

*Thematic global evaluation of European
Commission support in the sectors of ESI
(employment and social inclusion) in partner
countries (including vocational training)*

Final Report

Volume 3

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Evaluation for the European Commission





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Framework contract for
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**LOT 5:
Evaluation of EC main policies and strategies in the areas of
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**Thematic global evaluation of
European Commission support in the
sectors of ESI (employment and social
inclusion) in partner countries
(including vocational training)**

**FINAL REPORT
Vol. 3 :
Country notes**

September 2011

This evaluation was carried out by



Development
Researchers'
Network

The evaluation was managed by the Evaluation Unit of DG DEVCO.

The authors accept sole responsibility for this report, drawn up on behalf of the Commission of the European Communities. The report does not necessarily reflect the views of the Commission

TABLE OF CONTENTS

ANNEX 9: JORDAN COUNTRY NOTE	2
ANNEX 10: JAMAICA COUNTRY NOTE	48
ANNEX 11: VIETNAM COUNTRY NOTE	72
ANNEX 12: UKRAINE COUNTRY NOTE	101
ANNEX 13: SOUTH AFRICA COUNTRY NOTE.....	128
ANNEX 14: MOROCCO COUNTRY NOTE	166

INTRODUCTION

The countries visited in the field phase belong to the group of 20 countries proposed in the Inception Note. They are as follows: Jordan, Jamaica, Vietnam, Ukraine, South Africa and Morocco. These countries were selected since

- ✓ representative of the overall EC intervention logic (IL) on ESI related support at global policy level;
- ✓ representative of the different EC ILs on ESI related support at regional level;
- ✓ have different policy dialogue frameworks and different aid approaches and modalities

The field phase has three main objectives:

- ✓ To collect data to answer the agreed evaluation questions.
- ✓ To evaluate eventual hypothesis formulated at the end of the desk phase.
- ✓ To assess if there is need for further research and interviews to prepare the synthesis.

The Desk Report specified the Evaluation Questions (EQs), Judgment Criteria (JC) and indicators which were utilized to achieve the objectives of the evaluation during the field visit.

Response to each EQ was obtained using several JCs and a number of corresponding indicators selectively and pragmatically.

The guidelines obtained from the Desk Report were reinforced by the report of an advanced global survey of EC Delegations and National Counterparts.

Consultations with the RG members provided further guidance on the EQs based on the survey results.

During the field visit, a power point presentation (print-out distributed) based on the check list provided in the DRN guidelines enabled intensive consultations with national counterparts, government agencies, non-state sectors & the donor community.

The field work commenced with a brain storming session with the EC Delegation staff and concluded with a debriefing with them which enabled the refining and fine-tuning of the findings and conclusions.

Interviews were the main method to collect information. Individual interviews or group interviews with a limited number of people from the same category (i.e. EC delegation staff, project staff) were organised. Interviews aimed

- ✓ to appreciate the perceptions of the results and relevance of the EC cooperation strategy to country/sector, and the efficiency of the implementation mechanisms;
- ✓ to understand internal and external mechanisms of coordination and communication;
- ✓ to validate, review, complete the outputs of the desk phase.

Each country-study note is articulated as follows:

1. Introduction
2. Main socio-economic data and situation concerning DWA and CLS
3. Synthesis of EC policy and interventions in the ESI Sector
4. Field Findings: the consolidated results deriving from Evaluation Questions
5. Overall assessment.

ANNEX 9: JORDAN COUNTRY NOTE

TABLE OF CONTENTS

Contents

0	INTRODUCTION.....	4
1	CONTEXT IN WHICH THE EC INTERVENES	4
1.1	LABOUR MARKET CHARACTERISTICS	6
1.2	TRADE AGREEMENTS.....	8
1.3	RELATED GOVERNMENT POLICIES.....	9
1.4	INSTITUTIONAL FRAMEWORK	9
2	ESI RELATED COOPERATION FRAMEWORK.....	10
2.1	EC STRATEGY AND COOPERATION.....	10
2.2	EC RELEVANT ESI INTERVENTIONS.....	11
2.3	OTHER DONORS.....	12
3	FIELD FINDINGS.....	13
	CONCLUSIONS.....	32
	ANNEX I- LIST OF CONSULTED STAKEHOLDERS	35
	ANNEX II - LIST OF DOCUMENTS CONSULTED	38
	ANNEX III - TABLE OF EC PROJECTS INCLUDED IN THE FIELD VISIT.....	42
	ANNEX IV - TABLE OF OTHER DONORS MAIN INTERVENTIONS.....	44
	ANNEX V- DONORS 'COOERDINATION MATRIX	46
	ANNEX VI- STRUCTURE OF E-TVET COUNCIL: JORDAN 2008	47

ACRONYMS

AZESA	AQABA SPECIAL ECONOMIC ZONE
BST	BUSINESS SERVICE TEAM
CIDA	CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
CSS	CENTRE FOR STRATEGIC STUDIES (UNIVERSITY OF JORDAN)
DLCG	DONOR/LENDER CONSULTATION GROUP
EJADA	EURO JORDANIAN ACTION FOR DEVELOPMENT OF ENTERPRISE
EC	EUROPEAN COMMISSION
EMP	EURO MEDITERRANEAN PROGRAMME
ENP	EUROPEAN NEIGHBOURHOOD POLICY
ETF	EUROPEAN TRAINING FOUNDATION
E-TVET	EMPLOYMENT-TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING
EU	EUROPEAN UNION
FDA	THE FAMILY DEVELOPMENT ASSOCIATION
FDI	FOREIGN DIRECT INVESTMENT
FNF	FRIEDRICH NAUMANN FOUNDATION
GATS	GENERAL AGREEMENT ON TRADE IN SERVICES
GDP	GROSS DOMESTIC PRODUCT
GTZ	GERMAN INTERNATIONAL COOPERATION AGENCY
IMP	INDUSTRIAL MORDANISATION PROGRAMME
JEDCO	JORDAN ENTERPRISE DEVELOPMENT CORPORATION
JICA	JAPAN INTERNATIONAL COOPERATION AGENCY
JSMP	JORDAN SERVICES MORDENISATION PROGRAMME
JUMP	JORDAN UPGRADING AND MORDENISATION PROGRAMME
MoL	MINISTRY OF LABOUR
MoPIC	MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION
NCHRD	NATIONAL CENTRE FOR HUMAN RESOURCES DEVELOPMENT
NIP	NATIONAL INDICATIVE PROGRAMME
OECD	ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT
PALD	POVERTY ALLEVIATION THROUGH LOCAL DEVELOPMENT
PAMD	POVERTY ALLEVIATION THROUGH MUNICIPAL DEVELOPMENT
QIZ	QUALIFIED ADJUSTMENT FACILITY
ROM	RESULT-ORIENTED MONITORING
SAF	STRUCTURAL ADJUSTMENT FACILITY
SSC	SOCIAL SECURITY CORPORATION
TVET	TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING
US	UNITED STATES
USAID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
WB	WORLD BANK
WTO	WORLD TRADE ORGANIZATION

0 INTRODUCTION

The field visit to Jordan was undertaken during 1-7 May 2010

The field work commenced with a brain storming session with the EC Delegation staff and concluded with a debriefing with them which enabled the refining and fine-tuning of the findings and conclusions. The successful completion of the short, but highly ambitious field visit agenda was possible due to the effective coordination with the EU Delegation in Amman and the crucial logistical support provided by the local support institution.

In between the two formal meetings at the Delegation, the continuous daily consultations with Abel Piqueras, designated as the Task Manager by the Delegation for this entire exercise and his tireless and dedicated efforts in providing the Team with an enormous supply of information and advice is most gratefully acknowledged.

1 CONTEXT IN WHICH THE EC INTERVENES

GDP growth averaged 6% during 2000-2005 fuelled by a boom in FDI and growth in exports creating around 44,500 new jobs per year but paradoxically, the Jordanian unemployment rate remained unchanged at around 14% over the years simply because 63% of the newly-created jobs were filled by foreign workers (Figure 1).¹

As a result of this trend, Jordan's economy relies on the services of 300,000 foreign workers despite 175,000 Jordanians remaining unemployed in 2005².

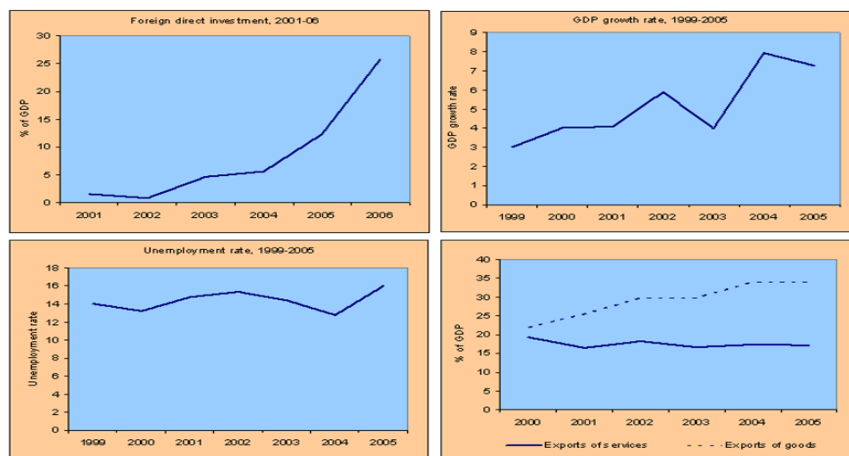
From 2000 to 2005, the manufacturing and Construction sectors took the lead in job creation but the majority of these jobs were filled by foreign workers while the number of Jordanians employed in these sectors actually declined. Significant numbers of jobs for Jordanians were created in education, health and wholesale and retail trade sectors.³

FIGURE 1 TRENDS IN FDI, GDP, GROWTH, EXPORTS AND UNEMPLOYMENT: JORDAN, 1999-2006

¹ FDI jumped from \$53m in 2002 to \$2.2 billion in 2006, exports to the EU, US and the Arab countries respectively grew by 21, 78 and 21 % per year during the same period (EGEval II/ Euraval & To-Excel: *Evaluation of the European Union Commission's support to the Hashemite Kingdom of Jordan*, Draft Final Report, Vol.1-Overall Assessment, June 2007, P.21 and World Bank, Hashemite Kingdom of Jordan: Resolving Jordan's labour market paradox of concurrent economic growth and high unemployment, report No. 39201-JO Social and Economic Development Group, Middle East & North Africa Region (Washington D.C., World Bank, December 23, 2008, P.i).

² World Bank, op.cit., p.ii

³ World Bank, op.cit, P.21



Source: World Bank 2008

Vulnerability to external shocks

The most striking feature of the Jordanian economy is its vulnerability to five sources of external shocks.

- Its precarious geographical location amid countries that have been conflict zones for generations - Israel and the Palestinian Territories to the west, Iraq and Saudi Arabia to the east, and Syria and Lebanon to the north - guarantees that Jordan will be vulnerable for the foreseeable future.⁴ Approximately 1.7 million registered Palestinian refugees and other displaced persons reside in Jordan (a country with 5.6 million inhabitants) many as citizens. Moreover, The Iraq war caused additional inflow of 0.7 million refugees in 2004-06.⁵
- Jordan's FDI inflow jumped from JD 52.8 million in 2002 to JD 2.2 billion in 2006 accounting over 20% Jordan's GDP, with 80% of the FDI pouring in from the Arab Gulf Countries.⁶
- Remittances from the 350,000 Jordanian workers abroad account for more than a fifth of the country's GDP making Jordan rank sixth among the ten most remittance-dependent countries.⁷
- Jordan experienced an export-led growth (Figure 1) when growth of exports have grown annually at the rate of 21%, 78% and 21% over the last five years respectively to the EU, the US and the Arab countries.⁸
- Foreign workers (around 350,000) account for 20% of the Jordanian labour force.⁹

Jordan and the US assigned the Qualified Industrial Zone (QIZ) Agreement which gives free access to US market of goods produced in approved enclaves in Jordan on condition that the exports have at least 8 % Israeli content, 11.7% Jordanian content, and a total amount from Israel, Jordan, West Bank and Gaza and the US of at least 35%.

⁴ Solidarity Centre: *Justice for all: The struggle for worker rights in Jordan, A report by the Solidarity Centre* (Washington DC, Solidarity Centre, 2006), P.8

⁵ EG EVAL II / Eureval & To Excel: Draft Final Report, op.cit, P.4

⁶ World Bank: *Resolving Jordan's labour market paradox of concurrent economic growth and high unemployment*, op.cit; Saif, I and D. M. Debortolo: *The Iraq war's impact on growth and inflation in Jordan*, Centre for Strategic Studies, (Amman, University of Jordan, 2007)

⁷ Solidarity Centre, op.cit, P.8; World bank, op.cit

⁸ EG EVAL II / Eureval & To Excel, op.cit, P.21

⁹ E-TVET Council, op.cit, P.10

Foreign textile and apparel manufacturers seized the opportunity to invest in QIZ to circumvent their export quota restrictions. As a result the share of QIZ exports in Jordan's total export rose to 28% in 2005. Creating 54,000 new jobs, only a third of which were filled by the Jordanian since the entire QIZ output is exported to the US by transportation through Israel, no indirect employment is created in Jordan through the forward linkages.¹⁰

Unemployment is a phenomenon of youth, both in the %age of total unemployed and in the unemployment rate of youths.¹¹ It is estimated that the size of the informal sector workless is about 250,000.¹²

1.1 Labour market characteristics

About 75% of all workers are engaged in services, 21.7% in industry and 3.5% in agriculture.¹³ Private sector employment accounts for 61% of total employment.¹⁴

The overwhelming majority of enterprises are small: 94% have 4 or fewer workers and account for one-half of Jordanian's total workforce.¹⁵

Only 12% of the female above the age of 15 are economically active compared to 63% of the males.¹⁶

Working age (15-64 years) population of 2.97 million (55% of the total population of 5.4 million) participate in the labour force (2004). As a result one economically active Jordanian supports 4 non-active individuals.¹⁷ The labour force is growing at 4% per year.¹⁸

Gender imbalance in labour market

While 64% males participate in labour force, a meager 12% women do so. More glaringly, unemployment rate for women (26%) is twice as high as that of the men.¹⁹

Youth unemployment

Jordanian unemployment is a phenomenon of youth, both in %age of the unemployed and in unemployment rates.²⁰ Over one-quarter of the youth (15-24 years of age) were unemployed in 2004.²¹

The average annual growth rate of the labour force (4%) far exceeds the growth rate in Jordanian population. Jordan is one of the better performing countries of the region in terms of the life expectancy at birth (72 years), adult literacy (91%), access to basic services

¹⁰ Razzaz, Susan & Farrukh Iqbal: *Job growth without unemployment reduction: The experience of Jordan* (World Bank Washington DC, April 10, 2008)

¹¹ World Bank, op.cit, P.7

¹² E-TVET Council, op.cit,P.10

¹³ European Training Foundation (ETF): *Technical & vocational education & training in Jordan: Areas for Development Coordination* (Turin, Italy, ETF, 2006)

¹⁴ ETF, P.17

¹⁵ ETF, P.13

¹⁶ ETF, P.8

¹⁷ ETF, P.16

¹⁸ ETF, P.17

¹⁹ World Bank, op.cit, P.10

²⁰ World Bank, P.7

²¹ ETF, P.18

and education enrollment rates (91% at primary school, 80% at secondary and 30%, at tertiary level, respectively) which is close to other countries at similar income level.²²

It is obvious that the current unemployment of Jordanians is not on account of scarcity of jobs but due to a mismatch between the available jobs and the job preferences of unemployed Jordanians.

Three types of mismatches explain the simultaneous existence of increasing labour demand and sustained high unemployment in Jordan. These are (a) geography, (b) employability and (c) worker expectations.

1. **Geography:** New jobs are created away from where the unemployed workers reside. With about 85% of the nation's economic production concentrated in the country's capital city, it is little surprising that 65% of the jobs created between 2000 and 2004 were in Amman even though only 40 % of the unemployed population reside there.²³
The 60% of the unemployed scattered outside Amman are unable to respond to the job offers in the capital city area due to low mobility among working age Jordanians. This is particularly acute for women workers as distance was cited as the most important reason for unemployed women rejecting emerging job offers.²⁴
2. **Employability skills:** Despite the lack of any differences in education, vocational training and work experience between Jordanian and foreign workers, employers prefer foreign workers because of their "employability skills" which according to a survey of employers means better workplace behaviour - effort, responsibility, attendance and flexibility. The survey also reveals that Jordanian workers are more expensive both per unit of time and per unit of output.²⁵
3. **Expectations:** The most significant mismatch is believed to be between the high expectations of the unemployed and the prevailing low wages of prevailing jobs. The most common explanation of the "*culture of shame*" essentially implies that currently available jobs with wages that erode living standards, provides no job **security and requires work at unacceptable hours are not worth taking.**²⁶

Figure 2 Unemployed Jordanians who would accept one of the commonly available jobs at prevailing wages ^a (Share of the unemployment in percentage)

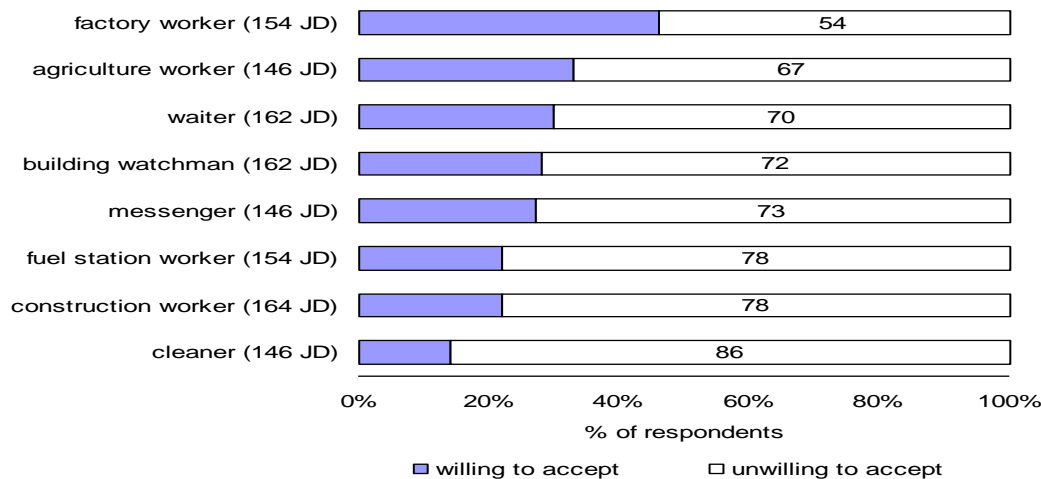
²² EG Eval II / Eureval & To Excel: *Evaluation of European Commission's Support to the Hashemite Kingdom of Jordan*, Desk Report, Evaluation for the EC, Version 2.1, January 25, 2007

²³ World Bank, op.cit, P.iii

²⁴ World Bank, op.cit, P.14

²⁵ Center for Strategic Studies: *Study on employment in Jordan: Replacement of Foreign labour*, Economic Studies Unit, Jordan University, September 2006. <http://www.jcss.org/UploadEvents/18.pdf>

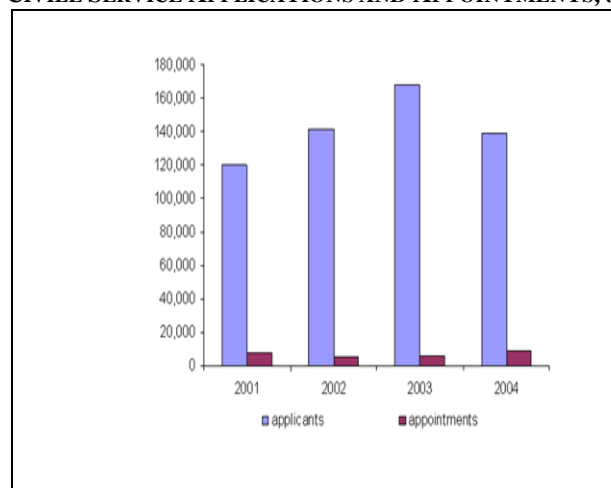
²⁶ World Bank, op.cit, p.iv



Source: World Bank, *op.cit.* p.19, Figure 2.5

This is confirmed by a survey of the unemployed Jordanians who when asked about their willingness to accept jobs from a list of commonly available jobs at prevailing wages, majority did not want to work in the existing jobs with the %age of the unemployed refusing several of the jobs astonishingly ranged from 67 % to 86 % (Figure 2).

FIGURE 3 CIVILE SERVICE APPLICATIONS AND APPOINTMENTS, JORDAN, 2001-2004



Source: World Bank, *op.cit.*

Many of the unemployed who have high expectations of a comfortable, secure Government job are disillusioned because actual recruitment into the Civil Service is consistently a fraction of the number of applicants accepted by the Civil Service Bureau. For instance, nearly, 140,000 applications were accepted when the recruitment was less than 9,000 in 2004 (Figure 3).

More than 3 out of every 4 unemployed Jordanians live with their relatively wealthy households as only 1 out of every 4 unemployed belong to the

household from the lowest expenditure quintile.²⁷

1.2 Trade Agreements

Jordan has signed regional and international trading agreements. Among these; the free trade agreement (FTA) under the Euro-Med Partnership signed with the EU, FTAs with the USA, Turkey, Canada, Singapore, Malaysia, Algeria, Libya, Jordan, and Syria. Jordan is a member of the Agadir Agreement (FTA between Tunisia, Jordan, Egypt, and Morocco), the FTA with EFTA20 and the Greater Arab Free Trade Area (GAFTA) agreement.

²⁷ World Bank, P.50

1.3 Related government policies

In 2001, Jordan Launched the Social and Economic Transformation Programme (SETP) initiative to develop human resources, improve the equity, quality and efficiency of public services, and provide support for rural areas. A new set of reforms for the three years 2004-2006 was launched through the National Social and Economic Plan (NSEP) to contribute to poverty alleviation and achieve sustainable socioeconomic progress to address regional and governorate disparities.

In relation to TVET, there is no single TVET sector within government, and no single body leading TVET. There are three related sub-sectoral councils; Higher Education, Board of Education and Employment, and TVET Council as well as Vocational Training Centers (VTCs). The TVET Council has contributed to the establishment of the TVET Support Fund and the National Teacher Training Institute (NTTI). However, the National Agenda stressed on the need to place employment at the centre of the training agenda, as well as to restructure TVET governance. Accordingly, an Employment and TVET Council (E-TVET) was established in 2008 with two-thirds majority participation of private sector.

Jordan implemented the first Decent Work Country Programme of the Arab region, which ended in December 2009. The first phase focused on policy initiatives (e.g. development of a national employment policy, assessment of the legal and regulatory framework for SMEs, labour law reform), capacity building for the tripartite constituents and relevant stakeholders, and the promotion of social dialogue.

Jordan ratified a total of 23 ILO Conventions, including seven of the eight fundamental Conventions: C29 "*Forced Labour Convention*", 1930; c98 "*Right to Organize and Collective Bargaining Convention*", 1949; C100 "*Equal Remuneration Convention*", 1951; C105 "*Abolition of Forced Labour Convention*", 1957; C111 "*Discrimination (Employment and Occupation) Convention*" 1958; C138 "*Minimum Age Convention*", 1973; and C182 "*Worst Forms of Child Labour Convention*", 1999.

1.4 Institutional Framework

The Ministry of Planning and International Cooperation (MoPIC) of Jordan is the body in charge of national planning and donor coordination. There are various public institutions concerned with the formulation and implementation of employment policy in Jordan. These institutions can be classified at three levels:

- high-level advisory boards for policy orientation such as the Higher Education Council, Board of Education and E-TVET Council;
- regulatory ministries at national level such as ministries of Labour, Higher Education and Scientific Research and Education;
- execution agencies mostly working at local levels such as the vocational training centers and community colleges.

The MoL is the main institution regulating the labour market. It has little control or coordination of economic and sectoral policies which affect the labour market. Public employment services exist in Jordan, and are affiliated to the MoL. The Ministry has a network of 22 labour offices that are sparsely located and inadequately equipped. They are mainly responsible for the collection and tabulation of data and the issuing of work permits to foreign workers (ETF, 2006). A tripartite committee representing labour (trade union), employers and government was established recently.

2 ESI RELATED COOPERATION FRAMEWORK

2.1 EC Strategy and cooperation

The overall political framework of the EU-Jordan relations is based on the **European Neighbourhood Policy (ENP)**²⁸. The ENP was launched in 2004; with the objective of strengthening closer political ties and moving towards economic integration with the 16 neighbouring countries²⁹. The EU-Jordan Action Plan implements the ENP in Jordan. **The Action Plan** encompasses an ambitious agenda in the political, social and economic fields, designed to move Jordan closer to a set of shared values with the EU. The document outlines a set of priorities and focus on: enhanced political dialogue and reform; economic and social reform development, trade related issue, market and regulatory reform; cooperation in justice and home affairs, transports and new communication technologies. In relation to the TVET, the Jordan-EU Action Plan included support: (i) developing and implementing a vocational training programme'; (ii) enhancing the quality and capacity of institutions and organizations involved in the quality assurance of education and training provision; address accreditation and licensing procedures'; (iii) 'increase the involvement of civil society stakeholders and social partners in higher education and TVET reform'.

EU-Jordan relations are further institutionalised by the **EU-Jordan Association Agreement**³⁰ which came into force in May 2002. The main objectives of the Agreement encompasses: closer political relations, progressive trade liberalisation, balanced economic and social relations; improved living and employment conditions; enhanced regional cooperation. The Agreement refers to vocational training and education in particular with regard to the public and private enterprises; trade-related services and public administration. Job creation is also mentioned in art. 82 'Social cooperation' when specifying that priority will be given to job creation and the development of training particularly in areas with high emigration rates.

The current EU cooperation strategy in Jordan is spelled out in the **Jordan Country Strategy Paper (CSP) 2007-2013** which identifies EU cooperation objectives and strategic response in line with Jordan's National Agenda and the ENP Action Plan. The EU together with the Jordanian authorities has defined four main priority objectives: (i) political reform and good governance; (ii) trade and investment development; (iii) sustainability of the development process; (iv) institution building, financial stability and support to regulatory approximation. The strategic objective 3 '*Sustainability of the development process*' focuses on the development of education and employment strategies. Job creation is central to reduce poverty and inequality, reducing social tensions and ensuring the support of Jordanian population to the reform process. Moreover, the CSP specifies six main challenges to be tackled: democratisation, macro-economic stability, reduction of the unemployment rate and increase in women participation to the labour market, lack of effective export and investment strategies, low efficiency and effectiveness in the management of infrastructure.

The European neighbourhood and Partnership Instrument (ENPI) financial envelope under the **National Indicative Programme (NIP) 2007-2010** amounts for 265 M€. The NIP is geared towards supporting the EC response to the four above-mentioned priorities. For the

²⁸ COM (2004) 370 Communication from the Commission European Neighborhood Policy Strategy Paper {SEC (2004)(570)}.

²⁹ ENP framework is adopted in 16 neighbouring countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt; Georgia, Jordan, Lebanon, Libya, Moldova, Morocco; Occupied Palestinian Territories, Syria, Tunisia and Ukraine.

³⁰ L 129/4 Euro-Mediterranean Agreement establishing an association between the European Union of the one part and the Hashemite Kingdom of Jordan, of the other part.

period 2011-2013, the EU proposed to allocate 223 M€ under the ENPI bilateral envelope. This is an average of 74.33 M€ a year, which represents an increase of over 12% from the ENPI for the period 2007-2010.

A review of the implementation of CSP found that important lessons could be learned. The disbursement level of the financial assistance is high, budget support has been applied successfully and donor coordination has increased. Budget support corresponds to 50% of the total allocation. Both budget support and twinning have been applied successfully to the satisfaction of the Government of Jordan, namely in the education system reform and services modernisation programme. Also, there is a need to move from partial decentralization to substantial decentralization, provided that the EU financial management requirements in this field are satisfied.

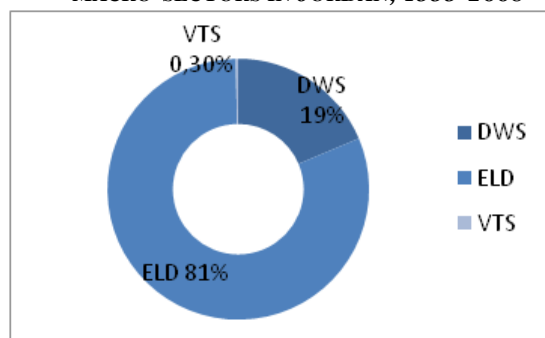
2.2 EC relevant ESI Interventions

As mentioned, the EU assistance for 2007-2013 focused on political reform and good governance, trade and investment development, sustainability of the development process, and institution building, financial stability and support to regulatory approximation. According to the NIP 2007-2010, 16.2% of the total budget was allocated to the support of education and employment policy.

The EC also supported private sector development programmes such as the Business Service Team (BST), Enterprise Development (EJADA), Jordan Industry Modernization Programme (JUMP) and Jordan Services Modernization Programme in line with one of the expected result of priority two 'progress towards the National Agenda's target for 2012 with SMEs contributing 40% to employment.

In the period 1999-2008, the committed funds allocated to ESI sectors amounted to 166.3 M€. The sectoral distribution of the EC funding have been articulated into the

FIGURE 4: EC COOPERATION IN ESI SECTORS BY MACRO-SECTORS IN JORDAN, 1999-2008



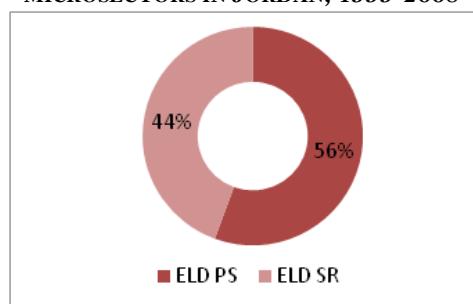
Source: Own elaboration

related to interventions in private sector development, namely SME development, industrial modernization and support to export development. The funds allocation was in line with the CSP and NIP (2002-2006) which identify as one of the key priority areas: trade enhancement and direct support to SMEs. The projects related to DWS sector amount to 31 M€. The most important project amounting to 30 M€ targeted poverty reduction through sustainable development and it was financed through budget support mechanism.

three main areas (i) Employment and Labour Demand (ELD), (ii) Vocational Training and Active Labour Demand (VTS) and (iii) Decent work, Social Cohesion and Labour Market Governance (DWS).

In the period 1999-2008, the focus of EC funding in the area of ESI in Jordan was ELD. This macrosector constitutes more than 81% of EU assistance and the overall budget committed account for 134.8 M€. The majority of projects included in this macro-sector were

FIGURE 5: ELD DISTRIBUTION BY MICROSECTORS IN JORDAN, 1999-2008



Source: Own elaboration

In the area of VTS, a minor share of resources has been allocated to sectoral training and policies and programmes aimed at developing technical and vocational education system. In line with the Jordan's *National Agenda Reform (2005)*, the NIP 2007-2010 identifies the support to education and employment policy as one of the priority. Special attention has been given to the reform of the Technical and vocational education training (TVET). The indicative budget foreseen for this priority amounted at 43 M€. In terms of microsectoral distribution, 56% of ELD interventions have been committed to areas of Private Sector Development (PS), while the remaining to Structural Reform (SR) through General Budget Support. In line with the preliminary finding of the desk report, the budget commitment of the EC in Jordan focused on three microsectors: poverty reduction, private sector and structural reform, while areas like labour governance relating to core labour standard and measures targeting social dialogue were marginal.

2.3 Other donors

For the period considered 1999-2008, the support to ESI sectors from donors other than the EC in Jordan reached 561.2 M€. The EU member states represent less than 3% of the total amount with Spain, German and Italy as the most active EU bilateral donors. Spain is the most important donors since its contribution amounted almost to 9 M€, while Germany reaches more than 2.6 M€.

The World Bank Group has provided more than 10% of total aid, namely in the area of private sector development and tourism promotion. Furthermore; the World Bank supports the E-TVET sector reform through a project called Jordan Employer Driven Skills Development. The project covers four components (i) E-TVET Council Development, (ii) Vocational Training Cooperation (VTC) Reform and (iii) the Employment Driven Training Fund (TEF).

Among the other International Financial Institutions; the EIB has provided about 12% of total amount. EIB has financed three projects relating to private sector development namely to the

TABLE 1: OTHER DONORS SELECTED COOPERATION IN ESI SECTORS, 1999-2008

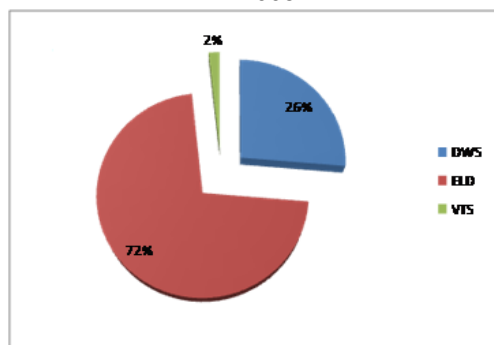
Donors	Total Amount	% of Total Amount
EUMS	14,853,753.72	2.65%
Belgium	35,391.84	0.01%
Denmark	348,242.21	0.06%
France	70,938.89	0.01%
Germany	2,661,643.77	0.47%
Greece	633,481.69	0.11%
Ireland	85,727.48	0.02%
Italy	1,162,612.88	0.21%
Norway	237,312.11	0.04%
Spain	8,957,695.89	1.60%
Sweden	210,141.81	0.04%
Switzerland	379,400.78	0.07%
The Netherlands	14,336.87	0.00%
United Kingdom	56,827.53	0.01%
IFI	127,898,786.63	22.79%
EIB	69,765,236.25	12.43%
The World Bank Group	57,242,367.71	10.20%
UNDP	24,429.33	0.00%
UNFPA	513,840.75	0.09%
UNICEF	352,912.59	0.06%
O	388,234.82	0.07%
N/A	388,234.82	0.07%
OBD	418,122,025.35	74.50%
Australia	4,096.15	0.00%
Canada	7,552,830.46	1.35%
Japan	49,806,616.79	8.87%
United States	360,758,481.95	64.28%
Grand Total	561,262,800.52	100.00%

Source: Own elaboration based on Aida database

Phosphate Mines Expansion in Eshidiya and to Private Sector Support Operations.

The US are the biggest donor in the ESI sector, providing more than 64% of total budget. USAID is supporting Jordanian government through direct budget support and bij programmes in the area of social welfare services. Another area of intervention is private sector development and the E-TVET reform through several projects (SIYAHA, SABEQ, Save the Children).

FIGURE 6: OTHER DONORS' COOPERATION IN ESI BY MACRO-SECTORS, IN JORDAN 1999-2008



Source: Own elaboration

The focus of the other donors' funding is in the area of Employment and Labour Market demand (ELD). This macro-sector represents about two thirds of the total assistance. The areas of intervention of private sector development and structural reform account for 36% and 34% of total aid; respectively. Interventions relating to Vocational Training and active labour supply represent a minor part of the total budget (2%).

Japan contributes to ESI interventions with almost 49 M€ amounting to almost 9% of total Donors' funding. The Japanese International Cooperation Agency (JICA) has focused on the development of private sector and it's is presently implementing project aimed at strengthening the Vocational Training Corporation's capacity for training management through the development of curricula and the implementation of pilot training programmes at three model centers in Aqaba, Amman and Jerash and plans to intervene in supporting SME development

3 FIELD FINDINGS

EQ. 1

TO WHAT EXTENT HAVE EMPLOYMENT, SOCIAL INCLUSION IN THE LABOUR MARKET AND TVET RELATED ISSUES BEEN INCORPORATED IN EC COOPERATION WITH THIRD COUNTRIES TAKING INTO ACCOUNT THE EVOLUTION OF EC DEVELOPMENT POLICY IN THIS PERIOD AND EC INTERNATIONAL COMMITMENTS?

JC. 1.2

Employment, social inclusion in the labour market and TVET policy orientations have been prioritized and mainstreamed into CSP/NIP, RSP/RIP

EC response strategy over the first programming period was to minimise any negative impact of economic reform measures through support for social reforms (poverty alleviation) and human resources development (employment creation). Moreover, priority Area 3 aims to support the re-integration of displaced work force into the economic life in privatised and restructured public and private enterprises. Priority Area 5 (*Strengthening of pluralism of society and the rule of law*) refers to strengthening of women rights, especially the political, social and economic role of women. However, there is no reference to the related ILO Conventions.

EC country analysis for the CSP 2007-2013 shows that job creation was one of the main challenges in the country due to the increasing official unemployment rate. Moreover, youth unemployment remains particularly high. The mismatch between the output of the education system and the needs of the labour market require a reorientation of education and employment policies, with the inclusion of the private sector. This would ensure not only economic growth but also social stability. Moreover, there is no employment strategy to address the problems of the labour market. EC response strategy focuses, among others, on

ensuring the sustainability of the development process, with better management of human and natural resources. Further development of the Jordanian education and employment strategies is considered essential for promoting a technologically skilled and adaptable Jordanian workforce capable of absorbing the economic challenges. This also implies addressing the issue of labour market imbalances. It reaffirms the commitment of promoting women's rights.

Employment represents a multi-dimensional cross-cutting issue, virtually, every EC intervention in Jordan had implications for employment, social inclusion in the labour market and TVET related issues either directly or indirectly. A balanced and substantial coverage of the above issues were noted in the following three areas of the labour market (details in Annex 4).

Labour demand

- Industrial modernization programme (IMP/EJADA)
- Izdihar: Social empowerment and human rights
- Structural adjustment facility: SAF III
- Support to employment and TVET reform
- Technical assistance to JEDCO for the implementation of the Jordan service modernization programme (JSMP)
- Poverty alleviation through local development (PALD)
- National Financing Plan - Jordan institutional supports to Aqaba Special Economic Zone Authority (AZESA)

Labour supply

- Developing a training and development strategy
- Support to employment and TVET reform
- Prefeasibility study mission TVET sector in Jordan
- Education and training for employment

Labour market governance

- Jordanian labour empowerment through labour rights and capacity building
- Support to employment and TVET reform
- Technical assistance for strengthening the capacity in management, leadership and planning of Ministry of Labour in Jordan
- Poverty alleviation through local development
- Enhancing the legal framework of Associations in the Arab World through national dialogue and empowerment of civil society.

JC. 1.4 EC support strategy in a given country takes into account EC-specific regional policy frameworks' overarching objectives

To share the benefits of EU's 2004 enlargement with neighbouring countries, EU developed the European Neighbouring Policy (ENP) offering them the opportunity to participate in various EU actions through greater economic and political cooperation. Jordan swiftly came forward to develop the EU-Jordan partnership within the framework of the ENP by adopting a three-year EU-Jordan Action Plan in 2005, the implementation of which was expected to advance Jordan's legislation, norms and standards towards those of the EU.

Earlier, the Euro-Mediterranean Partnership, launched at the 1995 Barcelona Conference between the EU and its Southern Mediterranean Partners had developed the principles of cooperation with the different partners.

Jordan played a dynamic role in the Euro-Mediterranean Partnership by signing the Association Agreement in 1997 which came into effect in 2002 providing the legal basis of the comprehensive framework for the economic, political, and the social dimensions of the EU-Jordan partnership.³¹

More significantly, negotiations between the Jordanian authorities for programming under the ENP have pointed to TVET as one of the priority sectors for EC support. A dual approach was followed by EC programmes under the ENP consisting of two complementary tracks, the bilateral and regional agenda.³²

As a further illustration of EC support to Jordan within the framework of the regional and bilateral cooperation agreements, mention may be made of the EC technical assistance to JEDCO for the implementation of the JSMP aimed at securing benefits from trade liberalization in services in the context of WTO (GATS), the ENP, the Association Agreement and in line with the Istanbul Framework Protocol of July 2004.³³

EQ. 2

TO WHAT EXTENT WAS EC ESI AND TVET RELATED SUPPORT ABLE TO TAKE INTO ACCOUNT THE SPECIFIC COUNTRIES' CONTEXT AND ITS CHANGE OVER THE PERIOD WITHOUT LOSING COHERENCE WITH THE OVERALL POLICY AND NORMATIVE FRAMEWORK?

JC. 2.1

National policy priorities, and their evolution, are reflected in EC ESI and TVET strategy towards a given country

According to the Country Strategy Paper (2007-2013), cooperation objectives are guided by the vision of the European Consensus on development (2005). In line with the objectives of the European consensus on development and the Paris Declaration, there appears to be greater emphasis on national ownership, partnership, alignment and result orientation with a major focus on the sustainable reduction in poverty (Programme Budget Support to PALD, item 11 in Annex 4).

The structure of the economy is characterised by almost 75% of all workers being in the service sector, 22% being in industry and only 3% being in agriculture³⁴. The overwhelming majority of enterprises are small; 94% have four workers or fewer and account for around half the total workforce. Also there is a mismatch between the needs of the labor market and the provision of skill labour. Hence, the EC has extended support to enhance the competitiveness of the small and medium enterprises (SMEs) in both the industrial and services sectors. It also, provided support to restructuring the E-TVET sector, building the institutional capacity of the Ministry of Labor, enhancing social dialogues and building capacity of social dialogue partners.

In relation to human resources development and its correspondance with labour market needs, which is at the core of EC strategy in the considered period, EC support is highly

³¹ Under the ENP Jordan legislation and standards are brought in line with those of the EU

³² EG EVAL II / Eureval & To Excel, op.cit, P.3

³³ Project No. 10 in Annex 4, Inception Report, June 2009, JSMP Logical Framework, P.17

³⁴ ETF 2006.

respondant to the country needs. It is aligned to the three major objectives of Jordanian's National Agenda related to E-TVET for the period 2007-2012 which were:³⁵

- (a) To promote labour-intensive and export-oriented industries,
- (b) To eradicate structural unemployment, and
- (c) To expand significantly vocational training and employment.

The National Agenda goes a long way towards establishing a sector policy for TVET, mainly in terms of governance and management. The ENP Action Plan includes the development and implementation of a vocational training programme.

For instance, the E-TVET Council³⁶ had produced a broad E-TVET strategy but had no time frame, indicators or costing. The E-TVET support will eventually assist MoL with monitoring of the financial plan. Similarly, EC will assist MoL with the development and implementation of the LMIS, a major element in the E-TVET strategy.

More significantly, EC sector budget support to the E-TVET reform (Item 7 in Annex 4) corresponds to Jordan's E-TVET Sector Reform Document relating to employment and planning for E-TVET.³⁷

Another good illustration of alignment between the Government of Jordan and EU strategies can be found in the EC technical assistance to JEDCO for the implementation of JSMP. The JSMP is fully in line with Jordan's National Agenda (2006-2015), the National Foreign Trade Strategy (2009-2013) and the Jordan vision 2020. At the same time, Jordan has reinforced its commitments regarding services following the entry into force the EU-Jordan Action Plan (2005) and ENP (2007).³⁸

JC.
2.2

Policy dialogue has promoted Employment and social inclusion in the labour market approaches and practices in partner countries in coherence with EC policy orientations

&

JC.
2.3

EC projects aimed at promoting employment and social inclusion in the labour market are framed in a coherent institutional

The EU-Jordan Action Plan adopted in January 2005 within the framework of ENP covers a time frame of 3 to 5 years, the implementation of which helps fulfilling the terms of the Association Agreement (aligning Jordanian standards and legislation with those of the EU).³⁹

The Action Plan provides the channel for policy dialogue for deriving and implementation policies and measures to promote, among others, economic growth, employment and social cohesion and reduce poverty thereby contributing to sustainable development.⁴⁰

³⁵ Technical & Vocational Education & Training (TVET) Council: Employment- Technical & Vocational Education & Training (E-TVET), Sector Programme Document, Hashemite Kingdom of Jordan (Amman, E-TVET Council, May 2008), P.5

³⁶ See JC 6.1 for further information

³⁷ E-TVET Council, op.cit, PP10 & 12 and the detailed conditionality matrix (Item 7 in Annex 4)

³⁸ Project No. 10 in Annex 4, Inception Report, op.cit., P.21

³⁹ Nabulsi, Mohammad: *Implementation of the Jordan-EU Action Plan: A CSS independent evaluation 2008* (Amman Centre for Strategic Studies, University of Jordan, April 2009)

⁴⁰ EC: Strategy Paper 2007-2013 & NIP 2007-2010, op. cit, P.4

During the first year of the implementation of the EU-Jordan ENP Action Plan, a regular dialogue between the EC and Jordan took place through 9-Sub-committees which were considered as an efficient tool of dialogue for more direct EU assistance and ensure that priorities of both sides be synchronised.⁴¹

The evaluation of the Action Plan notes that the areas of policy dialogue included promoting (a) equal treatment of women, (b) fundamental rights and core labour standards, and (c) employment and social policy.

The evaluation of the EU-Jordan Action Plan confirms its effectiveness as an institutional mechanism for channeling policy dialogue with a wide range of stake holders.

There is evidence of meaningful and conclusive policy dialogue where the timeframe, priority levels, key indicators of performance are agreed upon by the EC and national stakeholders. For instance, EC made a notable contribution to shaping government policy targeted at poor communities through its interventions on PALD (Item 11 on Annex 4) brought about by an effective policy dialogue.⁴²

Similarly, provision of a regular economic dialogue between the EU and the government of Jordan was noted for SAF III (Item 5 in Annex 4).⁴³

The members of the Field Visit were witness to an on-going policy dialogue by which the time-frame for NIP 2011-2013 Budget allocation per year were renegotiated with respect to the priorities on Trade, enterprise and investment development; Sustainability of the growth process.⁴⁴

EQ. 3

TO WHAT EXTENT HAVE EC PROGRAMMING APPROACH, IMPLEMENTATION PROCEDURES AND TIMING OF DISBURSEMENTS OF FUNDS AFFECTED THE CAPACITY OF THE PROGRAMMES TO ACHIEVE THE EXPECTED RESULTS?

JC. 3.1

Key stakeholders are included in the main project cycle phases of ESI related interventions

During the programming and implementation of over a dozen EC interventions, a wide range of national counterpart agencies were involved. These directly include the Rehabilitation and Welfare Society, Ministries of Labour, Industry and Trade, Finance, Public Sector Development and Municipal Affairs, JEDCO, and NGOs like FNF, FDA and Tatawor Association (See Annex 4). The major indirect beneficiaries included the E-TVET Council, ECOSOC and SSC (EC Budget Support to E-TVET reform).

As was observed by the evaluation of the EU-Jordan Action Plan, numerous Non-State Actors were involved in the consultations. The General Federation of Trade Unions, the Jordanian Chamber of Industries and the Amman Chamber of Industry confirmed their participation in such multi-party consultations.

JC. 3.2

The capacity of EC (HQ and Delegation) to undertake technical discussions with counterparts on specific themes provides quality inputs in the dialogue with partner

⁴¹ Evaluation of the Action Plan in 2008 (Nabulsi, op.cit)

⁴² EG EVAL II / Eureval & To Excel: Draft Final report, Vol.1 Overall Assessment, op.cit, P.25

⁴³ SAF III, Annex II, Technical and Administrative Provisions, P.20

⁴⁴ E-mail communication from EC Delegation Task Manager, Abel, Piqueras

countries

The issues of employment and TVET have been handled at individual levels in the Delegation rather than by a team. Due to the turn-over of the EC personnel and the absence of Jordanian counterparts there is limited institutional memory in this important area.

Furthermore, frequent changes in leadership at the Ministerial level at the Ministry of Labour affects the smooth implementation and sustainability of EC committed programmes.

Since 2005, the Delegation has appointed one official to be the gender "focal point" which facilitated integration of gender concerns into ESI related interventions.⁴⁵

The complex process of transferring knowledge from EC projects to Government requires further improvement to ensure the sustainability of the results of the interventions. The stake holders consider the EC decision-making process lengthy compared to that of other donors although no one complained about adverse impact on results.

Although the depth and frequency of coordination between the EC HQ and the EC Delegation could not be ascertained, there was evidence of such collaboration (e.g. for SAAP II). A sample of EC projects (e.g. Item 10 in Annex 4) revealed a well structured system of project monitoring had well-defined built-in mechanisms for internal monitoring, and back-stopping.

JC. 3.4

EC interventions (projects, programmes and budget support operations' management) allow achieving results

The mix of EC modalities have been pragmatically tailored to the nature and needs of the EC intervention.

The transformation of EC support from policy dialogue to joint policy development has been demonstrated by the EC support to SMEs under the EJADA project which has been acclaimed as a "show case" of joint policy development by a recent evaluation of the overall EC support to Jordan.⁴⁶ This thematic evaluation endorses this assessment as the successful and sequential blending of the three EC aid modalities of pilot project, large-scale project and sector budget support over a 10-year period integrating Business Service Team (BST), EJADA and Jordan upgrading & modernization programme is indeed logical, innovative and commendable.⁴⁷

Programme budget support is the preferred aid-modality of the Delegation for large-scale system-wide interventions as, on the one hand it fosters ownership and sustainability, and on the other hand this modality serves as an effective tool of influencing government policy. EC collaboration (2007) with ETF in the identification of areas for development and cooperation on TVET in Jordan led to the massive EC sectoral budget support to E-TVET reform (2009-2013).

The Government Ministries seem to have an appetite for such supplements to their sectoral budgets, especially when they are faced with serious fiscal deficits. However, Non-State Actors (such as the FNF and Tatawor Association) that grants, even when very small, can achieve high level of aid effectiveness when channeled to innovative projects in pioneering fields like Izdizar and women-specific projects (Tatawor).

⁴⁵ EG EVAL II / Eureval & To Excel: Draft Report, Version 2.1, P.89

⁴⁶ EG EVAL II / Eureval & To Excel: Draft Final Report Vol.1- Overall Assessment, op.cit,P33

⁴⁷ OP.cit, P.32

Similarly, there was evidence of the practice of Results-Oriented Monitoring (ROM) for example in the case of the support to the implementation of the Association Agreement - SAAP II (Report Ref. MR-10426.02 dated 08/08/2008, Project No. D-17549).

EQ. 4

TO WHAT EXTENT AND HOW HAS THE COMMISSION ENSURED COORDINATION AND COMPLEMENTARITY WITH OTHER DONORS AND ENSURED COHERENCE WITH OTHER EC POLICIES AND ACTIVITIES? WAS THERE A VALUE ADDED IN EC SUPPORT, COMPARED TO THAT OF OTHER DONORS?

JC. 4.1

EC response strategies in the area of employment and social inclusion in the labour market are embedded in sector approach decided in the framework of country harmonisation initiative

Ministry of Planning and International Cooperation (MoPIC) is the responsible body for donor coordination framework in the country.

Donor coordination is believed to be limited in the TVET sector with the Canadian International Development Agency (CIDA) emerging as de facto lead donor. However, the Ministry of Labour (MoL) has launched E-TVET sector reform process with the cooperation of multiple donors (EC, CIDA, JICA, WB and USAID) coordinated by MoL. Indeed the MoL has structured a donor coordination matrix to facilitate this task (Annex 6).

The traditional approach to the government-led donor coordination requires line Ministries to submit their proposal to the Ministry of Planning and International Cooperation (MoPIC) which transmits the proposals to the donors who respond to a selection of the submissions. Such an approach does not seem to facilitate a harmonised policy dialogue between donors and line ministries.⁴⁸ The same methodology is adopted for EC programmes containing an ESI related issues. EC channels of communication with MoPIC is sound as there is an EU Partnership Division in the International Cooperation Department in MoPIC.⁴⁹

Following an initiative launched by the Delegation and EU Member States Embassies in 1999, donor coordination was improved with the creation in 2000 of the informal Donor & Lenders Consultation Group (DLCG) for which the UNDP provided the secretariat and the EU provided the first six months rotating presidency.⁵⁰

JC. 4.2

Donor coordination mechanisms responding to EC and international commitments on aid effectiveness, such as the Guidelines for strengthening operational coordination between the EC and the Member States in the field of External assistance, and the more recent Paris Declaration, or the European Consensus, are in place at different levels

A clear division of labour among EC and EU MS is captured in a matrix for 2003 in which the former accounts for 44 % of the total disbursements (234.63 M€).⁵¹ The personnel of other donor-funded projects interviewed did not point to any overlaps.

⁴⁸ EG EVAL II / Eureval & To Excel, op.cit., P.38

⁴⁹ The EU Parliament Division is Headed by Emad Shannah

⁵⁰ EC: Euro-Med Partnership: Jordan Country Strategy Paper 2002-2006 & NIP 2002-2004, P.20

⁵¹ EC: Euro-Med Partnership Jordan NIP 2005-2006, P.24

The DLCCG launched in 2000 laid emphasis on establishing an "EU road map for donor harmonization and alignment" through monthly EU coordination meeting and maintained a donor matrix for 2006.⁵² At the implementation level there are numerous illustrations of donor coordination. For instance, from 2000 to 2006, EC joined hands with GTZ coordinated support to the development of poor municipalities.^{53 & 54}

The transfer of knowledge through inter-donor collaboration may be mentioned from the programme budget support to Poverty Alleviation through Local Development (PALD). From 2000 to 2006, a pilot project was implemented in 3 poor municipalities in the country, first by GTZ and then through EC-Germany coordinated support (designated as PAMD). Inspired by the results of the limited experience of the three "poverty pockets", the PAMD was widened to a larger EC-supported PALD programme stretching over 18 poor municipalities.

Two smaller projects were launched by Italy and Germany as a follow-up to the EC PALD model through effective coordination and dialogue.⁵⁵ The Canadians were associated in the initial concept phase of the EC Izdihar project which again had a follow-up by the Dutch Government.

JC. 4.3 The Commission has ensured the overall coherence between its employment, social inclusion in the labour market and TVET interventions with other EU policies

EC support to the implementation of the strategy of the Association Agreement aimed at trade liberalization, including the reduction of tariffs and quotas combined with support to export-oriented SMEs under the IMP/EJADA project. As a result, Jordanian industrial products have gained entry into EU markets free of tariffs and quotas and a critical mass of export-oriented SMEs have been nurtured.

Similarly, by channeling support (under PALD Project) to empower municipalities ("poverty pockets") not only created job opportunities, geographically distributed outside of Amman but also contributed to progress towards MDG.

From these two illustrations, it is clear that efforts were made (could even be an unplanned coincidence) to achieve coherence among EC policies linking ESI, trade and poverty alleviation.

JC. 4.4 EC value added

National counterparts, the Non-State Actors (including social partners), the donor community have unanimously acclaimed a definite value added by EC interventions. Although not everyone could clearly articulate correctly the exact nature of EC's comparative advantage, two striking elaborations deserve to be noted.

The representative of the Ministry of Planning and International Cooperation (responsible for government-led coordination of donor funding) indicated that the assistance from the

⁵² EC: Euro-Med Neighbourhood & Partnership Instrument: Jordan: Strategy Paper 2007-2013, NIP 2007-2010, PP16, 22, 43 & 45

⁵³ EG EVAL II / Eureval & To Excel: Draft/Final Report , op.cit, P.25

⁵⁴ It was nevertheless not possible to gauge the exact effectiveness of such systematic coordination as the above assessment was presented at the debriefing with the EC Delegation.

⁵⁵ EG EVAL II / Eureval & To Excel: Desk report, op.cit, P.64

EU to Jordan is needed, well perceived and appreciated. The manner and extent of value added was specified by the following three concrete illustrations.

- ✓ The support through PALD to 18 poor municipalities helped Jordan in moving forward with its reform agenda (particularly in education and private sector development)
- ✓ The support to JEDCO for the Service Moderation Programme (SMP) as a follow-up to EC support to EJADA was considered as unique due to the importance of the services sector in the Jordanian economy⁵⁶.
- ✓ The approach followed in SMP support was innovative as this support enabled SMEs in the service sector to develop their business methodologies for penetrating new markets.

A Non-State Actor, the Tatawor Association, described the value added of EC support in relation to human values, capacity building and training.

The donor community, notably CIDA and USAID (through their project staff), not only recognized EC value added but also urged a continuation of their programme in this field.

The EC Delegation attaches due importance to this factor as was evidenced by meeting with civil society organizations organized and hosted by the EU in February 2009 to discuss the value added of the EU support to the development process in Jordan (reported in the evaluation of the Action Plan by Nabulsi).

EQ. 5

TO WHAT EXTENT HAS EC SUPPORT INTERVENTIONS BEEN ABLE TO PROMOTE LABOUR DEMAND STIMULATING OR ENABLING ECONOMIC GROWTH AND JOB CREATION, AND CONTRIBUTE TO THE INCREASE OF EMPLOYMENT IN A SUSTAINABLE WAY?

JC. 5.1

EC programmes promoting economic growth and structural reforms address labour demand and employment creation issues and envisage monitoring key indicators on labour market

&

JC. 5.2

EC programmes in the area of labour demand and employment creation have contributed to increasing employment, in particular for youth and women

It is abundantly clear that despite a strong and sustained GDP growth of around 6 % per annum fuelled by massive inflows of FDI and expansion in exports, and even the creation of 44,500 jobs each year, the naggingly unchanged unemployment rate of 14 % among the Jordanians remains the biggest challenge.

The paradox of the existence of unemployment despite growth and job creation is explained by the fact that 63 % of the newly created jobs are filled by foreigners. The reasons for the unchanged unemployment situation of the Jordanians as elaborated in the opening section were three (a) geography, (b) employability skills and (c) expectations if the Jordanian work force.

⁵⁶ 75% of all workers are engaged in services and private sector employment accounts for 61%. ETF, Op. cit., P.17.

Therefore, the contribution of EC interventions on the promotion of labour demand are judged by their influence on the above three factors i.e. by their focus on the causes of unemployment.

I. Geography

The EC has pioneered the decentralised bottom-up approach to employment creation for the poor in 18 selected municipalities ("poverty pockets") through institutional capacity building of the municipal authorities using the sector budget programme PALD (Item 11 in Annex 4). Poor municipalities were empowered to identify, voice and address their needs through their own local development strategy.

