



REFORMING TECHNICAL VOCATIONAL EDUCATION AND TRAINING IN THE MIDDLE EAST AND NORTH AFRICA

EXPERIENCES AND CHALLENGES

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AND NORTH AFRICA**
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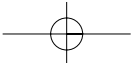
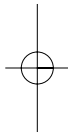
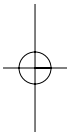
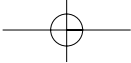
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INTRODUCTION

Having successfully expanded school coverage to unprecedented levels, countries in the Middle East and North Africa are turning their attention to improving the quality of learning opportunities for their citizens. Equity in learning opportunities is today less a problem of initial access, but one of quality and relevance. There are too many citizens in the region who do not complete basic education or do not have access to quality learning opportunities. Thus, they are ill-prepared for the challenges of knowledge-based societies. These shortcomings in turn limit the growth potential of the region's countries, with serious implications for their participation in global markets, job growth, poverty alleviation and social stability.

The role of technical and vocational education and training (TVET) in the provision of quality and relevant learning opportunities in the region is explored in this report, which is organised around five themes: improving governance, financing, quality and relevance, the role of the private sector, and the acquisition of skills in the informal sector. TVET in the region covers various institutional arrangements, from vocational streams in basic and secondary schools to post-secondary institutions. This report summarises the key findings from detailed country reviews of Egypt, Jordan, Lebanon and Tunisia, completed by a team of national and international experts. Its relevance, however, goes in our view beyond those countries, as very similar issues appear to be key elsewhere in the Middle East and North Africa (MENA) region as well.

This report is the result of a joint project undertaken by the European Training

Foundation's (ETF) Mediterranean Department and the World Bank's Human Development Department for the Middle East and North Africa. It was the first time that the ETF (an agency of the European Union) and the World Bank had engaged in a joint, common analysis of the main challenges for TVET reform in the region. While the approaches and points of view of both organisations are occasionally different, the report reflects the efforts to come to a common analysis. This enriching discussion has resulted in an outcome that would have been different had it been undertaken by one single institution. The project also benefited from a grant under the British government's Knowledge and Skills initiative entrusted to the World Bank. The ETF has sponsored this publication, which differs in its style from other institutional publications given that it is a joint analysis undertaken with the World Bank.

This report is written with the objective of disseminating information on current reform efforts in different countries of the region, and promoting exchanges of information and experiences among policymakers in countries facing similar issues. Efforts have been made to assess ongoing reform initiatives. The study aims to contribute to discussions already taking place at national and regional level. In its recommendations, the report provides a menu of policy issues to be further analysed by each country in its own national context. These policy issues are meant as a contribution to the national discussions, analysing the examples from four countries with a regional perspective. The report does not aim to be a comparative analysis. Not all the policy recommendations are to be applied

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everywhere nor at the same time. It is up to each country to consider the issues proposed, take the analysis embedded in its own national context further and choose and make its own priorities. In exchange, it is the work of our two organisations and of all the donor community to support countries in this 'policy learning' process.

The team in charge of the project was led by Guillermo Hakim (World Bank), the main author of this report, and Elena Carrero Perez (ETF), co-author and responsible for publication. The team of experts in charge of the preparation of the background country reviews that served as a basis for the regional analysis include Alan Abrahart, Jean Akl, Ghada Amin, Ahmed Gdoura, Hans Haan, Richard Johanson, Makram Malaeb, Nader Mryyan, Tayseer Nahar,

Roger Pearson, Jean-Paul Peresson and Steve Pope as the main editor of the country annexes. The authors of the report, the World Bank and the ETF wish to acknowledge the contribution from national stakeholders in gathering the relevant information and to thank the national authorities for their participation and support to this project. We hope this will be a useful contribution to discussions in the region and one step further in supporting countries in making their own policy choices for the reform of their vocational education and training systems.

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EXECUTIVE SUMMARY

The context for TVET reform: From low quality learning to contributing to the knowledge economy

Access to schooling has seen significant progress in the MENA region over the past three decades. The average enrolment rate in primary education reached 94.5% in 2000. But large deficiencies remain in the form of high repetition and dropout rates. A large number of school-age children access basic education but do not stay in school, entering the labour force and traditional apprenticeships with low basic skills.

But many among those who stay in school are filtered out of general education into low-quality, second-choice vocational streams. Vocational streams in the region are synonymous with academic failure and are regarded as a second-choice alternative by parents and students. Large numbers of students are tracked away from general education, 'pushed out' more exactly, and as a result suffer under the limited opportunities for lifelong learning available.

Policy makers have tended to see the high selectivity of general education as a sign of quality. In this view, progressing through general education is difficult because it ensures high quality education for those who successfully pass the various academic hurdles. Recent evidence from 10 MENA countries participating in the 2003 Trends in International Mathematics and Science Study (TIMSS) international exams for general education secondary students seems to contradict this point of view. Out of a total of 45 participating

countries, the 10 MENA countries scored below the international average for both mathematics and science tests. And large number of students, from 20% to 81%, across different MENA countries failed to achieve the low benchmark scores for mathematics and science.

The fact is that large numbers of students in the region fail to complete basic education, and among those who do stay in school many fail to acquire basic knowledge, and as survey data show, most students tracked into low quality vocational streams belong to lower socio-economic strata, thus reinforcing the role of education as a source of inequality in the region.

The large number of basic education dropouts coupled with tracking large numbers of students into low quality vocational streams goes hand-in-hand with the growing importance of informal employment in the region and the type of skills that large numbers of workers are acquiring. In some countries, particularly in those in which public employment continues to play a prominent role, survey data show that the more educated an individual, the less likely he or she will work in the formal private sector.

The reform agenda for TVET today in MENA can be summarised as follows: how to shift TVET from its current emphasis on lower quality learning opportunities to a contributing role for the development of skills necessary for the knowledge economy. The rest of the report looks at the various initiatives being undertaken in the region.

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Improving governance, or how to introduce participation, accountability and decentralisation in public provision

In most countries of the region, the State plays a predominant role in the financing and provision of TVET. Current efforts to adapt TVET to the requirements of the knowledge society include broadening the participation of other social partners in the governance of TVET systems. Initiatives to include business and union representatives in governance have for the most part relied on the establishment of ad-hoc committees at the national level with government and social partner representation. In practice, these types of committee have proven largely ineffectual because of a lack of operational responsibilities among the various participants.

In terms of accountability, public provision of TVET in the region is not based on performance or outcomes. TVET institutions continue to operate year after year without monitoring results and with quantitative expansion as their main strategic objective. Having guaranteed public subsidies, the incentive for change and relevance is weak. As discussed in the financing chapter, additional funding mechanisms, besides the traditional direct allocation transfers, can play a role in creating the incentives for public provision to better respond to the needs of individuals and businesses.

A major limitation to the effectiveness of public TVET institutions in the region is their lack of administrative autonomy from central ministries and agencies. Centralisation means that individual TVET institutions cannot take decisions on key issues such as curricula, financial and personnel management, and sectors of involvement, thus limiting their capacity to change and adapt. The Mubarak-Kohl Initiative in Egypt is one example of the decentralised provision of training. Another example is the World Bank-financed Skills Development Project, which brings public financing for enterprise training initiatives. Other initiatives such as the EC-financed TVET Reform Project seek to develop public-private partnerships at the local level, and will soon be ready for implementation.

Tunisia has developed an ambitious programme for decentralising the provision of public training services. A new management model for training centres has been elaborated and is being tested at a number of training institutions. Following this, the decentralised management model should be adopted by all centres across the country. Benefits from this experience so far have included a better partnership between enterprises and training institutions, particularly in the development of curricula and in enterprise-based provision of training. But the experience also shows that the quality of private sector participation is uneven, with some private sector representatives unprepared to take on their responsibilities. Resistance to change can come from within the training institutions themselves, as well as from the central agencies.

Financing TVET: New sources of funding and new allocation mechanisms are needed

Public spending on education and training in the region is high by international standards. The regional average stands at 5.3% of GDP (in 2000) for education alone, compared to 4.3% for upper middle income countries. TVET revenue sources are mainly from direct budget allocations, while cost recovery mechanisms are small in comparison. In several countries an additional source of revenue is a training levy paid by firms that is used to finance public provision of pre-employment training services. Private sector contributions to TVET will need to be prioritised in order to sustain a more diversified provision of TVET services, both in terms of quality and in providing a lifelong framework.

A key characteristic of TVET financing in the region is the segmentation of funding for public and private provision. Private provision is funded essentially from fees and tuition paid by individuals. However, funding for public provision originates from three sources: direct budget allocations; the collection of modest fees from individuals; and, in several countries, from the collection of a training levy paid by businesses. There is no funding mechanism to open up, for example, the training levy to finance private provision.

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Diversifying funding mechanisms in the region to create incentives for efficiency and relevance is still a pending reform. In addition to the traditional budget allocations for public provision, other mechanisms such as increased cost recovery with targeted assistance to the poor, training funds directed to end-users of training services, and performance-based budgetary allocations could all be combined to create incentives for change in the TVET system.

Improving quality and opportunities for learning

There are many initiatives to improve the quality of TVET programmes. Curricula development has received particular attention in most countries, and there is a general trend in the region to move to competency-based approaches. But in most countries curricula development initiatives are not embedded in a wider reform programme. They are a stand-alone type of initiative. In a few cases, developing the competency-based approach for curricula development is part of a broader objective, a part of which is to involve private sector businesses in a systemic TVET reform process.

Measuring the quality of training through end-of-programme testing is common in MENA. However, how well this testing captures the quality of the training imparted is open to question. In some cases, testing is biased towards academic knowledge and does not provide an adequate assessment of practical skills and employability. In other cases, examinations are designed to regulate access to post-secondary education, and actual pass rates may not reflect students' knowledge or competencies. Also, the absence of industry participation in the design and administration of exams may upwardly bias pass rates.

Teaching methods in TVET do not currently impart higher-order cognitive skills, such as problem-solving. Instead, teaching methods tend to emphasise rote memorisation and they reward passive learning. In addition, there is a tendency to promote overspecialisation in narrowly defined fields of training. Low quality

teaching in TVET is a major source of inequality. Lack of qualified and experienced instructors is prevalent. Civil service salaries do not generally encourage experienced workers to become instructors.

Qualification frameworks to provide certification of workers' competencies to increase workers' job mobility, provide assessments and accreditations, are being developed in a few countries. In Egypt the qualifications framework seeks to establish not only skill standards but also the procedures for testing and certifying trainees in certain pilot sectors. National standards in Jordan are maintained through the use of common national curricula among training institutions, and the application of common exit examinations. Private vocational centres are also subject to the Ministry of Education review to receive continued official recognition for their graduates.

Monitoring and evaluation is an area that is beginning to capture the interest of policymakers. Jordan has accumulated important experience in conducting not only tracer studies for graduates but also in monitoring the internal efficiency of training programmes, focusing on costs, access, repetition and dropout rates and quality. Tunisia has started to introduce quasi-experimental designs to monitor the impact of TVET interventions, and is currently refining the methodological approach.

A new partnership with the private sector needs to be consolidated

Participation of the private sector in the governance of TVET systems through national committees or other institutional arrangements is only one dimension of a broad partnership that is beginning to emerge between the public and private sectors. This partnership, as it is being developed in some countries of the region, includes private sector participation: in the decisions regarding the feasibility of public investment in TVET; in the identification of skills needs and the development of curricula (competency-based approach); in the management of public training institutions; in the provision of enterprise-

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based training in coordination with public training institutions; and in monitoring and evaluation activities.

These partnerships are at an initial stage of development, although they are more advanced in some countries than in others. Active participation of the private sector is constrained by weak private sector organisations who lack a vision for human resources development in their strategic objectives. They also lack a sufficient number of skilled staff and have limited resources. In fact, skills development is not yet a priority for a large number of enterprises, particularly among small and medium-sized enterprises (SMEs). Improving the capacity of the private sector to actively participate in the implementation of an overall TVET strategy for human resources development is one of the key areas to be developed.

In-service training is central to enhancing competitiveness in the private sector, and yet few workers in the region benefit from in-service training. In countries where a training levy exists, the resources obtained in this manner mostly benefit large enterprises and, in many cases, essentially public enterprises, or they are used for the financing of pre-employment training services. An important market failure in terms of the development of in-service training in the region is the large number of SMEs that lack the capacity to identify and formulate their training needs in well-articulated training programmes. In this respect, important government initiatives are being piloted in Egypt and Tunisia to promote in-service training through the identification of skills needs and the funding of company training initiatives.

Direct provision of TVET by private proprietary institutions or non-governmental organisations (NGOs) is concentrated in a few trades which generally do not require large capital investment. Lebanon is the only country in the region where enrolment in private TVET institutions is more significant than public enrolment. It has been observed that in Lebanon the success rates of candidates for national examinations among public sector students are significantly higher than among their private sector peers. This suggests the

need for stronger accreditation mechanisms for private providers.

In Jordan private provision at the community college level has been promoted by the government and has become important in terms of enrolments. At the same time, recent enrolment in private community colleges has been reduced in absolute terms because of the emergence of private universities offering similar courses, and also because of the increase in available places at public community colleges through the so-called 'parallel programmes'. These programmes admit privately-financed students to public colleges. They attend the same classes as the fully-subsidised students but pay less than the full tuition cost. Private colleges argue that this creates an unfair advantage in favour of public colleges who can charge less than full cost tuition to students, and thus limit the participation of the private sector.

Informal employment and the acquisition of skills are not yet in the policy agenda

Despite the growing importance of informal employment, skills acquisition among informal sector workers does not yet play an important role in the policy agenda. Workers finding jobs in the informal sector come from diverse backgrounds, from young basic education dropouts to higher education graduates who can find few employment opportunities in the formal sector.

Traditional apprenticeship in the informal sector is the main entry point for dropouts from basic and post-basic education. Kinship or personal relations are predominant in traditional apprenticeships, as opposed to work contracts. Families or the apprentice bear the cost of training, either by direct payments to the master or through reduced wages. This type of training can last long periods of time – between four and eight years – while the apprentice progresses from helper to skilled worker. There is no certification of acquired competencies.

Nevertheless, in casual interviews masters and apprentices often express the view

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that traditional apprenticeships are a better alternative to vocational education at school. However, important shortcomings of traditional apprenticeships include: the partial transfer of knowledge from the master to the apprentice; large variations in the quality of the training provided; the perpetuation of existing low-productivity technologies; and a tendency for slow innovation. Learning in traditional apprenticeships is generally passive and non-experimental. Masters tend to lack the appropriate pedagogical skills and apprentices are always subject to the risk of being employed as cheap labour for menial tasks.

Tunisia offers an example of a government response to improve the functioning of traditional apprenticeships by focusing on the introduction of apprenticeship contracts, setting remuneration levels, offering incentives to employers (in terms of exemptions for the payment of social security obligations), setting age requirements, and introducing alternate training between the place of work and specialised training institutions. Currently, out of 45,000 apprenticeship contracts signed only around 12,000 working apprentices benefit from the new rules. This illustrates the dimension of the challenge to improve workers' skills in the informal sector.

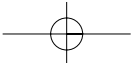
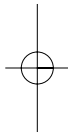
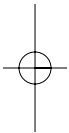
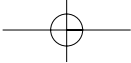
As part of their efforts to address social exclusion, NGOs have developed some innovative approaches in their initiatives. In Egypt and Lebanon, for example, NGOs play an intermediary role between master

and apprentice by introducing training contracts. The duration of the programmes tend to be short but there is no 'dual' training feature as in the Tunisian case. In Egypt and Lebanon they employ orientation techniques to help in the careful selection of candidates, as well as an evaluation of personal attributes to assess the candidate's potential for success.

However, these NGO programmes remain limited in scope and vulnerable to financial instability. Lack of coordination with government initiatives limits the potential leverage of these initiatives.

Conclusions

- Refocus the role of TVET as an instrument for the knowledge economy.
- Promote a greater participation of social partners in the governance of TVET.
- Develop accountability mechanisms and decentralisation for public provision of training services.
- Meet the challenges of improved relevance, better quality and increased opportunities for lifelong learning. This requires new sources of funding and new funding mechanisms.
- Frame the current quality innovations within a larger framework for reform.
- Address the limited capacity which constrains the participation of the private sector.
- Develop learning opportunities for informal sector workers in partnership with NGOs.



1. THE CONTEXT FOR TVET REFORM

1

For the first time since the 1950s, when labour force growth in MENA started to accelerate, the 1990s saw a slowdown in the pace of growth of its working-age population. Nevertheless, MENA's working-age population will be one of the most numerous in the world in decades to come. The average annual growth in the labour force in the present decade is expected to be 3.4% per year – the highest growth rate in the world – adding 42 million net entrants annually. A demographic transition is now underway in the form of an increase in the share of the economically active population and a decrease in the share of the economically dependent population (the very young and the old). Potentially this demographic transition can raise the opportunities for higher levels of economic growth and incomes (Williamson and Yousef, 2002), but it can also lead to higher unemployment rates and social tension if this potential is not realised. In addition,

changes in the age structure of the population in MENA will have important implications for human capital development. During the next decade the primary and secondary school age population will decline in absolute terms, providing opportunities to make shifts in budget allocations within the education sector and to focus on quality improvements.

The challenges of new job creation and higher living standards will have to be accompanied by an education system capable of producing the right skills in a context of increased integration to world markets. So far, MENA lags behind other regions of the world in terms of trade expansion, and job creation has not been able to keep pace with the expansion of the labour force. In addition, increasing numbers of unemployed among the educated indicate an increasing mismatch between education and jobs. The modern

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private sector has not yet become the main source of new jobs. The ability to expand trade and attract private investment flows will be key for private sector-led job creation in the region (World Bank, 2003a and 2003d). This will require an education and training system that can adapt and produce the necessary skills.

1.1 THE ROLE OF TVET

Probably the most important task facing TVET policymakers in the region is the refocusing of the objectives and purpose of TVET. As the present overview explains, there are two traditional roles that TVET systems have played in the region, as well as a new emerging role linked to the region's efforts to integrate into world markets. The first role is that of TVET as an instrument to overcome the social exclusion that results from high repetition and dropout rates among basic and secondary school students. In this role

TVET is an educational alternative for those who 'fail' academically and for those who cannot be accommodated in higher education (which is mostly publicly provided) for lack of space. Second, TVET has also played a role as part of active labour market policies designed to help combat youth unemployment and, to a lesser extent, help the re-training of workers affected by economic restructuring. Only a few students in the region opt voluntarily for TVET as an alternative to general education. A third role, that of TVET as an instrument to develop a knowledge-based economy, is more recent and is being spearheaded by the transition to more open, market-oriented economies, and the correlated need to integrate and successfully compete in world markets.

TVET as an instrument to address the issue of large numbers of students leaving general education, and as an ALMP, has received much more attention than it has as an instrument in the development of a

Table 1: The role of TVET in the MENA region

	Public provision	Private provision	Informal arrangements
Instrument to address the 'selectiveness' of general education	<ul style="list-style-type: none"> Dropouts from general education Selective tracking into low quality TVET (inequity) Restricted access to higher education 	<ul style="list-style-type: none"> Second-chance schools for students who 'fail' Short-term courses in lower and intermediate skills 	<ul style="list-style-type: none"> Apprenticeships in the informal sector
Active labour market policies	<ul style="list-style-type: none"> Training programmes for unemployed young people Retraining programmes 		
Knowledge economy	<ul style="list-style-type: none"> Public-private partnerships for financing and provision Ensuring equity in access and quality Pathways between TVET and general education to provide lifelong learning opportunities 	<ul style="list-style-type: none"> Public-private partnerships for financing and provision Quality TVET provision Lifelong learning opportunities 	<ul style="list-style-type: none"> Recognition and certification of non-formal learning

1. THE CONTEXT FOR TVET REFORM

knowledge economy¹. The problem lies in the fact that TVET in the region has provided a second-choice, lower quality alternative to general education, with limited opportunities for lifelong learning. The challenge today for TVET in the region can be formulated as one of explicitly distinguishing between the three types of policies and shifting the current imbalance from social exclusion/ALMP dominated policies towards the more prominent role of TVET for the development of a knowledge-based economy.

1.2 THE ARTICULATION OF EDUCATION AND TRAINING

Gross enrolment in primary education has seen very rapid progress in the region over the last 30 years, reaching 94.5% of the relevant age group in 2000², and most countries have decreed compulsory basic education (9 to 10 years of school). But the problem is now more a question of quality, inefficiency and wastage, as exemplified by the high repetition rates and dropouts from education. For example, Algeria, Morocco and Tunisia show the highest repetition rates in the region, both at primary and secondary levels. Only Jordan shows repetition rates more in line with OECD countries. Progression rates to secondary education are also low. In Tunisia, for example, only 75% of students continue their studies into secondary education (Commission scolaire de Montréal, 2003). Again, only Jordan has reached a progression rate of 97%. In Egypt, it is estimated that about 1.3 million children in the basic education (primary and preparatory) age group are not enrolled in school.

If progression within the education system is a major problem for most of the countries, there is the additional problem of tracking large numbers of students out of the general education stream and into second-choice vocational streams. This is done in most cases to restrict access to higher education where public resources

are limited. Therefore, vocational education has tended to provide students with fewer opportunities to access post-secondary education, and for the majority of vocational students it turns out to be a dead-end choice in terms of opportunities for lifelong learning.

In Egypt about 5% of students in lower secondary and 60% in upper secondary are tracked into 114 narrowly specialised trades in vocational education. There are an estimated 2 million students in vocational tracks at secondary level, compared to 1 million in general secondary. Students in the vocational streams are eligible to go to tertiary education at the Middle Technical Institutes, which tend to have a poorer reputation compared to university education. Only the top 5% of vocational track students are eligible to go into higher education. In the 1998/99 academic year around 523,000 vocational track students successfully completed their graduate examinations, but only 44,000 (8.4%) entered the Middle Technical Institutes. This compares to a 91% progression rate to higher education for students in the academic stream (World Bank, 2002).

In Jordan basic education is compulsory through to grade 10. One third of graduates from basic education are tracked either into vocational streams in secondary schools (27%) or into vocational training programmes (6%) under the Vocational Training Corporation (VTC). While graduates from VTC programmes do not have any options for further education, 25% of those who graduated from vocational programmes in secondary schools continue to community colleges, and 4% continue to universities. This contrasts with a progression rate to university of 52% for those students from the academic streams.

In Lebanon public education is compulsory at the primary level only (five years of schooling). Students can be tracked into vocational education from the beginning of their sixth year of school. Vocational

¹ No systematic evaluation of these two roles has yet been conducted in the region. Anecdotal evidence points to serious shortcomings in TVET in its role of fighting social exclusion and as an ALMP.

² Data in this section come from Edstats, a World Bank database of education statistics.

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secondary school can lead to a technical baccalaureate (*baccalauréat technique*) which in turn opens up the possibility to continue into post-secondary technical education or to university education. It is not possible to establish the actual numbers of technical education students who continue to post-secondary education since actual flows of students were not available.

In Tunisia, during the 2001/02 school year, about 80,000 students dropped out of basic education, of which 16,200 registered in the *écoles de métiers*, a second-chance school to fight social exclusion. Another 13,000 registered with private schools, and about 50,000 dropouts entered the labour market with less than basic education. As in other countries of the region, the dropouts who entered the labour market went to traditional apprenticeships in the informal sector. Until recently vocational training in Tunisia did not offer opportunities for lifelong learning. Following the 2002 education reform, this has changed. In the new system, at the end of basic education³, students can continue into either general secondary education (upon obtaining a basic education diploma) or vocational training. Those students entering vocational training can progress from a CAP or *certificat d'aptitude professionnelle* to a BTP or *brevet de technicien professionnel*, and join general secondary students to study towards the Baccalaureate diploma to access higher education. To enter the highest vocational training degree (the BTS or *brevet de technicien supérieur*), students must have passed the Baccalaureate or must have successfully completed the BTP degree. Students from higher education can also enter BTS degrees. In this way the education system has built bridges between general and vocational education.

