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**Contribution of labour market  
policies and institutions to  
employment, equal opportunities and  
the formalisation of the informal  
economy:**

**Morocco**

Aomar Ibourk

Employment  
Policy  
Department

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## Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on *Social Justice for a Fair Globalization*,<sup>1</sup> and which has now been widely adopted by the international community. The integrated approach to do this was further reaffirmed by the 2010 Resolution concerning the recurrent discussion on employment<sup>2</sup>.

In order to support member States and the social partners to reach this goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations and elaborations of this integrated approach and related challenges are contained in a number of key documents: in those explaining the concept of decent work,<sup>3</sup> in the Employment Policy Convention, 1964 (No. 122), in the Global Employment Agenda and, as applied to crisis response, in the Global Jobs Pact adopted by the 2009 ILC in the aftermath of the 2008 global economic crisis.

The Employment Sector is fully engaged in supporting countries placing employment at the centre of their economic and social policies, using these complementary frameworks, and is doing so through a large range of technical support and capacity building activities, policy advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.<sup>4</sup>

The *Employment Working Papers* series is designed to disseminate the main findings of research initiatives undertaken by the various departments and programmes of the Sector. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.



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<sup>1</sup> See [http://www.ilo.org/public/english/bureau/dgo/download/dg\\_announce\\_en.pdf](http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf)

<sup>2</sup> See <http://...>

<sup>3</sup> See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

<sup>4</sup> See <http://www.ilo.org/employment>.

## Foreword

Despite relatively positive economic performance in the years prior to the global economic and financial crisis, countries in the Euro-Mediterranean basin present important employment and labour market challenges. Their unemployment rate is one of the highest in the world and their labour markets are characterized by high incidence of underemployment, employment in the informal economy and poor working conditions. Gender inequalities and particularly the low labour force participation of women are issues of major concern. Negative labour market outcomes together with more demand for labour in European countries have resulted in labour migration from East and South Mediterranean countries towards the Northern shore of the Mediterranean. Furthermore, the recent global economic and financial crisis has led to a significant economic downturn and countries are facing the prospect of prolonged increases in unemployment, poverty and inequality.

Within this backdrop and in the current economic and social context giving effect to the ILO Global Jobs Pact adopted in the 98th Session of the International Labour Conference (June 2009) is of utmost importance in order to promote productive employment and decent work in these countries. The promotion of productive employment and decent work is high on the agenda of the Euro-Mediterranean Partnership and is an utmost priority in the countries of the region. At the first Euro-Mediterranean Employment and Labour Ministers Conference in 2008 Ministers highlighted the urgency of challenges relating to employment, investment in human capital, and decent work for all and committed themselves to a Framework of Actions which would “contribute to developing a genuine social dimension within the Euro-Med agenda”.

The European Union has long actively supported the uptake of decent work as a global goal. As part of the Renewed Social Agenda the European Commission has “reaffirmed its commitment to promoting the internationally-agreed Decent Work Agenda, including through cooperation with the ILO and other partners, and the mobilisation of all relevant policies”. Furthermore, cooperation to enhance the response to the economic crisis has been recently intensified between both institutions.

Within this backdrop the International Labour Office (ILO) and the European Commission (EC Directorate-General for Employment, Social Affairs and Equal Opportunities) have developed a joint action oriented research project on “Expanding the knowledge base on decent work in Mediterranean countries.” The research undertaken focused on three main themes: 1) economic growth and employment; 2) labour market policies and 3) labour migration. The findings from the research will be of great interest for policymakers as well as researchers. They will also open up new avenues for research under future programmes.

This paper on Morocco’s labour market, written by Aomar Ibourk from the University of Marrakech, brings to light current and emerging issues concerning labour market policies and institutions in Morocco with a focus on inclusion, equal opportunities and the informal economy and takes into account the impact of the global economic and financial crisis. The Morocco study provides an assessment of the relevancy and effectiveness of the labour market policies and institutions in order to provide a conducive environment for increased job creation and decent work. The first part of the study describes the overall labour market situation. The second part of the study analyzes the current situation of labour market policies and institutions namely labour legislation, wage policy and active and passive labour market policies. It also tackles equity issues as well as the importance of social dialogue on employment. The fourth part is devoted to employment services and their operations. The final section reviews the situation of

employment in the informal economy including the impact of the economic and financial crisis.

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## List of abbreviations

Acronyms	Names
<b>CNJA</b>	Conseil national de la jeunesse et de l'avenir / National Council for Youth and the Future
<b>OFPPT</b>	Office de la formation professionnelle et la promotion du travail / Vocational Training and Employment Promotion Office
<b>RGPH</b>	Recensement général de la population et de l'habitat / General Population and Housing Census
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>METFP</b>	Ministry of Employment, Labour and Vocational Training
<b>SME</b>	Small and medium-sized enterprises
<b>ILO</b>	International Labour Organisation
<b>CERED</b>	Centre d'études et de recherches démographiques / Centre for Demographic Studies and Research
<b>CNSS</b>	Caisse nationale de sécurité sociale / National Social Security Fund
<b>CIOPE</b>	Centre d'information et d'orientation pour l'emploi / Regional Employment information and Guidance Centre
<b>CPW</b>	Construction and public works
<b>SAP</b>	Structural adjustment programme
<b>GNP</b>	Gross national product
<b>UN</b>	United Nations
<b>HDI</b>	Human Development Indicator
<b>EU</b>	European Union
<b>GDP</b>	Gross domestic product
<b>ANAPEC</b>	Agence Nationale pour l'Emploi et les Compétences / National Agency for Employment and Skills Development
<b>UNDP</b>	United Nations Development Programme
<b>NGO</b>	Non-Governmental Organisation

# 1. Introduction

This paper analyses employment policy and institutions in Morocco. It focuses on the question of how employment policy helps (or does not help) to reduce exclusion, improve equality of opportunity and steer the informal economy towards formality.

The Moroccan labour market is characterized by many structural imbalances; its principal features are: i. high unemployment amongst those with qualifications, whilst the development of strategic sectors such as tourism, offshoring and craft trades is hampered by a skills shortage obliging the government to launch major sectoral training programmes; ii. a preponderance of unskilled jobs in a large informal economy, which are an antithesis to “decent work”; iii. very high rates and periods of unemployment amongst young people educated to secondary or higher level, with female unemployment being especially high; iv. fragmentation of the labour market due to significant differences in levels of productivity and income, compliance with the labour laws, social insurance coverage, occupational health and safety and social dialogue.

Within these different market segments decent work deficits arise in a range of contrasting situations: living environment (urban or rural), educational level (qualifications, no qualifications), age (youth or adult), sex (male or female) and employment status (formal or informal). Decent work deficits manifest themselves chiefly as problems of inclusion amongst those seeking a first job. These problems are worse for young women and even more so if they are well educated. They also manifest themselves, for self-employed workers in very small enterprises, family helpers and payroll employees, as a consequence of low productivity, pay and social protection, in conjunction with poor organisational ability and the lack of a collective voice.

The government, aware of this dysfunctional situation and its economic and social implications, is seeking a new action strategy based on the goal of human development. This aims to reconcile the imperative of economic competitiveness with the need for social justice.

For the economy, and in line with its policy choice of economic liberalism, the government's action strategy seeks to deal with employment issues by creating a climate for strong, sustained and high-employment growth. To that end, Morocco plans to convert its economy from a dual economy to a market economy which is structured and competitive enough to hold its own in the dynamic of a globalised world. With this in mind Morocco has, since the late 1980s, pursued a structural process of opening up its economy to the rest of the world by concluding a number of free trade agreements with its main trading partners (EU, USA, etc.). Likewise, following its policy of structural adjustment in the 1980s, Morocco reformed all aspects of its macroeconomic policy (monetary, fiscal and industrial policy, privatisation, etc.).

As far as social policy is concerned, government action reflects the changing attitudes apparent in official pronouncements. For a long time the government concentrated its action on economic objectives, taking the implicit view that the achievement of social objectives would naturally follow. That view is now changing. Social considerations now feature explicitly in government plans for action, on an equal footing with economic ones. This new attitude is reflected in increased government attention to social matters. In 2005 the National Initiative for Human Development (INDH) was launched, qualitatively a great leap forward in social policy. This initiative not only demonstrates very firm political resolve and commitment; it is the vehicle for a new concept of social action based on an integrated and long-term approach to alleviating poverty and social vulnerabilities. The aim is to correct the great inequalities common in Moroccan society, using the following four variables: social origin, living

environment, sex and age. If these inequalities are to be eliminated there will have to be a process of narrowing the gaps created by the ability to access and/or the quality of basic social services (education, health, housing and employment). The INDH takes a holistic approach to the goal of closing the social deficits gap, looking at both access to and the quality of all basic social services, regarding them as an integral human right.

Employment issues are tackled using two different approaches. The first is that defined by government employment policy. This targets workers with qualifications and focuses on the economics of seeking to create a virtuous dynamic of mutual strengthening between the functioning of the labour market and the economic plan to transform the national economy into a structured, high-growth market economy. The aim is to enable the labour market to meet the formal economy's needs for skills to underpin the rhythm of economic growth and at the same time benefit from that growth by creating jobs and making it easier for those with qualifications to find work in the formal employment sector. The second approach ties in with the new policy of alleviating poverty and social vulnerabilities. This takes a social approach, targeting chiefly low skilled workers. It starts from the hypothesis that sustained access to paid work is a major factor in helping people to avoid (or escape from) the poverty trap. The question now, however, is whether these two approaches, in theory complementary, are sufficiently integrated to form the basis for a global employment policy that dovetails with the government's new development strategy.

Following the launch of the INDH the Moroccan government adopted a policy known as the “Employment Initiative” or “Action on Employment”, to avoid confusion with the INDH. This policy aims to strengthen employment services – encouraging business start-ups, improving job placement services, and developing short further training facilities leading to jobs. These programmes sit side by side with the labour law reforms, the development of vocational training programmes, development of the microfinance sector, major efforts to improve the business environment and State initiatives to streamline macroeconomic growth and launch sectoral development programmes for infrastructure, manufacturing and telecom services, agriculture, housing and tourism.

This paper sets out to provide a better insight into the government's social policy, viewed from the standpoint of the labour market and focusing on the policy agenda which seeks to increase the volume of “decent work”. The aim is to deepen understanding of this policy agenda in the context of the Moroccan labour market, concentrating on the issues of inclusion, equality of opportunity and the role of the informal economy. We shall seek answers to the following questions:

- Which groups in the labour market are the most vulnerable and what is the impact of the main discriminatory variables, sex in particular?
- How does government policy and employment policy in particular seek to address these inequalities and promote “decent work”?
- How does this policy work out on the ground and what is the role played by each actor involved in implementing it?
- With the aim of promoting “decent work”, what can be done to steer informal employment towards formality?
- What effects is the current world crisis having on the state of the labour market and how is it impacting on the achievement of the stated objectives of government employment policy?

The paper is organised in four sections. Section 2 offers a diagnosis of the state of the labour market, identifying its main dysfunctional aspects and vulnerable groups. Section 3 offers a critique of government employment policy, which seeks to highlight and assess the logic behind efforts to correct the dysfunctional aspects of the labour market. Section 4 describes how government employment policy is implemented,

focusing on the role of the institutions and actors. Section 5 describes the current tension between formal and informal employment against a backdrop of suggestions on how to strengthen the dynamic of “steering informal employment towards formality” and/or weaken the opposing trend, in line with the ultimate goal of promoting “decent work” and taking account of the obvious and predictable repercussions of the current world crisis.

## 2. Diagnosis of the state of the labour market in Morocco

It is important to bear in mind that the scope of the diagnosis is subject to the availability of employment statistics. Morocco's system of labour market statistics is incomplete in the sense that there are whole aspects of labour relations which are either not covered at all (personal mobility, for example, matching techniques, etc.) or where the data are unreliable (earnings, etc.). Likewise, some concepts that are fundamental to the system of statistics are, in the Moroccan context, less relevant. This is the case with the concepts of unemployment and employment, for example.<sup>5</sup>

In this section, the diagnosis is based on aggregate data drawn chiefly from annual reports on the national survey of “Activity, Employment and Unemployment”,<sup>6</sup> conducted by the High Commission for Planning (HCP). This diagnostic exercise addresses the following points: i. demographic trends; ii. the structure of the active population; iii. employment in the informal economy; iv. inactivity; v. educational level, and vi. earnings and working conditions.

### 2.1 Demographic trends

The internal dynamic of population growth remains strong. Within 40 years the population doubled, from 15 million in 1971 to 31.6 million in 2009.<sup>7</sup> In the last two decades, however, the rate of demographic growth in Morocco has slowed notably.

**Table 1. Population growth (1960 – 2009)**

Census	Urban population	Rural population	Total population	Rate of growth
1960	3 389 613	8 236 857	1 1626 470	
1971	5 409 725	9 969 534	15 379 259	2.8%
1982	8 730 339	11 689 156	20 419 555	2.6%
1994	13 407 835	12 665 882	26 073 717	2.1%
2004	16 463 634	13 428 074	29 891 708	1.4%
2009	18 180 542	13 459 339	31 639 881	0.6%

Source: High Commission for Planning (HCP), Rabat

<sup>5</sup> The level of unemployment has little practical relevance in a country where there is no system of unemployment benefits. In Morocco, unemployment is far more of a declared than a real phenomenon. Likewise, the great variability in the length of time spent in the exercise of an activity, on which the definition of employment status is based (minimum of one hour during the week preceding the survey), makes it more pertinent to analyse directly the variable 'rate of activity', measured for example as the length of time actually worked per week, rather than the variable 'exercise of activity'.

<sup>6</sup> The survey is referenced in the rest of this text as the 'Employment Survey'.

<sup>7</sup> The most recent population census (RGPH 2004), conducted in September 2004, gives a figure of 29 680 069 persons.

The slowing of the growth rate can be explained by a number of factors, including: i. a simultaneous fall in the rates of fertility and mortality; ii. wider contraceptive use; iii. marriage at later age ; iv. greater access to education, especially for girls, and v. increased female employment.

Despite the downward trend in the rate of population growth, total population will top 35 million by 2020. In addition, the structure of the population is shifting strongly towards urban living as urban dwellers became the majority as of 2004. Morocco has a considerably large young population. In 2004 those aged under 35 accounted for more than two thirds of the total population and more than one Moroccan in two was younger than 25. Furthermore, there has been a persistent rise in the working age population (15 to 59 years), which grew from 50 percent of the total population in 1982 to 61 percent in 2004. These trends suggest that despite slower population growth, supply pressure remains strong. The active population increased by nearly one million between 1999 and 2008.

**Table 2. Demographic projections by area of residence (2004 – 2030) (x1000)**

Year	Total population	Urban population	Rural population
2004	29 840	16 433	13 407
2009	31 514	18 059	13 455
2020	35 112	21 644	13 468
2030	37 994	24 417	13 577

Source: High Commission for Planning, CERED, 2006

## 2.2 Structure of the active population<sup>8</sup>

Table 3 shows that within 10 years the active population rose by almost a million, between 1999 and 2008, and then retreated in 2009. A breakdown of the active population by living environment shows a slight majority in favour of urban areas (52 percent), revealing the importance of the countryside as a source of labour supply. Whilst the total population is more or less equally distributed between genders, the active population is predominantly male. In 2008 females accounted for no more than 27 percent of the active population. Women are relatively better represented in rural areas (32 percent) than in urban areas (22 percent). The rate of growth of female employment, already low to begin with, declined between 1999 and 2008. This decline was far more marked in urban than in rural areas.

**Table 3. Active population (aged 15 and over) (x1000)**

Indicators	1999	2008	2009
Numbers national	10 278	11 267	10
of which % female	28.3	26.9	25.8
Urban numbers	5 270	5 874	5 121
of which % female	24.3	22.2	19.5
Rural numbers	5 008	5 393	5 235
of which % female	32.6	32.1	32

Source: HCP – Employment Survey, 1999 and 2008

<sup>8</sup> Unless stated otherwise, data in this section come from the national survey of 'Activity, Employment and Unemployment' conducted annually by the HCP.

## Labour market participation

Labour market participation varies widely depending on sex and living environment (Table 4). The size of these differences prompts serious doubts as to whether global indicators are meaningful. Rates of participation for both sexes are at least 10 percentage points higher in rural areas than in urban ones. Likewise, male activity rates are far higher than female rates in urban and rural areas. In rural areas over 82 percent of males are active as opposed to 37 percent of females. Urban activity rates are more than three times higher for males than for females.

