

## V. EMPLOYMENT AND WAGES

Employment promotion continued to be an overriding priority in Tunisia's development strategy. It is a major factor for consolidating economic growth and ensuring social equilibrium and human progress. Thus 2008 was marked by more intensive reforms and dispositions to boost creation of new jobs. In this framework, a national consultation was organised in February 2008. This led to a set of recommendations that should help create new opportunities to get young people started to professional life and to ensure the best possible use of supervisory, support and financing mechanisms to encourage independent work, while taking into account the specificities and potential of these regions. These recommendations involved a greater role for the private sector in investment, providing more job opportunities, recruiting the greatest possible number of graduates of higher education and professional training, and supporting State efforts to develop promising economic activities and actively participate in giving concrete form to reforms in the field of employment.

To this end, a series of measures was adopted in 2008 to boost coverage of job demand. They involved in particular an increase in funds allotted to job promotion mechanisms such as the 21-21 job fund, financing of small scale initiatives by the Tunisian solidarity bank (*BTS*), the micro-finance system, and training programmes for initiation into professional life for university graduates. The focus was on improving the supervisory rate at companies by recruiting skilled staff as well as faster development of industrial zones/complexes/technological poles and attracting foreign investment. Moreover, there were additional measures to instil a spirit of initiative and disseminate an entrepreneurial culture among young university graduates, notably in the form of financial and tax breaks for young promoters, such as exemption from taxes for social contributions. On 12 December 2008 a portal for jobs in Tunisia «Rekrute.com» was launched to facilitate internet contact between people offering jobs and those seeking them.

Enhanced reforms launched to promote employment, especially of young university graduates, also deal with the content of programmes of higher education and professional training, meant to adapt them to international standards and to increase the employability rate of young people seeking their first job.

Ever more dynamic active employment policy introduced fundamental reform in 2008, the main features of which came into effect in early 2009. This involved in particular restructuring of interventions by the national job fund 21-21 (*FNE*). This restructuring involved six programmes: training for initiation into professional life (*SIVP*), the insertion contract for graduates of higher education who have been unemployed for a long period, the professional adaptation and insertion contract, the reinsertion in professional life contract, the programme to accompany promoters of small sized businesses, and the job-solidarity contract.

The main objectives of these programmes are to increase recruitment of graduates of the educational and professional training system by private businesses, improve the supervisory rate throughout the economy, help workers who have lost their jobs for technical and/or economic reasons to find new jobs, all meant to help counter the effects of the world financial

crisis and to promote regional job programmes that are based on the specific nature of regions and localities as well as on the nature of demand for jobs.

Legal texts governing these measures were first issued in January 2009, notably decree n°2009-349 of 9 February 2009 regarding the programmes of the national job fund and conditions/modalities for eligibility. The State made a considerable effort to provide sizeable funding for job seekers (especially graduates of higher education) as well as for the private sector and people starting up small businesses, to encourage them to launch more initiatives and jobs and to boost the supervisory rate. And an action plan to promote and improve services at employment offices was introduced to facilitate access to services by these offices and to orient job programmes toward target categories. This plan in particular provides for creation of a call centre that provides orientation and consultation as well as mobile job offices.

In the framework of management-labour wage negotiations for the three year cycle 2008-2010 (the seventh such since 1990), there were wage increases for the civil service as well as the private sector and the first portion thereof was released in 2008. Legally mandated minimum wage went up by some 5% in July 2008, with a view to increasing the purchasing power of low-income socio-professional categories.

## **A. EMPLOYMENT**

Employment policy is based on the premises of brisker economic growth, investment promotion, encouragement of private initiative and entrepreneurship, and a pro-active approach on the job market, by introducing and strengthening a set of programmes and mechanisms. Despite the adverse impact of the world financial and economic crisis on activity at exporting manufacturing industries and tourism, job creation in fishing and non agricultural activity remained at virtually the same 80,000 job level as in 2007. Given the increase in additional job demand, up from 87,000 to 88,300 between 2007 and 2008, its rate of coverage by new jobs went down slightly from 92% in 2007 to 90.4% in 2008. The unemployment rate continued to drop in 2008, affecting 14% of the working population vs. 14.1% a year earlier and 15.3% in 2002. The unemployment rate for graduates of higher education, who represent about 55% of additional job seekers at this time, went up to about 19%.