II. Encourage creation of new business

Since there is powerful empirical evidence on the strong links between the generation of extra jobs and the creation of new business, the EC programme's effects on private sector (particularly SME) development would be important.⁵⁷

A critical mass of export-oriented SMEs have been supported by the EC. In fact, managers of a sample of 8 SMEs supported by EC (through EJADA and JUMP) confirmed that the EC-funded support had been effective in strengthening their enterprise (assuring employment creation in a sustainable way, specially due to the business-friendly reforms introduced by the Government with US support). The EC-supported EJADA programme contributed to the creation of Jordanian capacity for generic advisory services to SMEs.⁵⁸

The NIP for 2005-2006 in its support to the social sector had specific performance indicators on (a) number of job creations in particular in SMEs and (b) number of individuals covered in the high priority zones.⁵⁹ Similarly the NIP for 2007 to 2013, allocated one-half of EC's planned disbursements for 2006 (32.3 M€) to business/private sector development.⁶⁰

The NIP 2011-2013 budget allocated Euros 40 M€ and 23 M€ for trade/enterprise/investment development and human resource development & employment, respectively. The EC support (Item 10 in Annex 4) to Jordan Enterprise development Corporation (JEDCO) for the implementation of the Jordan Service Modernization Programme (JSMP) launched in 2008 is expected to strengthen the capacity of Jordanian public sector entities and business association in the field of services & business development and directly assist SMEs with five grant schemes. The EC intervention will generate jobs particularly for women who are concentrated in the services sector.

The EC support to the E-TVET reform 2009-2013 (Item 7 in Annex 4) has the following note-worthy performance indicators in the conditionality Matrix for disbursement of funds by the Ministry of Labour (MoL):

- Provision of effective employment services by extending the MoL coverage and by reaching out towards Municipalities as well as relevant community support organization & community based organization.
- Improve effective employment services by launching electronic labour exchange information system and increasing the number of job seekers receiving placements.

⁵⁷ New business contributed to 30 % of all new jobs created in the OECD countries (World Bank: Enhancing job opportunities: Eastern Europe & the Former Soviet Union (Washington DC, World Bank, 2005)

⁵⁸ EG EVAL II / Eureval & To Excel: Draft Final report, Vol.1-Overall assessment, op.cit., PP.20, 22 &23

⁵⁹ EC: Euro-Med Partnership: Jordan National Indicative Programme 2005-2006, P.15

⁶⁰ EC: ENP Instrument: Strategy Paper & NIP 2007-2010, P.45

- Improve matching of labour supply and demand regarding training and employment by developing a labour market information system (LMIS)
- Participation rate of women in formal sector of labour market increases (from 14.2% to 16% between 2009 to 2013).
- Increase in female employment decreases dependency ratio (from 1 to 4 down to 1 to 3.80).⁶¹
- Increase (unspecified) in Jordanian to no-Jordanian ratio in the labour force.

III. Motivating the voluntarily unemployed

The Izdihar project supported by the EC addressed the so-called "culture of shame" through social and economic empowerment and community mindset change (Item 4 in Annex 4). Through this project, mixes of male and female beneficiaries from low-income households not only secured employment but also were empowered with full knowledge of their roles and rights in the labour market.

The role of the informal sector

It is estimated the informal sector provides employment to 190,000 workers representing 41 % of total private employment outside of agriculture and a quarter of total non-agricultural employment and they are overwhelmingly (90 %) males (ETF, op.cit, P.18). There does not seem to be any clear policy framework for support to the informal sector even though there is increasing government and donor interest in supporting SME development.

EQ. 6

TO WHAT EXTENT HAS THE SUPPORT TO TVET AND TO OTHER ACTIVE LABOUR MARKET MEASURES IMPROVED EMPLOYABILITY OF WORKERS, ESPECIALLY VULNERABLE AND MARGINALISE GROUPS, AND CAPACITY OF WORKERS TO ADAPT TO EFFECTS OF STRUCTURAL REFORMS, GLOBAL CHANGES, TRANSITION TO MARKET ECONOMY, ETC?

JC. 6.1

The EC interventions in the TVET at country level are framed within a sector policy

The major weaknesses noted in the TVET system in Jordan are highlighted below:⁶²

- (a) The TVET sector is fragmented and uncoordinated, with delivery of TVET by three different government agencies using different delivery models & methodologies. These are: Vocational Training Corporation (VTC) with the MoL; Vocational education as part of high school programme of the Ministry of Education; Community College System delivering technical training (Al Balqa Applied University).
- (b) Linkages between the TVET providers and the private sector & the labour market are weak resulting in supply-driven training.
- (c) The labour market information system does not serve the decision-making process.

⁶¹ The above to be achieved by disincentives to employ women are reduced by the establishment of Maturity Fund and increase in public/private ration of children in KG enables more economically vulnerable women to join labour force

⁶² TVET Council, op.cit, P.6

- (d) The guidance & counseling system is weak & fragmented with continuous training important for maintaining the competitiveness of enterprises & boost the employability of workers.

In the context of the ENP (which had TVET as priority sector), "*the EC Delegation in Jordan has requested that the ETF carry out an analysis of TVET in Jordan to support the programming process and suggest possible future interventions*".⁶³ The following institutions contributed to the needs assessment made by EC/ETF: The National Centre for Human Resources Development, Vocational Training Corporation (VTC) and the Ministries of Labour and Education. In addition, as a part of this assessment exercise, the ETF on behalf of the EC Delegation facilitated three workshops (hosted by the Ministry of Labour in 2006) involving the public and private stakeholders to come up with concrete recommendations for an overall strategy for the E-TVET sector (ETF, op.cit, P3).

ETF suggested three main objectives of reform: (a) To strengthen institutional development, (b) To establish effective management and financial incentives and (c) To improve the quality & relevance of TVET including establishment of the Quality Assurance Agency.

The three major EC/ETF recommendations were:

- a) The establishment of the Higher Council for HRD and the E-TVET Council, the strengthening of employers' organizations, development of human resource information systems, the preparation of a comprehensive TVET policy, making the VTC autonomous;
- b) Remodeling the Training and Employment Fund thorough the design of criteria, priority programmes and procedures;
- c) The establishment of the Quality Assurance Agency, instructor training and equipping of TVET institutions.

This ETF/EC intervention led to the formation of an E-TVET sector strategy containing the E-TVET governance model (Annex 7) and drafting of corresponding laws and regulations.⁶⁴

The E-TVET Council, established in 2008 in line with the ETF/EC recommendations, should have an effective impact on the implementation of the sector strategy, as proposed in the National Agenda.⁶⁵

The challenges for the E-TVET Council are clear: the level of secondary students enrolled in TVET is low (13.3 %) compared to Egypt (63.3 %), Turkey (38 %) and other European countries around 2004 (for which data was available from UNESCO sources). The encouraging signs are: (a) participation in apprenticeship programmes is increasing for both men and women and (b) more than 60 % technical education students are women and (c) in apprenticeship and applied education programmes, the female participation rate has increased from 6.3 % in 2001 to 26.6 % in 2006.⁶⁶

JC. 6.2

The interventions in the TVET sector take due account of the links between TVET, employment, labour market and socio-economic development and contribute to make

⁶³ ETF, op.cit, P.11

⁶⁴ ETF, op.cit, P.3

⁶⁵ E-TVET Council, op.cit, P.9

⁶⁶ National centre for Human Resource Development (NCHRD): *Report on analysis of quantitative TVET indicators in Jordan 2001-2006*, Executive summary (Amman, NCHRD, Sept. 2008)

TVET systems more labour demand driven

The EC has vigorously engaged in implementation of the resulting E-TVET sector reform strategy through the mechanism of the conditionality to the sector budget support to MoL specifying key indicators of performance, time-frame and targets (Item 7 in Annex 4).

The major indicators are:⁶⁷

- E-TVET strategy & action plan developed and implemented (E-TVET Council & its secretariat),
- Labour Market Information System developed & implemented (MoL);
- Accreditation & Quality Assurance System for TVET institutions operational;
- Participation rate of women in formal sector of labour market increases (from base line 14.3 % to 19 % in 2012), and
- Increase in Jordanian/Non-Jordanian ratio of the labour force (reduction from 23 % foreign workers in the labour force in 2008 to 18 % in 2012).

The TVET council has already adopted a strategy for the E-TVET sector based on Jordan's National Agenda aimed at strengthening the role of the private sector in vocational training, quality assurance and matching the market demand with needed well-trained supply of labour. The Jordanian and Amman Chambers of Industry expressed their willingness to participate in the training programmes despite them being treated as "guests" in such multi-party associations in which they participate. On the other hand, the MoL interpreted the private sector participation in such consultations (e.g. in the E-TVET Council) as lacking in commitment.

The comprehensive EC support to the E-TVET sector reform process through the national system can be expected to have a positive effect on the above trends. The E-TVET Council as a single central body could be better placed to lead, manage and coordinate the overall development sector. As can be seen, the governance model for E-TVET (Annex 7) ensures the participation of social partners and the private sector, funders, training providers and the end-users. Nevertheless, E-TVET Council's capacity appears to be constrained by the lack of full commitment by the private sector in its effectiveness although it is observed in the ETF report that they feel like 'guests'.

An E-TVET Council Law has been officially approved. The EC support on E-TVET reform (Item 7 in Annex4) in its conditionality Matrix of Indicators for disbursement of budget support has a specific time-frame and target of E-TVET strategy and action plan implemented and the financial plan monitored (2009 - 2013). The regulatory for the T-VET Fund has already been drafted by the E-TVET Council.

The other major indicator related to the Accreditation and quality Assurance System for TVET institutions is made operational during this period. The regulations for the Accreditation and Quality Assurance Centre have already been drafted by the E-TVET Council.

There is evidence of EC participation in the deliberation of the MoL/TVET Reform Projects. For instance, Abel Piqueras, from the EC Delegation participated in the E-TVET stake holders' Workshop in Aqaba, May 2008, sponsored by multiple donors including CIDA and the World Bank which made numerous specific recommendation to the E-TVET Council including ensuring the representation by the trade unions and SMEs in the governing structure.

⁶⁷ EC: Support to the Employment & TVET reform Annex 3: Detailed Conditionality Matrix of Indicators Used for Disbursement of budget support component

Equally importantly, the regulations to establish the Higher Council for Human Resources Development, that will supervise the three related councils (education, Higher Education & E-TVET) recommended by ETF/EC has been drafted and sent to the Cabinet for Approval.

JC.
6.3

The programmes financed by the EC in the field of TVET have improved access of marginalised and vulnerable groups to TVET and coverage of different geographical regions according to the specificities of the countries

- A 35- million euro contribution to the Employment and ETVET Reform through budget support (Annex 4, item 7) is currently under negotiation. The conditionality matrix of this support sets specific indicators and actions required to ensure proper implementation of the ETVET strategy, increase of women economic participation, expansion of social security coverage and enhancement of social dialogue, information system, employment and education.
- The “Izdihar: Social Empowerment and Human Rights Project” (Annex 4, item 4) was conceived in 2000 by an NGO, the Families Development Association (FDA). It aims at promoting rights and responsibilities within marginalized communities through tangible social and economic change. The Project targets motivated, literate women and men from low-income households for jobs in the service sector who are at least 18 years of age, have a minimum of a 10th grade education and are willing to work. The Izdihar Project, albeit relatively small in scale in terms of funding and scope, has received national recognition as a pioneer project that directly and positively impacts marginalized and impoverished groups in Jordan. Eight clusters of females from Jabal Al Qosour area and one group of males from Wadi Al Naser area, two of the most impoverished areas of Amman, have received training, and graduated with the majority of graduates placed in employment opportunities utilizing their training.
- The Jordanian Labour Empowerment through labour Rights Education and Capacity Building project (Annex 4, Item 1) was implemented by the Rehabilitation Welfare Society. The project aimed at building capacity of Students of Society and University Colleges (18-22 years old) and administrative workers at venues of action in the fields of: Political and Human Right, "Changing attitudes towards the democratic process", Running Electoral Campaigns Workshops and Changing attitudes towards the democratic process. The programme consisted of 55 activities in 8 governorates in the North, Middle and South of Jordan, and two administrative provinces, with a total participation of 1288 students. Female student participation was more than the half with an average rate of about 53.5%.
- The Industrial Modernisation Programme (IMP/EJADA) (Annex 4, Item 3) supported the long-term development of the garment industry by facilitating the establishment of a TVET Centre of Excellence for the Textile and Garment Sector at Abu Nseir; the centre was completed in 2002, and with staff of 40, including 20 trainers, now graduates around 500 per year. Also, the establishment of the Graduate Enterprise Programme (GEP) which works on redressing the imbalance in the growing mismatch between the large supply of graduates produced each year and the skills demanded by the SMEs. The programme resulted in a high overall long term retention rate of the graduates, with a number of employers seeking fresh intake every year⁶⁸.

⁶⁸ reference is made to “EJADA Story “Pages 83-89 published in 2006 by the Project Management Unit.

- Enhancing Opportunities for Women in Economic Life (Annex 4, item 8) project known as “Free to Work” is a 24-month program that targets employed and unemployed women in Jordan and Gaza. The purpose of project is to enhance opportunities for women in the economy through:
 - Anticipating the changes in the economy that reflect on the employment opportunities in Jordan and Gaza to identify the actual and potential markets as well as the resources necessary for their development.
 - Evaluating the women’s personal competences to produce individualized portfolios of competences and personalized trainings that will enable them to meet their career aims and ambitions.
 - Adjusting the competences required for the different vacancies in the enterprises (supply), to the needs of employment, competences and obstacles expressed by the groups of targeted women (demand).

In relation to specific measures concerning the development and use of indicators and statistics monitoring the access of specific groups to TVET, the currently negotiated EC 35- M€ budget support to Jordan’s E-TVET reform have agreed upon 7 indicators for the disbursement of the three variable tranches of 2011, 2012, and 2013. The indicators cover a variety of areas in which the E-TVET sector reform is expected to facilitate positive changes. These performance indicators are weighted according to their importance in the overall reform process. The level of performance will be constantly monitored by the stakeholders and annually assessed by independent monitoring missions. The indicators fall into two broad categories, covering the main issues of employment and TVET⁶⁹:

1. E-TVET strategy and action plan developed and implemented
2. Developing a Labor Market Information System (LMIS)
3. Social Security Law 2010 amendments implemented (Extension of SS coverage, maternity fund, unemployment fund implemented)
4. Accreditation and Quality Assurance system for TVET institutions operational
5. Creation of opportunities for education and training of vulnerable children through increase of Non Formal Education opportunities
6. Participation Rate of Women in Formal Sector of Labor Market Increases
7. Increase in Jordanian/Non-Jordanian Ratio in Labor Force

JC.
6.4

Active labour policies have been included in countries undergoing structural reforms, economic transitions, etc

Jordan Country Strategy Paper 2007-2011 (CSP) was drafted under the European Neighborhood Partnership Instrument (ENPI) to set up a strategic framework for EU co-operation with Jordan on the period 2007-2013. The ENP Action Plan encompassed a new and ambitious agenda in the political, social and economic fields, designed to move Jordan closer to a set of shared values with the EU. The CSP strategic objectives were based upon Jordan’s National Agenda and the ENP Action Plan in the following areas: 1) political dialogue and reform; 2) economic and social reform and development; 3) trade related issues, market and regulatory reform; 4) cooperation in justice and home affairs; 5) transport,

⁶⁹ Support to the Employment and TVET (ETVET) Reform, Annex 2.

energy, information society and environment; 6) people-to-people contacts, including education.

On the basis of these strategic objectives, the National Indicative Programme (NIP) presented the EC response in terms of financial assistance for the period 2007-2010 to support four main priority objectives that have been defined with the Jordanian authorities: (1) Political reform and good governance; (2) Trade and investment development; (3) Sustainability of the development process; (4) Institution building, financial stability and support to regulatory approximation.

The new National Indicative Programme (NIP) is currently under development and will cover the period 2011-2013, where the EU has proposed to allocate 223 M€ to Jordan in almost the same priority areas as follows:

1. Supporting Jordan's political reform in the areas of Democracy, Human Rights Media and Justice including Civil Society and Home Affairs and Security.
2. Supporting trade, enterprise and investment development. To help Jordan improve its trade balance and increase investment flows into the country, the EU has heavily supported the development of the Jordanian private sector, the reduction of trade-related costs and the creation of a competitive business environment. Moreover the EIB has provided support to small and medium-sized enterprises (a total of 140 M€ worth of credit lines to local banks has been channeled to SMEs) and to transport (a financing support of 63 M€ for the Amman Ring Road)⁷⁰.
3. Supporting sustainable economic growth and social policies to reduce poverty, distribute wealth, create jobs and enhance participation of women and young people in economic life through human resources development in education and vocational training, local development and development of renewable or alternative energy sources.
4. Supporting the implementation of the action plan (SAPP) through supporting the capacity of Jordanian institutions. Two types of support were foreseen under the NIP 2007-2010: 1) support to public sector and public finance management reforms and 2) flexible support for institution building and dissemination of the European acquis to support the implementation of the EU-Jordan Action Plan (SAPP). Significant progress has been made with public finance management reform and ongoing budget support to this reform seems to continue throughout the lifetime of this NIP.

JC.
6.5

EC programmes in TVET and other active labour market supply measures have increased employability, especially of youth and women, and improved adaptation of work force to structural and global changes

Available examples are:

EC support involved mostly institutional strengthening, capacity building and policy frameworks; hence it would be difficult to measure the outcomes. Moreover, such details statistics are not available. We may find general number of Vocational Training graduates and percentage of employment.

Below are some statistics we could find regarding specific other related projects:

⁷⁰ Jordan National Indicative Program 2011-2013

- (IMP/EJADA) facilitated the establishment of a TVET Centre of Excellence for the Textile and Garment Sector at Abu Nseir now graduates around 500 per year.
- IZDIHAR Project- Empowering the Social and Economic Status of Women in Jordan- As a result of MAHARAT Project a marketing strategy was developed based on the results of 107 institutional visits, where 232 vacant jobs were found; as a result 82% of the trainees found jobs. In addition to this, the project exceeded the required percentage in the proposal which is 75%, where the project was able to secure job opportunities of the 82% of the trainees.

According to the E-TVET Council Secretariat, the EU has a great input in relation to the overall policy framework and strategy of the ETVET sector. They also supported the Ministry of Labor in its restructuring efforts and capacity building. The currently negotiated ETVET Budget Support from the EU to Jordan is very important as it mentions specific actions and measuring indicators which will help in boosting the implementation of the ETVET strategy.

EQ. 7

TO WHAT EXTENT HAS THE EC CONTRIBUTED TO DECENT WORK AND THEREFORE TO SOCIAL COHESION AND MDG1B, THROUGH SUPPORTING THE CONDITIONS FOR THE APPLICATIONS OF THE DECENT WORK PRINCIPLES IN PARTNER COUNTRIES THROUGH SPECIFIC MEASURES IN FAVOUR OF VULNERABLE AND MARGINALISED GROUPS?

JC. 7.1

Support to Decent Work principles in EC bilateral cooperation exist or has increased in importance and budget over time

Creation of Decent Work (enforcing higher wages, better working conditions, social protection) is the effective means of reintegrating into the labour force the majority of the Jordanians unemployed. Decent Work principles are fostered by EC interventions (particularly by boosting labour demand in SME sector through EC support to EJADA & JSMP) though not explicitly incorporated into their programme jargon.⁷¹

The national poverty (income) line dropped from 21% to 14% of the population during 1997-2002. The EC's SAF I and II included pro-poor conditionalities like the establishment of a social safety net. At the time of EC budget support under SAF III, the Jordanian social security scheme was administered by an independent tripartite body the Social Security Corporation (SSC). The new Social Security Law covers employers and self-employed on a compulsory basis and stipulates new insurances (maternity & unemployment). New SSC initiative would extend coverage to all firms hiring one worker or more in all governorates by the end of 2011.⁷²

Furthermore, Jordan completed the first phase of the Decent Work Country Programme in December 2009, making thus difficult any linkage with EC programming. The first phase focused on policy initiatives, capacity building for the tripartite constituents and relevant stakeholders, and the promotion of social dialogue. The process for the development of a second DWCP for Jordan was launched on 17 December 2009 in a national tripartite

⁷¹ The ILO/USAID project on "Better Work Jordan" (Item 1 in Annex 5) by its title generated some confusion as this partial approach is confused with the more comprehensive approach of Decent Work

⁷² SSC: ISS Technical Seminar: Governance principles for Board, Management, and Investment of Social Security Institutions, Amman, Jordan, 5-6 May 2010

workshop. The second DWCP will build on the achievements of the second phase of the programme and is expected to be finalized in the first half of 2010.

JC. 7.2 EC promotes the creation of an enabling environment to the introduction and application of DW principles

Special labour market governance issues have been covered under the umbrella of broader EC interventions. For instance, the support to the ratification of C.87 on Freedom of Association was mobilised through the implementation of the Action Plan when an Inter-Ministerial Committee urged the Prime Minister to consider its ratification.

In Jordan Social partnership tends to be confused with professional associations or corporative bodies such as Chambers. The EC has supported a Social Dialogue project in cooperation with the MoL and the International Organization for Migration (IOM) for reinforcing the capacities of the social partners to practice social dialogue in Jordan (first phase 2001, second phase 2004) establishing legal framework for social dialogue (Economic and Social Council and Trilateral Committee for Labour Affairs), developing the labour legislations in conformity with the international standards of labour, and raising the capacities of the labour inspectors. Accordingly,

1. the Jordanian Economic and Social Council (ECOSOC) was established, consisting of 54 members from among social partners and civil society groups,
2. the Trilateral Committee for Labour Relations set up in the Ministry of Labour, although the workers' group in Jordan wanted to designate their own representative discontinuing the current practice of the Minister of Labour arbitrarily nominating the workers' representatives⁷³,
3. A project to develop the Jordanian Labour Legislations was agreed in conformity with the international standards and in compliance with the national interest,
4. the Labour Inspectors Training Center was established, and a program for training the inspectors is underdevelopment,
5. a Training Hall in the Jordan General Federation of Trade Unions was established to raise the capacities of the representatives of trade unions to enable them sustaining an effective social dialogue

Social Partners have tripartite representation in the Vocational Training Corporation and on the national social security and labour law committee boards. However, the impact of the Social Partners on the Jordanian labour market is negligible (Mryyan 2005); although the leaders of these organizations are sometimes consulted by the labour ministry, they lack the organizational, legal and informational infrastructures to be effective in decision taking⁷⁴.

Furthermore, the EC Conditionality Matrix of Indicators for disbursement of EC sectoral budget support to E-TVET reforms (2009-2013) specifies the enhancement of social dialogue through an operational ECOSOC and Tri-partite Committee.

Invitation of the private sector representatives to the various consultative meetings under the aegis of the Action Plan has enhanced the partnership between the government and the private sector although there is still a need for the government to encourage the private sector to play a more vital role through further dialogue and consultations.

⁷³ Nabulsi, op.cit and e-mail brief from Nabulsi

⁷⁴ "Support to TVET sector in Jordan", Pre-Feasibility Report, Mission 4-27 November 2007. P.16

JC. 7.3 EC contribution to change in quality of work and inclusion in work market of specific groups at country level

The sectoral budget support for E-TVET reform 2009-2013 has specific performance indicators in Conditionality Matrix used for disbursement of the sector budget component, such as: (a) disincentives to the employment of women are reduced by the establishment of the Maternity Fund, (b) increase in public/private ratio of children in KG enables more economically vulnerable woman to join the labour force, (c) participation rate of women in formal sector of labour market increases and (d) increase in female employment decreases dependency ratio. The implementing agencies (notably the MoL, MOET and SSC) have accepted their responsibilities in line with the agreed time-frame and targets.

ILO Convention on Freedom of Association has not been ratified by Jordan out of the presumed fear of the sizable number of foreign workers in Jordan being enabled by its ratification to gather and organize would pose a threat to Jordanian security. Nevertheless, the symbolic gesture by an Inter-Ministerial Committee (Foreign, Labour & Justice Ministries) urged for its ratification in a position paper addressed to the Prime Minister (within the framework of an EC-supported national meeting).⁷⁵ It is hoped that further pressure for its ratification would build up from the EC supported Arab regional programme on national dialogue (Item 12 in Annex 4).

The EC support to several influential NGOs (notably the FNF, the FDA & Tatawor Association) enhanced their institutional capacities and contributed to the debate on gender leading to initiatives on women's empowerment for example through the establishment of a centre for the promotion of women's rights and promotion of the protection of vulnerable groups although the exact details on their activities could not be obtained (reported in NIP 2002-2004).

JC. 7.4 EC support to DWSC contributes to the MDG 1B

The sector budget support program PALD concentrating EC support to 18 poorest municipalities i.e. pockets of poverty contributed to progress with the MDG on poverty.⁷⁶

Under the EU-supported Poverty Alleviation through Local Development programme (PALD, 2004-2009), a comprehensive Strategy for Poverty Reduction through Local Development was developed and subsequently adopted in November 2008. Supporting the role and capacity of governorates, municipalities and local non-state actors (NSA's) in the definition and implementation of Local Development Plans would help bring forward the Government's poverty alleviation strategy and its decentralisation programme⁷⁷.

⁷⁵ Nabulsi, Mohammad, op. cit

⁷⁶ EG EVAL II / Eureval & To Excel: Draft Final Report, PP. 19, 24 & 26

⁷⁷ Reference can be made to a specific case under the Pilot Project PAMD which ultimately emerged into PALD project. The three PAMD-supported municipalities were among the poorest in the country and the pilot project had a clear pro-poor dimension. The needs of the poor at Al Shuala, one of the three supported municipalities, were given particular attention through a participatory approach focused on poverty assessment and monitoring. Three of the projects identified in the local development strategy have a pro poor dimension: an olive oil factory expected to create jobs and income opportunities for farmers, an agreement with the Vocational Training Institute and private sector companies for training semi-skilled poor, and support to the extraction of aromatic oils from herbs grown by women. Resources have been secured for all the pro-poor projects,

The PALD Programme provided a bottom-up approach supporting economic development in 18 country's poorest municipalities outside Amman. The programme aimed at making more resources available at Municipality level to reduce poverty and to create a favourable environment for productive activities and enterprise development.

CONCLUSIONS

Employment and social inclusion in the labour market and TVET-related issues have been incorporated into nearly a dozen and a half EC interventions in Jordan over the period under review taking into account numerous EC development policies and international commitments and regional agreements such as the European Consensus on Development 2005, Euro-Mediterranean Partnership Agreement (1995), the Association Agreement (2002), the Jordan EU Action Plan (2005) within the framework of the ENP and the Istanbul Framework Protocol (2004).

At the same time the EU-Jordan Action Plan time provides the channel for meaningful policy dialogue and enables the EC to align its activities with the major objectives of Jordan's National Agenda related to E-TVET which sometimes leads to joint policy development (e.g. in the support to SMEs)⁷⁸.

The EC has skillfully deployed a pragmatic mix of aid modalities at the micro-and macro-levels which permitted the blending of the three sequentially evolving modalities of pilot project, large-scale project and sector budget support (e.g. EJADA).

Experimenting with a small-scale pilot project allows the assumption of risks to test the viability of new approaches (e.g. PALD). Having noted the success of the project approach in one sector (EJADA in industry), it was extended to another sector (e.g. JSMP in services). At the other extreme, programme budget support allows the mainstreaming and integration of interventions using the national system while securing a mechanism (Conditionality Matrix) for influencing government policy (e.g. PALD and E-TVET). The existence of a gender "focal point" has facilitated steps for gender mainstreaming in the E-TVET area.

Lengthy negotiation procedures deserves some review to improve the effectiveness of EC interventions, although frequent changes in National Counterpart leadership (e.g. MoL) does have an effect on the smooth implementation and even threatening the sustainability of the results of EC interventions.

There has been government-led donor coordination at both central (MOPIC) and E-TVET sectoral (MoL) levels, the EC often playing a lead role in the institutionalised donor coordination (e.g. chairing the DLCG) through monthly meetings, donor coordination monitoring matrix and the formation of a road map for donor harmonisation and alignment, all of which is important in a Mediterranean country like Jordan which has received the largest EC support per inhabitant over the last ten years.

The continuation of the last several years' policies of growth in GDP, FDI and exports will not reduce Jordanian's nagging unemployment (14%) unless the three mismatches in Jordan's labour market (geography, employability and expectations) are adequately addressed.

including through the EC-supported PALD programme. *EG EVAL II / Eureval & To Excel... Op cit.*, P.61

⁷⁸ Further elaboration can be found in the Evaluation of the Action Plan by the Centre for Strategic Studies at the University of Jordan (Nabulsi Mohammad).

Therefore, in formulating measures to promote labour demand the paradox of Jordan's reliance on the services of 300,000 foreign workers when 175,000 Jordanian's are employed has to be duly taken into account.

Since 65 % of the jobs created between 2000 and 2004 were located in Amman where only 40 % of the unemployed population live, several major EC interventions (EJADA, JSMP and PALD) reflects an awareness of the need to more evenly geographically disperse the new job opportunities created given the limitations to labour mobility.

Reducing unemployment in Jordan would have required EC interventions to focus on its causes. Although the necessary separate approaches were not articulated for job creation in all EC interventions for the involuntarily and voluntarily unemployed (majority of workless in the latter category), the EC interventions helped create an environment to promote the growth of high-wage jobs in industry and services which could attract the voluntarily unemployed.

Support to SMEs included reductions in legal and regulatory distortions and the creation of new business. EC interventions also motivated, though on a limited scale, the re-entry into the labour market of some of the voluntarily unemployed by helping overcome the "culture of shame" through the Izdihar project.

Instead of thinly spreading the limited EC resources on individual ad-hoc micro projects on training and skills development, the fundamental institutional and strategic weakness of the E-TVET system (covering management and governance issues) were first identified by EC in joint collaboration with ETF.

This facilitated the major over-hauling of the E-TVET system through the formation of the Government's E-TVET sector reform document. The EC has massively supported the implementation of the reform programme through its sector budget support to MoL for the E-TVET reform agenda. The establishment and functioning of the E-TVET Council is a major achievement.

As a result of this EC support it can be expected that the labour market information system will facilitate the employability of Jordanian workers. The Accreditation and Quality Assurance Systems for TVET institutions is also expected to be operational. Participation rate of women in the labour market and the ratio of Jordanian/non-Jordanian workers should increase.

Although it can be expected that the EC support will contribute to enhanced employability of Jordanian workers by linking quality TVET with employer needs, there has to be a greater focus of the TVET system on the employability skills that the employers seek.

It is abundantly clear that the majority (54 % to 86 %) of the Jordanian unemployed who are unemployed voluntarily can be induced back into the labour market only through the creation of Decent Work (See Figure 2 in the opening section of this report). This is confirmed by a survey of the unemployed Jordanians as described in the opening section of the report.

This is demonstrated by the huge gap in supply and demand for Civil Service jobs which embody all the ingredients of typical Decent Work (See Figure 3 in the first section of this report). Compulsory and universal coverage of social security measures included into the conditionality of EC's budget support to E-TVET reform would certainly contribute to conditions facilitating the application of Decent Work principles.

The effective mobilization of social pressure to ratify and respect C.87 concerning Freedom of Association through EC interventions (particularly supporting social dialogue) has helped establish permanent institutional mechanism for a sustained social dialogue through the independent Economic & Social Council and the Tripartite Committee for labour relations

(MoL) now incorporated into the conditionality matrix of the EC sector budget support to E-TVET reform.

The substantial drop in the national poverty line from 21 % to 14 % during 1997-2002 had been followed-up by further anti-poverty programmes by the EC such as the PALD, that contributed to progress towards MDG.

ANNEX I- LIST OF CONSULTED STAKEHOLDERS

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ANNEX II - LIST OF DOCUMENTS CONSULTED

Cooperation Policy Documents in Jordan

Euro-Mediterranean Agreement establishing *an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part.* OJ L 129/02

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EC: *The functioning of the labour markets in the Mediterranean Region and the implications for employment policy and training systems*, Draft July 2006 (2006)

EC: *“Skills development for the informal economy: issues and options in vocational education and training in the Southern partner countries of the European Neighbourhood Policy”*(September 2009)

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EC: *“Social Protection in the Southern Partners of the ENP Challenges and Option”*, (October 2009)

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EC: ANNEX VI, INTERIM NARRATIVE REPORT (2006)

EC: *“The Programme for Promotion of Human Rights and Democratisation in Jordan (Izdihar) Social Empowerment and Human Rights”*, Grant Contract 2003/077-544,

EC: *“Enhancing the legal framework of Associations in the Arab World through national dialogue and empowerment of civil society”*, Contract 2006/117607 (2006)

EC: *“Evaluation of European Commission's Support to the Hashemite Kingdom of Jordan”*, Desk Report,, Version 2.1, (January 2007)

EC: *“Resolving Jordan’s Labour Market Paradox of Concurrent Economic Growth and High Unemployment, Social and Economic Development Group Middle East and North Africa Region.”* Document of the World Bank: Report No. 39201-JO, (March 2007)

EC: *“Evaluation of the European Union Commission's support to the Hashemite Kingdom of Jordan”*, Draft Final Report, Vol.1-Overall Assessment, (June 2007)

EC: Jordan World Economic Forum Report 2007 (2007)

EC: Yochka Tsakova Anastasova, Prefeasibility Study Mission TVET Sector in Jordan, Letter of contract Number: 2007/142607, Framework Contract EuropeAid/119860/C/SV/multi, Final report, (December, 2007)

EC: *“Technical Assistance Mission Strategy for Poverty Alleviation through Local Development (PALD) in Jordan”*, Final Report vol. 1 (30 August 2008)

EC: The Ministry of Planning and International Cooperation: Foreign Assistance to Jordan 2007 (February 2008)

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EC: *“Poverty Reduction through Local Development in Jordan: EU Support Programme for fighting poverty, enhancing decentralisation and partnership in development”*, (December 2008)

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EC: Niels Peter Jensen: *“Technical Assistance for Strengthening the Capacity in Management, Leadership and Planning of the Ministry of Labour in Jordan”*, Contract No 2008/162345, FWC Benef. Lot 9, Final report (June 2009)

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Razzaz, Susan & Farrukh Iqbal: *“Job growth without unemployment reduction: The experience of Jordan”*, World Bank, Washington DC, (April 10, 2008)

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World Bank: “*ERfKE Supervision Mission, Schedule of Mission Activities*”, (July 2008)

World Bank, “*Hashemite Kingdom of Jordan: Resolving Jordan's labour market paradox of concurrent economic growth and high unemployment, report*” No. 39201-JO Social and Economic Development Group, Middle East & North Africa Region, Washington D.C., World Bank, (December 23, 2008)

Final Report, IZDIHAR Project- Empowering the Social and Economic Status of Women in Jordan, (January 2008-December 2009)

Mazen Al-Ma'aytah, Deputy Member, Workers Group, The ILO programme in Jordan, Regional Office for the Arab States, (8 January 2010)

SSC: “*ISS Technical Seminar: Governance principles for Board, Management, and Investment of Social Security Institutions*”, Amman, Jordan, (5-6 May 2010)

ANNEX III - TABLE OF EC PROJECTS INCLUDED IN THE FIELD VISIT

YEAR	TITLE	DECISION NO	BUDGET	AID MODALITY	COUNTERPART	
1.	2002	Jordanian Labour Empowerment through Labour Rights Education and Capacity Building	MED/2002/003-358	0,11 Me	Grant	Rehabilitation and Welfare Society
2.	2008	Technical Assistance for Institutional Strengthening of the Ministry of Labour of the Hashemite Kingdom of Jordan		0,13 Me	Project	Ministry of Labour
3.	2001	Industrial Modernisation Programme (IMP)/ EJADA (it has a vocational training and human resources development component) 2001-2006	MED/1999/003-308	45 Me	Project	Ministry of Industry and Trade
4.	2004	Izdihar - Social Empowerment and Human Rights (March 2005-February 2006)		0,188 Me	Grant	Friedrich Naumann Foundation, The Family Development Association
5.	2002	Structural Adjustment Facility III - SAF III	MED/2002/003-312	59,8 Me	Budget support	Ministry of Finance
6.	2006	Developing a Training and Development Strategy		0,19 Me	Project	Ministry of Public Sector Development/ National Institute for Training
7.	2009	Support to the Employment and TVET (ETVET) reform 2009-2013	ENPI/2009/020-480	35 Me	Budget Support	Ministry of Labour
8.	2006	Enhancing Opportunities for Women in Economic Life (Free to Work) in Jordan and Gaza- Co-Funded by the EC Commission in Beirut (80%) and Netherlands Embassy in Amman (20%)		0,412 Me	Regional Project	Tattawor Association in Amman with Society Voices Association in Gaza
9.	2009	Technical Assistance for Strengthening the Capacity in Management, Leadership and Planning of the Ministry of Labour in Jordan			Project	Ministry of Labour
10.	2008	Technical Assistance to JEDCO for the implementation of the Jordan Service Modernisation Programme (JSMP)	ENPI/2008/019-570	15Me	Project	Jordan Enterprise (JEDCO)
11.	2007	Poverty Alleviation through Local Development (PALD)	MED/2004/006-221	30 Me	Program Budget Support	Ministry of Municipal Affairs (18 Municipalities)
12.	2007	Enhancing the legal framework of Associations in the Arab World through national dialogue and empowerment of civil society			Regional Project (Egypt, Jordan, Lebanon, Palestine, Syria with outreach to Algeria, Morocco, Tunisia)	The Friedrich Naumann Stiftung , The National Center for Human Rights (NCHR).
13.	2002	National Financing Plan- Jordan Institutional Supports to Aqaba	MED/2002/003-357	10 Me	Part of Regional	Special Economic Zone Authority (AZESA)

YEAR	TITLE	DECISION NO	BUDGET	AID MODALITY	COUNTERPART	
	Special Economic Zone Authority (AZESA)			Project (Jordan, Egypt, Tunisia)		
14.	2007	Prefeasibility Study Mission TVET Sector in Jordan (provide the decision makers in the Government and the European Commission with sufficient information to make strategic choices in the design of the project "Support to TVET sector in Jordan").		Project	Decision makers in the Government and the European Commission.	
15.	2006	Education and Training for Employment (ETE)	5M€	Project		
16.	1995	Social Development Project - Development and Employment Fund (SEM/02/628/040/A - SEM/03/628/035/A - SEM/04/628/028/A)	MED/1993/003-433	4.67M€	Project	Social Development Project(SDP) - Development and Employment Fund
17.	2005	Sector Reform Facility	MED/2005/017-323	40 M€		supported business development

ANNEX IV - TABLE OF OTHER DONORS MAIN INTERVENTIONS

NO.	DONOR	YEAR	TITLE	BUDGET	NATIONAL COUNTERPART
1.	ILO, USAID	2008	Better Work Jordan (The project aims to improve labour standards and competitiveness in the apparel sector in Jordan)	US\$ 4.3 million	Government of Jordan, private sector
2.	ILO, Canada		Promoting Fundamental Principles and Rights at Work (The project aims to strengthen government law enforcement capacity to identify, investigate and prosecute offences for forced labour and human trafficking, and support the establishment of an efficient and regulated recruitment mechanism.)	US\$ 400,000	Ministry of Labour, Ministry of Interior
3.	ILO, Spain		Promoting Fundamental Principles and Rights at Work (The project is contributing to strengthened labour relations for sustainable economic development and social stability.)	€1 million	
4.	ILO, Italy		Handicraft Promotion in Jordan (technical support to the VTC for the provision of training and counseling services in the handicraft sector)	US\$718,000	Vocational Training Corporation (VTC)
5.	ILO		Actuarial Consultancy to Social Security Corporation	US\$ 300,000	Social Security Corporation (SSC)
6.	ILO		Establishment of a Strategic Policy and Programme Management Unit at the Ministry of Labour	US\$ 200,000	the Ministry of Labour
7.	ILO		Microfinance and Decent Work (The project is working with Tamweelcom to assess ways in which it can improve the decent work situation amongst its clients)	US\$ 25,000	Tamweelcom
8.	ILO		Subregional initiative to promote gender equality and decent work, covering Jordan, Lebanon and Syria.	US\$ 1 million	Ministries of Labour, and workers' and employers' organizations in Lebanon, Jordan and Syria.
9.	Canada (CIDA)	2008	Building and Extending Skills Training BEST (The Jordan-Canada Partnership for ETVET Reform)	US\$ 3,365,870	Ministry of Labour
10.	Denmark	2006	Engendering the Public Sphere	€804,000	Jordanian National Commission for Women
11.	USAID	2005	The Jordan Tourism Development Project (Siyaha I 2005-2008) to develop a dynamic and competitive tourism industry.	US\$ 17 million	The Jordanian government, local communities, NGOs and tourism-related institutions
12.	USAID	2008	Jordan Tourism Development	US\$ 28	the Ministry of

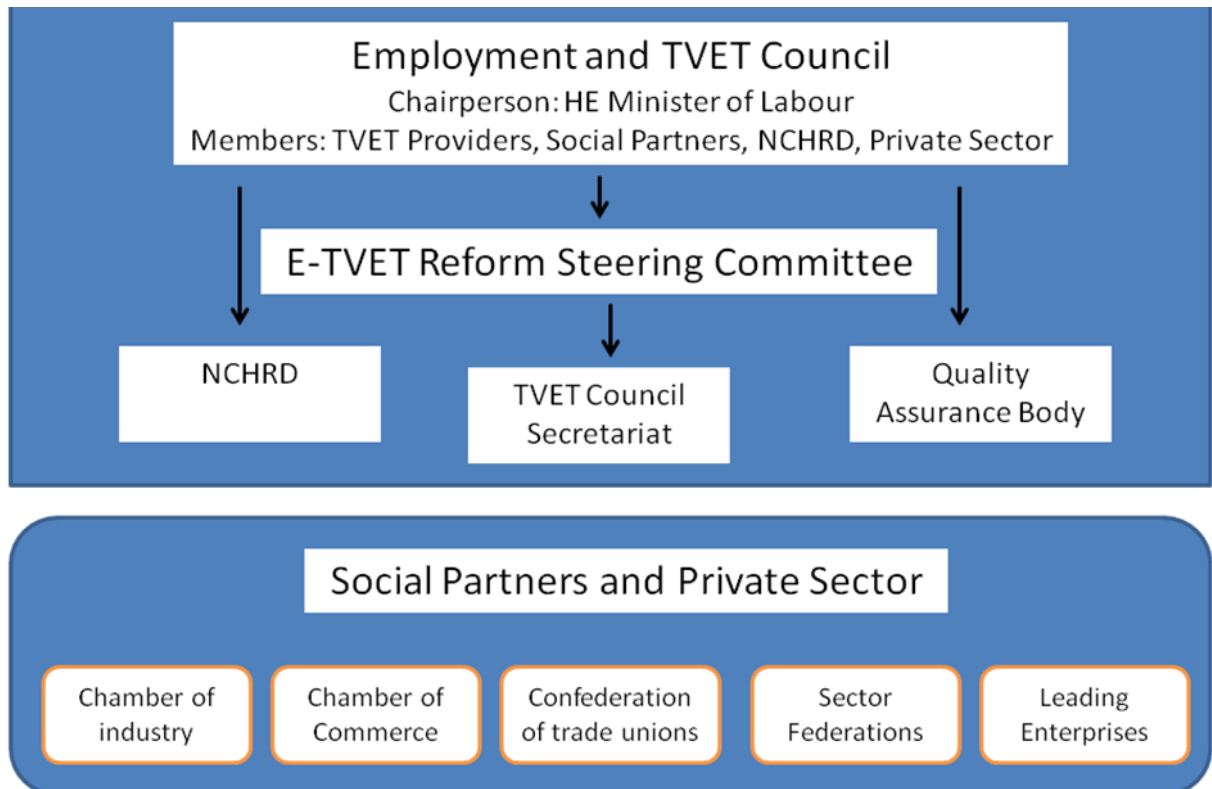
NO.	DONOR	YEAR	TITLE	BUDGET	NATIONAL COUNTERPART
			Project II (2008-2013) to improve Jordan's competitiveness as an international tourism destination. The project works on initiatives as developing a new national hotel classification system, improving tourism research and destination marketing, enhancing ecotourism, developing better handicrafts and upgrading vocational training in tourism.	million	Tourism & Antiquities
13.	USAID	2006	The Economic Development Program (SABEQ 2006-2011) to insert Jordanian enterprises into global value chains, promote investment, and improve the enabling environment to generate value added jobs, exports, foreign direct investment, and sector revenues. (it has a training and gender component)	US\$ 60 million	Government, Private sector, associations and NGOs.
14.	Care International, and the Netherlands Embassy in Amman	2008	IZDIHAR –Empowering the Social and Economic Status of Women in East Amman (2 year project)		Families Development Association
15.	USAID	2001	INJAZ- For the Creation of Economic Opportunities for Jordanian Youth		Save the Children
16.	USAID	2009	USAID and Government of Jordan Launch Partnership to Assist Vulnerable Youth (5 year project)	US\$ 30 million	USAID, Ministry of Social Development and Implemented by the International Youth Foundation

ANNEX V- DONORS 'COORDINATION MATRIX

Building Blocks	DONORS/FUNDERS						
	WB/MoL	CIDA	USAID	JICA	EU	ETF	ILO
E-TVET System and Council Development	X	X			X		
Centre of Accreditation and Q.A. including NQF	X				X		
Sector Councils	X	X					
MOL Capacity Building		X			X		
LMIS		X			X		
E-TVET Fund		X					
VTC Restructuring	X			X			
Centres of Excellence / PPP	X		X		X		
Alternative Programs related to the Reform							
Employment and Training Policies, Services and	X	X	X		X	X	X
Gender		X			X		
Project Management	X	X					

Source: Ministry of Labour, Development and Coordination, Government of Jordan (Amman, Jordan 2010)

ANNEX VI- STRUCTURE OF E-TVET COUNCIL: JORDAN 2008



ANNEX 10: JAMAICA COUNTRY NOTE

TABLE OF CONTENTS

1	INTRODUCTION.....	50
2	CONTEXT IN WHICH THE EC INTERVENES	50
2.1	MACROECONOMIC TRENDS	50
2.2	LABOUR MARKET TRENDS: MIGRATION, REGIONAL INTEGRATION, ASSOCIATION AND TRADE AGREEMENTS.....	50
2.3	RELATED GOVERNMENT POLICIES	51
2.4	INSTITUTIONAL FRAMEWORK	52
3	ESI RELATED COOPERATION FRAMEWORK.....	52
3.1	EC STRATEGY AND COOPERATION	52
3.2	EC RELEVANT ESI INTERVENTIONS	54
3.3	OTHER DONORS.....	55
4	FIELD FINDINGS	57
	CONCLUSIONS.....	63
	ANNEX I – LIST OF CONSULTED STAKEHOLDERS.....	65
	ANNEX II – LIST OF WEBSITES AND DOCUMENTS CONSULTED	67
	ANNEX III – ESI/VTS RELATED PROJECTS	68

ACRONYMS

AZESA	Aqaba Special Economic Zone
BST	Business Service Team
CIDA	Canadian International Development Agency
CSS	Centre for Strategic Studies (University of Jordan)
DLCG	Donor/Lender Consultation Group
EJADA	Euro Jordanian Action for Development of Enterprise
EC	European Commission
EMP	Euro Mediterranean Programme
ENP	European Neighbourhood Policy
ETF	European Training Foundation
E-TVET	Employment-Technical and Vocational Education and Training
EU	European Union
FDA	The Family Development Association
FDI	Foreign Direct Investment
FNF	Friedrich Naumann Foundation
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GTZ	German International Cooperation Agency
IMP	Industrial Modernisation Programme
JEDCO	Jordan Enterprise Development Corporation
JICA	Japan International Cooperation Agency
JSMP	Jordan Services Modernisation Programme
JUMP	Jordan Upgrading and Modernisation Programme
MoL	Ministry of Labour
MoPIC	Ministry of Planning and International Cooperation
NCHRD	National Centre for Human Resources Development
NIP	National Indicative Programme
OECD	Organization for economic Cooperation and Development
PALD	Poverty Alleviation through Local Development
PAMD	Poverty Alleviation Through Municipal Development
QIZ	Qualified Adjustment Facility
ROM	Result-Oriented Monitoring
SAF	Structural Adjustment Facility
SSC	Social Security Corporation
TVET	Technical and Vocational Education and Training
US	United States
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization

1 INTRODUCTION

The objective of the field visit to Jamaica was three-fold:

- a) To collect data in order to answer the agreed evaluation questions;
- b) To evaluate eventual hypothesis formulated at the end of the Desk phase;
- c) To assess whether there is need for further research and interviews to prepare the synthesis report, and in particular the conclusions and recommendation chapter.

The visit to Jamaica was undertaken during April 26- to May 11, 2010 by Mr. Jorgen Billetoft assisted by Mr. Justine Pierre. During the visit, the consultants held meetings with the EC Delegation, social partners, relevant government institutions and selected resource persons. A detailed programme and list of persons met can be found in Annex 1.

The team did not face any significant difficulties during its visit to Jamaica.

2 CONTEXT IN WHICH THE EC INTERVENES

2.1 Macroeconomic trends

Between 1989 and 2007, Jamaica's poverty levels declined from 30.5% to 9.9%. In addition, the country has made remarkable progress in the areas of financial sector reform and reform of the social sectors including safety nets, HIV/AIDS prevention and control, and education. For example, enrolment of children aged 3-5 from the poorest 20% of the population rose from 80% in 1998 to 100% in 2007. The government is also working to improve the quality of education. Jamaica is on track to meet most of the MDGs, including targets on poverty, child malnutrition, universal primary education, and access to safe drinking water, though the country is unlikely to meet targets on infant and maternal mortality. Jamaica's most pressing challenge is the country's debt, which is currently estimated at 139.7 % of GDP. Other critical development challenges include mitigating the medium-term effects of the global economic crisis and protecting social gains while moving towards fiscal and debt sustainability.

The country is working towards addressing short-term crisis and long-term development issues with the support of a 27-month IMF programme and budgetary support from the World Bank and other development partners. The debt exchange programme, which involved the entire domestic debt (USD 701 billion), was concluded in February 2010 with a participation rate of 99.2%. This initiative is expected to generate interest savings of at least 3% of GDP and a 70% reduction in the amount of maturing debt over the next three years. It involved extending the maturity profile and reducing the interest rates by 7% points and 2% points on outstanding domestic and US dollar denominated bonds, respectively.

2.2 Labour market trends: migration, regional integration, association and trade agreements

In 2008, the labour force stood at close to 1.3 million. Despite Jamaica's impressive achievements, the country is confronted by serious social issues that predominantly affect youth, such as high levels of crime and violence and high unemployment. While the total unemployment rate has fallen from 15.3% of the labour force in 1990 to 11.3% in 2009, youth unemployment remained relatively high at 25.9% in 2008 (ages 15 –24), three times the adult unemployment rate (7.9%). With the economic downturn, the unemployment rates are expected to increase significantly. Early school leaving is also a determinant of crime, and a World Bank study on Youth Development in the Caribbean shows that it can reduce net discounted lifetime earnings by as much as USD 157,000 for males and USD 115,000 for females. It is estimated that 20-30 % of the labour force is engaged in the informal economy.

Among Jamaica's assets are its skilled labour force and strong social and governance indicators. However, to restore self-sustaining and job-creating growth, Jamaica will have to improve its international competitiveness and productivity, while also tackling urgent short-term economic and social needs.

Like its Caribbean counterparts, Jamaica continues to face migration-related challenges. Given its economic reliance on tourism, the GoJ remains highly committed to addressing issues related to the free movement of Caribbean Community (CARICOM) nationals, particularly in terms of employment and health services.

Jamaica is increasingly troubled by the emigration of a significant %age of its highly trained and skilled professionals. Over the past several decades, close to a million Jamaicans have emigrated to the United Kingdom, United States, and Canada. Recent approximations indicate that over 80% of Jamaicans with tertiary level education and living outside of Jamaica were trained in Jamaica. The effects of the brain drain have been both economic and social. While it is difficult to estimate the exact economic cost of this, it has been noted that the loss of skills has serious implications for the country's productive sector and its education policy.

According to the Bank of Jamaica, by the end of 2008, remittances reached approximately USD 2.025 billion, accounting for nearly 20% of the country's GDP. Migration has since been labelled as the single strongest factor that contributes to the breakdown of the contemporary Jamaican family, contributing to poor academic performance and delinquent behaviour.

The number of Jamaicans sent home after being incarcerated in the UK has caused concern. Statistics from the Ministry of National Security estimate that over 1,300 Jamaicans were deported from the UK in 2006, and as many as 3,000 Jamaican born deportees from the USA are every year sent back to their home country. This has raised growing concern about the reintegration of these Jamaicans and their susceptibility to becoming involved in gang and criminal activity. A recent survey conducted by the Ministry of National Security and the Planning Institute of Jamaica shows that 53 % of deportees reported that they had been involved in criminal activities since their arrival in Jamaica. Various Ministries, including the Ministry of Agriculture and the Ministry Labour and Social Security have been making efforts to reintegrate the deportees so that they can make productive contributions to Jamaican society.

Jamaica therefore suffers from serious social challenges in particular high violent crimes rates concentrated in pockets of poverty, which threatens to undermine the social fabric. The drivers of crime include low social cohesion at family and community level, the legacy of marginalised 'garrison' areas, low levels of education attainment and skills training, lack of access to employment and drug abuse (CSP p. 19).

2.3 Related government policies

The government's macro-economic, social and environmental policy objectives are embodied in the Medium-Term Socio-Economic Policy Framework (MTF). The Medium Term Socio-Economic Policy Framework (MTF) is the main mechanism for translating the National Goals and Outcomes of Vision 2030 Jamaica - National Development Plan into action. The first in the series is MTF 2009-2012. The MTF is structured on a matrix of indicators covering all sectors in coherence with the MDGs. A central plank of the MTF is the achievement of macro-economic stability. The MTF has served as a platform for greater collaboration among donors and thus alignment with government strategic priorities. The MTF is as an operational document to achieve realistic, specific high priority national outcomes and targets by 2012 to move us towards longer-term goals, using the results-based management approach. Emphasis is on results (outcomes) to be achieved, not only on outputs, inputs, activities and processes. The MTF is not a detailed listing of all activities

being undertaken by ministries and agencies. Within each outcome, the MTF focuses on selected key strategies, targets and actions while a full range of planned activities are detailed in the sector plans and other agency plans.

The six Priority National Outcomes are:

- Security & Safety
- A Stable Macro Economy
- Strong Economic Infrastructure
- Energy Security and Efficiency
- World-Class Education and Training
- Effective Governance

In relation to TVT, the MTF states that the training sector is challenged by a number of factors including a largely untrained workforce, high levels of illiteracy and inadequate access to training programmes. Many in the society, the youth, in particular (unattached youth) lack the skills for both employment and further education or training. Highly educated and trained individuals are increasingly required to meet the demands of the labour market in Jamaica and to ultimately aid in the growth and development of the country. The emphases for the medium term are to expand mechanisms to provide access to the out-of-school population through partnerships and increase the use of technology-driven training programmes.

Jamaica has ratified all relevant ILO conventions.

2.4 Institutional Framework

The Planning Institute of Jamaica (Ministry of Planning) is the body in charge of national planning, including donor coordination. The National Training Agency HEART Trust/NTA (a statutory agency of the Ministry of Education) is the national body with responsibility for the coordination of Technical and Vocational Education and Training (TVET), while the Ministry of Labour and Social Security deals with employment, labour relations and social issues. The principal organization for tripartite dialogue is the Labour Advisory Council. Collective agreements are negotiated at the company level, and for some large industries such as sugar, at the industry level.

Jamaica has a rather influential trade union movement organised in the Jamaica Confederation of Trade Unions. The body representing the employers is the Jamaica Employers' Federation.

3 ESI RELATED COOPERATION FRAMEWORK

3.1 EC Strategy and cooperation

The overall framework of political economic and cooperation relations between the EU and Jamaica is based on the ACP-EU Partnership Agreement or Cotonou Agreement⁷⁹. The agreement is based on three pillars: development cooperation, economic cooperation and trade; and the political dimension

Jamaica is a signatory to the Cotonou Agreement and therefore entitled to support under the EDF. Other instruments for EU cooperation have included the European Investment

79

Bank and support under the Special Framework of Assistance (SFA) for ACP banana producers and from the Sugar Protocol.

Jamaica has member of the CARIFORUM has signed the Regional Economic Partnership Agreement (EPA) in October 2008.

The EU strategy for Jamaica spelled out in the Country Strategy Paper (CSP) 2001-2007 and National Indicative Programme (NIP) 2001-2007 is to promote growth and employment by focusing on support to macro-economic reform, economic infrastructure, support to institutional strengthening and poverty reduction. Other areas of support include: (i) private sector development, including SMEs, and (ii) modernisation of the transport system.

The EC response strategy for 2001-2007 comprised three focus programme areas and one non-focus area:

1. Macro-economic support, assisting the macro economic reform programme as presented in the IMF's SMP, while at the same time targeting social sector performance in terms of education, health and social safety net improvements.
2. Private sector development, involving the implementation of a business support programme to improve competitiveness. The business support services were made accessible to companies, representative organisations and supporting institutions (training, research) in the different sectors of the economy (from agriculture to services). Special attention was devoted to meeting standards, phytosanitary and certification requirements at the US and EU markets, introduction of IT in SMEs, support to small/medium hotels and support to farmers. In addition the programme had a provision for technical assistance to support the implementation of an EIB funded lending programme.
3. Sector based support for the transport sector (road sub-sector). This programme was supposed to result in better accessibility of rural communities and promoting production in rural areas.
4. A non-focal programme focusing on poverty alleviation and implemented through participatory de-centralised co-operation.

A review of the implementation of CSP 2001-2007 found that important lessons could be learned in terms of the importance to establish clearer links between government priorities and the CSP/NIP, to use realistic, measurable performance indicators, to reinforce the strategy of poverty reduction, to strengthen the capacity of state and non-state actors and, finally, to intensify the coordination with other development partners.

