



**POLICIES FOR  
HUMAN CAPITAL  
DEVELOPMENT**  
**SOUTHERN AND  
EASTERN  
MEDITERRANEAN  
REGION**

AN ETF **TORINO PROCESS**  
ASSESSMENT

## Disclaimer

This report was prepared in the framework of the Torino Process 2018-20 by Abdelaziz Jaouani, ETF.

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# PREAMBLE

The European Training Foundation (ETF) regional reports are a key Torino Process deliverable that explore regional aspects of Torino Process outcomes and discuss commonalities, while respecting the differences between the countries of the region.

The ETF launched the Torino Process in 2010 as a periodic review of vocational education and training (VET) systems in the wider context of human capital development (HCD) and inclusive economic growth. While providing a quality assessment of VET policy from a lifelong learning perspective, the process builds on four key principles: ownership, participation, holistic approach and evidence-based analysis.

The key deliverables of the fifth round of the Torino Process (2018–2020) include country reports and ETF assessments of countries' development with a focus on HCD issues and VET policy responses within a lifelong learning perspective. The country reports and analyses are complemented by regional stocktaking of human capital challenges, policy implications and responses, with a focus on VET. The purpose is to inform policy making at country level and regional policy dialogue, including EU and donor support in the ETF partner countries.

The purpose of the regional report, which summarises the key findings of the Torino Process in the Southern and Eastern Mediterranean (SEMED) region<sup>1</sup>, is to inform the planning, implementation and monitoring of country policies and regional initiatives for HCD, with a focus on education and training. At the same time, its findings and recommendations will inform EU and donor programming in support of these policies and regional cooperation processes. In this context, human capital is defined as the aggregate of the knowledge, skills, talents and abilities possessed and used by individuals for economic, social and personal benefit.

The report is organised into six chapters. Following the introduction, the second chapter gives a description of the region's socioeconomic and demographic context and the third captures the key HCD challenges in the region. The fourth chapter provides a summary of policy responses and progress in VET in the overall context of economic, labour market and social developments. A number of concrete examples complement the overall findings and illustrate how different countries are pursuing the reform agenda in VET and other policy aspects related to lifelong learning. The policy and practice examples selected are not exhaustive. The fifth chapter looks at the contribution of EU-supported projects and EU intervention in the field. In its final chapter, the regional report puts forward a number of skills-related policy avenues to address the challenging future, such as dynamic economies and labour markets, digitalisation, and demographic changes, to inspire post-2020 strategies and priority interventions, including EU funding, as well as the regional policy dialogue and cooperation with the EU.

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<sup>1</sup> Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine and Tunisia. Syria is also part of this region, but relations with the Syrian government are currently suspended.

the SEMED countries for their engagement in the Torino Process 2018–2020, extensive contributions to the collection of policy updates and relevant statistics, and participation in the workshops organised at country level.

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# EXECUTIVE SUMMARY

## Socioeconomic and demographic context

Despite differences in their socioeconomic development, demography, political systems and wealth distribution, the Southern and Eastern Mediterranean (SEMED) countries face the same challenges in terms of sustainable growth, youth employment and demographic transition<sup>2</sup>. Inclusive growth and job creation are at the heart of reforms in all SEMED countries. However, the data suggests that much work still needs to be done to ensure sustainable development and prosperity to tackle inequity and unemployment, especially for women and young people.

In general, SEMED countries are middle-income countries with challenging socioeconomic contexts, characterised by high demographic pressure (a significant share of young people in the total population) and modest economic growth with very high volatility and large regional variations. Global competitiveness, innovation capacity, technological readiness and export diversification remain limited in the region<sup>3</sup>. With regard to trade, the region remains poorly integrated, while individual countries are better and increasingly integrated into the global economy. Another feature of the region is the high and persistent level of informality in the economy.

