

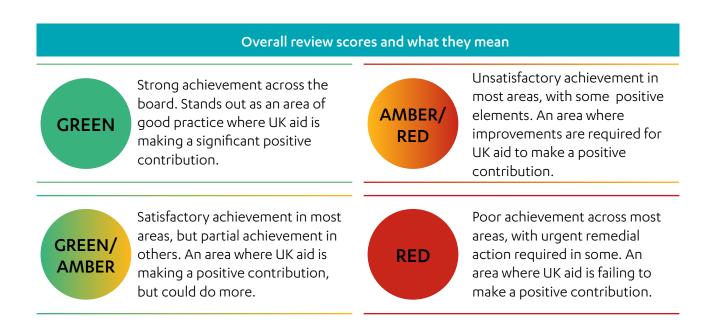
UK aid's approach to youth employment in the Middle East and North Africa

Areview

July 2021

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The Middle East and North Africa (MENA) is a region of considerable strategic importance to the UK. A number of UK strategy documents note that high youth unemployment across the region is a potential source of instability. While there is no overarching strategy for promoting youth employment in the region, there is a substantial amount of related programming, including support for economic development, education and training, and livelihoods for Syrian refugees and their host communities.

The main focus of the relevant portfolio in the region is on promoting economic stability and growth, through macroeconomic reforms and improving the business environment. We find this to be a relevant and credible approach, given the weak performance of national economies in creating jobs. However, there are some assumptions in programme design documents, particularly on the links between employment creation and fragility, that are not supported by the evidence. Better use of evidence and more direct engagement with young people would improve programme design.

There is a good level of coherence across the UK actors involved in this area, but we noted variation in the technical depth available across UK embassy teams, and the portfolio would benefit from more interdisciplinary working, particularly between economists and conflict specialists. We found that policy dialogue with national governments was limited, as was donor coordination. While the choice to work through multilateral partners such as the World Bank makes good sense, the UK, on occasion, acted purely as a funding partner, without contributing substantively to programme design or quality.

Evidence of effectiveness across the portfolio is also limited, due to a combination of programme design limitations and insufficient attention to monitoring and evaluation. Nevertheless, support to the private sector, for both entrepreneurs and small enterprises, has been successful, cash-for-work programmes have helped generate short-term jobs in crisis situations, and skills programmes have achieved their intended results, albeit in small numbers. However, the larger programmes, including those focused on ensuring that refugees have access to work permits, have not been so successful in creating jobs. Economic reform programmes were not accompanied by complementary interventions to ensure impact for target groups, and the portfolio would benefit from taking a more evidence-based and problem-solving approach. Evidence of wide variations in the cost-effectiveness of programmes suggests that this also needs closer attention. While women were commonly targeted by programmes, the results on inclusion were not well delivered, partly due to a bias towards maledominated sectors of employment and insufficient attention to gender norms.

As a result, the portfolio has been less effective than planned in meeting job creation goals, including for women and vulnerable groups. We therefore find that the UK's approach to youth employment in MENA merits an **amber-red** score.

Individual question scores

Question 1

Relevance: Is the UK's approach to promoting youth employment in MENA relevant to needs?

Question 2

Coherance: How coherent is UK aid's approach to promoting youth employment?

Question 3

Effectiveness: How effective is the UK's support to youth employment in MENA?



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Executive summary

Across the Middle East and North Africa (MENA), almost half the population of 448 million is under 25 years of age¹ and five million young people enter the workforce each year.² Youth employment is a major challenge across the region: around a quarter of young people are unemployed, compared with 14% globally.³ Young women are particularly affected. As well as being a brake on the region's economies, youth unemployment is often considered to be a driver of fragility and social unrest in the region. This review considers how well UK aid has supported youth employment in MENA since 2015.

The UK does not have an explicit focus on youth unemployment in the region, but the challenge is mentioned across various strategy documents, including country strategies, and there is a wide range of relevant programming. Since youth unemployment has multiple causes on both the supply side (the skills of young people) and the demand side (the capacity of national economies to generate jobs), our review covered a range of intervention types, from support for broad economic reforms to skills development, labour market interventions and support for refugees' rights to work. Altogether, we identified 115 programmes with objectives that are directly or indirectly related to youth employment. The programmes were managed by the Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID), now merged into the Foreign, Commonwealth and Development Office (FCDO).

The review explores the relevance, coherence and effectiveness of the UK's work in this area. The methodology involved a literature review, desk reviews of a sample of 19 programmes, two country case studies (Jordan and Tunisia), engagement with stakeholders in Turkey, Egypt and Lebanon, and consultations with young people expected to benefit from UK programmes.

Youth unemployment is a complex challenge with no simple solutions. Our literature review (published separately) sets out the evidence of which types of interventions are likely to be effective in different contexts, and how the design and packaging of interventions can enhance results. We use this evidence as a yardstick to review the UK's approach.

Relevance: Is the UK's approach to promoting youth employment in MENA relevant to needs?

The UK government has not set any specific, region-wide objectives for UK aid on youth employment. However, a range of government strategies and analyses of the region link instability and fragility with underlying economic grievances, especially unemployment, and UK aid strategies in particular MENA countries, including Jordan, Egypt, Lebanon and the Occupied Palestinian Territories, highlight the importance of youth employment.

Across the region, the UK has promoted job creation by supporting reforms designed to improve the enabling environment for business and increase economic growth, as well as by supporting more direct job creation efforts. This is a relevant and credible approach, as the literature confirms that barriers to youth employment across the region are principally on the demand side, linked to a failure of national economies to generate quality jobs on the scale required. However, we also identified significant investment in skills training (the supply side), which is a poor match to the needs of the region and inconsistent with the literature on 'what works'. The British Council, for example, supports a range of 'employability skills programmes' but does not monitor their effectiveness in helping young people gain employment.

There is substantial UK investment in support of Syrian refugees and their host communities in Jordan, Lebanon and Turkey, in order to meet humanitarian needs, reduce tensions and limit secondary displacement. This includes activities that support the employment of young people, including 'cash-for-work' programmes and advocacy for their rights to work through provision of work permits. We found that this area of programming was well tailored to the needs of young people in refugee and host communities.

¹ Population Statistics, World Bank, 2018, <u>link</u> and MENA Generation 2030: Investing in Children and Youth Today to Secure a Prosperous Region Tomorrow, UNICEF, April 2019, <u>link</u>.

² Youth Unemployment in the Arab World: What Do We know? What is the Way Forward?, UNU-Wider blog, June 2012, link.

³ Global youth employment trends for Youth 2020: Technology and the future of jobs, ILO, 2020, p. 33, link.

While the UK's approach was broadly relevant, some key employment needs of young people were not being addressed. We did not find any significant effort to tackle cultural barriers to youth employment, especially for women, which are prevalent across the region. An example is UK support for labour market participation in Jordan, via the World Bank, which backed legal reforms to enable part-time working and improve access to public transport and childcare. Jordan has one of the world's lowest rates of female participation in the labour force. While these were relevant and useful measures, they had no significant impact on female labour force participation, partly because underlying social norms and cultural barriers were not tackled. This was acknowledged by the UK, but no relevant programming was introduced to address the gap.

The UK's focus on formal employment risks missing the needs of many young people, women, refugees and other vulnerable groups who are active in the informal labour market. We also found gaps in the approach with regard to non-Syrian refugees (such as Iraqis), rural youth and people living with a disability (only two programmes in our sample had an explicit disability focus).

Around half of the programmes had consulted young people, but this is not standard practice and consultation feedback does not always shape programme design, despite the commitment made in DFID's 2016 Youth Agenda to incorporate young people's voices and concerns into all aspects of programming.

Some good analytical work is being undertaken, including through UK support to the World Bank. However, this analytical work does not always shape programme design or contribute to building up the evidence base. Fewer than half of the programmes we reviewed referred explicitly to underlying analysis or diagnostic work relating to young people or youth employment. The Arab Women's Enterprise Fund was a positive exception, with a robust approach to generating and using evidence. Other programmes were based on theories of change that were not evidence-based. Examples included unrealistic assumptions about when Syrian refugees would return to Syria, the willingness of host governments to promote jobs for refugees and the likelihood of policy reforms leading to economic growth and job creation.

While half of the programmes in our sample cited reducing fragility as an objective, the evidence linking job creation for young people and improved political or social stability is weak, and the impact of the programmes on fragility is not being monitored or assessed. In particular, a link between youth unemployment and violent extremism is often assumed in donor programming, but is not supported by the evidence. Only two of the 19 programmes in our sample (in Lebanon and Yemen) had attempted to monitor changes in community attitudes; both found a positive impact on social cohesion.

Overall, despite these gaps and weaknesses, we find the UK's approach to addressing the youth employment challenge in the region is relevant to the challenges found in particular countries, with some good examples of diagnostic work and consultation with young people. We therefore award a **green-amber** score for relevance.

Coherence: How coherent is UK aid's approach to promoting youth employment?

There is a good level of coordination across the UK departments working in this area, with shared strategies and complementary programming. This close coordination predates the DFID-FCO merger and is likely to be further enhanced by the forthcoming cross-government MENA strategy 2021-2030 which, we are told, will include region-wide objectives on security, prosperity and resilience, with a focus on economic growth and job creation.

However, coherence has been undermined by a lack of cross-disciplinary working between specialists in economic development and conflict issues, and by marked differences in technical capacity between country offices with a strong contingent of former DFID staff and those without. Programming by some non-DFID funding sources, including the cross-government Conflict, Stability and Security Fund (CSSF) and British Council funds, showed evidence of poor coordination and knowledge management. One non-DFID programme (a combination of Prosperity Fund, CSSF and Global Britain financing), the UK Lebanon Tech Hub project, received over £3 million of funding, but FCDO was unable to provide complete documentation for it within the review period. In some instances, we found that institutional knowledge of the portfolio was inadequate and, in one case, that the responsible staff lacked the technical skills to exercise effective oversight.

UK engagement with donor coordination is surprisingly limited, given that coordinating and influencing partners is often an explicit objective from FCDO. We also found the UK's approach to policy dialogue with national governments to lack clear objectives and well-considered approaches.

The UK does better in its engagement with multilateral partners, particularly the World Bank. This prioritisation makes sense, given the Bank's influence in the region and its technical expertise on economic reform in general and youth employment specifically. The UK has used trust fund contributions strategically to influence much larger World Bank loans, and the flexible nature of this funding was valued by the Bank, especially in the context of the COVID-19 crisis. The UK has also been innovative in providing guarantees in support of World Bank loans, which enable the Bank to scale up its finance. However, we found that the UK was not always engaged in influencing programme design and implementation substantively, even where its influence on programme design was a stated driver of the value for money that it expected to achieve. Overall, the feedback from multilateral partners was that the UK preferred to focus narrowly on programme management, rather than enter into strategic partnerships. This is reflected in the high turnover of UK staff, poor institutional memory and lack of technical depth in some country teams.

Due to these important gaps, we have awarded an **amber-red** score for the coherence of the UK's approach.

Effectiveness: How effective is the UK's support to youth employment in MENA?

We found only limited evidence that the portfolio has delivered results, in terms of jobs for young people. Across the intervention types, we found relatively weak youth employment results for the large refugeefocused programmes, a lack of outcome-level results data on wider reform programmes, some successful interventions to support entrepreneurs and small and medium-sized enterprises (although at high unit costs), strong but inevitably short-term results from cash-for-work programmes and some small-scale successes from skills training. At portfolio level, the results are modest for the size of investment, and suggest that an effective approach to identifying and overcoming the barriers encountered by young people is lacking. However, there are positive exceptions, such as the Arab Women's Enterprise Fund, which were more effective.

Monitoring, evaluation and learning systems were inadequate in a number of respects – not least a tendency for evaluations to be delayed or missed and for outcome indicators not to be monitored. The reliance on unrealistic assumptions noted above was exacerbated where the assumed effects were not routinely monitored. Underinvestment in learning meant that failures to achieve objectives were identified too late to inform course correction. While few programmes took a rigorous approach to measuring cost-effectiveness, the figures available suggest a very wide range in costs per job created. While such comparisons are only indicative, they suggest that the UK should pay more attention to cost-effectiveness questions to identify interventions demonstrating poor value for money. The UK could also be doing more to strengthen the evidence base in this area.

Programmes prioritise women more frequently than young people, but in most cases social inclusion goals stated in business cases are not translated very effectively into programme design and implementation. We found many examples where project annual reviews had repeatedly recommended action on gender, without follow-up. A focus on male-biased employment types and a failure to target cultural barriers to female inclusion are key reasons behind weak employment outcomes for women.

We also found that jobs created across the portfolio were either not sustained, or that sustainability was not monitored. This is, however, a common issue with active labour market programmes, rather than one that is specific to the UK's portfolio.

Overall, we awarded an **amber-red** score for effectiveness, reflecting a limited set of employment results from the programmes we sampled and relatively poor results data, alongside failings in delivering on gender and social inclusion objectives.

Recommendations

While youth employment has not been a major priority for UK aid in MENA, a significant number of programmes include objectives around employing young people in the region. With the forthcoming UK government MENA strategy expected to emphasise economic growth and job creation, it is important to learn lessons from past programming. We offer a number of recommendations to help shape the new strategy and improve the impact of future growth and job creation programmes, and also to strengthen multilateral partnerships, which we expect also to be relevant in other sectors and regions.

Recommendation 1:

Employment-related programmes should articulate clearly how they expect to contribute to job creation and economic development or address fragility, and ensure that these outcomes are monitored and evaluated.

Recommendation 2:

When promoting employment through economic reform, FCDO should undertake complementary interventions to tackle the specific barriers to employment faced by target groups.

Recommendation 3:

Employment-related programmes should be shaped by gender and social inclusion analysis, including of cultural barriers to the employment of women.

Recommendation 4:

FCDO should routinely consult with the young people expected to benefit from its MENA programmes and use the feedback to shape programme design and implementation.

Recommendation 5:

FCDO should strengthen its in-country partnerships with multilateral organisations by ensuring consistent strategic-level engagement.

1. Introduction

- 1.1 The Middle East and North Africa (MENA) is a region of considerable strategic interest to the UK.⁴ The March 2021 Integrated Review includes the objectives of promoting a more secure region, based on open, inclusive and resilient societies.⁵ With one of the youngest populations in the world, a key challenge that will need to be tackled is youth unemployment, which averages 23% among 15 to 24 yearolds in the Arab states, compared with 14% globally.⁶ Youth unemployment limits economic growth in the region and, although the links between these issues are complex, is also commonly perceived to be a driver of fragility and a potential cause of social unrest, radicalisation and irregular migration.
- 1.2 We therefore undertook a review of how well UK aid promotes youth employment in MENA. While UK aid to the region does not focus explicitly on youth employment, it includes a range of related objectives on economic development, education, and support for refugees and host communities. We identified a total of 115 programmes in the region with objectives that related to youth employment either directly or indirectly. As a measurable outcome, youth employment offers a yardstick against which to assess the overall effectiveness of this support.
- 1.3 The review encompasses UK aid programmes in MENA active since 2015 that make a potential contribution to youth employment. The largest of these are humanitarian programmes supporting the more than five million Syrian refugees in Jordan, Lebanon and Turkey, which include livelihoods components. The programming covers Iraq, Jordan, Lebanon, the Occupied Palestinian Territories, Syria, Turkey, Yemen, Algeria, Egypt, Libya, Morocco and Tunisia. Most programmes were delivered by the Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO), before they were merged into the Foreign, Commonwealth and Development Office (FCDO) in September 2020.⁷
- 1.4 The review explores whether this portfolio constitutes a credible and coherent approach to the complex issue of youth employment, and how effective it has been in generating employment for young men and women and in contributing to economic development and stability. Our review questions are set out in **Table 1**.
- 1.5 The findings chapter explores the review questions in three sections:
 - (1) Under 'relevance', the degree to which the portfolio is responsive to needs, its balance of economic development and fragility-related objectives, and how it has drawn on evidence and consultations with young people to inform programming.
 - (2) Under 'coherence', how well the UK's programmes and policy influencing efforts are coordinated across the responsible departments and with other partners, including host governments, donors and, critically for this theme, multilaterals.
 - (3) Under 'effectiveness', the results achieved by the portfolio, including how many jobs have been created, the value for money achieved, specific outcomes for women and vulnerable groups, and the degree to which results have been sustained.
- 1.6 While the UK does not have an explicit strategy or approach for promoting youth employment in the region, we are informed that the forthcoming cross-government MENA strategy 2021-2030 will include a renewed emphasis on economic growth and job creation. It is important for lessons from the UK's experience so far, including those we present here, to inform future efforts.

