

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: 95069

Project Name	Accessing Overseas Employment Opportunities for Moroccan Youth Project
Region	MENA
Country	Kingdom of Morocco
Sector(s)	Other Social Services (100%)
Theme(s)	Improving labor markets (80%); Other trade and integration (20%)
Lending Instrument	SIL
Project ID	P150064
Borrower(s)	<i>Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC)</i>
Implementing Agency	<i>Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC)</i>
Environmental Category	C
Date PID Prepared/Updated	11 March 2015
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Estimated Date of Board Approval	N/A
Concept Review Decision	24 March 2014
Other Decision (as needed)	12 May 2014 (MENA Transition Fund Steering Committee)

I. Introduction and Context

A. Country Context

1. **In the wake of the 2011 constitutional reform and high social demands for inclusive growth and expanded opportunities, youth unemployment is a defining economic, social, and political issue in Morocco.** Strong macroeconomic policies have delivered an average growth of nearly five percent and reduction in absolute and relative poverty between 2001 and 2011. However, growth has declined recently due to the Eurozone crisis and efforts to counteract the social impacts of the economic slowdown and price hikes have drawn the Government's attention away from planned, and necessary economic reforms. Tackling unemployment—particularly female and youth unemployment—remains a considerable challenge. There has been a marked improvement in social indicators over the past decade, including improvements in health and educational outcomes, but many youth still enter the job market insufficiently prepared to obtain gainful employment. A 2008 investment climate survey found that 35 percent

of firms identify the difficulty of hiring appropriately skilled workers as a constraint. A report on employability attributed the mismatch in skills and the labor force in part to limited communication between educational institutions and the private sector and to limited labor intermediation services. Youth at all skill levels are affected by lack of economic opportunities; unemployment rates are highest among university-educated youth, though most unemployed youth have less than a pre-secondary education. Youth are also disproportionately represented in the informal sector and are thus poorly covered by social protection.

2. **The Government is focused on delivering higher economic performance through a series of reforms.** The reforms will increase competitiveness and economic integration (particularly with the European Union [EU]), improve the business environment and labor market, increase support for professional and vocational training, insert new graduates into the labor market, and promote entrepreneurship and self-employment. The *Pacte National pour l'Emergence Industrielle* (National Emerging Industries Agreement [PNEI]) 2009–2015 focuses on private sector development and competitiveness, including through vocational training policies that link training outcomes to economic needs. Efforts to address unemployment include training focused on recruitment needs and a system of employment subsidies. A new vocational training strategy, currently under preparation, seeks to forge better links between public and private partners on identifying training needs and providing market-relevant training. The multi-tier 2014–2016 strategic plan of the Ministry of Employment, among other priorities, aims to improve the governance of labor market and intermediation systems. A national strategy for employment for 2015–25 is being finalized. The *Agence Nationale de Promotion de l'Emploi et des Compétences* (National Agency for the Promotion of Employment and Skills [ANAPEC]), administratively located under the Ministry of Employment and Social Affairs (MESA), is charged with identifying and matching job seekers to employment opportunities, in Morocco and abroad. ANAPEC has initiated a new sectoral strategy for employment promotion and additional efforts are underway to operationalize the strategy.

B. Sector and Institutional Context

3. **Morocco has one of the lowest labor force participation rates among emerging economies.** Though Morocco's unemployment rate fell from 13 percent in 2000 to 9 percent in 2012, the youth unemployment rate rose during this period. A recent survey found that 49 percent of Moroccan youth are neither in school nor in the workforce.¹ Furthermore, unemployment rates for higher education and vocational training graduates are also higher than average, with particularly high rates in fields such as construction, engineering, fisheries, and tourism. The school-to-job transition in Morocco remains a problem, and first-time job seekers and the long-term unemployed represent 52 percent and 65 percent of the 2012 unemployed population, respectively. Morocco's expected labor market growth is insufficient to meet labor demand. Annual labor market growth is expected to be approximately 1.8 percent through 2020; however, an expansion of at least 6 percent per year is necessary to absorb new labor market entrants. Morocco's ongoing labor market reforms, while important, are unlikely to lead to a substantial improvement in domestic labor market opportunities in the short run. To complement

¹ Morocco Household and Youth Survey (2009–2010). Sources: "Promoting Youth Opportunities and Participation" (Washington D.C.: World Bank, 2012). "Striving for Better Jobs, the challenge of informality in Middle East and North Africa" (Washington D.C.: World Bank, 2014)

its national employment strategy, Morocco intends to enhance international labor mobility of its young workforce.

4. **The EU25+ countries (in particular, Spain, France, Belgium, Italy, and the Netherlands) are expected to lose an estimated 66 million workers.** A one-third decline in the total workforce in these countries is expected between 2005 and 2050. Furthermore, European labor shortages will occur at all skill levels, with strong demand in particular in the health and service sectors. Congruently, Morocco's working age population is expected to increase through 2035.