Programmes to support employment enjoyed 286 MTD in funding in 2008, an increase of 6.7% vs. 25.7% the year before. State allotments for casual labour at worksites rose from 102.6 MTD to 120.4 MTD from 2007 to 2008, almost 74 MTD (61.3%) of which was for national public work sites. On the other hand, funding for programmes to help create and boost employment went down by 3.4% to 114.9 MTD, 100 MTD (87%) of which was for intervention by the national job fund (*FNE*). The number of people benefiting from this fund went up from 117,000 in 2007 to some 123,000, 19% of whom are graduates of higher education.

Activity at the national fund to promote handicrafts and small trades (*FONAPRA*) saw the number of initiatives cleared by the banking system drop from 3,824 in 2007 to 3,132 in 2008. Financing by the banking system was handled almost entirely by the Tunisian solidarity bank (*BTS*), going to 2,663 initiatives, 85% of the total number of approved

projects, for investment of 43.4 MTD. This compares to 6,859 projects and 78.9 MTD in 2007. Financing of these projects took the form of medium term bank loans (26.1 MTD), budgetary allocations (14.6 MTD), and the rest (2.7 MTD) self-financing by promoters.

The integrated rural development programme (*PDRI*) received State allocation of 0.3 MTD in 2008, which went largely to the agricultural/fishing sector, compared to 0.9 MTD a year earlier.

#### PROGRAMMES TO SUPPORT EMPLOYMENT

(In MTD)

| Description   | 2005         | 2006         | 2007         | 2008         | Variation<br>2008/2007<br>in % |
|---|--------------|--------------|--------------|--------------|--------------------------------|
| <b>Casual labour at public worksites</b>                          | <b>82.8</b>  | <b>81.3</b>  | <b>102.6</b> | <b>120.4</b> | <b>17.3</b>                    |
| -Public sites   | 59.5         | 55.2         | 62.5         | 73.8         | 18.1                           |
| -Regional sites   | 23.3         | 26.1         | 40.1         | 46.6         | 16.2                           |
| . Regional development programme (PRD)                            | 14.5         | 17.3         | 31.3         | 37.8         | 20.8                           |
| . Regional development sites programme (PCRD)                     | 8.8          | 8.8          | 8.8          | 8.8          | 0.0                            |
| <b>Assistance in job creation and consolidation<sup>1</sup></b>   | <b>96.3</b>  | <b>94.6</b>  | <b>119.0</b> | <b>114.9</b> | <b>-3.4</b>                    |
| -National Job Fund (21-21)  | 80.0         | 85.0         | 90.0         | 100.0        | 11.1                           |
| -National fund to promote handicrafts and small trades (FONAPRA)  | 7.2          | 6.1          | 27.3         | 14.6         | -46.5                          |
| -Integrated rural development programme (PDRI)                    | 1.8          | 3.1          | 0.9          | 0.3          | -66.7                          |
| .Agriculture & fishing  | 1.8          | 3.1          | 0.8          | 0.2          | -75.0                          |
| <b>Programmes for insertion into professional life</b>            | <b>28.1</b>  | <b>37.2</b>  | <b>46.3</b>  | <b>50.6</b>  | <b>9.3</b>                     |
| -Training programmes for initiation into professional life (SIVP) | 21.0         | 29.5         | 37.6         | 42.1         | 12.0                           |
| .SIVP1  | 18.0         | 25.5         | 33.3         | 38.2         | 14.7                           |
| .SIVP2  | 3.0          | 4.0          | 4.3          | 3.9          | -9.3                           |
| -Fund for professional initiation & adaptation (FIAP)             | 6.0          | 6.8          | 7.9          | 7.6          | -3.8                           |
| -Employment-training contracts (CEF)                              | 1.1          | 0.9          | 0.8          | 0.9          | 12.5                           |
| <b>TOTAL</b>  | <b>207.2</b> | <b>213.1</b> | <b>267.9</b> | <b>285.9</b> | <b>6.7</b>                     |

Sources : Ministry of Development and International Cooperation, Ministry of Employment and Youth Professional Insertion, General Commissariat for Regional Development and BCT.

