Policy Resource Guide

Mainstreaming employment into trade and investment in the Southern Mediterranean

© iStock/Julia Lavrinenko/Morocco

Funded by the European Union

First published 2025

ISBN:

9789220418697 (print)

9789220418703 (web PDF)

DOI: https://doi.org/10.54394/KDBW5069

Printed in Geneva

Table of Contents

Executive summary

For Southern Mediterranean countries, trade and investment have always been more than mere economic activities; they represent vital connections between people, industries, and opportunities. To unlock their full potential, however, these tools must be directed with a clear focus on creating quality, accessible employment. The Policy Resource Guide (PRG) of the "**Mainstreaming Employment into Trade and Investment**" (**METI**) programme is born from this vision.

The PRG is a strategic tool to align trade and investment policies with employment objectives in the Southern Mediterranean. By blending global best practices with local contexts, the guide addresses the region's critical labour market challenges. It emphasizes actionable solutions and advocates for policies that drive economic growth, empower communities, and reduce inequalities.

Target audience

The PRG is aimed at government officials, workers' and employers' representatives, development practitioners, private sector stakeholders, and the donor community. It provides actionable recommendations to integrate employment considerations into trade and investment strategies.

Key outcomes

This guide is not theoretical – it is about doing. It provides a practical roadmap for integrating employment considerations into trade and investment policies, with tangible results in mind:

1. **Actionable recommendations:** Practical, step-by-step guidance tailored to the region's specific needs, addressing challenges like youth unemployment, empowering women, and formalizing informal work.
2. **Sectoral focus:** Detailed insights into high-potential sectors such as agribusiness, engineering, and green industries, with strategies to maximize their role in job creation.
3. **Inclusivity and equity:** A strong commitment to ensuring that marginalized groups, including youth, women, and rural populations, are at the forefront of economic growth.
4. **Monitoring and adaptation:** Tools for tracking progress and adjusting policies in response to emerging challenges and opportunities, emphasizing continuous learning.
5. **Collaboration opportunities:** A call for governments, international organizations, and private sector stakeholders to collaborate, pooling resources and expertise for sustainable impact.

A call to action

The METI's PRG goes beyond being a policy proposal; it is a political vision of hope and inclusivity. While acknowledging the challenges of the Southern Mediterranean, it emphasizes the significant opportunities in the region. The guide argues that without specific employment objectives, trade and investment, though powerful drivers of economic change, may fail to fully benefit people. Aimed at policymakers, practitioners, business stakeholders, and donors, it challenges them to think ambitiously and collaborate. By doing so, it envisions societies that not only experience growth but prosperity, where job creation is linked to dignity and hope. At a pivotal moment, the Southern Mediterranean is urged to define its relationship with its northern neighbour, with the PRG offering a pathway where trade and investment policies directly improve people's lives, not just economies. It calls for progress with concrete goals, not just plans.

Acknowledgement

This guide was drafted by Aomar Ibourk, professor at the Cadi Ayyad University in Marrakech and Senior Fellow at the Policy Center for the New South. The author would like to thank the entire ILO METI team, in particular Christoph Ernst and Martin Ostermeier for reviewing various versions of the guide. Furthermore, the author thanks Farid Hegazy, ILO's Bureau for Employers' Activities for his valuable comments. The final approval of Mito Tsukamoto is greatly appreciated.

The author is very grateful for the steady administrative support by Nael Mohamed, Sonia Forero Rodriguez and Aya Salem, and for the thorough editing by Ahmed Abubakr. Lastly, the author would like to express his thanks to Fernanda Itzel Silva Ordaz for supporting the dissemination of this guide.

Understanding the interlinkages between trade, investment, and employment

Tunisia. 2016 © Marcel Crozet/ILO

1

Defining key concepts

Overview of trade policies and their impact on economic growth and employment

Trade policies are fundamental in shaping a country's economic trajectory by impacting international trade volumes through instruments like tariffs, quotas, subsidies, and non-tariff barriers. When designed strategically, trade policies can drive economic growth, create jobs, and foster competitive advantages by attracting foreign investment and expanding market access. However, poorly crafted trade policies may lead to job dislocation in less competitive sectors and exacerbate inequality.

Trade policies: Instruments and objectives

International trade is regulated by a framework of laws known as trade policies, which encompass economic agreements that promote trade between nations globally. These policies encompass tariffs, quotas, and non-tariff barriers (NTBs), while pertinent international trade agreements aim to reduce associated costs and restrictions. In numerous nations, trade policies are primarily shaped by World Trade Organization (WTO) agreements, regional trade agreements (RTA), and bilateral accords. The objective of these frameworks is to augment market access and improve participation in global value chains (GVCs).

In the Southern Mediterranean region, trade liberalization has emerged as a vital element in the ensuing reforms. Countries in this region are progressively liberalizing their trade policies to facilitate their integration into global and regional value chains. Countries such as Egypt, Jordan, and Morocco have been pursuing active participation in establishing trade agreements with the EU and other regional, Arab, and African markets to broaden their export capabilities and improve competitiveness. Egypt has enacted structural reforms as part of Vision 2030, which seeks to enhance commercial transactions and improve the nation's export performance. Simultaneously, Morocco has concentrated on augmenting its export volume by leveraging its geographical proximity to European markets. Meanwhile, Jordan works on boosting export capacity and creating specialized industries through cooperation with regional and international partners.

Trade policies and economic growth

Trade policies play a crucial role in a country's economic growth by stimulating exports and imports, foreign investments, and industrialization. By aligning domestic regulations with global standards, establishing market access, and reducing trade barriers, trade policies facilitate a country's economic integration into global value chains (GVCs), thereby promoting economic growth and ultimately employment.

- **Enhanced market access:** Trade agreements cut tariffs, quotas, and non-tariff barriers (NTBs), enabling domestic producers to access wider markets. They also create new markets for resellers, and broader market access fosters better economies of scale and specialization. Regional trade agreements (RTAs), such as the African Continental Free Trade Area (AfCFTA), demonstrate how harmonized regulations can enable various parties to gain access to diverse markets, enhancing export prospects and improving output.

- **Improved resource allocation:** By aligning production with comparative advantage, trade liberalization reallocates resources toward more productive sectors, boosting efficiency. For instance, nations like Morocco have leveraged their comparative advantage in textiles and automotive sectors to increase productivity and growth.

- **Stimulation of foreign direct investment (FDI) and promotion of technology transfer and innovation:** The policies that encourage FDI and international trade relationships may promote technology transfer and managerial practices, which enhance productivity. Additionally, trade policies may boost the competitiveness of domestic industries by reducing production costs and increasing product standards. Furthermore, support measures within trade policies, such as export subsidies and capacity-building programs, are designed to assist domestic industries in competing in the international market and expanding their outlets.

Trade policies and employment

Trade policies don't just shape economies – they shape lives. By affecting how sectors develop, how labour markets evolve, and where opportunities exist, these policies have far-reaching repercussions for employment. However, it's not all positive. While trade policies might produce jobs in flourishing areas, they can also leave workers behind in uncompetitive businesses, highlighting the double-edged nature of globalization:

- **Job creation in export-oriented sectors:** Trade policy is often most effective in export-oriented industries. By reducing tariffs, improving market access, and providing incentives to specific sectors, governments can help companies scale up to meet global demand. For instance, Morocco's trade agreements with the European Union have boosted its textile and automotive sectors . Textiles alone employ nearly 200,000 workers, a significant proportion of whom are women. It's not just about numbers – it's about economic empowerment. Egypt's sugar confectionery and chocolate sector tells a similar story . By tapping into export markets in Africa and the Middle East, companies in this sector have created jobs in everything from production to logistics. It's proof that targeted policies can unlock latent potential, even in niche industries. Meanwhile, Jordan's engineering products sector has flourished thanks to trade deals with the Gulf states. Jobs in engineering design, assembly and maintenance aren't just plentiful – they're high quality, offering workers better wages and long-term career prospects[3].

- **Skill development and workforce transformation:** Trade doesn't just create jobs – it changes the kind of jobs people do. Export-oriented industries often require workers to master new technologies and adapt to higher quality standards, creating both challenges and opportunities. Morocco's digital integration in the textile sector is a perfect example. To remain competitive, the sector has invested heavily in skills development, equipping workers with the knowledge they need to thrive in an evolving industry. In Jordan, vocational training programs in engineering and ICT are bridging the gap between market needs and workforce skills. This alignment has been critical to maintaining the competitiveness of the country's export-oriented sectors. Egypt is also addressing the need for specialized training. As the focus shifts to food processing and light manufacturing, targeted initiatives in mechanized production and digital tools have boosted both employment and productivity.

---

1 ILO. 2024. Compétences pour le Commerce et la Diversification Économique (STED) de la chaine de valeur de la branche de la bonneterie au Maroc.

2 ILO. 2024. Trade and Value Chains in Employment-Rich Activities (TRAVERA) analysis of the Sugar, Sugar Confectionery and Chocolate in Egypt.

3 ILO. 2024. Skills for Trade and Economic Diversification (STED) Analysis of the Engineering Products and Services Sectors in Jordan.

- **Inclusion of women and youth:** One of the most encouraging trends is how trade policies are promoting inclusion. In labour-intensive industries, these policies are creating opportunities for women and youth, promoting both diversity and resilience in the workforce. In Morocco, women are at the heart of the textile industry, representing 60% of total workers[4]. These jobs don't just provide income – they offer stability and independence, especially for women in rural areas. In Egypt, agricultural exports have opened doors for rural youth, providing both seasonal and permanent employment. These jobs have reduced unemployment while contributing to local development. And in Jordan, ICT and engineering SMEs are thriving thanks to regional trade policies and are providing a platform for young entrepreneurs to innovate, diversify the economy, and build their future.

While trade policies have many advantages, their implementation can give rise to challenges that impact labour markets. These challenges emerge from structural and policy-related dynamics, including:

- **Sectoral disparities:** The existence of disparities between sectors is a significant issue that requires attention. International trading policies invariably favour industries that an economy deems to possess a competitive advantage, thereby engendering inequitable growth in employment. This results in a dilemma whereby resources are allocated towards sectors with the capacity to sell their products on the global market, creating a certain degree of unfair competition for non-export-oriented sectors. To illustrate, Egypt's promotion of export-oriented industries, such as manufacturing and agriculture, has resulted in a relative decline in attention paid to other sectors, including domestic manufacturing. This situation has led to a deceleration of the job creation rate in industries that are unable to attract highly qualified personnel.

- **Job displacement:** This is a significant concern in the context of economic development. The opening up of markets has the effect of eliminating employment opportunities in sectors that are unable to compete with those that benefit from export incentives. The reduction of tariffs and trade barriers results in high levels of import competition for domestic producers in less-efficient sectors. In Jordan, the textile industry has been among those facing layoffs due to competition from countries such as China and Bangladesh. This has resulted in lower employment security, as workers in the sector are particularly vulnerable to the effects of rapid industry shifts.

- **Economic vulnerabilities:** An over-reliance on specific export sectors or volatile global markets can create economic vulnerabilities that affect employment stability. A reliance on export markets renders employment in trade-sensitive sectors susceptible to global economic fluctuations. The impact of the COVID-19 pandemic on Jordan's export sectors, for instance, led to significant job losses in engineering and information and communication technology (ICT). Similarly, industries that rely on price competitiveness, such as textiles and agri-food, are at risk of losing market share to lower-cost producers, which could result in job losses.

Investment policies: How investment policies affect national employment outcomes

Investment policies are strategic tools that alter the economic and labour landscape in a country. They influence how domestic and foreign investments are attracted, regulated, and utilized, dramatically altering national employment outcomes through direct and indirect job creation. The connection between investment policy and employment acts through numerous routes, including the encouragement of economic development, structural transformation of industries, and the enhancement of workforce skills and productivity:

4 IFC. 2023. Thematic Review: Circularity and Morocco's Textile Industry.

- **Stimulating economic activity and direct job creation:** Investment policies that incentivize capital inflows can boost economic activity and directly create jobs. Simplifying investment processes, reducing red tape, and offering incentives like tax breaks or land grants may lead to increased investments, which may translate into new employment opportunities. For example, when new facilities are established, direct hiring follows (greenfield investments). Similarly, PPPs in infrastructure projects create jobs during construction and later in operations. Brownfield investments, however, may also lead to lay-offs.
- **Structural transformation and sectoral job shifts:** Strategic investment policies may facilitate the shift from traditional, low-productivity sectors (e.g., subsistence agriculture) to higher-productivity sectors (e.g., manufacturing, ICT). This structural transformation may create more productive jobs in emerging industries while modernizing existing ones. Policies prioritizing high-growth or labour -intensive sectors can lead to an uptick in job opportunities in strategic industries.
- **Skills development, enhancing workforce skills and productivity:** Investment policies shape workforce development by aligning skills with industry demands. Many policies require or incentivize companies to train local workers, creating opportunities for skills development. Additionally, foreign investments that introduce advanced technologies encourage on-the-job learning and the transfer of global best practices. This combination boosts productivity and makes workers more competitive in the job market.
- **Indirect job creation through value chains:** The impact of investment policies extends beyond direct hiring. Industries such as automotive or electronics may spur demand for local suppliers and raw materials, creating jobs in upstream activities like manufacturing components (backward linkages). Meanwhile, sectors like agribusiness and energy drive employment in downstream activities such as distribution, retail, and maintenance (forward linkages), spreading the benefits across the economy.
- **Regional employment balancing:** By encouraging investments in underserved or rural areas, governments can reduce regional employment disparities. Special Economic Zones (SEZs) and location-based incentives help channel investments to lagging regions, creating jobs and driving economic activity locally. Infrastructure projects in remote areas not only improve connectivity but also generate jobs in construction, logistics, and related sectors.
- **Promoting Entrepreneurship and MSMEs:** Supportive investment policies fuel the growth of micro, small, and medium enterprises (MSMEs), which play a crucial role in job creation. Initiatives like concessional loans or grants empower entrepreneurs to start and expand businesses, creating local employment. If MSMEs are well-connected with larger investors—domestic or global—through GVCs, these enterprises may be able to scale up, generating even more jobs.
- **Safeguarding decent work:** Beyond creating jobs, well-designed investment policies can enhance the quality of employment by embedding labour standards and promoting inclusive practices. Mandating fair wages, safe working conditions, and non-discrimination ensures decent work. Additionally, some policies incentivize investments that prioritize hiring women, youth, or underrepresented groups, fostering diversity and inclusion in the workforce.

Employment policies: Linking labour market dynamics and economic growth

This section examines the strategies and principles that drive inclusive employment, the role of sectoral growth in creating jobs for women and youth, and the contributions of Small and Medium Enterprises (SMEs) to economic inclusion.

Inclusive labour markets: Concept and importance

Inclusive labour markets are systems where all individuals, regardless of gender, age, ethnicity, disability, or socioeconomic background, have equitable access to job opportunities, fair wages, and decent working conditions. These markets prioritize removing systemic barriers and actively integrate marginalized groups in the economy. Thanks to the potential of a diverse workforce, inclusive labour markets boost productivity, foster innovation, and enhance economic resilience.

- **Key principles of inclusive labour markets:** Inclusive labour markets prioritize equity, diversity, and accessibility. Key elements include non-discriminatory access, gender-equal hiring and promotion, disability accessibility, and protections for marginalized groups. Decent work ensures fair wages, social protections, and safe conditions aligned with international labour standards. Representation across all organizational levels fosters diverse perspectives, while flexible work arrangements and affordable childcare support workers managing multiple responsibilities.

- **Strategies to build inclusive labour markets:** Inclusive labour markets require concerted efforts in policy, education, employment, and social protection. These include anti-discrimination laws, quotas for underrepresented groups, and fair pay regulations. Education and training, such as reskilling programs, STEM initiatives for women and youth, and lifetime learning, address skill gaps and increasing market needs. Employment incentives like hiring subsidies and tax exemptions for inclusive practices promote equity. Social protection should support informal and part-time workers with unemployment benefits, health insurance, and maternity leave. Affordable childcare, eldercare, and transportation remove barriers. Inclusive workplace strategies, such as diversity policies, bias training, and mentorship, strengthen underrepresented groups.

Sectoral growth and decent job creation for women and youth

Sectoral growth refers to the targeted expansion of specific industries within an economy, often prioritized for their potential to generate exports, create employment, enhance productivity, and drive economic development. By identifying and nurturing high-growth sectors, policymakers can create significant job opportunities, particularly for women and youth, who often face barriers to entering the labour market.