Despite all the efforts deployed by governments, the labour market in the Arab Mediterranean countries (AMCs<sup>4</sup>) is characterised by low levels of activity and employment rates, especially for young people, limited participation of women, a large and expanding informal sector, a relatively high level of emigration in general and of educated persons in particular (brain drain), and an influx of refugees and foreign workers (mainly, though not exclusively, in Lebanon and Jordan). This situation (inactivity, unemployment, migration and the informal sector) increases the risk of human capital depletion. While this risk covers all AMCs, its level varies among countries and population groups: young people, women and rural populations are the most exposed.

It is expected that the COVID-19 pandemic will exacerbate the socioeconomic challenges, putting even more pressure on those countries already suffering economic crisis and political turmoil. However, this crisis is also an opportunity for innovation, both in the economy and in education and training systems, in particular through the use of digital technology. Annex 1 of this report illustrates the research that has been conducted jointly by the ETF and the Euro-Mediterranean Economists Association (EMEA) regarding the impact of COVID-19 on the education systems and policies in the AMCs.

## Human capital challenges

Analysis of available data and the national reports from the fifth round of the Torino Process (2018–2020) suggest that human capital is the region's main asset but, at the same time, that it is subject to

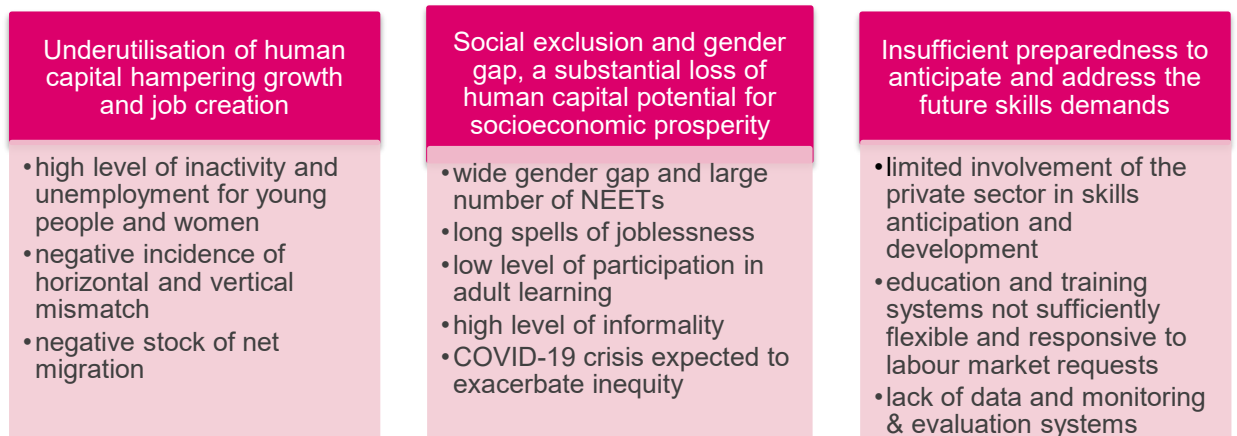
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<sup>2</sup> This is not the case for Israel, where the socioeconomic context is quite different and is characterised by high economic development, higher employment rates and lower unemployment among young people and women.

<sup>3</sup> See the Introduction to this report for further details of the situation in Israel

<sup>4</sup> The term 'AMCs' has been introduced in this report to acknowledge the unique situation of Israel in the SEMED region, in terms of both socioeconomic development and educational characteristics (see also note on Israel at the beginning of Chapter 2).

many challenges. There emerge three main clusters of human capital development and utilisation issues to be addressed as a matter of urgency.



Note: NEETs, young people not in employment, education or training.

The improved education level of the population (in particular of young women) has not translated into better labour market outcomes in all countries, with Israel as an exception. Skills gaps and mismatches are recognised as major challenges by policy makers, practitioners and social partners in the region. As in other parts of the world, these gaps are occurring in dynamic social and economic contexts emerging from restructuring processes, changing trade patterns, technological transformation and demographic change. Skills gaps and mismatches are also linked to a number of negative social aspects in the region, such as informality, long-term unemployment and inactivity.

Despite attempts to make labour markets and societies more inclusive, wide disparities both among and within countries in the region are still very prominent and cast a shadow on sustained HCD. Countries score quite low for HCD, have very high levels of gender inequality, and often face increasing differences within their own territories (urban vs. rural).

