



**COUNTRY ANALYSIS 2005**  
**EGYPT**

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## ETF COUNTRY ANALYSIS 2005

### Summary

Egypt is facing a major challenge to modernise its education system in order to dramatically improve the overall quality, meet the needs of the labour market accommodate the many new entrants to the labour market and to upgrade the skills of the labour force in order to meet national goals. Egypt has made Human Resource Development a national priority since 1991, initiated a number of coordination and quality improvement efforts, but until now results have been insufficient in spite of substantial long term support from a number of international and bilateral donors.

The education system is still suffering from the involvement of many authorities, over-centralisation, under-financing, low quality and over-reliance on uncoordinated donor support for restructuring and reform efforts.

Within the overall aim of improving the quality and relevance of vocational education and training ETF suggests concentrating donor assistance on improving the reform implementation capacity of the main authorities, improving the overall quality and relevance of the training provision, improve the information collection and analysis capacity at policy development level, support extension of the financing base of vocational education at secondary and adult level and involve NGO's in training and skills upgrading in the important informal, micro-economy sector.



## 1. Current situation and trends in human resources and labour market development

### The economy

Since 1991, after more than two decades of socialist orientation, Egypt has been moving towards a market economy. The initial instrument was the Economic Reform and Structural Adjustment Programme (ERSAP), which together with debt relief, rising oil prices, an increase in tourism and an increase in foreign investment, substantially reactivated the economy.

Towards the end of the 1990s economic growth was adversely affected by the slower pace of economic reform, which was aggravated by a slowdown in the international economy and, currently, by increased global competition in some of Egypt's key exporting sectors.

In spite of more than 10 years of economic reform efforts, the Egyptian economy suffers from a number of structural problems and from the adverse effects of external factors, which make it difficult for sufficient employment opportunities to be created for the very high number of new entrants to the labour market in the country.

The rate of economic growth fell from 5–6% in the late 1990s to 3–4% in 2000 – 2004; the Egyptian share of world exports fell from 0.15% in 1980 to less than half this figure in 2002<sup>1</sup>. This is considered to be well below the economy's potential, and economic growth is at only the level required in order to create sufficient job opportunities for the rapidly growing labour force.

## **The labour market**

One of the main structural problems facing the labour market and the ability to create employment is that a formal private sector has not been able to take over the declining role of the public sector, as it was expected to do after Egypt undertook its Economic Reform and Structural Adjustment Programme (ERSAP) in 1991.

The public sector and the informal private sector still represent the major instruments for labour absorption in the country, as the private sector's share of total employment decreased from 68.1% in 1990 to 66.5% in 2002. This development has occurred in spite of the launch of ERSAP in 1991.

In the mid 1990s the programme had a positive impact on the growth of the economy, but it also had consequences for the labour market in the form of a decline in the growth of the public sector, causing a reduction in employment and of real wages in the sector.

Furthermore, the slower rate of growth in the public sector made it more difficult for female graduates to enter the labour market, since the public sector has traditionally provided the majority of employment opportunities for women.

## **Demographic trends**

The population of Egypt was estimated at 69 million in 2003, with a fertility rate of 3.5% leading to an expected doubling of the Egyptian population within 34 years. In 2012 the population is expected to reach 80 million. This makes the population of Egypt a very young one, with 35% of the total population aged 1–15 years. This population explosion currently produces around 700,000 new entrants to the labour market every year, a growth of 3% per year<sup>2</sup>.

These demographic developments put enormous pressures on the education system. Absorbing the increasing number of entrants to the education system through the provision of sufficient schools and teachers is a challenge, as is improving the overall quality and relevance of what the system is delivering.

## **The labour force**

The overall activity rate in the Egyptian labour market is slightly below 50%, with a marked difference between male and female employment rates that is typical for the region: 20% for women and 70% for men. The growth in the number of people employed is decreasing, and fell to 1.4% in 2003. The total population of working age (15–64 years) increased to 44.6 million in 2003, and consequently the labour market is not capable of absorbing all the new entrants each year; this has led to longer unemployment queues.

The official unemployment rate in 2003 was 11%, up from 8% in 1999; the rate for men was 7.5% and for women 23.3%<sup>2</sup>.

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<sup>1</sup> 'The Road Ahead for Egypt', December 2004.