Under the current country strategy (2008-2013), the EU is supporting the macro-economic reform programme outlined in the MTF in the form of a general budget support (GBS) programme financed by the 10th EDF, together with over one-third of the allocations for the sugar measures being devoted to macro-economic support. The NIP 2008-13 estimates that as much as 55% of the EDF instruments will be used for GBS. Another 30% is earmarked for a governance (security and justice) programme to be provided as sector budget support (SBS). The remaining 15% are set aside for non-focal programme to be used for national capacity building to facilitate the implementation of the CARIFORUM-EU Economic Partnership Agreement, strengthening the capacity of the National Authorising Officer's services, support for non-state actors, and a Technical Cooperation Facility. In parallel to the GBS, over one-third of the allocation under the Sugar Accompanying Measures is devoted to macro-economic support. The banana support facility and the sugar protocol support are not part of the NIP.

The overall objective of the EU cooperation with Jamaica in 2008–2013 is ‘poverty reduction through support for Jamaica in reaching its goals as outlined in the MTF’. The objective is to be achieved by providing major financial and technical assistance towards:

- (i) sustaining macro-economic stability, in particular by addressing the key challenges of public debt;
- (ii) reducing crime and violence and promoting social cohesion and inclusion; and
- (iii) improving the capacity to implement regional economic integration and new trade arrangements such as the Economic Partnership Agreement with the EU.

The objective of the CARIFORUM-EU EPA Adjustment and Capacity Building programme is to contribute to the reduction of poverty in Jamaica through regional integration and deeper economic relations with the EU.

The Sugar Industry Adaptation Strategy initiative and the Banana Special Framework Assistance and are the two predominant EU rural development programmes for Jamaica.

3.2 EC relevant ESI Interventions

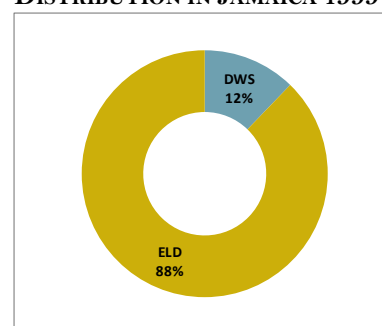
The EC is the biggest grant donor to Jamaica. As mentioned in previous section, the EC support to Jamaica has focused on macro-economic reform, private sector development and improvement of the network of roads. Poverty reduction was supported as a non-focal area. With regard to the CSP/NIP 2008–2013, budget support and sector budget support account for more than two thirds of the EDF grant to Jamaica. In addition to the support outlined in the NIP, the banana and sugar industries receive massive financial assistance to compensate for the effects of the global changes of the industries.

In the analysed period (1999–2008), EC allocated more than 124 M€ to interventions having an impact to the employment and labour market of Jamaica. The great part of the EC budget was allocated to Employment and Labour Demand (ELD) accounting for 88% of total assistance. In the referred period, there were no projects or programmes explicitly addressing issues of the labour market supply and vocational training (VTS). DWS macro-sector constituted only 12% of EC support to ESI area accounting for 15 M€.

The greatest percentage of funds has been allocated to private sector development through programmes accompanying the Sugar Protocol and the Sugar Industry Adaptation Strategy of the Government. The EC allocated more than 44 M€ in measures to support rural development, namely Banana Support Programmes and Special Framework assistance for Banana farmers through project approach.

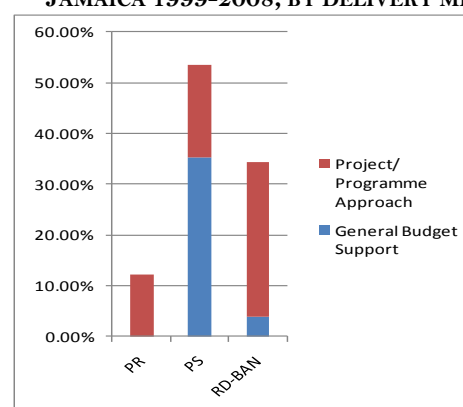
A substantial amount of funds (15.2 M€) have been allocated to DWS macrosector, namely to support poverty reduction programmes.

FIGURE 1 ESI MACRO-SECTORAL DISTRIBUTION IN JAMAICA 1999–2008



Source: Own elaboration

FIGURE 2 ESI SECTORAL DISTRIBUTION IN JAMAICA 1999–2008, BY DELIVERY METHODS



Source: Own elaboration

Referring to Figure 2, General Budget Support amount to 40% of total assistance and it was used to support the accompanying measures to Sugar Protocol and the Growth Enhancement programme.

A detailed list of EC-funded projects and programmes can be found in Annex II.

3.3 Other donors

Besides the EC, the other International Donors in Jamaica are: DfID, USAID, the Inter-American Development Bank, World Bank; the EIB. In the analysed period, the total assistance to the ESI sector coming from the other donors amount to 356 M€. UK, the Inter-American Development Bank (IDB) and the US were the most relevant donors.

The Inter-American Development Bank (IDB) financed more than one third of ESI interventions. IDB has supported a wide range of poverty related activities of which the Institutional Strengthening and Sustainability for Poverty Reduction Project is the most significant. The IDB also provides support for the Youth Development Programme and in the HIV/AIDS area. Among other things, IDB is trying to protect social spending in times of financial crisis. The Bank has several initiatives targeted at youth attending school. A special initiative aims to curb youth unemployment by providing young graduates with more information about their opportunities and some basic vocational skills.

The World Bank (WB) has provided more than 50% of total assistance to the ESI sector. The WB supported loan funding for financial sector reform, secondary education, community-based infrastructure improvements and the area of HIV/AIDS. In addition to public sector modernisation, the WB supports the National Community Development Project, the Inner City Basic Services Project and the provision of a Social Safety Net. The WB has also funded a series of case studies on best practices in poverty reduction.

USAID funds activities to the ESI sector amounted to 4.3% of total assistance. Some of USAID projects aim to improve the education of a significant number of at-risk youth. To improve the status of street and working children, USAID supports programmes that encourage these individuals to return to school as well as programs that address truancy.

Life skills and basic skills training form part of the programme. The implementing agency for this programme is the Ministry of Youth, Culture & Sports. USAID also funds a rural private sector development programme based on a value-chain approach, which is partially implemented by RADA. USAID has funded an ILO implemented project on HIV/AIDS in the workplace. The project came to an end in 2009.

DFID supports activities within the Social Development Commission (SDC). These include an Urban Poverty Programme and a Community Service Enhancement Programme. DFID has also supported the social development component of the Kingston Restoration Company and assisted

TABLE 2 OTHER DONORS' COOPERATION IN THE ESI, TOTAL AMOUNT COMMITTED IN JAMAICA 1999-2008

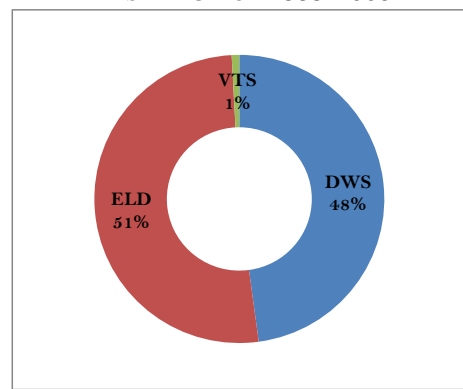
Donors	Funds Committed (euro)	% total assistance
Austria	3,480,160.00	0.98%
Germany	52,507.26	0.01%
Spain	11,678.02	0.00%
United Kingdom	3,339,882.41	0.94%
EUBD	6,884,227.69	1.93%
EIB	19,990,039.04	5.61%
Interamerican Development Bank	130,231,284.52	36.58%
The World Bank Group	182,708,400.00	51.32%
UNDP	113,443.47	0.03%
UNICEF	234,380.42	0.07%
IFI	333,277,547.46	93.61%
O	67,509.54	0.02%
Australia	1,536.14	0.00%
Canada	402,577.25	0.11%
United States	15,397,639.39	4.32%
OBD	15,801,752.79	4.44%
Grand Total	356,031,037.47	100.00%

Source: Own elaboration

the Jamaica Social Investment Fund (JSIF) in relation to the integration of participation responsiveness in its operations.

CIDA supports the Government of Jamaica's goal of social well-being within the context of economic growth. CIDA's development assistance programme focuses on three areas: improving governance, strengthening the private sector and improving environmental management. The support to the country's private sector is aimed at diversifying the economy and creating employment to improve life for people in the poorest communities.

FIGURE 3 OTHER DONORS' COOPERATION IN THE ESI SECTOR, SECTORAL DISTRIBUTION 1999-2008



Source: Own elaboration

UNDP's activities are centred on poverty reduction, security/justice and environmental management. UNDP is facilitating an EU-funded migration project implemented by a number of Jamaican organisations. The programme is managed by the EC head office.

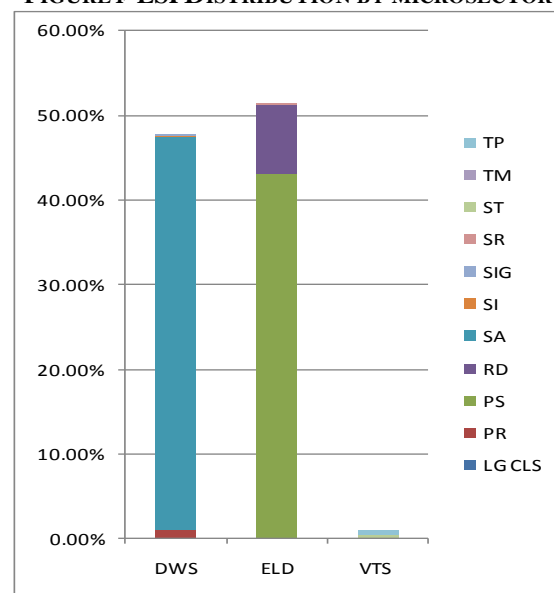
ILO implements an EC-funded regional Child Labour Programme, TACKLE. ILO has no permanent presence in Jamaica.

Concerning the sectoral distribution of the other donors' funding, the majority of funds were allocated to ELD macrosector. Only a minor %age 1% was allocated to vocational Training and labour supply (VTS). Only USAID implemented programmes relating to strengthen education and training as described above. Concerning the

macro-sector DWS; more than 170 M€ were allocated to the social assistance of vulnerable groups (SA) providing basic social services and health assistance.

Compared to EC Cooperation, the distribution of assistance of the other donors' differs significantly. The EC allocated to private sector development more than 53% of its budget, while the other donors channeled to PS almost 43 %. Additionally, rural development was a priority for the EC who allocates more than 34% of total assistance. For the other donors, rural development constitutes a minor part of total assistance accounting for 8.2% of the overall funds. Social Assistance to Vulnerable group is 46% of all the other donors' assistance, while the EC has focused its support to broader poverty reduction programme (12%). The differences in the distribution of assistance between the EC and the other donors respond to the effort of greater complementarity and harmonization of donors' interventions.

FIGURE 4 ESI DISTRIBUTION BY MICROSECTOR



Source: Own elaboration

4 FIELD FINDINGS

EQ. 1

TO WHAT EXTENT HAVE EMPLOYMENT, SOCIAL INCLUSION IN THE LABOUR MARKET AND TVET RELATED ISSUES BEEN INCORPORATED IN EC COOPERATION WITH THIRD COUNTRIES TAKING INTO ACCOUNT THE EVOLUTION OF EC DEVELOPMENT POLICY IN THIS PERIOD AND EC INTERNATIONAL COMMITMENTS?

JC. 1.2

Employment, social inclusion in the labour market and TVET policy orientations have been prioritized and mainstreamed into CSP/NIP, RSP/RIP

Labour market and employment analysis is a constant in EC country analysis in the last two CSPs. The shift from formal to informal employment in the country, as well as the stagnation of productivity, resulted in a response strategy concentrated in macroeconomic support assisting the governments' economic reform programme, as well as in private sector development. In 2008, the country analysis show, in spite of a decline in poverty and unemployment rates, important social inequities.

Recent commitments have been divided between several sectors: Macro economic reform and stability, poverty reduction, security and justice, private sector development, transport as well as banana and sugar compensation measures. Employment and to some extent social inclusions are indirectly addressed as part of the supported areas.

EC cooperation strategies and programmes in Jamaica reflect the attention given to employment in economic and social policy formulation, as illustrated by the banana and the sugar industry transformation initiatives and the strong focus on youth in crime prone urban areas. Employment is an indirect objective of the banana support and poverty reduction programmes. However, employment is not explicitly referred to as a direct result of the programmes. Only if these programmes are considered ESI relevant, the allocation for ESI has increased during the evaluation period.

The Private Sector Development Programme also has employment as an indirect objective by stimulating the growth of SMEs.

Social inclusion of vulnerable youth is one of the key aims of the Poverty Reduction Programme (phase 1 and 2). Social inclusion focusing on marginalised youth in crime prone areas is high on the agenda of the EC as well as many other development partners.

The EC has not provided any direct support to TVET, but the HEART Trust/NTA has been contracted to conduct short-term skills training under several programmes.

Advancement of social and labour rights has not received much attention, probably reflecting the rather strong tradition for social dialogue and defence of labour right in the Caribbean.

The regional ILO implemented programme TACKLE addresses issues of child labour.

JC. 1.4

EC support strategy in a given country takes into account EC-specific regional policy frameworks' overarching objectives

The policy dialogue mainly concerns the serious macro economic situation crippling recovery of the Jamaican economy. The policy agenda for Jamaica has more in common with that for Latin America (focus on trade, regional integration and social cohesion) than with the typical ACP policy agenda (poverty reduction, gender, exclusion, skill upgrading and

migration). This probably mirrors the fact that the EU-LAC summit is a major vehicle for policy dialogue between the Caribbean and the EU.

EQ. 2

TO WHAT EXTENT WAS EC ESI AND TVET RELATED SUPPORT ABLE TO TAKE INTO ACCOUNT THE SPECIFIC COUNTRIES' CONTEXT AND ITS CHANGE OVER THE PERIOD WITHOUT LOSING COHERENCE WITH THE OVERALL POLICY AND NORMATIVE FRAMEWORK?

JC. 2.1

National policy priorities, and their evolution, are reflected in EC ESI and TVET strategy towards a given country

The focus areas 'poverty reduction' and 'private sector development' are clearly in line with the goals and the priorities of the current and previous government as expressed in the MTF. Furthermore, the programmes appear to be well aligned to the realities of Jamaica, as described above. Creating social services and income opportunities for poor and crime prone communities and for the rural population affected by the changes of the global market for bananas and sugar are highly relevant areas of support.

One may wonder however why TVET has received very little attention under the prevailing circumstances. The national TVET system managed by the HEART Trust is still, although pretty sophisticated by regional standards, widely supply-driven and is not currently responding to the frightening realities of the Jamaican labour market. Education and training plans have been developed with TVET expecting to play a critical role in workforce development and training. Over the past two years, the focus appears to have shifted from workforce development and competitiveness to remedial education for secondary school leavers and programmes for at-risk youths.

JC. 2.2

Policy dialogue has promoted Employment and social inclusion in the labour market approaches and practices in partner countries in coherence with EC policy orientations

ESI issues are little addressed as part of the policy dialogue, whereas justice, crime prevention and social cohesion are the predominant dialogue topics. As explained elsewhere, in the view of the government and as expressed in the MTF, macroeconomic stability combined with improvement of the education system and better security are considered the precondition for addressing the employment and labour market challenges faced by Jamaica.

JC. 2.3

EC projects aimed at promoting employment and social inclusion in the labour market are framed in a coherent institutional

It is not clear to what extent the partner organisations' needs and capacity were assessed during the identification and planning phase, but allegedly a certain discussion of the content of programmes has taken place during the identification phase. In the case of the Poverty Reduction Programme II, the formulation was spearheaded by the JSIF. It is evident however that weak capacity of the executing organisations combined with bureaucratic procurement procedures on the site of EC have seriously delayed implementation of both the poverty reduction and private sector programmes. The Planning Institute of Jamaica coordinates donor plans and priorities on behalf of the government.

There has been some criticism by the monitoring reports of the log frame and planned activities for not being consistent and fully in line with the circumstances within which the

activities were implemented. Apart from poor and overoptimistic design, the reports do not indicate the reason for this shortfall.

The EC/EU Delegation maintains close contact with the National Institute of Planning, being the focal point for foreign development assistance to Jamaica and has been the principal partner during the formulation of the current programmes.

EQ. 3

TO WHAT EXTENT HAVE EC PROGRAMMING APPROACH, IMPLEMENTATION PROCEDURES AND TIMING OF DISBURSEMENTS OF FUNDS AFFECTED THE CAPACITY OF THE PROGRAMMES TO ACHIEVE THE EXPECTED RESULTS?

JC. 3.1

Key stakeholders are included in the main project cycle phases of ESI related interventions

While considerable consultations with other donors took place during the preparation of the CSP 2001-2007, this was to a lesser extent the case for the CSP 2008-2013. As budget support is now the predominant modality, coordination with others is considered less important. According to the CSP, NSAs were consulted during the formulation of the NIP. The UK (DFID), the only member state with a significant programme in Jamaica, was consulted as well.

JC. 3.2

The capacity of EC (HQ and Delegation) to undertake technical discussions with counterparts on specific themes provides quality inputs in the dialogue with partner countries

The EC Delegation does not have anyone with special expertise on ESI, but with the current portfolio this might not be relevant. However, the Delegation has several staff with experience in local economic development. In general, 'classical' ESI issues play an indistinct role in the Jamaican political debate, except for the general concern regarding the deteriorating employment situation and the current strain between the trade unions and the government caused by austerity measures introduced in connection with the macro economic reform programme.

As indicated by the banana and sugar initiatives, there is a close coordination between the EC Headquarters and the EC Delegation on trade policy matters. On other matters, there appears to be less interaction.

JC. 3.4

EC interventions (projects, programmes and budget support operations' management) allow achieving results

Both the Private Sector Development Programme and the Poverty Reduction Programme II have suffered from serious delays due to a combination of limited capacity of the implementing organisations, unclear (inconsistent) project design and cumbersome procurement and approval procedures. The evaluation team was not informed about delays caused by slow disbursement of funds by the EU Delegation.

In line with the spirit of the Paris Declaration, budget support has accounted for approximately three-quarters of the EU support since the CSP 2008-2013 became effective.

The EC programme has undergone significant changes during the evaluation period, especially in terms of aid modalities. Today, budget support is the dominant modality in all sectors, as mentioned above.

While the interviewed EC Delegation staff expressed appreciation of the change to budget support, other development partners expressed far more concern and doubt regarding the advantages of this under the circumstances prevailing in Jamaica. The view of the interviewed beneficiary organisations was mixed. Some expressed fear that it would make it more difficult to secure future funding, while others saw it as an advantage that they could set their priorities without the endorsement of the EC.

ROMs appear to be a useful and appreciated as a management tool that is used for making necessary adjustments to the logframe and implementation arrangements.

EQ. 4

TO WHAT EXTENT AND HOW HAS THE COMMISSION ENSURED COORDINATION AND COMPLEMENTARITY WITH OTHER DONORS AND ENSURED COHERENCE WITH OTHER EC POLICIES AND ACTIVITIES? WAS THERE A VALUE ADDED IN EC SUPPORT, COMPARED TO THAT OF OTHER DONORS?

JC. 4.1

EC response strategies in the area of employment and social inclusion in the labour market are embedded in sector approach decided in the framework of country harmonisation initiative

The Planning Institute of Jamaica (Ministry of Planning) is the body in charge of national planning, including donor coordination. However, the Planning Institute is not taking part in the day-to-day donor coordination and information-sharing. Indeed, coordination and harmonisation is dealt with by the donors themselves and structured around 5 technical working groups. The EC Delegation takes part on an ad hoc basis in several of these.

JC. 4.2

Donor coordination mechanisms responding to EC and international commitments on aid effectiveness, such as the Guidelines for strengthening operational coordination between the EC and the Member States in the field of External assistance, and the more recent Paris Declaration, or the European Consensus, are in place at different levels

There exist 5 donor working groups, which seem to be functioning reasonably well. The EC occasionally participates in several of these working groups, but in the general, other development partners have stated that they find that the EC keeps a rather low profile in terms of donor coordination and information-sharing. For example, the EU ambassador does not attend the regular heads of delegation luncheons. Official representatives of the Government of Jamaica do not play an active role in donor coordination, and are not members of the working groups.

In general, the donors who the team spoke with expressed considerable annoyance with the unwillingness of the present EU Delegation to share information on and coordination of their activities. While the EU Delegation argued that after the change to budget support as the predominant modality there was little information to share. However, some information-sharing seems to take place at the sector level, as the desk officers occasionally take part in the donor working groups.

JC. 4.3

The Commission has ensured the overall coherence between its employment, social inclusion in the labour market and TVET interventions with other EU policies

As mentioned above the Cotonou Agreement together with the bilateral partnership agreements set the overall framework for collaboration with and support to Jamaica. Hence,

there is an unquestionable coherence between overall EU policies and the specific areas of support, as illustrated by the banana support programme and the sugar protocol compensation activities

However, coordination among the various EU funded projects and programmes appear to be quite limited.

JC. 4.4 EC value added

No doubt, the EU support adds considerable value to the areas it focuses on. The team is not in a position to assess whether the EU support is more or less relevant and effective than that of other development partners. But of course, the mere fact that the EC is by far the biggest grant-based donor in itself entails a considerable visibility and effect. The European Social Model is not promoted by the EC/EU, as it seems to have relatively little relevance in Jamaica which already has a pretty sophisticated social security system and a prolonged tradition for focusing on social cohesion. Instead the focus is on poverty related crime, as mentioned elsewhere.

Several development partners including the World Bank, the IDB, USAID and the EC are maintaining a policy dialogue with the government. The EC appears to be an appreciated dialogue partner by the Government.

EQ. 5

TO WHAT EXTENT HAS EC SUPPORT INTERVENTIONS BEEN ABLE TO PROMOTE LABOUR DEMAND STIMULATING OR ENABLING ECONOMIC GROWTH AND JOB CREATION, AND CONTRIBUTE TO THE INCREASE OF EMPLOYMENT IN A SUSTAINABLE WAY?

JC. 5.1

EC programmes promoting economic growth and structural reforms address labour demand and employment creation issues and envisage monitoring key indicators on labour market

&

JC. 5.2

EC programmes in the area of labour demand and employment creation have contributed to increasing employment, in particular for youth and women

There is no documentation of the labour demand effect of neither the banana, poverty reduction nor the private sector initiatives. Creation of employment is not a key objective of any of the EC support, but certainly some new jobs have been created due to the support both by the benefiting SMEs and contractors developing the infrastructural facilities financed by the poverty reduction programme. Regarding the banana support programme, there is the creation of new income opportunities for farmers as well as plantation and port workers who have lost their jobs following the liberalisation of the global banana market.

The private sector, and agriculture and tourism in particular, are clearly seen as the primary sources for creation of new employment opportunities. Labour intensive public works and the like are not part of the government or EC strategy. Some of the existing SME schemes benefit the informal sector as well, but there are no initiatives exclusively working with the informal sector.

Employment/labour demand is not mentioned as a prime objective of any of the programmes assessed by this evaluation. However, creating new income and thus

employment opportunities for selected groups is one of the objectives of both the banana support programme and the private sector development programme.

There are no objectives or project purposes in the CSP/NIP for 2001-2007 and the CSP/NIP 2008-2013 referring to employment or labour market conditions. However, one of the indicators for the recently completed Private Sector Development Programme refers to the employment effect on the supported SMEs.

There is disappointingly little monitoring of the effectiveness of the programmes, including the effect in terms of income and employment. In general, monitoring of the EC support is not well developed. For instance, RADA, the principal executing agency of the huge banana programme, has no routinely established standards or procedures for monitoring the outputs and outcomes of its activities, and the same applies to the organisations that have been implementing the private sector development programme. Perhaps the lack of attention to the issue by the EC Delegation has contributed to this.

EQ. 6

TO WHAT EXTENT HAS THE SUPPORT TO TVET AND TO OTHER ACTIVE LABOUR MARKET MEASURES IMPROVED EMPLOYABILITY OF WORKERS, ESPECIALLY VULNERABLE AND MARGINALISE GROUPS, AND CAPACITY OF WORKERS TO ADAPT TO EFFECTS OF STRUCTURAL REFORMS, GLOBAL CHANGES, TRANSITION TO MARKET ECONOMY, ETC?

Support to TVET and active labour market measures are not part of the EC portfolio, as discussed above. Vulnerable and marginalised groups (youth) in urban crime prone areas are targeted by the poverty reduction programme, while the banana support programme is benefiting vulnerable groups in rural areas. Skills development/training constitutes a small element of this, as HEART Trust has been contracted to conduct a small number of short-term training courses. NADA has conducted courses of various agricultural practices for the banana initiative.

Although the importance of a well educated labour force is widely acknowledged in Jamaica, so far TVET has received little donor attention. There appears to be several reasons for this: a) The existing TVET system is in a relatively good shape, especially in terms of facilities within the national training system of HEART/NTA, b) a robust training fund exists collected from 3% of employers gross earning, and c) The poor performance of the education system is considered more urgent, and is therefore higher on the agenda.

Mismatch of the supply and demand for labour although important for developing training initiatives is not currently a major factor being considered in Jamaica. This is reflected in the fast increasing unemployment caused by the effects of the global financial crisis and the changing market for bananas and sugar.

The EC/EU does not provide support to either education or TVET and even for other sector programmes, skills development constitutes a low priority area.

EQ. 7

TO WHAT EXTENT HAS THE EC CONTRIBUTED TO DECENT WORK AND THEREFORE TO SOCIAL COHESION AND MDG1B, THROUGH SUPPORTING THE CONDITIONS FOR THE APPLICATIONS OF THE DECENT WORK PRINCIPLES IN PARTNER COUNTRIES THROUGH SPECIFIC MEASURES IN FAVOUR OF VULNERABLE AND MARGINALISED GROUPS?

JC. 7.1

Support to Decent Work principles in EC bilateral cooperation exist or has increased in importance and budget over time

The adoption of the DWA in 2006 did not lead to any marked change of the EC supported activities, as social security, job creation in SMEs and provision of income opportunities have been key objectives of the EC support since the CSP and NIP 2001-2007 (and even before that).

Except for the ILO executed child labour project TACKLE, there are no EC funded initiatives explicitly addressing core decent work issues. There is no noticeable link between the EC-funded regional child labour project TACKLE and the rest of the country programme. However, the CSP 2008-2013 has a section called 'Social situation including decent work and employment'. The section provides information on issues such as migration, the employment situation, the quality of education, poverty, HIV/AIDS and social security.

JC. 7.2 EC promotes the creation of an enabling environment to the introduction and application of DW principles

Although Jamaica is an upper middle income country, labour governance has received very little attention by the EC and other donors even though social cohesion and labour demand are focus areas. The latter through private sector and local economic development support initiatives. The strong tradition for social dialogue in Jamaica makes this issue less pertinent.

CONCLUSIONS

Jamaica is a unique case in the sense that it is a relatively small island economy with close ties to its neighbouring countries and high dependence on the remittances by the huge number of Jamaicans living abroad (some estimates indicate that there almost twice as many Jamaicans living abroad than in the country). The country is seriously affected by the global financial crisis and the alteration of the international trade regime for banana and sugar, the two predominant export commodities, and the bauxite industry, another important export commodity, is at the verge of collapse. This, together with the indebtedness of the state, has brought Jamaica in a very difficult situation and caused a further deterioration of the already serious security situation.

At the same time, Jamaica, as most other Caribbean nations, enjoys a strong trade union movement that has managed to secure the interests of its members and traditionally maintained close links with the government. For this reason and because of the prevailing economic and social situation, 'classical' ESI issues have not figured prominently on the agenda of the development partners, including the EC/EU.

Creation of income and employment opportunities for workers affected by the transformation of the sugar and banana industries are the most prominent ESI initiatives by the EC, as well as the effort by the poverty reduction programme to reduce the social tension in the worst hit pockets of poverty and crime. Finally, the private sector development by means of SME development indirectly aims (or rather aimed, as it has come to an end) to create new employment opportunities in the private sector.

As regards the private sector programme, the objective was to empower private sector organisations to provide services to SMEs as well as to strengthen the competitiveness of SMEs through development of a system of cost-sharing business development services and increased access to corporate finance. There are no data available on the employment effect of the programme.

Concerning the banana and sugar industry initiatives, the objective is dual: a) to make the remaining industries more efficient in order to enable them to compete in the liberalised global market, and b) to compensate for the substantial job losses caused by the

liberalisation. Concerning the latter, introduction of new income opportunities with an agricultural edge has been the predominant strategy. The income and employment effect of the initiatives are not known.

While a number of working groups have been established among the development partners, the EC is a relatively passive member of these. In general, it was felt that the EC is reluctant to share information and fully take part in coordination among the donors.

The Planning Institute of Jamaica (Ministry of Planning) is the body in charge of national planning, including donor coordination. However, the Planning Institute is not taking part in day-to-day donor coordination. Indeed, coordination and harmonisation is dealt with by the donors themselves and structured around 5 technical working groups. The EC Delegation takes part on an ad hoc basis in several of these. The EC Delegation maintains close contact with the Planning Institute

ANNEX I – LIST OF CONSULTED STAKEHOLDERS

Name Organisation	Stakeholders Consulted
EU Delegation	Ms. Corinne Deleu, Project Manager, Economic & Social Development Mr. Nicolas Ritzenthaler, Programme Manager, Rural Development Mr. Alberto Menghini, Project Manager, Economics, Trade, Politics and Information
HEART Trust/NTA	Ms. Debbie Ann Robinson, Legal Counsel Ms. Elizabeth Terry, Director, Projects & Partnerships Mr. Kenneth Morrison, Director Operational, Planning & Performance Monitoring
St. Thomas Co-op Credit Union	Mr. Hopeton Morrison, General Manager Ms. Claudia Thompson, Loans Manager Ms. Villet Kelly-Bennett, Technical Resource Officer
Jamaica Exporters' Association	Mr. Vitus Evans, Chairperson Ms. Jean Smith, General Manager
Jamaica Association of Local Government Officers	Ms. Helene Davis-Whyte, Chairperson Mr. Barrington Parsson, Department of Local Government, MoLSS Ms. Helene Walker, Inspector of Poor, Kingston
ILO/TACKLE project	Ms. Nasolo Thompson, National Project Officer
Jamaica Employer's Federation	Ms. Brenda V. Cuthbert, CEO
Jamaica Business Development Corporation	Ms. Valerie P. Veira, CEO
Jamaica Social Investment Fund	Ms. Shakierah Cowan, Project Coordinator, EU PRP2 Mr. Paul Leclercq, Project Manager, EU PRP2
Council of Voluntary Social Services, CVSS	Ms. Winsome Wilkins, CEO
Rural Agricultural Development Authority, RADA	Mr. Al Powell, CEO Mr. Marc C. Panton, Chief Technical Director Ms. Majorie A. Stair, Overall Co-ordinator, EU Banana Support Programme Ms. Shareen Baughs, Director Planning/Evaluation Ms. Paulette Lyons-Dott Mr. Zuteikha Budhan
Inter-American Development Bank, IDB	Ms. Donna O. Harris, Multi-Sector Specialist Ms. Janet Quarrie, Operations Analyst

Name Organisation	Stakeholders Consulted
USAID	Mr. Sean Osner, Supervisory General Development Officer Ms. Christina Davis, Democracy & Governance Officer
Jamaica Confederation of Trade Unions	Mr. Wayne St. A. Jones, General Secretary Mr. Keith Comrain, Director Mr. Thomas
The Private Sector Organisation of Jamaica	Ms. Sandra A.C. Glasgow, CEO
UNDP	Mr. Minh Pham Resident Representative
World Bank	Mr. Badruel Haque Special Representative
International Organisation for Migration	Ms. Keisha Livermore, Programme Assistant Ms. Diandra Isaacs, Programme Assistant
EU Delegation	Ms. Corinne Deleu, Project Manager, Economic & Social Development Mr. Alberto Menghini, Project Manager, Economics, Trade, Politics and Information
Planning Institution of Jamaica (PIOJ)	Ms. Dianne Davis, General Manager Mr. Alison Miller, Officer Ms. Monique Harper-Griffith Manager
Ministry of National Security	Courtney Brown, Crime Prevention unit
Ministry of National Security Out Reach workers	Mr. Denise Adams, Senior Community Action officer Ms. Marcia Flynn, Community Action Officer, (Trench Town, Denham Town and Hannah Town) Mr. Simon Robinson, Programme Manager, Citizen Security and Justice Programme Ms. Angela Norton Castrionta, Community Management and Training Expert Mr. Orville Simmonds, Community Action Coordinator Ms. Unice Delepenha, Community Action Officer Ms. Angella Harris Mr. Leroy Porteous, Liaison officer

ANNEX II – LIST OF WEBSITES AND DOCUMENTS CONSULTED

EC: Country Strategy Paper and National Indicative Programme 2001-2007

EC: Country Strategy Paper and National Indicative Programme 2008-2013

EC: Joint Annual Review 2007

Various EC programme and project documents, including monitoring reports, review and final evaluation
www.iom.int

www.iadb.org

www.worldbank.org

www.deljam.ec.europa

www.usaid.gov

www.undp.org

www.jamaica.gov.jm

ANNEX III – ESI/VTS RELATED PROJECTS

TITLE	DECISION YEAR	BUDGET '000 €	SECTOR	WIDER OBJECTIVE	SPECIFIC OBJECTIVES/ INTERVENTION LOGIC	BENEFICIARIES/ EXECUTING AGENCIES	COMMENTS
Poverty reduction programme	2000	5,108	DWS	'To alleviate poverty by improving living conditions in poor communities'.	The PRP will improve living conditions by providing access in poor communities to quality basic infrastructure and services, especially in the fields of water, sanitation and health. Additionally, it will enhance the participation of poor communities' associations and individual members in their own development by strengthening their administrative capacity and by closely associating them with the implementation.	Jamaica Social Investment Fund (JSIF).	
Poverty reduction programme II	2006	10,100	DWS	Overall Objective: 'Poverty Alleviation through Sustainable Growth'. Programme purpose: 'Improvement in socio-economic conditions and quality of life. Emphasis on community safety promotion and criminal behaviour reduction in volatile and vulnerable communities.	Building upon the experiences of the first PRP (2001-2006), the PRP II attempts to translate agreed community priorities into practical poverty reducing activities and projects. PRP II contributes to the coherence of poverty and crime related interventions. It intends to deepen and broaden community participation, which in turn will help to instill a greater sense of ownership and enhancer sustainability. The participatory approach is expected to increase awareness and citizenship thereby leading to an increased involvement and responsibility of the local communities and local government.	Direct beneficiaries are JSIF, SDC and the MNS, indirect beneficiaries are the volatile and vulnerable communities in Jamaica and their inhabitants	The efficiency of the programme has been extremely low, due to the 18-month delay The programme has recently (2009) gained a lot of momentum
Accompanying measures 2007 for sugar	2007	25,000	ELD	'To achieve an effective transition to a sustainable sugar cane industry over the period 2006-2015 in order to	In order to fulfil the goal of the Jamaica Country Strategy for the Adaptation of the Sugar Industry, three specific objectives must be achieved: (i) sustainable	Ministry of Agriculture	Based on the Jamaica Country Strategy for the Adaptation of the

protocol countries				reduce poverty and improve the living standards of the rural population in sugar-dependent areas.	private sector-led sugar cane; (ii) strengthening of the economic diversification, social resilience and environmental sustainability of sugar-dependent areas; and (iii) maintaining progress toward macro-economic goals.	Sugar Industry 2006-2015 and the EC Multi-Annual Assistance Strategy 2006-2013.
Accompanying measures 2008 for sugar protocol countries (sector budget support component)	2008	2,525	ELD			
Sugar - debt reduction and growth enhancement programme	2008	9,000	ELD			
EU Banana Support Programme 1999	2000	5,300	ELD	The origin of the Programme is the Council Regulation 856/1999, aiming to assist 12 ACP exporters of bananas (including Jamaica) to the EU to come to terms with the increased liberalization of the banana regime in compliance with WTO.		Total budget: € 42,625,000 (all SFA combined). Likely end date: 12/2012
EU Banana Support Programme - SFA 2001	2001	5,000	ELD	The first allocations (1999 and 2000) focused largely on the first component, but the RD component has gained prominence thereafter,		

				especially in the SFAs 2006, 2007 and 2008, in part because of three severe hurricanes in a span of 1 year (2004-2005) that devastated the banana industry.		
Banana Support Programme - SFA 2002	2002	4,700	ELD			
Banana Support Programme - SFA 2003	2003	4,400	ELD			
Banana Support Programme - SFA 2004	2004	4,830	ELD			
Banana Support Programme - SFA 2005	2005	4,110	ELD			
Banana Support Programme - SFA 2006	2006	3,490	ELD	<p>The Special Framework of Assistance to traditional ACP suppliers of banana to the EU aims to reduce the impact on these countries in view of the phasing out of preferential treatment and the imposition of tariffs that are in line with WTO rules. The overall objective is to promote sustainable development in the traditional banana growing areas of Jamaica. The project is supportive of EC development and</p>	<p>The project purpose of SFAs 2006, 2007 and 2008 is to maintain living standards of farmers, farm and port workers and their communities in the traditional banana areas in the short term and to improve their living standards in the long term. The emphasis in the final years of the program has shifted from the Banana Improvement Program (BIP) component to the Rural Diversification Programme (RDP) component, which encourages other activities and developments not directly linked to banana. The current call for proposals issued</p>	<p>Ministry of Agriculture (MoA) is responsible for the coordination of the project, which is implemented by the Rural Agricultural Development Authority (RADA) through a Project Implementation Unit. For BIP and RDP the project works closely with</p>

				cooperation strategies concerning rural and sustainable development.	under SFA 06 and SFA 07 focuses on' Creation of sustainable employment opportunities through economic diversification in the banana producing parishes of Jamaica'.	resp. the Banana Export Company (BECo) and various public and private agencies.
Banana Support Programme - SFA 2007	2007	2,970	ELD			
Banana Support Programme - SFA 2008	2008	2,525	ELD			
TACKLE	2009		DWS	<ol style="list-style-type: none"> 1. Country level legal framework prepared or strengthened 2. Strengthened institutional capacity leading to improved ability to formulate and implement child labour strategies 3. Targeted actions to combat child labour designed and implemented (Focus on education and skills) 4. Improved advocacy and dissemination of good practices to enhance knowledge base and networks on child labour and education 	<p>Key targets:</p> <ul style="list-style-type: none"> • Laws and polices (education and labour) harmonized, address CL issues, • Enforcement machinery improved • Children withdrawn from CL (approx 600) • Children prevented from becoming CL (approx 900) • Schools using new curricula./ methodology to improved learning environment (approx 10) • Knowledge and related activities surrounding child labour increased • Ministries of Labour, education, social partners formulate and implement action programmes to combat CL 	<p>Regional ILO Has duration of programme funded 17 months in by the EC. Does Jamaica. not involve the EU Delegation.</p>

ANNEX 11: VIETNAM COUNTRY NOTE

TABLE OF CONTENTS

1	INTRODUCTION	74
2	CONTEXT IN WHICH THE EC INTERVENES	74
2.1	MACROECONOMIC TRENDS	74
2.2	LABOUR MARKET TRENDS.....	75
2.3	RELATED GOVERNMENT POLICIES AND INSTITUTIONAL FRAMEWORK.....	75
3	ESI RELATED COOPERATION FRAMEWORK.....	77
3.1	EC STRATEGY AND COOPERATION.....	77
3.2	OTHER DONORS.....	79
4	FIELD FINDINGS	81
	CONCLUSIONS.....	92
	ANNEX I – LIST OF CONSULTED STAKEHOLDERS.....	96
	ANNEX II - LIST OF DOCUMENTS CONSULTED	98
	ANNEX III TABLE OF EC PROJECTS INCLUDED IN THE FIELD VISIT	99
	ANNEX IV TABLE OF OTHER DONORS' MAIN INTERVENTIONS	100

ACRONYMS

ADB	Asian Development Bank
APEFE	Association pour la Promotion de l'Éducation et de la Formation à l'Étranger
ASMED	Agency for Small and Medium Sized Enterprise Development
CSP	Country Strategy Paper
DWCP	Decent Work Country Programme
EC	European Commission
ESI	Employment and Labour Market
EQ	Evaluation Questions
EU	European Union
FDI	Foreign Direct Investment
HRD	Human Resource Development
ILO	International Labour Organization
MDG	Millennium Development Goal
MOET	Ministry of Education and Training
MOLISA	Ministry of Labour, War Invalids and Social Affairs
MUTRAP	Multilateral Trade Policy Assistance Programme
NGO	Non-Governmental Organization
NSA	Non-State Actors
ODA	Overseas Development Assistance
PRSC	Poverty Reduction Support Credit
PRSO	Poverty Reduction Support Operation
RG	Reference Group
SPF	Small Project Facility
UNIDO	United Nations Development Organization
VICCI	Vietnam Chamber of Commerce & Industries
VGCL	Vietnam General Confederation of Labour
VNAT	Vietnam National Administration of Tourism
VPSSP	Vietnam Private Sector Support Programme
VTCB	Vietnam Tourism Certificate Board
WTO	World Trade Organization

1 INTRODUCTION

The field visit to Vietnam had the following objectives:

- a. To collect data to answer the agreed evaluation questions.
- b. To evaluate eventual hypothesis formulated at the end of the desk phase.
- c. To assess if there is need for further research and interviews to prepare the synthesis report, and in particular conclusions and recommendations chapter.

The field visit to Vietnam was undertaken during 8-12 March 2010 with Iftikhar Ahmed as the Team Leader assisted by Nguyen Huu Dung, the National Expert and interpreters Luu Quynh Van and Thuy Nguyen with local organizational support provided by Green Field Consulting & Development in Hanoi.

During the field visit, a power point presentation based on the check list provided in the DRN guidelines enabled intensive consultations with national counterparts, government agencies, non-state actors & the donor community.

2 CONTEXT IN WHICH THE EC INTERVENES

2.1 Macroeconomic trends

Outstanding achievement in accelerated but equitable economic growth, job creation and poverty reduction in Vietnam has been widely acclaimed as one of the great success stories in economic development.

The momentum of the *Doi Moi* policy reform of Vietnam's transition to a socialist oriented market economy from the previous command and control economy continued relentlessly over the past three decades and is enshrined in the country's Socio Economic Development Plan (SEDP 2006-10) having four pillars: fostering business development, ensuring social inclusion, managing natural resources and strengthening governance⁸⁰.

Indeed, during the last decade, the economy experienced a sustained economic growth of between 7 to 8 % (average 7.2% for 2001-2009) propelling it towards a middle-income country (per capita GDP exceeding \$1000)⁸¹. The fraction of households living under the poverty line plunged from 58.1 % in 1993 to 28.9 % in 2002. It fell even more dramatically to 16 % in 2006⁸²&⁸³. The measure of inequality, Gini coefficient, is one of the lowest in East Asia⁸⁴. The non-state and foreign investment sectors were the engines of employment

⁸⁰ World Bank: Eighth Poverty Reduction Support Credit (PRSC8) Vietnam Programme Document for a proposed Credit, Poverty Reduction & Economic Management Unit East Asia & Pacific Region, Report No. 47908-VN (Washington DC, June 8, 2009), P.1. Vietnam MPI: GDP per capita \$1,064 for 2009.

⁸¹ Average per capita income of US \$ 1,024 in 2008 (DRN: *Evaluation of the European Commission cooperation with Vietnam, Final Report, Vol.1, October 2009, P. i*

⁸² World Bank/ADB/EC/DFID/GDC: Vietnam Development Report 2008: Social Protection, Joint Donor Report to the Vietnam Consultative Group Meeting, Hanoi, December 6-7, 2007

⁸³ According to country poverty line: 2009 the poverty rate is 11.3%: Government's report

⁸⁴ Vinh, Dao Quang: *Vietnam employment forum: Decent work, growth and integration*, Hanoi, 16-18 December, 2007 Report of the Vietnam Employment Forum (Hanoi, MOLISA/ILO, February 2008), Table 2

growth. The structural transformation of the economy shows a sharp shift of employment in construction, industry and services and a decline in the agricultural sector⁸⁵.

Vietnam has bounced back from the slide in growth from the global economic recession by restructuring its export destinations, revising of FDI, construction and industrial sector activities accompanied by increases in sales of consumer durables & consumption of electric power⁸⁶.

2.2 Labour market trends

Labour market has been functioning well with labour earnings increasing by 8.3% annually during 1998 to 2006. With the development of the market economy, those with higher skills have faced increasingly better earning opportunities⁸⁷. A mismatch in the supply and demand of skilled labour has been noted, although the gender gap in wage employment has been narrowed with the persistent discriminatory practices against migrant workers in the labour market⁸⁸. While the fraction of the labour force working in wage employment has increased steadily from 16.5% to 27.7% between 1993 to 2006, not every one of them has been integrated into the formal economy (from lack of labour contract)⁸⁹. Currently there is a difference in regulations for minimum wage of domestic enterprises vs. foreign invested enterprises.

The ratio between minimum wages and average wages in domestic enterprises has increased from 25% in 1998 to 32% in 2006 although the minimum wage (earned by a larger proportion of women and youth) in the domestic enterprises is only a half of that of the foreign invested companies⁹⁰.

The lack of workers representation (the weakness of the trade union in the enterprise leads to the ineffective representation and protection of the workers' rights) at the enterprise level and the prevalence of wildcat strikes suggest that the legal framework for collective bargaining in Vietnam is not well adapted to the maturity of the economy.

Participation in the compulsory pension programme has increased over the years but now covers 18% of the labour force and 54% of employment in State-Owned enterprises (more than 90% are covered with the compulsory social insurance), foreign invested companies and private domestic firms registered under the Enterprise Law⁹¹.

2.3 Related government policies and institutional framework

Vietnam is in the renovation process. The Government wants to implement a policy towards proper development and effective distribution of the labour source to create more jobs. The labour source is considered as resources and motivation for economic growth and sustainable development of the country.

⁸⁵ Warren-Rodriguez, Alex: *The impact of the global economic downturn on employment levels: An elasticity approach*, UNDP Technical Note (Hanoi, UNDP, February 2009)

⁸⁶ World Bank: *Taking stock: An update on Vietnam's recent economic development*, Mid-year Consultative Group Meeting for Vietnam, Bun Ma Thout, June 8-9, 2009, PP. 12-14, 16-18, 21

⁸⁷ World Bank/ADB/EC/DFID/GDC, op.cit., P. 36

⁸⁸ ADB: *Labour market segmentation and poverty policy, Making markets work better for the poor*, Discussion Paper No. 10 (Manila, ABD, December 2005), P. 15, Table 3.7

⁸⁹ World Bank/ADB/EC/DFID/GDC, op.cit., P.36

⁹⁰ World Bank/ADB/EC/DFID/GDC, op.cit., Pp. 42-43

⁹¹ World Bank/ADB/EC/DFID/GDC, op.cit., P.99

In the last 23 years, Vietnam leaders have changed from old thinking of central-commanding economics to new thinking of market economy. The Government has tried to find a policy and regulation system which is suitable for the market economy and to meet the demand of integration into the global market, to participate in the global value chain, and international labour work allocation.

Labour market policy and employment policy in Vietnam was institutionalized, and is a state laws and rules, and create legal framework for equality to the subjects of the labour market. This is one of the core of the socio-economic policy, which aims at the people.

The labour market policies include the following groups:

- The policies to develop human resources, mainly through the development of education, career training, especially vocational training to develop social capabilities (knowledge, skills, attitude, working culture...) and social mobilities (practical capabilities, creative work, flexibilities, adaptiveness, team work, working in multi-culture multi-races multi-religion)
- Create enough jobs, to create freedom to choose effective jobs, and to create sustainable jobs with decent works. Paying special attention to: a/ the policies to create demand for the work force to grow the work, especially at enterprises; b/ the policies to promote transfer of workers from agriculture to non-agriculture, and to promote free travel, free practition; c/ the policies for safety and labour hygiene
- Distribution of wages and incomes toward market economy and to ensure equality, to create motivation for labourers, to develop harmonized, stable and advanced working relations, to minimize labour dispute and strikes
- Social security policies to prevent and minimize risks in the market economy and other social risks. The most important policy is the active labour market policy (positive), social security policy, health insurance policy, unemployment insurance policy, working accident insurance policy, and occupational disease

Vietnam has chosen the market economy with socialist orientation. In fact it is a mixed economy with the combined control of the market and the state. In other words, it is a market economy with the state moderation towards the objectives of rich people, strong country, and society of equality, democracy, and civilization. The institutions, policies and rules of a market economy were automatically created, and are fully applied to liberalize the work force; in paralel the State moderate the market to ensure the socialist orientation. However, the moderation of the State into the market must ensure the effectiveness of the labour market, including:

- The labour market distribute the labour resource according to the supply – demand relation based on fair competition
- Wages, salaries must follow the market rules and are determined by the market
- Safety and labour hygiene standards and regulations must be stricly followed
- Implementing the negotiation mechanism for the working relations (jobs, salary, wage, and other working conditions), and to solve the disputes for the sides of the working relation
- Labour exchange system to provide service to connect the supply and the demand of labour
- To ensure the intervene of the state when necessary: to create an environment to encourage investment, increade the demand for labour, equal treatment between employers and employees in the working relations; to facilitate the smooth and effective operation of the labour market; to resolve to problems and failures of the labour market.

The labour market and employment policies are continuously improved towards the market economy and international practices, especially for joining with WTO.

Amongst the labour market and employment policies, the main orientation is to develop production and create more jobs. In the last few years, many laws have come into effects including the Land Law, Corporate Law, the Law of Trade, Law for Investment, Law for Competition, Law on Cooperatives, etc. This has helped to create the legal framework and investment environment, to develop proper business and production, and to facilitate different business sectors, especially small and medium enterprises, farming business, household business, cooperatives to rapidly grow. In addition, in order to improve the efficiency of the state owned enterprises, Vietnam has restructured and renovated the enterprises, mainly through equitization, and to form state economic groups which operate in multi-sector, interdiscipline fields, to build focused industrial zones, processing zones, and high-tech zones. These are important policies to create more jobs.

The first Labour Code was passed by the National Assembly on 1st January 1995. The Law to supplement the 1995 Labour Code (2002 and 2006) has institutionalized the main content relating to working labour relations (recruitment, use of labour, working time and breaking time, salary, labour disciplines, material responsibilities, labour safety, specific works, social insurance, inspection on labour safety and hygiene).

However, the policies and system of the labour market still have shortcomings including:

- The mechanisms, policies, and regulations are not responsive to the facts and changes, and are not specific. Many regulations are not suitable to the existing conditions;
- Some of the specific sectors still lack of institutionalized regulations, for example: there is not Law on Jobs, Law on Minimum Salary, Law on Labour Safety and Hygiene;
- The enforcement of the laws is not effective; administration reform is not effective. There are many barriers to the people. There are corruptions at many places.

3 ESI RELATED COOPERATION FRAMEWORK

3.1 EC Strategy and cooperation

The political relations between Vietnam and the European Union are based on the **Framework Cooperation Agreement**⁹² which entered into force in 1996. The agreement sets four main objectives: (i) increased bilateral trade and investment; (ii) support for sustainable economic development and improvement of living conditions; (iii) support for Vietnam's efforts of economic restructuring and move towards a market economy; (iv) environmental protection. The agreement contains a clause on the respect for human rights and democratic principles.

The Agreement created the **EC-Vietnam Joint Commission**, a forum for high-level discussions on political and economic developments in the EU and Vietnam. The Joint Commission meets once every two years. The last session took place in Hanoi in November 2009.

On November 2007, the EU and Vietnam launched the negotiations for a **Partnership and Cooperation Agreement (PCA)** which would provide a comprehensive and ambitious

⁹² Official Journal L 136/ 28 14.5.96

framework and on March 2010, there have been the launch of negotiations for a free trade bilateral agreement.

The political and economic relations between the EU and Vietnam take place at regional level within the framework of the ASEAN and Asia-Europe Meeting (ASEM). Although among the less developed ASEAN members, Vietnam is playing an increasingly active role in ASEAN, *inter alia* promoting stronger ASEAN solidarity and cooperation, and its ASEAN identity has become an important feature of Vietnam's foreign policy. Vietnam successfully hosted the 5th ASEM Summit in October 2004 and the ASEM Foreign Ministers Meeting (FMM9) in May 2009, and has made a crucial contribution in fostering ever closer cooperation between the two regions. On the basis of the afore-mentioned political background, the two main of concentration of the EC in the **CSP 2002-2006** were human development with a specific target to poor and to facilitate the integration of Vietnam into the world economy. For the period 2002-2006, the CSP specified an indicative budget of 162 M€ giving preferences to sector wide approach rather than individual projects.

The **CSP 2007-2013** identifies the sustainable reduction of poverty as the overarching objective of EC support in Vietnam. The two focal areas identified in the CSP are: support to the Vietnam Socio-economic Development Plan (SEDP) and support to health sector. The SEDP aims at maintaining economic growth, promoting productive employment and decent work and strengthening the country's industrial competitiveness, while taking due care of the need for social inclusiveness, thus reducing economic and social disparities, and building a modern, accountable and efficient administration.

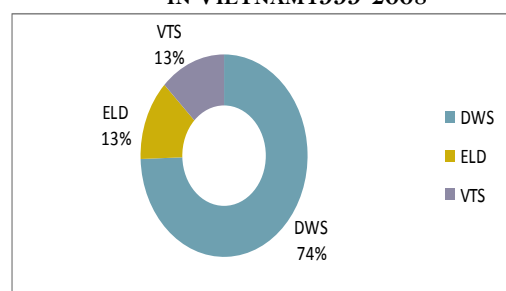
The EC contributes to the Poverty Reduction Support Credit (PRSC) which is a World Bank-led global budget support instrument. The PRSC addresses the three main areas identified by Vietnam's Comprehensive Poverty Reduction Strategy Paper (CPRSP), which focuses on poverty reduction and other development outcomes, and sets down a reform agenda structured around three main pillars: completion of the transition to a market economy, ensuring social inclusion and environmental sustainability, and building modern governance. The CPRGS has guided the bulk of all the other donors' support to Vietnam.

To sum up, the EC cooperation in Vietnam centred on Government's ownership at national and local level. There has been an increase effort in order to enhance aid effectiveness and harmonisation with the EU member states and the other bilateral donors. Since 2002, Vietnam was identifies as a pilot country to EU coordination of policies and development initiatives.

EC relevant ESI Interventions

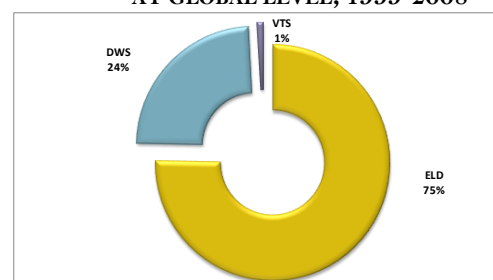
The funds committed by the EC in Vietnam in the ESI sectors for the period 1999-2008 amounted to 78.5 M€. The great part of the budget amounting to 58.4 M€. was allocated to poverty reduction interventions. Moreover, in line with the political directives specified in the CSP, budget support account for more than 73.8% of the funds committed.

FIGURE 1 ESI MACRO-SECTORAL DISTRIBUTION IN VIETNAM 1999-2008



Source: Own elaboration

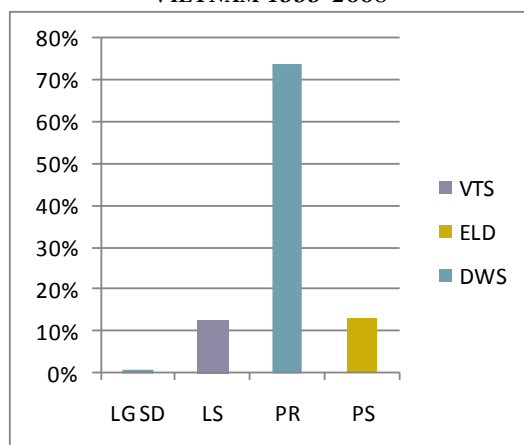
FIGURE 2 ESI MACRO-SECTORAL DISTRIBUTION AT GLOBAL LEVEL, 1999-2008



Referring to the sectoral distribution of the EC commitments, the 74% of funds were allocated to the area of decent work and social cohesion (DWS).

In Vietnam, the macro-sectoral distribution differs significantly from the allocation at global level; where the majority of funds (75%) is allocated to the ELD area: employment and labour market demand.

FIGURE 7 DISTRIBUTION BY MICROSECTOR, VIETNAM 1999-2008



Source: own elaboration

labour market governance (LGSD); namely to projects targeting social dialogue, trade union and democratic participation. Allocations to Vocational training and Labour Market Supply (VTS) sector in Vietnam corresponded to 13% of total ESI allocations, while at global level, only 1% of EC financial resources was committed to VTS. In Vietnam; VTS was financed through a 10-million-euro project aiming at supporting labour market information system and human resources development which corresponds to the area of Labour Supply Policies (LS) relating to the set of measures addressing the social consequences of transition.

3.2 Other donors

For the period considered 1999-2008, the support to ESI sectors from donors other than the EC in Vietnam reached €2.7 billion. The biggest donor was the WB group which contributes to more than €1.5 billion. However, it is worth to underline that this amount includes funds from the EC, EU bilateral donors who channelled their financial support to the World Bank's PRSC and the Global Environment Facility (GEM).

Referring to Table1, the top-four donors were: World Bank Group (54%), Asian Development Bank (9.3%), Japan (8.3%) and the Global Environment Facility (7.7%). The significant %age of money allocated by governments through multilateral organisms constitutes an index of the harmonisation and coordination effort among bilateral donors to enhance aid effectiveness.

Referring to figure 3, an analysis of the disaggregated data by micro-sectors, poverty reduction accounts for 74% of total ESI funds. More in detail, all the budget support funds (58 M€) were allocated to the World Bank led programme PRSC. As mentioned-in previous section, the EC is a co-financier of the World Bank-led Poverty Reduction Support Credit (PRSC), which makes funds available to the government to support Vietnam's reform agenda and the implementation of the Socio Economic Development Plan 2006-2010. Moreover, the EC finances technical assistance for public financial management for the PRSC.