**Table 4. Rate of activity (% of the working-age population, aged 15 and over)**

Indicators	1999	2008	2009
National, total	54.4	50.6	49.3
National, male	79.3	75.9	75.4
National, female	30.3	26.6	24.5
Urban, total	48.1	44.7	43.7
Urban, male	74.6	71.6	71.3
Urban, female	22.8	19.3	17.7
Rural, total	63.1	59.0	57.7
Rural, male	85.5	82.0	81.4
Rural, female	40.9	37.0	34.5

Source: HCP – Employment Survey, 1999, 2008 and 2009.

These differentials in participation rates by sex and living environment reflect the way society is organised (division of household roles) and/or differences in the way the employment system is organised in the two living environments.

**Table 5. Rate of activity, by level of education<sup>9</sup> (%)**

Indicators	1999		2008	
	M	F	M	F
– Urban, total	74	21.3	71.6	19.3
– Urban, no degree	78.4	14.6	77.7	12.4
– Urban, intermediate	66.5	23.4	63.0	18.9
– Urban, higher	78.7	60.8	75.9	55.3
– Rural, total	85.4	37.5	82	37
– Rural, no degree	88.4	38.1	87.5	38.7
– Rural, intermediate	70.9	20.4	64.2	20.1
– Rural, higher	77.9	66.3	71.8	39.1

Source: HCP – Employment Survey, 1999 and 2008

Examination of activity rates by levels of education shows that for males the participation rate of those without qualifications is above average in both urban and rural areas. In both residence areas the lowest rates of male activity are amongst those with intermediate qualifications. Amongst females, however, the situation is less clear-cut. Women with higher educational qualifications are very strongly represented in the labour market. Participation is lowest amongst urban females without qualifications and rural females with intermediate qualifications. The gender gap is considerably narrower

<sup>9</sup> Intermediate level: certificate of basic education, vocational qualifications or specialist diplomas. Higher level: baccalaureates, middle management diplomas and tertiary qualifications (universities and *grandes écoles*).

for persons with a higher education. By contrast, it is very wide in the case of those with no qualifications.

Data from the 2008 Employment Survey shows that the age structure of the active population has the following features:

- A young age pyramid. Over half the active population is aged under 35;
- A sizeable proportion of workers enter the labour market before the age of 15. In rural areas, 72.4 percent of those entering the labour market at an early age are female and 61.2 percent are male. This is an indicator both of the practical difficulties of enforcing compulsory schooling and of the prevalence of child labour;
- Workers aged 60+ are a minority, but a structurally important percentage of the overall labour pool. This age group is just over 6 percent of the total active population. The activity rate is 38.8 percent for males and 12.4 percent for females.

Activity rates dipped overall between 1999 and 2008. The decline is far more marked in rural females with higher education.

However, while activity rates fell between 1999 and 2008, the active population grew by nearly one million. This accentuates the fact that first, labour supply continues to increase and, second, that any rise in activity rates will intensify the pressure on the labour supply which the jobs market is already experiencing.

### *Structure of the employed population*

Although most of the labour supply is located in the cities, 52 percent of the employed population is in rural areas. That means that notwithstanding the process of urbanisation of the population, the employment dynamic is still driven very much by rural areas.

**Table 6. Employed population (aged 15 and over)**

Indicators	1999	2008
- Urban values (x1000)	4 108	5 034
of which % female	22.6	20.6
- Rural values (x1000)	4 737	5 346
of which % female	33.7	33.2
- National values (x1000)	8 846	10 380
of which % female	28.5	27.1

Source: HCP – Employment Survey, 1999 and 2008

Children and older persons (aged 60+) form one section of the workforce on which the production system draws. In the age profile of the active rural population two categories stand out by virtue of their size: the youngest (aged under 24) and the oldest (aged 60+). Child labour remains a reality in the rural labour market. More generally, compared with the urban environment, people in the countryside enter the labour market early and exit late.

**Table 7. Age structure of the active population**

Age group / residence area	2008		2009	
	Urban	Rural	Urban	Rural
Under 15	0.4	3.2	N.A.	N.A.
15 – 24	13.8	24.6	15.8	25.9
25 – 34	29.5	24.5	31.6	25.8
35 – 44	26.7	18.6	24.4	19.1
45 – 59	25.9	20.3	25.4	20.6
60 and over	3.7	8.8	2.8	8.6
<b>Total</b>	100	100	100	100

Source: HCP – Employment Survey, 2008 and 2009.

The skills level of the employed population remains very low (Table 8). In urban areas, one worker in two has no qualifications at all, and only one in five has higher-level education (baccalaureate or higher). The low level of skills of workers is even more striking in rural areas where 85 percent of them have no qualifications at all and only 1 percent has a higher-level degree. The quality of human capital available to the production system remains a serious problem in Morocco.

**Table 8. Structure of employment, by level of education/degree**

Qualifications	2008		2009	
	Urban	Rural	Urban	Rural
<b>No degree</b>	49.4	86.7	46.8	85.1
<b>Intermediate degree</b>	31.3	12.3	32.1	13.6
<b>Higher degree</b>	19.2	1.0	21.1	1.3
<b>Not stated</b>	0.1	0	0.1	0
<b>Total</b>	100	100	100	100

Source: HCP – Employment Survey, 2008 and 2009.

The structure of employment by production sectors (Table 9) highlights the preponderance of jobs related to agriculture. In rural areas, Agriculture, forestry and fisheries employs more than 7 in every 10 workers; close to 40 percent of total national jobs. In urban centres, employment is more diversified. The sectors of Industry, General administration and public social services, and Commerce top the list for numbers employed, with 20 percent of the total each, followed by Other services, Construction and public works and Public social services.

**Table 9. Structure of the employed population in 2009, by sector of production**

Sector of activity / residence	National	Urban	Rural
Agriculture, forestry and fisheries	39.2	3.8	74.4
Industry (including craft trades)	12	19.4	4.6
Construction and public works	10	12.6	7.4
Commerce	12.9	20	5.8
Transport, warehousing and communications	4.4	7.0	1.9
General administration and public social services	10.9	19.6	2.2
Other services	10.5	17.4	3.7
Activities inadequately described	0.1	0.2	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: HCP – Employment Survey, 2009

**Table 10. Structure of the employed population in 2008, by occupational status**

Status in occupation / residence	National	Urban	Rural
Payroll employees	43.2	65.3	22.4
Self-employed or sole traders	27.4	22.9	31.6
Employers	2.5	4.3	0.8
Family helpers and apprentices	25.3	5.4	44
Member of cooperative or partner	1.5	2	1.1
Other	0.1	0.1	0.1
Not stated	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: HCP – Employment Survey, 2008

The variable “status in main occupation” refers to the context in which the activity is exercised. The profile of the labour market is different here, depending on the area of residence. Whereas in urban centres, payroll employment is the commonest form of work (65 percent), in rural areas non-payroll employment predominates (family helpers, apprentices and self-employed). A large proportion of this non-payroll employment is unpaid (family helpers and apprentices). Structuring the employed population on the basis of occupational status leads to a segmentation of employment on two levels. The first distinguishes between payroll and non-payroll employment. The second distinguishes within non-payroll employment between paid work (self-employed or employer) and unpaid work (family helper, apprentice). In the Moroccan context this implies that the scope of any labour market analysis that is based on predominance of the payroll employment model should be viewed in relative terms.

### *Structure of the unemployed population*

The concept of unemployment relates to declared unemployment (which may not be the same as real unemployment). In the absence of any institutionalised system of unemployment benefits it is unlikely that the parameters needed to define the situation regarding unemployment (availability for work and full-time job search) will be measurable.

Unemployment has improved markedly in recent years. The number of those out of work fell from 1.4 million in 1999 to 1.1 million in 2008. Despite this improvement, however, unemployment remains a matter for concern. Its structure varies considerably, depending on area of residence, age, qualifications and gender.

**Table 11. Unemployed population (x1000)**

Indicators	1999	2008
- Urban, total	1 162	861
- Urban, female	30.4	30.8
- Rural, total	271	217
- Rural, female	12.7	14.7
- National, total	1 433	1 078
- National, female	27.1	27.5

Source: HCP – Employment Survey, 1999 and 2008

**Table 12. Unemployment rate (as% of the active population aged 15+)**

Indicators	1999	2008	2009
- Urban, male	20.3	13.0	12.4
- Urban, female	27.6	20.3	19.2
- Urban, total	22.0	14.7	13.8
- Rural, male	7.0	5.1	4.9
- Rural, female	2.1	1.8	1.1
- Rural, total	5.4	4.0	3.7
- National, male	14.2	9.5	9.1
- National, female	13.3	9.8	8.9
- National, total	13.9	9.6	9.0

Source: HCP – Employment Survey, 2008, 2009.

Unemployment is an urban phenomenon. More than 80 percent of the unemployed population are urban dwellers. Urban women are by far the most affected category with an unemployment rate of 20.3 percent, which is more than twice the national rate. Though women make up only 22.2 percent of the urban active population and 20 percent of the employed population, they constitute more than 30 percent of the urban unemployed. For women in rural areas the situation is the exact opposite. They form the category least affected by unemployment, with a rate no higher than 2 percent, or 5 times lower than the national rate. Similarly, male urban dwellers, with an unemployment rate of 13 percent, are more vulnerable than their rural counterparts.

The two youngest age groups are most affected by unemployment. The urban unemployment rate for 15-24 year-olds is 10 times higher than for 45-59 year-olds. An additional factor explaining the difficulties which young people encounter in finding work may also be lack of experience and/or unrealistic career expectations.

**Table 13. Unemployment rate in 2007 by age group, residence and gender**

Age group (years)	Urban			Rural			National		
	M	F	Overall	M	F	Overall	M	F	Overall
15 – 24	30.1	35.9	31.6	8.7	3.0	7.0	17.9	15.5	17.2
25 – 34	19.5	27.8	21.6	5.7	2.5	4.8	13.8	15.8	14.4
35 – 44	7.3	12.2	8.4	2.8	1.3	2.3	5.6	6.5	5.9
45 – 59	3.5	3.2	3.4	1.8	0.5	1.3	2.8	1.5	2.4
60 and over	0.9	1.9	1.0	0.4	0.2	0.4	0.6	0.4	0.6
<b>Total</b>	<b>13.8</b>	<b>20.7</b>	<b>15.4</b>	<b>4.7</b>	<b>1.6</b>	<b>3.7</b>	<b>9.6</b>	<b>9.5</b>	<b>9.6</b>

Source: HCP – Employment Survey, 2007

**Table 14. Unemployment by educational attainment (%)**

Qualifications / residence	1999	2008	2009
National, no degree	8.1	4.7	4.4
National, intermediate <sup>1</sup>	27.0	18.0	16.8
National, higher <sup>2</sup>	27.6	19.5	17.9
Urban, no degree	15.2	8.3	7.6
Urban, intermediate	30.3	20.6	19.1
Urban, higher <sup>2</sup>	27.2	19.0	17.8
Rural, no degree	8.1	2.6	2.2
Rural, intermediate <sup>1</sup>	27.0	10.7	11.7*
Rural, higher <sup>2</sup>	27.6	27.6	

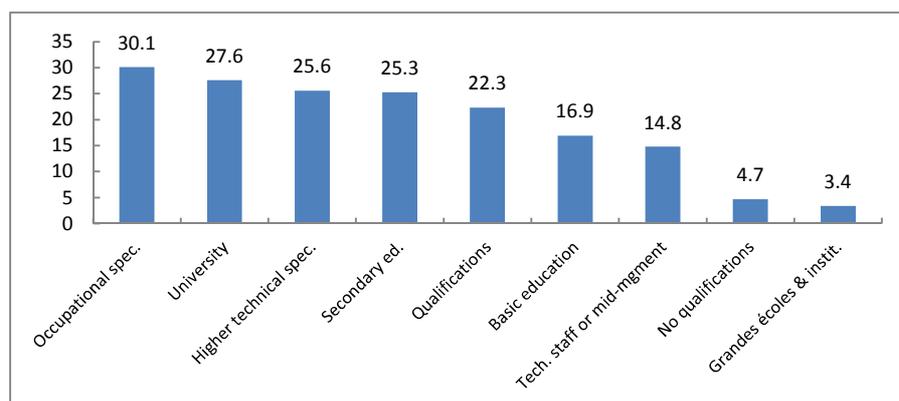
Source: HCP – Employment Survey, 1999, 2008 and 2009.

\*In the 2009 survey, there was no distinction between intermediate and higher diploma for rural residents. The number reported corresponds to the unemployment rate for those with a diploma.

There appears to be a positive correlation between unemployment and the level of educational attainment. Those who attain higher levels of education find it harder to find a job. This is true both for university graduates and for entry-level vocational qualifications. In contrast, graduates of the *grandes écoles* and specialist institutes experience very little unemployment (3.4 percent).

Table 14 above shows that between 1999 and 2009 the position improved for all groups. This change reflects strong growth in low-productivity jobs in the informal economy. Unemployment amongst urban workers with no qualifications fell from 15.2 percent in 1999 to 7.6 percent in 2009.

**Figure 1. Unemployment, by area of educational attainment (%)**



Source: HCP – Employment Survey, 2008.

The structure of the unemployed population, broken down by reasons for being out of work (Table 15) highlights a further contrast between unemployed persons with no qualifications and those holding a higher-level degree. Over 83 percent of the latter group are unemployed because they cannot find a first job, whilst persons without qualifications tend to have been made redundant by business reshuffles or restructuring.

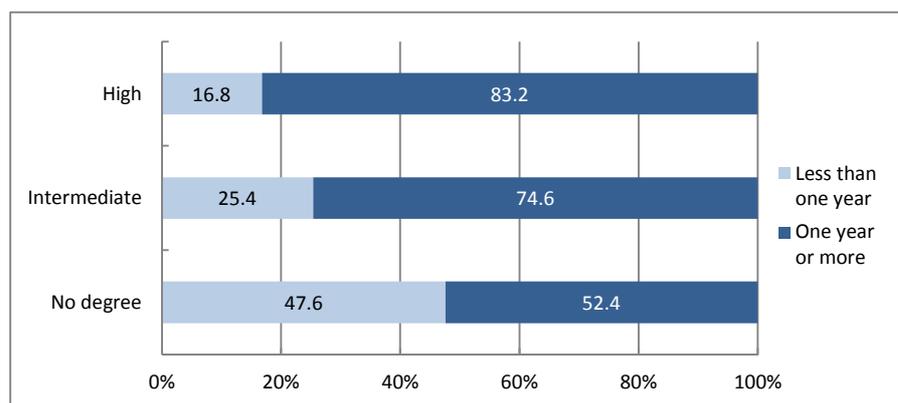
**Table 15. Structure of the unemployed population by gender, educational attainment and reasons for unemployment**

Reason for unemployment	Males	Females	No qualifications	Intermediate	Higher	Total
Stopped work	39.1	21.6	53.9	31.5	12.3	34.3
Level of pay	7.5	7.8	9.4	7.8	4.4	7.6
Completed studies/training with qualification	16.0	40.1	0.7	13.8	70.6	22.6
Abandoned studies / training without qualification	20.8	15.6	12.7	30.6	6.5	19.4
Working age	12.4	7.9	16.7	11.6	2.7	11.2
Other	4.3	7.0	6.7	4.6	3.5	5.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: HCP – Employment Survey, 2008.

The structure of unemployment according to the length of time out of work (Figure 2) reveals that long-term unemployment is predominant. In addition, the prevalence of long-term unemployment is directly proportional to the level of educational attainment. In the unemployed group with higher-level degrees, more than 8 individuals in 10 have been out of work for at least a year. The figure is 52 percent for those without qualifications. Long-term unemployment is particularly high in urban centres, where one unemployed person in 4 has been out of work for at least 5 years, which is tantamount to *de facto* exclusion from the labour market.

**Figure 2. Long-term unemployment as a share of the total, by level of educational attainment**



Source: HCP – Employment Survey, 2008.

**Table 16. Structure of the unemployed population, by length of time out of work**

Urban		Gender	
Time out of work (months)	Male	Female	Overall
Less than 12	28.7	20.2	26.1
12 – 35	28.9	33.3	30.2
36 – 59	17.7	18.5	17.9
60 and more	24.7	28	25.7
Not stated	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>99.9</b>

Rural		Gender	
Time out of work (months)	Male	Female	Overall
Less than 12	50.6	34.9	48.3
12 – 35	26.2	28.5	26.6
36 – 59	12.8	17.6	13.5
60 and more	10.4	19	11.6
Not stated	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: HCP – Employment Survey, 2008.

