International Labour Office

Skills for Employability of Workers and Productivity of Enterprises in Arab States

Arab Forum on Development and Employment
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DRAFT: RESTRICTED CIRCULATION

Skills for Employability of Workers and Productivity of Enterprises in Arab States*

Issue Paper

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* This paper is adapted from a background report prepared for the ILO by Yasmine Fahim at the Economic Research Forum (ERF) in 2008 as part of the preparation for the discussion on skills, productivity and employment at the International Labour Conference (Geneva, June 2008). Additional analysis was provided by ILO skills experts in Geneva and Cairo and the ILO Regional Office in Beirut. The statistical analysis is based on data from the ILO Trends Econometric Models. The principal source of data on education is UNESCO. For an earlier analysis of skills systems, see Integrating TVET into the knowledge economy: Reform and challenges in the Middle East and North Africa, by the European Training Foundation and the World Bank, January, 2005.

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Introduction

While recognizing the variety of challenges facing individual countries, the common problem identified across the Arab region is that investments in education and training are not yet resulting in satisfactory levels of productive employment. Young people face uncertainty in moving from education into decent work. Enterprises often have trouble finding enough people with the skills they need to be able to expand their business or adopt new technologies. And the opportunities for employment growth due to industrial diversification, trade patterns, and even changes in climatic conditions may be jeopardized because skills development systems are not oriented towards preparing the workforce for the labour market of the future.

Thus we see cases of high unemployment among workers, or employment concentrated in work of low productivity in the informal economy, coinciding with labour shortages for enterprises. Skill gaps are not the only likely explanation, of course. Labour market conditions, especially prevailing wages, the industrial structure of the economy and population growth are other key explanatory factors.

The recent global review of national skills development systems that have been successful in increasing both the productivity of employment and the quantity of employment identified coordination as the critical factor for success:[1]

- Coordination among the relevant ministries and providers of skills training that have responsibilities for basic education, secondary and vocational education, and employment services, to ensure coherent learning paths that lead young people from school to productive work and equip them for further learning throughout their careers;
- Communication between employers and training providers in order to improve the relevance of training to current needs and opportunities in the labour market; and
- Integrating skills development into policies on technology, investment, trade, and the environment so as to match training today to employment opportunities in the future.

At the 2008 International Labour Conference representatives of governments, employers and workers adopted a set of conclusions for using skills development to improve productivity, employment growth and development. The conclusions comprise a set of guidelines that can help sustain the competitiveness of enterprises and the employability of workers. In this framework, skills development can help build a “virtuous circle” in which the quality and relevance of education and training for women and men fuels the innovation, investment, technological change, enterprise development, economic diversification and competitiveness that economies need to accelerate the creation of more jobs, but also more productive jobs.

This briefing paper reviews available data on education, skills development, and productivity in the Arab region and tries to link these trends to labour market outcomes and development – disaggregating where data permits to be able to consider differences for women and men. It provides an international perspective by contrasting regional trends with those characterizing other parts of the world. It cites examples of skills development reform efforts from countries throughout the region. And it looks to recent international

[1] ILO, Skills for improved productivity, employment growth and development, Report V for the International Labour Conference, 97th Session, 2008.

and tripartite discussions on skills development for relevant guidance to addressing the key policy challenges in the region.

The principal issue of skills mismatch and persistent unsatisfactory employment outcomes of education and training is broken down into three policy challenges and responses:

1. **Relevance of training** – linking skills demand and supply;
2. **Quality of training** – standards and accountability; and
3. **Access to training** – availability of skills development opportunities, encompassing equity and labour market issues.

It should be noted at the outset that policy objectives and responses in the area of skills development are closely related to the other key employment issues in the Arab region: migration management is also geared at filling labour market gaps; a top priority of skills development is to improve youth employment; workplace learning is an important means of increasing skills and fostering enterprise development; and linking skills development to employment opportunities depends on the success of macro-economic policies to spur job-rich growth.

1. Regional Trends

The region has improved access to **education** at all levels, with the data showing significant improvements over time in terms of enrolment rates, average years of schooling and literacy rates. The majority of Arab States have been able to achieve almost universal enrolment in primary education. On average across the Arab States, two thirds of secondary-age children are enrolled in secondary school. This share has increased the most for girls, from 56.5 per cent in 1999 to 65 per cent in 2006. However, girls' enrolment still lags other regions, for example, compared to 75 per cent in East Asia and 90 per cent in Central Asia (Source: UNESCO website).

Availability of data on vocational education and training is more limited, and is more difficult to compare across countries. Data collected by UNESCO (Table 1) show that 43 per cent of females and 44 per cent of males in secondary education in 2006 were in vocational education in the Arab region. These rates essentially match those of the North America and European region, but are significantly below the average in other regions of developing countries, 49 per cent in East Asia and the Pacific and 52 per cent in Latin America and the Caribbean.

Table 1: Vocational Education Enrolment as a Share of Lower and Upper Secondary Education, Regional Averages
Source: UNESCO, http://stats.uis.unesco.org.
Note: The UNESCO regions are not identical to the regions used in the ILO data bases.

	Lower Secondary		Upper Secondary -all		Upper Secondary - female	
	1999	2006	1999	2006	1999	2006
Arab States	36.97	30.23	44.38	44.96	43.39	43.05
Central and Eastern Europe	40.57	46.73	41.36	39.33	41.35	39.45
Central Asia	...	...	41.12	44.98	41.12	44.98
East Asia and the Pacific	49.10	45.83	...	49.13	...	49.03
Latin America and the Caribbean	54.67	57.19	53.87	51.27	54.04	52.88
North America and Western Europe	52.21	40.21	44.82	43.42	44.95	43.28
South and West Asia	...	...	30.12	...	30.12	...