- **The importance of sectoral growth in job creation:** Sectoral growth entails creating industries with strong potential to produce jobs, enhance productivity, and drive economic development. Targeting high-growth sectors provides opportunities for underrepresented groups, such as women and youth, in labour-intensive domains like agriculture and manufacturing, and skilled industries like technology and services. This promotes workforce inclusion, bridges gender and age inequalities, and strengthens economic resilience by reducing dependence on certain industries.

- **Challenges faced by women and youth in job markets:** Women and youth confront systemic impediments to decent work despite their economic potential. Gender inequality persists through income discrepancies, limited leadership opportunities, and societal norms constraining women's participation. Youth unemployment remains high due to limited job availability, lack of experience, and skill mismatches. Weak labour rules and the absence of gender-sensitive or youth-specific initiatives further entrench these difficulties, hampering equitable job opportunities.

▶ Decent work for sustainable development

Focusing on sectoral growth for job creation among women and youth aligns with global frameworks such as the United Nations Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth) and SDG 5 (Gender Equality). Ensuring decent work—defined as fair wages, safe working conditions, and access to social protections—promotes workforce retention, boosts productivity, and enhances societal well-being.

The role of SMEs in job creation and economic inclusion

Small and Medium Enterprises (SMEs) are essential drivers of job creation and economic progress, particularly in countries like Egypt, Jordan, Morocco, and Tunisia, where they dominate the commercial scene. SMEs make up 91% of firms in Egypt and 97% in Tunisia[5], while contributing considerably to Jordan's manufacturing and service sectors. Being labour-intensive, SMEs employ more people relative to their size compared to large firms, establishing them as vital for lowering unemployment and boosting economic inclusion.

- **Catalysts for economic inclusion:** SMEs have a significant role in boosting economic inclusion. They incorporate marginalized groups, such as women, youth, and rural people, into the job market. In Morocco, for example, textile and garment SMEs employ a considerable number of women, fostering financial independence. SMEs also contribute to regional development by producing local jobs in both urban and rural locations. In Tunisia, SMEs in agriculture and manufacturing assist in eliminating regional economic differences. Additionally, SMEs support informal sector workers in migrating to the formal economy, providing improved working conditions, social protections, and income stability, thus encouraging inclusive growth.

- **Key contributions to job creation and inclusion:** SMEs drive employment generation both directly and indirectly. They create employment possibilities and, through value chains, generate further jobs by driving demand for goods and services. This multiplier effect is particularly prominent in areas like agriculture, manufacturing, and services, where SMEs have substantial linkages. SMEs also stimulate entrepreneurship, helping youth and women to become business owners and enhance local economies. For instance, government programs in Jordan supporting female entrepreneurship in SMEs stress their role in uplifting marginalized populations. Moreover, SMEs are resilient and flexible, as evidenced during the COVID-19 pandemic, when many successfully adjusted their business strategies to survive.

5 EMNES. 2017. Micro, Small and Medium-Sized Enterprises Development in Egypt, Jordan, Morocco & Tunisia: Structure, Obstacles and Policies. https://emnes.org/wp-content/uploads/2017/12/emnes_study_003-msmes-development-in-the-southern-mediterranean-countries.pdf

The interdependency: Trade, investment, and employment policies in alignment for inclusive growth

The interplay between trade, investment, and employment policies forms a nexus for fostering inclusive growth and sustainable economic development. This interconnectedness is especially in demand in developing economies, such as those in the Southern Mediterranean region, where the alignment of these policies can maximize employment outcomes and enhance economic resilience. Below, we explore the main dimensions of this interdependency:

Trade policies and employment dynamics

Trade policies are instrumental in shaping employment outcomes, as they influence sectoral growth, labour market participation, and the quality of jobs created. These policies, when designed and implemented effectively, can unlock economic potential, especially in sectors with comparative advantages, as seen in the Southern Mediterranean countries.

Egypt. 2008 © Marcel Crozet/ILO

- **Trade liberalization and sectoral employment growth:** Trade liberalization, including tariff reductions and free trade agreements (FTAs), has been a fundamental method for integrating economies into global markets. Egypt and Morocco have leveraged trade policy to foster export-oriented industries, with Egypt's sugar and confectionery sectors benefiting from accords that produce jobs in manufacturing and value chains. Tunisia's focus on mechanical and electrical industries underlines the employment possibilities in competitive export areas. However, trade liberalization can also generate structural shifts, diverting employment to more competitive sectors while displacing workers in less competitive areas. Import competition could lead to layoffs or worse working conditions.

- **Gender and youth inclusion in employment:** Trade policies have complex consequences on labour market inclusion, particularly for women and youth. In Morocco and Tunisia, the textiles and apparel industries employ many women, making trade policies crucial for gender-inclusive job creation. However, many women still confront issues occupying precarious or low-paying professions. For youth, export-driven sectors offer substantial potential, notably in Tunisia, where labour-intensive businesses like textiles and manufacturing require a young workforce. However, achieving these prospects depends on offering proper training and skill development.

Investment policies as catalysts for job creation

Investment policies significantly shape the economic landscape by driving capital inflows, potentially boosting productivity, and creating employment opportunities. In the Southern Mediterranean countries, aligning these policies with job creation objectives has demonstrated the potential to expand labour markets and improve job quality. The following analysis delves into the ways investment policies influence employment dynamics.

- **Targeted investments in labour-intensive sectors:** Focusing investment policy on sectors with strong labour absorption potential can greatly improve job prospects. In Egypt, investment programs targeting manufacturing and processing industries, such as sugar and confectionery, have produced jobs across the value chain. Similarly, Morocco's focus on textiles, supported by investment incentives, has increased employment, especially for women, albeit obstacles persist in enhancing work quality.

- **FDI and technology transfer:** FDI is a crucial driver of job development by bringing in cash, often technology, and knowledge. Tunisia and Egypt have gained from FDI in export-oriented industries such as electronics and food processing. However, FDI in capital-intensive sectors like Egypt's oil industry has had a limited influence on broader employment. In contrast, FDI initiatives in Morocco's automotive and aerospace sectors, which entail technology transfer, have boosted workforce skills and productivity.

Employment policies and trade-investment synergies

When employment policies are effectively aligned with trade and investment strategies, they can magnify the economic and social benefits of globalization, ensuring that job creation and labour market improvements accompany economic growth. In the Southern Mediterranean context, trade and investment present significant opportunities for fostering productive and decent employment. However, without coordinated employment policies, the full potential of these opportunities may remain untapped. This section examines the synergies between employment, trade, and investment policies.

- **Aligning employment policies with trade and investment goals:** Tailoring employment policies to complement trade liberalization and investment promotion enhances their impact on labour markets. Sector-specific strategies that align with high-growth industries—such as textiles in Morocco and sugar processing in Egypt—maximize job creation potential. In Jordan, employment policies focusing on skill development in engineering and manufacturing sectors address the labour market needs arising from trade and investment expansion. Similarly, inclusive employment provisions in Tunisia target gender disparities by encouraging women's participation in trade-related industries like textiles and agribusiness.

- **Employment challenges in trade and investment frameworks:** Despite their potential, integrating employment policies with trade and investment frameworks is fraught with challenges. Workforce skill mismatches, especially in emerging fields like digital and green technologies in Tunisia and Morocco, hinder employment growth. High levels of informality in sectors benefiting from trade and investment, such as Morocco's textile industry, limit the potential for creating decent jobs with adequate social protection. Additionally, gender inequities persist, with many women in sectors like textiles and garments occupying low-paying and insecure positions despite increased participation.

- **Leveraging trade and investment for employment growth:** Trade and investment policies offer unique pathways for expanding the labour market. Export-oriented growth in Egypt's sugar sector and Jordan's engineering products has driven job creation, supported by trade agreements and foreign investment. Investments in manufacturing and agro-processing industries in Morocco and Tunisia facilitate integration into global value chains, generating employment opportunities across skill levels.
- **Integrating policy frameworks for inclusive growth:** An integrated policy framework is essential for aligning trade, investment, and employment strategies to achieve inclusive growth. By ensuring coherence among economic, social, and labour policies, such frameworks maximize job creation, reduce poverty, and foster equitable development. In the Southern Mediterranean region, the integration of these policy domains has shown mixed results, with significant opportunities for improvement. Below is an analysis of the current efforts and challenges.

Key challenges and opportunities

The studies of the METI programme thoroughly analysed the opportunities and challenges at the regional, national, and sectoral levels. The main findings are presented in the following sections.

Challenges in aligning trade, investment, and employment policies in the Southern Mediterranean

The alignment of trade, investment, and employment policies in the Southern Mediterranean faces multifaceted challenges, both economic and non-economic, which hinder integration and policy coherence.

Institutional barriers and lack of coordination

Institutional barriers and the absence of effective coordination among stakeholders pose a significant challenge to aligning trade, investment, and employment policies in the Southern Mediterranean region. These issues are evident in several critical areas, which undermine the potential for coherent and impactful policymaking.

- **Fragmented policy frameworks:** A key obstacle is the isolated development of trade, investment, and employment policies. These policies are often formulated independently, without adequate cross-sectoral consultation, resulting in conflicting objectives.
- **Multiplicity of institutions & inadequate mechanisms for coordination:** The involvement of numerous public and private institutions, including ministries, trade bodies, investment agencies, and labour organizations, leads to overlapping mandates (redundancies and inefficiencies). Ambiguities in institutional roles often result in competition rather than collaboration, as seen when investment agencies focus on attracting FDI with no consideration for its employment implications. This lack of clarity exacerbates inefficiencies and dilutes the impact of policies aimed at inclusive economic growth.
- **Limited monitoring and evaluation:** A lack of reliable data on the employment impact of trade and investment policies hampers efforts to assess policy outcomes and make evidence-based adjustments. Policymaking processes also suffer from weak feedback mechanisms, which create a disconnect between policy intentions and actual outcomes. This limits the capacity for iterative advances and adaptive responses to changing conditions.

- **Governance challenges:** Bureaucratic inefficiencies, including lengthy administrative procedures and complex regulatory frameworks, undermine the effectiveness of institutional frameworks. These challenges delay trade and investment projects, reducing their potential to generate employment. Corruption and a lack of transparency in institutional processes further erode public trust and deter both domestic and foreign investment, ultimately weakening the overall economic environment.

- **Challenges with institutionalised social dialogue[6]:** Social dialogue is an important mechanism to generate a consensus around employment solutions. All countries of the Southern Mediterranean region have respective legislative provisions in place, yet their effectiveness and level of institutionalization varies across countries . In some countries, social dialogue is still underdeveloped and social partners continue to have very limited influence in decision-making processes. Oftentimes, policies around trade, investment, and employment issues are strongly influenced by the Government and – to a lesser extent – by the social partners.

Limited technical capacity

Limited technical capacity presents a significant obstacle to aligning trade, investment, and employment policies in the Southern Mediterranean region. This challenge reflects systemic deficiencies in skills, infrastructure, and institutional capabilities, which hinder the effective implementation of policies and limit responsiveness to dynamic economic demands.

- **Gaps in workforce development & skills mismatch:** Workforce development systems face several challenges, including insufficient resources for technical and vocational education and training (TVET) institutions. Another issue is the inadequate alignment of educational and vocational training systems with labour market needs. Many Southern Mediterranean countries face skill shortages in sectors targeted for trade and investment, such as manufacturing and ICT. For instance, industries like textiles in Morocco and engineering in Jordan frequently report difficulties in finding technically proficient workers for specialized roles. Compounding this problem is the reliance on outdated curricula in training programs, which often lack content related to modern technologies, advanced manufacturing, and quality assurance. These gaps leave workers ill-prepared to meet evolving industry standards and reduce their employability in high-growth sectors.

- **Weak institutional capacity:** Government agencies across the region frequently lack the technical expertise necessary to design and implement integrated trade, investment, and employment policies. This includes critical skills in economic modeling, trade negotiations, and labour market analysis. Additionally, PPPs, which are essential for aligning policy priorities with industry needs, remain underdeveloped. Insufficient collaboration between governments, private sector actors, and educational institutions limits industry input on skills development and policy alignment, further undermining the effectiveness of initiatives.

- **Barriers to innovation and technology adoption:** The adoption of sophisticated technology remains low, especially among small and medium-sized firms (SMEs), which dominate the region's economies. This limits their competitiveness and impairs their ability to produce high-quality jobs. Additionally, many nations in the region underinvest in research and development (R&D), resulting in a dearth of innovation that could fuel trade expansion and job creation in high-value industries. Without increasing investment in R&D and technology adoption, sectors in the Southern Mediterranean risk stagnation and diminishing global competitiveness.

6 Social dialogue includes all types of negotiation, consultation and exchange of information between or among representatives of governments, employers and workers on issues of common interest relating to economic and social policy (see https://www.ilo.org/topics-and-sectors/social-dialogue-and-tripartism [accessed 16/02/2025]).

7 ILO. 2022. Trade, investment and employment in the Southern Mediterranean Countries. Thematic Report of the "Mainstreaming Employment into Trade and Investment in the Southern Neighbourhood" project. Trade, investment and employment in the Southern Mediterranean Countries | International Labour Organization

Non-economic obstacles

Non-economic obstacles, including political stability, logistical inefficiencies, communication barriers, and cultural challenges, significantly hinder the alignment of trade, investment, and employment policies in the Southern Mediterranean region. These factors complicate policy implementation and limit the region's ability to compete globally and foster inclusive growth.

- **Political stability:** Peace and political stability are crucial for fostering economic growth, social cohesion, and regional security. Stability helps attract foreign investment, which is essential for economic development and job creation. It also enables governments to implement long-term policies and reforms that can improve living standards and reduce poverty. The level of stability varies significantly across Southern Mediterranean countries, influenced by historical, social, and economic factors. Some countries, like Morocco and Jordan, have maintained relative stability through strong monarchical systems and gradual reforms. However, others, such as Libya and Syria, have experienced prolonged conflicts and political turmoil, leading to instability and humanitarian crises.

- **Logistics and transport challenges:** Inadequate infrastructure continues to be a significant impediment in the region. Numerous nations encounter shortcomings in their transportation and logistics infrastructures, such as insufficient port facilities, ineffective road networks, and restricted rail connectivity. These deficiencies elevate trade expenses and diminish export competitiveness. For instance, protracted and expensive customs clearance procedures result in trade delays, deterring foreign investment and constraining companies' involvement in global value chains. Moreover, inadequate intra-regional transportation connections and disjointed logistical frameworks obstruct regional commerce, notwithstanding contiguous boundaries and mutual economic interests.

- **Communication gaps:** Inadequate information dissemination weakens the effectiveness of trade, investment, and employment policies. Policymakers and stakeholders often lack access to timely and accurate information regarding trade agreements, investment prospects, and labour market demands, restricting their capacity to respond effectively. Complex regulatory procedures and language obstacles in international trade also present challenges, especially for SMEs attempting to join export markets. Poor inter-agency coordination worsens these difficulties, as weak communication between government entities, commercial sector actors, and civil society organizations results in fragmented efforts and missed opportunities for policy alignment.

- **Cultural and social barriers:** Cultural norms and biases also impede the region's economic potential. Gender inequality remains a pervasive issue, with women often facing restricted access to education, training, and finance—critical resources for entrepreneurial success and workforce participation. Youth marginalization presents another significant challenge. High unemployment rates among young people, compounded by cultural expectations and limited opportunities for skill development, result in the underutilization of this demographic's potential. Additionally, cultural resistance to change, particularly in traditional sectors, hampers efforts to modernize industries and integrate digital tools into trade and production processes.

Regulatory and policy gaps

Regulatory and policy gaps represent a major obstacle to the alignment of trade, investment, and employment policies in the Southern Mediterranean. These gaps arise from outdated frameworks, inconsistent regulations, and weak enforcement mechanisms, which collectively hinder the effectiveness of policy initiatives and their potential to generate inclusive economic growth.

- **Outdated and misaligned regulatory frameworks:** Regulatory fragmentation is a significant challenge in the region, as trade, investment, and labour laws are generally developed separately without recognizing their links. For example, trade policies often prioritize liberalization without addressing labour market adaptations, leading to job displacements. Many countries also rely on obsolete legislation that does not reflect current global trade and investment trends. Furthermore, the lack of consistency with international trade and labour standards hurts competitiveness and limits access to global markets.