To facilitate integration of new graduates in professional life, some 42.1 MTD in funds was allocated to training programmes for initiation into professional life (*SIVP*), an increase of 12% vs. 27.5% in 2007. Of this total, 38.2 MTD (more than 90%) was allotted to the SIVP1 programme for graduates of higher education, with 44,903 beneficiaries, 36,638 (82%) for SIVP1, increases of 21% and 17% respectively over 2007 figures.

Funding to support the fund for professional initiation and adaptation (*FIAP*) dropped from 7.9 MTD in 2007 to 7.6 MTD in 2008, despite a 10.2% increase in the number of beneficiaries to 15,125.

And the employment/training programme (*CEF*) mobilised a budgetary allotment of 0.9 MTD (vs. 0.8 MTD in 2007), benefiting 3,464 people in 2008, up from 2,824 the year before.

The Tunisian solidarity bank (*BTS*) approved financing in 2008 of 11,208 initiatives, including those developed in the framework of *FONAPRA*, for overall investment of 126.3 MTD, an increase of 9% and 21.4% respectively compared to 2007 figures. These initiatives should help create some 22,149 jobs, compared to 18,700 a year earlier.

<sup>1</sup> With the regional development Programme (PRD) and the integrated urban development Programme mainly before 2006.

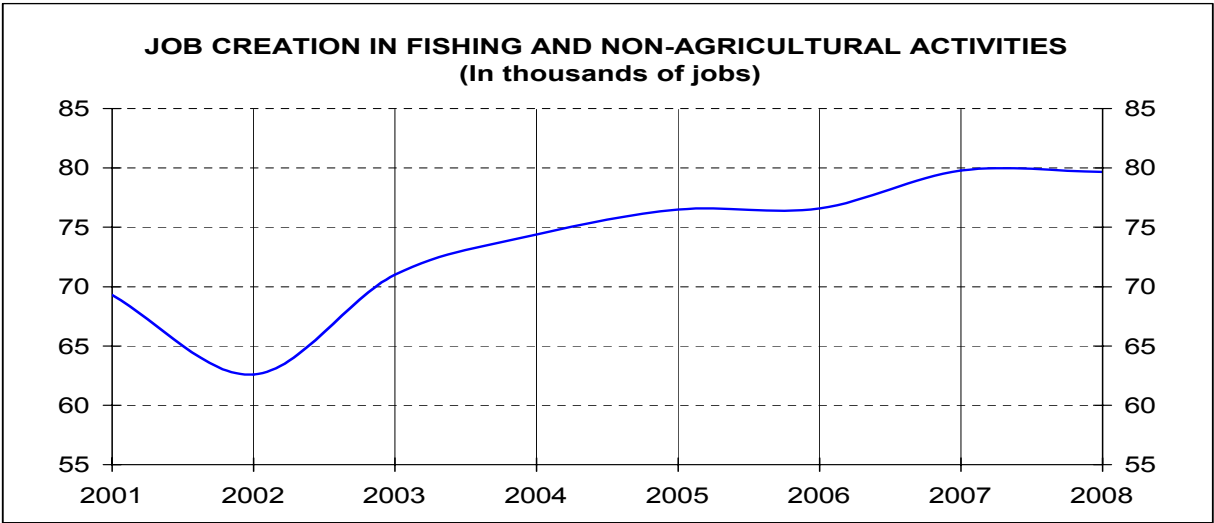
Sectoral breakdown of new jobs in fishing and non agricultural activity in 2008 was marked by an increase in building/civil engineering jobs, transport and communication, and mining/energy. But there was a sizeable drop in fishing, manufacturing industries, tourism and public administration. Jobs in «other market services» (exclusive of transport/com-munications and tourism) remained at the same 32,300 level, representing more than 40% of overall jobs created outside agriculture.

