

EGYPT

ETF COUNTRY PLAN 2009

Summary

Egypt, one of the largest and more strategically important countries in the Mediterranean region is involved in an economic, social and demographic change process where the role of human capital development is absolutely crucial to achieving the objectives set up by the government, the private sector and the aspirations of society. This is widely recognised by the EU and other donors and international organisations, actively engaged in large interventions supporting the sector. While many different strategies for reform are being developed in a quite fragmented



institutional set up, the country is still seeking a national coherent framework for reform. The ETF will therefore support the efforts of the different national and international stakeholders in Egypt by contributing actively to the development of a national strategy for reform and to capacity building of the institutions that are key to achieving it, focusing especially on different aspects of the interrelation between skills and employment and on the achievement of a national framework for quality assurance in education and training. This will be done particularly through the continuation and synergy of the existing actions that started in 2006 and by specific actions to support the EC in its activities and policies in the country.

1. Socio-economic background

Egypt, with its large population (76 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 terms of the socio political and economic arena.

Egypt has been an **economy** in transition since the early nineties, after undergoing an Economic Reform and Structural Adjustment Programme that made the move from centrally planned towards a market economy. Despite the progress achieved in the first ten years, towards the end of the 90s 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 first years after 2000, as well as the Egyptian share of world exports. The public sector, which had traditionally absorbed large numbers of job entrants had to be downsized, and the incipient private sector was not yet powerful enough to create new jobs to absorb the labour market entrants. In this way unemployment became a major preoccupation. However, in 2004 an economic revival started, with economic growth averaging around 5% (as opposed to 3.3% from 2001-03). The recovery was initially fuelled by the tourism sector, natural gas discoveries and export, helped by a significantly depreciated Egyptian pound. Construction and services are now broad based sectors. Recovery is also due to a series of structural reforms undertaken in the last years,

including monetary policies, privatisation programmes, tax reforms, simplification for business entry, financial sector reforms and the creation of safety networks. Indicators have been positive for the last two years, while the remaining challenge will be sustainability in the long term. In 2007 the Egyptian economy continued to grow. Egypt appears to be doing very well in most macroeconomic indicators, such as total investment (18-19% of GDP), increases in foreign direct investment, capital inflows. Among the main challenges, it is necessary to mention high unemployment (although employment is rising), rising inflation (creeping up since March 2006 to 12.4% although it fell in June 2007 to 8.4%) and increased poverty despite economic growth. Fiscal deficit and public domestic debt remain areas of concern¹.

Despite recent increases in growth, **poverty** incidence increased from 16.7% in 2000 to 19.6% in 2005, with half of the poor in Egypt living in the upper rural region. Although abject poverty is low, economic growth has not dented the measure of those living below the roughly US\$ 2 a day. Poor people tend to concentrate in rural areas and lack employment opportunities.

Migration is still an important phenomenon. International migration has decreased its importance (even during the 90s) but yet its impact is still very visible in terms of the contribution of returnees and remittances. New migrants' expectations are going towards Europe rather than the more traditional destinations in the Gulf. Overall internal migration rates have increased in the last 8 years and the new pattern of migration is short distance, within the same governorate².

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 the youth population are growing faster than the overall population but growth is slowing down. The rural working age and youth populations are still growing faster than urban counterparts³.

High unemployment remains the main social and political preoccupation despite the fact that according to the published 2006 Egyptian Labour Market Panel Survey (ELMPS), which compares data from 1988 to 1998 and 2006, the employment situation has markedly improved in Egypt in the last period. Employment is growing but the new entrants in the labour market are insufficient to generate the GDP growth rates of 6-7% needed to sustain unemployment. The overall unemployment rate has however declined from 11.7% to 7.8% in 2006 and the number of unemployed people has also declined in absolute terms. Real wages and earnings are increasing, although so is earnings inequality. Government employment growth seems to have finally slowed but is still overcrowded. Economic reforms appear to be having a certain positive effect on the growth of private sector employment, although the proportion of formal employment is still low. In summary, there are positive signs but also worrying patterns that cannot be easily remedied.