### *Underemployment<sup>10</sup>*

Underemployment in terms of the number of hours worked is measured against a threshold of 48 hours per week. Underemployment is slightly higher in rural areas. Men are more affected than women, but the gender gap is far smaller in rural areas. Similarly, underemployment is most prevalent in amongst young people of either sex.

**Table 17. Underemployment by gender, age and area of residence (in % of employed population)**

Age (years) and residence area		Gender		
		Male	Female	Overall
Urban	15 – 24	13.30	10.60	12.70
	25 – 34	13.00	10.70	12.50
	35 – 44	9.20	7.80	8.90
	45 – 59	4.00	3.30	3.80
	60 and over	1.30	2.50	1.40
	<b>Overall</b>	<b>9.10</b>	<b>8.10</b>	<b>8.90</b>
Rural	15 – 24	19.20	3.50	14.50
	25 – 34	18.60	4.00	14.20
	35 – 44	13.40	3.30	9.90
	45 – 59	6.30	1.70	4.50
	60 and over	0.90	0.20	0.70
	<b>Overall</b>	<b>13.80</b>	<b>2.90</b>	<b>10.20</b>

Source: HCP – Employment Survey, 2008.

An examination of weekly hours worked allows us to measure the level of labour supply, taking account of underemployment and its counterpart (over-employment).

<sup>10</sup> This statistical group covers employed individuals for whom the desired supply of work, in terms of hours available, is limited because there are not enough employment opportunities.

Over-employment is not defined as a statistical category as such, but it can also be measured against a threshold of weekly hours worked set at 57 hours per week. This implies that work entailing at least 8 hours a day with no day off is considered over-employment. Table 18 shows that over-employment defined as such is far from unusual. In urban areas, 30 percent of men work more than 57 hours per week and almost 10 percent of women is over-employed. In the rural areas the 24 percent of men are overemployed vis à vis 2.5 percent of women.

The labour market is characterized by the coexistence of under- and over-employment measured in terms of hours worked. This, in general, is not reconcilable with conditions conducive to “decent work”.

**Table 18. Employed population, by gender, actual hours worked per week and area of residence**

Hours worked per week and residence area	Gender			
	Male	Female	Overall	
Urban	Less than 16	126 746	58 183	184 929
	16 – 31	174 038	144 063	318 101
	32 – 47	939 788	412 466	1 352 254
	48 – 56	1 549 331	322 063	1 871 394
	57 and over	1 196 841	102 566	1 299 407
	Not stated	7 137	874	8 011
	<b>Total</b>	<b>3 993 881</b>	<b>1 040 215</b>	<b>5 034 096</b>
Rural	Less than 16	198 346	201 733	400 079
	16 – 31	261 039	591 234	852 273
	32 – 47	981 543	789 426	1 770 969
	48 – 56	1 244 801	144 733	1 389 534
	57 and over	879 583	50 190	929 773
	Not stated	3 888		3 888
	<b>Total</b>	<b>3 569 200</b>	<b>1 777 316</b>	<b>5 346 516</b>

Source: HCP – Employment Survey, 2008.

## 2.3 Informal employment

Mapping the informal economy to ascertain its size, configuration and evolution is an extremely difficult and necessarily imprecise. The various approaches for defining informal employment are presented in section 4. For the current analysis, informal employment is defined as employment in which the worker is not a member of any social insurance scheme.

Data from the Employment Survey (Table 19) shows that in total, over 82 percent of jobs performed as a main occupation count as informal employment as defined above. The informal economy is even more prevalent in rural areas where it provides over 96.5 percent of all jobs. Virtually all female employment in rural areas is informal, and over 98 percent of all employed women have no social security.

**Table 19. Employed population, by gender, residence and participation in a social security scheme (%)**

Residence	Social Security	Males	Female	Overall
Urban	Members	28.7	41.7	31.4
	Not members	71.1	58	68.4
	Not stated	0.2	0.3	0.2
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
Rural	Members	4.7	1.1	3.5
	Not members	95.2	98.9	96.5
	Not stated	0.1	0	0.1
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

<b>National</b>	<b>Members</b>	17.3	16.1	17
	<b>Not members</b>	82.5	83.8	82.9
	<b>Not stated</b>	0.1	0.1	0.1
	<b>Total</b>	100	100	100

Source: HCP – Employment Survey, 2008.

## 2.4 Inactivity

Inactivity is an urban phenomenon affecting mostly women and youth. Table 20 reveals three main groups: i. students; ii. stay at home mothers; and iii. children.

The available data does not allow to distinguish between “voluntary” and “involuntary” inactivity amongst students and women at home. The decision to study (especially higher education) may be an enforced choice due to the lack of employment opportunities. Similarly, women’s withdrawal from the labour market may also be an enforced choice prompted by discouragement after being out of work for a long time.

**Table 20. Structure of the inactive population**

	<b>Urban</b>	<b>Rural</b>	<b>National</b>
<b>Women at home</b>	35.5	33.6	34.8
<b>Schoolchildren or students</b>	43.8	35.4	40.4
<b>Pensioners or retirees</b>	4.9	1.2	3.4
<b>Sick and disabled</b>	2.8	3	2.9
<b>Elderly</b>	3	4.2	3.5
<b>Children</b>	9.4	22.1	14.5
<b>Other inactive persons</b>	0.5	0.5	0.5
<b>Total</b>	100	100	100
<b>Inactive population as % of the total population</b>	66.8	58.6	63.2

Source: HCP – Employment Survey, 2008.

## 2.5 Educational trends

The educational level of the Moroccan population is low. Almost four Moroccans in 10 have less than primary education and the proportion of the population with higher education is no greater than 5 percent.

**Table 21. Total population, by area of residence and educational level**

<b>Educational level \ residence</b>	<b>Urban</b>	<b>Rural</b>	<b>National</b>
<b>None</b>	23.9	49	34.7
<b>Preschool</b>	3.8	1.1	2.7
<b>M'Sid, Koranic school</b>	1.8	4	2.8
<b>Primary (1<sup>st</sup> cycle)</b>	29.9	32.7	31.1
<b>Primary (2<sup>nd</sup> cycle)</b>	18.4	9	14.4
<b>Secondary</b>	13.8	2.8	9.1
<b>Higher</b>	7.7	0.6	4.7
<b>Other levels</b>	0.7	0.7	0.7
<b>Total</b>	100	100	100

Source: HCP – Employment Survey, 2008.

The poor level of general education is evidenced by the prevalence of basic illiteracy. The proportion of declared illiterates in the population aged 15 and over is 42

percent. The structure of illiteracy varies widely depending on area of residence and sex. Rural women are the most affected, with an illiteracy rate of over 70 percent, whilst urban men are the least affected, with an illiteracy rate of 23 percent.

**Table 22. Illiteracy in the population aged 15 and over, by gender and area of residence**

	Urban	Rural	National
<b>Male</b>	23.07	50.62	34.79
<b>Female</b>	37.67	72.70	52.17
<b>Overall</b>	30.41	61.45	42.98

Source: HCP – Employment Survey, 2008.

The breakdown of the active population aged 15 and over by the degree attained highlights the paucity of human capital available to the labour market. More than six active persons in 10 have no degree at all, while only 11.2 percent hold a high-level degree. For both men and women, levels of qualification are higher in the urban centres than in rural areas. Urban women, however, seem to have higher educational levels than men.

**Table 23. Active population aged 15 and over, by level of qualification, gender and residence**

Qualifications	Urban			Rural			National		
	M	F	Overall	M	F	Overall	M	F	Overall
<b>No degree</b>	48.3	37.3	45.9	81.0	94.5	85.3	62.9	69.9	64.8
<b>Intermediate</b>	34.9	29.9	33.8	17.4	4.9	13.4	27.1	15.6	24.0
<b>Higher</b>	16.8	32.8	20.3	1.7	0.6	1.3	10.0	14.5	11.2
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Survey of Illiteracy, School Non-Enrolment and Drop-Out Rates, 2006

Since independence Morocco has grappled with the twofold need to catch up with and constantly provide for an increased demand for education and training.

Morocco has made consistent efforts to develop its basic education system against a background of strong population growth. Access to year one of primary school is open to all and in 2006 primary school enrolment exceeded 85 percent. However, these quantitative improvements are jeopardised by qualitative inadequacies. The drop-out rate remains high: over 200 000 children drop out of school every year before the end of the primary cycle. For those who stay the quality of educational achievement is uncertain, a fact revealed by the poor performances of Moroccan pupils in national and international evaluations of educational achievement (IEA, 2008).

In adult education, progress on basic literacy is considerable but falls short of the goals of Education for All and of the national goals set by the National Education and Training Charter (CNEF). As with basic education, the quality and sustainability of educational achievement are a primary concern in adult literacy programmes (Bougroum, 2009).

## 2.6 Earnings and working conditions

Labour market participation measured by the number of hours worked per week is higher in the urban than rural areas (Table 24). Almost half of urban women work at least 48 hours. In rural areas only 10 percent of them do. The differential between urban and rural men again favours the urban dwellers, but it is far smaller (60 percent compared with 56 percent). In both areas of residence, men work longer hours than women, in all branches of activity. But the level of participation, by residence and gender, varies according to the branch of activity. The highest level of participation is

seen in men in industry, construction and public works, whilst the lowest level is seen in rural women working in agriculture.

**Table 24. Percentage of the active population working more than 48 hours per week, by area of residence, gender, and branch of activity**

	Hours worked per	Agriculture	Industry.	Services	Overall
Urban, male	48 – 56	32.4	52.7	32.2	38.8
	57 and over	29.3	22	33.6	29.6
Urban, female	48 – 56	29.2	46.4	23.2	30.9
	57 and over	6.6	6.8	11.7	9.8
Rural, male	48 – 56	34.3	51.9	26.9	35.5
	57 and over	17.5	22	35.7	21.4
Rural, female	48 – 56	6.1	22.7	28.9	7.6
	57 and over	1.8	4.6	16.1	2.4

Source: HCP – Employment Survey, 2008.

There is a small share of workers that have medical insurance (Table 25). Nationally, only 17 percent of the employed population has medical coverage and the figure varies greatly depending on area of residence and gender. The rate of coverage is 9 times higher in the urban centres (31.4 percent) than in the countryside (3.5 percent). In terms of medical coverage, women are at two extremes: while urban women have the highest share of medical coverage (41.7 percent), rural women have the least (only 1.1 percent).

**Table 25. Participation in a health insurance scheme, by residence and sex**

	Male	Female	Overall
Urban	28.7	41.7	31.4
Rural	4.7	1.1	3.5
National	17.3	16.1	17

Source: HCP – Employment Survey, 2008.

**Table 26. Structure of payroll employment, by type of contract, sector of employment and residence**

	Administration and local government	Public and semi-public companies	Private companies	Households	All sectors
<b>Urban</b>					
Fixed-term contract	5.1	6.8	4.4	0.1	4.5
Permanent contract	84.6	74.8	12.7	0.2	30.4
Verbal	1.8	2.4	2.4	0.8	2.2
No contract	8.4	15.4	79.9	98.9	62.3
Not stated	0.1	0.5	0.7	0	0.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Sector as proportion of payroll employment</i>	22.5	2.9	71.3	2.8	
<b>Rural</b>					
Fixed-term contract	3	7.5	1.6	0	1.7
Permanent contract	72.6	29.5	3.3	0	7.9
Verbal	2.6	0	1.2	0.9	1.4
No contract	21.4	63.1	93.6	99.1	88.7

<b>Not stated</b>	0.3	0	0.3	0	0.3
<b>Total</b>	100	100	100	100	100
<b>Sector as proportion of payroll employment</b>	6.5	0.4	90.4	0.8	
<b>National</b>					
<b>Fixed-term contract</b>	4.9	6.8	3.5	0.1	3.8
<b>Permanent contract</b>	83.4	72.7	9.7	0.2	24.4
<b>Verbal</b>	1.9	2.3	2	0.8	2
<b>No contract</b>	9.7	17.7	84.2	99	69.4
<b>Not stated</b>	0.1	0.5	0.5	0	0.5
<b>Total</b>	100	100	100	100	100
<b>Sector as proportion of payroll employment</b>	18.2	2.2	76.4	2.3	

Source: HCP – Employment Survey, 2008.

Table 26 above shows that payroll employment arises chiefly from two sectors, “administration and local government” (18.2 percent) and “private companies” (76.4 percent). These two sectors are diametrically opposed to one another in terms of the legal framework in which the employment relationship operates. In the private sector over 80 percent of these relationships operate outside a legal framework (no contract), but in the administration and local government sector the situation is quite different, with over 80 percent of employment relationships formalised by permanent contracts. Employment relationships without a contract are commoner in rural areas in both employment sectors. The structure of the administration and local government sector, by type of contract, shows that the supposedly structured employment sector includes an element of informal (undeclared) employment which ranges from nearly 10 percent in urban areas to over 23 percent in rural areas.

Data on employment earnings only gives a partial picture. First, a sizeable proportion of economic activity is performed as unpaid work (family helpers, apprentices). Second, payroll employment is only one part of paid labour. Lastly, figures for earnings are only reliable for the formal employment segment of the economy (declared employment). In this subsection, developments on earnings will be limited to the structured private sector on the basis of data collected by the National Social Security Fund (CNSS).

Earnings from employment are not adequately recorded by the system of employment statistics. The declared data collected every year by the national survey on “Activity, Employment and Unemployment” are not deemed reliable enough to be published and/or made available to researchers. The only information available on employment earnings is wages and salaries in (public- and private-sector) declared employment. Earnings from most public-sector jobs are fixed by the rules of a jobs classification devised mainly on the basis of level of qualifications and length of service. These rules leave little room for direct bargaining between employee and employer. In the private sector, however, apart from the statutory obligation to pay a minimum wage, there is in theory more room for bargaining between the employee and employer. In practice, however, this margin varies depending on how structured the company is, the employee's profile and the nature of the job in question. Generally speaking, in organised sectors such as banking and big business, collective labour agreements reduce this margin for bargaining, notably in the case of intermediate- or executive-level jobs. Similarly, the obligation to pay the statutory minimum wage is not always upheld in the private sector especially in the case of unskilled jobs held by uneducated workers.

**Table 27. Average monthly earnings (dirhams) of members of a social insurance scheme, by group of young workers and number of months worked per year**

Gender and age group (years)		Months worked per year				Total
		Less than 3	3 – 6	6 – 9	More than 9	
Male	15 – 19	1 203.47	1 507.18	1 563.29	1 934.77	1 449.89
	20 – 24	1 385.53	1 740.16	2 038.11	2 251.3	1 824.28
	25 and over	1 897.86	2 455.26	2 554.09	4 561.4	3 644.7
	<b>Total</b>	1 770.64	2 336.04	2 489.23	4 425.52	3 440.73
Female	15 – 19	872.64	1 818.21	1 349.58	1 633.66	1 339.68
	20 – 24	1 121.47	1 433.42	1 524.46	2 216	1 655.79
	25 and over	1 306.19	1 707.83	1 925.57	3 514.07	2 654.73
	<b>Total</b>	1 212.22	1 659.14	1 822.64	3 304.14	2 416.43
Overall	15 – 19	997.99	1 707.55	1 414.1	1 722.04	1 377.8
	20 – 24	1 280.91	1 611.33	1 780.48	2 234.11	1 749.01
	25 and over	1 715.8	2 227.61	2 350.49	4 282.69	3 362.53
	<b>Total</b>	1 577.26	2 109.18	2 251.37	4 103.76	3 119.62

Source: HCP – Employment Survey, 2008.

Table 27 above shows that average earnings in declared private-sector employment are proportional to age and length of service. From the figures in this Table it is clear that there are male-female disparities, with women receiving lower pay.

The existence of pay inequalities, disadvantaging women, is borne out by the findings of an econometric study conducted on personal data from the 1998-1999 national survey of household living standards (ENNVN) (see Box 1 for a presentation of the method used in this study).

#### **Box 1: Study of inequalities in pay, based on personal data**

The 1998/99 ENNVN covered a sample of 5 131 representative Moroccan households and a total of 30 227 individuals. The database used comprises all individuals in the sample who declared themselves to be active (exercising an economic activity or unemployed) for a total of 12 256 persons.

Each individual is described by three groups of variables:

- occupational variables describing their labour market status (position in terms of activity; earnings; status in occupation; main occupation; and sector of activity);
- personal sociodemographic variables (age, sex, area of residence, educational level);
- sociodemographic variables for the household (size of household, occupational status of head of household and spouse; structure of household by educational level; structure of household by activity).