Education has so far tended to be highly selective, and has provided few learning opportunities for those pushed out of the general education stream. There is evidence however, that even among those who stay in school, large numbers of students are not learning basic

mathematics and science skills. The quality level of secondary education in the region can be assessed thanks to the participation of several MENA countries in the international testing of students. In 2003, 10 countries of the region, Bahrain, Egypt, Iran, Jordan, Lebanon, Morocco, Palestinian Authority, Saudi Arabia, Syria, and Tunisia participated in the 2003 TIMSS together with another 35 countries from around the world (U.S. Department of Education, 2004). The tests were administered to eighth grade level students of both sexes. In both tests, for science and mathematics, the average scores for the 10 MENA countries are below average; with some MENA countries scoring at the lower end of the entire group.

The TIMSS presents not only average scores for mathematics and science, but also four different measures of student knowledge and proficiency. These are defined as four international benchmarks: low benchmark (400 points), intermediate (475 points), high (550 points) and advanced (625 points). For example, the advanced benchmark in mathematics measures the ability of a student to use relative complex algebraic and geometric concepts, while the low benchmark measures the acquisition of some basic mathematical knowledge. Figures 1 and 2 show the proportion of students failing to achieve the low benchmark in mathematics and science respectively, and GDP per capita has been added to the graph. Lebanon (32%) is the MENA country that shows the lowest proportion of students scoring below the low benchmark followed by Jordan (40%), Tunisia and Iran (45%), Palestinian Authority (46%), Egypt (48%), Bahrain (49%), Morocco (58%), Syria (71%) and Saudi Arabia (81%). Countries like Singapore, Japan and South Korea, have less than 2% of their students falling below the low benchmark. At the other end, from all participating MENA countries, only Jordan and Egypt have some students (1%) achieving the advanced benchmark, compared to 44% in the case of Singapore, the top performer.

³ Basic education (up to ninth grade) is now compulsory under the new law.

1. THE CONTEXT FOR TVET REFORM

Figure 1: GDP per capita and proportion of eighth grade students below the Math Low International Benchmark (LIB) TIMSS 2003

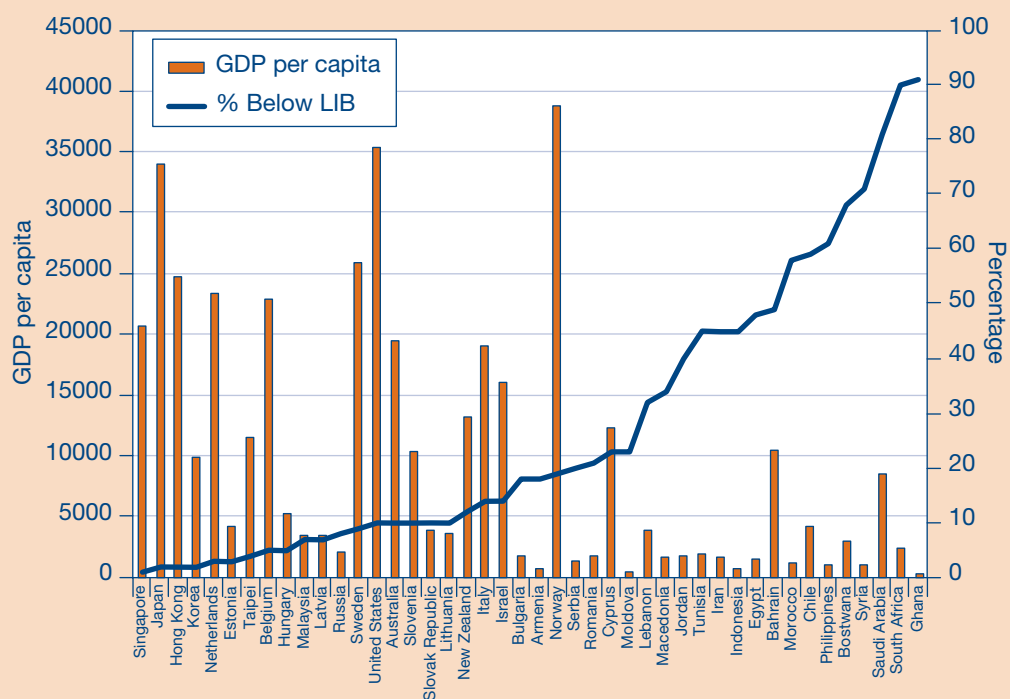
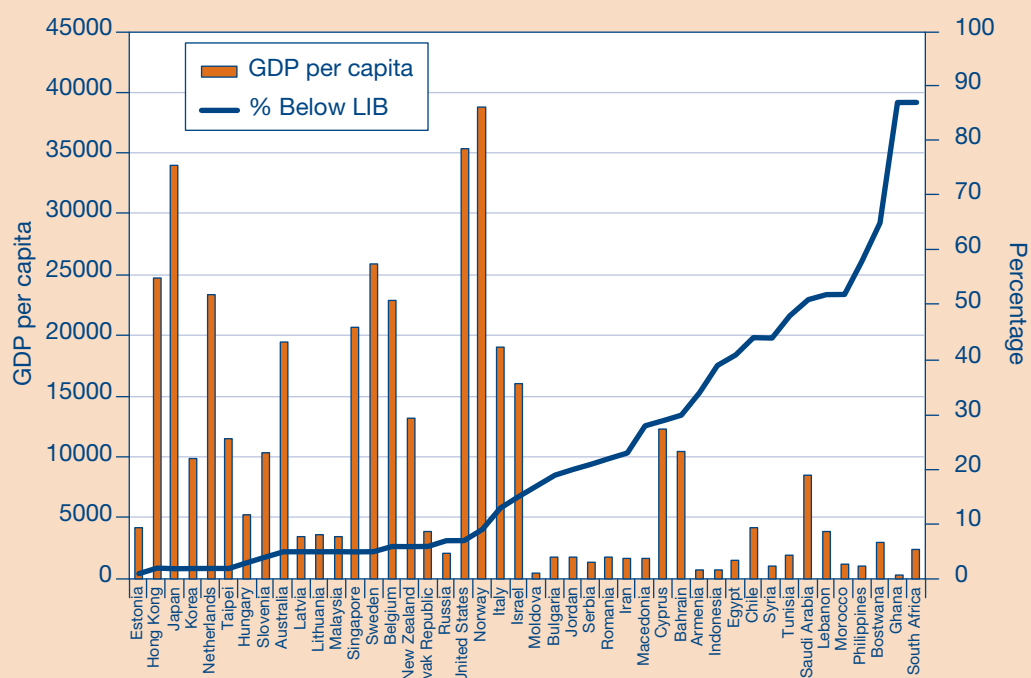


Figure 2: GDP per capita and proportion of eighth grade students below the Science Low International Benchmark (LIB) TIMSS 2003



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The fact that large numbers of students in the region fail to complete basic education raises the question of equity. Is the quality of education evenly distributed among different socio-economic groups? The evidence indicates that students of lower socio-economic status are predominant in TVET. Available household data for Egypt (1997) indicate large disparities across groups. For example, half of the children in the 7-11 age group not attending school are found in families in the poorest 20% of the population, and 78% of those children are from families which are among the poorest 40% of the population. These percentages are similar to those for the 12-14 age group. In terms of children who are attending school, 25% of primary school children come from the bottom consumption quintile, but they represent only 14% of the secondary school students and 4% of higher education students (World Bank, 2002).

In Jordan, household survey data (1998) provided a profile of student backgrounds for girls enrolled in secondary vocational education. A majority of the students (69%) had parents with vocational secondary or basic education, or less. In contrast, only 9% of parents had higher education. The majority of the students in secondary vocational education programmes came from low income families earning less than JD 1,450. In contrast, 95% of the students enrolled in the academic secondary stream came from families classified as being in the middle to upper income levels.

In Tunisia, data available from impact evaluations show some socio-economic characteristics of the beneficiaries group. Among those enrolled in vocational training, only 14% had some level of university education, while of those enrolled in apprenticeship programmes, none had higher education and about 67% did not go beyond basic education. Close to one third of the vocational training students came from families where the household head had not gone beyond primary education. Among apprentices, 36% came from families whose household head was illiterate, and 44% came from families where the household head had only primary education (Sides-Quatenaire, 2003).

The large number of basic education dropouts coupled with the tracking of a large number of students into low quality vocational streams has allowed the emergence of two trends in the labour market which could have negative implications in terms of skills for the knowledge economy. First, the inverse correlation observed in some countries between levels of education and job creation in the private sector. Data from labour force surveys in Egypt, for example, show that the higher the education level of male workers, the less likely they are to be employed in the private sector. This result can be explained by the role public sector job guarantees play in the choices made by secondary and higher education graduates (Assaad, 2002). But it can also point to a disconnection between the skills provided by the education sector and the type of skills required by businesses. Among Egyptian women, private waged employment is declining in relative terms at nearly all education levels, even among university graduates.

The other trend refers to the growing importance of informal employment and its impact on skills development in the economy. Informal employment in the region does not only refer to employment in small enterprises and family-oriented businesses but increasingly to employment in the formal sector without contracts and without social security benefits. This seems to be the result of costly labour regulations which are forcing businesses to circumvent legislation, with the implicit acquiescence of various governments (World Bank, 2003). This informalisation of employment runs parallel to the large number of dropouts who leave basic or secondary education without the minimum level of qualifications for a knowledge-based economy. The end result of these two trends is large numbers of workers acquiring skills in informal settings and with little prospects for productivity-enhancing jobs.

The distinction between initial training and in-service training should not be overlooked. In the MENA region the bulk of public resources available for TVET are oriented to initial or pre-employment programmes. However, in some countries

1. THE CONTEXT FOR TVET REFORM

important initiatives are being implemented to promote the development of in-service training (ETF, 2003c). These are reviewed in chapter 5.

1.3 A FRAMEWORK FOR REFORM

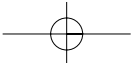
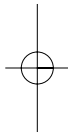
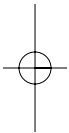
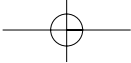
Transforming TVET from low quality, second-choice learning, into higher quality learning opportunities in MENA requires sustaining a comprehensive strategy for a series of reforms in different areas. Based on current experience in the region, and from experience elsewhere, these series of reforms can be grouped into five categories: governance, funding, quality, private sector participation, and access to quality learning programmes (specifically for informal sector workers).

Reforms in the area of governance seek to include key stakeholders in the strategic decisions and in the management of TVET policies and services. It also requires the development of accountability mechanisms and decentralisation to ensure efficiency, relevance and quality in the delivery of TVET services. A diversification of funding sources is required to meet the challenges of better quality TVET. But at the same time, new funding allocation mechanisms are needed for TVET institutions to create the incentives for improved relevance and the delivery of quality TVET. Quality improvements cover a wide range of issues such as: curricula development; teacher and trainers' development; better testing and outcomes measurement; monitoring and evaluation; setting standards for qualifications; and accreditation mechanisms. Participation of the private sector in TVET systems ranges from governance arrangements to the development of public-private partnerships for the delivery of TVET services, and the development of in-service training and lifelong learning opportunities. Finally, in a region where large numbers of new entrants to the labour force find jobs as informal workers, attention needs to be paid to promoting

quality learning opportunities to develop their competencies and skills. The role NGOs can play to leverage government initiatives should not be underestimated. A suitable framework to develop such partnerships will have a large impact in terms of skills and productivity for informal sector workers.

SUMMARY

- Despite significant progress in gross enrolments for primary education, large inefficiencies remain in the education system, resulting in high numbers of dropouts from basic and secondary education.
- Large numbers of those who are able to continue from basic to secondary education are tracked into poorer quality vocational streams.
- Vocational streams are not conceived as quality education, and graduates have limited opportunities to access post-secondary education.
- TVET, as an alternative to general education, has resulted in poor quality programmes. This affects its acceptance among students and parents.
- Students from lower socio-economic backgrounds are over-represented in vocational education streams, thus raising equity concerns.
- There is no evidence that restricting access to general education at the secondary and higher levels improves the quality of education.
- Employment trends in the region point to an increasing mismatch between education outcomes and skills needs. Also the informalisation of employment is gaining in importance. These trends run the risk of deepening the divide in the labour market between productivity-enhancing jobs and low productivity jobs.
- TVET is unable to play a role as an instrument for the knowledge economy unless it becomes a quality option for students.
- Pathways have to be built between general education, vocational education and training schemes.



2. IMPROVING GOVERNANCE

2

TVET systems in the region are in the process of transition from being a second-chance option for school dropouts to a more complex role which includes addressing the skills required in those economies more integrated to world markets. Economic relevance is today a keyword in any TVET system in the region. This transition towards a more multifaceted vision of TVET systems has brought up a set of new institutional challenges, including:

- developing the articulation of TVET and education in a lifelong learning framework;
- the need to define a unifying strategy among the various actors in TVET;
- the inclusion of stakeholders, such as business associations, firms, local governments, parents associations and trade unions, in policy setting and decision-making;
- promoting accountability in the provision of public services; and
- improving the system's responsiveness to the social and economic needs of the country through the decentralisation of services.

An integrated vision for TVET and education needs to be developed. As discussed in chapter 1, in order for the articulation of TVET and the education system to take place, TVET needs to evolve from being regarded as a low quality second-choice alternative for students rejected from the academic streams of general education and into a valid quality educational alternative with lifelong learning prospects for students who, rather than being pushed out from general education, make use of advisory and orientation services to opt for a TVET career. Student dropouts and the tracking of large numbers of students into vocational streams have been achieved in

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most cases through the administration of exams designed not to measure what students learn but to limit student flows towards higher education.

Different public actors in TVET need to be brought together. Fragmentation has arisen from the uncoordinated actions of multiple government and non-government actors. One of the most common efforts to overcome fragmentation in TVET systems of the region has been the appointment of a supra-authority for TVET with a mandate to define a strategic vision, and coordinate the various actors to implement such vision.

This has been the case, for example, in Egypt with the Supreme Council for Human Resource Development (SCHRD), in Jordan with the TVET Council, and in Lebanon with the Higher Council for TVET. In these cases the composition of the councils has included members from the government and the private sector, including unions – whose participation has been nominal at best. In all three countries there have been long periods where the councils have been largely inoperative.

In Jordan, the TVET council, established in 2001, is composed of government officials, employers and union representatives. An Executive Committee has been established to conduct the business of the Council. It will have to coordinate the separate strategies of the three main components of the TVET system, namely the Ministry of Education, the Vocational Training Corporation and the Al Balqa' Applied University. These three institutions have tended to go in their own direction in response to institutional mandates and various pressures. However, this has led to some duplication and incompatibilities among the three. For example, each is engaged in curricula development, often for the same occupations, and this takes time that the private sector, when they are involved, that they can scarce afford to waste. Also, each institution has its own database and statistical methods. They all carry out some tracer studies, although the methodologies may differ. Each from time to time conducts needs analyses of labour market requirements, and all have evolved their own systems of financial

management and financial information. None has the capacity to establish overall priorities in terms of public use of training resources. A national TVET council representing all training providers and linked with employers could achieve an economical use of resources, coordinate their activities and help ensure that priorities are addressed.

In the case of Egypt, the problem is the inverse. The SCHRD has developed a policy framework which now has to be adapted to the several ministries involved in training (see box 1). This requires a level of inter-ministerial coordination that has so far been difficult to achieve. In fact, one of the most important actors in TVET, the Ministry of Education, has until now not been actively present in the SCHRD. In Lebanon, the Ministry of Education is the main authority for training, so the Higher Council's role is more of an advisory forum. The Council has not met in many years. In these three countries the mechanism to address the issue of integrating the private sector into policymaking has been through the establishment of Councils which in practice have been largely inoperative. Only Tunisia has attempted to include the private sector from an operational point of view, as discussed below.

In Tunisia the problem of inclusion is of a different nature. Here the Ministry of Education and Training is the largest public provider of TVET. It has played a central role in defining and orienting the reform of the training system through the definition of an overall strategy (MANFORME – Mise à niveau de la formation professionnelle et de l'emploi) with specific operational phases and timeframes. The issue of multiple public stakeholders is thus less pressing in Tunisia than in Jordan or Egypt. The question in Tunisia has been more of how to bring in the private sector to participate in the government's vision for TVET. In Tunisia, a deliberate policy to build a partnership with the private sector has been implemented since the inception of the reform in 1993. Key elements of this policy include participation of the private sector in: the investment decisions for VET; the definition of curricula; the provision of alternate training and in-service training;

2. IMPROVING GOVERNANCE

Box 1: Egypt – The Supreme Council for Human Resource Development

The Government of Egypt has established a Supreme Council on Human Resource Development (SCHRD), a tripartite body chaired by the Minister of Manpower and Emigration, with representation from senior officials of other ministries.

As one of its first tasks in 2002, the SCHRD issued a paper entitled Policy Statement on Skills Development in Egypt, which defined the government's strategic objectives for TVET as:

- a qualifications framework that would foster lifelong learning;
- a system that would be responsive to the demands of the economy;
- a new legal and institutional basis for governing TVET institutions; and
- enhanced labour mobility.

A number of short-term goals or priorities for development emerged from the objectives:

- developing tripartite management of training in individual industries;
- establishing an integrated TVET framework including through its links to employment;
- creating a qualifications framework for TVET;
- reviewing relevant donor-supported initiatives with a view to preparing options for continuing those which are worthwhile;
- reforming the administration of government training centres by monitoring their performance and providing them with greater financial responsibility and accountability for their operations;
- developing a substantive non-government training market;
- developing a broader-based, sustainable mechanism for financing training.

The SCHRD is supported by a tripartite Executive Committee and by a secretariat located in the Human Resource Development Programme which is within the Social Fund for Development, an agency that has no education and training institutions of its own and, in that respect, is regarded as independent. Tripartite Local Councils on Human Resource Development, chaired by regional governors, have also been established. Although they are not yet active or providing any services they will become critical to the developments and reforms now taking place (Abrahart, 2003).

and more recently, the management of public training institutions⁴.

If a sense of urgency is now prevalent to make TVET systems more relevant to social and economic needs, a major obstacle to the reform of TVET systems has been the lack of accountability in the provision of training services by public institutions.

The current financing mechanisms in TVET constitute a significant stumbling block to the various reform initiatives because funding of public training institutions is divorced from outcomes and results. Throughout the region public training institutions continue to receive budget allocations from the central authority regardless of their performance. In fact, performance or outcomes have never been part of any conditions for funding. In addition, public funding only benefits public providers, thus limiting the participation of the private sector in the

provision of training. Other dimensions of accountability are associated with the need for more transparency and quality control mechanisms in the management of TVET systems. Accountability is also required from other stakeholders (businesses, local level, parents) involved in the management of TVET systems.

Linking funding to outcomes as a method of developing accountability in TVET raises some conceptual issues that should be carefully assessed within each country's strategies. At what level should the outcomes-based funding be established? At the secondary level, or post-secondary level? If established at the secondary level, should it not also be applied for general education? Similarly, if established at the post-secondary level, should it not also be established for higher education? In other words, can the introduction of performance-based funding be implemented only for TVET rather than for general and higher education as well?

⁴ See chapter 5 for more detailed information.

REFORMING TECHNICAL VOCATIONAL EDUCATION AND TRAINING IN THE MIDDLE EAST AND NORTH AFRICA

If TVET systems are to be transformed into instruments for the knowledge economy then relating funding to outcomes can stimulate a quest for relevance and quality. And given the characteristics of existing public training systems – with a long tradition of state funding based on enrolment numbers and minor financial contributions from students – performance-based funding would have to be introduced gradually (and in addition to traditional funding) and expanded on the basis of successful achievements in terms of desired outcomes. The development of monitoring indicators is key to performance-based financing.

Tunisia, within the MANFORME reform process, has advanced a conceptual framework for enhancing the accountability of training centres, although this framework has yet to be implemented⁵. The main elements of this framework are as follows.

- Negotiations between the central training agency and each individual training centre will be based on the content of three-year plans. These plans include outputs per type of training (pre-service, in-service), markets to be served, and insertion targets for graduates. The risk that these three-year plans become too 'theoretical' as opposed to operational plans for action cannot be understated.
- A contract is to be established between the central training agency and each individual training centre which links funding with the achievement of outputs established in the three-year plan.
- Training centre budgets will consist of direct budget allocations plus self-generated revenues. An average unit cost will be used initially as a reference from which to calculate direct budget allocations per pre-service student. Later on, with the development of financial management suited to the operation of decentralised training centres, unit costs will be calculated for each training centre.
- An efficient financial management system needs to be developed, as it is

currently inexistent at the central level and at the training centres level. Only one pilot centre has developed a financial management system which could be replicated by the others.

- Revenues will be generated from the sale of services to businesses (provision of in-service training services and technical assistance for the preparation of training needs assessments and training plans).
- Accountability of training centres requires that the training centres be financially autonomous.

A major limitation to the effectiveness of public training institutions in the region is their lack of administrative autonomy from central ministries and training agencies. Individual training institutions are basically administrators for the decisions that are taken centrally, and thus are curtailed from their own initiatives to meet the demands for skills. Key administrative duties are carried out at the central level, including personnel and financial management, record keeping, student and teacher administration, curricula development, student assessments, teacher training, consultation with employers, student placement services, follow-up and tracer studies. In many cases, training institutions are not permitted to retain earnings from training services to businesses, reducing the incentives to provide such services. In addition, training institutions have very little knowledge of their financial position and do not have the proper framework to account for their revenues and operating expenditures. The centralisation of administrative functions has had the effect of making it very difficult, for example, to calculate unit costs at the level of individual training centres. This limits any efforts to compare costs across training institutions and areas of specialisation, and limits initiatives to improve efficiency.

In Egypt, there are at least two initiatives that deal with decentralisation through the establishment of local partnerships between training institutions and businesses. The Mubarak-Kohl Initiative has been working with the Ministry of

⁵ In addition, current discussions with the CEC for additional support to MANFORME seek to establish a set of key reforms and to link future disbursements against a corresponding set of monitoring indicators.

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Education to promote such partnerships. A more recent initiative is the EC-financed TVET Reform project which seeks to establish local partnership between vocational schools, training institutions and businesses, and which is due to start implementation in 2004. By focusing on local partnerships, this approach seeks to bridge the gap between supply and demand for training services.

Tunisia has started a decentralisation process the objective of which is to provide individual training centres with

greater autonomy in terms of decisions to allow a better response to the skill needs of businesses and individuals. The conceptual phase for the 'new management model' for training institutions was launched in 1997 and its pilot implementation in four training centres started in 2001.

As part of their comprehensive training reform, the Tunisian approach to decentralisation attempts to change the way training centres operate. For this purpose, a new management model for

Box 2: Decentralisation in Denmark and the Netherlands

Vocational education in Denmark is administered by the Ministry of Education's VET Department. There are no other intermediary levels between the Ministry and the training schools. The Ministry's management responsibilities have changed from direct administration of schools to the development of VET policies and targets, promulgation of Education Orders delineating a broad framework for VET courses, and regulation of financing.

Vocational schools are now organised as private non-profit and independent institutions. They have considerable freedom in the programming of delivery and enrolments, curricula development and teaching. Individual schools decide which courses to offer and how to organise the teaching within the national guidelines and financial framework. All central regulations regarding class size have been abolished, while regulations covering the number of lessons to be taught to students have been modified. Rules on teachers' working hours have been made more flexible. Instructors' wages and employment conditions are regulated through collective agreements which are negotiated every second year. The independent schools that wish to obtain public funds have to offer programmes which comply with government regulations. Public grants are not earmarked and schools are free to allocate resources as they see fit. Schools now compete for students and must assess their intake capacity and utilise it effectively in competition with other providers.