The unemployed are in general young and educated. The challenge remains for the absorption of young women in the labour market, which shows negative indicators. Males are moving from school to work one to two years earlier than before, but there is no change for females. Returns to education are down for vocational secondary graduates but 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 70s and 2004 primary school enrolment increased from 63% to 96.4 % in a period in which Egypt was doubling its population. Important efforts have been done in terms of access and expansion, while quality still needs to be addressed. The mismatch between the outputs of the education system and the domestic labour market continues to be an issue.

At the same time, the country is preparing for a sort of **political transition**, where options for the post-Mubarak period are starting to be considered and developed, while political debate is increasing. The country still holds an important and very strategic position in the Arab World, in the Middle East conflicts and in the international scene, which requires permanent efforts for balance.

¹ Country brief, World Bank, 2007

² Jackline Wahba, Preliminary Analysis of Internal and International Migration

³ Egyptian Labour Market Panel Survey 2006, R. Asaad et al.

2. Key policy issues and strategies in human capital development

Government strategies and key institutions

The government has elaborated many different strategic documents for the reform of human capital development (education, training, employment and active labour market policies). However, many of these strategic documents have traditionally stayed at the level of declarations, without a proper implementation plan or resources associated to them. Most of the strategies for reform tackle sub-sectors and there is not an integrated approach. The lack of a clear institutional leadership in the education and training sector, with a very fragmented and multiple set of institutions involved, also determines a lack of drive in the implementation of reforms. Finally, some of the strategies are strongly driven by the political and social agenda, like the fight against unemployment, but not in a coordinated way with other human capital development issues, particularly with education reform. Despite all this, there is high awareness at policy level of the importance of moving into a more strategic, integrated policy development framework and on several occasions the government has asked donors like the European Union and the World Bank to support the development of strategies for reform. At the same time, there is growing awareness of the need for a more coherent and comprehensive link between competitiveness, employment, human resources development and social equity. This would also imply a new dialogue at the level of institutions and bodies that have not been connected until now.

Several actions have been undertaken recently to try to face and overcome these long lasting challenges, among them the most recent are:

- The establishment of the Industrial Training Council (ITC) in the second half of 2006, an institution born under the Ministry of Industry and Trade with the objective of bringing coordination and synergy to the various existing programmes in the field of training (donor and government funded) and to expand the training capacities in the country. ITC operates with its own budget autonomy. Its role in the last years has become increasingly important (at present they are also responsible for the implementation of the National Skills Standard Project (NSSP). In a recent initiative sponsored by the Prime Minister, ITC is working with the Ministry of Education to upgrade 100 schools. Following a request of the Minister of Industry, it is also undertaking a reform of the PVTD (training centres that depend on the Ministry of Industry). The ITC is called to play a bigger role in strategic development issues for the human capital development sector.
- In late 2007, early 2008, similar training councils are being created for the other two key sectors: construction (with the creation of the Building and Construction Training Council) and tourism. National budgets are being allocated, although their roles and activities have still to be defined and elaborated.
- Regarding education, 2007 marked the definition of a new National Strategy for Education, including issues like quality assurance, reforms in teacher training and careers, curricula innovation, inclusion of career guidance elements, among others. One of the main elements of the reform is the shift from technical vocational schools to general secondary schools and the discussion about pathways between the various segments of the system, in particular the transition to higher education. These issues are being discussed in national conferences now.
- The National Authority for Education Quality Assurance and Accreditation (NAEQAA) started its work in early 2008. The Authority is an independent body reporting directly to the Prime Minister, the President of the Parliament and the President of the nation. Although still at an early stage of its work, it aims to become an umbrella institution for all efforts related to quality assurance and accreditation, not only in the field of education but also in a broader context of lifelong learning, including training.
- In 2007-2008 a process to revitalise the Supreme Council for Human Resources Development (SCHR) (the only platform where all relevant stakeholders for human capital

development are represented, including social partners) has been started, under the auspices of the Prime Minister, by the Minister of Manpower, in her condition as Chairperson of the Council. The new Executive Committee, intended as the operational arm of the SCHRD, has held its first meeting. In parallel to this, a Committee on human resources development issues (with the relevant Ministers as members and chaired by the Prime Minister) was set up in 2007. This body meets from time to time to discuss issues regarding human resources development in the country.