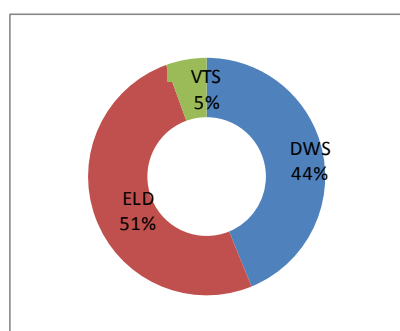
In the analysed period, the EC allocated 0.65% of his total resources to initiatives relating to

TABLE 3 OTHER DONORS' COOPERATION IN THE ESI, TOTAL AMOUNT COMMITTED IN VIETNAM 1999-2008

Donors	Total Amount euro	% distribution of Funds
Austria	17,509,570.31	0.6%
Belgium	18,436,270.80	0.7%
Denmark	61,894,746.52	2.2%
Finland	43,333,590.19	1.6%
France	10,946,196.67	0.4%
Germany	50,375,676.54	1.8%
Ireland	8,559,019.20	0.3%
Italy	8,671,558.52	0.3%
Luxembourg	7,133,605.52	0.3%
Norway	2,918,838.03	0.1%
Spain	18,746,774.85	0.7%
Sweden	8,265,994.60	0.3%
Switzerland	11,925,778.18	0.4%
The Netherlands	14,089,062.34	0.5%
United Kingdom	84,877,191.99	3.0%
EU MS	367,683,874.26	13.2%
Asian Development Bank	258,433,897.47	9.3%
EIB	29,985,058.56	1.1%
GEF	214,598,673.54	7.7%
The World Bank Group	1,503,158,873.05	54.0%
UNDP	764,822.23	0.0%
UNFPA	5,229,960.09	0.2%
UNICEF	905,465.94	0.0%
International Financial Institutions	2,013,076,750.89	72.3%
Other Donor type	76,021,008.30	2.7%
Australia	16,497,920.51	0.6%
Canada	24,633,853.87	0.9%
Japan	236,530,719.12	8.5%
Korea	30,873,299.10	1.1%
New Zealand	940,569.62	0.0%
United States	17,899,714.35	0.6%
Other Bilateral donors	327,376,076.58	11.8%
Total	2,784,157,710.02	100.0%

Source: own elaboration

EU Member states overall contribution to the ESI sector amount to the 13%. Denmark, Germany and UK were the countries who contributed the most.

FIGURE 4 OTHER DONORS' COOPERATION IN THE ESI SECTOR, SECTORAL DISTRIBUTION 1999-2008

Source: own elaboration

The focus of the other donors is Employment and Labour Market Demand (ELD) which amounts to 51% of the total assistance, while the EC's contribution to ELD sector amounted to 13%. Private sector development and rural development stand as the most important ELD micro-sectors accounting for 27% and 21% of total budget respectively. DWS is equal to 44% of the ESI interventions. The majority of the DWS funds are allocated to Poverty reduction programmes addressing the macroeconomic framework and structural adjustment.

Interventions relating to vocational training and Labour Market Supply represent the smallest

part of budget allocation (5%). Additionally, 3.5% of funds have been allocated to policies and programmes aiming at strengthening the TVET system.

4 **FIELD FINDINGS**

EQ. 1

TO WHAT EXTENT HAVE EMPLOYMENT, SOCIAL INCLUSION IN THE LABOUR MARKET AND TVET RELATED ISSUES BEEN INCORPORATED IN EC COOPERATION WITH THIRD COUNTRIES TAKING INTO ACCOUNT THE EVOLUTION OF EC DEVELOPMENT POLICY IN THIS PERIOD AND EC INTERNATIONAL COMMITMENTS?

JC. 1.2

Employment, social inclusion in the labour market and TVET policy orientations have been prioritized and mainstreamed into CSP/NIP, RSP/RIP

The education and training system is often perceived as not supportive of economic development because it does not cater to the trained manpower requirements of the workforce (education and vocational training is not responding to the demand of the labour market). Raising the number of workers with vocational training to 30% by 2005 was one of the targets in Vietnam's five-year socioeconomic plan (2001-2005).

In that period, considering the country's rapid economic development and the need for skilled labour, EC response strategy was therefore focused on the improvement of human development, including increased access to, and enhanced quality of, vocational training. In this framework, it was foreseen to consider a possible support for a Labour Market Observatory. The second priority sector was Integration into the international economy (Reform towards a market oriented economy: human development, private sector, social consequences of reform (migration) and good governance). No reference is made to core labour standards.

In the CSP for 2007-2013, the country analysis points out that in spite of reduction in poverty rate, there are increasing disparities between rural and urban areas, and within cities, particularly associated with migrants. During the past five years, 7.5 million jobs have been created, equivalent to an average of 1.5 million additional jobs annually (Target for period 2006-2010: job creation for 8 million workers, which is 1.6 million annually). Non-State economic sectors remain the most dynamic source of job creation, with 90% of new employment in the entire economy. At the same time, labour emigration has aggravated as a response to missing employment opportunities. The capacity for further economic development, economic integration and poverty reduction is hampered by persisting problems of low productivity, under-qualification and lack of professional and technical staff. Rural unemployment rates remain high and above 20%, and urban labour markets are under strain, not least due to the continued restructuring of state enterprises.

EC response strategy for the period focuses on: i) Support for Vietnam's Socioeconomic Development Plan (that aims at maintaining economic growth, promoting productive employment and decent work and strengthening the country's industrial competitiveness, while taking due care of the need for social inclusiveness, thus reducing economic and social disparities, and building a modern, accountable and efficient administration), ii) health and iii) trade-related assistance.

Regarding the consideration of the situation of vulnerable groups and marginalised groups and in particular of women and youth, the last CSP benefits from a deeper analysis on employment issues and particular attention is given to youth and migrants.

Virtually every EC intervention in Vietnam has implications, either directly or indirectly, for employment, social inclusion in the labour market and TVET. The form and degree of this association varies, but it most clearly demonstrates that employment and labour market (ESI) related issues are spontaneously and consciously integrated in all EC programmes as a significant cross-cutting theme in Vietnam.

A balanced coverage of the above inter-related set of ESI related issues was noted for the following EC programmes and interventions in Vietnam.

- The Vietnam private sector support programme (VPSSP).
- Small and Medium - Sized Enterprise Development Fund: Institutional Support to Lending Institutions.
- Labour Market Information Project: "Better information for creating jobs and developing skills in Vietnam".
- EU-Vietnam Small Projects Facility support to NGOs / Non-State Actors addressing a wide-ranging ESI related issues.
- Vietnam Human Resources Development in Tourism.
- Empowerment of Workers and Trade Unions in Vietnam.
- Eighth and Ninth Poverty Reduction Support Operations (focusing, in particular on the policy dialogues relating to private sector development, social protection, industrial relations and gender).
- The Multilateral Trade Assistance Project (MUTRAP), one major aim of which is to mitigate risks of job losses from anti-dumping measures by trading partners on Vietnam's accession to the WTO and facilitating Vietnam's trade integration.

EQ. 2

TO WHAT EXTENT WAS EC ESI AND TVET RELATED SUPPORT ABLE TO TAKE INTO ACCOUNT THE SPECIFIC COUNTRIES' CONTEXT AND ITS CHANGE OVER THE PERIOD WITHOUT LOSING COHERENCE WITH THE OVERALL POLICY AND NORMATIVE FRAMEWORK?

JC. 2.1

National policy priorities, and their evolution, are reflected in EC ESI and TVET strategy towards a given country

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JC. 2.2

Policy dialogue has promoted Employment and social inclusion in the labour market approaches and practices in partner countries in coherence with EC policy orientations

EC cooperation, basically provided support to the *Doi Moi* reforms process launched in 1986 which facilitated Vietnam's transition to a rapidly growing socialist-oriented market economy generating employment and ensuring socio economic equality in the process.

The 1996 Framework Cooperation Agreement between the EC and Vietnam provided the overall mandate for dialogue and cooperation comprehensively covering a broad range of

political, economic, development, cultural and social fields that required incorporating ESI related issues into the cooperation programme⁹³.

Most recently, the entire EC cooperation has been designated to assist the government to implement its Socio-Economic Development Plan (SEDP) 2006-2010. This support has systematically covered all of the four pillars of SEDP, namely, fostering business development, ensuring social inclusion, managing natural resources and strengthening governance⁹⁴.

The range of EC interventions related to ESI (listed under EQ 1 above) took advantage of the enactment of the Law on Investment, the Law on Enterprise, the Law on Competition, the Law on Bankruptcy, the Law on Trade, amendment of the Labour Code, the Law on Vocational Training, the Law on Social Insurance and the Law on Land Use adopted in recent years which created a more predictable business environment (such as transparency of rules and regulations which protect business investments) drawing a favorable effect on labour demand⁹⁵.

The EC cooperation continuously provided support over an extended period (1996, 2002 & 2009) to the formulation, revision and implementation of the Labour Code which provides the basic standards for employment in Vietnam.

EC support on trade integration under the Multilateral Trade Policy Assistance Programme (MUTRAP) project, intensified after Vietnam's accession to WTO (early 2007), should have positive effect on employment as it will reassure investors (particularly FDI) about the governments' commitments to economic reforms.

Similarly, EC contribution to the multi-donor Ninth Poverty Reduction Support Operation (led by the World Bank) enabled EC to influence the latest revision of the Labour Code (in 2010) which is a key law for Labour relations, especially labour dispute and strikes resolving and social protection in Vietnam.

More specifically at the project implementation level, the EC support to enhancing competitiveness in the employment-intensive tourism sector should contribute to achieving the goals of Vietnam's SEDP (2006-2010).

At the same time since this particular EC intervention aims at the tourism sector capacity building it is fully in line with the Accra Action Agenda and the EU Strategy on capacity Building.

JC. 2.3 EC projects aimed at promoting employment and social inclusion in the labour market are framed in a coherent institutional

EC projects contribute to review policy and legal framework on labour, especially relating to labour market. Based on that, Vietnam has supplemented and amended the labour institution. For example: the inclusion of unemployment insurance and voluntary insurance in the Labour Code; experimental 'Know about Business' (KAB) program is included in the curriculum of the vocational training centers; completion of the labour market information

⁹³ DRN, op.cit, p.ii

⁹⁴ World Bank: Eighth Poverty reduction Support Credit (PRSC8) Vietnam Programme Document for a proposed Credit, Poverty Reduction & Economic Management Unit East Asia & Pacific Region, Report No. 47908-VN (Washington DC, June 8, 2009), P. 1

⁹⁵ Duong, Nguyen Dai: *Vietnam strategy in the framework of growth integration*, paper presented at the MOLISA/ILO Vietnam Employment Forum, Hanoi, 16-18 December 2007

and employment service system; especially the effectiveness of the employment exchange is significantly improved.

Employment and social inclusion is an inter-sectoral issue. EC projects have supported the inter-sectoral collaboration between Ministry of Labour, Invalid and Social Affairs, Ministry of Planning and Investment, Ministry of Finance, Ministry of Education and Training, Vietnam General Confederation of Labour, Vietnam Chamber of Commerce and Industry, etc., to improve the labour institution towards market economy in Vietnam context.

EQ. 3

TO WHAT EXTENT HAVE EC PROGRAMMING APPROACH, IMPLEMENTATION PROCEDURES AND TIMING OF DISBURSEMENTS OF FUNDS AFFECTED THE CAPACITY OF THE PROGRAMMES TO ACHIEVE THE EXPECTED RESULTS?

JC. 3.1

Key stakeholders are included in the main project cycle phases of ESI related interventions

There is a fairly well established practice of consulting the NSAs (NGOs, academics, Civil Society members) and Social partners (e.g. the Vietnam General Confederation of Labour, Vietnam Chamber of Commerce and Industry (as the employer), and the Vietnam Cooperatives Alliance, etc.) in the programming process on ESI related interventions.

Ministry of Planning and Investment, Ministry of Labour - Invalid and Social Affairs, Ministry of Finance, Ministry of Culture, Sport and Tourism, etc, are also regularly consulted.

JC. 3.2

The capacity of EC (HQ and Delegation) to undertake technical discussions with counterparts on specific themes provides quality inputs in the dialogue with partner countries

Most staff appears to be fully involved in preparing for policy dialogue, for instance on private sector development, social protection and gender issues particularly through the PRSC consultation mechanism with a diverse set of government Ministries⁹⁶.

JC. 3.3

A close coordination and dialogue exists within the RELEX family and between RELEX family and other relevant DGs, in particular during the programming and design phase of the interventions

JC. 3.4

EC interventions (projects, programmes and budget support operations' management) allow achieving results

The different mixes of capacities at the EC appear to cope well with the diversity of the technical requirements of the ESI projects.

The mix of EC aid modalities has been intelligently tailored to the nature and needs of the EC intervention. Transfer of funds to the ILO (for the labour market project), general budget support to PRSO (for social protection, labour market governance and decent work),

⁹⁶ For instance, most recently the Tentative Working Schedule for PRSCP-2nd Round, 9-25 March 2010 provides the precise dates of EC staff inputs to the policy dialogue with MOLISA, MOET, MOIT and MOH.

project aid to government agencies (in the tourism sector) and grants to NSA (e.g. NGO support to SMEs, empowerment of trade unions & trade integration) have all been collectively effective in promoting the ESI related goals of EC interventions.

The rare delays in aid disbursements caused by complexities of negotiations with national counterpart agencies have sometimes been advantageous. For instance, ILO collaboration was secured in the execution of the labour market project as a result of the prolongation of the negotiations in the institutional mechanisms with MOLISA.

In most instances working through national systems, ownership, commitment, capacity and sustainability has been strengthened & scope for EC policy influence has been enhanced.

EQ. 4

TO WHAT EXTENT AND HOW HAS THE COMMISSION ENSURED COORDINATION AND COMPLEMENTARITY WITH OTHER DONORS AND ENSURED COHERENCE WITH OTHER EC POLICIES AND ACTIVITIES? WAS THERE A VALUE ADDED IN EC SUPPORT, COMPARED TO THAT OF OTHER DONORS?

JC. 4.1

EC response strategies in the area of employment and social inclusion in the labour market are embedded in sector approach decided in the framework of country harmonisation initiative

There is powerful evidence in aid effectiveness and high impact of EC projects directly or indirectly covering the ESI concerns in Vietnam such as the PSSP, the LMIS and vocational training and tourism projects, MUTRAP, the EU-Vietnam Small Projects Facility and the support to PRSC. The EC assisted with the elaboration of the Hanoi Core Statement which is proof of Vietnam being a leading country in the implementation of the Paris Declaration of 2005.⁹⁷

Proof of EC's commendable contribution towards aid harmonization in Vietnam is provided by (a) The release of a fact-oriented Blue Book for Vietnam in 2009 (ensuring better division of labour among EU MS & donor complementarities); (b) EU Donor Mapping 2010 (priorities & modalities) and (c) EU Aid Effectiveness Roadmap for 2010 (identifies problem of division of labour among EU MS).

JC. 4.2

Donor coordination mechanisms responding to EC and international commitments on aid effectiveness, such as the Guidelines for strengthening operational coordination between the EC and the Member States in the field of External assistance, and the more recent Paris Declaration, or the European Consensus, are in place at different levels

The EC played a leading role in monthly consultations among EU MS which has ensured the complementarity among anticipated interventions by EU MS during the programming process with the help of the chart on EU Donor Mapping Vietnam 2010⁹⁸. For instance, in line with the Principle of Division of Labour coordination with other donor initiatives (Luxembourg, AECID-Spain, SNV-Netherlands) has been incorporated into the EC tourism capacity building project. The National Tourism Advisory Board will coordinate the policy dialogue with the government and tourism stakeholders.

⁹⁷ DRN, op.cit, p.ii

⁹⁸ The chart on EU Donor Mapping provides a clear agreed division of labour among EC and ten EU MS in eleven sectors of activity during 2007-2012 including social and economic infrastructure.

In the implementation strategies for virtually all the EC projects listed under Evaluation Question 1 there is a clear indication of collaboration with other donors, often offering substantive inputs to projects funded by them (e.g. the training material supplied to the ADB-financed tourism project).

The World Bank, the Asian Development Bank and UN Agencies (such as the ILO & UNIDO) are also consulted during the programming phase particularly for the promotion of labour demand.

For ensuring a fair division of labour among donors on ESI, the EC has rightly fine tuned its future areas of intervention based on its competencies, accumulated experience and anticipated activities of other donors particularly in the tourism services sector.

By leaning on the ILO for the implementation of the EC project on labour market, a better alignment has been achieved with the DWCP and with the One UN (14 Agencies) in Vietnam.

EC's contribution to the policy dialogue on industrial relations and social protection through the PRSO, which is championed by the World Bank as a donor harmonization device, is also noteworthy.

JC. 4.3 The Commission has ensured the overall coherence between its employment, social inclusion in the labour market and TVET interventions with other EU policies

EC projects in employment, social inclusion in the labour market and TVET are responsive to the needs of Vietnam, and are priorities in the country comprehensive cooperation between EU and Vietnam, especially in the field of trade, and human resource development, etc.

EC projects have clearly determined the objectives, subjects, scope of work, and sub-components and specific activities. Therefore the conflicts of effects of EC development policy and other policies such as agriculture, fishery, environment, etc., have been avoided.

During the process of project proposal, there are in-depth discussions between EC programme directors and Vietnam Government officials. Therefore it helps to clear all perception of the counterparts.

JC. 4.4 EC value added

The donor community (including the big players like the World Bank and the ADB), National Counterparts and the Non State Actors (including the employers' and workers' organizations) have unanimously and forcefully acknowledged a definite value added by EC interventions in ESI related issues although a clear articulation of the exact nature of the EC comparative advantage was not made available.

All stake holders strongly emphasized the need for continued EC support in this field.

EQ. 5

TO WHAT EXTENT HAS EC SUPPORT INTERVENTIONS BEEN ABLE TO PROMOTE LABOUR DEMAND STIMULATING OR ENABLING ECONOMIC GROWTH AND JOB CREATION, AND CONTRIBUTE TO THE INCREASE OF EMPLOYMENT IN A SUSTAINABLE WAY?

JC. EC programmes promoting economic growth and structural reforms address labour

5.1 demand and employment creation issues and envisage monitoring key indicators on labour market

The main aggregate issues that have arisen in employment creation concern recent trends in the employment elasticity of growth and data availability issues. Employment elasticity of GDP growth with values of less than 1 implies that as output grows, employment generation also increases, but at a slower pace compared to GDP growth.

In Vietnam, the size of the employment elasticity of growth is not only low but also a downward trend is noted in the values of elasticity over the past decade. FDI and private sector have systematically demonstrated higher capacities to generate jobs compared to the state-owned enterprises.

The sectoral employment elasticities of growth shows higher capacities of the construction, industries and services sectors to generate jobs while that of agriculture is shrinking with a massive transfer of the work force from the rural to the urban areas⁹⁹.

EC support interventions have promoted labour demand either directly or indirectly in the following important ways:

- (a) Direct support to easing the regulatory framework (promoting wider enforcement) and availability of loanable funds for the SMEs. The establishment of One Stop Shops for the registration of new enterprises and the increased utilization of Business Development Services by SMEs (e.g. two-thirds of SMEs in Da Nang) would contribute to increased labour demand.

The EC support channeled through the Vietnam Development Bank in 2007 has stimulated private bank operations in the SME sector¹⁰⁰. This has been subsequently reinforced by the interest rate subsidy scheme primarily benefiting the private sector with the volume of lending and profitability of bank operations rising in 2009¹⁰¹.

The Vietnamese comprehensive stimulus package introduced in response to the financial crisis targeted benefits to the SMEs¹⁰².

The one-stop shops for new business registration established in Can Tho, Da Nang and Hai Phong with EC support are functioning well and are considered as valuable developments by stakeholders from both private and public sectors¹⁰³.

The final survey of impact of Business Development Services provided through EC support in Da Nang showed that the proportion of SMEs using these services had doubles from one-third in 2005 to two-thirds in 2008 with a majority of SMEs confirming that the use of these services had a positive impact on their business¹⁰⁴.

- (b) EC's 30 tiny, but cumulatively powerful grants to the NSAs under the EU-Vietnam Small Projects Facility, can generate employment and foster Decent Work in a sustainable way by strengthening the technical, professional and institutional capacities of a diverse range of NGOs and social partners.

⁹⁹ Warren-Rodriguez, Alex, op.cit, pp. 4, 11-13, Table 1, Appendix 1

¹⁰⁰ EC: Monitoring Report: Vietnam-VN-Small and Medium-Sized Enterprises Development Fund-Phase II, MR - 20326.03 - 04/12/07

¹⁰¹ World Bank: *Taking stock: An update on Vietnam's recent economic developments*, op.cit., Figure 13

¹⁰² World Bank, op.cit., pp. 16-18, 21

¹⁰³ TRANSTEC: Final evaluation of the Vietnam EC private sector support programme, Framework Contract EUROPEAID/119860/C/SV/multi Lot 10, Specific Contract No. 2008/160185, January 2009, P.12

¹⁰⁴ TRANSTEC, op.cit., P. 13

- (c) Improving the functioning of the Labour market through the establishment of the Labour Market Information System reducing mismatches between the supply and demand of skilled labour and boosting policy making capacity of MOLISA.
- (d) Support to MUTRAP should enhance global integration boosting the growth of employment-intensive exports.
- (e) Mitigating the risks of job losses arising from penalizing anti-dumping measures by trading partners (under WTO accession rules) by EC's active support to the appropriate revision of the Labour Code in relation to dispute settlement and industrial relations will facilitate the ending of the classification of Vietnam as a Non-Market Economy earlier than 2018 as stipulated under the WTO accession.
- (f) EC support to the enforcement of the Labour Code should help in the formalization of employment if the one-third of the wage-based workers are engaged by labour contracts.

JC. 5.2 EC programmes in the area of labour demand and employment creation have contributed to increasing employment, in particular for youth and women

EC programmes are supportive to Vietnam to implement the national target programme on employment. Every year, the labour demand and employment creation is recorded increasing. For example: in the last 5 years, the employment rate grows 2.5% annually. On an average, 1.6 million of new jobs are created every year. The priorities were given to the groups of women, youth, and vulnerability through the favoured credit programmes, and vocational training.

90% of new jobs created are from private sector (mainly from households, small-medium enterprises). There is a trend of decrease of employment rate of the public sector.

EC projects focus on technical assistance, and capacity building, and suggest new approaches for Vietnam officials to develop and implement labour and employment policies. Therefore the stakeholders very much appreciate EC supports to the field.

The Programme size and aid modality are suitable to Vietnam needs in principles. With this assistance, the country allocated resources to the national target programme on employment are sustainable, efficient.

EQ. 6

TO WHAT EXTENT HAS THE SUPPORT TO TVET AND TO OTHER ACTIVE LABOUR MARKET MEASURES IMPROVED EMPLOYABILITY OF WORKERS, ESPECIALLY VULNERABLE AND MARGINALISE GROUPS, AND CAPACITY OF WORKERS TO ADAPT TO EFFECTS OF STRUCTURAL REFORMS, GLOBAL CHANGES, TRANSITION TO MARKET ECONOMY, ETC.?

JC. 6.1 The EC interventions in the TVET at country level are framed within a sector policy

Vietnam is implementing a programme on capacity building for vocational training system. The EC's TVET project has provided additional resources to the vocational training schools.

Vietnam Government gives priorities to vocational training for farmers and poor people, especially those in depressed areas and of minority groups. Therefore EC projects are aligned with these orientations.

JC.
6.2

The interventions in the TVET sector take due account of the links between TVET, employment, labour market and socio-economic development and contribute to make TVET systems more labour demand driven

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JC.
6.3

The programmes financed by the EC in the field of TVET have improved access of marginalised and vulnerable groups to TVET and coverage of different geographical regions according to the specificities of the countries

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JC.
6.4

Active labour policies have been included in countries undergoing structural reforms, economic transitions, etc.

EC has supported two major projects on TVET, framed within a broader human resources development strategy. The first implemented by the ILO has two components: (a) a skills development component and (b) a Labour Market Information (LMI) component¹⁰⁵.

The EC support to MOLISA (through the ILO) to strengthening the vocational teachers training under the first component designed to satisfy the industrial sector's demands for skilled workers includes several important steps: (i) up-dating of assessments of vocational training supply and demand, (ii) enable MOLISA and key stake holders including training-providers and Centers for Employment Services to establish a sustainable, market-focused approach to elaborating national skills standards frameworks and assessment and certification system for Vietnam and (iii) introduction of innovative skills development approaches on a pilot basis in rural communities to enhance skills and entrepreneurship capacities of rural youth and other disadvantaged groups (pilot programme named 'know about business' in vocational schools).

The LMI component will enable the ILO with EC support to design and develop a centre for labour market information in MOLISA and selected provinces and improve MOLISA's institutional capacity for human resources development planning and socio-economic development planning.

Labour market information units set up in 15 key provinces under this project and linked to a national labour market information system should considerably improve the current gap between job offers and job seekers, particularly in skill-intensive industries¹⁰⁶.

The release of the flagship publication: *Vietnam Employment Trends 2009* should greatly assist human resource development planning and programming, but its regular updating needs to be permanently incorporated into MOLISA's institutional mandate¹⁰⁷.

The EC support to the Vietnam National Administration of Tourism (VINAT) adopted an innovative 'cascade' approach whereby VINAT was able to train, assess and certify trainers to deliver a high quality of training at the workplace, which can in turn be accredited by a nationally recognized certification body (the Vietnam Tourism certification Board) an approach that can be scaled-up and replicated nation-wide.

¹⁰⁵ ILO/EC/MOLISA: Labour Market Project: Better Information for Creating Jobs and Developing Skills in Vietnam, VIE/07/02M/EEC Narrative Report, Year 1 and 2 (Hanoi, ILO, 31 October 2009)

¹⁰⁶ ILO/EC/MOILISA, op.cit., P. 8

¹⁰⁷ MOLISA: *Vietnam employment trends 2009*, National Centre for Labour Market Forecast & Information Bureau of Employment (Hanoi, MOLISA, August 2009)

Key quantitative indicators (such as the Skills Standards manuals, skills trainers, tutor trainers & skills assessors) confirm the achievement of all expected results¹⁰⁸. However, the impact of the project was limited to larger, higher standard hotels and companies leaving a gap in coverage of the entire market.

Overall, the trainer development programme facilitated on-the-job training at the country-level in 13 occupations and teachers from 14 tourism schools were trained by the EC project¹⁰⁹.

Regarding inclusion of disadvantaged groups, the project produced 2579 trainers of whom 45 % were women and 70 % were youth (22-39 years of age). Among the 51,752 trainees, 54 % were women and nearly 90 % were youth mainly due to the targeting of occupations at the job entry level¹¹⁰.

The follow-up EC project aims at training trainers from remote well-dispersed tourism areas where the impact on poverty alleviation would be high (notably among deprived ethnic groups in the northern mountainous areas and central Highlands) and thereby, sustain the established trainer network.

By strengthening the linkages among the Vietnamese Tourism Occupational Skills Standards System, Trainer Development Programme, Assessment Centers and the Vietnam Tourism Certification Board will enhance industry uptake in a sustainable way¹¹¹.

Despite the above EC important interventions in improving the employability of workers, these were inadequate to redress the sheer scale, range and complexity of the problem of mismatch between the supply and demand for skilled workers.

A series of recent labour market surveys have identified skills shortages in electronics, chemicals, machinery, furniture and even textiles with both foreign and domestic companies facing difficulties in recruiting staff at middle-management level, engineers and craftsmen¹¹².

The monitoring of electronic advertisements on a popular website in Vietnam revealed that in April 2009 there were more job offers for skilled and semi-skilled workers and fewer job seekers than in October 2008.

The change in the relative number of job offers and job seekers ads (as a fraction of total number of advertisements) points to a gradual tightening of the market for semi-skilled and skilled workers¹¹³.

EQ. 7

TO WHAT EXTENT HAS THE EC CONTRIBUTED TO DECENT WORK AND THEREFORE TO SOCIAL COHESION AND MDG1B, THROUGH SUPPORTING THE CONDITIONS FOR THE APPLICATIONS OF THE DECENT WORK PRINCIPLES IN PARTNER COUNTRIES THROUGH SPECIFIC MEASURES IN FAVOUR OF VULNERABLE AND MARGINALISED GROUPS?

¹⁰⁸ TRANSTEC: *Vietnam human resources development in tourism: Final evaluation*, Framework Contract, EUROPEAID/119860/C/SV/multi Lot 10, January 14, 2010

¹⁰⁹ VNAT: *Vietnam human resources in tourism project* (Hanoi, March 2010)

¹¹⁰ E-mail communication (11 March 2010) from Vu Quoc Tri, Deputy Director, International Cooperation Department, Vietnam National Administration of Tourism.

¹¹¹ EC: *Environmentally and Socially Responsible Tourism Capacity Development Programme*, DCI-ASIE/2010/21662

¹¹² World Bank/ADB/EC/DFID/GDC, op.cit., P. 40

¹¹³ World Bank: op.cit., P. 8, Figures 6 & 7

JC. 7.2 EC promotes the creation of an enabling environment to the introduction and application of DW principles

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JC. 7.3 EC contribution to change in quality of work and inclusion in work market of specific groups at country level

The EC has directly or indirectly supported the conditions for the application of Decent Work principles in numerous innovative ways:

- a. EC is relentlessly supporting through the PRSO policy dialogue the revisions to the Labour Code since 2006 which will improve the current mechanisms for dispute resolution at the enterprise level which are ill adapted to address labour discontent (as evidenced by a decline in number of wild cat strikes) A senior official of EC delegation himself being involved in the minutest details of the required changes in the Labour Code which is further evidence of EC's dedication and weight attached to this task.
- b. The EC trade integration project MUTRAP should facilitate meeting the WTO accession conditions of creating a level playing field by raising the level of minimum wages in the domestic sector to that of the enterprises of the foreign investment sector which is now in the former one-half of the level of the latter (with between 50 to 60 % of those earning minimum wages being women or youth)¹¹⁴.
- c. Compliance of Vietnam's labour regulations (trade unions in enterprises employing 5 workers or more) will improve with EC support to empowerment of trade unions. According to VGCL while 90 % of SOEs have trade unions only one-third of private enterprises and one-half of the foreign invested companies have a trade union with a representative right to bargain for the workers.

EC support to the Labour Code should improve the participation in compulsory pension program (covers a meager 18 % of the Labour force and over one-half of all firms registered under the Enterprise Law)¹¹⁵.

Although Vietnam has not ratified ILO Conventions 87 (Freedom of Association) and 98 (Right to Collective Bargaining), political sensitivity was noted even among workers' representatives who are suspicious of the motives behind external pressures for ratification (out of fear of weakening of the competitiveness of Vietnamese exports). Vietnam is considering to ratify Convention 87 and 98.

Under the circumstances, EC's tacit and sustained support to promote the principles of the two Conventions through influencing the revision of the Labour Code (e.g. mechanisms for settlement of labour disputes and review of minimum wages in domestic industries)¹¹⁶.

EC's continued support through the SEDP should further expand the emergence of an increasingly important middle class as evidenced by the middle three quantiles of the population accounting for 50 % of total household expenditures in 2006¹¹⁷.

¹¹⁴ World Bank/ADB/EC/DFID/GDC, op.cit., P. 43, Table 4.3

¹¹⁵ World Bank/ADB/EC/DFID/GDC, op.cit., P. 99

¹¹⁶ The ILO DWCP (2009-2011) has adopted the launching of the ratification process as a specific target.

¹¹⁷ World Bank/ADB/EC/DFID/GDC, op.cit., P. 11

JC.
7.4
EC support to DWSC contributes to the MDG 1B

The commitment of the Government of Vietnam to poverty reduction and Decent Work through its SEDP supported by the entire international donor community including the EC channeled through the PRSO collective budget support is strong.

A plethora of interventions (see Annex) under the DWCP provides further evidence of the country's commitment to Decent Work.

While the Vietnam Development Goals represent a localized version of the MDGs, a summary of the MDG 1b indicators show the following trends (1997-2007)¹¹⁸:

Employment to population ratio:

Both sexes	-4.1%	(68%)
Females	-5.2%	(73%)
Males	-3.1%	(64%)

Share of vulnerable employment (Sum of own account and unpaid workers) in total employment:

Both sexes	-4.3%	(77%)
Females	-6.4%	(78%)
Males	-2.2%	(75%)

Labour productivity (%age growth in GDP per person employed) in Vietnam fell from 5.8 % in 1992 to 4.0 % in 2008¹¹⁹.

CONCLUSIONS

Several country-specific issues are highlighted below.

- i. The past accelerated growth model for employment generation is not sustainable as the employment elasticity of growth (0.242) is low and declining¹²⁰. Non-state and Foreign investment sectors as well as construction, industries and services are the engines of employment growth.
- ii. Dramatic shortage of skilled personnel is noted in Vietnam with skill shortages in electronics, chemicals, machinery, furniture and textiles¹²¹. There is evidence of insufficient adaptation of training offered to the demand of productive sectors¹²².
- iii. The share of vulnerable employment (the sum of own-account and unpaid family workers) in total employment despite a slight decline over the last decade is still very high (three quarters of the employed work force)¹²³.

¹¹⁸ DRN, op.cit. p. I, and MOLISA, op.cit., pp. 8-9, Table 2

¹¹⁹ World Bank: *2009 World Development Indicators* (Washington D.C., World Bank, 2009), P. 54, Table 2.4

¹²⁰ Warren-Rodriguez, Alex, op.cit, PP. 4, 11-13, Table 1

¹²¹ World Bank/ADB/EC/DFID/GDC, op.cit., P. 40

¹²² The electronic advertisements on a popular web site revealed the number of job offers for skilled and semi-skilled workers exceeding the number of job seekers (World Bank, op.cit., P. 8)

¹²³ MOLISA, op.cit., P. 9

- iv. Women's hourly wage rate which was only three quarters of that of the men in 1993, jumped to nearly 90 % in 2002 narrowing the gender gap significantly¹²⁴.
Vietnamese women enjoy a great deal of protection such as fully paid maternity leave, time-off during pregnancy and when nursing a child until 12 months of age and exemption of female employees from unilateral termination of contracts during the above period¹²⁵.
- v. The existence of discrimination against migrant workers (200,000 workers moving from rural to urban areas annually) in the labour market is widely acknowledged. Migrant workers require more time to find a new job compared to non-immigrants and face barriers to career development¹²⁶.
- vi. Although there is resistance to the official ratification of crucial labour standards (Conventions 87 and 98), the principles of these conventions are being respected and incorporated into the national labour legislation through EC influence (policy dialogue).
- vii. The fragmentation of information systems is such in Vietnam that the Ministries in charge of formulating policies on ESI cannot effectively monitor the behavior of the populations and work force they are supposed to serve. For instance, MOLISA knows little about the typical jobs and earnings transitions of contributors towards old-age pensions¹²⁷.
- viii. Vietnam's strong record of growth in GDP and employment together with dramatic reduction in poverty has been associated with a remarkable check on inequality. The measure of inequality, Gini coefficient was noted to be the lowest in East Asia. The middle three quintiles of the population accounted for 50 % of total expenditures in 2006, a relatively big achievement by developing country standards confirming the emergence of an increasingly important middle class¹²⁸.

On EC cooperation strategy, the main conclusions are:

Overall orientation of the EC strategy on E&SI (including TVET) in Vietnam corresponds to the country's needs and has evolved simultaneously with the changes in the country's socio-economic context and global changes synchronized with changes in EU development policies and international commitments.

By aligning EC assistance with Vietnam's Socio-Economic Development Plan (SDEP) channeled through existing national system, national ownership and commitment was ensured and sustainability of the aid delivery was achieved in a cost-effective manner.

The EC has seized every opportunity to ensure the coordination and harmonization of its interventions in this field with other donors at both programme designing and implementation stages using innovative tools like the EU Donor Mapping and windows for policy dialogue through PRSO (an aid harmonization device of the World Bank) and aligning with the One UN plan through ILO. EC is conscious of the weakness in the current division of labour among donors (mainly among EU MS) which it is trying to rectify by measures such as adherence to EU Aid Effectiveness Road Map 2010 issued by the EC

¹²⁴ Pham, Hung T. and Barrey Reilly: *The gender pay gap in Vietnam, 1993-2002: A quintile regression approach*, Munich Personnel RePEc Archive, MRRA Paper No. 6475, 28 december 2007, Table 2

¹²⁵ SRV, 2002: Labour Code of the Socialist Republic of Vietnam, National Assembly, Hanoi

¹²⁶ ADB: *Labour market segmentation and poverty policy, Making markets work better for the poor* Discussion Paper No. 10 (Manila, ABD, December 2005), PP. 14-15, Tables 3.6 & 3.7

¹²⁷ World Bank/ADB/EC/DFID/GDC, op.cit., P. v

¹²⁸ Op.cit., P. 11

delegation and a fact-oriented Blue Book on donor activities in Vietnam released by the EC Delegation for ensuring donor coordination.

The entire EC cooperation programme has directly or indirectly contributed (through the employment multiplier effect) to the effective creation of jobs and to the improvement in the employability of workers.

EC has succeeded explicitly through direct support to SMEs and private sector development and helping diversify the traditional export market through EC support to the international integration of Vietnam's economy.

EC strategy to phase out its activities for increasing labour demand is justified in view of the low unemployment rate and in line with the agreed division of labour among donors.

The EC has supported two major projects on TVET. The first implemented by the ILO has two components: a skills development component and a labour market information system implemented.

The HRD capacity building in the tourism sector is being extended to a second phase in order to widen the benefits to a larger number of vulnerable workers.

While the above EC support to TVET (using existing national system) has produced sustainable results (incorporating vulnerable groups and underdeveloped regions) there is a scope for playing an important role in this field by coordinating with other donors in the creation of an unified credible nationally recognized skills certification system.

EC will have to fine-tune its future support to more sharply target its TVET assistance to small-scale operators in the tourism industry in order to capture a larger number of beneficiaries from vulnerable and marginalized groups.

Both the EC-funded projects on HRD should upgrade the standard and quality of human resources and help sustain the overall quality of training on a larger scale nation-wide.

Advanced vocational training to larger number of beneficiaries at a reasonably lower cost, often on a private-public partnership basis was in evidence.

Overall, while EC did a commendable job in TVET through its selective interventions to improve the employability of workers particularly from disadvantaged groups, the limited EC resources do not permit coverage of vital industries and occupations where an acute shortage of skills is currently being experienced. It can be hoped that the current agreed division of labour among donors will fill this gap.

The current fragmented ad-hoc information system on employment and labour market being improved through the Labour Market Information System (LMIS) established by EC Support, needs to be sustained on a regular basis in the future years. The flagship publication "*Vietnam Employment Trends 2009*" produced under LMIS supported by the EC needs to be made more comprehensive e.g. disaggregating data by occupational structures and released periodically to assist both policy makers and labour market participants.

EC contribution to labour market governance is commendable especially in its support to the empowerment of trade unions and its inputs to the revision of the Labour Code (improving the legal framework for collective bargaining to resolve industrial dispute and to mitigate risks of anti-dumping measures by Vietnam's trading partners based on WTO accession rules).

Conscious effort was made by EC to promote Decent Work by ensuring the inclusion of vulnerable and marginalized groups in its ESI related interventions and by supporting measures which improve labour market governance.

Migrant workers still face discrimination in the labour market with respect to level of earnings, job mobility, career development, job security and social protection although a dramatic narrowing of the gender gap in wage employment has been achieved.

The dilemma of closing the gap in minimum wages between the domestic and private-owned enterprises (a conditionality of WTO accession for release from being designated as a non-market economy before 2018) acts as a double-edged sword. Such a step, on the one hand contributes to Decent Work (higher minimum wages) & on the other hand it erodes the competitiveness of the economy based on cheap labour.

In the light of the above, it is clear that there is no further need for research and supplementary interviews in Vietnam for the preparation of the synthesis report.

ANNEX I – LIST OF CONSULTED STAKEHOLDERS

No.	Name	Position	Organization	Contact
4	Mr. Cao Quang Dai	Director Skill Department	General Department of Vocational Training, MoLISA	0903 463 299
5	Mr. Pham Ngoc Tien	Director of Gender Equality Department, Head of Committee Office	National Committee for the Advancement of Women in Vietnam	0913 291 785
6	Mr. Duong Van Sao	Presidium member of VGCL Lecturer of Trade Union University	Vietnam General Confederation of Labour	0912 379 404
7	Mr. Do Ta Khanh	Project Manager EU project: Empowerment of Workers and Trade Union in Vietnam	Institute for European Studies	0912 481 817
8	Mr. Vu Minh Tien	Researcher	Institute of Workers and Trade Unions	0904 442 000
9	Mr. Nguyen Thiep	Director General in charge of PCE and Vatican negotiation	Ministry of Foreign Affairs	
10	Mr. Do Hoang Linh	Deputy Head of Division Europe Department	Ministry of Foreign Affairs	
11	Mr. Vu Quoc Tri	Vice Director: International Cooperation Department	Vietnam National Administration of Tourism	0904 244 822
12	Mr. Hoang Quoc Viet	VTDS Assessment Officer	Vietnam National Administration of Tourism	0978 889 089
13	Mr. Martin Rama	Lead Economist	World Bank	0903 419 764
14	Mr. Chau Nhat Binh	Deputy Director, International Department	Vietnam General Confederation of Labour	0913 217 344
15	Ms. Vu Huong Mai	Programme Coordinator, Business Sector Programme Support	Embassy of Denmark	
16	Mr. Henrik Schwarz	Senior Technical Advisor Promotion of TVET, Vietnam	GTZ	
17	Ms. Rie Vejc Kjeldgaard	ILO Representative	ILO in Vietnam	0988 556 085
18	Ms. Ina Pietschmann	Labour Market Information Expert, Labour Market Project	ILO in Vietnam	0127 356 7477
19	Mr. Jean-Pierre Outers	Coordonnateur APEFE	APEFE	
20	Ms. Dinh Thi Nga	Assistant to the Office	APEFE	0936 680 884
21	Mr. Tran Phi Tuoc	Director Department of International Cooperation	MOLISA	0913 318 400
22	Ms. Cao Thanh Thuy	Deputy Director, Department of International Cooperation	MOLISA	0989 096 503
23	Ms. Nguyen Thi Hai Van	Deputy Director, Bureau of Employment	MOLISA	0912 464 200
24	Ms. Nguyen Le Hang	Officer, Department of International Cooperation	MOLISA	3826 4222

25	Mr. Anouk Van Neck	Team Leader – Social Sectors Co-operation Section	EU Delegation to Vietnam	Ext 8290
26	Ms. Nguyen Thi Thu Hang	Programme Officer, Institutional and Private Sector Support Co-operation Section	EU Delegation to Vietnam	0903 406 118
27	Ms. Vu Thi Tuan Anh	Programme Officer, Co-operation Section	EU Delegation to Vietnam	
28	Ms. Natividad Lorenzo	Programme Officer, Economic co-operation section	EU Delegation to Vietnam	Ext 8263
29	Mr. Jean-Pierre Bardoul	Programme Officer Institutional Support and Governance	EU Delegation to Vietnam	Ext 8205
30	Mr. Willy Vanderberghe	First Counsellor Head of Co-operation	EU Delegation to Vietnam	
31	Mr. Hens Farnhammer	First Secretary, Economic Co-operation & Governance	EU Delegation to Vietnam	Ext 8278
32	Ms. Vu Thi Tuan Anh	Programme Officer, Co-operation Section	EU Delegation to Vietnam	
33	Mr. Pham Hoang Mai	Deputy Director General, Foreign Economic Relations Department	Ministry of Planning Investment	
34	Mr. Pham Hoang Tien	Deputy Director, Small and Medium Enterprises Promotion Center	Vietnam Chamber of Commerce and Industry	0913 365 274

ANNEX II - LIST OF DOCUMENTS CONSULTED

EC Documents

EC: *EC-“Vietnam Country Strategy Papers 2002-2006 & 2007-2010”* (Hanoi, EC)

EC: EU Blue Book (Hanoi, EC, 2009)

EC: *“EU Aid Effectiveness Roadmap for 2010”* (Hanoi, EC, 2010)

EC: *“EU Donor Mapping Vietnam 2010”*(Hanoi, EC, 2010)

EC: EU Gives grants to Vietnam business associations and universities for trade policy, Press Release, (Hanoi, EC, 24 Sept. 2009)

EC- *“EU-Vietnam Small Projects Facility: Project Compendium 2004-2007”* (Hanoi, EC, 2007)

EC: Tentative Working Schedule for PRSC-2nd Round (Hanoi, EC, March 2010)

Other Donors' Documents

ADB: *“Labour market segmentation and poverty policy, Making markets work better for the poor”* Discussion Paper No. 10 (Manila, ABD, December 2005)

ILO: *“Vietnam Decent Work Country Programme 2009-2011”* (Hanoi, ILO, 2009)

MOLISA//ILO: Vietnam Employment Forum, Hanoi 16-18 December, 2007

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World Bank: Eighth Poverty reduction Support Credit (PRSC8) Vietnam Programme Document for a proposed Credit, Poverty Reduction & Economic Management Unit East Asia & Pacific Region, Report No. 47908-VN (Washington DC, June 8, 2009)

World Bank: One-Page action of PRSC9 (Hanoi, World Bank, January 22, 2010)

World Bank/ADB/EC/DFID/GDC: Vietnam Development Report 2008: Social Protection, Joint Donor Report to the Vietnam Consultative Group Meeting, Hanoi, December 6-7, 2007

World Bank: 2009 World Development Indicators (Washington DC, World Bank, 2009)

ANNEX III TABLE OF EC PROJECTS INCLUDED IN THE FIELD VISIT

Year	Title	Micro-sector	Budget EUR	Aid Modality	Counterpart
2000	Social and medium enterprise development fund-Phase II	PS	995,000	Project	Vietnamese Development Bank
2002	Labour market information systems (LMIS) and HR Development	TP	10,000,000	Grant with ILO)	Ministry of Labour, Invalids and Social Affairs
2003	Vietnam Private Sector Support Programme	PS	9,050,000	Project	Ministry of Planning & Investment
2004	Human resources development in Tourism	TP	10,800,000	Grant	Vietnam National Administration of Tourism (VNAT)
2004	EU-Vietnam Small Projects Facility (30 projects)	PD, SD	2,000,000	Grant	NSAs, NGOs
2008	Empowerment of Workers and Trade Unions in Vietnam	LG, SD	318,596	Grant	Institute of European Studies
2009	Democratic participation and social dialogue in private sector in Khanh Hoa	SD	177,998	Grant	Vietnam General Confederation of Labour
2009	Helping Vietnamese SMEs Adapt & Adopt CSR for Improved Linkage with Global Supply Chains in Sustainable Production	PD, TP	1,611,467	Grant with UNIDO	VCCI & Private Industry
2010	Environmentally and Socially Responsible Tourism Capacity Development Programme	TP	11,000,000	Grant	Vietnam National Administration of Tourism (VNAT)

ANNEX IV TABLE OF OTHER DONORS' MAIN INTERVENTIONS

Donor	Year	Title	Micro-sector	Budget	National Counterpart
DANIDA	2007	Business Programme Support Vietnam	PD	VND 432,347,819	Agency for small and Medium Enterprise (ASME)
GTZ/German Development Agency	2007	TVET (Vocational Training Reform /Development of Vocational Training Institution/Teacher-Instructor Training [http://tviet-vietnam.org/])	-	-	MOLISA, Business Enterprise
APEFE	2008	Vocational Training	-	€ 763,000	MOLOSA, Vocational Training Schools
One UN Fund/ILO	2010	Support to Industrial Relations & Labour Code Reform in Vietnam	SD, LG	USD 2,000,000	MOLISA, VGCL, VCCI
One UN Fund/ILO	2010	Youth Employment Through Local Economic Development in Quang Nam Province	PR, LG	USD 1,175,000	Provincial Level

ANNEX 12: UKRAINE COUNTRY NOTE

TABLE OF CONTENTS

1	INTRODUCTION	103
2	CONTEXT IN WHICH THE EC INTERVENES	103
2.1	MACROECONOMIC TRENDS	103
2.2	LABOUR MARKET TRENDS	103
2.3	RELATED GOVERNMENT POLICIES	104
2.4	INSTITUTIONAL FRAMEWORK	104
3	ESI RELATED COOPERATION FRAMEWORK	105
3.1	EC STRATEGY AND COOPERATION	105
3.2	EC RELEVANT ESI INTERVENTIONS	106
3.3	OTHER DONORS	107
4	FIELD FINDINGS	108
	CONCLUSIONS	115
	ANNEX I –LIST OF PEOPLE CONSULTED	117
	ANNEX II–LIST OF DOCUMENTS CONSULTED	119
	ANNEX III–ESI_VTS RELATED PROJECTS	120
	ANNEX IV–OTHER DONORS’SUPPORT TO ESI/VTS	125

ACRONYMS

CSP	Country Strategy Paper
EC	European Commission
EUD	EU Delegation
EQ	Evaluation Question
ESI	Employment and Social Inclusion
EU	European Union
ILO	International Labour Organisation
NIP	National Indicative Programme
LM	Labour Market
OHS	Occupational Health and Safety
TVET	Technical Vocational Education and Training
CIS	Commonwealth of Independent States
PCA	Partnership Cooperation Agreement
EBRD	European bank for Reconstruction and Development
EIB	European Investment bank
EFT	European Training Foundation
MoLSP	Ministry of Labour and Social Policy
CIDA	Canadian international Development Agency
ENP	European Neighbourhood Partnership
ENPI	European neighbourhood Partnership Instrument
LIS	Labour Inspection Service
BDS	Business Development Service
SMEs	Small and Medium Enterprises

1 INTRODUCTION

The objective of the field visit to Ukraine was three-fold:

- a) *To collect data in order to answer the agreed evaluation questions;*
- b) *To evaluate eventual hypothesis formulated at the end of the Desk phase;*
- c) *To assess whether there is need for further research and interviews to prepare the synthesis report, and in particular the conclusions and recommendation chapter.*

The visit to Ukraine was undertaken during April 11-17, 2010 by Mr. Jorgen Billetoft assisted by Mr. Maxim Boroda. During the visit, the consultants held meetings with the EU Delegation, social partners, relevant government institutions and selected resource persons. A detailed programme and list of persons met can be found in Annex 1.

The consultants faced a number of challenges during its work. Firstly, the great majority of those interviewed had worked with their respective organisation for a relatively short time; therefore they could usually only provide information on current and recently completed projects and activities. Secondly, it proved quite difficult to get access to senior government officials, which is partly but not only the result of the recent change of government.

2 CONTEXT IN WHICH THE EC INTERVENES

2.1 Macroeconomic trends

Ukraine is currently undergoing slight recovery after considerable economic shortfall caused by the global crisis along with internal structural problems. A severe financial crisis hit Ukraine, with GDP anticipated to decline by no less than 14% in 2009. By international comparison, only the three Baltic countries faced larger declines in GDP in 2009 than Ukraine.

The reason why Ukraine was hit much harder than almost all other countries was that the international financial community had no confidence in Ukraine's economic policy. An overheated economy had stoked inflation, which reached a peak of 31% on an annual basis in May 2008. A large currency inflow contributed to huge increases in the money supply which helped to sustain high inflation. Imports soared, eventually leading to an unsustainable deficit on the current account of the balance of payments of more than 7% of GDP in 2008. At the same time Ukraine's foreign debt rapidly accumulated to US\$103 billion or 57% of GDP in 2008, adding to the country's vulnerability¹²⁹.

2.2 Labour market trends

Labour market trends in Ukraine are still largely defined by the impact of economic crisis. Reduction of employment in the years 2008-2009 was not as sharp as the drop in GDP. State Statistics Committee indicates only 3% annual growth of unemployment from 7% in 2008 to 10% in 2009. The reason behind this is the large share of shadow economy in Ukraine which has been rapidly growing during the crisis. By different assessments it constitutes from 45% to 65%. Other explanations of comparatively low rate of unemployment in the country include cut in working hours and forced administrative leave for the people who are still officially employed.

¹²⁹ www.worldbank.org

As mentioned, Ukraine has a huge share of shadow economy that may constitute as much as 45-65% of employment according to the estimate of the interviewed think-tanks. This is one of possible explanations for the less significant increase of unemployment comparing to drop in GDP. The most common forms of labour market shadow economy include so-called hidden unemployment when people are officially employed but forced to take unpaid administrative leave as well as 'salary in envelopes' which allows avoiding taxation.

Ukraine is considered to be ahead of other CIS countries in terms of mainstreaming gender in the public policy and ensuring gender equality. However on the labour market there are still problems such as income gender gap, where women are paid 30 % less than men for the same job as well as discrimination in the employment process. The issue of gender equality on the labour market is largely addressed by the donors working in Ukraine.

Labour migration is a huge issue for Ukraine in general and for its eastern and western oblasts (regions) especially. There is no effective public policy dealing with this issue and very few donor projects are addressing the issue. One of the most worrying aspects of the migration is the brain drain to more developed countries. The issue of completely uncontrolled immigration to Ukraine and its possible impact on the labour market is not properly reviewed by state authorities and international organisations.

The impact of the economic crisis on the labour migration trends has been less intense than expected. In fact there has been no major reduction in the number of people working abroad. However the already high share of illegal migrants has increased further during the recession. The future association and free trade agreement with EU will lead to liberalisation of labour market in Ukraine and ease movement of the labour force to and from EU. However taking into account current political context this is not likely to happen in a short-term.

2.3 Related government policies

There is a framework law 'On employment of population' which defines the general directions of employment policies and labour government. In addition, there are up to 100 supporting laws, amendments to laws and decrees of the Cabinet of Ministries dealing with labour market and related issues.

There is also a framework law on vocational training. Nevertheless, there is no single policy in the sphere of vocational training which is a low priority for the government. The responsibility in this sphere in fact is split between the Ministry of Education, being in charge of educational institutions, and Ministry of Labour and Social Protection, being responsible for professional training of the adult population.

Ukraine has ratified numerous ILO conventions and other international agreements including those on protection of employees, on minimum wages, on labour statistics, on gender equality, etc. There are also several state target programmes tackling different aspects of the employment sphere. However usually they are not properly funded from the state budget and therefore implemented on the ad hoc basis.

2.4 Institutional Framework

The state authority responsible for the labour market policy is the Ministry of Labour and Social Protection. The ministry deals with issues related to labour governance, vocational training, retraining and professional development of the labour force as well as social protection for the employees. Issues of employment and relevant policies are managed by the State Employment Office which is subordinated to the ministry.

Other state authorities related to the labour market institutional framework include the Ministry of Economy responsible for planning of public policies, implementation of the reforms, foreign donor coordination and facilitation of the negotiations on Association

Agreement with EU; the Ministry of Science and Education is in charge of educational institutions including institutions of vocational training, and State Migration Office deals with migration issues including labour migration.

3 ESI RELATED COOPERATION FRAMEWORK

3.1 EC Strategy and cooperation

Ukraine is a priority country for the EU within the framework of the European Neighbourhood Partnership (ENP). The bilateral relations between the EU and Ukraine are based on the **Partnership and Cooperation Agreement (PCA)**¹³⁰ which entered into force in 1998 and provide a comprehensive framework for the political economic relations between the two parties.

The political dialogue with Ukraine covers four main topics: democracy and human rights, regional and international issues, horizontal security threats, disarmament and non proliferation.

The new priority in the country's political relations is the new Enhanced Association Agreement. Negotiations started on 2007 and in November 2009 the Cooperation Council adopted the **EU-Ukraine Association Agenda** which lists a priority of actions: (i) strengthening the stability, independence, democracy and rule of law; (ii) strengthen convergence on regional and international issues; (iii) trade and related trade matters.

According to the **CSP 2007-2013**, the principal objective of cooperation between the EU and Ukraine at this stage is to develop an increasingly close relationship, going beyond past levels of cooperation to gradual economic integration and deeper political cooperation. The EC assistance during the period therefore aims at 'supporting Ukraine's ambitious reform agenda on the basis of the policy objectives defined in the Partnership and Cooperation Agreement of April 1998 and the EU-Ukraine Association Agenda.

The National Indicative Programme for 2007-2010 defines three priority areas:

- Democratic development and good governance
- Regulatory reform and administrative capacity building
- Infrastructure development.

Hence, the EC Response Strategy is framed by the policy dialogue and reform process fuelled by the approximation agenda and more specifically the EU-Ukraine association agreement negotiations.

None of the NIP 2007-2010 priority and sub-priority areas explicitly refers to ESI/VTS. However, under Priority Area 1: Support for Democratic Development and Good Governance, sub-priority 3: Human rights, civil society development and local government, there are specific objectives referring to 'stronger structures of social dialogue demonstrated by the existence of effective tripartite cooperation and collective bargaining', 'active social dialogue between social partner', and 'enhanced levels of awareness on human right including core labour standards with law enforcement organ'. Furthermore, under Priority Area 2: Support for Regulatory Reform and Administrative Capacity Building, sub-priority 1: Promoting mutual trade, improving the investment climate and strengthening social reform, one of the expected results is 'Implementation of legislative reforms in the employment and social area aimed at close approximation with EU standards'. Hence, employment is primarily addressed through local economic development initiatives of which the EU is funding several.

¹³⁰ *OJ L 49, 19.2.1998*

3.2 EC relevant ESI Interventions

It proved quite difficult to get a detailed picture of the EC support in the field of ESI. Firstly, the number of current EC-funded is extremely high (200). Secondly, some projects, i.e. those implemented by ILO, are managed by Brussels.