<sup>2</sup> 'Egypt draft country report' ETF, January 2005.

## Reforms in the labour market and employment

During the past 3–4 years the government has introduced several initiatives to improve the ability of the labour market to absorb the large number of young people seeking employment and to make education and training more relevant to the needs of a market-oriented labour market. Among the major initiatives is the National Employment Programme, which was launched in 2000 and consists of five main components:

- introduction of emergency employment schemes
- creation of a National Training Fund
- reform of labour market institutions
- implementation of an informal sector strategy
- strengthening of the labour market information system.

Another major initiative is the Human Resource Development Programme under the Social Fund for Development. These programmes target unemployed people and attempt to create job opportunities, for example by improving the capacity of the training system to be responsive to the needs of the labour market.

The Social Fund for Development has also initiated programmes to assist the restructuring process in relation to the downsizing of public enterprises, together with the privatisation programme of the Egyptian Labour Adjustment Services. The Labour Pool programme under these services aims to improve the employability of workers made redundant from the public sector.

Not all initiatives have been followed up with long-term strategic implementation. Thus, the effect of these programmes is still difficult to assess, as implementation has been hampered by the rigidity of institutions, the numerous actors involved in education and training, and the overall low quality of the provision of education and training in Egypt.

The new labour law introduced in 2003 was an attempt to solve several of the structural problems of the labour market situation in Egypt, and is considered to be an important step towards addressing market and employment inefficiencies. It addresses issues relating to tax, corporate regulations, SME development and competition. However, it does not appear that the law has yet had a major impact.

## Unemployment

Unemployment and the equally widespread underemployment are particularly high among women and new school-leavers from secondary education. First-time jobseekers make up the largest proportion of unemployed people. For the education system this issue highlights the need to improve the quality and relevance of education for, in particular, the two-thirds of the student population who attend vocational secondary schools, and to enhance their opportunities to progress to high-quality upper and post-secondary vocational levels or to find employment in the private sector in the profession for which they are trained.

The current situation is that despite downsizing, the public sector remains the dominant employer and neither the formal or informal private sector have yet been able to generate the level of employment necessary to bring about a shift in employment.

## Formal and informal sectors

The private sector is dominated by small and micro-enterprises: there are 1.6 million units with less than 50 employees, while only 1,300 enterprises employ 100 workers or more, according to the CAMPAS population census for 1996. The majority of the many small economic units are on a family basis, which has implications for management style, employment practices, and the ability to manage HRD needs and engage in effective marketing and export activities.

This suggests that, at least in the short and medium term, the majority of enterprises will find it difficult to contribute to Egypt's growth as global competitive pressures increase and trade barriers are removed.

The informal sector has increased in Egypt over the past decade and it remains a very important – and expanding – part of the Egyptian economy. For obvious reasons reliable data on the informal sector is difficult to obtain. However, it is certain that it represents an increasing share of total employment and that a growing proportion of business in the sector do not respect legal and registration procedures.

According to estimates in 2001, the informal sector comprised 2.4 million workers in 1976, and had reached 4.8 million workers by 1996. Adding on the number of unpaid family workers gives an estimated total of 6.5 million workers in the informal sector in 1998, compared to 4.7 million in 1998, with negative consequences, particularly for females and young people, with regard to social and job security.

The agricultural sector continues to employ less people: its share of employment fell from 40.6% in 1990 to 27.5% in 2002.

Another development is the smaller and still declining proportion of total employment accounted for by the manufacturing sector: from 1990 to 2002 it fell from 14.0% to 11.6%.

The service sector, including trade, restaurants, hotels, transport, communication, finance and insurance, has increased its share of total employment from 31.7% in 1990 to 51.9% in 2002. This clearly reflects the importance of the tourism industry as a major driver of market-driven private sector employment in Egypt. It is the country's number one foreign currency earner, producing around USD 4 billion a year and accounting for more than 11% of gross domestic product (GDP)<sup>3</sup>.

## **Poverty**

Egypt experienced an increase in poverty during the 1980s and early 1990s. However, this trend was reversed during the second half of the 1990s. The UNDP Human Development Report estimates that 44% of the population is living on less than USD 2 per day, and as a result of population growth, the absolute number of people living in poverty continues to grow. According to the World Bank report on poverty reduction in Egypt, all indexes for the country as a whole have fallen since 1995. Poverty is clearly linked to education: the more individuals are educated, the less likely they are to be poor. For this reason it is important that access to primary and secondary education for all is a policy priority and that implementation of reform measures are speeded up.