The econometric analysis covers persons with earnings from work. The aim is to measure the effect of occupational, personal and household variables on earnings levels. The model is as follows:  $\log(w_i) = z_i' \gamma + \varepsilon$  where  $z_i$  represents a variety of personal characteristics (age, age squared, sex, residence, occupation, etc.) and  $\gamma$  is a set of parameters to be estimated.

The two tables which follow summarise the results of the estimated calculations:

**Table 28. Results for all sectors**

Name of variable	Coefficient	Significance
Constant	3.53	****
- Age	0.01	****
- Lives in town or city	0.07	****
- Is head of household	ref	
- Is spouse of head of household	-0.02	ns
- Is son of head of household	-0.01	ns
- female	-0.13	****
- male	ref	
- Is unmarried	-0.13	****
- Educational level: primary	0.06	****
- Educational level: none	ref	
- Educational level: secondary	0.20	****
- Educational level: higher	0.41	****
- Works in private sector, non-agricultural	0.09	****
- Works in private sector, agricultural	0.07	****
- Works in public sector	0.22	****
- Adjusted R-squared	0.35	

**Table 29. Results by sector**

Name of variable	Public sector		Private sector, non-agricultural		Private sector, agricultural	
	Coefficient	Significance	Coefficient	Significance	Coefficient	Significance
Constant	3.92	****	3.48	****	3.99	****
- Age	0.00	ns	0.01	ns	0.00	ns
- Lives in town or city	0.34	****	0.03	**	0.06	ns
- Is head of household	Ref		ref		Ref	
- Is spouse of head of household	0.04	ns	-0.02	ns	-0.17	****
- Is son of head of household	-0.09	****	0.01	ns	0.03	****
- female	-0.15	****	-0.12	****	-0.08	***
- male	ref		ref		ref	
- Is unmarried	-0.07	****	-0.13	****	-0.09	****
- Educational level: primary	0.09	****	0.07	****	0.08	**
- Educational level: none	ref		ref		0.03	ns
- Educational level: secondary	0.28	****	0.17	****	0.23	****
- Educational level: higher	0.45	****	0.38	****	Ref	
- Adjusted R-squared	0.25		0.21		0.13	

Source: author's estimates.

The results of our estimates are consistent with the realities routinely observed in the Moroccan labour market. All the variables move in the direction expected. All things being equal, the chances of earning a good salary are greater for workers who live in an urban centre, are a head of household, male, married, or have a higher educational degree.

The gender variable is statistically significant in determining earnings, for all sectors together and for each sector individually. The findings show that the fact of being a woman increases the likelihood of lower earnings. This negative effect is greater in the public sector than in the other sectors.

### 3. Current employment policy, programmes and labour market institutions

#### 3.1 Employment legislation

An examination of the legislation on labour relations in Morocco highlights the contrast between the public and private sectors. In the public sector, labour relations are governed by legal provisions based on the Civil Service Code. In the private sector, on the other hand, labour relations are governed by the provisions of the first Employment Code promulgated in 2003 (Law 65-99 of 11 September 2003). This Employment Code,<sup>11</sup> adopted after several years of discussion between the social partners, fulfils eight objectives:

1. To end the previous situation in which labour relations were governed by a variety of different texts;
2. Harmonise national legislation with the international standards established in international conventions ratified by Morocco (Minimum Age Convention, etc.);
3. Encourage investment by providing transparency for economic operators, particularly with regard to redundancy costs and conflict resolution procedures;
4. Put in place the mechanisms needed to develop collective agreement law resulting from collective bargaining at national level, in branches of activity and in undertakings;
5. Recognise and institutionalise trade union representation in undertakings;
6. Combat job insecurity by regulating temporary recruitment, whilst at the same time allowing employers flexibility with regard to working hours and changes to the workforce for economic reasons;
7. Improve working conditions through occupational medicine. Firms with more than 50 employees are required to organise occupational health services. The operating costs of the services are payable by the employer. The requirement to organise health services also applies to all firms whose operations might cause occupational disease, in which case the number of employees is immaterial;
8. Improve the balance between rights and obligations by creating the conditions for more worker participation in firms, which would promote and maintain social peace within the firm.

In the application of the legal provisions governing labour relations, there is a strong contrast between the public and the private sector. In the public sector, application of the legal provisions is the general rule, with a few “non-regulated” pockets,<sup>12</sup> for instance in the case of insecure jobs made available under National Promotion (*Promotion Nationale*) schemes.<sup>13</sup> In the private sector, on the other hand, arrangements are very diverse, ranging from full application of the provisions of the Employment Code (in large structured private sector firms) to institutionalised non-regulation in the case of jobs not covered by the provisions of the Employment Code (such as personal services, caretakers, etc.). The predominance of the informal economy creates the conditions for the extension of partially or totally non-regulated areas. By definition, these unregulated areas include informal jobs in “informal” production units.

<sup>11</sup> The term ‘Employment Code’ below refers to the Employment Code adopted in 2003.

<sup>12</sup> The term ‘non-regulated’ is borrowed from Catusse (2009) to describe situations in which the legal provisions governing labour relations are not applied or are only applied in part.

<sup>13</sup> Unskilled jobs created on public utility sites. This precarious employment, often without a contract, can last for an extensive period without establishing any rights (such as leave, health insurance, pension).

They also include partially regulated jobs in a large proportion of “formal” production units. The latter often have a selective/discretionary approach to the provisions of the Employment Code. This selective approach is illustrated by the very common practice in structured firms of only declaring part of their collective agreement.<sup>14</sup> It should be noted, finally, that private firms under contract to public authorities and establishments might fail to comply with the provisions of the Employment Code. That is the case, for instance, with cleaning and security firms.

Monitoring compliance with the provisions of the Employment Code is one of the responsibilities of the labour inspectorate. In fact, before the introduction of the Employment Code (2003) the labour inspectors were already mainly performing a monitoring role, carrying out on-site inspections at firms to check whether they were complying with the laws governing labour relations and to report any breaches. Whilst continuing to perform that monitoring role, under the 2003 Employment Code the inspectors are explicitly assigned a mediation role in labour disputes.

At the moment, the labour inspectorate is the only institutional body set up to ensure compliance with the provisions of the Employment Code. However, the actual scope of its activities must be qualified: The inspectorate does not have sufficient staff to meet the demands of the task. Labour inspectors are few in number (less than 500 for the whole country) and not all are assigned solely to monitoring. Its very limited human resources are also unevenly distributed across the country. The 2003 Employment Code has introduced new rules which are at odds with company practices and attitudes, such as the requirement for companies with more than 50 employees to set up an occupational health service. The implementation of these rules requires undertakings to mobilise resources and above all to change their attitudes. The practical problems with effective application of the system of sanctions considerably reduce its deterrent effect. The problems are caused either by shortcomings in the judicial system (lack of a special labour relations court) or the use of the social network by businesses to avoid checks at an early stage or nullify the effects of sanctions at a later stage. From the outset, the prevalence of the informal economy means that many businesses are outside the operating scope of the labour inspectors, who remain focused on firms in the formal economy.

The 2003 Employment Code raises the minimum working age from 12 to 15, bringing Morocco in line with the international Minimum Age Convention and the provisions of the National Education and Training Charter (CNEF). Nonetheless, this provision is far from effective on the ground. The persistent difficulties in extending compulsory schooling combine with household poverty to create the conditions for child labour to continue and even grow.

The Employment Code has also introduced provisions to protect young people, particularly in regard to working hours and access to dangerous occupations. Under the Code, 18 is the minimum age of eligibility for special derogations from statutory daily/weekly working hours or for jobs classified as a high health risk. However, there are no special protection rules for any other category of workers.

Apart from the labour inspectorate system, the Employment Code does not provide for any other system/mechanism for ensuring that working conditions meet national standards.

Discussions on the Employment Code focused on how recruitment and dismissal rules affected labour dynamics. The views of the social partners were very definite. The

<sup>14</sup> This practice is very common in the building and public works and textile sectors, for instance.

employers claimed that the strict rules in force at the time undermined the competitiveness of their businesses, hampered the development of formal employment and encouraged informal employment. In their opinion, the solution was to make the rules more flexible. Trade unions, instead, had a very different view. From their perspective, firms, in practice, enjoyed considerable flexibility in their recruitment and dismissal procedures. To make them more flexible, as the employers were asking, could lead to more job insecurity and unemployment. For the unions, the solution was to strengthen workers' rights. The Employment Code attempted to take account of both points of view, whilst giving priority to the first. Some regulations respond to the employers' desire for greater flexibility in recruitment and dismissal procedures. These include: i. legislation on severance pay, ii. the institutionalisation of redundancy due to economic reasons and rules related to temporary adjustments of the workforce as well as working hours, iii. and the institutionalisation of temporary employment (Box 2). Similarly, ensuring that workers are offered only one permanent contract instead of a succession is a response to the wish by the unions for greater job security. However, it is important to place the practical scope of this debate in perspective, in that it concerns only labour relations in structured private sector firms. These are only a minority compared with the scale of informal employment and public employment, which are not included in the debate.

The institutionalisation of temporary employment is one of the innovative features of the Employment Code, and means that the State no longer has a monopoly over job placement in the labour market. Temporary work is a form of flexibility. So far, however, the development of temporary work has been confined to the cities and as far as we know no research has been carried out to assess its scale and impact.

### Box 2: Flexibility in the Employment Code

- severance payments, previously decided arbitrarily by the courts, are now set by regulation at 1.5 months of wages per year of seniority. This transparency was called for by employers to ensure that the payments are no longer determined by random court decisions. These are a factor that might encourage quantitative flexibility.<sup>15</sup>

**Table 30. Redundancy payments (number of weeks paid)**

Years of seniority	Previous legislation	Current legislation
5	5	10
10	12.5	27
15	22.5	49

Source: Employment Code

-regulatory weekly working hours have been reduced from 48 to 44 (with no loss of wages for the employee). At the same time, the firm may spread the workload unevenly over the year, provided that the annual total is 2 288 hours. This annual management of the volume of work is one aspect of organisational flexibility. The total number of working hours annually may be spread across the year according to the requirements of the firm, on condition that normal working hours do not exceed 10 per day.

**Table 31. More flexible working hours**

Hours/activity	Annual working hours	Weekly working hours	Apportionment
Non-agricultural activity	2 288	44	Not more than 10 hours per day (unless statutory derogations)
Agricultural activity	2 496	Varies according to farming requirements	Decided by competent government department

Source: Employment Code

<sup>15</sup> This transparency on payments encourages flexibility in that it clarifies the rules for employers. They can be aware of the impact when taking redundancy decisions, without being at the mercy of discretionary decisions by the courts.

-A working day is restricted to 12 hours for establishments whose activities cannot be carried out within “normal working hours” (Art. 190). However, “derogations from normal working hours shall apply only to employees above the age of 18”.

- In periods of economic difficulty, undertakings may temporarily reduce their workforce by 50 percent for a period of two months and, with the agreement of staff representatives, for a period of four months.

- Firms in difficulties may seek authority for redundancies on economic grounds. Such applications are considered by the labour inspectorate and discussed in a provincial committee chaired by the Governor or *Wali*.

The Employment Code covers two types of temporary employment contract: i. temporary work and ii. fixed-term, which are used to a limited extent. Firms may recruit staff under a non-renewable fixed-term contract (up to six months). If the firm decides to keep the worker at the end of the fixed-term contract, it must change it to a permanent contract. Several of the managers interviewed felt that this provision of the Employment Code was a serious obstacle to quantitative flexibility (adjustment by size of workforce).

### 3.2. Wage policy

The extent to which the social partners are involved in wage determination depends on the employment sector. In the public sector, wages are determined according to the collectively agreed wage structure for civil service posts. Increases are negotiated between the government and the trade unions. In principle, this method of wage formation leaves no scope for individual wage adjustments. In the context of Morocco, the public sector is a benchmark, particularly with regard to wages and the various benefits associated with the work.

In the private sector, the wage formation arrangements vary according to how 'formal' the firm is and, to some extent, how skilled the job is. Generally speaking, the social partners are more involved in wage formation when the firm is structured and the job in question is skilled. Large structured firms, for instance, have pay scales based on collective bargaining between the social partners. In contrast to practice in the public sector, the pay scales in the structured private sector provide scope for individual negotiation between employers and workers, allowing wages to be adjusted according to the worker's profile. In the informal employment sector, wages are negotiated directly between employers and workers by reference to practice in the sector and/or the worker's profile. In this sector, there are no social partners (in the modern sense of the term, trade unions etc.) to play a role in wage formation. Finally, there are increasing numbers of hybrid arrangements in which the firm applies several collective labour agreements in the same place, under different regulatory frameworks.

In the private sector, wages are freely determined by direct agreement between the parties or by collective agreement, subject to the legal requirements concerning the statutory minimum wage (Article 345). The latter is determined on the basis of hourly pay for non-agricultural activities and on the basis of a day's work for agricultural activities. It is nevertheless important to note that, even in informal employment sectors where the labour market is competitive (such as Moukaf)<sup>16</sup> the freedom to set wages must be seen in the context of the informal rules in force and/or regulation by traditional institutions.

<sup>16</sup> Moukaf is a place where self-employed workers come to offer their services and labour and where employers (commercial or domestic) come to recruit. Contracts are verbal and entered into for a specific job with no long-term commitment. The wages are negotiated for each job.

It should, however, be noted that although the Employment Code has retained the distinction between the minimum guaranteed wage for non-agricultural activities (SMIG) and the minimum guaranteed agricultural wage, it has abolished the rule authorising payment of a fraction of the SMIG to workers according to age. The minimum wage levels are one of the main bases of the tripartite dialogue between representatives of employers, employees and the government.

**Table 32. Trends in minimum guaranteed wages for non-agricultural and agricultural activities (in dirhams)**

Effective date	Rate of increase	Industry, commerce, professions			Agriculture	
		Hourly	Daily	Monthly	Daily	Monthly
01/05/1981	20%	2.36	18.88	490.88	12.20	317.20
01/05/1982	15%	2.72	21.76	565.76	14.00	364.00
01/08/1983	20%	3.26	26.08	678.08	16.80	436.80
01/01/1985	10%	3.58	28.64	744.64	18.48	480.48
01/09/1985	10%	3.93	31.44	817.44	20.32	528.32
01/01/1988	10%	4.32	34.56	898.56	22.35	581.10
01/05/1989	10%	4.75	38.00	988.00	24.58	639.08
01/05/1990	10%	5.22	41.76	1085.76	27.03	702.78
01/01/1991	15%	6.00	48.00	1248.00	31.08	808.08
01/05/1992	10%	6.60	52.80	1372.80	34.18	888.68
01/07/1994	10%	7.26	58.08	1510.08	37.60	977.60
01/07/1996	10%	7.98	63.84	1659.84	41.36	1075.36
01/07/2000	10%	8.78	70.24	1826.24	45.50	1183.00
07/06/2004*	5%	9.22			47.77	
01/07/2004*	5%	9.66			50.00	
01/07/2008		10.14			52.50	
01/07/2009		10.64			55.12	

Source: Ministry of Employment

The Employment Code does not provide for any wage flexibility with regard to the statutory minimum wage. For some employers, the fact that there are no derogations from the application of the statutory minimum wage is a curb on wage flexibility. However, the numerous non-regulated areas are de facto derogations from the minimum wage requirement.

The debate on wage flexibility and more specifically the statutory minimum wage is part of the wider debate on the competitiveness of Moroccan businesses. In calling for flexibility, employers argue that the level of the statutory minimum wage is too high, which prevents national companies from holding their own against international competition. Many reasons lead us to believe that this argument has much of the rhetoric on comparative advantage tied to wage costs, but may not be convincing in the case of Morocco (Bougroum, 2005):

- The crux of the problem with the competitiveness of Moroccan firms is not the high level of the minimum guaranteed wage, but the low level of labour productivity. The way to make businesses more competitive would be to try to improve labour productivity through changes to working conditions, greater worker participation in the life of the firm, continued training, etc.<sup>17</sup> Furthermore, in today's social conditions it would be unthinkable to allow flexibility to reduce the statutory minimum wage when employees have, on average, six dependents and it is difficult to meet the needs of just two people with the purchasing power of the present wage. Also, reducing the minimum wage would have a negative impact on the

<sup>17</sup> See also: *Social protection as a productive factor*. GB.294/ESP/4. Geneva, November 2005; 294th session. [www.ilo.org/public/libdoc/ilo/GB/294/GB.294\\_ESP\\_4\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/GB/294/GB.294_ESP_4_engl.pdf).

development of an internal market based on effective domestic demand and on the actual productivity of workers.

