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# Policy Review and Concept for ALMM & labour market services targeting disadvantage groups

## Activity 1.4.3. & 1.4.7.

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# Abbreviations

ALMM Active Labour Market Measures

ALMP Active Labour Market Policy/ Programmes

CBA Cost-benefit Analysis

EUROSTAT statistical office of the European Union

NAF National Aid Fund, Jordan

MoL Ministry of Labour, Jordan

ILO International Labour Organisation

LMP Labour Market Policies

LM Labour Market

TA Technical Assistance

SEISP Skills for Employment and Social Inclusion Programme (EU funded Technical Assistance)

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# Rationale

The aim of this paper is to describe the labour market services and active labour market measures as categorized by the EUROSTAT and to compare these with the current status quo in Jordan. The primary beneficiary of the activity is the NAF but also the role of the employment offices supersized by the MoL, are essential in implementing any structured labour market policy (LMP) in the country. The rationale of this Review Paper is to support the NAF daily operation regarding the activation of active age and healthy beneficiaries. This assignment is still relatively new for the NAF in Jordan and based on our previous findings (see reports under project activity 1.4.1.) a major mission statement and workflow restructuring is necessary in order to achieve better outcomes.

# LMP: Labour Market Policy

Once we are discussing Labour Market Policies (LMP) the aim and definition of these national policies is the following; “Public interventions in the labour market aimed at reaching its efficient functioning and correcting disequilibria and which can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market.” (Eurostat, 2018).

Labour market policy also has a global standard; it is described by the ILO Convention No. 122. According the ILO norms the national employment policies have been following three key goals and values;

* (a) there is work for all who are available for and seeking work;
* (b) such work is as productive as possible;
* (c) there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.

These key principles are also useful to evaluate national labour policies or to assess the further development opportunities of the national structures. The labour market policies have double roles to play in every country and there are contradictions between these targets.

1. support the skills development and skill acquisition of citizens to make the employers and the national economy more competitive in the global market
2. and to support social inclusion as well as the free but also productive choice of the individuals towards vocational/higher education and towards occupations and careers.

In every country there is a dynamic and changeable balance between these two targets. The balance has been influenced by political values and choices but also by the overall structure of the economy and the labour market as such. For example the geographical location of the country, the age structure and many other factors have been influencing this balance. From the perspective of the decision makers value-based priorities need to be set before any LMP can be mobilized.

In the case of Jordan the National Employment Strategy 2011-2020 sets clear targets. The strategy very clearly stated the low level of job creation the number one problem of the country but also highlights another issue; “The second condition draws from ***Jordan’s limited resources and the pressing nature of the unemployment problem.*** Therefore, the NES had to focus on practical solutions with quantifiable performance indicators as well as mechanisms for assessment and corrective action where needed.” (NES, 2011).

A recently published ILO report sharply describes the challenges of the Jordanian labour market;

“The entry of Syrians into the Jordanian labour market has exacerbated an already challenging situation. ***The labour market is now comprised of three distinct groups – Jordanians, migrant workers and refugees*** –but it hasn’t always been this way. Until the 1970s Jordanians worked in all occupations and all sectors. Starting in the 1970s, many educated Jordanians left to work in the Gulf. At the same time, the ***new wealth allowed Jordan to bring in increasing numbers of migrant workers. The number of migrant workers tripled in the past 15 years***, with correspondingly large impacts on Jordanian workers and on the economy as a whole. Today, many Jordanians, work or aspire to work in the public sector. Within the ***private sector, many occupations have become dominated by specific nationalities of migrant workers*** and ***the informal sector*** comprises a ***significant share of the economy***.” (ILO, 2017)

This also means that any intervention in the Jordanian labour market must address the followings;

1. Jordanian citizens may need to accept job offers they haven’t been accepted since the 1970’s, this fact has serious effect on the living standards and related with the level of migrant workers in the country
2. there are no job offers for all registered for jobs in different systems (MoL, NAF or Civil Service Bureau) so alternative job creation need to be discussed
3. the segmented institutional framework of the labour exchange system need to be tackled (NAF, MoL and other players)
4. a comprehensive Manual for labour market activation and job matching (see reports under activity 1.4.1.) need to be agreed and adopted by all players
5. a comprehensive active labour market measure catalogue also need to be developed and deployed to the branch offices of the NAF and MoL unless the secondary activation, not directly towards jobs but towards active measures, will stay at an ad hoc level

This paper manly addresses the last challenge.