- The adoption by the government in March 2002 of a Policy Statement for Education, Training and Employment (responding to a request made at that time to the European Commission and the World Bank to support the relevant authorities in developing a policy for TVET reform in the country). It is a “policy umbrella” under which the EU and World Bank reform programmes operate, as well as the National Skills Standard Project. Following a request in 2006 by the Prime Minister, the EC and the World Bank (with the support of the ETF) organised a brainstorming day with five Ministers and relevant stakeholders in September 2008 (Egyptian Day). This seminar revised the Policy Statement and declared it valid as the main strategy for TVET reform, although no specific action plan for its systematic implementation has been drawn up. The three above-mentioned projects are supposed to be the means for implementing the strategy; otherwise there is no specific budget allocation for it. The Policy Statement should also be revised in order to include the latest developments mentioned above.
- The approval in 2003 of a new Labour Law and its subsequent development (it includes issues related to human resources such as national accreditation processes, the creation of a National Training Fund and the processes for recognition of training institutions. Many of these issues are still being studied for implementation.
- Since 2000, the government has launched a set of initiatives to improve conditions in the labour market with the purpose of better matching supply and demand under the so called National Employment Strategy, with five main components. Associated to this is the National Programme for Youth Training, implemented by the Ministry for Military Production and Ministry of Manpower, and a long number of smaller scale initiatives. The integration of the Egyptian Observatory for Education, Training and Employment under the Work Programme of IDSC (Information and Decision Support Centre at the Cabinet of the Prime Minister) has been one step more in contributing to the fight against unemployment from the point of view of better and more elaborated labour market information and its conversion into policy recommendations to be translated in concrete human resources development policies
- The Egyptian National Competitiveness Council, created in order to monitor the objectives and targets of growth and competitiveness of the government and the private sector, has recently declared its interest in further investigating the links and relationships between human capital development, employment and economic growth. Their recent studies show that although the country is doing extremely well in terms of macroeconomic indicators, this has not yet translated into more and better employment and increased social welfare for different segments of the population.
- This disparity between economic growth and social equity is creating awareness about the need to dedicate more attention to social inclusion, poverty and gender issues. Several councils and committees exist, often working together with donor projects and NGOs. Some new strategic documents are under preparation (like a strategy for women’s employment, among others).

From the above-mentioned processes and from the ongoing discussions in the country a number of key policy issues in the human capital development sector can be identified:

- The importance of capitalising on the demographic opportunities and on the human capital potential of Egypt for achieving the economic, political and social objectives of the country (competitiveness, sustained growth, employment, fight against poverty) and the understanding of the relationship between human capital development and economic growth and development

- The fight against unemployment (the recognised top priority of the government at the moment), and the contribution that education and training can make to that objective. This includes many issues, including how to make education and training more relevant to labour market needs, how to get better integrated labour market and human resources information systems that allow for better decision making processes, how to set up career guidance systems, how to strengthen the role of women in employment and clarify and make more effective the relationship between employment, skills and migration.
- The need to better coordinate the different existing initiatives and to bring more synergy, efficiency and effectiveness to interventions (both from the government and the donors) in the field of human capital development. This issue is further elaborated in the chapter on donors.
- The importance of establishing quality assurance and accreditation systems for education and training, and the need for a National Qualification Framework that overcomes the present segmentation of initiatives in the subsystems and allows for national and international transparency of qualifications.
- The need to develop a more coherent and integrated strategy for human capital development in the country and an action plan with a resource allocation that allows the monitoring of the progress of reforms in the sector.
- A revision of the governance system of TVET both at the macro level (fragmenting institutional setting) and at micro level (with more empowered training institutions and a better teaching force). The issue of “leadership for reform” in a fragmented system.

3. EU and other donor policy and interventions

Egypt is a major receiver of donor aid in all sectors, and human capital development is not an exception. The EU is one of the main players in the field, followed by the World Bank, but most donors have their own projects. Traditionally little effort was made by the government in terms of donor coordination. More recently it has been felt both by the donor community and the government that this lack of coordination seriously affects the effectiveness and efficiency of the initiatives. This was one of the reasons for the establishment of the Industrial Training Council (ITC) in the field of training, for instance. Also the Ministry for International Cooperation periodically develops instruments and initiatives to enable it to take the lead in donor coordination, while donors themselves have some of their own mechanisms (like subsector coordination committees). Mechanisms for monitoring and evaluation are mostly run by donors themselves and not so much by the government. Some programmes, like those of the EC and the World Bank have been put under a common umbrella, even in implementation terms. However, there is still ample room for enhancing aid alignment and donor coordination in the country.