- The focus on the statutory minimum wage diverts the debate away from a fundamental issue in the Moroccan labour market: wage disparity and the effect of high wages on company productivity. Although wage disparities are a recognised fact on the Moroccan labour market, they nonetheless receive very little attention in research.
- The argument put forward by employers suggests that a reduction in the statutory minimum wage is needed and will be enough to make businesses competitive. In fact, there are numerous examples in the Moroccan economy of businesses that do not pay the minimum wage and are far from competitive.
- Morocco's productive fabric is extremely varied, and businesses' level of vulnerability differs from one sector to another. Even within a sector, the conditions in businesses differ from one region to another. The general debate on competitiveness, in which wage differentials are only one aspect, would therefore be more comprehensive if this diversity were taken into account.

Article 346 states: "Any discrimination between the sexes in the wages paid for work of equal value shall be prohibited". However, although the principle behind this provision is generally accepted, it is likely to prove very difficult to implement. Wage distribution is very unequal (Table 33), but there is no system in place to correct or monitor the position.

**Table 33. Structure of wage gap as a percentage of men's wages**

	1993			1999		
	Total (%)	Explanation (%)	Discrimination (%)	Total (%)	Explanation (%)	Discrimination (%)
<b>Public</b>	8.9	-13.6	22.5	12.8	-8.8	21.6
<b>Exporters</b>	9.6	7.1	2.4	5.5	-2.6	8.1
<b>Other sectors</b>	28.9	-5.6	34.5	40.3	11.3	29.0
<b>Total</b>	23.4	-1.4	24.8	33.7	11.2	22.5

Source: Saad Belghazi – *Etude sur l'égalité salariale selon le genre dans le secteur privé marocain*, GTZ – Gender - Ministry of Social Protection, Rabat 2008

The wage gap has widened from 23.4 percent in 1993 to 33.7 percent in 1999, but the percentage of the wage gap attributable to discrimination has fallen (from 24.8 percent in 1993 to 22.5 percent in 1999). This disadvantage can also be ascribed to women's more limited access to education and the labour market. Women participating in the labour market have relatively less training than men. Moreover, women are largely represented in low qualified occupations.

### 3.3 Active labour market policies

The target population is divided into two main groups, skilled and unskilled workers. Skilled refers in this case to the level of initial training qualifications. Officially, all workers (male or female) with a general or vocational diploma/degree equivalent to the secondary school certificate (baccalaureate) or above are considered to be skilled. Hence government employment policy is based on the implicit assumption that workers with diplomas are all, by definition, skilled and, conversely, those without a degree are unskilled. Furthermore, the level of qualification is automatically determined by the highest educational degree attained. This dividing line has the advantage of being practical and easy to apply, but at the same time it is fundamentally limited in that it does not take into account professional experience or the consistency of the competencies of the diploma. In other words, the approach presents a simplistic and reductive view of qualification, which is seen solely in terms of formal training. This conceptual problem is apparent in official documents, in which the terms "skilled" and

“qualified” are used indiscriminately. Government employment policy varies in its concept, objective, content and implementing arrangements, depending on the category of workers it relates to. Below, we will explain the main characteristics of government action to help each of the two categories of workers targeted.

### *Active policies to help the “least qualified” workers*<sup>18</sup>

Government action on “least qualified workers” is part of the strategy to combat poverty and social exclusion. It is aimed essentially at workers living in poverty, most of whom are illiterate and has operated for a long time under the aegis of *Promotion Nationale*, an organisation run by the Ministry of the Interior which is responsible for organizing community work projects in both rural and urban areas. *Promotion Nationale* projects are aimed at improving the living conditions of rural populations, controlling the rural exodus and reducing regional disparities. The projects are grouped around three programmes: the infrastructure development programme, the development programme for the Saharan provinces and the local social action programme.

**Table 34. Volume of employment created and wages paid by *Promotion Nationale* 1997-2001**

Programme	Days of work	Wage bill in MAD million	Average wage	Permanent staff equivalent (250 days x 5 years)
<b>Communities</b>	8 244 418	367.7	44.6	6 596
<b>Urban infrastructure</b>	14 702 783	627.0	42.6	11 762
<b>Rural work projects</b>	6 368 488	284.3	44.6	5 095
<b>Saharan provinces</b>	14 062 955	618.0	43.9	11 250
<b>BAJ 1 (First Social Priorities Programme)</b>	3 626 211	155.9	43.0	2 901
<b>Southern provinces</b>	11 784 972	597.4	50.7	9 428
<b>Drought</b>	4 303 904	193.3	44.9	3 443
<b>Total projects</b>	28 361 558	1 251.5	44.1	22 689
<b>Casual jobs</b>	34 732 173	1 592.1	45.8	27 786
<b>Total</b>	63 093 731	2 843.6	45.1	50 475

Source: *Promotion Nationale*.

In the period between 2005 and 2007, *Promotion Nationale* expenditure rose from MAD 858.74 million in 2005 to MAD 871.46 million in 2006, then to MAD 990.24 million in 2007, an average annual increase of 7.6 percent.

Alleviating poverty has become one of the government’s priorities. The launch of the National Initiative for Human Development (INDH) in 2005 was a turning point in the policy to eradicate poverty and social vulnerability. In official documents the emphasis is on a holistic approach to alleviating poverty aimed at achieving human development objectives, through the spread of access to good-quality basic social services (housing, education, health, employment) over the long term. The INDH is intended to be not simply an action programme but also a framework facilitating both

<sup>18</sup> Workers without qualifications or with a qualification below the level of the secondary school leaving certificate. In official documents, these workers are called unskilled or unqualified workers without distinction.

the convergence and synergy between the various programmes and actors and the mobilisation of local and alternative resources.

The first phase of the INDH (2005-2010) was carried out under the aegis of the Ministry of the Interior. The MAD 10 billion for this phase was funded by the national budget (60 percent), local authorities (20 percent) and the technical and financial partners (20 percent). The programmes funded were targeted at 403 of the poorest rural communities and 264 urban and peri-urban districts in 13 towns. The rural communities concerned were selected on the basis of the poverty threshold (22 percent), while the urban and peri-urban districts selected were identified on the basis of their shortage of infrastructure and basic social services. Under the programmes it was possible to target a total of 3.8 million people in rural areas and 2.5 million in urban areas (Geurraoui, 2008). This first phase is currently being evaluated. However, it should already be noted that, in addition to its impact on social indicators, the INDH is having an indirect effect in that it is changing the mindset and practices of the actors involved. In that sense, it can be regarded as a real-life social laboratory in which the actors are required to adopt a new approach to development and governance. The INDH will have a long-term impact on the attitudes and behaviour of those involved.

### *Active policies to aid the “highly qualified” workers<sup>19</sup>*

The second strand of government action on employment relates to “qualified” or “skilled” work. It mainly targets the most qualified workers, i.e. those with an initial training qualification equivalent to at least the secondary school certificate. The aim is to combat unemployment amongst qualified workers by facilitating access to formal employment for first-time jobseekers and retraining and job mobility for experienced workers.

Government action to help qualified workers is fairly recent. It started in the late 1980s in response to the rise and persistence of unemployment amongst university graduates. The structural adjustment programme (SAP) that was put in place in the 1980s was a trigger for this new phenomenon, which brought to light the break in the organic relationship between the public training system and the public employment sector. In the situation prior to the structural adjustment programme, the State was both the main trainer and the main employer for qualified workers. This dual role made pointless any employment policy targeting this group.

As the population increased, supply grew steadily with the development of the university system, the introduction of a vocational training scheme and the increased availability of private education. As a direct consequence of the SAP, the government instituted a process to reorganise the demand for skilled labour, at the end of which the private sector would take over the traditional role of the public sector as the main job provider for qualified workers. The reorganisation proved more difficult in that private sector demand, both quantitative and qualitative, was not capable of absorbing the increasing flows of qualified workers, more particularly those with public education qualifications (vocational and higher).

This new configuration of the training and employment relationship in the “qualified/skilled” sector led to a rapid and steady decline in the position on the labour market of those with public education qualifications, forcing the government to

<sup>19</sup> Workers with an initial training qualification equivalent to at least the secondary school leaving certificate. In official documents, these workers are called skilled or qualified workers without distinction.

introduce an employment policy aimed at managing the transition from school to employment.

The government extended its action in this field to take account of the changes in its perception of unemployment amongst qualified workers and to build on past experience. Active employment policy for “qualified/skilled” workers is now focused on four main areas:

**Job placement:** This began in the early 1990s with the establishment of Regional Employment Information and Guidance Centres (CIOPE) in Morocco's main cities. This first administrative job placement structure was replaced in 1997 by the National Agency for Employment and Skills Development (ANAPEC), which operates independently and provides more extensive national coverage. The job placement role of this public body is to: i. manage voluntary registrations by jobseekers; ii. canvass businesses to find out what jobs are available; iii. note job offers advertised externally (e.g. in the press); iv. organise the circulation of information to jobseekers; v. help to respond to requests from businesses by seeking to optimise the match between the jobseekers' profile and the jobs offered by the business.

**Help with integration into skilled paid employment:** programmes aimed at encouraging demand from businesses for skilled labour, particularly qualified young people seeking their first job. The programmes are based on incentives in the form of reduced taxation by taking over part of the employment cost (e.g. social security contributions) and/or contract flexibility (possibility for the firm to terminate the contract without obligation). The wide range of programmes put in place reflects the need to target specific categories of qualified young people, mainly according to the level of qualification, the age of the applicant, the length of time they have been unemployed, the location of the company (less-favoured areas) and the type of work (meeting social needs).

**Dynamisation of self-employment:** schemes to encourage qualified young people to become self-employed by setting up their own businesses in the formal sector.

**Training leading to a diploma:** the aim here is to make qualified workers more employable, whether they are entering the labour market for the first time or are retraining, by offering them the chance to do training courses leading to a qualification.

Government action on skilled workers has been divided into three phases:

Phase 1 (1993-1997): government strategy was determined by reference to earlier work by the National Council for Youth and the Future (CNJA).

Phase 2 (1998-2005): government strategy was determined by reference to the work at the first national employment conference, held in Marrakesh in 1998.

Phase 3 (from 2005): government strategy was determined by reference to the work at the second national employment conference in 2005, on the subject of employment initiatives.

The current government strategy on employment policy to help qualified workers, as defined at the second national employment conference on the subject of employment initiatives, is based on the following two pillars:

- an economic policy creating prosperity and job opportunities by setting up large-scale development and modernisation projects designed to build a sound, strong and competitive economy.
- an active, proactive and concerted employment development policy, providing for the integration of 200 000 people by 2008 through:
  - support for self-employment through the creation of small businesses under the Moukawalati scheme;
  - development of paid employment under the two flagship programmes IDMAJ (help in finding first job) and Taahil (training leading to a qualification);

- better governance of the labour market in order to develop the structures and instruments for regulating the market through a State progress contract (ANAPEC).

The public job placement authority, ANAPEC, is responsible for implementing the active employment programmes. The table below gives an overview of the three flagship programmes in the system for developing the employment of qualified workers, introduced after the second national employment conference in 2005.

**Table 35. Employment development system resulting from the 2005 employment conference**

Measure	Target	Type of contract	Conditions	Duration	Cost	Expected results	Previous programmes	Start date
<b>IDMAJ: first-time recruitment contract (CPE) – Job subsidy</b>	Young graduates from universities and vocational training courses and baccalaureate holders	Short-term contract (fixed term) 4 types of contract according to wage level	2 contracts: 6 months' ANAPEC registration and 2 contracts with no ANAPEC registration	18 to 24 months + 12 months income tax exemption if recruited	MAD 210	65 000 contracts by end of 2008	- 1997 Action on Employment (4 years) - 2001 Employment integration contract (4 years), replaced by IDMAJ	July 2006
<b>Taehil: additional training - Contract training in response to recruitment needs - Training leading to qualification or retraining for qualified workers having difficulty in finding jobs</b>	Young graduates from universities and vocational training courses and baccalaureate holders	Training contract	ANAPEC registration	Maximum period 1 year	MAD 500	50 000 contracts by end of 2008	Qualification training programme	Training under contract: July 2006  Training leading to qualification: end 2006
<b>Moukawalati (business plan for less than MAD 250 000 per entrepreneur)</b>	Young graduates from universities and vocational training courses and baccalaureate holders (aged 20 to 45)	ANAPEC support in defining plan and obtaining financing from banks	MAD 15 000 subsidy Central Guarantee Fund credit guarantee for banks		MAD 750	30 000 new businesses  90 000 extra jobs	-Young promoter's credit -Self-employment scheme -Guarantee fund for young entrepreneurs	May 2006

Source: World Bank, *Morocco: Skills development and social protection within an integrated strategy for employment creation*, unpublished draft 2008

### **IDMAJ programme (or first-time recruitment contract):**

The purpose of this programme is to make businesses more competitive and improve their human resources and to develop the skills of young qualified staff by giving them first time in-house professional experience. The programme encourages businesses to recruit jobseekers by giving them tax and social security exemptions up to a monthly training allowance of MAD 6 000, for a 24-month contract period, renewable once if they are recruited permanently.

The target set for the programme under the 2006-2008 progress contract was to integrate 105,000 jobseekers, 46,000 of them in 2008. By the end of December 2008, 120,076 beneficiaries had been integrated under the programme, including 47,036 in 2008, thus exceeding the forecasts by over 15 percent.

**Table 36. Trend in beneficiaries of IDMAJ programme per type of contract**

Type of contract	2006	2007	2008*	Total
Integration contract	17 098	22 490	27 655	67 243
Permanent contract	3 617	3 213	3 977	10 807
Fixed-term contract	12 166	14 458	15 403	42 027
<b>Total</b>	<b>32 880</b>	<b>40 160</b>	<b>47 036</b>	<b>120 076</b>

Source: ANAPEC

In view of the success of the programme in quantitative terms, the government revised the integration targets upwards for the period 2009 to 2012. The new progress contract between the government and ANAPEC provides for the integration of 230,000 jobseekers between 2009 and 2012. Under this contract, the integration targets for 2009 will be nearly 15 percent higher than in 2008.

There is no denying that the programme has been quantitatively successful, but is also important to point out that it has already led to stable integration (permanent contract) for nearly 10 percent of beneficiaries.

### **Taehil “qualification” programme**

This programme, started in 2006, has two components. The first relates to flexible training introduced by ANAPEC under agreements with investors (contract training). The second relates to training leading to a qualification, introduced under agreements in anticipation of potential recruitment needs in industrial areas.

The purpose of contract training for employment is to meet specific recruitment needs indicated by employers, whilst enabling:

- jobseekers to improve their employability by acquiring the necessary skills for a specific job;
- employers to recruit for jobs for which they have had difficulty in finding applicants with the right skills;
- training providers to be aware of employment market requirements in order to gear their programmes and teaching more closely to them.

The aim of contract training or retraining is to improve the employability of jobseekers through conversion training in areas with strong job creation potential.

The task assigned to the programme for 2006-2008 was to improve the employability of 50,000 jobseekers. At the end of 2008, 11,129 jobseekers benefited from contract training for employment, including 3,200 in 2008, and 12,944 opportunities were identified for training leading to a qualification, chiefly in “offshoring”, tourism, and the hotel and catering trade. The rate of integration into businesses was over 75 percent. The beneficiaries are qualified unemployed young people registered with ANAPEC. Nearly half (48 percent) are university graduates, the group that experiences most difficulty in entering the job market. Also, in order to exploit the hidden potential of various regions of Morocco, surveys have been carried out in the Tanger-Tétouan, Rabat-Salé-Zemmour-Zaer and Marakech-Tensift-El Haouz regions to identify the recruitment needs of businesses. Surveys are also under way in the Grand Casablanca, Souss-Massa-Daraâ and Chaouia-Ouardigha regions. Surveys in the other regions are planned for 2009. Finally, it should be mentioned that, under the progress contract between the government and ANAPEC for the period 2009-2012, the target set is to improve the employability of 100,000 jobseekers.

