ETF WORKING DOCUMENT

PRELIMINARY FINDINGS OF THE TORINO PROCESS 2012 IN THE ARAB STATES OF THE MEDITERRANEAN REGION

DRAFT REGIONAL REPORT

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LIST OF ACRONYMS AND ABBREVIATIONS

ETF European Training Foundation
EU European Union
ILO International Labour Organization
ISCED International Standard Classification of Education
MEDA Mediterranean-European Development Agreement
NGO Non-governmental organisation
NQF National qualifications framework
OECD Organisation for Economic Cooperation and Development
SME Small and medium-sized enterprise
UIM Union for the Mediterranean
UNDP United Nations Development Programme
UNESCO United Nations Educational, Scientific and Cultural Organisation
UIS UNESCO Institute for Statistics
USD United States dollars
VET Vocational education and training
WB World Bank
WEF World Economic Forum

Country abbreviations

AMCs Arab Mediterranean countries
Maghreb Algeria, Morocco, Tunisia
Mashreq Egypt, Jordan, Lebanon, Syria, occupied Palestinian territory
DZ Algeria
EG Egypt
JO Jordan
LB Lebanon
LY Libya
MA Morocco
OPT Occupied Palestinian territory
SY Syria
TN Tunisia
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1. INTRODUCTION

The Torino Process is a participatory process leading to an evidence-based analysis of vocational education and training (VET) policies in a given country. In 2010 the European Training Foundation (ETF) launched the first round of the Torino Process, in which 22 of its 29 partner countries participated. In May 2011, the ETF organised a conference entitled “The Torino Process – Learning from Evidence”, which brought together over 250 stakeholders from all ETF partner countries, EU institutions, EU Member States and the international community. In the final Declaration of this conference, conference participants welcomed the Torino Process approach, endorsed the findings from the first exercise and encouraged the ETF to build capacity in evidence-based policy making. In addition, partner countries confirmed their interest in taking part in the next round of the Torino Process, which is being carried out in 2012.

The Torino Process is carried out in order to build consensus on the possible ways forward for VET policy and system development. This includes the determination of the state of the art and vision for VET in each country and an assessment of the progress that countries are making in achieving the desired results. The Torino Process embeds VET within the socio-economic context and ensures that the analysis is informed by relevant evidence and takes place through a structured policy dialogue. The Torino Process brochure includes more specific information about the tools and processes used.

This draft paper identifies the preliminary findings of the 2012 Torino Process in the Arab states of the southern and eastern Mediterranean region (AMCs). The Process is currently being implemented, which explains the preliminary nature of the findings presented in this report. This paper takes as a basis the first draft Torino Process reports prepared by five countries with ETF support (Jordan, Lebanon, Morocco, occupied Palestinian territory and Tunisia) plus intelligence, evidence and information available within the ETF on Algeria, Egypt, Syria and Libya. The report also relies strongly on the main findings and messages from the Third Union for the Mediterranean Regional Employability Review, carried out by the ETF in 2011 and recently published1. In addition, other regional reports produced by the ETF and international organisations or external authors have also been taken into account. The paper therefore describes ‘work in progress’, both in the countries and at the ETF, in the assessment of the situation of VET in the region. The discussions that will be held at the regional conference “New Challenges for Skills Development in the Arab States of the Mediterranean” (Dead Sea, Jordan) and at the High Level Forum for Policy Leaders will influence and inspire the final version of the regional report, that will be published by the ETF in early 2013, prior to the second Torino Process conference to be held in Turin in May 2013.

The Torino Process taking place in 2012 in the AMCs has an additional extraordinary feature: it is the first time that this kind of assessment has been carried about after the Arab Spring, the wave of revolts in 2011 and 2012 that marked a turning point in the history of the Arab region. The report assesses the initial effect of the Arab Spring on developments in the sector. Obviously, in order to measure real impact, a longer amount of time will be needed. The report highlights the main directions for change when applicable, or the way in which the events of the last two years have affected VET in the region.

The abbreviation VET (vocational education and training) is used throughout the report, since this is the term adopted in the EU (and thus adopted for the Torino Process). The concept of VET encompasses both initial and continuing vocational and technical education and training (including primary, secondary and tertiary technical education), but also adult training (in a lifelong learning context) and formal and informal learning. In this broad vision, the role that VET can play in issues such as active citizenship, local development or migration (for instance, in the mobility partnerships) is considered. In the AMCs however, there is no common term to define the sector. Mashreq countries tend to use the UNESCO abbreviation TVET (technical vocational education and training) to cover

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1 The ETF UfM Employability Review includes data for all the AMCs except Libya. This is the case for the statistics provided in the main text and the graphs in Annex 1 to the report.
both the technical education segment (including post-secondary or tertiary technical education) and vocational training. In addition, AMCs do not share a common VET system architecture or institutional framework. This makes regional comparison complex and the search for commonalities more difficult. This is also the reason why references are made to sub-regions (Magreb, Mashrek) to cluster countries that are more similar. However, both the Torino Process and this report build on the added value of regional benchmarking and mutual learning in similar cultural contexts, which can lead to stronger regional cooperation. Its value also has to be seen in the modern global context, in an interdependent world where mobility is a constant feature.

2. THE CONTEXT FOR VET IN THE REGION

The AMCs are highly diverse in terms of population size, geography, stage of development and economic structure. The 2010 Torino Process nonetheless identified a number of common features that shape the context of their respective VET policies: demographic pressure, economic vulnerability and unequal development. Since 2010, some of these factors have remained a reality in the VET context, but the series of new developments taking place in the region during 2011 and 2012 have had a dramatic influence not only on the socio-economic context, but also on citizens’ expectations and policy decisions.

The Arab Spring and the political turbulences

2011 and 2012 are years that will remain in the world’s memory as the Arab Spring, a historical turning point. The wave of revolts led by young people in Tunisia and Egypt in early 2011, ending up with drastic changes in the political regimes and democratic transition in these countries, also touched Algeria, Morocco and Jordan (where they led to pre-emptive reforms) and resulted in violent bloodshed and wars in Libya and Syria. All uprisings however showed that people resent growing inequality, unemployment, corruption and governance systems which have deprived them of a voice and made their leaders unaccountable. People, in particular young people, expect more from their governments. They also expect to be able to participate in decision making processes, to be consulted, represented and involved. If their voice is not heard, the countries risk further instability, particularly in view of the huge demographic pressure that has an impact on internal labour markets, education and training systems and migration across the region and towards other countries, including the European Union. The concern for employment, social equality and job creation has drawn attention back to human capital development policies, of which VET is a key part.

The context for VET has also been influenced, at least in some countries like Egypt, Tunisia and Libya by complex political transition processes, which have also had an influence in delaying the implementation of reforms. At the same time, new stakeholders have emerged, and new implementation arrangements have to be developed as a result in many countries. In most of them, the Arab Spring and the political developments that have ensued mean that the vision and the way of implementing reforms have had to be revised, as illustrated in the following chapters.

Deteriorated economic prospects in the context of a global economic crisis

Across the region, economic growth has fallen in 2011 and 2012. In Egypt, Syria and Tunisia, and, to a lesser extent, Lebanon, this has happened mainly as a result of political instability. Since young people occupied Tahrir Square in Cairo, Egypt’s economy, the region’s largest, has shrunk by 7% and exports have fallen by around 40%, while the value of imports has increased due to higher commodity prices. Food prices have gone up by 21%.

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2 ETF, Bardak, Summary of UfM Regional Employability Review (ETF 2012)
The most dramatic fall was in the number of tourists and tourism revenues in Tunisia and Egypt, with reductions of 36% and 40% respectively. Foreign direct investment fell more than 40% for projects in Egypt, Jordan, Lebanon and Tunisia. The remittances from expatriates decreased due to recession in Europe and the forced return of tens of thousands of Egyptian and Tunisian workers from Libya. Egypt, Morocco and Tunisia, the countries with manufacturing industries whose export markets are in the EU, were hit by the crisis in Europe.