## **Migration**

External migration played an important role as a safety valve in the regulation of labour supply from the mid 1970s to the early 1990s. This was facilitated mainly by the need for Egyptian labour in the Gulf region. It is estimated that 2.2 million Egyptian workers were employed in the Gulf region, a very high proportion of these in high skilled professions such as medicine, engineering and teaching. In the late 1990s the need for foreign labour in the Gulf region fell dramatically. For this reason labour migration is no longer at a sufficient level to absorb the surplus of domestic labour supply, while demographic pressure on the labour market is expected to increase in the near future.

## **Summary**

*The Egyptian labour market is characterised by high rates of unemployment and underemployment, a rapidly increasing labour force, an oversupply of graduates from higher education, a large informal micro-enterprise sector, and low esteem for manual work and work in general at skilled worker level, as well as overdependence on a few specific economic sectors, such as agriculture and tourism.*

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<sup>3</sup> 'Egypt draft country report', ETF, January 2005.

## 2. Contribution of HRD to socio-economic development

### HRD trends

In 1999/2000 a total of 16 million young people attended public pre-university education. This was made up of 12.5 million in basic education, 1.25 million in secondary general schools and around 2.0 million in secondary technical schools; 250,000 attended post-secondary vocational education and training (VET) under the Ministry of Higher Education.

Beyond this, many hundreds of thousands of students attend VET centres belonging to line ministries, and NGO-supported schools. University education involves 1.5 million students.

The Egyptian education system needs to cater for very large numbers of students and it is a major achievement for the government to have expanded the coverage of educational institutions to include the vast majority of younger people. This expansion is continuing. Net enrolment increased between 1996 and 1999 from 91.2% to 96.9% in primary education, from 66.4% to 74.3% in preparatory education and from 63.4% to 65% in secondary education. In 2000/01, 24% of the 17–22 age group were at university. This constitutes an increase of 18% since 1995/96. The expansion has been particularly evident in basic education, in secondary technical education and in higher education at both non-university and university levels<sup>4</sup>.

The Egyptian education system remains very selective and depends exclusively on grades, resulting in a clear hierarchy, with general secondary schools at the top and vocational training centres at the bottom.

The reliance on grades for progression within the education system is not matched by high-quality teaching and learning processes, with the result that families must rely on private tutoring to obtain quality education provision. It is estimated that total private tutoring costs are equal to the entire budget of the Ministry of Education. The result is that access to secondary education has come to be based on a combination of family income and academic achievement.

Though overall investment in education has increased, only minimal funding is left for modernisation, investment and maintenance once salaries and running costs have been paid. This has a particularly adverse effect on the technical vocational education schools, since the limited budgets do not allow for the upgrading of equipment, workshops and teacher training that are necessitated by developments in, for example, ICT and new work processes.

Thus the technical vocational education and training (TVET) system has become a victim of the cycle of quantitative expansion, deteriorating quality and decreasing relevance for both students and employers.

These developments have also contributed to a widening gap between formal qualifications and real competences, so that the formal qualifications of the workforce may be highly misleading, and the current system may be unable to produce workers and employees with qualifications comparable to international standards.

### General secondary education

The Egyptian education system is very selective, and access to various types of secondary education is exclusively dependent on grades achieved during the examination following preparatory education. Minimum grade levels are determined annually on the basis of a combination of expected numbers of graduates and available places in schools and training centres.

General secondary education is attended by around a third of the youth cohort with the clear objective of successful graduation leading to university.

As a consequence Egyptian school life is driven by examinations, but this is not matched by high-quality teaching and learning processes. For this reason most families organise private tutoring to make up for low-quality teaching.

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<sup>4</sup> 'Egypt draft country report', ETF, January 2005.

## **Vocational education and training**

Coherent and effective policy implementation in VET is hampered by the oversized institutional framework, with more than 22 ministries and agencies involved. These actors traditionally work rather independently.

Egypt has in effect two education ministries, the Ministry of Education, which administers around 1,600 technical and vocational schools, and the Ministry of Higher Education, which administers 47 Middle Technical Institutes (MTI). Outside these arrangements, six other ministries run 232 VET centres.

