

# EDUCATION & BUSINESS

EGYPT







## **EDUCATION AND BUSINESS STUDY EGYPT**

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## List of abbreviations

ETF	European Training Foundation
ETP	Enterprise Training Partnership
EU	European Union
ESPS	Education Sector Programme Support
OECD	Organisation for Economic Co-operation and Development
TOMOHAR	Training Organisation of the Ministry of Housing and Reconstruction
TVET	Technical, Vocational Education and Training
SCHRD	Supreme Council for Human Resources Development
SME	Small and Medium Enterprise
VET	Vocational Education and Training

## Foreword

Many countries reinforce the capacity of their education and training system to respond to the pressures of globalisation and the challenges of the knowledge society. Closer cooperation between business and education is one of the ways to provide learners with new occupational skills and competencies. However, the information currently available about the forms and modes of cooperation between the education and business sectors and the roles and responsibilities of the different stakeholders is limited and fragmented.

The European Commission's Directorate General for Education and Culture has entrusted the ETF to study education and business cooperation in the neighbouring countries and the territories participating in the European Neighbourhood and Partnership Instrument in order to:

- draw up an inventory of current cooperation between education and business;
- identify to what extent European Union (EU) approaches and policies are relevant in these neighbouring countries;
- provide national policy makers and donors with tailored information and recommendations regarding future initiatives and capacity building measures.

For the purpose of this study, the term 'education' includes vocational education and training (VET) as well as post-secondary tertiary and non-tertiary education, including both public and private institutions. The term 'business' refers to any entity with economic activity regardless of its legal status, including multinationals, public and private companies, large as well as small and medium enterprises (SMEs), and micro-businesses. It also encompasses actors in the informal economy, social partners (employer, employee and civil society organisations and their training bodies) in addition to national, regional and local authorities. Focusing particularly on identifying and describing policy and strategy-driven approaches to cooperation, the study considers education and business cooperation in the broadest sense, including any kind of relevant policy provision and/or formalised or non-formalised interaction between an education/training provider and a business organisation.

The present paper is the contribution for Egypt. It has been elaborated jointly with key Egyptian stakeholders and is based on a study design that included desk research, data exchange with partner institutions, focus group discussions held in Egypt in March and April 2010, a workshop to discuss the first draft held in Cairo in June 2010, and a final workshop held in Cairo on 19<sup>th</sup> October 2010 to present the findings. Throughout this intensive consultation process facilitated by ETF, the main national stakeholders (relevant ministries, social partners, the educational system, the business sector and civil society) discussed the state of play and made recommendations for improvement. ETF produced the final report based on the key discussion points and messages.

The findings of the present study will be incorporated into two reports due to be published in spring 2011: an ETF regional report on the whole southern region covered by the European Neighbourhood and Partnership Instrument, and a consolidated cross-country study of education and business cooperation reporting on the findings in all the countries where ETF cooperates.

ETF is grateful for the opinions shared and the insights provided by participants during the fruitful discussions in all meetings.

## Executive summary

The general ineffectiveness of the Egyptian education and training system and the long-standing mismatch between supply and demand has been the driving force behind a number of cooperation initiatives between education and training and the business community. Existing modes and methodologies of cooperation include long-established programmes that have become a normal part of the country's technical education and training system and smaller, relatively recent initiatives that are still in the pilot phase in many cases.

International donor programmes, notably the German Mubarak-Kohl Initiative and the EU Technical and Vocational Education and Training (TVET) Reform Programme, have provided experimentation platforms for these initiatives and, with their bottom-up approaches, have clearly shown that active participation of the private sector is essential in any reform of the education and training system. In parallel to this, programmes promoted by the Egyptian Government (such as the National Skills Standard Project or bilateral agreements between Ministries and private sector, for instance), have also contributed to improve to a great extent the cooperation between education and business.

Based on a review of some of the most important initiatives and after discussions with stakeholders in March, April and June 2010, this report comes to the conclusion that a long way has been made in the last ten years to foster the cooperation between education and business, mostly through programme and pilot initiatives. The problems remain on how to reach a critical mass (compared to the size of the education sector in Egypt), how to coordinate among the various initiatives and how to assess and mainstream results.

In the examples analysed in this report, three common outcomes (benefits for the different parties) were identified:

- overall improvement in the quality of current and potential employees and in the relevance of their skills, an outcome that reduced unemployment and made it easier for employers to fill job vacancies;
- improvement in the quality of the training provided by upgraded education and training institutions;
- significant contributions to the systemic reform of education and training systems.

Four main challenges that hinder the task of fostering cooperation between education and business were also identified:

- lack of a formal institutional setting for dialogue and cooperation between education and business;
- lack of action plans to guide the implementation of the cooperation initiatives specified in policies and strategies;
- dichotomy between the existence of many different pilot projects and the lack of any mechanisms for mainstreaming these initiatives by evaluating the results, assimilating the lessons learnt and making the necessary policy decisions to choose the models that could be generalised throughout the system);
- scant involvement of the private sector in education in relation to the size of the system and the lack of involvement of SMEs in the current schemes.