The situation seems more favourable for two countries at present however, Algeria and Morocco (although Lebanon continues to hold the highest GDP per capita in the region). The prospects of Algeria, an energy exporter, depend on the fluctuations of international oil and gas prices, which are currently favourable. Morocco is the only country in the region that weathered the global economic crisis and regional political turbulences well, retaining its pre-crisis growth rates. There has also been an element of internal regional competition for markets, for instance between Morocco and Tunisia, or in sectors like tourism.

Beyond short-term growth, the biggest challenge is that the region’s economies do not create enough jobs, especially for highly skilled workers. Even in the period from 2002 to 2007, high-sustained economic growth brought only weak demand for new labour. What affects job creation is the business environment dominated by micro, small and medium-sized enterprises, and high agricultural employment in some countries. Of the 4.8 million formal enterprises in Algeria, Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia, 98% employ fewer than 50 workers. Despite their potential for job creation, the fact is that these very small, frequently micro family business find it very difficult to operate in this environment and to grow, as illustrated in Chapter 5.

Socio-economic inequality as a threat to development

Following the results of the UNDP’s Human Development Index\(^3\), the World Bank places the region in the middle-income group. However, the countries differ considerably: Jordan, Lebanon and Tunisia are more developed than Morocco, the occupied Palestinian territory and Syria. A comparison between human development and national income levels reflects the fact that economic prosperity is not systematically correlated with human development: Algeria, Egypt, Morocco and Syria have an education gap far below income levels (Figure 1 in Annex 1).

There also are high territorial disparities correlated with rural-urban and manufacturing-agriculture divides. There is on average 20% income difference. In the most extreme case of Morocco, the per capita household consumption in rural areas is only 54% of that of urban areas, and unemployment and activity rates show differences of up to 15 percentage points.

Gauging by education, health, land ownership and political participation, the region is among the most gender-unequal in the world. No country makes it into the top hundred in the 2012 WEF Global Gender Gap report. Women’s education levels have improved substantially, but have not led to higher activity and employment rates. Six countries of the region (Tunisia, Morocco, Lebanon, Jordan, Egypt and Syria) rank among the last ten (out of 135) for the labour force participation of women. More elaboration on this topic can be found in Chapter 3.

Poverty is the reality for large portions of the populations. Depending on whether the poverty line is set at 2 or 3 USD a day, from 45 to 92 million people live below it. Some 30-40% of workers are in so-called vulnerable employment according to the ILO, while the working poor make up 11% across the region. They include unpaid family workers (especially women in rural areas), informal workers, self-employed and subsistence farmers.

Overall, social policy is not comprehensive and lacks an overarching approach to health, education and social protection. It is carried out on ad hoc basis. A charity rather than a set of targeted welfare

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\(^3\) The UNDP’s Human Development Index (HDI) is calculated by using life expectancy at birth, adult literacy rate, gross enrolment ratio and GDP per capita (PPP USD).
measures, it mostly remains segmented and insufficient with income support channelled through food and energy subsidies to all.

Although very good overall results have been achieved in the fight against illiteracy – rates have been halved in 20 years in the Middle East and North Africa (World Bank, 2007), the situation in countries like Morocco (68.9% alphabetisation rate for men in 2009, for women just 43.9%, HCP) or in Egypt (with women’s illiteracy rate at 36.5% in 2010, while for men it was at 19.7% in the same year) continues to be problematic.

Demography, a time bomb that sets the conditions

Some 200 million people inhabit the Arab countries of the Mediterranean region – a higher population than in any of the other ETF cooperation regions – demographic pressure remains high even though most countries have at least initiated demographic transition phases. Populations vary from 4.0 million in the occupied Palestinian territory to 82.5 million in Egypt in 2011. Annual population growth has generally stabilised (with some exceptions), but demographic pressure is nevertheless a critical feature. Some 61% are under 30. Although young populations may be considered a gift for the countries, the reality is that this scenario has knock-on effects on education and training systems and on labour markets, these effects being strongest in the more populated countries. There is great pressure on education systems and labour markets, which have to absorb growing numbers of young people. If demographic issues are neglected, the consequences for the coverage and quality of the education provided and socio-economic stability are serious.

This demographic pressure is also exerted to a dramatic extent in labour markets. If current trends continue, the working-age population will increase from 125 million to 167 million by 2030 (34%) adding another potential 42 million job seekers to the existing ones by 2030. For example, 715,000 new jobseekers enter the labour market in Egypt each year even at current very low activity rates. These numbers could increase if women become active on the labour market. Already today the countries struggle to absorb this mass of youth into labour markets, but also to provide them with housing, education and infrastructure (Figure 2 in Annex 1).

As a consequence, labour emigration intensifies. The emigrants from Maghreb traditionally turn to Europe but face problems of integration due to shortages of formal jobs available in the receiving countries (Spain, Italy, France); the emigrants from Mashreq to other countries of the region (for instance, Egyptians to Jordan) or to the Gulf States; Lebanon typically sends its high-skilled workers to the United States and Canada, where Lebanese networks are well in place and facilitate inclusion. Migrant remittances help reduce poverty and amount to a significant share of GDP in Lebanon (22%) and Jordan (15%). But the emigration of university graduates seems to cause a loss of human capital (especially in Lebanon), shortages of qualified labour in certain sectors (Morocco and Tunisia) and higher reservation wages and so higher labour costs in certain skilled professions.

In Jordan, Lebanon and Syria, there are also immigrants, mainly as a result of the long-standing Palestinian refugee problem and more recently, the arrival of refugees from Iraq. The refugee situation is becoming even more dramatic as the violent situation in Syria deteriorates further. Since the start of violence, 160,000 refugees have entered Jordan. The economic boom of the last decades has also attracted immigrant workers to Jordan and Syria, mainly from Egypt, Indonesia and Bangladesh. Maghreb countries, on the other hand, receive increasing numbers of transit immigrants from sub-Saharan Africa.

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4 Source: United Nations, Department of Economic and Social Affairs, Population Division - Population estimates (Medium variant method).
Key issues in context for VET:

- The Arab Spring has put new demands on governments and encouraged greater expectations in people in countries across the region. The political turbulences have in some cases affected the path of reforms.
- The economies of the region suffer, with some exceptions, from deteriorating conditions. But, even in times of economic growth, the basic problem remains that AMC economies are not able to create sufficient jobs for their growing populations.
- The region is pierced by acute problems of inequality and social policies are not shaped to face them. Gender inequalities, regional disparities and poverty feature high among these.
- The huge demographic pressure on the education systems, but also on labour markets, is a threat for stability and has consequences not only for the AMCs themselves but also for neighbouring regions, like the EU, in particular in terms of migration.

3. THE VET POLICY VISION IN THE REGION

The Arab Spring has put the issue of VET at the top of the policy and political agendas of many countries (Tunisia, Egypt, Jordan and Morocco, among others). This is due to both the perceived links with youth employability and to the attempts to provide an answer to the social aspirations of sectors of society that are currently excluded from the education system. Many governments believe that improving the quality and relevance of VET can provide opportunities to gain relevant skills for the labour market (therefore potentially more people could get jobs, in particular young people), even offering an alternative to higher education (which is a social aspiration in the AMCs but is currently pumping large numbers of unemployed into the system, in particular in certain disciplines), that VET can support enterprise growth and, at the same time fulfil a social function that before the revolutions was not so evident. This could for instance be the answer provided by the changes introduced into the Moroccan constitution to make VET a right for all citizens or by declaring TVET one of three key priorities by the first cabinet immediately after the revolution in Egypt. All this gives VET an opportunity to break the vicious circle of poor image, low quality, low access, but it can also put disproportionate expectations on the VET system.