The government's response to this situation was the creation of the Supreme Council for Human Resource Development (SCHRD) in 2000, which, as a tripartite body, has the potential to become a useful instrument in the process of initiating an integrated reform of the VET sector. In 2002 the SCHRD issued the Policy Statement on Skills Development in Egypt, defining as the main objectives for TVET:

- a qualification framework that fosters lifelong learning;
- a VET system that is responsive to the needs of the economy;
- a new legal and institutional basis for governing TVET institutions;
- enhanced labour mobility.

In order to accomplish these policy objectives it is important that the governance structure is greatly simplified and that interministerial coordination is improved.

Recent initiatives by the government in an effort to decentralise the governance of education and training are certainly in the right direction, but the need to enhance effective implementation is an important consideration.

## **Post-secondary non-university VET**

Graduates from secondary general and technical schools have the opportunity to enter higher non-university education in the form of 2–5-year courses at non-university higher education institutes called Middle Technical Institutes (MTI). This option is used mainly by secondary technical school graduates as way of prolonging their studies or as an alternative route into university. However, it has very little to offer in terms of increasing employment opportunities.

On the contrary, only 50% of enrolled students graduate and of these 60% remain unemployed after graduation, mainly as a result of the low quality of the courses and their lack of relevance to labour market needs.

## **University education**

The government has a declared policy of higher education for all. However, the rather strict access procedures for secondary school (and university) contradict the policy objective associated with lifelong learning as a combination of higher level education and training for employment.

Since the early 1990s a dramatic and ambitious expansion of higher education has taken place in Egypt. This includes the establishment of a number of private universities. Since a third of the relevant age group is without a full secondary education and the literacy rate is still only 57.7%, the emphasis on higher education involves social risks, as employment opportunities, whether in the public or private sector, do not in any way match the output of higher education.

## **Public contribution**

There is an acute awareness in the government that the key to Egypt's development lies primarily in education and training. President Mubarak has stated that education is the country's number one national security programme. Reforms have been aimed mainly at developing the skills of those already

in the labour market, both employed and unemployed people, and those who have recently entered it, such as school-leavers from both secondary schools and universities. The public contribution to reform will therefore cover all ministries that run training centres. Reform initiatives are well under way in both primary and secondary education, but still need to be developed into a lifelong learning system and skills upgrading programme at both secondary and adult education levels.

The main goals of the reforms are to eliminate the inequalities that characterise the two-track system, improve the quality of teaching and training in all secondary schools, modernise facilities and ensure that the secondary school curriculum comes closer to meeting the needs of the labour market. This will require that major institutional reform measures are undertaken at various levels, including policy formulation, support institutions for teacher training and curricula development, and, most importantly, at the level of delivery institutions. These institutional reforms are not progressing at the necessary speed at government level, and it appears that lessons that could be learned from institutions run by the donor community (the Mubarak–Kohl initiative and the Skills Development Programme) have been slow to have an impact on institutions within the government structure. The newly established Central Directorate of VET has been assigned the task of coordinating the roles and responsibilities of the many different stakeholder institutions involved in VET.

In 2004 the government announced ten development programmes.

The fifth programme, Developing Education and Scientific Research, was launched with the aim of making the development of HRD one of the main components of the economic development programme. The main objectives of the programme are to improve the capacity of public education by, for example, establishing more than 10,000 new classrooms, to provide the whole of Egyptian society with a variety of educational opportunities, and to continue to improve curricula in a way that is compatible with the needs of domestic and international labour markets. In technical education the emphasis will be on giving more attention to the updating of qualifications in maintenance technology and information technology, and expanding the Mubarak–Kohl project. Higher education opportunities for technical school graduates will be increased by establishing new technology faculties.

The programme also aims to encourage decentralisation and community participation by transferring authority from the Ministry of Education to governorates, enhancing the roles of parents' and teachers' associations, and encouraging the private sector and civil society to invest in education.

In 2004, in response to the fifth programme, a TVET reform council headed by the Minister of Education was established. The Ministry of Education has signed Memorandums of Understanding with three ministries involved in vocational education, and has established a new general directorate for VET (GD-VET). The three other ministries are the Ministry of Foreign Trade and Industry, the Ministry of Electricity and Energy and the Ministry of Housing, Utilities and Urban Communities; the private sector is involved at all levels. The objective of the Memorandum is to:

- develop and implement an efficient labour market system;
- introduce a national occupational classification system;
- introduce a national skills standard and assessment and accreditation system;
- improve the TVET system.