In the analysed period (1999-2008), the funds committed by the EC in Ukraine in the ESI sectors amounted to 25.2 M€. The focus of the known EC projects has been on Employment and Labour Market Demand (ELD), specifically on rural development (23%) and private

FIGURE 8 ESI MACRO-SECTORAL DISTRIBUTION IN UKRAINE 1999-2008

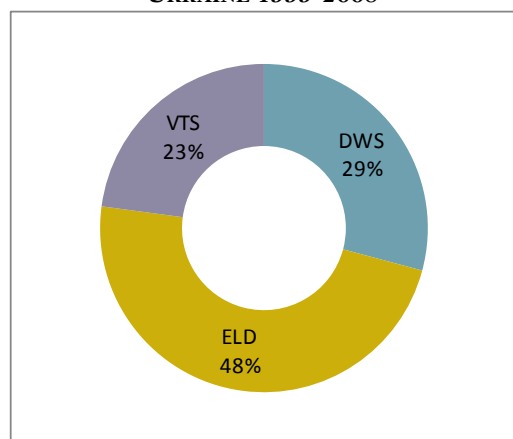
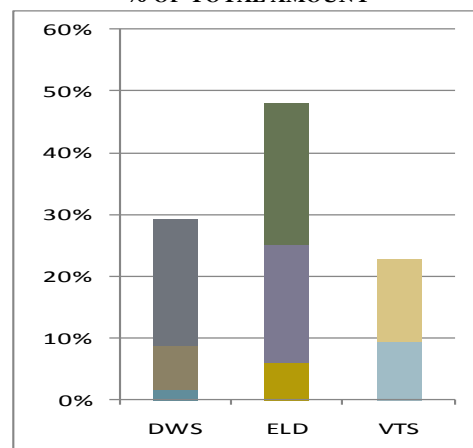


FIGURE 9 ESI DISTRIBUTION BY MICROSECTOR, % OF TOTAL AMOUNT



Source: Own elaboration

sector (19%). DWS interventions have been related to measures to improve social policies to support social welfare reforms with a global impact on the entire society and to enhance the social inclusion of marginalised groups namely support to women entrepreneurs and young workers.

More than 5.7 M€ were allocated in the area of vocational training and Labour Market Supply (VTS). The funds have been mainly allocated to the support of training programmes and schemes (ST) and policies and programmes aimed at strengthening TVET systems and infrastructure.

As mentioned above, most of resources allocated to DWS have been supporting the reforms of social welfare (20.5%) and addressing issues relating to social inclusion of marginalised group (7.1%). There have been also two small projects targeting trade unions aimed and enhancement of social dialogue. ELD regional interventions encompassed also a microfinance programme “Ukraine Micro-lending regional Programme” of 1.5 M€. The Programme has an indirect but broad impact on ESI since the objective was creating micro-finance department among Ukrainian commercial banks. It’s important to underline that all the interventions in ESI sector were delivered through project approach

3.3 Other donors

Some donors have started to scale down their activities in Ukraine; however there is still a large number of donor organisations still active in the country.

For the period considered (1999-2008), the total funding provided by the other donors amounted to almost 607 M€. As demonstrated in the table below, the most important other development partners in the field of ESI/VTS are the International financial Institutions, namely EBRD and WB group. Indeed, the IFI account for more than 68.1% of to the other donors' cooperation in ESI with a total contribution of 415 M€. Germany and UK are the most active among EU MS, while among the other bilateral donors, the US provided more than 120 M€.

There is a considerable complementarity between the activities supported by these and those supported by the EC. Indeed, most of the correlated UNDP projects are funded by the EC. The Team did not notice any signs of obvious overlaps. Moreover the EC supports channels some of its funds through the EBRD and the EIB namely in the support of the private sector and assistance to the financial system.

The focus of the other donors' funding is in the area of employment and labour market demand, more than 437 M€ have been allocated to the ELD sector. It constitutes an higher %age of the EC' allocation to ELD (48%).

Private sector development stands out as the most important sector since it accounts for more than two thirds of the total assistance to the ESI area. Concerning the macro sector DWS, compared to EC allocation; the other donors have mainly funded programmes relating to social assistance to vulnerable groups (SA), namely programmes supporting social welfare, social safety nets and social protection of disabled people. The most active donor in the SA area were EBRD, WB, DfID and the SDC.

A substantial amount of funds has been allocated to rural development 33 M€ and to poverty reduction programmes 25 M€. In the area of VTS; the most targeted micro-sector was Sectoral Training (ST) accounting for 3.3% of total assistance and more than 20 M€.

TABLE 4 OTHER DONORS' COOPERATION IN THE ESI SECTOR IN UKRAINE, TOTAL AMOUNT COMMITTED (1999-2008)

Donors	Amount €	% of total Amount
Austria	1,945,760	0.32%
Belgium	113,304	0.02%
Finland	147,630	0.02%
France	1,038,032	0.17%
Germany	18,431,635	3.04%
Greece	1,460,069	0.24%
Ireland	109,871	0.02%
Italy	278,157	0.05%
Norway	620,858	0.10%
Spain	79,735	0.01%
Sweden	1,370,575	0.23%
Switzerland	5,321,552	0.88%
The Netherlands	946,502	0.16%
United Kingdom	27,588,234	4.55%
EUBD	59,451,914	9.80%
EBRD	82,131,776	13.53%
The World Bank Group	332,982,850	54.86%
UNDP	501,759	0.08%
UNFPA	96,991	0.02%
UNICEF	125,165	0.02%
IFI	415,838,540	68.51%
O	60,219	0.01%
Canada	11,606,763	1.91%
Korea	70,913	0.01%
United States	119,917,892	19.76%
OBD	131,595,568	21.68%
Grand Total	606,946,241	100.00%

Source: Own elaboration

FIGURE 10 OTHER DONORS' COOPERATION IN ESI, BY MACRO-SECTORS

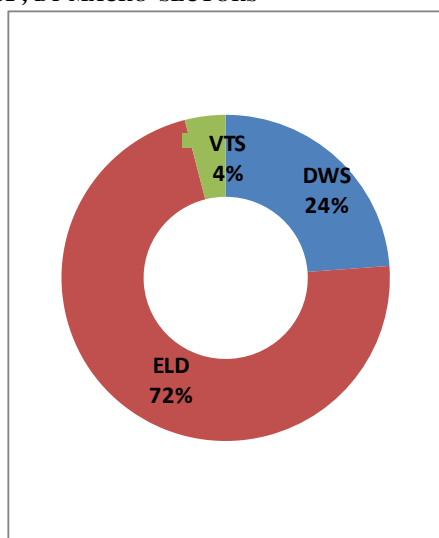
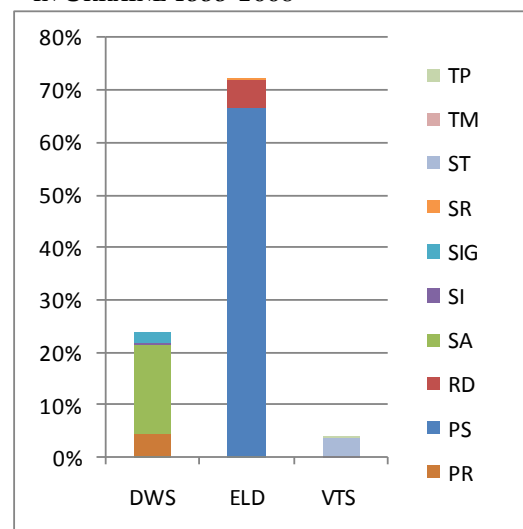


FIGURE 11 ESI DISTRIBUTION BY MICRO SECTORS IN UKRAINE 1999-2008



Source: Own elaboration

Compared to EC distribution, there is some variation in the fund distribution VTS in EC cooperation account for more than 23% of total assistance; while for the other donors, VTS constitutes a minor part of the overall assistance. Private Sector development and support to small and medium enterprises was the most important priority for all the donors, while for the EC, it was a key sector as rural development and social inclusion.

4 FIELD FINDINGS

EQ. 1

TO WHAT EXTENT HAVE EMPLOYMENT, SOCIAL INCLUSION IN THE LABOUR MARKET AND TVET RELATED ISSUES BEEN INCORPORATED IN EC COOPERATION WITH THIRD COUNTRIES TAKING INTO ACCOUNT THE EVOLUTION OF EC DEVELOPMENT POLICY IN THIS PERIOD AND EC INTERNATIONAL COMMITMENTS?

JC. 1.1

EC policies and strategies on employment, social inclusion in the labour market and TVET have evolved over time

The EC cooperation with Ukraine is widely guided by the ongoing approximation process which focus is on harmonisation of the Ukrainian standards and institutional framework with that of the EU. EC support to employment, social inclusion, tripartite dialogue and TVET reform has been informed by this process.

The EC cooperation has clearly evolved over time, reflecting the political changes in Ukraine and various governments desire to intensify the ties with the EU.

JC. 1.2

Employment, social inclusion in the labour market and TVET policy orientations have been prioritized and mainstreamed into CSP/NIP, RSP/RIP

EC country analysis for the first period does not assess ESI related issues. EC response strategy focuses on build bridges across the future eastern borders of the EU and allows

Ukraine to benefit from the advantages of EU enlargement, through improved border management.

The last CSP gives more attention to employment analysis. In spite of strong economic growth and increased government spending on minimum wages and pensions, there is a substantial increase in official employment and the informal economy continues to play a major role as a social buffer. The level of income inequality is low. Labour migration is an issue.

Youth unemployment is not considered an urgent issue at present, for which reason neither the EC, nor any other development partner, are funding specific initiatives addressing this issue.

JC. 1.3 EC financial commitments on employment, social inclusion in the labour market and TVET objectives reflect EC political commitments

There is no evidence that the ESI allocation has doubled compared to the global commitments. Indeed, ESI issues are getting rather little attention, except for the issue of labour migration. In the case of Ukraine, 2005 did not represent a turning point, although the use of budget support has become more common.

JC. 1.4 EC support strategy in a given country takes into account EC-specific regional policy frameworks' overarching objectives

The Partnership and Co-operation Agreement (PCA) which entered into force in 1998 provides a comprehensive and ambitious framework for cooperation between the EU and Ukraine, in all key areas of reform. At the Paris Summit in September 2008 an agreement was reached to start negotiations on an EU-Ukraine Association Agreement, which is to be the successor agreement to the PCA. Several negotiating Rounds have since been organised, alternately in Brussels and Kiev.

There appear to be a reasonable coherence between the ongoing association agreement negotiations and the policy dialogue on E&SI/ESI issues to the extent the dialogue covers these issues. Linkage of ESI areas with EU approximation is clearly taking place as hypothesised in the desk phase.

EQ. 2

TO WHAT EXTENT WAS EC ESI AND TVET RELATED SUPPORT ABLE TO TAKE INTO ACCOUNT THE SPECIFIC COUNTRIES' CONTEXT AND ITS CHANGE OVER THE PERIOD WITHOUT LOSING COHERENCE WITH THE OVERALL POLICY AND NORMATIVE FRAMEWORK?

JC. 2.1 National policy priorities, and their evolution, are reflected in EC ESI and TVET strategy towards a given country

The ESI related support appears to be well aligned to the circumstances prevailing in Ukraine. The EC cooperation in the field of ESI, including advancement of social and labour rights, is clearly a reflection of the specific circumstances existing in Ukraine.

Given the serious imbalances of the labour market, it is however surprising that the EC has paid relatively little attention to reform of the TVET system and to the use of more active labour market policy instruments as a means to reduce these imbalances. While the European Training Foundation (EFT) has conducted considerable analytical work on the

TVET system in Ukraine, this has so far resulted only in one project (implemented by InWent). A new project, designed by the ETF, is presently being contemplated. The EC Delegation indicated however that it tended to repeat the activities of the previous one, and has therefore requested a considerable change of the proposed design.

The EC has not put in place an articulated approach for addressing ESI issues. Rather, PSD, RD and structural reforms are addressed as more or less isolated focus areas with very little explicit attention to the ESI dimension. The distribution of the allocation at micro sector level validates one of the hypotheses formulated in the desk phase of the present evaluation: Lower-middle income countries have received the largest share of aid in the sectors of labour governance and social inclusion, which reflect to a certain extent EC priorities for these countries of strengthening social inclusion of vulnerable groups while improving their living and working conditions.

JC.
2.2

Policy dialogue has promoted Employment and social inclusion in the labour market approaches and practices in partner countries in coherence with EC policy orientations

A limited dialogue with the Government on ESI issues takes place, but primarily related to (labour) migration and mechanisms for social dialogue. The content of dialogue has gradually changed, but not as a result of Paris but rather due to Ukraine's desire to intensify its links with the EU. There appears to be a good national ownership to the dialogue.

JC.
2.3

EC projects aimed at promoting employment and social inclusion in the labour market are framed in a coherent institutional

The state authority responsible for the labour market policy is the Ministry of Labour and Social Protection. The ministry deals with issues related to labour governance, vocational training, retraining and professional development of the labour force as well as social protection for the employees. Issues of employment and relevant policies are managed by the State Employment Office which is subordinated to the ministry.

The EC support to employment which primarily has taken the form of local economic development initiatives are implemented through a project structure partly outside of the government.

EQ. 3

TO WHAT EXTENT HAVE EC PROGRAMMING APPROACH, IMPLEMENTATION PROCEDURES AND TIMING OF DISBURSEMENTS OF FUNDS AFFECTED THE CAPACITY OF THE PROGRAMMES TO ACHIEVE THE EXPECTED RESULTS?

JC.
3.1

Key stakeholders are included in the main project cycle phases of ESI related interventions

NSAs appear to play a quite limited role in the EC response strategy and are little consulted, except for the trade unions and employers which are partners of several EC initiatives.

JC.
3.2

The capacity of EC (HQ and Delegation) to undertake technical discussions with counterparts on specific themes provides quality inputs in the dialogue with partner countries

As mentioned, the ECD does not have any person specialised in ESI issues. However, as the dialogue on these topics primarily is a matter for the HQ, it is not considered a problem. When needed the ECD draws on the relevant expertise at the HQ.

JC. 3.4 EC interventions (projects, programmes and budget support operations' management) allow achieving results

Sector support is widely applied (e.g. in energy, transport, border management), but the majority of the approx. 200 projects is executed through service contracts or other arrangements. For administrative reasons, the EUD is in favour of national execution and budget support, but it also pointed out that the extensive corruption in Ukraine poses a steady risk. The EUD does not have a specialist in ESI topics, but several staff members have knowledge of the areas.

The few available ROM reports did not reveal any major implementation problems. However, monitoring of the implementation by the EUD is hampered by the huge number of active projects (approx. 200). Furthermore, implementation of many projects is done through service contracts, which hampers development of an institutional memory at the EU Delegation and experience-sharing across projects.

EQ. 4

TO WHAT EXTENT AND HOW HAS THE COMMISSION ENSURED COORDINATION AND COMPLEMENTARITY WITH OTHER DONORS AND ENSURED COHERENCE WITH OTHER EC POLICIES AND ACTIVITIES? WAS THERE A VALUE ADDED IN EC SUPPORT, COMPARED TO THAT OF OTHER DONORS?

JC. 4.1 EC response strategies in the area of employment and social inclusion in the labour market are embedded in sector approach decided in the framework of country harmonisation initiative

State authority responsible for donor coordination in Ukraine is the Ministry of Economy. The Department for international cooperation of the Ministry registers all international projects operating in Ukraine, collects information and monitors their implementation. However the projects funded by the EU are coordinated by the Department for cooperation with EU. This results in absence of comprehensive vision of all donor activities in Ukraine and leads to inconsistency and mismatch of different projects. There are also several task forces created in different policy sectors to coordinate relevant donors' initiatives with the agenda of the state authorities.

While the government has taken little interest in facilitating coordination among the donors and, according to the interviewed development partners, occasionally solicit funding for the same project from several sources, the donors themselves maintain a reasonable level of coordination and information-sharing, including the EC through technical working groups and informal channels of information-sharing. Lack of capacity on the side of the government and uncertainty concerning the funding prospects are the likely reasons for the government's behaviour.

Therefore donors try to coordinate their activities in different sectors by themselves. Such coordination is in place within the bilateral donors of the EU countries. In some sectors it also involves other donors, namely USAID, CIDA and World Bank. However in the labour market sector unless comparatively small number of donors projects and initiatives there is clear lack of coordination between them.

JC. Donor coordination mechanisms responding to EC and international commitments on

4.2 aid effectiveness, such as the Guidelines for strengthening operational coordination between the EC and the Member States in the field of External assistance, and the more recent Paris Declaration, or the European Consensus, are in place at different levels

There are frequent consultations between the EU member states at ambassador level, but this does not necessarily entail consultations at the level of development agencies, either because the agencies are semi-autonomous bodies (like GTZ) or because they don't have any permanent presence in the country (such as Danida).

There are no indications of particularly close links between the EC and the World Bank and the UN system. The coordination involves all interested donors. ILO is the implementing agency for at least one EC-funded DW project. However, similar to other ILO executed projects, it is managed by EC Brussels with very little involvement of the EC Delegation. UNDP is executing an EC-funded gender equality project.

JC.
4.3 The Commission has ensured the overall coherence between its employment, social inclusion in the labour market and TVET interventions with other EU policies

Although the approximation process and the association agreement negotiations set the frame for the EU-Ukraine relationship, the coherence between various EC policies and the response strategy poses a challenge. The EUD stated the fact that the association agreement negotiations are managed by the HQ in Brussels makes it difficult to ensure coherence of the various EC processes and initiatives.

JC.
4.4 EC value added

The main value added of the EC support is the advantage of having a close link between the approximation process and the specific programmes and projects. Hence, several EC-funded projects and programmes clearly aim to introduce EU norms and practices, and to develop capacity to operate at the level of EU member states.

EQ. 5

TO WHAT EXTENT HAS EC SUPPORT INTERVENTIONS BEEN ABLE TO PROMOTE LABOUR DEMAND STIMULATING OR ENABLING ECONOMIC GROWTH AND JOB CREATION, AND CONTRIBUTE TO THE INCREASE OF EMPLOYMENT IN A SUSTAINABLE WAY?

There are no data available shedding light on this EQ and, as mentioned, promotion of labour demand has been an indirect goal of the EC support only. The Ukraine micro-lending programme, which EC has co-funded since 2003, estimates that more than 100,000 jobs have been created as a result of its lending to SMEs. However, there are no sources available to confirm the estimate.

Although job creation is an indirect objective of several projects (especially the SME and micro credit ones), no systematic monitoring of the employment effect of the support or of the effect on social inclusion takes place. In general, the EC projects seem to pay rather limited attention to the effect of the activities.

Employment creation is not among key policy priorities of the new Government. However it intends to restore the financial and banking sector, improve the business climate and attract investments. These plans in case of successful implementation, should lead to growth in employment especially in manufacturing, construction and services.

The Ukrainian case confirms that the hopes are on development of (rural) SMEs in the private sector as the principal means of job creation. Little effort appears to take place to formalise the many recent jobs created in the shadow economy.

EQ. 6

TO WHAT EXTENT HAS THE SUPPORT TO TVET AND TO OTHER ACTIVE LABOUR MARKET MEASURES IMPROVED EMPLOYABILITY OF WORKERS, ESPECIALLY VULNERABLE AND MARGINALISE GROUPS, AND CAPACITY OF WORKERS TO ADAPT TO EFFECTS OF STRUCTURAL REFORMS, GLOBAL CHANGES, TRANSITION TO MARKET ECONOMY, ETC?

JC. 6.1

The EC interventions in the TVET at country level are framed within a sector policy

The recently completed TVET intervention (Strengthening Regional VET Management) was not framed within an overall education context, and the support to TVET by other donors is not either. Several donors including USAID and the World Bank fund large post-primary education programmes, but these have no link to TVET. The ETF provides policy advice to both the government and the ECD, but has apparently not been involved in direct project implementation.

Allegedly, the TVET system is in a very bad shape and calls for radical systemic changes and massive investment in modernisation of the facilities as well as modernisation of curricula and upgrading of teachers/instructors. The magnitude of this task together with the relatively low priority given to this by the government is probably the reason why TVET figures low on the EC agenda.

JC. 6.2

The interventions in the TVET sector take due account of the links between TVET, employment, labour market and socio-economic development and contribute to make TVET systems more labour demand driven

Although it seems to be widely acknowledged by the government and private sector representatives that a well-trained labour force is important for the competitiveness of the Ukrainian economy at a time of greater openness of the EU partner countries, the policy dialogue does not include TVET issues as priority, and the interest of the Ukrainian government in a profound reform of the TVET systems seems to be rather limited. Instead, the focus is on tertiary education. The low status of blue collar jobs combined with unattractive employment conditions contribute to the low priority of TVET issues.

It is obvious that both a quantitative and qualitative qualification mismatch exist, but so far the primarily focus has been on reforming the higher education system in order to make it more labour market relevant and less corrupt.

JC. 6.3

The programmes financed by the EC in the field of TVET have improved access of marginalised and vulnerable groups to TVET and coverage of different geographical regions according to the specificities of the countries

The case of Ukraine confirms this statement, as the support to TVET was targeted at some of the regions with the most severe labour market challenges. However, vulnerable social groups did not constitute a specific target group.

JC.

Active labour policies have been included in countries undergoing structural reforms,

6.4 economic transitions, etc

Apart from two TVET interventions, which were primarily aiming to improve employability of the labour force and not employment per se, the EC has not funded any initiatives explicitly addressing the issue of employability. In general, active labour market policies have received little attention in Ukraine in spite of the evident labour market imbalances. Instead, the focus has been on more passive measures such as reform of the social security system. There is a common reluctance among individual employers to invest in upgrading of the workforce, as they allegedly find it difficult to mobilise the resources required to upgrade the qualifications of the workforce. The volatile labour market is another prohibitive factor.

EQ. 7

TO WHAT EXTENT HAS THE EC CONTRIBUTED TO DECENT WORK AND THEREFORE TO SOCIAL COHESION AND MDG1B, THROUGH SUPPORTING THE CONDITIONS FOR THE APPLICATIONS OF THE DECENT WORK PRINCIPLES IN PARTNER COUNTRIES THROUGH SPECIFIC MEASURES IN FAVOUR OF VULNERABLE AND MARGINALISED GROUPS?

JC. 7.1 Support to Decent Work principles in EC bilateral cooperation exist or has increased in importance and budget over time

Due to advanced system of social dialogue and social protection in Ukraine decent work issues are not really urgent for Ukraine. However there is an issue of the child labour which arises at the regional level; in Eastern regions in relation to illegal coalmining and in Southern regions in agriculture.

The Decent Work concept is not well acknowledged by EUD. If Decent Work figures are quite prominently in the EC project portfolio (focus has been on gender quality, combating of trafficking and social protection. Most of these projects are of a relative early origin, typically launched in 2003/04. Recently, an EC funded Occupational Health and Safety project executed by the ILO has been launched), in many ways the DW appears to be considered a specialised topic that is best handled by the ILO, and ILO projects are, as mentioned, not managed by the EU Delegation.

There has not been a rise of the allocation to DW related initiatives over time in the case of Ukraine.

JC. 7.2 EC promotes the creation of an enabling environment to the introduction and application of DW principles

The framework of social dialogue is pretty advanced in Ukraine and dates back to the traditions of the Soviet Union. One of the key issues in this regard is coordination of positions between different organisations of trade unions and employers. During recent years employers have managed to establish a single representative body to represent their joint position in social dialogue. However, from the side of trade unions there are ongoing contradictions between the still dominating 'traditional' trade unions and so-called 'new' trade unions. This fact undermines the capability of trade unions to represent the position of employees. Another problem of the social dialogue in Ukraine is its formal nature. Related public policies often do not take into account the positions of trade unions and employers. For instance neither trade unions nor employers are consulted on the negotiations of the Free Trade Agreement with EU.

The EU-Ukraine Association Agenda states, under the heading ‘Ensuring Respect for Trade Union Rights and Core Labour Standards’ as an element of Freedom of Expression, Assembly and Association’, that one of the areas for dialogue and corporation is ‘further strengthen efforts, including through exchanges of best practices, to promote the full enjoyment of trade union rights and core labour standards based on International Labour Organization Conventions, and promote the effective use of collective bargaining’. However, as the association negotiations primarily are dealt with by the EC HQ, DWA related issues appear to get limited attention by the EC Delegation, and was not mentioned as something touched upon in the policy dialogue carried out in the country.

DW issues do not constitute a technical barrier to competition with European companies in the case of Ukraine. Instead, the DWA has focused on labour governance, social protection, gender equality and HIV/AIDS.

JC.
7.3

EC contribution to change in quality of work and inclusion in work market of specific groups at country level

Except for the project on ‘Combating Youth Exclusion in Donetsk and Lugansk oblasts’, there are no EU-funded initiatives explicitly aiming to include marginalised and vulnerable groups in the labour market. The Team found that issues of inclusion in general are considered of little current importance by the government and the social partners, probably as a result of other issues being considered more urgent such as the fast growing shadow labour market.

JC.
7.4

EC support to DWSC contributes to the MDG 1B

There are many factors determining whether full and productive employment and decent work for all, including women and young people will be achieved. Most of these are beyond the influence of the EU and EC. However, there is no doubt that the EC support is one of the factors contributing to achievement of this.

CONCLUSIONS

The most important conclusion is that Ukraine is in a process of profound change which requires a high degree of flexibility and adaptability. It is the impression of the Team that the EC has been quite good at responding to the steady changing political realities by adjusting the policy dialogue and response strategy to the prevailing circumstances. The strong attention to the approximation process has helped to keep a clear focus of the EU-Ukraine relationship. Essentially all EC funded activities are centred on this.

By its very nature ES/VTS is a multifaceted topic that involves a multitude of organisations. It is therefore no surprise that the institutional framework related to ESI/VTS is rather fragmented and characterised by a diffuse ownership on the side of the government. However, a more explicit strategic focus by the government in terms of a strategy for enhance of the competences of the labour force and for improving employment opportunities for new entrants to the labour market would have been desirable. The lack of a strategic focus and clear priorities by the government has hampered the EC’s efforts to develop an adequate response strategy.

In short, the Country Team made the following observations:

DRN- PARTICIP

- Labour demand has received relatively little direct attention in the policy dialogue and the technical cooperation. Local economic development is the main intervention in this area
- Given the significantly imbalances of the Ukrainian labour market, there has been surprisingly little focus on TVET reform and use of active labour market instruments
- Labour supply (employment) is low on the government's and thus EC's agenda. Not initiatives specially addressing this issue were identified
- Decent Work and social dialogue is the area receiving most attention, reflecting the relative sophistication of the Ukrainian labour market and the legacy from the Soviet era.

ANNEX I – LIST OF PEOPLE CONSULTED

No	Date	Organisation	Persons met
1.	<i>Monday</i> 12/04/2010 09:30	EU Delegation	Ms. Laura Garagnani, Head of Operations Mr. Sergey Polyuk, Sector Manager Mr. Volodymyr Kondrachuk, Sector Manager Ms. Vira Rybak, Senior Manager
2.	<i>Monday</i> 12/04/2010 14:00	Federation of Trade Unions of Ukraine	Mr. Vasyl Skylow, Vice President Mr. Yuriy Kurylo, Vice President Mr. Kravchyk Roman Ms. Liliya Sokolova Mr. Bohdan Overkovsky Mr. Yuriy Kurylo, Vice President Ms. Krauchenko Lubor
3.	<i>Monday</i> 12/04/2010 16:15	Federation of Employers of Ukraine	Mr. Rostyslav Kurinko, Dpt. Director General
4.	<i>Tuesday</i> 13/04/2010 09:00	ILO, Kyiv	Mr. Vasyl Kostrytsya, National Coordinator Mr. Sergiy Savchuk, Programme Coordinator
5.	<i>Tuesday</i> 13/04/2010 11:00	Ministry of Labour and Social Policies	Ms. V.G. Putsova, Head of Department of International Cooperation Ms. N.Y. Synenko, Head of Department of Vocational Development Ms. O.I. Martynenko, Deputy Head of Department of External Work Migration & International Cooperation Ms. Y.V. Yakubovska, Head Specialist of the Department of European Integration & International Cooperation
6.	<i>Tuesday</i> 13/04/2010 16:00	Ukrainian Analytical Centre of Vocational Education/ETF	Ms. Olena Zaytseva Ms. Ludhmila Shcherbok
No	Date	Organisation	Persons met
7.	<i>Wednesday</i> 14/04/2010 11:30	Sida GTZ	Ms. Olga Tymoshenko, Programme Officer Dr. Anton Wirth, Programme Manager
8.	<i>Wednesday</i> 14/04/2010 16:00	National Academy of Sciences of Ukraine	Ms. Larisa S. Lisogor, Head of Human Development Department Ms.
9.	<i>Thursday</i> 15/04/2010 09:00	USAID	Ms. Tamara Palyvoda, Community Connections Programme

10.	<i>Thursday</i> 15/04/2010 10:45	CIDA		Ms. Natalia Zavarzina Project Officer
11.	<i>Thursday</i> 15/04/2010 12:00	Ministry Economics	of	Ms. Elena Vladimirovna Tepleyek, Senior Specialist, Division of Sectoral Cooperation in the Frame of ENP Ms. Alyona Vladimirovna Melnyk, Head of Division of Development of Agreement Relations with the EC in the Economic Sphere Ms. Maya Sergeivna Koshmap, Head of Division for Sectoral Cooperation in the Frame of ENP
12.	<i>Thursday</i> 15/04/2010 15:20	Ukraine Lending Programme	Micro	Mr. Holger Wiefel, Programme Manager Mr. Robert Scheunpflug, Bank Advisor
13.	<i>Thursday</i> 15/04/2010 17:00	Union of the Entrepreneurs of Small, Medium- Sized and Privatised Enterprises of Ukraine		Mr. Vyacheslav M. Bykovets
14.	<i>Friday</i> 16/04/2010 09:15	UNDP		Ms. Katerina Rybalchenko, Senior Programme Manager
15.	<i>Friday</i> 16/04/2010 10:30	EU Delegation		Mr. Sergey Polyuk, Sector Manager

ANNEX II-LIST OF DOCUMENTS CONSULTED

CIDA: Cooperation with Ukraine. Project list

EC: Ukraine: Country Strategy Paper Mid-Term Review: Concept Note

EC: Implementation of the European Neighbourhood Policy in 2008. Progress Report Ukraine. Commission staff working document (SEC (2009) 515/2EU/Ukraine Action Plan 2004-2007

EuropeAid: Migration and asylum. Leaflet

EU-Ukraine Association Agenda, November 2009

EU-Ukraine Summit Kiev, 4 December 2009. Joint Statement

ILO: Decent Work Country Programme, Ukraine

EC Delegation briefing notes

Ukraine Country Strategy Paper 2007-2013

Ukraine National Indicative Programme 2007-2010

World Bank: Ukraine: Labor demand study

www.ec.europa.eu/delegations/ukraine

www.worldbank.org

ANNEX III-ESI VTS RELATED PROJECTS

no	Title	Decision year	Budget '000 €	Sector	Wider objective	Specific objectives	Beneficiaries	Comments
1.	Support to SMEs in the rural sector	2001	2,875	ELD	Creation of sustainable tools and sources for the financing of rural SMEs as well as the improvement of existing lending structures, channels and conditions in order to help the transition and growth of the rural economy	-To assist the Ukrainian authorities in consolidating the agrarian reform through an adapted and consequently diversified credit system able to address rural SME's needs in terms of both credit volume and structure -To provide capacity building for credit unions for institutional development, and help to credit unions to implement the tools and the institutions currently are lacking -To build up an effective cooperation credit system for rural SMEs, using the existing network of savings and credit unions, NACUU, and the DRCI -To stimulate rural lending through supporting activities in regard of the set-up and operation of an 'European Union Credit Window' in direct c-operation with KfW		
2.	Development of Cross-Border Initiatives in terms of women unemployment and traffic in women	2002	190	DWS				
3.	Ukrainian trade union federations as partners in social dialogue	2003	184	DWS				ILO?
4.	Combating Youth Exclusion in Donetsk and Lugansk oblasts	2003	160	DWS				
5.	Ukraine Micro-Lending Programme	2003	1,500	ELD	Further foster the Ukraine Micro-Lending	Additional assistance is needed for accelerating regional expansion of lending	Commercial banks of Ukraine.	Service contract

	Regional Expansion					Programme to regional level. Accelerating the regional expansion of credit operations allowing MSEs lending to increase access to express loans and agriculture lending and to move to smaller cities/rural areas as well as increasing access to long-term capital investment	operations allowing SME lending to move to smaller cities and rural areas as well as investment and agricultural lending. The technical cooperation will be matched by credit lines from ERDB to the seven partner banks under the programme and possibly to new partner banks. In addition partner banks have started to supplement EBRD's funding with their own resources, demonstrating the priority given to MSE lending and the level of integration achieved in their partner banks.	Location: Kiev and different regions, where banks' branches are active	
6.	EU Contribution to the EBRD SME Finance Support to Regional Banks and Banks with Large Regional Branch Network - 2nd Tranche	(10/2007-12/2010)	1,000	ELD	As above	As above	As above	Service contract	
7.	SME Support in Priority Regions	2003	3,500	ELD	To support the development of a policy environment conducive for SME growth in Ukraine, to stimulate the SME consultancy market and to introduce innovative SME support tools while strengthening existing facilities	-To provide capacity building support to SCRUIPE -To provide capacity building support to BDS facilitators -To provide capacity building support BDS providers			
8.	Development of the system of continuing education at the workplace	2003	3,000	VTS	Development and implementation of the system for continuing education at the workplace as to increase the quality of the	-Development of the concept of continuing education at the workplace along the VET modernisation process in Ukraine -Improvement of the existing legislation and normative acts for the continuing education at the workplace		Education-Enterprise partnership and cooperation initiative	

					workforce and combat unemployment	-Establishment of a resource centre for the preparation of training materials and programmes .Implementation of pilot projects for selected industries		
9.	Strengthening Regional Vocational Education and Training	2003	4,000	VTS	Bringing Ukraine's VET system into line with existing social, economic and labour market needs, both in terms of structure and content	-To develop and implement, on a pilot basis, a strategy for decentralisation of VET governance, management and administration -To develop national funding and quality assurance mechanisms in support of decentralisation of VET -To stimulate capacities for school-based innovation and change in VET .To improve training provision in the agricultural sector	Ministry of Education and Sciences, education authorities at national regional and local level, training providers	Project completed in 2009 Service contract
10.	Capacity building of the Trade Union of Railway Workers and Transport Construction	2003	195	DWS				
11.	Support to the development of mid-term strategy for improving the system of social benefits	2005 (07/2008-12/2010)	3,420	DWS	To support the government in developing a strategy for improving the system of social benefits to the population The project will be implemented in the context of a sector-wide approach, to be identified, elaborated and implemented within the AP 2006 process with the participation of the other cooperation partners such as World Bank, UNDP and other	-Support the government in drafting a mid-term strategy by development of an advanced model and methodologies for projecting budget allocations for social protection programmes at the national and regional levels -Support the government to adjust legal and administrative preconditions for introduction of unified methods of providing all types of targeted benefits and privileges -Support the government in developing an effective and comprehensive monitoring instrument for the social benefit system	Kyiv and selected regions for training (Crimea, Lviv, Kharkiv)	

					bilateral cooperation		
12.	Gender equality in the World of Work	2006 (08/2008-02/2011)	1,093	DWS	To build the capacity of Ukrainian authorities and social partners in ensuring respect for national and international gender equality commitments in the world of work, in progressively eliminating gender biases in employment policies and sexual harassment at the workplace, and in creating a supportive environment for women's economic empowerment and women's entrepreneurship	-To enable government authorities and social partners (employers, trade unions) to promote, implement and monitor relevant international commitments, national legislation, policies and programmes for ensuring of gender equality and women's empowerment in the world of work (e.g. ILO conventions, Labour Code, Law on Ensuring Equal Rights and Opportunities for Men and Women (GEL), State Programme for Ensuring Gender Equality in Ukrainian Society up to 2010) -To improve the capacity of labour market institutions and social partners in developing and implementing gender-sensitive labour market policies, programmes and services -To build the capacity of the Labour Inspection Services (LIS) and trade unions to effectively monitor gender equality provisions in the workplace and redress rights violations -To contribute to women's economic empowerment, in particular through support of women's entrepreneurship	Kyiv, Ukraine Inter-Agency Council on Family, Gender Equality, Demographic Development and Countering Human Trafficking, Ministry of Labour and Social Policy, Ministry of Family, Youth and Sport, State Department of Statistics, State Labour Inspection, Public Employment Service, social partners, women-entrepreneurs, business training institutions
13.	Joint World Bank/EC Initiative on the Development of Human Capital for Economic Growth, Competitiveness and Innovation in Ukraine	2006	200	VTS	To develop the human capital in Ukraine by increasing the capacity of the Government agencies and other education stakeholders to prepare education and training strategies and policies improving quality/relevance, financing and governance of education	Ministry of Education and Science, Ministry of Labour and Social Policy, Ministry of Economy, Ministry of Finance, social partner organisations	

system with a potential
support of the
international
community.

ANNEX IV-OTHER DONORS'SUPPORT TO ESI/VTS

No	DONOR	YEAR	TITLE	BUDGET	OBJECTIVE	SHORT DESCRIPTION	NATIONAL COUNTERPART
1.	GTZ	July 2003 to Dec. 2009	Reform of the vocational education system with emphasis on energy efficiency	EUR 952,815	The vocational training system is geared to the requirements of the labour market, with special reference to sustainable energy consumption.	The central element of the project is the support to the Ukrainian Ministry of Education to set up structures that ensure the viability of vocational training. In the earlier phases, a methodology was developed for the purpose of formulating vocational training standards in sectors such as construction, information and communication technology, and tourism. The theme of energy efficiency was integrated more into Ukraine's training plans and to meet international standards. The components of support were advisory inputs for the vocational training institutions by international and national experts and counterpart training.	Lead executing agency: Ministry of Education
2.	SIDA	June 2008 - December 2010	Labour Market Dialogue, phase III	SEK 9 500 000	The project aims at approximation of social dialogue in selected branches of Ukrainian economy to European norms and standards with the Swedish model as a reference.	The project will provide comprehensive training and support to representatives from the workers' and employers' organisations, as well as the government, in workshops on social dialogue and conflict resolution, collective bargaining and wage formation, settling legal disputes and the role of the Labour Court, etc	Labour Market Dialogue Association
3.	CIDA	March 2005 - July 2010	Decentralised Management and Skills Training	2,888,213.32 EUR	The project is supporting local capacity for strategic planning, labour market analysis, stakeholder partnerships, training programme design and delivery and evaluation in three pilot regions: Dnipropetrovs, Rivne and Transcarpathia.	This project aims to support the implementation of a decentralised management model for the Ministry of Labour and Social Policy to coordinate skills training in Ukraine by empowering Regional Administrations to design, programming and implement in response to the demonstrated needs of stakeholders such as labour unions and associations of industries and entrepreneurs.	Canadian Partner: Association of Canadian Community Colleges, and Saskatchewan Institute of Applied Science & Technology
4.	World Bank	2005 - 2010	The Social Assistance	69,185,580.80	The Social Assistance System Modernisation	The project consists of 3 components:	Ministry of Labour and Social Policy (MoLSP)

NO	DONOR	YEAR	TITLE	BUDGET	OBJECTIVE	SHORT DESCRIPTION	NATIONAL COUNTERPART
5.			System Modernisation Project	EUR	Project seeks significant improvement of the effectiveness of Ukraine's social assistance system by better targeting of the cash benefits and reduction of burden on beneficiaries.	1) organisational and operational reforms for the modernisation of the local and regional social welfare offices. 2) Capacity Building of the Ministry of Labour and Social Policy (MoLSP) and capacity for development of local and regional social welfare offices to outreach to the poorest parts of the population 3) Institutional strengthening of the MoLSP	
	UNDP & ILO	Sept. 2008 Sept. 2010	Social Inclusion of People with Disabilities through Access to Employment	USD 290,000.	The overall objective of the Project is to facilitate a proactive inclusion of people with disabilities in the open labour market in order to safeguard their equal rights and opportunities. This will contribute to poverty reduction, since people with disabilities often have the lowest revenues, and use their capacity as a macroeconomic resource of the labour force. Furthermore, this will in its turn contribute to the sustainable economic growth of the country.	The specific Project objective is to strengthen the institutional capacity of the Public Employment Service and its partners in provision of employment of people with disabilities.	National Executing Agency: Public Employment Service, Ministry of Labour and Social Policy. UN executing agencies: UNDP and ILO.

No	DONOR	YEAR	TITLE	BUDGET	OBJECTIVE	SHORT DESCRIPTION	NATIONAL COUNTERPART
6.	UNDP	Sept. 2008 Sept. 2011	Equal Opportunities and Women's Rights in Ukraine		The project's main goal is to support the Government and civil society efforts in promoting gender equality between men and women in all spheres of life and to improve the status of women in Ukraine as an instrument towards achieving the sustainable human development, Ukrainian MDGs and building a democratic state in line with Ukrainian international, constitutional and legal commitments and within the framework of the corresponding Government action plans.	This project is based on a previous Programme "Ukraine: En route to equality" which was implemented by UNDP and SIDA in 2003-2006. During the first phase, the Programme contributed to establishing Ukrainian legislation and helped to advance further on gender equality goal. For example, <i>"On Ensuring Equal Rights and Opportunities for Men and Women"</i> in September, 2005. The Government of Ukraine also ratified the Decree <i>"On Adoption for State Programme of Ensuring Gender Equality in Ukrainian Society for 2006-2010"</i> . Programme experts took active part in developing these documents.	European Union, Sida, Ministry of Ukraine for Family, Youth and Sports

ANNEX 13: SOUTH AFRICA COUNTRY NOTE

TABLE OF CONTENTS

0	INTRODUCTION	130
1	CONTEXT IN WHICH THE EC INTERVENES	130
1.1	MACROECONOMIC TRENDS	130
1.2	HUMAN DEVELOPMENT INDICATORS	130
1.3	LABOUR MARKET TRENDS: MIGRATION, REGIONAL INTEGRATION, ASSOCIATION AND TRADE AGREEMENTS	131
1.4	INSTITUTIONAL FRAMEWORK	132
2	ESI RELATED COOPERATION FRAMEWORK	134
2.1	EC COOPERATION	134
2.2	OTHER DONORS	136
3	FIELD FINDINGS	137
3.1	COUNTRY SPECIFIC ISSUES	149
4	CONCLUSIONS	151

ANNEX 1: LIST OF CONSULTED STAKEHOLDERS

ANNEX 1: BIBLIOGRAPHY AND DOCUMENTS CONSULTED

ANNEX 2: OVERVIEW OF GOVERNMENT STRATEGIES FOR EXTENDED PUBLIC WORKS PROGRAMME

ANNEX 4: STATISTICAL DATA

ACRONYMS

ABMD	Area Based Management and Development
ANC	African National Congress
CSP	Country Strategy Paper
DWA	Decent Work Agenda
DWCP	Decent Work Country Programme
EC	European Commission
EIB	European Investment Bank
ESI	Employment and Social Inclusion
EU	European Union
GEAR	Macro-Economic Strategy for Growth, Employment and Redistribution
IDP	Integrated Development Plans
MDG	Millennium Development Goal
MIP	Multi-annual Indicative Programme
NIP	National Indicative Programme
NQF	National Qualifications Framework
OJ	Official Journal of the European Communities
SA	South Africa
SETA	Sector Education and Training Authorities
RDP	Reconstruction and Development Programme
SME	Small and Medium Sized Enterprise
SMME	Small, Medium and Micro Enterprise
TVET	Technical and Vocational Education & Training
UN	United Nations

0 INTRODUCTION

The field visit to South Africa for data gathering was undertaken during the week of 1-5 March 2010. As a result to minor logistic problems due to the last minute cancellation of meetings a further one day round of meetings was undertaken during the week of 15 March. All of the meetings were undertaken in Gauteng Province (Pretoria, Midrand and Johannesburg)

The meeting schedule had been planned in close collaboration with the European Union Delegation in Pretoria, the schedule is included in Annex I. Prior to commencing the schedule, the evaluation team met with the Delegation (Mr Gerhard Peinnar) in order to be provided with an overview of the EC collaboration in South Africa.

The evaluation mission had originally intended to focus on four projects, namely:

- Innovation for Poverty Alleviation;
- Sector Wide Enterprise, Employment and Equity Programme (SWEEP I & II); and
- TABEISA II: Technical and business education initiative in South Africa - Phase II

The EU Delegation provided reports and information on a broad spectrum of projects and programmes that have a direct and indirect impact on the findings of the evaluation. These have been extremely useful to support the answers to the evaluation questions.

The evaluation team wishes to express its gratitude for this high level of collaboration with the EC Delegation in Pretoria.

1 CONTEXT IN WHICH THE EC INTERVENES

1.1 Macroeconomic trends

Prior to the introduction of democracy in 1994, the South African the SA economy suffered from several severe macroeconomic imbalances – high inflation, large fiscal deficits, declining investment and negative growth. In order to address these problems, in 1996 the Government initiated the GEAR programme – a macroeconomic restructuring and reform programme that targeted Growth, Employment and Redistribution. From that time and until recently, South Africa achieved a high degree of macroeconomic stability and fiscal robustness. Rates of growth in GDP and investment have improved and, until recently, inflation has declined. As a result, South Africans increased their consumption and investments, and imports and exports have risen as the exchange rate has reached levels no longer distorted by inflation.

1.2 Human Development Indicators

South Africa falls under the Medium Human Development ranking of countries (those ranked from 84 to 158) and is ranked 129 globally. The GINI coefficient for South Africa stands at 57.8 and is one of the highest in the world. The GINI has continued to increase since 1996¹³¹. Although the proportion of people living in poverty in South Africa has not changed significantly between 1996 and 2000, a study suggests that households living in poverty have become poorer and the gap between rich and poor has widened¹³². A second

¹³¹ http://www.epi.org/economic_snapshots/entry/webfeatures_snapshots_20060419/ and <http://hdrstats.undp.org/en/indicators/161.html>

¹³² <http://www.sarpn.org.za/documents/d0000990/> Fact Sheet

source¹³³ suggest that in the year 2000, 11 percent of the population was living on less than 1 UDS\$ a day and 34 percent on less than 2 US\$ per day. In 2008, the Government announced that poverty levels had declined. Using the poverty baseline of R322¹³⁴ month, in 1995 53 percent of households were living below that line, by 2005 the number was 48 percent¹³⁵ (Annex III Table 5).

On the Human Poverty Index, South Africa is ranked 85th out of the 135 countries for which data is available. As will be seen from Annex III Fig. 2, South Africa's HPI ranking for life expectancy levels indicate a significant deprivation in health standards compared with many countries (148 out of 182 countries). Since the end of the Apartheid era considerable improvements have been made in the provision of safe water. However, as will be seen also from Annex III Fig 7, malnutrition of children below the age of five increased over the period 1993 – 2003.

Whilst South Africa can be regarded as a comparatively developed country, it is also recognized that there are large parts of the population that live in poverty. Annex III Figure 6 illustrates the levels of poverty on a provincial basis. Western Cape has the majority of municipalities with the lowest poverty rates. The poorest municipality is Ntabankulu in the Eastern Cape, where 85% of its residents live below the poverty line. Eastern Cape has also 7 of the 10 poorest municipalities.

Social grants that reached almost 12 million beneficiaries in 2007 contribute to lessening the burden of the poor. The child support grant was directed at 7.8 million of these beneficiaries

South Africa ratified the Convention for the Elimination of All forms of Discrimination Against Women (CEDAW) on the 15th December 1995¹³⁶. An important court cases judgement in 1999 noted that *CEDAW imposed positive obligations on States to pursue policies of eliminating discrimination against women by, amongst other things, adopting anti-discrimination legislation*¹³⁷. (for data see Annex III Figure 8)

1.3 Labour market trends: migration, regional integration, association and trade agreements

Employment

Despite these improvements in economic performance since 1994, employment growth has remained stagnant and the employment-to-population rate remained virtually constant hovering around 40 percent. Youth unemployment remains stubbornly high fluctuating between 45 – 56 percent during the period from 1998 to 2006 (Annex IV).

In the first quarter of 2008, a total of 13.6 million people were employed, of which 4.9 million were categorized as being employed in the informal sector¹³⁸. During the same period some 4.11 million were unemployed. In the second quarter of 2008, the 15-34 year

¹³³ <http://earthtrends.wri.org/povlinks/country/south-africa.php>

¹³⁴ Current exchange rate 0.128 US\$ = 1 Rand, 0.087 Euro = 1 Rand R322/month = approx 48 US\$ or 33 Euro

¹³⁵ <http://www.southafrica.info/about/social/poverty-021008.htm>

¹³⁶ South African CEDAW Report 2009

¹³⁷ *The State v. Godfrey Baloyi, (December 3, 1999)* <http://www.globaljusticecenter.net/tools/case-bank/bycountry/southafrica.html>

¹³⁸ Source Statistics South Africa Quarterly Labour Force Survey – Additional aspects of the labour market in South Africa, Informal employment, underemployment, under-utilised labour; unemployment, 25 November 2008

old age-group accounted for the largest number (3,0 million) of all unemployed persons (4,1 million). Among the 15-34 year old unemployed persons, the majority (1,6 million) were new entrants and an additional 795 thousand were job-losers. In the age group 55-64 years, the majority (43,7% or 41 thousand) were persons who had last worked more than 5 years prior to the survey period.. Employment Statistics are provided in Annex

Regional integration, association and trade agreements

Regional integration and South-South cooperation have emerged as core principles of the development agenda for South Africa. The removal of tariffs and bureaucratic barriers to trade, strengthening regional infrastructure, and expanding market access are all key issues for South Africa's and African growth and development. South Africa is both a member of the G20 and leader of the African bloc, and as such is particularly well-positioned to serve as both a bridge and power broker in its push to deepen regional integration, increase South-South cooperation, and strengthen its stake in North-South trade agreements¹³⁹.

South Africa joined the negotiations with the Southern African Development Community or SADC EPA group in February 2007. Five of the seven countries in the SADC Group have initialed and are close to signing an interim or "stepping stone" EPA. However, South Africa has opted not to join at this stage as its trade relations with the EU are governed by the TDCA.

With regard to the EU, in October 1999, South Africa signed a Trade, Development and Cooperation Agreement (TDCA) that aimed, among other things, to establish a free trade area over a 12 year period covering 90% of bilateral trade. Under the TDCA, South Africa has seen its exports to the EU rise from around €15.8 billion in 2004 to almost €22.2 billion in 2008. Total trade volumes have risen by a third since 2004 (from around €31.8 billion in 2004 to almost €42.4 billion in 2008). South Africa is the EU's largest trading partner in Africa.

1.4 Institutional Framework

Employment generation Government Departments

At the Growth and Development Summit (GDS) of 2003¹⁴⁰ the Government-led Expanded Public Works programme was agreed. Whilst a broad spectrum of Government Departments were tasked with generating employment opportunities (see table Annex II) the key role players have been the Departments of Public Works, Labour and Water Affairs.

Small, Medium and Micro Enterprises (SMMEs)

Small, medium and micro enterprises (SMMEs) have come to play an increasingly important role in South Africa's economy and development following the restructuring and downsizing of large enterprises. Since 1996 the sector has grown significantly. Whereas in 1996, around 19% of those employed were in the informal sector of the economy, by 1999 this figure had risen to 26%. As a result the government targeted the SMME sector as an

¹³⁹ Rob Davies, South Africa's Minister of Industry and Trade, discuss his country's role in regional integration and South-South cooperation. <http://www.wilsoncenter.org/ondemand/index.cfm?fuseaction=media.read&mediaid=30210543-C45C-81F1-F96A31D0DBF4249E>

¹⁴⁰ The conference brought together different social partners to address the problems which lead to unemployment. Government, business, labour and the community constituency agreed to a range of steps to ensure that the economic problems facing our country were addressed. The social partners all agreed that one of the most important issues is to address the problem of unemployment.

economic empowerment vehicle for previously disadvantaged people¹⁴¹. It is estimated that these enterprises contribute to about a half of total employment and more than 30% of total gross domestic product. Moreover, data suggests that 20% of units exported from South Africa are produced in the small and medium sector¹⁴².

The Department of Trade and Industry (DTI) in collaboration with organizations such as the Centre for Small Business Promotion (CSBP), Ntsika Enterprise Promotion Agency and Khula Enterprise Finance have introduced a number of mechanisms to promote the sector. (see Annex III for details). The EU is supporting a programme to support risk capital to the sector through the CSBP and the DTI.

Technical and Vocational Education and Training (TVET)

Data provided by the UN Human Development Report (2009) indicate that the percentage of adults with low level of educational achievement is 73.0% of the population above the age of 25, for medium education achievement 18.1% and high levels of education achievement 8.9%¹⁴³. The National Qualifications Framework (NQF) is the overarching enabling structure that provides a broad spectrum of tools to shape, guide and quality assure all skills development initiatives. The NQF was created as a quality assurance framework for education, training and skills development. Technical and Vocational Education and Training (TVET) falls into the Further Education and Training and Higher Education categories. As such, it aims to engage: formally enrolled learners; out of school students; learners enrolled in technical, youth, and community colleges; industry-based education and training initiatives; and their non-formal instructional programmes. The Sector Education and Training Authorities (SETAs) are representative organisations serving the education and training needs of particular sectors of employment. The SETAs manage the funding of learning through the Skills Levy and focus on accountability and quality assurance.

SETAs have been established for the main sectors of the economy. Until the recent restructuring of responsibilities between Government Departments, the SETAs, together with the Department of Labour, were the main driving forces in implementing the National Skills Development Strategy and the Skills Development Act¹⁴⁴. The overall role of the SETAs is to promote a planned approach to education and training, to develop critically needed skills in each sector. Another key function of the SETAs is to ensure the quality and relevance of the skills development actions in its sector.

Social Partners

Social dialogue is guided by the National Economic Development and Labour Council Act¹⁴⁵. The National Economic, Development and Labour Council (NEDLAC) is governed by four chambers, consisting of public finance and monetary policy, trade and industry, labour market; and development¹⁴⁶. The Council Members are made of¹⁴⁷ representatives of organised business; organised labour; community and development interests; and representatives the State.

¹⁴¹ <http://www.southafrica.info/business/trends/newbusiness/smallbusiness.htm>

¹⁴² op.cit

¹⁴³ http://hdrstats.undp.org/en/countries/data_sheets/cty_ds_ZAF.html

¹⁴⁴ Skills Development Act (No 97 of 1998)

¹⁴⁵ Act No. 35 of 1994:

¹⁴⁶ Act No 35 of 1994 § 2

¹⁴⁷ Act No 35 of 1994 § 3

2 ESI RELATED COOPERATION FRAMEWORK

2.1 EC cooperation

The relations between the EU and South Africa have flourished since 1994. In October 1999; South Africa and the EU signed the **Trade Development Cooperation Agreement (TDCA)**¹⁴⁸ which entered fully into force in 2004. The TDCA provides the basis for comprehensive cooperation between South Africa and the EU, covering political dialogue, trade and trade-related issues, economic affairs and development, as well as other areas such as science and technology, culture and social issues.

The TDCA is based on the **Cotonou Agreement** in which South Africa is a qualified member. In June 2006, the Commission published the Communication on a Strategic Partnership with South Africa¹⁴⁹ which provides for a long term comprehensive framework for the relation between the two parties.

The aim of the partnership is to promote peace, security and stability in Africa and allow closer cooperation between the two parties at regional, continental and world level. It also sets out to enhance existing cooperation on development and trade and to extend cooperation to other fields.

Regional integration and South-South cooperation have emerged as core principles of the development agenda for South Africa. The removal of tariffs and bureaucratic barriers to trade, strengthening regional infrastructure, and expanding market access are all key issues for South Africa's and African growth and development. South Africa is both a member of the G20 and leader of the African bloc, and as such is particularly well-positioned to serve as both a bridge and power broker in its push to deepen regional integration, increase South-South cooperation, and strengthen its stake in North-South trade agreements^[1].

In February 2007, South Africa joined the negotiations of the Economic Partnership Agreement within the Southern African Development Community (SADC) configuration. Five of the seven countries in the SADC Group have initialed and are close to signing an interim or "stepping stone" EPA.

As specified in the **CSP 2007-2013**, the main challenges facing South African society are the **HIV/AIDS pandemic and high unemployment**, which impact on poverty, inequality, crime and, ultimately, political instability. The CSP identifies high growth, labour-intensive activities and human resources development as key priority of EU strategy. Indeed, the EU together with the South Africa government has identified three key priority areas of interventions:

1. Promote pro-poor sustainable growth
2. Promote the capacity and provision of basic services for the poor
3. Promote good governance

In accordance to the CSP, the Multiannual Indicative Programme for South Africa identifies 2 focal areas for intervention:

¹⁴⁸ OJ L 127, 29.04.2004

¹⁴⁹ COM(2006)347 Communication of 28 June 2006 from the Commission to the Council and the European Parliament - *Towards an EU-South Africa Strategic Partnership*

[1] Rob Davies, South Africa's Minister of Industry and Trade, discuss his country's role in regional integration and South-South cooperation. <http://www.wilsoncenter.org/ondemand/index.cfm?fuseaction=media.read&mediaid=30210543-C45C-81F1-F96A31D0DBF4249E>

- **Employment Creation** with a specific focus to the informal sector, eradication of social exclusion and skill development
- **Capacity development for service delivery and Social Cohesion**

Employment creation priority is closely interlinked to initiatives aimed at supporting private sector development, namely MSMEs, developing working skills and promoting knowledge creation and entrepreneurship. This focal area is closely related to labour market demand (ELD);

The second focal area: “Capacity development for service delivery” is closely interlinked to employment and labour market issues since among the expected results, there is support for skill development, formal and non formal training. This focal area is closely related to enhance labour market supply (VTS).

The **CSP 2002-2006** identified four development objectives for the EC development strategy: (i) equitable access to and sustainable provision of resources, (ii) equitable and sustainable economic growth, (iii) deepening democracy and (iv) regional integration and cooperation. The second area of Cooperation “sustainable growth” was closely interlinked private sector development and entrepreneurship support, while the provision of services and resources encompassed human resources development through TVET interventions.