The European Union

Support from the European Union has to date been implemented through the MEDA programmes, following the spirit of the Barcelona process. Egypt is the main receiver of EU aid in the region. In the perspective of the Neighbourhood Policy, a country plan and an action plan for Egypt were approved in 2006. In the Action Plan, support to education and training at all levels is identified as one of the priorities with some specific mention of new areas such as support to the setting up of a National Accreditation and Quality Assurance centre, all kinds of mechanisms to improve quality and relevance in education and training, and the importance of issues related to teachers and trainers (selection, training and retraining, career) in the reform of the education and training systems.

In the field of TVET, the EU co-funds with the government the “Support to TVET reform programme” (€33 million from the EU plus a further €33 million from the government), which, with a bottom up approach, aims at drawing lessons from the creation of local partnerships between the private sector and training institutions in key sectors in order to arrive at a more integrated and comprehensive strategy for TVET at national level. The programme started its

implementation at the end of 2005 and it has developed five Enterprise and Training Partnerships (ETP) in different sectors (ready made garments, building materials, food processing, engineering and woodworking) and it is about to launch another seven including service sectors. The project develops curricula and training packages, trains trainers, teachers and masters and experiments with models of practical training. In parallel to this, the programme has a mandate to contribute to the design and implementation of a national TVET strategy in cooperation with other relevant programmes.

Egypt also participates in EU regional programmes such as EUMEDIS and Education and Training for Employment (ETE), as well as in Tempus.

In the field of education, the European Commission is presently discussing with the Egyptian stakeholders the preparation of a direct budget support intervention in the field of basic education for an amount of €120 million, which aims at contributing to the implementation of the new Strategy for Education recently drawn by the government.

In addition, the EU supports strategic development discussions in the field of human capital development whenever required by the Egyptian authorities (as in 2006 in a joint initiative with the World Bank).

Other donors

- After the EU, the World Bank is the main donor in this field. Its interventions cover basic education, secondary education and support to the tertiary sector through a programme focusing on the former Middle and Technical Institutes (now postsecondary colleges) which about to be concluded. In training the most important intervention is the Skills Development Programme, designed in parallel and complementarity with the EC TVET reform programme. The SDP aims at testing new mechanisms to incentivate demand oriented type of training in key sectors. A extension of its implementation has been recently approved. In a recent visit to Cairo the President of the World Bank announced new investments in the field of education and training, with particular regard to the issues of quality and relevance.
- GTZ – Mubarak Kohl initiative, with a bottom up approach that aims at developing strong links between private sector and VET schools in the development of an apprenticeship system has been implemented in the country for more than 12 years. During 2007 but especially in 2008, MKI has launched a new orientation for its project, with a focus on unemployed youth, with particular attention to disadvantaged areas and including work in new areas like career guidance, among others.
- The Italian Don Bosco initiative (a multipurpose vocational training centre linking closely with skills development at the informal sector level) enjoys high reputation and prestige in the country and recently an agreement has been signed for setting up new schools in the country under the same model. Also through Italian cooperation the labour mobility programmes between Italy and Egypt, which have a connection with the issues of skills development for migrants, are worth mentioning. The Italian also co-fund some ETF projects (like the Observatory, the National Qualification Framework and the Women and Work project) through the Italian Trust Fund.
- The Canadians have finalised a large project for the upgrading of employment offices and are preparing for new interventions in the field of employment.
- USAID reoriented and downscaled its large programme for education in 2007 (initially US\$ 100 million) while they study a reorientation of their activities.
- The British Council has started work on accreditation and quality assurance, as well as a regional programme which focuses among others on the issue of career guidance and counselling
- The ILO and UNDP conduct regularly studies and surveys

A separate mention should be made of the Egyptian financed National Skills Standards Programme (NSSP), which was supported in its implementation by a European consortium led by the British Council. The project has been concluded and ITC has undertaken the

responsibility of coordinating the implementation phase at national level, which will be carried out together with the Scottish National Qualifications Authority. Some programmes like the TVET Reform Programme or the World Bank SDP also participate in the first attempts to pilot the implementation of the standards developed at this project.

