

SYRIA

ETF COUNTRY INFORMATION NOTE 2010

1. Background

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. Cheap energy, cheap raw materials and cheap labour in a rather protected environment will cease to give the country a competitive edge and new skills for an open society will be requested. The Total Competitiveness Index 2009-10 places Syria 94th out of 134 countries. The recent opening to other markets (China, Turkey, FTA, and GCC) will mean a reshaping of Syrian enterprises to survive in a global market. This fact is compounded by a high percentage of youth population (70% of Syrians are less than 30 years old) and high youth unemployment (77% of the total).

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 economic sector. This will require human capital development policies and new skills for a country with a population of around 20 million.

The human capital development sector has been shaped by the Tenth Five Year Plan (2006-10) which presents a step towards implementing the government's vision for the future of the Syrian society. It contains a number of innovative guiding principles, such as the promotion of a partnership between government, the private sector and civil society. The government gives priority to the private sector as an engine for economic growth and related human capital development. The 11th Five Year Plan which is currently under preparation takes this further, and aims at preparing Syria for a market economy. It is expected to be adopted in autumn 2010.

In the Human Development Index, Syria ranks 107th out of 182 countries. The Syrian economy is currently witnessing an improvement in output performance, with a positive growth of GDP from nearly 5 to 7%. These good results are to be moderated taking into account the rate of inflation, which rose from 15% to 18% in 2008. Syria appeared little exposed to the impact of the financial crisis due to its limited integration with global financial institutions and compared with the risks in other regions of the world. However Syria seems to be affected due to its economic links with the Gulf Cooperation Council through remittances and dependency on foreign aid. Solutions will be needed to address this and integrate returning employees (around 300,000) into the Syrian socio-economic context. Furthermore, Syria's labour market continues to face significant pressure from the arrival of Iraqi refugees.

The perspective of the entry into force of the EU Syria Association agreement in 2010 raises new challenges for the country and will give it full participation in the European Neighbourhood Policy in the medium term. Support to economic and social reform is a priority in the National Indicative Programme from 2011-13.

2. Key policy areas being addressed by the country

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. Syria still has an agricultural

and rural population with half of the population living in rural zones, and the rest in Damascus and Aleppo.

Demographic pressures have contributed to a high unemployment rate of 9%. The unemployment rate for men is 15%, whereas it is 36% for women. Overall, unemployment rates for females remain substantially higher than for males across all age groups.

Industry contributes to more than 27% of the GDP in Syria, led by the petroleum sector, agriculture with 23% and services with 50%. Despite efforts and initiatives to reform the education and training sector to respond to the new challenges of the labour market, progress is slow. The education and training system must be significantly upgraded to better match the needs of the labour market and improve the qualitative skills of the labour force. Co-operation between the education sector and the private sector are a particular challenge. A strategy for VET reform has been developed for the approval of the government¹ and there is a plan to set up a National Agency for VET. Reform so far has been at pilot level, including management capacity development for vocational schools, reform of curricula and related teacher training. An apprenticeship scheme has been developed and piloted and is ready for further roll out to the rest of the country. Continuing training and lifelong learning has only been addressed to a small extent with some companies establishing training plans for up-grading the skills of their employees and training provided by private institutions or NGOs². There is little tradition for training and competence acquisition in the work place. Initial education diplomas are seen as the main mode of skills acquisition. Generally co-operation between the world of learning and work, including the social partners, is lacking.

In the absence of a public social safety net, most workers without education or with only basic education have no other option than to accept low-paid jobs in the informal sector, while some educated young people prefer to wait for jobs in the formal and public sectors which offer better wages and more generous non-wage benefits. The public sector remains the first employer with nearly 30% of the employed workforce (this is considered high compared with international figures: 11% globally and 9% in Europe). This public sector employment model is a major cause of low labour productivity, reflected in low wages. The informal economy represents a substantial and active part of the workforce, like in other countries in the region.

In this context the new five-year plan seeks to bring the labour market and the education system closer together 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 as well as higher education. EU support to education and training will continue until 2012 and 2013, with a focus on interventions in the poorest and rural areas.

The ETF seeks to provide input to key policy areas above in particular through its two core themes: Vocational education and training system development and provision in a lifelong learning perspective and labour market needs and employability.