⁴ Our literature review, available on the ICAI website, points out that definitions of 'MENA' vary, with direct consequences for how institutions structure their programmes, research and data. The former UK Department for International Development describes MENA as a diverse region of 19 countries. DFID had prioritised Yemen, the Occupied Palestinian Territories, Syria, Jordan and Lebanon for support in the region.

Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy, HM Government, March 2021,

pp. 6 & 64, <u>link</u>.

²⁰²¹ data, Global youth employment trends for Youth 2020: Technology and the future of jobs, ILO, 2020, p. 33, <u>link</u>.

⁷ This report refers to the former departments (FCO or DFID) where programmes ended before the merger and refers to programmes as DFID/FCDO or FCO/ FCDO where they continued after the merger.

Table 1: Our review questions

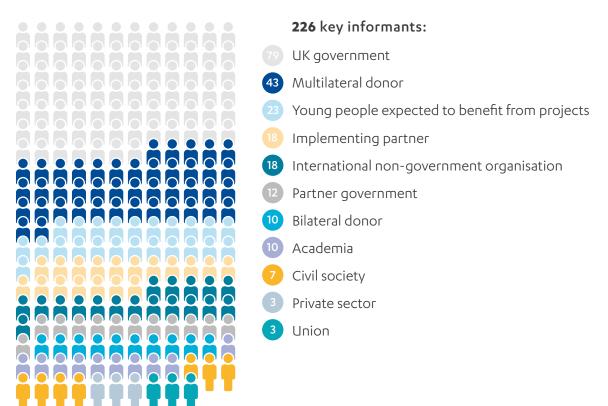
Review criteria and question	Sub-questions
Relevance: Is the UK's approach to promoting youth employment in MENA relevant to needs?	 Is UK aid's approach to promoting youth employment responsive to the context? To what degree does the UK government's approach to youth employment aim to reduce drivers of fragility and conflict? How well is the UK's programming aligned with the needs and priorities of the young people expected to benefit? To what extent are UK aid programmes based on good evidence and learning on 'what works', and contributing to further evidence?
Coherence: How coherent is UK aid's approach to promoting youth employment?	 How well is the UK's work on youth employment in the region coordinated across departments? Is the overall approach coherent? How well has the UK worked with multilateral and other development partners to promote youth employment in MENA?
Effectiveness: How effective is the UK's support to youth employment in MENA?	 How well has UK aid contributed to youth employment in the MENA region, and to what degree have the UK's efforts supported the goals of economic development and reducing fragility? How well do UK aid programmes on youth employment deliver on gender and inclusion objectives in MENA? Where UK aid has contributed to improving employment outcomes, how well have they been sustained or how likely are they to be sustained?

2. Methodology

- 2.1 Our methodology comprised five core elements:
 - i) **Strategic review:** We mapped relevant policies, strategies and guidance on the UK's approach to youth employment in the Middle East and North Africa (MENA), and consulted with key stakeholders, including UK government staff, academic experts, civil society (at UK, regional and country levels) and other development partners, on their relevance and coherence.
 - ii) **Literature review:** We reviewed the published literature on youth employment. We looked at evidence on 'what works' (and 'what doesn't work') regarding youth employment interventions in the MENA region and explored the links between youth employment, conflict, extremism and migration. The literature review is published separately.⁸
 - iii) Programme reviews: We chose a sample of 19 programmes and projects to assess in depth, including desk reviews of programme documents and key informant interviews. Annex 1 details the programmes selected.
 - iv) **Country case studies:** We prepared case studies of the UK portfolio in Jordan and Tunisia. These involved reviews of country-specific strategies and analysis, and week-long 'virtual country case study visits' to interview the responsible UK officials, programme partners, national counterparts, civil society and other donors. We also conducted 'enhanced stakeholder engagement' in Turkey, Egypt and Lebanon, where we interviewed a range of national stakeholders.
 - v) Youth voice: We consulted with a small sample of young people intended to benefit from UK support, through virtual interviews and focus groups, in Jordan, Tunisia and Yemen. We also reviewed the views and perspectives of young people in MENA, collected within UK aid programmes and from published sources, to capture a broader range of views across the region. These consultations offered a platform for young people to raise their concerns, while enabling us to triangulate and contextualise results reported by the programmes we reviewed. A summary of the feedback is included in **Annex 2**.
- 2.2 Overall, the review included 121 interviews with 226 key informants, including four focus group discussions and 12 interviews with young people from the region, and analysis of over 530 documents. Further details of our methodology, including our sampling approach, can be found in our approach paper.⁹

⁹ UK aid's approach to youth employment in the Middle East and North Africa, Approach paper, ICAI, October 2020, link.

Figure 1: Breakdown of key informants by category



Box 1: Limitations to the methodology

- Many of the programmes we reviewed contained multiple objectives, and youth employment outcomes were not always monitored or separately identified in programme reporting, leading to gaps in results data. Lack of data has made it difficult to draw firm conclusions on whether the results of UK aid programmes are sustainable or represent value for money.
- We have not conducted an audit of the portfolio and cannot guarantee that the programmes reviewed meet safeguarding requirements in their dealings with young or vulnerable people or UK government rules on the management of fiduciary risk.
- COVID-19 has impacted our review in two ways. First, the pandemic required us to conduct our stakeholder consultations and youth engagement remotely, which hampered our ability to collect a representative range of views. Second, it has significantly impacted the growth and jobs context of the MENA region, and therefore the likely impacts of programmes in recent years will have been significantly curtailed. We have considered the performance of programmes pre-pandemic to prevent bias in the results.

3. Background

Youth unemployment in a volatile region

- 3.1 Almost half of the Middle East and North Africa (MENA) population of 448 million is under 25 years of age¹⁰ and five million young people enter the workforce each year.¹¹ Since 1991, the region has had the highest youth unemployment rate in the world,¹² at around 23% of those aged 15 to 24, compared with 14% globally. The problem of unemployed and disaffected young people was highlighted during the 'Arab Spring' a wave of popular unrest that swept the region from 2011.¹³ Ten years on, the economic grievances that are thought to have triggered that unrest remain unresolved.¹⁴ In Tunisia, where the first uprising began, the tenth anniversary of the Jasmine Revolution in January 2021 brought young people back onto the streets, protesting against inequality, spiralling unemployment and governance failures.¹⁵
- 3.2 A high proportion of unemployed young people in the region are well educated, with university graduates making up nearly 30% of the total.¹⁶ As discussed in the literature review, there is a mismatch between the expectations of educated young people, who seek scarce public service or professional jobs, and the low-status and poorly paid work generally available in the private sector.¹⁷ A striking feature of labour markets across the region is the low rate of female participation. Women face a range of legal, institutional and cultural barriers to working.¹⁸ In Jordan, for example, the female labour force participation rate is just 14.6%, compared with 61.2% among men.¹⁹
- 3.3 The youth unemployment challenge has complicated causes. It is linked to a failure of national economies to generate quality jobs in sufficient numbers, due to factors such as the dominance of the public sector, weak business environments and a lack of access to finance. These are commonly described as 'demand-side' problems. There are also challenges on the 'supply side': educational systems leave many young people without the skills they need to compete for jobs. This means that the range of potential programming options is wide. Our approach paper²⁰ outlines a typology of youth employment interventions on both the demand and the supply sides, which has guided our analysis.

Population Statistics, World Bank, 2018, link and MENA Generation 2030: Investing in Children and Youth Today to Secure a Prosperous Region Tomorrow, UNICEF, April 2019, link.

¹¹ Youth Unemployment in the Arab World: What Do We know? What is the Way Forward?, UNU-Wider blog, June 2012, link.

¹² Global youth employment trends for Youth 2020: Technology and the future of jobs, ILO, 2020, p. 33, link.

¹³ FCO and British Council Aid Responses to the Arab Spring, ICAI, June 2013, <u>link</u>.

¹⁴ 'Life has got worse since Arab spring, say people across Middle East', The Guardian, Michael Safi, 17 December 2020, link.

¹⁵ 'In Tunisia, some wonder if the revolution was worth it', *The New York Times*, Vivian Yee, 19 January 2021, link.

¹⁶ The Future of Jobs and Skills in the Middle East and North Africa: Preparing the Region for the Fourth Industrial Revolution, World Economic Forum, May 2017, p. 4, link.

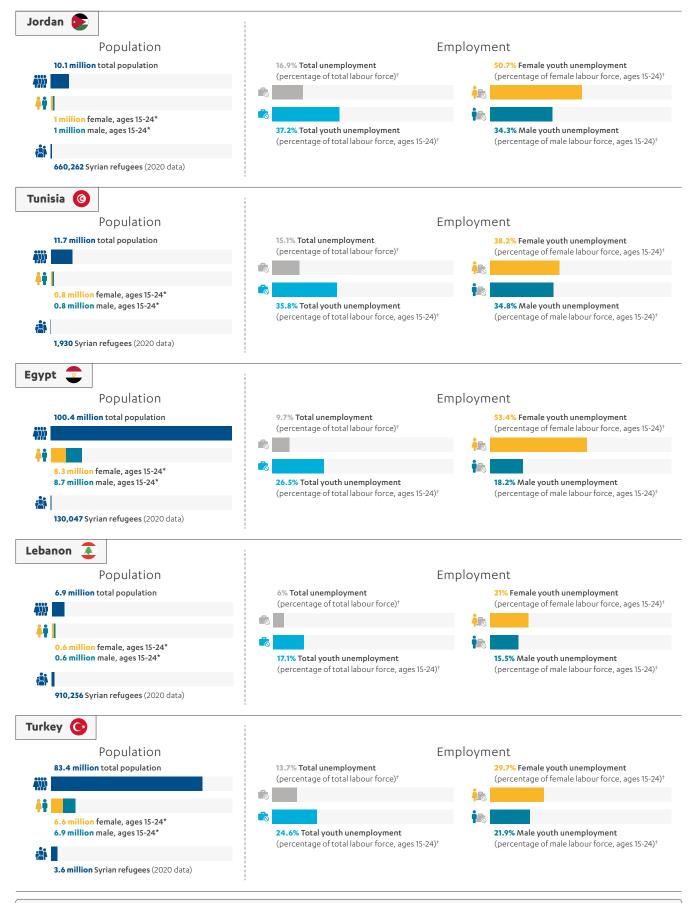
¹⁷ See the discussion on the mismatch between young people's aspirations and what the labour market offers in our literature review in Section 2.2: Entrenched reliance on public sector jobs. The literature review is available on the ICAI website.

¹⁸ Toward Solutions for Youth Employment: A Baseline for 2015, Solutions for Youth Employment, ILO, 2015, p. 103-107, <u>link</u>; Opportunity For All: Promoting Growth And Inclusiveness In The Middle East And North Africa, IMF, Departmental Paper No. 18/11, 2018, p. 22, <u>link</u>.

¹⁹ World Bank data from 2019, female labour force participation rate, link and male labour force participation rate, link.

²⁰ Annex 1: Typology, UK aid's approach to youth employment in the Middle East and North Africa approach paper, ICAI, October 2020, p. 17, link.

Figure 2: Population and youth unemployment dynamics in sampled countries (2019)



* World Development Indicators do not include absolute youth population numbers. Data in this row is therefore calculated from available indicators showing the proportion of young females and the proportion of young males of the total population. * modelled International Labour Organization estimate

Box 2: Voices of young people on MENA labour markets

Our consultation with young people seeking to enter the labour market, including refugees, in Jordan, Tunisia and Yemen, identified six common concerns:

Education: The skills they receive from the education system do not match the needs of the job market.

Connections, or 'wasta', in Arabic: Getting a job depends on who you know. This poses particular challenges for refugees.

Social norms and expectations: Young women face significant social barriers in gaining access to the labour market, and women are expected to take on a high burden of unpaid work in their households.

Lack of voice: Young people feel that they have no channel through which to raise their concerns with government, and that government is uninterested in their views.

Low trust in institutions: Young people are unwilling to engage with public institutions, citing corruption as a concern. This was particularly the case in Tunisia, where public trust has been undermined by frequent changes in government.

'Waithood': Young people, particularly university graduates, often wait for a long time after graduation – some suggested up to the age of 35 – before they are able to gain employment and become full members of society, partly due to waiting for preferred public sector roles. This period is marked by frustration and a sense of stagnation.

- 3.4 The region is also characterised by high levels of conflict and political instability, which have severely disrupted economic growth over the past decade. Lebanon today demonstrates the devastating social and economic effects of instability. The country has been rocked by anti-government protests since October 2019, linked to a serious economic crisis and the collapse of the currency.²¹ The COVID-19 pandemic left 75% of the population in need of financial assistance. The Beirut port explosion in August 2020 has exacerbated the economic crisis and fuelled popular anger against a divided and allegedly corrupt political elite.²²
- 3.5 Young refugees face additional challenges. Access to work permits is often restricted. In Jordan, and elsewhere in the region, Syrian refugees are only granted permits for work in a limited number of occupations, although many work informally.
- 3.6 Across the region, fragility has been exacerbated by the COVID-19 pandemic. In 2021, national health systems are under heavy strain. Lockdown measures have severely disrupted national and regional labour markets and caused sharp economic contraction. The Tunisian economy already struggling before the pandemic shrank by 8.2% in 2020.²³ In Yemen, COVID-19 has added another layer of complexity to the already devastating conflict that has engulfed the country since 2014, causing the economy and basic services to collapse and leaving 80% of the population dependent on humanitarian aid.²⁴ The delivery of international support to Yemen, including from the UK, has been disrupted by the pandemic and aid cuts, leading to worsening famine and loss of life.²⁵
- 3.7 The pandemic has deepened the underlying patterns of marginalisation of young men and women across the region. While national economies will begin to recover as vaccination programmes progress, many young people will face a further reduction in the economic opportunities available to them over the longer term. While manifesting in different ways across this diverse region, disaffection among young people is likely to be a pressing challenge for policymakers in the years ahead.²⁶

²⁵ Disaster looms for Yemen if funding cuts continue, Care International, 26 February 2021, link.

²¹ How Europe can help Lebanon overcome its economic implosion, International Crisis Group, Report No. 218, October 2020, <u>link</u>.

²² Beirut's Explosion: Is it the beginning of the end of Lebanon's broken political system?, Dina Mansour-Ille, RUSI, 18 August 2020, link.

²³ IMF Staff Completes Article IV Consultation Mission with Tunisia, IMF Press Release, 23 January 2021, link.

²⁴ Crisis in Yemen: Unrelenting conflict and risk of famine, International Rescue Committee, 16 December 2020, link.

²⁶ See, for example, ILO Monitor: Covid-19 and the world of work. Seventh edition, ILO, January 2021, <u>link</u> and Economic impact of COVID-19 in Tunisia, UNDP, June 2020, <u>link</u>.

What works in promoting youth employment?

- 3.8 There is a substantial body of literature looking at the effectiveness of different types of interventions on youth employment. The evaluation evidence suggests that youth employment programmes can have a positive effect on both employment rates and earnings, but the effects are generally relatively small. Evidence on the effect of wider economic reforms on youth employment is inconclusive, as reform programmes do not generally measure their impact on employment, let alone youth employment, partly for technical reasons. It is also rare for youth employment programmes to continue to monitor their effects on target populations after completion, which means there is limited evidence on whether results are sustained over time.
- 3.9 The literature suggests that programmes are more effective when they target disadvantaged youth and women directly and when employers are involved in programme design, implementation and evaluation.²⁷ Youth employment programmes also appear to be most effective when part of a package of interventions, working simultaneously on the barriers to job creation (demand side), upskilling young people (supply side) and improving the national policy environment. However, the literature is also clear that 'what works' is often context-specific. Some of the key lessons are summarised in **Box 3**.