- **Inconsistent implementation and enforcement:** Slow and cumbersome regulatory processes discourage investment, while the inconsistent application of laws creates uncertainty for businesses. Weak institutional capacity within regulatory bodies further exacerbates these issues, leading to ineffective oversight and enforcement of policies. The informal economy, prevalent in the region, adds another layer of complexity by making it difficult to enforce regulations related to labour rights and social protections.

- **Barriers to trade and investment:** NTBs, such as excessive certification requirements and sanitary and phytosanitary (SPS) measures, pose significant challenges for exporters. Similarly, complex and opaque investment approval processes deter potential investors and are often misaligned with broader economic development goals. Existing trade and investment policies rarely include mechanisms to incentivize employment creation, particularly in labour-intensive industries, which limits their capacity to drive inclusive growth.

- **Limited focus on inclusive growth:** Regulatory frameworks frequently overlook the unique barriers faced by women and youth in accessing labour markets and entrepreneurial opportunities. This lack of attention hinders progress toward gender equality and youth employment. Furthermore, policies designed to support small and medium-sized enterprises (SMEs)—critical drivers of job creation—are either absent or poorly implemented, restricting their ability to participate in trade and stimulate employment.

Egypt. 2008 © Marcel Crozet/ILO

Policy recommendations and best practices

2

Part 2 focuses on key policy recommendations and best practices that help create decent jobs and support economic growth. By looking at how trade and investment policies can work together, this section shares useful strategies from the METI programme. The section also shows how recommendations connect to strengthen job creation and regional cooperation, ensuring that trade and investment benefit everyone.

Incorporating employment into trade policy

Trade policy helps countries grow and create jobs, but it's important to make sure these jobs are good for everyone. By adding rules about fair work, helping industries that need more workers, and supporting small businesses, we can make trade work better for people. This section will show how trade can help create decent jobs and make sure everyone benefits.

Embedding labour standards in trade agreements

Embedding labour standards in trade agreements is essential to ensure that economic growth driven by trade policies translates into decent work and equitable labour practices. By integrating internationally recognized labour standards and enforcing compliance, trade agreements can promote fair labour conditions and social inclusivity across trading partners.

Key components:

- **Incorporate** ILO **core labour standards:** Trade agreements should explicitly reference the International Labour Organization (ILO) Core labour Standards, which include Freedom of association and the right to collective bargaining; Elimination of forced and compulsory labour; Abolition of child labour; Elimination of discrimination in employment and occupation. Signatory nations must align their labour laws and practices with these standards to establish a baseline for decent work.

- **Establish monitoring and compliance mechanisms:** Robust systems should monitor adherence to labour standards, including independent reviews conducted by third-party organizations or ILO-affiliated bodies; regular reporting requirements on labour conditions by signatory nations. Enforcement mechanisms, such as the suspension of trade benefits, should be included for violations of labour standards.

- **Include labour dispute resolution mechanisms:** A dedicated process for resolving labour rights violations should be developed, featuring: transparent procedures for investigation, arbitration, and resolution; opportunities for workers, unions, and civil society organizations to raise complaints. Remedies for non-compliance should include fines or corrective action plans to ensure adherence.

- **Strengthen provisions for vulnerable workers:** Trade agreements must address the unique challenges faced by marginalized groups, such as women, youth, and migrant workers. Specific protections could include: enforcing equal pay for work of equal value; prohibiting gender-based workplace discrimination; providing safe migration pathways and protections against exploitation.

- **Promote social dialogue:** Provisions should mandate ongoing social dialogue among governments, employers, and workers. Mechanisms could involve: tripartite committees to oversee the implementation of labour provisions; channels for workers and unions to contribute during trade policy reviews.

- **Leverage preferential trade benefits:** Linking preferential market access to compliance with labour standards creates strong incentives for adherence. For instance: granting tariff reductions or trade benefits to nations demonstrating adherence to labour provisions; withdrawing trade privileges from countries with systematic labour rights violations.

Promote labour-intensive sectors through market access

Promoting labour-intensive sectors or those with a high multiplier effect[8] throughout the economy (indirect, economy-wide effect) via enhanced market access involves crafting trade policies and agreements that prioritize industries with significant job-creation potential. These sectors often employ vulnerable groups, including women, youth, and unskilled workers, making them vital for equitable socio-economic development. Aligning trade liberalization with employment objectives enables countries to maximize the benefits of trade while fostering inclusive growth. Key strategies for promoting labour-intensive sectors include:

- **Preferential trade agreements (PTAs) for job-rich sectors:** Trade agreements should prioritize reducing tariffs and NTBs for industries with high employment potential, such as agriculture, textiles, apparel, footwear, tourism, and hospitality. Negotiations should focus on markets that import significant volumes of these products, ensuring that increased trade directly leads to job creation.

- **Export promotion and diversification:** Developing sector-specific export strategies is key to tapping into markets with growing demand for labour-intensive goods. For example, expanding agricultural exports to regions with rising food demand and diversifying manufacturing exports can reduce reliance on traditional markets. Encouraging domestic value addition, such as processing agricultural goods locally, will create employment opportunities throughout the supply chain.

- **Support for small and medium enterprises (SMEs):** SMEs play a vital role in labour-intensive sectors but often face challenges accessing markets. Governments can support SMEs by offering trade incentives, simplifying market access procedures, and providing capacity-building programs to help them comply with international standards and integrate into global value chains.

Support SMEs and informal sector transition

Supporting small and medium enterprises (SMEs) and facilitating the transition of informal businesses to the formal economy are vital for fostering job creation, economic growth, and improved social protection. SMEs and informal enterprises are major contributors to employment in many economies but face significant barriers, including limited market access, inadequate financing, and regulatory challenges:

- **Facilitating market access for SMEs:** Trade agreements should include specific clauses to simplify the participation of SMEs by reducing tariffs, simplifying regulations, and streamlining documentation. National export strategies should prioritize SMEs by providing market intelligence, reducing trade barriers, and offering incentives for participating in trade fairs and exhibitions.

8 The multiplier effect for jobs refers to the phenomenon where the creation of new jobs in one sector leads to additional job creation in other sectors. This occurs because new employees spend their income on goods and services, which in turn stimulates demand and leads to more employment opportunities.

- **Provide concessional loans and capacity-building programs to enhance** SME **competitiveness:** Credit and export guarantee schemes can boost lending to SMEs, especially in labour-intensive and export-oriented sectors. Promoting alternative financing choices, such as venture capital, microfinance, and crowdfunding, can further enable SMEs and informal companies to transition into the formal economy. Additionally, targeted training programs in business management, compliance with international standards, and marketing tactics can boost the competitiveness of SMEs. Providing technical assistance to improve product quality and attain foreign certifications could also enable SMEs to access and prosper in global markets.

- **Formalizing informal enterprises:** Encouraging informal businesses to formalize can be achieved by offering incentives such as reduced registration fees or tax holidays. Simplified tax regimes tailored for small businesses can ease the formalization process, while strengthening worker protections will improve conditions and incentivize businesses to transition to the formal economy.

Build trade, investment, employment linkages

Establishing strong linkages between trade policies and employment outcomes ensures that economic integration results in meaningful job creation and improved labour market conditions. Aligning trade strategies with labour market goals maximizes employment benefits, mitigates potential job displacements caused by trade liberalization, and fosters inclusive economic growth. Key strategies for building trade-employment linkages include:

- **Conduct employment impact assessments before implementing trade and investment policies:** To maximize the employment benefits of trade and investment policies, it is necessary to conduct Employment Impact Assessments before concluding agreements and designing policies. These assessments outline potential implications for job growth and displacement, identifying sectors likely to gain or face obstacles. National trade strategy should also integrate employment objectives, focusing on high-employment sectors like agriculture, manufacturing, and services. Trade agreements should include clauses targeting labour-intensive industries and boosting local job creation through tighter supply chains.

- **Strengthen supply chain employment:** Supporting local firms in integrating into GVCs through technical assistance and financial incentives will help them meet international standards. Encouraging multinational corporations to source inputs locally will create employment opportunities in domestic industries.

- **Involve social partners in policy design:** Trade unions and employer organizations should be engaged in the design of trade and investment policies to ensure alignment with labor market needs and worker protections. This includes institutionalizing tripartite consultations to enhance the inclusiveness and effectiveness of trade-employment linkages.

Enhance institutional coordination

Enhancing institutional coordination aligns trade, investment, and employment policies, optimizing their collective influence on job creation and sustainable development. It minimizes redundancies, enhances policy coherence, and ensures employment objectives are central to trade policy development. Key strategies to enhance institutional coordination include:

- **Establish inter-ministerial coordination mechanisms:** Create institutional mechanisms like Inter-Ministerial Committees to integrate trade, labour, and investment policy. Include members from major ministries—such as commerce, labour, education, and finance—to enable integrated policymaking.
- **Develop unified policy frameworks:** Integrate trade, employment, and investment initiatives into a coherent national development plan to improve coherence and eliminate overlaps. Use frameworks like National Employment Policies (NEPs) to link trade policy with labour market demands.
- **PPPs:** Collaborate with private sector actors to ensure trade and investment policies encourage private sector growth and job creation. Involving businesspeople in policymaking ensures alignment with market realities.
- **Empower trade, investment and labour institutions:** Enhance the capacity of export and investment promotion agencies and labour ministries to formulate and implement employment-focused policies. Provide technical assistance to increase their ability to analyze and address the consequences of trade, investment, and employment.
- **Foster regional and international collaboration:** Align local frameworks with regional accords like the AfCFTA to improve regional integration and labour mobility. Collaborate with organizations like the ILO and WTO to adopt best practices for integrating trade and employment policies.
- **Institutionalize social dialogue:** Engage trade unions and employer organizations in policymaking to ensure inclusivity and various perspectives. Establish tripartite dialogue tools to generate consensus and boost policy effectiveness. Civil society organizations could be added wherever necessary and feasible in order to represent diverse groups within society, including marginalized and vulnerable populations.
- **Create** M&E **systems:** Develop effective Monitoring and Evaluation (M&E) tools to track the effects of trade and investment policies on employment. Use data-driven feedback to adjust policies and improve institutional coordination in response to economic developments.

Incorporating employment into investment policies

This section outlines strategic recommendations for embedding employment objectives into investment policies, emphasizing key sectors identified as crucial for the Southern Mediterranean region under the METI programme. The approach integrates lessons learned from Egypt, Jordan, Morocco, and Tunisia to foster structural transformation, employment generation, and sustainable growth.

Prioritization of key sectors

Focusing on sectors with significant job creation and economic growth potential is vital for the Southern Mediterranean area to achieve equitable and sustainable development. By exploiting local assets and eliminating growth impediments, governments may provide real opportunities across diverse populations. Insights from METI program reports for Egypt, Jordan, Morocco, and Tunisia offer a blueprint for prioritizing these industries and unleashing their full potential.

▶ High-potential sectors for employment creation

Key sectors in the Southern Mediterranean region act as engines of growth and employment. Manufacturing plays a crucial role, notably in Egypt, where industries like textiles, clothing, and chemicals produce jobs across skill levels. In Tunisia and Morocco, mechanical, electrical, and automotive manufacturing drive economic activity, with Morocco's automotive sector connecting local talent to global value chains and producing thousands of jobs.

Renewable energy is another potential field. Solar and wind projects in Jordan and Morocco not only address energy concerns but also generate skilled jobs in infrastructure and maintenance. Morocco's innovation in solar energy highlights how green jobs can link economic progress with sustainability.

Agriculture also bears tremendous promise. Morocco's Green Plan shows how targeted investments may empower rural populations, particularly women, by providing value chain jobs. In Egypt, focused investments in agricultural technology and infrastructure can raise productivity and improve job quality.

© iStock/Wirestock/Morocco

ICT and tourism bridge old industries with current demands. Tunisia's ICT sector provides high-skill, export-oriented prospects for youth, while Egypt's digital services strategy opens opportunities in tech-driven industries. Similarly, tourism, especially eco-tourism and cultural preservation, is crucial in Tunisia and Jordan, producing jobs for women and youth while honouring the region's heritage.

▶ Strategic considerations for sector prioritization

To maximize the impact of priority sectors, governments must focus on characteristics that enhance their advantages. Industries with a high employment multiplier, such as textile, create opportunity for underrepresented groups like women and youth. Sectors with export potential, such as Morocco's automotive industry or Egypt's horticultural exports, promote growth beyond internal borders. Aligning sectoral objectives with green economy goals assures sustainable growth, while integrating industries into regional and global value chains fosters job creation, knowledge transfer, and innovation.

However, sector-specific difficulties must be addressed. Manufacturing suffers from non-tariff restrictions that limit competitiveness, while agricultural SMEs sometimes lack access to capital for expansion. Targeted solutions to these limitations can unlock each sector's potential.

Governments can take numerous initiatives to support these sectors. Tailored investment incentives, such as tax cuts for renewable energy projects or subsidies for modernizing manufacturing systems, can encourage growth. Public-private partnerships bring together resources and expertise to finance infrastructure projects and vocational training programs. Additionally, effective data systems are vital for monitoring progress and ensuring investments deliver concrete results. Aligning education and training programs with industry demands will also produce a trained workforce to support growth in these high-potential sectors.

Linking investment incentives to employment objectives

For the Southern Mediterranean region to realize its economic potential, investments must not only drive growth but also contribute to inclusive employment. Linking investment incentives to quality job creation and worker development guarantees that economic transformation benefits all areas. Lessons from Egypt, Jordan, Morocco, and Tunisia offer a clear roadmap for implementing employment targets in investment strategies, supporting sustainable and inclusive growth.

▶ Tying investments to job creation

To match investments with employment, incentives should reward worker outcomes. In Tunisia, enterprises in industries like manufacturing and ICT must create jobs to earn government subsidies. In Egypt, industries benefiting from export subsidies must demonstrate evidence of employment creation.

It's not only about job creation, but also skills development. Employers should be encouraged to invest in local worker training and better working conditions. Morocco combines vocational training in agriculture and manufacturing, whereas Tunisia links training to industrial policies in automotive and electronics.

Inclusivity is crucial, removing barriers to work for women and youth. In Jordan, projects producing work for women are emphasized. Additionally, linking investments to sustainability, such as Morocco's renewable energy initiatives, ensures that employment development corresponds with environmental aims, creating green jobs and promoting local workers.

▶ Putting policies into action

Tax incentives are potent when coupled with explicit employment targets. In Tunisia, export-oriented enterprises must hire a minimum number of local workers. Egypt provides subsidies for businesses engaging in training and creating long-term jobs. PPPs in Jordan's renewable energy projects strengthen infrastructure and create local jobs, illustrating the benefits of pooled resources. Furthermore, monitoring methods, such as Morocco's industrial acceleration strategy, ensure accountability and track employment outcomes.

▶ Addressing challenges along the way

Aligning investor ambitions with governmental priorities can be tricky. Clear criteria for employment creation and inclusion are necessary. Balancing work quality and quantity is a challenge, but tying incentives to international labour standards helps ensure equitable compensation and growth prospects. Encouraging technology transfer alongside employment creation can modernize industries.

▶ Taking action

Policymakers should integrate job creation, gender diversity, and youth employment into conditional incentives. Investment revenues should fund workforce training and support small enterprises. Regional frameworks like AfCFTA can increase the impact of linked policies. Additionally, recognizing firms that achieve employment targets can create healthy competition and promote corporate responsibility.

Supporting Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are the backbone of the MENA region's economy, generating growth, innovation, and job creation. In nations like Egypt and Tunisia, SMEs account for 89% and 90% of firms, respectively, and are major participants across sectors such as agriculture and ICT. Despite their importance, SMEs confront substantial problems, including restricted access to capital, complex laws, and difficulties entering larger markets. Addressing these hurdles will unlock the potential of SMEs to generate inclusive and sustainable economic growth.

▶ The vital role of SMEs

SMEs are vital not only for economic growth but also for job creation. In Egypt, SMEs dominate areas such as services, food, and textiles, whereas in Tunisia, they form the foundation of the private sector, especially in manufacturing and technology. SMEs contribute to economic diversity and resilience, ensuring that growth is dispersed across many industries and regions.

However, SMEs face problems such as limited access to capital due to high perceived risks and insufficient collateral, as well as regulatory hurdles that hinder market expansion. Furthermore, the COVID-19 pandemic exposed their vulnerability to economic shocks, with many lacking the resources to overcome extended interruptions.

