

contract will be subject to USDOL policies and approval (see section IV).

**Note:** Selection of an organization as a grantee does not constitute approval of the grant application as submitted. Before the actual grant is awarded, USDOL may enter into negotiations about such items as program components, funding levels, and administrative systems in place to support grant implementation. If the negotiations do not result in an acceptable submission, the Grant Officer reserves the right to terminate the negotiation and decline to fund the application. Award is also contingent upon signature of a letter of agreement between USDOL and relevant ministries in target countries.

#### A. Background and Problem Statement

Morocco's workforce has undergone and continues to experience many changes in response to its changing relationship with the global economy. In 1994, Morocco joined the World Trade Organization (WTO) and in 2000, Morocco began phasing in an association agreement with the European Union (EU), which will eliminate tariffs on industrial products being traded between Morocco and the EU by 2012. With the adoption of an ambitious privatization program in 1993 and the prospect of a free trade agreement with the U.S. in the near future, Morocco is committed to making its economy more competitive internationally.

Although Morocco creates an estimated 200,000 new jobs annually, this is still not enough to absorb the 300,000 new workers that enter the market each year (The Economist Intelligence Unit Country Profile 2003). The relatively high 2.1 percent growth rate in the population insures that the educational, training and employment infrastructure will be challenged to prepare and place new labor market entrants into in-demand jobs. An International Labor Organization (ILO) study in 2000 of the textile industry indicates that one of the industry's major problems is the workers' generally low skill level. About 52 percent of Moroccans over age 15 are illiterate, and this has a direct negative impact on the ability of Moroccan enterprises to adapt to newer and more competitive methods of production.

Major portions of the Moroccan labor code were drafted in the 1930s and need modernization. The Government recently drafted a new labor code designed to promote greater labor market flexibility and facilitate the transition of workers to in-demand occupations, and better protect workers' rights of association and collective bargaining, but government attempts to

pass a new labor code have been unsuccessful thus far. The lack of a new labor code has also frustrated efforts to conceive a public unemployment compensation system and ensure health and accidental insurance benefits to workers. There are some indications that a new code will be enacted shortly.

In assessing the constraints to high levels of labor law compliance in Morocco, USDOL has found that they consist of primarily:

- Weak system of enforcing national labor laws, symptomatic of the absence of a national strategy for improving labor law compliance, a lack of clear policies and procedures for conducting labor inspections, underutilization of data from inspections to better target enforcement and outreach resources, and inadequate training of inspectors;
- Lack of awareness of national labor laws among employers, trade union leaders, and workers; and
- Inadequate systems and knowledge to prevent and resolve industrial disputes efficiently.

Morocco's challenges in effectively assisting in the transition of workers to in-demand jobs are based upon the following principal constraints:

- Lack of reliable information on current employer demands for workers;
- Limited options available for existing workers to be retrained for in-demand occupations;
- Inadequate quality of education and training to effectively prepare individuals for in-demand occupations; and
- Scarcity of incentives for employers to invest in training workers or for workers to seek additional education and training.

Assessments of the current status of labor rights and their implementation in Morocco are available in a variety of sources, among them the annual U.S. Department of State Report on Human Rights Practices; the recommendations of the Committee of Experts of the International Labor Organization's (ILO) Committee on the Application of Conventions and Recommendations; the recommendations of the ILO's Committee on Freedom of Association; and reports of the International Confederation of Free Trade Unions (ICFTU). USDOL/ILAB will post additional background information on its Web site at <http://www.dol.gov/ilab/>.

#### B. Target Population

Applicants shall target labor ministries, employer organizations and/or individual employers, worker organizations and/or individual workers, tripartite government,

employer, and worker) institutions, and/or educational and training institutions in Morocco as the intended (direct and indirect) beneficiaries of project activities.

#### C. Objectives

The Grantee(s) will implement, in partnership with USDOL, a project designed to: (a) Improve labor law compliance in Morocco, with particular emphasis on the fundamental principles embodied in the ILO's Declaration on Fundamental Principles and Rights at Work; and (b) efficiently transition workers to in-demand occupations. Given the limited resources available through this solicitation, it is expected that the second objective will be achieved through the demonstration of an approach and/or system to facilitate such transitions.

Contributing to the achievement of these goals are three project objectives ("immediate objectives"):

##### Immediate Objective 1

Increased knowledge among workers and employers of national labor laws and of the available means to access labor ministry services to enforce the rights established by those laws, in particular:

- The right to freedom of association;
- The right to organize and bargain collectively;
- Prohibition on the use of any form of forced or compulsory labor;
- Labor protections for children and young people, including a minimum age for the employment of children and the prohibition and elimination of the worst forms of child labor; and
- Legally mandated conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

##### Immediate Objective 2

Strengthen the labor inspection system by training the labor inspectors in the areas of acceptable conditions of work, specifically wage and hour and occupational safety and health.

##### Immediate Objective 3

Create new or strengthen existing dispute resolution mechanisms within the labor ministries (e.g., mediation, arbitration, alternative dispute resolution).

##### Immediate Objective 4

Pilot test for possible replication on a national basis an effective model for efficiently transitioning workers impacted by economic restructuring and other adjustments to in-demand occupations.