SYRIA

ETF COUNTRY PLAN 2007

1. Socioeconomic background

The Syrian economy is currently witnessing an improvement in output performance, though it is still far from fulfilling its potential. Over the years the Syrian economy has mainly benefited from rising oil prices, substantial worker remittances resulting from the boom following the Iraq war, tourist receipts and foreign investment. According to an IMF report (August 2006), Syria’s real GDP grow was 3% in 2005 (4.5% according to the official Syrian estimate). The Tenth Five-year Plan (2006 – 2010) adopted by the Syrian government in May 2006 identifies financial sector development, enhancement of the business environment, and trade liberalisation as the core areas of structural reforms necessary to accelerate growth (7% in 2010), to lower unemployment and to reduce poverty. The plan proposes a transition from a centrally planned to a social market economy. The plan’s call for a gradual reduction of state involvement in the economy demonstrates a serious commitment to reforms. Nevertheless, the Syrian authorities intend to protect the public sector bodies that could suffer as a result of rapid moves towards a fully market-oriented system.

Syria is heavily dependent on oil revenues and remains in a precarious situation, with major structural deficiencies.

The agricultural sector, which accounts for 23% of GDP, employs almost one third of the working population and generates one fifth of exports (cereals, sugar, olives and cotton). Heavily dependent on public subsidies, the textile and other manufacturing industries have been subject to a number of reforms aimed at attracting more private investors. The manufacturing sector accounts for 27% of GDP, with a high level of input from the oil sector. Although Syria is the main producer of the Levant region, the country is facing a decrease in production which will hamper its capacity to support the reforms when the oil revenues become scarce. Another source of energy that Syria is planning to use to address the decline in oil exports is natural gas.

The construction and property industries are booming as a result of a number of factors, such as declining interest rates, favourable new laws, the growing population and the arrival of hundreds of thousands of Iraqi refugees. Increasing the production capacity of cement factories is becoming a real challenge. As an example of a situation that benefits from the privatisation process, Chinese companies are initiating joint ventures with Syrian companies to enter this new market.

Despite the political situation faced by Syria, the trade and services sector is developing, with a 47% share of GDP. The tourism sector grew by 11% in 2005, with Europeans representing an increased proportion. In turn, the transport sector benefits from this trend, in terms of both air and sea travel. It is anticipated that the maritime traffic sector will develop significantly as a result of the development and modernisation of the port of Tartous. In parallel with these developments, the telephone sector has benefited greatly from the increased use of mobile phones by Syrian citizens (a 20% increase in 2005). The development of ADSL for improved access to the Internet is supported by a Chinese company.
In recent years several measures have contributed to the stimulation of the country’s foreign trade activity, including the streamlining of customs procedures, the simplification of export duties, the removal of bans (cement and textile), the elimination of import licences, and the opening up of some markets to the private sector.

However, Syria is likely to exhaust its oil reserves by 2010, and this will affect its trade balance, even though the discovery of new gas reserves limits this risk. The capacity of the government to prepare for these new challenges will entail the promotion of an alternative economic development model, including drastic reforms of the public administration and public economic sector. The promotion of long-term growth by protecting spending on education, health and infrastructure will depend largely on the fiscal savings and efficiency gains deriving from comprehensive tax and expenditure reforms.

## 2. Key policy issues and strategies in human resources development

Syria’s working-age population is growing rapidly, but the economy is not achieving the growth and investment needed to create jobs for the increasing numbers of people. The labour force will continue to expand by 250,000–300,000 workers every year for the next 20 years. However, while the absolute number of jobs that needs to be created is quite high, the rate of growth has begun to decline as the demographic bulge moves into mid-career. With 35% of the population younger than 14, the labour force growth rate, which is currently close to 5%, should average 4% during the next 20 years.

Syria’s unemployment rate of 12% in 2004 was very much the result of high unemployment levels among young people. Young workers aged 15–25 years represented almost 80% of the unemployed population. The breakdowns are similar for males and females. However, relatively more females than males between the ages of 25 and 39 were unemployed, because they were generally more likely to leave and re-enter the labour force for family reasons. Unemployment rates were also highest for young people, at 26% for those aged 15–24 years, falling to 8% for those aged 25–34, and to 1–2% for older age groups.