**JOB CREATION IN FISHING AND NON-AGRICULTURAL ACTIVITIES** (Number of jobs)

| Description                  | 2004          | 2005          | 2006          | 2007          | 2008          |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fishing                      | 550           | 940           | 500           | 500           | 300           |
| Mining and energy            | 200           | 200           | 200           | 200           | 300           |
| Building & civil engineering | 5,500         | 5,800         | 6,200         | 6,000         | 8,400         |
| Manufacturing industries     | 18,600        | 18,500        | 17,700        | 19,000        | 18,600        |
| Transport & communications   | 8,750         | 9,000         | 12,000        | 10,000        | 11,300        |
| Tourism                      | 2,400         | 3,600         | 2,000         | 4,000         | 1,600         |
| Other market services        | 28,800        | 29,800        | 31,000        | 32,300        | 32,300        |
| Government services          | 9,600         | 8,700         | 7,000         | 8,000         | 7,000         |
| <b>Total</b>                 | <b>74,400</b> | <b>76,540</b> | <b>76,600</b> | <b>80,000</b> | <b>79,800</b> |

Sources : Ministry of Development and International Cooperation and Ministry of Employment and Youth Professional Insertion.

Official emigration, either as seasonal workers or in the framework of jobs for skilled Tunisians in a certain number of countries, was the focus of particular attention on the part of national authorities, since this contributes to lower unemployment as well as enhancing cooperation with countries with which Tunisia is on good terms, particularly in the Euro-Mediterranean region, the Middle East and Africa.



**B. WAGES**

In the framework of fair distribution of wealth created by the economy and in order to improve purchasing power for wage earners while also pursuing national objectives targeting price stability and enhanced competitiveness, workers in the various sectors received a wage increase in 2008. These negotiations took place in the framework of the new cycle of management-labour negotiations. The guaranteed minimum interprofessional wage (SMIG) went up in July 2008 by 5% for the 48-hour workweek regime and by 4.8% for the 40-hour

workweek regime. This compares to 3.7% and 3.5% respectively a year earlier. The respective level of wages thus rose to 251.888 and 217.880 dinars a month, along with the 5 dinar monthly transport allowance introduced in July 1986.

#### TREND IN MINIMUM LEGAL WAGES

(In dinars unless otherwise indicated)

| Description  | July 2004    | Sept. 2005   | July 2006    | July 2007    | July 2008    | Variation in %         |                        |
|--|--------------|--------------|--------------|--------------|--------------|------------------------|------------------------|
|  |              |              |              |              |              | July 2007<br>July 2006 | July 2008<br>July 2007 |
| <b>Guaranteed minimum interprofessional wage (SMIG)</b>  |              |              |              |              |              |                        |                        |
| -Hourly SMIG (in millimes)                               |              |              |              |              |              |                        |                        |
| . 48-hr week   | 1,049        | 1,078        | 1,112        | 1,153        | 1,211        | 3.7                    | 5.0                    |
| . 40-hr week   | 1,095        | 1,124        | 1,158        | 1,199        | 1,257        | 3.5                    | 4.8                    |
| -Monthly SMIG <sup>1</sup>                               |              |              |              |              |              |                        |                        |
| . 48-hr week   | 218.192      | 224.224      | 231.296      | 239.824      | 251.888      | 3.7                    | 5.0                    |
| . 40-hr week   | 189.800      | 194.827      | 200.721      | 207.828      | 217.880      | 3.5                    | 4.8                    |
| <b>Guaranteed minimum daily agricultural wage (SMAG)</b> | <b>6.709</b> | <b>6.909</b> | <b>7.129</b> | <b>7.379</b> | <b>7.749</b> | <b>3.5</b>             | <b>5.0</b>             |

Source : Official Journal of the Tunisian Republic

Guaranteed minimum daily agricultural wage (SMAG) also went up in July 2008 by 5% or 370 millimes per workday, to 7.749 dinars. Specialised agricultural and skilled workers enjoyed a technician primium of 500 and 945 millimes per day respectively compared to 470 and 895 millimes a year earlier.

And to improve the living conditions of those in need, State help to families with no support, the aged and unemployed handicapped persons went up by 10 dinars in July 2008 to 160 dinars per quarter, to 115,000 beneficiaries. The premium for casual labour at worksites went up by 200 millimes per workday.

In the framework of reform of the retirement system introduced in 2001, retirement pensions that go to some 470,000 beneficiaries of the national social security fund (CNSS) also enjoyed an increase in benefits at a rate similar to that of SMIG. And there was a further increase in legally mandated minimum wages announced on the Labour Day, 1<sup>st</sup> May 2009.

<sup>1</sup> Excluding the monthly TND 5 transport allowance instituted in July 1986.