

# HUMAN CAPITAL DEVELOPMENT IN THE SOUTHERN AND EASTERN MEDITERRANEAN: AN IMPERATIVE FOR VOCATIONAL EDUCATION AND TRAINING

Torino Process 2018–20  
Summary Report

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# SOCIOECONOMIC AND DEMOGRAPHIC CONTEXT

Despite differences in their socioeconomic development, demography, political systems and wealth distribution, the Southern and Eastern Mediterranean (SEMED) countries face the same challenges in terms of sustainable growth, youth employment and demographic transition<sup>1</sup>. Inclusive growth and job creation are at the heart of reforms in all SEMED countries. However, the data suggests that much work still needs to be done to ensure sustainable development and prosperity to tackle inequity and unemployment, especially for women and young people.

In general, SEMED countries are middle-income countries with challenging socioeconomic contexts, characterised by high demographic pressure (a significant share of young people in the total population) and modest economic growth with very high volatility and large regional variations. Global competitiveness, innovation capacity, technological readiness and export diversification remain limited in the region<sup>2</sup>. With regard to trade, the region remains poorly integrated, while individual countries are better and increasingly integrated into the global economy. Another feature of the region is the high and persistent level of informality in the economy.

Despite all the efforts deployed by governments, the labour market in the Arab Mediterranean countries (AMCs<sup>3</sup>) is characterised by low levels of activity and employment rates, especially for young people, limited participation of women, a large and expanding informal sector, a relatively high level of emigration in general and of educated persons in particular (brain drain), and an influx of refugees and foreign workers (mainly, though not exclusively, in Lebanon and Jordan). This situation (inactivity, unemployment, migration and the informal sector) increases the risk of human capital depletion. While this risk covers all AMCs, its level varies among countries and population groups: young people, women and rural populations are the most exposed.

It is expected that the Covid-19 pandemic will exacerbate the socioeconomic challenges, putting even more pressure on those countries already suffering economic crisis and political turmoil. However, this crisis is also an opportunity for innovation, both in the economy and in education and training systems, in particular through the use of digital technology. Annex 1 of the report illustrates the research that has been conducted jointly by the ETF and the Euro-Mediterranean Economists Association (EMEA) regarding the impact of Covid-19 on the education systems and policies in the AMCs.

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<sup>1</sup> This is not the case for Israel, where the socioeconomic context is quite different and is characterised by high economic development, higher employment rates and lower unemployment among young people and women.

<sup>2</sup> See the Introduction to this report for further details of the situation in Israel

<sup>3</sup> The term 'AMCs' has been introduced in this report to acknowledge the unique situation of Israel in the SEMED region, in terms of both socioeconomic development and educational characteristics (see also note on Israel at the beginning of Chapter 2).

# HUMAN CAPITAL CHALLENGES

Analysis of available data and the national reports from the fifth round of the Torino Process (2018–2020) suggest that human capital is the region’s main asset but, at the same time, that it is subject to many challenges. There emerge three main clusters of human capital development and utilisation issues to be addressed as a matter of urgency.

Underutilisation of human capital hampering growth and job creation	Social exclusion and gender gap, a substantial loss of human capital potential for socioeconomic prosperity	Insufficient preparedness to anticipate and address the future skills demands
<ul style="list-style-type: none"><li>• High level of inactivity and unemployment for young people and women</li><li>• Negative incidence of horizontal and vertical mismatch</li><li>• Negative stock of net migration</li></ul>	<ul style="list-style-type: none"><li>• Wide gender gap and large number of NEETs</li><li>• Long spells of joblessness</li><li>• Low level of participation in adult learning</li><li>• High level of informality</li><li>• Covid-19 crisis expected to exacerbate inequity</li></ul>	<ul style="list-style-type: none"><li>• Limited involvement of the private sector in skills anticipation and development</li><li>• Education and training systems not sufficiently flexible and responsive to labour market requests</li><li>• Lack of data and monitoring and evaluation systems</li></ul>

Note: NEETs – young people not in employment, education or training

The improved education level of the population (in particular of young women) has not translated into better labour market outcomes in all countries, with Israel as an exception. Skills gaps and mismatches are recognised as major challenges by policy makers, practitioners and social partners in the region. As in other parts of the world, these gaps are occurring in dynamic social and economic contexts emerging from restructuring processes, changing trade patterns, technological transformation and demographic change. Skills gaps and mismatches are also linked to a number of negative social aspects in the region, such as informality, long-term unemployment and inactivity.