Like other countries in area covered by the MEDA programme, Syria has one of the lowest female labour force participation rates in the world (23% in 2002). However, female participation rates are increasing across all age groups by 0.6–0.8% per year. Thus around 15% of the labour force growth during the 1990s can be attributed to higher female labour force participation rates. Moreover, unemployment rates for females are substantially higher than for males across all age groups. While many factors could be responsible for these gender differences in unemployment rates (household and child-rearing responsibilities, willingness to wait for the right job, and discrimination), female labour supply pressures in specific female-oriented occupations are likely to explain at least some of the differences.

For decades the Syrian government has played a dominant role in the economy, both in terms of employment and spending and in terms of regulating the private sector. In 2002 around 24% of the labour force worked in the public sector, both government agencies and public sector enterprises. Almost 75% of public sector workers were employed in government administration and the provision of public goods and services; almost 10% were in manufacturing, 7% in construction and 4% in transportation (Syrian Central Bureau of Statistics (SCBS), 2003). The Syrian government is slowly moving away from a model that relies heavily on the public sector to accommodate and employ Syrian workers. However, so far no employment strategy to support the development of the reform exists.

In 2002 almost 40% of workers in the private sector were involved in agriculture, hunting or mining; almost 20% were involved in trade, hotel and restaurant activities; around 15% worked in construction and 15% in manufacturing; and less than 4% were involved in services.

In recent years capital invested in private sector projects has gone primarily to the food and chemical sectors. Projects involving textiles and engineering (such as appliances) have received less overall investment capital. In 2000, in the face of mounting employment challenges and trade agreements that would open domestic markets to regional competition, the Syrian government changed its policies and allowed the private sector to enter most
industries. As a result, private banks, schools and universities have received licences and begun operating. Other licences have been granted or are under consideration by the Ministry of Industry, including automobile and television production.

According to the 2002 labour force survey, the formal private sector employed around 52% of the civilian workforce and the informal sector around 24%. However, the 2001 labour force survey had found that only 34% of the labour force worked in the formal sector and 39% in the informal sector. This suggests that the survey instruments adopted different definitions of formal and informal, resulting in inconsistent responses across survey years and making it difficult to judge the size of the informal sector. Workers in the formal sector are more likely to be engaged in manufacturing and trade, while those in the informal sector are more likely to be in construction and transportation. It is not possible to track changes in employment over time as data on trends in the private sector are lacking.

In the public sector graduates and school-leavers are queuing up for jobs in ministries and public companies; recruitment decisions are based on applicants’ grades and not on a match between their qualifications and the job requirements. As wages are not high, applicants are attracted by non-wage benefits attached to public sector jobs. Some are official (job stability, better health and retirement benefits), but others are not (short effective working hours and the possibility of holding a second job in the private sector, either formal or informal), a phenomenon that is not reflected in official statistics. Moreover, the phenomenon of second jobs, which is widely accepted socially, does not encourage ministries and public companies to adopt efficient human resource management practices. The lack of sufficient jobs in the formal sector to accommodate all school-leavers has several unfortunate consequences for the education and training system.

(i) The content, quality and relevance of diplomas are disregarded by employers, who use them (together with grades) as screening devices to rank applicants.

(ii) Initial education diplomas are seen as the only mode of skill acquisition; all other forms of training and competence acquisition are ignored by employers and by society in general.

(iii) The fact that school-leavers and graduates must queue for scarce jobs encourages some to make use of family and social connections in order to advance in the labour queue and gain access to jobs.

All these factors prevent actual competences and qualifications being recognised in the process of allocating jobs to educated personnel, thus contributing to the limited effectiveness of investment in education.

Many Syrians were employed in neighbouring Lebanon before the 2006 crisis. It is currently difficult to assess how this will affect the labour market in Syria. Although it is still a labour-exporting country (mainly to the Gulf area), Syria’s labour market may face significant pressure from the arrival of Iraqi refugees.