However, this data must be treated with caution – both as an indicator of training within the Arab region and in comparison to other regions. Other sources estimate vocational training in the Arab region at significantly lower shares of secondary education, suggesting that typically less then 10 per cent of secondary students receive vocational or technical training.[2]

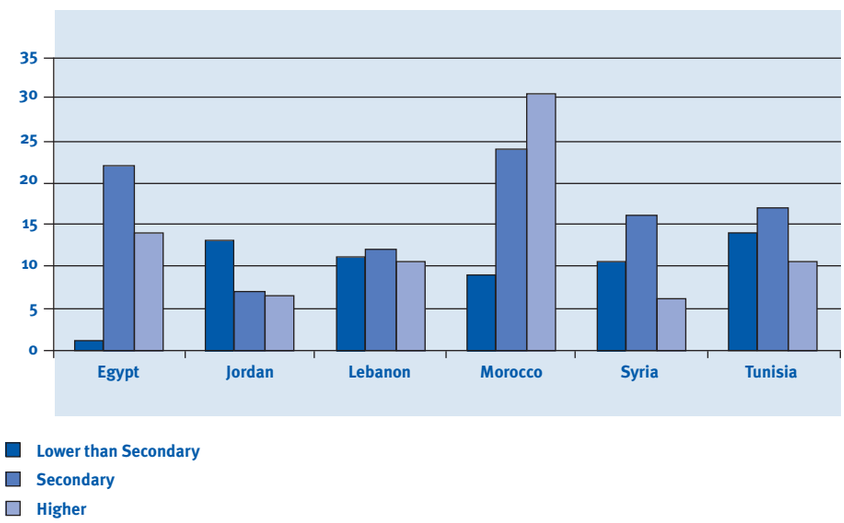
[2] Kabbani and Kothari, 2005, Youth Employment in the MENA Region: A Situational Assessment, World Bank Social Policy Discussion Paper No. 0534.

Across sources, data do not systematically capture apprenticeship-based training, and may not cover private training institutions as extensively as public ones.[3]

It is also difficult to draw conclusions from the data. Is the 44 per cent share of secondary education in vocational training too low or too high? The relatively large share of academic secondary education may reflect a social preference for academic pathways of education, or a perception that vocational training is synonymous with academic failure rather than an alternative path to productive and decent work. Or it could be an indicator of low quality of vocational training or of training that is above the financial means of students.

If general and vocational education had consistently been of good quality and relevant to labour market needs, then we would expect to see lower unemployment rates at higher education levels. The data available for some countries in the Arab region show a different trend: workers with secondary education are the most likely to be unemployed. Workers with little or no education cannot afford to remain unemployed and so have no option but to accept low-paid jobs in the informal economy. At the other end of the spectrum, high unemployment rates may reflect a preference by educated young people to wait for jobs in the formal and public sectors. But as shown in Figure 1, data for a handful of countries in the region show that unemployment rates are highest among those with secondary education. In fact, most of the unemployed are either semiskilled or have intermediate or secondary education. This raises questions about the quality or relevance of the training received. *Considering the 44% share of secondary education in vocational training and the data provided by UNESCO for Egypt, Libya, Algeria, Tunisia and Marocco at much lower rates questions can be raised whether the majority of unemployed with secondary level education enter into the labour market without any vocational qualification. At the same time this would raise questions about the availability and quality of vocational guidance and counselling services.*

Figure 1: Unemployment rates (%) by Educational Level for the Working-Age Population (15-64 years) in Selected Countries in the Arab Region
Note: Data for 2003, Except Jordan, for which Data Refer to 2004.
Source: European Training Foundation, 2006, Employment Policy Reforms in the Middle East and North Africa



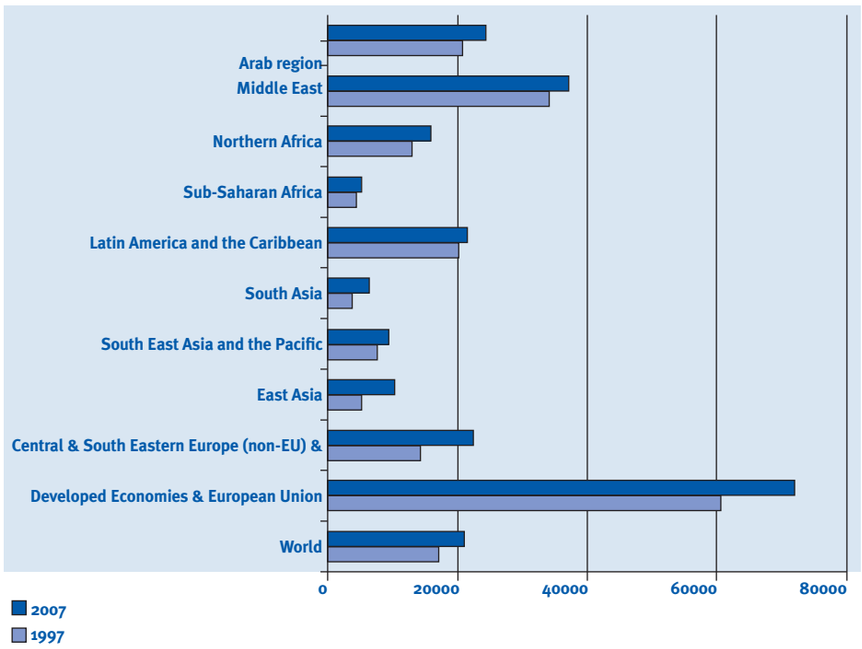
[3] For example, the share of vocational and technical training out of total secondary enrolment has been estimated by UNESCO at 27% in Egypt, 22% in Libya, 12% in Algeria, 8% in Tunisia, and 6% in Morocco (UNESCO Global Education Digest, 2007).