In addition to the unfair distribution of limited resources and the political instability, several other factors can explain this precarious situation, including:

- low levels and low quality of job creation;
- difficult transition from school to work owing to insufficient support and lack of private sector involvement in policy design;
- informality, poor working conditions and low wage levels;
- gender inequality in the labour market;
- low capacity and effectiveness of education and training systems to provide relevant skills to current and future labour market needs.

Skills systems in the region reveal significant shortcomings in terms of effectiveness and efficiency through not being sufficiently flexible, responsive and anchored in the professional environment. Although education and training systems in the SEMED region have substantially improved their outcomes in terms of access, geographical coverage and closing the gender gap, as well as relevance to employment and career development prospects, more remains to be done to respond to the rapid transformations.



While education and training is often declared as a priority sector, related resources do not always support this prioritisation. All the SEMED countries declare education to be vital for their development, and VET is often considered an alternative to academic tracks and a way to achieve job creation, increased employability, reduced dropouts and better social inclusion. However, the weak financial resources and institutional capacities of VET authorities and public employment services (PESs) to lead structural reforms make it difficult to reduce the skills mismatches and gaps, and to anticipate and respond to labour market needs. Financing of VET remains centralised, government-led and not sufficiently diverse to accompany the ambitions of skills agendas, policies and action plans. The lack of costing systems, which leads to reliance on incremental expenditure planning (based on previous years), is another issue that constrains performance and innovation in skills development. The data on expenditure on education, especially the VET sub-sector, is very limited in AMCs, and this limits the analysis of this important aspect.

In fact, there is a general lack of data, relevant monitoring and evaluation systems and national labour market information systems (LMISs) to accompany the pace of constant socioeconomic change. The education and training systems have a key role to play in ensuring that opportunities are provided for all individuals to continually develop their skills within a lifelong learning perspective, thus enabling them to adapt to rapidly changing labour market requirements.

## Policy responses

Since the last Torino Process round in 2016, the SEMED countries have undergone significant political, socioeconomic and demographic changes in the aftermath of the so-called Arab Spring. Recent developments continue to place human capital and, in particular, education and training at the heart of the policy agendas to address both social and economic challenges. As in the rest of the world, the COVID-19 crisis, which began in 2020, added new challenges and created the need for new policy responses, while the implementation of structural reforms is likely to become increasingly difficult. Nevertheless, signs of progress made by the countries over the past four years are visible in most of the areas addressed in this analysis.

**On partnerships with the private sector for skills anticipation and development**, countries in the region have continued to build up their education, skills and labour market information systems in order to better respond to labour market needs. The private sector is increasingly involved in these efforts. More attention is gradually being paid to economic diversification and small and medium-sized enterprise (SME) development as core pillars for socioeconomic prosperity and areas in which skills are increasingly recognised as a key driver. Regarding the involvement of the private sector in the governance of education and training, there is good progress in all countries, with a gap between the Maghreb and Mashrek countries. All SEMED countries are increasingly involving the private sector in policy design and review, albeit at different levels and at different speeds. However, they often rely on short-term trends in demand and supply when planning education and training. There is a need to raise awareness about changing skills demands, identify pointers of change and stimulate a discussion among policy makers and practitioners, including the private sector, on the future of work and skills with a view to adapting education and training provision accordingly.

**On modernisation and diversification of VET provision**, SEMED countries have increased efforts to reform and modernise their VET systems to support economic development and social prosperity, and to better meet labour market needs. This includes learning methodologies to enhance competence-based approaches and work-based learning (WBL) to ease the transition to work, as well as teachers' continuing professional development (CPD). The ongoing health crisis has accelerated the need to

reform curricula and introduce key competences such as digital and entrepreneurial skills. Quality assurance (QA), national qualifications frameworks (NQFs) and recognition of prior learning are also high on the agendas of most countries, but implementation remains challenging.