As well as the rise in economic growth rates and GDP volume, the Syrian government has identified human resource development (HRD) as a national priority: ‘Human Development First, and nothing less’. The five-year plan (2006 – 2010) of May 2006, which followed a wide consultation process, proposes as a strategic priority the reform of the labour market and the education system to reduce the mismatch between available skills and the needs of the labour market. This includes the development and expansion of general, vocational and technical public education.

This is demonstrated through a number of initiatives:

(i) an intensive labour market data collection effort, including a labour market census in 2000, labour force surveys in both 2001 and 2002, and a national unemployment survey in 2003;
(ii) reforms of laws and regulations to make it easier for the private sector to invest and expand their activities in Syria (the focus is on SME development in line with the five-year plan);

(iii) the creation of a National Programme for Combating Unemployment, recently transformed into an Agency for Combating Unemployment, with the aim of spending USD 1 billion on job creation activities between 2002 and 2007;

(iv) education being identified as a major priority for 2008 and 2010.

3. EU and other donor policy and interventions

Coordination between donors has improved considerably, but still remains ineffective. The lack of strategy of the Syrian government and the lack of investment from major donors can be identified as bottlenecks. In 2006 the deputy prime minister called two donor coordination meetings, including all sectors. This is expected to be followed in 2007 by sector-specific meetings.

The EU is by far the largest multilateral donor in Syria (the National Indicative Programme (NIP) 2004 – 2006 has an indicative amount of EUR 80 million, EUR 18 million of which is conditional on the initialling of the Syria–EU Association Agreement).

The ETF project to introduce a pilot apprenticeship scheme has been a success. Although very limited in its coverage (three pilot schools and four pilot trades), it has developed a basis for wider reform: joint public–private structures at both decision-making (steering committee) and operational (curriculum committee) levels have been established, and a number of innovative elements have been introduced into the design and delivery mechanisms. Based on the main findings of the ETF project, the main initiative in the field of education and training is the MEDA-financed programme for the modernisation of VET, initiated in 2006. With its budget of EUR 21 million this aims to improve the responsiveness of the VET and labour market systems to both enterprises and individual skill needs in selected branches. It also foresees the development of a comprehensive sectoral strategy.

Most of the EU programmes currently running (tourism, cultural heritage, health, municipal administration and telecommunications) include a training component aimed at upgrading the skills of existing workers. The Institutional and Sector Modernisation Facility will also have a strong training component that will support the development and improvement of the capacities of key institutions involved in the country’s economic modernisation. The Syrian–European Business Centre (SEBC) programme, which aims to address the lack of competitiveness of Syrian enterprises, includes a major component on management training and another on institutional development to strengthen enterprise organisations such as chambers. The programme has been extended into a second phase (SEBC II). The Higher Institute of Business Administration (HIBA) project addresses issues relating to the Syrian higher education system in the field of business administration.

The regional MEDA-ETE Project on Education and Training for Employment (2005 – 2010) complements the national MEDA programmes, in particular as regards support to SMEs, teacher training and a national qualifications framework through the exchange of experience and sharing at regional level.

The NIP (2007 – 2010) recommends that it should build in particular on progress made under the VET modernisation programme on the development of a comprehensive strategy for HRD.

Although a number of donor projects include a training component for the upgrading of skills, there are very few initiatives that specifically address the VET sector, with the exception of the above-mentioned MEDA project. Since 2004 there has been a new EU initiative to provide support for wide systemic reform of higher education. The forthcoming programme will take stock of and benefit from the experience gained in the implementation of the Tempus programme (EUR 4 million). Aside from the EU and the German cooperation in the form of a
regional project for VET, the United Nations Development Programme (UNDP) is the only other multilateral donor in Syria (mainly through support to the State Planning Commission, support to rural community development, provision of micro-credit schemes for poverty reduction, and technical assistance in specific areas). In financial terms, however, its contribution is less than a third of that of the EU (the target figure for the period 2002 – 2006 amounts to EUR 23 million).

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

In a mid-term perspective, which coincides with EC–Syria Country Strategy Paper (CSP) 2007 – 2013, the NIP 2007 – 2010 timeframe of implementation (both still to be approved) and the ETF Mid-term Perspective 2007 – 2010, the ETF intends to make substantial resource investment in Syria to support the on-going reform process. ETF activities will be strictly aligned to EU interventions and specific European Commission requests. The ETF will support the Commission in the implementation of its policies in the country and of the new European Neighbourhood Policy (ENP) instrument (as soon as the Association agreement and an ENP Action Plan are signed) by providing input to the project cycle, and relevant information and analysis for policy design and programming needs.