In practice, in some countries (like Egypt), the impact of the Arab Spring has been that of temporarily "freezing" efforts to establish a TVET strategy, due to political instability. In countries like Egypt and Libya there is now an opportunity for the new governments to set up their own vision and to undertake the necessary work for developing strategies and action plans for their implementation. In other countries, like Jordan and the occupied Palestinian territory, strategies for VET development have been approved in the last two years and action plans for their implementation have also been prepared. In Morocco, the work that began before the Arab Spring on developing a national comprehensive strategy has been continued, although the action plan for its implementation is still under discussion. It has to be pointed out however that all recently approved strategies are mostly based on work and analysis undertaken prior to the Arab Spring and have been adapted only to certain extent to reflect the new demands and conditions. While this is logical, since the analysis of problems existing in the VET systems of the countries had been done before the Arab Spring and naturally most of the challenges remain unchanged, it is also true that it is not possible to say yet that the region has a "new generation of VET strategies" based on the aspirations of the Arab Spring.

Most countries, with some exceptions such as Morocco or Jordan, which have run longer and more comprehensive consultation processes, are still facing the problem of how to reach a "shared strategic vision" for VET. After the revolution, Tunisia launched a broad national consultation on employment and the government foresees something similar for VET. In some countries, there is not sufficient
tradition for including the views of the social partners, or civil society, or the communities of parents, students, and teachers in the vision of VET. Often the “vision” is largely developed by the by the governments themselves, with very limited participation. Even within the governments, and due to the very fragmented institutional framework of the VET systems in many of the AMCs, the vision may not be fully shared among the different ministries and institutions participating in the VET systems. In some countries, the vision may be even broken down into a “strategy for technical education reform”, another “strategy for vocational training” and so on. In countries like Egypt and others, there is often a dichotomist vision about VET: formal technical education on one side and vocational training as a separate issue. In Lebanon, the government approved a national education strategy framework for general education in 2010, which did not include VET. In October 2011 the Ministry of Education and Higher Education presented a multi annual Action Plan for VET but the work to develop a coherent, integrated strategy is only just beginning. The absence of a vision of VET in a lifelong learning perspective in practically all countries of the region is also at the root of this problem.

Basically all the countries show the political will to do something to reform their VET systems, that are openly recognised as ineffective and inefficient. However, one the main challenges is the need for a greater investment, in a time of economic crisis, which particularly affects some AMCs (Egypt, Tunisia and Jordan, among others). It remains to be seen if governments will be ready and in a position to guarantee stronger investment in VET, which is needed for achieving the often very ambitious objectives presented in the various VET strategies. At the same time, the economic constraints indicated that the need to make choices and formulate priorities will be foremost (often the strategy documents in the region are very ambitious and comprehensive documents, without a clear prioritisation of key objectives). Another important element will be the ability to bring synergy between the strategies in VET and those in other connected areas, such as education and employment. Jordan and the occupied Palestinian territory, for instance, have created links between their strategies and their overall national plans; Lebanon’s VET strategy is linked with that on general education. Morocco is attempting to set up a comprehensive national strategy. This shows some of the efforts carried out to try to link up reforms. A greater use of evidence and information in policy decisions could also make a difference, in particular on how to pass from general strategic frameworks to feasible actions plans that can be closely monitored and amended when necessary.

At the same time, governments in the region are often caught up in the dilemma between long-term reforms and the need to show results that can be visible in the short-term. This leads to situations in which ad hoc short term “crash” programmes are being set up and financed. These are not necessarily consistent or articulated in an explicit manner with overall national reforms and also contributes to fragmentation.

Furthermore, the region has for many years hosted a community of international donors (including the EU) that is relatively large compared to that in other regions and many of them have been active for a long time in the VET sector. This has traditionally represented a huge opportunity, as external funding of social sectors alleviates budget constraints. The role of international donors has been very important in the analysis of the challenges and potential solutions, as well as and in the production of strategies and action plans. However, this also has led to shortcomings, in particular in terms of national ownership, strong leadership, coordination capacity and mainstreaming of the numerous pilots, and enabling and ensuring a consistent, long-term national policy path.

At the same time, the multiplicity of projects and programmes has often led to a variety of models being implemented at pilot level, but difficult to mainstream into the system. Many old and new donors are currently launching new interventions in the majority of the AMCs. The need for strong coordination and joint efforts, preferably led by the countries themselves, is now more important than ever before. Some countries have taken measures, such as setting up donor coordination offices even within the sectoral ministries, but it is still early to estimate the degree of success of these developments.
The greatest challenges in term of vision are participation (mentioned above), the move from strategy to implementation and the capacity to develop comprehensive holistic strategies. The region is characterised by a very slow pace of progress in the implementation of reforms and in the evidence gathered by 2012 Torino Process there are not yet sufficient elements to state that this approach has substantially changed. In some cases, strategies are over ambitious; in others, they do not have a clear basis on empirical evidence or they lack an effective action plan for their implementation. The path of countries like Jordan, the occupied Palestinian territory and Lebanon, where they have tried to develop all these elements will have to be closely followed up. Most countries lack important tools for the tracking down, monitoring, assessment and evaluation of the progress of the strategy implementation and the tools for taking corrective measures when applicable.

One of the key questions, illustrated by the Torino Process, is the need to find a complex but indispensable balance between bottom up and top down measures in the implementation of the VET vision in the AMCs. As stated above, there are examples where too many pilots may lead to no clarity in the national view (Egypt being a case in point). In parallel, there are other countries (like Jordan), where all the elements (strategy, action plan, institutional setting) have been put in place but still the move into implementation is not functioning in a smooth way. With decentralisation processes underway (see Chapter 5), it will be necessary to proceed in parallel with overall strategies and local initiatives that can reinforce capacities and contribute to the concrete testing and implementation of measures.

The vision for VET is in all the countries deeply linked to governance models (see Chapter 5). In some countries, like Egypt, the extreme fragmentation of the institutional framework for VET (more than 20 institutions involved) and the lack of a natural leader to monitor the implementation of the reforms, the issue of vision will have to be discussed by the new government in close association with the issue of governance (and indeed these are the recent indications about the VET debate in Egypt, with discussions about the setting up of a national TVET agency). The vision for VET reform and the institutional environment in which it has to be implemented cannot be separated.

**Key issues on vision:**

- The Arab Spring has put VET in a new priority position, adding the social dimension and the focus on youth employability to the other more traditional economic considerations.

- In many countries, VET strategies and action plans for their implementation have been developed and approved in the last two years. Most of these strategies are based on analysis previous to the Arab Spring and have undergone some adaptations.

- There is a new, stronger need to guarantee participation (“a shared view”) in the design and implementation of the VET vision in the region. There are not yet enough mechanisms in place in most countries to guarantee this. There is a close link with governance issues in this respect.

- Strong synergy and coordination with other reforms is already indispensable in times of economic difficulties. Overall in the region, higher investment in VET is needed, but priorities have to be set in view of the situation of national budgets in many countries. Synergy with education, employment and even economic reforms is crucial for VET to be able to play its role properly.

- The influential international donor community in the region has given and still intends to give strong input and support to the process. However, mechanisms for coordination and for prioritising the national ownership are now more necessary than ever before.

- The slow implementation path of reforms in the region is still a reality. To overcome this, a combination of top down and bottom up actions, involving practitioners will be needed.
4. HOW DOES VET RESPOND TO CHALLENGES OF ECONOMIC AND SOCIAL DEVELOPMENT IN THE AMCS?

The labour market context: high segmentation, inequality and limited innovation

As mentioned above, the biggest challenge for the region’s economies is that they do not create enough jobs, especially for highly skilled workers. What affects job creation is the business environment dominated by micro, small and medium-sized enterprises (SMEs), and high agricultural employment in some countries. These small companies (often micro family businesses) find it difficult to grow because they cannot finance their operations or investments, hire or invest in qualified human resources or obtain technical support services. SMEs contribute to 30-50% of economic output and create 60–70% of jobs. However, most of these jobs are in the informal sector; they require low skills, are low-paid and sometimes attract overqualified workers who do not find jobs in the formal sector. Micro enterprises with low productivity are usually quickly out of business, and most SMEs never grow enough to create more and better jobs. SMEs have the potential for job creation but, doing business in the region (except in Tunisia), is very difficult (as the World Bank’s “Ease of Doing Business Index” shows). Furthermore, the sectors with the highest job potential over the short-term - agriculture, construction and tourism - are sensitive to external factors, such as the weather, global economy, political stability - and have low productivity.

