

## EGYPT

### ETF COUNTRY PLAN 2007

#### 1. Socioeconomic background

Egypt, with its large population (71.2 million) and its strategic position between the Middle East and North Africa, plays a crucial role in the Mediterranean region and in East-West relations. It has traditionally been seen as a leading partner in the region and therefore a priority country in the sociopolitical and economic arena.

Egypt has been an economy in transition since the early 1990s, after undergoing an Economic Reform and Structural Adjustment Programme that made the move from central planning towards a market economy. Despite the progress achieved in the first ten years, towards the end of the 1990s, economic growth was adversely affected by internal problems (slow pace of economic reform) and external factors (slowdown in the international economy and increased global competition). Rates of economic growth fell dramatically in the early years of the new millennium, and Egypt's share of world exports dropped. The public sector, which had traditionally absorbed large numbers of job entrants, underwent downsizing and privatisation processes. The incipient private sector was not yet powerful enough to create enough new jobs to absorb the labour market entrants, and unemployment became a major preoccupation. However, an economic revival commenced in 2004; economic growth now averages around 5% (as opposed to an annual 3.3% between 2001 and 2003), and is expected to reach 6% by the end of 2006. The recovery was initially fuelled by the tourism sector, natural gas discoveries and exports, a significantly depreciated Egyptian pound, and broad-based construction and services sector developments. Recovery is also partially due to a series of structural reforms undertaken in recent years, including monetary policies, privatisation programmes, tax reforms, simplified business start-ups, financial sector reforms, and the creation of safety networks. Indicators have continued to be positive for the last two years, although the challenge is now to sustain this progress over the long term. Among the main challenges, are the high unemployment rate and growing poverty, while the fiscal deficit (10% of GDP) and public domestic debt remain areas of concern.<sup>1</sup>

Despite recent increases in growth, the incidence of poverty increased from 16.7% in 2000 to 19.6% in 2005, with half of the poor in Egypt living in the upper rural region. Migration is still an important phenomenon. International migration has decreased in importance (since the 1990s), yet its impact is still very visible in terms of the contributions of returnees and remittances. Overall internal migration rates have increased in the last 8 years and the new pattern of migration is typically local, i.e., within the same governorate.<sup>2</sup>

Egypt is in the process of completing a demographic transition, with favourable changes in the age structure of the population. The working age population and young population are

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<sup>1</sup> Country Brief, World Bank, 2006

<sup>2</sup> Preliminary Analysis of Internal and International Migration, Jackline Wahba

growing faster than the overall population, although this growth is slowing down.<sup>3</sup> Rural working age and youth populations are still growing faster than their urban counterparts.

Unemployment remains the main social and political preoccupation. However, according to the recently published Egyptian Labour Market Panel Survey, which compared data from 1988, 1998 and 2006, the employment situation has improved markedly in Egypt in recent years. The overall unemployment rate has declined from 11.7% to 7.8%, and the number of unemployed persons has declined in absolute terms. Real wages and earnings are increasing, although earnings inequality is also growing. Government employment growth seems to have slowed, while economic reforms appear finally to be having a positive effect on the growth of private sector employment. Although new entrants are still increasingly relying on informal jobs, the private formal sector is also raising its share of first jobs.

A pending challenge is to absorb young women—still very under-represented—in the labour market. Males are making the transition from school to work one to two years earlier than previously, but there is no change for females. There is a noticeable shift in the educational attainment of the working age population towards vocational secondary diploma holders. However, returns to education are down for vocational secondary graduates, although up for university and post-secondary graduates.

In terms of social indicators, education and health service provision have continued to improve, at least in terms of access. Between the 1970s and 2004 primary school enrolment increased from 63% to 96.4% in a period in which Egypt doubled its population. Although important progress has been made in terms of access and expansion, quality still remains an issue.

The country is preparing for a form of political transition, with increasing political debate and with a number of options being considered and developed for the post-Mubarak period. Egypt still plays a very strategic and important role in the Arab world, in the Middle East conflicts and in the international scene, and this requires permanent efforts at balance.