EC relevant ESI Interventions

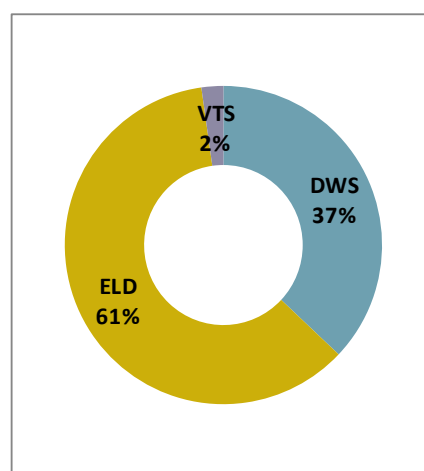
In the analysed period (1999-2008), the funds committed by the EC to South Africa in the ESI sectors amounted to 450 M€. The focus of EC projects has been on Employment and Labour Market Demand (ELD) sector, amounting to more than 273 M€. ELD interventions had a specific focus on private sector development which accounted for 60% of overall EC assistance. Only a 12-million project was related to rural development.

The EC has allocated a significant percentage of its financial resources to the support of social cohesion and social inclusion (DWS) in line with the CSP 2002-2006. The most important micro-sector within DWS was poverty reduction accounting for more than 130 M€.

A minor part of EC budget (2%) which corresponds to 10 M€ has been allocated to VTS measures to the support sectoral training and to programmes supporting TVET systems (TP).

Poverty reduction programmes (PR) accounting for more than 30% of EC total assistance has mainly financed through budget support. The cooperation strategy of the EC focused on budget support in order to ensure more comprehensive approaches.

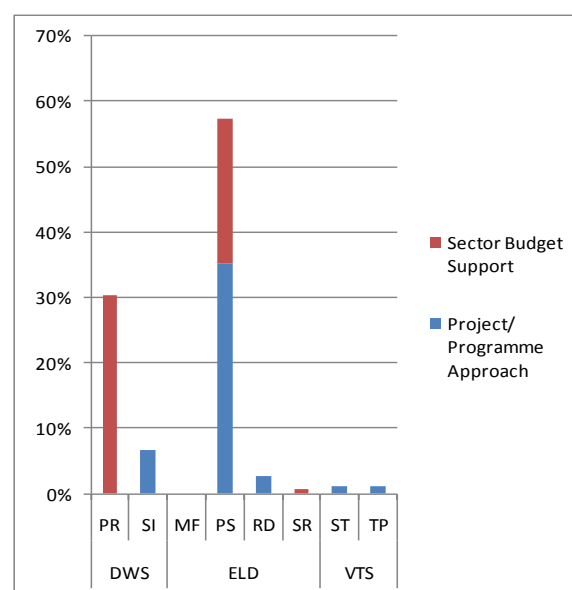
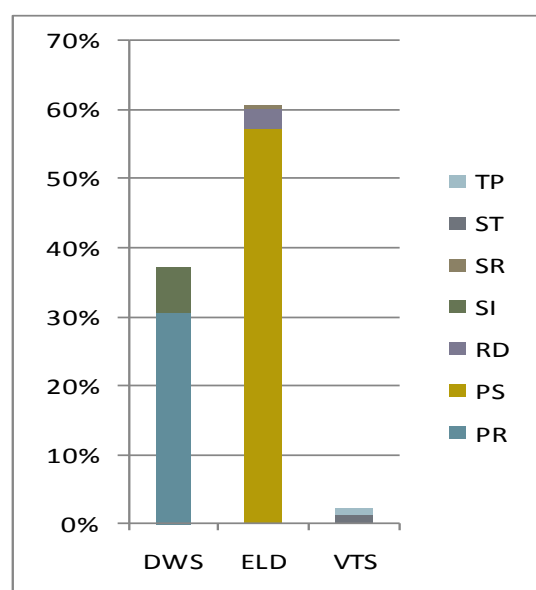
FIGURE 12 ESI MACRO-SECTORAL DISTRIBUTION IN SOUTH AFRICA, 1999-2008



Source: Own elaboration

FIGURE 13 ESI DISTRIBUTION BY MICROSECTOR, % OF TOTAL AMOUNT

FIGURE 14 ESI DISTRIBUTION BY AID DELIVERY MODALITY



Source: Own elaboration

Indeed, the analysed period, more than 53% (240 M€) of EC total assistance was allocated through budget support, above all in the DWS macro sector. While VTS interventions were implemented through project approach, ELD programmes were delivered through both modalities

2.2 Other donors

In the analysed period, the total assistance coming from the other donors to the ESI sector amounted to 805 M€. The major International Donors in South Africa were: the EIB (34.7%); the Global Environment Facility (30%); and EU member states namely UK (10%), Germany (6.5%) and the Netherlands (6%).

Over 2000-2006, the European Investment Bank (EIB) signed loan commitments for a total amount of 757 M€. Most of the resources (27%) were made available for the financing of major public or private infrastructure and 19% to loans to small and medium private enterprises.

Among EU member states: German, Denmark and UK centred their cooperation on skill development and local development with a specific focus on AIDS and HIV. The Global Environment Facility committed more than 245 M€. Indeed, South Africa is facing significant environmental

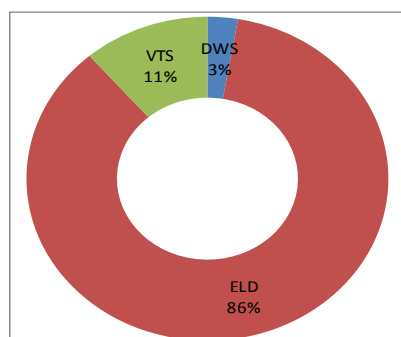
TABLE 5 OTHER DONORS' COOPERATION IN THE ESI SECTOR IN 1999-2008

Other Donors	Total Amount	% of total Amount
Austria	2,084,834	0.26%
Belgium	11,148,771	1.38%
Denmark	12,497,537	1.55%
Finland	6,267,412	0.78%
France	1,876,827	0.23%
Germany	54,400,608	6.75%
Norway	7,214,931	0.90%
Sweden	2,026,476	0.25%
The Netherlands	47,391,574	5.88%
United Kingdom	87,135,967	10.82%
EUBD	237,902,576	29.53%
EIB	279,860,547	34.74%
GEF	245,308,560	30.45%
The World Bank Group	4,176,192	0.52%
UNFPA	660,722	0.08%
UNICEF	256,030	0.03%
IFI	530,292,493	65.82%
Ford Foundation	783,036	0.10%
N/A	492,611	0.06%
O	1,275,647	0.16%
Australia	757,238	0.09%
Canada	1,465,257	0.18%
New Zealand	592,775	0.07%
United States	33,335,663	4.14%
OBD	36,150,933	4.49%
Grand Total	805,621,649	100.00%

Source: Own elaboration

challenges due to growth in water usage, increasing soil erosion and inadequate waste management. The GEF interventions are closely related to the local economic development in rural areas.

FIGURE 15 OTHER DONORS' COOPERATION IN THE ESI SECTOR, BY MACROSECTORS



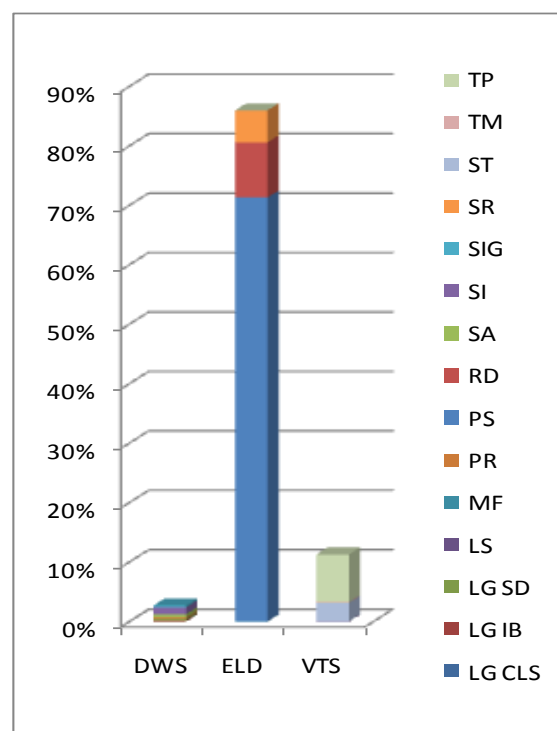
Source: Own elaboration

In terms of micro-sectors both the EU and the other donors focused on private sector development (PS). The total amount of resources (EC and other donors) committed to PS amounted to more than 832 M€. Economic cooperation constitutes the most important area of assistance covering a range of sectors like industry, MSMEs and tourism. Rural development is another important area of cooperation accounting for 9.2% of the other donors' total assistance while the EU committed 6.7%.

VTS interventions accounted for more than 11% of the other donors' total assistance. The 71% of the funds allocated to VTS were committed to support politics and programmes aimed at strengthening TVET systems. While the 27% of VTS funds were allocated to sectoral training (ST) amounting to 24 M€. The biggest project on Sectoral Training was financed by DfID aimed at strengthening the government administration. The other donors have allocated only 2.7 % of their funds to the macrosector DWS, more than 13 M€ have been allocated to the social assistance of the vulnerable and marginalised groups, while a minor part less than 4 M€ have funded programmes relating to strengthen labour market governance (LG). it's worth to mention that the majority of initiatives on the LG sectors were funded by the Belgian cooperation (CTB).

In the analysed period, the focus of the other donors' assistance was mainly on the area of Employment and Labour Market Demand (ELD) which amount to 692.7 M€. Compared to the EU assistance, the distribution of funds is very different since DWS area account for 3% of total assistance while the EC allocated more than 37% to its assistance to this area. The other donors allocated 11% of their resources to vocational training interventions (VTS); while the EC only 2%.

FIGURE 16 OTHER DONORS' COOPERATION IN THE ESI SECTOR, BY MACROSECTORS



Source: Own elaboration

3 FIELD FINDINGS

EQ. 1

TO WHAT EXTENT HAVE EMPLOYMENT, SOCIAL INCLUSION IN THE LABOUR MARKET AND TVET RELATED ISSUES BEEN INCORPORATED IN EC

COOPERATION WITH THIRD COUNTRIES TAKING INTO ACCOUNT THE EVOLUTION OF EC DEVELOPMENT POLICY IN THIS PERIOD AND EC INTERNATIONAL COMMITMENTS?

JC. 1.2 Employment, social inclusion in the labour market and TVET policy orientations have been prioritized and mainstreamed into CSP/NIP, RSP/RIP

Slow growth of the economy and low foreign investment, high and rising unemployment and widening income inequality were identified by EC country analysis in 2003 as key issues to be addressed. EC response strategy was focused on equitable access to and sustainable provision of social services and equitable and sustainable economic growth, aiming at accelerating growth, equity and employment.

In the 2007-2013 CSP, the country analysis presents an in-depth analysis of employment situation in the country. The combination of slow economic growth and reduced demand for labour, the increasing number of new entrants, results in an increase in unemployment. The lack of relevant skills of the labour force, caused also by emigration, and the external labour migration from other African countries, are also key concerns. EC response strategy concentrates on promoting pro-poor sustainable economic growth, including reducing inequality, developing skills and tackling social exclusion. Gender is included under the umbrella of crosscutting issues. Under Focal Area 1 (employment) and 2 (Capacity Development for Service Delivery and Social Cohesion), it emphasises the need to promote female entrepreneurship.

The Sector Wide Enterprise, Equity and Employment Programme (SWEET phases 1 and 2) contributes directly to generating employment. Finally, the innovation for poverty alleviation programme provides inter-departmental (ministries) support to technological initiatives to promote the integration of, among others, marginalized communities into productive employment.

Programmes that have supported the water sector (Masimbambane I and II and Water for Growth and Development) were designed to, among others, contribute directly to employment generation through the *Working for Water Programme* and indirectly through the development of water supply infrastructure to rural and marginalized communities (previously disadvantaged communities).

The TABELISA II, technical and business education initiative in South Africa - Phase II provided yet another opportunity of integrating marginalized communities into productive employment and at the same time capacitate formally under-privileged training institutions to provide technical and managerial support to this sector.

The Risk Capital Facility (RCF) has been co-managed by the EIB since 2002 in partnership with the Industrial Development Corporation (IDC). This programme, also funded under the 2008-2013 CSP, aims at providing high-risk equity and quasi-equity funding to SMEs owned and operated by historically disadvantaged individuals (HDIs). The RCF makes a direct contribution to South Africa's central tool for social transformation: Black Economic Empowerment (BEE) and creating employment opportunities for previously marginalized groups.

Since 1997 South Africa has been able to participate in the EU's Framework Programme for research and technological development and more recently *Erasmus Mundus*.

JC. 1.4 EC support strategy in a given country takes into account EC-specific regional policy frameworks' overarching objectives

Regional integration and South-South cooperation have emerged as core principles of the development agenda for South Africa. The removal of tariffs and bureaucratic barriers to trade, strengthening regional infrastructure, and expanding market access are all key issues for South Africa's and African growth and development. South Africa is both a member of the G20 and leader of the African bloc, and as such is particularly well-positioned to serve as both a bridge and power broker in its push to deepen regional integration, increase South-South cooperation, and strengthen its stake in North-South trade agreements¹⁵⁰.

South Africa joined the negotiations with the Southern African Development Community or SADC EPA group in February 2007. Five of the seven countries in the SADC Group have initialed and are close to signing an interim or "stepping stone" EPA. However, South Africa has opted not to join at this stage as its trade relations with the EU are governed by the TDCA.

South Africa chairs a number of SADC committees, for example Science and Technology. SADC regional programmes are managed by the Pretoria ECD, however currently South Africa is not able to take part in discussions on EU funded SADC programmes as these fall under the different aid modality regime (TCDA). There are no regional programmes dealing with ESI or TVET

EQ. 2

TO WHAT EXTENT WAS EC ESI AND TVET RELATED SUPPORT ABLE TO TAKE INTO ACCOUNT THE SPECIFIC COUNTRIES' CONTEXT AND ITS CHANGE OVER THE PERIOD WITHOUT LOSING COHERENCE WITH THE OVERALL POLICY AND NORMATIVE FRAMEWORK?

JC. 2.1

National policy priorities, and their evolution, are reflected in EC ESI and TVET strategy towards a given country

Until the collapse of Apartheid in 1994, the EC and some EU Member States supported the anti-apartheid movement and assisted the needy population in South Africa. Following the transition to a democratic government in 1994, the co-operation increased. Currently, the EU is South Africa's most important development partner and provides 70% of all external assistance funds: 25% from the EC, 20% from the European Investment Bank (EIB) and 25% from the EU Member States. During the post-Apartheid period, EC support has sought to respond to the changing needs of South Africa. During the early post Apartheid period the trade relations between the EU and South Africa were strengthened (see Question 1 above). Support at this time was aligned to the Reconstruction and Development programme white paper (RDP) ¹⁵¹ which was later reinforced and elaborated on by the Macro-Economic Strategy for Growth, Employment and Redistribution (GEAR), issued in 1996.

¹⁵⁰ Rob Davies, South Africa's Minister of Industry and Trade, discuss his country's role in regional integration and South-South cooperation. <http://www.wilsoncenter.org/ondemand/index.cfm?fuseaction=media.read&mediaid=30210543-C45C-81F1-F96A31D0DBF4249E>

¹⁵¹ White Paper on Reconstruction and Development Government's Strategy for Fundamental Transformation September, 1994

In 2001, the Water Services Sector Support Programme (WS-SSP) was developed through a joint effort between the South African Government, the EC and some member States. The overall objective of the WS-SSP was to significantly boost water supply and sanitation services through a variety of activities. An EC contribution was also made to the second phase of the WS-SSP (2004-2007) in the form of sector budget support. This programme not only provides water and sanitation services to poor rural communities in three provinces but also contributes to generating employment through the resulting infrastructure development works.

The CSP for 2003-2006 aimed to support important areas critical to the priority transformation processes of South Africa. As such the focus for the period was on improved access to social services, particularly health care including HIV/AIDS prevention and care. At the same time support was provided to another critical area of human resource development in the form of technical and vocational training. Furthermore, funds were provided to support local economic development in the poorer provinces of the country (Limpopo Province, KwaZulu Natal and the Eastern Cape).

The 2007-2013 CSP, in particular Component 1 referred to under EQ1, responded to the Government's increasing concerns with respect to unemployment. The CSP also reflects the ambitions set out in the Polokwane Resolutions that underpin the policies of the current Government of South Africa.

Following discussions with the Government it has been agreed that the CSP preparation process that will commence in 2011 is to focus on the achievement of the MDGs. This ambition is firmly set out in the Polokwane Resolutions¹⁵².

JC. 2.2

Policy dialogue has promoted Employment and social inclusion in the labour market approaches and practices in partner countries in coherence with EC policy orientations

The ECD has meetings on a six monthly basis at chief director level of the respective ministries. Higher level meetings are held when there are visits from DGs in Brussels. Despite these regular meetings there does not appear to be direct dialogue with the social partners and institutions such as the Gender Commission¹⁵³. Until recently, such dialogue is considered to be the responsibility of the Government¹⁵⁴. However, now that sectoral thematic groups comprising the main donors of the relevant sectors have been established, one can assume that the dialogue will be conducted within the overall philosophy of the new aid modalities. The current groups focused on trilateral co-operation, HIV and AIDS, governance, regional co-operation, and employment creation and skills development. The objectives of the latter group¹⁵⁵ are to improve the effectiveness of donor support to employment generation and skills development activities in South Africa. The focal areas of the working groups are to be kept flexible and progress reviewed six monthly. Initially the group is concentrating upon the following areas: policy; directly employment creating areas; skills and capacity; and access to finance. The Membership of the group is open to EU member states and other donors. The Government and other partners (including the Unions, private sector reps, NGOs, and local government) are to be invited to attend the meetings of the group when considered appropriate.

¹⁵² ANC 52nd National Congress December 2007. Resolutions Relating to Social Security and Broad Social Development §18

¹⁵³ Confirmed at meetings with Business South Africa, COSATU and the Gender Commission

¹⁵⁴ However, the social partners were involved in the EPA negotiations.

¹⁵⁵ Adapted from documents provide by DFID offices in Pretoria. DFID is coordinating this particular thematic team.

JC. 2.3 EC projects aimed at promoting employment and social inclusion in the labour market are framed in a coherent institutional

Following the 2008 elections, the government has been organised around clusters of Government Departments. These are the inter-face for dialogue and coordination for the implementation of programmes supported by the EU. The cluster to which ESI and TVET relates includes, the Ministries of Labour, Industry and Education. Moreover, now that TVET has been moved from the Department of Labour to The Department of Higher Education a more coherent institutional framework has been established for both dialogue and implementation. The SETAs will also fall under the responsibility of the Department of Education

EQ. 3 TO WHAT EXTENT HAVE EC PROGRAMMING APPROACH, IMPLEMENTATION PROCEDURES AND TIMING OF DISBURSEMENTS OF FUNDS AFFECTED THE CAPACITY OF THE PROGRAMMES TO ACHIEVE THE EXPECTED RESULTS?

JC. 3.1 Key stakeholders are included in the main project cycle phases of ESI related interventions

Although external aid only constitutes 1.3% of the government's budget and 0.3% of the GNP there are well established, and evolving, mechanism for dialogue and coordination with all stakeholders involved in development collaboration in South Africa. These include the Government, civil society and the EU Member States that are active in the country.

Whilst the EC Delegation does not have direct contact with the workers' or employers' organizations, labour market and social needs are coordinate through the main Governmental interlocutors. Dialogue with the International Labour Organisation (ILO) Pretoria office is also developing¹⁵⁶.

JC. 3.2 The capacity of EC (HQ and Delegation) to undertake technical discussions with counterparts on specific themes provides quality inputs in the dialogue with partner countries

The EU Delegation in Pretoria does not have an E & LM specialist. Employment generation and poverty alleviation is seen as an overarching objective of South Africa – EU collaboration that touches up the majority of interventions. Many of the Delegation officials with sectoral responsibilities are understandably not necessarily acquainted with the relatively new concept of the Decent Work Agenda (DWA). Whilst there is ongoing dialogue between the EC and the ILO, there appears to be limited discussions between the ILO and the ECD. As mentioned earlier, dialogue with the social partners is limited. The ECD was frank about the need to develop more qualitative discussions around these issues and in particular DWA

JC. A close coordination and dialogue exists within the RELEX family and between RELEX family and other relevant DGs, in particular during the programming and

¹⁵⁶ Confirmed on both sides i.e. ILO and the EC Delegation

3.3 design phase of the interventions

JC. 3.4 EC interventions (projects, programmes and budget support operations' management) allow achieving results

EU procurement rule relating to non-discrimination were not compatible with the South African affirmative action legislation that gives preferential treatment to emerging BBEs. Since the adoption of local as opposed to EC procedures in line with the Paris Declaration¹⁵⁷ there have been improvements have been noted in procurement. This was noted by the Department of Education

EQ. 4

TO WHAT EXTENT AND HOW HAS THE COMMISSION ENSURED COORDINATION AND COMPLEMENTARITY WITH OTHER DONORS AND ENSURED COHERENCE WITH OTHER EC POLICIES AND ACTIVITIES? WAS THERE A VALUE ADDED IN EC SUPPORT, COMPARED TO THAT OF OTHER DONORS?

JC. 4.1

EC response strategies in the area of employment and social inclusion in the labour market are embedded in sector approach decided in the framework of country harmonisation initiative

Over recent years, South Africa has taken the initiative to coordinate donors. To this end a central database indicating donor contributions to Government Departments and programmes has been established¹⁵⁸.

The Trade and Development and Cooperation Agreement (TDCA), ratified in 2004 by all parties is an “all embracing” document in that it covers, among others, development, politics, economics, trade, and the environment. This facilitates coherence and complementarity both between EC and EU Member State initiatives.

Sectoral thematic groups comprising the main donors of the relevant sectors have been established. The current groups focused on trilateral co-operation, HIV and AIDS, governance, regional co-operation, and employment creation and skills development. The objectives of the latter group¹⁵⁹ are to improve the effectiveness of donor support to employment generation and skills development activities in South Africa. The focal areas of the working groups are to be kept flexible and progress reviewed six monthly. Initially the group is concentrating upon the following areas: policy; directly employment creating areas; skills and capacity; and access to finance. The Membership of the group is open to EU member states and other donors. The Government and other partners (including the Unions, private sector reps, NGOs, and local government) are to be invited to attend the meetings of the group when considered appropriate.

¹⁵⁷ Comments made both at the level of the EU Delegation (briefing meeting) and Government Departments (among others Departments of Trade and Industry and Education)

¹⁵⁸ This development was endorsed at the joint EU donor meeting held at the Danish Embassy as part of the evaluation mission. Certain EU Member States emphasized that it was for the SA Government to coordinate aid /donors rather than donors trying to coordinate between themselves.

¹⁵⁹ Adapted from documents provide by DFID offices in Pretoria. DFID is coordinating this particular thematic team.

JC. 4.2

Donor coordination mechanisms responding to EC and international commitments on aid effectiveness, such as the Guidelines for strengthening operational coordination between the EC and the Member States in the field of External assistance, and the more recent Paris Declaration, or the European Consensus, are in place at different levels

Ten EU Member States participated in the 2007-2011 CSP process¹⁶⁰. As such, the CSP represents a joint response strategy that the EC and the EU Member States which from 2006 developed into a joint multi-annual indicative programme (MIP). The Country Strategy Paper represents the EC's contribution to the MIP¹⁶¹.

An example of the added value of EU donors' coordination is the collaboration with Finland with respect to the Innovation for Poverty Alleviation project. Finland has been able to provide technical backstopping support that was not available in the EC Delegation. Another example is the incorporation of the lessons learned relating to empowerment and employment generation for marginalized communities within a Danida funded programme into the EU funded Water for Growth and Development programme¹⁶². Conversely, experiences and procedures from the EU supported local economic development programme in Kwa-Zulu Natal Province were incorporated into the Danida programme.

JC. 4.3

The Commission has ensured the overall coherence between its employment, social inclusion in the labour market and TVET interventions with other EU policies

The CSPs over the evaluation period have reflected the EU's policies that have evolved over the period. The 2003- 2006 CSP included a component dealing with social and equitable development. The three elements of the 2007 -2013 CSP, promote pro-poor sustainable growth, promote the capacity and provision of basic services to the poor and promote good governance, reflect the EU's commitments to achieving the Millennium Development Goals and of Promoting Employment in Development¹⁶³.

JC. 4.4

EC value added

The EU's added value should be viewed in the context of the Post Paris Declaration. The fact that eleven Member States collaborated in the development of the 2007 -2013 CSP and the establishment of the sectoral fora allow for coherence in dialogue with the government and division of competences. This was illustrated earlier by the support provided by Finland to the ECD in the area of technology

¹⁶⁰ Belgium, Denmark, France, Germany, Ireland, the Netherlands, Sweden and the UK. Austria and Finland

¹⁶¹ Country Strategy Paper (2007-2013) page i

¹⁶² This was the result of regular informal meetings between the EU official responsible for the water sector and the Danida Senior Technical Adviser and the participation of the EU in the Danida programme steering committee.

¹⁶³ Note that the Commission Staff Working Document "Promoting Employment through EU Development Cooperation" Millennium Development Goals (MDGs)" The inclusion of Target 1B, sustainable and decent work is a cornerstone of current South African policies as is the achievement of the MDGs (Polokwane Resolutions).

EQ. 5

TO WHAT EXTENT HAS EC SUPPORT INTERVENTIONS BEEN ABLE TO PROMOTE LABOUR DEMAND STIMULATING OR ENABLING ECONOMIC GROWTH AND JOB CREATION, AND CONTRIBUTE TO THE INCREASE OF EMPLOYMENT IN A SUSTAINABLE WAY?

JC.
5.1

EC programmes promoting economic growth and structural reforms address labour demand and employment creation issues and envisage monitoring key indicators on labour market

The €223,6 million of EC funding within the fields of local economic growth, private sector support, and innovation for poverty alleviation have the specific aim of promoting employment¹⁶⁴.

The majority of the stakeholders interviewed made qualified statements that EC support had “probably” contributed to stimulating economic growth and job creation, bearing in mind that external aid only constitutes 1.3% of the government’s budget and 0.3% of the GNP. Whilst it is difficult for Government stakeholders to determine the impact that EC support has had on economic growth and employment creation, there is a general agreement that the EC interventions over time have contributed to supporting the enabling environment to support economic growth and employment generation.

Under the TDCA that came into force in 1999, South African exports to the EU have risen from around €15.8 billion in 2004 to almost €22.2 billion in 2008. Total trade volumes have risen by a third since 2004 (from around €31.8 billion in 2004 to almost €42.4 billion in 2008). South Africa is now the EU's largest trading partner in Africa¹⁶⁵ and ultimately provides increased employment opportunities and stimulates economic growth.

The mix of EC interventions, including those involving the European Investment bank, have contributed to both developing infrastructure necessary for economic growth (roads etc) and social needs (water and sanitation and housing) albeit in the majority of cases for the duration of the projects. Initiatives such as the Risk Capital Fund contribute to developing sustainable employment opportunities through the growing SMME sector and contributing to the transformation process by supporting employment generation under the umbrella of Black Economic Empowerment (BEE). These initiatives all underpin the statements made by local stakeholders interviewed that future employment opportunities will be created in the public sector.

Projects in Kwa-Zulu Natal, Limpopo and Eastern Cape Provinces have contributed to local economic development and in the Northern Cape support to issues such as land reform will ultimately increase employment opportunities and income generation prospects for marginalized communities¹⁶⁶.

Decentralised EU support to eThekweni Municipality illustrates a multi-faced approach. The municipality’s Area Based Management and Development (ABMD) programme aims at poverty reduction, private sector development and, through the empowering of marginalized communities, contribute towards the consolidation of democracy¹⁶⁷. These

¹⁶⁴ The European Union and South Africa- Development Partners Progress Report 2008 p.10

¹⁶⁵ <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/south-africa/>

¹⁶⁶ EU Delegation Pretoria : Europe and South Africa Development Partners, Project Information Sheets 2007/2008

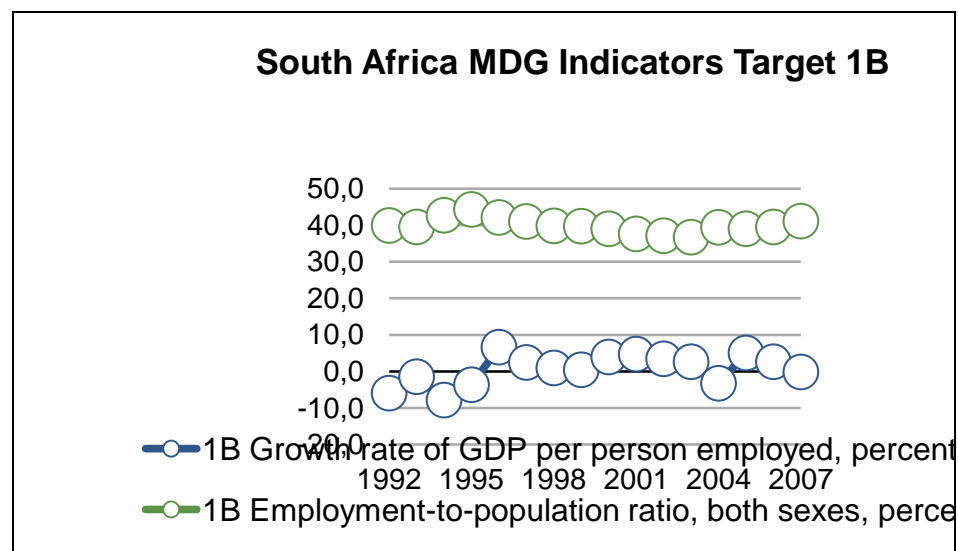
¹⁶⁷ <http://www.durban.gov.za/durban/government/abms/introduction/conference/ABM%20Conference%20new.pdf> and CSP 2003-2006 p18

aspects, and especially employment generation using disaggregated data, is routinely monitored¹⁶⁸.

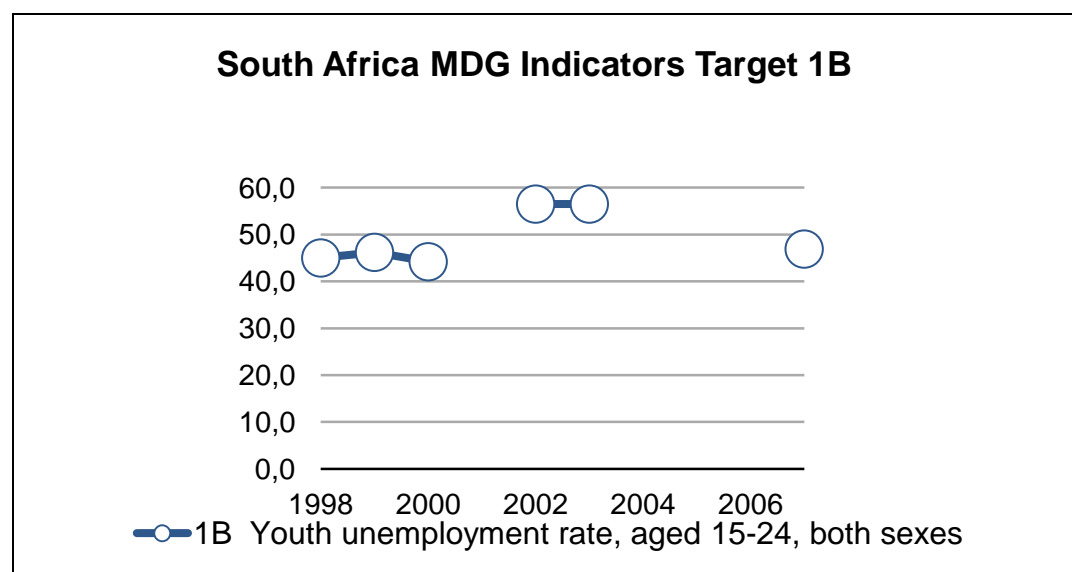
JC. 5.2 EC programmes in the area of labour demand and employment creation have contributed to increasing employment, in particular for youth and women

Unemployment and under-employment continue to be a major problem for the Government. In particular, youth unemployment remains stubbornly high. In many respects South Africa still has difficulties in overcoming the traumas of the Apartheid period. The transformation process has taken longer than many of the ambitious post-1994 policies had envisaged.

As was outlined in the introduction of this country note, there are still significant proportions of the population on the border line of 1\$ per day and youth unemployment remains very high. Although the ECD attempts to put quantitative employment targets for projects (disaggregated by gender), none of the government departments interviewed could say with conviction that the EU had contributed to creating employment.



¹⁶⁸ LED monitoring reports



EQ. 6

TO WHAT EXTENT HAS THE SUPPORT TO TVET AND TO OTHER ACTIVE LABOUR MARKET MEASURES IMPROVED EMPLOYABILITY OF WORKERS, ESPECIALLY VULNERABLE AND MARGINALISE GROUPS, AND CAPACITY OF WORKERS TO ADAPT TO EFFECTS OF STRUCTURAL REFORMS, GLOBAL CHANGES, TRANSITION TO MARKET ECONOMY, ETC?

JC. 6.1

The EC interventions in the TVET at country level are framed within a sector policy

&

JC. 6.2

The interventions in the TVET sector take due account of the links between TVET, employment, labour market and socio-economic development and contribute to make TVET systems more labour demand driven

&

JC. 6.3

The programmes financed by the EC in the field of TVET have improved access of marginalised and vulnerable groups to TVET and coverage of different geographical regions according to the specificities of the countries

Forty-one percent of South Africa's privately held business, state that the availability of a skilled workforce is the biggest constraint to business growth¹⁶⁹. The percentages of persons engaged in the informal and informal sector employment with less than matric education is 70.9% and 38% respectively and for those having attained matric 16.3% and

¹⁶⁹

Grant Thornton's 2009 International Business Report
<http://www.southafrica.info/business/economy/gtibr-190209.htm>

35.4% respectively¹⁷⁰. As discussed in the Introduction, South Africa has high levels of unemployed and in particular high levels of youth unemployment. This situation has been further exacerbated by the legacy of the inequities of Bantu education under the Apartheid system¹⁷¹. The key issues are the training of the unemployed, in particular marginalized youth and women and, the employed from low to higher skills.

EC support has approached these issues in a number of ways

At a strategic level, support has been provided to improve the quality of further education and training bands of the National Qualifications Framework.

Other programmes and projects have contributed to the upgrading of skills whilst at the same time creating employment opportunities, such projects include

- SEDA Incubator Programme: The establishment of technology business centres such as incubators, innovation centres, demonstration centres or hybrid centres with the aim of accelerating the development of technology driven enterprises.
- Cooperatives Incentive Scheme: Provide start-up funding to cooperative enterprises of the historically disadvantaged people.
- ISIVANDE Women's Fund: Fund to support women entrepreneurs.
- The Local Economic Development Programmes mentioned under EQ 5

These types of projects develop skills through a “learning-by-doing” process that lead to the possibility of securing retrospective SAQA accreditation based on previous learning. This is particularly important with respect to the integration of marginalised groups into the formal TVET system and associated economic upliftment.

Similarly, TABELISA II can be considered as adopting similar approaches.

The Innovation for Poverty Alleviation programme inherently has a significant capacity-building programme that incorporates both the abovementioned approach and TVET through the SETA system.

JC. 6.4 Active labour policies have been included in countries undergoing structural reforms, economic transitions, etc

The Government has a extensive programme to generate employment that includes, among others, the Extended Public Works Programme and Working for Water (mentioned elsewhere in this note). The ILO South Africa is collaborating with the Government on an extensive labour based road construction programme that is financed by national funds.

JC. 6.5 EC programmes in TVET and other active labour market supply measures have increased employability, especially of youth and women, and improved adaptation of work force to structural and global changes

¹⁷⁰ Source Statistics South Africa Quarterly Labour Force Survey – Additional aspects of the labour market in South Africa, Informal employment, underemployment, under-utilised labour; unemployment, 25 November 2008

¹⁷¹ Skills Shortages in South Africa: Key Issues. DPRU Policy Brief Series, Development Policy Research Unit School of Economics University of Cape Town Upper Campus November 2007, p 2

All of the government departments interviewed emphasised dilemma of the continuous mis-match in supply and demand in the labour market. The establishment of the SETA system was supposed to address this problem by being sectorally organised. The Ministry of Education noted that there may be an over capacity in terms of the purely academic higher education institutions and that there would be a need to review the current structure. This may result in a reduction in the number of universities and increase in technical higher education institutions.

EQ. 7

TO WHAT EXTENT HAS THE EC CONTRIBUTED TO DECENT WORK AND THEREFORE TO SOCIAL COHESION AND MDG1B, THROUGH SUPPORTING THE CONDITIONS FOR THE APPLICATIONS OF THE DECENT WORK PRINCIPLES IN PARTNER COUNTRIES THROUGH SPECIFIC MEASURES IN FAVOUR OF VULNERABLE AND MARGINALISED GROUPS?

JC. 7.2

EC promotes the creation of an enabling environment to the introduction and application of DW principles

&

JC. 7.3

EC contribution to change in quality of work and inclusion in work market of specific groups at country level

In addressing this question it is necessary to adopt a holistic approach within the South African context and the legacy of the Apartheid era.

Whilst the ILO is in the final stages of preparing a Decent Work Country Programme (DWCP)¹⁷², the EC has not as yet been directly involved. However, within the context of the TDCA conditions such as, among others, social cooperation, based on dialogue covering a number of aspects, such as freedom of association, workers' rights, children's rights, gender equality and violence against women; all form part of the corner stones of the DWA.

Empowerment of marginalized communities and raising the levels of self-esteem are critical in the path to achieving sustainable employment opportunities as envisaged under MDG1b¹⁷³. The issue of empowerment of marginalized communities to be able to shape their own destinies is a corner stone of the Government policies and is enshrined in the Polokwane Resolutions¹⁷⁴. A broad spectrum of EC supported projects in South Africa can be said to have contributed to these processes.

The local economic development projects in the three of the poorest provinces of South Africa have resulted in over 100 projects that have not only developed capacity and empowered marginalized communities but have also created economic opportunities and several thousand employment opportunities.

¹⁷² A copy of the planned DWCP was given to the evaluation team by the ILO Pretoria

¹⁷³ The issue of empowerment in general to achieve the MDGs is discussed in the 2002 UNDP Human Development Report

¹⁷⁴ ANC 52nd National Congress December 2007 Resolutions – Social Transformation § 9 “*Our attack on poverty must seek to empower people to take themselves out of poverty, while creating adequate social nets to protect the most vulnerable in our society*”.

The Area Based Management and Development programme in eThekweni addresses the issues establishing the framework for area based local development in a municipality that is eight-per-cent rural and at the same time has a large advanced urban formal economy. ABM programme includes the empowerment of marginalized communities to actively participate in the Integrated Development Planning (IDP) processes and at the same time create poverty alleviation, food security and employment generation (including cooperatives) and market opportunities for these groups.

The Innovation for Poverty Alleviation programme will play an important role in improving rural livelihoods and the quality and sustainability of the employment the initiative should generate.

The Risk Capital Fund (RCF) aims to stimulate the growth of SMMEs particularly within the context of Black Economic Empowerment. As an increasing number of these companies are engaged in export oriented production, in particularly the EU, they will have to adhere to the conditions of the TDCA above mentioned.

The support provided to the water sector through the Masibambane programmes I & II offered the opportunity to create incomes for impoverished communities (MDG1a). This was achieved through participation in infrastructure works and the *Working for Water Programme*. Water for Growth and Development (Masibambane III) builds further upon the previous programmes and at the same looks at water as the catalyst for development and the creation of sustainable employment opportunities¹⁷⁵.

JC. 7.4 EC support to DWSC contributes to the MDG 1B

Whilst DWSC is mentioned in documentation such as the CSP, there is no evidence that this operationalised in programmes. As was noted at the meeting with the EU donors, DWSC is seen as another cross-cutting issues as gender and environment. There is no explicit indication from the ECD that this is the case, but without a clear monitoring mechanism DWSC will continue to be regarded as such.

3.1 Country specific issues

A number of country specific issues are outlined below.

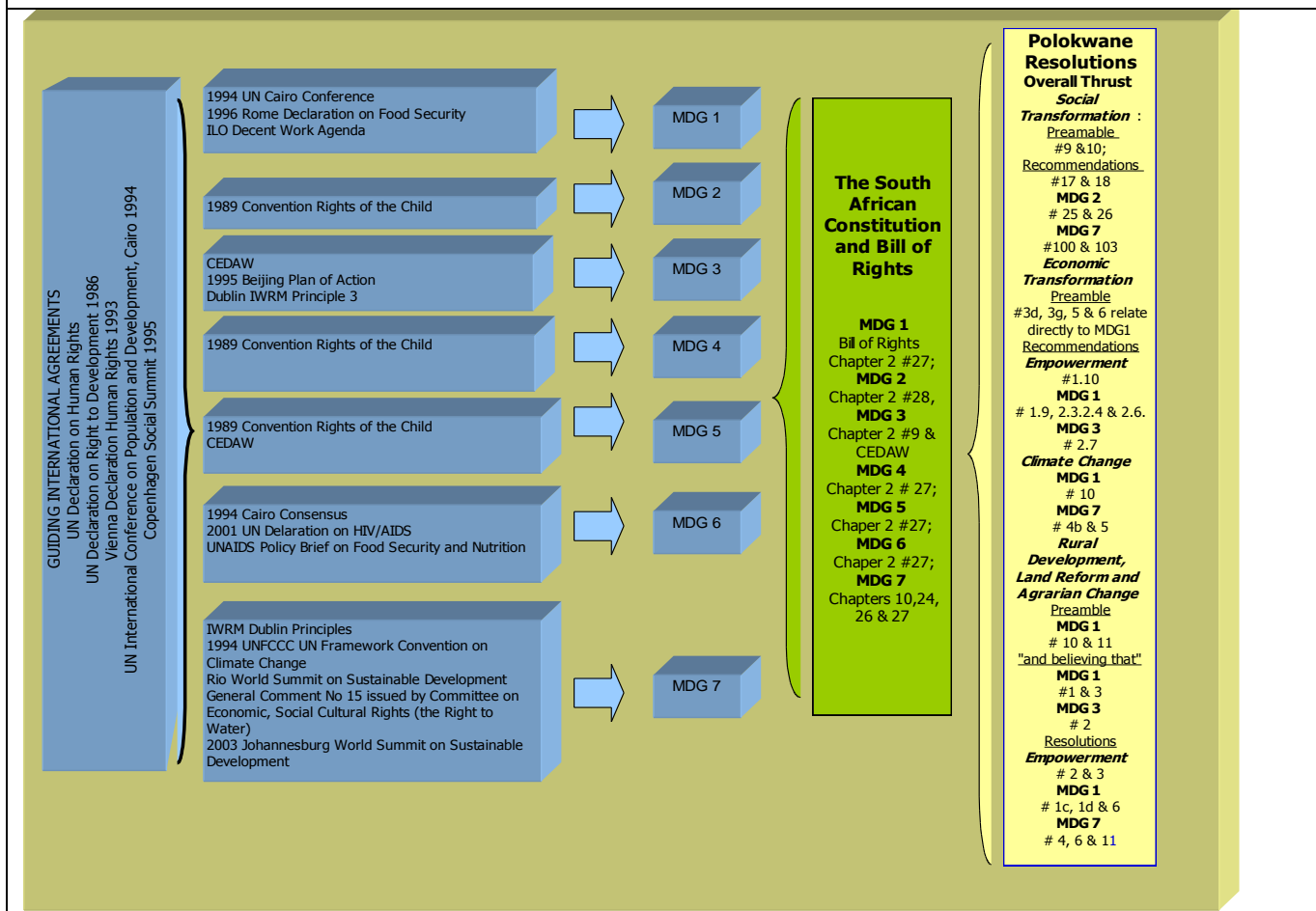
National Policy Framework

The South African Constitution is one of the most progressive in the world. The Constitution and Bill Of Rights has incorporated the majority of the international agreements and conventions to which South Africa has become a signatory. The Polokwane Resolutions represent an ambitious programme that seeks to make the Constitution and Bill of Rights operational and effective. Those Resolutions fall under the following categories, namely: Social Transformation; Economic Transformation; Climate Change; Rural Development, Land Reform and Agrarian Change The Resolutions incorporate issue related to the key 1990s international meetings referred to in Section 2.2. including the ILO Decent

¹⁷⁵ According to the Department of Water Affairs and Forestry (DWAF) (2006) the programme generated the following social benefits: more than 20 000 beneficiaries, previously unemployed, received gainful employment and training through the programme annually; Over 15 million person-days of employment have been generated by WfW. For 2009 the number of beneficiaries had reached 30,000 <http://www.greeneconomycoalition.org/node/54>

Work Agenda, the commitment to achieving the MDGs and of paramount importance, the recognition of the need to empower rural communities to shape their destinies in order to move out of poverty. Moreover, to create conditions to remove the dependence upon the grant culture.

FIGURE 17: INTERNATIONAL AGREEMENTS¹⁷⁶ MDGs¹⁷⁷, THE SA CONSTITUTION¹⁷⁸ AND THE POLOKWANE RESOLUTIONS¹⁷⁹



Source: Own elaboration

Figure 1 illustrates the relationship between international agreements/ conventions and the Millennium Development Goals (MDGs). It also illustrates the linkages between the MDGs, the South African Constitution, Bill of Rights and the Polokwane Resolutions that were adopted at the African National Congress in December 2007¹⁸⁰. The Resolutions constitute the current Government’s policies and clearing linked to international commitments.

¹⁷⁶ Conventions and International Agreements that “guide” the MDGs

¹⁷⁷ United Nations, 55/2. United Nations Millennium Declaration, Resolution adopted by the General Assembly, 8th plenary meeting 8 September 2000

¹⁷⁸ South African Constitution and Bill of Rights

¹⁷⁹ ANC 52nd National Conference at the University of Limpopo in Polokwane on 16-20 December 2007

¹⁸⁰ ANC 52nd National Conference at the University of Limpopo in Polokwane on 16-20 December 2007

Migration

Currently there are an estimated 1,24 million immigrants in South Africa equivalent to 2.6 per cent of the population. The mining, farming, construction and security sectors rely heavily on cheap migrant labour, mostly from Mozambique, Lesotho, Zimbabwe and Swaziland¹⁸¹. Human Rights Watch (HRW) maintains that physical abuse of farm workers is not uncommon. Migrants complain that they are on occasions deported without pay, often with the collusion of the authorities. Migrant child labourers have been interviewed by the organisation (HRW)¹⁸². These actions are all in contravention of international conventions and the overall philosophy of the Decent Work Agenda that embraces a broad spectrum of rights (migrants, child labour etc.). It should be noted that the EC is supporting (through Home Affairs and the ILO) a programme to address the issue against migrants (mostly focused on women and trafficking).

DWA

The Decent Work Agenda, whilst its importance is recognised, the implications for programme design are not fully understood appreciated among key stakeholders. Some EU Member State stakeholders regarded the DWA as "just another" cross-cutting issue (and burden upon development operators), that similar to gender and environment could not be achieved.

The EU Delegation has noted the recommendations of the European Court of Auditors that civil society should not be forgotten in the budget support modalities.

Data availability and quality

Data collection with respect to MDG reporting (required and voluntary reporting) with respect to poverty and labour market data is sporadic, for example on own account workers, youth unemployment

Marginalised groups

Notwithstanding its high ranking for gender equality, South African women in particular from poor marginalised communities continue to bear major part of the burden for ensuring the welfare of their households through various forms of informal economic activities.

Many marginalised groups, in particular women, undertake a broad spectrum of social activities on behalf of government. These typically relate to health care and food security for orphans, the elderly and those affected by HIV/AIDS.

Experience both from EC funded programmes and those supported by such donors as Danida, indicate that there is considerable potential for developing womens' entrepreneurial activities¹⁸³.

4 CONCLUSIONS

The overall orientation of the EC strategies for the programming periods covered by the evaluation period has evolved in close dialogue with the South African Government.

From discussions with EU Delegation, the forthcoming programming exercise is fully aligned with the government policies and commitment to international agreements.

¹⁸¹ <http://www.africaaction.org/docs98/sa9805.htm>

¹⁸² Ibid

¹⁸³ For example an internal review of the Danida programme that includes community driven development indicates that there were higher levels of success among female managed projects

In many respects, EC collaboration with South Africa represents a model “best practice” for the implementation of the Paris Declaration. The Sector-Wide-Approach had been operational for some time prior to the adoption of budget support. Procurement systems have been fully integrated into the national system.

Dialogue between all development stakeholders seems to function well. Thematic donor coordination groups have been established and appear to be functioning, particularly between the EU donors and the theme that forms the topic of this evaluation. Consultation mechanisms are in place to dialogue with non-governmental stakeholders and all Government stakeholders expressed a satisfaction for their inter-action with the Delegation. This is evidenced by the fact that the stakeholders interviewed were readily able to name the person(s) with whom they inter-act at the Delegation.

Whilst the interaction with the EU Delegation is deemed to be very good, there are areas for potential improvement. In some respects the Delegation is viewed solely as an “arm of the Brussels bureaucratic machinery”. Qualitative Policy Dialogue is an important element for the implementation of the Paris Declaration and as such it is essential that there is a meeting of equal minds and status. Therefore, it is interesting to note that in a number of instances the inter-action between the EC and the EU Member States has gone beyond coordination and agreement on the MIP. One EU Member State is providing inputs in the innovation for poverty reduction programme where the technical expertise was lacking in the Delegation This is very much in line with the principles of the Lisbon Treaty.

In terms of the EC’s contribution to employment, social inclusion and TVET this has functioned at a multiple level in line with the overall objective of poverty alleviation and employment generation. The TCDA and the comprehensive nature of the MIP ensures that there is a complementarity of actions to work towards these goals. In trying to achieve these goals, the EC support has worked at the level of Government for strategic interventions. At the same time it has ensured the “space” for local authorities and CBOs to be involved in formal and non-formal learning, the empowerment and generation of sustainable income and employment of opportunities for marginalized communities, in particular those in rural areas. It is essential that this approach is continued and forms part of the dialogue with the South African Government in the forthcoming programming exercise.

The concept of the DWA is appreciated by most stakeholders. EU donors are committed, as ILO Constituents and as EU Member States, to endorsing the principles of the DWA. However, it would appear that there is a need for joint capacity building initiatives to a common understanding of the DWA. This also applies to having a common understanding between Member States in relation to the integration of gender into development.

ANNEX 3: LIST OF CONSULTED STAKEHOLDERS

Name	Organisation	Issues/ project	Email	Direct phone
Mr Gerhard Pienaar	European Union Delegation	Local/regional economic development	gerhard.pienaar@ec.europa.eu	+27(0) 12 452 5258
Mr Kostas Berdos / Mr Gabila Nubong	European Union Delegation	Regional programmes	kostantinos.berdos@ec.europa.eu gabila.nubong@ec.europa.eu	+27(0) 12 452 5243
Mr Anton Roskam, Establishment Director	Ministry of Economic Development		ARoskam@economic.gov.za	+27 (0)12 394 3746
Mr Robin Toli, Chief Director: International Development Coordination	Ministry of Finance / National Treasury		robin.toli@Treasury.gov.za Thembi.Cele@Treasury.gov.za	+27 (0) 12 315 5111 thembi s number +27-12-315 5528
Mr Nols du Plessis, Chief Director: Capacity Building	National Treasury	Human Resource development strategies	Nols.duPlessis@Treasury.gov.za	+27 (0)12 315 5111
Etsi (director of international relations) +another sectoral expert	Ministry of Social Affairs		nomsa.nkwanca@socdev.gov.za, gailr@socdev.gov.za	+27 12 312 7500 / 012 312 7490 (COO) pa nansa 7479, 7480 secretary gel 7640
Mr J Manyi, Director General	Ministry of Labour			(012) 309 4000
Mr S Morotoba, Deputy Director Gen: Employment & Skills Dev Services & HR Dev			sam.morotoba@labour.gov.za	012 309 4783, 082 903 26 93
Ms Nicole Johnston, Media coordinator Southern Africa	OXFAM South Africa		njohnston@oxfam.org.uk	+27 12 423 9900/9918
EU Donors				
Mr. Stephan Ohme, Head of Delegation	Germany	2* EU MS: PS, RD, TP and others	Wi-S1@pret.diplo.de	012 427 8915 012 427 8910(sec)
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ANNEX 4: BIBLIOGRAPHY AND DOCUMENTS CONSULTED

Country Strategy Papers (2003-2006) and 2008 –2013

Finance Agreements and project reports for the following projects:

Local Economic Development (for Limpopo, KZN and Eastern Cape Provinces)

Risk Capital Finance

Prevent, React to Human Trafficking and to Provide Assistance to Victims of Crime

Innovation for Poverty Alleviation

Masimbabane II and III (Water for Growth and Development

TABEISA II

SURUDEC

SWEEP

Trade, Development and Cooperation Agreement (TDCA) for South Africa

Action Fiches for South Africa

The European Union – South Africa, Development Partners Progress Report 2008

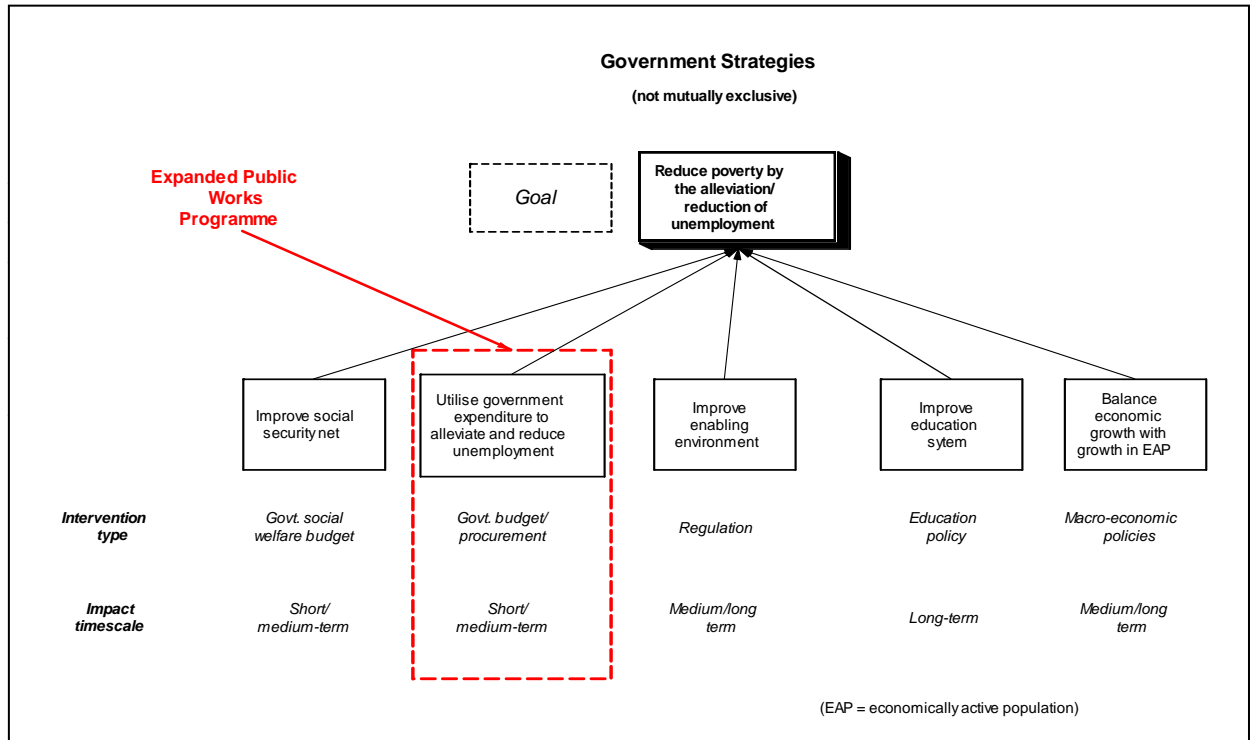
Skills Development Act (No 97 of 1998)

UN Human Development Report 2008

ANC Polokwane Resolutions

South African Constitution and Bill of Rights

ANNEX 5: OVERVIEW OF GOVERNMENT STRATEGIES FOR EXTENDED PUBLIC WORKS PROGRAMME



ANNEX 4: STATISTICAL DATA **South Africa's human development index 2007**

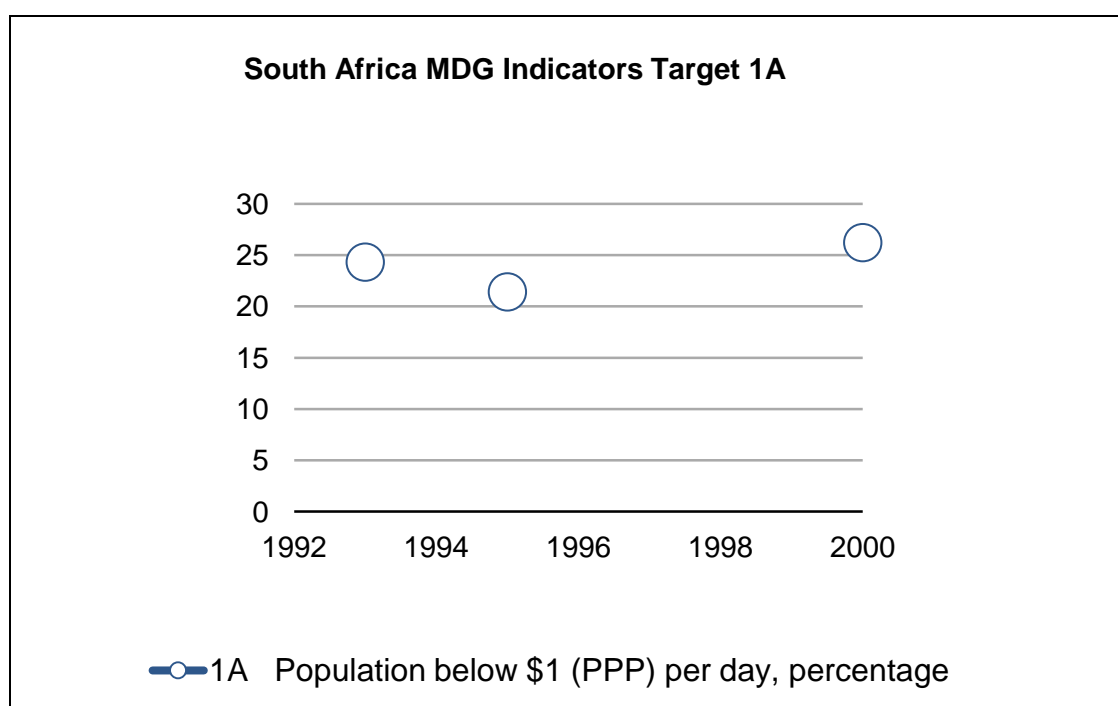
HDI value	Life Expectancy at Birth	Adult literacy Rate (% 15 years and above)	Combined Gross Enrolment Rate (%)	GDP per Capita (PPP US\$)
1. Norway (0.971)	1. Japan (82.7)	1. Georgia (100.0)	1. Australia (114.2)	1. Liechtenstein (85,382)
127. Tajikistan (0.688)	156. Malawi (52.4)	78. Saint Vincent and the Grenadines (88.1)	75. Saint Lucia (77.2)	76. Lebanon (10,109)
128. Namibia (0.686)	157. Uganda (51.9)	79. Dominica (88.0)	76. Mauritius (76.9)	77. Saint Lucia (9,786)
129. South Africa (0.683)	158. South Africa (51.5)	80. South Africa (88.0)	77. South Africa (76.8)	78. South Africa (9,757)
130. Morocco (0.654)	159. Cameroon (50.9)	81. Namibia (88.0)	78. Georgia (76.7)	79. Brazil (9,567)
131. Sao Tome and Principe (0.651)	160. Niger (50.8)	82. Sao Tome and Principe (87.9)	79. Egypt (76.4)	80. The former Yugoslav Republic of Macedonia (9,096)
182. Niger (0.340)	176. Afghanistan (43.6)	151. Mali (26.2)	177. Djibouti (25.5)	181. Congo (Democratic Republic of the) (298)

South Africa falls under the Medium Human Development ranking of countries (those ranked from 84 to 158) and is ranked 129 globally. The GINI coefficient for South Africa stands at 57.8 and is one of the highest in the world. The GINI has continued to increase since 1996¹⁸⁴.