Box 3: A complex picture of 'what works'

The evidence on the effectiveness of youth employment programme categories is mixed, complex and context-specific. Although there is no 'silver bullet', and results will be context-specific in all cases, our literature review²⁸ reaches the following high-level conclusions:

- i) General reforms to the **business climate** are likely to benefit young people, but there is no systematic evidence of impact on youth employment.
- ii) For refugees and migrants dependent on **work permits**, interventions to facilitate access and increase the duration of permits can improve employment outcomes.
- iii) **Subsidies** to employers for hiring young workers can have a positive impact on target groups in the short term, particularly in middle-income countries, but they are expensive and tend not to result in overall net employment gains (that is, the young people who benefit displace older workers).
- iv) Programmes **promoting entrepreneurship**, including through access to credit, have had a positive impact on youth employment in middle-income countries. They are more likely to create jobs where credit is combined with skills training and mentorship, when targeting small and medium-sized enterprises rather than micro-enterprises, when targeting existing rather than new businesses, and when the support is long-term in nature.
- v) **Information services** and schemes matching jobseekers with potential employers appear to have only small effects on employment. Involving the private sector in the design and delivery of such programmes, and combining them with training and placement support, can improve outcomes.
- vi) There is limited evidence that **direct job creation schemes**, such as public works programmes, promote short-term or sustainable youth employment outcomes. Displacement effects are high.
- vii) **Skills training** may increase productivity but usually does not affect overall employment levels. To improve impact, the training needs to be high quality and relevant to the needs of the private sector. Accreditation of skills is important.
- 3.10 The Department for International Development (DFID) surveyed the available evidence to produce guidance on 'best buys', or the most cost-effective interventions, ranked by strength of evidence.²⁹

²⁷ See page 9 of our literature review which is available on the ICAI website.

²⁸ The literature review is available on the ICAI website.

²⁹ Best Buys in Economic Development, Chief Economist's Office, Research & Evidence Division, FCDO, 2019 (not published).

Broadly, it concluded that measures to promote economic growth in general are also the best way of creating jobs. This aligns with findings from our literature review, our interviews with economists and other experts, and our analysis of the portfolio. It also identified two 'bad buys': wage subsidies (economic incentives to firms to employ more workers) and technical and vocational education and training (TVET) are both shown to offer poor returns on the investment. Cross-country studies suggest that TVET programmes in particular rarely generate employment results.

UK aid objectives and programming relating to youth employment

- 3.11 The UK government has not set any specific, region-wide objectives for UK aid in relation to promoting youth employment in MENA. However, a range of government strategies and analyses of the region link instability and fragility with underlying economic grievances, particularly unemployment. The 2015 National Security Strategy, a key strategy document during our review period, states that creating jobs and economic opportunity is one of the measures the UK will pursue to tackle conflict and instability around the world.³⁰ UK aid strategies in individual MENA countries, including Jordan, Lebanon and the Occupied Palestinian Territories, highlight the importance of youth employment. In its 2016 Youth Agenda, DFID also made an overarching commitment to work with young people as agents for development and to include their voices and concerns in all aspects of its work.³¹ The Youth Agenda noted that the global economy would need to generate 600 million new jobs for young people between 2016 and 2030 a significant challenge.
- 3.12 To identify relevant programming for review, we developed a typology of interventions that potentially contribute to youth employment, including through interventions in the labour market, direct job creation or measures aimed at improving the enabling environment (see **Table 2**). Using this typology, we identified 115 programmes in MENA with a total value of £2.4 billion that include activities relevant to youth employment. Among these, documentation for 60% of the programmes outlined a primary or secondary focus on either youth or employment, with the remainder having a less clear focus on the theme. 20% of the programmes identified focus explicitly on youth employment. While these programmes include a wide range of other objectives, we assessed them only in terms of their contribution to youth employment. The portfolio includes both demand-side activities, such as wage subsidies, support for entrepreneurship and improving information about job availability, and supply-side interventions, such as the certification of skills and the promotion of employability skills. We did not cover broader education.

Category of intervention	Examples of types of interventions	Percentage share of portfolio value		
Programmes to reform the e	Programmes to reform the enabling environment			
Active labour market	Programmes that incentivise employment	26%		
programmes	Interventions which support entrepreneurship	25%		
	Programmes to expand labour market information services	6%		
Programmes that provide di	ogrammes that provide direct job creation			
Education and skills development programmes	Programmes which provide skills for employability and certification	36%		

Table 2: Share of the youth employment in MENA portfolio by intervention type

Note: These shares do not add up to 100% as some programmes address more than one intervention typology category.

³⁰ National Security Strategy and Strategic Defence and Security Review 2015, HM Government, November 2015, p. 64, <u>link</u>.

³¹ Putting young people at the heart of development: The Department for International Development's Youth Agenda, DFID, April 2016, <u>link</u>.

4. Findings

Relevance: Is the UK's approach to promoting youth employment in MENA relevant to needs?

Although there is no UK youth employment strategy for MENA, growth and employment creation have been prioritised through UK programming

- 4.1 UK aid has no explicit strategy on youth unemployment, either globally or in the Middle East and North Africa (MENA) region. However, it does have a strong focus on economic development, which accounted for around 20% of all global bilateral aid in 2019.³² As identified by the Department for International Development's (DFID) own 'best buys' analysis, creating jobs through economic development programming is directly relevant to young people. This is particularly true for MENA given the region's age distribution which is skewed towards youth.
- 4.2 More specifically, youth employment has been prioritised consistently in some country and sub-regional strategies, including in Jordan, Egypt and North Africa, between 2016 and 2021. In North Africa, programming in recent years has been overseen by a combined DFID and Foreign and Commonwealth Office (FCO) Joint Unit. Its business plan highlights the importance of economic development to stability in the region and includes among its priorities the creation of jobs, particularly for women, youth and other marginalised groups.³³ In Jordan, economic resilience is one of the main focus areas of the UK's work, with a main goal of job creation through structural reform and inclusive economic growth. Jobs for youth is a priority outcome emphasised under the most recent business plan for the DFID portfolio.³⁴ In Egypt, the UK's smaller programme has a high degree of focus on job creation, including the inclusion of youth and women.³⁵ In Tunisia and Turkey, where youth employment is not prioritised specifically, the programmes emphasise economic growth and private sector development, both of which are relevant to the youth employment challenge.³⁶ Even in Lebanon, where the UK, like other donors, is focused on crisis response, this has included the creation of jobs and support for small and medium-sized enterprises (SMEs).³⁷
- 4.3 Consistent with these priorities, we found a large portfolio of programmes in the region with objectives or activities relevant to youth employment. A combined £2.4 billion has been invested in 115 programmes which include activities related to youth employment in the region since 2015. Most of these tackle multiple objectives and the share of expenditure related to youth employment is not recorded separately in the aid statistics. The portfolio includes both economic development and education programming as well as projects supporting direct job creation, entrepreneurship support and employability skills training. We examined a sample of 19 programmes with specific employment objectives in their design documents. Of these, three listed youth employment as their primary objective and another five had youth employment, or employment in general, as a secondary objective. We find that, despite not having an overarching strategy, the employment-related programmes and accompanying partnerships and policy dialogues demonstrate that the UK has prioritised employment creation in the region.

Within the portfolio, job creation initiatives are more relevant than skills development

4.4 The core challenge of youth employment in MENA is a lack of jobs. For the most part, the case for demandside interventions, which seek to expand employment opportunities, is stronger than that for supply-side interventions, which seek to improve the skills and capacities of young people so they can compete for jobs. Although there are skills gaps across the region, the general level of education is relatively high.

³⁶ Tunisia Joint Analysis of Conflict and Stability (JACS), British Embassy Tunis, December 2017 (not published).

³² Statistics on International Development 2019, HM Government, September 2020, <u>link</u>. Table C9 – bilateral aid share to economic infrastructure and services, and production sectors combined.

 ³³ Business Plan 2020/2021, North Africa Joint Unit, DFID, March 2020 (not published); HM Government Strategy – North Africa Region 2016-2020, HM Government, July 2016 (not published).

³⁴ Jordan Joint Analysis of Conflict and Stability (JACS) Papers I, II and III, Jordan country National Security Board, 2020 (not published); Jordan Business Plan 2020/2021, DFID, March 2020 (not published).

³⁵ Egypt: Joint Assessment of Conflict and Stability Analysis, FCO, December 2019 (not published).

³⁷ Lebanon Conflict Analysis Refresh, British Embassy Beirut, May 2018 (not published).

- 4.5 The literature suggests that integrated efforts are most effective in promoting youth employment and tackling the demand and supply of labour, as well as linking to policy advocacy. However, across the 19 programmes we reviewed, only two took an integrated approach that combined policy advocacy with supply- and demand-side interventions. These two stronger examples were the regional Arab Women's Enterprise Fund (AWEF, DFID, £10.3 million, 2015-2020) and the Palestinian Market Development programme (PMDP, DFID, £14.0 million, 2013-2018).
- 4.6 The priority is achieving alignment between supply and demand and, in the MENA context, it is the job creation side that needs support. In some countries, particularly Jordan and Egypt, we found the UK's efforts to be directly relevant to this challenge, seeking to address underlying or structural constraints to job creation. In both cases, the UK is supporting World Bank efforts to improve the enabling environment for business, which should contribute to a more vibrant private sector and more jobs.
- 4.7 We also found that the portfolio includes a substantial number of purely supply-side or training initiatives (a third of the portfolio by value see **Table 2**) that are a relatively poor match to the needs of the region and the literature on 'what works'. This point is recognised in DFID's 'best buys' analysis, which highlights technical and vocational education and training (TVET) as a 'poor buy'. For example, the British Council supports English language training across the region and we examined their programme in Tunisia (British Council Tunisia Programme, £5.7 million, 2018-2021).³⁸ The British Council describes this as support for young people's employability and lists job creation as an intended outcome. However, it does not monitor job creation and the evidence linking this kind of intervention to employment outcomes is weak. In Tunisia, the young people we spoke to found the UK's focus on English language training to be relevant and useful, but of limited direct help in obtaining jobs.

Feaching English is always a good thing...but it doesn't feel like a huge priority when it comes to employment. It's as if we're talking about getting a Ferrari when you don't have a roof.

Interviewee, CSO Tunisia

4.8 Stakeholders we interviewed, including other donors and civil society organisations (CSOs), suggested several reasons for the continued focus on standalone training programmes. Skills training programmes are easier to design and implement. They are also easier to 'sell' to national governments across the region, compared with programmes that tackle complex structural reforms or provide direct financing to marginalised groups. This contributes to a tendency for the UK and its partners to understand youth unemployment as a problem of 'skills mismatch', for which the default solution is training.

UK programmes in Jordan and Turkey are relevant to the employment needs of Syrian refugees and host populations

- 4.9 The UK made major investments between 2015 and 2020 through the aid programme in supporting Syrian refugees and host communities in the region, to alleviate humanitarian need, minimise tensions and limit secondary displacement. Much of this programming also tackled the employment and livelihoods needs of young people and women.³⁹
- 4.10 In Jordan, UK programmes have tackled constraints to the access of refugees, and women in general, to the labour market. The UK was an important voice in the negotiation of the Jordan Compact, an agreement between the government of Jordan and international development partners to grant Syrian refugees access to the labour market in exchange for substantial international support and improved access to the European market for Jordanian exports. Through the Jordan Compact Economic

³⁸ Documentation is unclear on the budget or programme years.

³⁹ Note that these contributions predate the announcement of 30 March 2021 of a 32% cut in aid to Syria. 'UK slashes aid to Syria despite direct appeals from UN', *The Guardian*, 30 March 2021, link.

Opportunities Programme (JCEOP, DFID/FCDO, £217 million, 2016-2023) supporting the World Bank in particular, the UK has bolstered efforts to provide work permits for Syrian refugees. By providing a guarantee for the World Bank (DFID/FCDO, £0, with a contingent liability of £164 million between 2019 and 2054)⁴⁰ and supportive technical assistance through the Jordan Investment and Economic Reform Advisory Programme (JIERAP, DFID/FCDO, £14.5 million, 2019-2023), the UK has helped to promote labour market reforms that improve women's access to jobs – a major concern in Jordan with one of the lowest rates of women's participation in the world.

4.11 In Turkey, the EU's Facility for Refugees in Turkey (FRIT) programme to which the UK contributes (Phase 1, FRIT1, DFID, £288 million, 2016-2019 and Phase 2, FRIT2, DFID/FCDO, £141.3 million, 2019-2023) sought to manage tensions through delivery of services, including humanitarian, education, health, municipal infrastructure, social and economic support, targeting both refugees and host communities. In Lebanon, there is currently limited political space to work with government on economic reforms. Instead, UK programmes focus on easier targets, including direct short-term employment creation through Phases 2 and 3 of the Lebanon Municipal Services Programme (MSP, DFID, Phase 2, £15.3 million, 2017-2018 and Phase 3, DFID/FCDO and CSSF, £31.5 million, 2019-2021) and job placements through the Lebanon Enterprise Employment Programme (LEEP, DFID, £16 million, 2017-2020).

Some of the key employment needs of young people are not addressed

- 4.12 We did not find significant effort across the portfolio to tackle cultural barriers to youth employment, which are prevalent across the region (see **Box 2**). Although the issue is noted in the UK's analytical work and design documents, this has not translated into programming. An example of the resulting gap is the UK support for labour market participation in Jordan, via the World Bank (the combined guarantee and JIERAP programme). The UK supported the government of Jordan in enacting legal reforms to enable part-time working and to improve access to public transport and childcare all relevant and useful measures. However, there was no significant impact on female labour force participation, partly because underlying social norms and cultural barriers were not tackled. This was acknowledged by the UK, but no relevant programming was introduced to address the gap.
- 4.13 Another example was the UK's support for work permits for Syrian refugees, through JCEOP. This programme combined UK support for several multilateral programmes, including World Bank programming targeting 300,000 work permits. The measure was less successful than anticipated, in terms of number of permits issued and jobs created, because of a combination of three factors: concern among refugees that they would lose UN benefits if they obtained work permits, restrictions imposed by the Jordanian government on refugees taking up certain occupations, and overambitious assumptions about the rate of overall economic growth. These factors are identified in UK programme documents, but no action was taken to adapt the programme to address them. Instead, the programme was extended and scaled up, from an initial £110 million (2016-2018) to £217 million (through to 2023).⁴¹ These work permit targets have not yet been reached as of the latest figures (see **Figure 3**).

⁴⁰ Note that the direct cost was £0 (and therefore the value of the contingent liability for this and the Egypt guarantee were not included in the £2.4 billion portfolio figures).

⁴¹ Note that this scale-up was for various components, of which the work permit targets were just one aspect.

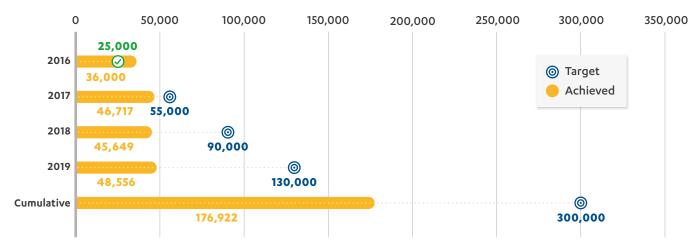


Figure 3: Number of work permits targeted and achieved in Jordan

4.14 In both these cases, UK programming included relevant objectives, but lacked a systematic analysis of needs and how to address them.

Box 4: Meeting the needs of refugees

Although there is no universal refugee experience, our research pointed to common challenges around creating employment opportunities for refugees in the MENA region.

Refugees need the right to work: Syrian refugees in Lebanon and Jordan face difficulties in obtaining work permits, and are only permitted to work in particular sectors. There are political sensitivities in both countries related to extending their right to work. In Lebanon, the International Labour Organisation (ILO) reports that the main constraint to employment of refugees is the shortage of jobs "with decent working conditions in sectors that Palestinian refugees are legally allowed to work in."⁴²

Without work permits, refugees face risky employment conditions: In the absence of work permits, refugees in Jordan are forced into precarious self-employment, exploitative working conditions and dependence on UN humanitarian aid. In Jordan, the refugees we consulted who were working informally faced a precarious existence, were vulnerable to arrest and often worked at night to avoid being detected by the authorities.