Despite attempts to make labour markets and societies more inclusive, wide disparities both among and within countries in the region are still very prominent and cast a shadow on sustained HCD. Countries score quite low for HCD, have very high levels of gender inequality, and often face increasing differences within their own territories (urban vs. rural).

In addition to the unfair distribution of limited resources and the political instability, several other factors can explain this precarious situation, including:

- low levels and low quality of job creation;
- difficult transition from school to work owing to insufficient support and lack of private sector involvement in policy design;
- informality, poor working conditions and low wage levels;
- gender inequality in the labour market;
- low capacity and effectiveness of education and training systems to provide relevant skills to current and future labour market needs.

Skills systems in the region reveal significant shortcomings in terms of effectiveness and efficiency through not being sufficiently flexible, responsive and anchored in the professional environment. Although education and training systems in the SEMED region have substantially improved their outcomes in terms of access, geographical coverage and closing the gender gap, as well as relevance

to employment and career development prospects, more remains to be done to respond to the rapid transformations.

While education and training is often declared as a priority sector, related resources do not always support this prioritisation. All the SEMED countries declare education to be vital for their development, and VET is often considered an alternative to academic tracks and a way to achieve job creation, increased employability, reduced dropouts and better social inclusion. However, the weak financial resources and institutional capacities of VET authorities and public employment services (PESs) to lead structural reforms make it difficult to reduce the skills mismatches and gaps, and to anticipate and respond to labour market needs. Financing of VET remains centralised, government-led and not sufficiently diverse to accompany the ambitions of skills agendas, policies and action plans. The lack of costing systems, which leads to reliance on incremental expenditure planning (based on previous years), is another issue that constrains performance and innovation in skills development. The data on expenditure on education, especially the VET sub-sector, is very limited in AMCs, and this limits the analysis of this important aspect.

In fact, there is a general lack of data, relevant monitoring and evaluation systems and national labour market information systems (LMISs) to accompany the pace of constant socioeconomic change. The education and training systems have a key role to play in ensuring that opportunities are provided for all individuals to continually develop their skills within a lifelong learning perspective, thus enabling them to adapt to rapidly changing labour market requirements.

## POLICY RESPONSES

Since the last Torino Process round in 2016, the SEMED countries have undergone significant political, socioeconomic and demographic changes in the aftermath of the so-called Arab Spring. Recent developments continue to place human capital and, in particular, education and training at the heart of the policy agendas to address both social and economic challenges. As in the rest of the world, the Covid-19 crisis, which began in 2020, added new challenges and created the need for new policy responses, while the implementation of structural reforms is likely to become increasingly difficult. Nevertheless, signs of progress made by the countries over the past four years are visible in most of the areas addressed in this analysis.

**On partnerships with the private sector for skills anticipation and development**, countries in the region have continued to build up their education, skills and labour market information systems in order to better respond to labour market needs. The private sector is increasingly involved in these efforts. More attention is gradually being paid to economic diversification and small and medium-sized enterprise (SME) development as core pillars for socioeconomic prosperity and areas in which skills are increasingly recognised as a key driver. Regarding the involvement of the private sector in the governance of education and training, there is good progress in all countries, with a gap between the Maghreb and Mashrek countries. All SEMED countries are increasingly involving the private sector in policy design and review, albeit at different levels and at different speeds. However, they often rely on short-term trends in demand and supply when planning education and training. There is a need to raise awareness about changing skills demands, identify pointers of change and stimulate a discussion among policy makers and practitioners, including the private sector, on the future of work and skills with a view to adapting education and training provision accordingly.

**On modernisation and diversification of VET provision**, SEMED countries have increased efforts to reform and modernise their VET systems to support economic development and social prosperity, and to better meet labour market needs. This includes learning methodologies to enhance competence-based approaches and work-based learning (WBL) to ease the transition to work, as well as teachers' continuing professional development (CPD). The ongoing health crisis has accelerated the need to reform curricula and introduce key competences such as digital and entrepreneurial skills. Quality assurance (QA), national qualifications frameworks (NQFs) and recognition of prior learning are also high on the agendas of most countries, but implementation remains challenging.