Averaging across all age groups and education levels, the Arab region has consistently ranked number one in terms of overall unemployment rates, from 11.8 per cent in 1997 to 9.9 per cent in 2007. Unemployment rates for women in the region were significantly higher: 15.5 per cent in 1997 and 13.5 per cent in 2007 (ILO, Trends Econometric Models, April 2008).

Education does not seem to explain the lower labour force participation by women. The data for secondary education, vocational training, and tertiary education show no significant disparities between male and female enrolment rates. And yet the differential in employment-to-population ratios between women and men in the Arab region is the highest in the world: 22.7 per cent for women compared to 68.2 per cent for men (ILO, Trends Econometric Models, April 2008). The implication would seem to be that countries interested in increasing employment opportunities for women would need to focus on issues other than basic and vocational education to catalyze that change.

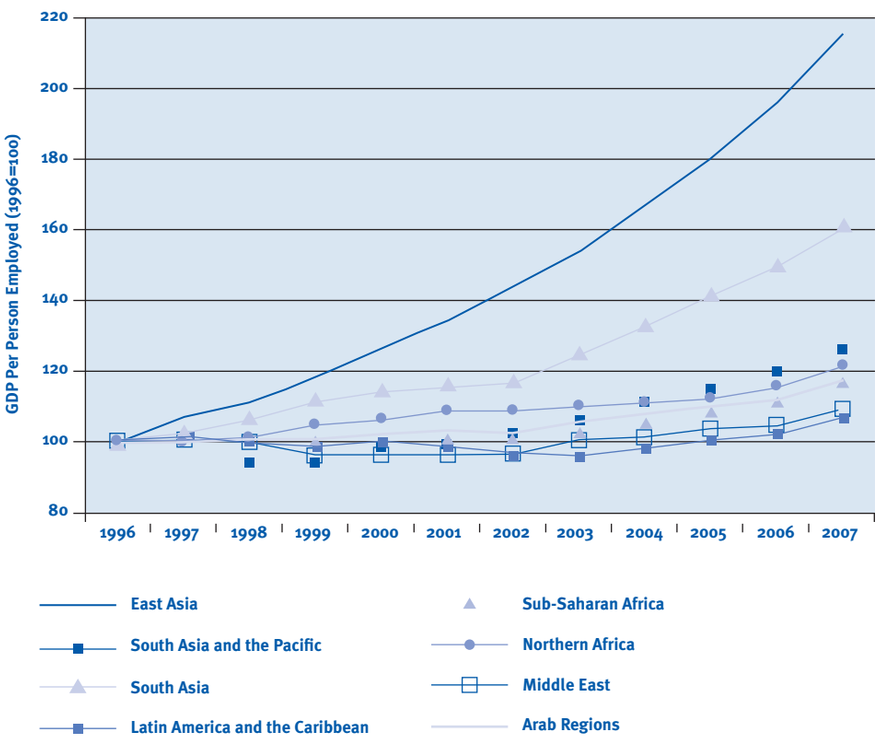
Labour productivity is high in the Arab states, especially for Middle Eastern countries (Figure 2). In 2007, output per employed person (measured in constant dollars and purchasing power parity) in the Middle East was second highest in the world, at US$ 24,374. The high averages in the Middle East reflect, of course, high earnings in extractive industries that are highly capital-intensive and may not accurately reflect earning potential of the average worker. The average level of productivity in the North African countries is US$ 15,899.

Figure 2: Productivity Measured as Output Per Person Employed (constant 2000 US$, purchasing power adjusted)
Source: ILO. Trends Econometric Models, April 2008.



Of more import than nominal productivity is that productivity growth has been modest, at best, across the Arab region: 17 per cent over the past decade (Figure 3). The Middle East, with the 2nd highest productivity in 2007, had the second lowest rate of productivity growth: 8.6 per cent from 1996 to 2007, exceeding only the growth pace of the Latin American and Caribbean region.

Figure 3. Index of Productivity Growth, 1996-2007
Source: ILO, Key Indicators of the Labour Market 5th edition, Geneva 2007



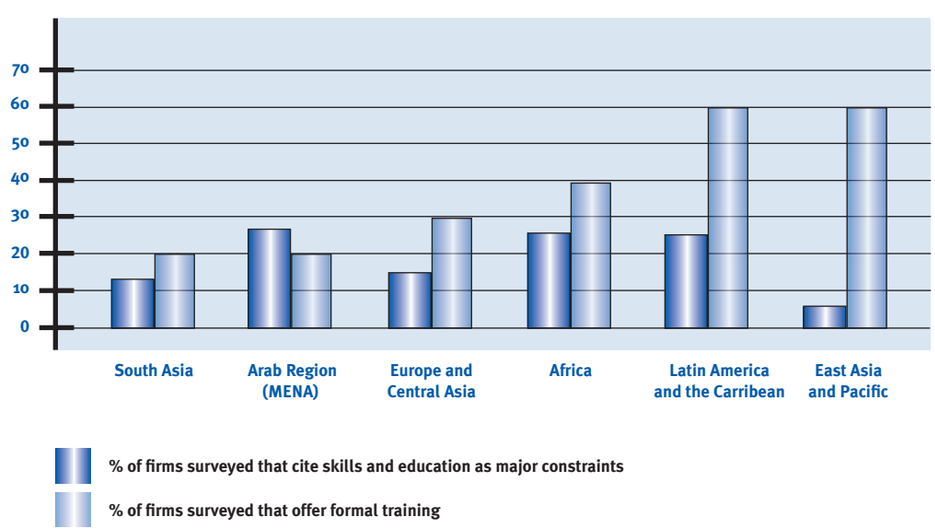
Achievements in education across the Arab region have not led to satisfactory growth in employment and productivity. Low productivity growth is particularly ominous because it is productivity growth that provides the possibility for improved wages and living standards. While education and skills development are necessary factors to improve productivity and employment, they are not sufficient. Other critical factors include pro-employment macroeconomic policies; an enabling environment for sustainable enterprise; respect for workers' rights, gender equality, and health and safety standards; social dialogue; and fundamental investments in health and physical infrastructure.