- 4.15 UK programmes focus on formal employment and risk missing the priority needs of young people, women, refugees and other vulnerable groups, who are typically active in the informal labour market. The need to engage with the informal sector was strongly expressed in our consultations with young people and other stakeholders in Egypt, Jordan and Turkey. In Turkey, for example, an estimated two million refugees currently work in the informal sector.
- 4.16 Finally, we found gaps in UK programming relating to specific vulnerable groups of young people, including non-Syrian refugees (such as Iraqis), rural youth and people living with a disability. We found only two programmes in our sample with an explicit disability focus: the Jordan Municipal Services and Social Resilience Project (MSSRP, DFID/FCDO, £17 million, 2016-2021) and the FRIT emergency social safety net component, which provided financial support to refugees based on disability criteria, although this is not employment-related.

There are good examples of programmes consulting with young people, but this is not systematic and does not always influence programme design

4.17 DFID's 2016 Youth Agenda highlights young people's role as both agents of and advocates for sustainable development. This innovative policy committed the UK to consulting young people directly and

incorporating their voices and concerns into all aspects of its programming. This is a particularly important principle in the MENA region: CSOs and academics emphasised to us that young people lack a meaningful voice in public life, leading to a lack of trust in government, disillusionment with the democratic process and increased desire to migrate.

4.18 Just over half (ten out of 19) of the programmes we sampled had undertaken some form of youth consultation. Some country offices had also conducted needs assessments around youth employment, including in Jordan and Turkey, but these did not involve direct consultation with young people.

Donors like to talk about their priorities – in 2012 democracy, decentralisation, after that ISIS, peacebuilding, after that women's empowerment. There are donors that respect priorities in the region and do their homework, and approach us and consult with youth groups in order to include it in their work.

Female Algerian researcher, CSO

- 4.19 A positive example came from the Delivering the London Jordan Conference (DFID/FCDO, £2.4 million, 2018-2021), an international conference co-hosted by the UK and Jordanian governments to promote investment, jobs and growth in Jordan. In preparation, the UK worked with local civil society to consult with a diverse group of 186 young people to identify their priority needs and concerns related to employment. A report was written as background for the conference and ten young people were invited to attend the event. However, the organisation that facilitated these consultations told us that the UK did not follow up with the young people consulted after the conference, and that they did not receive the conference outcomes or any follow-up actions. It is clear therefore that despite the early engagement with young people, the UK did not close the loop on this engagement.
- 4.20 Other positive examples include MSSRP in Jordan, which supported the establishment of standing consultation mechanisms between local municipalities and citizens, including young people and refugees, and involved young people in monitoring. While there were some limitations to the quality of dialogue that was achieved, the programme did introduce a number of innovations in response to community feedback. In Lebanon, a similar initiative, MSP, included a participatory planning process and annual perception surveys, both of which involved young people and women. In Tunisia, we found a positive example of using focus groups to consult young people within the UK's support to the Innajim project (part of the Tunisia CSSF Country Programme, FCO/FCDO, £47.6 million, 2015-2021). In Turkey, an updated needs assessment commissioned during the FRIT programme helped to reprioritise spending in accordance with refugee needs. Finally, the Social Fund for Development (SFD, DFID, £108.4 million, 2010-2018) in Yemen included a strong commitment to community consultation, in both prioritising needs and monitoring results, with a mechanism for receiving community complaints.
- 4.21 While there are good examples of consultation with young people, these were not systematic across the portfolio, and programming was not sufficiently consultative of young people overall. Only three of the ten programmes that consulted young people had done so during their design phase, for example to inform programme design. In Egypt, we found that there had been no consultation or other research into youth needs, despite relevant programming. It was particularly notable that some of the larger refugee support programmes in the region (such as FRIT and JCEOP) had not consulted widely with refugee groups during their design phase, especially as a lack of detailed understanding of refugee needs appears to have hampered their effectiveness. Young people who had benefited from UK-financed skills programmes told us that they were not consulted about changes to the approach or content of those programmes. As a result, they felt that the programmes were not adequately focused on their own priorities.

f f I think the problem is... not being clear about what students really need.

Male Syrian participant in JCEOP training component

4.22 By contrast, some other donors were reported to have a more systematic approach to consultation with young people. The World Bank has a digital youth platform to allow young people in the region to interact with them and with local authorities. This feedback informs its country partnership frameworks. The Netherlands has a youth ambassador in Jordan to consult young people. UNICEF is working on establishing a formal mechanism for systematic and long-term engagement between donors and young people.

Some good analytical work is being undertaken, but it is not always used to inform programme design or build up the evidence base

- 4.23 Foreign, Commonwealth and Development Office (FCDO) country teams frequently conduct analytical or diagnostic work, including on youth employment issues, highlighting the importance of the issue in driving instability in the region, for example. FCDO also invests in research conducted by multilateral partners, including an £11 million contribution to the World Bank's Jobs Umbrella multi-donor trust fund which carries out 'job diagnostic' studies around the world, including in Jordan, Turkey and Lebanon. The UK also helps to fund a World Bank centre of excellence on youth employment (Solutions for Youth Employment, S4YE). These programmes not only diagnose the youth employment challenges in each country but also help explore 'what works' in terms of solutions (see **Box 3**).⁴³
- 4.24 While there is good research available, the use of evidence underpinning programme design is variable. Only eight of the 19 programmes we reviewed referred explicitly to underlying analysis or diagnostic work relating to young people or youth employment, of which four were in Jordan. In Egypt, for example, although strong analytical work had been undertaken, we found no clear evidence that it had been used to inform strategy or programming. In Lebanon, although the annual perception survey and impact analysis financed by FCDO were of good quality, we did not find evidence that they were being used to inform the programme. In Turkey, there was a sophisticated monitoring and evaluation system for the FRIT programme, but it did not include sharing learning across implementing partners. The regional Arab Partnership Fund (APF, DFID, £110 million, 2011-2015) did not include substantive analysis of the youth unemployment challenge.
- 4.25 Overall, we found the transmission processes from research to programming were not very strong. One FCDO official told us that country-level analytical work is often undertaken by consultants and then "sits on the shelf without having meaningfully informed programming".
- 4.26 Again, there were positive exceptions. AWEF took a robust approach to evidence. The programme was designed to generate credible evidence of the challenges facing women-led businesses in MENA, and the evidence cited in programme design documents on 'what works' in market-led economic empowerment for women was consistent with the findings of our literature review.
- 4.27 Poor use of evidence translated into some unconvincing causal assumptions in programme theories of change, which contradicted the literature, the results of consultations or monitoring data from past programming. One example of weak use of evidence was the UK Lebanon Tech Hub (UKLTH, FCO, £3.2 million, 2015-2018), which we were told was implemented at the behest of a former UK ambassador with an interest in technology and growth rather than being based on evidence or a needs assessment, and in an increasingly crowded tech incubator landscape in the country. Remarkably, FCDO was not able to provide any documentation relating to this programme during our research, so we were unable
- ⁴³ Our literature review details the work of S4YE more fully. The literature review is available on the ICAI website.

to triangulate the dates or financial spend. Subsequently, partial documentation was provided. Also in Lebanon, LEEP at first included unrealistic political assumptions, including on when Syrian refugees would return to Syria, the Lebanese government's appetite to be seen to support refugee jobs, and on the wider geopolitical context (we saw the same issue in Turkey and Jordan). Finally, we found unrealistic economic assumptions, including those of the Jordan Compact and associated programming, which assumed that expanding access to the European market for Jordanian firms would create large numbers of additional jobs and enable the expansion of work permits for refugees. In practice, few Jordanian firms were able to expand their exports.

There is a focus on reducing instability, but this is based on limited evidence

- 4.28 UK aid documents commonly link youth employment-related interventions in MENA to the reduction of instability. Country-level analytical work in Egypt, Jordan, Turkey and Tunisia identifies youth unemployment as a driver of instability. In Egypt, for example, the UK theory of change links 'idle youth' to criminality. Within our sample of 19 programmes, seven described youth unemployment as a driver of conflict and fragility, while ten included the reduction of fragility as an objective. We found that design documents frequently contain untested assumptions linking unemployment and political disaffection.
- 4.29 The literature suggests that youth unemployment and instability are correlated, but that the causal links between them are weak, indirect and dependent on context.⁴⁴ We found that programmes were slightly more nuanced than this, commonly referring to youth unemployment's impact in damaging social cohesion (through competition for jobs) which, in turn, was expected to negatively impact stability. There is more support in the literature for this narrative, although the evidence base remains thin. There is little evidence linking youth unemployment specifically to violent extremism, although it has been seen to lead to migration and domestic violence. The mismatch between the expectations of educated young people in the MENA region and the opportunities available to them is also considered a source of frustration, but we found no evidence that this contributes to political instability. Academic experts working on the issue told us that links to fragility are often assumed by donor programmes, and expected to be seen in programme documentation to justify approval, but are not supported by the available evidence.

Another thing is lack of trust between young people and politicians and policymakers – we were given lots of promises but promises are not met – so that's why we see a lot of protests here in Tunisia now.

Female participant in Tunisia Young Mediterranean Voices project

- 4.30 In interviews, FCDO staff acknowledged the lack of evidence and some suggested further research on the topic. FCDO officials told us that internal incentives meant programmes were justified on multiple grounds to secure approval and the resulting language on stability could be "lazy".
- 4.31 Given the thin evidence base on unemployment and instability links, we would have expected to see programmes with stability objectives monitoring for any causal effect, but this was not the case. For example, one Conflict, Stability and Security Fund (CSSF) programme in Egypt has a theory of change linking employment to increased household income and decreased crime, but these results do not feature in its logframe and are not monitored.
- 4.32 We did find two positive exceptions. The Lebanon MSP, implemented by the United Nations Development Programme (UNDP), conducted annual perception studies on changes in community tensions, trust in government and intent to migrate. We understand from the UNDP that this FCDO-
- ⁴⁴ See our literature review for a detailed discussion of the available evidence and nuances to this headline finding. The literature review is available on the ICAI website.

funded research influenced the iteration of the overall Lebanon Host Communities Support Programme (LHSP, to which MSP contributes) and the UNDP's wider programming effort. The results were also shared with other donors, such as KfW (a German state-owned investment and development bank), thereby reaching a broader audience. The Yemen Social Protection Programme (YeSP) included a study of the programme's impact on social cohesion. This found a significant increase in participants' trust in local government and leaders, as well as increased awareness of marginalised groups and improvements in cooperation between communities.

Conclusions on relevance

- 4.33 The UK government recognises that youth unemployment is a major challenge in the MENA region. Although there is no overall strategy governing the UK's work on youth employment, the subject is frequently mentioned in strategy documents and analysis, and a range of relevant programmes have been implemented to further this goal in this area. The focus on the demand side (job creation) is suited to challenges facing the region. However, the UK also prioritises skills training programmes, even though these are known to be largely ineffective, and has under-prioritised efforts to challenge cultural barriers to employment. Evidence to support the commonly assumed link between youth employment and stability is not convincing, and the relationship is not being monitored directly by programmes that rely on it.
- 4.34 We found some good examples of the UK consulting with young people through its programming, but this is not systematic. There was mixed performance regarding the use of diagnostic work and evidence on 'what works', resulting in some unconvincing programme choices.
- 4.35 Overall, despite these weaknesses, we find the UK's approach includes relevant programming addressing some of the main youth employment challenges in the region, with some direct consultation of young people and some good diagnostic work. We therefore award a **green-amber** score for relevance.

Coherence: How coherent is UK aid's approach to promoting youth employment?

There is strong coordination across the UK government

- 4.36 There is good coherence among the UK departments active in this topic and region, as a result of two main mechanisms: shared country-level national security strategies and co-located UK government teams in embassies across the region. All relevant parts of the UK government are represented, including the British Council and the UK's development finance institution, CDC, which recently established a regional base in Egypt.⁴⁵
- 4.37 In Jordan, the single embassy team had been working together well for some time before the DFID-FCO merger. A range of UK government ministries and agencies are involved in supporting the aid programme, including some less common development actors such as the UK Government Digital Service. They work together in support of a shared country development strategy that prioritises economic reform and support for the Jordan Compact through multilaterals. This helps to achieve a good level of complementarity across programmes.
- 4.38 In Turkey, the UK has a clear idea of the division of labour across the departments and aid programmes. The FRIT programme supports refugees and host communities, the Prosperity Fund promotes job creation and CSSF provides flexible resources to pilot initiatives on migration management and social cohesion which, if successful, can be scaled up by larger programmes such as FRIT.
- 4.39 The UK has invested in a joined-up approach to the North Africa region through the North Africa Joint Unit. This has increased the sharing of evidence among UK actors in the region and in London. We found that the appointment of a regional private sector advisor, based in Rabat, had improved coordination across UK agencies. The Egypt team benefited from this regional approach, being the only country in our sample to draw on London-based FCDO research results.

⁴⁵ CDC Group establishes permanent presence in Egypt, CDC Group, 10 August 2020, <u>link</u>.

- 4.40 In Tunisia, we found coherence across UK agencies to be somewhat weaker. Similarly, in Lebanon, we noted a greater separation of identities, systems and knowledge between DFID and FCO, rather than a single UK government identity.
- 4.41 FCDO told us that the cross-government MENA strategy 2021-2030, expected to be completed in mid-2021, would provide a framework for greater coherence across country teams. It will assist with prioritisation in the context of the 2021 Integrated Review,⁴⁶ focusing on shared security, mutual prosperity and enduring resilience, with a particular emphasis on economic growth and job creation. We were not given the opportunity to review drafts and cannot therefore say whether this will provide greater coherence.

Programmes are not always well integrated and multidisciplinary approaches are lacking

- 4.42 Although we found the cross government approach to be coherent on the whole, we did find weaker operational coherence and coordination between advisors specialising in conflict and economics. We saw examples in both Jordan and Lebanon of a lack of coordination between CSSF conflict-related programming and the DFID/FCDO economic portfolio. FCDO officials told us that this tendency to 'silo' specialisms was common across the board, and that practical coordination. In Jordan, while the four programmes in the economic portfolio were linked by common objectives, they did not join up with the CSSF MSSRP programme. Given that all the programmes contain employment-related objectives, this was a missed opportunity for synergy and shared learning.
- 4.43 As a cross-government fund blending official development assistance (ODA) and non-ODA resources, CSSF is intended to promote joint working across government. In practice, we found that this objective was not being met: The 2015-16 CSSF annual review in Tunisia, for example, found that sub-projects were not well coordinated. Despite efforts since then to consolidate the portfolio, it continues to encompass many small initiatives without a clear overall narrative. Officials told us that, while there are no barriers to communicating and coordinating across the different parts of FCDO and related funds, there are also no real enablers or incentives to do so.

Institutional knowledge of the portfolio was thin in places

- 4.44 In some of the programmes we reviewed, all active within the last five years, we found limited institutional memory of the interventions, their impact, the stakeholders involved and the results achieved. Often this was a result of staff turnover and inadequate handover, but also of inadequate programme documentation. This was notably the case in Lebanon, in Yemen and in relation to the regional APF. In Lebanon, UK officials were unaware of a youth employment component previously funded by MSP and implemented by UNDP LHSP. During the research phase, the UK government did not provide ICAI with any documents related to the UKLTH, despite multiple requests. Some programme documentation was subsequently provided to ICAI relating to the 2016-2017 financial year, but not the 2017-2018 financial year. The team also provided one business case document for a small research component of the UKLTH funded by CSSF. In relation to the APF, UK officials were unaware of its active youth employment components. We were also told across several programmes that, with the turnover of FCDO advisory personnel, new staff tended to steer projects towards their own technical focus and institutional memory was lost.
- 4.45 In one country, FCDO officials told us that they lacked technical expertise on their areas of programming because there were no former DFID staff in the team. They therefore relied heavily on partners not only to implement their programmes, but also to design them. For example, FCDO had asked the World Bank to prepare the UK's own programme documentation for a trust fund contribution, suggesting a lack of adequate oversight.