▶ Strategies to support SMEs

- **Access to finance:** Initiatives like credit guarantee arrangements in Tunisia and concessional loans in Jordan assist SMEs in accessing the money they need to grow and create jobs.
- **Capacity building:** Programs in Morocco and Egypt train SMEs in digital skills and business development services, enabling them to scale and remain competitive in global markets.
- **Access to markets:** Trade facilitation agreements in Jordan and export support programs in Tunisia are helping SMEs penetrate regional value chains, notably in areas like manufacturing and electronics.
- **Digital transformation:** Morocco leads the way by promoting e-commerce and digital payments, while Egypt's digitization projects create new opportunities for SMEs to reach online markets and optimize operations.
- **Simplified regulations:** Tunisia's efforts to streamline registration and tax processes encourage informal enterprises to formalize, while Jordan's improved customs procedures reduce costs and delays for exporters.

▶ Creating a supportive ecosystem

Governments and private sector actors must coordinate to maximize these efforts. Investments in high-impact areas, such as agriculture in Morocco and ICT in Tunisia, will channel resources effectively. Trade agreements should enable SMEs to access broader markets, while public-private partnerships (PPPs) can help create infrastructure and training tailored to the needs of small enterprises.

Enhancing regional integration

Regional integration offers key potential for the MENA region to promote economic growth, create sustainable jobs, and diversify trade. By partnering, countries can tackle shared obstacles, access larger markets, and simplify the movement of workers and goods across borders. Programs like METI demonstrate how regional cooperation—though limited in practice—can, in Egypt, Jordan, Morocco, and Tunisia, generate shared prosperity and unearth untapped potential.

▶ Strategies for strengthening integration

To truly profit from integration, countries must capitalize on existing agreements like AfCFTA and GAFTA. Tunisia and Morocco's initiatives to reduce dependence on European markets by promoting intra-African trade highlight the potential of these agreements. Key strategies include:

- **Investing in infrastructure for simpler cross-border trade:** Morocco's investment in logistics and transport has increased regional trade and connectivity with African markets.
- **Simplifying customs procedures and unifying trade standards:** Jordan's digital export platforms demonstrate how streamlined processes can make trade faster and more cost-effective.
- **Sectoral integration:** Countries should focus on industries where they have competitive advantages, such as agriculture, renewable energy, and manufacturing. Egypt's agricultural strength, for example, enables the delivery of high-demand products to African markets. Creating regional value chains in food processing or textiles is also a viable option.

Challenges to overcome

Regional integration has various hurdles, including trade barriers such as non-tariff measures and cumbersome laws, but also cultural barriers. Tunisia's efforts to reach Maghreb and African markets emphasize the need for unified standards across the region.

Infrastructure deficiencies, particularly in nations like Jordan and Egypt, raise prices and limit trade possibilities.

Policy coordination remains a concern, with diverse strategies across countries undercutting regional efforts. Morocco and Tunisia have called for closer alignment of policy to ensure the success of regional initiatives.

What needs to happen

To advance, countries must **strengthen cooperation through regional agreements** like AfCFTA and GAFTA. Reducing tariffs, harmonizing standards, and facilitating labour mobility can make commerce more accessible and efficient.

Investing in cross-border infrastructure—transport, energy, and digital systems—will enhance connectivity and lower trade costs. Similarly, **supporting SMEs** through financial resources, technical training, and assistance to meet trade standards is crucial for equitable regional integration. Additionally, regional trade facilitation hubs with modern customs facilities, logistics support, and digital platforms can accelerate trade processes. Finally, PPPs are essential for addressing challenges and implementing targeted solutions for firms and workers.

Capacity building and training: Implementing effective policies for trade, investment, and employment balance

Aligning trade, investment, and employment policies is vital for fostering sustainable economic development and achieving inclusive growth. To accomplish this, governments must prioritize capacity building and training as key components for creating robust institutional frameworks and enhancing the skills of stakeholders at all levels. By investing in these areas, policymakers, institutions, and the workforce can be equipped with the necessary tools to design and implement policies that effectively harmonize trade, investment, and employment objectives.

Workforce development for policy integration and economic resilience

In the face of globalization, technological advancements, and shifting trade dynamics, workforce development has become the linchpin for aligning economic policies with tangible employment outcomes. The ability to equip people with the right skills, support entrepreneurial ventures, and create equitable opportunities ensures that trade and investment policies are not just ideas on paper but drivers of real, lasting change. Insights from the METI program, along with lessons from Egypt, Jordan, Morocco, and Tunisia, highlight the importance of creating a workforce that is ready for the challenges of today—and tomorrow.

▶ Upskilling and reskilling: Preparing for change

As industries evolve, so must the workforce. Trade liberalization and automation, while creating opportunities, can also displace workers. Reskilling programs are essential for helping these individuals find their footing in high-demand industries. For example, Morocco has implemented initiatives to help textile workers transition to roles in growing sectors.

The digital revolution adds another layer of urgency. Egypt's Vision 2030 includes digital skills training to prepare its workforce for opportunities in e-commerce, remote work, and tech-driven fields. These efforts are particularly important for women and youth, who often face unique barriers to entry. Tunisia's gender-focused skill-building programs exemplify how targeted interventions can make a difference, boosting women's participation in export-oriented industries.

▶ Empowering entrepreneurs

Entrepreneurship is more than just a buzzword—it's a pathway to innovation, employment, and economic growth. Recognizing this, Jordan and Morocco are nurturing entrepreneurial ecosystems by reducing barriers to business entry and providing mentorship opportunities.

Women, in particular, face challenges in accessing finance and networks. Tunisia and Egypt have responded by creating programs tailored to female entrepreneurs, helping them navigate global value chains and succeed in competitive markets. Access to finance remains a critical piece of the puzzle. Morocco's integration of SMEs into formal financial systems serves as a model for ensuring that entrepreneurs have the resources they need to thrive.

▶ Building an inclusive workforce

Workforce development must be inclusive to be effective. Women's labour force participation in the MENA region is among the lowest globally, but programs like Tunisia's vocational training schemes and Jordan's childcare support initiatives are beginning to address structural challenges.

For youth, the challenge is clear: high unemployment in countries like Jordan and Egypt calls for solutions that provide real pathways into the workforce. Robust internship programs and entry-level job opportunities are essential, particularly in high-growth sectors like ICT and logistics.

Inclusivity must also extend to marginalized groups. In Jordan, initiatives that provide training and work permits for refugees highlight how workforce development can be both inclusive and pragmatic, benefiting both individuals and the broader economy.

▶ Strengthening labour market institutions

Labour market institutions are the bridge between policies and people. Public employment agencies in Morocco and Egypt are leveraging technology to better match job seekers with opportunities, ensuring that skills align with demand. Tunisia's National Employment Observatory plays a vital role in identifying skills gaps and tailoring training programs to address them.

Social protection is another cornerstone of workforce development. Programs that formalize informal employment and extend social insurance coverage provide workers with the stability they need to transition between jobs or sectors. These safety nets are not just a social good—they're an economic necessity for building resilience in times of change.

Strengthening institutional frameworks for policy integration

In a region like MENA, where trade, investment, and employment policies intersect in complex and dynamic ways, the strength of institutional frameworks can determine policy success. Effective integration of these domains is not just a technical necessity—it's a strategic imperative for driving sustainable growth, creating jobs, and addressing regional challenges. Drawing from the METI program's insights and the experiences of Egypt, Jordan, Morocco, and Tunisia, we explore how strengthening institutions can pave the way for cohesive and impactful policymaking.

▶ Why institutional coordination matters

Policy integration requires a common language and a shared vision among stakeholders. Yet, in many MENA countries, fragmented institutional structures often result in disjointed efforts. For instance, Morocco's multiplicity of actors in trade and investment policymaking has occasionally led to inefficiencies. The solution lies in fostering inter-ministerial coordination—bringing together key players under a unified strategy. Tunisia demonstrates the potential of aligning sectoral policies with a national development plan, creating synergy between trade, investment, and employment objectives.

However, coordination alone is not enough without capacity. Institutions need empowered individuals who understand the interplay between policy domains. Jordan's focus on technical assistance and capacity building is a step in the right direction, equipping policymakers with the tools to think beyond silos and toward integrated solutions.

▶ Data: The foundation of smart policymaking

In today's data-driven world, the ability to collect, analyze, and act on information is non-negotiable. Yet, gaps in labour market and trade data remain a challenge for many MENA countries. Morocco and Tunisia, for example, have highlighted the absence of comprehensive data systems as a barrier to evidence-based policymaking. Strengthening national statistical systems is more than a bureaucratic task—it's the backbone of informed decision-making.

Egypt's emphasis on monitoring and evaluation illustrates how data can create a feedback loop, allowing governments to adapt policies in real time. Similarly, regional collaborations supported by the METI program enable countries to share data-driven insights and build collective capacity.

▶ The regulatory puzzle

No institution can function effectively within a maze of complex regulations. For SMEs in Jordan, for example, lengthy bureaucratic procedures and non-tariff barriers inflate costs and stifle growth. Simplifying administrative processes is not just about cutting red tape; it's about creating an environment where businesses can thrive and contribute to the economy.

Transparency and accountability are equally critical. In Tunisia, overlapping mandates and rigid frameworks have hindered effective implementation. By streamlining institutional structures and clarifying roles, governments can reduce redundancies and build public trust.

Finally, there's the informal sector—an untapped engine of growth. Morocco's policies aimed at integrating informal businesses into formal structures and fostering SME participation in global value chains offer a model for how targeted reforms can unlock potential.

▶ Learning from regional and global partnerships

No country operates in a vacuum. The challenges MENA countries face are shared, and so too are the opportunities. Regional frameworks like the European Union's External Investment Plan (EIP) provide valuable lessons in institutional coordination. Through partnerships with organizations like the OECD and ITC, the METI program demonstrates how international collaboration can strengthen institutional frameworks, enhance policy coherence, and mobilize resources.

Global alignment is equally important. Tunisia's efforts to adopt international labour and trade standards demonstrate how harmonized policies can enhance credibility and facilitate integration into global value chains. These alignments do not just open doors—they build bridges to new markets and opportunities.

Monitoring and evaluation: Enhancing policymaking and ensuring decent job creation

Monitoring and evaluation (M&E) are integral components of effective policymaking, particularly in aligning trade and investment policies with employment objectives. By systematically assessing the impact of policies on job creation, M&E facilitates evidence-based decision-making, supports policy adjustments, and ensures that the benefits of trade and investment translate into decent work opportunities.

The role of monitoring and evaluation in ensuring policy coherence

Monitoring and evaluation (M&E) are integral to harmonizing employment, trade, and investment policies. By systematically assessing the impacts of economic strategies, M&E ensures that policies align with labour market objectives, fostering inclusivity and adaptability. This dynamic approach enables policymakers to refine interventions and address challenges proactively, enhancing policy coherence in the Southern Mediterranean and beyond.

- **Integrating employment metrics into policy design:** M&E frameworks are instrumental in embedding employment objectives into economic strategies, ensuring alignment across sectors. Incorporating employment metrics, such as job creation rates, working conditions, and sectoral shifts, allows trade and investment policies to prioritize labour market outcomes. For example, METI has advocated for the inclusion of job quality indicators within trade agreements, emphasizing equitable growth. Cross-sectoral alignment further reduces policy conflicts. By evaluating how trade, labour, and investment policies interact, governments can avoid scenarios where progress in one area inadvertently hinders employment objectives in another.

- **Enhancing stakeholder collaboration:** Social dialogue, enriched by M&E insights, strengthens collaboration among governments, employers, and workers, ensuring policies are inclusive and balanced. M&E findings serve as a shared reference for tripartite engagement, fostering consensus on priorities. In Tunisia, evaluations of trade policy impacts have guided collaborative adjustments, aligning economic initiatives with employment goals. Feedback mechanisms create a continuous loop between policymakers and stakeholders, ensuring that emerging challenges are addressed and new opportunities are leveraged.

- **Identifying gaps and overlaps in policy implementation:** A robust M&E framework uncovers inconsistencies and inefficiencies, enabling targeted interventions to enhance policy outcomes. By identifying sectoral imbalances, evaluations highlight areas where trade liberalization may lead to job losses, guiding the implementation of support measures. For instance, assessments in Morocco emphasized the importance of vocational training in rural areas to counterbalance the impacts of agricultural trade reforms. Similarly, M&E helps prevent redundancies by streamlining program implementation across ministries, ensuring that resources are allocated effectively and operations are better coordinated.

- **Promoting evidence-based decision-making:** The insights generated through M&E transform complex policy interactions into actionable data, equipping decision-makers with the tools to design impactful strategies. Data-driven adjustments enable policymakers to fine-tune trade agreements, investment incentives, and employment programs for maximum job creation. The METI program has demonstrated the value of aligning trade liberalization measures with social protection policies, ensuring that economic growth benefits are broadly shared. Regular monitoring also supports real-time adaptability, allowing governments to address unintended consequences, such as job displacement or wage stagnation, through timely corrective actions.

- **Strengthening institutional capacities for coherence:** M&E builds the institutional frameworks necessary for effective policy alignment, fostering accountability and collaboration among key actors. Capacity-building initiatives, such as those under METI, equip national statistical agencies and policymakers with the skills to conduct comprehensive evaluations. This strengthens institutional ability to assess and refine policies based on empirical evidence. Transparency in reporting further enhances accountability, ensuring that policies remain focused on employment and social objectives.

Designing effective monitoring frameworks for employment-focused policies

Effective monitoring frameworks are indispensable for evaluating trade and investment policies, ensuring their alignment with decent work objectives. By establishing clear goals, robust data systems, and inclusive stakeholder processes, these frameworks enable governments to assess progress, address gaps, and refine strategies in real time.

- **Establishing clear objectives and metrics:** Monitoring begins with setting clear, measurable goals that reflect employment priorities. Metrics should go beyond job quantity to include quality, inclusivity, and sector-specific impacts. Employment-centric indicators—such as total jobs created, wage levels, working conditions, and transitions from informal to formal employment—are essential. METI, for instance, highlights the value of tracking worker formalization as a key success measure. Sector-specific goals are equally important, focusing on industries like manufacturing, ICT, or agribusiness that have high employment potential. Aligning these indicators with global benchmarks, such as the Sustainable Development Goals (SDGs), particularly SDG 8 on decent work, ensures coherence with broader development objectives.

- **Ensuring comprehensive data collection:** High-quality data is the backbone of any monitoring framework. Reliable labour market, trade, and investment data is necessary to capture the nuanced impacts of policy interventions. Strengthening national statistical systems is a priority for countries like Morocco and Tunisia, where investments in statistical capacity have improved the tracking of employment trends. Incorporating real-time data collection through digital platforms or targeted surveys enables timely adjustments to policies. Partnerships with international organizations such as the ILO and OECD further enrich data quality, providing access to comparative analyses and global best practices that bolster the reliability of local frameworks.

- **Engaging stakeholders in framework design:** The inclusivity of monitoring frameworks hinges on collaboration with diverse stakeholders. Governments, employers, and worker representatives must co-design these systems to ensure their relevance and legitimacy. Tripartite collaboration provides a platform for aligning monitoring objectives with labour market realities, as seen in Tunisia and Morocco, where stakeholder inputs are integral to monitoring and evaluation systems. Civil society and academic institutions bring depth and diversity to the process, while private sector involvement ensures that frameworks address workforce development, SME integration, and other business-related indicators.

- **Incorporating feedback mechanisms:** Dynamic monitoring frameworks evolve by integrating regular stakeholder feedback, ensuring they remain responsive to changing economic conditions. Policy reviews loops provide structured opportunities for assessing progress and identifying areas for improvement. Social dialogue platforms in the Southern Mediterranean have successfully utilized such mechanisms to refine trade and labour policies. Worker and community feedback further enhances monitoring by capturing grassroots-level impacts, such as improvements in job quality or economic inclusion.

- **Ensuring transparency and accessibility:** Transparency is essential for fostering trust and accountability in monitoring efforts. Public reporting and accessible platforms allow stakeholders to track progress and engage constructively with policymakers. Publishing findings in accessible formats, as done in Jordan and Morocco, helps stakeholders monitor the employment impacts of trade and investment policies. Digital dashboards enhance real-time data visibility, with Tunisia's online portals serving as a model for how monitoring frameworks can provide actionable insights to both policymakers and the public.

- **Building institutional capacity for monitoring:** The efficacy of monitoring frameworks depends on the capacity of the institutions tasked with their implementation. Investments in training and resources ensure that government officials can conduct thorough evaluations. METI has emphasized building skills in data analysis, indicator development, and reporting as essential to effective monitoring. Inter-ministerial coordination further strengthens monitoring frameworks by fostering collaboration across trade, labour, and investment agencies, ensuring policy coherence and comprehensive evaluations.