2. Policy Challenges and Responses

The goal articulated by many countries in the Arab Region is a skills development system that is responsive to market needs, delivers recognizable skills and competencies, and is accessible to broad sectors of society so that more people can participate in, and benefit from, economic growth (Fahim, ERF, 2008).

Across the Arab region, employers often identify lack of the right skills as a barrier to expanding business and employment. According to results of representative surveys of firms in different regions conducted by the World Bank, this concern is more prominent in the Arab region than elsewhere (Figure 4). One quarter of the enterprises surveyed in the Arab region cited skills and education as a major constraint to business growth, compared with, for example, about 5 per cent in East Asia. However, employers' level of concern does not appear to be matched by similar level of commitment to provide on-the-job learning opportunities. As also shown in Figure 4, the Arab region shared with South Asia the distinction of having the lowest incidence of formal training at the workplace, with just under 20 per cent of firms surveyed reporting that they provide formal training to their workers. The Arab region was the only one where more firms cited skills and education as major constraints than helped meet that need by providing formal training.

Figure 4: Employers' Perceptions of TVET and Provision of Workplace Training
Source: Investment Climate Capacity Enhancement Program, The World Bank Institute (Hong, 2006). Note: IncidenceV of formal training is in terms of the percentage of firms surveyed that offered formal training.



The concern about skills expressed in the survey is not just about the quantity of young people that receive vocational training (which is lower in the Arab region as noted in Table 1 above) but about the quality or relevance of that training. This was the motivation behind a survey conducted by various ministries in Egypt with the cooperation of the ILO to trace vocational school graduates' experience in entering the labour market and to gauge their employers' satisfaction. The results, as summarized in Box 1, showed that only 17 per cent of the employers found the TVET graduates able to meet expectations. The graduates also seemed less than satisfied, with just under one in five reporting that their training had directly led to wage employment or self-employment, and another one in five reporting a positive but indirect effect on securing employment.

Box 1: Survey of Employability of Vocational School Graduates in Egypt Source: ILO survey, Skills and Employability Department, 2006

In Egypt there has long been dissatisfaction with the employment outcomes of vocational training. So in 2006, the ILO in coordination with the training departments of the Ministry of Manpower and Migration, the Ministry of Foreign Trade and Industry, and the Ministry of Housing carried out a survey of graduates of their vocational education institutions, and of their employers, across 6 Governorates in five economic sectors: construction, computers, electricity, textile and garments, and electronics.
Of the 4,800 graduates interviewed (53 per cent females):

- On employment status: 15% were in wage employment, 14% were self-employed, and 30% were assisting parents in their business. Some 6% were continuing their education.
- Of those in employed or in self-employment, 18% stated that vocational training helped them find a job directly; another 18% indirectly.
- On the usefulness of their training, 30% had entered activities in the trade for which they had been trained; another 10% worked in a different trade but used the acquired skills.

Of the 220 employers interviewed:

- 29% said that hired graduates needed complete retraining;
- 28% said that hired graduates needed to upgrade skills or learn additional ones; and
- 17% said their new hires from VET were fully prepared to work well, or needed only introductory training.

Another important indicator of the mismatch between skills and employment in the region is the high incidence of migration. In some parts of the region, particularly GCC, workers from other countries are attracted into low-skilled private-sector jobs in construction and hotels and restaurants, while higher-skilled national workers continue to track into public employment. The goal in GCC countries to better integrate their labour markets includes focusing on increasing job opportunities in higher value-added higher-skill employment and then targeting skills development towards preparing for those jobs. In other Arab countries the issue is "brain drain," - the out-migration of higher-skilled workers. According to estimates by the League of Arab States, some 450,000 higher-skilled workers from Arab countries work outside the region. In this case, the evidence is that acquired education and skills are of recognized quality but these trained workers are more likely to find attractive employment opportunities elsewhere. The scale of both inward- and outward-migration indicates a need to diversify national economies and provide good working conditions.

a. Relevance

The primary employer of educated new labour market entrants in most Arab economies used to be the public sector [4], resulting in a skills development system with few links to the private sector. The traditional attraction of employment guarantee in the public sector coupled with the disconnection between training provided by the education sector and the skills required by businesses help explain this tendency. With growing market economies in the region, the

[4] R. Assaad and F. Fahimi, 2007, Youth in the Middle East and North Africa: Demographic opportunity or challenge, Population reference bureau MENA policy brief.

introduction of new technologies, and greater integration into the world economy, the demand for labour in higher-productivity private sectors is increasing, and the response by many public education systems in Arab States is lagging behind this new demand. Three approaches to improving the relevance of training, and thereby the employability of students, appear particularly appropriate to the challenges in the Arab region: coordination between employers and trainers, encouragement of workplace learning, and inter-ministerial coordination.

1. **Coordination between employers and training providers:** All over the world, teachers and trainers face the same problem: they tend to teach what they know instead of what their students need to learn. The involvement of employers in the management of training institutions helps to keep them abreast of changing technologies and ICT equipment in use at the workplace, as well as to track what occupations and skills are declining or rising in demand.

   Sector-based bodies comprising employers' and workers' representatives, business associations, and specialized learning and research institutions is one institutional mechanism to facilitate a continuous process of updating information on skill requirements. Both employers and trade unions can analyse the impact of emerging technologies or markets on future skill needs.