⁴⁶ Global Britain in a competitive age: the Integrated Review of Security, Defence, Development and Foreign Policy, HM Government, March 2021, link.

4.46 The use of different information management systems for DFID- and FCO-funded work created variations in how well programme information was maintained, with DFID performing considerably better on knowledge management. The non-DFID programmes, including CSSF, have insufficient documentary requirements, making it difficult to reconstruct their purpose and achievements. The UKLTH project was designed in 2014 and apparently received around £3.2 million in UK funding in 2016. The programme ended in 2018. We were not able to verify the UK funding level or source or ascertain the programme's results because the programme documentation was not properly archived and the department could not therefore provide relevant documentation during our fieldwork.

The UK has not always been active in donor coordination, contributing to duplication and inefficiency

- 4.47 Across our 19 sampled programmes, 14 were co-funded with other donors, including eight with the European Union, six with the Netherlands and four with the World Bank. Coordination with other donors, however, was not strong. In Jordan, UK officials told us that coordination was the UK's main example of how it added value to the development process, but the UK was not present in the country's government-donor platforms where youth employment issues were discussed. The UK jointly chaired the Jordan Task Force, which aimed to fill gaps on coordination, but other donors told us this had not been effective either in ensuring all partners were consulted or in replacing the existing donor coordination platforms.
- 4.48 In Tunisia, there is a crowded donor landscape with limited cross-sectoral coordination. The UK does not participate in existing donor groups on employability, macroeconomics or gender. We were informed that, after the UK's exit from the EU, it had withdrawn from EU-led coordination mechanisms in Turkey.
- 4.49 The UK is an effective broker of donor coordination when it invests the time and energy required. We found one strong example in the Occupied Palestinian Territories, where the project evaluation noted the UK's strong role in coordinating donor efforts to promote economic reforms.
- 4.50 Poor donor coordination comes with costs. We were informed that there is a degree of competition among donors in the employment field in Jordan, Tunisia and Lebanon, resulting in duplicative programmes, particularly in skills development and in support for entrepreneurs. This enables young people to move between donor programmes as a livelihood strategy. CSOs told us that certain CSOs and regions are over-served and others ignored because of poor coordination.

The UK lacks a strong approach to policy dialogue with national governments

- 4.51 We found limited evidence of clear UK objectives or approaches to policy dialogue and influence in the five countries we visited. In Jordan, where much of the programming is funded through the World Bank, government counterparts told us that their relationship was with the Bank and that they had little interaction with the UK. World Bank staff told us that they had hoped the UK would play a more active role in policy dialogue, given its involvement in individual programmes and in the Development Policy Loan guarantee. Similarly, in Tunisia, there was limited engagement with either government or civil society. While FCDO officials reported that they had successfully influenced government education policy, this was not apparent either to government or to other stakeholders.
- 4.52 In Lebanon, where policy dialogue with central government is limited by practicalities, the UK has adapted to working with local government and other partners. LEEP had aimed to work closely with the Lebanese government to provide financial incentives for SMEs to create jobs for Lebanese workers and temporary employment for Syrian refugees. However, FCDO and the Lebanese Ministry of Foreign Affairs could not agree on when refugees can return to Syria as the UK still considers Syria unsafe for returning refugees. These negotiations took some time and caused the start of the programme to be delayed. In Egypt, in a politically sensitive context, the UK made good use of the World Bank as an intermediary with government.

Delivering through multilateral partners, especially the World Bank, is an appropriate strategy in a technically complex area

- 4.53 Of the 19 programmes we reviewed, 13 were either fully (ten) or partially (three) delivered by a multilateral partner. The World Bank is the UK's most frequent choice in our sample, reflecting the overall portfolio, followed by the EU and the UN, with one North African programme implemented by the African Development Bank (AfDB).
- 4.54 The World Bank is a recognised leader on youth employment, both in MENA and globally. The current replenishment of the World Bank's International Development Association concessional resources for poor countries (IDA19) includes 'Jobs and Economic Transformation' as a special theme and the Bank has well-established expertise on job creation and economic growth. We found strong technical, analytical and diagnostic work across the World Bank teams on youth employment in all our country visits.
- 4.55 In our sample, UK-funded programmes delivered by the World Bank ranged from large-scale support for the Bank's 'development policy lending', in other words, financial support linked to an agreed programme of reforms backed by direct UK finance or via UK guarantees to underwrite lending in Jordan and Egypt,⁴⁷ to much smaller contributions to trust funds in Tunisia, Jordan and other countries.
- 4.56 The trust fund contributions, though small, can have a significant impact by influencing much larger World Bank lending programmes. We saw them used in this way in Jordan, Egypt, Lebanon and Tunisia, and in Tunisia the UK also contributed to an AfDB trust fund. These contributions are highly valued, by both the multilateral partners and the national governments. They have helped to finance analytical work and technical assistance which has been instrumental in informing national reforms. Trust funds also offer a flexible instrument for urgent needs. For example, the JIERAP mechanism in Jordan was significantly and rapidly scaled up by £25 million in response to COVID-19 to finance welfare payments for vulnerable households affected by the pandemic.
- 4.57 The use of guarantees to support World Bank programmes is an innovation for UK aid. The UK currently has a portfolio of guarantees to the World Bank in MENA totalling around £780 million. These enable the World Bank to expand its concessional lending to national governments at no upfront cost to the UK, although the guarantees are recorded as contingent liabilities for the UK government.⁴⁸
- 4.58 The guarantees also offer a seat for the UK at the policy table, although the UK needs to invest enough effort into the dialogue if it is to be influential in this role. This potential influence is key to FCDO's business case for the guarantees. In Egypt, for example, the UK worked with the World Bank through its guarantee to build gender and climate change issues into its policy dialogue with government.
- 4.59 However, in Jordan, we were informed that HM Treasury had asked FCDO not to seek to influence the design of the World Bank's programme for which the guarantee was issued. We were advised by FCDO that the Treasury saw this as potentially cutting across the World Bank's processes for providing loans. This is an inconsistent position: policy influence cannot be both central to the business case for the guarantee and at the same time impermissible. In practice, given the shortcomings in the programme described above relating to the promotion of female labour market participation, the lack of influence looks like a missed opportunity to make the programme more effective.

UK engagement with multilateral partners has focused on programme management rather than design or implementation

4.60 Beyond the additional finance it contributes, the main value that the UK brings to its multilateral partnerships is through its influence on the management of joint programmes, particularly around results reporting. In the FRIT programme in Turkey, for example, the UK added value to the EU's work through

⁴⁷ Initially the Jordan programme effectively guaranteed \$250 million of lending in Jordan at a potential UK cost of £332 million, which subsequently fell when the World Bank reduced the overall programme to a guarantee of \$164 million of lending, which FCDO told us incurred a potential UK cost (a contingent liability) of £164 million. In Egypt, a guarantee of \$150 million lending incurred a potential UK cost of £191 million.

⁴⁸ Meaning that, if the loan beneficiaries, the governments of Jordan and Egypt in this case, were to default on their repayments to the World Bank, the UK would be liable to pay a share of that debt to the Bank. Note that the UK portfolio of £2.4 billion identified as being of relevance to youth employment as part of this review includes the £0 upfront cost of these guarantees and not the £780 million contingent liability.

improving the use of disaggregated data for gender and disability in programme reporting. In Jordan, the UK had also improved the use of data in reporting and had helped ensure that appropriate safeguards were in place, including against sexual exploitation and abuse. In the Occupied Palestinian Territories, FCDO's programme management experience helped improve its joint programme with the EU.

- 4.61 In Jordan, one multilateral partner also told us that the UK had a higher risk appetite than other donors, and that its contributions were therefore particularly useful for piloting new approaches.
- 4.62 However, we saw less evidence of the UK contributing substantially to programme design or implementation. When contributing to joint programmes, FCDO business cases clearly state that the opportunity to influence a large amount of funding is key to the value for money proposition. Yet we found that programme documentation did not clearly articulate how FCDO hopes to influence the programmes at a technical level. Even in the two cases where major joint programmes were failing to achieve their intended results because of a lack of complementary measures to tackle end-to-end reforms (the Jordan World Bank Guarantee) or not addressing the needs of target beneficiaries (JCEOP), the UK had not intervened to address the design weaknesses. One multilateral official in Jordan told us that the UK had provided no added value on points of substance in joint programmes. Multiple stakeholders in Jordan from both multilaterals and civil society told us that the UK could contribute much more to diagnostic work, programme design and policy dialogue. They saw the gap as particularly notable, given DFID's long reputation for technical depth.

The UK risks harming its partnerships with multilaterals by treating them as implementers, rather than strategic partners

- 4.63 While the multilateral organisations we spoke to all affirmed the value of their partnerships with the UK, one area of concern raised by three multilaterals in Jordan, two in Tunisia and one in Egypt was FCDO's tendency to treat them as a commercial or non-governmental organisation implementing partner, rather than as a strategic partner. This concern comes from the combination of a lack of strategic engagement and a tendency towards micromanagement. High turnover of UK staff, poor institutional memory and a lack of technical depth meant that there is limited discussion with multilateral partners of the substance of joint programming. Instead, the focus is on meeting UK rules on financial management. The UK also frequently imposes additional reporting requirements, adding to the management burden. One multilateral in Tunisia told us that it wanted the UK to take joint responsibility for joint programmes, rather than leaving it to the multilateral to design, implement and problem-solve on their own.
- 4.64 While not universal, this perception was widespread across the multilateral officials we interviewed. FCDO officials explained that they are accountable for the effective use of UK taxpayer money and pointed out that one of the three multilaterals that had raised this concern was subject to additional supervision due to poor performance. We accept this point. But delivering value for money for the UK taxpayer and working strategically with multilaterals are not mutually exclusive objectives. Rather, the use of funds may be more effective and value-driven if the UK engaged more strategically with multilateral partners.

Conclusions on coherence

- 4.65 Overall, we found a high level of coherence across the UK departments involved in the portfolio, with shared strategies and complementary programming. This close coordination predates the DFID-FCO merger. We did, however, find that there were marked differences in technical capacity between embassies with a strong contingent of former DFID staff and those without. We also found that youth employment programming suffered due to limited multidisciplinary work, particularly between the conflict and economic development specialists.
- 4.66 We found relatively weak engagement with donor coordination processes, and a lack of considered approach to policy influence. This is despite the fact that the UK cites its convening power as a strength and its influence with multilaterals as central to the value for money of its programming. There are some strong partnerships with multilateral organisations, and joint working with the World Bank makes good sense given its technical depth in the employment field. Some trust fund contributions are able to deliver

high impact by influencing larger World Bank programmes or by enabling strategic investments in analytical work and technical assistance. However, we were surprised to find that the UK is not strongly engaged in the substance of its joint programmes with multilateral partners, and that its partnerships have become more focused on programme management than strategic dialogue. This was the case even where programmes had not achieved their results, reflecting weaknesses in design. Because of these important gaps, we have awarded an amber-red score for the coherence of the UK's approach.

Effectiveness: How effective is the UK's support to youth employment in MENA?

4.67 This section explores how effective the UK aid portfolio has been at generating employment-related results for young people in MENA. We examine the effects of the range of programmes outlined in our typology (outlined in the approach paper), including regulatory reforms, work permits, cash-for-work programmes and employability skills programmes. We consider whether these results have contributed to broader goals of economic growth or stability. We pay particular attention to results for young women and other vulnerable groups, the likelihood of the results being sustainable, and whether they represent value for money. We do not consider results from these programmes that were not related to youth employment, as these are beyond the scope of this review.

Work permits for refugees were an important output of the portfolio, but targets proved challenging to meet

4.68 The biggest employment-related programmes in the portfolio related to refugees and focused on securing them work permits. The targets set by the programmes were generally not met. In Jordan, JCEOP intended to support the issuing of 300,000 work permits by 2019 and reducing their cost to zero. This target was repeatedly missed and, until 2020, targets and approaches to reaching them were not revised. JCEOP was extended twice and its budget increased, but this was not all addressed to the work permit targets. By the end of 2019 only 176,922 work permits had been issued, and by 2020 the figure had risen to 190,000. Only 5% of all permits went to women. **Box 5** details the weak delivery of the Jordan Compact on jobs for refugees and **Figure 3** presents the targets and achievements on work permits. In Turkey, under the FRIT programme, only about 40,000 work permits have been granted to date, even though over 300,000 refugees benefited from training through the programme.

Box 5: The Jordan Compact – falling short of jobs targets

At the core of the Jordan Compact was the pledge that Jordan would open parts of its labour market to refugees, in exchange for international support for both Syrian refugees and Jordanians, and expanded access to European markets for Jordanian firms that employed Syrian refugees. The Jordan Compact did lead to the expansion of refugees' rights to work. However, many of the occupations that refugees would have preferred to take up, including office work and sales, were not open to them through work permits, leaving mainly unskilled jobs in construction and agriculture.

The plan to increase trade with the EU relied on overambitious assumptions and had only marginal results. By the end of 2019, only 13 additional businesses had gained authorisation to export to the EU, against a target of 50. The increased value of exports to the EU was just \leq 56 million (£48 million) in 2019 and resulted in the creation of only 355 new jobs. Over the review period, unemployment in Jordan has been steadily rising and government policy focuses explicitly on creating more jobs for Jordanians.

Of a planned 300,000 work permits, 176,922 were issued by the end of 2019. This includes the reissue of short-term permits to the same individuals, and not all those with permits succeeded in finding jobs. The number of Syrian refugees who gained work through the scheme is therefore unknown. By the end of 2019, the programme had also led to the creation of 806 home-based businesses, against a target of 1,000. These results on job creation are modest given the scale of the investment, which included £217 million from the UK (JCEOP) and much larger sums from multilateral partners. It is notable that project reporting suggests that skills training had been provided to just 138 people by the end of 2019, missing the sub-component target of 200 trainees by that year. JCEOP as a whole targeted 30,000 trainees according to the business case, but numbers on this scale were not monitored in annual reviews.

- 4.69 Critically, we found from our stakeholder interviews and consultations with young people that granting work permits did not necessarily lead to jobs. Some refugees with work permits were unable to find jobs and others applied for work permits because it made it easier for them to move around. Nevertheless, some young people told us that the work permits were valued in regularising their employment status and helping them to avoid insecure and often exploitative jobs on the black market.
- I obtained the permit but I did not work. We honestly registered for the permit to easily go outside the camp for the leave, the leave for the permit is for a month... The only thing I benefited from was the fact that I could get out of the camp to a hospital in order to see a specialist physician, other than that nothing... It is not just me... We are all in the same boat; we were hoping to change our lives with it, so we were all disappointed.

Syrian female in Jordan

I was working illegally. We had to hide when the authorities came around. The work permit makes me feel safe, because whoever comes now, it does not matter. I have a permit... the social security is good, without a work permit, employers do not voluntarily sign us up for social security.

Syrian male in Jordan

G The work permit ensures that we get our rights.

Syrian female in Jordan

I got the work permit two or three years ago, it is now expired. We do not have money to renew it. The organisation through which we applied is far and we cannot afford the transportation cost.

Syrian female in Jordan

4.70 The limited job creation results from the Jordan Compact are linked to several factors. The assumptions about Jordan's growth and the potential for job creation for refugees proved unrealistic, given a wider economic downturn, weaker than anticipated market access to the EU and rising unemployment among Jordanians. The work permit scheme was a poor fit for the needs and skills of refugees, in terms of the occupations available. Refugees thought that taking up a work permit would impact their ability to access UN benefits. Our interviews highlighted a range of other barriers to employment, such as the cost of transport and cultural factors that were not addressed through the programme. These factors may reasonably have been anticipated and better addressed in the design of the programme. More thorough research into the programme's assumptions was needed and better consultation with refugees about their needs would have helped.

Enabling environment reforms may have contributed to youth employment, but the direct evidence is weak

4.71 A significant share of the portfolio focused on macroeconomic reform or improving the business environment. While the interventions were relevant to employment, including for young people, they usually did not contain specific job creation targets, nor did they attempt to monitor their contribution to youth employment at outcome or impact levels. In Egypt, for example, the UK's contributions to World Bank programmes assume that wider economic reforms will create jobs, but contain no specific job creation measures. From our literature review, the weakness in monitoring the impact of macroeconomic reform on job creation is common, compounds an already-weak evidence base, and limits the ability to understand which reforms best improve employment outcomes, particularly for young people.