**On inclusiveness and accessibility of skills for all**, SEMED countries are giving more attention to boosting inclusive growth and job creation, as well as making VET programmes more accessible to vulnerable groups (people with disabilities, low-qualified individuals, migrants, those in disadvantaged groups due to their geographical location and/or economic situation). Related policies aim to develop adult learning within a lifelong learning perspective to increase employability, prevent early leaving from education and training and support school-to-work and work-to-work transitions.

The EU and other donors are very active in the SEMED region and support partner countries at bilateral and multilateral levels to reinforce the policy responses. A new Agenda for the Mediterranean has been published during the writing of this report. The policy directions translate into five policy areas of cooperation: (1) human development, good governance and the rule of law; (2) strengthening resilience, building prosperity and seizing the digital transition; (3) peace and security; (4) migration and mobility; and (5) green transition: climate resilience, energy and environment. Skills anticipation and development, including upskilling and reskilling, are highlighted as key for the five policy areas as well as for increasing youth employability in general. Chapter 5 provides more details on the contribution and support of the EU and other donors.

## PRIORITIES FOR ACTION (PFA)

The findings and recommendations of the ETF Torino Process regional report provide elements to inform policy dialogue and future regional initiatives within the SEMED area. The findings of this report will also feed into the current dialogue, led by the Union for the Mediterranean (UfM) and the European Commission, on monitoring the progress of the 2019 Ministerial Declaration on Employment and Labour, which underlines a range of issues, including the importance of reforming education and training systems in a way that responds to the challenges presented by ensuring employment, employability and decent work<sup>4</sup>. The report's outcomes will contribute to the monitoring and evaluation framework intended to be developed as a concrete output of the declaration<sup>5</sup>.

The skills development systems in the SEMED region need to undergo a true paradigm shift towards lifelong learning systems that can offer flexible, individualised pathways for each learner, combining formal and informal learning, hard and soft skills, and ease of access to education and training

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<sup>4</sup> For the importance of investment in education, higher education and training systems, including VET, as well as lifelong reskilling and upskilling of workers to prepare them for constant changes in the world of work, see UfM (2019, p. 4).

<sup>5</sup> The labour ministers asked the UfM Secretariat to coordinate, with contributions from volunteering countries, the setting up of a framework for national monitoring processes, notably by organising meetings, providing relevant information, contact making and networking, and cooperating with countries' stakeholders and international organisations. The ministers invited the European Commission and the relevant EU agencies, in particular the ETF, to provide relevant expertise for this work. See UfM (2019).

opportunities through life. This transformation must be capable of delivering new and better skills for sustainable competitiveness, social fairness and resilience in the face of regional and global crises<sup>6</sup>. This is obviously a complex task as it tackles all aspects of education and training systems, ranging from teaching and learning practices, organisation of provision and ensuring the visibility of the skills that people develop through their lives, to new cooperation modalities among different actors, reviewing the division of responsibilities and ensuring adequate resources through a multilevel governance approach.

A system change of that kind requires a systemic approach to reform and a sustained effort to manage a non-linear transformation process, addressing resistance to change, absorbing external shocks to stay on course and accommodating socioeconomic needs. Furthermore, the Covid-19 crisis has created new challenges and a renewed sense of urgency for education and training systems to move faster in their transformation processes, by tapping into the potential of digital technologies, building on innovative practices and promoting collaborative solutions, including with the private sector, to avoid disruption.

While the ETF believes that these recommendations are relevant and common to most SEMED countries, their level of importance and priority obviously remain different, according to the specific context of each country.

## **PfA 1. Build strong skills partnerships, a must for socioeconomic prosperity and agile and resilient systems**

As discussed in this report, the issue of youth unemployment is a major concern for all authorities in the region. The main drivers of this human capital challenge are numerous and include insufficient job creation, skills mismatch and labour market rigidities, but also poor job quality, barriers when searching for employment, high regional disparities, and insufficient involvement of the private sector and civil society in the policy cycle.