The study also found fewer examples of cooperation between the private sector and higher education than between businesses and VET because of the more immediate links between the provision of VET and the needs of the labour market, an association that motivates companies to participate in VET-related projects.

Four main recommendations emerged from this analysis after discussion with the relevant stakeholders.

- A formal institutional setting should be created to facilitate the policy dialogue and foster cooperation between education and business. This could be a new body or a modified version of an existing institution.

- Concrete action plans are needed to guide and foster the cooperation between education and business provided for in Egyptian policies and strategies.
- A mechanism should be set up to monitor and evaluate the many pilot projects in this field and to support the policy decisions needed to mainstream selected models.
- Private sector participation should be increased by offering incentives to companies that cooperate with education institutions and by involving SMEs in the existing initiatives.

## Context and policy

Egypt ranks among the highly populated countries of the world and is the most populous among the Arab countries. With a population of 84.9 million in July 2009 and a estimated growth rate of 2.1%, it has one of the fastest growing populations in the world. Some 32% of the total population is under 14 years of age and around 5% is aged over 65 years old. In 2009, the labour force was estimated to be 25.4 million<sup>1</sup>. The impending demographic transition places the Egyptian educational system and the labour market under increasing pressure and represents both a challenge and an opportunity for the country.

In recent decades, Egypt has made the transition from a centrally planned to a demand-led economy, from a model dominated by the weight of the public sector to one in which the private sector should be the main driver of the economy. The Egyptian government (in which many of the key ministers came from the private sector) has recently embarked on an ambitious programme of economic, structural, political and social reform, with quite impressive results. However, despite increased growth and the resilience shown by its economy during the recent global crisis, Egypt remains only modestly competitive according to the 2009/2010 Global Competitiveness Index<sup>2</sup>, ranking 70<sup>th</sup> out of 133 countries. This poor ranking is mainly owing to low scores for labour market efficiency and for education and training at all levels.

The authorities are all too aware that the education system needs to be modernised rapidly to keep pace with the rising population and the government's ambitious plans for Egypt to become a more modern and competitive economy. As a result, education has become one of the government's highest priorities, essential to Egypt's drive to modernise and its prospects for continued economic and social development. Serious reform and modernisation are perceived to be essential at all levels of the educational system; primary and secondary education, VET, and higher education are all at different stages in the reform process. Talks on the development and competitiveness of the Egyptian economy are currently coupled with discussions on educational development and the role of businesses in that process, and this connection is reflected in national education policies and strategies.

The government's current Five Year Plan (Ministry of Economic Development) emphasises the need to improve the quality of labour in order to meet the requirements of the labour market and improve coordination between supply and demand. Reducing unemployment—currently 9.38% according to official figures—is one of the government's most important socioeconomic objectives, another circumstance that has focused attention on the relevance to the labour market of educational levels and available skills. In their Review of Higher Education in Egypt, the Organisation for Economic Co-operation and Development (OECD) and the World Bank point to the phenomena of 'educated unemployment' caused by an excess of university graduate supply over labour market demand and the overproduction of graduates in the social sciences (OECD/The World Bank, 2010). At the same time, the labour market suffers from shortages of technical and middle level professional skills while TVET suffers from low status and a lack of investment. Thus, the need for a more balanced labour market is another reason for involving the business community in educational reform.

As a consequence of the traditional apprenticeship system, the relationship between business and education has a very long tradition in Egypt and throughout the Mediterranean region as a whole. However, this system has now been largely relegated to the informal sector and has gradually been

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<sup>1</sup> Data provided by the Information and Decision Support Centre.

<sup>2</sup> The Global Competitiveness Index is the established measure for comparing the competitiveness of different countries in the world.

distanced from education. Emerging from a period of mistrust between the incipient private sector and public education authorities and training providers, Egypt has moved on to a clear understanding of the need for cooperation between these two worlds. Several projects have also been instrumental in incentivising this process. Some of these are donor supported (with government co-financing), such as the Mubarak-Kohl initiative, the EU TVET Reform Programme and the World Bank Skills Development Programme. Others are government projects, such as the National Skills Standards Project, the first initiative to bring together private sector representatives (manufacturing, construction and tourism) with public education providers to devise standards for the skills needed by the economy and translate them into educational requirements.

## **National policies and strategies: legal frameworks for cooperation**

The institutional framework for education and training in Egypt is extremely complex, encompassing over 30 different institutions and authorities. These include the two ministries with education portfolios (the Ministry of Education and the Ministry of Higher Education) and the five other ministries with competence in the area of vocational training: Trade and Industry, Housing, Manpower and Emigration, Health, and Social Affairs. Other actors include the National Authority for Quality Assurance and Accreditation, three sectoral training councils and the Social Fund for Development.

In the absence of a VET law or a specific law regulating cooperation between education and business, the most significant provisions on the educational side are regulations governing the boards of trustees in secondary schools and technical colleges. In vocational training, the most relevant legislation is the most recent Labour Law (12/2003), which regulates such important issues as the Supreme Council for Human Resources Development (SCHR) and the apprenticeship system (articles 141-144).

The reform of the Egyptian education and training system is guided and influenced by three main strategies: the National Strategic Plan for Pre-University Education Reform (2007/08-2011/12); the Higher Education Enhancement Plan (2008-2012, with a forecasting perspective for the period 2015-2022); and the recently approved strategy for TVET Reform (2009).