## **2. Key policy issues and strategies in human resource development**

### **Government strategies**

The government of Egypt has elaborated many different strategic documents in the field of human resource development (HRD) over the years. However, many of these strategic documents have never developed into proper implementation plans. Most strategies for reform tackle sub-sectors and fail to implement an integrated approach. The lack of strong institutional leadership in the education and training sector (very fragmented among numerous institutions), means that there is also a lack of drive in the implementation of reforms. Finally, some of the strategies—for example, the fight against unemployment—are strongly driven by the political and social agenda. Despite all this, a high degree of awareness has developed at the policy level in terms of the importance of more strategic and more integrated policy development processes, and consequently, support for this area has recently been requested from major donors like the EU and the World Bank (WB).

Among relevant strategies of the government it is worthwhile mentioning the following:

- The document entitled Education For All, which regulates expansion of the basic and secondary general education sectors.
- The approval in 2003 of a new labour law and its subsequent development to cover human resource (HR) issues such as national accreditation processes, the creation of a National Training Fund and processes for the recognition of training institutions.

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<sup>3</sup> Egyptian Labour Market Panel Survey 2006, R. Asaad et al.

- The creation of the Supreme Council for Human Resources Development and successive attempts to revitalize it from 2000 onward (as the only platform where all relevant HR stakeholders are represented).
- The adoption in March 2002 of a Policy Statement for Education, Training and Employment, which followed on from a request by the government to the EU and the WB to support the relevant authorities in developing a technical and vocational education and training (TVET) reform policy for Egypt. **This statement acts as a policy umbrella under which the EU and WB reform programmes operate.** Following a recent request by the prime minister, the EU and the WB (with the support of ETF) organised a brainstorming session with five ministers and relevant stakeholders in September 2006. The statement was reviewed and declared to be still valid as the main strategy for TVET reform. A need for an action plan for its implementation was identified, however, plus further strategic development of some of the areas it covers.
- Under the National Employment Strategy, a number of initiatives have been launched since 2000, aimed at improving labour market operation by better matching supply and demand. Associated with this programme is a National Programme for Youth Training, implemented by the Ministry for Military Production and Ministry of Manpower.

### **Key policy issues in the HRD sector**

Following on from the above, and particularly from the most recent policy discussions (such as the brainstorming session mentioned above), the following are the government's key priorities regarding HRD:

- To capitalise on demographic opportunities and HR potential in order to meet the economic, political and social objectives of the country (competitiveness, sustained growth, employment, and poverty reduction).
- To identify how education and training can make an effective contribution to the fight against unemployment, taking into account existing skill gaps between labour market needs and the outputs of the education and training system.
- To remove the traditional split between education and training by developing a more integrated approach to HRD from a lifelong learning perspective.
- To balance access to the education and training system with improved quality outputs.
- To develop a more coherent and integrated HRD strategy and to create an action plan that enables reform progress to be monitored.
- To revise the TVET governance system both at the macro-level (less fragmented institutional settings) and at the micro-level (more empowerment of training institutions and a better quality teaching force).
- To review the financing of the education and training sector and to analyse and implement new financing solutions targeted to Egyptian realities.

## **3. EU and other donor policies and interventions**

Egypt is a major receptor of donor aid in all sectors, and HR is no exception. The EU is one of the main players in the field, followed by the WB. Most donors implement their own projects, with the government traditionally making few efforts to coordinate them. Recently it has come to be felt that this lack of coordination is seriously affecting the effectiveness and efficiency of the initiatives. The Ministry for International Cooperation is now developing some instruments and initiatives in regard to taking the lead in donor coordination. Organisations such as the EU and the WB have been placed under a common umbrella, including in implementation terms. However, there is still ample room for enhancing aid alignment and donor coordination in Egypt.

## The European Union

Support from the EU has to date been implemented through Euro-Mediterranean Partnership (MEDA) programmes, which reflect the spirit of the Barcelona process. Egypt is the main receptor of EU aid in the MEDA region. The most relevant interventions are:

- A basic education programme (recently completed).
- A TVET reform programme (33 million EUR from the EU plus 33 million EUR from the government), which, by applying a bottom-up approach, aims to draw lessons from the creation of local partnerships between the private sector and training institutions in key sectors, so as to develop a more integrated and comprehensive national TVET strategy.
- An industrial modernisation programme (300 million EUR).
- Participation in the Euro-Mediterranean Information Society (EUMEDIS), Education and Training for Employment (ETE), and other regional programmes.