Furthermore, new technologies, new business models, digitalisation, demographic change, climate change and the economic crisis call for fast and flexible responses from VET systems. An agile and resilient skills development system is able to adjust to disruptions and to turn threats into opportunities, thus enabling innovation, productivity and resilience of economies and societies at local, national and regional level. Skills development should be a shared task among different actors, notably social partners, training providers, public authorities, researchers, public and private employment services, chambers of commerce and other intermediary bodies, and sectoral organisations. Acting in partnership provides opportunities for improving the relevance of skills and efficiency in skills development processes, notably in terms of employability. Effective partnership between public and private actors at all levels, with a renewed consideration of social dialogue that pays more attention to skills, is the only way to establish efficient skills anticipation and development systems that promote socioeconomic prosperity.

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<sup>6</sup> European Skills Agenda for sustainable competitiveness, social fairness, and resilience (2020).



## PfA 1.1 Foster the establishment of a multilevel and multistakeholder governance ecosystem at national, sectoral and local levels

As discussed in Chapter 3, it is largely recognised, albeit to different degrees, that the challenge of centralised and government-led governance is one of the main factors hampering the effectiveness of education and training systems in the region. This issue covers the national, sectoral and local levels and has a negative impact on VET's effectiveness and its attractiveness to learners and employers. This priority for action proposes a comprehensive and coherent approach to addressing this urgent issue by fostering a conducive environment for a multilevel and multistakeholder governance ecosystem that can steer skills development to respond efficiently to real socioeconomic needs.

**At national level**, the central authorities in charge of skills development should consider the social partners as full actors in the policy cycle and not as hosts to be consulted casually on specific issues. While in some countries tripartite partnerships are formalised at national level, albeit that these are often problematic and not fully operational (Morocco, Algeria, Tunisia), in most of the other countries this type of partnership remains an ambition rather than a reality. The social partners need to unite and be better organised to be effective in influencing policy and legislation. They need to have the means (staff, resources and skills) to advocate their positions. These positions should be supported by relevant data and facts, especially on labour market and skills needs. Social dialogue and sound bipartite relations between representatives of employers and employees enhance the possibility of achieving a consensus on national development goals and the means to achieve them. These partnerships, in whatever form, should ensure and guarantee the strategic orientations and related legislation and financing, as well as their implementation and monitoring. They will also ensure the development of clear mandates for the various stakeholders and the encouragement of shared and devoted responsibilities and accountability with other institutions beyond education and training bodies (ministries, social partners, chambers, sectoral associations, CSOs, etc.).

**At sectoral level**, there is a real need to set up skills councils in strategic sectors in the SEMED region. SSCs are an effective way to involve employers directly in policy design and enable them to play a role in influencing policy. Where there are issues of skills identification and/or skills intelligence and data collection, which is the case in most countries in the region, this may be a way for the private sector to engage in skills planning and policy dialogue. SSCs need to be progressively established as independent employer-led organisations in the priority sectors of the economy. In addition to their role in skills anticipation, reducing skills gaps and shortages, developing and managing apprenticeship standards, etc., the SSCs will seek to build a skills system that is driven by employer demand. Sectoral partnerships should be open to all relevant stakeholders to enable them to pool expertise and resources towards concrete actions that will enable individuals to keep, change and find new jobs. The members of the partnership should share and exchange knowledge to ensure the quality of the training offer, including the quality of teachers and trainers and of the training programmes.

**At regional and local level**, the reinforcement of schools' autonomy and their integration into their environment is becoming urgent in terms of responding to diverse challenges and changes. Without local partnerships with the private sector and a certain level of human and financial autonomy for schools, it will be difficult to ensure agility and resilience in times of crisis and to guarantee the relevance and effectiveness of VET provision. The concept of vocational excellence in selected VET centres that are strategic for their thematic or geographical areas could be a starting point. This new generation of centres – which have a more comprehensive and inclusive conceptualisation of skills provision addressing innovation, digitalisation, equity, career guidance, transversal skills,

organisational and continuing professional learning, lifelong learning courses, etc. – should have a shared governance setting that allows greater management and financial autonomy. These good practices would then be progressively extended thematically and geographically. A second phase would be the setting up of consolidated school networks to optimise teaching and learning resources and increase efficiency. These national networks could open their cooperation relationships to other regional and international schools' networks to foster peer learning and future development<sup>7</sup>.

## PfA 1.2 Diversify and sustain the financial mechanisms of VET to address the various needs and ensure budget sustainability

As discussed in Chapter 3, in most countries VET system financing is ensured mainly through the state budget. Shared governance to address policy priorities should also cover VET financing and the diversification of its sources. The ETF recommends initiating this reform through a review of the current budget formation and allocation and its efficiency in covering different needs and providing the right skills. This should lead to the following.