**On inclusiveness and accessibility of skills for all**, SEMED countries are giving more attention to boosting inclusive growth and job creation, as well as making VET programmes more accessible to vulnerable groups (people with disabilities, low-qualified individuals, migrants, those in disadvantaged groups due to their geographical location and/or economic situation). Related policies aim to develop adult learning within a lifelong learning perspective to increase employability, prevent early leaving from education and training and support school-to-work and work-to-work transitions.

The EU and other donors are very active in the SEMED region and support partner countries at bilateral and multilateral levels to reinforce the policy responses. A new Agenda for the Mediterranean has been published during the writing of this report. The policy directions translate into five policy areas of cooperation: 1) human development, good governance and the rule of law; 2) strengthening resilience, building prosperity and seizing the digital transition; 3) peace and security; 4) migration and mobility; 5) green transition: climate resilience, energy and environment. Skills anticipation and development, including upskilling and reskilling, are highlighted as key for the five policy areas as well as for increasing youth employability in general. Chapter 5 provides more details on the contribution and support of the EU and other donors.

## Priorities for action (PfAs) and conclusion

The findings and recommendations of the ETF Torino Process regional report provide elements to inform policy dialogue and future regional initiatives within the SEMED area. The findings of this report will also feed into the current dialogue, led by the Union for the Mediterranean (UfM) and the European Commission Directorate General on Employment, Social Affairs and Inclusion (DG EMPL), on monitoring the progress of the 2019 Ministerial Declaration on Employment and Labour (UfM, 2019), which underlines a range of issues, including the importance of reforming education and training systems in a way that responds to the challenges of ensuring employment, employability and decent work<sup>5</sup>.

Structural challenges need a systemic approach to reform. Skills development systems in the SEMED region need to undergo a true paradigm shift away from an exclusive focus on formal provision and one-size-fits-all solutions. There is a need for lifelong learning systems that can offer flexible, individualised pathways for each learner, combining formal and informal learning, hard and soft skills, and ease of access to education and training opportunities throughout life. This is obviously a complex task as it tackles all aspects of the education and training systems, ranging from teaching and learning practices, organisation of provision and ensuring visibility of the skills that people develop through their lives, to new cooperation modalities among different actors, reviewing the division of responsibilities and ensuring adequate resources through multilevel and multistakeholder governance.

A system change of this kind requires sustained effort and agility to manage a non-linear transformation process, addressing resistance to change, absorbing external shocks to stay on course, and accommodating socioeconomic needs. Furthermore, the COVID-19 crisis has created new challenges and a renewed sense of urgency for education and training systems to move faster in

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<sup>5</sup> For the importance of investment in education, higher education and training systems, including VET, as well as lifelong reskilling and upskilling of workers to prepare them for constant changes in the world of work, see UfM (2019, p. 4).

their transformation processes by tapping into the potential of digital technologies, building on innovative practices, and promoting collaborative solutions, particularly with the private sector, to avoid disruption.

### **PfA.1. Build strong skills partnerships, a must for socioeconomic prosperity and agile and resilient systems**

As discussed in this report, the issue of youth unemployment is a major concern for all authorities in the region. The main drivers of this human capital challenge are numerous and include insufficient job creation, skills mismatch and labour market rigidities, but also poor job quality, barriers when searching for employment, high regional disparities and insufficient involvement of the private sector and civil society in an effective and participatory policy-making process.

#### **PfA.1.1. Foster the establishment of a multilevel and multistakeholder governance ecosystem at national, sectoral and local levels**

#### **PfA.1.2. Diversify and sustain the financial mechanisms of VET to address the various needs and ensure budget sustainability**

This recommendation focuses on the need to give more space to the private sector in the design, implementation and monitoring of national policy to guarantee participatory governance and diversified and sustainable financing mechanisms. Tripartite and bipartite bodies as well as social dialogue should include skills development in policy agendas as a win-win area for cooperation. The private sector could play a more prominent role in anticipating skills needs, improving employability and reducing skills gaps and skills mismatches if fully involved in the policy cycle.

### **PfA.2. Establish a lifelong learning culture and reinforce adult education to ensure economic growth, social inclusion and digital/green transition**

Technological transformation in general, and digital and green transition in particular, call for more agile and responsive skills systems that initial and formal education and training systems alone cannot always ensure. Individuals need support to upskill and to update their skills in a permanent manner.