In the Netherlands, the 1996 Adult and Vocational Education Act has given senior secondary vocational education schools producing skilled workers a great deal of autonomy and freedom of operation in the organisation of teaching, financial expenditure and staff policies. Schools should provide programmes in accordance with a school work plan. An inspectorate assesses work plans and enters into discussion with the school when it finds plans of insufficient quality.

Greater flexibility has been introduced to the conditions of employment of teaching staff, with more use being made of people from industry. Schools decide how many people to employ and, within the given wage structure, what salaries to pay.

The attainment targets set by the government for courses, mainly on the basis of industry advice, have replaced the previous examination syllabi. Schools now have full autonomy with regard to the curriculum. They translate the attainment targets, which include both occupational and general education targets, into teaching objectives which become part of the work plan. Schools must indicate the links between the attainment targets and the subjects in the curriculum.

The social partners are responsible for establishing job profiles and, with the aid of educationalists, for translating them into training profiles which are to be incorporated in units of certification along with the attainment targets. Schools are legally allowed to sell training services to businesses. They have to apply to the Ministry of Education for a license, assuring minimum standards to be met for courses, examinations and qualifications for entry. The independent training schools now compete in the market.

Source: Gasskov, 2000

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training centres has been conceived around three types of requirements: (i) at a strategic level, the model provides the training institutions with an organisational and management framework to operate efficiently in a market-based economy as well as under the premise of accountability and results-oriented management; (ii) at an organisational level, the definition of the functions required in the new framework, that is, the organisation and management structure of the training centres, their relationships with enterprises, their funding and financial management, accountability, and quality assurance; and (iii) at the operational level, the establishment of procedures on how to carry out the functions and objectives of the training institution, and the establishment of a management board.

The implementation of the new management model in four training centres has yielded important lessons.

- The training centres have reinforced their partnerships with enterprises and professional organisations, particularly in the development of new curricula and in the introduction of alternate training in the training institutions.
- However, the quality of the private sector participation in the steering committees for each pilot centre is uneven, with some representatives from the professional organisations unprepared, technically and operationally, to assume their responsibilities in the steering committees.
- There are differences of perception in terms of the reform's extent of achievement; while the training authorities perceive a major shift towards autonomy in the training institutions, the private sector considers the reform to be in its initial phase.
- During the pilot phase the new functions which have been created have not yet been legally instituted; individuals participating do so as volunteers and are still working within the old institutional framework in which resistance to change is expected.

- Resistance to change can come from different directions: directors of training centres may not be willing to delegate functions according to the new organisational chart; central agencies may find it difficult to promote autonomy to the training centres; the participation of professional organisations in the private sector requires new levels of interaction.
- Funding to individual training centres is still allocated under existing budgetary procedures and not yet on the basis of results, which reduces the incentives for change.

SUMMARY

Improving governance in TVET in the MENA region raises important institutional challenges for reform.

- The articulation of TVET and the education systems needs to move towards defining a role for TVET as a viable quality learning option.
- A unified vision for TVET has to transcend the nominal participation of social partners in ad-hoc committees, and define operational responsibilities with identifiable outputs for each participant in the TVET system.
- Coordination among public and private stakeholders under a common strategic umbrella has proved to be a key factor for the success of reforms.
- The lack of accountability in the provision of public services does not encourage change and relevance; public funding as a direct consequence of outcomes needs to be encouraged.
- Asking public institutions to adapt and respond to the needs of individuals and enterprises must allow for management autonomy. Decentralisation of TVET systems is a central element of the reform.
- The importance of raising awareness, building capacity and consensus on reforms among public and private stakeholders is essential for the success of reform.

3. FINANCING TVET

3

Public expenditure on education in the region reached 5.3% of GDP in 2000, compared to 4.3% for upper-middle income countries. Adding public expenditure on training outside the education sector, this percentage is even higher. Additional resources required to meet the demands of a modern education and training system for the knowledge economy will have to come from diversified sources of financing. In the specific case of TVET, additional sources of funding will have to be an increase in cost recovery in public provision, as well as business contributions. This chapter presents the main characteristics of current financing mechanisms in the region and proposes new funding mechanisms to work in addition to the predominant direct budgetary allocations.

The economic justification for public spending in education and training derives from the notion that investing in certain

levels of education produces social returns that are higher than private returns. As many of the benefits of investing in education and training would not be felt by the individual, the result would be that no-one would be willing to incur private expenses in education or training. Hence the role of public spending. The economic literature argues that this is the case in basic education, for example. But there are other levels of education and training where private returns are higher than social returns, and thus private spending in education and training is justified. For example, this would be the case in many fields of higher education and in-service training. In these instances, public spending can play an important role, ensuring equity in access to quality education.

In the MENA region, in terms of sources of funding, the bulk of financing for training comes from direct budget allocations from

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the treasury to the training authorities. In addition, several countries in the region (Egypt, Jordan, Morocco, Tunisia and Yemen) collect training levies from enterprises. In the case of Egypt, the training levy is paid by public enterprises only. In some countries training levies are earmarked to finance public provision of training (Egypt, Jordan, Morocco, Yemen), while in Tunisia, for example, training levies go to the treasury. In Tunisia and Yemen the training levy is complemented by a tax rebate system to reimburse businesses for part of the levy paid when training expenses are incurred to train their staff.

The basic funding model for TVET prevalent in the region consists of two separate mechanisms; on one side a funding scheme that collects public and private funds to finance public provision of training (mainly for pre-service training), and on the other, a funding scheme that relies on private funding for private provision. No unified training market exists in the sense that the allocation of public funds is directed exclusively to public training institutions but does not include those in the private sector. In the case of public provision, the sources of funding are direct budget allocations, modest cost recovery (student fees), and in some countries, revenues from a training levy paid by businesses. In the case of private provision, the sources of funding are tuition and fees paid by students.

Public training institutions are financed mainly through budget allocations from the central government, while cost recovery mechanisms and contributions from training levies are less important. Table 2

presents a breakdown of the different sources of revenue.

Cost recovery in public systems is highest in Jordan, followed by Lebanon, while contributions from businesses through training levies are highest in Tunisia. In Egypt both cost recovery and the contribution of the training levy are modest. In the case of Jordan the training levy is based on net profits while in Egypt and Tunisia it is a payroll tax. In the case of Egypt, the payroll levy is charged only to public enterprises, whereas in Tunisia and Jordan it is levied on both public and private enterprises, although in Tunisia different tax rates apply for manufacturing firms (1%) and non-manufacturing firms (2%).

Direct budget allocations are by far the main source of funding for public training institutions in the region. Budget allocations are determined on the basis of the previous year's allocation and by input measures (such as the number of students and staff) rather than on outcomes. Since accounting and other administrative management is done at the central level, estimates of unit costs are generic and do not differ by training institution, and sometimes not even by specialisation. There are no performance-based indicators to help decide the amounts allocated to individual training institutions, nor benchmarking of key indicators to compare performance. Budget allocations represented 0.7% of GDP in Egypt (1998), 1.6% in Jordan (2002), 0.6% in Lebanon (2002), and 0.9% in Tunisia (2001).

In terms of **cost recovery**, student fees in public VET institutions are limited to

Table 2: Sources of revenue for TVET (%)

	Egypt	Jordan	Lebanon	Tunisia
Direct budget allocations	92.7	78.6	90.1	66.0
Cost recovery	3.7	11.8	9.9	3.8
Training levy	3.7	9.6	0.0	30.2
Total	100.0	100.0	100.0	100.0

Source: World Bank estimates (Egypt, 1998; Jordan, 2002; Lebanon, 2002; Tunisia, 2001)

3. FINANCING TVET

registration, examination and boarding fees. In Lebanon total student fees represented 11% of public schools' total budgetary allocation in 2003. A Lebanese student enrolled in a public training institution and with full board pays the equivalent of US\$175 per year, out of a total cost equivalent of US\$1,200. However, Lebanon is the only country in the region where the majority of VET students (an estimated 60%) are enrolled in private institutions. A student in a private sector training institution pays between US\$1,300 and US\$1,563 per year according to the level of training.

In Egypt student fees vary considerably among agencies and institutions. Technical and vocational education at the secondary level is free, as are many other programmes run by different agencies who target disadvantaged groups. Other agencies charge fees even though, as required by law, the fees must revert in their entirety to the Ministry of Finance. Students enrolled in the training programmes of the Ministry of Industry pay the equivalent of US\$30 per year. In 1998, vocational training centres allocated a total of US\$75 per full-year equivalent trainee, more than two and a half times what they charged in fees. In Jordan cost recovery for the Ministry of Education's vocational streams is 0%, but increases to 12% in the VTC and 18% in community colleges. In Tunisia, cost recovery is limited to modest registration and examination fees.

In countries like Jordan and Tunisia public training institutions are beginning to sell services to enterprises in an effort to diversify and expand their sources of income. This raises the new concern that subsidised public provision of training creates unfair competition with private providers who must compete on the basis of cost. For example, enrolments in private community colleges in Jordan have decreased in the last year. This is in part due to competition from public community colleges who have now opened additional places for tuition paying students, but who are charged significantly less than private colleges.

The main source of private funding of public training systems in the region is in the form of training levies. In Egypt and Jordan the training levies are earmarked for a training fund used to finance public training institutions. In the case of Tunisia, the training levy is not earmarked for the training authority but is collected by the Ministry of Finance. In the case of Lebanon, there is no training levy. In the MENA region training levies are directed at payrolls and profits. Payroll-based levies increase the cost of labour and may have a negative impact in terms of employment generation, while profit-based training levies may induce tax evasion and the under-reporting of profits.

In the case of Egypt, the training levy applies only to public enterprises. It finances a small training fund run by the Ministry of Manpower and Emigration for the benefit of the training centres run by the Ministry. A new legislation was passed in Egypt in April 2003⁶ for the establishment of a new Training Finance Fund to be financed by a 1% levy on net profits applicable to establishments employing 10 or more workers. The levy is expected to yield between EGP 300 million and EGP 400 million a year. What is not yet clear is how the allocation of funds will work. The government's *Report of the Employment, Education and Training Sub-Committee* (May 2000) gave general guidelines for the establishment of such a fund, stressing the need to introduce demand-driven financing mechanisms. Later, the ILO and UNDP (Johanson and Kanawaty, 2001) presented a detailed proposal for the establishment of a competitive training fund. Among the risks in setting up such training funds the ILO/UNDP report identified the following: (i) a lack of active participation by employers; (ii) staff appointed with political criteria, rather than based on technical capabilities; (iii) a lack of focus on well-established priorities; (iv) a lack of objectivity and professionalism in allocating funds; (v) a lack of evaluation of results; and (vi) a lack of efficiency in the management of funds.

⁶ In April 2003 the People's Assembly amended the Labour Law, including the establishment of a Training Finance Fund.

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Two new government initiatives should offer guidance in setting up the new training fund in Egypt. In the first initiative, using its own resources and World Bank assistance, the government has established a pilot Skills Development Project to experiment with demand-driven approaches to financing TVET (World Bank, 2003b). In the second initiative the Egyptian-EU TVET reform project seeks to develop partnerships between industry and training institutions at the local level⁷. These partnerships could become important clients of the training fund. It remains to be seen how the relevant sections of the amended Labour Law will be implemented and how the new Training Finance Fund will impact on the existing training levy under the Ministry of Manpower and Emigration.

In Tunisia the training levy (TFP – *taxe de la formation professionnelle*) was established in 1993 as an incentive to enterprises to undertake in-service training for their staff. The TFP was designed as a rebate scheme based on the actual contribution from businesses. Manufacturing firms contribute 1% of their payroll and non-manufacturing firms pay 2%. Export-oriented, offshore firms, are exempt from paying the levy. The expenses eligible for the rebate system include: (i) identification of training needs, and preparation of training plans; (ii) in-service training programmes for the firm's personnel; and (iii) the operational costs of a firm's internal structures which are in charge of skills development. One of the main problems of the rebate system in the past has been its complicated bureaucratic set up, which has been significantly simplified in recent years. The TFP is collected by the Ministry of Finance and in 2002, TND 60 million (50% of the resources available for vocational training) were collected, of which TND 22 million were reimbursed mainly to public enterprises through the rebate system. The TFP has not been successful in reaching small and medium enterprises which normally pay small amounts of TFP. There is no 'mutualisation' of the TFP, and individual

firms cannot access unused funds contributed by other firms, and hence are limited by the ceilings imposed by their own contributions.

Jordan established a Training Fund in 2001 to be financed by a 1% tax on distributions of net profits of firms⁸. As of the end of 2003, the Fund had accumulated JD 4 million, equivalent to 10% of the annual resources of the TVET system. The Fund aims to 'subsidise TVET activities, develop different training operations in public and private sector institutions, enhance the contribution of these two sectors to the education and training process and provide its requirements using the financial resources it receives...' (Article 3, Regulation No 95, 2002). Membership to the Board of the Training Fund includes various representatives from the government, the private sector and a Manager for the Fund. From the three public bodies involved in TVET, namely the Ministry of Education, the Vocational Training Corporation and the Al Balqa' Applied University, only the VTC is represented on the Board, raising the issue of a potential conflict of interest. Allocations from the Fund will be made for: (i) financing the needs of TVET institutions for equipment, raw materials, teaching materials and wages of trainers; (ii) developing training and retraining programmes for public and private companies; (iii) scholarships based on the financial needs of eligible students; (iv) vocational awareness campaigns in the media; and (v) training needs surveys. From all the above, it is not clear if non-government training providers will benefit from the Fund, nor is it clear if the allocation mechanisms will perpetuate a supply-driven approach. Rather than allocating funds directly to training institutions, allocations could be made to employers' organisations who would then decide whom to hire, thus promoting healthy competition among public and private providers. This would help develop a demand-driven approach. Notably absent from the allocations permitted are funds to develop the capacity of firms to articulate their skill needs.

⁷ Both projects are administered by the Ministry of Industry and Technological Development.

⁸ The text of the Law says 'one percent of the net profits distributable at the companies'.

3. FINANCING TVET

New financing mechanisms can be introduced to increase the relevance of training. Traditional funding mechanisms based on past enrolments can be complemented by new funding mechanisms, such as performance-based allocations for training institutions, training funds directed to end-users of training services, and increased cost-recovery with targeted assistance to the poor. Without a reform of current financing mechanisms, TVET systems in the region are very unlikely to become more relevant to the needs of individuals and businesses. Training funds could channel public and private funds to directly finance businesses and individuals (in the form of grants and vouchers) who would in turn use this spending power to hire private or public training providers. Thus, private and public providers would have access to training funding through a competitive process that would enhance the quality and relevance of their training provision. Direct funding to individuals in particular would enhance the ability of the government to reach target groups (disadvantaged people, poverty groups). In addition, part of the direct funding to public training institutions could be made

on the basis of performance, for which benchmarks and indicators would have to be established. This new flow of funds is schematically presented in figure 3. This would require: decentralisation/autonomy of training centres; active participation of the private sector in the management of the training fund; establishment of new management models for training centres (unit costs, accounting, and so on); development of a voucher system; new indicators and benchmarks for measuring performance; and a level field for public-private competition for funds.

SUMMARY

- TVET systems in the region are funded mainly with public resources, which raises the issue of how to procure additional resources to enhance the quality of TVET services. Diversification of funding sources is necessary to mobilise additional resources.
- Direct budget allocations to training authorities and training institutions should be complemented with new funding mechanisms designed to

Box 3: Performance-based allocations to colleges in the United Kingdom

In the United Kingdom, colleges operate as independent corporations established by the government, and receive funds from the Learning and Skills Council. Colleges are contracted by the Learning and Skills Council to provide training according to set national enrolment targets. The performance of each college is monitored against the funding agreement, and funding may be reduced if it fails to achieve specified outputs. Funding is exclusively based on enrolment and output. A college may claim funding on the basis of entry, programme and achievement elements, as well as for additional support, if necessary. Costs vary by programme, while the *achievement* element of funding is offered only for eligible qualifications and achievements (such as the qualifications externally accredited by validating bodies). College certificates without external validation are normally not eligible for this type of funding. Additional support funding is defined as any support over and above standard programme activities provided to a student. It may include the extra costs of teaching to remedy difficulties with literacy, or the costs associated with accommodating students with disabilities.

If a student drops out from college, funding is reduced proportionally. Each college receives a guaranteed percentage of the previous year's activity expressed as a core number of funding units. Colleges receive recurrent funds in monthly instalments in accordance with the agreed funding profile for the whole financial year.

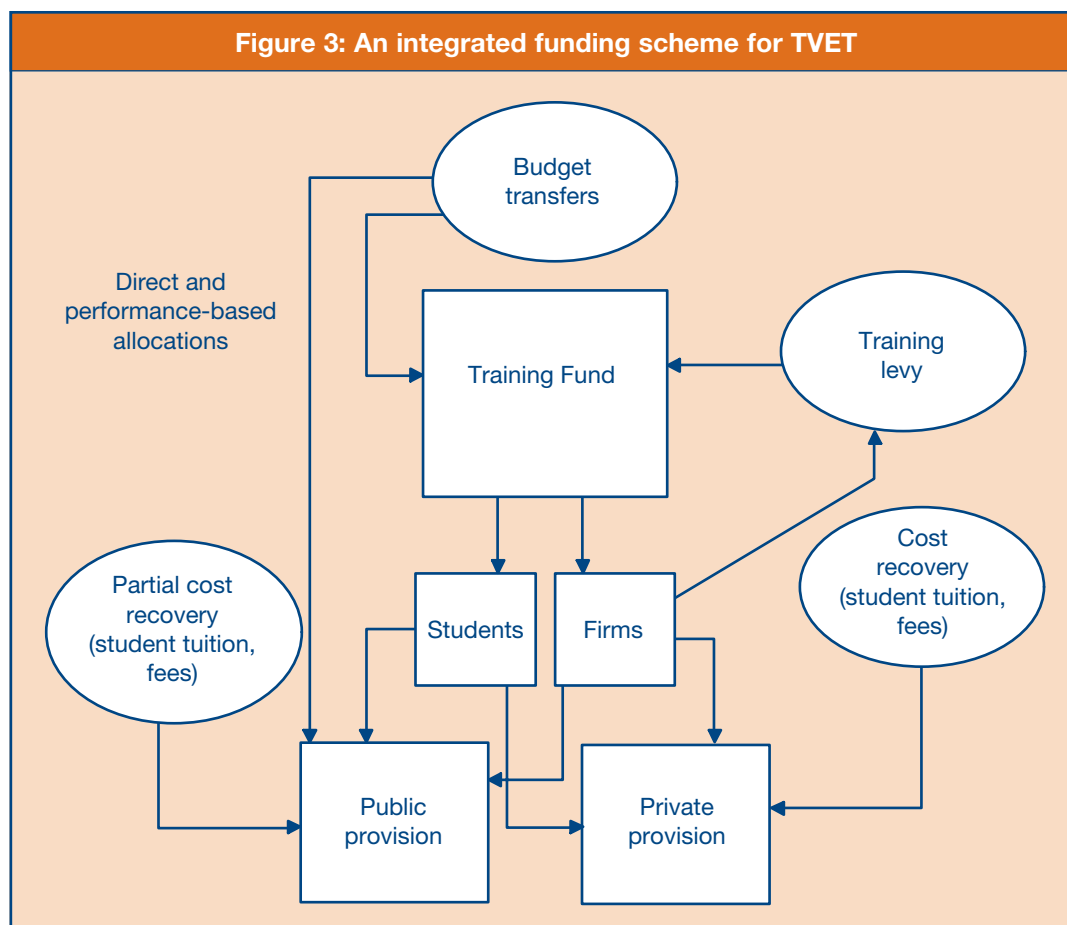
The funding model seeks to ensure efficiency gains. Additional funding increases tend to be less than the enrolment growth targets, therefore institutions are required to produce more outputs with less recurrent per student funding. Colleges can also borrow money, provided that total borrowing at any time does not exceed 5% of the college's annual revenue. Institutions are free to set their own tuition fee policies subject to certain conditions in the funding agreements.

Source: Gasskov, 2000

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- increase accountability, efficiency and relevance.
- These additional new mechanisms should include performance-based budget allocations, cost-recovery mechanisms with provisions to guarantee access to those who cannot pay, and funding for end-users of training services through competitive training funds.
- Currently, public funding for training is directed mainly to public training institutions; there are virtually no mechanisms available to private training institutions to access public funding.

Figure 3: An integrated funding scheme for TVET



4. QUALITY IN TVET

4

Overcoming the reality of TVET as a second-choice option for students is a key task in the region. As already mentioned, the issues of quality in TVET and social inequality are closely linked. From a quality perspective, TVET needs to become an instrument to promote the skills needed in knowledge-based societies and move beyond narrowly defined skills. The requirements for this are broader and more relevant curricula, a higher quality of students entering TVET, better teachers and trainers, better approaches to teaching, learning processes and testing, definition of qualification standards, accreditation, and better monitoring and evaluation.

The area of **curricula reform** is an area where significant efforts have been made with the objective of improving the relevance and quality of training programmes. The extent and depth of current reforms in this area vary from country to country, but every country

surveyed is currently undertaking some initiatives to address the issue of curricula reform. A common thread among the four countries surveyed is the role curricula reform is playing in increasing the relevance of training programmes. In some countries curricula reform committees have been established with the participation of employers. But these committees have proved difficult to sustain. In other countries, although to differing degrees, curricula are being modified, or will be modified, following a competency-based approach. This approach requires a direct link between public institutions and businesses to inform the educational content of training programmes and to ensure the constant adaptation of programmes as technologies evolve. In most countries curricula reform is not yet part of an integrated reform effort, but rather represents partial initiatives. In Tunisia, curricula reform – together with enterprise-based training

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and a new management model for training centres – is one of three pillars of an integrated reform process to improve the relevance of training programmes.

In Egypt various initiatives have been launched in recent years to modernise curricula, particularly with donor assistance, but without a unifying framework. Within the framework of the Secondary Education Enhancement Programme, secondary technical school core curricula will be developed to reduce the number of technical specialisations from 100 to 20. Individual secondary technical schools participating in the Mubarak-Kohl Initiative are updating their curricula in an effort to integrate theoretical and practical learning (European Training Foundation, 2003b). In the context of the National Skills Standards Project (NSSP) – an initiative led by the Social Fund for Development (SFD) – a competency-based approach will be developed for selected trades.

The content of TVET in Jordan has been the subject of frequent changes. Participation of industry representatives in special committees have been the norm for programmes under the Ministry of Education, the VTC and community colleges. In a joint effort with industry and other experts, the VTC prepared 750 modules to adapt training programmes to the needs of the workplace. In the case of community colleges, the Al Balqa' Applied University has established programme advisory committees (with two thirds of the membership being from industry) to propose changes to curricula. Since its establishment, the Al Balqa' Applied University has rationalised the number of diploma programmes from 125 down to 66. In general, sustaining the interest of employers in curricula development has proved difficult.

An upgrade of curricula in Lebanon was undertaken in 1997 with the development of 56 training programmes for the upper end of TVET. The result proved to be too academically oriented, and there was no attempt to develop teacher guides or student learning resource materials. No evaluation tools to measure the achievement of learning outcomes were prepared, leaving it to individual instructors to develop their own training materials. An

update of training programmes was undertaken in 2001. Ongoing efforts include the development of competency profiles for 45 occupations. This is done through a process that brings together practitioners in each specific occupation with training specialists who translate the tasks and duties associated with the occupation into training programmes and pedagogical content. A pilot project has been completed to establish a new standard for curriculum and learning resource materials in the electrical and electronic disciplines. This includes the definition of the curriculum following a competency-based approach, and the preparation of teachers' guides and student manuals. New curriculum development in other areas will now follow this model.

Tunisia has embarked on an ambitious programme for curricula development using the competency-based approach (see box 4). Some of the key lessons learned during its implementation include the following issues.