Facilitating policy adjustments through evaluation

Evaluation serves as a cornerstone of monitoring and evaluation (M&E) systems, enabling governments to refine trade and investment policies to better align with employment objectives. By identifying gaps, unintended consequences, and opportunities for improvement, evaluations ensure policies remain effective, equitable, and adaptive to changing economic landscapes.

- **Identifying policy gaps and unintended consequences:** Evaluations play a pivotal role in uncovering discrepancies between policy intentions and outcomes, offering pathways for timely corrections. Sectoral vulnerabilities often emerge as industries or worker groups face disproportionate impacts from trade liberalization or investment flows. For instance, assessments under METI identified significant job displacements in labour-intensive sectors such as textiles, prompting the design of targeted support initiatives, including vocational training and financial aid. Similarly, evaluations disaggregated by gender, age, and region expose equity and inclusion challenges, as seen in Tunisia, where findings led to the creation of gender-responsive trade policies that promote women's participation in export-oriented sectors.

- **Driving evidence-based policy revisions:** Actionable insights from evaluations enable governments to adapt policies and maximize their impact. Trade agreements can be revised based on evaluation findings to better safeguard vulnerable sectors and uphold labour standards. Morocco, for example, adjusted its trade strategies to better support SMEs and rural communities following evaluation results. Similarly, recalibrating investment incentives based on evidence ensures that resources are directed toward job-rich sectors like renewable energy and ICT. Tunisia effectively leveraged evaluations to attract foreign investment to high-growth industries while mitigating job displacement risks in traditional sectors.

- **Tailoring interventions for affected workers:** Evaluations provide a blueprint for designing targeted interventions that support workers navigating economic transitions. Retraining and reskilling programs, informed by workforce impact analyses, help address skills gaps arising from trade-induced changes. Jordan leveraged evaluation insights to develop ICT-focused training programs, equipping informal or displaced workers with skills aligned to emerging labour market demands. Evaluations also guide the development of job placement services, facilitating smoother transitions for workers into new industries or regions. Morocco has successfully implemented such programs, significantly reducing unemployment and informality rates among displaced workers.

- **Enhancing policy coherence through continuous learning:** Evaluations foster policy coherence by embedding iterative learning into governance structures. Feedback loops ensure that stakeholder perspectives and real-world impacts inform policy revisions. Southern Mediterranean countries have institutionalized mechanisms to incorporate feedback, particularly in rapidly transforming sectors. Evaluations also enable dynamic policymaking by highlighting emerging challenges, such as technological disruptions or climate-related shifts, ensuring that trade and investment policies remain forward-looking and adaptable.

Leveraging international support for monitoring and evaluation systems

Robust monitoring and evaluation (M&E) systems are crucial for ensuring trade, investment, and employment policies generate meaningful outcomes. International help supports these systems through technical experience, financing, and best practices. Partnerships enable inclusive, evidence-based frameworks aligned with global norms, supporting better policies and sustainable development.

- **Access to expertise and capacity building:** International organizations give technical help and training to boost M&E capacity. Programs by the ILO, OECD, and ITC provide policymakers with important skills. For example, METI-supported training in Tunisia and Jordan increased data collection, policy review, and effect analysis. Tailored guidance tackles unique issues, as demonstrated in Morocco's OECD collaboration to build sector-focused frameworks harmonizing trade and employment goals.

- **Funding and resource allocation:** Resource constraints hinder comprehensive M&E systems. International funding overcomes gaps, boosting digital platforms and statistics systems. METI-funded programs have increased institutional capacity across Southern Mediterranean countries. Innovative approaches, such grants and performance-based loans, incentivize openness and accountability.

- **Facilitating knowledge sharing:** Global cooperation supports the adoption of effective practices. Benchmarking by the OECD and ILO helps countries discover weaknesses and strengthen frameworks. Regional initiatives, such as AfCFTA and ITC EuroMed, enhance knowledge exchange. Southern Mediterranean states, for example, have shared procedures to study trade liberalization's job impacts. Toolkits from worldwide organizations offer customizable tools for quick adoption.

- **Enhancing data quality:** Reliable, accessible data is crucial for M&E. International relationships promote accuracy and standards. Morocco and Tunisia strengthened labour force surveys through ILO cooperation. Technology-driven solutions, such as digital dashboards, offer real-time policy monitoring, as seen in Tunisia's trade and employment evaluations.
- **Aligning with global standards:** Frameworks like the SDGs integrate national M&E systems with global objectives. SDG 8 (decent job and economic growth) integration ensures policies contribute to sustainable development. Partnerships with UN agencies incorporate targets within M&E systems, while ILO labour rules stress decent work, gender fairness, and social protection. Southern Mediterranean countries have adopted these principles into trade and employment policies, fostering inclusive growth.
- **Strengthening institutions via partnerships:** Partnerships reinforce institutional capability for M&E. Initiatives like METI encourage ministries, statistical agencies, and regional authorities in developing dedicated M&E units. PPPs promote data collecting, resource allocation, and policy assessment, offering integrated ways to monitoring.

Strengthening trade and employment linkages via regional cooperation

Regional cooperation has emerged as a cornerstone for fostering economic growth, generating employment, and enhancing integration among Southern Mediterranean countries. By building on multilateral agreements and shared initiatives, nations such as Morocco, Tunisia, Egypt, and Jordan have unlocked opportunities to streamline trade, reduce barriers, and integrate their economies into regional and global value chains. These efforts not only boost economic activity but also promote inclusivity and sustainability across the region.

Union for the Mediterranean initiatives

The Union for the Mediterranean (UfM) has been at the forefront of regional integration, driving programs that enhance trade and employment while fostering collaboration among Mediterranean countries.

The Med4Jobs Program, a flagship initiative of the UfM, underscores the region's commitment to job creation and workforce development. By launching TVET programs and supporting entrepreneurship, this initiative has provided economic opportunities for thousands of young people and women. Beyond employment, Med4Jobs equips SMEs with the resources and skills needed to compete internationally, strengthening trade linkages across the Mediterranean.

Regional infrastructure projects facilitated by the UfM have further reinforced economic connectivity. Initiatives like the Euro-Mediterranean Transport Network aim to improve logistical efficiency and lower trade costs, making cross-border commerce more accessible and creating employment opportunities in transport and logistics.

Free trade agreements and economic integration

Regional trade agreements have been instrumental in integrating the economies of Southern Mediterranean countries, fostering export growth, and creating employment.

The Agadir Agreement, signed by Morocco, Tunisia, Egypt, and Jordan, exemplifies regional economic collaboration. By promoting free trade and aligning regulations with EU standards, this agreement has facilitated the creation of regional value chains in textiles, automotive components, and agribusiness. Intra-regional trade under the Agadir Agreement has generated jobs in export-oriented industries and empowered SMEs to participate in international markets.

The AfCFTA expands the horizons for Egypt, Morocco, and Tunisia, granting access to a vast market of over 1.3 billion consumers. By fostering regional trade expansion, the AfCFTA creates demand for skilled labour in sectors like manufacturing and logistics, while also promoting cross-border employment opportunities.

Enhancing SME participation in regional trade

Small and medium enterprises (SMEs) play a vital role in the region's economy, and regional cooperation has focused on enhancing their capacity to contribute to trade and employment.

Programs such as Tunisia Export and initiatives led by the Jordan Export Development Corporation (JEDCO) focus on training SMEs in export management and providing access to finance. These efforts have empowered thousands of SMEs to engage in international trade, creating jobs and strengthening economic resilience.

The development of industrial clusters has further amplified SME integration into global value chains. Textile clusters in Morocco and Tunisia, for instance, provide a platform for SMEs to collaborate, innovate, and compete in global markets, fostering job creation and enhancing export competitiveness.

Regional supply chain integration

Southern Mediterranean countries have successfully collaborated to establish integrated supply chains, leveraging their unique strengths in various industries.

In sectors like automotive, renewable energy, and textiles, cross-border supply chain integration has become a hallmark of regional cooperation. For example, automotive components produced in Morocco and Tunisia are assembled in Egypt and exported to Europe, demonstrating the region's ability to work together for mutual economic benefit.

Efforts to harmonize regulatory and quality standards have further reduced trade barriers. This alignment not only facilitates seamless supply chain integration but also creates specialized jobs in certification, quality assurance, and compliance industries.

Cross-border employment initiatives

Labour mobility has been a critical component of regional cooperation, addressing skill mismatches and creating economic opportunities across borders.

Bilateral and multilateral labour mobility agreements have facilitated cross-border employment. For instance, agreements between Tunisia and Libya have allowed skilled workers to fill labour shortages in construction and manufacturing sectors, benefiting both economies.

Regional programs under the UfM also target youth employment, focusing on skill development and job-matching services. By addressing high youth unemployment rates, these initiatives equip the next generation with the tools to contribute to the region's economic progress.

Mainstreaming employment into trade and investment policies thanks to social dialogue

Social dialogue, defined as negotiations, consultations, or exchanges of information among representatives of governments, employers, and workers, plays a pivotal role in aligning employment objectives with trade and investment policies. At both national and regional levels, it fosters consensus-building, improves policy coherence, and ensures that economic growth translates into inclusive job creation.


© iStock/Jean-Luc Ichard/Morocco

Enhancing policy coherence: Aligning economic growth with employment goals

Achieving sustained economic growth in the Southern Mediterranean involves more than trade expansion or investor attractiveness. True progress comes in ensuring these efforts generate meaningful, inclusive jobs. Policy coherence is crucial, linking trade, investment, and employment strategies into a cohesive framework. Central to this approach is social discourse, enabling stakeholders to collaborate, align priorities, and establish consensus policy.

- **Integrating employment goals into trade agreements:** Trade agreements frequently prioritize market access and capital but risk disregarding worker implications. Social dialogue ensures employment goals are interwoven, with labour unions, companies, and governments establishing policies that encourage fair work practices. EU trade agreements, for example, include sustainability clauses supporting decent work. Targeting high-employment areas like renewable energy and textiles further relates trade to job creation and sectoral growth.

- **Institutional coordination via multi-stakeholder platforms:** Fragmentation among government institutions inhibits efforts to integrate jobs into trade and investment policies. Multi-stakeholder platforms overcome silos, aligning actors around shared employment goals. The METI program exemplifies how inter-ministerial task teams integrate policy, prioritizing workforce development. Regional efforts like AfCFTA show coordinated action, promoting cross-border employment and fostering wealth.

- **Harmonizing policies for regional integration:** Effective regional integration depends on linked policies to promote equitable trade benefits and smooth labour mobility. Social dialogue aids this by allowing reciprocal acknowledgment of qualifications and agreed labour standards. In the Southern Mediterranean, public-private interactions eliminate regulatory hurdles, promoting sectors like ICT and renewable energy. These activities equip the workforce for new industry demands while driving regional growth.

- **Embedding monitoring and evaluation:** Continuous supervision is important to continue success. Social discourse informs monitoring procedures, ensuring policies minimize employment losses and increase opportunities. Employment impact evaluations assist in building adaptive agreements. Tunisia's iterative approach to improve its investment climate, driven by stakeholder input, shows how feedback stimulates job creation and enhances business conditions.

Supporting labour market transitions: Empowering workers and industries amid economic change

In an era marked by rapid technological advancements, shifting trade dynamics, and economic liberalization, labour market transitions have become an inevitable part of growth and adaptation. For the Southern Mediterranean, managing these transitions effectively is critical to ensuring that workers and industries can navigate structural shifts with resilience and opportunity. By leveraging social dialogue, governments, employers, and workers can collaborate to create strategies that mitigate the adverse effects of change while fostering an environment of adaptability and growth.

- **Reskilling and upskilling programs:** Labour market transitions often demand a rethinking of skillsets; particularly as new economic sectors emerge. Social dialogue is instrumental in designing targeted reskilling and upskilling programs that prepare workers for evolving demands. In practice, collaborative efforts between governments and industry stakeholders can align vocational training curricula with market needs, ensuring workers are equipped for jobs in burgeoning fields like renewable energy, ICT, and advanced manufacturing. For instance, regional vocational training centers in the Southern Mediterranean have already begun addressing sector-specific labour needs in these areas, highlighting the value of this approach. Similarly, investments in digital literacy and green technology training—illustrated by Egypt's digital workforce initiatives and Morocco's focus on renewable energy—demonstrate the transformative potential of equipping workers with future-oriented skills.

- **Facilitating sectoral shifts:** Economic transitions often lead to the expansion of some sectors and the contraction of others. To manage these shifts, social dialogue provides a platform for planning and mitigating their impact. Collaborative frameworks help identify sectors with high employment potential, channeling resources and policy attention to areas like textiles, agribusiness, and tourism, which hold significant promise for the Southern Mediterranean. Additionally, programs aimed at supporting displaced workers—such as those in Tunisia and Morocco that pair retraining with employment placement—underscore the importance of proactive, inclusive measures to ease transitions into growing industries.

- **Promoting employment mobility: Labour market transitions** also frequently require workers to adapt to new roles or even relocate geographically. Social dialogue facilitates frameworks that enable such mobility. Through regional agreements and tripartite discussions, governments and stakeholders can harmonize labour standards, streamline qualifications recognition, and establish robust support systems. Whether by creating cross-border mobility opportunities in high-growth sectors or providing relocation assistance for occupational changes, these initiatives ensure that workers are not left behind in the wake of economic shifts.

- **Strengthening social protection:** Economic adaptation can expose workers to vulnerabilities such as unemployment or income instability. To safeguard against these risks, social dialogue plays a critical role in shaping social protection systems. Collaborative policymaking ensures the design of unemployment insurance, retraining stipends, and inclusive policies that address the unique challenges faced by marginalized groups. Initiatives like childcare programs and financial aid for women transitioning into formal employment exemplify how inclusive dialogue can lead to equitable and impactful support systems.

- **M&E of employment transitions:** Continuous monitoring and evaluation are vital for ensuring that trade and investment policies effectively support labour market transitions. Through social dialogue, governments, employers, and workers can collaboratively conduct employment impact assessments, tracking how these policies influence labour patterns and refining strategies accordingly. Feedback loops established through ongoing dialogue enable stakeholders to adapt programs to unforeseen challenges, ensuring that labour market transitions remain a dynamic and responsive process.

Promoting inclusivity and equity in trade and investment policies

Promoting inclusion and equity ensures trade and investment policies contribute to sustainable development and social harmony. Addressing imbalances in gender, age, geography, and socio-economic status, social dialogue helps marginalized people to participate fully in economic activity. Collaborative policymaking ensures the benefits of trade and investment are broadly shared.

▶ Addressing gender disparities

Trade policies often disproportionately affect women due to labour market inequities. Social discourse helps design gender-responsive policies that empower women economically. Collaborative projects address hurdles such restricted access to credit, skills training, and formal employment. Initiatives in Tunisia and Egypt have assisted women in export-driven sectors including textiles and agriculture.

Women-friendly industries also benefit from legislation favouring areas like healthcare and services. Incentives for investors to embrace egalitarian practices—such as equal pay and maternity leave—boost women's workforce participation. Support for female entrepreneurs, including mentorship and trade incentives, integrates women-owned SMEs into regional marketplaces, as witnessed in the Southern Mediterranean.

▶ Youth employment and inclusion

Youth unemployment is a major concern. Social dialogue establishes policies linking vocational education with market demands, educating youngsters for ICT, green energy, and industrial jobs. Youth-focused training centres in Tunisia and Jordan exemplify the success of such initiatives. Additionally, social dialogue supports youth entrepreneurship through grants, training, and market access initiatives, empowering young people as job creators. Partnerships between governments and employers facilitate inclusive job placements, such as internships and apprenticeships, opening entry points into the labour market. A notable example of best practices is the Internship Day for young Science, Technology, Engineering, and Mathematics (STEM) graduates, organized by the Federation for Egyptian Industries (FEI). Export-oriented opportunities in tourism and agriculture have connected young workers with viable career paths.

▶ Reducing regional inequalities

Trade expansion frequently benefits urban centres, leaving rural areas underserved. Social dialogue fosters investments in agribusiness, renewable energy, and eco-tourism, producing rural jobs. Morocco and Tunisia have prioritized infrastructure and workforce development in these regions, attracting investment.

Cross-border labour mobility agreements, supported by social discourse, eliminate inequities by connecting workers to high-demand locations. Inclusive infrastructure policies concentrating on transit, internet access, and electricity in rural locations encourage larger economic involvement.