**The National Strategic Plan for Pre-University Education Reform (2007/08-2011/12).** One of the key assumptions central to the successful implementation of this plan is that the business community will extend a helping hand to the government and assume a greater share of responsibility for education by providing economic support to help meet the funding challenge and complement the state's budget for the reform. Making the point that the private and cooperative sectors (as defined by the National Strategic Plan) are the main employers of the product of the educational system, the Ministry of Education encourages and invites them to participate in initiatives aimed at improving education by providing different types of support for schools and by actively helping students to acquire the skills required by the labour market.

One of the chief aims of this strategy is to forge closer links between vocational and technical secondary education and industry in general and the labour market in particular by fostering collaboration with public, private and cooperative sectors and other stakeholders in business, industry and employment.

Implementation of the National Strategic Plan is supported by a number of donors, including the EU (through the ESPES<sup>3</sup>, a direct budget support approach), the United States Agency for International Development, and several EU Member States.

**The Higher Education Enhancement Strategy (2008–2012)** and the master plan for its implementation (produced in February 2000 and updated in September 2004) prioritised 12 projects in the first phase (2002 - 2007). These were subsequently restructured into six projects<sup>4</sup>. The implementation of this strategy has been supported by the World Bank.

The ministry (at the higher political level) has explicitly expressed its readiness to explore ways to foment cooperation between businesses and higher-education institutions (some pilot examples

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<sup>3</sup> Education Sector Policy Support Programme

<sup>4</sup>The Higher Education Enhancement Project Fund, the Information and Communications Technology Project, the Egyptian Technical Colleges Project, the Faculty of Education Project, the Faculty Leaders Development Project, and the Quality Assurance and Accreditation Project.

already exist and are described in this report) and has acknowledged that a close relationship between the two is the key to modernising Egypt's higher education, and in particular post-secondary TVET.

The **TVET Strategy** developed by a technical committee with representation from all the ministries involved in TVET and led by Ministry of Education was approved by the Prime Minister in August 2009. The aim of this strategy is to establish an integrated framework for developing TVET that will ensure its effective contribution to the country's economic and social development, to the provision of the skilled labour needed by the labour market (in terms of quantity and quality), and to the local, regional and global competitiveness of the country.

A main focus of this strategy is the creation of strategic partnerships with labour sectors to ensure their participation in the process of developing and managing education and training systems. A master plan for implementing this strategy is currently being formulated.

The implementation of this strategy is also supported by a number of donor projects, including the EU TVET Reform Programme and the World Bank Skills Development Programme. Several bilateral donors are also involved, notably Germany and Italy.

Although all three strategies stress the importance of cooperation between education and business, the chief weakness identified is the lack of effective implementation mechanisms. The TVET strategy is still in the phase of developing a master plan for implementation. Apart from the creation of boards of trustees, the National Strategic Plan and the Higher Education Enhancement Strategy have developed no formal mechanisms for strengthening cooperation between business and education, leaving this task largely to specific initiatives. There is no formal policy to incentivise the private sector to engage in cooperation with education. Consequently, although the frameworks exist, they are not very consistently or thoroughly applied.

In this context, EU policies are an important source of inspiration for Egypt. In higher education, the Tempus programme has attracted the involvement of some businesses (see section E under Outcome 3). Egypt is also participating in the Bologna Process as part of the enlarged group of countries interested in finding inspiration in EU practices for their own reform processes. In VET, a key component of the EU funded TVET Reform programme is the establishment of partnerships between education and training institutions and business at both sectoral and local level. The programme offers a platform in the Egyptian environment for piloting the various partnership models used in the EU. Another important driver for increasing cooperation between education and business has been the introduction (with the support of ETF) of the topic of an Egyptian National Qualifications Framework and the government's decision to implement that proposal. The qualifications framework currently being developed in Egypt is modelled on the European Qualifications Framework and thus introduces the opportunity for social partners to play an active role in this key development. Along the same lines, the setting up in 2006 (with the support of ETF) of the Egyptian Observatory for Education, Training and Employment under the auspices of the Information and Decision Support Centre (at the Cabinet of the Prime Minister) has created a space in which the private sector, civil society and representatives from the main ministries involved in human resources development work together in the Observatory Steering Committee, which meets regularly and supervises and inspires the work of the institution.

## Structures, methodology and approaches

### **Structures for regular cooperation between education and business**

Three main outcomes have been identified in the existing initiatives:

- a) the quality of employees and potential employees is enhanced;
- b) education and training institutions are upgraded;
- c) the initiative contributes to the systemic reform of education and training systems.

These outcomes were identified by clustering the chief benefits for the different communities (business, education and training institutions, students, and the system) under a given typology, and they also reflect the conclusions of discussions with key stakeholders. Although all three outcomes are sometimes observed in a single cooperation initiative, for the purposes of this report, examples of cooperation have been grouped under the outcome most visible or most relevant to the initiative.

The following examples have been selected because they are representative of interesting models of cooperation, and the list is not exhaustive.