The AMCs face a number of equity problems in terms of social and economic gaps between rich and poor, the urban–rural divide and job opportunities for women and young people compared to those for adult males. On the basis of the inequality-adjusted Human Development Index, all the countries are rated as having medium human development scores, apart from Jordan and Tunisia, which rank high in the index (UNDP, 2010). Two issues are particularly worrying:

- the imbalance in job opportunities according to age, reflected in high levels of youth unemployment;
- the gender differential, which has persistent effects on the labour market and explains the low activity rates.

As a matter of fact, the low labour market activity rate in the region (40-50%) and high unemployment (9-19%) lead to an extremely low level of total employment: on average, less than one working-age person in three has a job. The main reason is to be found in the very low female activity rates – less than 25%. Most of them work in agriculture (unskilled workers) or public sector (high-skilled). This situation imposes a major constraint on economic development.

Labour markets are segmented along public, modern private and traditional private (informal) lines and by gender and education. In some countries the state is the main employer accounting for 30%-40% of jobs in Algeria, Egypt, Jordan and Syria nearly 50% in the occupied Palestinian territory. The private sector is dominated by informal employment – usually highly precarious, with long working hours, low incomes, a lack of social protection and no investment in human capital. On average two thirds of workers in the region do not contribute to or benefit from social security. Rates of informality are highest among youth and workers with low education, and informal employment expanded as a consequence of the economic crisis.

By sector, agricultural employment remains predominant in Morocco (40% of total employment of the population aged 15-64 in 2011), and sizable in Egypt (28% of the employed population aged 15+ in 2010), Tunisia (18% of the employed population aged 15+ in 2010) and Syria (13% of the employed population aged 15+ in 2010). This low-productivity sector, with a high proportion of unpaid female

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5 ETF, Bardak, Summary note of the UfM Employability report, ETF 2012
family workers, hides under-employment or unemployment. In other countries service sector jobs dominate (on average 50%), though in low productive sectors like petty trade and commerce. Manufacturing provides very few jobs when construction, mining and utilities are excluded, and is also limited in capacities of absorption.

Self-employment is an important activity, accounting for around 30% of employment. It is also the main driver of job creation in the current economic context. Many people actually want to set up their own business. In Algeria, Lebanon, Morocco and Jordan over 15% of the working-age population started entrepreneurial activities between 2008 and 2011. However, the difficulties mentioned above for SMEs and for “Doing Business” act as a constraint in this respect.

Little effort is made by all countries of the region in research and development activities to support economic development and innovation. According to the World Bank Indicators database, only Morocco and Tunisia have a very limited 1% of their GDP devolved to research and development expenditure. Even though development strategies speak of the shift to a knowledge economy, little effort is made to invest in high skill sectors.

The challenges and the policy answers of VET in the AMCs

Within the context defined above, and in particular now that the demands of both individuals and society have become very explicit through the Arab Spring revolts and movements, VET needs to adapt rapidly in the AMCs in order to provide some answers to these challenges and expectations. In particular, it needs to respond to a number of key issues, which have been clustered in this chapter, illustrated by the findings of the Torino Process.

Policy frameworks for difficult times

According to the preliminary results of the 2012 Torino Process, most countries have launched emergency employment programmes of one kind or another, often with some kind of support from the international donor community. This is the case in Tunisia and Egypt, where these programmes mostly focus on job creation measures, but at the same time try to tackle the issue of skills development for certain sectors as a component of some programmes. In Algeria in February 2011, the government approved a considerable number of measures for promoting employment and fighting unemployment. There is no evidence yet however and in some cases, it is too early to measure the degree of implementation of these programmes and also the success rates and impact that they will eventually have, in particular among young people. Some of these programmes also present difficulties for implementation (in particular when they require close coordination among many different public bodies), or there is insufficient participation from the private sector, which can bring a fresher picture of the real needs of the labour market. In addition, in many cases, they focus on the highly-skilled, leaving aside other more vulnerable groups.

In fewer cases, a specific Employment Strategy has been designed (for instance, in Jordan, with the approval of the National Employment Strategy (NES) in spring 2011, officially launched one year later with a specific action plan, and concrete links to the private sector and the TVET strategy). Some countries, like Egypt, have also been working for some time in the design of a Youth Employment Strategy or a Youth Strategy, such as Algeria. In Tunisia, the 2016 Industrial Strategy identifies key economic sectors for employment which would be addressed by sector specific strategies. In the majority of countries however, there is still an absence of proper, integrated employment strategies, action plans for their implementation and sufficient tools and means for monitoring and evaluating results.

6 These findings are drawn principally from the ETF 2012 Torino Process and ETF 2011 Employability Review
An old problem: lack of relevance of skills

The tradition for VET supply-driven systems in the AMCs is not new and has been frequently analysed. One of the root problems is the shortage of accurate and reliable labour market information, in an environment strongly dominated by SMEs and with an overwhelming presence of the informal sector. As a matter of fact, while some countries have succeeded in identifying priority sectors and thus priority occupations (e.g. Morocco’s ‘six métiers mondiaux’), in general there are limited mechanisms for monitoring the evolution of national economies and, consequently, the evolution of jobs and related skills needs. A better response – in terms of labour force quantity and quality (relevance) – through training was already required before the Arab Spring in order to change the attitudes that have long prevented the VET system from assessing market needs and paying attention to market signals.

Across the region, the labour market and human resource information source fragmentation makes it difficult to establish a more demand-driven system. Although setting up a coherent and integrated labour market information system appears as an explicit priority in the strategies of many countries, and despite the fact that different projects and initiatives focus on this topic (for instance, the observatories in Jordan and Egypt, supported by donors like the World Bank or EU agencies like the ETF), the reality is that there is still much need to improve and develop existing information (in Lebanon for instance the absence of official and updated data constitutes an obstacle for the development of effective policies), to mainstream it and link it to the skills to be delivered by the VET system (the occupied Palestinian territory has set up a labour market information system in the employment offices of the different governorates but it is crucial to establish links with the VET system, which to date has been too rigid), and to establish and increase alternative sources of information (such as tracer studies, surveys in companies, evaluation studies, as proposed in Tunisia). In addition, attention should be paid to the institutions dealing with labour market information and employment; for example in February 2011, Algeria approved a package for employment promotion that includes a number of intermediation institutions, whose coordination and permanent evaluation will be crucial for the package’s success.

The issue of the participation of the private sector, and the initiatives undertaken to improve quality (analysed below), are closely linked to the question as to how to provide relevant skills to the labour market.

The top priority and the most urgent: how to contribute to youth and female employability

In 2010 only one in three young people were in the labour market – either employed or unemployed – while world’s average is 50% according to the ILO. Another third of young people is estimated to be in school, while the remainder is neither in education or training nor in the labour market (the target group known as the NEETs). The region has the highest average rate of youth unemployment in the world (25%); Tunisia tops the list with 42% (May 2011) of active young people unemployed. The rate is at least twice as high as the rate for adults and has not come down over the past 10 years (Figure 4).

Although a lot of attention is given here to the group of youth and female unemployed, it is important to note that the NEETs, about which very little is known (so far the Torino Process has not found relevant data or analysis or evidence in any country) are particularly vulnerable to social exclusion. However, some countries’ surveys show that this category might account for more than 40% of the youth population. High numbers of early school leavers and social norms that restrict mobility and access to work and the further education of young girls partly explain this phenomenon. So, being “NEET” is often out of the control of a young person.
Focusing now on youth unemployment, it is important to state that it disproportionately affects young women, whose unemployment rates typically double the average in the region. Job opportunities are rare for young men and almost non-existent for young women, as most employers openly give preference to male job-seekers. Some employers do prefer female workers, but the jobs which they offer are low-skilled and low paid, and hence not attractive to the few educated women who seek employment.