The GD-VET reports directly to the Minister of Education and will be responsible for improving both conditions in and the institutional framework for the dual system.

Other government initiatives in the field of HRD involve the National Programme for Youth Training, which is coordinated by the Ministry of Military Production and which aims to train young unemployed graduates. The programme started in 2002 and is ongoing. In 2005 it is envisaged that 323,000 young people will be trained in 365 trades; the programme offers guaranteed employment for graduates following successful completion of the programme, which covers all training-related costs.

The National Skills Standards Project under the Social Fund for Development focuses on developing standards and programmes through close cooperation with the private sector. It contains a large teacher-training component, together with measures to build sustainable policy and management structures.

## Private contribution

The private contribution to education is low in Egypt. There are several reasons for this situation. These include the low quality of education and training provision and its irrelevance to the needs of the labour market, and the over reliance of the system on supplying general skills while leaving companies to provide technical and practical skills through on-the-job training.

In addition the tools for identifying skill needs are not available in most small and medium-sized companies, and only the very largest companies have any type of HRD programme. Employers' or investors' associations rarely promote HRD issues in relation to companies; neither do they supply tools to assist members in skill identification and upgrading.

However, the activities of the Mubarak–Kohl initiative have demonstrated that it is possible to create private sector interest in promoting and investing in education and training. Several reform measures initiated by the government and foreign donors aim to increase private contributions to HRD development in Egypt, but concrete progress and major breakthroughs in results are not yet evident. The design of the MEDA TVET project is an attempt to increase private investment in education and training further through a local partnership model.

Recent developments by the private sector to improve HRD include the establishment by the Specific Union of Investors' Associations (SUIA) of a National Centre for Human Resource Development. This will coordinate the HRD initiatives of investors and assist the Human Resource Development Centres that are affiliated to investors' associations with, for example, policy development, planning and coordination and marketing expertise.

A number of NGOs are active in HRD at various levels. Among these are the Sawiris Foundation for Social Development, which supports job creation projects in a number of sectors; the National Democratic Party Initiative for HRD in Sadat City, which trains 500 unemployed graduates from TVET schools; Caritas Egypt; and the Coptic Evangelical Organization for Social Services, which, with the Egyptian Swiss Development Fund, runs a project to train 2,000 young people and upgrade three TVET schools.

## Summary

*HRD provision is characterised by a number of key issues: a fragmented and overlapping governance system, low quality, lack of relevance to labour market needs, a low level of private sector involvement in education and training, under financing, limited opportunity for skills upgrading; and a lack of adult education programmes. The government's many reform and coordination initiatives have so far had little measurable effect, either in the classroom or in the increased employability of graduates.*

## 3. Current Donor interventions in education and training in Egypt

Support for HRD is a key programme priority for the EU in the country strategy paper for 2002 – 2006.

The development of long-term basic education has received donor support under MEDA I to the tune of EUR 100 million under the Education Enhancement Programme. Within the framework of the MEDA II programme donors will contribute to the development of HRD by financing the TVET reform programme, which is expected to start in May 2005, with a total budget of EUR 33 million. During the period 2005 – 2008 the donors will support the establishment of local partnerships between the VET institutions and the private sector as a tool to improve the identification and provision of skills according to labour market demands.

Other donor interventions in related sectors are the Industrial Modernisation Programme and the Private Sector Development Programme.

In the field of higher education, Egypt has participated in the Tempus programme since 2003. Tempus promotes cooperation between the EU and Egyptian higher education systems.

## 4. Significant investment by donors in the field of HRD

The number and complexity of donor support projects clearly calls for a major coordination exercise on the part of donors and for institutional reform and capacity building on the part of the Egyptian government. The capacity to absorb donor interventions into meaningful reforms must be developed at both the personal and institution levels, and donors will need to move increasingly towards the partnership and sector approach methodologies already being applied by some major donors.

Egypt has been successful in attracting, and subsequently relying on, foreign donors to support development activities. At the moment the World Bank is supporting Egypt in the HRD field, mainly by providing loans to finance the Skills Development Programme. This four-year programme (2003 – 2007) aims to equip the Egyptian workforce with the necessary skills to meet the current and future needs of the national and international labour market and to change it from a supply-driven to a demand-driven system. It will result in the development of formal qualifications in three main sectors (manufacturing, construction and tourism), and will be called the Egyptian Vocational Competence.