Egypt also participates in the Tempus programme.

European Neighbourhood Policy (ENP) country and action plans for Egypt have already been approved, with support for education and training at all levels identified as a priority in the action plan. While new programmes will materialise in the coming years—probably under the sector support approach (pre-identification phase to commence in 2007)—in the field of TVET, the MEDA programme continues to be the main education support tool. However, areas requiring attention have been identified that are not directly covered by this programme, such as support for the creation of a national accreditation centre, mechanisms to improve quality in education and training, and support for teacher and trainer training.

It is also worthwhile mentioning the strategy development support programme recently undertaken by the EU (with the involvement of the ETF) and the WB.

## Other donors

- After the EU, the WB is the next most important donor in this field. Its interventions cover basic education, secondary education, and support to the tertiary sector through a programme focusing on intermediate and technical institutes at the post-secondary level. In training terms, the most important intervention is a skills development programme aimed at testing new mechanisms that foster demand-oriented training in a number of key sectors.
- The German Technical Cooperation Agency (GTZ) Mubarak-Kohl Initiative applies a bottom-up approach to fostering strong links between the private sector and vocational education and training (VET) schools in the development of an apprenticeship system.
- The United States Agency for International Development (USAID) education reform programme—a 100 million USD intervention that covers the entire education system—aims at creating a more effective schooling system and also covers issues such as the transition from school to work.
- The Italian Don Bosco Foundation operates a multipurpose vocational training centre that focuses on skills development at the informal sector level.
- Also operating are a Canadian regional training project and a project for upgrading employment offices, and Swiss and Japanese pilot projects focusing on training in certain sectors. The International Labour Organisation and United Nations Development Programme are also conducting studies and surveys.

Since 1999 the government has supported the National Skills Standards Programme, which is technically supported by a European consortium led by the British Council. This project, which is close to completion, is due to move into the national implementation phase.

#### **4. Mid-term perspective ETF intervention strategies contributing to added value in national, EU and donor reform-support policies**

In line with the ETF mid-term perspective (2007-2010), support will cover information, analyses and policy advice, strengthening the capacity of Egyptian authorities in relation to developing a more relevant education and training system, promotion of exchanges of best practices and policy lessons (with other countries in the region and with EU member states), facilitating information exchanges between donors, and improving the effectiveness and relevance of EU assistance (through ongoing programmes and through new Neighbourhood and Partnership Instruments (ENPI)). The ETF work will continue to build on established networks of relevant partners, including public institutions, social partner organisations, donors and NGOs.

The ETF intervention strategy in Egypt will concentrate on two axes: 1) supporting the effective and relevant implementation of EU major actions in the country to ensure that these achieve systemic impact; and 2) developing existing and future projects for the provision of relevant policy advice to the government, and strengthening stakeholder capacities to make policy decisions that can be embedded in the national context.

There are four substantial policy challenges in Egypt to which the ETF will respond in the mid-term (until 2010). Of these, some will be tackled in projects to be implemented during 2007 (see Section 5) and others will be developed over the coming years.

It should be noted that the key issues mentioned in regard to these policy challenges will not be undertaken exclusively with ETF support. Rather, ETF activities will contribute to ongoing efforts by the government, as also the donor community—particularly the EU, through its existing MEDA programmes and future ENPI interventions. It also should be clarified that some of the issues will be tackled through regional interventions, some of which are cross-linked to existing projects. In future work programmes, some of the issues will be clustered under more concentrated interventions in consultation with relevant Egyptian stakeholders and the EU.

##### **A. Institutional capacity building: policy and strategy formulation and evaluation**

The major challenge for Egypt is to be able to come up with an integrated strategy for HRD that complies with government objectives in terms of the fight against unemployment, economic growth, social and human development, and improved competitiveness. The government is highly aware of the fact that there is a multiplicity of levels of policies and strategies that are far from integrated. Massive assistance from donors is expected to provide sufficient funds and support for improved integration. Policy-makers, however, are often in need of support to interpret the lessons of various projects and other countries so as to come up with their own national solutions and policy choices. A move towards more integrated support packages, through the sector approach, would be in line with this intervention strategy.