As a matter of fact, according to a recent World Bank study\(^7\), the female labour force participation rate in the region is only 25.5%, as opposed to 50% in Sub-Saharan Africa, East Asia and the Pacific or Latin America and the Caribbean. Female labour force participation in the Arab Mediterranean region has increased by only 0.17% annually, which means that at this rate, it would take 150 years for the region to catch up with the world’s current average. While unemployment rates for women are higher than for men all around the world, the gap between men and women is particularly wide in AMCs, and this gap has doubled over the last 25 years.

According to research, there seem to be common factors in most Middle East and North African countries (geography, culture and history) that may explain low female labour force participation in the region. Women continue to face significant mobility restrictions. Moreover, in addition to social norms and some legal restrictions, the World Bank study argues for the influence of the so-called “former social contract” (by which governments provided benefits and subsidies to citizens in exchange for tacit support). According to the World Bank report, this social contract would have affected women differently than men (in their education choices, in their pay gap and in the lack of specific incentives).

At the moment, a series of factors (the Arab Spring, the demographic trends, the lack of economic sustainability) would render the old social contract unsustainable. In a context where significant increases in public expenditure are not possible, future job creation must be led by the private sector, which also has an impact on women since they have traditionally opted for jobs in the public sector, which is currently shrinking in most countries. Reforms are however needed to remove bureaucratic bottlenecks, which should be supplemented by targeted efforts to increase women’s participation (including women’s entrepreneurship, surveys, targeted career guidance and counselling, legal reforms and media campaigns to change traditional messages). This is particularly important in young women with tertiary education, who face some of the highest unemployment rates.

In the Torino Process country reports available to date, very little evidence about specific programmes or policies tackling extremely low female labour participation (particularly evident in highly educated females) has been found. One case is Jordan, where the new social security law foresees full payment of maternity leave (10 weeks maximum) and breastfeeding periods, financed through payroll contributions of both males and females as an stimulation measure for female employment (as well as other measures, such as the expansion of kindergarten services foreseen in the National Employment Strategy). But in most countries, and even if many NGOs, councils and other organisations are active in this field, there seem to be no specific policy measures recently adopted to address this crucial challenge.

In the case of VET, there seems to be significant gender segregation in the AMCs: young women’s choice is limited to the professions traditionally perceived as feminine or courses preparing better housewives. For example, in Jordan, young women are not able to attend VET courses that prepare for jobs in tourism, a sector with a high employment potential.

**The very poor return of investment in education and the reasons why**

Another striking feature in the region is the inverse correlation between education and employment. With few exceptions, unemployment rates tend to increase with education level, especially for women. The phenomenon known as ‘educated unemployment’ reveals the weak links between the education

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\(^7\) World Bank, *Opening Doors: Gender Equality in the Middle East and North Africa*, 2012
and training system and the labour market and major difficulties of youth transition from school to work. Obviously the solution is not resolved by providing “less education”, but through increasing the quality and the relevance of the skills that are currently provided.

The Torino Process analysis in 2012 indicates that countries have understood the potential of upgrading and modernising VET to be able to propose it as an alternative to higher education, at least at policy level. As a matter of fact, most countries produce huge numbers of unemployed university graduates, while in most countries the private sector expresses the need for more specialised labour in middle to high technology profiles. This is due to a strong preference for humanities disciplines, few young people opting for VET, and strong gender segregation in VET occupations. Graduates lack generic and soft skills, including ICT, foreign languages, communication and social skills, critical thinking and work discipline. This becomes even more critical due to the fact that the region is characterised by a strong demand for education, and enrolment rates in higher education in many of the countries are already at 40%. Demand for academic studies is strong, as these enable people to apply for civil service jobs, although the number of such jobs is constantly decreasing. Consequently, thousands of young people leave the education system each year with qualifications that are not required by the labour market. This relatively well-documented situation (World Bank, 2007) represents a dual challenge: in the short-term, the VET system will have to propose easy-to-implement solutions to improve the employability of job seekers; and in the medium-term, education and training systems will need to improve capacity to manage and direct student flows towards the practical specialties demanded by the labour market.

In this respect, the “vocationalisation” of higher education – to develop an operational labour force with high qualification levels – is the next key challenge for the AMCs and this is confirmed in the Torino Process findings. Different countries are experimenting with different models (e.g. Tunisia with specific tertiary specialisations, Egypt with setting up a technology pathway between technical secondary schools and post-secondary technology colleges, which would eventually lead to a BSc in Technology, and even to a MA or PhD). Some of these efforts are still at the starting point, so there is not yet enough evidence to properly evaluate its impact on labour markets. One potential danger in some countries is that the employers may not be ready to pay the wage differentials for an employee with a higher degree, which could result in increased unemployment. The Tunisian draft Torino Report points to some statistics that indicate that the higher segments of VET produce higher numbers of unemployed (which could indicate different trends and needs in different countries) but it concludes that more thorough tools for evaluation (as tracer studies and surveys) are necessary in order to be able to better assess which specific economic sectors can absorb more employment. In any case, there is a need to drastically improve the quality of post-secondary VET, in a way that it can make a difference.

The other side of the coin: how to make VET attractive

In general, the participation rate of students in VET is low compared to other regions in the world. In Maghreb countries, only one in 10 students go to a vocational school while the figure for the occupied Palestinian territory is 6%. The exception is Egypt, where 54% of students are enrolled in VET, although the majority as a second education choice after having been tracked out of general education. At the same time, as mentioned above, graduates from VET find it difficult to find jobs in many countries due to the skills mismatch problem, making VET an unattractive option. In addition, there is a very poor social image of VET, which is deeply rooted in the culture of the countries. The vicious circle of poor image, poor quality, and few options can only be broken by very daunting reforms that decide to put VET at the centre of the system and focus on increasing its relevance and quality, leading to employment.

The Torino Process shows how some countries are starting to think about promoting the image of VET through specific social and media campaigns (Tunisia, Egypt, and Jordan, amongst others). In other
countries, like Morocco, the recent reform of the constitution establishes VET as a citizen’s right, giving a clear recognition of the importance of the growing importance of VET as a tool for social inclusion, in a country marked by strong social dichotomies. At the same time, this important decision will put high quantitative pressure on the system, and if not associated with higher investment, it could impact negatively on quality.

**Transition from education to work is one of the key areas for action**

From the Torino Process reports, it becomes clear that the transition from education to work is the key phase where governments and other stakeholders of the VET systems need to intervene. In the majority of countries, the key problem is “how to get the first job”. There are however very few measures in place in the AMC to address this challenge. There is a growing awareness of the need to set up career guidance and counselling systems (practically inexistent in the region) and some countries, like Jordan, have elaborated a specific strategy to address this important field, while others, like Egypt, have worked in a policy vision for an integrated system at different levels. In countries where public employment services (or offices) still exist there are some attempts to create orientation services. But there is a fundamental need for political decision, cooperation among stakeholders and higher investment in this field all across the region, so that the orientation function can take its place in modern systems. Particular attention should be paid to gender-specific problems to facilitate women’s entry into the labour market. No specific evidence about this kind of more targeted measure has been found in the Torino Process across the region.

Another area where efforts are being made by some countries (for instance, in the occupied Palestinian territory) is in the improvement of more targeted labour market information systems to be available at the employment offices of the governorates. This will obviously become more and more important in a context of geographical decentralisation.

**The other key stakeholders: the role of the private business sector in VET**

Another important factor that has developed considerably in the region over the last years is the conviction (even those with large public providers of VET) of the importance of a greater and deeper involvement of the private sector in the design and delivery of VET. Apart from the countries where different forms of apprenticeship exist, the Torino Process showcases a multitude of projects and pilots (many of them examples of best practice) to rehearse the modalities for inclusion of the private sector in an effective manner in VET. As some examples, we could mention the sectoral and local Enterprise and Training Partnerships (ETPs) of the EU supported TVET reform Programme in Egypt, or the dual system developed with the support of GIZ (and now backed by the EU) in Lebanon. However, the problem remains in the fact that most of them function at the level of pilot projects or initiatives, but there are many difficulties for proper mainstreaming it into the system. The mechanisms for a systematic involvement of the private sector are not in place in most countries of the region, with some exceptions.