4.72 The World Bank programme in Jordan, supported through the UK guarantee, has been effective in promoting reforms to the labour market to encourage the participation of women, as well as wider reforms to the business environment. But its results framework does not include any specific job creation target, other than the high-level goal of raising the female labour force participation rate from the baseline of 14% in 2017 to 17% in 2021. Several useful reforms were introduced by government in 2018 as part of the conditions they needed to satisfy to access the finance, including practical measures to enable part-time working, remove direct barriers to female participation and improve women's protection from harassment on public transport. However, the headline female participation rate has not improved. The consensus among the stakeholders we spoke to, including the embassy team, civil society and the World Bank, was that the reforms supported by the programme were necessary but not sufficient to encourage women into the workforce, given the wider cultural barriers they encounter. In the face of such challenges, the literature suggests that these wider reforms would need to be accompanied by more targeted measures to address the additional barriers (taking a so-called 'end-to-end' approach to reforms).

Culturally, girls and women are very oppressed – so our workplace obstacles are not about the jobs themselves, but about social norms and traditions. My path in life was to do housework and help out with agricultural work as I live in a rural area in a village...

Female participant in SFD Yemen

The UK's support for entrepreneurs and small businesses largely achieved targets but at high cost and small scale

- 4.73 Direct interventions to support youth entrepreneurs and SMEs achieved their intended results, but at relatively high unit costs. The APF aimed to support 445 SMEs and create 2,875 jobs through a range of interventions. One such intervention was the Souk at-Tanmia project in Tunisia, which was one of relatively few projects in our sample directly focused on youth employment. The programme provided finance for entrepreneurs (selected through a competitive process) together with complementary coaching, mentoring and training. It has a focus on young people and women. A 2019 evaluation found the model was successful, achieving ambitious gender and youth employment targets. The project generated an average of five full-time paid jobs per entrepreneur supported, resulting in 1,200 jobs over its first two iterations. In its current third iteration, now supported through the Tunisia CSSF Country Programme, 111 entrepreneurs are receiving support, including 75% young people, 45% women and 73% from disadvantaged geographic areas. However, feedback from the targeted youth participants in that evaluation suggested that the quality of coaching, mentoring and training could have been better, and that there were lengthy delays in selecting candidates and disbursing funds. Concerns were raised in the evaluation (albeit by relatively few participants) about unintended negative consequences of having taken on a high debt burden if their business did not expand as anticipated.
- 4.74 There are a range of other employment results across the portfolio, mostly positive but with some falling short of targets, particularly for long-term jobs.
 - The London Jordan Conference created 1,928 jobs by 2020, beating its target of 1,000 jobs to be created through a component on Business-to-Business (B2B) coaching, delivered by the World Bank.
 - In Egypt, the StartEgypt programme (part of the CSSF Egypt Country Programme CSSF/FCO, the StartEgypt component was £2 million, 2017-2020) provided finance, mentoring and legal support for SMEs and start-ups. It had created 143 jobs by the end of 2019, against a target of 200.

- In Lebanon, LEEP supported 263 SMEs (21% of which were owned by women), with the aim of creating 1,300 jobs between April 2019 and September 2021, of which 520 would be sustained after the support ended. By the end of 2020, 646 had been created.
- The social protection programmes we reviewed saw mixed performance. In the Yemen Social Protection Programme, just 2,049 day jobs were created in 2018 against a target of 5,000 but in 2019, 16,126 day jobs were created, far exceeding the 7,000 target.
- In Turkey, FRIT supported 165 SMEs with capacity development, through formal training and coaching, but the evaluation evidence suggests that there was no resulting expansion in formal employment.
- 4.75 While these programmes include several examples of positive results, with options that could be scaled up in future programming, the number of jobs created tends to be small relative to the scale of need and, at times, relative to the investment. StartEgypt's annual reviews described the intervention as "under ambitious". The 2,875 jobs created by the APF in Tunisia over three years is set against analysis suggesting that Tunisia needs to create 80,000 new jobs each year to keep pace with new entrants into the labour force. The London Jordan Conference aimed to target the creation of 60,000 jobs. The B2B component created around 2,000 jobs it was not expected to create more but nevertheless shows the nature of the challenge to meet the overall conference target. The 60,000 goal was not monitored and was later dropped. Given the scale of the challenge, we would expect projects to articulate more clearly how their modest objectives fit into a bigger picture intended to promote broader job creation.
- 4.76 Market development programmes aim to strengthen the markets that poor people depend on and change business behaviour to deliver positive impacts to poor people. Across our sample, this type of intervention achieved much more significant results against targets. The PMDP generated 2,978 jobs (including 1,816 for youth and women), exceeding its target of 2,550. The AWEF regional project (active in Egypt, Jordan and the Occupied Palestinian Territories (OPT)) helped 149,000 women from poor communities to gain increased access to markets and enhanced agency on economic decisions. Over 30,000 women reported increases in income as a result of AWEF support (see **Box 7**).
- 4.77 Working with and through the private sector has been an effective part of the UK's portfolio in creating job opportunities for young people, and one where there is potential to scale up effort and learning from the successes from programmes such as AWEF.

Cash-for-work programmes created significant numbers of short-term jobs in Yemen and Lebanon

- 4.78 In crisis situations, UK humanitarian programmes sometimes invest in public works in order to create short-term paid work for populations in need. In Yemen, the SFD, which is supported by multiple donors including the UK, includes a large cash-for-work component that has generated some 35 million working days (equivalent to about 159,000 annual jobs for comparison purposes).⁴⁹ Data is not disaggregated by age. It also mobilised over 6,000 youth in volunteer roles, with positive effects reported for social cohesion. These results are strong. Cash-for-work programmes are not expected to achieve sustained results, but it is encouraging that 1,800 young participants went on to find work with other organisations.
- 4.79 In both Jordan and Lebanon, UK programmes are investing in labour-intensive municipal works in order to promote social cohesion, particularly between refugees and host communities, while creating shortterm work. Phase 2 of the Lebanon MSP aimed to generate 400,000 working days directly (equivalent to 1,800 year-long jobs for comparison purposes) and another 700,000 days indirectly (3,180 year-long equivalent) through people with wages bolstering broader demand in the economy by March 2019. These targets were met. These are significant results in the Lebanese context.
- 4.80 The labour-intensive work element of the Jordan MSSRP was smaller, targeting 110,000 working days (equivalent to 500 year-long jobs) by the end of 2021, with targets for youth, women, refugees and disabled people. However, the employment creation effects have been smaller than expected so far, with just 24,000 working days generated to 2020 (equivalent to 109 year-long jobs).

⁴⁹ Calculated by dividing by a standard working year of 220 days. Note that the work is short-term in nature and the number of participants is therefore much higher.

Skills training, certification and job match interventions achieved only modest results

- 4.81 The largest employability skills programme we reviewed, the EU's FRIT (to which the UK contributes), provided training to around 390,000 people from refugee and host communities, far exceeding its target of 50,000.⁵⁰ However, an independent evaluation found that the training it offered was not aligned with market needs and had no clear impact on employment. Young refugees who were trained faced a range of additional barriers, beyond skills, including a lack of support for refugee employment from the Turkish authorities, language challenges, unfamiliarity with the working environment in Turkey and employer preferences for Turkish workers.
- 4.82 In Jordan, a small employability skills training component of JCEOP delivered by the European Bank for Reconstruction and Development (EBRD) helped train 1,000 people, 80% of whom went on to find employment. Of these results to date, 110 jobs were attributed to the UK's contribution, based on the proportion of total financing. An earlier skills and job match programme in Jordan, the Jordan Labour Market Programme (JLAMP), – see **Box 6** – targeted a UK share of just 478 jobs created. Performance against this target was not reported in the annual report that we saw.
- 4.83 Our youth consultation helped to elaborate some of the reasons why young people felt that training programmes did not help them achieve employment. Participants felt that the training programmes should better reflect market needs, with a tighter focus on employability. Some participants in the JCEOP training programme noted that they had only attended one day-long workshop. In some instances, where the programme had promised job match services, this had not materialised. Nonetheless, most of the participants had valued the training opportunity, even if no employment opportunities had resulted.

We were handed out papers detailing job opportunities and training opportunities, they informed us that they will reach out to us. Nobody reached out to me.

Female participant in JCEOP training, Jordan

The course affected (my life) a lot... Definitely, it made it easier for me to find a job... because it is hard for me as a girl to go out and look for jobs... they made it easier and secured me a job interview.

Syrian female participant in JCEOP training, Jordan

Monitoring, evaluation and learning is relatively weak across the portfolio, in common with other donors

4.84 While there are positive exceptions, the level of investment in monitoring, evaluation and learning (MEL) across the portfolio was not sufficient. A number of planned evaluations did not take place. For example, planned independent reviews of JCEOP had been delayed multiple times and the programme extended without verification of its results, which risks not only perpetuating ineffective approaches but also sends the wrong signals about the value of effectiveness. In JIERAP, DFID had originally planned to support an independent evaluation but later amended the programme design to make the World Bank, as administrator of the trust fund, responsible for its own evaluation, which has not yet happened. LEEP in Lebanon included space for learning in its logframe, but a planned randomised control trial has not taken place. Even in AWEF, which was otherwise good on use of evidence and learning, a planned external evaluation to be funded through the Islamic Development Bank did not happen.

⁵⁰ A range of activities were conducted including job search support, language training (for those who are not proficient in basic Turkish) and vocational training (focused on occupations in textiles, services/hospitality, IT, manufacturing and crafts such as coppersmithing).

- 4.85 This lack of investment in monitoring and evaluation is a particular concern regarding the seven programmes in our sample that are described as pilots or experimental. Youth employment is an area where an element of piloting is appropriate to fill gaps in the evidence base, but pilots must be accompanied by robust evaluation and learning so that successes can be identified and replicated.
- 4.86 We found monitoring and evaluation systems to be particularly poor in the CSSF-funded projects in our sample, attributed to the shorter time frames of these programmes. In the CSSF projects we rarely found systematic approaches to monitoring and learning.⁵¹ We found many examples of missing data and baselines and, in one case, inaccessible or missing programme documentation, raising significant questions on accountability. Where lessons are identified, transmission into future programming is weak. In Lebanon, we could not find any evidence that findings from the UK-funded MSP Annual Impact Evaluation had filtered across the embassy team or supported broader prioritisation or programme adaptation.
- 4.87 It is important to note that the UK is not alone in this weakness in monitoring and evaluation in the youth employment programming space. Many youth employment programmes across the world lack evidence, but the issue is especially pervasive in the MENA region. In 2014, only 2% of MENA programmes listed in an ILO Youth Employment Inventory had undergone an impact evaluation far below the 10% to 35% range in other regions of the world.⁵²
- 4.88 We noted some exceptions of better learning within UK programmes, although not necessarily focused on the youth employment aspect. Lessons from the World Bank Guarantee in Jordan have contributed to new FCDO guidance on guarantees. One programme in Jordan, outside our sample, conducted an impact evaluation of a job search initiative (see **Box 6**). The North Africa Joint Unit has increased its expertise in MEL, including by engaging consultants to strengthen MEL across its portfolio. As a result, among our case study countries, the North Africa offices have invested more heavily in learning than the others, drawing on regional expertise and London-based resources.

Box 6: A randomised control trial learning on job search support

A programme in Jordan outside our sample, the Jordan Labour Market Programme (JLAMP, DFID/ FCDO, originally £17 million, cut to £2 million, 2017-2020), which supported both refugees and vulnerable Jordanians, included a randomised control trial to help generate knowledge on the effectiveness of different approaches to job search support, including unconditional cash transfers to participants, interview preparation support and legal information, a job search planning tool and direct matching of jobseekers. The study found that refugees faced a range of barriers restricting their employment, including the cost of searching for jobs, lack of knowledge of their legal rights or of the interview process, and employers' reluctance to hire refugees. Combining job search with other support helped improve results, while providing cash transfers alongside job information increased employment and earnings results and doubled retention rates for refugees, from 20 to 40%. However, among vulnerable Jordanians, the interventions had no discernible impact.

There is little evidence of impact on economic development or fragility

- 4.89 Many of the programmes in our sample worked indirectly on youth employment by promoting macroeconomic reforms or improving the business environment, with the potential for fostering economic growth and job creation. However, the programmes were not able to demonstrate impact on economic development, either because they were too limited in scale or because these effects were not monitored. Other programmes asserted a link between creating employment and reducing fragility, even though the literature casts doubt on the underlying assumptions. Again, the portfolio has generated little fresh evidence on this point.
- 4.90 Although all the programmes in our sample listed increased employment as one of their objectives, only
- ⁵¹ Although some of these programmes predate the 2019 commitment to improve monitoring and evaluation following the ICAI review of CSSF, 2018, <u>link</u>.
 ⁵² Youth Employment in the Middle East and North Africa: Revisiting and Reframing the Challenge, Nader Kabbani, Brookings Doha Center, February 2019, <u>link</u>.

nine of the 19 included an indicator relevant to job creation in their results framework. For the British Council programming in Tunisia, which sought to strengthen employability skills for young people, there was no attempt to monitor the impact on jobs. Programmes rarely focused on the quality of jobs created. The refugee programmes focused on the number of work permits issued rather than either the number or the quality of jobs they allowed refugees to take up. The labour-intensive public works programmes (MSSRP and MSP), as well as the cash-for-work programmes (SFD, YeSP), focused only on creating numbers of day jobs, as we would expect. Once again, AWEF is the exception – the programme targeted 'decent work' including working conditions, pay and anti-harassment efforts.

- 4.91 Although many UK programmes suggest an impact on social cohesion in their business cases, this is rarely emphasised in implementation, or monitored. Outside Lebanon's MSP, the potential contribution to enhancing stability (through reducing, for example, local competition for jobs or vulnerability to extremism or migration) claimed in theories of change or country plans was rarely monitored or evaluated through, for example, looking at the effect of programmes on perceptions of inter-group relations. FCDO officials in London accepted that links between employment and instability were weak, and FCDO's Growth Research Team had aimed to establish a standalone piece of research to deepen its understanding into the relationship between jobs and instability. That said, the stakeholders we interviewed said the large refugee programmes in Turkey and Jordan were successful in maintaining stability, but presented no hard evidence to support this, especially given that output targets were frequently missed.
- 4.92 We found just two examples of programmes monitoring their impact on fragility, both of which yielded positive results. The SFD programme in Yemen monitored changing perceptions among participants, finding a range of positive results, including increased trust in government and improved trust and cooperation across communities. The MSP in Lebanon found that the efforts to bolster municipal services had made the target communities more optimistic about the future, and that increases in employment made both refugee and Lebanese respondents less likely to express an intention to emigrate.
- 4.93 In several programmes across the sample, monitoring and evaluation arrangements were too weak to allow any robust conclusions about results. This was particularly the case for non-DFID programmes, including British Council work in Tunisia (Teaching for Success, Connecting Classrooms, and Young Arab Voices now called Young Mediterranean Voices). We were told that the UKLTH had helped to create over 2,000 jobs and raised £57 million in finance for participating companies, as well as strengthening bilateral economic ties with the UK. However, due to incomplete documentation, we were unable to assess whether the results claims were valid.

The portfolio raises some significant value for money issues that would benefit from further analysis in programme management

- 4.94 Youth employment is an area with clearly measurable results that lends itself to quantified value for money or cost-effectiveness analysis that is, a comparative assessment of which interventions deliver the best return on the investment, or 'bang per buck'. There is useful evidence in the literature that can inform value for money analysis, although care has to be taken in comparing across different country contexts. However, we found little attempt to assess value for money at this level.
- 4.95 Across our sample of 19 programmes, 13 attempted to monitor value for money to some degree. For the most part, this was limited to monitoring efforts to reduce costs. However, by insisting on parallel reporting frameworks for its joint programmes, so as to strengthen accountability for the use of UK funds, the UK increases the management costs of joint programmes, thereby reducing the value for money achieved. Examples of this include joint programmes with the AfDB through the APF and with the EU through the PMDP, as well as contributions to World Bank trust funds. When working through multilaterals, the value for money propositions set out in FCDO business cases often made reference to the opportunity to influence a larger multilateral programme. However, this is undermined by the fact that influencing goals are rarely explicit or monitored.
- 4.96 At the central level, FCDO has produced some useful research and analysis on value for money, including its 2019 'best buys' guidance on cost-effective approaches, which also covers labour market

interventions.⁵³ FCDO officials told us that this analysis had been effective in steering programmes away from less cost-effective interventions, such as TVET and wage subsidies. However, this is not always the case: through the FRIT programme in Turkey, the UK is still funding TVET programmes, while in Lebanon, LEEP provides wage subsidies.

