination and monitoring – Per year in euros

	Number of weeks	Rate	Amount
Team leader	12	4800	57,600
Technical staff	10	2000	16,000
Procurement support	6	1500	9,000
Reporting, coordination and communication			50,000
Event support	6	800	4,800
2 punctual experts	3	5800	34,800
Travel expenditures (x4)	4	7500	30,000
YEARLY TOTAL			202,200
TOTAL BUDGET	3.5 years		707,700

ANNEX 3 – BUDGET

	BETF	RETF	Total
Component 1 - IMPROVE UPSTREAM PROCESSES FOR INCREASED EMPLOYABILITY OF YOUTH	950,000	0	950,000
Component 1.1 - Improving the governance and the quality of the educational system	750,000		750,000
Component 1.2. - Developing tools to better orient youth towards self-employment	200,000		200,000
Component 2 - SUPPORT TO THE MODERNIZATION OF THE ANETI	3,430,000	4,510,000	7,940,000
Component 2.1 – Digitalizing the ANETI	1,000,000	2,750,000	4,750,000
Component 2.2 – Designing and piloting a model for a local employment office	300,000	800,000	1,100,000
Component 2.3 – Developing high-quality services for enterprises for more jobs and placements	550,000	200,000	750,000
Component 2.4 – Supporting its outreach strategy	1,580,000	760,000	1,340,000
Component 3 - MONITORING, EVALUATION & COORDINATION (3.5 years)	707,700		707,700
World Bank Fees (5 % for RETF)	243,000		243,000
TOTAL	5,330,700	4,510,000	9,840,700
Remaining	159,300		