Important difficulties derive from the fact that many employers are SMEs (with Lebanon in the lead). Despite the potential of SMEs for employment creation, in the majority of the countries there is an absence of appropriate legal or policy frameworks for its development and even more, for their participation in VET. Difficulties are also reported in most countries, in certain economic sectors that are strongly dominated by micro or small enterprises, to find the right mechanisms for involving them in an appropriate manner in the delivery of VET. Another challenge lies in raising the level of quality that SMEs can provide.

In countries with very large contingents in VET (for instance, Egypt, with almost 2 million students in technical secondary education scattered throughout the country), there are serious difficulties to organise the participation of the private sector in a manner that it would be meaningful to the delivery
of VET, particularly in isolated regions or in those which do not have enterprises or developed economic zones. Despite that, Egypt has adopted a dual system (following the MKI initiative supported by Germany) but the percentage of centres that can have it is still very small compared to the total mass of students.

At another level, the Arab Spring has also lead to an increased importance of the issue of participation and in many countries (for instance Egypt, with the approval of the Freedom of Association), new Trade Unions, employers’ organisations and NGOs representing civil society are mushrooming. Despite a greater sensitivity for the issues of participation of social partners in the decision making processes, which is described in most of the new strategies or programmes in many countries of the region in the last two years, and with exceptions like Morocco or Tunisia, with a longer tradition for social partnership in VET, there is still a lack of effective empowerment and concrete mechanisms for making this involvement a reality in most of the countries. This issue is analysed in more detail under the governance section.

**The missing element: adult training in a context of lifelong learning**

The Torino Process 2012 shows that adult training, whether offered through continuing training or active labour market policies, continues to be underdeveloped. A serious barrier to the development of continuing training policies arises from the demographic structure in the region, which encourages the prioritisation of youth training (for which initial training is the logical channel). However, adult training programmes can also be a useful tool for dealing with the large numbers of drop outs in the region, which are not likely to go back to school, thus offering a kind of “second chance” training, which is in particular important for vulnerable groups.

The most important efforts have been made as a matter of fact across the region on literacy, where results achieved are very positive (although in countries like Morocco and Egypt the percentages of functional illiteracy are still very high).

In addition, the business landscape is dichotomous. Thus, while large companies can provide for their own needs, SMEs are more difficult to reach: it is more difficult to identify their needs; training is something of a luxury; managers are less sensitive to the training issue. Social networks are relied on for recruitment; and there is little awareness of public training options. Moreover, the weak leverage of public employment services does not encourage them to develop well-designed training components for job seekers. Indeed, owing to the absence of unemployment insurance, only a small number of unemployed people enter active labour market programmes. In order to increase the efficiency of public employment services, some countries (especially in the Maghreb and Lebanon) have developed active labour market programmes targeted at certain segments of the populations (higher education graduates, long-term unemployed individuals and socially vulnerable groups).

Despite all these problems, continuing training is slowly developing in some countries, in particular in Maghreb. Countries like Morocco have well established systems for the continuing training in companies (both in terms of institutions and financing), although the Torino Process report reveals a vivid debate in terms of its governance and financing. Another unsolved problem in a country like Morocco, with many social dichotomies, is how to be able to reach the more vulnerable groups with these kind of initiatives.

An underlying problem is the fact that in most countries, the overall concept of lifelong learning is not properly embedded in the education and training systems.

**Latest developments in quality in the AMCs countries**

In this chapter, several mentions have been done to the urgent need in the region to make a choice for increased quality in VET. The low quality, low relevance and insufficient internal effectiveness of the VET systems in the AMCs is at the root of many of the problems and makes VET not able to answer
the challenges that both the economy and the society are requesting. The need to make VET a quality option is nowadays more critical than in any other moments in recent history. The difficulty is that double: quality enhancement processes are long term and results cannot be measured immediately and they are also resource intensive processes, which require a sustain investment by the countries as well as continuity in the policy agenda for reform.

In this subchapter, some of the recent responses and developments in the countries to the on-going challenges are illustrated. These examples refer to the efforts that are being done in areas that are highly problematic for the countries:

- In some countries, like for instance OPT, the accent goes on working on the low cost-efficiency of the system and the little relevance to labour market needs. Some of these issues are also shared in other countries like Tunisia, which is embarking in 2012 in an overall evaluation (from the pedagogical point of view) of the performance of the VET system. The need for more evaluation and assessment mechanisms is a expressed by the majority of countries in the region. The preoccupation for setting up proper evaluation systems is also shared by Morocco.

- In other countries, the focus is more on the key building blocks of the VET system, like in Lebanon: major undertaking in curricula reforms, how to bring more flexibility into the system, creation of mobility pathways, among other issues.

- In certain countries, there is a link between the ongoing activities to improve quality and the governance related issues. This is the case of Jordan, where the focus is on how to organise the cooperation of the different stakeholders around the newly created E-TVET Council, or in Algeria, with the need for stronger coordination among the four subsystems existing in initial and continuing VET in the country.

- The functioning of agencies for assessment of quality are key developments in countries like Egypt (where NAQAAE, the National Agency for Quality Assurance and Accreditation in Education continues its work in accrediting schools, including VET ones, universities and giving a certain overview of the functioning of the system and its main weaknesses) or in Jordan. In Lebanon, plans for the establishment of a similar agency are well under way.

- In almost all countries, the setting up of national qualification frameworks, including the possibility to organise common regional sectoral ones for certain professions of common interest for the countries is very high in the agenda. It is perhaps the topic where more common points of interest among countries can be observed in the issue of internal efficiency of the systems and quality, with clear links to governance as well.

- The situation of teachers and trainers, critical to the success of every reform, inspires some of the recent developments, such as the creation of a Professional Teacher Academy in Egypt (PAT), including VET teachers, the reforms in the contract and career of teachers that are being analysed and introduced in Lebanon and the focus of Tunisia on the training and retraining of teachers (also during 2012) and the efforts developed in the occupied Palestinian territory.

- Tunisia is also experimenting with the restructuring of VET centres and the creation of the so called poles d’excellence, a promising innovative experience that still needs some time to be fully developed.

- The Torino Process reports also underline how the quality in VET cannot be seen in isolation of the quality of the rest of the education system: the need for a holistic approach to quality is known and recognised in most countries, but there is basically none that has developed yet this kind of approach.

Key issues on the role of VET in employability, social inclusion and quality in the AMCs:
- Labour markets are characterised by high segmentation and inequalities;
- Employability of youth and females is the most urgent challenge;
- Although many countries have recently approved emergency programmes for employment, there is generally an absence of well-structured employment strategies, in particular integrated with sectoral economic strategies or human capital development ones. There is a strong focus on the highly skilled, while the more vulnerable groups are often not targeted by these strategies;
- VET systems in the region have traditionally been strongly supply-lead and although they are in a transition to become more demand-driven, this change is still a complex objective in most of the countries. Many projects and initiatives to address this are in place, but not yet streamlined;
- VET is not attractive and remains a second or a last-resort option reserved for poor-performing students or former dropouts. However, the labour market demands the kind of skills that could be provided by a modern VET system, in particular at the middle and higher technical levels (in countries with high rates of educated unemployment). Most AMCs are working to improve the image of VET (through public campaigns, through the creation of pathways to higher education). In parallel, the role of VET in social inclusion is being underlined in some countries;
- The transition from education to work is a crucial phase. More emphasis and investment in issues like setting up proper systems of career guidance and counselling are needed across the region. In particular, there is a need for gender-oriented guidance and counselling measures, in order to increase the female activity rates;
- Private sector participation, despite many examples of best practice is still generally at the level of pilots and not mainstreamed in the system;
- Adult training and continuing training are still underdeveloped, with a general absence of information and data about its outreach and impact;
- There are no specific “second chance training” arrangements for the very large number of school drop outs in the region;
- A key condition for VET to meet its challenges (both economic and social) lies in the need to improve quality in the systems, which currently are still in a vicious circle of low quality, low attractiveness, low performance. Intensive work is still necessary in areas including quality assurance and accreditation, the assessment of the overall quality of the systems, the setting up of adequate qualification systems, improving the situation and capacities of teachers, trainers and school managers, curricula and pedagogical innovation and holistic upgrading of VET centres.

