

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

Report No.: 86881

<b>Project Name</b>	Accessing Overseas Employment Opportunities for Moroccan Youth Project
<b>Region</b>	MENA
<b>Country</b>	Kingdom of Morocco
<b>Sector(s)</b>	Other Social Services (100%)
<b>Theme(s)</b>	Improving labor markets (80%); Other trade and integration (20%)
<b>Lending Instrument</b>	SIL
<b>Project ID</b>	P150064
<b>Borrower(s)</b>	<i>Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC)</i>
<b>Implementing Agency</b>	<i>Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC)</i>
<b>Environmental Category</b>	C
<b>Date PID Prepared/Updated</b>	7 March 2014 / 4 April 2014
<b>Estimated Date of Appraisal Completion</b>	4 April 2014
<b>Estimated Date of Board Approval</b>	N/A
<b>Concept Review Decision</b>	24 March 2014
<b>Other Decision (as needed)</b>	12 May 2014 (MENA Transition Fund Steering Committee)

**I. Introduction and Context**

**a. Country Context**

1. In the wake of the Arab Spring, the 2011 Constitutional reform, and high social demands for inclusive growth and expanded opportunities, youth unemployment is a defining economic, social and political issue in Morocco. Strong macroeconomic policies have delivered average growth of nearly 5 percent and declines in absolute and relative poverty in Morocco between 2001-2011. Growth has declined recently, however, due to the Eurozone crisis, and efforts to counteract the social impacts of the economic slowdown and price hikes have drawn the government's attention away from planned economic reforms. Tackling unemployment – particularly female and youth unemployment – remains a considerable challenge. There has been a marked improvement in social indicators over the past decade, including improvements in

health and educational outcomes, but many youth still enter the job market insufficiently prepared to obtain gainful employment. A 2008 investment climate survey found that 35 percent of firms identify the difficulty of hiring appropriately skilled workers as a constraint. A report on employability attributed the mismatch in skills and the labor force in part to limited communication between educational institutions and the private sector, and poor labor intermediation services. Youth at all skill levels are impacted by a lack of economic opportunities; unemployment rates are highest among university-educated youth, though most unemployed have less than a pre-secondary education. Youth are also disproportionately represented in the informal sector, and are thus poorly covered by social protection and at higher risk for hazardous or adverse working conditions.

2. The government is focused on delivering higher economic performance through a series of reforms to increase competitiveness and economic integration (particularly with the EU), improve the business environment and labor market, increase support for professional and vocational training, insert new graduates the labor market, and promote entrepreneurship and self-employment. The National Emerging Industries Agreement (PNEI) 2009-2015 focuses on private sector development and competitiveness, including through vocational training policies that link training outcomes to economic needs. Efforts to address unemployment include training focused on recruitment needs and a system of employment subsidies. A new vocational training strategy, currently under preparation, seeks to forge better links between public and private partners on identifying training needs and providing market-relevant training. The multi-tier 2012-2016 employment promotion strategy aims, among other priorities, to improve the governance of labor market and intermediation systems. The *Agence Nationale de Promotion de l'Emploi et des Compétences* (ANAPEC), administratively located under the Ministry of Employment and Social Affairs, is charged with identifying and matching job seekers to employment opportunities, both in Morocco and abroad. Although ANAPEC has initiated a new sectoral strategy for employment creation, additional efforts are needed to operationalize the strategy.

## **b. Sectoral and Institutional Context**

3. Morocco has one of the lowest labor force participation rates among emerging economies. Though Morocco's unemployment rate fell from 13 percent in 2000 to 9 percent in 2012, the youth unemployment rate rose during this same time period. Unemployment rates for higher education and vocational training graduates are also higher than average, with particularly high rates in field such as construction, engineering, fisheries, and tourism. The school-to-job transition in Morocco remains a problem, and first-time job-seekers and the long-term unemployed represent 52 percent and 65 percent, respectively, of the 2012 unemployed population. Morocco's expected labor market growth is insufficient to meet labor demand. Annual labor market growth is expected to be approximately 1.8 percent through 2020; however,

an expansion of at least 6 percent per year is necessary to absorb new labor market entrants. Morocco's ongoing labor market reforms, while important, are unlikely to lead to a substantial improvement in domestic labor market opportunities in the short-run. In recognition of the limitations of a purely domestic approach to employment growth, Morocco intends to enhance international labor mobility of its young workforce.

**4.** At nearly nine percent, Morocco's emigration rate is nearly four times the global average, and it has among the highest skilled-migration rates in the world. The European Union (EU) 25+ countries (in particular, Spain, France, Belgium, Italy and the Netherlands) are the main destinations for Moroccan workers. However, the stock of Moroccan workers in the total stock of Organisation for Economic Cooperation and Development (OECD) migrants is low, pointing to substantial room for growth in this migration channel. The demographics of Morocco and the EU25+ point to an opportunity for demographic arbitrage over the coming decades. Whereas the EU25+ countries are expected to lose an estimated 66 million workers, a one-third decline in the total workforce, between 2005 and 2050, Morocco's working age population is expected to increase through 2035. European labor shortages will occur at all skill levels, with strong demand in particular in the health and service sectors.