5. **The demographics and geographic proximity of Morocco and Europe point to an opportunity for mutually beneficial labor partnerships, but these movements require effective facilitation.** In the 1960s and 1970s, Moroccan labor migration occurred through direct recruitment by foreign employers, informal intermediaries, spontaneous settlement, and migrant networks. Many of these movements occurred informally, with migrants entering European territories on student or tourist visas, or through family reunification channels, and then finding employment upon arrival. However, with the implementation of stricter border policies, in Europe in particular, most migrants must now have a job in place before migrating. The role of managing overseas employment intermediation has grown, and a range of services and regulations now facilitate the placement of workers abroad.

6. **To respond to the changing environment for international placement, ANAPEC established a department for international placement in 2006.** The international division has the following roles: (i) creating an intermediation channel for accessing jobs abroad at all skill levels; (ii) providing a centralized service for developing employment opportunities in overseas markets; (iii) marketing Moroccan workers abroad; (iv) managing the implementation of labor agreements with international partners; and (v) offering a single contact point for foreign intermediation agencies and employers. Together with its partners, ANAPEC has placed a significant number of low-skilled workers overseas since 2006, with a peak of 11,550 in 2008. Placements have diminished more in recent years, dropping to 6,807 in 2011, as receiving markets grapple with the economic crisis—these figures do not take into account seasonal migrations to France. Most of the agency's resources are used to assist the management of circular migration to Spain, and it has had minimal activity in other markets, with the exception of its recent and occasional involvement in placements in Canada, Qatar, and the United Arab Emirates (UAE). This is mainly due to: (i) limited prospecting and marketing approaches in receiving countries; (ii) lack of collaboration with the private sector in domestic and overseas markets; (iii) limited presence in receiving countries; and (iv) stretched budget and staff for effective placement.

7. **ANAPEC's intermediation activities have occurred largely through bilateral labor agreements (BLAs) and direct contact with public employment agencies in relevant destination countries.** Beyond BLAs, ANAPEC has become the default point of contact for the recruitment of Moroccan workers abroad, though its relations with overseas employers remains limited. The agency manages a large database of low-skilled candidates in Morocco, mainly with Baccalaureate (BAC) +2 (post-secondary) years of education. The database is not dedicated to the international market and focuses primarily on domestic placements. Many candidates in the

database are fresh entrants into the market with no work experience and employers have expressed concerns that the system does not adequately screen their curriculum vitae (CVs). The system is not comparable to the databases of the private recruiting agencies, which are rigorously updated and meticulously curated to meet employers' needs.

8. **ANAPEC's placement strategy aims at market diversification beyond the traditional markets for low- to mid-skilled Moroccan workers (France and Spain).** In North America, Canada is currently piloting temporary recruitment schemes for low- to mid-skilled technical professions with ANAPEC through its embassy in Rabat. In the Gulf Cooperation Council (GCC), Qatar and the UAE are also piloting recruitment operations in several sectors, mainly mid-skilled service jobs. In Europe, the only receptive market for now is Germany, given its unique combination of very low fertility rates and declining workforce and a strong and resilient economic performance. In all these new destination markets, ANAPEC works toward building recruitment channels through formal institutional partnerships with relevant public agencies to ensure sustainability and safe recruitment conditions for Moroccan migrant workers. Such partnerships are already underway in Canada and the GCC, but no institutional arrangement exists with Germany. Establishing such a partnership with relevant German agencies is considered a priority for ANAPEC to fulfill its market diversification strategy. Similarly, Germany continues to look for labor imports to fulfill specific needs in the labor market as the ratio of active laborer to pensioners steadily declines.

9. **Recruitment from developing countries to Germany requires the involvement of specific employment and development agencies.** The *Bundesagentur für Arbeit* (Federal Employment Agency [BA]) and the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (German Society for International Cooperation [GIZ]) established a unique partnership in 2012, through a cooperation agreement which provides the principles for safe recruitment and integration of migrant workers in Germany by recognizing the importance of: (i) sustainability of labor intermediation systems beyond filling immediate labor needs in Germany; (ii) language acquisition and migrants' integration in the host society as essential components of a 'Triple Win' immigration concept; and (iii) considering the interests of the country of origin when leveraging the potential of their qualified labor. Recruiting these workers calls for "a considerate and balanced approach". This is the only partnership of this kind between the main public employment and development agencies in Germany. Through this partnership, the two agencies have established international good practices in working with employers and employees from diverse sectors and educational backgrounds (health/nursing or science, technology, engineering, and mathematics (STEM).in various countries such as: Tunisia, Bosnia and Herzegovina, Vietnam, and the Philippines.

C. Higher Level Objectives to which the Project Contributes

Alignment with the Objectives of the Middle East and North Africa (MENA) Transition Fund

10. **The proposed project is closely aligned with the objectives of the MENA Transition Fund**, particularly in the areas of: (i) inclusive development and job creation; and (ii) competitiveness and integration. The transition process in the MENA region was driven to a great extent by calls for social inclusion and access to better opportunities by the large youth

cohorts in Morocco and other transition countries. In Morocco, major reforms are underway to bring excluded youth into the labor market. Following on the recommendations of the Deauville Partnership report on trade and foreign direct investment, improved labor market integration and mobility partnerships can provide better economic opportunities for Moroccan youth while simultaneously expanding their skills sets and leveraging investment for development through remittances.