5. HOW DOES VET ADDRESS THE GOVERNANCE CHALLENGES?

Governance challenges and developments in the AMCs

The governance system of VET in the AMCs has traditionally been one of strong centralisation, not only in the geographical power distribution (with the decision power concentrated in the central Ministries, regions playing only administrative roles and VET schools and centres totally dependent from the Ministries) but also in terms of concentration of power in the hands of the public sector (without mechanisms for participation of private sector and social partners in general, with exceptions in countries like Morocco). A second traditional characteristic, in particular in the Mashrek countries, is the deep fragmentation of the institutional framework, with a multiplicity of actors involved in the planning and delivery of vocational education and training, without established coordination and
communication mechanisms and, in the case of some countries, without a proper leadership for the sector.

In the last decade, it became already evident in the countries that this model of governance (and its connected financing mechanisms) are not very conducive to the development of VET systems that can respond in an appropriate way to the needs of the labour market, in particular in countries running privatisation processes or trying to increase their productivity and competitiveness level. In order to create some links with the private sector, some changes were introduced. This was the case for instance in Algeria, with the adoption in 2008 of a Law for inclusion of consultative bodies in VET (among them, social partners and research institutions). In Egypt, in 2000, the Supreme Council for HRD Development adopted a composition where all Ministries involved in the VET sector (between 22 and 30 institutions) plus the social partners were represented. Similar Councils have also existed in OPT and in Jordan. However, these measures remained largely on paper and at a declaration stage. Private sector and social partners were given consultative roles but without a real share in the decision power to non-governmental stakeholders. Many of these Councils have not met for years and in practice they all lacked real executive powers.

The Arab Spring has put once more the issue of governance and public management in the front line of public debate and policy decision. While many of the revolts were inspired by the fight against corruption and lack of accountability, another fundamental point were the aspirations of democratisation and participation of the society in the key decision making processes. This is why the discussion on governance in countries of the AMC is now more relevant than ever before.

Changes on the governance systems are by nature slow and the Torino Process 2012 does not identify yet many examples of immediate drastic changes right after the Arab Spring. Countries like Tunisia, for instance, decide to make a move to empower the regions, in particular the poorer ones, as reflected in the Emergency Programme 2012-2013. However, the Torino Process illustrates well the way in which certain processes, which had been started before the Revolution, have continued to advance despite the turmoil of political instability, because its objectives were coinciding with those of the Revolution (increased participation, power sharing in the decision making, accountability). One of these examples is the decentralisation process in Egypt, aiming at devolving competences to the Governorates and to the local (district) level. The process was launched way ahead of the Revolution, and Education was one of the pilot sectors. Since its objectives of increasing participation, accountability and empowering at the regional and local level coincided with the principles that inspired the Revolution, the process has gone ahead despite the political turmoil surrounding the transition process in Egypt.

The Torino Process 2012 identifies three main trends in the field of governance:

- A trend towards decentralisation, understood both as geographical decentralisation (in countries like Tunisia or Egypt, with processes on-going) and increased autonomy for VET schools (a need that is felt in the majority of the countries, with pilot projects mushrooming but yet not a proper legislative framework to encourage it, in particular the very delicate topic of financial autonomy). This is the case in countries like Lebanon and OPT, for example. The increased autonomy however has to be closely linked with increased accountability mechanisms, to guarantee transparency and resource allocation according to achievements.

- A trend towards increased participation, in particular of the private sector and the social partners. This need is felt (and claimed for) in the majority of the countries, fuelled up as well for the rise of new social partners in countries that did not have a tradition for that (for instance, the new Trade Unions in Egypt after the Declaration of Freedom of Association in 2011). Despite this, still countries are lacking legal mechanisms for social dialogue and in particular for active and permanent involvement of the social partners in VET. Morocco remains through the years an
exception to this rule and also an example of best practice in this respect, with a system where social partners are represented in VET on a permanent basis, although mostly the private sector representatives.

- A trend towards discussion and search for stronger coordination solutions, in particular in Mashrek countries, where the institutional fragmentation is a real obstacle to the implementation of the reforms. This is the case in Egypt (where recently the new Government has launched a national debate on the possibility to set up a National TVET Agency in order to establish some kind of coordination and leadership for the reforms in an environment where there are between 20 and 30 stakeholders involved in VET), in OPT (where some voices are raised as well in this respect in view of the increased fragmentation of the sector among Ministries), in Lebanon (where the governance model is very much linked to the specific political and social context of the country but at the same time extremely complex) or in Jordan (where the system is more advanced and has already created an E-TVET Council dependent from MoL, despite which problems do not seem to be entirely dealt with).

Other messages, like the need for strong capacity building and appropriate investment in the institutions responsible for the governance of VET come strongly across a number of countries (like Jordan and OPT). In Morocco, the debate is diversified between the governance and financing of initial VET and those of CVT (in particular, emphasis is made in this last one, the country being one of the few in the region with an established system for CVT, in search for more transparency, efficiency and accountability in the mechanisms and in the institutions involved).

Another promising step is one that is sector-based. Sector councils (Syria), national sector teams (Jordan), sectoral training councils (in industry, building, construction and tourism in Egypt) and sectoral public–private partnerships (training units created by employer federations and supported by donors in Tunisia) are entrusted with issues ranging from skills needs assessment to provision, thereby ensuring a concrete and promising education/training–labour/employment continuum. It will be necessary in due time to evaluate the sustainability of these Councils (in most countries, strongly dependent from state budgets) and the contribution they can make to the institutional frameworks (by not adding just one more stakeholder to the already very crowded environment, but managing to develop certain functions, in close connection to the private sector, that were not until now covered in the VET systems of the region).

Regarding financing, some innovations in mechanisms are being implemented in the AMCs, especially for continuing training. VET is an area in which innovative funding measures have been introduced, although full diversification remains pending. The Maghreb countries have started collecting a vocational training tax from companies for reinvestment in training, and Egypt has set up a special training fund. In initial VET, the segmentation of funding between public and private provision translates into the public sector benefiting from direct budget allocations and the private sector funded essentially through tuition fees paid by individuals. Some countries have started to explore new funding mechanisms (e.g. Tunisia’s ‘chèque formation’) to encourage the private sector to invest more in the VET field. Continuing training proposed by companies is eligible for subsidies in some countries, through a vocational training tax refund. Such funding mechanisms are more developed in the Maghreb than in the Mashrek. Tunisia and Morocco are probably the most advanced in this area, having recently created a new set of instruments to develop continuing training and to promote the participation of private VET providers in the delivery of recognised training. Nevertheless, target groups complain that administrative procedures often act as a bottleneck to the full use of these tools.

The Torino Process also underlines that change in the governance of the VET systems is deeply interrelated with the vision of VET in the region. Change in the governance mechanisms should be envisaged in the vision (strategy), but at the same time, participation in design and implementation of the vision is of crucial importance. This change has to be linked to a shift from the old paradigm of strong centralised public governance into one of participation, communication, coordination,
transparency and accountability. The issue of trust among the parties is key to achieve this deeper change.

Finally, in terms of accountability, public provision of technical VET in the region is not based on performance or outcomes. Institutions continue to operate year after year without results being monitored and with quantitative expansion the main strategic objective. With public subsidies guaranteed, the incentive to change and improve relevance is weak. No relevant changes to this situation have been underlined in the Torino Process 2012.