   Some countries in the Arab region are following a decentralization strategy in order to improve responsiveness to local labour markets. Increasing decentralization of management functions can encourage local responsibility and accountability. For example, introducing more autonomy at the school level may increase flexibility in how resources are allocated to more quickly respond to local labour market needs. Steps towards decentralizing public training need to be matched with increased accountability, including improved monitoring and accountability mechanisms based on employment outcomes rather than training inputs.

   The State plays a predominant role in the financing and provision of TVET in the Arab region. Even though several countries (for example, Algeria, Morocco, Tunisia, Yemen) have set up mechanisms to ensure the financial participation of employers and employees, however, employers – except in large companies – on the whole tend to consider these financing mechanisms or "Funds" as additional taxes rather than as an investment in their productivity.

   Because it is not possible to prepare students for every new technological breakthrough, the most important skill students can acquire is how to continue learning. "Learning how to learn" includes many core skills – in communication, math, computers, teamwork, and problem-solving, for example [5]. It is very difficult to train workers in these core competencies once they have finished their education. So it is important that employers help education and training institutions see this level of learning as one of their key responsibilities. Equipped with the ability to learn, workers can then more easily profit from on-job-training and employers are therefore more likely to invest in training workers.

2. **Promoting workplace learning:** The ILO Human Resources Development Recommendation, 2004 (R 195) stresses that member States should "promote the expansion of workplace learning and training" as an effective means of developing workforce knowledge and skills. There should be no mismatch between training offered and skills used at the workplace where employers and workers both identify learning needs and target training to meet those needs. And yet it seems that firms in the Arab region are less likely than firms elsewhere to provide training, as shown in Figure 4 above.

   Opportunities for workplace training can ease the transition from school to work for young people. Experiential learning, such as internship and apprenticeship programmes, enhance the classroom-based knowledge through practical application. This dual approach may be particularly appropriate for higher-skilled occupations, which require theoretical education and learning through doing.

[5] ILO, Portability of skills, Committee on Employment and Social Policy, Governing Body, 298th Session, Geneva, March 2007.

Opportunities for workplace learning are important not only for young people entering the job market but for all workers throughout their careers. Lifelong learning smoothes the transition from declining to emerging sectors for workers and makes it easier for enterprises to adopt new technologies.

The conclusions adopted by the International Labour Conference in June 2008 included advice for both governments and social partners for building a conducive environment for workplace learning. Among other measures, Governments were prompted to promote mechanisms and incentives, possibly including financial incentives, to "encourage and enable enterprises to train their workforce as part of business development, and workers to participate in training, specifically targeting SMEs and low-skilled workers" and "to provide institutional support for effective social dialogue for skills development at the enterprise, sector, national and regional levels." [6] The same conclusions also emphasize the responsibilities for the social partners for providing, supporting and promoting workplace learning, which could include providing apprenticeships and upgrading the quality of learning and the recognition of skills acquired by apprentices.

Box 2: Social Dialogue to Improve Workplace Competitiveness and Productivity – Examples from ILO Programmes

The first phase of the Decent Work Pilot Programme in Morocco aimed at improving competitiveness in the garment industry through the promotion of decent work. The textile and garment industry is a leading export industry in Morocco – accounting for 40% of overall employment, three-quarters of whom are women. The importance of upgrading this industry to maintain competitiveness and overseas markets was a paramount concern. The ILO supported setting up a National Tripartite Steering Committee and helped adapt its tools for on-the-job training, promoting gender equality and maintaining industrial relations to Morocco – contributing to implement the strategy of improving productivity and competitiveness on the basis of improving the quality of employment.

The ILO's Better Work programme is an innovative partnership model to base export competitiveness on verifying compliance with national labour standards combined with training in technical skills, industrial relations, and occupational safety and health. The initial programme in Cambodia has been credited with enabling garment manufacturers to gain market share, increase employment, and improve working conditions – which in turn becomes a market access strategy in North America and Europe where consumers increasingly seek assurance about the quality not only of the product but also of the production process. This programme is now being adapted to Jordan and other countries and other industries in Asia and Africa.

3. **Coordination among government agencies** is especially important for many countries in the Arab regions where responsibilities for education and training tend to be spread over many ministries. TVET programmes are typically part of the formal school structure, administered by government agencies dealing with education (ministries of education or higher education), and are appropriately classified as vocational secondary or technical post-secondary programs. There is also significant training provision under the ministries of labour and ministries of industry in some countries in the region (Fahim, ERF, 2008). The ILC Conclusions point out that inter-ministerial coordination is particularly important 1) to build coherence in moving from basic education to vocational training, and 2) to integrate skills development as an important component of sector and national development strategies.

Another prime area of government responsibility is to collect, analyse and disseminate labour market information. Timely and accessible information on national trends in occupations and industries provides an informed basis for training institutions to adapt their training provision and for employment services to provide better informed advice to students and TVET institutions.

[6] ILO, Conclusions on skills for improved productivity, employment growth and development, General Discussion, International Labour Conference, 97th Session, Geneva, June 2008.

Labour force and establishment surveys and analysis of administrative data, in particular from training institutions and employment services, are parts of governments' formal skills forecasting tasks. But government agencies also play an important role in the more informal institutions which aid skills forecasting, such as stimulating cooperation and networking between educational institutions and companies.

Efforts to build coherence, decentralize decision-making, provide better information and services, and involve the private sector feature large in TVET reform efforts in the region, as illustrated in the cases of Tunisia and Jordan (Boxes 3 and 4).

Box 3: Decentralization and Employer Participation in Tunisia
Source: European Training Foundation, Reforming Technical Vocational Education and Training in the Middle East and North Africa: Experiences and Challenges, 2005.