In view of the Syrian government’s high level of commitment to putting HRD at the top of its agenda, the ETF mid-term objective is to provide continuing support to Syria to build the necessary capacities and conditions for policy-wide interventions in the field of HRD.

In line with the CSP and the five-year plan there are four policy challenges in Syria to which the ETF intends to contribute in the mid-term perspective: social development, the private sector, business development and regional cooperation.

To this end, the following measures are planned for the period 2007 – 2010, to complement EU interventions.

a) **Institutional capacity building and HR sector governance**

The priority given by the five-year plan to opening up a social market economy indicates the direction towards which the HR system and particularly the education and labour market sectors must move in terms of reforms and new ways of cooperating. Although it is considered a priority by the government, the HR sector still lacks a clear strategy and adequate policies that would impact positively on the overall capacity of the country to face globalisation challenges and labour market developments. The lessons learned through the implementation of the HR programme pilot experience need to be analysed, and strategic solutions developed for the entire system. Decision makers and practitioners need to be exposed to scenario approaches which will help them to identify the most suitable solutions for reform.

The present EU-funded VET programme aims to establish the conditions for an overall strategy for VET in Syria. The ETF intends to closely work with the project promoters and Syrian stakeholders to contribute to the elaboration of such a tool. One priority action would be to support decision makers through policy learning activities in the development of adequate policies to implement the strategy. Specific actions to support continuing training and upper secondary vocational education policies as well as labour market policies would fit with EC reform programmes for the period 2007 – 2010. In addition, ETF experience in assisting other MEDA countries to build adequate tools to implement a sector reform, including the setting up of the conditions for a medium-term expenditure framework (MTEF) and the strengthening of donor cooperation, could contribute to the development of an agreed set of tools to support decision reform process.

The main outcomes will be analytical reports, including policy recommendations for decision makers, strategy and policy papers, such as an employment sector review planned for 2007, and the involvement and commitment of stakeholders to analysing HR developments and proposing future measures and activities.

b) **Human Resource information System**
In order to implement the five-year plan, the lack of baseline data and accurate statistics will have to be addressed to provide appropriate analytical information for policymakers, particularly in the field of HR. Fuelling the decision-making process through the delivery of analysis and information to drive the change process is therefore a priority. Through the continuation of support to the strengthening of the Syrian Human Resource Information System initiated by the ETF Observatory Function project, the ETF will contribute to its sustainability and its full inclusion in the complex overall decision-making process. This will be implemented through capacity-building initiatives, regular networking between public and private sector institutions and the development of accurate methodological tools enabling targeted information and policy advice to be delivered on time.

The main outcomes will be analytical reports, including policy recommendations for decision makers, strategy and policy papers, and the involvement and commitment of stakeholders to analysing HR developments and proposing future measures and activities.

Support to SMEs

In the five-year plan and the CSP, SME development and the privatisation process are major priorities for the economic reform process. The development towards a market economy implies an increase in the number of SMEs in Syria and the need to make them aware of good practice regarding training and HRD. The ETF intends to contribute through the dissemination of the principles of the Euro-Med Charter for SMEs, to support EU initiatives. This will allow the main stakeholders to be informed about progress and status in line with the objectives of the Charter prepared for Syria, to enable comparisons with countries in the region covered by the MEDA programme, to create synergies with other countries, and to disseminate and exchange experiences in a wider EU context.

The main outcomes will be the availability of information on developments in a range of countries and analysis of its relevance and priorities in the Syrian context. Data and information on Syria's progress with regard to the implementation of the Charter will be made available. Syria will be full member of the network of countries of the Euro-Med Charter for SMEs.