- It takes time for the agencies in charge of implementation and for the training institutions to adapt to the new institutional requirements of the competency-based approach. Relationships between training institutions and firms in the private sector become an important part of the process, and require changes in management practices. Training centres cannot continue to operate in isolation from their environment. More autonomy in decision-making has to be bestowed on training institutions. Trainers and instructors have to reach out beyond their workshops to companies in order to jointly develop training programmes.
- The competency-based approach was first introduced in the form of 'residential' training (that is, all training carried out at one centre). With the expansion of enterprise-based training the approach was modified to include both training at the centre and at the enterprise as part of one single process. This was achieved through practical experimentation in a few centres with foreign technical assistance, and was made possible by

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the committed participation of industry representatives.

- Having businesses on board is key to the success of the competency-based approach. Preliminary work is necessary to develop the understanding of industry representatives and of individual firms of the importance of both, their participation in curricula development, and of the competency-based approach itself.

The Tunisian government has now decided to generalise the competency-based approach throughout the training system as an integral part of the reform, together with the introduction of a new management

model and the generalisation of enterprise-based training. Methodological documents are now available, including a glossary of the competency-based approach and the manuals and guides defining each step in developing the approach: competency/skills identification, material and pedagogical organisation, and evaluation. A 'Dictionary of Competencies' (*Répertoire des compétences*) is being prepared.

Measuring the quality of training requires objective procedures that allow the comparison of actual performance, vis-à-vis a set of clearly defined requirements. One objective indicator for measuring quality is the pass rates actually achieved

Box 4: Curricula reform in Tunisia

The curricula reform developed under MANFORME aimed to ensure that the content of the new training programmes and the pedagogy applied to the delivery of these programmes would provide trainees with the skills required by businesses to strengthen their competitiveness. The employability of trainees was thus linked to the provision of relevant skills by firms. With this perspective, the methodology chosen by the Ministry of Vocational Training and Employment (MFPE – *Ministère de la Formation professionnelle et de l'Emploi*) to implement the curricula reform is based on the following approach.

Identification of occupational skills: The core element of the curricula reform is founded on the identification of occupational skills, defined in terms of 'competencies'. The identification is made on the basis of analysing actual job situations practiced by individuals in enterprises who are recognised as the most qualified and proficient among their peers.

Validation of competencies: The identified occupational skills are compared with the needs of competitive enterprises at national and international levels. Occupational skills are then reviewed and validated by the professional organisations. This is called *référentiel emploi*, or job references.

From competencies to training programmes: Once approved, occupational skills are translated into training programmes through a competency-based approach which ensures that each programme is consistent with the identified occupational skills, and can be upgraded regularly to match changing skills requirements.

The approach is complex and constitutes a fundamental change from methodologies applied previously for curriculum development. It requires the effective participation and contribution of the production sector (industry representatives as well as individual enterprises) to identify skills and competencies, as well as highly trained specialists to develop, introduce, and monitor the new programmes.

This approach stands as one of the key factors of change for MANFORME, by providing a tool to translate the demand-driven philosophy into a product that can effectively meet the skills needs of enterprises, and strengthen the 'enterprise-training centre link' – one of the cornerstones of the reform. Moreover, the competency-based approach is expected to induce significant changes in the operation and organisation of the training centres, such as in pedagogy and the process of validation and certification. It contributes to reinforce the synergy of the different components and levels of the reform (decentralisation and accountability of the training centres, participation of enterprises, quality), while integrating into the process other tools, such as alternate training centre/enterprise schemes (*Peresson, 2003*).

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on exit examinations. In Jordan less than half the Ministry of Education's vocational stream students pass the GSC examination for access to tertiary education, and only a small minority (4%) of vocational students pass the *Tawjihi* for access to universities. VTC trainees achieve an overall pass rate of 79% – including 90% in semi-skilled programmes, only 58% in skilled programmes and 88% in craftsman programmes. Only about 60% of the students in community colleges who take the comprehensive examination for a diploma pass the first time, with public institutions generally doing better than private ones. In Lebanon examinations in vocational streams tend to be biased toward academic knowledge, and do not provide an adequate assessment of practical skills and employability. A pilot technical assistance programme has recently been completed to develop an electronic database of examination questions as well as teachers' guides and student manuals. This tool has been field tested and validated, and will be expanded to include new subject areas.

However, the validity of examinations as a measurement of learning achievement can be misleading. In the case where examinations are designed to regulate access to post-secondary education, actual pass rates may not reflect the students' knowledge and competencies. In other cases, the absence of industry participation in the design and administration of the exams may upwardly bias the results. An interesting experiment was conducted in Jordan where the Ministry of Education selected a group of students to be tested independently by the private sector in five different fields. The content of the examinations was prepared by industry representatives. Only about one third of the graduates (who had earlier succeeded in exit tests) passed the examination. The Ministry of Education and the VTC criticised the testing methodology and sampling after the results were known, and the formal results have not been published.

However, now industrial representatives want the test repeated every year⁹.

In terms of the opinion of employers, a lack of satisfaction on their part with the skills acquired by students is commonplace in the region and is reflected in the growing gap between formal and real qualifications. For example, in Egypt the unemployment rate among Middle Technical Institutes graduates hovers around 60%. Many do find jobs, but as skilled workers rather than as technicians. In Lebanon field interviews with employers highlight concerns about graduates' weak employability skills, such as teamwork, poor communication abilities and lack of initiative and analytical skills. The same message is heard across different countries.

As far as issues related to teachers and trainers are concerned, in Egypt the lack of suitably qualified and experienced instructors is linked, among other things, to low salary levels. Social status and career perspectives are poor for TVET teachers and instructors. Low salaries have produced a parallel system of private tutoring geared towards helping students pass their examinations. In Jordan teachers and instructors at the Ministry of Education are well-qualified academically, however 47% of instructors in the VTC have only secondary education qualifications or less. The Ministry of Education and the VTC recruit staff through the civil service, mostly fresh graduates with little work experience. Civil service pay levels tend to be unattractive to experienced workers. Once hired, staff members have little incentive to improve their qualifications. Private community colleges face declining enrolments and therefore have limited resources to hire qualified teachers. In Lebanon, in terms of instructors' qualifications, there is more emphasis on higher education credentials and less on occupational and professional experience, and few instructors have any pedagogical training.

As for **qualification standards, accreditation and national qualification systems**, the National Skills Standards

⁹ A significant development in Jordan that is expected to reflect on the quality of the workforce in general and in the informal sector in particular is the Labour Organisation Law which makes it mandatory for workers and workplaces to be tested and certified as to their occupational level, as a prerequisite for their work licence (ETF Editorial Board).

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Project now underway in Egypt is designed to develop a new qualifications framework for the TVET sector. The key objectives of the framework are to provide:

- (i) certification that properly reflects workers' abilities and competencies;
- (ii) portable credits that allow students to proceed from one sector of education or training to another;
- (iii) independent assessment procedures; and
- (iv) independent accreditation procedures.

This new framework will cover post-primary school qualifications that are broadly equivalent to levels 1, 2 and 3 of the international standard classification of education (ISCED). The work is financed by the SFD's Human Resource Development Programme. A team of local and international consultants in cooperation with employers is working in three industries (manufacturing, tourism, and building and construction) on the preparation of standards.

When complete, the new framework will establish not only skill standards but also the procedures for testing and certifying trainees. The framework will be supported by an organisation with a mandate to develop procedures for accrediting training providers. This will build up a register of training providers and their specialties. The system will also monitor and evaluate the outcomes of accredited training providers in terms of quality, relevance and efficiency.

Other efforts along the same lines include the work of the Ministry of Education's Mubarak-Kohl Initiative, which is planning to assist the private sector in preparing regulations (standards, curricula, assessments and so on) for 28 trades in the same three industries as the National Skills Standards, as well as a number of commercial occupations. The Mubarak-Kohl Initiative also has plans to open the system to students with higher school qualifications (up to completion of year 12); and to other skills levels (for example, banking and information technology). This again raises questions about how courses and institutions are to be articulated. To avoid these activities causing confusion among employers, the Mubarak-Kohl Initiative developments will need to be

integrated with the work of the National Skills Standards Project.

A further development arising from these new standards is addressed by the amended Labour Law, which proposes a system of licensing to support the standards. One licence will apply to individual skilled workers, in effect a legislated requirement that a person must be certified as skilled before being able to practice in the relevant field. A modest fee of EGP 40 will be charged for issuing a certificate. Certificates will only be issued against the new skills standards. Businesses providing skilled work for customers will be required to use only licensed employees for all tasks.

Training providers must also be licensed according to the Law and their training programmes must be submitted to the relevant ministry for approval. By implication, any unlicensed training provider will be operating illegally. Consequently, there is a possibility that, far from opening up the private training market, the new law could serve to make it more difficult for training providers to operate, and could subject them to interference from public training providers whose own record has been so criticised.

It is not yet clear how much revenue is likely to be raised from these licences. Nor does the Law indicate whether or not these fees would be used for TVET. In fact, it is not certain who would be responsible for issuing licences and collecting fees.

Although the law is administered by the Ministry of Manpower and Emigration (whose minister is also the chairman of the SCHRD), the Ministry does not currently have any specified role in issuing certificates for skilled workers except, of course, for trainees in its own training centres. Presumably, these matters will have to be clarified by the SCHRD.

National standards in Jordan are maintained through the use of common national curricula by programme among all training institutions and the application of common exit examinations. Private community colleges must adhere to a comprehensive set of accreditation guidelines on matters such as teacher qualifications, and class sizes by type of

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subject and physical standards. Private vocational centres are also subject to Ministry of Education review to receive official recognition for their graduates.

One of the four components of the Tunisian MANFORME programme aims at the development of a 'quality approach' in the training system through three activities: (i) the introduction and operation of a quality process in the structures of the Ministry of Vocational Training and Employment or Ministry of Education and Training, including the Ministry itself (the Ministry of Education and Training took over the competencies in vocational training), the agencies and the training centres; (ii) the definition of standards for certification and assessment of training programmes; and (iii) the establishment of validation and accreditation.

A 'global quality plan' was produced in 2002 which defines the different steps for the introduction of the quality approach in the training system. Among the main activities planned are the training of key personnel at all levels of the training system (from the Ministry to the individual training centres), the certification of seven centres (ISO 9001, 2000) as testing grounds, the extension to 20 more centres, the production of a 'Quality Charter', and a marketing/communication plan.

The quality dimension of MANFORME has been a core element of the reform process. It aims to support the key components of the programme through the development of a 'client-oriented approach', as well as optimising the use of resources at all levels of the training system. This will lead to accountability in the system, especially at the central level, and thus lead to changes in management and organisation. It is also a crucial dimension in defining the place and relevance of the vocational training system (pre- and in-service) in the greater context of the education system.

A qualification system based on standards that are globally accepted and recognised in the country by all key actors is in the process of being developed, but has yet to be established. The identification and prioritisation of occupational skills based on competencies for current and future professional activities, and with the

validation of the professional associations, has created a solid foundation for developing such a qualification system. The work accomplished in the centres most advanced in introducing the management model – especially with the active participation of the professionals during phases of restructuring their programmes – has set a practical reference on how to structure such a process, and the constraints to be met. The preparation and finalisation of the 'dictionary of competencies' will also be one of the main tools for the development of such a system.

A national system of qualification needs to be defined on the basis of such experiences with the participation and support of all key partners in order to become an accepted and legitimate source of standards and assessment. The international technical assistance contracted in 2001 to provide support for the development of such a system was deficient, which has resulted in delays.

The quality function in the pilot centres has been introduced on a step-by-step basis. The availability of a 'quality specialist' trained for this function still needs to be accomplished, and is dependent upon the issues of status of such personnel by the national agency for training (ATFP – *Agence tunisienne de formation professionnelle*), as discussed in the review of the new model of management for the centres. Procedures for quality control have been developed as one of the seven processes in the model. The Ministry of Education and Training is currently working on a 'quality manual' (*référentiel de qualité*) to be the 'bible' for the new model of management.

The 10th Plan focuses on the development of a qualification system, for pre- and in-service training (including for competencies acquired on the job), as one of the priorities of the Ministry of Education and Training, and it should be fully operational before 2006. The qualification system will encompass a wider perspective than the existing 'diplomas'. On the one hand, the diplomas may not be relevant to the professional skills needs and to the validation of job acquired competencies, and on the other hand, they may be restrictive in terms of scope,

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especially towards the higher levels of qualification, and in terms of duration. Again, the training system needs to clearly position itself within the greater education system and define a qualification process that is relevant for all levels of skills in order to meet the needs of businesses.

Tunisia is one of the few countries in the MENA region which has included a quality control component to its reform of the vocational training system. It is a complex approach which will take time to be fully effective.

Few countries in the region have developed monitoring and evaluation capabilities. Jordan and Tunisia are two examples of different approaches to monitoring and evaluation. Jordan has put together a system to monitor the internal efficiency of training programmes by focusing on costs, access, internal efficiency and quality. In terms of external efficiency, the Jordanian approach is based on tracer surveys that systematically collect information on graduates of training programmes and employers for a number of indicators. However, this type of monitoring does not measure the specific contribution of training programmes to variables such as employability or better earnings. To capture the contribution of training programmes to employability and earnings, Tunisia has conducted two rounds of impact evaluation studies, comparing a group of beneficiaries of training programmes with a control group of non-beneficiaries. As reported below, this is a step in the right direction, but many methodological issues need to be addressed before the Tunisian studies yield conclusive results.

Considerable effort has been put into monitoring the outputs of TVET institutions in Jordan. The respective agencies publish their own annual statistics and reports. The National Centre for Human Resources Development (NCHRD) has also published several key analyses of TVET, particularly those produced with Canadian assistance¹⁰. One *innovation* in this regard

is adoption by the Al Balqa' Applied University of a set of 'key monitoring indicators'¹¹. These cover: accessibility; internal efficiency, effectiveness and quality; relevance and external efficiency; costs and financing; governance and administration; institution and capacity building; and attitudes towards TVET. The basic indicators provide an excellent basis for monitoring the performance of the system in the future, and should be extended to vocational training colleges and the Ministry of Education as well.

In addition, numerous tracer studies have been carried out in Jordan since 1990 by the various public training providers. The Ministry of Education has conducted 12 tracer studies on its various vocational programmes; the VTC has carried out seven; and four have covered community colleges. The tracer studies by the VTC found that only 36% of graduates of limited skill training were in full-time employment and 11% part-time; 53% were unemployed and only 34% were working in the specialist areas for which they were trained. Employment rates were better for craftsmen, with 62% fully employed. However, only 55% of these had found their training relevant to their work.

The VTC undertook a tracer study on the status of graduates from training programmes in 2001 for the limited skills level. The study sample covered 220 graduates from 19 training centres (30% of the annual output) and 49 employers. The study reported that at the time of the survey about half of the graduates were unemployed and about one third were working full-time. Among those with jobs, most of them were working for wages in the private sector, the majority earning close to the minimum wage. Employers were roughly split in half over whether the VTC training programmes met their needs and requirements. In evaluating graduates' performance, employers identified their weakest attributes as being in the areas of safety and health regulations, effective communications, working well with others,

¹⁰ The National Centre for Human Resources Development, with ETF support, has undertaken a series of initiatives to develop institutional capacity for an observatory function, to form a data collection network with other institutions, and to define a common framework for labour market information with neighbouring countries.

¹¹ John Rostron, *et al.*, 'Development of Performance Indicators for Assessment of Policy, Practices and Investments', n.d.

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and their ability to learn new skills. Graduates received high marks from employers in the areas of appearance, following instructions and directions, adapting to the work environment, and attention to detail in practical skills. The employers' main recommendation to improve VTC programmes was to increase trainees' site visits by instructors.

Another tracer study conducted by the VTC for graduates at the craftsman level had better employment rates than the limited skills level graduates (62 and 47%, respectively). Wages on average also tended to be higher, with only 40% of workers getting wages close to the minimum. Graduates were rated weakest in the area of employability skills and highest on their ability to follow instructions and work in teams. More frequent site visits by instructors was also a recommendation from the employers.

In Tunisia an Observatory for skills development and employment started operating in 1996 with the objective of providing market relevant information and to measure outcomes from different government interventions. Some of its main products in recent years include the elaboration of a 'Job Dictionary' (*Dictionnaire des emplois*). This is a methodology for elaborating indicators to measure the efficiency of employment and training services, as well as impact evaluation studies for employment and training services, and a macro-economic model with modules to measure job growth and skills requirements in various scenarios. Among its future projects, the most important include enterprise surveys, the actual preparation of indicators for training and employment, and the creation of a website to disseminate its work.

Tunisia is the only country in the region that has introduced impact evaluation techniques to its programmes. These techniques compare a series of indicators for two groups: a group of beneficiaries of training programmes run by the AFTP, and a control group or non-beneficiary group sharing the same socio-demographic characteristics as the beneficiary group. The objective of the impact evaluation is to determine if, in the absence of AFTP training programmes, the values for the

indicators are different. Pilot impact evaluation studies have been conducted and have provided important feedback in developing a methodological framework. Preliminary results still reflect methodological problems and provide valuable lessons for future studies (World Bank, 2003c).

SUMMARY

- There is a great divide between general and vocational education curricula. Vocational education tends to be lower quality, reinforcing inequality. A better balance between general and practical subjects is needed.
- Important initiatives are under way to make curricula development a vehicle for establishing a public-private partnership, specifically through the competency-based approach to curricula development.
- Results from testing at the end of training courses indicate that pass rates vary by level and institution, but in many cases pass rates are low. Sometimes, exams can be biased towards academic knowledge. Testing by employers should be encouraged.
- Learning and teaching methods are old-fashioned and inadequate for knowledge-based skills.
- The low quality of student intake limits the development of skills more appropriate for a knowledge-based economy.
- Teachers' qualifications are more academic than practical. There are inadequate training and retraining mechanisms, a lack of professional career prospects, and salaries are low.
- Some important initiatives to develop qualification standards are under way. This needs to be accompanied by developing links and pathways between general and vocational tracks in a lifelong learning framework.
- Monitoring and evaluation has to move beyond traditional tracer studies and on to measuring the added value and cost-benefits of TVET interventions. There are some encouraging initiatives in this direction but they still have serious methodological problems.

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Private sector participation in TVET can be grouped under four headings: (i) participation in the governance of TVET systems; (ii) establishment of public-private partnerships for curricula development, training delivery and management of training institutions; (iii) in-service training; and (iv) proprietary private provision of training services.

5.1 GOVERNANCE OF THE TVET SYSTEM

As discussed in chapter 2, it has been common in several countries to establish supra-authorities for TVET, with the main objective of unifying objectives and strategies for TVET development both among public and private stakeholders. As already mentioned, one of the main problems of these institutions is their lack of operational capacity, exemplified by the

fact that in some cases they hardly convene. Private sector participation in these committees tends to be nominal. In some cases, private sector representatives have not shown a strong commitment to participate in these types of committees. In most countries of the region there is a traditional mistrust between the private sector and the TVET authorities which is expressed in a lack of dialogue and cooperation.

5.2 DEVELOPING PUBLIC-PRIVATE PARTNERSHIPS

One of the most systematic efforts to develop a comprehensive public-private partnership in TVET is being implemented under the MANFORME reform in Tunisia. A 'partnership' between the government (Ministry of Education) and the private sector has been instituted through the

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signing of 'conventions' with most of the professional organisations (19 such contractual agreements have been signed). These agreements aim at instituting the active participation of the federations during the different phases of the reform of the vocational training centres. These agreements seek to promote the participation of private sector federations through the following measures.

- The creation, extension or restructuring of a training centre should be requested by a business federation, and requires a feasibility study to assess the economic justification of the proposed investment. Representatives of the private sector participate in the systematic review of the feasibility study through a 'follow-up committee'.
- The definition of the framework for the material (constructions, equipment) and immaterial (curriculum, teacher training) investments. These include the analysis of costs and the planning for the investments. The federations participate and give an approval through the 'follow-up committee'.
- Identification of skills and competency needs (occupational skills analysis – *référentiel emploi*) which will serve as the basis for the development of the new curriculum. The occupational skills analysis and the curriculum are to be validated by representatives of the corresponding business sectors.
- The management of individual training institutions through technical committees (later to become a governing board) involves private sector participation in the management and decision-making process, as well as the introduction of new modes for the participation of the private sector in the provision of training (apprenticeships, dual training, and training of tutors).
- The implementation of impact evaluation studies by the observatory with the participation of enterprises in the surveys and studies.

The active participation of the private sector (both individual enterprises and federations) is constrained by several factors. First, private sector organisations,

including the national union of private sector federations (UTICA – Union tunisienne de l'industrie, du commerce et de l'artisanat), had relatively weak structures at the time the reform strategy was launched. Most federations had no specialist in human resources development. They had limited experience and understanding of human resources management, especially in terms of skills to promote competitiveness. Second, before the reform there had been little or no exchanges of experience between the private sector and the public vocational training system. Each system was working within its own logic and did not interact. Resistance and misunderstanding was thus strong for both sides.

To overcome these constraints, a series of activities were implemented as part of the reform with active assistance from donors. These activities were structured around three main lines of intervention.

- The development of a methodological framework for the preparation and formulation of the feasibility study to enable the creation, restructuring and extension of a training centre. The study is based on an economic analysis which reviews the costs and benefits of a given project. Only those projects which can demonstrate a return on investment are acceptable in terms of finance. The same overall methodology is applied for all projects (sectoral, multi-sectoral, and for all donors).
- The support to the private sector in the identification of skills needs, which covers four main components:
 - (i) technical support to enterprises and groups of enterprises to identify the skills and competences which they need in the short and medium term to develop their competitiveness. This includes specific methods and tools to identify professional skills (thereby being able to establish the *référentiel emploi*), as well as human resource management techniques. A total of 160 enterprises in 16 sectors already benefit from this support, which has produced over 150 strategic professional profiles;
 - (ii) technical support to private sector consultants to develop their capacity to identify

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professional skills and work on policies of human resources development with enterprises or groups of enterprises; (iii) the development of a national and sectoral 'dictionary of competencies' as a reference to individual enterprises as well as professional organisations; and (iv) the introduction and training of professional organisations on modern human resources management tools.

- The testing and development of a well-defined framework stating the roles and responsibilities of each partner (professional organisations, agencies, ministries) that covers at the same time the overall process of request, feasibility study, creation/restructuring, and operation of a training centre. Step by step procedures, indicators and support have been progressively established to accompany the process.

The development of the partnership has been a slow process during the first phase of implementation of MANFORME, mostly due to the magnitude of change it implied, and due to the relative lack of resources and preparation for developing this process within the federations. Some federations acted as leaders in the structuring of the partnership process (electricity, textile). The results obtained by these leading federations show in all the components of the reform strategy, for example, through an active participation in the restructuring or development of training centres; in the introduction of the new model of management, including an active commitment to the steering committee; in the introduction of enterprise-based training (alternate system); and in the design of new competency-based curricula.

The results have progressively been capitalised by UTICA, and changes there have been significant. Most federations have appointed staff for human resources development who are involved in the different projects of creation, extension, and restructuring of training centres. Cooperation agreements between Tunisian federations and European federations, as in the programme agreements with the French federations in the AFD (Agence française de développement) financed projects, have contributed to a better

understanding of the challenges and gains to be achieved through an efficient demand-driven development of vocational training. This international partnership has provided a useful model and support to the Tunisian federations in their structuring, involvement, and participation in the reform of the vocational training system.

Enterprise-based training is one of the areas where the effectiveness of the partnership process can be tested. Alternate training can only be developed through a close working relationship between training centres and the federations in order to validate the skills needs, develop the new training programmes, and encourage enterprises to participate in this mode of training by providing on-the-job training on the basis of the curriculum to trainees, as well as close monitoring of results in cooperation with the teaching staff in the training centres. A review of the introduction of alternate training shows that it develops most efficiently in centres where there is a strong involvement from the professional organisation. Some centres have managed to develop close to 100% alternate training with individual enterprises through the active involvement of the federation and of the centre management. Currently, 37% of trainees are learning through alternate training.