**Table 37. Taehil programme outcomes for contract employment training in 2007 and the first half of 2008**

Year	Actions taken or in progress	Number of beneficiaries	Planned actions	Number of beneficiaries
2007	439	6 292	0	0
2008	28	1 819	24	1 336
<b>Total</b>	<b>467</b>	<b>8 111</b>	<b>24</b>	<b>1 336</b>

Source: [www.emploi.gov.ma](http://www.emploi.gov.ma)

### **Moukawalati programme**

This programme is the first integrated support scheme for small business creation in consultation with the various economic and social actors. It offers substantial incentives, consisting of:

- facilities for granting bank loans on preferential terms for projects up to MAD 250,000,
- pre- and post-creation assistance and support mechanisms for entrepreneurs in the form of specialist consultancy services, for which the government pays up to MAD 10,000,
- interest-free advances of up to 10 percent of the investment, up to a limit of MAD 15,000, repayable over six years, with three years' grace.

At the end of December 2008, 7,125 applicants had been definitively accepted for the programme, 3,788 projects had been lodged with banks, 1,596 of these had a financing agreement, 1,274 had been financed, and 1,005 businesses had been set up, providing over 4,712 jobs.

It should also be noted that the programme provisions have been included in the progress contract between the government and ANAPEC for the period 2009-2012, with certain adjustments, in particular greater flexibility in how the advance is granted and actual implementation of the system for the exchange of information between the banks and the Central Guarantee Fund, as well as the production and publication of a special guide explaining the various stages and procedures involved in the programme. The programme is also opened up to unqualified workers to enable a large number of entrepreneurs to set up businesses.

As regards the target group, the three current programmes (IDMAJ, Taahil and Moukawalati) are designed to target skilled workers. The only targeting variable applied, therefore, is the qualification. The programmes do not make special provision for any sub-categories of qualified workers (the disabled, women, the long-term unemployed).<sup>20</sup> However, it is important to note that the Moukawalati programme, which aims to encourage self-employment through the creation of micro-businesses, has been opened up to non-qualified entrepreneurs. So in contrast to the previous generation of active labour market policy (ALMP) measures (1997-2005), the present generation is based on a very wide target group and the only variable is the qualification, which has itself ultimately been called into question in the Moukawalati programme.

<sup>20</sup> The previous generation of active labour market policy measures, implemented in the period 1998-2005, provided for targeting within the qualified workers group. Special measures/treatment were put in place/planned for the long-term unemployed, the disabled, etc. These measures also used age as a targeting variable in addition to qualifications.

The structural changes in the training/employment relationship in the “skilled/qualified” sector described above make management of the transition from education to employment a constant challenge. Furthermore, the fact that unemployment among qualified workers is such a politically sensitive issue makes it less likely that the government would resort to budget arbitration that would hinder the development of ALMP measures.

Lack of evaluation is the weakness in government employment policy (as in government social policy), as none of the current ALMP programmes have yet been evaluated. However, the following 3 general observations can be made on the basis of a critical assessment of past experience:

- Evaluation generally takes place only after the programme has ended. It is not built into the programme design. It thus becomes difficult to conduct formative evaluations (whilst the programme is being implemented). This external and ex-post concept of evaluation means that relevant data needed for evaluation cannot be obtained while the programme is still running;
- Programmes are implemented immediately on a large scale, without any pilot schemes, and a great deal of importance is attached to quantitative objectives (such as the number of integration contracts), at the expense of qualitative objectives (sustainability and conditions of integration);
- More attention is paid to political considerations than to actual implementing capacity when setting quantitative targets. Targets set for political reasons are usually more ambitious than can actually be implemented. The public body responsible for implementing the programme thus tends to focus on “notching up figures” in order to achieve these politically-motivated targets. Consequently, all resources tend to be concentrated on action and outcomes, at the expense of other equally crucial tasks such as monitoring, control and evaluation.

When evaluations have been carried out, their results are not widely circulated to add to the public debate on employment. Thus, evaluations only have a limited impact on government action and public debate.

Based on the evaluation of the “Action for Employment” programme started in 1998 (Bougroum, Ibourk, 2003). There is a good chance that the implementation of active labour market policy measures will have a “creaming off” effect, with the measures primarily benefiting people who are highly employable. Those who are not highly employable and have most need of the measures are actually excluded, which worsens their situation and takes them even further into the vicious circle of job and social exclusion. Furthermore, active labour market policy measures as they are currently designed and implemented have little relevance for people who are excluded from the labour market. They have often been unemployed for a long period and are cut off from the world of employment. Also, there is a risk of opportunistic behaviour by some actors, resulting in abuse of the programme to serve private interests. The actors, who are very interconnected through their social network, can form a coalition of interests to divert the aims of the programme for their own benefit. Fictitious businesses and training courses came to light in the evaluation of the Action for Employment programme. Finally, lack of relevant data and the problems of obtaining such data make it difficult to carry out an evaluation.

In order to benefit from the ALMP programmes, it is necessary to register with the employment services. Registration is based on statements by young people applying as jobseekers. The employment services have no way of confirming the truth of their statements or of monitoring any changes in their employment situations. Once they are registered, the young people do not provide any information on their subsequent employment record. The jobseekers database is made up of qualified young people who have stated at the time of registration that they are unemployed. Many manage to find

work through other sources (open selection processes, social networks, etc.) without the employment services being notified, making it impossible for them to keep the jobseekers database up-to-date.

### **3.4 Passive labour market policy measures**

Passive labour market measures are virtually non-existent at present. However, social protection measures such as the sick pay scheme can be considered analogous to passive labour market measures. The National Social Security Fund (CNSS) runs a sick leave insurance scheme for workers in private firms affiliated to it. Under the scheme, insured workers are paid daily allowances (providing they have paid 54 days' contributions in the ten calendar months of registration preceding the date on which they stopped work), and for up to 52 weeks in the 24 months following the date when they become unfit for work they can be paid two-thirds of their average wage (with a ceiling) in the last three months before they stopped work. Civil servants are considered still to be working during periods of sick leave.<sup>21</sup> For other workers, there is no income protection if they fall ill.

As regards a proper unemployment insurance scheme, the government, in cooperation with the social partners, is considering introducing a benefit for loss of employment on economic grounds. Payments will be financed from contributions payable on the wage bill declared to the CNSS. A dialogue is under way on whether the government should cover part of the payments.

Passive labour market measures are likely to become more important with the probable revision of the main social policy measures currently in force in Morocco. Many of these measures are aimed at meeting the basic needs of people with no or limited resources. A large proportion of the funding earmarked for social protection measures is currently used to subsidise the cost of food products and gas, but the government is planning to change over to cash transfers to offset the low income of some households. The first attempt at this is what is known as the Tayssir programme of conditional transfers to families with dependent children of school age, which are paid on condition that the family keeps the children in school. The introduction of an unemployment insurance scheme designed to facilitate transition from one job to another when workers lose their jobs due to economic restructuring is logically possible, since the government does not consider price subsidies to be of real benefit to poor households or justified from a social point of view. The problem in changing over to such a system is the risk of a disconnection between the resources allocated to unemployment insurance and the actual claims for funds, given that over four-fifths of workers are not registered for social security.

### **3.5 Access and equity**

In its present configuration, the functioning of the “skilled workers” sector of the labour market suggests that ALMP measures need to be put in place. There is no doubt that these measures contribute to improve access to the labour market and equity within it. This positive effect would undoubtedly be beneficial, since ANAPEC, as the public body responsible for implementing the measures, attracts those who have completed public higher education courses and vocational training. The latter rarely come from

<sup>21</sup> Article 38 of the Dahir laying down Law No 1-58-008 of 4 chaâbane 1377 (24 February 1958) establishing general staff regulations for the civil service.

privileged backgrounds. However, these undoubted benefits have to be seen in the context of the following facts:

- The geographical scope of the measures is still restricted, since ANAPEC offices do not cover the whole country.
- The “creaming off” effect of the way certain measures are implemented means that it is mainly highly employable unemployed workers who benefit. As explained above, a large proportion of the people targeted by the measures are excluded from the job market. Action to help this group calls for different measures, designed to provide personal support with a strong social dimension.
- The scope of the positive impact is limited by ANAPEC’s relatively minor role in the job placement field. Table 38 below shows that the proportion of the total unemployed population that uses specialist job placement agencies to find work varies from 0.9 percent for men in rural areas to 4.8 percent for women in urban areas. The table shows the vital importance of the first two channels for finding work, “relatives, friends or acquaintances” and “direct contacts with employers”. Those two channels are directly related (in the first case) and indirectly (in the second case) to the social capital of the individual. In the context of the labour market, individuals who do not have extensive social capital are thus at a disadvantage in finding employment. In view of the marginal role played by the specialist job placement agencies, it is reasonable to ask whether the positive impact of ALMP measures on access and equity can offset the inequalities created by social capital.

**Table 38. Breakdown of unemployed population by method of seeking work, residence and sex**

Residence \ Gender Method of seeking work	Urban		Rural	
	Male	Female	Male	Female
Direct contacts with employers	42.8	32.5	50.1	21.7
Relatives, friends or acquaintances	41.6	33.2	41.1	55.6
Competitions	5.4	14.8	3.4	8.6
Specialist job placement agencies	1.7	4.8	0.9	1.5
Replies to advertisements	5.6	12.9	2.4	7
Moukaf	1.6	0.4	1.2	0.6
Other	1	0.9	0.8	1.7
Not stated	0.3	0.5	0.1	3.5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: HCP-ENAE, 2008

More fundamentally, the fact that virtually all the unemployed workers registered with ANAPEC come from the generalist paths of initial public higher education and vocational education suggests that inequalities of access and equity originate at an earlier stage than the labour market, in the education system itself. Inequalities of access to the education system and equity within that system predetermine inequalities of access and equity in the labour market. Here again, it is reasonable to ask whether ALMP measures can offset the structural inequalities created in the education system.

### 3.6 Social dialogue

One of the strong points of social dialogue has been the change in the attitudes towards social dialogue. The change first became apparent in government pronouncements from the beginning of the 1990s. Since then, the government began to focus on the importance of social dialogue between social partners, stressing the need to

ensure social peace in order to achieve the aim of economic growth and, indirectly, the aim of improving the state of the labour market. The change in the government's attitude steered the debate on the Employment Code towards a compromise paving the way for its adoption in 2003. The change was also reflected in the establishment in 1994 of the National Council for Monitoring Social Dialogue and in political engagement from the top levels of government, as announced in the King's speech in 1995. This political engagement gave social dialogue a fresh dynamic, establishing the principle of regular meetings between social partners. This resulted in tripartite agreements between the government, employers and trade unions, the most important of which were the 1996, 2000, 2003 and 2008 agreements.

Similarly, the provisions of the Employment Code on the institutionalisation of trade union representation in businesses with more than 10 employees reinforce the dynamic of social dialogue by extending its scope to these firms.

However, despite these positive aspects, the scope of social dialogue needs to be seen in the context of at least three factors:

- “Balkanisation” of trade unions. With 27 official unions at national level, most of them linked organically to political parties, there is a possibility that political considerations might override the trade union impartiality that is needed for social dialogue to succeed.
- Lack of representativeness of social partners. The social partners involved in social dialogue represent only part of the actual national labour market. Employers are represented by the Moroccan Employers' Confederation (CGEM), which only represents the most structured firms, whereas the productive fabric is largely made up of small and medium-sized enterprises often operating wholly or partly in the informal sector. Similarly, workers are represented by the unions that are most representative in terms of their weight in elections to the trade associations,<sup>22</sup> yet these only operate in the public sector and the structured private sector. Trade unions have no influence in the informal labour sector. As it is currently organised, social dialogue between institutional partners in the labour market offers no channel of communication with the informal sector.
- Contrast between the attitudes of central and local actors. The new official line emphasising the need for social dialogue may be viewed differently by the actors depending on the level at which they are involved. Although it is easy for the social partners to adopt this perspective the central level, that is not the case locally, where the actors still retain a conflicting approach. Local actors, both employers and trade unions, are far removed from the consensus voiced by their central leaders.

Morocco is still at the stage of building institutions for the functioning of the labour market. As far as social dialogue is concerned, alongside the National Advisory Council for Monitoring Social Dialogue, the 1996 agreement between the social partners led to the establishment of the “National Commission for Monitoring Social Dialogue” at national level, together with provincial and local committees. The role of the latter is to study and deal with local and provincial labour disputes. Similarly, as far as employment policy is concerned, the government has set up both national and provincial Employment Development Boards as forums for consultation and coordination between all the actors involved in employment policy. However, although these dialogue, consultation and coordination bodies indicate a real awareness on the part of the government, very little information is available on what they actually do.

<sup>22</sup> The representativeness threshold is set at 6% of national votes and 35% of sectoral votes (in the most recent trade association elections).

In the context of the labour market, trade unionism is characterised by the following:

- The “balkanisation” and politicisation of the trade unions (see above)
- Whether or not there are trade unions and whether they have any real impact on the operation of the labour market depends on the employment sector. There is a considerable difference between the public sector, where the unions are influential, and the informal sector, where they are non-existent. The importance of the trade unions varies depending on how structured a firm is and on its size. In some parts of the public sector, the large number of trade unions and the predominance of “corporatist” attitudes result in ‘overkill’, which merely encourages inefficiency.
- Although many in number, trade unions have only a very relative and partial influence over workers in the structured sector, as can be seen from the support for “non-members” in trade association elections. In the most recent elections, representatives who were independent (not members of a trade union) won nearly 50 percent of the votes. The first trade union was far behind, with only 14 percent.

The majority of trade unions have special youth and women’s organisations, but in practice that is not reflected in their leadership bodies, most of whose members are elderly and male. Most trade unions have a “corporatist” agenda, focusing almost exclusively on protecting the interests of their members. Since they pay no attention to the interests of labour market outsiders, the latter have had to organise themselves outside the framework of the existing unions. That is the case, for instance, with qualified unemployed workers, who have set up ad hoc associations to assert their right to access to employment. The trade unions have tried to support and take over this highly successful movement.

#### **4. Implementation by the employment services**

The challenges faced by the government’s employment measures have much more to do with strategy and implementation capacity than with financing. The challenges vary according to whether the measures are to help the ‘most qualified’ workers or the ‘least qualified’.

- The growing gap between the relatively limited absorption capacity of the structured private sector and the size of the population targeted by the ALMP programmes. The size of this gap makes it urgently necessary to open up the ALMP programmes to the informal employment sector and particularly its upper segment. In order to do so, the reference model on which the current programmes are based (integration into formal employment) needs to be reviewed. Likewise, the ALMP programmes should also be diversified to take account of the heterogeneous nature of the unemployed population with qualifications. Special attention should be given to devising special programmes for the long-term unemployed taking account of their need for qualitative support with a high social content;
- Repeated errors by the public job placement operator (ANAPEC) in the past have seriously undermined its credibility among unemployed workers with qualifications. Two specific points should be highlighted here: i. the lack of rigour in implementing the ‘Action on Employment’ programme (1998-2001) because of the priority given to the ‘quantitative’ approach and the marginalisation of monitoring; ii. the disastrous consequences of the ‘Ennajate’ operation, sponsored by ANAPEC. The operation, launched by a foreign company and presented as a major programme to employ over 30,000 young people with qualifications in the cruise tourism sector, turned out to be a fraudulent scheme, but no one was prosecuted for it. ANAPEC needs to ensure that its current programmes are successful if it is to have any hope of regaining the trust of young qualified people. However, restoring its credibility is likely to take a number of years;

- ANAPEC is responsible for implementing the ALMP programmes, yet the national ‘Activity, Employment and Unemployment’ survey shows that ANAPEC still plays a marginal role. Less than 5 percent of the unemployed active population uses ANAPEC as the main resource for job searching. The active employment policy programmes would have greater scope in practice if ANAPEC managed to strengthen its position as a job placement service in relation to other alternative methods and particularly ‘social networking’. The government therefore needs to introduce a strategy for extending the scope of ANAPEC’s activities both geographically and in terms of the population groups and companies targeted. Such a strategy will inevitably require considerable investment if it is to ensure that ANAPEC has the necessary human resources and logistics.
- The many different public institutions involved in implementing government employment policy and the fact that they operate on different levels (central, regional and local) make both coordination and synergy vitally important. It is far from easy to achieve this given the predominance of sectoral approaches and the top-down strategy in implementing programmes. For example, the Employment and Vocational Training Ministry may have as many as 5 local representatives, each of whom works on implementing the policy of the particular department to which he belongs without any requirement to coordinate activities locally. There is also a problem of coordination even at central level, as we can see from the tensions that often characterise relations between the Vocational Training and Employment Promotion Office (OFPPT) and the ministry in charge of it (Bougroum, 2005)

Government measures to promote employment for the ‘least qualified’ workers, on the other hand, tend to form part of the policy to alleviate poverty and social vulnerability. The launch of the National Initiative for Human Development Support (INDH) in 2005 marked a complete break from the ideas and practices that had predominated since independence. This government programme, in its present form, is thus relatively recent. There are a whole range of government departments and bodies involved in the development and implementation of the INDH, although the public employment services under the Ministry of Employment are conspicuous by their absence. The challenges which the employment aspects of government measures to help the ‘least qualified’ workers face include:

- Ensuring that they have a lasting and effective impact on the target population. Given that they are relatively recent, these government measures are still at a stage where the announcement effect and the considerable political support they have received could be having a decisive influence on achievements. It is still too early to assess how lasting and effective the outcome will be.
- The wide range of actors involved in the INDH and the different levels at which they operate make coordination and convergence a serious problem. If this issue is not addressed properly, there is every danger that the resulting inertia would considerably reduce the chances of achieving the targets;
- The implementation of the INDH is heavily reliant on a participatory approach, which is in itself an innovative and very positive element, since such an approach is vital if the process of ownership needed for the INDH to have lasting success is to work. However, in the context of Morocco, some of the actors involved, such as MPs and local councillors, civil society associations and the beneficiaries themselves, urgently need a greater ability to develop the skills and tools required to take ownership of the INDH and help make it a lasting success. The Achilles’ heel of government measures to help the ‘least qualified’ workers is that they rely heavily on key actors who are weak in the sense that they do not have the minimum skills needed to make their involvement active and beneficial;
- The scale of the social deficit which the INDH aims to overcome requires a long-term approach with sustained political commitment. This long term perspective also requires a change of attitude from the State’s administrative apparatus, from a bureaucratic and purely administrative approach to genuine involvement in

implementation. Civil servants, starting with officials at the central, regional and local level, need to show professionalism and greater personal commitment. This will require the State to improve its own skills, which it has not yet tried to do consistently and systematically.