▶ Formalizing the informal sector

The informal sector employs many but lacks protection. Social dialogue drives policies to formalize it, ensuring fair conditions and security. Simplified tax regimes and decreased barriers in Morocco and Jordan have supported the transition to formality.

Extending social protections, such as health insurance and pensions, to informal workers enhances equity. Social dialogue ensures these initiatives address the needs of disadvantaged groups.

From an economic perspective, integrating smaller informal economic units into the value chains and distribution networks of larger enterprises (both national and international) can enhance their productivity. This can be achieved through enterprise development, workforce skills enhancement, or the simplification of formal registration processes, ultimately supporting the transition to formality.

▶ **Empowering marginalized groups**

Marginalized people, especially migrants and refugees or workers with differences, confront severe impediments to economic engagement. Social dialogue enables their inclusion through measures like safe migratory pathways and equal treatment. Refugee programs, such as work permits and vocational training, have helped their integration, with Jordan giving prominent examples of success.

▶ **Monitoring and evaluating inclusivity**

Social dialogue includes measures for gender fairness, youth inclusion or of workers with differences, and regional development into monitoring systems. Employment impact evaluations and stakeholder meetings provide accountability and assist policy revisions depending on outcomes.

Strengthening institutional frameworks: Building the foundations for policy integration

Robust institutional frameworks are essential for mainstreaming employment into trade and investment policies. They provide the structural backbone for policy coherence, effective implementation, and stakeholder collaboration. By leveraging social dialogue, institutions can enhance communication, accountability, and inclusivity, creating a foundation for sustainable development.

- **Enhancing inter-ministerial coordination:** Fragmentation among ministries often leads to misaligned trade, investment, and employment policies. Strengthened coordination ensures that these policies work harmoniously to achieve shared goals. Establishing inter-ministerial task forces facilitates seamless collaboration among key stakeholders. The METI program underscores the value of such frameworks in aligning sectoral strategies with employment goals, as seen in Tunisia and Morocco. Unified strategic visions further enhance this alignment, ensuring that national development strategies integrate employment objectives across sectors.

- **Harnessing data for informed policymaking:** Reliable data is the cornerstone of evidence-based policy decisions. Strengthening national statistical systems fills critical gaps in labour market and trade data, enabling governments to craft informed policies. Countries like Morocco and Egypt have shown how investments in data collection and analysis have refined the alignment of trade policies with employment objectives. Monitoring and evaluation mechanisms institutionalize feedback loops, ensuring that policies adapt to evolving economic realities. Partnerships with academic institutions and international organizations, such as those facilitated by METI, provide technical expertise and access to global insights, further enhancing policymaking capabilities.

- **Streamlining regulatory frameworks:** Efficient and transparent regulatory systems are vital for reducing administrative bottlenecks and fostering compliance. Simplifying procedures, particularly for SMEs, encourages investment and drives economic growth. Collaborative consultations in Jordan and Morocco have successfully streamlined licensing processes, making it easier for businesses to thrive. Equally important is enhancing transparency and accountability within regulatory frameworks, as illustrated by Tunisia's reforms, which have fostered trust and minimized redundancies through social dialogue.

- **Institutionalizing social dialogue platforms:** Formal platforms for social dialogue ensure continuous engagement among governments, employers, and workers. National tripartite committees have proven effective in aligning trade, investment, and employment strategies, integrating labour considerations into broader economic policies. On a regional scale, initiatives like the AfCFTA leverage dialogue to harmonize labour standards and facilitate cross-border collaboration.

- **Building institutional capacity:** Strengthening institutional frameworks requires equipping policymakers and public officials with the skills to manage the complexities of policy integration. Specialized training programs, such as those supported by METI in Jordan and Tunisia, enhance the technical capabilities of government officials. Investments in TVET systems also align workforce development with national priorities, addressing the needs of emerging sectors like ICT and renewable energy.
- **Fostering PPPs:** PPPs amplify institutional effectiveness by pooling resources and expertise. Investment facilitation initiatives, such as Tunisia's establishment of a one-stop shop for investors, streamline processes and enhance efficiency. Employers, in partnership with governments, can co-design training programs tailored to industry-specific needs, as seen in Morocco's renewable energy sector. These collaborations also extend to funding and implementing reskilling programs, ensuring a collective approach to workforce adaptation that bridges public and private resources.
- **Leveraging international support:** Engagement with international partners enhances institutional capacity through financial assistance, technical support, and shared best practices. Programs like METI exemplify how donor-funded initiatives can drive sustainability and long-term impact. Aligning national policies with global standards further strengthens institutional credibility, as demonstrated by Tunisia's adoption of international labour and trade norms, which positions the country for deeper integration into global value chains.

Addressing displacement and mitigating risks: Ensuring inclusive economic transitions

Economic transitions driven by trade liberalization and investment can disrupt labour markets, leading to job displacements and industry shifts. To ensure that these transitions promote equitable development, stakeholders must address potential risks, support affected workers, and foster inclusive resilience. Social dialogue provides a collaborative framework for mitigating the adverse effects of economic shifts, ensuring that policies are responsive and inclusive.

▶ Assessing employment impacts

Employment impact assessments are a cornerstone of inclusive policy design. By incorporating the perspectives of governments, employers, and workers, these assessments provide a nuanced understanding of how trade and investment policies affect labour markets.

Ex-ante analyses enable governments to forecast employment shifts before implementing trade agreements. For instance, METI's emphasis on aligning trade policies with labour market strategies has minimized adverse impacts in vulnerable sectors like agriculture and textiles. Continuous monitoring further ensures that policies remain adaptable. Stakeholder-driven systems in Tunisia and Morocco have enabled real-time policy adjustments, addressing emerging challenges effectively.

▶ Strengthening social protection

Social protection systems are vital for safeguarding workers during economic transitions. Stakeholder collaboration ensures that these systems are both comprehensive and equitable.

Unemployment insurance programs, informed by social dialogue, provide financial security for displaced workers. Egypt's transition benefits exemplify how collaborative policymaking can ease the impact of job losses. Additionally, targeted measures for vulnerable groups, such as women and youth, ensure inclusivity. Tunisia's gender-responsive safety nets, which include childcare and healthcare support, empower women to re-enter the workforce following displacement.

▶ Designing retraining and reskilling programs

Adapting to economic transitions often requires workers to acquire new skills. Social dialogue ensures that retraining initiatives align with industry needs and worker aspirations.

Customized training programs prepare workers for roles in high-growth sectors. Vocational centers in Morocco and Egypt, focusing on renewable energy and ICT, demonstrate how sector-specific training can drive employment. Lifelong learning opportunities, developed through public-private partnerships, further enable workers to adapt to technological advancements. Tunisia's on-the-job training programs in manufacturing and logistics exemplify this approach.

▶ Facilitating mobility

Mobility—both geographic and occupational—is a key strategy for addressing displacement. Cross-border agreements, such as those under the AfCFTA, facilitate labour mobility in industries with high demand. These agreements empower displaced workers to seek opportunities across borders. Similarly, national programs, like those in Jordan, connect workers transitioning from agriculture to urban industries such as manufacturing and ICT, offering relocation assistance and job placement services. In this sense, social dialogue helps create frameworks that support smooth transitions for workers.

▶ Supporting small and medium enterprises (SMEs)

SMEs, often key employers in developing regions, face unique challenges during economic transitions. Access to affordable financing is critical for SMEs navigating global competition. Credit guarantee schemes and low-interest loans in Morocco and Tunisia provide much-needed support. Furthermore, integration into global value chains equips SMEs to compete internationally. Capacity-building programs and trade facilitation measures, developed through social dialogue, have empowered SMEs to thrive in new markets. Lastly, social dialogue may ensure that policies address SMEs needs and enable adaptation.

▶ Establishing dispute resolution mechanisms

Transparent dispute resolution mechanisms protect workers and employers by addressing grievances related to displacement or trade impacts. labour dispute committees, supported by social dialogue, may offer a platform for addressing worker concerns. These committees have been particularly effective in industries undergoing rapid change, such as textiles and manufacturing in the Southern Mediterranean. Additionally, embedding labour rights enforcement mechanisms in trade agreements ensures accountability. Social dialogue has been instrumental in incorporating these provisions into agreements under frameworks like the EU's sustainability commitments.

▶ Engaging international support for mitigation

International cooperation enhances national capacities to mitigate displacement risks and address labour market disruptions effectively. Capacity-building programs, such as those funded by METI, support governments in developing sustainable mitigation strategies. By drawing on global best practices, countries can design policies that successfully navigate sectoral transitions. Lessons from international experiences in ICT and renewable energy provide valuable insights for adapting domestic strategies.

Sustainable knowledge repository

Jordan. 2014 © Nadia Bseiso/ILO

3

In the endeavour to mainstream employment into trade and investment (METI), the foundation of success lies in the clear and precise definition of policies. Policies serve as the blueprint for action, guiding governments, institutions, and stakeholders toward common objectives. In this context, a well-defined policy not only delineates the path forward but also reshapes the national landscape to yield better outcomes for the public. This section explores the critical role of policy definition in transforming the national context and enhancing public results.

Understanding policies in the METI framework

The METI framework represents a pioneering approach to aligning trade and investment policies with employment objectives. It seeks to transform economic growth into equitable job creation, fostering structural transformation and inclusivity while ensuring coherence with broader national and international development goals.

Core principles of METI policies

- **Integration of employment into trade and investment:** METI policies focus on linking trade and investment to job creation. This involves identifying high-potential sectors and crafting policies to boost growth. For example, trade incentives can be linked to labour market outcomes, and FDI can target sectors with significant job potential.

- **Focus on structural and inclusive growth:** Addressing structural unemployment lies at the heart of METI. By emphasizing growth and development in employment-rich sectors such as manufacturing and agribusiness, the framework seeks to absorb large portions of the workforce. Additionally, METI champions inclusivity by promoting policies that target vulnerable groups, including women, youth, and informal sector workers.

- **Evidence-based policymaking:** The METI framework heavily relies on studies and analysis to inform policy decisions. Tools and methodologies, such as employment impact assessments, provide insights into how trade liberalization and investment affect labour markets.

- **Alignment with national and international goals:** METI policies are designed to complement existing national development plans and align with international commitments like the Sustainable Development Goals (SDGs). This ensures that trade and investment strategies contribute to broader socio-economic and environmental objectives, such as promoting decent work (SDG 8).

- **Social dialogue:** METI's policy recommendations and subsequent action are developed by national stakeholders, including government officials, workers' and employers' representatives and other relevant interest groups. This approach supports the commitment of all relevant parties for putting the recommendations into action.

Policy instruments in the METI framework

- **Trade policies:** METI advocates for reducing trade barriers while protecting domestic industries with high job potential. Preferential trade agreements include labour standards and support for SMEs. The Agadir Agreement exemplifies this by boosting regional trade and integrating SMEs into value chains in the Southern Mediterranean.

- **Investment policies:** FDI attraction strategies (focus on inclusive and sustainable investment) under METI prioritize sectors capable of generating significant employment, such as renewable energy and advanced manufacturing. These policies often include incentives for foreign investors who implement workforce development programs or source inputs locally, ensuring that domestic economies benefit from global investments.
- **Employment policies:** Labour market reforms within the METI framework aim to balance flexibility with worker protection. Enhancing workforce skills through vocational training, aligning education with market needs, and promoting job security are key components.

Strategic benefits of METI policies

- **Creating synergies:** By uniting trade, investment, and employment strategies, METI ensures that economic growth translates into widespread socio-economic benefits.
- **Promoting resilience:** METI's alignment of economic policies with employment goals strengthens resilience against external shocks, such as global economic crises or supply chain disruptions. Policies that prioritize diversification mitigate risks associated with overreliance on specific sectors or markets.
- **Fostering regional integration:** The METI framework promotes regional cooperation to enhance the employment benefits of cross-border trade and investment agreements. Initiatives under the Euro-Mediterranean partnership, such as harmonizing labour standards and fostering regional value chains, exemplify how coordinated policies can amplify economic and employment outcomes.

Elements of clear policy definition

In the METI framework, the success of any initiative hinges on the clarity and coherence of its policies. A well-defined policy ensures that stakeholders across sectors—from government entities and social partners to private businesses and civil society—can align their efforts toward shared goals. Below, we examine the essential elements of clear policy definition, which are integral to effectively linking trade and investment with employment creation.

Specific objectives

Policies must articulate precise and measurable goals that directly address the relationship between trade, investment, and employment. These objectives should balance ambition with feasibility, aligning with national priorities and the overarching aims of the METI framework. For instance, a policy might target job creation in export-oriented sectors by specifying a quantitative objective like 'generating 50,000 new ICT-related jobs within five years'. Similarly, qualitative objectives could be formulated, for example, 'Support X number of SMEs in transitioning to formality over the next five years.' Such clarity not only provides direction but also sets measurable benchmarks for evaluating progress.

Alignment with broader frameworks

A strong policy integrates seamlessly with existing national strategies and international goals, ensuring coherence across sectors while avoiding duplication. This alignment fosters synergies between domestic initiatives and global commitments like the Sustainable Development Goals (SDGs).

Operational mechanisms

Effective policies detail actionable steps to transform objectives into results. This includes defining specific actions, identifying necessary resources, and setting realistic timelines for execution. Operational mechanisms provide a roadmap for all stakeholders, reducing ambiguity and facilitating implementation.

Stakeholder involvement

Inclusive policymaking is critical for addressing the needs of diverse groups and ensuring ground-level relevance. Engaging government agencies, private sector representatives, labour unions, and civil society during the design phase builds consensus and secures buy-in from key actors.

Monitoring and evaluation frameworks

Ongoing monitoring and evaluation are essential for tracking progress and making data-driven adjustments. Clear policies should include mechanisms for performance measurement, such as job creation rates, sectoral growth, and FDI impacts. Regular evaluations allow for accountability and timely course corrections.

Transparency and accessibility

Transparency in policy design and communication builds trust among stakeholders and ensures compliance. Policies should be accessible, with clear explanations of objectives, guidelines, and expected outcomes.

Flexibility and adaptability

Given the dynamic nature of global trade and domestic economic conditions, policies must be designed to adapt to new challenges and opportunities. Flexibility ensures resilience in the face of unexpected disruptions, such as market shifts or crises.

Resource allocation

Policies must include provisions for the financial, human, and institutional resources needed to achieve their goals. Adequate resource allocation ensures that ambitious objectives are not undermined by capacity constraints.

Transforming the national context through clear policies

In the METI framework, clear policies act as catalysts for reshaping national socio-economic landscapes. By creating coherence among trade, investment, and employment strategies, these policies address structural challenges, promote inclusivity, and drive sustainable development. The following exploration highlights the transformative potential of well-defined policies within a national context.

Aligning trade, investment, and employment objectives

Clear policies ensure that economic growth translates into meaningful job creation by aligning trade and investment incentives with labour market goals.

Enhancing governance and institutional capacity

Effective policies strengthen governance by clarifying regulatory processes, reducing bureaucratic inefficiencies, and bolstering institutional capabilities.

Creating an attractive investment climate

Predictability, transparency, and accountability are hallmarks of clear policies that attract both domestic and foreign investors.

Promoting regional integration

By fostering regional trade and investment cooperation, clear policies leverage shared economic strengths and geographic proximity to create employment opportunities.

For example, initiatives in the Mediterranean region have facilitated cross-border trade and labour mobility, particularly in shared industries such as logistics and manufacturing, strengthening competitiveness across borders.

Addressing structural challenges

Clear policies help to resolve persistent challenges, including structural unemployment, skill mismatches, and regional disparities.

Empowering marginalized groups

Inclusivity is a core tenet of METI policies, ensuring that marginalized populations, including women, youth, workers with differences and informal workers, have equitable access to economic opportunities.

Promoting sustainable development

Integrating environmental sustainability into trade and investment policies ensures long-term economic resilience.

Driving resilience against external shocks

The adaptability of clear policies equips countries to respond effectively to global crises, such as economic downturns or pandemics.

During the COVID-19 pandemic, several countries prioritized sectors capable of generating quick employment gains, ensuring economic recovery while maintaining a focus on long-term resilience.

Achieving better results with the public

The METI framework underscores that public trust and engagement are pivotal for the success of policies aimed at aligning trade, investment, and employment goals. Achieving better results with the public requires clear communication, inclusivity, and the delivery of tangible benefits that resonate across society. This approach not only strengthens public confidence in governance but also ensures that socio-economic gains are widely and equitably distributed.