The involvement of federations in the reform process is limited by a number of factors. Among them are a lack of sufficient skilled staff, low involvement of some of its representatives, limited resources, and the fact that vocational training is still the priority of only a limited number of enterprises. The most difficult aspect is moving beyond the direct relationship with individual enterprises into policies and initiatives that are relevant for a sector as a whole. The identification of skills that are representative of a sector, transferable from one enterprise to another, and which indicate trends of change, can only be identified through a transversal analysis of the sector and of its main professional components in terms of occupational skills. This allows for the standardisation of such occupational skills and the development of a national 'dictionary of competencies' composed of

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sectoral *and* trans-sectoral competencies. It is also a requirement for labour mobility, which is crucial for both enterprises and workers.

The MANFORME experience shows that the strengthening of the federations is necessary to promote their effective participation in the reform process.

Another initiative to set up public-private partnerships in Egypt has been developed in the framework of the ongoing National Skills Standards Project, where employers' representatives have taken an active role in skills needs identification and standards development. In addition, the TVET reform programme supported by the EU in Egypt includes, as one of its main components, the creation of partnerships at the local level between public TVET institutions and the private sector. These partnerships, which in their first phase are foreseen as pilots, have a two-fold objective: establishing an instrument to enhance the participation of the private sector in the design and delivery of TVET, and increasing the relevance of TVET provision in terms of content and learning methods.

5.3 IN-SERVICE TRAINING

During the years of central planning when economic growth was based on the expansion of public enterprises, in-service training was part of a command economy that sought to supply skills based on employment targets but not necessarily relevant to the operation of a market economy. The importance of in-service training as a means to foster competitiveness has started to become a priority in the context of the free trade agreements with the European Union which have been signed by several countries in the region, and the prospect of open markets in the next few years.

While in-service training is practiced by larger private sector firms, it is not a common practice among small and medium enterprises, where the bulk of employment is. Several reasons may

explain why: First, training by itself cannot affect productivity, but it has to be combined with other inputs to have an impact. In the short term, if all the necessary elements are not present, training may be perceived by employers simply as another addition to labour costs. Second, employers may not want to invest in training for fear of seeing the trained worker leave for another job. And finally, an important market failure with regard to the development of in-service training among SMEs is their lack of capacity to identify and formulate their training needs into well-articulated training programmes. The government's programmes to promote in-service training can be seen as attempts to overcome market failures in the provision of training. There are only a few government-led initiatives in the region to promote in-service training, with the exception of important initiatives in Egypt and Tunisia.

Egypt has just started a pilot project, the Skills Development Project, with assistance from the World Bank, to experiment with a different way of allocating public funds for TVET¹². The project allocates funds to users of training services (businesses), rather than directing funds to training providers. It is the beneficiary firms who then choose the training provider – public or private – through a simplified competitive bidding process. This pilot project is designed initially to benefit small and medium enterprises in the construction, manufacturing and tourism sectors. The project also provides technical assistance to employers' organisations to help improve their capacity to assess the skills needs of private sector firms, and to prepare training proposals to be submitted to the project for financing. If the pilot project proves successful, it is the intention of the authorities is to generalise this type of funding mechanism. What remains unclear is the link between the pilot Skills Development Project and the Training Finance Fund established under the new labour law. Both initiatives need to be closely coordinated so that the lessons from the Skills Development Project can be applied to the Training Finance Fund. In

¹² See 'Project Appraisal Document for the Egypt Skills Development Project', World Bank, 2003.

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the absence of this coordination the risk of the Fund becoming a new source of financing for supply-driven pre-employment vocational training is high.

In Tunisia there are two mechanisms to promote in-service training, the TFP or *taxe à la formation professionnelle*, and the PRONAFOC or *Programme national de formation continue*, targeted at SMEs. The TFP was established as an incentive to enterprises to implement in-service training. As such, the TFP is a payroll levy designed as a rebate scheme for providing finance to enterprises for implementing in-service training programmes. The amount of the tax rebate is calculated on the basis of the enterprise contribution to the TFP. Manufacturing firms pay 1% of their payroll and non-manufacturing firms pay 2%. Export-oriented offshore firms are exempt.

Expenses eligible for financing from the TFP rebate scheme are currently the following:

- identification of training needs, and preparation of annual or multi-annual training plans;
- in-service training programmes for the qualification or re-qualification of the company's personnel;
- the operations of the enterprise's internal structures which are in charge of skills development and training.

The procedures for the use of the rebate scheme have been simplified during the past few years to improve access to eligible enterprises. For instance, each month enterprises can deduct the amount spent for approved proposals from the TFP that it owes.

However, the effectiveness of the TFP mechanism as an incentive to enterprises to develop in-service training is limited by one major constraint: large firms, including large public firms, are the main beneficiaries of the TFP. There is no *mutualisation* of the TFP for small and medium enterprises, which pay small amounts and have no incentive on this basis to invest in training. (*Mutualisation* allows the placement of unspent small amounts in a common fund in order that

groups of enterprises can afford to finance training programmes.) The fact that only around one third of the total of the TFP is spent on training is an indicator of its limited effectiveness as an incentive to develop in-service training.

PRONAFOC. The PRONAFOC was introduced in 1995 as a financing scheme to promote in-service training among SMEs with 100 workers or less. The focus on SMEs was important since they represent the largest segment of enterprises and employment in Tunisia. PRONAFOC finances four types of activities: the identification of training needs; the preparation of a training plan on the basis of those needs; the implementation of the training plan; and the monitoring and evaluation of these activities.

The implementation of the PRONAFOC has generated important lessons to be taken into account.

- Initially, when financing went directly to the training providers, training programmes were essentially supply driven. Despite recent changes in the procedures, the process generally remains supply oriented due to the limited role of professional organisations in the identification of skills needs and the preparation of training plans.
- The TFP and the PRONAFOC can finance only approved standardised training programmes with a given cost, which generally stands at average or below average of the market costs for the same service. The list of pre-approved programmes, as well as the costs, have been established by the authorities of the National Centre for Continuing Training and Professional Promotion (CNFCPP – *Centre national de formation continue et de promotion professionnelle*). This tends to favour public training institutions who benefit from subsidies and can offer training programmes at below market prices.
- The partnership process between the authorities and the private sector, by means of contractual agreements with most professional organisations, stands as a key factor to developing training

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programmes that respond to market needs. Partnership agreements have been initiated with a few, often local, professional organisations. Beneficiary enterprises within these partnership agreements are often large groups (for example, tourism).

- Employers' organisations are key in mobilising enterprises and in defining the needs on a wider professional perspective. Moreover, employers' organisations can be instrumental in the organisation of multi-enterprise training.
- The objective of creating a financing mechanism to support in-service training for SMEs has not yet been fully achieved. A significant segment of the beneficiary enterprises remain those in the medium to large category.

5.4 PRIVATE PROVISION

Private provision of TVET services comprises both proprietary private institutions as well as NGOs. Private provision is concentrated in a few sectors, particularly in IT, languages and services, and generally offers short-term courses. It is a condition in most countries to register with the government in order to operate, and the government provides accreditation to the training provider on the basis of equipment, furnishing and staffing. Officially approved curriculum is not mandatory, although it is necessary for a government-sanctioned diploma.

The importance of private proprietary provision varies from country to country. In Lebanon private provision is quantitatively more important than public provision. In the 2002/03 academic year there was a total of 79,000 students enrolled in TVET programmes, of which 61% were enrolled in private institutions (down from a 65% share in the 1997/98 academic year). The majority (62%) of public TVET students were concentrated in Greater Beirut, while students in private TVET institutions were geographically more evenly distributed throughout the country. Programmes offered by private schools tend to be concentrated in those fields of instruction that do not require high levels of capital investment. Private schools are

empowered to offer two types of curriculum. First, the official curricula established by the Ministry of Education and Higher Education; students pursuing these curricula are subsequently eligible to sit public examinations. Second, private schools may offer non-accredited programmes for which no diploma would be granted. A significant variance is noted between success rates in candidates for national examinations in public and private schools. Figures cited for the 2002/03 academic year show an 80% success rate for candidates from public schools and less than 50% for candidates from private schools. This suggests a need for more stringent accreditation processes and the publication of the results for candidates of national examinations.

Private provision in Jordan enrolled an estimated 23,000 students in 1994, with the number of private providers estimated at 600. This exceeds the annual enrolments in the centres run by the VTC. Almost half the trainees were enrolled in computer courses, and the rest mainly in office occupations, English language and traditional female jobs. Since 1998 the creation of new private training institutions has accelerated (an estimated 80 new establishments are created per year). At the post-secondary level, in Jordan there are 51 community colleges, of which 35 are non-government (UNRWA and private). Enrolment in private community colleges reached 27,000 students in the 2002/03 academic year (or 54% of total enrolment in community colleges). More than 60% of the students in community colleges are female. Private community colleges are subject to accreditation standards, and in the last 10 years no new private community colleges have been created.

Overall enrolments in community colleges (both public and private) declined in absolute terms in the 2002/03 academic year. This decline is due to a combination of factors: first, the emergence of private universities which are attracting students that would otherwise attend community colleges; second, the increased difficulties for families to pay tuition fees; and third, the expansion of available places in public community colleges, through the so-called 'parallel programmes'. These admit privately financed students who attend the same classes as the fully subsidised

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students but pay less than the full tuition costs. This has prompted reaction from private community colleges who argue that they cannot compete with subsidised public institutions who are able to charge less than full cost tuition. Another factor that makes public community colleges relatively more attractive is the fact that public institutions do better on average in examinations for graduation than private institutions.

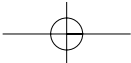
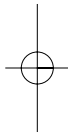
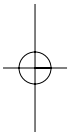
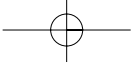
In Tunisia, private provision plays a role of recovering students who have failed in public schools, particularly at the basic and secondary levels. In this sense, private schools are also considered a second-choice, lower quality alternative to public schools. Outside the education system the number of private providers in TVET has been growing steadily – some estimates suggest a 20% growth in 2002. There are an estimated 1,300 private training institutions, of which 665 operate within the guidelines established by the government, with around 10,000 students enrolled. The government envisions that private provision could grow to reach 14,700 by the end of 2006.

SUMMARY

- Current TVET reforms in the region are beginning to address the issue of

enhancing the participation of the private sector in what traditionally has been a state-dominated field.

- Public-private partnerships are attempting to provide a legal framework for the participation of the private sector in several aspects of the TVET reform process, particularly in the design of training activities, curricula reform, provision of training, and in the management of training centres.
- Limited private sector capacity is a major constraint for an effective partnership. Technical assistance to improve the private sector's capacity for participating in TVET activities is an essential component of the reform.
- In-service training is central to enhancing the competitiveness of firms, yet few enterprises in the region provide in-service training to their staff. Levy-based systems to promote in-service training tend to benefit larger businesses. Initiatives to promote in-service training among SMEs are relatively new and few in number.
- Direct private provision of training services is limited in most countries. Large subsidies for public provision make it difficult to establish a market for training and to promote the participation of the private sector.



6. INFORMAL EMPLOYMENT AND THE ACQUISITION OF SKILLS

6

The increasing importance of the informal sector is one of the salient characteristics of the labour markets throughout the region. For new entrants to the labour force particularly, employment in the informal sector has become a reality. Measuring the size of the informal sector is difficult, but there seems to be a consensus in the literature available that it is expanding. Some studies measure the size of the informal sector in different countries of the region, from 42% of non-agricultural employment to 55%. In Egypt it is estimated that about 70% of new entrants to the labour force start in the informal sector.

While the informal sector is an heterogeneous collection of businesses ranging from a large number of subsistence activities to a smaller number of firms with clear prospects for growth and technical innovation, a common characteristic for individuals working in the

informal sector is the absence of employment contracts or social insurance.

Skills acquisition in the informal sector is not well documented. Illiteracy and low levels of education are prevalent among informal sector workers. New entrants tend to be better educated than the average informal sector worker, but many are dropouts from school. In Tunisia, for example, only 39% of the 1989 cohort that started school completed nine years of basic education, and 21% completed secondary education. Skills in the informal sector tend to be narrowly defined and are acquired on the job. Emphasis is on specific skills rather than on broad skills. Training mostly happens in the initial stages of employment and workers have limited opportunities for lifelong learning. Business owners in the informal sector do not regard upgrading of skills as a priority. However, it is important to note that although a strong link exists between

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dropouts from school and work in the informal sector, it has been observed that higher education graduates are increasingly participating in informal employment, mainly through new business start-ups.

There are three main mechanisms for the development of skills in the informal sector: (i) traditional apprenticeships; (ii) NGO-run training programmes; and (iii) NGO-run programmes mainly for micro-enterprise support.

6.1 TRADITIONAL APPRENTICESHIPS

The traditional apprenticeship is the main entry point for dropouts from education, and also for some graduates from pre-secondary vocational education. This type of training is unregulated (no contracts to determine number of hours worked, level of remuneration, no access to social insurance, and so on), and relies largely on kin or personal relationships in which the apprentice is trusted to the master. Apprentices range from 10 to 18 years of age, although younger apprentices are not uncommon. Normally the apprentice's family pays the master for the right to have the youngster trained. In other cases apprentices pay for their learning by working for wages lower than that of semi-skilled workers.

Traditional apprenticeships last long periods of time – between four and eight years – as the apprentice progresses from 'sabby' (helper), to 'mousad' or semi-skilled worker, and finally to 'sanaaey' or skilled worker. There is no training plan or a pre-established duration to any of the three phases. There is no formal acknowledgement that the apprenticeship has ended, except if an apprentice is promoted to the status of 'worker' with the corresponding change in remuneration. At the end of the apprenticeship there is no certification or any other written proof of the acquired competencies. Traditional apprenticeships are held in low esteem and identify the apprentice as having a low level of education and as being exploited as cheap labour.

In casual interviews conducted in several countries, masters and apprentices have expressed their perception that traditional apprenticeships are more effective in providing youth with skills than formal training programmes in vocational training centres or schools. The main advantage is the on-the-job training aspect of traditional apprenticeships which provides more practical and diversified training. This translates into more versatile workers with a more all-round set of skills. Apprentices also get exposed to different aspects of running a business, including networking contacts with suppliers and clients – all very important if the apprentice eventually decides to start his/her own business.

However, there are some important shortcomings to traditional apprenticeships. First, a complete transfer of knowledge from the master to the apprentice is not guaranteed, generally out of fear of competition either from another master hiring the apprentice or the latter setting up his/her own business. Variations in the quality of training are also great, resulting in apprentices in the same industry and with similar amounts of time in training having achieved different levels of skills.

Traditional apprenticeships also tend to perpetuate existing technologies, particularly among businesses that are slow at innovation. An example is the car repair industry, in which many informal workshops have difficulty adapting to the increasing number of electronic components in car engines. A similar problem is observed in the television repair industry, where apprentices learn to repair black and white televisions but do not have the same dexterity repairing colour televisions. The training provided tends to be practical with little theoretical content. This is suited for apprentices who come with low educational achievements. So, while the training may be appropriate for the education level of the trainees, it also limits the development of new skills.

Learning in traditional apprenticeships is generally passive and non-experimental. Masters lack appropriate pedagogical skills. A risk for the apprentice is the possibility of entering an apprentice

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arrangement with a master whose main interest is to have cheap labour for menial jobs, which is a frequent occurrence.

The main shortcomings of traditional apprenticeships stem from the low levels of education of both masters and apprentices, which limits the transfer and acquisition of knowledge. The low level of educational attainment among masters reflects the limited opportunities to access education in the past. In the case of apprentices, access to education is much more widespread today. However, apprentices do not stay in school, and for them apprenticeships is an alternative to social exclusion. There have been two types of responses to the problems associated with traditional apprenticeships: government interventions and NGO programmes designed for improving the skills of informal sector workers.

6.2 GOVERNMENT INTERVENTION IN TRADITIONAL APPRENTICESHIPS

From the previous section it can be said that among the main limitations of traditional apprenticeships are: (i) lack of formal arrangements, which can lead to exploitation of labour; (ii) limited transfer of knowledge to the apprentice; (iii) quality issues in the training provided; and (iv) lack of opportunities for further learning for apprentices.

From the four countries studied, only the government of Tunisia has developed a series of measures with the objective of increasing the quality of the training offered through traditional apprenticeships. Since 1993 the government has been enacting a series of regulations for traditional apprenticeships. A first group of measures aimed at improving the conditions for apprentices and reducing the margin for abuse by employers contain:

- the introduction of compulsory 'apprenticeship contracts';
- the setting of remuneration levels for apprentices, gradually rising from 30%

to 80% of the legislated minimum wage;

- employers' exemption from social security payments for apprentices;
- the introduction of compulsory 'accident insurance' for apprentices;
- the increase in the maximum age for apprentices from 18 to 20 years of age;
- the regulation of the duration of apprenticeship training, ranging from 11 months to a maximum of three years.

Later, in 1996 the government focused on improving the quality of the training provided. The AFTP was charged with developing compulsory 'dual' training, meaning that for two days a week apprentices attend training in a specialised centre and learn basic numeric and reading skills, plus other areas directly related to their field of work.

In the new framework governing apprenticeships the direct relationship between master and apprentice is now mediated by a training centre. Potential candidates for apprenticeships approach the local employment office, which places the candidate with a relevant training centre (CFA – *centre de formation et d'apprentissage*). A specially trained counsellor at the CFA then matches the candidate's interests with a roster of employers (mostly small workshops) offering workplaces for apprentices. If the candidate is accepted at a workshop, a contract is arranged establishing the legal conditions (duration, salary, and so on), as well as the rights of the apprentice to attend classes periodically at a CFA, and the role of the counsellor in monitoring and supervision of the apprentice's progress. The government pays for social security and accident insurance for the first two years of the apprenticeship, and provides a transportation allowance for the trainee.

It is estimated that there are over 100,000 trainees in traditional apprenticeships in Tunisia, of which only 45,000 have signed a contract according to AFTP norms. Of those with contracts, only 12,000 are benefiting from dual training in a CFA. This is mainly due to the inadequate physical capacity of the CFAs to accommodate larger numbers of

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trainees, as well as a shortage of specialised instructors, a lack of motivation on the part of the trainees to attend classes at the CFA, and a reluctance on the part of a large number of employers to have the apprentices absent from the workshop. It should also be mentioned that the number of counsellors is inadequate. Most counsellors are overburdened with large numbers of apprentices to monitor, and some say that placing the trainees takes most of their time. Many workshop owners remain sceptical of the advantages of the new system in what they view as a bureaucratisation of traditional apprenticeships, illustrated by counsellors being more interested in administrative matters and recording the progress of training activities. In addition, the new contractual intermediation of CFAs between the master and the apprentice undermines the traditional supremacy of the master in the traditional apprenticeships, which may reduce the incentive for the latter to sign such a contract.

6.3 NON-GOVERNMENTAL ORGANISATIONS AND SKILLS DEVELOPMENT

NGOs play an increasing role in delivering learning opportunities by providing skills to school dropouts, disadvantaged groups and the poor. The role of NGOs can be grouped into three main types of services: (i) support for traditional apprenticeships in the informal sector; (ii) training as part of a larger package of services to vulnerable populations, generally linked to micro-credit programmes; and (iii) direct provision of training services to school dropouts.

NGOs sometimes intervene to support traditional apprenticeships. There are some innovative experiments being carried out by NGOs in Egypt in the area of traditional apprenticeships. These interventions, as in the case of the CFAs in Tunisia, look to broker an agreement between potential apprentices and workshop owners. But there are two main differences from the Tunisian approach. First, the duration of the training is much

shorter, and second, there is no dual training. The following are the main characteristics of these programmes:

Those interested in apprenticeships have to participate in a mandatory three-day orientation workshop which describes how the programme works and the opportunities and obligations under the scheme. Candidates are selected from the participants according to the field they intend to work in, their personal attitude, trainability and capabilities. The workshops selected for participation are chosen by the NGO field staff. What they look for in a prospective employer is a good reputation, adequate capacity in terms of personnel and equipment, and teaching qualities on the part of the owner. Employers can be formal or informal.

For each apprentice, the NGO pays the equivalent of US\$180 for a period of three to six months. In other cases it pays US\$100 for one month of training. Some of the NGOs were considering paying the employers up to US\$600 per trainee to cover the costs of materials and the risk of damage to the equipment.

After one week's probation a contract is signed between the owner, the apprentice and the NGO. The contract spells out clearly the training objectives, training period, and outlines the training programme. During the training period the apprentice does not receive a wage but an allowance for food and transportation (US\$1.2 per day) paid by the NGO.

Training has been provided in the areas of traditional crafts, wood and metalworking, repair of home appliances, hairdressing, operating heavy equipment, computer maintenance, and repair of mobile phones. Most of the trainees are unemployed youth, but in some cases, workshop owners have also been trained. NGO staff monitor the training through regular visits to the participating workshops. Upon completion of the training period the apprentice takes a test conducted in a workshop different from that in which the training was provided. If successful, a certificate of completion is issued by the NGO. Employment office services help the graduated apprentice look for a job. The

6. INFORMAL EMPLOYMENT AND THE ACQUISITION OF SKILLS

NGO monitors the graduates periodically after graduation. The cost of training is estimated at US\$140 to US\$300 depending of the trade. This amount includes the cost of materials, use of workshop space and equipment, and trainee allowances. The costs in terms of staff time to identify suitable workshops, screening of applicants, and monitoring and follow-up of apprentices during and after the training period are not included. The apprentice is required to contribute an estimated 15% of the administrative costs, the difference being paid by the NGO.

NGO programmes for income-generating activities target the poor and provide training in simple skills for income generating activities such as traditional handicrafts, small animal raising, and dairy products. This type of training is often of very short duration, not exceeding a few months. It is mostly conducted in the village by NGO staff and specialists, and the training is usually free of charge. Beneficiaries acquire skills to help diversify their sources of income.

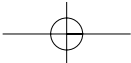
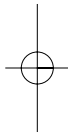
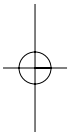
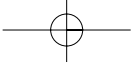
Training programmes provided by NGOs¹³ target school dropouts, and the objective is to provide them with a set of practical skills for entering the labour market after a short period of training. Typical study fields include gardener, salesperson, hairdresser, jewellery maker, air-conditioning repairperson, cook, waiter and car mechanic. Curricula often mirror those of public training centres, and a final competency test is administered. Training courses last less than seven months and are scheduled early in the morning or in the evening to allow participants to attend class. Some NGOs also include mobile units, particularly those operating in rural and peri-urban areas. The most successful NGOs show high employment rates from their students and combine a demand-driven approach, short-term courses,

flexible delivery, and certification. In southern Lebanon a group of NGOs have joined forces to create the 'Intensive Vocational Training Project'. The training is designed after the regular training courses offered by the seven participating training centres, but condensed into full-time (three-month) and part-time (six-month) courses. NGO training programmes include social topics (such as children's rights, working as a team, literacy, and sexually transmitted diseases) as part of a more comprehensive package.

SUMMARY

- A large number of people acquire their skills in the informal sector of the economy. Many of them are school dropouts with low levels of schooling starting out their working lives in traditional apprenticeships.
- Traditional apprenticeships offer narrowly-defined skills which are acquired exclusively on the job with limited opportunities for lifelong learning, although they present the advantage of being very practical.
- Apprentices work without contracts and pay for their training either directly in cash or indirectly in the form of reduced wages.
- Exploitation of young workers as cheap labour is common.
- Knowledge and skill transfer from master to apprentice is often limited by fear of competition and by the use of traditional technologies.
- The transition from apprentice to semi-skilled worker can take a considerable time.
- Government and NGO responses are offering relevant examples for larger programmes. Financial sustainability constrains their expansion.