11. The proposed project pilots a reform that is potentially transformational for Morocco’s labor market and Moroccan workers. The Project will design and test a revised international labor intermediation model in one country (Germany) and sector (Tourism-Hospitality). A thorough quantitative and qualitative evaluation of the pilot, including a process evaluation, will determine which design features are central to the model’s success. Capacity building and partnership development undertaken as part of the Project will enable ANAPEC to substantially scale up its labor intermediation efforts, with the aim of gaining a foothold for Moroccan workers to pursue job opportunities in other Organization for Economic Co-operation and Development (OECD) markets and employment sectors. The pilot will support the transition of ANAPEC itself to a more demand-driven, proactive agency that effectively responds to the needs of both job seekers and employers, at home and abroad. The pilot builds on the lessons learned from successful (and unsuccessful) labor mobility schemes in Morocco and neighboring countries. The substantial learning component of the Project will ensure that lessons from the pilot will likewise be shared, through South-South learning fora, with other MENA transition countries, including Tunisia, with which Germany through GIZ has successfully piloted a labor mobility scheme for young unemployed engineers.

Alignment with the Country Partnership Strategy (CPS) and World Bank Group Twin Goals.

12. The proposed project is closely aligned with the World Bank Group’s Country Partnership Strategy (CPS) 2014–2017 (Report 86518-MA), discussed by the Board of Executive Directors on April 29, 2014. In particular, the Project supports the Results Area 1 (Promoting Competitive and Inclusive Growth) and Results Area 3 (Strengthening Governance and Institutions for Improved Service Delivery to All Citizens) as well as the crosscutting theme of youth. The CPS also includes a strong focus on global integration, including liberalization of trade in services, to which this project is also expected to contribute. In addition, the project is aligned with the World Bank Group’s twin goals of ending extreme poverty and boosting shared prosperity to the extent that it seeks to better equip the Moroccan workforce for insertion in the labor market at the international level.

II. Project Development Objectives

A. Proposed Development Objective(s)

13. The Project development objective (PDO) is to strengthen institutional capacity to pilot the reform of international labor intermediation services in Morocco and better prepare the Moroccan workforce for greater integration with international labor markets.

B. PDO Level Results Indicators

14. At the PDO level, the Project is expected to strengthen institutional capacity and to foster competitiveness and international labor market integration as indicated by:

- a. Indicator 1: Number of project direct beneficiaries for employment from this pilot program
- b. Indicator 2: Morocco, through ANAPEC, has established stronger pre-selection procedures and pre-departure training modules for candidates seeking overseas employment
- c. Indicator 3: A sustainable public-private partnership between ANAPEC, GIZ, and German employers' representatives is established and is used to scale up and replicate the pilot initiative
- d. Indicator 4: Percentage of German employers participating in the pilot and willing to hire again from Morocco
- e. Indicator 5: A regional model of good practice is developed and shared through the World Bank and other networks

III. Project Description

A. Project Components

15. **The Project has three components:** (1) institutional capacity building for the selection and preparation of overseas employment candidates; (2) developing sustainable partnerships between public and private actors within and across borders for job placement and Project implementation support; and (3) Project evaluation and knowledge sharing. The first two components will be implemented by ANAPEC in partnership with GIZ—ANAPEC's information and capacity building needs related to placement on the German market will be addressed by the GIZ team in the framework of this partnership. Component 3 will be implemented by the Bank in order to (i) maintain independence in the evaluation process and (ii) leverage learning from other countries in MENA and elsewhere.

B. Potential Implementation Risks

16. Because ANAPEC has not previously implemented a World Bank-funded operation, and is therefore unfamiliar with World Bank operational rules and procedures, there are substantial implementing agency risks associated with the project. Significant mitigation measures will be required for the procurement aspects in particular. The project will manage these risks through substantial capacity building activities and recruitment of temporary financial management and procurement support.

C. Social (including Safeguards)

17. **The Project is expected to have positive social impacts** by contributing to improvements in international placement services, and thereby increasing ANAPEC's capacity to connect job seekers with opportunities. Though the initial numbers of workers moved through the pilot will be small, the Project's strong capacity-building emphasis will equip ANAPEC to provide international labor intermediation services in other sectors and with other countries.

IV. Environment (including Safeguards)

The Project is expected to have minimal or no adverse impacts on the environment and hence is considered as a category 'C' project as per World Bank Operational Policy 4.01 Environmental Assessment. The Project will be mostly financing technical assistance, analytical work, and institutional capacity building and no direct or indirect physical investment is envisaged.

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

D. Financing (in USD Million)

Total Project Cost:	1.75	Total Bank Financing:	1.75
Total Cofinancing:	0	Financing Gap:	0
Financing Source	Amount		
BORROWER/RECIPIENT	0		
Other – MENA Transition Fund	1.75		
Total	1.75		

E. Contact Point

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