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

**6.** To respond to the changing environment for international placement, Morocco established ANAPEC International in 2001. ANAPEC International has the following roles: (a) creates an intermediation channel for low- to mid-skilled jobs abroad; (b) provides a centralized agency for developing employment opportunities on overseas markets; (c) markets Moroccan workers abroad; (d) manages the implementation of labor agreements with international partners; and (e) offers a single contact point for foreign intermediation agencies and employers. Together with its relevant partners, ANAPEC International has placed a significant number of low-skill workers overseas since 2006, with a peak of 11,550 in 2008. Placements have diminished in more recent years, dropping to 6,807 in 2011, as receiving markets grapple with economic crisis – these figures do not take into account seasonal migrations to France. Most of the agency's resources go to assisting the management of circular migration to Spain, and it has had minimal

activity in other markets, with the exception of its recent and occasional involvement in placements in Canada, Qatar and the United Arab Emirates (UAE). This is mainly due to: (a) an insufficient prospecting and marketing approach in receiving countries; (b) poor collaboration with the private sector in domestic and overseas markets; (c) an inadequate presence in receiving countries; and (d) a mandate, budget and staff that are too limited to place workers effectively in different markets abroad.

**7.** ANAPEC International's intermediation activities have occurred largely through bilateral labor agreements (BLAs) and direct contact with public employment agencies in relevant destination countries. Beyond BLAs, ANAPEC International has become the default point of contact for the recruitment of Moroccan workers abroad, though its relations with overseas employers remain limited. The agency manages a large database of low-skilled candidates in Morocco, mainly with BAC+2 (post-secondary) years of education. The database is not dedicated to the international market, and focuses primarily on domestic placements. Many candidates in the database are fresh entrants into the market with no work experience, and employers have expressed concerns that the system does not adequately screen these curriculum vitae (CVs). The system is not comparable to the databases of the private recruiting agencies, which are rigorously updated and meticulously curated to meet employers' needs.

**8.** ANAPEC's international placement strategy aims at market diversification beyond the traditional markets for low- to mid-skilled Moroccan workers (France and Spain). In North America, Canada is currently piloting temporary recruitment schemes for low- to mid-skilled technical professions with ANAPEC through its Embassy in Rabat. In the Gulf Cooperation Council (GCC), Qatar and the UAE are also piloting recruitment operations in several sectors, mainly mid-skilled service jobs. In Europe, the only receptive market for now is Germany given its unique combination of very low fertility rates and declining workforce, strong and resilient economic performance throughout the Euro crisis and recent opening of the labor immigration system to non-EU workers. On all these new destination markets, ANAPEC insists on building recruitment channels through formal institutional partnerships with relevant public agencies to ensure sustainability and safe recruitment conditions for Moroccan migrant workers. Such partnerships are already underway in Canada and the GCC but no institutional arrangement exists with Germany. Establishing such a partnership with relevant German agencies is considered as a priority for ANAPEC to fulfill its market diversification strategy.

**9.** Recruitment from developing countries to Germany requires the involvement of specific employment and development agencies. The Bundesagentur für Arbeit (BA, or Federal Employment Agency) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have established a unique partnership in 2012, through a cooperation agreement which provides the principles for the safe recruitment and integration of migrant workers into Germany by recognizing: (i) the core importance of ensuring the sustainability of labor intermediation

systems beyond filling immediate labor needs in Germany; (ii) the importance of language acquisition and migrants' integration in the host society as essential components of a "Triple Win" immigration concept; and (iii) the importance of considering the interests of the country of origin when it comes to leveraging the potential of their qualified labor. It calls for "a considerate and balanced approach" in recruiting these workers. This is the only partnership of this kind between the main public employment and development agencies in Germany. Through this partnership, the two agencies have established international good practices in various countries such as Tunisia, Bosnia and Herzegovina, Vietnam and the Philippines, working with employers and employees from diverse sectors and educational backgrounds such as health/nurses or engineers/STEM.

**c. Relationship to CPS**

**10.** The proposed project is closely aligned with the strategy proposed in the draft FY2014-2017 CPS, set to be discussed by the Board on April 29, 2014. In particular, the project would support the proposed results areas of *Promoting Competitive and Inclusive Growth* and *Strengthening Governance and Institutions for Improved Service Delivery to All Citizens*, as well as the cross-cutting theme of youth. The draft CPS includes a strong focus on global integration, including liberalization of trade in services, to which this project is also expected to contribute.

**II. Proposed Development Objective(s)**

**a. Proposed Development Objective(s)**

**11.** The proposed project development objective (PDO) is to strengthen institutional capacity to pilot the reform of international labor intermediation services in Morocco and better prepare the Moroccan workforce for greater integration with international labor markets through a concrete recruitment experience with Germany.

**b. Key Results**

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

a. Indicator 1: Morocco, through ANAPEC, has established stronger pre-selection procedures and pre-departure training modules for candidates seeking overseas employment;

b. Indicator 2: A sustainable public-private partnership between ANAPEC, GIZ and German employers' representatives is established and functioning in practice to scale up and replicate the pilot;

c. Indicator 3: Percentage of German employers willing to hire again from Morocco;

d. Indicator 4: A regional model of good practice is developed and shared through World Bank networks.

### III. Preliminary Description

13. The proposed project will develop the institutional capacity of the *Agence Nationale de Promotion de l'Emploi et des Compétences* (ANAPEC) to design, develop, and manage international labor intermediation services through implementation of a pilot labor mobility program with the German hospitality sector. The pilot is expected to involve between 100-150 Moroccan workers. The proposed project has three components: (a) institutional capacity building for the selection and preparation of overseas employment candidates; (b) developing sustainable partnerships between public and private actors within and across borders for job placement beyond the pilot; and (c) knowledge sharing and dissemination.

### IV. Potential Implementation Risks

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

### V. Safeguard Policies that Might Apply

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

### VI. Financing (in USD Million)

Total Project Cost:	1.75	Total Bank Financing:	1.75
Total Cofinancing:	0	Financing Gap:	0
<b>Financing Source</b>	<b>Amount</b>		

BORROWER/RECIPIENT	0
Other – MENA Transition Fund	1.75
Total	1.75

## **VII. Contact Point**

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