## Outcome 1: Enhancing the quality of employees and potential employees

The collaborations between public and private sector companies and training organisations described below are focused primarily on improving the quality of employees and potential employees. In most of these models, companies are interested in well-organised and/or subsidised opportunities to train apprentices who can be recruited as skilled labour after they have completed their training. These projects may include provisions for granting undergraduate and postgraduate scholarships to students in the public and the private sector.

**TVET apprenticeship: Cooperation in upgrading workers' skills through a network of vocational training centres.** In the 1950s, in an attempt to formalise Egypt's traditional apprenticeship model, the government embarked on the establishment of a network of public vocational training centres offering vocational and practical training programmes primarily through enterprise-based work and training. These centres were originally designed to meet the needs of large public enterprises. However, since the private sector started to gain ground as an important employer, it has also been able to participate in these schemes. Examples of these vocational training centres are those affiliated to the Productivity and Vocational Training Department of the Ministry of Trade and Industry<sup>5</sup>, and those run by the Training Organisation of the Ministry of Housing and Reconstruction (TOMOHAR)<sup>6</sup>.

Trainees taking part in the programmes enter into a training contract also signed by the employer (whether public or private) and the training centre. They are paid a small allowance, around 15% to 25% of the wage of an adult worker, to help them with transport and food costs.

In this model, participating companies are interested in the well-organised and subsidised opportunity to train apprentices who can be recruited as skilled labour after they completed their training.

The Productivity and Vocational Training Department has existed since 1956. With a capacity of slightly over 22 000 participants, representing just over 1% of all students in upper secondary vocational education, it remains a very small programme in the Egyptian context. Only 507 enterprises are involved in its projects and the main focus is on large public enterprises, whose needs it was largely designed to meet. It works exclusively in the industrial sector in trades such as mechanical and electrical maintenance, plumbing, leather, weaving and textiles, plastics, printing and petrochemicals (ETF, 2009).

**Introduction of new specialisations (involving both the Ministry of Education and the Ministry of Higher Education).** In 2009/2010, Americana, one of the largest companies in fast food and food processing in Egypt, with over 1000 fast food restaurants in the Middle East (265 in Egypt), created a specialisation in fast food linked with employment opportunities for graduates. The implementation of this course in technical education and technical colleges is governed by parallel collaboration agreements with the Ministry of Education (technical division) and the Ministry of Higher Education (technical colleges division). The aim is to produce workers who can meet the needs of the fast food industry, a specialisation not covered by the educational system prior to this project. Within the

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<sup>5</sup> Established in 1956 by a Presidential Decree, this body focuses exclusively on the industrial sector

<sup>6</sup> TOMOHAR was originally set up in 1976 by Ministerial Decree 433/1975 to meet the demands of the construction sector. Affiliated to the Ministry of Housing, Utilities and Urban Development, it is currently the largest training institution for the sector and runs about 75 vocational training centres. Centres offer six-month courses covering 10 trades and can accommodate 30 trainees in each section. They also include two heavy equipment vocational centres (each one with capacity for 150 trainees per shift) that run short courses of 3 to 12 weeks, and two instructor training centres that provide basic and advanced training for trainers, engineers and managers.

framework of this agreement, Americana develops curricula for the new specialisation, participates in the selection of students, provides practical training in the company's restaurants, pays the students a monthly allowance, assesses the practical training component, insures the students during their practical training, and issues a certificate of experience to graduating students.

Having experienced some success, the company is planning to increase its scope more than tenfold by extending the model to more schools and colleges throughout the country. This is an example of a project with a focus on Outcome 1 that has begun to have an impact on Outcome 2.

**The Information and Communications Technology sector** is one of the economic sectors in Egypt that is currently developing its competitiveness at national and international levels. The London School of Economics published a report in January 2009 entitled 'Beyond BRIC, Off shoring in non-BRIC Countries: Egypt – a new growth market', in which it explains that Egypt showed the highest market potential of any country studied in the report because of its cultural fit with Western European countries, its strong language fluency, its 'convenience for cost-effective "near shoring" for European business, and its position as a gateway to the Arabic world'. Exploiting these competitive advantages, the Ministry of Communications and Information Technology, and the Information Technology Institute have developed programmes and international partnerships to ensure the availability of the human resources needed. These include courses on developing new enterprises (entrepreneurship programs), in-service training for employees of information and communications technology companies, and the Education Development for Universities in Egypt programme, which targets undergraduates in Egyptian universities, offering them training in soft skills, languages and technical competence.

The Knowledge Transfer Partnership programme is another example of cooperation in this sector. Its objective is to meet the human resources needs of its 45 partner companies by ensuring proper candidate selection, accurate development of training curricula, effective practical experience through applied training and real projects, and joint assessment of performance.