Key issues on governance and financing of VET systems:

- The traditional culture of governance is one of strong centralisation, with decisions mostly made by central governments without much room for participation by other stakeholders;
- The needs of the economy, the logic in the evolution of the function of VET in the countries and the push from the Arab Spring have started to transform this concept into a more participatory one;
- There is a trend toward geographical decentralisation, that continues in some of the countries in order to devolve power to regional and local levels (to reshape the concept of power and decision making in the countries) and towards increased autonomy of vocational schools (even if proper mechanisms for this are not yet in place in the majority of the countries). This increased autonomy has to be accompanied by increased and enhanced accountability mechanisms;
- There is a trend towards greater participation by social partners, NGOs and representatives from other sectors of society is also confirmed, even if in most countries there are not firmly determined schemes for channelling this participation in an effective manner;
- A trend towards rationalisation and coordination, in particular in countries where the extremely fragmented institutional framework hampers the implementation of reforms, can also be clearly derived from Torino Process reports;
- There is also a trend towards establishing sectoral bodies that are equally connected with the demand and the supply sides of VET, at least in the main economic sectors of each country;
- Issues that remain important at the overall regional level include the need for capacity building within the institutions that have to implement these processes and the need to make appropriate financial investments in these bodies or institutions;
- Financing of VET remains an area where further work is necessary and which is closely linked to the governance of the sector. Although some innovative mechanisms are being introduced in some countries, deeper reflection on the funding tools and adaptation to the current needs of the sector has still to take place in the majority of the countries of the region.

6. SUMMARY OF KEY FINDINGS AND ISSUES FOR DISCUSSION

Key issues in context for VET:

- The Arab Spring has put new demands on governments and encouraged greater expectations in people in countries across the region. The political turbulences have in some cases affected the path of reforms
The economies of the region suffer, with some exceptions, from deteriorating conditions. But, even in times of economic growth, the basic problem remains that AMC economies are not able to create sufficient jobs for their growing populations.

The region is pierced by acute problems of inequality and social policies are not shaped to face them. Gender inequalities, regional disparities and poverty feature high among these.

The huge demographic pressure on the education systems, but also on labour markets, is a threat for stability and has consequences not only for the AMCs themselves but also for neighbouring regions, like the EU, in particular in terms of migration.

Key issues on vision:

- The Arab Spring has put VET in a new priority position, adding the social dimension and the focus on youth employability to the other more traditional economic considerations.
- In many countries, VET strategies and action plans for their implementation have been developed and approved in the last two years. Most of these strategies are based on analysis previous to the Arab Spring and have undergone some adaptations.
- There is a new, stronger need to guarantee participation (“a shared view”) in the design and implementation of the VET vision in the region. There are not yet enough mechanisms in place in most countries to guarantee this. There is a close link with governance issues in this respect.
- Strong synergy and coordination with other reforms is already indispensable in times of economic difficulties. Overall in the region, higher investment in VET is needed, but priorities have to be set in view of the situation of national budgets in many countries. Synergy with education, employment and even economic reforms is crucial for VET to be able to play its role properly.
- The influential international donor community in the region has given and still intends to give strong input and support to the process. However, mechanisms for coordination and for prioritising the national ownership are now more necessary than ever before.
- The slow implementation of reforms in the region is still a reality. To overcome this, a combination of top down and bottom up actions, involving practitioners will be needed.

Key issues on the role of VET in employability, social inclusion and quality in the AMCs:

- Labour markets are characterised by high segmentation and inequalities;
- Employability of youth and females is the most urgent challenge;
- Although many countries have recently approved emergency programmes for employment, there is generally an absence of well-structured employment strategies, in particular integrated with sectoral economic strategies or human capital development ones. There is a strong focus on the highly skilled, while the more vulnerable groups are often not targeted by these strategies;
- VET systems in the region have traditionally been strongly supply-lead and although they are in a transition to become more demand-driven, this change is still a complex objective in most of the countries. Many projects and initiatives to address this are in place, but not yet streamlined;
- VET is not attractive and remains a second or a last-resort option reserved for poor-performing students or former dropouts. However, the labour market demands the kind of skills that could be provided by a modern VET system, in particular at the middle and higher technical levels (in countries with high rates of educated unemployment). Most AMCs are working to improve the
image of VET (through public campaigns, through the creation of pathways to higher education). In parallel, the role of VET in social inclusion is being underlined in some countries;

- The transition from education to work is crucial phase. More emphasis and investment in issues like setting up proper systems of career guidance and counselling are needed across the region. In particular, there is a need for gender-oriented guidance and counselling measures, in order to increase the female activity rates;

- Private sector participation, despite many examples of best practice is still generally at the level of pilots and not mainstreamed in the system;

- Adult training and continuing training are still underdeveloped, with a general absence of information and data about its outreach and impact;

- There are no specific “second chance training” arrangements for the very large number of school drop outs in the region;

- A key condition for VET to meet its challenges (both economic and social) lies in the need to improve quality in the systems, which currently are still in a vicious circle of low quality, low attractiveness, low performance. Intensive work is still necessary in areas including quality assurance and accreditation, the assessment of the overall quality of the systems, the setting up of adequate qualification systems, improving the situation and capacities of teachers, trainers and school managers, curricula and pedagogical innovation and holistic upgrading of VET centres.

**Key issues on governance and financing of VET systems:**

- The traditional culture of governance is one of strong centralisation, with decisions mostly made by central governments without much room for participation by other stakeholders;

- The needs of the economy, the logic in the evolution of the function of VET in the countries and the push from the Arab Spring have started to transform this concept into a more participatory one;

- There is a trend toward geographical decentralisation, that continues in some of the countries in order to devolve power to regional and local levels (to reshape the concept of power and decision making in the countries) and towards increased autonomy of vocational schools (even if proper mechanisms for this are not yet in place in the majority of the countries). This increased autonomy has to be accompanied by increased and enhanced accountability mechanisms;

- There is a trend towards greater participation by social partners, NGOs and representatives from other sectors of society is also confirmed, even if in most countries there are not firmly determined schemes for channelling this participation in an effective manner;

- A trend towards rationalisation and coordination, in particular in countries where the extremely fragmented institutional framework hampers the implementation of reforms, can also be clearly derived from Torino Process reports;

- There is also a trend towards establishing sectoral bodies that are equally connected with the demand and the supply sides of VET, at least in the main economic sectors of each country;

- Issues that remain important at the overall regional level include the need for capacity building within the institutions that have to implement these processes and the need to make appropriate financial investments in these bodies or institutions;

- Financing of VET remains an area where further work is necessary and which is closely linked to the governance of the sector. Although some innovative mechanisms are being introduced in
some countries, deeper reflection on the funding tools and adaptation to the current needs of the sector has still to take place in the majority of the countries of the region.

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ANNEX 1

Figure 1. Ranking of countries in the Human Development Index (HDI) and Gross National Income (GNI) - UNDP Human Development Report 2010

Figure 2. Share of the population aged 15-30 (%) in the countries – 2010

Source: United Nations, Department of Economic and Social Affairs, Population Division - Population estimates (Medium variant method). EU27: Eurostat. Note: In brackets, population aged 15-30 in millions
Figure 3. Labour market participation rates (15+) by gender - 2010

Figure 4. Unemployment rates by age group - 2010
### ANNEX 2: ETF KEY INDICATORS IN THE AMCS

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<thead>
<tr>
<th>Indicator</th>
<th>Year</th>
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<th>LB</th>
<th>LY</th>
<th>MA</th>
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<tr>
<td>Total population (million)</td>
<td>2011</td>
<td>36.0</td>
<td>82.5</td>
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<td>1.0</td>
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<td>49.2</td>
<td>62.7</td>
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<td>47.2</td>
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<td>8.1</td>
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<td>Annual GDP growth (%)</td>
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<td>2.6</td>
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<td>Agriculture, value added (% of all branches)</td>
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<td>Services, value added (% of all branches)</td>
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<td>46.5 (2009)</td>
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<td>Share of 15-24 in the total population (%)</td>
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<td>21.4</td>
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* Proxy data; e = estimated; md = missing data; na = not applicable

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