In relation to this it should also be mentioned that the Industrial Training Council is implementing many different bilateral agreements with private sector companies from different countries with the aim of increasing the delivery of industrial training in Egypt.

4. ETF strategy of intervention 2009-2011

From the information presented in chapters 1, 2 and 3, several issues become clear: the strategic importance of Egypt in the region, the pivotal role that human capital development is called to play in the country in the present context of economic growth, competitiveness and need for social equity, the complex national environment in terms of multiplicity and fragmentation of key stakeholders, the lack of a coherent comprehensive policy orientation and a clear leadership in the human capital development sector and the need for increased synergy in a country where so many donors are active with large scale programmes.

The ETF's present strategy of intervention, outlined in the Country Plan for 2008, builds on a line of action started in 2006 and continued in 2007. This strategy has two main axes, which will also be respected in the period 2009 -2011:

1. Support the effective and relevant implementation of major EU interventions and policies in the country and in the region to achieve their goal of systemic impact. This is done at the request of the EC services and it includes support to both national and regional programmes where Egypt is involved, as well as the objectives of the European Neighbourhood Policy Instrument (ENPI) as reflected in the ENP Action Plan for Egypt.
2. Developing projects tackling key strategic building blocks for human capital development reform in the country to provide relevant policy advice to the government and to strengthen stakeholder capacities to make policy decisions that can be embedded in the national context. This is done by bringing key relevant partners to work together, supported by the ETF, to produce concepts and reform proposals (and pilot them in some cases) adapted to the Egyptian specificities that can later be integrated into an overall strategy for reform

These two axes reflect the specificity of the ETF's role in Egypt: one, as an EU agency, supporting EU policies and interventions in the country; two, as a recognised expert organisation in the field of human capital development, capable of mobilising and bringing together key stakeholders to work around selected policy topics, and facilitating dialogue and joint work while providing targeted expertise, exchanges of experience and comparison with other countries. The final objectives are to make a contribution to a coherent policy in the field of human capital development starting from some of the key building blocks in the sector and to build capacity in national stakeholders to be able to find solutions adapted to the Egyptian context.

Two new additional elements will be crucial for the ETF's intervention strategy in the period 2009-2011:

1. The potential and capacity for crystallising some of the initiatives supported in previous years and streamlining them into national reforms.
2. The development of synergy and complementarity mechanisms among the different projects and between national activities, regional programmes and EC interventions.

In terms of methodology and functions, and in line with its mid term perspective 2007-2013, the ETF support will cover: information, analyses and policy advice, strengthening the capacity of the Egyptian authorities to make education and training in the country more relevant, promotion of exchange of best practices and policy lessons with other countries in the region and with EU Member States, facilitating the exchange of information with other donors, and improving the effectiveness and relevance of EU assistance (through the ongoing programmes but also

through the ENPI instrument). The ETF work will continue to build on established networks of relevant partners, which include public institutions, social partner organisations, donors and NGOs.

Following the government priorities and the key issues for policy reform, as well as the EU orientations for the country and the region, the work of the ETF in Egypt will be clustered around four main areas. As mentioned above, in most of these areas, work was already underway in 2006-08, while some of the areas are new.

It has to be noted that the key issues mentioned under these policy challenges will not be undertaken solely with ETF support but rather the ETF will contribute to ongoing efforts by the government and the donor community and 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 and some of them are cross-cutting to several existing projects.

A Institutional capacity building: policy and strategy formulation and the governance of the HRD system in Egypt

The major challenge for Egypt is to be able to come up with an integrated strategy for HC development in the country which complies with the GoE objectives in terms of fight against unemployment, economic growth, social and human development and increased competitiveness. There is a multiplicity of levels of policies and strategies that are far from integrated. The GoE is highly aware of the importance of the issue and donors' massive assistance should provide sufficient funds and support for this to be a reality. But policy makers are often in need of support to interpret the lessons coming from various projects, countries and to come up with their own national solutions and policy choices. The future move towards more integrated support packages, through the sector approach would be in line with this strategy of intervention.