3. Overview of EU and other relevant donor interventions in the country

The State Planning Commission is continuing its efforts to ensure synergies between the different activities of external donors. Donor co-ordination however remains a challenge.

It is in this context that the government, together with the international community, is carrying out a comprehensive assessment of the macro-economic context (World Bank), the investment climate, social protection (World Bank), labour force (UNDP and the Ministry of Labour and Social Affairs) and education and health (ETF, UNDP) with results expected at the beginning of 2010. This will be complemented by a national competitiveness report (SEBC with World Bank), a labour demand study and a poverty assessment (UNDP). They will all feed into the five-year-development plan and, at the same time, allow monitoring of progress.

The EU remains by far the largest multilateral donor in Syria with a total budget of €130 million for 2007-10, of which €20 million is for education and training in the updated National Indicative

¹ EU Modernisation of Vocational Education and Training 2006-mid 2009

² ENPI: Syrian Arab Republic. Revised National Indicative Programme 2008-10.

Programme (NIP) (2008-10). The 2008 project focuses on “Reforming secondary education (€10 million) and the 2010 project on “Upgrading the vocational education and training system and promoting continuing training” (€10 million). Both projects were launched in 2009 and implementation is expected to start in 2010. These programmes will be complemented by a 2010 programme for business development with a total budget of €20 million, including capacity building measures to help companies to be competitive in a market economy.

The main EU initiative in the field of education and training has been the MEDA-financed programme for the modernisation of VET (2006-mid 2009). With a budget of €21 million it aimed to improve the responsiveness of the VET and labour market systems to enterprises and individual skill needs in selected branches (i.e. welding, general mechanics, and ready-made garments). As an important output, a comprehensive VET strategy with a National VET Authority to be established has been elaborated for approval by the national authorities. There is a risk that the achievements of the programme (curricula, strategic plan for the reform of employment offices, training needs analysis) will be lost due to the fact that there are no follow-up activities foreseen.

Most of the EU programmes (reforming and modernising the judiciary, business environment simplification programme, reforming social protection) include capacity building measures and are aimed at upgrading skills. The Syrian Enterprise Business Centre (SEBC) programme established with EU funds, which aims to address the lack of competitiveness of Syrian enterprises, has proven sustainable and has been developed into a national institution. The Higher Institute of Business Administration (HIBA) project continues to address issues relating to the Syrian higher education system in the field of business administration.

The EU funded regional MEDA-ETE project on Education and Training for Employment (2005-10, covering 10 countries from North Africa and the Middle East) has complemented the national programmes, in particular as regards support to SMEs, teacher training and a national apprenticeship framework as well as quality assurance through the exchange of experience and sharing at regional level. Syrian representatives from the Ministry of Education, Ministry of Labour, social partners, VET institutions, have participated and successfully completed all project components.

With regard to higher education and support for its wide systemic reform, activities are underway under the EU Higher Education Reform Programme and include quality assurance and reforms related to the Bologna process and its relevance for Syria.

Aside from the EU in education and training INWENT and GTZ are providing regional capacity building projects for VET, the British Council is working with the Ministry of Education and the French Development Agency has opened an office in Damascus.

4. ETF intervention strategy

In a mid-term perspective, which coincides with the EC-Syria Country Strategy Paper (2007-13) and the ETF Mid-term Perspective 2010-13, the ETF intends to continue tailor-made resource investments to support the ongoing reform process. In its meeting with the Vice-Prime Minister of Economy and follow-up interministerial meetings in 2009, the ETF has been asked by the Syrian Government to support the country to build the necessary capacities and conditions for policy-wide interventions in the field of human resources development. Input to the development and monitoring of the up-coming five-year plan has been requested, and in particular a transition survey from school to work to look into the effectiveness of education and the labour market.

This study will feed into the overall macroeconomic assessment currently underway in Syria in cooperation with the World Bank.

In the new five-year plan and the country strategy paper, SME development and privatisation remain major priorities for the economic reform process. The development towards a market economy implies an increase in the number of SMEs in Syria and there will be a need to make them aware of good practice regarding training and human resources development. The ETF continues to contribute through the dissemination of the principles of the Euro-Med Charter for SMEs, to support EU initiatives. This allows 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.