## CBA: Cost-benefit analysis

With limited resources the choices are also limited. This rule is applicable for every country but it has a key importance in Jordan where the labour market is not able to create enough new jobs and the quality of the vacancies are weak but the labour market exchange institutions are also highly segmented. There are several hardly connected institutions in the labour market and the clear pathways of the job-seekers as well as the clear support of the employers’ vacancies needs are missing.

A cost-benefit analysis is a process businesses use to analyse decisions. The business or analyst sums the benefits of a situation or action and then subtracts the costs associated with taking that action.  Regarding labour market interventions the state and state institutions need to make clear choices between different labour market services and active measures. E.g. an additional training is more useful for the activation of the inactive but active age citizen or a wage-subsidy works better? We only know the answers for these questions if a detailed follow up of the labour market services and measures are in place so the cost of activation vs. the benefits are clearly calculated.

What does it mean in the daily practice? It means that every government action has a price. Thus is not always t so obvious, as civil servant receive monthly salary anyway or an office car need to be maintained anyhow. But for example labour market training has different elements of cost such as;

**cost of interventions**

* first of all the costs of the training. the training fee
* but also the mobility costs of the job-seekers, e.g. bus tickets,
* a daily subsistence the government may pay
* and the lost income that he/she is not in employment if any is available – The lost income is low or can be zero if no jobs available or the individual would work for the minimal wage

**benefit of interventions**

* the real outcome the labour market intervention is if the individual is able to find a job afterwards and this job is at a higher wage level than was before
* from the employers side the benefit is if the capacities can be 100% mobilized in a factory or in a shop, so they do not need to cancel shipments because of the lack of employees.
* of course there are other personal, community and social benefits of the labour market intervention such as a more educated labour force or a better working community etc. but here we are only concentrating on primary labour marker outcomes

From the perspective of a public employment service it would mean that we send people towards active labour market measure or services only if suitable jobs are not available in the market and more or less we can predict that based on the intervention the client will find employment or self-employment.

## LM services

With the labour market interventions we make distinctions between labour market service and active measures. **Services** refer to labour market interventions where the main activity of participants is job-search related and where participation usually does not result in a change of labour market status (Eurostat, 2018).

## ALMM: Active Labour Market Measures

Measures refer to labour market interventions where the main activity of participants is other than job-search related and where participation usually results in a change in labour market status (Eurostat, 2018). In short the outcome of the ALMM is that unemployed become employed or become the trainee of a company (such as apprenticeship).

The third category of the costs at the government’s side is come from the support. **Supports** refer to interventions that provide financial assistance, directly or indirectly, to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance.

Labour market measures can be classified based on the Eurostat (2018) categories as the following;

**LMP services**

Labour market services

**LMP measures**

Training

 Employment incentives

 Sheltered and supported employment and rehabilitation

 Direct job creation

Start-up incentives

**LMP supports**

Out-of-work income maintenance and support

Early retirement

## Suggestions for the NAF

Based on the Eurostat catalogue we suggest a mapping exercise at the level of the local offices to develop an ALMM & LM services catalogue for the branch offices and update it at a regular base even after the close of the TA project. It would require a detailed mapping analysis at the level of the NAF branch offices as well as in the employment district offices. For the social workers of the NAF or the case managers of the employment offices, including the ILO branches only a concrete and detailed, updated list of providers/ programmes is useful. They cannot work with a general donor mapping outcome when referring their clients towards labour market services and active measures.

**Proposed structure for the NAF LM services and ALMM Catalogue**

(during the first pilot period for Al-Zarqa, East-Amman and Irbid)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **type of services/ measure** | **provider (branch office level)** | **contact number (branch office level) e-mail/ website/ FB page** | **location in the city/ governorate (branch office level)** | **capacity/ planned activities for 2019** |
| **LM service** |  |  |  |  |
| placement  |  |  |  |  |
| career guidance  |  |  |  |  |
| **ALMM** |  |  |  |  |
| institutional training  |  |  |  |  |
| workplace training  |  |  |  |  |
| apprenticeship  |  |  |  |  |
| recruitment incentives/ wage-subsidies, tax-reliefs |  |  |  |  |
| sheltered employment  |  |  |  |  |
| rehabilitation for PWD |  |  |  |  |
| direct job creation/ public work |  |  |  |  |
| start-up incentives/ incl. micro credentials  |  |  |  |  |

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