4.97 The small scale of results from many of the employment creation initiatives, relative to the investment, raises some difficult value for money questions, but few of the programmes have attempted to measure or benchmark their cost-effectiveness. In Jordan, the MSSRP innovation fund component is designed to generate employment results, but targets the creation of only 568 jobs with an investment of £5 million (\$7 million) for the component. Despite this apparently high cost per job created, a planned World Bank cost-benefit analysis is yet to be completed, one year before the end of the five-year programme. The limited unit cost data that is available shows wide variations across the portfolio, from £700 per job created for the Jordan London Conference B2B coaching to £1,800 for the EBRD training programme in Jordan and over £5,000 for LEEP. These simple comparisons do not take into account any additional benefits created by the programmes, or the quality or sustainability of the jobs created. They do, however, suggest that FCDO should be putting more effort into understanding cost-effectiveness and selecting its interventions accordingly to improve value for money.

UK programmes contain a strong focus on women, but social inclusion objectives are not well delivered

- 4.98 Of the 19 projects we reviewed, 15 targeted women and incorporated gender analysis or a genderspecific intervention. This focus is important and valued by partners. Civil society, young people, academics and other donors consistently emphasised to us in interviews that women in the region, especially young and unmarried women, face a range of challenges that limit their choices around livelihoods and work.
- 4.99 The Jordan portfolio supported reforms targeting critical barriers to female inclusion in the labour market. The Jordan MSSRP had clear targets for reaching women, young people, people living with a disability, and refugees. In Tunisia, both Innajim and Souk at-Tanmia, financed through CSSF, target women and other marginalised groups. In Turkey, results data is disaggregated by gender, while the PMDP in the OPT was adjusted in 2016 to improve its targeting of youth and women.
- 4.100 While the programmes contain clear objectives around social exclusion, a common criticism from stakeholders in our case study countries was that the execution of these objectives has been lacking. Across the portfolio, we found examples of project annual reviews repeatedly recommending specific action on gender, without follow-up. In the Yemen SFD programme, reviews point to evidence of gender-based challenges but no detailed analysis has been undertaken. The Egypt CSSF programme supported the financing of a gender consultant in the World Bank trust fund, but a later annual review still found that gender was not mainstreamed. Programmes were not underpinned by strong gender or social inclusion analysis and even where this was undertaken, we did not see evidence that it was drawn on for programme design.
- 4.101 Even where genuine efforts were made to target women, the results for women across the portfolio are weak. The Lebanon MSP included measures to help women take up jobs, including separate transportation and bathroom facilities and shifts that allowed them to return home for lunch. Nevertheless, only 10% of the jobs created have gone to women and only 2% to people with disabilities. In Jordan, only 5% of the work permits issued with UK support were allocated to women, given the male bias in the sectors where refugees can work. Although formal targets were exceeded, JCEOP only managed to reach a small number of female-owned home-based businesses (HBBs). The goal to the end of 2019 was 1,000 HBBs, including 100 owned by women and 100 owned by Syrians. The achievement to May 2019 was 806, of which 83 were owned by women and none owned by Syrians. FCDO could have done more to ensure the gender outcomes targeted in the guarantee to the World Bank were actually achieved. Under FRIT1, approximately 80% of beneficiaries of employability services were male.
- ⁵³ Best Buys in Economic Development, Chief Economist's Office, Research & Evidence Division, FCDO, 2019 (unpublished).

4.102 There were some stronger examples where gender was well addressed at both design and implementation stages, and outcomes achieved. The AWEF programme targeted women from poor communities and succeeded in reaching 432,000, well above its target of 112,000 (see **Box 7**). LEEP delivered its gender and social inclusion objectives, although it set lower targets for women than for men. The programme completed gender analysis at the outset and, although this was primarily based on secondary data, forged links with CSOs to improve its access to vulnerable groups, such as women, youth 'at risk' of radicalisation, refugees and disabled people. The programme has also implemented activities to reach potential participants across Lebanon's regions, moving away from the traditional focus on Beirut. The Lebanon 2016 youth employability work under MSP/LHSP focused on deprived areas, reaching people in the south and Bekaa, including women. About 40% of those still in employment six months later were women. In Tunisia, CSSF-funded support to entrepreneurs, the Innajim (I can) project, encountered challenges with supporting women during its first phase. The second phase then chose to focus exclusively on women.

A focus on male-biased employment types, and cultural barriers to female inclusion, are key reasons behind the weak employment outcomes for women

- 4.103 A male bias in the sectoral focus of programming was not only a problem for programmes focused on refugee work permits in Jordan. In Lebanon, both LEEP and MSP focused primarily on male-dominated sectors, such as the construction industry, as did SFD in Yemen. Not focusing on the informal sector more broadly also resulted in a male bias because many women and vulnerable groups remain excluded from the formal sectors. In Turkey, for example, an estimated 2 million refugees currently work in the informal sector.
- 4.104 Cultural norms act as a significant barrier to women's inclusion in employment across MENA. However, as discussed in the Relevance section of this report, these norms are rarely addressed by employment-related programmes, which negatively impacts programme effectiveness. The failure of the policy reforms supported by the Jordan World Bank Guarantee to reach their employment outcomes was commonly attributed by stakeholders to those cultural barriers impeding female employment. Cultural norms were also raised as reasons for weak programme impact on women elsewhere in the portfolio, for example in the Yemen SFD programme. We found only two examples where the UK has attempted to tackle these norms, despite their role in constraining programme effectiveness.
- 4.105 Tackling these norms is possible and all stakeholders, including the UK government, told us that more should be done as confirmed by the literature on youth employment in the region. Our youth consultation highlighted the critical demonstration effect (role models) that success for young women can have.

...they don't like this kind of thing usually... my work has helped shift attitudes in the area.
 In general, people in my area view educated and working women as somewhat faulty or wrong.
 Now that I've worked with SFD, they have changed their perception, this would have been impossible before.

Female participant in SFD Yemen

4.106 AWEF was a strong example of an intervention designed to take on this challenge directly (see **Box 7**). This kind of approach could be pursued more consistently across the portfolio.

Box 7: Empowering women through role models

The Arab Women's Enterprise Fund (DFID, £10.3 million, 2015-2020) worked on women's economic empowerment regionally, with a focus on Jordan, Egypt and the Occupied Palestinian Territories. It focused on 'changing the rules of the game' for sustainable impact, by bringing about system-level changes, not just to laws and policies but also to the attitudes and behaviours that prevent women from participating in markets. The changes it promoted enabled more than 149,000 poor women to better access markets and empowered them to act on opportunities and make economic decisions. Over 578,000 women benefited from wider system-level changes catalysed by the project.

AWEF's approach to systems change encompassed challenging attitudes, beliefs and norms around women's role in the workplace and women's own views of their value in the workplace. It did this partly through the effective use of role models. For example, it helped to promote women's access to e-payment services through 'female agent networks' for e-payment companies, using women from local communities to build trust in the services.

4.107 For other vulnerable groups, the focus of the portfolio has not been so consistent. Of our sample of 19 programmes, nine explicitly targeted young people, seven included components on youth voice or agency, six explicitly targeted people with disabilities, six targeted refugees, eight addressed rural-urban spatial inequalities and just two targeted social norms.

Job sustainability is not a strong feature of youth employment programming

- 4.108 Nine of the 19 programmes reviewed did not include any consideration of the sustainability of jobs created, even in non-emergency contexts. A further two programmes referenced sustainability without prioritising it and only four actively incorporated sustainability into their work. Even where sustainability was considered, we found only two examples of programmes that attempted to monitor whether employment results were sustained beyond the life of the programme.
- 4.109 Sustainability is likely to be a weakness across many of the interventions programming to create jobs does not normally lead to sustained results. In the work permit programmes we sampled, stakeholders told us that many of the refugees who succeeded in obtaining jobs quit within a short time, due to mismatched expectations or mistreatment by employers. The CSSF StartEgypt programme supporting entrepreneurs was rated by reviewers as unlikely to lead to any sustainable change in employment. A 2019 evaluation of the Souk at-Tanmia project rated the sustainability of direct results as good. Failure rates among start-up enterprises are always high, but comparison with a control group of businesses starting at the same time suggests that those supported by the project were less likely to fail. The sustainability of the overall model was rated as weak, though, due to a lack of engagement with government and the high cost of providing grant finance to SMEs.
- 4.110 We note, however, that most youth employment programmes are intended to be short-to-medium-term solutions for labour market failures, and generally have limited ambition towards sustainability. Often their role is to counterbalance downturns in the economy. In that sense, the UK portfolio is typical of the pattern described in the literature. Furthermore, in the MENA region, there is a clear trade-off between working with vulnerable groups in fragile contexts and pursuing sustainable results.
- 4.111 We found some positive examples of programmes investing both in monitoring sustainability and in trying to find ways to improve the sustainability of the results achieved. The skills component of JCEOP monitored whether graduates were in work both immediately after the training and after six months. JLAMP also monitored the three-month sustainability of jobs created, finding a 46% success rate. More investment in monitoring over a time horizon would help to build the evidence base on sustainability. In our sampled cash-for-work programmes, there were attempts to improve the longer-term impact of short-term employment creation. In Jordan, MSSRP developed a database of all the people who had worked in the day jobs created by the public works so that municipalities could call on them in future. As expected, the market-driven approaches in our sample demonstrated stronger sustainability

of outcomes. In the OPT, businesses had to invest some funding themselves to receive programme benefits, encouraging sustainability.

Conclusions on effectiveness

- 4.112 The evidence of job creation for young people through the UK portfolio is limited. Across our typology of interventions, we found relatively weak youth employment results for the large refugee-focused programmes, a lack of outcome-level results data on wider reform programmes, some successful interventions to support entrepreneurs and SMEs (although at high unit costs), strong but inevitably short-term results from cash-for-work programmes and some small-scale successes from skills training programmes. At portfolio level, the results are modest for the size of investment, and suggest that an effective approach to identifying and overcoming the barriers encountered by young people is lacking. There were some exceptions, such as the AWEF programme, which were more effective.
- 4.113 We also found limited evidence of impact on wider results in terms of economic growth or reducing instability, although this was largely due to weaknesses in monitoring and evaluation systems in tracking results to the impact level. Shortcomings in MEL systems made the use of unrealistic assumptions in programme design worse. Limited learning meant that failures to achieve objectives were picked up too late and could not inform course correction. This is a common shortcoming across donors working on youth employment.
- 4.114 While few programmes are taking a rigorous approach to measuring cost-effectiveness, the figures available suggest a very wide range in costs per job created. While such comparisons are only indicative, they do suggest that the UK should be paying more attention to cost-effectiveness questions to help rule out those interventions reflecting weakest value for money.
- 4.115 In project narratives, the portfolio prioritises women more commonly in objectives than young people, but in most cases social inclusion goals are not translated very effectively into programme design and implementation for women or youth. In the face of major barriers to female employment, the portfolio could be giving more attention to tackling entrenched social norms. Also, we found that jobs created across the portfolio were either not sustained, or that sustainability was not monitored. But this is in common with active labour market programming from other parties and does not reflect a weakness of the portfolio.
- 4.116 Overall, we awarded an **amber-red** score for effectiveness, reflecting a limited set of employment results from the larger programmes we sampled and relatively poor results data, alongside failings in delivering on gender and social inclusion objectives.

5. Conclusions and recommendations

Conclusions

- 5.1 The Middle East and North Africa (MENA) is a region of considerable strategic importance to the UK. UK government documents frequently note the importance of promoting a stable and prosperous region, including through employment creation. In this region, the majority of the unemployed are young.⁵⁴ Thus, while there is no explicit strategy on youth employment, the UK has invested in a substantial portfolio of programmes that are relevant to the challenge. The UK's primary focus on economic stability and growth, through macroeconomic reforms and improving the business environment, is pertinent given the weak performance of national economies in creating jobs. However, there are some assumptions in programme design documents, particularly on the links between employment creation and fragility, that are not supported by the evidence. Better use of evidence and more consistent engagement with the young people expected to benefit from programming could have further improved the relevance of programme design.
- 5.2 There is a good level of coherence across the UK actors involved in the aid programme in the MENA region. However, we noted variations in the technical depth available in UK country teams, depending on the presence of former Department of International Development (DFID) staff. The portfolio would also benefit from improved interdisciplinary working, particularly between economists and conflict specialists. We also found that policy dialogue with national governments and donor coordination was limited. Working through multilaterals in this space makes sense, but the UK should be contributing more than just finance. More strategic engagement with multilaterals on programme content would help to improve partnerships and, together with complementary programming to ensure end-to-end reforms, help improve the effectiveness of programming.
- 5.3 Evidence of results is limited across the portfolio, due to a combination of inadequate investment in monitoring and evaluation, and missed opportunities to adapt programmes to needs and programme design limitations. Support to the private sector through entrepreneurs and SMEs was successful, cash-for-work programmes in our sample helped generate large numbers of short-term jobs in crisis situations, and skills programmes achieved their intended results, albeit in small numbers. However, the larger programmes in our sample were not so successful in creating jobs. Those supporting refugee work permits were not sufficiently adapted to needs and did not focus on outcomes, while economic reform programmes were either not accompanied by complementary programmes to achieve impact or failed to monitor results on the ground sufficiently to allow judgment. The portfolio would benefit from a more evidence-based and problem-solving approach, combining system-level reforms with targeted interventions. Evidence of wide variations in the cost-effectiveness of programmes suggests that this also needs closer attention.
- 5.4 While youth employment has not been a major priority for UK aid in the region, it appears that the forthcoming UK MENA strategy will continue to prioritise employment creation. In that case, the lessons from past programming will continue to be relevant. We offer a number of recommendations that could help to strengthen the effectiveness of future efforts in that strategy and may be of value in broader relations with multilateral partners.

⁵⁴ For example, in 2019, the youth employment rate in MENA was modelled by ILO as 26% (<u>link</u>), whereas the total unemployment rate was just 10% (<u>link</u>). World Bank data accessed 25/04/2021.

Recommendations

Recommendation 1: Employment-related programmes should articulate clearly how they expect to contribute to job creation and economic development or address fragility, and ensure that these outcomes are monitored and evaluated.

- Many programmes suggest that they will contribute to youth employment outcomes and to addressing fragility, without providing supporting evidence. The literature does not always support the stated links to fragility.
- Some programme results frameworks rest on overly optimistic assumptions, including on political support for reform, economic growth projections or links between employment creation and stability.
- Programme results frameworks lack clear job creation metrics and testable causal chains. This limits their ability to contribute to learning on 'what works' in employment creation in the region.
- There is inadequate attention to evaluation across the portfolio, which is a common gap with youth employment projects from all donors.

Recommendation 2: When promoting employment through economic reform, FCDO should undertake complementary interventions to tackle the specific barriers to employment faced by target groups.

- Business cases included overly optimistic assumptions linking reform programmes to their desired impact and economic reform programmes give insufficient attention to monitoring 'on the ground' impact.
- The evidence suggests that economic reform programmes, while relevant and necessary in tackling constraints on employment creation, are more effective when accompanied by measures to tackle barriers to employment faced by specific target groups, such as young people, women and refugees.
- Programmes in the portfolio promoting economic reforms have lacked these complementary measures and have generally failed to achieve their expected employment outcomes.

Recommendation 3: Employment-related programmes should be shaped by gender and social inclusion analysis, including of cultural barriers to the employment of women.