Fostering public trust through transparency

Transparent policies are fundamental for building trust between governments and citizens. When objectives, processes, and expected outcomes are clearly communicated, the public is more likely to support and comply with initiatives.

Increasing economic opportunities

METI policies prioritize sectors with high employment potential, directly addressing public demand for better jobs and higher incomes. By focusing on tangible economic opportunities, governments can ensure that the public feels the immediate impact of reforms.

© iStock/Stefano Barzellotti/Morocco

Promoting inclusivity

Inclusivity ensures that trade and investment benefits are accessible to marginalized groups, including women, youth, and informal workers. This reduces inequality and fosters a sense of equity and social cohesion.

Empowering the public through skills development

Education and skills development are essential for equipping citizens to take advantage of new opportunities created by trade and investment policies. These efforts lead to higher productivity and better integration into formal employment markets.

Creating resilient and sustainable livelihoods

Policies that promote sustainability help create stable and resilient livelihoods for the public. By focusing on renewable energy, green technologies, and sustainable agriculture, governments can align both jobs and environmental challenges.

Enhancing public engagement

Public consultation during policy formulation and implementation generates a sense of ownership and ensures that initiatives align with public needs and expectations. Inclusive engagement strengthens the legitimacy and relevance of government actions.

Monitoring and communicating impact

Robust monitoring frameworks and effective communication of policy outcomes reinforce public confidence. Demonstrating measurable results and celebrating success stories validate government efforts and inspire continued public support.

Policies driving results on the ground

Within the METI framework, policies designed with precision and inclusivity demonstrate a profound capacity to transform national economies. By linking trade and investment initiatives to tangible employment and socio-economic outcomes, these policies create pathways to greater equity, productivity, and sustainability, ensuring that the benefits of globalization reach all corners of society.

Fostering employment growth

Policies that synchronize trade and investment with employment objectives catalyze job creation across a diverse array of sectors. By targeting industries with high labour absorption rates, such as export-oriented manufacturing and renewable energy, governments translate economic growth into measurable employment outcomes.

Enhancing skills and productivity

Embedding skill development initiatives into trade and investment policies is essential for aligning workforce capabilities with industry demands. This not only raises productivity but also equips workers with the competencies required to secure better-paying jobs in competitive markets.

Supporting SMEs and local enterprises

Small and medium-sized enterprises (SMEs) form the backbone of many economies, driving localized employment and resilience. Policies that enhance SME financing, streamline regulatory compliance, and expand market access enable these enterprises to thrive.

Advancing gender and youth inclusion

Targeted policies addressing barriers faced by women and youth in the labour market bridge socio-economic disparities and unlock untapped potential.

Encouraging sustainable development

Policies rooted in sustainability not only safeguard environmental resources but also drive employment in green sectors, fostering long-term economic and ecological resilience.

Mitigating regional disparities

By channelling investments into rural and underserved areas, targeted policies address regional inequalities and stimulate local economies, creating opportunities where they are most needed.

Increasing resilience against shocks

Economic diversification and workforce adaptability are critical for weathering global and local disruptions, such as pandemics or economic downturns.

Leveraging regional integration

Participation in regional trade agreements and economic integration amplifies the impact of national policies by opening new markets and facilitating cross-border job creation.

Challenges in policy definition

The METI framework emphasizes the need for clear, actionable policies to align trade and investment with employment goals. However, challenges such as institutional limitations, socio-economic complexities, and external shocks can undermine policy clarity, alignment, and execution, reducing their effectiveness.

Balancing stakeholder interests

Reconciling the diverse priorities of stakeholders—government agencies, social partners, private sector entities, and civil society—is a perennial challenge in policymaking. Diverging goals, such as the short-term profit motives of businesses versus the long-term socio-economic aspirations of governments, often create misalignments. Furthermore, inadequate representation of marginalized groups, including women and youth, can result in policies that lack inclusivity.

Data and resource limitations

The lack of reliable data and limited resources hinder evidence-based policymaking. Without strong labour market data, addressing skill gaps and sectoral needs is challenging. Additionally, weak monitoring and evaluation systems prevent tracking policy outcomes effectively.

Overlapping and conflicting policies

Fragmentation among trade, investment, and employment policies often leads to inefficiencies. Overlapping initiatives or conflicting objectives—such as those between trade liberalization and domestic labour protections—can dilute the effectiveness of policy frameworks.

Geopolitical and economic instabilities

Political instability, regional conflicts, and global economic shocks disrupt policy continuity and delay reforms. Volatile geopolitical conditions in the Southern Mediterranean region dampen investor confidence, while external shocks like the COVID-19 pandemic exacerbate unemployment and strain fiscal resources.

Institutional capacity and governance issues

Weak institutional frameworks and governance challenges hinder the effective design and execution of policies. Limited inter-agency coordination results in fragmented efforts, while corruption and lack of transparency erode public trust in government initiatives.

Inadequate stakeholder engagement

Excluding key stakeholders from the policymaking process diminishes policy relevance and hampers execution. Insufficient engagement with civil society, SMEs, and marginalized groups leads to limited buy-in, while a lack of public awareness campaigns reduces understanding of policy goals.

Addressing sectoral and regional disparities

Balancing national priorities with the specific needs of regions or sectors is a major challenge. Policies often prioritize urban industrial zones and high-growth industries like ICT, overlooking rural areas and traditional sectors.

Adapting to global trends

Rapid technological advancements and shifting global trade patterns require policies that are agile and forward-looking. However, many governments struggle to keep pace with digital transformation, resulting in skill mismatches and uneven development. Protectionist trends in global markets further challenge the benefits of trade liberalization.

Conclusion and next steps

4

This section highlights the key takeaways and outlines actionable steps to integrate trade, investment, and employment policies for sustainable development in the Southern Mediterranean region. By aligning these areas, the region can address challenges, seize opportunities, and foster inclusive growth. Below, we summarize essential insights and propose next steps for policymakers and stakeholders to drive positive change.

Key takeaways

The importance of aligning trade, investment, and employment policies

Sustainable development in the Southern Mediterranean region requires a coherent and integrated approach that aligns trade, investment, and employment policies. These interconnected domains have the potential to collectively address economic, social, and environmental challenges while unlocking new opportunities for growth. Below is a summary of the main messages captured in the PRG on "Mainstreaming Employment into Trade and Investment" (METI):

Trade as a catalyst for inclusive growth

- **Market access and job creation:** Trade liberalization, through mechanisms such as RTAs and trade facilitation agreements (TFAs), expands market access, promotes sectoral growth, and generates employment. Examples from the region highlight how industries like textiles in Morocco and engineering in Jordan have benefited from enhanced export opportunities.
- **Sector-specific opportunities:** Export-driven sectors such as agribusiness, and manufacturing have demonstrated significant potential for job creation, particularly for women and youth. These sectors are crucial in reducing unemployment and fostering economic inclusion.
- **Challenges in employment quality:** Trade policies create jobs, but ensuring job quality and formalization in trade-driven industries remains critical. Aligning trade policies with labour standards is essential to promote decent work.

Investment as a driver of productivity and workforce development

- **Attracting and channeling investments:** Investment policies, particularly those targeting labour-intensive and high-value sectors, contribute to job creation, technology transfer, and workforce upskilling. FDI in industries like renewable energy offers pathways for sustainable employment growth.
- **SMEs and regional development:** Small and medium enterprises (SMEs) are pivotal in generating jobs and fostering economic inclusion, especially in underserved areas. However, improving their access to finance and integrating them into global value chains is essential for maximizing their impact.
- **Balancing automation and employment:** While investments in technology enhance productivity, there is a need to balance automation with job preservation. Policies promoting reskilling and innovation ensure that technological advancements complement rather than replace human Labour.

Employment policies as anchors for social equity

- **Addressing skills mismatches:** Integrated employment policies must align with trade and investment strategies to address skills mismatches. Expanding TVET programs tailored to emerging sectors like green technologies and advanced manufacturing is critical.
- **Promoting inclusivity:** Employment policies must prioritize marginalized groups, particularly women, youth, and rural populations. Initiatives such as gender-sensitive policies, youth-focused entrepreneurship programs, and inclusive labour market practices can drive equitable development.
- **Social protections and decent work:** To ensure sustainable employment outcomes, social protections must accompany job creation. This includes enforcing minimum wage laws, improving workplace conditions, and extending benefits to workers in informal sectors.

Interdependencies and integrated frameworks

- **Synergies for economic resilience:** The integration of trade, investment, and employment policies creates synergies that enhance economic resilience. For instance, Morocco's strategic alignment of industrial policies with trade agreements has strengthened its export capacity while generating employment.
- **Institutional coordination:** Effective inter-ministerial collaboration and public-private partnerships are essential for harmonizing policy goals and implementing impactful programs. Tunisia and Jordan provide examples of progress in fostering such coordination.
- **Sustainability and innovation:** Aligning policies with global sustainability goals, such as those in the AfCFTA and national green energy initiatives, ensures that growth is environmentally sustainable and forward-looking.

Challenges and opportunities

- **Overcoming structural barriers:** Challenges such as informality, gender disparities, and regional inequalities limit the benefits of trade and investment-driven growth. Addressing these barriers through targeted interventions is essential for inclusive development.
- **Leveraging regional integration:** Regional frameworks like the Union for the Mediterranean (UfM) and AfCFTA offer opportunities for collaborative growth and employment generation. Strengthening cross-border trade and Labour mobility can amplify the region's economic potential.
- **Monitoring and evaluation:** Robust systems for assessing the impact of trade, investment, and employment policies are necessary to adapt strategies and ensure alignment with long-term development goals.

Key takeaways: Actionable next steps for policymakers and stakeholders

Below are actionable next steps that form a policy research agenda and roadmap for mainstreaming employment into trade and investment policies for policymakers, private sector actors, and other stakeholders. These steps are considered to fill the outlined gaps in the guide and promote inclusive sustainable development in Southern Mediterranean countries.

Build institutional capacity for policy alignment

- **Create coordinated policy frameworks:** Establish inter-ministerial committees, such as METI's Policy Working Groups[9], to ensure alignment between trade, investment, and employment policies. These committees should include representatives from labor, trade, and industry ministries, as well as private sector stakeholders and civil society.
- **Promote regional cooperation:** Strengthen collaboration through frameworks like the AfCFTA and the (UfM) to harmonize trade and investment strategies with employment goals.
- **Monitor and evaluate policies:** Develop robust systems for tracking the impact of trade and investment policies on employment outcomes. Use these insights to adjust and improve strategies.

Prioritize high-impact sectors for employment growth

- **Identify and support key sectors:** Focus on industries with high labour absorption capacity, such as textiles in Morocco, agribusiness in Egypt, and green technologies in Tunisia. Provide targeted incentives to attract investments in these areas.
- **Foster sector diversification:** Reduce reliance on a narrow set of industries by promoting growth in emerging sectors like digital economy, renewable energy, and advanced manufacturing.
- **Support small and medium enterprises** (SMEs)**:** Improve access to financing, market linkages, and capacity-building initiatives for SMEs. Encourage their integration into regional and global value chains.

Enhance workforce skills and education

- **Expand technical and TVET:** Align TVET curricula with market demands, particularly in sectors like ICT, renewable energy, and engineering. Include modules on digital and green skills.
- **Promote lifelong learning:** Introduce continuous upskilling and reskilling programs to equip workers with the skills needed to adapt to technological advancements and industry shifts.
- **Promote informal forms of apprenticeship and recognition of prior learning** thus building a bridge for informal workers to reach formality.
- **Strengthen private-sector partnerships:** Collaborate with businesses to co-develop training programs, ensuring they address real-world labour market needs.

Address regional and social disparities

- **Promote inclusive employment:** Develop gender-sensitive policies that prioritize women's participation in the workforce, particularly in industries like textiles and agriculture. Similarly, focus on youth inclusion through targeted entrepreneurship and apprenticeship programs.
- **Encourage investment in underserved areas:** Use tax incentives, infrastructure development, and SEZs to attract investments to rural and underdeveloped regions.
- **Formalize informal employment:** Facilitate formal registration, increase productivity and extend social protections and benefits to informal workers, particularly in sectors heavily reliant on informal Labour like agriculture and textiles.

9 METI established those as Policy Working Groups, including different ministries (e.g. trade, employment, investmnet), workers' and employers' organisation, and other engagement groups.

Strengthen trade facilitation and market access

- **Simplify trade procedures:** Streamline customs regulations and reduce bureaucratic barriers to enhance the competitiveness of export-oriented industries.
- **Leverage regional agreements:** Maximize the benefits of regional trade agreements by ensuring they include provisions for labour market development and skills transfer.
- **Encourage value addition:** Focus on upgrading industries to produce higher-value goods, ensuring better wages and improved working conditions for employees.

Promote decent work and social protections

- **Enforce labour standards:** Strengthen mechanisms for monitoring compliance with international labour standards, including fair wages, safe working conditions, and anti-discrimination policies.
- **Expand social safety nets:** Ensure all workers, including those in informal sectors, have access to health insurance, pensions, and unemployment benefits.
- **Encourage collective bargaining:** Support worker representation and social dialogue to foster stable and equitable labour relations.

Integrate sustainability into economic strategies

- **Promote green investments:** Encourage investments in renewable energy, energy efficiency, and sustainable industries that align with global climate goals.
- **Adopt circular economy principles:** Foster industries that minimize waste and maximize resource efficiency, creating new jobs while protecting the environment.
- **Ensure environmental and social governance (ESG):** Include ESG criteria in trade and investment agreements to promote responsible and sustainable economic practices.

Mobilize public-private partnerships (PPPs)

- **Facilitate collaborative projects:** Launch PPP initiatives in infrastructure, digital connectivity, green and industrial development to create jobs and stimulate economic activity.
- **Provide investment incentives:** Offer financial support, such as subsidies and tax breaks, to encourage private sector involvement in priority sectors.
- **Enhance community engagement:** Involve local stakeholders in PPP projects to ensure alignment with community needs and maximize social impact.

Empower marginalized groups

- **Support women entrepreneurs:** Offer grants, mentorship, and access to markets for women-led businesses in high-potential sectors.
- **Focus on youth employment:** Establish innovation hubs and startup incubators to empower young people as job creators rather than job seekers.
- **Integrate migrants and vulnerable groups:** Develop targeted employment programs that provide opportunities for migrants, displaced persons, and people with differences.

Advance Digital Transformation

- **Digitize trade and investment processes:** Implement digital platforms for trade facilitation, investment promotion, and labour market matching to improve efficiency and transparency.
- **Encourage e-commerce growth:** Support SMEs and entrepreneurs in accessing digital marketplaces to reach global customers.
- **Invest in digital infrastructure:** Expand broadband access and digital literacy to ensure rural and underserved populations benefit from the digital economy.

Continuous monitoring and adaptation matter

In today's fast-changing world, where economic, social, and environmental factors are constantly shifting in unexpected ways, the need for ongoing monitoring and flexibility has never been more important. Policies that connect trade, investment, and employment must keep up with new challenges and opportunities; and without a robust mechanism to track progress, assess impacts, and recalibrate strategies, even the best intentions can fall short of their potential.

Key pillars of an effective monitoring and adaptation framework

▶ Establishing comprehensive monitoring systems

A strong system should encompass:

- **Real-time data collection:** Use digital tools and regional platforms to capture real-time metrics on employment trends, trade flows, and investment impacts.
- **Sector-specific insights:** Focus on key industries like textiles, renewable energy, and ICT, tracking their contributions to job creation and economic growth.
- **Inclusion metrics:** Measure how policies affect marginalized groups, such as women, youth, and informal workers, to ensure inclusivity.

Creating feedback loops for policy adjustment

Data without action is meaningless. Feedback loops allow policymakers to:

- Identify early warning signs of policy inefficiencies or unintended consequences, such as rising inequalities or environmental degradation.
- Refine strategies based on evidence, ensuring that policies remain relevant and impactful.
- Engage stakeholders in the review process, leveraging their insights to improve policy design.

Incorporating flexibility into policy design

Policies must be built with flexibility in mind to adapt to:

- **Economic shocks:** For example, adjusting trade policies to counteract global market disruptions (ex: COVID-19).
- **Technological advances:** Ensuring that automation and AI integration complement rather than displace human labour.
- **Environmental challenges:** Aligning policies with rising sustainability goals, like the green transition, also as an opportunity to create more and better jobs.