¹³ Examples are provided by the *Mouvement social* and the NGO Forum, both in Lebanon.



7. CONCLUSIONS: THE ROAD AHEAD

7

Refocus the role of TVET in the region as an instrument for the knowledge economy

TVET needs to be shifted towards a more balanced strategy that promotes its role for the development of a knowledge economy. A new articulation with the education system has to focus on providing quality TVET systems with a better integration with general and practical curricula, as well as developing lifelong learning opportunities. The present low quality of student intake, the poor quality of TVET design and provision, and the absence of pathways with the rest of the education system, limits the prospects for TVET to play a role in the knowledge economy and promotes social inequity.

Participation of social partners in TVET is needed

Governance of TVET can no longer be the monopoly of the state but needs to be

inclusive of social partners. However, the participation of social partners cannot be simply nominal; it has to be based on operational responsibilities for all participants. Necessary changes in governance encompass many areas of institutional reform that are difficult to implement and therefore may take some time. Capacity building is required in order that social partners are able to assume their role. TVET strategic objectives need to be articulated with education and employment policies as well as other national objectives, such as integration of the national economy into world markets and reducing social disparities among the citizens.

Public provision of training services requires the development of accountability mechanisms and decentralisation

In making TVET institutions an instrument for the knowledge economy, accountability

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for public provision needs to link outcomes and performance, and needs to move away from exclusively automatic funding based on enrolment numbers.

Benchmarking and performance indicators need to be developed for the purposes of comparison between individual training institutions. The decentralisation of training centres implies devolving management responsibilities and authority to the training institutions themselves, thus allowing them to react and adapt to a changing environment. Improving the relevance of training depends on the future decentralisation of responsibilities.

Meeting the challenges of improved relevance, better quality and increased opportunities for lifelong learning, requires diversifying the sources of funding and implementing new funding mechanisms for TVET institutions

Additional financial resources for the modernisation of TVET cannot come solely from the state. Increased cost recovery and greater participation from businesses is required. But for this additional funding to support the emergence of a TVET system for the knowledge economy, new funding mechanisms need to be introduced. The traditional funding mechanisms of public training institutions do not promote efficiency or relevance. A more comprehensive funding mechanism would include a menu of funding instruments which could be implemented simultaneously. This would include, in addition to the current direct budget allocations, performance-based funding, direct funding to the users of training services (individuals and firms) through competitive funds, and increased cost recovery with targeted assistance to the poor. Over time the relative importance of each mechanism would be determined by the authorities, based on their strategic objectives and their ability to ensure equity in access. Public funds should not be exclusively directed to public training institutions, but open for competitive allocations among all training providers, public and private. Current initiatives to establish training funds must avoid the risk of funding supply-driven programmes.

Important quality innovations are taking place, but to be effective they need to be framed within a larger context for reform

Improving quality in TVET is essential to provide relevant learning opportunities and to reduce social inequality. Important initiatives are being undertaken in the region in the areas of curricula reform, accreditation and qualification standards. Teachers training, monitoring and evaluation are areas that need special attention. Many of these initiatives tend to be outside an overall strategic framework, and as a result their impact is more limited than it could otherwise be.

Building capacity for the participation of the private sector in the delivery of TVET

There are important examples of innovative public-private partnerships in curricula development, in the provision of training and in the management of training centres. These types of partnerships are more developed in some countries than in others. The promotion of in-service training by some governments have had mixed results, with larger firms being the main beneficiaries to the detriment of SMEs. Private provision of training is for the most part second in importance to public provision, and is concentrated in just a few trades. What the experience of current reform initiatives in the region show is that the participation of the private sector in the provision of TVET services is constrained by a lack of private sector strategy for human resources development and a lack of institutional capacity to participate in systemic reforms. This capacity has to be built over time.

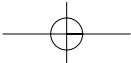
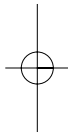
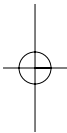
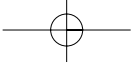
Learning opportunities need to be developed for informal workers. NGOs can play a central role in reaching out to the informal sector

A large number of informal workers are engaged in traditional apprenticeships to acquire skills. Many of these apprentices are school dropouts with low levels of schooling, learning narrowly-defined skills which are acquired on the job with little opportunities for lifelong learning.

7. CONCLUSIONS: THE ROAD AHEAD

Government initiatives to improve traditional apprenticeships are limited, but even successful initiatives do not reach out to the majority of apprentices. Programmes run by NGOs are innovative

and effective, but remain small in scale due to the lack of adequate financial resources. Government-NGO partnerships could leverage current efforts to reach informal workers.



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ANNEX 1: REFORM AND CHALLENGES IN EGYPT

The context for TVET reform

Egypt has a population of approximately 65 million with one third less than 15 years old. In recent years population growth has slowed down to 1.66% per year (2002). Nearly half of the country's population live in urban areas with an estimated 8 million people in the Greater Cairo area. Literacy rates in Egypt are relatively low. While the national average is 66% (of the total population over 15 years old), it remains around 50% in many regions of Upper Egypt. Literacy rates for women are much lower (54%) than those for men (UNDP, 2003). While female enrolment rates are high for primary education, they are low for secondary and higher education, reflecting traditions that do not encourage female

education. Approximately 1.3 million children in the basic education age group are not enrolled in school. Half of the children in the 7 to 11 age group not attending school are found in the poorest 20% of families, and 78% among the poorest 40% of families (similar rates exist for the 12 to 14 age group). The poverty situation in Egypt, especially in rural areas, has improved in recent years, although 44% of the population still lives on less than US\$2 per day (UNDP Human Development Report 2003). As a result of population growth, the absolute number of poor continues to grow.

Since the early 1990s, Egypt has moved away from a command economy orientation towards a market economy. The wide-ranging Economic Reform and Structural Adjustment Programme (ERSAP) was adopted in 1991. ERSAP, together with massive external debt relief, was successful in reactivating the

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economy. Sound fiscal and monetary policies brought down inflation, and new legislation stimulated an increase in foreign investments. With regard to the labour market, economic reform had the following consequences (Mahdi, 2000).

- The public sector which, up to the early 1990s, had a higher employment absorption capacity than the private sector, started to grow at a declining rate.
- Real wages in the public sector started to decline steadily.
- New graduates entering the labour market encountered serious problems in finding work, and unemployment started to increase, especially among young people.
- Female graduates faced an even more difficult situation.

The pace of economic reform slackened towards the end of the 1990s and economic growth faltered. High oil prices, a re-growth in tourism, and a series of mini-devaluations of the pound, improved the economic situation before the current crisis in the region.

The total labour force in Egypt is estimated at 20 million and is growing at a rate of 2.8% per year. Labour force participation in urban areas is around 30% and is somewhat lower in rural areas. The participation of women in the labour force is low, nowhere exceeding 25%. In some areas in the south it does not even reach 2%, reflecting traditional customs that hinder female participation in employment as well as in education (UNDP, 2003).

Since the 1960s, the public sector (that is, government services and State-owned enterprises) has been responsible for more than one third of total employment and more than half of all non-agricultural wage employment. Government service is particularly important for the employment of women (around half of the government workforce, excluding the armed services, are women). Private wage employment among Egyptian women is declining in relative terms at nearly all education levels, including university graduates. The agricultural sector continues to employ about one third of the workforce. Both the

public sector and agriculture are expected to continue to shed labour in the coming years. Until 1978 the State assumed responsibility for hiring all university and secondary school graduates within a couple of years. This practice still exerts a major influence on labour market expectations in Egypt, as it stimulates interest in general education. Some people may wait up to ten years for a public sector job (Wahba and Moktar, 2000).

There is considerable disagreement about the exact level of unemployment, with estimates ranging from 8% to 20%. Some of the difficulties are caused by a high incidence of multi-employment (especially among government employees) and widespread under-employment. Unemployment is higher in rural areas than in urban areas. Unemployment is highest among women (20%) and young people (22%) (UNDP, 2003). The highest unemployment rate is among young people with only intermediate education (for example, secondary school). First-time jobseekers make up the largest part (70% in 1998) of the unemployed (El Mahdi, 2002). Each year there are some 500,000 to 600,000 new entrants to the labour market.

Large numbers of Egyptians work abroad, even though migrant labour is no longer the safety valve it was during the boom period in the early 1980s when an estimated 10% to 25% of the labour force migrated to the Gulf to work for relatively high pay (many of them while waiting for a public sector job at home). Migration has declined significantly in recent years and no longer functions as a 'sponge' to absorb potential unemployment.

Nearly 5% of students in lower secondary and 60% in upper secondary are tracked into 114 narrowly specialised trades in vocational education. There are an estimated 2 million students in vocational streams at the secondary level, compared to 1 million students in general secondary level. Students in the vocational streams are eligible to go to tertiary education at the Middle Technical Institutes, which tend to have a poor reputation compared to university education. Only the top 5% of vocational students are eligible to go into higher education. In the 1998/99 academic

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year, around 523,000 vocational track students successfully completed their graduate examinations, but only 44,000 (8.4%) entered the Middle Technical Institutes. This compares to a 91% progression rate to higher education for students in the academic stream (World Bank, 2002).

Improving governance

The public TVET system is run by a large number of ministries and a multitude of government agencies. These agencies work independently, although in recent times the government has sought to bring about more coordination between them and to bring more cohesion to TVET policies. Entry level TVET is provided through Egypt's two education ministries. The Ministry of Education administers about 1,600 technical and vocational schools and the Ministry of Higher Education (MoHE) administers 47 Middle Technical Institutes. TVET is also provided to almost 40,000 trainees per year in 232 training centres managed by six ministries outside the education portfolios. These are the ministries of Industry and Technological Development, Housing, Manpower and Emigration, Agriculture, Health, and Culture.

Egypt has sought to improve this fragmented TVET system through the re-establishment of a Supreme Council for Human Resource Development (SCHRD). This is a tripartite body chaired by the Minister of Manpower and Emigration, with representation by senior officials from other ministries. In 2002 the SCHRD issued a paper entitled Policy Statement on Skills Development in Egypt. This defined the government's strategic objectives for TVET as:

- a qualifications framework that would foster lifelong learning;
- a system that would be responsive to the demands of the economy;
- a new legal and institutional basis for governing TVET institutions; and
- enhanced labour mobility.

A number of short-term development priorities emerged from these objectives, including:

- development of the tripartite management of training in individual industries;
- establishment of an integrated TVET framework;
- creation of a qualifications framework for TVET;
- review of relevant donor-supported initiatives;
- reformation of the administration of government training centres;
- development of a substantive non-government training market; and
- development of a broader-based, sustainable mechanism for financing training.

The SCHRD is supported by a tripartite Executive Committee and by a secretariat located in the Human Resource Development Programme, which is within the Social Fund for Development (SFD) – an agency that has no education and training institutions of its own. Tripartite Local Councils on Human Resource Development, chaired by regional governors, have also been established. Although they are not yet active or providing any services they will become critical to the developments and reforms now taking place (Abrahart, 2003).

Having developed the policy framework, the priority now for the SCHRD is to adapt it to the requirements of the many ministries involved in training. SCHRD does not have the power to direct individual ministries on TVET policy issues. To achieve the ambitious objectives and priorities outlined in the 2002 paper requires a level of inter-ministerial coordination that has been difficult to instigate so far. Added to this, one of the most important actors in TVET, the Ministry of Education, has until now not been actively present in the SCHRD. Rationalisation of government decision-making on TVET is needed and, until this is obtained, the likelihood of the above objectives and priorities being achieved remains in doubt.

Below the level of the ministries, efforts to improve governance of training institutions are being made through a variety of initiatives, including the Mubarak-Kohl Initiative, which has been working with the

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Ministry of Education to decentralise decision-making and promote local partnerships between training institutions and businesses. A more recent initiative is the EC-financed TVET Reform project, which seeks to establish local partnerships between vocational schools, training institutions and businesses, and which is due to be implemented in 2004. By focusing on local partnerships, this approach seeks to bridge the gap between supply and demand for training services.

Financing TVET

A general weakness in the MENA region, and applying equally to Egypt, is that TVET budget allocations tend to be determined according to the previous year's allocation in line with input measures such as the number of students and staff, rather than by training outcomes. Since accounting and other administrative management is done at the central level, estimates of unit costs are generic and do not differentiate by training institutions – and sometimes not even by specialisation. There are no performance-based indicators to help decide the amounts allocated to individual training institutions, nor benchmarking of key indicators to compare performances.

Egypt is one of several countries in the region to supplement direct budget allocations from the national treasury with revenue from training levies collected from businesses, although in Egypt the training levy is only paid by public enterprises. The contribution of both the training levy and of cost recovery to the financing of TVET in Egypt is modest compared to certain other countries in the region.

Concerning cost recovery, Egyptian student fees vary considerably. Technical and vocational education at the secondary level is free, as are many other programmes targeting disadvantaged groups. Other agencies charge fees even though, as required by law, the fees must revert entirely to the Ministry of Finance. Students enrolled on the Ministry of Industry's training programmes pay the equivalent of US\$30 per year. In 1998 vocational training centres allocated a total of US\$75 in student allowances per full-year equivalent trainee, more than two and a half times what they charged in fees.

The training levy paid by Egyptian public enterprises finances a small training fund run by the Ministry of Manpower and Emigration, which is used to finance pre-employment programmes run by training centres under the Ministry of Manpower and Emigration. New legislation was passed in Egypt in April 2003 for the establishment of a new Training Finance Fund that will be financed by a 1% levy on net profits applicable to establishments employing 10 or more workers. The levy is expected to yield between EGP 300 million and EGP 400 million per year. What is not yet clear is how the allocation of funds will work. The government's Report of the Employment, Education and Training Sub-Committee (May 2000) had given general guidelines for the establishment of such a fund, stressing the need to introduce demand-driven financing mechanisms. Later, the ILO and UNDP (Johanson and Kanawaty, 2001) presented a detailed proposal for the establishment of a competitive training fund. Among the risks in setting up training funds, the ILO/UNDP report identified:

- a lack of active participation by employers;
- the fact that staff were appointed with political criteria, rather than based on technical capabilities;
- a lack of focus on well-established priorities;
- a lack of objectivity and professionalism in allocating funds;
- a lack of evaluation of results; and
- a lack of efficiency in the management of funds.

Two new government initiatives should give guidance in setting up the new training fund in Egypt. In the first initiative, using its own resources and World Bank assistance, the government has established a pilot Skills Development Project to experiment with demand-driven approaches to financing TVET (see 'The role of the private sector' below). Secondly, the Egyptian-EU TVET reform project seeks to develop partnerships between industry and training institutions at local level. These partnerships could become important clients of the training fund. Overall, it remains to be seen how the new Training Finance Fund will be

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implemented and how it will impact on the existing training levy under the Ministry of Manpower and Emigration.

Quality and relevance

Whilst the high unemployment rate among TVET graduates can be attributed to demographic and economic factors, it also reflects the weakness in the quality and relevance of vocational training in Egypt. Over the last few years the government has begun to address these weaknesses, but much remains to be done. The most telling criticism of the system is that curricula are not sufficiently related to labour market needs. The supply-driven nature of the system means that finance is allocated to TVET in a way that takes no account of emerging needs or of the performance of institutions. There are no system-wide criteria to assess the performance of the systems. The prospective Training Finance Fund may have a positive impact, but this remains to be seen. Curricula still tend to be outdated and reviewed too infrequently. Training courses are still largely institution-based, and although greater efforts are being made to develop systems that use more industry attachments, far more industry participation than is evident so far will be needed if TVET in Egypt is to deliver quality skills relevant to labour market demands. There is a general lack of practical training opportunities available to TVET students in Egypt. The emphasis remains on theoretical and outdated teaching methods rather than on practical teaching. TVET teachers and trainers tend to have an academic background and lack relevant practical work experience. The lack of suitably qualified and experienced TVET instructors in Egypt exacerbates weaknesses in the TVET system, and is linked in part to the low level of salaries. Social status and career prospects are poor for TVET teachers and instructors. Low salaries have produced a parallel system of private tutoring geared towards helping students pass their examinations.

Various initiatives have been launched in recent years to modernise curricula, particularly with donor assistance, but without a unifying framework. Within the framework of the Secondary Education

Enhancement Programme, a secondary technical school core curriculum will be developed, reducing the number of technical specialisations from 100 to 20. Individual secondary technical schools participating in the Mubarak-Kohl Initiative are updating their curricula in an effort to integrate theoretical and practical learning (European Training Foundation, 2003b).

In the context of the National Skills Standards Project (NSSP), an initiative led by the Social Fund for Development, a competency-based approach will be developed for selected trades. The NSSP, initiated in 2000 and now extended to June 2005, seeks to create a new qualifications framework for the TVET sector based on Egyptian Vocational Competence-based Qualifications. The key objectives of the framework are to provide:

- certification that properly reflects workers' abilities and competencies;
- portable credits that allow students to proceed from one sector of education or training to another;
- independent assessment procedures; and
- independent accreditation procedures.

This new framework will cover post-primary school qualifications that are broadly equivalent to ISCED levels 1, 2 and 3. The work is financed by the SFD's Human Resource Development Programme. A team of local and international consultants (led by the British Council), in cooperation with employers, is working in three industries (manufacturing, tourism, and building and construction) to prepare standards. When complete, the new framework will establish not only skill standards but also the procedures for testing and certifying trainees. The framework will be supported by an organisation with a mandate to develop procedures for accrediting training providers. This will build up a register of training providers and their specialities. The system will also monitor and evaluate the outcomes of accredited training providers in terms of quality, relevance and efficiency.

So far, the NSSP has developed standard profiles for 59 trades in the manufacturing

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sector, 22 in construction and 24 in tourism. These profiles have been submitted for approval by the SCHRD. Some 65 student competency learning packages have been designed for piloting and evaluation. The first pilot phase started in July 2003 for 15 trades in 13 selected vocational training colleges and the second pilot was scheduled to start in August 2004 in another 30 vocational training colleges. Various short training programmes have been delivered to a full cross-section of the VTC teaching staff and their managers to assist implementation of the new user-led system of training.

Other efforts along the same lines include the work of the Ministry of Education's Mubarak-Kohl Initiative, which is planning to assist the private sector in the preparation of regulations (standards, curricula, assessments, and so on) for 28 trades covering the same three industries as the NSSP, as well as a number of commercial occupations. The Mubarak-Kohl Initiative also has plans to make the system available to students with higher school qualifications (up to year 12 completion) and to other levels of skills (for example, banking and information technology). This again raises questions about how courses and institutions are to be articulated. To avoid these activities causing confusion among employers, the Mubarak-Kohl Initiative developments will need to be integrated with the work of the NSSP.

A further development arising out of these new standards is taken up by the amended Labour Law, which proposes a system of licensing to support the standards. One licence will apply to individual skilled workers and will be, in effect, a legislated requirement that a person must be certified as skilled before being able to practice in the relevant field. A modest fee of EGP 40 will be charged for issuing a certificate. Certificates will only be issued against the new skill standards. Businesses providing skilled work for customers will be required to use only licensed employees for all tasks. Training providers must also be licensed according to the Law and their training programmes must be submitted to the relevant ministry for approval. By implication, any

unlicensed training provider will be operating illegally. Consequently, there is a possibility that, far from opening up the private training market, the new Law could serve to make it more difficult for training providers to operate and could subject them to interference from public training providers whose own record has been so criticised. It is not yet clear how much revenue is likely to be raised from these licenses, nor does the Law indicate whether or not these fees would be used for TVET. In fact, it is not certain who would be responsible for issuing licences and collecting fees. Although the Law is administered by the Ministry of Manpower and Emigration (whose minister is also the chairman of the SCHRD), the Ministry does not currently have any specified role in issuing certificates for skilled workers, except for trainees in its own training centres. These uncertainties require urgent government clarification.

The role of the private sector

The need to engage the private sector more in both the design and delivery of TVET is a recurring theme in this report, and is a TVET reform priority for Egypt. An initiative to set up public-private partnerships in Egypt has been developed in the framework of the ongoing National Skills Standards Project, where employers' representatives have taken an active role in the identification of skills needs and the development of standards. In addition, the TVET reform programme in Egypt supported by the EU includes, as one of its main components, the creation of partnerships between public TVET institutions and the private sector at local level. These partnerships, which in their first phase are foreseen as pilots, have a two-fold objective: establishing an instrument to enhance the participation of the private sector in the design and delivery of TVET; and increasing the relevance of TVET provision in terms of content and learning methods.

In addition to public-private partnership-building, the government, with assistance from the World Bank, is also seeking to use financial incentives to encourage Egyptian firms to do more in terms of the training of their own staff. The pilot Skills

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Development Project experiments with a different way of allocating public funds for TVET. The project allocates funds to users of training services (businesses) rather than directing funds to training providers. It is the beneficiary businesses who will then choose the training provider – public or private – through a simplified, competitive bidding process. This pilot project is initially designed to benefit small and medium enterprises in the construction, manufacturing and tourism sectors. The project also provides technical assistance to employers' organisations to improve their capacity to assess the skills needs of private sector firms and to prepare training proposals to be submitted to the project for financing. If the pilot project proves successful the intention of the authorities is to generalise this type of funding mechanism. What remains unclear is the link between the pilot Skills Development Project and the Training Finance Fund established under the new Labour Law. Both initiatives need to be closely coordinated so that the lessons from the Skills Development Project can be applied to the Fund. In the absence of this coordination there is a risk that the Training Finance Fund will become a new source of financing for supply-driven pre-employment vocational training, thereby negating the intended benefits of the project.

Informal employment and the acquisition of skills

It is estimated that approximately 70% of new entrants to the Egyptian labour force start in the informal micro-enterprise (IME) sector, which employs between 2 million and 4 million people. Despite the vital importance of the IME sector as a first stepping-stone on the pathway to employment, there exists a fundamental divide between the IME sector and the public TVET system. In Egypt informal entrepreneurs and workers generally acquire their skills and knowledge through on-the-job training in small, informal workshops. Such 'informal apprenticeship training' often results in an incomplete and out-of-date set of basic skills.

The gap between the IME sector and the public TVET system is in part being filled

by NGOs who offer training programmes relevant to the IME sector. Many of these schemes are small and limited to a particular target group (for example, women) or training objective (such as skills for production of items for home consumption). They may also take place in relative isolation, with each NGO developing the training content, conducting training-of-trainers, and possibly setting up monitoring and testing systems. In spite of the existence of organisations and centres that seek to build the capacity of the NGOs, there appears as yet to be no national level exchange of experience or coordination of NGO actions in this field.

NGOs such as the Centre for Development Services and the Coptic Evangelical Organisation for Social Services provide enterprise-based training programmes which build on traditional, informal apprenticeship practices, while trying to overcome some of their weaknesses. They make use of existing workshops, both in the informal and the formal sector. The 'hook' for these workshops in terms of participation lies mainly in the financial reimbursement of the training costs incurred in terms of production materials, and use of equipment and workspace, as well as time and technical knowledge and experience (some EGP 500 to EGP 1,500 – €80 to €250 – per apprentice, including EGP 150 to EGP 200 – €25 to €30 – to be paid to the apprentice). A contract between the workshop owner, the apprentice and the NGO, together with intensive monitoring, solves the problem of the high mobility of apprentices that often takes place under the traditional apprenticeship system. The success of this type of training is reflected in a high rate of post-training employment (60% to 70%), and in its application to non-traditional and emerging trades (for example, mobile telephone repair). The demonstration that apprenticeship can take place in formal workshops shows that a bridge between the IME sector and the public TVET system can be built. The government can play an important role in channelling funds to support an enlarged responsibility for NGOs in this particular area.