**The Egyptian Tourism Federation (ETF)**, through its Human Resources Development and Training Unit (HRD) and more recently, in cooperation with the recently created Tourism Training Council (see below) has been involved in three major axes in training for the tourism sector during the last five years: workforce skills development, training of fresh graduates and development of hospitality education. Regarding the first axis, ETF has conducted 40 training programs for hotel establishments, restaurants, travel agencies, tourist commodities, bazaars and diving centers. The total number of trainees reached 120,000 in 12 different Governorates (80% of them were awarded accredited certificates from international training and education associations: AHLA, IDI and Cornell University). ETF is implementing 200 training courses daily carried out by 300 full and part time master trainers. In addition, ETF is implementing training courses for teaching English language to 100,000 employees working in tourism sector. Pertaining to the second axis, ETF is implementing the Youth Training Program in International Chain Hotels since 2007. Graduates reached 1600 trainees in 6 Governorates in Egypt, 95% of them been recruited in the hotels they are trained in. Concerning the third axis, ETF has already modified 20% of educational curricula of tourism and hotels colleges and higher institutes according to a Ministerial Decree. ETF also is supervising the building of the largest road safety training center in the world for tourist vehicle drivers.

## Outcome 2: Upgrading education and training institutions

In this cooperation model, enterprises are involved in upgrading physical facilities, providing the educational institutions with equipment and machinery, upgrading certain workshops, introducing new specialisations, and playing a role in the testing and evaluation of students.

**Mubarak-Kohl Initiative: upgrading workers' skills through the dual system.** In 1991, when the newly established Mubarak-Kohl Initiative<sup>7</sup> started the process that led to the introduction of the dual system into technical secondary education in Egypt, the private sector was able to play a more active role in education, enhancing the quality of graduates and improving the quality of certain schools.

The programme encourages collaboration between business and education. Private companies (mainly medium and large) join an investors' association that participates in the implementation of a

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<sup>7</sup>A joint Egyptian-German initiative

technical education programme through the Regional Units of the Dual System. Participating companies are responsible for the practical training component, during which students spend four days a week in factories and two at school. The companies contribute EGP 100 per student to cover the student's transportation expenses and the administrative expenses of the Regional Unit. At the end of the three years, the graduates receive a certificate from the investors' or business association and a diploma from the Ministry of Education<sup>8</sup>. It has been reported that over 56% of the trainees have been offered jobs in the companies involved in their training.

In addition, businesses actively represented in the Regional Units have played a role in upgrading the schools where the dual system is being implemented, including improvements in the buildings, classes and workshops as well as the introduction of new curricula.

The Mubarak-Kohl Initiative is a recognised secondary education programme functioning within the structure of the Ministry of Education. Results relating to Outcomes 1 and 2 can be clearly identified in this example.

However, one of the limitations of this project is that the number of participants remains quite small compared to the total number of potential students (representing only 0.52% of all secondary technical education students). This raises questions about the critical mass of the programme and the feasibility of extending it to the rest of the system.

Between 1992 and 2009, dual training was offered in 68 technical secondary schools in Egypt, the programme developed 31 occupational profiles, and 1 900 businesses accommodated and trained students. By 2008, 20 000 students had graduated from the scheme (18% female) and a further 24 000 students were enrolled (Grunwald and Becker, 2009).

**Collaboration in the management and upgrading of technical secondary schools.** In 2009/2010, Arab Contractors, the largest publically owned company in the building and construction sector in the Middle East, established a protocol with the Technical Education Division<sup>9</sup> relating to the upgrading and management of five technical secondary schools specialised in building and construction located in various governorates. The aim was to enhance the quality and relevance of education in the sector. The role of Arab Contractors includes upgrading workshops, assessing and training teachers and instructors, upgrading tools and equipment for practical training, participating in the evaluation and selection of applicants, issuing certificates to students, training students in company workshops and sites, and employing exceptional graduates. The chairman of the company chairs the school boards.

## Outcome 3: Contributing to systemic reform of education and training systems.

In this model, enterprises work closely with education and training systems with a view to influencing the quality and relevance of outcomes, either nationally or in their own sector or region.

A considerable number of models of this kind were identified, confirming that a large number of excellent methods are being used to monitor and improve the quality of education and training.

**The only formal overarching body in which business and education come together is the Supreme Council for Human Resources Development (SCHR).** In theory, this Ministerial Council is chaired by the Minister of Manpower and Emigration, the highest authority in charge of formulating human resources development policies. Its members include all the relevant Ministries (Education, Higher Education and the sectoral Ministries in charge of vocational training) as well as representatives of the trade unions and the private sector (through the federations of employers). While the SCHR was revamped by the Labour Law of 2003, it has not, in actual fact, met in plenary session since the law was passed. In 2007, a process aimed at reactivating this Council was set in motion by the Minister of Manpower and Emigration under the auspices of the Prime Minister. To achieve this aim, a new SCHR Executive Committee (intended to be the council's operational arm)

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<sup>8</sup>Successful completion is assessed on the basis of a national examination that includes both theoretical and practical work.

<sup>9</sup> This division is responsible for administering all of the 1 275 industrial, agricultural and commercial technical secondary schools in Egypt. Technical secondary schools operate at two levels: the first provides technical education in three-year technical secondary schools for technicians, while the second level provides more advanced technical education in an integrated five-year course to prepare senior technicians.

was established and met regularly until 2009 to prepare a new agenda for this policy body. The future of the SCHR D now depends on a decision to be taken by the Prime Minister. While the SCHR D has been inactive, policy discussions related to education and training have taken place in the Ministerial Committee for Human Resources Development Issues, which works under the Prime Minister, and on which only the government is represented.