¹⁸⁴ http://www.epi.org/economic_snapshots/entry/webfeatures_snapshots_20060419/ and <http://hdrstats.undp.org/en/indicators/161.html>

MDG Progress

MDG	PROGRESS
1. Eradicate extreme poverty and hunger	<i>Very likely to be achieved, on track</i>
2. Achieve universal primary education	<i>Very likely to be achieved, on track</i>
3. Promote gender equality and empower women	<i>Very likely to be achieved, on track</i>
4. Reduce child mortality	<i>Possible to achieve if some changes are made</i>
5. Improve maternal health	<i>Possible to achieve if some changes are made</i>
6. Combat HIV/AIDS, malaria and other diseases	<i>Possible to achieve if some changes are made</i>
7. Ensure environmental sustainability	<i>Very likely to be achieved, on track</i>
8. Develop a global partnership for development	<i>Very likely to be achieved, on track</i>



Human Poverty Levels in South Africa compared with selected countries¹⁸⁵

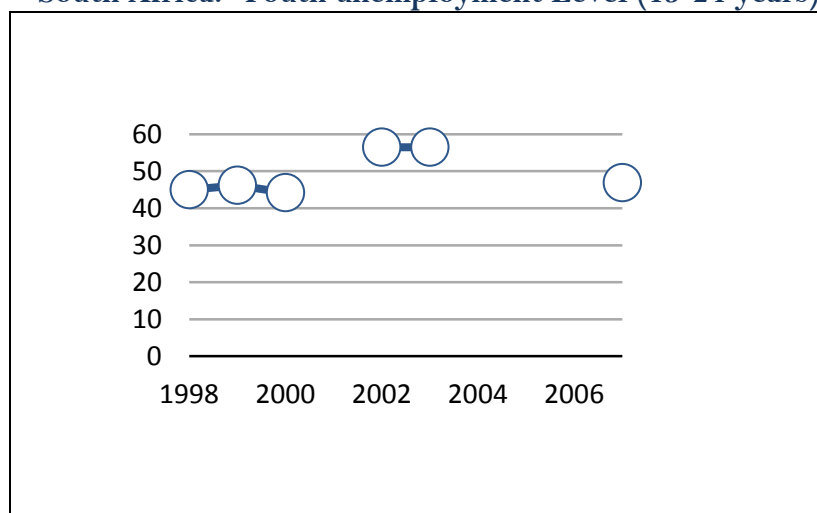
Human Poverty Index for South Africa				
Human Poverty Index	Probability of not surviving to the age of 40	Adult Literacy Rate (% ages 15 and above)	People using and improved water source (%)	Children underweight for age (% under five)
1. Czech Republic (1.5)	1. Hong Kong, China (SAR) (1.4)	1. Georgia (0.0)	1. Barbados (0)	1. Croatia (1)
83. Vanuatu (23.6)	41. Equatorial Guinea (34.5)	78. Saint Vincent and the Grenadines (11.9)	54. Guyana (7)	66. Turkmenistan (11)
84. Congo (24.3)	142. Chad (35.7)	79. Dominica (12.0)	55. Colombia (7)	67. Honduras (11)
85. South Africa (25.4)	143. South Africa (36.1)	80. South Africa (12.0)	56. South Africa (7)	68. South Africa (12)
86. Djibouti (25.6)	144. DRC (37.3)	81. Namibia (12.0)	57. Philippines (7)	69. Gabon (12)
87. Cambodia (27.7)	145. Guinea-Bissau (37.4)	82. Sao Tome and Principe (12.1)	58. Namibia (7)	70. Botswana (13)
135. Afghanistan (59.8)	53. Lesotho (47.4)	151. Mali (73.8)	150. Afghanistan (78)	138. Bangladesh (48)

¹⁸⁵ http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ZAF.html

South Africa Provincial breakdown of poverty levels¹⁸⁶

Province	Number of poor (millions)	Percentage of population in poverty	Poverty gap (R billion)	Share of Poverty gap
Eastern Cape	4.6	72%	14.8	18.2%
Free State	1.8	68%	5.9	7.2%
Gauteng	3.7	42%	12.1	14.9%
KwaZulu-Natal	5.7	61%	18.3	22.5%
Limpopo	4.1	77%	11.5	14.1%
Mpumalanga	1.8	57%	7.1	8.7%
North West	1.9	52%	6.1	7.5%
Northern Cape	0.5	61%	1.5	1.8%
Western Cape	1.4	32%	4.1	5.0%
South Africa	25.7	57%	81.3	100.0%

South Africa: Youth unemployment Level (15-24 years)

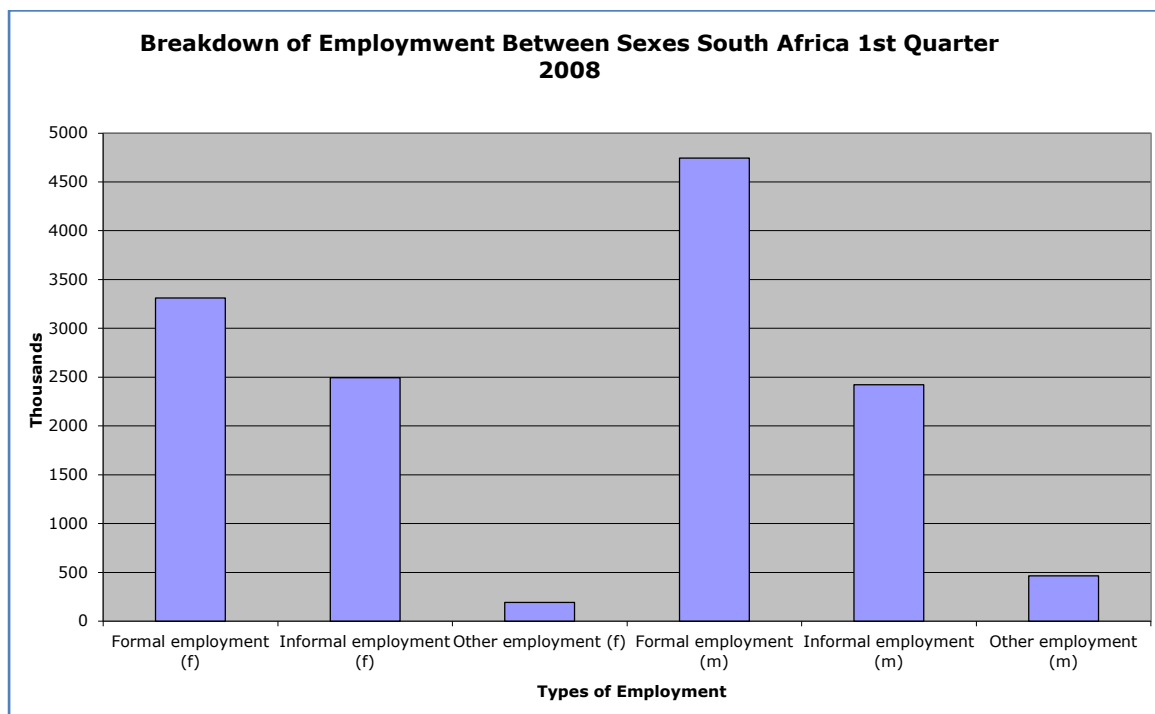
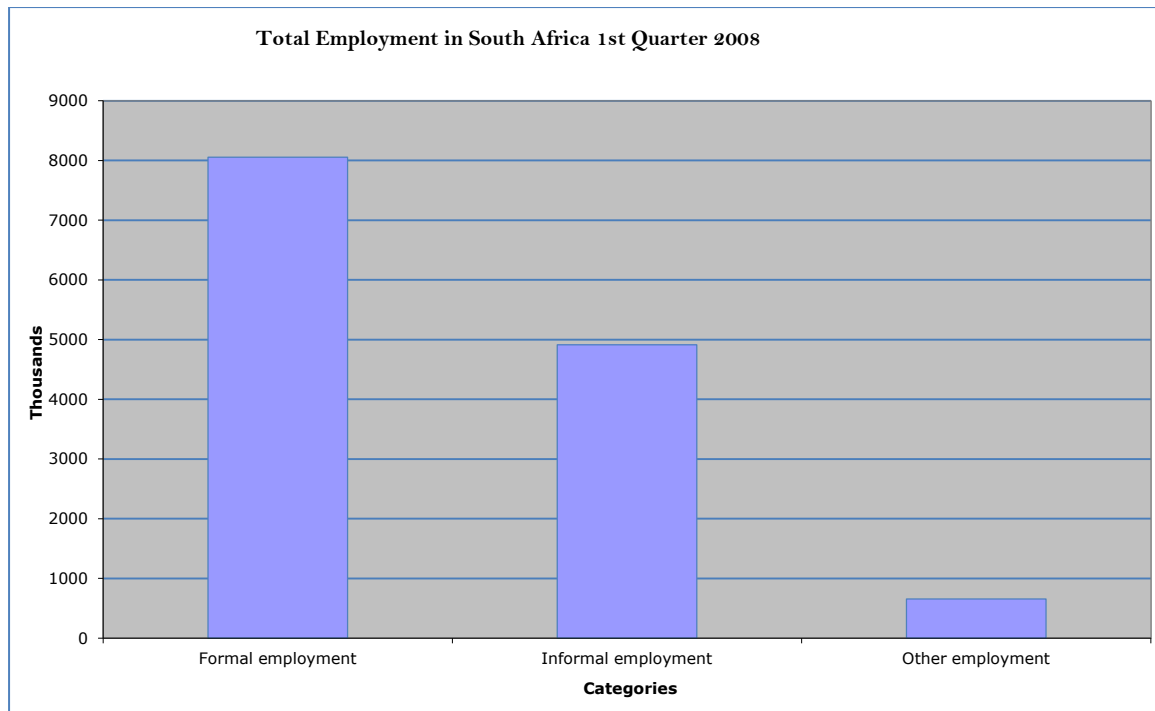


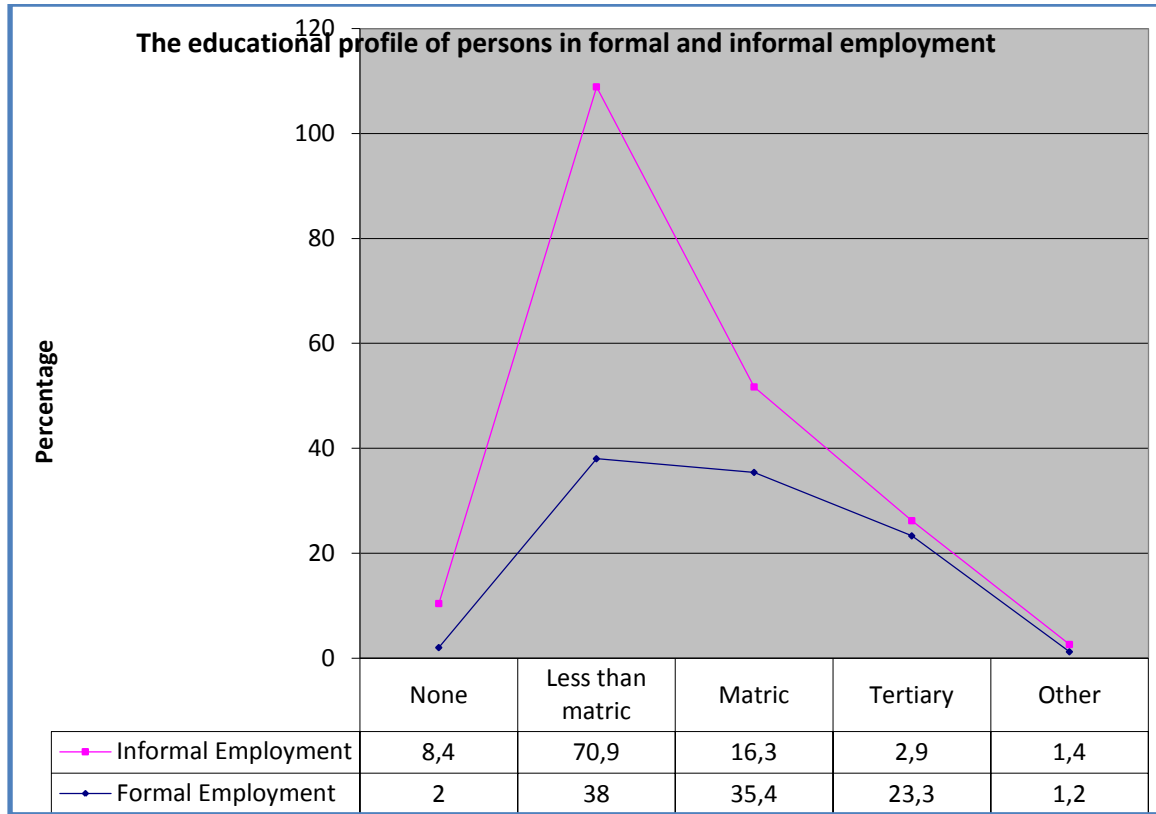
South Africa – Key gender indicators compared with selected countries¹⁸⁷.

¹⁸⁶ Source SARNP Ibid

¹⁸⁷ http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ZAF.html

GDI as % of HDI	Life expectancy at birth (Years) 2004	Adult literacy rate (15 years and older)	Combined primary, secondary and tertiary gross enrolment ratio 2004
	Female as % rate of male	Female as % rate of male	Female as % rate of male
1. Mongolia (100.0%)	1. Russian Federation (121.7%)	1. Lesotho (122.5%)	1. Cuba (121.0%)
39. Tonga (99.6%)	81. Congo (Democratic Republic of the) (106.8%)	8. Croatia (98.6%)	93. Bangladesh (101.4%)
40. Philippines (99.6%)	82. Guinea-Bissau (106.8%)	49. Romania (98.6%)	94. Bulgaria (101.3%)
41. South Africa (99.6%)	83. South Africa (106.8%)	50. South Africa (98.1%)	95. South Africa (101.2%)
42. Australia (99.6%)	84. Fiji (106.8%)	51. Kuwait (97.9%)	96. Bahamas (101.0%)
43. Argentina (99.5%)	85. Montenegro (106.8%)	52. Uzbekistan (97.8%)	97. Malta (100.8%)
155. Afghanistan (88.0%)	190. Swaziland (98.0%)	145. Afghanistan (29.2%)	175. Afghanistan (55.6%)





South Africa: GDP per person employed and employment to population ratio



ANNEX 14: MOROCCO COUNTRY NOTE

TABLE OF CONTENTS

1	INTRODUCTION	168
2	CONTEXT IN WHICH THE EC INTERVENES	168
2.1	MACROECONOMIC TRENDS	168
2.2	HUMAN DEVELOPMENT INDEX	169
2.3	LABOUR MARKET TRENDS	169
2.4	INSTITUTIONAL FRAMEWORK	170
3	ESI RELATED COOPERATION FRAMEWORK	171
3.1	EC STRATEGY AND COOPERATION	171
3.2	OTHER DONORS	174
4	FIELD FINDINGS	176
5	CONCLUSIONS	184

ANNEX 1: LIST OF CONSULTED STAKEHOLDERS

ANNEX 2: MACROECONOMIC AND SOCIAL CONTEXT

ANNEX 3: STATISTICAL DATA

ANNEX 4: DOCUMENTS CONSULTED

ACRONYMS

DLCG	Donor/Lender Consultation Group
EJADA	Euro Jordanian Action for Development of Enterprise
EC	European Commission
EMP	Euro Mediterranean Programme
ENP	European Neighbourhood Policy
ETF	European Training Foundation
E-TVET	Employment-Technical and Vocational Education and Training
EU	European Union
FDA	The Family Development Association
FDI	Foreign Direct Investment
FNF	Friedrich Naumann Foundation
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GTZ	German International Cooperation Agency
IMP	Industrial Modernisation Programme
JEDCO	Jordan Enterprise Development Corporation
JICA	Japan International Cooperation Agency
JSMP	Jordan Services Modernisation Programme
JUMP	Jordan Upgrading and Modernisation Programme
MoL	Ministry of Labour
MoPIC	Ministry of Planning and International Cooperation
NCHRD	National Centre for Human Resources Development
NIP	National Indicative Programme
OECD	Organization for economic Cooperation and Development
PALD	Poverty Alleviation through Local Development
PAMD	Poverty Alleviation Through Municipal Development
QIZ	Qualified Adjustment Facility
ROM	Result-Oriented Monitoring
SAF	Structural Adjustment Facility
SSC	Social Security Corporation
TVET	Technical and Vocational Education and Training
US	United States
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization

1 INTRODUCTION

The field visit to Morocco for data gathering was undertaken during the week of 15-19 March 2010. Meetings were arranged with development partners and stakeholder in Rabat and Casablanca.

The meeting schedule had been planned in close collaboration with the European Union Delegation in Rabat, the meeting schedule is included in Annex I. Prior to commencing the schedule the team met with EC Delegation staff who had direct involvement in the projects that were considered of interest, namely:

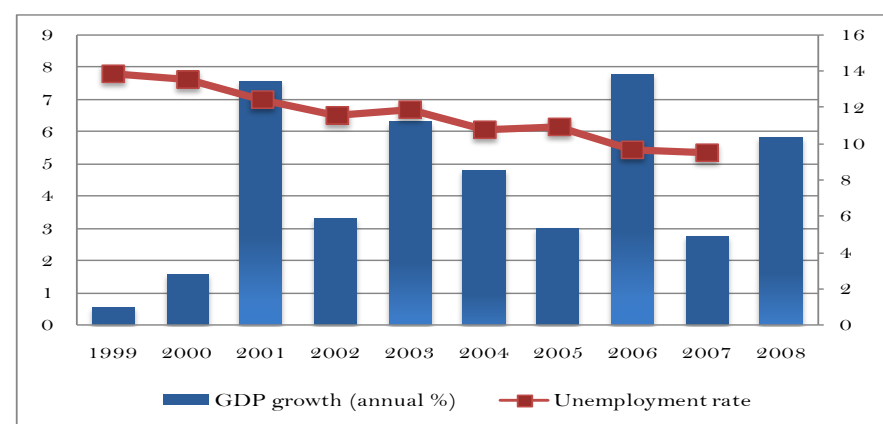
- ❑ Development of professional associations (I & II)
- ❑ Strengthening the role of workers' organisations within the context of promoting, social, economic and legal rights
- ❑ Support to employment creation
- ❑ Support to the national plan for human resources development
- ❑ Support to creating sustainable employment opportunities for rural women
- ❑ Support to human development and social inclusion
- ❑ Support to TVET in the tourism, textile and IT sectors

2 CONTEXT IN WHICH THE EC INTERVENES

2.1 Macroeconomic trends

Morocco is a (lower) middle income country with a population of 30.5 million and gross national income per capita of \$2,270 in 2008 (GNI, Atlas method, World Bank). Since the 1970s, gross national income per person more than quadrupled from \$550 to \$2,770. As a result of progressive diversification of the economy and solid macro-economic management, since 2001 Morocco average growth rates of around 5 percent. As shown in the figure below, Moroccan economy has been on the rise for the whole period even though growth has not been constant. The growth rate followed a

Figure 18- Annual Real GDP Growth (%) & Unemployment Rate, 1999-2008



Source- World Bank; ILO, Laboursta

rather uneven path moving from 0.5% in 1999 to almost 8% in 2001, then down to 3% in 2005 and up to almost 6% in 2008. This performance has been correlated to a declining unemployment rate. As a matter of fact, from 1999 to 2007 it fell of around 4 percentage points. In terms of unemployment distribution among

age groups, it can be stated that unemployment has been decreasing remarkably among young people. In particular, people aged 15-24 and 25-34 have experienced an unemployment fall of around 30%.

Over this period the overall poverty rate declined from 15.3 percent in 2000/01 to 9 percent in 2006/07. Morocco is fully committed to greater regional integration, in particular with EU with whom it enjoys an "Advanced Association Status". Foreign Direct Investment (FDI) has

increased and reached \$4.5 billion or 6 percent of GDP in 2007. However, following the global financial crisis, FDI was expected to decline by 20 percent in 2008¹⁸⁸.

2.2 Human Development Index

Data on the the status of human development in Morocco is contained in Annex III. Morocco falls under the Medium Human Development ranking of countries (those ranked from 84 to 158) and is ranked 129 globally. The 2007- 2013 Country Strategy Paper makes reference to the low HDI ranking of Morocco (123rd in 2006)¹⁸⁹. The 2009 Human Development Report Ranks the country as 130rd¹⁹⁰. The difference between this HDI ranking with its ranking in terms of per capita income (108th) indicates that growth and wealth are not being translated into social and human well-being. This is reflected in the fact that significant segments of the population remain socially and economically marginalized. Even though there has been a considerable reduction of absolute poverty, there still exists widespread economic vulnerability. Even though there are indications that Morocco is on target for MDG4 (*reduce child mortality*) and with some adjustments achieve MDG 5 (*improve maternal health*), health indicators relating to these MDGs are well below what they should be. There is an especially high incidence of maternal mortality (227 for 100,000 live births in 2003) and child malnutrition (estimated at one in five children)¹⁹¹.

2.3 Labour market trends

Employment

The number of active population increased from 10.2 million in 2000 to 11,26 million in 2008. During the period of constant economic growth, unemployment rates have fallen to a 30-year low. Even so the figures remain still remain high at around 9.6 percent (1.4 million in 1999 1.08 million in 2008). Unemployment at 14.7% (2008) in urban areas is significantly higher than that of 4.0% in rural areas and over 80% of the total unemployed are to be found in the urban areas. The urban female population is particularly affected by unemployment (20.3%). This is twice the national average and 30% of the total unemployed on a national basis (see Annex III).

Migration

Since the 1960s, Morocco is has been one of the main source countries of labour migrants to Europe. The national budgetary plans for 1968-72 advocated emigration as a means of addressing the under- and unemployment problem and simultaneously provide an increase in foreign currency through remittances¹⁹². Currently an estimated three million people of Moroccan descent representing 12 per cent of the Moroccan population are believed to be living abroad. 87 per cent of these migrants are settled in European countries¹⁹³ Morocco is now enjoys one of the highest levels of migrant remittances in the world¹⁹⁴ and more than three million people of Moroccan descent (out of a total population of over 31 million) are currently believed to be living abroad. In 2006, migrant remittances reached an estimated US\$ 5.6 billion

¹⁸⁸ World Bank Country Data – Morocco and briefing note prepared by Professor Professor Amour Ibourek (Annex II)

¹⁸⁹ Country Strategy Paper Morocco 2007-2013, p.14

¹⁹⁰ <http://hdr.undp.org/en/statistics/>

¹⁹¹ World Bank Country Data Morocco and <http://hdr.undp.org/en/statistics/>

¹⁹² Ninna Nyberg Sorensen : *Migration Policy Research Working Papers Series No. 2 – June 2004 Migrant Remittances as a Development Tool: The Case of Morocco* Danish Institute for Development Studies (DIIS) Denmark

¹⁹³ International Organisation for Migration (IOM) Morocco

¹⁹⁴ African Development Bank *Migrant Remittances A Development Challenge* 2008 p.10.

ranking Morocco as the largest remittance receiver in Africa¹⁹⁵. In 2002, official remittances represented 6.4 percent of the gross national product (GNP)¹⁹⁶. By 2008 the figure had reached almost 9 percent of the GDP. These financial contributions correspond to almost 22 percent of the total value of imports, and six times the total development aid that Morocco receives and exceed the value of direct foreign investments.

The Moroccan authorities are committed to channel the potential of Moroccan communities and individuals abroad into the most effective way for the country¹⁹⁷.

2.4 Institutional Framework

The *EU-Morocco Association Agreement* was signed on 26 February 1996, and entered into force on 1 March, 2000 following its ratification by the Parliaments of the EU Member States, the European Parliament and the Moroccan Parliament. The respect for human rights and democratic principles guides the internal and international policy of both Morocco and the Community and constitutes an essential element of the Agreement. As such, the Agreement emphasises the importance of the principles of the United Nations Charter, in particular the observance of human rights, democratic principles and economic freedom; the need to strengthen political stability and economic development of the region by encouraging regional co-operation. Migration and social affairs are incorporated into the Association Agreement. The Agreement further reinforces the agreements that had been in force since the 1970s relating to the existence of free trade in manufactured goods and free trade in industrial products.

Articles 46 and 47 of the Euro – Mediterranean Agreement with Morocco is of particular relevance to this evaluation in that it talks to vocational training and technological development¹⁹⁸

In conjunction with the 50th anniversary of independence, and on the initiative of King Mohammed VI, the the human development report "*50 years of human development in Morocco and perspectives for 2025*" was published in January 2006¹⁹⁹. Apart from putting the country's development into a historical perspective, it sets out strategies to respond to identified deficiencies. These included:

- ❑ The national human development initiative (NHDI), a political framework which set outs objectives for social development, in particular the reduction of social deficits, poverty reduction and assistance for the extremely vulnerable. This had been announced by the King in 18 May 2005;
- ❑ The National Education and Training Charter;
- ❑ The "Strategic Framework for Development of the Education System"

The 2008-2012 Strategic Plan of the Ministry of Social Development, Family and National Solidarity included the strategic component II "*Promotion of women's rights, of gender approach and equality of chances*" and reinforced the commitments to the MDGs, and International Conventions.

¹⁹⁵ Netzwerk Migration in Europa, *Country Profile Morocco*, Issue 16 February 2009

¹⁹⁶ <http://www.migrationinformation.org/Profiles/display.cfm?ID=339>

¹⁹⁷ IOM op.cit.

¹⁹⁸ Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, Official Journal of the European Communities L 70/2, 18.03.2000

¹⁹⁹ 50 Years of Human Development & Perspectives to 2025 "*The Future Is Being Built and the Best Is Possible*" - Summary of the General Report. Full French language version available at: http://hdr.undp.org/en/reports/nationalreports/arabstates/morocco/nhdr_2005_morocco-en.pdf

Morocco is one of the twenty states that have ratified seven of the eight Core ILO Conventions. Morocco has yet to ratify Convention C87 (*Freedom of Association and Protection of the Right to Organise 1948*.)

Morocco has collaborated with the ILO in the area of integrating a decent work dimension into the restructuring efforts of the textile and garment sector.

EU Member States Belgium, Germany, France and Spain are involved in initiatives related to vocational training. Their support is project based rather than budget support. Italy focuses on SME development and job creation. Of non-EU donors, Canada (CIDA) in particular, is involved in vocational training.

With respect to the IFIs, the World Bank's current investment portfolio includes a US\$ 100 million loan to support the National Initiative for Human Development (INDH). This has a component dealing with technical and vocational training.

3 ESI RELATED COOPERATION FRAMEWORK

3.1 EC Strategy and cooperation

Morocco is a privileged partner of the EU since it represents the most important export market.

The overall political, economic and cooperation relations are based on the *EU-Morocco Association Agreement*²⁰⁰. The Agreement was signed on 26 February 1996, and entered into force on 1 March, 2000 following its ratification. The main text refers to regular political dialogue at ministerial and senior official levels, and at parliamentary level through contacts between the European Parliament and the Moroccan Parliamentary institutions. Emphasis is placed on peace, security, and regional co-operation and on the need to contribute to the stability and prosperity of the Mediterranean region, to promote understanding and tolerance. The respect for democratic principles and the importance of the United Nations Charter, in particular the observance of human rights, democratic principles and economic freedom are emphasised in the main text. The Agreements calls for strengthening political stability and economic development of the region by encouraging regional co-operation. Migration and social affairs are incorporated into the Association Agreement.

Articles 46 and 47 of the EU-Morocco Association Agreement is of particular relevance to this evaluation since it refers to TVET system namely to vocational training, technological development and access to technical education for women. Specific attention is devoted to industrial cooperation and investment promotion which is closely related to private sector development; art. 49 and 50.

The relations between the EU and Morocco take place also at regional level within the European Neighbourhood Partnership (ENP) and the Euro-Mediterranean Cooperation process.

On the basis of the above mentioned political framework, the CSP 2002-2006 identifies as priority areas: (i) economic development and trade; (ii) human social and cultural development. The first priority areas encompassed three main areas of interventions: the reform of the public administration, the reform of the transport sector, the economic and regulatory follow up for the implementation of the Association Agreement. The human social and cultural development interventions focused mainly on human resources development and migration. The NIP 2002-2006 identified private sector development as one of the key areas of intervention through a 60-million euro programme to support Moroccan SMEs.

The second component of the CSP 2002-2006 "Human social and cultural development" was directly related to the Labour Market and social inclusion measures. The NIP 2002-2006 identified a 50-million programme to support human resources development specifically in the

²⁰⁰ L 070/13 18 03 2000

tourism sector; textile industry and ICT. Migration was the second issue to be tackled through a 70-million project on local development in the Northern areas of Morocco.

In line with the priorities of the Moroccan government: strengthening of institutions and governance, economic development and poverty reduction, the CSP 2007-2013 identified five priorities:

The development of social policies on the basis of the National Human Development Initiative (NHDI)²⁰¹

- Economic development
- Institutional support
- Good governance and human rights
- Environmental protection

The EU's strategy on the development of social policy is focused on education and health service provision. The EC supports the government's efforts by focusing on women and the rural and peri-urban population; it also aims to support reforms designed to improve the quality of the primary and secondary school system and the level of achievement in basic education and secondary education, in particular that of girls.

THE NIP 2011-2013 specifies an indicative budget of 550.5 M€.

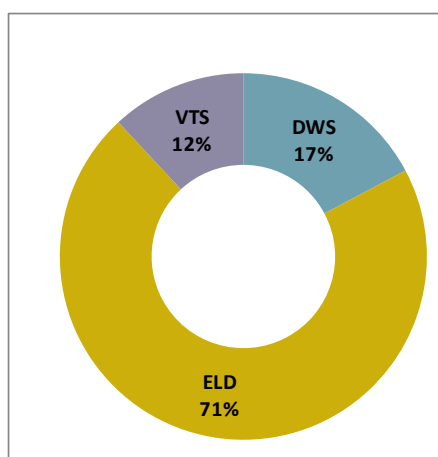
To sum-up, the EC strategy framework towards Morocco benefits from a comprehensive approach which tackle labour market demand hence economic growth, private sector development, as well as labour market supply which focuses on human resources development through education and vocational training. This strategy responds to the willingness of the EU to support increasing economic cohesion and increasing economic ties between the EU and Morocco.

EC relevant ESI Interventions

In the analysed period 1999-2008, the EC committed more than 442 M€ in interventions in the ESI sector. The focus of EC programme has been employment and labour market demand sector (ELD) amounting to more than 70% of EC assistance. Most of the financial resources allocated to the ELD sector have been addressing structural reform in line with the NIP which identified the reform of the public administration as one of the key priorities

**FIGURE 19 ESI MACROSECTORAL
DISTRIBUTION IN MOROCCO, 1999-2008**

²⁰¹ The NHDI was launched in 2005 in order to achieve social development objectives, in particular the reduction of social deficits, poverty reduction and support to the most vulnerable social group.



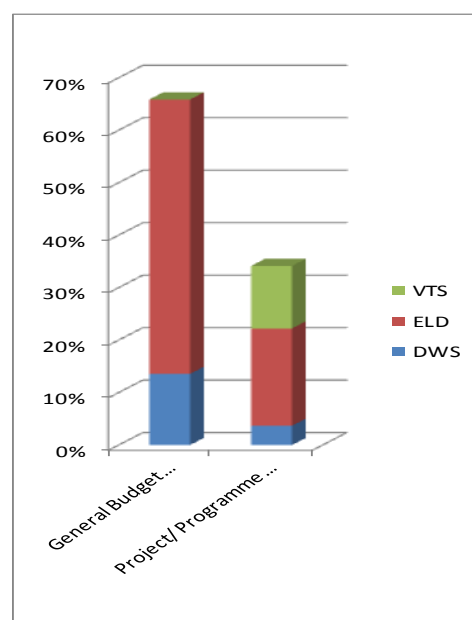
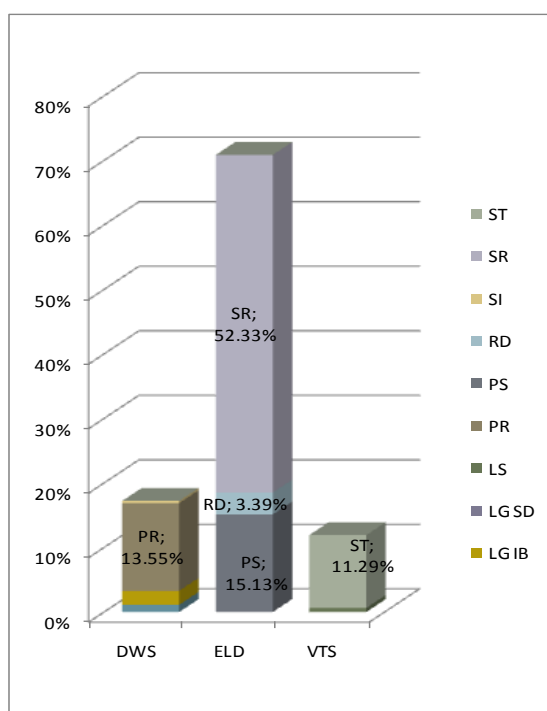
Private Sector (PS) and Rural development benefited of more than 80 M€. Two projects financed PS, one amounting to more than 60 M€ supporting Small and Medium Enterprises and a 6-million project targeting women entrepreneurship in the rural areas of South-East Morocco.

DWS intervention accounted for more than 17% of EC total assistance in the ESI sector. Most of the resources (60 M€) have been allocated through budget support to finance the NHDI. The remaining funds, more than 15 M€ have been allocated to support labour market governance, namely: support to professional association and migrant rights.

Source: Own elaboration

FIGURE 20 ESI DISTRIBUTION BY MICROSECTORS, 1999-2008

FIGURE 21 EC SUPPORT TO ESI SECTOR BY AID DELIVERY MODALITY



Source: Own elaboration

The EC has committed 53 M€ in the VTS area; two projects have been financed: a 50-million project targeting sectoral training in the tourism sector and ICT. The project has been financed under the component human and social development in 2002. The other project targeted labour supply policies (LS) i.e. measures addressing the social consequences of economic transition and structural adjustment. The graph below, provides an overview of the financial distribution by microsectors. The EC allocated more than half of its financial resources to the structural reforms, specifically more than 230 M€ have been allocated to support the structural adjustment of the water sector; supporting Moroccan exports, and the structural adjustment of the financial sector. All these initiatives were implemented through General Budget Support and aimed to support the Moroccan government in the vast range of ambitious structural reforms following the Association Agreement.

The majority of interventions in the ESI sector were implemented through GBS (65%), namely supporting the structural reform (SR) and the implementation of the NHDI (13.55% of total resources) in the DWS macrosector.

3.2 Other donors

For the period considered, the total funding to the ESI sector coming from other donors amounts to 1.6 billion euro. Amid the European Member States, Belgium, France Spain and Italy were the most active in the ESI area. They were mainly are involved in initiatives related to the vocational training and labour market supply (VTS). Spain contributed the most in the ESI sector with a specific focus on social cohesion and socio-human development and specific interest to women rights and female entrepreneurship. Spain allocated more than 45 M€, while France allocated more than 26 M€. The biggest donor was the World Bank Group which committed more than 1 billion euro, more than two thirds of WB total funds (626 M€) to support the National Initiative on Human Development. IFAD is the most active among UN agencies committing more than 32 M€ in rural development projects in the Atlas and Errachidia areas. Among the other International Financial Institutions, the African Development Bank financed a 44 M€ in a transport infrastructure project, while the GEF committed more than 126 M€ in three projects led by the World Bank on Rural development and environment protection.

Japan, United States and Kuwait are the most important other bilateral donors in the area. Kuwait financed a 36-million project targeting rural electrification and energy supply in rural areas, while US portfolio of activities was more diversified. US bilateral cooperation encompasses interventions in the three main ESI macrosectors. US cooperation committed more than 23 M€ to private

FIGURE 22 OTHER DONORS' COOPERATION IN THE ESI SECTOR, BY MACROSECTORS

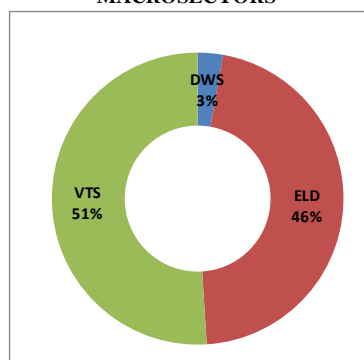


TABLE 6 OTHER DONORS' COOPERATION IN THE ESI SECTOR, 1999-2008

Other Donors	Total Amount €	% of Total Amount
Austria	397,482.3	0.02%
Belgium	10,031,461.0	0.61%
Denmark	815,261.6	0.05%
Finland	34,420.9	0.00%
France	26,781,403.5	1.63%
Germany	4,440,577.0	0.27%
Greece	76,885.1	0.00%
Italy	4,307,322.3	0.26%
Luxembourg	375,082.6	0.02%
Portugal	21,932.7	0.00%
Spain	45,673,134.7	2.79%
Sweden	397,180.2	0.02%
Switzerland	349,526.4	0.02%
The Netherlands	8,726.8	0.00%
EUBD	93,710,397.1	5.72%
African Development Bank	44,648,848.4	2.72%
EIB	5,997,011.7	0.37%
GEF	126,288,160.9	7.71%
IFAD	24,335,366.8	1.49%
ILO	164,869.8	0.01%
The World Bank Group	1,080,666,243.5	65.95%
UNDP	1,061.4	0.00%
UNFPA	1,306,984.5	0.08%
UNICEF	456,331.8	0.03%
IFI	1,283,864,879.0	78.35%
O	114,392,180.3	6.98%
Canada	1,035,447.1	0.06%
Japan	65,757,649.0	4.01%
Korea	115,819.7	0.01%
KUWAIT	36,377,978.8	2.22%
United States	43,332,093.7	2.64%
OBD	146,618,988.4	8.95%
Grand Total	1,638,586,444.7	100.00%

Source: Own elaboration

Source: Own elaboration

In the analysed period the focus of the other donors was Vocational Training and labour Market Supply (VTS) which account for 51% of total committed resources. Compared to EC distribution of interventions, there is a substantial deviation since the EC allocated only 17% of its funds to VTS, while labour market demand and private sector represent the EC main priority (71% of total resources).

A minor percentage amounting to 45 M€ and focusing on poverty reduction and social inclusion of marginalised groups was allocated to the DWS macro-sector.

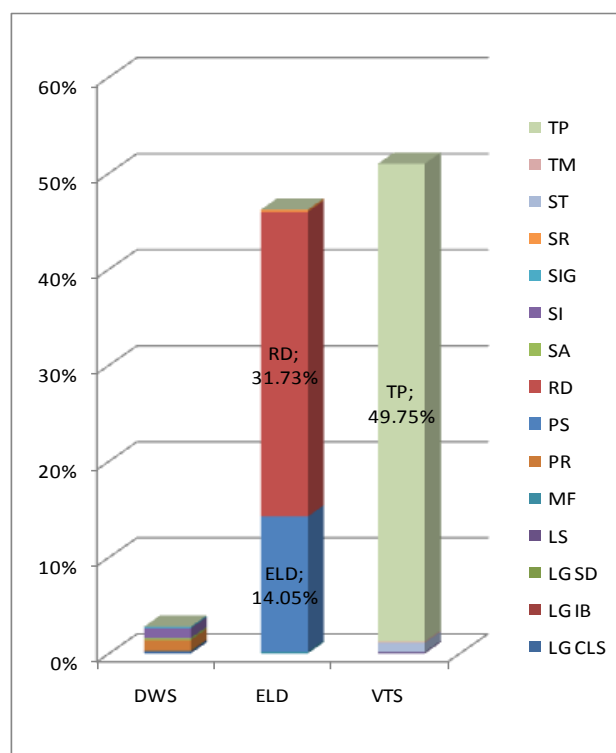
In terms of microsectors, the distribution of aid is diverse, since the EC focused the most on structural reform (52% of total EC funds); while the other donors centred their intervention on TVET policies and systems and on rural development.

Private sector development (PS) benefited of more than 230 M€ accounting for 13% of other donor assistance. Italy, Spain and US were the most active donors in PS sector above all in the trade area and investment promotion.

Labour Market Governance accounted for more than 4 M€. The projects focused on core labour standards namely child labour, migrant and women rights. Belgian cooperation focused the most in social dialogue and measures to strengthen social dialogue and tripartite cooperation in the labour market.

On the basis of the data described above, it's worth to mention the difference in strategy between the EC and the other donors. For instance also EU member states focused the most on VTS macrosector rather than on the ELD as the EC has done.

FIGURE 23 OTHER DONORS' ESI DISTRIBUTION, BY MICROSECTORS, 1999-2008



Source: Own elaboration

4 FIELD FINDINGS

EQ. 1

TO WHAT EXTENT HAVE EMPLOYMENT, SOCIAL INCLUSION IN THE LABOUR MARKET AND TVET RELATED ISSUES BEEN INCORPORATED IN EC COOPERATION WITH THIRD COUNTRIES TAKING INTO ACCOUNT THE EVOLUTION OF EC DEVELOPMENT POLICY IN THIS PERIOD AND EC INTERNATIONAL COMMITMENTS?

JC. 1.1

EC policies and strategies on employment, social inclusion in the labour market and TVET have evolved over time

EC cooperation on ESI related areas has been somewhat irregular over the last ten years. 2005 represents to a certain extent a turning point for two main reasons. On the one hand, EC cooperation moved more and more from the classical project approach (TA) towards the budget support approach, both general and sectoral. This change entails a shift in terms of what is perceived as EC value added. More specifically, from value added based on the quality of technical support, which translated into more qualified local expertise, there is a shift towards value added at political/ policy level. On the other side, although not exclusively related to the EC, it can be stated that since then coordination and harmonisation among the different donors has been gradually on the rise.

JC. 1.2

Employment, social inclusion in the labour market and TVET policy orientations have been prioritized and mainstreamed into CSP/NIP, RSP/RIP

There are three main priority areas: i) Vocational Training, with a strong presence of the EC in Morocco. The ultimate goal behind the support to VET is employment. However, cooperation in this domain is managed by the economic section; ii) social protection, which represents a key area of EC support to the national policies. An example is the 'programme d'appui assurance-maladie', which will reach its third phase in 2011; iii) Employment, which rests on several projects on the supply side, as the project 'appui aux migrations vers l'Europe'.

Overall, it can be stated that there have been a series of smaller intervention/ projects related to: employment services, employment and the employment of migrants. However, there have been no large sectoral programmes related to ESI. Notwithstanding the fact that the EC does not have a programme specifically targeting employment generation, a broad spectrum of initiatives and agreements contribute to developing the economy and hence employment. Undoubtedly the EU Morocco Association Agreement has contributed to the EU being Morocco's primary trading partner accounting for nearly 60% of its total trade, the majority of which is textiles and agricultural goods. In 2007 Morocco exported to the EU goods to value of €7.3 billion and services to the value €4.4 billion.

A broad spectrum of EC supported initiatives have contributed to improving the competitiveness of local enterprises through establishing an appropriate enabling environment. For example the *Programme d'Appui à l'Accord d'Association* aims to assist Morocco align to EU legislation and norms in accordance with the principles set out in the Association Agreement.

Appui au développement de la Formation Professionnelle aims at developing, among others, human resource managers in enterprises in key sectors of the economy (textiles, tourism and IT). This programme has taken a holistic approach of training enterprises, training of trainers and establishing some thirty technical training centers.

JC. 1.3

EC financial commitments on employment, social inclusion in the labour market and TVET objectives reflect EC political commitments

JC. 1.4

EC support strategy in a given country takes into account EC-specific regional policy frameworks' overarching objectives

In terms of regional cooperation strategies, there is coherence in terms of goals and orientations concerning migration policies, vocational training (Euromed) and other broader economic issues (i.e. Euromed marché, Euromed qualité).. However, it might be noted that regional projects are often managed directly by the EU Headquarters in Brussels, which brought about some limitations in terms of information sharing in the past. Nowadays, a specific reference person is identified in the EU Delegation to exchange information with the EU Headquarter on regional related projects and policies.

EQ. 2

TO WHAT EXTENT WAS EC ESI AND TVET RELATED SUPPORT ABLE TO TAKE INTO ACCOUNT THE SPECIFIC COUNTRIES' CONTEXT AND ITS CHANGE OVER THE PERIOD WITHOUT LOSING COHERENCE WITH THE OVERALL POLICY AND NORMATIVE FRAMEWORK?

JC. 2.1

National policy priorities, and their evolution, are reflected in EC ESI and TVET strategy towards a given country

As indicated under EQ1, EU support in the field of ESI and TVET has tended to follow the evolving relationship with the EU. It would appear that the government undertakes the situation analysis and EC provides support based on request by government. More specifically, it can be stated that Morocco is a strong partner, which has its own capacity to design and formulate its own policies and programmes. EC strategy aims to support the implementation of such policies

**JC.
2.2**

Policy dialogue has promoted Employment and social inclusion in the labour market approaches and practices in partner countries in coherence with EC policy orientations

Since 2005, dialogue between the government and the EC (and more generally the donors) and has been constantly on the rise. This increase is backed to a large extent by a shift towards aid modalities other than the classical project approach, namely the budget support. Dialogue is conducted at every stage, which makes the financing agreement of a programme totally 'owned' by the government. In particular, it is worth noting that the conditionalities matrix is defined in strict consultation with the government.

However, concerning vocational training, dialogue with the government appears more limited. This might be justified to a certain extent by a more complex context compared to the situation in other ministries. Actually, it was noted that these dialogue related limits could prevent donors from supporting directly the ministry of vocational training, in favor of an indirect support through other ministries.

From the ECD point of view dialogue with national partners appears to be good in the area of private sector development but issues relating to the "social dimension" of industrialisation and education at all levels do not appear to reach conclusive results. In fact, that maintain they have tried to dialogue with the Government on the issue of launching a larger programme in line with the philosophy of "decent industrialisation". These discussions were not fruitful; there is a view from the EU Delegation that the government pursues a policy that does not integrate industrial development and social development

JC.
2.3

EC projects aimed at promoting employment and social inclusion in the labour market are framed in a coherent institutional

Education, vocational training and employment creation are clearly stated immediate priorities in the EU-Morocco Action Plan. As mentioned under EQ 1, the EU Delegation noted that it has attempted on a number of occasions to discuss these issues with the Government with a view to developing a larger concerted action to be supported by the EC. The Delegation noted that to date this has not been possible and suggests that fragmentation of interests within the government is one of the major causes. Conversely, the Government stated that it was particularly interested in drawing on the experiences of the “new” EU Member States who have had recent experiences of transition rather than the experiences of the “mature” older EU Member States. The Government stakeholders on a number of occasions mentioned that they were fully aware of the initiatives of these States. One of the Government stakeholders recalled that this request had been made at various employment ministers’ fora in Brussels.

The Human Development Report 1999 focused particularly on the issue of rural development²⁰². The report emphasized the importance of NGOs and rural communities, and in particular women, engaging in a broad-spectrum local development issues. It also stressed the importance of access to credit in the context of national legislation (Loi No 18/97)²⁰³. The EC support micro-credit programme for rural areas, and also the *programme Amelioration de la situation des femme rurale et gestion durable de l’arganeraie*²⁰⁴, focusing on women’s cooperatives, are fully aligned with these policies.

Several stakeholders mentioned the problem of mismatch between supply and demand in the labour market. Initiatives to address these issues are in evidence through the support that has been provided to employment services through smaller projects and also a similar initiative, also on a project basis, is supported by one of the Member States (Spain).

As mentioned under EQ 1, the UAP vocational training initiative supports key sectors of the Morocco economy.

Issues relating the informal sector have been addressed through small NGO projects. Whilst the private sector development programmes indicated that there was an intention to integrate the informal sector into the formal sector, there did not seem to be a clear indication of how this is addressed in a structured manner.

The importance of migrant remittances to the economy of Morocco was, among others included in at the EU-Morocco Summit of March 2010 held in Granada, Spain²⁰⁵. Remittances have increased significantly since 2000. In line with the policy of linking migration with development, the International Organisation for Migration in Morocco is working closely with the EU-UNDP initiative on Migration for Development²⁰⁶.

²⁰² UNDP Maroc – Rapport National Sur Le Développement Humain 1998 -1999

²⁰³ op.cit. p93

²⁰⁴ Managed by Agence de Developpement Social

²⁰⁵ Council of the European Union Brussels, 7 March 2010 7220/10 (Presse 54) *Joint statement European Union-Morocco Summit Granada, 7 March 2010*. P4

²⁰⁶ Communication from The Commission to The Council, The European Parliament and The European Economic And Social Committee: and The Committee of Regions *Migration and Development: Some concrete orientations*. Brussels, 1.9.2005 COM(2005) 390 final

EQ. 3

TO WHAT EXTENT HAVE EC PROGRAMMING APPROACH, IMPLEMENTATION PROCEDURES AND TIMING OF DISBURSEMENTS OF FUNDS AFFECTED THE CAPACITY OF THE PROGRAMMES TO ACHIEVE THE EXPECTED RESULTS?

JC. 3.1

Key stakeholders are included in the main project cycle phases of ESI related interventions

JC. 3.2

The capacity of EC (HQ and Delegation) to undertake technical discussions with counterparts on specific themes provides quality inputs in the dialogue with partner countries

JC. 3.3

A close coordination and dialogue exists within the RELEX family and between RELEX family and other relevant DGs, in particular during the programming and design phase of the interventions

JC. 3.4

EC interventions (projects, programmes and budget support operations' management) allow achieving results

Project/programme aid is confirmed as one of the most effective aid modalities. In the private sector, the 'jumelage institutionel' is particularly appreciated. However, cooperation seems to go in another direction. As a matter of fact, budget support will be the main financing instrument in few months time. There is a general positive feeling on the potential of the budget support, especially concerning the benefits in terms of dialogue with the government and the opportunity to increase national political willingness to achieve certain results. However, some actors feel they would lose something from such approach. In fact, budget support is usually provided in support of a national programme/reform/strategy. If support goes only through budget support, hence the government, small NSAs working with vulnerable groups or other minorities feel they would lose direct support of foreign donors while not necessarily being the target group of a national programme.

A number of project partners noted problems with respect to delays in payments and rigidity of EC procedures. They did appreciate that these were rules set by Brussels and that the EC Delegation in Rabat had always been accommodating in trying to find solutions. A number of non-state actors expressed their concerns at the limited information concerning the modus of operation under the budget support mechanism. They felt that there was insufficient information on the part of the EC Delegation.

EQ. 4

TO WHAT EXTENT AND HOW HAS THE COMMISSION ENSURED COORDINATION AND COMPLEMENTARITY WITH OTHER DONORS AND ENSURED COHERENCE WITH OTHER EC POLICIES AND ACTIVITIES? WAS THERE A VALUE ADDED IN EC SUPPORT, COMPARED TO THAT OF OTHER DONORS?

JC. 4.1

EC response strategies in the area of employment and social inclusion in the labour market are embedded in sector approach decided in the framework of country harmonisation initiative

Although not always in a formalized way, coordination and harmonisation among the different partners is put in place in areas related to ESI. The EC seems to play a key role in promoting coordination initiatives.

**JC.
4.2**

Donor coordination mechanisms responding to EC and international commitments on aid effectiveness, such as the Guidelines for strengthening operational coordination between the EC and the Member States in the field of External assistance, and the more recent Paris Declaration, or the European Consensus, are in place at different levels

According to the Country Strategy Paper a number of thematic fora have been established²⁰⁷. These thematic groups are open not only to EU MS but also to other international donors as well as to the government. However, there is conflicting evidence with regards to the extent that these are formal or informal. There is on-going dialogue with the AfD and the BTC in the field of vocational training. In particular, there are strong synergies between the EC and the AfD.

Moreover, a number of donors are housed in the same UAP building in Casablanca (GTZ, CIDA and the EU funded vocational training project). Some partners suggested that this fostered dialogue and cooperation. Others suggested that this was not the case and that a number of opportunities for complementarity had been missed²⁰⁸.

With respect to the World Bank there appears to be conflicting opinions with respect to dialogue. In terms of private sector development the ECD seems to follow wholeheartedly the World Bank approach, whereas the “social cluster” described the collaboration with the Bank as “problematic”. At the same time the World Bank is entering into discussions with the Government and the ILO with respect social protection reform. It was suggested that it had been difficult on the part of the World Bank to dialogue with the Delegation. This was evidenced by the fact that they were unaware of the name of the relevant person in the Delegation and conversely the Delegation was unaware of the Bank’s initiative

**JC.
4.3**

The Commission has ensured the overall coherence between its employment, social inclusion in the labour market and TVET interventions with other EU policies

Conflicting objectives between EC policies operating at partner country level have not been pinpointed during the field visits.

**JC.
4.4**

EC value added

Several actors have reckoned the beneficial effects of sound technical assistances received. Moreover, although EC procedures are always deemed very rigid and complicated, the ability of the EC to respond to local requests and needs in a rather rapid way is highly appreciated. In particular, the ability to quickly go back in track during the project implementation.

EQ. 5

TO WHAT EXTENT HAS EC SUPPORT INTERVENTIONS BEEN ABLE TO PROMOTE LABOUR DEMAND STIMULATING OR ENABLING ECONOMIC GROWTH AND JOB CREATION, AND CONTRIBUTE TO THE INCREASE OF EMPLOYMENT IN A SUSTAINABLE WAY?

²⁰⁷ Environment, housing, water, education, gender, health and, recently, NHDI. Country Strategy Paper 2007-2013 p.20.

²⁰⁸ Meeting with GTZ

JC. 5.1

EC programmes promoting economic growth and structural reforms address labour demand and employment creation issues and envisage monitoring key indicators on labour market

Since mid-1990s, EC has strongly supported labour demand through interventions targeting the private sector. 1st generation interventions addressed mainly the quality side. Afterward, projects like the ‘appui aux entreprises’ envisaged not only quality issues but also the creation of industrial technical centres. The programme ‘appui aux associations professionnelles I’ aimed to put in place value chains. This structuring phase was ensured with a second programme, ‘appui aux associations professionnelles II’. One of the main goals of these programmes was to tackle the informal economy while supporting the formal economy.

JC. 5.2

EC programmes in the area of labour demand and employment creation have contributed to increasing employment, in particular for youth and women

As mentioned in the introduction, unemployment in Morocco has reached a thirty year low. Whilst it is difficult to attribute the fall in unemployment to EC support in quantitative terms, the *EU-Morocco Association Agreement* and a number of subsequent interventions to underpin the Agreement could be argued to have had a positive influence. This is particularly the case in terms of creating the enabling environment and infrastructure and thus employment opportunities. As a result of the increasingly closer economic ties, the EU is now Morocco’s first trading partner and accounts for some sixty per cent of its total trade²⁰⁹. In 2007 Morocco’s exports in goods to the EU amounted to €7.3 billion and €4.4 billion in services. EU foreign direct investments amount to €1.3 billion.

Projects and programmes in the field of economic and private development, for example *Appui au développement de la formation professionnelle*, aim to improving technical skills in three of the key sectors of the Moroccan economy. Under the area of private sector support, the reform of support for fiscal reform²¹⁰ contributes to transparency to stimulate private sector growth and at the same time generate income for the public sector. Similarly support to the reform of the management of the transport sector is a further building block that will promote efficiencies in terms of logistics for trade. Support to infrastructure works, such as roads both, create employment during their construction and at the same time improve the accessibility for trade and the development of the private sector.

Another important initiative that will improve the competitiveness of the Moroccan private sector relates to standards and certification on a sectoral basis with particular emphasis upon the EU regulatory environment²¹¹. This programme should lead to improved market access for Moroccan enterprises and thereby indirectly contribute to employment generation.

A number of projects have supported aspects of rural development, interventions that will ultimately lead to better living conditions and the generation of local level employment²¹².

From 2003 to 2006, in the context of EC support to the ministry of social development and solidarity, two key areas were tackled: women’s rights and insertion in the labour market of people with disabilities. The support was in the form of technical assistance and it entailed trainings abroad.