Regional cooperation

Regional initiatives have also been considered important in the overall reform context, in terms of ensuring the exchange of experience and knowledge. In recent years, Syrian decision makers have been operating in a very static environment which has depended on a heavily centralised planning system. The system still suffers from such rigidity. At regional and international levels, as a result of EU and ETF efforts, forums for the exchange of ideas and experience have been developed in the fields of technical and vocational education and training (TVET), employment (Regional MEDA-ETE project) and higher education (in particular Tempus Programme), and statistics (MEDSTAT). These crucial forums, which allow for the emergence of strategic and concrete ideas, serve the interests of high-level stakeholders (from private and public sectors) who are facing reform processes. For countries like Syria this exposure is highly recommended. During the past six years the ETF has initiated a number of activities that have allowed private and public stakeholders to work together. Building on that unique experience, the ETF intends to continue strengthening the networks of relevant partners already engaged in the reform process. With regard to regional cooperation, the ETF, as the implementing body of the regional MEDA programme on Education and Training for Employment (MEDA-ETE) until its closure in 2010, will continue to involve Syrian stakeholders fully. In addition, the ETF intends to involve Syria in a project that aims to reinforce policy learning as well as the exchange of knowledge and good practice with peers, namely the network project.

The MEDA-ETE regional project, Education and Training for Employment

This regional project, which resulted from the Barcelona process, is financed by the European Commission and implemented by the ETF. Its objective is to support MEDA partners in the design of relevant TVET policies that will promote employment through a regional approach. It is also a platform for exchange and a framework for cooperation between the EU and the MEDA partners in the field of education and training for employment. The MEDA-ETE project has four components and a number of sub-components, which will be implemented between 2006 and 2008. In 2007 the project will cover the following elements of the four components:
C2: the establishment of a Euro-Med network on education and training, with three sub-components:
- promotion of the Euro-Med Observatory Function;
- production of comparative analysis on apprenticeship and enterprise-based training;
- production of a thematic study on quality in TVET;
C3: support to national service providers of countries covered by the MEDA programme, specialising in supporting the creation of micro-enterprise and self-employment;
C4: the development of e-learning for teachers and trainers in ICT and vocational education.

Synergy will be fostered, in particular between
a) the Euro-Med Observatory Function and the Observatory Function Project at national level;
b) the respective studies and support measures for the Commission and country authorities;
c) the creation of micro-enterprises and the Euro-Med Charter;
d) ICT in teacher training and support for overall reforms in the country.

In terms of expected results, the project will make it possible for the partner countries to improve their capacities in the different fields covered by the project, to network with other countries in the same area and to learn about successful experiences from both countries in the region covered by the MEDA programme and EU countries.

Network project

The ENPI network aims to find new ways for the ETF to relate to its environment in the partner countries, in line with its evolving mandate (the new Council Regulation that is expected to come into force in 2008) and functions (more focus on policy and system development in the broader field of HRD).

This initiative in respect of partner countries is part of greater efforts by the ETF to revise its approach and management of relationships with corporate networks at various levels (including relations with member states, international organisations and donors, and internal bodies, such as the establishment of an International Advisory Panel).

Since the current Advisory Forum will be in place until the new Council Regulation becomes effective, sufficient time will be available during 2007 for extensive internal discussions and piloting exercises on the new forms of networks. This should guarantee a proper bottom-up approach to improving the outputs of the ETF networks that have so far been produced.
### 5. Objectives and indicators for the Work Programme 2007

ETF 2007 activities and services in Syria

ETF Country Objective for Syria in 2007: To support the development of national capacities to implement a comprehensive VET reform, particularly on issues linked to social partnership and labour market information and fostering exchange of experiences at regional level