**Active representation on human resource development councils.** Since 2006, business interests have begun to play a more active role in the reform of education and training. This is reflected in the considerable representation of private enterprises on the boards of the councils set up by the Egyptian government to enhance the quality and relevance of education and training in three key sectors; industry, building and construction, and tourism.

The first of these bodies—the Industrial Training Council—was set up within the Ministry of Trade and Industry by Ministerial Decree 553/2006 to improve the coordination and effectiveness of existing training projects, especially those connected to the Ministry itself. The aim was to increase the efficiency of these projects, bringing them closer to the real needs of the different industrial sectors and maximising the use of available resources. This council's board of directors (mainly composed of representative of private enterprise) is addressing a number of key education and training issues. Ongoing projects include support for the Ministry of Education in the work of upgrading 100 technical secondary schools and the modernisation of the Productivity and Vocational Training Department network. The Industrial Training Council is also responsible for administering the TVET Reform Programme and the Skills Development Project as well as implementation at national level of the National Skills Standards Project.

The second sectoral council is the Building Skills Development Council set up in 2008 by Prime Ministerial Decree 440/2008. This council is managed by a board of trustees chaired by the Minister of Housing. Board members include the Minister of Education and the Minister of Manpower and Emigration, the Social Fund for Development, representatives of private and public enterprises from the building and construction sector, the chairman of the Egyptian Federation for Building and Construction, the chairman of the Industrial Training Council, business and investors' associations, and others. The mandate of the Building Skills Development Council is to develop a training strategy for the sector, monitor its implementation and approve related plans and budgets.

Finally, the National Council for Human Resource Development for the Tourism Sector, established by Prime Ministerial Decree 1650/2010, has considerable private sector representation through the five tourism chambers and the Egyptian Tourism Federation. The aim of this council is to improve the quality of human resources in the tourism sector.

The considerable representation of business interests on the boards of these councils specifically set up to reform human resources development in these sectors should allow business interests to play an important role in the system.

**TVET Reform Programme: Enterprise Training Partnerships (ETPs).** In the ETP model introduced by the TVET Reform Programme<sup>10</sup>, enterprises work in close partnership with education and training systems to influence the quality of services by piloting different approaches in a sector or geographical area. Since 2005, the project has set up 12 sectoral ETPs and 10 local ETPs in 10 governorates. Each one is managed by a board of directors on which two-thirds of the directors come from private businesses and one-third from education and training providers.

Within this framework, the ETPs are contributing to education and training at different levels; workers, institutions and systems.

- Businesses linked to sectoral and/or local ETPs participate in the project's cooperative training system by offering training opportunities in their companies to students enrolled in technical schools. There is a plan to expand this programme to technical colleges. Some ETPs have even administered national training and employment programmes.
- In certain sectors (for example, the ready-made garment industry), ETPs have supported companies in setting up in-company training centres offering training to job seekers.

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<sup>10</sup> A project co-financed by the EU and the Egyptian government for 66 million euro and implemented under the auspices of the Ministry of Trade and Industry for six years commencing mid 2005.

- ETPs are collaborating with the Industrial Training Council and the Ministry of Education to upgrade 27 technical secondary schools as part of a major project centred on the reform of 100 of these schools (a project initiated by the Ministry of Trade and Industry and supported by the Prime Minister). The project involves reviewing and upgrading the teaching curricula, technical and pedagogical training for teachers, school management training, equipment purchase, upgrading school buildings and infrastructure, and the participation of local companies in the project's cooperative training scheme.
- ETPs are supporting other ministries in the task of upgrading their vocational training centres, such as the vocational training centre run by the Ministry of Manpower and Emigration, TOMAHAR centres, and the Productivity and Vocational Training Department network. Support includes upgrading buildings and workshops, upgrading specialised workshops, developing complete training packages and training of trainers and master trainers.
- On the level of systemic reform, the contribution of ETPs includes supporting the 100 technical secondary schools. They also work closely with the chambers of industries and relevant federations to identify priority occupations and develop functional maps, occupational profiles and complete training packages<sup>11</sup> for each of the occupations identified. Other activities include introducing new specialisations into technical secondary schools and technical colleges and promoting the concept of Centres of Competence in 12 sectors.

By April 2010, 12 sectoral ETPs and 10 local ETPs had been established with two-thirds of the board of each one representing private businesses; 715 ETP members had been recruited, 5 364 trainers, master trainers and tutors trained, 14 952 workers trained, 33 curricula and occupational standards developed, and 216 training packages developed.

An important issue for the future will be how the results of the work of the ETPs (which represents an important attempt to find a systemic solution for the cooperation between education and business in Egypt) can be assessed and in its case, mainstreamed into the system, and what would be the structures that would need to be in place to support their work and sustainability.

**Collaboration in the development of National Skills Standards.** Between 2000 and 2005, the Egyptian government financed the National Skills Standards Project with the objective of equipping the Egyptian workforce with the skills required to meet the current and future needs of the national and international labour market. The aim of the project was to create a sustainable system to facilitate the development and delivery of skill standards, starting with three key sectors (manufacturing, tourism, building and construction), and to benchmark these standards against European best practice.