- **Develop a costing methodology** to ensure accurate and sustainable budget planning and execution. Simulating the financial implications of policy options allows checks to be made that choices are realistic and sustainable over time. It is important that the skills strategies include estimations of the costs in relation to the outcomes and to the activities to be planned. This will give better predictability in terms of the resources needed over the implementation period. Using the cost variable as a decision factor presupposes the availability of data, not only on financial issues but on the VET system as a whole.
- **Diversify the sources of funding** and increase the share of non-state resources for implementing the skills and labour market strategies and concretely engaging the private sector.
- **The diversification of financing sources** assumes an economically fair cost–benefit approach, making those who benefit from public policies also contribute to them. This contribution, or funding formula and conditions, could take many forms, such as a training levy and related incentives, income generation by schools, tuition fees, etc. In the SEMED context, one concrete and quick win–win way to increase VET resources could be the extension of WBL. This extension could cover, in its first stage, the priority occupations needed for national economic development and job creation.
- **Move towards more performance-oriented approaches** for resource allocation. Currently, in most countries, resources are determined by a simple percentage increase (or decrease) on the previous year's budget (historical incremental approach), which does not take into account the performance of providers or the achievement of VET policy objectives. Policy makers should consider establishing basic criteria for the allocation of funds based on performance and policy priorities (i.e. enrolments, graduations, placements, continuing training, WBL, social inclusion, etc.). The policy planning should take into account the various sources of funds, both public and private (including VET private providers and donor contributions), in order to bridge the current gap between strategies and actual achievements, ensure more visibility and transparency, and make the policy more credible.

Finally, it is important to highlight again the key role of the private sector, which should be given a greater role in the design, implementation and monitoring of national policy to guarantee good governance and accountable, democratic processes. Tripartite and bipartite bodies and social

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<sup>7</sup> [www.etf.europa.eu/en/projects-activities/projects/network-excellence](http://www.etf.europa.eu/en/projects-activities/projects/network-excellence)

dialogue should also include skills development in the policy agendas as a win–win area of collaboration. The private sector could play a more prominent role in improving employability and reducing skills gaps and skills mismatches if fully involved in the policy.

## **PfA 2. Establish a lifelong learning culture and reinforce adult education to ensure economic growth, social inclusion and digital/green transition**

Technological transformation in general, and digital and green transition in particular, call for more agile and responsive skills systems that initial and formal education and training systems alone cannot always ensure. Individuals need support to upskill and to update their skills in a permanent manner. The Sustainable Development Goals, especially Goal 4 (quality education), which puts the focus on ensuring quality, equitable and inclusive education for all, takes a lifelong learning approach from early childhood to higher education and from general education to VET. It also emphasises the need to substantially increase the number of young people and adults who have relevant skills, including technical and vocational skills, for employment and decent jobs.

Lifelong learning entails enabling individuals to master a wide range of skills and competences and navigate through the education and training system, using state-of-the-art technologies and learning tools across the boundaries of education and training institutions. Continuing vocational education and training (CVET) should thus move to a systemic approach to adapting to technological shifts during the whole working life. Establishing a new lifelong learning culture and providing quality, accessible, inclusive, relevant and sustainable lifelong learning systems is a responsibility of all stakeholders – social partners, VET providers and learners.

Adult learning, as understood in the EU, covers the entire range of formal, non-formal and informal learning activities – both general and vocational – undertaken by adults after leaving initial education. Adult learning brings considerable benefits for learners themselves, for employers and for the wider community. Furthermore, adult learning contributes to all policy areas (e.g. economy, innovation, democratic values and social inclusion), as all depend to some degree on the skills of people.

Initial vocational education and training (IVET) and CVET offers should be better interlinked, compatible and based on skills intelligence, in close cooperation with the private sector (see PfA 1). The new lifelong learning culture implies that individuals benefit from career guidance and gain key competences to actively handle their education, training and employment phases, with the support and increased responsibility of all stakeholders. The lifelong learning culture relies on demand-driven and practice-oriented VET policies and frameworks. This new culture also implies that WBL and on-the-job learning are given prominence in CVET strategies: learners and companies should be aware of their needs and develop learning-conducive work environments to grasp their full potentials. Moreover, in SEMED countries it is also important to ensure effective access to training for all, including, for example, training privileges, funds and other measures that are in line with national circumstances.