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Conclusions: The road ahead

- Rationalise the government's decision-making on TVET. The inter-relation between the Supreme Council for Human Resource Development and the numerous government ministries in the TVET field needs to be clarified. Ideally, one ministry should be given overall responsibility for TVET policy.
- Break down the barriers between education and training because at present, only the top 5% of vocational students are eligible to go into higher education, compared to a 91% progression rate to higher education for students in the academic stream.
- Clarify arrangements for the new Training Finance Fund as well as its link with the pilot Skills Development Project, and ensure that the Training Finance Fund does not become merely a new source of financing for supply-driven pre-employment vocational training.
- Implement system-wide reform and use examples of good practice from initiatives, such as the Mubarak-Kohl Initiative, the Egyptian-EU TVET Reform project and the National Skills Standards Project, both to decentralise TVET decision-making and at the same time, create a national qualifications framework with common standards, assessment and accreditation procedures.
- Clarify roles and responsibilities concerning the new licensing system and ensure that the new licences do not restrict developments in the private training market.
- Engage the private sector more in both the design and delivery of TVET by developing public-private partnerships at national and local levels and by encouraging Egyptian firms to do more towards the training of their own staff.
- Build bridges between the IME sector and the public TVET system by using examples of good practice from NGO initiatives, which demonstrate that sustainable employment can be obtained from apprenticeships, linking both the formal and informal sectors.

ANNEX 2: REFORM AND CHALLENGES IN JORDAN

The context for TVET reform

Jordan has a population of 5.4 million (2003), more than half of which is of Palestinian origin. Approximately 1.75 million are registered with the UN Organisation for Palestinian Refugees (UNRWA), of whom some 300,000 are living in camps. The country's population growth rate remains high and children (aged 0 to 14: 42%) and young adults (aged 15 to 29: 31%) make up the large majority of the population. Only seven countries in the world have a younger population. Jordan has witnessed major changes since the former British mandate became an independent country in 1946. From a largely rural country it has become highly urbanised with almost 80% of the population living in urban areas.

Jordan has few natural resources; only 5% of its land is arable and it is plagued by an endemic drought situation that has grown worse in the past decade. The country is largely dependent on foreign assistance and remittances from abroad. These have contributed to increased consumer spending but have not led to productive investments. Consequently, Jordan's industrial base is still narrow and its economy is dominated by trade and services. The latter, together with government services, account for over 70% of GDP. Tourism is a growing economic sector, already contributing 10% of GDP, but is vulnerable as its benefits depend on the peace situation in the region. The basic social and economic infrastructure in Jordan is considered to be one of the best in the region, and the overwhelming majority of the population has access to education facilities.

Jordan has a labour force of 1.36 million (including foreign workers). Labour force participation for men stands at 64%, compared to 27% for women (older than 15 years of age). Employment in the service sector is by far the most important, responsible for around three-quarters of total employment. This sector includes the

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government services, which by themselves are responsible for more than one third of the country's labour force. Employment is especially concentrated in the greater Amman area. Foreign workers are estimated to constitute some 8% of all persons employed, working mostly in unskilled jobs in the agricultural, construction and manufacturing sectors. Virtually all female foreign workers are employed as domestic staff. Open unemployment stands officially (Department of Statistics) at around 15%, and is higher for women (21%) than for men (14%). Unemployment is a particular problem among urban youths; one third of all unemployed are under 24 years of age, and another third are aged between 25 and 39. In Jordan open unemployment is not necessarily directly related to poverty. Many unemployed appear to be well-qualified young people (many of them women) who are waiting for job opportunities in government service. Jordan's labour market is distorted by large numbers of labour migrants. Some 350,000 Jordanians are estimated to be working abroad, mainly in the Gulf. Many of them hold high-skilled and professional occupations. There are also approximately 250,000 foreign workers, mainly from Egypt, Syria and Iraq, employed in low-skilled and manual jobs.

Working closely with the International Monetary Fund (IMF), the government has followed prudent monetary policies, liberalised the country's trade regime, which allowed entry into the WTO in 2000, and concluded an association agreement with the EU and a free trade accord with the USA. Jordan's enterprises will be subject to further competitive pressures in the future with the EU initiative to build a Euro-Mediterranean Free Trade Zone. As part of the Socio-Economic Transformation Plan, the government has embarked upon the implementation of the donor-assisted Social Productivity Plan (subsequently replaced by the Enhanced Productivity Programme). One of the aims of this Plan is to provide demand-driven training targeted at the poor. However, overall the current socio-economic situation remains precarious, with per capita income in recent years either stagnant or declining.

The key organisations delivering TVET in Jordan comprise:

- the Ministry of Education secondary schools, which enrolled about 34,000 students in 2002/03 in six vocational streams: industrial, nursing, agriculture, hotels, commerce and home economics;
- the Vocational Training Corporation: a semi-autonomous agency established in 1976 under the Ministry of Labour, which operates a network of 35 vocational training centres with an additional 12 under construction. Its main purpose is to provide workforce training, both pre-service and upgrading, at different occupational levels;
- community colleges, which were created from former Ministry of Education teacher training colleges. In 1996 the government established the Al Balqa' Applied University to coordinate all community colleges in the country;
- private training providers, known as 'cultural centres', which are regulated by the Ministry of Education.

Basic education is compulsory until year 10. One third of graduates from basic education are tracked into either vocational streams in secondary schools (27%) or into vocational training programmes (6%) under the VTC. While graduates from VTC programmes have no opportunities for further education, 25% of those graduating from vocational programmes in secondary schools continue to community colleges, and 4% continue to universities. This contrasts with a progression rate to university of 52% for those students from the academic streams.

The National Centre for Human Resources Development plays an important role in the development of TVET in Jordan. It coordinates education reform activities and conducts analyses of various aspects of the TVET system, such as financing and effectiveness of vocational institutions. It also coordinates external assistance to the sector in close coordination with the Ministry of Planning, and has responsibility for organising and operating a human resources information system.

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Improving governance

One of the major gaps in Jordan's TVET system has, in the past, been the absence of structured communication between the social partners and vocational education and training providers. A TVET Council, comprising government officials, employers and union representatives, was established in 2001 to overcome this problem. The Council's Executive Committee ensures that the Council functions on a regular basis and seeks to coordinate the separate strategies of the three main actors in the TVET system: the Ministry of Education; the VTC; and the Al Balqa' Applied University. These three institutions have tended to pursue their own policy priorities, which has led to inevitable duplications and incompatibilities. Examples of these include:

- engaging in curriculum development, often for the same occupations;
- having their own database and statistical methods;
- conducting tracer studies with different methodologies;
- conducting labour market needs analyses; and
- having different financial management systems.

Clearly, the establishment of a TVET Council is an important step in the right direction towards improved governance of the TVET system. However, one organisation alone cannot overcome the excessive centralisation which remains a key feature of TVET in Jordan. Indicators of this excessive centralisation include:

- managers of training institutions having few decision-making powers;
- teachers and instructors being recruited through the Civil Service Bureau and being allocated to the schools/centres without consulting school and centre managers;
- budgets being kept centrally, and funds being allocated to institutions as they apply for them;
- school administrators not having the freedom to purchase equipment or change the content of teaching programmes as needed;

- VTC Area Directorates having little authority to manage the affairs of training centres in their respective regions.

A priority task of the TVET Council is to forge a comprehensive strategy for TVET based on the principles of the broader 1999 Human Resources Development Strategy, with a view to improving the effectiveness, efficiency and labour market relevance of the TVET system as a whole.

Financing TVET

In Jordan, as elsewhere in the MENA region, the bulk of financing for training comes via direct budget allocations from the treasury to the training authorities. Thus far, public training providers in Jordan have not been specifically held accountable for their results. The mechanisms for resource allocation to public training institutions rely heavily on historical precedent, that is, last year's budget plus a small percentage increase. Budgets are not based on outputs measured against targets, or even directly on inputs, such as the number of trainees enrolled.

Jordan also collects training levies from enterprises. A Training Fund was established by the government in 2001 to be financed by a 1% tax on net profits. By the end of 2003 the Fund had accumulated JD 4 million, equivalent to 10% of the annual resources of the TVET system. The Fund aims to 'subsidise the TVET activities, develop different training operations in the institutions of the public and private sectors, enhance the contribution of these two sectors to the education and training process, and to provide its requirements using the financial resources it receives...' (Article 3, Regulation No 95, 2002). The members of the Board for the Fund include various representatives from the government, the private sector and a manager for the Fund. From the three public bodies involved in TVET, only the VTC is represented on the Board, raising the issue of a potential conflict of interest. Allocations from the Fund aim to:

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- finance the needs of TVET institutions for equipment, raw materials, teaching materials and wages for trainers;
- develop training and retraining programmes for public and private companies;
- provide scholarships based on financial need for eligible students;
- run vocational awareness campaigns in the media; and
- conduct training needs surveys.

It is not yet clear if non-government training providers will benefit from the Fund, nor if the allocation mechanisms will perpetuate a supply-driven approach. It is recommended to involve employers' organisations in the allocation process and to ensure that a healthy competition among public and private providers will be organised. This would help develop a demand-driven approach. Notably absent from the allocations permitted are funds to develop the capacity of firms to articulate their skills needs.

Cost recovery by TVET providers in the public sector is higher in Jordan than elsewhere in the region, although it only occurs in vocational training centres and community colleges, not in the Ministry of Education's vocational stream. Public training institutions are beginning to sell services to enterprises in an effort to diversify and expand their sources of income. This is a significant step by training institutions in becoming more demand-oriented, although it is raising a new set of concerns that subsidised public provision of training creates unfair competition for private providers, who must compete on the basis of cost.

Quality and relevance

The content of TVET in Jordan has been subject to frequent adaptation. From 1988 to 1998, the Ministry of Education used standing committees, comprised of industry representatives and other experts, to revise training curricula for vocational streams. The VTC established sectoral committees with a view to adapting training content to the needs of the workplace, and as a result 750 training modules were prepared. The Al Balqa' Applied University also established programme advisory committees, with two

thirds of the membership being from industry, to propose changes to curricula. Since its establishment, the Al Balqa' Applied University has reduced the number of diploma programmes from 125 to 66. However, in general, sustaining the interest of Jordanian employers in curricula development has proved difficult.

Low progression rates indicate weaknesses in the quality of Jordanian TVET provision. Less than half of Ministry of Education's vocational stream students pass the GSC examination for access to tertiary education, and only a small minority (4%) of vocational students pass the *Tawjihi* for access to universities. VTC trainees achieve an overall pass rate of 79%, including 90% in semi-skilled programmes, only 58% in skilled programmes and 88% in craft programmes. Only 60% of students in community colleges who take the comprehensive examination for a diploma pass first time, with public institutions generally doing better than those in the private sector.

An interesting experiment was conducted in Jordan, where the Ministry of Education and VTC selected a group of students to be tested independently by the private sector in five different fields. The content of the examinations was prepared by industry representatives. Only about one third of the graduates (who had earlier succeeded in exit tests) passed the examination. The Ministry of Education and VTC criticised the testing methodology and sampling after the results were achieved, and the formal results have not been published. Industry representatives would like the tests repeated annually.

In Jordan, Ministry of Education's school teachers and instructors are well qualified academically. However, 47% of VTC instructors have only secondary education qualifications or less. Both Ministry of Education and VTC staff are recruited through the civil service. Most recruits have little prior work experience and, once hired, little incentive to improve their qualifications. Private community colleges, which are facing declining enrolments, have limited resources to hire qualified teachers.

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National standards in Jordan are maintained through common national curricula and exit examinations used by all training institutions. Private community colleges must adhere to a comprehensive set of accreditation guidelines on matters such as teacher qualifications, class sizes by type of subject, and physical standards. Private vocational centres are also subject to the Ministry of Education review to receive official recognition for their graduates.

Jordan is one of the few countries in the region to have developed a TVET monitoring and evaluation capability. This focuses primarily on costs, access, internal efficiency and quality. In terms of external efficiency, the Jordanian approach is based on tracer surveys that collect information on graduates of training programmes and on employers. However, this type of monitoring is not shared by all providers on a common methodological basis, and does not measure the specific contribution of training programmes to variables such as employability or higher incomes.

The role of the private sector

Excessive centralisation and the absence of structured communication with the private sector remain key 'features' of the Jordanian TVET system. On upstream issues, such as governance of training agencies, there is some evidence of private sector involvement, for example, three of the eleven members of the VTC Board are employers, as are five of the eighteen members of the TVET Council Board. Representatives of the private sector also constitute the majority of members of the Board of the new Training Fund (five of eight).

The private sector has a strong record of participation downstream in TVET in Jordan. This occurs mainly at the level of the provision of work attachments, or apprenticeships, for trainees at the vocational training centres. At present 5,400 employers are providing such attachments (although the quality of much of this training delivery may be questioned). However, as noted above, it has been more difficult to sustain the

interest of Jordanian employers in curricula development. The Training and Employment Support Project, implemented by the Ministry of Labour between 1999 and 2002, showed that it was possible to engage employers in both the design and delivery of TVET, and that significantly enhanced training results could be secured. It also demonstrated that there still exist numerous obstacles to such a market-oriented TVET, in particular with regard to employers' lack of capacity to both identify training needs and to participate in the actual design of training programmes. Little is currently known about enterprise-based training in Jordan. The Training and Employment Support Project highlighted the need for vastly improved relations between enterprises and training centres.

At the post-secondary level, there are 51 community colleges, of which 35 are non-government (UNRWA and private). Private community colleges are subject to close scrutiny by the Ministry of Higher Education, and their teaching programmes are evaluated and approved by the University Deans' Council. Both public and private community colleges are expected to have the same curricula and examinations, as set by the Al Balqa' Applied University.

Enrolment in private community colleges reached 27,000 students in the 2002/03 academic year (54% of total enrolment in community colleges). More than 60% of the students in community colleges are female. In the past 10 years no new private community colleges have been created. However, since 1998 other new private training institutions not connected to the community college system have grown rapidly, with an estimated 80 new establishments created each year. These are regulated by the Ministry of Education.

Overall enrolments in community colleges (both public and private) declined in absolute terms in the 2002/03 academic year. This decline is due to a combination of factors: first, the emergence of private universities attracting students who would otherwise attend community colleges; second, increasing difficulties faced by families to pay tuition fees; third, the

expansion of available places in public community colleges through so-called 'parallel programmes' which admit privately-financed students who attend the same classes as fully subsidised students but who pay less than full tuition cost; and fourth, diminished employment prospects for those with a college diploma. This has prompted the complaint of unfair competition by private community colleges. Another factor making public community colleges relatively more attractive is the fact that the examination performance of public providers in Jordan is better on average than that of their private counterparts.

Informal employment and the acquisition of skills

While there are a large number of private training providers active in Jordan, their contribution to training for the IME sector is limited, because they tend to focus almost exclusively on secretarial, computer and other office skills. Training in Jordan is mainly directed at the formal sector. In spite of the government's increasing interest in small-scale economic activities, there are currently only a small number of training schemes serving the IME sector. These include the VTC's applied secondary education through apprenticeship, which is aimed at youths aged between 16 and 18 years. This scheme appears to suffer from problems such as a lack of motivation on the part of both apprentices and workshop owners, and low quality centre-based and enterprise-based training. The vocational training college short training courses are also only partly successful. A tracer study found more than half the graduates to be unemployed after training. The courses do not appear to contribute to skills development for the IME sector, as only 2% of those working full-time were found to be self-employed, even though almost half the graduates indicated an interest in establishing their own business (many cited lack of finance as a key constraint). Notably, the courses do not include any kind of entrepreneurship or business management training.

Some of Jordan's NGOs provide training relevant to the IME sector, especially for

women engaged in agriculture-related activities (such as food-processing, dairy products, weaving, embroidery and other handicrafts). One of the country's larger NGOs, the Jordan Hashemite Fund for Human Development (JOHUD), has extended its vocational training to new business activities beyond traditional agro-based and other rural activities to include food catering and hairdressing, for which it contracted specialised private training providers.

Overall, there remains an urgent need for government policy to focus its attention on the development of small-scale economic activities, and especially to focus on the provision of skills training for the IME sector. Without the transfer of better and more up-to-date skills to IME owners and workers, the sector will increasingly face a lack of demand due to increased competition from imported industrial goods and altered consumer preferences in the wake of globalisation processes.

Conclusions: The road ahead

- Deepen the demand orientation. Involve employers more, for example, in training needs analysis, establishment of standards, evaluation and certification of outputs, and in the overall management of the system. Develop their capacity to articulate training needs.
- Devolve authority to training institutions and make them accountable for results. Accountability requires better data and systems to evaluate performance and, most importantly, greater freedom for training organisations to make their own decisions.
- Make the Vocational Training Corporation more autonomous and shift its basic role away from direct training provision and towards policy development and support.
- Reform the way training is financed. Link payments as much as possible to performance. A priority requirement here is development of a simple management information system, possibly based on the excellent performance indicators prepared by the National Centre for Human Resources Development.

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- Enhance the role of private training providers and share functions between the public and private sectors, for example, standards and curricula development, financing and delivery of training. Use the new employers' training fund to build a wide-ranging training market where private training providers are not concentrated solely in 'high profit' sectors.
- Diversify the sources of financing. Allow training centres to do more production, raise tuition fees for those able to pay, and mobilise short in-service training directly for employers.

background the government established a comprehensive strategy in 2000 to boost the economy through a sustained domestic effort as well as external support. At the domestic level, public expenditure constraints resulted in a freeze on public service recruitment.

The Lebanese economy is based primarily on the service sector, which accounts for approximately 60% of GDP. Major sub-sectors are commerce, tourism and financial services. A project for the rehabilitation of the port of Beirut is underway, and significant private investment is currently being made in the modernisation of the tourism sector. The post-conflict era has also witnessed a significant boom in construction, coupled with significant inflows of labour from Syria where per capita income is less than one third of that in Lebanon. It has been estimated that there are approximately 1.4 million Syrian workers in Lebanon, concentrated in low wage sectors such as construction, municipal and sanitation services and seasonal agriculture. Labour outflows also influence the domestic labour market. Lebanon has traditionally been a highly mobile society with high rates of emigration. Many Lebanese left the country during the civil war and are now established in other parts of the world. During the construction boom years in the Gulf countries, others left in pursuit of higher wages. This phenomenon has once again escalated as a result of recent economic difficulties and many young men in particular are leaving the country. There are now an estimated 11 men in the 25 to 35 age group for every 20 women.

ANNEX 3: REFORM AND CHALLENGES IN LEBANON

The context for TVET reform

Lebanon has a long tradition of education and, prior to the outbreak of civil war in the mid 1970s, used to attract local and foreign students to both secondary schools and universities from all the countries of the Arabian Gulf, Middle East and North Africa. However, since the civil war Lebanon's educational institutions have deteriorated and struggled to maintain basic standards. Illiteracy rates have increased, especially in Southern Lebanon. Nonetheless, education continues to form an important objective in Lebanese society and many families invest large sums in the education of their children. Lebanon is the only country in the region where enrolment in private TVET institutions exceeds that in the public sector.

Lebanon has a population of just over 4 million. By 2000 its war-damaged physical infrastructure had been substantially reconstructed, public services were operating and internal security was fully restored. However, the economy faced significant difficulties with the overall deficit in 2000 reaching almost 25% of GDP, and the public debt one and a half times Lebanon's GDP. Low levels of private sector confidence and investment, as well as high interest rates further depressed economic growth. Against this

Public education is compulsory at the primary level only (that is, five years of schooling for children aged from 6 to 11) and students can be tracked into vocational education at the beginning of their sixth year of school. As in other countries in the region, vocational training is generally held in low esteem, although since 1991 the TVET sector in Lebanon has seen continuous increases in the total number of students, instructors and schools. At public TVET schools the number of students increased by 148% between 1991 and 2000. In private schools the number of students increased by 65%

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over the same period. The most significant TVET providers in Lebanon remain outside the public sector and are either non-governmental training institutions or private-for-profit training companies. The majority of training providers, both public sector providers and the non-government training institutions, are seen to be predominantly supply-led and out of touch with the changing demands of the labour market.

The EU is currently engaged in preparing a €2 million project to improve links between the TVET system and the labour market. Two other important projects in the TVET reform field have been established by the World Bank and GTZ. DM 5 million is being provided by GTZ to assist with introducing the dual system training model and to upgrade training methods. Important TVET reform initiatives funded under the World Bank VET project include:

- formulation of a strategic plan;
- establishment of a planning, monitoring and evaluation capacity; and
- establishment of a Vocational Education Management Information System.

Improving governance

In Lebanon the Ministry of Education and Higher Education is the main authority for training, although there is fragmentation in the TVET sector with other ministries, such as Social Affairs, Agriculture, Labour, Tourism and Health, each responsible for TVET in their respective fields. Within the Ministry of Education and Higher Education the responsibility for TVET is assigned to the Directorate General of Vocational and Technical Education (DGVTE), which is the primary public sector TVET provider (operating 54 schools throughout the country). There are 382 accredited private or non-governmental TVET providers.

A Higher Council for TVET was established in 1960 to advise the Minister of Education. The Council is comprised of 11 members representing:

- the Minister (Ministry of Education and Higher Education) who chairs the council;
- the Director General of VTE who serves as Secretary;
- four members drawn from public administration;
- four representatives drawn from economic sector associations;
- one representative of public VTE schools;
- one representative from private VTE schools; and
- one member from the consultative committees.

The mandate given to the Higher Council is to provide long-term policy advice to the Minister and to express an advisory opinion on:

- laws and decrees regulating TVET;
- DGVTE budget;
- creation of new public schools;
- accreditation of new private schools;
- contents of the Annual Report; and
- other issues raised by the Minister.

While a council of this nature can play a potentially valuable role, it is understood that no meetings have been held for a number of years, leaving all decision-making in the hands of the Minister and the advisors.

Until 2001 there were few explicit or documented policy objectives for the development of TVET in Lebanon and no internal institutional capacity to undertake strategic planning. In 2001, based on a condition of the World Bank VET loan, the government of Lebanon took the first steps in developing a strategic framework for the development of the VET sector. Firstly, a paper was prepared identifying key issues in the sector together with a list of alternative solutions to address each issue. This paper was then distributed to all principal stakeholders including employers, trade unions, education and labour market experts, teachers, administrators and government officials. Secondly, a national workshop involving representatives of all stakeholder groups was convened in order to receive feedback on the issue paper and to develop a preliminary consensus on priorities. Having

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taken all viewpoints into account, a strategic framework document was prepared, approved by the Minister and subsequently ratified by the Council of Ministers.

The VET Strategy Framework prepared by the working group provides a context for and current status of TVET in Lebanon, together with discussions of some issues facing the sector. This is followed by a listing of twelve thematic headings, each one accompanied by a series of 'statements of intent' that indicate the purpose and steps to be taken by the Ministry of Education and Higher Education to reorient the TVET system. It is acknowledged that the Strategy Framework is broadly based and that further development needs to occur around a specific set of prioritised goals. A Development Plan to implement the Strategy is being prepared and a fully operational TVET Planning, Monitoring and Evaluation Unit is being established. A Vocational Education Management Information System is also expected to be operational by mid 2005.

At training centre level, excessive centralisation remains the norm. All TVET providers operate within a highly regulated environment that tends to inhibit initiative and promotes the passing of all decisions up the chain of command. This burdens the executive level with administrative detail instead of policy analysis and strategic planning for system development.

Financing TVET

Direct budget allocations from central government are by far the main source of funding for public training institutions, and there is no training levy in Lebanon. Budget allocations are determined based on the previous year's allocation and by input measures, such as the number of students and staff, rather than on outcomes. Since accounting and other administrative management is done at the central level, estimates of unit costs are generic and do not differentiate between training institutions, and sometimes not even by specialisation. There are no performance-based indicators to help

decide the amounts allocated to individual training institutions, nor benchmarking of key indicators to compare performances.