The World Bank also supports government policies through the Basic Education Enhancement Programme, the Secondary Education Enhancement Programme, which is aimed at converting secondary technical vocational schools into secondary general schools, and the Higher Education Enhancement Programme, which is a package of reforms that includes a substantial component relating to the reform of Middle Technical Institutes (post-secondary technical institutes).

The GoE Egyptian government, in association with the German government (through Gesellschaft für Technische Zusammenarbeit – GTZ) as part of the Mubarak–Kohl initiative, has established a large number of joint ventures between TVET schools and private investors' associations, which essentially provide a dual system based on the German model. The programme focuses on industrial secondary schools, and aims to upgrade education and training by involving private and public sector companies, government agencies and ministries, and community leaders in developing training for the labour market. To date the project has established apprenticeship schools and enrolled almost 10,000 students, and involved 1,500 companies in 25 trades, mainly in the production, service and construction sectors. The project has activities in 20 governorates.

A number of bilateral donors have also made important contributions to the development of HRD in Egypt. One example is Canada, which provides support to HRD through the Support to Egyptian Primary Schools Project, as well as support for the upgrading of labour offices in conjunction with the Social Fund for Development and the Ministry of Manpower and Immigration.

The Swiss Agency for Development and Cooperation is implementing a four-year enterprise-based training programme geared towards the needs of the labour market in Gharbia, Alexandria and Aswan.

The Japanese International Cooperation Agency has funded the Technical Cooperation Project that focuses on the analysis of the training needs of enterprises.

The US Agency for International Development (USAID) is cofinancing a number of reform initiatives. In the TVET sector an education reform programme in seven governorates skills for development, which aims to strengthen the Egyptian private sector management and training providers by encouraging the private sector to budget for training as an investment rather than an expense, and ensuring that training institutions provide training based on demand in growth areas. The project's duration is five years from 2004.

Until recently there has been an apparent lack of coordination and coherence in donor-led projects and programmes, and this has led to ineffective and overlapping interventions. The fragmented Egyptian HRD and TVET systems have reinforced this unfortunate state of affairs. The government has addressed the issue by taking a number of steps to encouraged donors to coordinate and cofund future interventions.

Several donors have responded by demanding that projects are cofunded with national authorities as a means of securing impact and sustainability.

## **Summary**

*The many donor-led initiatives and interventions require coordination and direction from clear policies developed by the Egyptian authorities. The steps already taken in this direction have so far had little impact, but the priority given to HRD by the government and the intention to restructure the system are important prerequisites for improvement. Urgent implementation of formulated policies and legislation is required, capacities for absorption must be improved and donors must develop further a sector approach to interventions in the HRD sector.*

## **5. Main challenges for HRD and labour market related reform and modernisation processes**

### **Quality**

The dominant requirement for the reform of the HRD and TVET systems in Egypt is clearly to improve their quality and relevance to labour market needs. A focus on improving quality would be an important policy direction for future intervention by the EU and other donors, but would face major challenges in terms of a number of issues.

Critically, the provision of HRD and particularly TVET lacks relevance to the current and future labour market as a result of a number of factors. These include a lack of private sector involvement; under financing, which leaves little or no room for internal reform at delivery level; an over reliance on theoretical subjects, even in VET schools; lack of motivation among teachers to involve themselves in high-quality education in the schools, since they are better paid if they provide private tuition instead; the low esteem in which the VET system is held as a place of study and employment; and the lack of opportunities for teachers to upgrade their methodological and professional skills. The challenge will be to set up quality improvement measures that build on a thorough realisation among the main actors that HRD is not a question of providing theoretical and academic knowledge to the public sector, but of creating motivated teachers, managers, government officials and not least an involved formal private sector willing to invest in education and training in partnership with the government. Furthermore, the challenge is to create a system that connects delivery of quality with financial incentives. Quality starts in the classroom, and the creation of well-prepared and motivated teachers and school managers is one of the most important challenges faced by HRD provision in Egypt.