In Tunisia, the approach to improving the relevance of training targeted engaging private sector employers at the local level. Since the beginning of the 1990s, vocational training has been treated as a component of the overall reform of the Tunisian economy and privatization of public enterprises and is regarded as a main factor for improving the competitiveness of enterprises. The capacity of the public education system has been improved via the creation or restructuring of training centres, with strengthened role for cooperation with enterprises. Benefits from this experience so far are in the development of curricula and in enterprise-based provision of training. Another aspect of the reform is to adopt statistical methods to monitor the impact of TVET.
These improvements are credited with helping to quadruple the inflow of registered trainees in the period 1995 to 2003. Constraints on gaining continuing improvement in this system appear to be uneven participation on the part of employers and resistance to change on the part of some training institutions.

Box 4: Vocational Education Reform in Jordan
Sources: Fahim, ERF, 2007; European Training Foundation, Reforming Technical Vocational Education and Training in the Middle East and North Africa: Experiences and Changes, 2005.

In 1999 Jordan adopted an overall strategy for human resources development intended to render the entire TVET system fully responsive to labour market needs. The strategy focused on improving coordination and complementarities among TVET providers, increasing the involvement of the private sector in the overall management of the system, and improving efficiency.
The linchpin of the reform is the TVET Council. Established in 2001, the Council provides an institutional mechanism for structured communication among government agencies sharing responsibility for vocational training, the social partners and vocational education and training providers. The specific priorities for coordination include conducting tracer studies and developing curriculum. The government agencies involved include the Ministry of Education (responsible for vocational education in industry, nursing, agriculture, hotels, commerce and home economics), the Vocational Training Corporation (a semi-autonomous agency under the Ministry of Labor which operates a network of vocational training centres), community colleges (developed from the former Ministry of Education teacher trainer colleges), the Al Balqa' Applied University (a government agency established in 1996 to coordinate community colleges), and private trainer providers (regulated by the Ministry of Education).
The need for further reform has been identified in the areas of TVET monitoring and evaluation capability, further decentralization in order to better serve local needs, and deepening the involvement of the social partners in determining qualification standards, including, for example, higher standards for TVET teachers covering both academic qualifications and industry experience, and coordination with international competence standards.

b. Quality

Higher school enrolment rates across the region have coincided with declines in quality. Many countries in the Arab region have found it difficult to maintain standards for teaching staff or to invest in infrastructure, equipment and curriculum development. Measures to improve the quality of education and training systems need to be considered through social dialogue with all stakeholders. Some of the measures aiming at improving the quality of education and the training system in Arab states that are under consideration or being implemented as part of TVET reform include:[7]

- Developing more effective teacher training programmes and creating incentives for teachers and training institutions by linking a portion of teacher salaries or institution budgets to performance;
- Establishing standards for what students should know and be able to do at various stages of the education and training system;
- Enhancing the use of information technology in the educational process; and
- Linking improved quality of training and employability of graduates to higher perceptions of the value of vocational education and training.

Employer – TVET coordination is as important to improving the quality of training as it is for improving the relevance of training. Training institutions in many countries find it hard to keep teachers' skills and their own equipment up-to-date with the rapid pace of change in technologies, products and services. Cooperation between employers and TVET institutions can improve the quality of vocational education and training through the following ways (as illustrated in TVET reform in Egypt, Box 5), among others:

- Reducing the separation between teachers and practitioners by inviting technicians from local industry to teach a class can improve the quality of training, as can inviting teachers to work at local enterprises for short periods of time.
- Firms and training institutions can share the costs of upgrading equipment. In some places, enterprises find it cost effective to help equip training institutions to ensure that graduates are ready for work and need less on-job start-up training.
- Feedback mechanisms are needed through which employers and the trainees they hire can regularly tell training providers if the quality of training matches workplace expectations. Sometimes this is organized directly within the labour market area of training institutions and in other places it is coordinated through local employment offices of the national employment services.

Public financing systems increasingly link funding to employment outcomes, whether for centralized public training institutions or, increasingly, for private training institutions. Good practice is moving from basing accountability on numbers trained or graduated to employment outcomes. This is an underlying principle that is applicable across a wide range of financing options including payroll levies, fee-based training (by enterprises or trainees), community support, provision by non-governmental organizations in the informal economy and by for-profit providers in the formal sector.

The development of competency-based standards, in close cooperation with industry, focuses the attention of training institutions on the quality of training outcomes rather than on time-based training inputs. A well established national qualifications framework can help standardize training across the variety of training providers and instil coherence in assessment systems. Such national systems are also intended to improve the recognition of graduates' skills and abilities and thus enhance their employability in national labour markets.

[7] Fahim, ERF, 2008

Some countries have attributed low social esteem of vocational training to early tracking systems that seem to curtail young people's options instead of being the gateway to multiple paths towards lifelong learning and decent and productive work.[8] Some countries in the region are moving from a tracked system to a more integrated programme with more options for students. In Tunisia, following the 2002 education reform, bridges have been built between general and vocational education enabling students to move from vocational training onto the baccalaureate track and so gain access to higher education. A similar system operates in Lebanon where vocational secondary school can lead to a technical baccalaureate that opens to post-secondary technical or to university education.

In some countries, building coherence also requires attention to the language of instruction. In Morocco, for example, vocational education has witnessed considerable development in the last two decades as an essential component of the economic restructuring process. However, a linguistic divide between the general educational system (French) and the vocational training system (Arabic) is constraining this effort.

Box 5. Egypt: Demand for reforming the training system
Sources: Information taken from numerous publications, as reported in ILO, Report V: Skills for improved productivity, employment growth and development, International Labour Conference, June 2008, Geneva, pg. 39.