Regional and global collaboration in monitoring

Continuous monitoring requires collaboration at all levels. International organizations like the ILO, OECD, ITC, and UfM can play a critical role in:

- **Providing analytical tools:** The OECD's economic analysis frameworks and the ILO's labour market diagnostic tools can support evidence-based policymaking.
- **Facilitating knowledge sharing:** The UfM can host regional platforms for governments to exchange best practices and learn from successful policy adaptations.
- **Building capacity:** The ITC can train policymakers and businesses in data-driven decision-making, ensuring that local actors can contribute to monitoring efforts.

Leveraging technology for smarter monitoring

Technology offers transformative opportunities for monitoring and adaptation:

- **Big data analytics:** Harness large datasets to identify trends, forecast challenges, and measure impacts across sectors.
- **AI and machine learning:** Use predictive models to anticipate how trade and investment policies might interact with Labour markets.
- **Digital dashboards:** Create interactive platforms for stakeholders to visualize data, monitor progress, and suggest course corrections in real time.

Engaging stakeholders in policy evolution

Adaptive policymaking is not just about governments—it's about people. Effective engagement ensures policies stay grounded and responsive:

- **Private sector participation:** Regular consultations with businesses can highlight emerging challenges in trade and investment, such as supply chain disruptions or skills shortages.
- **Worker and civil society inclusion:** Labour unions, NGOs, and community groups bring vital perspectives, ensuring policies address real-world issues like workplace conditions and access to opportunities.
- **Youth and women advocacy:** Engaging underrepresented groups ensures that policies are inclusive and reflect diverse needs.

Anticipating emerging challenges

The region faces both foreseeable and unforeseen challenges. An adaptive approach ensures readiness to address:

- **Climate change impacts:** Policies must pivot to support industries transitioning to green practices, ensuring they remain competitive while creating sustainable jobs.
- **Geopolitical shifts:** Trade and investment policies must account for changing global alliances, regional conflicts, and migration trends.
- **Digital transformation:** Preparing for the continued rise of digital economies by fostering skills development and equitable access to technology.

Measuring success and learning from outcomes

Monitoring is only as valuable as the lessons it provides. Key performance indicators (KPIs) should include:

- **Job creation metrics:** How many jobs have been created, and in which sectors?
- **Inclusivity indicators:** Are women, youth, and marginalized groups benefiting from policy outcomes?
- **Economic resilience:** How well are industries adapting to global disruptions?
- **Sustainability goals:** Are trade and investment policies aligned with environmental objectives?

Regular evaluations and publicly shared progress reports can build trust, encourage accountability, and foster collective learning.

Bibliography

▶ Thematic report

ILO. 2022. Trade, investment and employment in the Southern Mediterranean Countries. Thematic Report of the "Mainstreaming Employment into Trade and Investment in the Southern Neighbourhood" Programme (METI). https://www.ilo.org/publications/trade-investment-and-employment-southern-mediterranean-countries

▶ Country reports

ILO. 2022. The Impact of Trade and Investment Policies on Productive and Decent Work. METI Country Report for Egypt. https://www.ilo.org/sites/default/files/2024-04/METI_Country%20Report%20for%20Egypt.pdf

ILO. 2022. The Impact of Trade and Investment Policies on Productive and Decent Work. METI Country Report for Jordan. ilo.org/sites/default/files/2024-04/METI_Country Report for Jordan.pdf

ILO. 2022. Impact des politiques de commerce et d'investissement sur l'emploi productif et décent. Rapport Pays pour le Maroc. https://www.ilo.org/fr/publications/impact-des-politiques-de-commerce-et-d%E2%80%99investissement-sur-l%E2%80%99emploi-1

ILO. 2022. Impact des politiques de commerce et d'investissement sur l'emploi productif et décent. Rapport Pays pour la Tunisie. https://www.ilo.org/fr/publications/impact-des-politiques-de-commerce-et-d%E2%80%99investissement-sur-l%E2%80%99emploi-0

ILO. 2024. The Impact of Trade and Investment Policies on Productive and Decent Work. METI Country Report for Lebanon. [unpublished].

ILO. 2024. The Impact of Trade and Investment Policies on Productive and Decent Work. METI Country Report for Occupied Palestinian Territory. [unpublished].

▶ Policy briefs

ILO. 2024. The Impact of Trade and Investment Policies on Productive and Decent Work. Policy Brief for Jordan. https://www.ilo.org/sites/default/files/2024-12/METI%20JOR%20Policy%20brief_EN.pdf

ILO. 2024. The Impact of Trade and Investment Policies on Productive and Decent Work. Policy Brief for Morocco. https://www.ilo.org/publications/impact-trade-and-investment-policies-productive-and-decent-employment-0

ILO. 2024. The Impact of Trade and Investment Policies on Productive and Decent Work. Policy Brief for Tunisia. https://www.ilo.org/publications/impact-trade-and-investment-policies-productive-and-decent-employment-1

▶ STED Studies

Forthcoming. Skills for Trade and Economic Diversification (STED) Analysis of the Sugar, sugar confectionery and Chocolate Sectors in Egypt.

ILO. 2024. Skills for Trade and Economic Diversification (STED) Analysis of the Engineering Products and Services Sectors in Jordan. https://www.ilo.org/publications/STED_report-Jordan

ILO. 2024. Compétences pour le Commerce et la Diversification Économique (STED) de la chaine de valeur de la branche de la bonneterie au Maroc. https://www.ilo.org/fr/publications/competences-pour-le-commerce-et-la-diversification-economique-sted-analyse

ILO. 2024. Compétences pour le Commerce et la Diversification Économique (STED) de la chaine de valeur des plantes aromatiques et médicinales en Tunisie. https://www.ilo.org/resource/report/sted-travera-tunisia-executive-summary

▶ TRAVERA studies

Forthcoming. Trade and Value Chains in Employment-Rich Activities (TRAVERA) Analysis of the Sugar, sugar confectionery and Chocolate Sectors in Egypt.

ILO. 2024. Trade and Value Chains in Employment-Rich Activities (TRAVERA) Analysis of the Engineering Products and Services Sectors in Jordan. https://www.ilo.org/publications/TRAVERA_report-Jordan

ILO. 2024. Etude sur le commerce et les chaines de valeur dans les activités porteuses d'emplois (TRAVERA) : cas du secteur de la bonneterie au Maroc. https://www.ilo.org/fr/publications/commerce-et-chaines-de-valeur-dans-les-activites-porteuses-demplois-travera-0

ILO. 2024. Etude sur le commerce et les chaines de valeur dans les activités porteuses d'emplois (TRAVERA) : cas de la chaine de valeur des plantes aromatiques et médicinales en Tunisie. https://www.ilo.org/resource/report/sted-travera-tunisia-executive-summary

▶ Research briefs

ILO. 2024. Employment and Trade Impacts of the Wadi Al Arab Water System II Project in Jordan. Research Brief. https://www.ilo.org/sites/default/files/2024-12/Research%20brief-METI-Jordan%202024%20EN.pdf

Forthcoming. Employment and trade impact of the "Kafr El Sheikh Wastewater Expansion Program" in Egypt. Research Brief.

ILO. 2024. Les effets sur l'emploi et le commerce du programme solaire Noor Ouarzazate au Maroc. Note de recherche.

ILO. 2024. Les effets sur l'emploi et le commerce du « Programme d'amélioration des performances dans le réseau de la SONEDE» en Tunisie. Note de recherche.

ILO. 2024. Portfolio assessment of public infrastructure investments in the Southern Mediterranean.

▶ Studies on productive investments

ILO. 2024. Analyzing the investment requirements to boost trade and decent employment in the engineering products and services sector in Jordan.

ILO. 2024. Approfondissement de l'analyse des besoins en investissement pour stimuler le commerce et l'emploi décent dans le secteur de la maille au Maroc

Appendices

Glossary of terms

Below is a glossary section for the Policy Resource Guide (PRG) on "Mainstreaming Employment into Trade and Investment" (METI). It aims to define all key technical terms used throughout the guide for clarity and reference.

A

- **Active Labour Market Policies (ALMPs):** Measures aiming to reduce unemployment and enhance workforce adaptability, including job search assistance, training programs, wage subsidies, and entrepreneurship incentives.
- **Agricultural Subsidies:** Financial assistance provided by governments to farmers and agricultural enterprises to stabilize food prices, ensure a reliable food supply, and support rural employment.

B

- **Backward Linkages:** Economic interactions between a firm and its suppliers, fostering the growth of upstream industries through local sourcing.
- **Bilateral Trade Agreements (BTAs):** Agreements between two countries that reduce trade barriers like tariffs and quotas to enhance economic collaboration.
- **Brownfield Investments:** A type of FDI where a company modifies or upgrades existing facilities to begin operations in a new market.

C

- **Cluster Development:** The strategic grouping of interconnected businesses, suppliers, and institutions in a specific geographic area to stimulate innovation and competitiveness.
- **Comparative Advantage:** The ability of a country to produce goods or services at a lower opportunity cost than its trading partners, forming the basis for international trade.

D

- **Decent Work:** Employment that ensures fair income, job security, social protections, equality, and growth opportunities.
- **Digital Economy:** Digital technology-driven activities include e-commerce, digital payments, and online services.

E

- **Export Processing Zones (EPZs):** Areas within a country where goods can be imported, manufactured, and re-exported without incurring customs duties.
- **Export Subsidies:** Government financial support to domestic producers for selling goods abroad, improving their competitiveness in international markets.

F

- **Foreign Direct Investment (FDI):** Investment made by a foreign entity in the ownership or control of a business in another country, involving significant influence or control.
- **Forward Linkages:** Economic interactions where a company's products or outputs are used as inputs by other firms, driving downstream industry growth.

G

- **Global Value Chains (GVCs):** International production networks where different stages of goods and services production are spread across countries.
- **Green Jobs:** Employment that contributes to preserving or restoring the environment, often linked to renewable energy, energy efficiency, and sustainable practices.
- **Greenfield Investments:** FDI projects where a parent company establishes new facilities or operations from scratch in a foreign market.

I

- **Inclusive Labour Market:** A labour market that ensures equitable access to employment opportunities for all groups, regardless of gender, age, ethnicity, or ability.
- **Industrial Policies:** Government measures aimed at boosting the competitiveness and capacity of specific sectors to achieve economic objectives like job creation.

J

- **Job Creation Programs:** Initiatives aimed at generating jobs opportunities, often through public works, fiscal incentives, and sectoral development.

L

- **Labour Market Flexibility:** The degree to which labour laws and regulations allow adjustments in hiring, wages, and working conditions in response to economic changes.
- **Labour Provisions in Trade Agreements:** Clauses ensuring adherence to labour standards like fair wages, safe working conditions, and workers' rights within trade agreements.

M

- **Market Access:** The ability of domestic exporters to sell goods and services in foreign markets without excessive barriers like tariffs or quotas.
- **Micro, Small, and Medium Enterprises (MSMEs):** Businesses categorized by their small scale in terms of revenue, assets, and workforce, crucial for job creation and innovation.
- **Multilateral Trade Agreements:** Trade pacts involving three or more countries aiming to reduce trade barriers and harmonize international trade rules.

N

- **Non-Tariff Barriers (NTBs):** Trade restrictions other than tariffs, including quotas, licensing requirements, and standards that can inhibit trade flows.
- **Non-Tariff Measures (NTMs):** Regulations like safety, health, and environmental standards that govern international trade to protect consumers and ecosystems.

P

- **Preferential Trade Agreements (PTAs):** Trade deals offering reduced tariffs or other benefits to specific countries to promote closer economic ties.
- **Public-Private Partnerships (PPPs):** Collaborative arrangements between government and private sector entities to finance, develop, and operate projects like infrastructure or services.

R

- **Regional Trade Agreements (RTAs):** Economic partnerships between countries in a specific region that aim to reduce trade barriers and enhance economic integration.
- **Reskilling:** Training workers in new skills to transition them into different roles or sectors as industries evolve.

S

- **Sectoral Growth:** Targeted expansion and support of specific industries to drive economic growth, employment, and innovation.
- **Special Economic Zones (SEZs):** Designated areas offering tax incentives, streamlined regulations and procedures, and infrastructure to attract investments and boost industrial activity.

T

- **Tariffs:** Taxes imposed on imported goods to protect domestic industries or generate government revenue.
- **Technical and Vocational Education and Training (TVET):** Programs focused on equipping individuals with practical and technical skills tailored to meet industry demands.
- **Trade Facilitation Agreements (TFAs):** Treaties simplifying trade procedures, reducing costs, and enhancing efficiency in cross-border transactions.
- **Trade Liberalization:** The process of removing or reducing trade restrictions like tariffs and quotas to encourage international commerce.

U

- **Upgrading:** Improving production processes, products, or value chain participation to enhance competitiveness in global markets.

List of key resources

This section compiles essential resources referenced in the Policy Resource Guide (PRG) on "Mainstreaming Employment into Trade and Investment" (METI). These resources provide further insights, data, and tools to support the integration of employment into trade and investment strategies. They include regional initiatives, international guidelines, and country-specific programs central to the themes discussed in the guide.

METI publications

Please see the Bibliography.

International organizations and programmes

- **International Trade Centre (ITC) EuroMed programme**

Focused on boosting trade and economic integration in the Mediterranean region, the ITC EuroMed Programme supports SMEs and promotes regional cooperation.

Website: ITC EuroMed

- **OECD Mediterranean investment programme**

Aimed at fostering sustainable investment and economic reform in Mediterranean countries, this programme provides policy guidance and analytical tools.

Website: OECD Mediterranean Programme

- **World Trade Organization (WTO): Trade Facilitation Agreements (TFA)**

Resources on the WTO's agreements to simplify and harmonize customs procedures, reducing trade costs globally.

Website: WTO Trade Facilitation

Regional initiatives

- **African Continental Free Trade Area (AfCFTA)**

Africa's flagship trade agreement aimed at fostering intra-African trade, reducing barriers, and creating jobs across the continent.

Website: AfCFTA

- **Union for the Mediterranean (UfM) economic development projects**

A platform for regional cooperation, supporting initiatives in trade, investment, and job creation in Mediterranean countries.

Website: Union for the Mediterranean

▶ **European Union-Mediterranean Association agreements**

Frameworks for fostering economic integration and trade liberalization between the EU and Mediterranean partner countries.

Website: European Neighbourhood Policy

Country-specific resources

▶ **Euromed Trade Helpdesk**

The Euromed Trade Helpdesk provides trade insights for 10 countries from the south and east Mediterranean (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Tunisia, and Türkiye) and for the 27 EU member states.

Website: Euromed Trade Helpdesk

▶ **Morocco's Plan d'Accélération Industrielle (PAI)**

An industrial policy framework aimed at boosting industrial competitiveness and creating employment in Morocco.

Website: Morocco Industrial Acceleration Plan

▶ **Egypt's vision 2030**

Egypt's long-term sustainable development strategy, incorporating trade and investment reforms to drive employment.

Website: Egypt Vision 2030

▶ **Jordan's national employment strategy**

Initiatives targeting skill development and employment enhancement in key sectors, aligned with trade and investment opportunities.

Website: Jordan Ministry of Labour

▶ **Jordan's economic modernisation vision**

The Vision aims to accommodate over 1 million young females and males in the labor market, amongst others by simplifying customs, taxes and shipping regulations for trade.

Website: Jordan Vision

Data and analytical tools

▶ World Bank: Ease of doing business reports

Country-specific insights on business regulations and reforms to facilitate investment and economic growth.

Website: Ease of Doing Business

▶ UNCTAD world investment reports

Analysis of global and regional investment trends, with specific chapters on developing regions.

Website: UNCTAD Investment Reports

▶ ILOStat – International Labour Organization database

A comprehensive repository of labor statistics and employment trends.

Website: ILOSTAT

▶ ITC export potential map

Free and interactive tool designed to help countries identify products, markets, and suppliers with unrealized export potential.

Website: Export Potential Map

Capacity-building and technical assistance

▶ GIZ employment promotion projects

German development cooperation projects supporting employment generation and sustainable economic development in partner countries.

Website: GIZ Employment Promotion

▶ World Bank trade and competitiveness global practice

Resources and toolkits for integrating trade, investment, and employment policies.

Website: World Bank T&C

▶ ITC SME trade academy

Online courses and tools to enhance the capacity of SMEs in global trade, including modules specific to the Mediterranean region.

Website: ITC SME Trade Academy

ilo.org

International Labour Organization
Route des Morillons 4
1211 Geneva 22
Switzerland