Promoting a culture of lifelong learning calls for more awareness on the part of employers and workers on the value and benefits of upskilling and reskilling, the availability of guidance and career development support, the development of appropriate financial resources, and the existence of regular monitoring and quality assessment. Special attention should be given to upskilling and reskilling disadvantaged groups, including older workers and adults struggling with basic skills. Support for management and staff to learn and to overcome barriers – such as lack of time, funds or information on upskilling or reskilling opportunities – together with financial and non-financial incentives and

support (e.g. tools, services and funding) are available to SMEs to create and sustain a learning culture in the organisation for both management and staff<sup>8</sup>.

Building a lifelong learning vision suggests an analysis of the main issues that inhibit lifelong learning and a description of what is needed to transform them into opportunities. Looking to the future, the recent UNESCO report (UIL, 2020) sets out 10 key messages for creating a culture of lifelong learning:

- recognise the holistic character of lifelong learning;
- promote transdisciplinary research and intersectoral collaboration for lifelong learning;
- place vulnerable groups at the core of the lifelong learning agenda;
- establish lifelong learning as a common good;
- ensure greater and equitable access to learning technology;
- transform schools and universities into lifelong learning institutions;
- recognise and promote the collective dimension of learning;
- encourage and support local lifelong learning initiatives, including learning cities;
- re-engineer and revitalise workplace learning;
- recognise lifelong learning as a human right.

### **PfA 3. Skills provision should ease labour market transition, support job creation and reinforce inclusion**

The issues of education, training and employment are nowadays considered to be part of a single process, the school-to-work transition, typically defined as the period between the end of compulsory schooling and the attainment of full-time, stable employment. As highlighted in Chapter 3, this transition is often painful and long for graduates in the SEMED region owing to gaps between education and training supply and labour market needs and the lack of appropriate support and effective labour market measures. However, VET programmes can be effective in ensuring a smooth and successful transition to the labour market. In nearly all countries for which there is data available, employment rates tend to be higher among young adults who graduated from VET than among those who pursued an upper secondary general programme as their highest level of educational attainment.

According to the study 'Changing needs for skills development as a result of Covid-19' (UNIDO-ETF-2020), Covid-19 is pushing companies to explore future skills needs. Respondents identified and clearly expressed the need for a workforce with different skills in order to cope with the challenges of Covid-19. In all, 41.6% of companies stated that they expect to need different skills to cope with the Covid-19 challenges and, of these, 60% also expect changes to their production processes or the delivery of their main business. The emphasis placed on the need for new skills is also significantly linked to expectations that staff will have to be laid off. This result confirms that skills are seen by companies as a major factor in resilience and change management. Meanwhile, the ETF's Key indicators on education, skills and employment (ETF, 2020b) confirms that the school-to-work transition remains problematic in most SEMED countries and that these difficult transitions are among the main factors behind the large number of NEETs and the persistent unemployment in the region.

To ease the transition from school to work and also from work to work, the ETF recommends, in addition to the expansion and adaptation of active labour market policies and programmes, the

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<sup>8</sup> Pact for skills, EU-2020.

reinforcement of career guidance services, WBL and digital skills as well as adult education that further supports professional mobility and transition throughout an individual's whole life (as mentioned in PfA 2).

### **PfA 3.1 Create the conditions for a lifelong career guidance system**

Developing appropriate career guidance and counselling systems for all levels and types of education, including in curricula, education and training centres and PESs, is a key factor in helping young people to choose their studies and career paths in rapidly changing labour markets and socioeconomic environments. In increasingly uncertain times, educational, training and employment choices are no longer made once in a lifetime. Individuals face several critical transitions over the course of their lives, and these are becoming more frequent, disruptive and complex, and less predictable.

The role of PESs, public and private education and training providers, and the private sector and civil society should be reinforced and improved in relation to career guidance and counselling to ensure that a lifelong orientation starts at an early stage and includes adults. This should also increase the size, quality and attractiveness of VET, with a view to achieving an easier transition from school to labour market

There is a need for a review, an expansion and better coordination of career guidance services in SEMED countries. This should aim to progressively develop a national lifelong guidance system, including adult support services, with a particular focus on gender-specific issues in order to facilitate women's entry into the labour market, as well as entry for refugees, migrants and other vulnerable groups. More concretely, there is a strong recommendation to strengthen the role of guidance in the school curriculum ('career education') prior to and within VET; to further foster the transition from VET school to work as opposed to higher education, where the demand is generally higher; and to give students more opportunities to learn about and explore the world of work and different occupations before choosing VET fields or branches.