It would be beneficial to implement a policy of public recognition of the importance of secondary technical education by improving the financing of schools, upgrading teachers and school managers, and ensuring that enrolment in this sector is dependent not only on grades but also on aptitude and interest.

### **Teacher training**

The training of teachers in Egypt is clearly inadequate in relation to securing the effective transfer of knowledge and skills. Didactical skills and pedagogical insight are in most cases weak. There is an over reliance on oral presentations and little evidence of sufficient didactical support, since the available equipment is mostly outdated, and knowledge of modern teaching methodology is lacking. Modern student-centred methodologies are in the main not practiced, or even heard of, except in a few donor-driven pockets within the system.

Upgrading and improving teaching as a career is one of the great challenges for HRD reform in Egypt.

### **Labour market and educational information**

A key requirement in developments towards coherent reform is the availability of reliable and up-to-date labour market and educational information. As a result of the fragmentation of the education system, information is collected in many different ways and is often not relevant in terms of enabling education

and training to move towards the needs of the labour market. In order for the Egyptian authorities and donors to direct reform measures and maximise the benefits of assistance, an Education Management Information System, as proposed in the original identification document of the MEDA TVET project, will need to be developed as an urgent priority with the participation of all stakeholders, including the private sector.

## **Financing and governance**

Despite efforts made by the government to increase the budget for education and training, it is still usual for the school budgets to cover only salaries and the barest essentials in terms of maintenance of building and training materials; this is a result of the high level of centralisation and lack of autonomy.

In most cases there is no connection between performance and budget allocations in the education sector. The sector needs to develop a cost-effective financing model that ensures that performance, quality and pay are linked.

## **TVET for the informal sector**

A major challenge for the Egyptian authorities is to address the training needs of the informal micro-enterprise sector (IME). The sector employs an estimated 2.4–4.2 million people<sup>5</sup> and is considered the most important employer of new entrants in the labour market. However, it is also a sector that is difficult to engage because of the unregulated nature of IMEs.

A priority for the Egyptian authorities would be to develop a policy framework for the sector so that training opportunities develop substantially beyond the informal apprenticeship model that is practised so widely, and, perhaps with non-traditional partners, to develop a model for the upgrading of skills in the sector.

## **Training needs analysis**

The capacity to assess training needs in companies is underdeveloped in the Egyptian TVET system. In the future this will constitute a significant hindrance to economic development if it is not addressed as soon as possible.

A dynamic and flexible labour market will require this capacity in order to transfer changes in qualification needs to curricula and syllabuses at the required level and within the required response time.

Some steps have been taken by the World Bank Skills Development Programmes, but it must be ensured that the capacity to assess training needs is available at most TVET institutions and that it covers all economic sectors in the labour market.

## **6. Levers in HRD and related labour market policies through which sustainable system reform can be triggered**

Intervention by donors under the European Neighbourhood Policy Framework and National Indicative programme 2005 – 2006 could include giving assistance to the Egyptian government to improve HRD and TVET provision in the following areas under the main heading of improved quality and relevance.

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<sup>5</sup> Haan and Amin, 'Skills acquisition for the Micro Enterprise Sector', WB/ETF 2003.

## **Supporting the streamlining and coordination of the many institutional actors in HRD and TVET**

With many authorities having a role in HRD in Egypt, one of the most important restructuring tasks will be to simplify the governance and management structure of the education and training system in order to make the policymaking process more transparent, to make implementation of the many important policy initiatives taken during the last years more effective, and to involve the private sector more openly in the governance of HRD at national, regional and institution levels.

A number of new coordination bodies have been established in recent years, including the Supreme Council for Human Resource Development and the TVET Reform Council. These bodies, which have been assigned the task of enhancing effective implementation of reform measures, could be assisted through exposure to best practice in reform implementation in EU countries, capacity-building measures for Egyptian experts and support staff, and the provision of timely and targeted expertise in the management of reform processes, policy development and institutional development, as required.

## **Supporting the development of an Education Management Information System (EMIS)**

Donor intervention should address the issue of the collection, coordination and management of information relevant to the development of education and training for labour market needs. This will involve EU assistance for developing and establishing a model for the EMIS system, in cooperation with relevant Egyptian institutions and authorities, developing the interface between the various levels of providers and users and assisting in the analysis of equipment needs. The Egyptian Bureau of Statistics would be the main cooperation partner and the main target for capacity-building measures, but the main authorities involved at national, governorate and institution level should also be actively involved in the development process. An important partner would be the private sector, which needs to be involved in producing data relating to employment and training as a basis for the dynamics of the TVET sector.