By allowing temporary employment agencies to operate from the late 1990s, the government effectively ended the public employment services' monopoly of job placement. The Employment Code adopted in 2003 confirmed this trend. However, the temping agencies' national coverage is still very patchy and they are currently only found in the country's main towns and cities. The same goes for human resources consultancies, which also tend to focus on the most highly skilled sections of the labour force. Apart from monitoring whether these private operators comply with the relevant legislation, the public employment services have no particular involvement with their private counterparts.

Current ALMPs generically target workers with qualifications, whether these are seeking their first job or being redeployed/occupationally mobile. There are no special arrangements either for a particular category of qualified unemployed workers or for a given geographical area. However, the public employment services' development strategy is to increase their geographical coverage by more closely linking the network of local ANAPEC branches in the cities and towns.

## **5. Employment situation in the informal economy**

### **5.1 The informal economy: definition and size**

It is difficult to measure the size of the informal economy. The problem resides in finding a definition that draws a line between formal and informal activities because of the many different forms which the latter takes. Therefore, it is essential to define what the informal economy comprises in the Moroccan context.

#### *Definitions of informal employment*

The first identifying feature is the distinction between the informal economy associated with illegal activities, in other words activities prohibited by law such as drugs or arms trafficking, illegal immigration and prostitution, and the informal economy associated with activities which, though legal, are conducted in conditions which do not meet one or more requirements of the relevant legislation. It is clear from everyday occurrences that some illegal activities are flourishing (e.g. illegal immigration, drug trafficking, etc.), potentially generating sizeable flows in terms of both turnover and jobs. However, very few studies have been made of the informal economy associated with these activities since they are by definition outside the statistical radar. The developments described below concern the informal economy associated with legal activities which are carried out in ways which breach one or more legal requirements. The emphasis here will be solely on the employment aspects.

Informal employment associated with legal activities covers a multitude of different situations (AMGE-Caravene, 2008). In Morocco, informal employment includes the following scenarios:

- A main occupation performed in a firm operating entirely in the informal sector, with variations depending on occupational status (payroll employee, self-employed, apprentice or family helper). Typical cases would be an employee working for an informal construction company and an apprentice in an informal car repair garage.

- A main occupation performed by a self-employed itinerant worker (without fixed premises), such as street vendors, for example.
- A main occupation in a formal sector firm that declares only some of its workforce. This is common practice in many sectors such as construction and craft trades. Here too occupational status introduces variations (payroll employee, family helper, apprentice, etc.).
- A secondary occupation performed by a worker with a main occupation either in formal employment (a civil servant with a secondary activity, say) or in informal employment (an employee in a private company who also works for himself, for example). Here again status in the secondary occupation introduces a number of variations.

It is important to point out that while they all have in common the fact that they are undeclared, the conditions of employment in these jobs vary enormously. From this perspective they can be divided into two main categories: i. higher-level informal jobs, where incomes are sometimes greater than in the formal sector, and ii. lower-level informal jobs, where incomes are very low and which therefore tend to be carried out by poor workers.

In statistical terms, informal employment is even more difficult to pin down if we take account of multiple activities. Informal employment is not necessarily linked to performance of the declared main activity, with workers increasingly carrying out several activities at the same time. Multiple activities further blur the dividing line between formal and informal employment. The current statistical system based on the concept of main activity is not suitable for recording informal employment associated with multiple activity. For instance, the current statistical system does not take account of the informal work carried out by civil servants in their secondary activities.

The typology of informal employment is often based on a number of variables. Some relate to the features of the establishment in which the job is carried out (whether or not there are business premises; size, keeping of accounts, compliance with tax and labour legislation). Other variables relate to the characteristics of the job (main or secondary, status in the main occupation, branches of activity, etc.).

### *Estimating the scale of informal employment*

The scale of informal employment can be estimated using two approaches.

#### **Indirect approach**

This approach has the advantage that it estimates the size of the informal sector using only existing statistics (censuses, employment surveys) without any need to collect data specifically for the purpose.

Any job carried out in an establishment with fewer than 10 workers and/or as a self-employed worker, family helper or apprentice is regarded as informal. This method has the benefit that it covers both components of informal employment (with and without business premises). However, its limitation is that no clear distinction can be made between the informal and the formal from the codification of the ‘status in main occupation’ variable. Thus, for instance, ‘employee’ could be a formal job or an informal job. The same also applies to self-employment.

In order to estimate the scale of informal employment, we have taken as a low starting point that informal employment includes only ‘self-employed’ and ‘family helpers and apprentices’. On that basis, Table 39 below shows that informal employment accounts for at least 50 percent of total employment nationally. In rural areas the figure is more than 70 percent, while in urban centres it is over 25 percent. It is

important to note that this approach underestimates informal employment in that some payroll employees work in the informal sector. This is particularly true in the rural environment.

**Table 39. Distribution of the active population according to status in the main occupation**

Status in occupation 'living environment'	Urban	Rural	National
Payroll employees	65.3	22.4	43.2
Self-employed	22.9	31.6	27.4
Employers	4.3	0.8	2.5
Family helpers and apprentices	5.4	44	25.3
Member of a cooperative, partner	2	1.1	1.5
Other	0.1	0.1	0.1
Total	100	100	100

Source: HCP – ENAEC, 2008

### Direct approach

The direct approach involves organising operations specifically to collect data on activities in the informal sector. Four main surveys have been conducted:

- *Construction and public works survey*: carried out in 1984 by the Statistics Directorate and covered formal and informal units operating in this sector. The division between formal and informal was based on whether or not detailed accounts were kept. The units making up this sector were subdivided into two classes: registered units (trade taxes) and unregistered units. Each of these two classes was recorded using an appropriate statistical method: the first using a sample taken from the trade tax records, and the second using a sample of working construction sites.
- *Survey of the local non-organised urban sector*: national survey conducted in urban centres in 1988 by the Statistics Directorate covering non-agricultural informal economic units with business premises. It disregarded two major groups of informal activities: those carried out in the home or on an itinerant basis. Informal units were identified by whether they kept accounting records. The survey looked at a number of sectors: industry, craft trades, commerce and services.
- *Survey of the local informal sector in urban areas*: carried out for the Employment Directorate in 1997. It covered economic units meeting the following three criteria: i. not more than 10 employees; ii. units with business premises; and iii. units avoiding some or all taxes and/or social security contributions.
- *National survey of the non-agricultural informal sector*: carried out by the Statistics Directorate in 1999-2000. This is the most recent and by far the most complete survey. Informal units were once again defined according to whether they kept comprehensive accounting records. However, the statistical approach adopted was innovative and involved three stages: i. a household survey to identify informal workers and the informal units employing them; ii. a questionnaire on the informal sector sent to the informal units identified; and iii. data collected from the informal units collated with data from the household surveys.

According to the results of the 2001 survey conducted by the HCP, the informal economy employed around 8 million people in 2001.

**Table 40. Main indicators of characteristics of the informal sector**

Indicators	Residence		
	Urban	Rural	All
% of households with at least one informal unit	21.8	12.7	18.2
% of population dependent on earnings from an informal unit	25.6	14.5	20.5
% distribution of informal units	71.6	28.4	100.0
<b>Gender distribution of heads of informal units</b>			
Male	87.1	88.8	87.6
Female	12.9	11.2	12.4
All	100.0	100.0	100.0
<b>% of heads of informal units without qualifications</b>			
Male	36.8	51.4	41.0
Female	48.9	80.5	57.0
All	38.9	54.6	43.0

Source: HCP – ENSINA, 2000

The estimated number of informal production units was 12.3 million, the majority of which (71.6 percent) were in urban areas. The largest share of informal units was operated by a single worker (70.5 percent). Those employing two people accounted for 18.7 percent, while those with four workers or more accounted for only 4.8 percent. More than half of the informal production units (52.8 percent) were commercial units. The other half was divided between industry (including craft trades) (20.9 percent), services (20.1 percent) and construction (6.2 percent). Almost half of the informal units (48.0 percent) did not have premises, and 11.1 percent were run at home. Informal units were comparatively more common in the regions of "Grand Casablanca" (12.8. percent), "Marrakech-Tensifit-AI Haouz" (9.5 percent), "Tanger-Tétouan" (9.2 percent), "Meknès-Tafilalet" (8.7 percent), "Souss Massa-Drâa" (8.6 percent), "Doukkala-Abda" (8.6 percent), "l'Oriental" (8.0 percent) and "Rabat-Salé-Zemmour-Zaër" (7.8 percent); these eight regions accounted for 73.2 percent of the total. Compared with the total non-agricultural employment structure for each region the informal sector was relatively 'over-represented' in the regions of "Tanger-Tétouan", "Doukkala-Abda", "Meknès-Tafilalet", "Fès-Boulmane", "Chaouia-Ouardigha" and "l'Oriental".

**Table 41. Informal workers by occupational status and residence**

Occupational status	Urban		Rural		All	
	Number	%	Number	%	Number	%
<b>Self-employed (total)</b>	937 240	67.8	375 631	72.4	1 312 871	69.0
<b>Self-employed and sole traders</b>	799 155	57.8	343 844	66.3	1 142 999	60.1
<b>Informal employees</b>	138 085	10.0	31 787	6.1	169 872	8.9
<b>Payroll employees</b>	260 074	18.8	59 980	11.6	320 054	16.8
<b>Independent workers</b>	185 731	13.4	83 291	16.0	269 022	14.2
<b>Apprentices</b>	47 007	3.4	7 541	1.5	54 548	2.9
<b>Family helpers</b>	123 299	8.9	74 833	14.4	198 132	10.4
<b>Status not clear</b>	15 425	1.1	917	0.1	16 342	0.9
<b>Total</b>	1 383 045	100	518 902	10	1 901 947	100

Source: HCP – ENSINA, 2000

In 2000, the active population in employment was estimated to be 9.4 million people (HCP-ANEAC, 2000). This means that non-agricultural informal employment accounted for over 20 percent of the total employment at the time. If we take agriculture into account, which still employs over 40 percent of the active population in employment, informal employment would account for at least 60 percent of total employment.

If we use a broad definition of informal employment based on the criterion of membership of a social insurance scheme, the national "Activity, Employment and Unemployment" survey provides a more accurate and recent estimate of its scale. Table

19 (cf. section 1.3) shows that informal employment covers over 80 percent of jobs performed as the main occupation. The volume of informal employment associated with legal activities is even greater if we take into account the growth of multiple activities, particularly among workers in the formal sector (civil servants, for instance).

The complex nature of the regulatory environment surrounding the formal economy does not make it easy to steer informal employment towards formality. This environment replicates the situation in countries with structured economies and was designed to be an indivisible framework regulating the inherent dynamic of the formal sector without expressly taking account of the strategic goal of formalising the informal sector. In the current context the regulatory environment imposes high access costs which businesses and workers operating at the lower levels of the informal economy cannot afford. The human capital of most entrepreneurs and workers in this segment of the informal sector is weak, and this means that they are simply incapable of dealing with the requirements and procedures necessary to join the formal sector and to stay there. In addition, the short-termism of most actors in the informal sector does not encourage them to embark on the process of joining the formal sector, which immediately begins to impose constraints (form-filling, red-tape, etc.), whereas the benefits are only likely to be felt in the medium and long term. For many entrepreneurs at the lower levels of the informal sector whose main focus is survival, joining the formal economy may, in the short term, mean losing existing advantages and taking on new constraints without any guarantee of future benefits.

In order to make the regulatory environment of formal employment promote the formalisation of the informal sector, two further conditions would need to be met:

- regulations should no longer be treated as an indivisible framework, and different incentives should be introduced for the different types of actors targeted;
- a suitable policy should be devised to reduce the scale of informal employment associated with multiple jobs, particularly in terms of secondary occupations performed by workers in the formal sector (civil servants, etc.).

In Morocco, the links between the informal and formal sectors vary widely, particularly as far as employment is concerned. Sub-contracting exists alongside situations where informal employment is involved in production processes within formal businesses. It also exists side by side with situations where informal employment operates independently, without any ties to formal and/or partly formal businesses. There is thus interaction between the formal and informal sectors in both directions. Links in the 'desired' direction of formalising the informal economy exist alongside and compete with links in the direction of informalising the formal economy. Of course, the 'desired' formalisation of the informal sector is necessary for the success of the economic development strategy, the aim of which is to transform the national economy into a structured market economy. However, the fact that it is in line with the economic development strategy says little about the extent to which it is actually happening. It is a dynamic driven by the modern institutions of governance which is, in practice, competing with the opposite dynamic towards the informalisation of the formal economy. At least four contextual elements suggest that we should not underestimate the latter dynamic or overestimate the former:

- The size of informal employment proves that formal employment is marginal, despite being statistically much more visible. Informal employment plays a defining role in the operation of the Moroccan labour market.
- The development of the informal sector is entirely consistent with the reticular organisation of Moroccan society. The dominant role of interpersonal relationships and social networks in society creates the right conditions for the development of informal employment practices.

- The lack of a universal insurance scheme against social risks (unemployment, sickness, old age) helps to legitimise the informal sector as a social safety net. For many workers who do not have the required qualifications and/or capital to access formal employment or who find it difficult to stay in formal jobs, informal employment offers the only real chance of finding/returning to work and having some sort of income, if only at subsistence level. More importantly, the informal sector is continuing to grow not just because there are workers excluded from the formal sector, but also and above all because there is a demand for that type of work. Informal employment, which has the advantage of being flexible and allows greater scope for interpersonal relationships, is highly attractive for many groups of job-seekers.
- The weaknesses that typify the formal sector (red-tape, uncertainty about the quality of the benefits it brings, such as medical cover, etc.) do not help to make it more attractive to actors in the informal economy.

A number of government measures introduced as part of the policy to help those with qualifications to find work and the policy to alleviate poverty could provide further impetus in steering the informal sector towards formality. These include:

- Facilitating access to credit for workers either through self-employment support programmes in the formal sector or through micro-credit programmes which target jobs in the informal sector;
- Introduction of income-generating activities as part of local development programmes. These activities usually include a training component to develop the capacities of local actors and give them opportunities to access the formal sector. The local development programmes were given a large boost after 2005 with the launch of the National Initiative for Human Development (INDH);
- Giving businesses easier access to the funding they need to upgrade (FOMAN programme, Istitmar fund, Hassan II Fund);
- Improvements to the institutional framework for promoting SMEs (SME Charter) and entrepreneurship in general (Investment Charter, Hassan II Fund);
- Creation of a favourable climate for profitable investment in strategic sectors (Emergence Plan, tourism programme contracts, construction and public works, textiles, leather, craft trades);
- Development of human resources in businesses, management skills and employability of those with qualifications (the three flagship programmes under the active employment policy: Idmaj, Taehil and Moukawalati);
- Development and diversification of the supply of education and training directly linked to the needs of the labour market (university reforms, development of vocational training, functional literacy in the working environment);
- Gradual extension of health insurance and pension schemes to occupations mainly carried out in the informal sector (scheme for craft workers, farmers, etc.).