- The UK's employment-related interventions in the region are unlikely to benefit women unless they include measures to tackle social and cultural barriers to women's participation in the workforce.
- Where there was gender and social inclusion analysis, this was not used to shape programme design.
- Most of the programmes reviewed demonstrate limited understanding of these barriers, but where gendered social norms were tackled programmes had been effective.

Recommendation 4: FCDO should routinely consult with the young people expected to benefit from its MENA programmes and use the feedback to shape programme design and implementation.

- The portfolio includes only a few examples of direct consultations with young people to understand their needs, despite a commitment to consultation in DFID's 2016 *Youth Agenda*.
- Even where consultations had been held, there is little evidence that young people's voices have influenced programme design.
- The UK has not fed back to those consulted on how their views were taken into consideration.

Recommendation 5: FCDO should strengthen its in-country partnerships with multilateral organisations by ensuring consistent strategic-level engagement.

- When contributing funding to multilateral programmes, FCDO does not always identify what it will contribute at a strategic or technical level, or provide sufficient resources for its engagement.
- Some of the UK's multilateral partners that we consulted raised concerns about being treated as implementers rather than strategic partners.
- In one case, the UK asked the World Bank to prepare the UK's programme documentation for a World Bank project because of lack of technical capacity in the UK team.

Annex 1: List of programmes that have been sampled for the review

No.	Project name	Country /Region	Programme lifetime budget	Үеаг	Delivered through a multilateral?	Туроlоду
1	Guarantee of a World Bank Development Policy Loan to Jordan	Jordan	£164,000,000	2019- 2054	Yes: WB	Enabling environment
2	The UK's contribution to the Facility for Refugees in Turkey (FRIT – Phase 1)	Turkey	£288,000,000	2016- 2019	Yes: EU	Enabling environment, entrepreneurship, employability skills
3	Jordan Compact Economic Opportunities Programme (JCEOP)	Jordan	£216,500,000	2016- 2023	Yes: WB, EBRD	Enabling environment, job match, employability skills
4	The UK's contribution to the Facility for Refugees in Turkey (FRIT – Phase 2)	Turkey	£141,340,476	2019- 2023	Yes: EU	Enabling environment, entrepreneurship, employability skills
5	Arab Partnership Fund (APF)	Regional	£110,000,000	2011- 2015	Yes: AfDB, WB, UNODC	Enabling environment, entrepreneurship, job match, direct job creation, employability skills
6	Yemen Social Fund for Development (SFD)	Yemen	£108,400,000	2010- 2018	No	Enabling environment, entrepreneurship, direct job creation
7	Yemen Social Protection Programme (YeSP)	Yemen	£70,000,000	2018- 2021	No	Entrepreneurship, direct job creation
8	Tunisia CSSF Country Programme	Tunisia	£47,568,113	2015- 2021	Yes – in part by WB, AfDB, UNDP	Enabling environment, entrepreneurship, employability skills
9	Municipal Services (MSP) Phase 3	Lebanon	£31,500,000	2019- 2021	Yes: UNDP	Subsidising employment, direct job creation, employability skills
10	Palestinian Market Development Programme (PMDP)	OPT	£13,970,000	2013- 2018	No but co- funded by EU	Enabling environment, entrepreneurship
11	Municipal Services and Social Resilience Project (MSSRP)	Jordan	£17,000,000	2016- 2021	Yes: WB	Direct job creation

No.	Project name	Country /Region	Programme lifetime budget	Үеаг	Delivered through a multilateral?	Туроlоду
12	Lebanon Enterprise Employment Programme (LEEP)	Lebanon	£16,000,000	2017- 2020	No	Subsidising employment
13	Municipal Services (MSP) Phase 2	Lebanon	£15,320,000	2017- 2018	Yes: UNDP	Subsidising employment, direct job creation, employability skills
14	Jordan Investment and Economic Reform Advisory Programme (JIERAP)	Jordan	£14,500,000	2019- 2023	Yes: WB	Enabling environment
15	Arab Women's Enterprise Fund (AWEF)	Regional	£10,300,000	2015- 2020	No	Enabling environment, entrepreneurship
16	UK Lebanon Tech Hub (UKLTH)	Lebanon	£3,200,000 ⁵⁵	2015- 2018	No	Entrepreneurship
17	Delivering the London Jordan Conference	Jordan	£2,382,000	2018- 2021	Yes – in part by WB	Enabling environment
18	Tunisia British Council Programme	Tunisia	£5,678,320 ⁵⁶	2018- 2021	Yes: EU, possibly WB	Enabling environment, employability skills
19	CSSF Egypt Country Programme	Egypt	£27,000,000	2017- 2020	Yes – in part by International Finance Corporation and WB	Enabling environment, entrepreneurship, employability skills

Unable to verify because FCDO could not provide any documentation on this programme during the research and was only able to provide partial documentation subsequently. Not clear from the documents provided and therefore unable to triangulate this figure provided by FCDO.

Annex 2: Youth voice summary report

In this annex we share some additional findings from our youth voice methodology by presenting longer quotations from our individual interviews with young people in Tunisia, Yemen and Jordan. All the names given are fictitious to protect the identity of the interviewees.

Voices from Tunisia – British Council Young Mediterranean Voices

Young Mediterranean Voices (YMV) is a flagship programme of the British Council which promotes intercultural dialogue across the Southern Mediterranean region and Europe. It is built on a theory of change that transforms youth-led debate into policy action for inclusive societies. The programme provides young women and men with the opportunity to develop skills such as critical thinking and cultural intelligence through debate training and leadership, facilitates online engagement and participation in intercultural debate groups through virtual exchanges and helps participants access a network of experienced leaders, mentors and partner institutions. YMV has been backed by the 42 member states of the Euro-Mediterranean Partnership.

Tarek's story: "I got involved with Young Mediterranean Voices in 2013 in high school, and after three attempts I was finally successful in applying to be a trainer. In our society there is not a lot of room for being different. Young Mediterranean Voices gives you a chance to criticise any kinds of ideas. For me that helped me to express myself and to be able to speak to a lot of people. This was life-changing for me because before that I was not really open. Participating in the programme gave me the chance to succeed in many interviews and helped me to get better at communicating with people. I was able to communicate differently with different people at work and in my relationships outside of work. If I were in charge, I would rethink the current structure (of the project). I think student-run clubs would provide better outcomes and would be more efficient. I think debating in Tunisia can really become something big – you know, like football. I would want to scale up the idea of debating a lot. Living in a society where everyone can speak freely and criticise anything or be open to discuss certain subjects – it would be really great if the youth in Tunisia could do that. About youth employment, I think we produce more graduates than we can absorb and the government has a lot to do on this point, to help prepare students for their professional life etc. Our government needs a strategy on this."

Yasmin's story: "I am a high school teacher. To bring something like debate to this region where I live in the south of Tunisia is a challenge. There was a lot of resistance at first. Students were either reluctant or not really sure about the idea or they just refused to participate. It is not a cliché to say that the project changed the lives of participants – really, I have seen it. A lot of the young people who became debaters now feel like they have a say. These debaters, you know, they do not choose which position they have to defend. Even if they are against the motion they have to advocate for it. I have seen students becoming more tolerant and more open-minded because they start seeing the other side of the argument. This is a unique activity, as are the skills it develops. YMV was the programme that helped me be more confident with my own voice. Now I know it is not enough to express your ideas and put them out there, also the policy aspect is important. I learned how to write a policy brief and I am more interested in influencing policy now. Before YMV I was very oblivious about youth involvement, I did not think I could get involved in policy, but now – actually I realised I can. Sometimes I think I am just talking but now I know my ideas, I know I am in a position where I can actually draft policy documents."

Samir's story: "I think that some difficulties arose when Young Arab Voices changed to Young Mediterranean Voices. Much has changed in funding: we heard that the donors have changed and this has impacted the work on the ground. Now we are forced to recruit what are called 'leading hubs' in the region and it has not worked well. Unfortunately, we have not been able to change this. We had a lot of meetings to try to change this approach, but we always had the same response, that 'the donors imposed these constraints'. On employment, let me say that the degrees issued by Tunisian universities are not adapted to the job market.

Young people get a diploma but cannot find a job in their field of study and they want a high salary from the start of their careers, which is not realistic. I think you have to gain experience first and then you can negotiate your salary with your employer."

Voices from Yemen – the Social Fund for Development (SFD)

The Yemen Social Fund for Development (SFD) is a national institution that works across all governorates in Yemen, including those controlled by warring parties in the current civil war. Our youth interviewees were from two different SFD programmes. The Rural and Urban Advocates Working for Development intervention was designed as both a capacity building programme targeting university graduates and a mechanism for employing university graduates to promote community-led development projects. The Small and Micro Enterprise Promotion Service (SMEPS) was established as a subsidiary of SFD in 2006 and it aims to pursue "creative strategies for micro-enterprise diversity and growth through the market-oriented approach" by facilitating the economic and technical capacities of market-driven private sector parties including the small enterprises themselves. SFD estimated that more than half of SMEPS clients are under the age of 35.

Jumana's story: "Before joining the SFD programme, I was just one of thousands of girls in Yemen, very normal – so when I graduated, despite four years of schooling, I could not find employment. I live in a rural area – a village – and so my path in life was to do housework and help out with agricultural work. Generally, our issues here are about lack of employment opportunities, and so we need upskilling and training and then we need jobs. Culturally, girls and women in Yemen are very oppressed – so our workplace obstacles are not only about the jobs themselves, but about social norms and traditions. After I was chosen (to participate in the project), my family was very happy and very proud of me, my dad in particular. As I said, we live in a village, so they (the community) do not like this kind of thing usually. However, my work has helped shift attitudes in the area. For example, earlier my uncle was really against my graduating or getting employment, and he never could imagine I might be employed in a development organisation. Now, he sees that I can do it, and he too is proud of me. In general, people in my area view educated and working women as somewhat 'faulty' or 'wrong'. Now that I have been working with SFD, many have changed their perception and I think this would have been impossible before. I have helped put my siblings through school and one is now studying medicine. I am very proud of myself. In our projects with SFD we are very careful to include women in our development work, in this way we are transforming women from a silent beneficiary to an agent for development and change."

Khadija's story: "I serve a very diverse and big population. I am 32 years old and come from a very big family. I have ten sisters and one brother, and I am also married and have two daughters of my own. In rural areas, many people do not always see value and pride in women's education, but my work has really changed that. By providing maternal services to rural places, through my work I have been able to inspire many women and families to pursue midwifery or medical studies. As a woman you can provide medical services to women in a private way, and families now also can take pride in having a female doctor in the family. Everyone wants their daughters to be doctors now! In Yemen unemployment is definitely a big obstacle, we are very aid-dependent and dependent on money sent back from family members who live abroad. This lack of opportunities affects many people. I think more projects like mine should be supported as midwifery helps reduce maternal deaths and it helps employ women too. We also need more workshops and upskilling to be able to deliver better services to the people who live here."

Mohammed's story: "Many people want to join SFD's programmes. But those who dropped out of university due to the conflict or lack of funds cannot do so. Therefore, I think the age limitation can be unfair because many people have been forced to delay their graduation and then they do not qualify based on age, or if they cannot graduate for any reasons then they are also not eligible. It is not fair to exclude people based on age and especially during a civil war when many cannot help dropping out or delaying their studies. I am optimistic about my future – I think there are donors and people and countries who care about us, and opportunities

for change and work in both Yemen and outside of it. I hope to be able to see the conflict end soon. My life has changed completely after my participation in the SFD project. Here in Yemen, there is a gap between education and employment, and because of this gap (and no work) some people turn to illegal activities and to non-state groups to help transition them into livelihoods. However, for me that gap was filled by the SFD project. When you close the gap with support and activity for young people, you give people the chance to make better choices."

Voices from Jordan – training programmes for economic inclusion

Under the EBRD, training courses are offered to help Syrian refugees gain the skills necessary to access employment opportunities in Amman and enable formal economic participation of Syrian refugees in the Jordanian economy, with youth (aged 16-29) and women as the main target groups. For Syrian refugees the course comprised ten days of English, ten days of 'coffeehouse culture', and two months of technical training in food services. A one-day job preparation course is also offered to Jordanian nationals, covering CV writing and interview skills only.

Lilia's story: "The trainer gave us the course in a fun way so that we understood the lesson very quickly without the need to memorise using books. It mostly helped me with making an impression when doing an interview and how to do my CV and I was chosen for the job directly. (The course) affected (my life) a lot, and definitely, it made it easier for me to find a job. (Did it play a major role in finding you a job?) Certainly, because it is hard for me as a girl to go out and look for jobs, I would not know where to look. They made it easier and secured me with a job interview, thankfully I was employed when I did the interview. They provided transportation for the participants, or provided them with the cost of transportation, so I did not have the excuse that I live far away or I am unable to pay for the transportation. (For women) when it comes to working hours, or if the workplace is far, and the situations that a woman might face during work, all of the above leads to the parents worrying about their girls, however males do not face these kinds of obstacles."

Nadir's story (Syrian): "I was interested in the English course as I worked in restaurants. My sister found the opportunity on Facebook. I honestly loved the course, but it would have been better if they would gauge the students' interest. For example, if the student prefers barista work, why would he spend more time learning about making sweets? I hoped they would separate the students according to their interests instead of taking everything, which might lead to boredom because it is not the thing the student wants. I applied to five or six restaurants, but none of them called me back with a job offer. This was a negative thing in the programme. I think they should provide us with jobs or reserve a spot for us to work before the course ends. The restaurant you are going to apply to thinks you are a beginner without enough experience, therefore they will not hire you. This is exactly what happened with me. The course should have an arrangement with restaurants for beginners like us to start working so that we can practise what we have learned. I did not work with what I learned in the course and now I am starting to forget. If you do not practise what you learned you will forget it with time. (What are the challenges for youth to get a job in Jordan?) Honestly, I would say rejection and lack of experience. From what I have seen, 90% of not only restaurants, but in general any job you apply for, requires experience of at least two years or even five years."

Voices from Jordan – Syrian nationals – work permits under the Jordan Compact

A strong pillar of the Jordan Compact Economic Opportunities Programme focuses on work permits. Before the Compact, Syrian refugees had to apply for the same work permits as labour migrants, and high fees and official documentation requirements made these especially challenging for refugees. The Compact pledged jobs to refugees in Special Economic Zones and gave Syrian refugees the right to work in specific sectors (farming, construction and ready-made garments) through work permits that would be free (or at minimal cost). **Farid's story:** "I have been working for the same employer for a while now. I started when I was 17, and back then I was working illegally and so we had to hide when the authorities came around. So, the employer got us the work permits. The documents requested were the ID and photo. The employer completely took care of it, I do not even know how much it costs. We work in a factory, and there were about 20 people that applied for the permit. It took about a month or a month and a half from the time we gave the papers until we got the permits. The work permit makes me feel safe, because whoever comes now, it does not matter. I have a permit. My work permit is to work in the industrial sector, and it is my area of expertise. I am a carpenter in the industrial sector. The social security is good – without a work permit, employers do not voluntarily sign us up for social security. And it is good to have a work permit if I want to travel. Yes, of course. It is a beneficial project – work permits for foreigners are useful, however, I do recommend that they expand the sectors Syrians can work in. We heard that earlier the permit was expensive but then with this project it became cheaper. Of course, everyone would prefer for this permit programme to be entirely free, and as I told you, to expand the sectors."

Zahir's story: "When people from the Ministry of Labour or Health or taxes come, it is fine. I have a permit. My permit is in my line of work (in a restaurant). I can take any job except I cannot be a cashier. So, if any authorities came and saw me on the cash machine, they would fine the restaurant and I would be fined too. (Without a permit) the problem was they would give you the night shift so that no one would see you, but with the permit it does not matter, morning or night shift. I work comfortably now in my working place. Even if I want to travel or go anywhere, I can. I feel at ease. There are other people who are working without a permit and they feel scared because they are working illegally. They are scared that the authorities will detain them. My brother works with mobile phones but he cannot get a permit for that. Yes, we are tied to the employer. Say I want to work at a restaurant, I will apply saying I will be working at restaurant X and get it (my permit) with the name of that specific restaurant. If I leave the restaurant, they will cancel my permit."



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