The second major challenge regards the governance of the HCD sector and the leadership and coordination of any reform processes. The atomisation of the institutional framework (more than 30 institutions involved and often competing) implies the need for the GoE to rethink the organisation of the sector, the roles of the different institutions and the leadership and their capacity for networking. At the micro level, there is need for further thinking on how to empower schools and training institutions by giving more autonomy to them and by empowering the teaching profession. In financing, there is a need to revise the efficiency and effectiveness of the system, through a rethinking of the financing of the system and the different funding mechanisms that could be chosen as policy tools for diversifying and increasing the funding

National stakeholders need: exposure to examples of best practice and policy lessons exchange, not only from countries in the region or from EU Member states but also from other regions in the world; support in evaluation of on going policies in Egypt; support in terms of definition of policy, strategies but also action plans for their implementation; exposure to methodologies on how to follow up. All these processes have to be supported with the production of good information and relevant data, which so far is not yet the rule in Egypt.

ETF mid term objective for 2009 – 2011: to make a contribution to the design of a coherent, comprehensive national strategy for HCD, including all relevant stakeholders, with models adapted to the Egyptian environment and with a new governance framework

ETF activities/strategies:

The field of overall strategy development and rethinking governance systems implies a mighty task for any national authorities. The national ownership cannot be substituted by any support action. ETF would aim at making a contribution to this process by some specific actions, providing conditions would allow and requests would be formulated:

- Support for requests coming from the GoE in the field of HCD strategy development, policy design, revision of the governance of the system. At present there is a proposal made jointly by the EC and the WB to the GoE in 2006 to set up a working group to discuss the issues of governance, financing and strategy development. This group would be supported

technically by the ETF on behalf of the EC Delegation. An answer from the GoE is still awaited on this issue.

- Support to the Ministerial Committee for HRD and /or the Executive Committee of SCHRD, if requested by the relevant authorities.
- Support to the establishment of a national partnership for the development of entrepreneurial learning in a lifelong learning perspective (national follow up of the Euromed Charter process) if agreed with key stakeholders
- Participate actively in any discussions, platforms or forums on the issue of strategy development to be launched by Egyptian Stakeholders and or other donors
- Launching an ETF team review of the sector with a report including analysis and recommendations to be presented to key stakeholders and to the SCHRD
- Advice provided to the relevant Egyptian policy makers on the interrelation between competitiveness and skills development and employment

It is necessary to underline that this first objective is also served by the activities under the following 3 areas, which also have the aim to contribute to the construction of the overall framework for reform and to promote partnerships among relevant stakeholders, although tackling it through specific policy areas, as described below.

B Support to the EC interventions in the country in the field of HCD reform

As mentioned in the donor section above, the EU has currently a major intervention in the field of TVET, currently under full implementation, that is the Support to TVET Reform in Egypt. This project will still carry on for several years and its aim is to move from a bottom up approach to a contribution to the strategic development of the TVET sector. At the same time, the EU is about to launch a direct budget support intervention in the field of education. These 2 activities represent a crucial contribution to HCD developments in the country and its action is meant to be complementary and synergic with that of other donors.

ETF mid term objective for 2009 – 2011: to support the effectiveness and the impact of EC interventions in the sector in Egypt, as well as the implementation of the objectives of the ENP Action Plan.

ETF activities/strategies at the request of the EC services:

- Prepare an assessment of the progress of TVET reform of the country and the initial impact of the TVET reform programme to it, including findings and recommendations. This activity was carried on successfully for the first time in 2007, and it is envisaged to be repeated annually
- Support to the preparation and implementation of the direct budget support intervention in education, if requested by the EC.
- Provision of relevant analysis, as requested by EC services on HCD topics in the country
- Monitoring of the Action Plan for ENP in Egypt
- Support to the EC in a follow up at regional level of the Euro-Mediterranean Enterprise Charter process (participation of Egypt)
- Follow up of selected actions springing from the implementation of the Education and Training for Employment (ETE) programme at regional level (participation of Egypt)

C Employment and the contribution of human capital development

The fight against unemployment and better employment creation are undoubtedly among the main priorities of the government and therefore key to any reorientation of human capital development activities. In a context where Egypt is performing well in macro economic terms, with increased growth and competitiveness, but where the benefits of this process are not yet reaching many segments of society (equity problem) and not resulting in more and better employment, this is a critical issue from the point of view of policy making and decisions. The relationship between employment and skills is one of the widely recognised key issues in Egypt.