Finally, special career guidance services should also be developed for migrants and refugees. This would increase the benefits and migration outcomes for all parties – sending countries, receiving countries and individuals.

### **PfA 3.2 Regulate and extend WBL for more effective and faster transition**

Many countries are witnessing a shift from supply-driven to demand-driven approaches. The demand-driven approach in vocational training is often explored at the macro level and is associated with the perspectives of employers and labour markets. WBL is the most appropriate way not only to increase the employability of graduates but also to enhance the necessary partnership with the private sector and make it concrete. Well-developed WBL will also solve the permanent challenges of outdated equipment, optimise the use of infrastructure and substantially support VET public financing, as part of the training is hosted by companies.

The initiatives developed so far in SEMED countries, such as the dual-system programme and apprenticeship initiatives, need to be jointly reviewed with employers' associations and chambers of commerce in order to better adapt them to the need of enterprises, which are mainly SMEs. The same goes for the related legislation, which should aim to further enlarge, foster and institutionalise WBL and make it more flexible and adapted to the needs of enterprises in general, and to SMEs in

particular. However, the absorption capacity of companies (together with their size and potential for growth) should be taken into account in the planning of such programmes.

Traineeships, which have been developed in all SEMED countries, and other forms of WBL need to be structured and organised. This includes the selection of appropriate companies, their number, distribution and preparation of students, as well as follow-up by teachers.

In addition, the development of WBL implies the reinforcement of capacity and the establishment of clear roles for school management and teachers to promote and implement this mode of training. Greater autonomy for schools would certainly facilitate and optimise this process.

### **PfA 3.3 Key competences notably on digitalisation and entrepreneurial learning**

People increasingly need flexible training to meet the changing skills demands resulting from rapid changes in societies that are undergoing environmental, technological and social transformations. According to the UNIDO-ETF study 2020, the health crisis has not changed the perception of what core skills are needed, but has strengthened the trend towards digitalisation. The skills that companies identify they need in the future are no different from those they required before Covid-19. ICT skills and their application, in particular in e-commerce and marketing, and also transversal skills such as design thinking, creativity, analytical capabilities and multitasking, remain the greatest concerns for companies looking towards the future. The survey confirms that companies now see these skills as more necessary than ever for their future work.

These skills are very much needed by enterprises, by individuals for their personal and professional development and by society in general. The VET authorities might gain inspiration from the European Key Competences for Lifelong Learning Framework. Translating key competences into learning outcomes is a major step that will guide day-to-day teaching and learning and pre-define assessment. Countries should ensure that these learning outcomes are consistently specified across curricula. Teachers obviously have a role to play, notably in the identification of opportunities for learners to develop their specific key competences.

In the SEMED region, the initial focus should be on entrepreneurship and digitalisation as per the urgent needs for economic growth and competitiveness and for responding to the implications of Covid-19. The European Entrepreneurship Competence Framework (EntreComp) can be regarded as an example and a support for the work, as it is a ready-to-use framework incorporating universal concepts that fit different contexts.

The same can be said for digital skills, where the impact of Covid-19 has accelerated the need for various online learning opportunities, while the related economic demand has become urgent. As with entrepreneurship, the EU has developed reference frameworks for citizens, educators and organisations (DigComp including DigComp Into Action, DigCompEdu, DigCompOrg), as well as a self-assessment tool for schools (SELFIE) for self-reflection of teachers' digital competences (currently being piloted by the ETF in partnership with the Education Reform Initiative of South Eastern Europe) and Digital Education Action Plan. These are inspiring resources for practitioners and policy makers, with examples of concrete learning outcomes and progression levels and the development of a digital education action plan. Strengthening international cooperation on digital education is an integral part of the EU's role as a global partner on education.

SEMED countries should promote the exchange of best practice and peer-learning activities on innovative policy reforms for VET excellence, including on entrepreneurship and digitalisation challenges and the linkage of IVET and CVET qualification offers as attractive career pathways.