In addition, the ETF together with SEBC will continue to provide capacity building measures for the "SKILLS" Business Training Programme for young people who wish to become entrepreneurs. The ETF will continue to provide its expertise on latest developments in entrepreneurship learning in the EU as well as on reforms of transition economies in education and employment and its relevance for Syria. The initiative enjoys high-level support from the government and the EU.

Furthermore the Torino process and the Business and Education Study will contribute to the government's priority on human resource development reforms and build on the work already carried out in this area. Further details are to be agreed with the government at the beginning of 2010. These two studies can also be considered a further input in the five-year plan.

The ETF will continue working together with Syrian institutions, the EU Delegation and international donors (in particular the World Bank, UNDP, GTZ) to ensure tailor-made support activities and synergy of activities. The ETF approach consists in bringing institutions together, building bridges between different projects in the area of human capital development for the labour market, work consistently on the few selected themes above to achieve a joint understanding of the priorities and thus develop long-term cooperation.

5. ETF intervention strategy 2010

ETF intervention	Themes and functions addressed	Expected results	Activities undertaken	Project outputs	Duration
Transition from school to work	Core theme: B Function: 3	Methodology for school-leaver surveys developed and adapted to the needs and circumstances in Syria Education and labour market and its effectiveness assessed	Finalisation of the transition survey in Syria Assessment of the education and labour market and its effectiveness	Methodology for school-leaver surveys adapted to the needs and context of Syria Analytical report "transition survey" Inter-ministerial meetings to endorse the transition survey	12 months with perspective of further extension
Torino process	Core theme: A Function: 1 and 3	Capacities within the country to analyse the situation of the VET system strengthened, its contribution to sustainable economic and social development assessed and priorities for future ETF's actions and support identified	Review of VET policies and systems in Syria	1 country report for the <i>Torino Process</i> 1 Regional report for the ENP South region including Syria 1 ETF cross-country report including Syria	12 months
Education and Business study	Core theme: C Function: 1 and 3	Cooperation between education and business analysed and reviewed and its way for enhancement paved	Concise, documented analysis of education and business cooperation in Syria, including the identification of key policy trends, challenges and needs, good practice and opportunities	1 country report for the Education & Business Study 1 regional report for the ENP South region including Syria 1 ETF cross-country report including Syria	12 months
SEBC "SKILLS" Business training programme for young entrepreneurs	Core theme: C Function: 2	Developed capacity of young graduates to become entrepreneurs and increased employment opportunities for young people	Training on the EU and its external relations and on entrepreneurial learning developments in the EU on a wider scale	6 training seminars in SEBC	12 months

ETF intervention	Themes and functions addressed	Expected results	Activities undertaken	Project outputs	Duration
Employer driven training needs analysis	Core theme: C Function: 2	Options determined for more systemic, enterprise driven training needs analysis Formalised discussion and consensus for an enterprise-driven training needs analysis Experience, know-how and training needs analysis tools from the pre-accession country shared with the Syrian stakeholders	Establishment of a public-private sector dialogue: a national discussion will be held through a workshop involving economy, education and labour ministries, enterprise and training provider community. Development of a national training needs analysis concept paper: the outcomes of the dialogue process will be a concept paper which should form the basis for a large-scale project proposal to address enterprise training (strategic sectors) to be eventually considered for support from national and/or donor, including, EU support frameworks. Cross-regional sharing of know-how: given strategic developments on enterprise training needs analysis by the Croatian Chamber of Economy, experience, know-how and TNA tools from the pre-accession country will be shared with the Syrian stakeholders at the national dialogue event.	Concept note for skills development National workshop	12 months
Entrepreneurial learning in higher education	Core theme: C Function: 1	Developed capacity in entrepreneurial learning audits in universities Raised awareness on entrepreneurship learning in higher education	Capacity building Peer reviewing Pilot assessment of entrepreneurial learning in the University of Al-Baath	Study visit to Queen's University Belfast Two-day training event in Belfast on undertaking an entrepreneurial learning audit University entrepreneurial learning audit report Dissemination day in Tunisia (December)	12 months