The following issues are a priority from the policy making point of view:

- Creating more and better quality jobs in the economy
- Establishing positive links between educational attainment and job finding
- Increasing employment (particularly female and youth rates)
- Setting up a vocational counselling and guidance system
- Providing information on transition from education to work
- Setting up an integrated system of labour market information that can provide policy recommendations to policymakers in the field of human capital development and employment
- Investigating the impact of skills in migration flows and the fight against illegal migration

ETF mid term objective for 2009 – 2011: to contribute to the reform of the employment system in Egypt by supporting the policy discussions and the implementation of some key elements that link employment and human capital development: building a network for an integrated labour market and human resources information system (Observatory), developing the concept of career guidance and counselling, and analysing the implications of the skills development issue in migration flows and the corresponding policy recommendations

ETF activities/ strategies:

The fight against unemployment and the provision of more and better jobs is a macro area of action that will require all the efforts of the government and also contributions from donors. In coordination with the EU and other donors, the ETF will continue to support some key areas where work has started in the previous years, namely:

- Contribute to the consolidation and capacity building of the Egyptian Observatory for Employment, Education and Training, hosted by the IDSC (prime minister's cabinet). This is done through technical assistance, institutional capacity building and visibility actions.
- Technically support the setting up of an integrated labour market and human resources development information system (through the Observatory) and the production of policy advice oriented type of reports and outputs.
- As a continuation of the activities started in 2006-07 in the field of skills and migration, carry on, jointly with other donors (Italian cooperation and potentially World Bank) sectoral skills analyses in sectors key to migration and present and discuss the policy lessons and recommendations from this work to a Task Force of selected policymakers.
- Technical support and capacity building for the national task force for career guidance and counselling set jointly by Ministry of Education and the Ministry of Manpower for the development of a concept and an action plan for setting up a system of career guidance in Egypt. Involvement of other stakeholders and facilitation of donor coordination around this topic.

- Support the preparation of a regional study in several countries, including Egypt, on women and work, whose findings can be converted into policy recommendations for the relevant stakeholders to tap the potential of female employment in the country.
- Supporting the sustainability of the regional Observatory network set up through the ETE project.
- Contribute elements of reflection on the links between competitiveness and skills development and the policies that can better enable this relationship through a research project involving several countries, Egypt among them

D The issue of quality in education and training in a lifelong learning perspective

In the discussions with the Egyptian authorities and stakeholders it has become clear that while access was the challenge in the past, quality has become the challenge in the present and for the future. This approach is supported by the orientations of the EU and other donor activities. Within this framework, specific attention needs to be paid to making vocational education and training a quality option in a lifelong learning perspective. The widely recognised poor outcomes of the education and training systems and the limitations they give to employment achievements are at the root of the problem.

These are some of the key policy priorities in the field of quality of human capital development in Egypt:

- Increasing educational attainment at all levels (pre-school, primary, secondary general and VET, higher education);
- Bridging the traditional gap in Egypt between education and training: towards a more integrated lifelong learning perspective adapted to the specificities of the country
- Reforming the TVET system to provide an easier transition through better links and pathways between different types and levels of education. Improving the attractiveness of TVET.
- Integrating the many different initiatives in the field of standardisation, accreditation and quality assurance under a common national framework for qualifications, including the policy choices on the institutions to be in the lead

ETF mid term objective for 2009 – 2011: to contribute to the reform of human capital development in Egypt by supporting the policy debate and technical discussions geared to the development of a national framework integrating the key elements of accreditation, certification, standardisation and quality assurance.

ETF activities/strategies:

ETF activities in this field will particularly focus on the following:

- Continuing to technically support the work of the Task force for National Qualification Frameworks that was created in 2007 and support the policy discussion for national options with the key institutions involved at present in this field to set up an NQF in Egypt.
- Contributing to any discussions on quality assurance mechanisms set up by the National Authority for Education Quality Assurance and Accreditation or any other relevant stakeholders.

It needs to be pointed out that, in addition to the activities mentioned in this strand, all the activities also mentioned in the three previous streams of action will naturally make a contribution to the issue of increasing the quality of the human capital development systems in Egypt.