Student fees in public VET institutions are limited to registration, examination and boarding fees. In Lebanon, total student fees in 2003 represented 11% of the total budgetary allocation for public schools. A Lebanese student who has enrolled in a public training institution with full board pays the equivalent of US\$175 per year, out of a total cost equivalent of US\$1,200. A Lebanese student in a private sector training institution pays between US\$1,300 and US\$1,563 per year according to the level of training.

Quality and relevance

An upgrade of curricula in Lebanon was undertaken in 1997 with the development of 56 training programmes for higher level TVET. In the absence of occupational competency profiles, the results proved to be too academically-oriented and there was no attempt to develop teacher guides or student learning resource materials. No evaluation tools to measure the achievement of learning outcomes were prepared, leaving it to individual instructors to develop their own training materials. An update of training programmes was undertaken in 2001. Ongoing updating efforts include the development of competency profiles for 45 occupations. This is done through a process that brings together practitioners in each specific occupation with training specialists who translate the tasks and duties associated with the occupation into training programmes and pedagogical content. A pilot project has been completed to establish a new standard for curriculum and learning resource materials in the electrical and electronic disciplines. This includes definition of the curriculum following a competency-based approach and the preparation of teacher guides and student manuals. New curriculum development in other areas will now follow this model.

Examinations in vocational streams still tend to be biased towards academic knowledge and do not provide an adequate assessment of practical skills

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and employability. A pilot technical assistance project has recently been completed to develop an electronic database of examination questions, as well as teacher guides and student manuals. This tool has been field-tested and validated, and will be expanded to include new subject areas. This should form one of the steps towards the eventual creation of a thoroughly revised national qualifications framework based on standards of competence agreed by employers, and linked to a national occupational classification system.

Interviews with employers highlight concerns about the weak employability skills of graduates, such as teamwork, poor communication ability and lack of initiative and analytical skills.

With regard to instructors' qualifications, there remains more emphasis on higher education credentials and less on occupational and professional experience. Few TVET instructors have any pedagogical training. In response to this, technical assistance has been provided under the World Bank-funded TVET project to improve the quality and relevance of TVET teacher training in Lebanon by:

- undertaking a needs analysis for VET teacher upgrading requirements in pedagogical skills and abilities, as well as occupation-related skills and knowledge;
- enhancing the administrative and technical capacity of the national VET teacher training centre (IPNET) to design and deliver pedagogical and specialised training to VET instructional staff;
- identifying a core of approximately 120 Master Trainers who would be used by IPNET in the subsequent delivery of training;
- designing and delivering Master Trainer training in both pedagogical and specialised skill areas;
- providing technical and administrative support to IPNET and the Master Trainer team in the design and delivery of training to approximately 2,000 VET instructional staff;

- developing a long-term plan for continuous professional development of VET teachers in Lebanon.

Concerning TVET facilities and equipment, a full structural survey of all schools has been completed in recent years and remedial work is now in progress. Loans have been obtained from a variety of sources to support this process, including the Arab Fund for Social and Economic Development, the Islamic Development Bank, the OPEC Fund for International Development and the German government. A total of 56 new public VET schools are to be built throughout the country.

The role of the private sector

The Higher Council for TVET should provide a means whereby the private sector could feed its views into the highest levels of TVET policy formation, but this potential role is obviously constrained when the Council is inoperative for long periods. At the more operational level, employers, including those in the private sector, are becoming more actively engaged with TVET providers, for example, participating in tracer studies, collaborating in labour demand analyses, preparing competency profiles, and providing practitioners at various levels to participate in curriculum review processes. A key development priority is to expand this employer-TVET provider liaison to engage all sectors of the Lebanese economy.

The DGVTE organisation structure does not include a unit that has a mandate for employer liaison or labour market monitoring. Representatives drawn from the employer community are sometimes engaged as contractual instructors or to serve on specific curriculum committees. A number of the more experienced school directors do engage in informal dialogue with employers within their catchment areas in order to assess potential employment demand, but no formal channel exists to translate their findings into enhancing learning outcomes. Although there are well-established employer associations in Lebanon, their primary function in the past has been to lobby government on business regulation and tax issues rather than on TVET policy.

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As noted above, private TVET provision is quantitatively more important than public provision in Lebanon. In the 2002/03 academic year 79,000 students enrolled in TVET programmes, of which 61% were in private institutions (down from 65% in the 1997/98 academic year). The majority (62%) of public TVET students came from Greater Beirut, while students in private TVET institutions were more evenly spread throughout the country. Programmes offered by private schools tend to be concentrated in fields of instruction requiring lower levels of capital investment. Private schools are able to offer two types of curricula. First, the official curricula established by the Ministry of Education and Higher Education. Students pursuing these curricula are subsequently eligible to sit public examinations. Secondly, non-accredited programmes for which no diploma is granted. There exists significant variation between public and private schools in their success rates for national examinations. Figures for the 2002 academic year show an 80% success rate for candidates from public schools and less than 50% for those from private schools. This suggests a requirement for stronger accreditation processes and publicising the results of candidates in national examinations.

Informal employment and the acquisition of skills

The government of Lebanon has yet to develop a policy framework for small business development. At the same time, the IME sector in Lebanon has not so far organised itself into associations or other representative groups. Despite this lack of organisation, the IME sector is highly important to the Lebanese economy, contributing between 25% and 40% of total non-farming employment. The acquisition of skills in the IME sector is constrained by the low skills level of IME owners and workers. Most skills are obtained via informal apprenticeships and on-the-job training in small workshops.

There are few training programmes targeting those working in the IME sector. The most prominent are the training activities of the Community Development Centres, managed by the Ministry of Social

Affairs, and certain NGO training schemes. The Community Development Centres attempt to provide relevant basic skills to those with low educational achievements, especially women. Many of the larger NGOs active in Lebanon are also involved in skills training. For instance, the *Mouvement social* has its own training centre and also runs a large number of training courses in its social centres throughout the country. The *Mouvement social* has also started pre-vocational schools for 11 to 14 year-olds to acquaint them with certain occupations and work in the IME sector as preparation for future skills training. In South Lebanon a group of NGOs have joined forces to create the 'Intensive Vocational Training Project'. Training here is based on regular training courses offered by the seven participating training centres, but it is condensed into full-time (three months) and part-time (six months) courses. These NGO training programmes include topics such as children's rights, working as teams, literacy and sexually transmitted diseases, as part of comprehensive TVET and personal development packages. All these NGOs adhere broadly to emerging good training practices including:

- training being based on an assessment of the demand and opportunities for skills (sometimes leading to training in non-traditional trades);
- training courses being practical and short;
- major attention being paid to training quality;
- training delivery being flexible; and
- recognised training certificates being awarded (for example, via the Ministry of Social Affairs, the Ministry of Labour or the National Employment Office).

Conclusions: The road ahead

- Re-launch the Higher Council for TVET to improve governance of TVET policymaking by bringing together different ministries, the TVET sector and the social partners.
- Implement plans of institutional capacity development.
- Create new alternative sources for the future financing of TVET.

- Implement fully the VET Strategy Development Plan. Establish a fully operational TVET Planning, Monitoring and Evaluation Unit and a Vocational Education Management Information System.
- Create a thoroughly revised national qualifications framework based on standards of competence agreed by employers and linked to a national occupational classification system.
- Improve the quality and relevance of TVET teacher training.
- Engage the private sector more in both the design and delivery of TVET by developing public-private partnerships at both national and local levels in all sectors of the Lebanese economy.
- Develop stronger accreditation processes for public, NGO and private TVET providers, and publicise all examination results.
- Develop policies focusing on skills training for the IME sector.
- Develop capacity-building actions for VET institutions at the local level.

ANNEX 4: REFORM AND CHALLENGES IN TUNISIA

The context for vocational training and employment reform

Tunisia is in the transition phase from a developing country to an emerging economy. It has enjoyed sustained economic growth since the 1970s, joining the World Trade Organisation in 1995. Tunisia will be exposed to further international competition when it joins the Euro-Mediterranean Free Trade Area in 2008. The economy is becoming more open and modern but the need for further reform remains throughout all aspects of economic policy. The service sector, in particular tourism, is now Tunisia's most important economic sector, in terms of contribution to both GDP and to employment.

Tunisia's population growth has slowed in recent years, whilst the share of the population living in urban areas has increased from 40% in 1966 to 65% at the

end of the 1990s. According to government statistics (INS – *Institut national des statistiques* internet), 72% of working age men and 24% of working age women are engaged in formal labour market activity. The national unemployment rate stands at around 15%, with pockets of up to 35% in parts of the capital Tunis, and concentrations among groups of first-time jobseekers, women and the highly educated. According to the UNDP (2000), Tunisia has succeeded in reducing poverty but, as with unemployment, certain poverty pockets remain.

Tunisian government policy recognises the need to ensure that weaknesses in its education and training system do not constrain economic reform. Key indicators of weakness are Tunisia's high rates of repetition and dropouts from education, and low progression rates from primary into secondary education. Only 75% of Tunisian primary school pupils progress into secondary education (Commission scolaire de Montréal, 2003), a rate significantly lower than other emerging economies. Those who staying on at school face the problem that the education system has so far tended to be highly selective. Bridges between general and vocational education are being built, but large numbers of students remain segregated in low quality vocational streams. Growth in the IME sector compounds the weaknesses in the Tunisian education and training system.

Reform of the national vocational training system has been a government priority in Tunisia since the early 1990s. The first important steps in this reform process were taken with the:

- establishment of a Ministry of Vocational Training and Employment in 1990;
- introduction of compulsory basic education and transfer of training policy responsibilities to the Ministry of Vocational Training and Employment in 1991; and
- adoption of the Law on Vocational Training in 1993, which established a national vocational training system with a network of four specialist government agencies.

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Governance of vocational training at this time was fragmented between different ministries, such as Health, Tourism and Agriculture, each responsible for vocational training in their respective fields. Policies, programmes and curricula were defined from the top down in accordance with available capacities (the supply side) rather than in response to labour market demands. Training was delivered in narrow specialisations rather than with broad-based curricula. These only contributed to future occupational segregation and restricted labour market flexibility.

Improving governance

A national strategy for the reform of vocational training and employment in Tunisia, known as MANFORME was launched in the mid 1990s with the strategic goals of developing a demand-driven, flexible and cost-effective vocational training system, which would provide trainees with the skills required by Tunisian businesses. Key elements in the MANFORME strategy, such as quality, relevance and the increased involvement of the private sector in vocational training policy, are examined in further detail in the sections below.

MANFORME has had a positive impact on the governance of vocational training and employment, but progress has sometimes been delayed and much remains to be done. For example, the development of a new decentralised management model, piloted in four sectoral training centres, was launched in 1997, but actual implementation only began in 2001. The start of MANFORME's current phase in 2002 saw the creation of a new Ministry of Education and Training which is responsible for ensuring that the positive reform elements are spread throughout the vocational training system. An important MANFORME deadline is to ensure that the Tunisian vocational training system is fully modernised before the removal of market barriers with the opening of the Euro-Mediterranean Free Trade Area in 2008.

Tunisia has developed an ambitious programme for decentralising the provision of public training services. A new

management model for training centres has been elaborated and is being tested at a number of training institutions. At some point this decentralised management model should be adopted by all centres across the country. Benefits from this experience so far include a better partnership between enterprises and training institutions, particularly in the development of curricula and in enterprise-based provision of training. However, the experience also shows that the quality of private sector participation is uneven, with some private sector representatives unprepared to assume their responsibilities. Resistance to change can also come from within the training institutions themselves and from the central agencies.

Financing vocational training

The bulk of financing for training comes from direct budget allocations from the Ministry of Finance to the training authorities. This is supplemented with training levies collected from enterprises by the Ministry of Finance.

The Tunisian training levy (TFP) was originally introduced in 1956 and was reformed in 1993. It is levied on both public and private enterprises, with different tax rates applying for manufacturing firms (1% of payroll) and non-manufacturing firms (2%). Certain firms can gain exemption from the levy, for example those with a strong export base. The levy is complemented by a tax rebate system to reimburse firms for part of the paid levy when training expenses are incurred to train their staff. Expenses eligible for the rebate include:

- identification of training needs and preparation of training plans;
- in-service training programmes for the firm's personnel; and
- the operational costs of a firm's own personnel responsible for skills development.

The levy and the rebate form a significant part of VET financing in Tunisia. In 2002, TND 60 million was collected by the Ministry of Finance (50% of the total State VET budget). Of this, TND 22 million was reimbursed via the rebate system, mainly

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to public enterprises. The rebate system has been criticised in the past for being too complicated and steps have been taken to simplify procedures. Doubts remain on how relevant the levy and rebate are, in particular to SMEs in Tunisia (the PRONAFOC initiative, targeting SMEs, is reviewed below – see ‘The role of the private sector’ below). One continuing disincentive for all participants in the levy/rebate scheme is that the amount individual organisations’ can take from the rebate is limited by the ceilings imposed by their own levy contributions. Participants cannot access unused funds contributed by other companies. The fact that only about one third of the total TFP is spent on continuing training is an indicator of the TFP’s limited effectiveness as an incentive to promote training within firms.

In an effort to diversify and expand their sources of income, public training institutions in Tunisia are beginning to sell services to enterprises.

Quality and relevance

Both the quality and relevance of Tunisian vocational training need to improve if vocational training is to become a first-choice option for students seeking skills demanded by Tunisian businesses. The MANFORME strategy continues to tackle both issues.

Tunisia embarked on a fundamental shift towards competency-based curriculum development as part of MANFORME some years ago. Firstly, this was done on a pilot basis with foreign technical assistance. Key elements of this approach improve vocational training relevance by:

- identifying current occupational skills in use and in demand in today’s labour market, and defining them in terms of competencies;
- validating these competencies in close cooperation with relevant professional organisations to ensure their relevance to current labour market demand; and
- converting these competencies into training programmes which are delivered in close cooperation with relevant professional and private organisations.

Certain problems have been encountered in the shift to a competency-based approach. Key personnel at all levels (from government agencies to training centres) have been slow to adapt to the new procedures. Dialogue between these actors and the private sector was slow to develop, and in the early stages of MANFORME too much training was delivered purely in training centres. It is only in more recent stages of the MANFORME programme that a genuinely alternate approach has been implemented, with training being delivered both in training centres and in enterprises.

A project to spread the competency-based approach throughout the VET system was launched by the government with foreign technical assistance in 2003.

The above actions on competency-based training focus on improving the relevance of vocational training. The government has also targeted the following three activities in the MANFORME programme to improve quality:

- introduction and operation of a quality process for key personnel at all levels of the training system (ministry, government agencies and training centres), involving ISO standards and a quality charter;
- definition of standards for certification and assessment of training programmes;
- establishment of validation and certification procedures.

The development of a qualification system based on standards that are accepted and recognised throughout the country by all key actors is in the process of being developed, but it has yet to be established. International technical assistance has sought to support the development of such a system, so far without success.

In line with its desire to develop a quality approach to vocational training, Tunisia is one of the few countries in the MENA region to introduce actions to monitor and evaluate the effectiveness of government agency training programmes. An Observatory on skills development and employment was launched in Tunisia in

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1996. Pilot impact evaluation studies have been conducted and have provided important feedback to help develop a methodological framework for mainstream evaluation of vocational training programmes. Preliminary results still reflect methodological problems and provide valuable lessons for future studies.

The role of the private sector

The increased involvement of the private sector in vocational training policy development and implementation is fundamentally important if the MANFORME strategies for reform are to succeed. The Tunisian government has made systematic attempts to promote public-private partnerships in training policy by the signing of conventions with 19 relevant professional organisations. These conventions enable private sector involvement in key activities, such as:

- reviewing existing and proposed training centres;
- defining frameworks and competencies for new curricula;
- validating new draft curricula;
- managing training centres; and
- participating in surveys, studies and training impact evaluation.

Securing the active participation of the private sector in the above actions has proved difficult. Many private sector organisations, including UTICA (the national union of private sector federations), had relatively weak organisation at the time of the MANFORME launch and had no specialist skills or experience in vocational training policy or human resources development. Very little public-private dialogue on training policy existed prior to the MANFORME reform launch in the 1990s. To overcome these constraints a series of actions have been implemented. These include the development of a methodological framework for feasibility reviews of existing and proposed training centres, and support to the private sector in the identification of skills needs. A total of 160 enterprises in 16 sectors have benefited from this support and have produced over 150 strategic professional profiles. Sectors such as textiles and electricity have acted as

leaders in the partnership-building process. International cooperation, for example with relevant European federations, has also proved useful. Even when successful relationships are established with individual enterprises, a key difficulty is maintaining this relationship whilst, at the same time, moving onto the next stage of developing policies relevant to the specific sector as a whole.

Enterprise-based training is one of the areas where the effectiveness of the partnership process can be tested. Alternate training can only be developed through a close working relationship between training centres and employer federations to: validate the skills needs; develop the new training programmes and encourage enterprises to participate in this mode of training; provide on-the-job training on the basis of the curriculum to trainees; and closely monitor results in cooperation with the teaching staff in the training centre. A review of the introduction of alternate training shows that it develops most efficiently in centres where there is a strong involvement of a professional organisation. Some centres have managed to develop close to 100% alternate training with individual enterprises through an active involvement of the federation and of the training centre's management. Currently, 37% of trainees are learning through alternate training.

The MANFORME experience shows overall that social partner involvement in vocational training can be achieved but requires support and encouragement.

Tunisia is one of the few countries in the MENA region to support in-service training, that is, training provided by an employer to both new and existing employees. To counter the failure of the Tunisian training levy (TFP) to encourage training in SMEs, a new financing scheme, PRONAFOC, was introduced in 1995 to focus on SMEs with 100 employees or less. This represents the largest segment of enterprises and employment in Tunisia. PRONAFOC supports:

- identification of training needs;
- preparation and implementation of training plans; and

- monitoring and evaluation of these activities.

Despite the PRONAFOC focus on SMEs a significant segment of beneficiary organisations are still medium-sized and large organisations.

Outside the state vocational training system, the number of private training providers has steadily grown in recent years, although many suffer the same poor reputation as their public equivalents of being second-choice, low quality training. Despite this, the government has forecast a significant growth in the numbers of students who will enrol with private providers in coming years.

Informal employment and the acquisition of skills

Clear cut information on the IME sector is difficult to obtain. Indicators suggest that between 20% and 35% of total employment outside agriculture is now in the IME sector, and that this sector's importance is growing. The sector is dominated by trade, and includes important clusters in transport, manufacturing and repair.

Traditional informal apprenticeship training under a master is still very common in the IME sector in Tunisia. Surveys indicate that a large majority of IME operators acquire their skills outside the formal training system. Apprentices obtain practically-oriented on-the-job training but only in narrowly-defined skills. Apprentices have worked in the past with no contract and have paid for their training either directly in cash or indirectly by reduced wages. The main shortcomings of traditional apprenticeships stem from the low levels of education of both master and apprentice, which limits the transfer and acquisition of skills. The masters' fear of new competition from the emerging apprentice, and the continuing use of traditional technology, compound these problems.

In 1993 the Tunisian government developed a series of measures to improve the terms of engagement of traditional apprenticeships, in particular through the

introduction of compulsory apprenticeship contracts. In 1996 the ATFP focused on improving the quality of training provided by traditional apprenticeships. A key objective was to remove the isolation of apprentices in the IME sector from the formal training system. This was achieved by developing a compulsory dual system in which apprentices attend a state training centre (CFA) two days a week to learn both job-specific and general literacy and numeracy skills. The CFA was given a new role as mediator between master and apprentice, with responsibility for placing apprentices, agreeing apprenticeship contracts, and providing a CFA counsellor to monitor the progress of apprentices. Government financial support was made available to pay for apprentices' social security, accident insurance and transport allowance.

It is estimated that there are over 100,000 trainees in traditional apprenticeships in Tunisia, of which only 45,000 have signed a contract according to ATFP norms. Of those with contracts, only 12,000 are benefiting from dual training in a CFA. This is mainly due to the CFA's lack of capacity to deal with increased roles and responsibilities. A lack of apprentice motivation to attend CFA classes has also been observed, as has employer reluctance to release apprentices from the workshop.

Conclusions: The road ahead

- Refocus the role of vocational training.
The Tunisian economy is on the threshold of significant change, with the prospect of exposure to higher levels of international competition. The Tunisian government has, since the mid 1990s, made important efforts to reform its vocational training system. Despite these efforts, too much vocational training in Tunisia remains low quality and irrelevant to labour market needs. Vocational training is presently part of the problem of social and economic inequality. It needs to become part of the solution if Tunisia is to become a dynamic, knowledge-based economy. Therefore, a key challenge for the Tunisian government is to translate the

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- pilot reforms into irreversible systemic change.
- Decentralise. Steps have been taken at pilot project level to develop a new decentralised management model for training centres. This model needs to be extended throughout the vocational training system. Governance of vocational training can no longer be the monopoly of the State.
 - Diversify sources of vocational training finance. Additional financial resources for vocational training modernisation cannot come solely from the State. New funding mechanisms (beyond TFP and PRONAFOC) are required which also allow for increased cost recovery and greater financial participation by firms.
 - Improve vocational training quality and relevance. Important steps have been taken in competency-based curriculum development but, as with the decentralised management model, only at pilot project level. The Tunisian government has also sought to develop a vocational training quality policy, which would ultimately lead to the establishment of one, commonly accepted national qualifications system.
 - Build capacity for private sector participation. Improvements in vocational training quality and relevance require private sector involvement in the both the design and delivery of training. This participation is not easy to secure. The Tunisian government has made welcome attempts to promote public-private partnerships in vocational training policy through the signing of conventions with relevant professional organisations, but many private sector organisations still lack specialist skills or experience in vocational training policy. Government initiatives are required to support the development of this capacity.
 - Develop learning opportunities in the informal sector. There are a large number of informal workers in Tunisia engaged in traditional apprenticeships, learning narrowly-defined skills on the job in an environment totally isolated from the state vocational training system. The government has taken useful steps to build bridges between traditional apprenticeships and public training centres but more needs to be done to reach out to the majority of apprentices in the informal sector.

ACRONYMS

ALMP	Active labour market policy
ATFP	Agence tunisienne de formation professionnelle (National Agency for Training)
CAP	Certificat d'aptitude professionnelle (Vocational training certificate)
CFA	Centre de formation et d'apprentissage (Training and apprenticeship centre)
DGVTE	Directorate General of Vocational and Technical Education
EGP	Egyptian pound
ERSAP	Economic Reform and Structural Adjustment Programme
ETF	European Training Foundation
EU	European Union
GDP	Gross domestic product
GSC	General secondary certificate
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Association for Technical Cooperation)
ILO	International Labour Organisation
IME	Informal micro-enterprise
IPNET	Institut pédagogique national de l'enseignement technique (National Teacher Training Institute for Technical Education)
ISCED	International standard classification of education
ISO	International Organisation for Standardisation
JD	Jordanian dinar
MANFORME	Mise à niveau de la formation professionnelle et de l'emploi (Upgrading of vocational training and employment)
MENA	Middle East and North Africa
NGO	Non-governmental organisation
NSSP	National Skills Standards Project
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of the Petroleum Exporting Countries
PRONAFOC	Programme national de formation continue (National Continuing Training Programme)
SCHRD	Supreme Council for Human Resource Development

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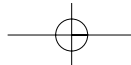
SFD	Social Fund for Development
SME	Small and medium-sized enterprise
TFP	Taxe de la formation professionnelle (Vocational training levy)
TIMSS	Trends in International Mathematics and Science Study
TND	Tunisian dinar
TVET	Technical and vocational education and training
UNDP	United Nations Development Programme
UNRWA	United Nations Relief and Works Agency (for Palestinian Refugees in the Near East)
UTICA	Union tunisienne de l'industrie, du commerce et de l'artisanat (National Union of Private Sector Federations)
VTC	Vocational Training Corporation
WTO	World Trade Organisation

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