



Labor Market Priorities and Implementation Strategy

Iraq Social Protection Strategy Workshop
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Outline

- Labor market challenges in Iraq and the region
- Main policy directions outlined in the policy note on social protection
- Implementation priorities
- Outline work program

Available Policy Instruments

Labor Regulations	Assistance for Unemployed	Active Labor Programs
Wage setting processes	Unemployment Insurance/Individual Savings Accounts	Employment Services <ul style="list-style-type: none">■ job assistance,■ job brokerage
Regulate working conditions	Severance Pay	Training <ul style="list-style-type: none">■ Technical■ Vocational
Control employer firing and hiring practices.	Unemployment Assistance	Job creation <ul style="list-style-type: none">■ Public works■ Wage subsidies■ Microcredit

Current Initiatives

- Revision of Labor Code
- Employment services
 - 600,000 unemployed have registered, entered into database
 - 39 Employment Service Centers providing career counseling and basic job placement
- Training
 - 18 Vocational Training Centers, more than 200,000 individuals have received training through 2004.
 - Stipend paid to individuals participating in language or IT instruction (30,000 ID for 2 months). About 4,500 people received stipends in 2004;

Current Initiatives

■ Wage subsidies

- Temporary subsidized salary provided to registered unemployed placed in jobs – 50% salary for 6 months, 25% salary for next 3 months (started mid 2004);

■ Public Works

- Jobs and Skills Program for Economic Regeneration program (JASPERS) from Min of Municipalities and Public Works
 - 50% of expenditures in wages,
 - 82,000 temporary jobs,
 - 120,000 ID per month to participants.
 - Program stopped at end of 2004

- Others?

■ Microcredit?

Budgeted Expenditures on Active Labor Market Programs (Billions of ID)

	2004	2005
Vocational Training and Subsidy ¹	112.1	88.2
Employment Services	27.0	6.7
Public Workfare ²	187.5	---
Total	326.6	94.9
Total as Share of 2004 GDP	0.79 %	0.23%

Short-term Priorities

- Conduct a labor market assessment
 - Labor demand, design of LM services
- Administrative and database links to safety nets, pensions
 - Eligibility determination, job search, future unemployment assistance
- Continue job placement and employment services
 - Coordination with functioning SOEs, Federation of Industries, Chamber of Commerce

- Pilot programs to assist temporary job creation, extend development:
 - Microcredit and microenterprise development
 - Public works – cooperation with MMPW.
 - Social Funds – combine local infrastructure development, temporary jobs
 - Vocational training – new curricula, linking training to jobs

Longer-term Priorities

- Coordinate labor policy and implementation
 - Training, public works, other activities managed by various ministries and agencies
 - Employment strategy
- Involve the private sector. Need links between training and job opportunities, and input into labor policy
 - Design of vocational training
 - Develop private employment and training firms/NGOs
- Consider unemployment assistance
 - Unemployment Insurance will be preferable on the long term.
- Prepare for industrial restructuring of the SOEs
 - Active and passive labor market programs
 - Alternatives: redundancy payments, specialized retraining programs, targeted trainings stipends