The participation of businesses in the trade committees that carried out the functional analysis and went on to develop the standards, assessment criteria and training materials for the different sectors and industries has contributed to the credibility of the mechanism for developing these standards.

**The Tempus programme.** This EU-funded programme supports the modernisation of higher education in Egypt through joint projects implemented by universities. Relevant themes for these joint projects include curriculum development, university governance, and the creation of stronger links between higher education and society at large. Some of the initiatives supported by Tempus have attracted businesses. The following are a few examples of such projects.

- University-Enterprise Win-Win Partnerships for the introduction of a new training programme for a Master of Science degree in line with EU standards in the field of technology management and integrated modelling in natural resources.
- Enterprise University Partnership, a university-industry bridging system in which university faculty, administrators and students receive training in technology transfer.
- Masters of Engineering in sound and vibration, a project undertaken to produce a new generation of engineers capable of performing constructive engineering work in the field of acoustic and vibrations. The project addresses postgraduate students with a new type of Egyptian degree called Master of Engineering. This degree is expected to have national impact in the sense that it

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<sup>11</sup> Complete training packages include master trainer and train-the-trainer packages as well as trainee training packages.

will be an example of how degrees of this type can be formulated to serve industry and the community.

The boards of trustees in both pre-university education and higher education. The Ministry of Education issued Ministerial Decree 258/2005 and 220/2009 (revoking Ministerial Decree 334/ 2006, which had amended Ministerial Decree 258/2005) to formulate and regulate the work of school boards of trustees and their coordinating committees and to grant them independence to govern schools. Board membership includes parents, members of the local community, and representatives of the teaching staff.

The Higher Education Enhancement Project was expected to bring about measurable change in policies and strategic directions in the technical education sector. One of its achievements has been to amalgamate the former middle technical institutes (post-secondary VET) into eight regional technical colleges and to set up a board of trustees for each college on which the local business community is represented. This change has shifted responsibility for policy development, strategic decision-making and governance in the technical colleges from the Ministry of Higher Education to these boards. The board's most important responsibilities include evaluating college performance and fostering ties between technical colleges and the local business community<sup>12</sup>.

The participation of the business community on the boards of trustees of technical colleges is a new concept in Egypt, and there is hope that it will lead to measurable change in the policies and strategic directions of the colleges and in technical education in general. However, less than 30% of these boards are active. A report by the Academy for Educational Development<sup>13</sup> notes that while the boards of trustees of the technical college have specific power and authority under the Ministerial Decree of October 2008, their function is not fully developed. The challenge will be to maintain the momentum, involving the private sector to a much greater extent while moving as quickly as possible towards more demand-driven approaches and increasing incentive and financing mechanisms so that technical colleges can continue to improve their performance.

## Challenges

### Overall assessment of challenges

Based on the analysis made in this report, four key weaknesses can be identified that represent a challenge for cooperation between business and education.

- d) The lack of a formal institutional setting in which education and business representatives can meet on regular basis to discuss the policies and implementation mechanisms for cooperation, and the lack of a body charged with coordinating existing initiatives and taking the lead in promoting cooperation.
- e) The lack of action plans for establishing mechanisms to facilitate the cooperation between education and business provided for in the main strategies for reform.
- f) The dichotomy between the many pilot projects and the lack of mainstreaming. Cooperation between business and education takes place in Egypt mostly through pilot projects with a bottom-up approach (launched either by donors or Egyptian institutions). While this is an excellent way of field testing models, there are still no mechanisms in the system for assessing and evaluating the output of these projects or for selecting those that should be mainstreamed. This approach can create islands of excellence, but will have no significant impact on the system as a whole. It also leads to duplication of effort and in some cases overlapping and contradictory activity.
- g) The participation of the private sector education is still slight in relation to the size of the system; a critical mass has not yet been achieved, and the initiative remains with the individual companies.

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<sup>12</sup> Ministerial Decree no. 2655/October 2006 was amended in 2008 to provide better representation of employers and their associations on these boards, and constitutes the legal framework for the eight Egyptian Technical Colleges, defining all their rules and regulations.

<sup>13</sup> *Gap Analysis* prepared by the Academy for Educational Development for and with the Ministry of Higher Education.

This situation is due to a lack of incentives, and in some cases, the private sector's inability to formulate skills needs.

## Specific considerations for target groups

- h) Businesses can play an important role, especially in filling niches in the higher education system. However, their need for profitability obliges them to concentrate on the professional and technical programmes for which there is high demand. The Egyptian labour market is characterised by a surplus of university graduates, in particular in the social sciences, giving rise to the phenomenon of 'educated unemployment'. At the same time there is an overwhelming demand for middle level skills and technical skills, which the TVET system is currently not capable of addressing. Consequently, when businesses get involved in cooperation initiatives, they tend to focus more on technical secondary education and vocational training (where there is more urgent labour market demand) and less on higher technical education and universities. Post-secondary VET has often been considered a very weak component of the VET segment (tending to attract students who want to go to university but have failed to achieve the necessary marks). For too long, the world of academia and the university has been considered very distant from the world of business and work. This perception is changing slowly, but there are as yet very few projects for cooperation in the field of higher education. This area is now a government objective, together with the promotion of post-secondary VET as a quality alternative to university education.
- i) Most of the enterprises participating in these cooperation initiatives are either medium or large enterprises, while small and micro enterprises are absent from the scene, an indication that their requirements and needs will not be taken into account as much as those of large and medium enterprises. There are many reasons for this. SMEs in Egypt are effectively small and micro enterprises, which very often cannot afford to participate in cooperation schemes. At the same time, large cohorts of students require large companies that can host them in order to avoid excessive fragmentation of the scheme. There is also a certain distrust of some SMEs, which may, to some degree, be involved in the informal sector. The ministries in charge of cooperation schemes feel they have greater control over the students' working and training conditions if they are placed in larger companies. However, since most employment in Egypt is generated by SMEs, it is important to involve these companies in more projects in order to gain a better understanding of their needs and the constraints that affect them.