In Egypt, there are reportedly almost two dozen ministries and agencies, in addition to private enterprises, managing TVET centres. Vocational and education reform efforts in Egypt focus on improving the provision of skills that are in demand by employers and young people for the following reasons:

- Inadequate involvement of employers in the management of training centres
- Weak links to employers to facilitate post-training employment
- Poorly trained and paid teachers
- Out-of-date equipment
- Concentration of training for women in traditional occupations
- Low quality of training, with inadequate attention to theory as well as practice; and, therefore perhaps not surprisingly
- Low esteem of vocational training among students and parents.

Efforts to address weaknesses and fragmentation include: coordinating training policy under the Supreme Council for Human Resources Development; improving training quality through investments in curricula, improved teachers' salaries, and offering combined general (coursework) and practical (internship) training; and providing retraining to adult workers under the Social Fund for Development.

[8] For further discussion on improving quality of learning in TVET in order to meet industry needs and improve social appreciation of vocational education, see also the joint publication by the European Training Foundation and the World Bank, Integrating TVET into the knowledge economy: Reform and challenges in the Middle East and North Africa, January 2005.

Box 6. Vocational Education Reform in Sudan
Source: ILO Report to the Ministry, Analysis and Strategy for the Development of the Vocational Training System in Sudan, L. Azzoni and A. Twigger, 2008.

The legal framework for vocational education is being restructured in the Sudan. The Labour Act of 1997, the Vocational Training and Apprenticeship Act of 2001 and the National Training Act of 2003 are in process of being amended or replaced. In addition, a new legal provision for managing foreign labour has been discussed by tripartite stakeholders and has been presented to Parliament. The social partners are also engaged in defining labour market policies that tackle industrial development issues.

The vocational training system in principle is linked to the system of general education at the policy level, through the National Council of Technical and Technological Education formed by the Ministries of Labour, Education, Industry, Social Affairs and the social partners, and chaired by the Vice President of the Council of Ministers. On the implementation side, links exist between the Vocational Training Centres and the some 150 technical schools offering two-year and, soon, three-year curriculum.

The structure and objectives of the skills training system reform in Sudan include:

- Reduce fragmentation. The various sub-systems that make up the overall system of occupational skills training are fragmented – there is no single authority responsible for the national supply of skills.
- Expand breadth of training. The levels and types of training provided by the Ministry of Labour include pre-service formal apprenticeship training in 13 trades in VTCs and support for lifelong learning through short courses for people already in employment.
- Incorporate both long-term and short-term training (specific topic three-month courses).
- Build coherence, across public sector training centres and licensed private sector, and from apprenticeship through on-the-job updating training.
- Public-private partnerships. The Government works with both public and private-sector training providers to deliver the main elements of the vocational training system.

c. Accessibility

Increased provision of training must accompany the enhanced flow of information about what kind and levels of training are needed. Otherwise training institutions will not be able to respond and extend the availability of training to young people and to those already in the labour market. In addition, there is a need in many countries to expand training opportunities to broader segments of society in order to help them meet their potential for productive work, for example, by improving skills development in the informal economy, by overcoming barriers that deter women from training, by extending good quality education into rural areas and to areas recovering from crises, and by enabling persons with disabilities to receive training and use it to get better jobs. Measures such as these serve the twin objectives of reducing inequality and meeting labour market needs.

Across the region the large formal economy coexists with a large informal economy.
The high growth sectors with high value added requiring higher-skilled workers are not necessarily the ones creating the majority of new jobs, while at the same time training of poor quality traps workers in low-productivity work in the informal economy. For example, in Egypt employment is expanding at a good pace and unemployment is declining but major concerns remain about the quality of jobs being created as public sector employment growth slows, the population bulge of youth starts to enter the labour market, and the private sector does not create enough good jobs.[9]

[9] Population Council, The dynamic of job quality in Egypt, 2008.

Informal economy workers include dropouts from basic education and graduates of higher education who do not find employment opportunities in the formal economy. In countries characterized by large informal sectors (hence, a large extent of bad jobs), the skills of the majority of the labour force are not necessarily in conformity with the requirements of the labour markets. As a result of this mismatch, there emerges an over-inflated public sector employment as well as a sizable informal economy to absorb, at least partially, the portion of the labour force that cannot find employment in the formal economy.[10]

Skills development can help facilitate the transition from the informal to the formal economy. "Informal [economy] work is unprotected work that is, for the most part, characterized by low earnings and low productivity. The role of training … in conjunction with other instruments, such as fiscal policies, provision of credit and extension of social protection and labour laws, is to improve the performance of enterprises and the employability of workers in order to transform what are often marginal, survival activities into decent work fully integrated into mainstream economic life."[11]

Improving the relevance and quality of training in the urban informal and rural areas is important to this effort. Apart from formal institutions, however, informal apprenticeship systems are often a mainstay of training in the informal and the rural economies. In the Arab region as elsewhere, informal apprenticeships tend to be arranged within families or kinship groups, do not usually offer formal work contracts, and tend to be long in tenure – typically 4 to 8 years. Lack of certification to recognized competencies constrain graduated apprentices from moving into the formal economy, or even to employment opportunities outside the local area. Approaches to upgrading informal apprenticeships target improving the knowledge and technical competence of master craftspeople; improving the quality and relevance of the training by, for example, complementing training on the job with theoretical training; and developing national schemes for the assessment and certification of skills, whether acquired through formal training or informal apprenticeship.[12]

Across the region, overcoming barriers that deter women from training or confine training of girls and young women to traditional occupations remains a challenge. Reducing occupational segregation in training and subsequently in employment is important for women's own interests in productive and decent work and for enabling economies to meet the skill needs in emerging industries. Training policies and programmes that aim to improve productivity and employability need to ensure equality of opportunity, be free from discrimination and take into account family and household obligations.[13] This includes overcoming logistical, economic and cultural barriers to secondary and vocational training and to apprenticeships for young women, especially in non-traditional occupations; taking into account women's home and care responsibilities when scheduling workplace-based learning and entrepreneurship training; and meeting the training needs of women re-entering the labour market and of older women who have not had equal access to opportunities for lifelong learning.