It should be noted, however, that most of these measures are designed to strengthen the internal development of the formal sector rather than to promote transition from the informal to the formal sector.

In the Moroccan context, the following prerequisites are needed (but will not be sufficient) if the transition from the informal to the formal sector is to be sustained and significant:

- A substantial improvement in workers' general level of education and training by introducing good-quality basic adult education programmes for those with no or poor literacy skills. The prevalence of illiteracy creates the conditions for the development of the informal sector to be self-sustaining;

- A review of government policy on vocational training. The development of the supply of vocational training should incorporate the needs of the informal sector from the design phase onwards (Walther, 2006);
- The introduction and generalisation of health insurance and pension schemes giving entitlement to good-quality services. This is vital for making formal employment more attractive to workers in the informal sector (Catusse, 2009);
- The conditions required to enter the formal employment sector should be simplified as much as possible. Procedures should also be simplified in terms of the number of stages involved and the time it takes to complete them;
- A review of the core methods used in the ALMP programmes, getting away from the traditional approach in which formal employment is the only reference model. The ALMP programmes should not be focused solely on the formal sector but should be able to cater to the needs of the informal employment sector.
- Give government action greater credibility. This is vitally important if the formal sector is to win the trust of operators in the informal sector.

It is true that sub-contracting with big businesses will encourage sub-contractors to shift from the informal to the formal sector. At the same time, the presence of informal workers in ‘structured’ businesses encourages the development of informal sector practices in those companies. The Moroccan labour market is thus subject to a dual dynamic resulting from the influence that each sector has on the other. The question is which of these opposing effects is stronger. The effect of one sector on the other is likely to be very weak or temporary if it has not reached a critical mass over the sector it is influencing. The structure of Morocco’s productive fabric suggests that the influence of structured businesses over the informal sector is probably still limited because the formal sector has not yet reached a critical mass.

## 5.2 Productivity and working conditions

Improving productivity and working conditions in the informal economy is harder in lower status informal jobs. There, productivity can be improved in the short term easily by improving working conditions (income, health insurance, pensions, eliminating dangerous work, etc.). In the long run, however, improvements in working conditions are insufficient if improvements are not sustained over time. Better working conditions must go hand in hand with training for unskilled workers in order to achieve sustainable improvements in productivity. High-quality training will give these workers better chances of occupational mobility and enable them to escape from the unskilled jobs trap.

Investment in human capital is the keystone for steering the informal sector towards formality. By extending and diversifying opportunities for good-quality training and improving the conditions for labour mobility through the production system (pay, working conditions, social security, etc.) government and businesses can create the conditions for the emergence of an effective domestic demand for goods and services and facilitate the development of the production system. This should break the vicious circle of informalisation created by the combination of unskilled jobs and uneducated workers.

In the context of Morocco, market mechanisms, if left to work on their own, cannot generate these improvements in both productivity and working conditions. This requires long-term government commitment to coordinating the labour market along with a change in employers’ attitude, which should stop relying on poorer working conditions to make their businesses more competitive. Thus social policy must shift from repairing the damaging effects of the market to preparing to maximise its benefits (El Aoufi, 2009).

### **5.3 Main programmes targeting disadvantaged groups working in the informal sector**

In the context of the Moroccan labour market there are two groups of disadvantaged workers working in the informal sector. One, those with qualifications who are registered unemployed, many of whom work in the informal sector. This group is targeted by the three flagship ALMP programmes (Idmaj, Taehil and Moukawaliti) described in section 2. And two, workers with few or no qualifications in jobs in the lower levels of the informal economy. Of those workers women in rural areas are the most vulnerable. This group is targeted by government measures forming part of the fight against poverty. Examples include micro-credit programmes, measures under the INDH and local development measures carried out by other social policy actors (social development agencies). Unlike the ALMP programmes, these social action programmes are based on a generic approach, with certain sub-categories of beneficiaries more specifically targeted.

### **5.4 Effects of the economic and financial crisis**

Like other countries in transition, Morocco felt the full force of the global economic and financial crisis mainly through declining exports in traditional exporting sectors such as textiles as a result of the fall in demand from client countries, a drop in inflows of foreign direct investment, a decline in financial transfers from Moroccans living abroad, and an increasing risk of a fall in tourism revenue.

The effects of the crisis were first felt in mid-2008. Transfers from Moroccans living abroad fell in 2008 for the first time since 2000, by 3.6 percent, and dropped even further in 2009. Foreign direct investment fell by as much as 37 percent in 2008. The outlook for tourism revenue is not encouraging after the declines recorded in 2008.

The impact of the crisis is naturally much greater in sectors geared towards foreign markets. The textile and clothing sector is one of the most vulnerable. Prior to the crisis it was already facing strong competition in its traditional markets from a number of countries (e.g. Tunisia, Turkey and particularly China). The global crisis further impacted the textile sector through the fall in demand from European trade partners. This has led to a contraction in its activity as illustrated from the index of industrial production for the textile sector, which fell for 5 consecutive quarters starting in mid-2008. In the first quarter of 2009 industrial textile production averaged an annual decline of 3.1 percent.

Although exporting sectors have been the most affected, other sectors of the economy, including the informal economy, have not escaped the crisis unscathed. An analysis of the changing state of the labour market and particularly developments in the structure of employment illustrates the impact of the crisis on the various sectors of the economy.

The size of the informal economy and the presence of groups of workers without any settled participation in the labour market (women, children, and the elderly) increase the ways in which the crisis is felt. It is not necessarily and/or only reflected in an increase in unemployment. Its impact on employment in a country in transition like Morocco may be reflected in the activity rate and the structure of employment in terms of status and working conditions. In other words, as well as the usual effect on unemployment, the crisis can have an impact on participation rates and the structure of the employed population. It results in a decline in the activity rate, an increase in the unemployment rate, and even movement from formal to informal employment, change of status in informal employment, and/or adjustments to working hours. The results of the Employment Survey for 2007 and 2008 highlight these changes (Table 42).

There has been a general fall in the active population, reflected in a decline in activity rates. However, the drop is greater in rural areas, where the activity rate fell by 0.7 percent compared with 0.02 percent in urban areas.

In parallel, the employed population has increased slightly nationwide. This national trend conceals a further trend according to area of residence. While the employed population in urban centres has increased by 1.2 percent, the employed population in rural areas has fallen by -1.3 percent. This shows that rural areas have experienced net increases in inactivity and/or unemployment, while the net flows in urban areas have been in the opposite direction (from unemployment to employment).

The trend in unemployment differs depending on the area of residence. The effect of the improving situation in urban centres is partly cancelled out by the deteriorating situation in rural areas.

**Table 42. Developments in activity, employment and unemployment between 2007 and 2008**

	U07	U08	Var_U	Var_u%	R07	R08	Var_R	Var_%
<b>Active population</b>	5 768 000	5 746 000	-22 000	-0.4	5 621 000	5 402 000	-219 000	-3.9
<b>Activity rate</b>	44.9	44.7			59.7	59		
<b>Employed population</b>	4 974 603	5 034 096	59 493	1.2	5 414 554	5 346 516	-68 038	-1.3
<b>Unemployed population</b>	886 000	860 000	-26 000	-2.9	206 000	217 299	11 299	5.5
<b>Unemployment rate</b>	15.4	14.7			3.8	4		

Source: HCP – Employment Survey, 2007 and 2008

Beyond the flows between these three elements (activity, employment and unemployment) it is useful to examine how the structure of employment has developed in order to identify movements within employment. Tables 43 and 44 show the development of the structure of employment between 2007 and 2008, by branch of activity and status in the main occupation, respectively.

**Table 43. Development of the structure of employment between 2007 and 2008 by branch of activity**

Branch of activity	Urban 07	Urban 08	Var_Urb	Var_urb%	Rural 07	Rural 08	Var_Rural	Var_R%
<b>Agriculture</b>	275 103	274 584	-519	-0.2	4 167 348	4 054 307	-113 041	-2.7
<b>Industry (including craft trades)</b>	1 021 500	1 051 145	29 645	2.9	273 592	270 249	-3 343	-1.2
<b>Construction and public works</b>	524 752	563 447	38 695	7.4	316 523	342 146	25 623	8.1
<b>Commerce</b>	975 666	999 530	23 864	2.4	285 719	281 516	-4 203	-1.5
<b>Transport</b>	310 593	343 579	32 986	10.6	91 588	107 771	16 183	17.7
<b>Repairs</b>	147 749	147 208	-541	-0.4	38 858	40 697	1 839	4.7
<b>General administration</b>	451 659	432 045	-19 614	-4.3	51 965	52 685	720	1.4
<b>Public social services</b>	455 834	464 423	8 589	1.9	66 406	68 508	2 102	3.2
<b>Other services</b>	709 489	746 148	36 659	5.2	119 027	122 319	3 292	2.8
<b>Not specified</b>	102 258	11 987	-90 271	-88.3	3 528	6 318	2 790	79.1
<b>Total</b>	4 974 603	5 034 096	59 493	1.2	5 414 554	5 346 516	-68 038	-1.3

Source: HCP – Employment Survey, 2007 and 2008

The development in the structure of employment by branch of activity displays three main features. First, agriculture is the only branch that has fallen in both areas of residence. Second, four branches have seen their workforces grow in both urban and rural environments: construction and public works, transport, public social services and

other services, with the largest increase being in transport. Third, other branches such as industry, commerce, repairs and general administration underwent opposite developments according to area of residence.

**Table 44. Development of the structure of employment between 2007 and 2008 by status in occupation**

Status in occupation	Urban 07	Urban 08	Var_Urb	Var_urb%	Rural 07	Rural 08	Var_Rural	Var_R%
<b>Payroll employee</b>	3 306 231	3 286 308	-19 923	-0.6	1 221 901	1 197 061	-24 840	-2
<b>Working for self</b>	1 272 048	1 472 298	200 250	15.7	1 636 957	1 790 279	153 322	9.4
<b>Other statuses</b>	304 021	275 035	-28 986	-9.5	2 555 696	2 358 955	-196 741	-7.7
<b>Not stated</b>	303	455	152	50.2		221		
<b>Total</b>	4 882 603	5 034 096	151 493	3.1	5 414 554	5 346 516	-68 038	-1.3

Source: HCP – Employment Survey, 2007 and 2008

The development in the structure of employment by status in the main occupation shows the relative reduction in wage- and salary-earners and other statuses (apprentices, family helpers) in favour of self-employment (working for oneself). This trend is found in both urban and rural areas.

This brief overview of the aggregate figures from the Employment Survey shows that in a developing country like Morocco the crisis is having a wide range of effects on the labour market. Identifying these effects requires access to personal data and the use of more detailed statistical categories than the one used in publishing the aggregate data.

## 5.5 Social dialogue in the informal economy

The system of representation of different crafts in Morocco plays an important role for social dialogue. Representation of crafts is organised through professional chambers that are regulated by law. They include almost all trades in the commerce, industry, handicrafts, artisanal services (including transport and construction trades), fishing, and agriculture sectors. However, the rules governing trade associations have been biased against the informal sector. In particular, prior to recent reforms to the rules on elections for the trade associations, only entrepreneurs included in the registry of companies were entitled to be nominated and stand for election. This requirement tended to put off those running micro-businesses, who preferred to remain in the informal sector.

If businesses are to formalise they need to have a voice, so that small producers can also enter into contracts with the State and local governments and receive aid in return for their commitment.

It is important to note that the new dynamic in social policy has brought into play new influential actors such as NGOs and local councillors, and has also made the municipality, as an administrative unit, the new forum for consultation and decision-making on social policy to alleviate poverty. The measures which the government is taking to support the employment of workers at the lower levels of the informal economy are thus the subject of debate and consultation at a local level between institutional actors, NGOs and beneficiaries. At the regional level this dialogue is encouraged through the participatory approach adopted by the government under the INDH and through preparing municipal development plans. At a sectoral level, the development programmes for the commerce, craft trades and tourism, fishing and agriculture sectors recognise that owners of micro- and small businesses must have proper representation if modernisation programmes are to succeed.

## 6. Conclusion

The developments described above show that the situation of the labour market varies widely. The national system of employment and labour statistics does not shed light on all aspects of these differences. Nevertheless, the picture of the labour market that statistics provide is clear enough to distinguish its broad features, which are characterized by the contrasting behaviour of the following structural variables: area of residence (urban, rural); level of qualification (unskilled, skilled); age (youth, adult); sex (female, male); degree of organisation (formal, informal). These variables overlap and are in some cases combined.

The Moroccan labour market is in a transition phase for which the outcome is still uncertain given the polarization of the dynamics involved. In each of the four pillars the deficit is still considerable given the huge gap that existed from the outset between the initial situation and the 'normative' one. In many respects the normative model of a structured labour market is still the uncommon case.

Since the early 1990s, however, the government has been proactive in its policies in order to speed up the rate of transition and in particular to try to consolidate the development toward the reference model. It is important to note that these government measures have been a response to the increasingly chaotic employment situation (Catusse, 2009). They have therefore been geared more towards repair and less towards prevention/preparation (El Aoufi, 2009).

However, although some progress has been made, much is still pending, particularly in terms of consolidation and achievement of lasting results. Several weaknesses have been pinpointed here, the most important of which are:

- The dichotomy in government measures between the ones to help highly qualified workers and those to help the most poorly qualified, which perpetuates the segmentation of the labour market. Each of the measures is designed and implemented with reference to a segmented concept of the labour market, meaning that each incorporates an internal barrier that considerably limits its scope. The measures to help the most highly qualified are limited by the fact that they focus on formal employment, which is still very much the exception. Likewise, the measures for the least qualified face the problem of sustainability because the target population, in terms of human capital, does not have the skills to be able to adopt the measures;
- The weak internal capacity of the key actors responsible for implementing these measures. This is true both of the public institutions involved (like the public job placement service) and of NGOs and businesses. In fact, the institutional mechanism on which government employment policy is based is still in a phase of stabilisation.

Apart from these internal weaknesses, the scope of the government's employment policy needs to be seen in the context of two structural characteristics of the labour market. First, the Moroccan labour market is characterised by both a major education deficit (high illiteracy) and a high rate of qualified unemployed. This paradoxical feature highlights a structural problem in the education and training system which is very difficult for government employment policy to correct. The solution is to take measures upstream in the education system in order to review the relationship between education, training and employment.

Secondly, the labour market has a jobs creation deficit, particularly in terms of skilled jobs, despite official pronouncements about investment as a vital lever for creating employment by driving economic growth. It is thus important to review government action downstream of the labour market.

Lastly, the study has shown the urgent need to develop a system to monitor and evaluate government policy on employment and labour. This should lead to a review of the basic concepts, optimising the use of existing data and introducing new regular data collection mechanisms.

As for the key questions raised by the study, it should be stressed that efforts are being made to correct gender discrimination, promote inclusion and encourage the formalisation of the informal economy.

New trades and occupations are being opened up to women, particularly in the civil service. The various associations and the government are working to make businesses aware of the need to provide equal opportunities. Public spending under the Finance Law is analysed every year in an official report which the government presents to Parliament, examining the impact of spending on equal treatment for men and women.

In 2006 the issue of youth employment was the subject of a number of major conferences, which led to stronger measures to support employment for young people. More recently, following the lack of impact of the Moukawalati programme, the government widened the range of beneficiaries to include young people with no qualifications. ANAPEC's organisational capacity and human resources have been substantially strengthened.

Functional literacy programmes have been launched to help young workers giving them access to vocational training.

Efforts to formalise the informal economy have benefitted from the campaign to develop corporate social responsibility, run in collaboration with international companies and the United Nations. In parallel with this the National Social Security Office and the Labour Inspectorate have tightened their controls, yielding positive results, since the number of insured workers has increased more quickly than the insured population, despite the growth of employment in the informal economy. Social development programmes run by the INDH and the ADS to develop community projects, together with sectoral programmes, are creating prospects for revenue growth and improved productivity in very small businesses.

Despite all these efforts, a coherent, proactive and vigorous employment strategy which promotes decent work in the long term and which aims to overcome the structural problems described earlier (growth, human resources training, mobilisation of sufficient financial and land resources for business development) has yet to be formulated.

The forthcoming creation of an Economic and Social Council will provide an ideal framework and opportunity to formulate an employment strategy which promotes inclusion, equal opportunities and the formalisation of the informal economy. It is hoped that the actors in the informal economy, and in particular those employed in it, have adequate and organised representation in this Council.



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