## PfA 4. Data for better skills anticipation and matching, and monitoring labour market outcomes

Policy makers, employers, workers, providers of education and training, and students all need timely and accurate information about the demand for skills on the labour market and how this relates to the skills supply. Given the speed at which labour markets are changing, the identification of skills needs has become even more key for addressing the skills mismatch, the skills gaps and the substantial levels of unemployment and underemployment in all SEMED countries, regardless of their level of economic development.

To develop adequate education and training programmes, there is a need to better monitor the labour market to identify current and future skills needs. In addition to the aforementioned skills needs analysis mechanisms at national, sectoral and local level, it is important to have transparent data collection instruments (labour force surveys, PES registers, education and training statistics, active labour market measures, tracer studies, etc.) and analyses of relevant labour market trends.

However, the traditional quantitative and qualitative approaches to skills anticipation and matching are often not sufficiently precise, or require a great deal of time and resources. The increasing use of the internet for publishing job vacancies offers an incredibly rich source of data. It allows access in real time to information on current skills demand, captured through job descriptions. As the information is already there, its use is also efficient in terms of cost. However, the data from this source lacks structure, suffers from duplications and a lack of representativeness, needs cleaning and quality checking, and is subject to many other potential problems, including data privacy issues that stand in the way of its effective use (ILO, 2020). An additional limitation in SEMED countries is the limited reach of online vacancies owing to poor connectivity and the large share of informal jobs. Nevertheless, online job vacancies and other types of big data analytics have great potential to contribute to a better understanding of labour markets, especially if complemented by more traditional sources of information (ILO, 2020).

The SEMED countries need to create the conditions for a sound and well-articulated LMIS, which does not currently exist in the region. LMISs encompass all the institutional provisions, procedures and mechanisms set up to coordinate the collection, processing, storage, recovery and circulation of labour market information. As there is no general blueprint for a single and effective LMIS, a first step would be to define the aim, scope (education, employment, economy, etc.) and level (national, regional, sectoral) of the analysis that is most needed. The VET system is an important part of an LMIS and should build its own information system. The main purpose of data collection and analysis should be to provide actors with the necessary information to bridge the skills gap and mismatches in general, but also to support career guidance services and adapt ALMPs to skills requirements in specific sectors. This requires a substantial reinforcement of capacity building and a high level of cooperation with the private sector, statistical offices, PESs and labour ministries.

Finally, in order to build strong skills partnerships, promote a culture of lifelong learning for all, anticipate skills needs and address discrimination and gender gaps, it is important that strategies include clear objectives and priorities, time-limited targets and benchmarks, staff and budget allocations, institutional coordination arrangements, and mechanisms to integrate private sector and

international cooperation resources. A strong monitoring of economies and labour markets will increase the relevance of education and training systems, thus preventing skills depletion, underutilisation and brain drain, while allowing a regular assessment and review of policies.

## CONCLUSIONS

A number of global forces are currently disrupting past trends, impacting and transforming the global economy and society through processes such as technological and digitalisation transformation, greater global connections (trade, finance, people, data), climate change, and ageing versus rapidly increasing populations. Covid-19 has exacerbated this situation, notably in terms of inequalities in access to income, assets, the internet, public services, education, formal employment, social protection, etc. The SEMED countries present severe structural and systemic vulnerabilities, aggravating the socioeconomic effects of the pandemic. In most of them there are fragile economies, endemic conflicts and political uncertainty. The recent sharp decline in oil prices has placed more pressure on societies from producing countries; furthermore, high debt levels, border closures and trade-restrictive policies are challenging the already precarious state of food security (World Bank, 2020).

Most countries have made unprecedented efforts to deploy resources and adopt crisis dispositions. We are far from comprehending the full magnitude and potential future effects of all these disruptions. They create risks and opportunities for inclusive, innovative, greener societies. Policy makers in the SEMED region need to be aware of these transformations and adapt the policy-making process accordingly, and the skills systems are obviously part of the solution.

This report was completed during the Covid-19 pandemic, which brought a certain degree of uncertainty regarding the future skills reforms to be undertaken by countries. However, the findings of this report are less sensitive to changes over the shorter term, changes which have immediate and direct impact. The pace of change may slow down or accelerate because of the pandemic, but the nature of the necessary change is likely to remain the same.