National stakeholders need exposure to examples of best practices and policy lesson exchanges, not only from countries in the region or from EU member states, but also from other regions in the world. They also need support in evaluating ongoing policies in Egypt, and support in terms of the definition of policies and strategies, as also action plans for implementation of these policies and strategies. Finally, they need exposure to follow-up and monitoring methodologies. All these processes need to be supported by improved provision of useful information and relevant data—an area which needs further development in Egypt.

ETF activities/strategies for the provision of support to Egypt will take the following form:

- Support for the TVET programme in fulfilling its function of strategy development.
- Ongoing actions to support the review and completion of existing TVET reform strategies (joint EU and WB work, supported by the ETF).

- Provision of relevant analyses of the sector and of the contribution of the project, as also of other relevant projects by other donors.
- Supporting the Egyptian observatory function (OF) as a provider of reliable data and analyses (national capacities).
- Specific support to policy evaluation and formulation (with the EU and other donors), by the development of **methodologies and the provision of examples.**

#### **B. The institutional setting: governance and financing**

Two issues are crucial for further strategic development of the sector: governance and financing. In regard to governance, the main challenge is the fragmentation of the institutional framework (twenty-two competing institutions). At the macro-level, the government needs to rethink the organisation of the sector, the roles of the different institutions, the leadership they provide and their capacity for networking. At the micro-level, there is a need for further thinking on how to empower schools and training institutions by giving them more autonomy and on how to empower the teaching profession. As for financing, there is a need to review and assess its efficiency and effectiveness, in terms of the different funding mechanisms that could be established as policy tools for diversifying and increasing funds.

ETF activities/strategies should concentrate on the following issues:

- Mapping governance in the country (micro- and macro-levels).
- Providing examples of best practices from the EU and other regions of the world.
- Organising forums for discussion and exchange.
- Developing social partnership (private sector) capacity building activities.
- Supporting the functioning of local partnerships in the TVET project (the autonomy dimension).
- Supporting networks, such as the OF, at the regional, sector and national levels.
- Providing relevant analyses and examples in the financing area.

### **C. Employment and labour market policies: the role of HR**

Employment is undoubtedly the main priority of the government and the key to reorienting all TVET activities. The following issues are policy-making priorities:

- Creation of more and better quality jobs in the economy and improvement of educational attainment and job-finding services.
- Increasing the employment rate (particularly among women and young people).
- Improving the efficiency of labour market institutions.
- Supporting the implementation of the provisions of the new labour legislation.
- Creation of a vocational counselling and guidance system.
- Information provision on the transition from education to work.
- Improving the provision of labour market information with a bearing on VET policy-making.
- Assessing the impact of skills in migration flows.

ETF activities/strategies in coordination with the EU are listed as:

- OF development
- Provision of information and targeted studies on the transition from education to work and on migration.
- Assessment of the new orientations of the TVET programme.
- Contribution to the design of new projects (ENPI input).
- Provision of policy advice on guidance and counselling (examples of best practices and advice in regard to the creation of an Egyptian system).
- Development of regional platforms for dialogue and exchange (ETE regional programme).

### **D. The issue of quality in lifelong education and training**

In recent discussions with the Egyptian authorities and stakeholders, it became clear that while access to education was the challenge of the past, the current and future challenge is quality. Within this framework, specific attention needs to be paid to how to develop quality VET from a lifelong learning perspective. Some key issues in terms of the development of quality TVET in Egypt include the following:

- Improving educational attainment at all levels (pre-school, primary, secondary general and VET, and higher education).
- Reform of the TVET system to enable easier transition, through better linkages and well-defined pathways between different types and levels of education.

- Creation of a national accreditation centre.
- National implementation of the National Skills Standards Programme results.
- Improving teacher and trainer capacities, training, and motivation.
- Ensuring that the VET system is genuinely attractive to students.

ETF activities/strategies will support the EU and the government in developing specific actions and projects that address lifelong learning and quality challenges, as follows:

- Support for the MEDA TVET project.
- Support for the pre-identification of sector-wide approaches to education intervention (if required by the EU).
- Support for discussions on a national qualifications framework (NQF) as a tool for implementing certain of the above priorities.
- Support for teacher and trainer training and further development.
- ETE discussions at the regional level.