<table>
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<tr>
<th>Project Number</th>
<th>Project Title</th>
<th>Specific Country Objective</th>
<th>Expected Outcomes</th>
<th>Achievement Indicators</th>
<th>Sources of verification</th>
<th>(Yearly) Outputs</th>
<th>Project duration</th>
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| ENPI07-01      | Facility to respond to Commission requests | To support the delivery of Community assistance to Syria in the HRD field | • Analysis and relevant information provided as input definition and monitoring of EU external policies  
• Expert input provided to EC services for the identification of relevant intervention in the context of ENPI | ENP country documents include some ETF inputs on the state of VET reform and key issues to be addressed | ETF quarterly reports  
EC services | If required, ETF input to development of new ENP country report and/or action plan provided to EC services.  
If requested, preparations for future ENPI VET interventions started | 2007 |
| ENPI07-02 | Entrepreneurship learning and skills development | To support the Commission in the implementation of the Euro-Med Charter for SMEs | • Data on progress and status in line with the objectives of Charter prepared for Syria to enable comparisons with countries in the region covered by the MEDA programme  
• Synergies created between developments in the Euro-Med charter and MEDA regional project on education and training.  
• Dissemination and exchange of experiences between Euro-Med Charter and MEDA regional project participants on entrepreneurship and skills development | • Contribution to the work of the working group on entrepreneurship learning and sharing of results with MEDA regional project  
• Monitoring indicators of Euro-Med charter developed and put in place  
• Participation in missions organised by DG Enterprise | • Cooperation with DG Enterprise  
• National coordinator for the implementation of the Charter active  
• Progress reports  
• Mission reports  
• Minutes of meetings | • Progress Report related to implementation of Euro-Med Charter 2008  
• Report by the working group on entrepreneurship | 2007 – 2008 |
| ENPI07-03 | MEDA regional project on Education and Training for Employment (MEDA-ETE) | To support MEDA partners in the design of relevant TVET policies that can contribute to promoting employment through a regional approach | • Enhancement of national capacities on specific issues linked to education and training reform  
  • A permanent regional observatory network consolidated with the full participation of Syria Observatory Function network  
  • Relevant information and analysis provided on issues relevant to education and training reform in Syria (in particular the apprenticeship scheme and quality)  
  • Enhancement of dissemination and exchange of experiences on issues related to education and training reform between EU member states, partner countries and other donors | • Regular dialogue on reforms among stakeholders in the region  
  • Review of the apprenticeship scheme and quality including Syria as input for policies  
  • Teacher-training institute in a position to include new technologies in teacher training  
  • Indicators for education, training and the labour market that are comparable in a regional context and in a wider EU context for reforms  
  • EU and MEDA review of good practice in the setting up of micro-enterprises and including Syria for support of reforms | • Annual work plan and six-monthly progress reports approved from EC including Syria  
  • Regional report on apprenticeship and quality assurance including Syria  
  • Regional e-learning course on ICT in teacher training, including learning material and methodology agreed in the region covered by the MEDA programme  
  • Documentation on VET/labour market indicators for policy advice  
  • Database on good practice in the setting up of micro-enterprises and list of service providers  
  • Methodology for the setting-up of micro-enterprises for Syria, including one institution in a position to apply the methodology | • Annual project forum  
  • Yearly work plan  
  • Six-monthly progress reports | 2007–2008 |
| ENPI07-06 HRD Observatory Function | To reinforce national institutional capacities in Syria to collect, process and analyse relevant information on education, training and employment issues for informed decision making | • Further development of skills for analysing data and processing information for Syria Observatory Function Unit and network participants  
• Regular provision of data and analysis for policymaking  
• Use of Observatory Function Unit analysis in decision making  
• Occupational and educational classifications regularly updated according to international standards, and applied | Regular input to Observatory Function network of stakeholders from public and private education, training and labour market institutions  
Strategic for human resource information system and plan for implementation available  
Decision makers make regular use of outputs of Observatory Function Unit  
Occupational and educational classifications are introduced by the Central Bureau of Statistics, ministries and other relevant institutions | • Expert reports and minutes of meetings  
• Feedback from users  
• ETF mission reports  
• Human resource information system set up and operational  
• Report on TVET/labour markets indicators for policy reforms | Training and advice on strategy and implementation plan for human resource information system  
Training and advice on the development of a full set of TVET indicators and analysis for supporting VET policy reform | 2007–2008 |
| ENPI07-07 | Networking | To reinforce regional exchange of experience on sector policy development and implementation | Strengthening of the policy formulation and implementation capacities of national stakeholders on overall or specific reform issues Dissemination and networking activities carried out to expose national stakeholders to EU policies and other partner country experiences on education and training | Selected stakeholders participate in network activities and provide relevant input when requested The new networks are fully working in an integrated manner at national and regional level and in coordination with the other ETF networks | ETF quarterly reports Project plan for 2008 | Concept note and work plan prepared | 2007–2013 |