[10] S. Radwan, 2005, Good jobs, bad jobs and economic performance: A view from the MENA Region, 19 June 2005, World Bank, Washington DC.

[11] ILO, 2000, Conclusions concerning human resources training and development, adopted by the ILC at its 88th Session, Geneva, June 2000, para. 7.

[12] ILO, Skills for improved productivity, employment growth and development, Report V for the International Labour Conference, 97th Session, Geneva, June 2008, pages 50-51.

[13] ILO, Skills for improved productivity, employment growth and development, Report V for the International Labour Conference, 97th Session, Geneva, June 2008.

One of the risks of efforts to extend the outreach of education and training – especially to combat poverty or to overcome the effects of crises – is to provide any kind of training, losing the linkages to labour markets and to employability. Training for training's sake, implemented by NGOs or development programmes, however well-intentioned, may increase expectations that cannot be met. They have also, at times, reinforced occupational segregation for women rather than enabling women to identify and prepare for a broader set of wage and self-employment opportunities. Even in response to crisis, training must still be linked to specific labour market needs – whether immediate or anticipated as part of recovery and development efforts. This requires that training programmes for youth or for unemployed adults be fully integrated into broad-based local economic development initiatives (Box 6). The ILO is supporting such efforts in Lebanon, Iraq, and the Occupied Territories, where efforts encompass both technical training and building capacity of local employment services to better link training to labour market opportunities.

Box 7. Community-based Training

Community-based training (CBT) has high potential for delivering skills training in remote areas not integrated into global value chains and lacking formal education institutions. It can be an effective means to improve the productivity and employability of the rural poor, especially women, disenfranchised youth, and communities rebuilding after natural disasters or civil strife. But CBT is effective only if skills development is linked to broader local economic development efforts, particularly to investments in infrastructure.

The starting point is to identify potential economic opportunities and existing learning and training assets (institutions, apprenticeships, informal learning). The second step is to identify the additional training required (as well as other input or infrastructure needs) to enable communities to realize the potential of these opportunities for local employment and earnings. The final but also crucial step to turn training into employment and livelihoods is to provide post-training services, such as entrepreneurship support, employment services for finding wage employment, and access to credit and product markets.

The ILO's Training for Rural Economic Empowerment (TREE) programme has been implemented with local and national partners in response to natural disasters (Pakistan), post-conflict reintegration efforts (the Philippines), and rural employment promotion schemes (Madagascar), among others. Proposals for adapting TREE in Sudan are being considered by donors, including a project targeting five regions in North Sudan and another designed to contribute to the Disarmament Demobilization and Integration programme of the UN-GVT of Sudan.

Adapting to local conditions and opportunities, including training in basic literacy where necessary and paying attention to gender issues are among the lessons learnt for broader applications of the methodology.

Enhancing the skills of persons with disabilities can improve their ability to either secure formal economy jobs or to increase their income-generating capacity in the informal economy, where formal jobs are scares. On-the-job training has been found to be more effective than institution-based training, although special centres that have introduced employment-relevant training, delivered effectively with accredited certification and follow-up support services, have had considerable success in increasing the ability of persons with disabilities to obtain mainstream productive employment. The importance of skills training for persons with disabilities has long been recognized by the ILO, and by countries in the Arab region, as an important human right and as means to realising the productive potential of persons with disabilities to contribute to productivity growth in their communities.[14]

[14] ILO Recommendation No. 99, 1955; Convention No. 159 and Recommendation No. 168, 1983, as well as the UN Convention on the Rights of Persons with Disabilities, 2006.

3. Summary

Efforts to expand training opportunities and to make them more relevant to employers' needs interact to improve quality, relevance and availability. The major approaches to improving the skills development system in the Arab region include:

- More effective participation by employers in TVET qualification standards, institution upgrading and provision of experiential learning opportunities;
- Improved coherence of TVET systems in order to better connect education to technical training, technical training to labour market entry and labour market entry to workplace and lifelong learning;
- Improved employment services and labour market information by government agencies, resulting in improved ability of training institutions to anticipate future needs and in improved career guidance to young people;
- Coupling decentralization of training with effective monitoring on the basis of employment outcomes of students;
- A more conducive environment for encouraging workplace learning and commitment by employers and workers to take advantage of such opportunities;
- Attention by government programmes and by TVET institutions to expand the range of occupations and industries that are available to young women, in order to diminish occupational segregation and improve their labour market participation and employment;
- Partnerships between governments and social partners to work in the framework of social dialogue to promote the integration skills development into economic and social development strategies.

4. Suggested Questions for Discussion and Debate

1. What new or strengthened institutions at national or local levels can sustain coordination between training providers and employers in order to reduce the mismatch between education and training outcomes and employment opportunities in the region?

2. Is improving the social status of vocational training and high-skilled technical jobs necessary for improving the ability of skills development systems to meet growing needs in the labour market for skilled labour and technicians and if so how can this be done?

3. What national coordination mechanisms exist or could be created to better link skills provision to forward-looking development strategies concerning technology, trade, or the environment?

4. Are any policy changes needed to create a more encouraging environment for employers and workers to invest in workplace learning?

5. What financing, monitoring, incentive and accountability mechanisms would be most likely to help improve the quality of training in public TVET institutions?