## 5. Work programme 2007: objectives and indicators

ETF objectives for Egypt: By the end of 2010, with the contribution of the ETF and with enhanced impact of EU support, Egypt will be addressing the integration of its HRD reform strategies through a more effective and efficient governance and financing of the education and training system

PROJECT NUMBER	PROJECT TITLE	SPECIFIC COUNTRY OBJECTIVE	EXPECTED OUTCOMES	ACHIEVEMENT INDICATORS	SOURCES OF VERIFICATION	(YEARLY) OUTPUTS	PROJECT DURATION
ENPI07-01	Facility to respond to EC requests	<p>To increase the impact of EU investment in education and training (E&amp;T) in Egypt</p> <p>To provide policy advice and support the development of the institutional capacities of national stakeholders at both policy-making and implementation levels</p> <p>To provide policy analysis to enhance the role of E&amp;T issues in the design and implementation of EU policies in the region</p>	<p>Impact of Meda TVET reform project enhanced by the provision of a stock-taking exercise on the contribution of the project to the overall sector reform</p> <p>Support provided to national policy-makers and middle-level management to develop an action plan for implementation of the sector strategy</p> <p>Information provided to relevant EC services on state of implementation of ENP Action Plans and country developments in the area of HRD for new action plan preparation</p>	<p>WP 2008 for the TVET MEDA reform project work programme includes some of the recommendations from the ETF report</p> <p>A map of existing stakeholders in the TVET sector is produced</p> <p>An action plan for the implementation of the national strategy is approved by the government</p> <p>New ENP Action Plan includes relevant information provided by ETF monitoring reports on implementation and includes some ETF findings</p>	<p>Stock-taking report</p> <p>Mission reports</p> <p>2008 TVET reform work programme</p> <p>Map of stakeholders</p> <p>ENP Action Plan</p> <p>ENP Action Plan-related documents</p> <p>Feedback from EC Delegation</p> <p>Feedback from national authorities</p>	<p>Stock-taking report on the impact of MEDA</p> <p>VET project on VET reform prepared for EC Delegation</p> <p>Input on state of advancement of implementation of ENP Action Plan on VET issues provided to EC</p> <p>Support to implementation of national strategy</p>	2007- Support to VET strategy (if confirmed) will extend to 2008
ENPI07-02	Entrepreneurship learning and skills development	To support the EC in the implementation of the Euro-Med Charter for Enterprise	<p>Data on progress and status in line with the objectives of Charter prepared to enable comparisons with countries of the MEDA region.</p> <p>Synergies created between developments in the Charter and MEDA regional project on E&amp;T</p>	<p>Contribution to the working group on entrepreneurship</p> <p>Monitoring indicators for Charter developed and put in place</p>	<p>Enterprise and Industry DG</p> <p>National coordinators for implementation of the Charter</p> <p>Progress reports</p>	<p>Progress report 2008</p> <p>Report by the working group on entrepreneurship</p>	2007-2010

			Dissemination and exchange of experiences between Charter and MEDA regional projects participants on entrepreneurship and skills development				
<b>ENPI07-03</b>	MEDA-ETE	To support MEDA partners in the design of relevant technical and vocational education and training policies that can contribute to promoting employment through a regional approach	<p>National capacities on specific issues linked to E&amp;T reform enhanced</p> <p>Contribution to the setting up of a permanent OF network at the national level through exposure and participation to the regional OF network.</p> <p>Relevant information and analysis on issues relevant to E&amp;T reform in Egypt (in particular apprenticeship and quality)</p> <p>Enhanced dissemination and exchange of experiences on issues related to E&amp;T reform between EU member states, partner countries and other donors</p>	<p>Participation of relevant Egyptian stakeholders in the annual forum and in events organised for each component</p> <p>Expert input by Egyptian stakeholders provided in the preparation of thematic and comparative reports</p> <p>Some topics from the ETE project taken on board in the agenda for reform as a result of the activities carried out in the programme</p>	<p>EC</p> <p>National authorities in the MEDA countries</p> <p>Mission reports</p> <p>Progress report</p>	<p>Annual project forum</p> <p>Yearly work plan</p> <p>Six monthly progress reports</p>	2007-2008
<b>ENPI07-05</b>	NQF	<p>To contribute to the design of specific country-tailored NQF initiatives in Egypt through work groups of policy stakeholders</p> <p>To contribute to fostering national debate on elements of NQF through existing national initiatives</p>	<p>A national working group composed of all relevant stakeholders set up to work on NQF-related issues in the context of ongoing national developments</p> <p>Working group draft of a national action plan for NQF development</p> <p>Policy and implementation capacities in Egypt improved through peer-</p>	<p>Existence of a well-established and functioning national working group for overall reform process</p> <p>Action plan for implementation adopted by relevant authorities</p> <p>Expert participation in peer review activities</p> <p>Major stakeholder participation in visits and</p>	<p>National strategy and documents produced by work group</p> <p>Expert reports</p> <p>Feedback from national authorities</p> <p>Mission reports</p>	<p>National strategy drafted</p> <p>Peer review reports</p> <p>Final seminar</p>	2007-2008