## **Restructuring teacher and school manager training**

The restructuring of teacher training should be supported by changing the focus of teacher-training programmes from an approach that imparts academic knowledge to one that practises student-centred and labour-market-relevant methodologies, and by improving the provision of relevant didactical instruments in the technical vocational schools. Without a serious and major reform initiative directed towards the teaching profession in Egypt, most other reform initiatives will fail to achieve the desired effects at school level. This represents a challenge to higher education institutions providing teacher training to restructure and take into account labour market needs in the way teacher training is organised and the methods that are used. This also has major implications for the career path of teachers and the way teachers are assessed.

EU support could assist the development of an initial and in-service teacher training model, train a critical mass of key staff at universities, pilot the model and support the necessary institutional restructuring process.

## **Improving the model for financing of TVET and HRD institutions**

Support should be given to the creation of a financing system for HRD at institution level that rewards innovation, efficiency and high quality. This will require an effective monitoring system to regulate the accreditation of training providers and reform the assessment of teachers and school managers.

Donor intervention should involve capacity building at policy level, exposure to best practice in the region and in EU member states, and the development of a new financing model for TVET institutions that will enhance the cost effectiveness, innovation, decentralisation, flexibility and overall quality of the delivery of labour-market-relevant initial and continuing training. It is important for the model to be piloted in a number of locations, involving a variety of sectors and geographical locations.

## **Supporting the upgrading of skills in the informal micro-enterprise sector**

Because of the unregulated nature of this sector it will be difficult to target interventions towards the traditional structure, such as ministries, governorates and institutions.

The importance of involving this large employment-generating sector in training measures should be obvious, but the way in which support is organised will require non-traditional methods, approaches and partners.

The NGO sector in Egypt is quite active in supporting the IME sector through micro-credit instruments, and could become a vehicle for linking financial support to skills development.

EU support would necessarily involve careful stocktaking and research initiatives with the relevant partners, such as NGOs, the National Bank for Development and the Credit Guarantee Corporation, who would also be in a position to become involved in pilot projects and capacity-building measures in order to secure a viable and realistic model.

## **Analysing training needs**

The huge exercise that Egypt must undertake in order to increase the relevance of training to labour market needs will require that training needs are reassessed and translated into flexible curricula that are designed to meet the needs of both the individual and employers.

The establishment of a specialised institution to develop methodology and the provision of training and capacity building in this field will be an important contribution to the creation of modern curricula and links between the world of education and the world of work.

## **Instruments**

Egypt's many donors and the complex nature of its HRD system suggest that sector approach methodologies should be introduced; this appears to be a feasible option, particularly with regard to large systemic reform projects.

The EU/World Bank experience has shown that it is possible to pool and complement resources while engaging local actors as active partners in development processes. In order to make sector approaches work, it will be necessary to engage in a major capacity-building exercise in the relevant beneficiary institutions, and for donors to study carefully examples of best practice from Sector Wide (SWAP) approaches practiced around the region. Recent initiatives by the government to coordinate the management structure for HRD and make it more transparent are developments that support this approach.

Other instruments, such as pilot and twinning approaches, will be appropriate in, for example, institutional development projects for which the development and assessment of models is a main feature of the intervention. This could be the case in projects experimenting with such concepts as new models for teacher and management training, and new financing models.

In particular, support to the micro-enterprise and informal sector could include NGO-led instruments or cooperation models in which NGOs play a more prominent role in programming and implementation than they have done previously.

In the field of secondary education, the TVET reform programme, which is funded through EU MEDA II and was expected to commence in June 2005, is a major support effort. It is expected to be an important element in the development of a VET system that meets the needs of the labour market and that leads the way towards increased relevance and quality in the provision of VET.

## **HOW TO CONTACT US**

Further information can be found on the  
ETF website: [www.etf.eu.int](http://www.etf.eu.int)

For any additional information, please contact:

External Communication Unit  
European Training Foundation  
Villa Gualino  
Viale Settimio Severo 65  
I - 10133 Torino  
E: [info@etf.eu.int](mailto:info@etf.eu.int)  
T: +39 011 630 2222  
F: +39 011 630 2200