## Recommendations

Four main areas emerge from this analysis after discussion with the main Egyptian stakeholders.

- j) **Creating an institutional setting to facilitate the policy dialogue and cooperation between education and business.** A formal forum is needed where the main ministries in charge of education and training (both education ministries and the various ministries involved in VET) could meet regularly in a formal setting with representatives from the world of business (large, medium, small and micro companies) to discuss and make decisions on policies for cooperation and ways of implementing such initiatives. This body could build on the national and international experience of successful models of cooperation between business and education and contribute to higher quality and more relevant training, while offering attractive incentives to participating enterprises.

Such a structure would reinforce cooperation at national level and could then be replicated at the level of the Governorates and at local level. Capacity building is needed for the private sector representatives, who are often unable to express their needs in educational terms, and at the level of the educational institutions, which need to understand the messages coming from the labour market.

A number of solutions for such a structure have been proposed, for instance at the conference on Building Effective Employer Engagement<sup>14</sup>, of which the following two are of particular interest.

- The creation of a single National Qualifications Authority with the participation of the business community (linked to the ongoing process of setting up an Egyptian National Qualifications Framework, a project already approved by the government).
- The creation of a body that would become the overarching institution for all the ETPs created by the EU TVET Reform Programme. This would also imply recognition of the ETPs as a formal part of the TVET system and would follow the model of the sectoral councils that exist in some EU Member States.

If the decision were to use an existing structure, the most likely candidate would be a new version of the SCHR with renewed membership and a more functional executive body for meeting, discussing and decision-making. One possibility is that the SCHR Executive Committee could undertake this function, working closely with national boards of trustees at the pre-university level and in the technical colleges, and potentially the universities. These boards of trustees would have to be represented by a unified national body; Ministerial Decree 220/2009 provides for the presence of representative boards at the level of schools, districts (Idarabs) and regions (Muddiryas). This structure could facilitate stronger links between all levels as well as national representation.

Whether the decision is to create a new institution or use an existing one, the policy decision at the highest level must be backed up by adequate financial provisions.

**k) Bridging the gap between policies and strategies and the implementation level: action plans**

The National Strategy Plan for Pre-University Education Reform, the TVET Reform strategy, and the Strategy for the Reform of Higher Education all foresee the need for cooperation between education and business. However, the mechanisms that need to be put in place to facilitate this cooperation are lacking. These mechanisms should be explicitly defined in the strategies, and the principle of cooperation must be incorporated into the relevant legislation. An action plan should be developed for the implementation of these mechanisms.

A master plan for the implementation of the TVET Strategy is already under development. In that process, it will be important to assess, build on and use the structure and methodologies of existing partnerships with the labour sectors (such as the sectoral and local ETPs of the EU TVET Reform Programme) to create a demand-driven TVET sector.

- l) Setting up a mechanism for monitoring, assessing and evaluating pilot projects involving education and business cooperation** and for making policy decisions about the best models to mainstream. This mechanism would have to be closely connected to the body responsible for channelling the policy dialogue and developing cooperation between education and business (see recommendation 1). It should provide an overview of all existing initiatives and facilitate the process of extracting lessons from the pilot programs. This mechanism should be taken into account from the outset in the implementation of pilot programs in order to facilitate the eventual task of drawing conclusions and choosing the models best adapted to the Egyptian situation.
- m) Broadening the participation of the private sector. At present basically only large enterprises are involved in cooperation initiatives.** However, SMEs account for the largest segment of employment, making it vital to ensure that they are also represented in this field and participate in cooperation initiatives, so that their needs can also be met. This would involve formalising greater representation of these enterprises in different institutions, such as the boards of directors of ETPs and the boards of trustees of technical colleges, as well as in the national body mentioned in Recommendation 1.

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<sup>14</sup> A conference held in Cairo on 15–16 March 2010 organised jointly by the EU TVET Reform Programme and the British Council, with ETF participation. Three Ministers (Education, Higher Education and Administrative Development) participated actively in the discussions. ETF took part in this conference, presenting the Education and Business study and gathering conclusions and recommendations that have been used in this report.

In order to expand business participation (without depending on personal initiatives or commitments) and involve the SME sector, the creation of a system of incentives for participating companies should be considered. In this respect, it would be helpful to review examples from different countries that could inspire the design of a model adapted to the Egyptian setting.

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