			<p>learning activities</p> <p>Egyptian stakeholders exposed to dissemination and networking activities on EU policies, and member state and other partner country good practices.</p>	<p>final dissemination event</p>			
<b>ENPI07-06</b>	HRD OF	To reinforce national institutional capacities in Egypt to collect, process and analyse relevant information on education, training and employment issues for informed decision-making	<p>Capacity building activities for Egyptian OF network participants</p> <p>Regional exchange of experiences</p> <p>First reports of the Egyptian OF: pilot analysis at local level, stocktaking of main sources of labour market information, progress report</p>	<p>The Egyptian OF consolidated and acknowledged as a relevant element in HRD in Egypt by the national authorities</p> <p>National capacities within Egyptian OF and the hub institution developed through participation in study visits and expertise support</p> <p>First OF products presented at the final dissemination conference to policy-makers and main stakeholders</p>	<p>First pilot reports</p> <p>Final dissemination conference</p> <p>Feedback by national authorities</p> <p>Mission reports</p>	<p>At least 2 capacity building events</p> <p>Stock-taking report on labour market information</p>	2007-2008

<b>ENPI07-07</b>	ENPI networks	To reinforce regional exchange of experience on sector policy development and implementation	Strengthened policy formulation and implementation capacities of Egyptian stakeholders in overall or specific reform issues  Dissemination and networking activities (including peer reviews) that expose Egyptian stakeholders to EU policies and member state and other partner country experiences on education and training reform	Selected stakeholder participation in network activities and provision of relevant input when requested  New networks fully operational in an integrated manner at the national and regional levels and in coordination with other ETF networks	ETF quarterly reports  Project plan for 2008	Concept note and work plan	2007-2013
<b>ILP07-02</b>	Implications of migration for VET development	To investigate the links between migration and the E&T system in Egypt  To contribute to knowledge building and information in Egypt on the development of EU migration policies  To provide inputs to policy advice on migration issues, particularly on circular and return migration; on the recognition of qualifications and the use of transparency tools for the skills of migrants acquired at home and abroad; and on mitigating the adverse effect of brain drain	A field survey, a country migration profile and a country report on patterns of migration in Egypt and related HRD issues  Dataset in SPSS format, containing the survey results  A national validation seminar for the report A final dissemination conference	Field survey implemented  Egypt country migration profiles  Report on migration patterns in Egypt  Report and survey validated at a national meeting  Egyptian participation in final dissemination event	Survey  Country migration profile  Final report  Mission reports  Agenda, list of participants and conclusions of the national and final dissemination event  Feedback by national authorities	Country report  Dissemination event (tbc)	2007
<b>ILP07-03</b>	Transition from VET to work	To analyse the transition from education to work in Egypt in order to better understand the links between education, training	A conceptual and analytical framework on the topic of transition from education to work applicable to different countries	A conceptual and analytical framework on the topic of transition from education to work	Country report Final report Documents related to the final dissemination event	Country report  Project report  Dissemination event	2007

		and labour market integration of young people	<p>An analysis of the transition from education to work in Egypt (country report)</p> <p>A final report integrating the findings of the project across all three regions, with a final dissemination event</p>	<p>Country report on the transition from education to work in Egypt, integrating the inputs of the national workshop held in 2006</p> <p>Dissemination and publication of final report integrating the results of the project in three countries</p>	Publication		
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