²⁰⁹ <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/morocco/>

²¹⁰ Programme d’Appui à la Réforme de la Fiscalité

²¹¹ *Programme d’Appui à l’Accord d’Association : P3A*

²¹² For example *Développement rural participatif dans le Moyen Atlas Central*

EQ. 6

TO WHAT EXTENT HAS THE SUPPORT TO TVET AND TO OTHER ACTIVE LABOUR MARKET MEASURES IMPROVED EMPLOYABILITY OF WORKERS, ESPECIALLY VULNERABLE AND MARGINALISE GROUPS, AND CAPACITY OF WORKERS TO ADAPT TO EFFECTS OF STRUCTURAL REFORMS, GLOBAL CHANGES, TRANSITION TO MARKET ECONOMY, ETC?

JC. 6.1 The EC interventions in the TVET at country level are framed within a sector policy

As indicated in the introduction and Annex 2, the Moroccan labour market suffers from significant distortions in supply and demand. This is particularly the case among graduates. Apart from the Appui au développement de la formation professionnelle, mentioned earlier, that aims at developing a human resources in three key sectors, a number of projects have sought to integrate marginalized groups into the broader spectrum of the socio-economic development of Morocco. The country continues to experience high levels of illiteracy and rural poverty.

It is often argued that one of the main limits of the TVET system is the lack of reforms on the education side. There are problems in terms of high rate of school abandonment, high illiteracy rate, access to education.

JC. 6.2

The interventions in the TVET sector take due account of the links between TVET, employment, labour market and socio-economic development and contribute to make TVET systems more labour demand driven

There is a general feeling on the mismatch between work demand and supply. More specifically, it appeared that policies on the supply side are not strictly correlated to the demand side, namely the private sector. Among the factors hindering a smooth functioning of the vocational training there are problems in terms of regulation, administration, insufficient public support, lack of dialogue. To a certain extent, there is political willingness, but problems in terms of legal framework persist.

JC. 6.3

The programmes financed by the EC in the field of TVET have improved access of marginalised and vulnerable groups to TVET and coverage of different geographical regions according to the specificities of the countries

JC. 6.5

EC programmes in TVET and other active labour market supply measures have increased employability, especially of youth and women, and improved adaptation of work force to structural and global changes

Projects such as micro-credit that particularly support women's cooperatives²¹³, integrated rural development in marginalized mountainous areas²¹⁴ contribute towards the gradual integration of marginalized communities into the mainstream of the Moroccan economy.

Morocco ratified the Convention on the Elimination of All Forms of Discrimination Against Women ("CEDAW") on June 21, 1993. The ENP Progress Report²¹⁵ noted that the country still

²¹³ *Amélioration de la situation de la femme rurale et gestion durable de l'arganerie*

²¹⁴ *Développement participatif des zones forestières et péri-forestières de la Prince de Chefchaouen*

²¹⁵ Commission Staff Working Paper accompanying the: Communication From The Commission To The

lacked the specific mechanisms to promote women in the workplace, even though a number of laws recognized the principle of equal treatment of men and women. EC support to the gender unit of the Ministère du Développement Social de la Famille et de la Solidarité contributed to developing greater awareness concerning the issues of gender equality by working with NGOs in a number of sectors. In December 2008, King Mohammed VI formally announced that Morocco would lift its reservations to the (CEDAW) and ratify the Optional Protocol to CEDAW²¹⁶. Despite these efforts, The Euro- Mediterranean Human Rights Network notes inadequacies in the respect of internationally agreed conventions in a number of areas including gender equality²¹⁷.

EQ. 7

TO WHAT EXTENT HAS THE EC CONTRIBUTED TO DECENT WORK AND THEREFORE TO SOCIAL COHESION AND MDG1B, THROUGH SUPPORTING THE CONDITIONS FOR THE APPLICATIONS OF THE DECENT WORK PRINCIPLES IN PARTNER COUNTRIES THROUGH SPECIFIC MEASURES IN FAVOUR OF VULNERABLE AND MARGINALISED GROUPS?

With respect to dwa, this does not appear to be embraced by those dealing with private sector development. in general, it appears that the ecd works in “silos” with respect to the dwa and there is the impression that there is an “underlying negative suspicion” of the implications of the dwa.

the government is stated as being very capable of undertaking analysis and research, sometimes commissioning large international consultancy firms. however, there is a general feeling on the part of the ecd that the government passes the necessary legislation, but it has difficulty in translating the research, upon which the legislation is based, into action. this seems to be particularly the case in relation to education (at all levels), which is regarded as the root cause of many problems. the one area in which the ecd considers there has been considerable success is the health sector.

JC. 7.1

Support to Decent Work principles in EC bilateral cooperation exist or has increased in importance and budget over time

JC. 7.2

EC promotes the creation of an enabling environment to the introduction and application of DW principles

In terms of decent work, there are initiatives on gender and women workers’ rights and workers protection. However, at the moment, DW is not really a priority issue as there are other key aspects to work with. DW is perceived as a cross-cutting issue to be addressed in the different sectoral programmes.

JC.

EC contribution to change in quality of work and inclusion in work market of specific

Council And The European Parliament On Strengthening The European Neighbourhood Policy ENP Progress Report MOROCCO {COM(2006) 726 final} p. 6

²¹⁶ The Euro- Mediterranean Human Rights Network *Recommendations on Human Rights for the New Morocco/EU Action Plan in the Framework of the Advanced Status* 2009 P. 3

²¹⁷ op.cit

7.3 groups at country level

The labour code was introduced in Morocco in 2004 after 10 years of discussion. It is strongly inspired to the French labour code. The minimum wage is not guaranteed. The convention N.87 has yet to be ratified, one of the reasons for this delay being the absence of trade union rights for people working with weapons. Through the project 'renforcement des acteurs syndicaux' EC supports the capacity building of the trade unions. In particular, this project aims to increase the rate of unionism. There are two main axes: vocational training and sensibilization. The first component aims to establish and reinforce vocational training centres at regional level. The second component aims to raise awareness on social protection, core labour standards et decent work related issues.

JC. 7.4 EC support to DWSC contributes to the MDG 1B

The number of active population increased from 10.2 million in 2000 to 11,26 million in 2008. During the period of constant economic growth, unemployment rates have fallen to a 30-year low. Even so the figures remain still remain high at around 9.6 percent (1.4 million in 1999 1.08 million in 2008). Unemployment at 14.7% (2008) in urban areas is significantly higher than that of 4.0% in rural areas and over 80% of the total unemployed are to be found in the urban areas. The urban female population is particularly affected by unemployment (20.3%). This is twice the national average and 30% of the total unemployed on a national basis. Over the period considered the overall poverty rate declined from 15.3 percent in 2000/01 to 9 percent in 2006/07. Even though there has been a considerable reduction of absolute poverty, there still exists widespread economic vulnerability. Even though there are indications that Morocco is on target for MDG4 (reduce child mortality) and with some adjustments achieve MDG 5 (improve maternal health), health indicators relating to these MDGs are well below what they should be. There is an especially high incidence of maternal mortality (227 for 100,000 live births in 2003) and child malnutrition (estimated at one in five children) .

5 CONCLUSIONS

The overall orientation of the EC strategies for the programming periods covered by the evaluation has evolved in line with the *EU-Morocco Association Agreement* and the *Programme d'Appui à l'Accord d'Association*.

Given the apparent difficulties mentioned by the ECD of dialogue with the Government of Morocco, this overall orientation appears to be the result of dialogue between the EC in Brussels and the Government rather than at the local level. Notwithstanding this, the spectrum of interventions supported by the EC has contributed to the indirect generation of employment by supporting the establishment of the appropriate legislative environment for the private sector to flourish.

Within the field of TVET, whilst the UAP programme would appear to have had some success, it is not clear how this effort will be sustainable²¹⁸. The ECD is awaiting a final evaluation and is collaborating with one Member State (France) to develop a larger TVET programme. However, it would appear that the preferred route in this field would be that of the German system. A coherent coordinated approach to dialogue and advise the government as a European entity does not seem to be occurring.

The appreciation of the DWA in programming does not appear to be appreciated. On the part of the Government its importance, in the context of the *EU-Morocco Association Agreement* and the

²¹⁸ One of the senior EU experts indicated that the programme would collapse once they leave.

Programme d'Appui à l'Accord d'Association, does not seem to be appreciated. With respect to the ECD the understanding of the ECD appears to be confused and approached from a “silo” division between sectoral responsibilities. Given the continued reported contraventions of socio-economic rights and those relating to Freedom of Association, efforts should be made to strengthen dialogue with the government on these issues.

On-going dialogue on operational issues, as occurs with TVET cannot be undervalued. However, from comments received it would appear that this dialogue has not resulted in constructive conclusion in order to advise the government beyond the interests of individual EU Member States. In this respect donor coordination in the areas covered by the evaluation need to be strengthened and to include EU and non-EU Member States.

Notwithstanding the low percentage of donor funds in relation to GDP, efforts should be made to assist the government itself to coordinate donors.

Annex 1: List of consulted stakeholders

TYPE	Name	Organisation		Address
EUD	Secteur privé et macroéconomie : Pablo CENDOYA REVENGA	ECD	Tél + 212 (0) 537 57 98 48 Fax + 212 (0) 537 57 98 10	Riad Business Center, Aile Sud, Boulevard Er-Riad, Rabat
	Secteur privé et Transport : Thierry DELOGE			
	Investissements, PME : Caroline SORGUES-MARKRIA			
	Formation Professionnelle : Alessandra FRONTONI			
	Développement social / rural : Stéphanie DRUGUET			
	Education, formation, genre : Driss ESKALLI, Sandra BAREYRE			
	Développement rural / Agriculture : Stefano CORRADO			
EU MS	Annalisa Maitilasso	Italian Cooperation Agency	0021 2 5 37 761943 ; 0021 2 537761984	2, Rue de Midelt Hassan, Rabat
	Liermi Galdos	Espagne - Agence Espagnole de Coopération Internationale pour le Développement (AECID)	Tel : 212 537 63 39 21 Fax : 212 537 65 64 04	Ambassade d'Espagne (a cote du megaMole, rue de sahel)- Aïn Khalouya - Soussi 10 100. RABAT
	Malik Souali Programme Manager	Belgium- BTC	00212 537 657927	1, rue Benazzouz, Souissi, Rabat
	Hermann BOONEN Conseiller de coopération au développement	Ambassade de Belgique	Tel : 212 5 37 26 80 64 / Fax : 212 5 37 76 93 58	6, avenue Mohammed El Fassi - Hassan - Rabat
	Nicolas FRELOT Conseiller Adjoint pour la Coopération Technique	France - Service de Coopération et d'Action Culturelle	0537 20 92 73 Fax : 0537 20 95 20	1, rue Aguelmane Sidi Ali - Agdal - Rabat
	Karine DE FREMONT	France - Agence	0537.63.23.	162 rue Imam

		Française de Développement (AFD)	94 à 96 Fax 0537.63.23.97	Malik Route des Zaers Souissi RABAT
Ministries/ national institutions	Mohamed Najib GUEDIRA Directeur Ali BENKIRAN Chef du pôle Activités Génératrices de Revenus et Emploi	Agence de Développement Social	05 37 75 21 80 0537 68 34 66 0537 68 32 94	Avenue Allal el Fassi, Madinat al Irfane RABAT Instituts
	Naima BENYAHIA Directrice des Affaires de la Femme	Ministère du Développement Social, de la Famille et de la Solidarité	00212 537 68 40 72 / 60 / 85 Fax : 00212 537 67 19 67 05 37 27 65 66	47, Avenue Ibn Sina, Agdal, Rabat - www.social.gov. ma
	M. Abdellah NEJJAR Directeur de la Normalisation et de la Promotion de la Qualité	Ministère de l'Industrie, du Commerce et des Nouvelles Technologies	Tel: 212 537 71 62 15 / 212537 71 17 73 Fax: 212 537 71 17 98	Ministère de l'Industrie, du Commerce et des Nouvelles Technologies Département du Commerce et de l'Industrie Av. Al Filaou, angle Dadi Secteur 21 Hay RIAD RABAT
	Hafid KAMAL Directeur	Agence Nationale pour l'Emploi (ANAPEC)	05 22 589 500 05 22 78 60 97 /98	4 LOT LA COLLINE SIDI MAAROUF CASABLANCA
	Abdellatif MOUNIR Directeur de l'Agence d'Exécution	Office de la Formation Professionnelle et de la Promotion du Travail (OFPPT)	522403249 0522 619306 00 212 6 61 17 95 24	231, Boulevard Ibn Tachfine - Casablanca
	NSA	Mohamed Maarouf Executive Director Alessandra INCERTI Chargée de projets	PLANET FINANCE	Téléphone :+212 522 77 77 55 / (0)22 36 10 93 / (0)22 36 10 67 Fax : +212 (0) 22 36 13 36
Mohamed Ettrab, Chef de Division chargé de la Coopération au sein du Ministère Chargé de la Communauté Marocaine Résidant à l'Etranger (CERMEDH	Ph : 0021 74 57 15 58 Ph: 0021 68 89 60 00 Email : cermedh@y	niversité Hassan II Ain Chock Casablanca - Faculté des Sciences Juridiques,

	MCMRE).		ahoo.fr	Economiques et Sociales CERMEDH, Casablanca Maarif 20101, B.P. 5026
Other Donors	Naima SENHADJI Administratrice des programmes du BIT au Maroc Neama Ouazzani Touhami Decent Work Programme Administrator Malak Ben Chekroun IPEC Administrator	Bureau International du Travail (BIT)	(212) 537 76 54 27	6, avenue Tarik Ibn Ziyad, Rabat
	Mustapha EL HAMZAOUI Directeur du Département Croissance Economique Abderrahim BOUAZZA Directeur des Programmes	USAID	00 212 537-63-20-01	10 Avenue Mehdi Ben Barka Souissi, Rabat
	Françoise CLOTTE Chef du Bureau Mohamed Medouar Rural Development Specialist Sereen Juma Social Development Agency Project	Banque Mondiale	Tel : 212 537 63 60 49 / 50 Fax : 212 537 63 60 51	7, rue Larbi Ben Abdallah - Souissi - Rabat
	Amani ABOUZEID Représentante résidente Leila JAAFOR Spécialiste en développement social	Banque Africaine de Développement	Tel : 212 537 56 59 37 Fax: 212 537 56 59 35	Immeuble "Espaces les Lauriers", 1er Etage Angle des avenues Annakhil et Mehdi Ben Barka, Hay Riad BP 592 Rabat Chellah
Social Partners (Employer associations)	M. Omar OUKRID. Directeur de la Cellule Interne de Gestion	CGEM Confédération Générale des Entreprises du Maroc	00 212 522 99 70 50 / 51	23, Bd. Mohamed Abdouh, Quartier Palmiers, CASABLANCA
	Allal OUAHAB Directeur de l'Unité d'Appui au Projet FP II	ESITH	0522 98 13 80 00 212 6 61 423439	Route d'El Jadida B.P 7731 OULFA CASABLANCA
	Lahsen Hansali Executive board member; responsible for vocational training and labour education department	Union Générale des Travailleurs du Maroc (UGTM)	212 22 28 17 88 + 212 22 28 78 72	rue akenous diour jamaa numero 3 Rabat

	Ali LOTFI Secrétaire Général Mr H. SEMLALI chargé de l'évaluation des actions de formation pour le projet de formation entamé par l'ODT avec la contribution de la CE	Organisation Démocratique du Travail	00 212 537 26 46 93 0537 20 15 01 06 61 08 17 60	21, Av Janzirat al Arab, Bab Al Had 10000 RABAT
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Annex 2: Macroeconomic and Social context

VUE D'ENSEMBLE DU CONTEXTE ECONOMIQUE ET SOCIAL MAROCAIN

Comme beaucoup de pays en développement, le Maroc a entrepris depuis le début des années '80 un vaste programme de réformes économiques et institutionnelles.

Sur le plan économique, le Maroc ambitionne de réussir la transition d'une économie duale vers une économie de marché suffisamment structurée et compétitive pour pouvoir s'intégrer dans la dynamique de la mondialisation et de la globalisation et en tirer profit. Sur le plan social, l'objectif est de corriger les grandes disparités qui transcendent la société marocaine. Selon le rapport Doing Business le Maroc est parmi les premiers réformateurs dans la région MENA. Cependant le contraste entre les indicateurs sociaux et les indicateurs économiques est frappant. le Maroc peut se prévaloir d'avoir obtenu des résultats probants en matière de rétablissement des grands équilibres macroéconomiques (une croissance en hausse, une faible inflation, une solide position extérieure et une nette tendance à l'assainissement de ses finances publiques ..)

Tableau 1 : Evolution des agrégats macroéconomiques

Indicateurs macroéconomiques		
Années	2004	2009*
PIB aux prix constants 1980 (en millions dirhams)	162767	206916
PIB aux prix courants (en millions dirhams)	443673	740500
Taux de croissance économique (en %)	4,80	5,80
Taux d'investissement brut (en %)	29,1	35,5
Taux d'épargne nationale brute (en % du PIB)	31	34,3
Taux d'ouverture de l'économie (Biens et services en %/PIB)	63,7	87,1
Indicateurs du commerce extérieur		
Importations de biens et services en% du PIB	39,7	38,3
Exportations de biens et services en % du PIB	34,2	22,9
Déficit commercial en % du PIB	5,5	5,6
Solde du compte courant/PIB	2,2	1,8

Source : DEPF- Ministère des Finances, *: prévisions

De même, malgré le fait que son rythme de progression est beaucoup plus lent que prévu, le processus de privatisation des entreprises publiques est bien engagé. Sur le plan institutionnel, les structures actuelles sont théoriquement beaucoup plus propices au développement de pratiques démocratiques. (Le Maroc possible, le rapport sur « 50 ans de développement Humain au Maroc », 2006). La montée de la culture des droits de l'Homme au Maroc, le développement des organisations et de l'activisme de la société civile marocaine, ainsi que l'amélioration des conditions de la compétition politique ont pour conséquence une revendication d'égalité et de vie décente plus active et plus entendue.

Pour compléter l'échafaudage de son action en cohérence avec le modèle de développement économique adopté, les pouvoirs publics ont initié une politique sociale très active en commençant par le domaine de l'éducation (fin des années 1990) puis de la santé et plus récemment de la lutte contre la pauvreté, la précarité et l'exclusion avec le lancement de l'Initiative Nationale de Développement Humain (INDH) en 2005. Le Maroc a œuvré, depuis son indépendance à développer son système d'éducation et de formation pour faire face à double défi de rattrapage et d'extension. Les progrès réalisés sont considérables aussi bien au niveau de l'éducation formelle qu'au niveau de l'éducation non formelle. Avec une population qui a presque triplé, passant de 11 millions à presque 30 millions, le Maroc a réussi à améliorer de façon substantielle les indicateurs de l'éducation. Pour ce qui est de l'éducation formelle, le taux de scolarisation au cycle du primaire est passé de 17% en 1956-57 à plus de 89% en 2007 (Rapport du Cinquantenaire, 2005). L'accès à la première année du primaire est généralisé. Le nombre des élèves est passé de 366000 en 1955-1956 (Rapport du Cinquantenaire, 2005) à presque 7 millions en 2009-2010.

Cette forte extension qu'a connu le système d'éducation et de formation tant au niveau horizontale qu'au niveau verticale est le résultat d'un engagement politique et budgétaire des pouvoirs publics en faveur du secteur de l'éducation. Le Maroc consacre plus de plus de 25% de ses dépenses publiques à l'éducation ; soit 5,7% de son PIB. Comparé aux autres pays à revenu intermédiaire inférieur, l'effort budgétaire consenti par le Maroc pour financer son système d'éducation et de formation est plus conséquent (Conseil Supérieur de l'Enseignement, 2008).

Malgré ces efforts remarquables de rattrapage, des déficits sociaux importants persistent. Les avancées réalisées au niveau de l'accès aux services de base (éducation, santé, emploi, logement) sont à relativiser, d'une part, par rapport aux fortes disparités au détriment des zones rurales, des femmes et des catégories de la population les plus vulnérables et, d'autre part, par rapport aux incertitudes sur la qualité de ces services (Rapport du Cinquantenaire, 2006). La place, très peu enviable, qu'occupe le Maroc dans le classement selon l'Indicateur de Développement Humain du PNUD (130^{ème} en 2009 et 126^{ème} en 2007) témoigne du caractère structurel de ces déficits. Le contexte social marocain reste encore marqué par des fractions élevées de la population en situation de pauvreté et de vulnérabilité, et par des déficits dans le domaine de l'éducation et de la santé.

❖ *Dynamique du marché du travail*

La population active est passée de 10,2 millions par an en 2000 à 11,263 millions en 2008. Le chômage reste élevé en milieu urbain. Il touche particulièrement les jeunes et les femmes des milieux urbains. Les indicateurs du chômage ont connu une nette amélioration ces dernières années. Le nombre de chômeurs a baissé passant de 1,4 millions en 1999 à 1,08 millions en 2008. De même, le taux de chômage au niveau national est passé pour la même période de 13,9% à 9,6% au niveau national.

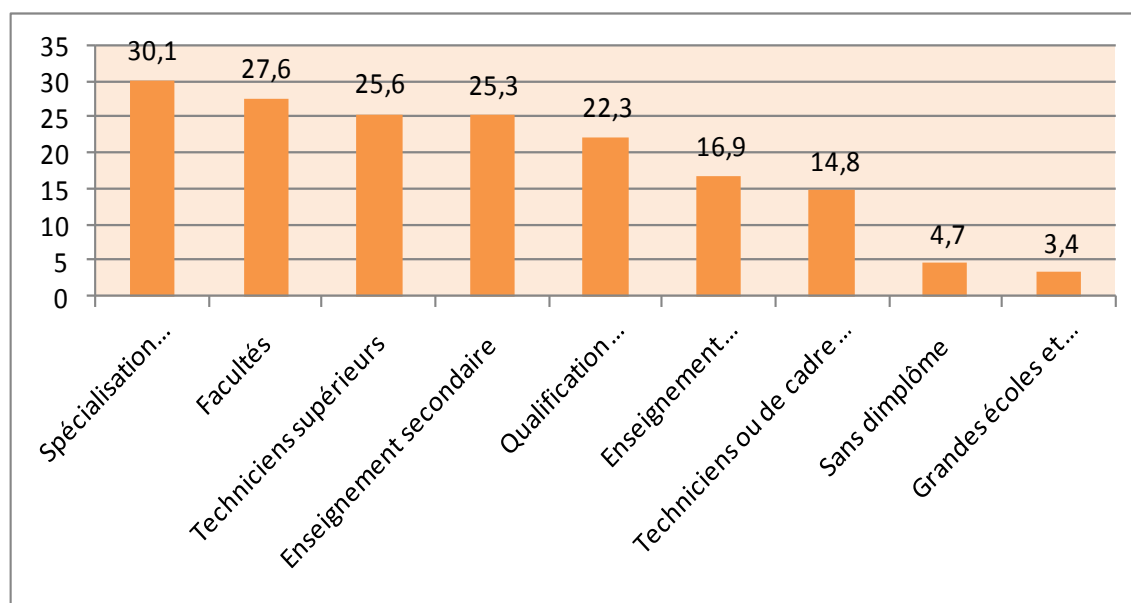
Cependant, malgré cette nette amélioration, l'ampleur du chômage reste préoccupante. Sa structure présente des fortes disparités par milieu de résidence, par âge, par diplôme et par genre.

Tableau 2 : Taux de chômage (en% de la population active de plus de 15 ans)

Indicateurs	1999	2008
Urbain, hommes	20,3	13,0
Urbain, femmes	27,6	20,3
Urbain, total	22,0	14,7
Rural, hommes	7,0	5,1
Rural, femmes	2,1	1,8
Rural, total	5,4	4,0
National, hommes	14,2	9,5
National, femmes	13,3	9,8
<i>National, total</i>	<i>13,9</i>	<i>9,6</i>

Source : HCP-Enquête Emploi, 1999 et 2008

Le chômage est essentiellement un phénomène urbain. Plus de 80% de la population en chômage est urbaine. Les femmes urbaines sont de loin la catégorie la plus touchée avec un taux de chômage de 20,3% soit plus que le double que le taux national. Alors qu'elles ne représentent que 22,2% de la population urbaine active et 20% de la population active occupée, les femmes représentent plus de 30% de la population urbaine active en chômage. La relation entre le taux de chômage et le niveau de diplôme semble être positive. Les diplômés sont plus vulnérables que les non diplômés. L'obtention d'un diplôme augmente les difficultés d'insertion sur le marché du travail. Ces difficultés concernent aussi bien les diplômés des universités que les diplômés de l'enseignement professionnel initial. En revanche, les diplômés des grandes écoles et des instituts connaissent un taux de chômage très faible (3,4%).

Graphique G.1 : Taux de chômage selon le diplôme obtenu (en %)

❖ **La politique : éducation, famille, droit du travail et lutte contre la pauvreté**

Sur le plan social des avancées importantes ont marqué la décennie 2000. La Charte nationale de l'éducation et de la formation a été adoptée en 2000. Un plan d'urgence pour l'éducation a été adopté, visant à mettre en œuvre un ensemble de mesures pour contrecarrer le phénomène de la déperdition scolaire. Une stratégie de lutte contre l'analphabétisme a été adoptée en 2004. En 2003 un nouveau Code de la famille a été adopté. En 2004, le Code du travail a été adopté, après un long débat social, le cadre législatif a été enrichi de dispositions assurant une plus grande protection des salariés et une meilleure sécurité pour les investisseurs. Dans le domaine de l'assurance santé, l'Etat a adopté l'objectif de généraliser la couverture médicale de base. Celui-ci comprend l'assurance maladie obligatoire (AMO), destinée aux personnes actives et titulaires de pensions des secteurs public et privé et le régime d'assistance médicale donnant accès à un panier de soins de base dans les services publics au profit des personnes économiquement faibles (RAMED).

En 2005 l'Etat marocain a lancé l'Initiative Nationale de Développement Humain. Cette action vise la promotion de projets pour réduire la précarité en milieu urbain et l'exclusion en milieu rural, et prenant appui sur une démarche participative, mobilisant les organisations de la société civile et les administrations pour définir des projets à partir de diagnostic territoriaux.

❖ **Les politiques actives en faveur des travailleurs 'les moins diplômés'²¹⁹**

L'action publique, des travailleurs 'les moins diplômés', s'inscrit dans le cadre de la stratégie de lutte contre la pauvreté et l'exclusion sociale. Elle cible essentiellement les actifs en proie à la pauvreté dont une grande majorité est analphabète. Elle consiste à soutenir, par le biais de

²¹⁹ Il s'agit des travailleurs dépourvus de tout diplôme ou qui possèdent un diplôme dont le niveau est inférieur au diplôme de fin des études secondaires. Dans le discours officiel, ces travailleurs sont indifféremment désignés comme travailleurs non qualifiés ou non diplômés.

l'accès à l'emploi, le pouvoir d'achat de ces travailleurs et leurs ménages dans le but : i. de réguler mieux les flux migratoires vers les villes en aidant à fixer les populations rurales; ii. de lutter contre la pauvreté dans les milieux urbains et périurbains.

L'action publique en faveur de ces travailleurs a été longtemps menée sous l'égide de la 'Promotion Nationale'. Cet organisme, dépendant du Ministère de l'Intérieur, a pour mission d'organiser des chantiers collectifs de travail aussi bien en milieu rural qu'en milieu urbain. Les projets de la 'Promotion Nationale' visent l'amélioration des conditions de vie des populations rurales, la maîtrise de l'exode rural et la réduction des disparités régionales. Ces projets sont regroupés autour de 3 programmes : Le programme d'équipement, le programme de développement des provinces sahariennes et le programme d'action sociale de proximité.

Le tableau suivant résume l'activité réalisée par la Promotion Nationale en termes de journées de travail créées et des salaires distribués sur la période 1997 à 2001.

Tableau 3. : Volume de l'emploi créé et niveau des salaires versés par la Promotion Nationale de 1997 à 2001

Programme	Journées de travail	Masse salariale en MDH	Salaire moyen	Equivalent-permanents (250jours x 5 ans)
Collectivités	8244418	367,7	44,6	6596
Equipement urbain	14702783	627,0	42,6	11762
Chantiers ruraux	6368488	284,3	44,6	5095
Provinces sahariennes	14062955	618,0	43,9	11250
Baj 1	3626211	155,9	43,0	2901
Provinces du Sud	11784972	597,4	50,7	9428
Sécheresse	4303904	193,3	44,9	3443
Total des chantiers	28361558	1251,5	44,1	22689
Emplois d'opportunité occasionnelle	34732173	1592,1	45,8	27786
Total	63093731	2843,6	45,1	50475

Source : Promotion nationale.

Au cours de la période 2005-2007, les dépenses réalisées par la Promotion Nationale, ont évolué de 858,74 MDH en 2005 à 871,46 MDH en 2006 et puis à 990,24 MDH en 2007, soit un accroissement moyen annuel de 7,55 %.

Le lancement, en 2005, par Sa Majesté le Roi Mohamed VI de l'Initiative Nationale de Développement Humain (INDH) a constitué un tournant dans la politique publique de lutte contre la pauvreté et les vulnérabilités sociales.

❖ *Les politiques actives en faveur des travailleurs 'les plus diplômés'²²⁰*

Le deuxième volet de l'action publique dans le domaine de l'emploi concerne la sphère du travail 'diplômé' dit travail 'qualifié'. Il cible essentiellement les travailleurs les plus diplômés c'est-à-dire ceux titulaires d'un diplôme de formation initiale de niveau au moins égal au diplôme de fin des études secondaires. L'objectif est de lutter contre le chômage des diplômés en oeuvrant pour

²²⁰ Il s'agit des travailleurs titulaires d'un diplôme de formation initiale dont le niveau est au moins égal au diplôme de fin des études secondaires. Dans le discours officiel, ces travailleurs sont indifféremment désignés comme travailleurs qualifiés ou diplômés.

faciliter, d'une part, l'accès à l'emploi formel pour les primo demandeurs d'emploi et, d'autre part, la reconversion et la mobilité professionnelle des actifs expérimentés.

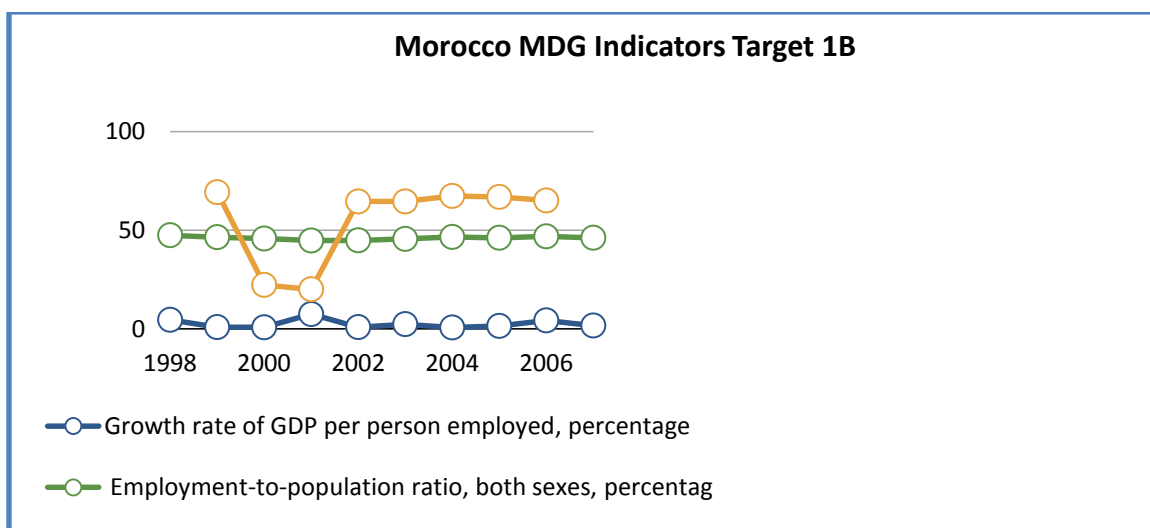
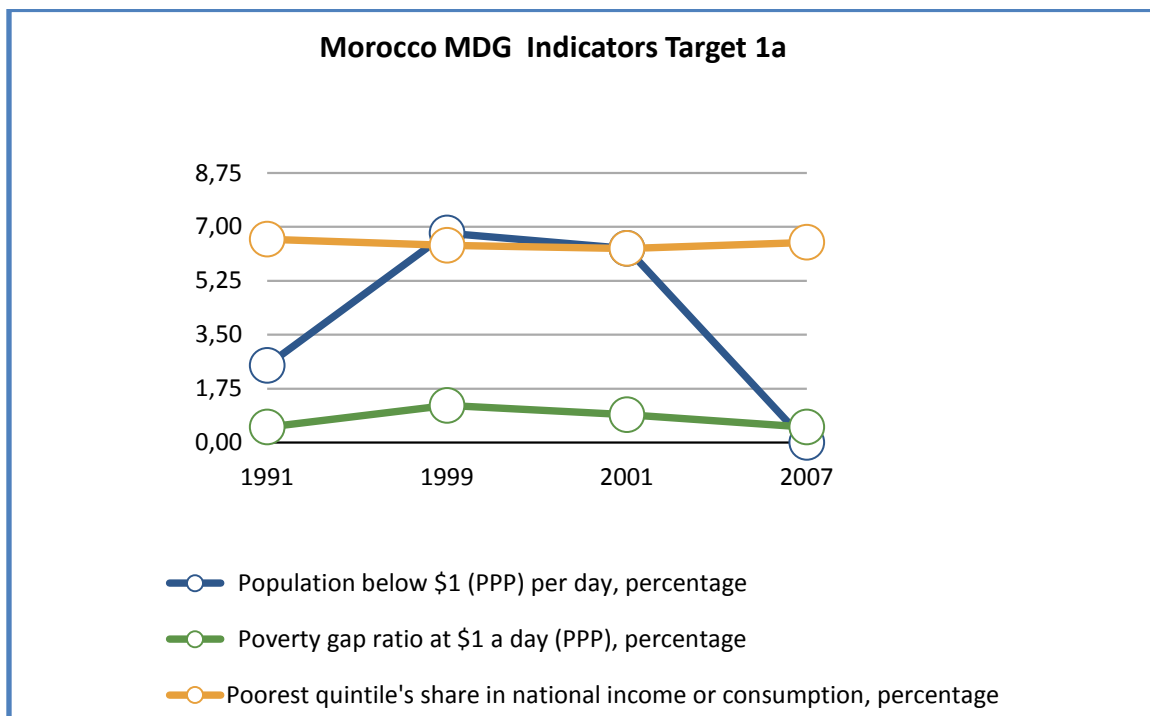
Chronologiquement, l'action publique en faveur des diplômés a connu trois phases :

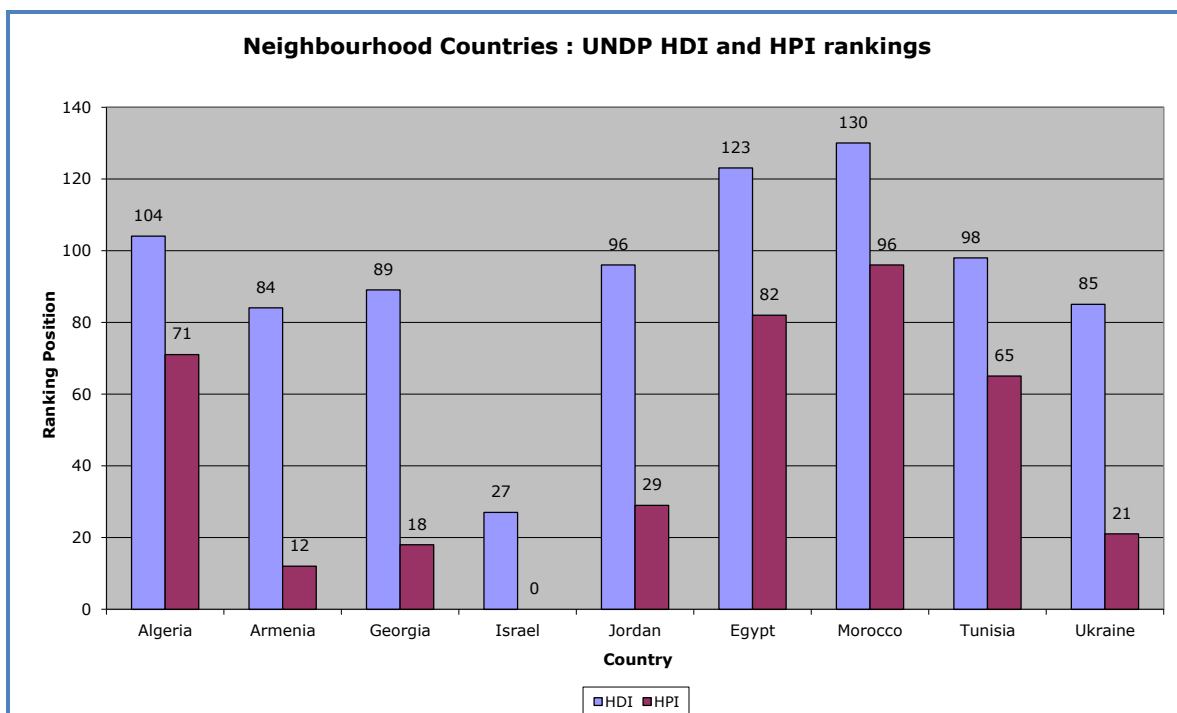
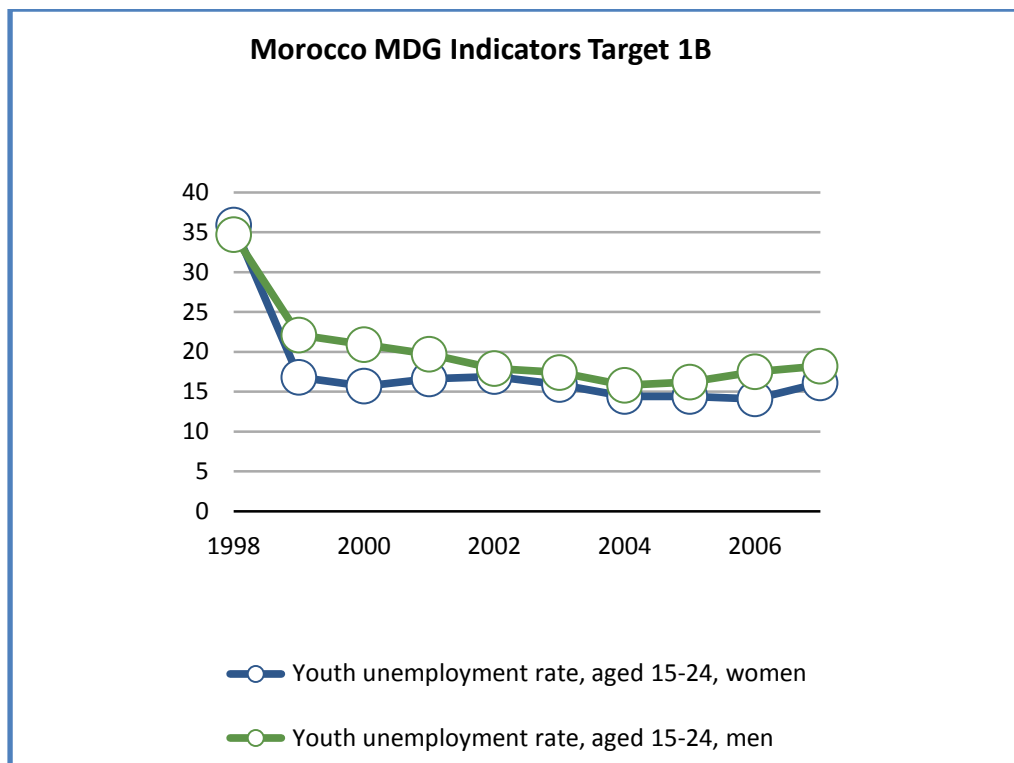
- La phase 1 (1993-1997) : la stratégie de l'action publique a été déterminée en référence aux travaux précurseurs menés par le Conseil National pour la Jeunesse et l'Avenir (CNJA) ;
- La phase 2 (1998-2005) : la stratégie de l'action publique a été déterminée en référence aux travaux des premières assises nationales sur l'emploi tenues à Marrakech en 1998.
- La phase 3 (à partir de 2005) : La stratégie de l'action publique est définie en référence aux travaux des deuxièmes assises de l'emploi « Initiatives-Emploi », tenue en 2005.

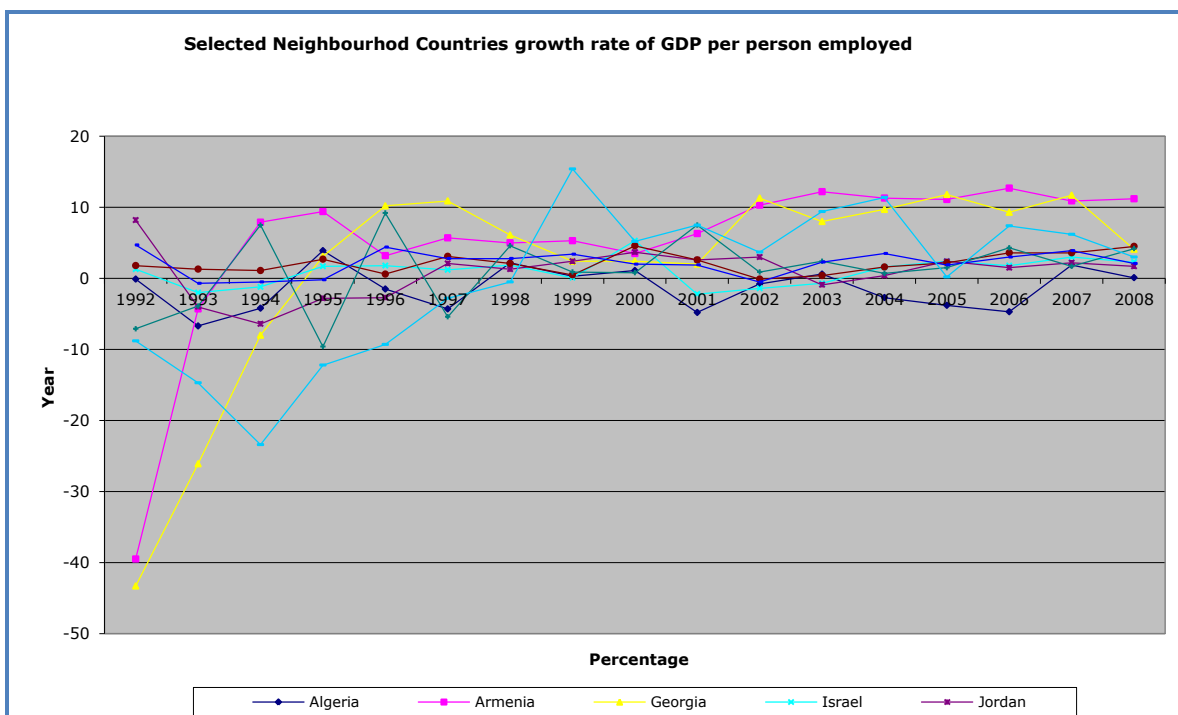
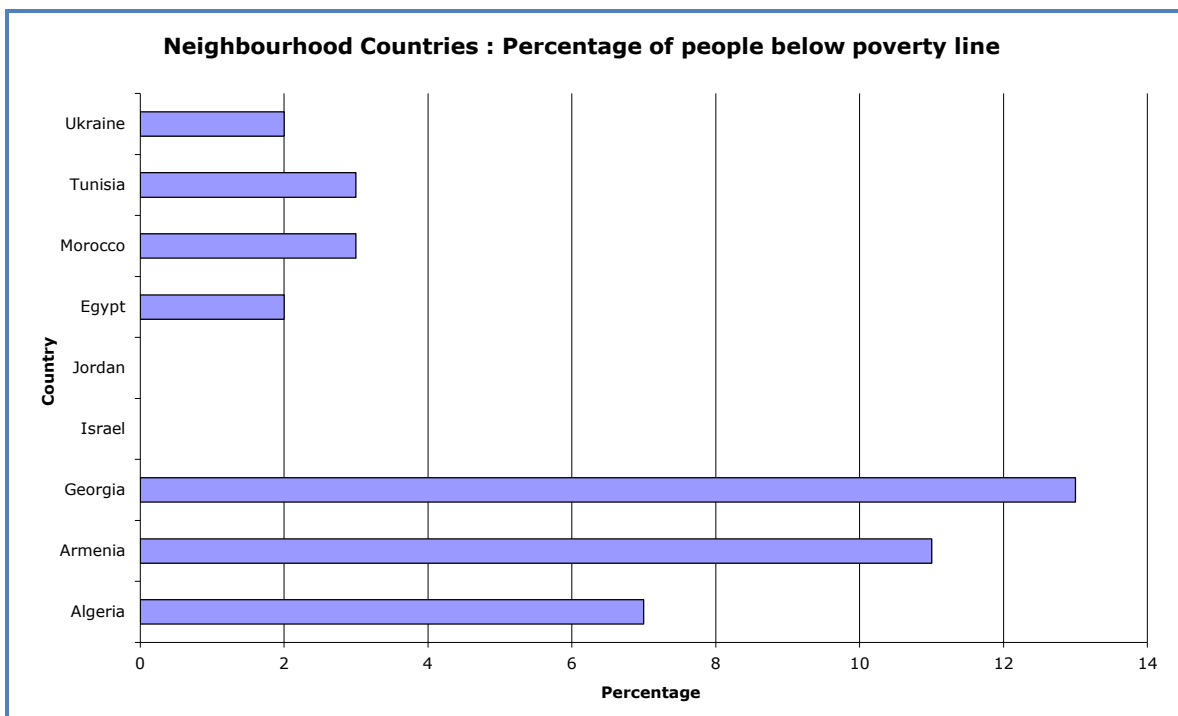
La stratégie actuelle des pouvoirs publics en matière de politique de l'emploi en faveur des diplômés, telle qu'elle a été définie dans les deuxièmes assises nationales de l'emploi 'Initiatives-Emploi', repose sur les deux piliers suivants :

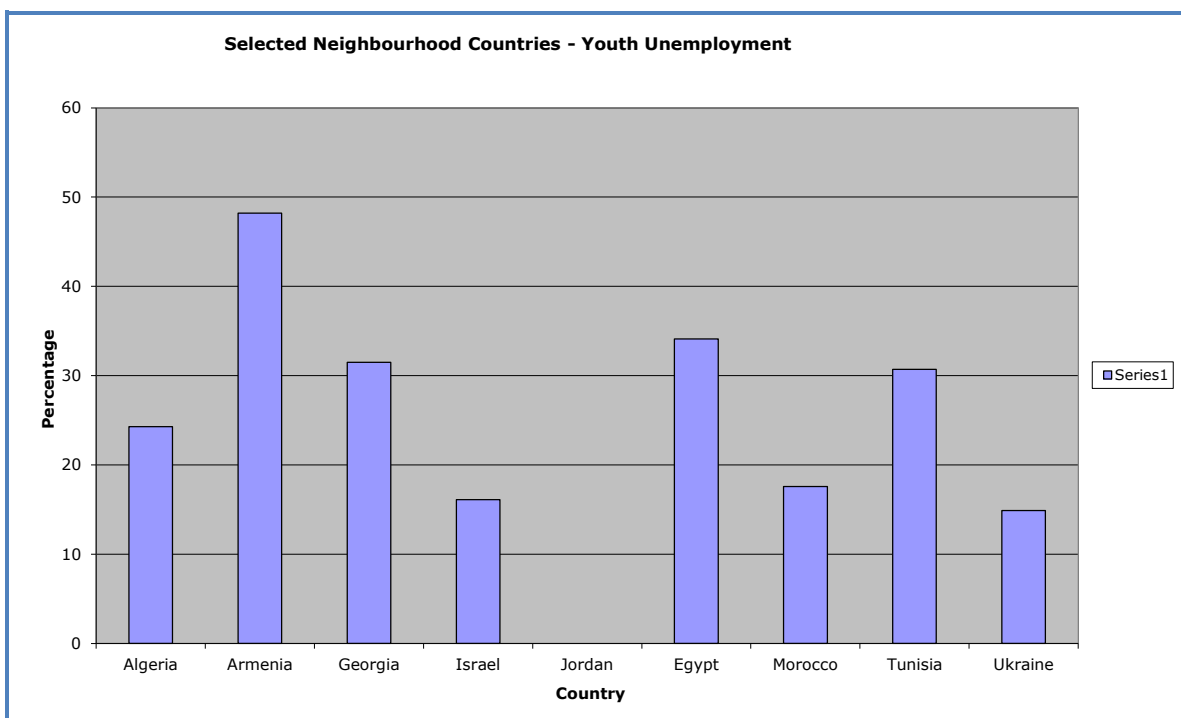
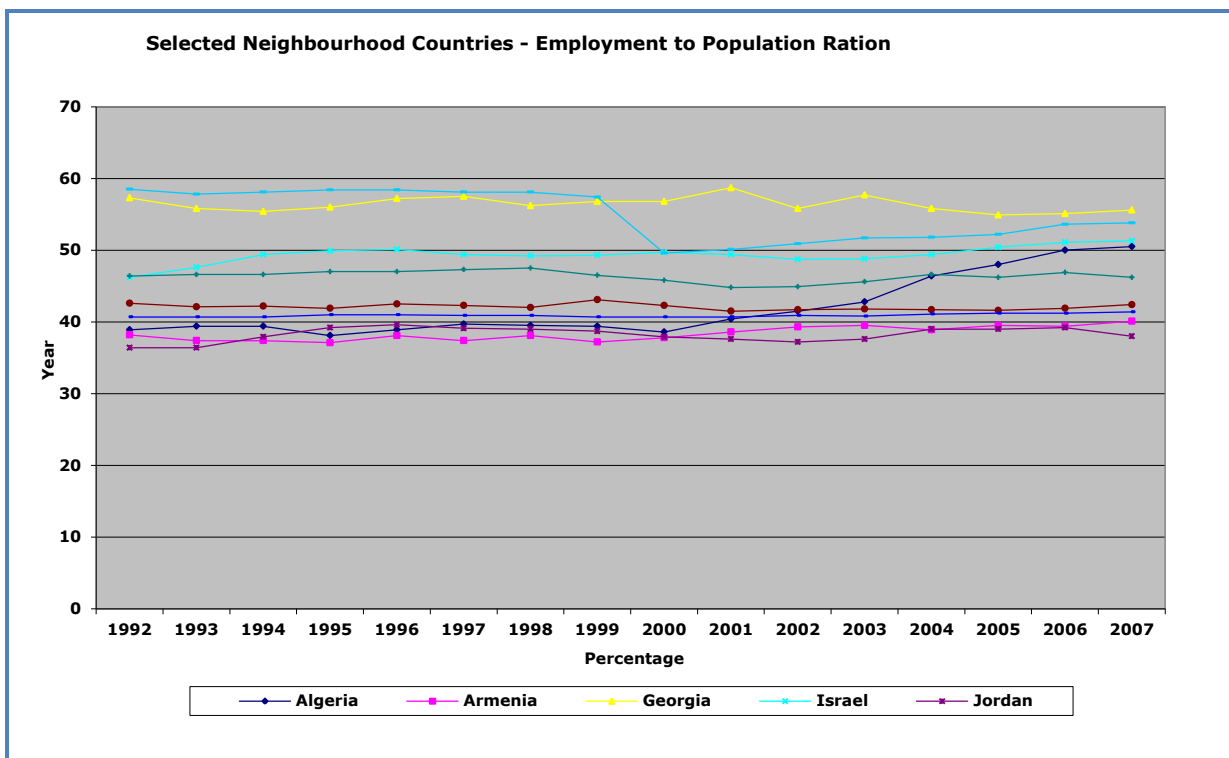
- Une politique économique génératrice de richesses et d'opportunités d'emploi, à travers le lancement de grands chantiers de développement et de modernisation, visant l'édification d'une économie saine, forte et compétitive.
- Une politique active, volontariste et concertée de promotion de l'emploi qui prévoit l'insertion de 200 000 personnes à l'horizon 2008 à travers :
 - L'appui à l'auto emploi par la création des petites entreprises, , à travers le dispositif MOUKAWALATI.
 - La promotion de l'emploi salarié dans le cadre des deux programmes phares IDMAJ (aide à l'insertion pour le premier emploi) et TAAHIL (formation qualifiante).
 - Une meilleure gouvernance du marché du travail en vue de développer au travers d'un Contrat Progrès Etat –ANAPEC, les structures et les outils de régulation de ce marché.

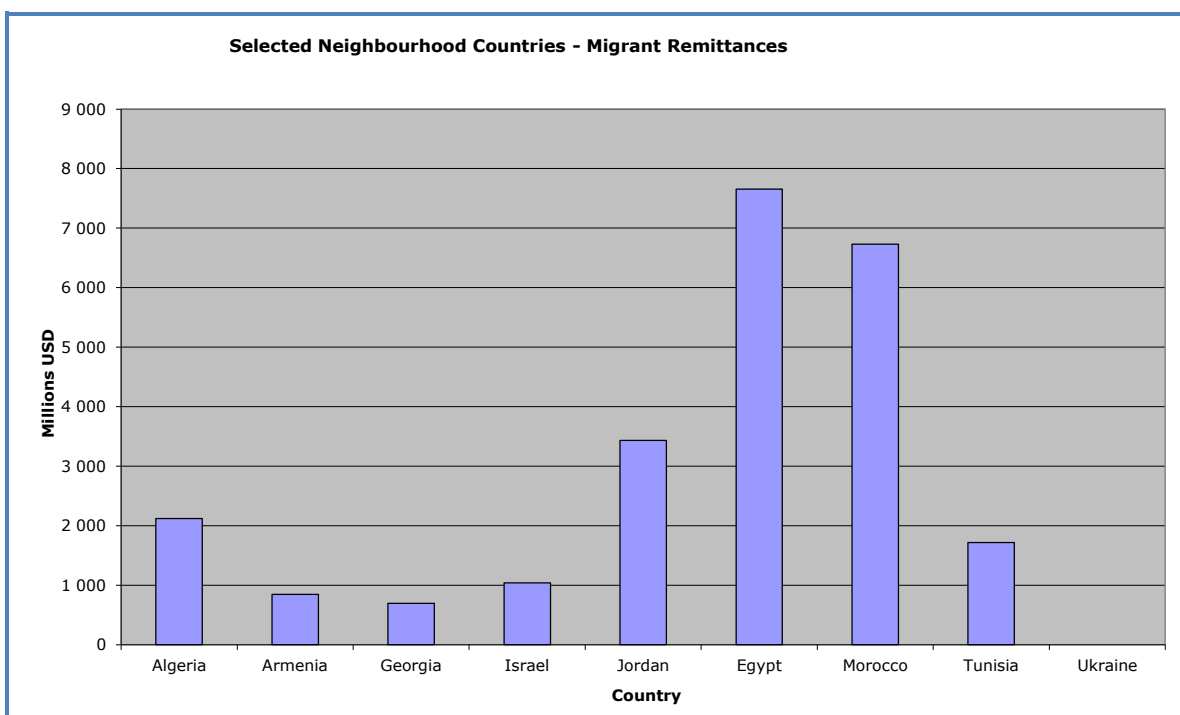
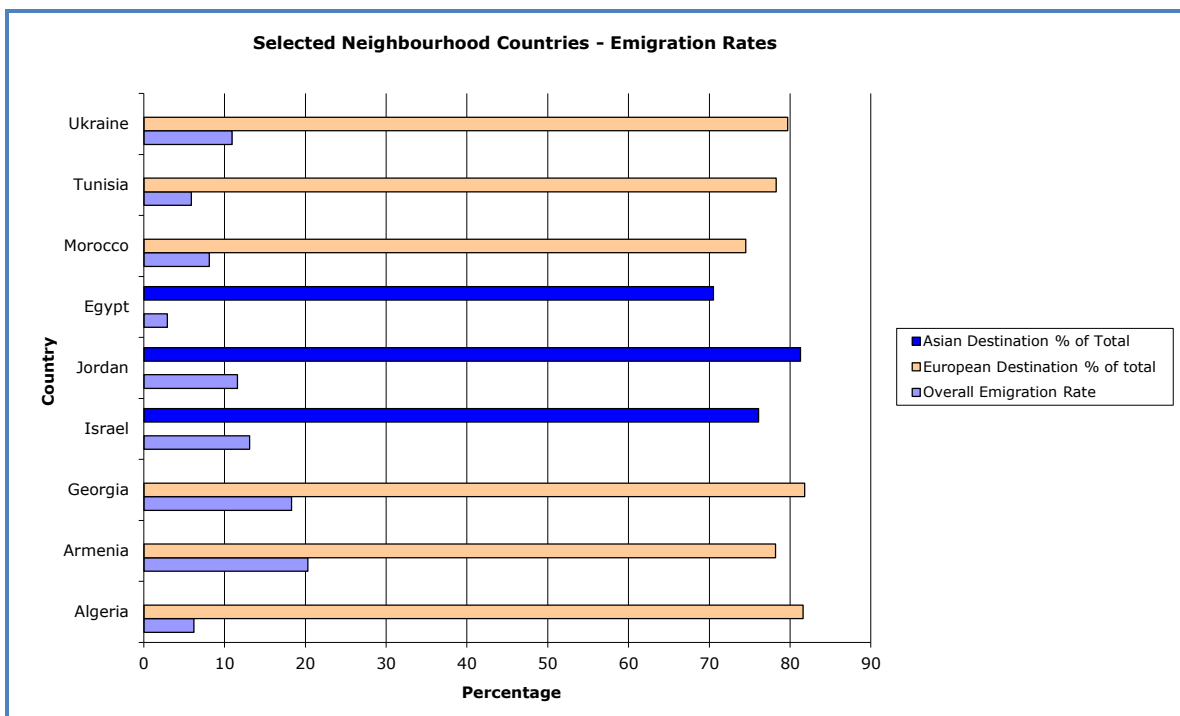
Annex 3: Statistical Data











Annex 6: Documents consulted

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