Promoting a culture of lifelong learning calls for more greater awareness on the part of employers and workers of the value and benefits of upskilling and reskilling, the availability of guidance and career development support, the development of appropriate financial resources, and the existence of regular monitoring and quality assessment. Special attention should be given to upskilling and reskilling of those from disadvantaged groups, including older workers and adults struggling with basic skills, and supporting managers and staff to learn and to overcome barriers in order to create and sustain a learning culture in the work organisation for both management and staff.

Building a lifelong learning vision also suggests analysing the main issues that inhibit lifelong learning and describing what is needed to transform these into opportunities. Looking to the future, the recent report from the United Nations Educational, Scientific and Cultural Organization (UNESCO, 2020) sets out 10 key messages for creating a culture of lifelong learning.

### **PfA.3. Skills provision should ease labour market transition, support job creation and reinforce inclusion**

As highlighted in Chapter 3 of this report, the school-to-work transition is often painful and long for graduates in the SEMED region owing to the gaps between education and training supply and the needs of the labour market, as well as the insufficient support and effectiveness of labour market

measures. To ease this transition from school to work, and also from work to work, the ETF recommends, in addition to the expansion and adaptation of active labour market policies and programmes, the reinforcement of career guidance services, WBL, entrepreneurial learning and digital skills as well as adult education that further supports the professional mobility and transition throughout an individual's whole life (as mentioned above in PfA.2).

#### **PfA.3.1. Create the conditions for a lifelong career guidance system**

#### **PfA.3.2. Regulate and extend WBL for more effective and faster transition**

#### **PfA.3.3. Key competences, notably on digitalisation and entrepreneurial learning**

This recommendation focuses on these three areas that the ETF considers important and that should be addressed as a matter of priority. The modernisation of skills provision obviously covers other important areas mentioned in the report, such as enhancing the competence-based approach, teachers' CPD, QA, NQFs and the recognition of prior learning, that are high on the agendas of most countries, although the pace of implementation remains slow.

#### **PfA.4. Data for better skills anticipation and matching, and monitoring labour market outcomes**

Policy makers, employers, workers, providers of education and training, and students all need timely and accurate information about the demand for skills on the labour market and how this relates to the skills supply. Given the speed at which labour markets are changing, the identification of skills needs becomes even more key to addressing the skills mismatch, the skills gaps and the substantial levels of unemployment and underemployment in all SEMED countries, regardless of their level of economic development.

To build a sound monitoring system, promote a culture of lifelong learning for all, anticipate skills needs and work against discrimination and gender gaps, it is important to build strong skills partnerships and to ensure that strategies include clear objectives and priorities, time-limited targets and benchmarks, staff and budget allocations, institutional coordination arrangements, mechanisms to integrate the private sector, and international cooperation resources. Strong monitoring of economies and labour markets will increase the relevance of education and training systems, thus preventing skills depletion, underutilisation and brain drain, and enabling regular assessment and review of policies.

To conclude, it is worth mentioning that most countries have made unprecedented efforts to deploy resources and adopt crisis positions. Nevertheless, we are far from understanding the full magnitude and the potential effects of all these disruptions. At the same time, these challenges create both risks and opportunities for more inclusive, more innovative and greener societies. Policy makers in the SEMED region need to be aware of these dramatic transformations and to adapt the policy-making process to address them, and the skills systems are obviously part of the solution. This report was completed during the COVID-19 pandemic, which brought a degree of uncertainty regarding the future skills reforms to be undertaken by countries. However, the findings of this report are less sensitive to changes over the shorter term that have immediate and direct impact. The pace of change may slow down or accelerate because of the pandemic, but the nature of the change needed is likely to remain the same.

# 1. INTRODUCTION

For the ETF, HCD is defined as ‘the creation of lifelong learning systems that provide opportunities and incentives for people to develop their skills, competences, knowledge and attitudes throughout their lives for the sake of employment and realisation of their potential, and as a contribution to prosperous, innovative and inclusive societies’. In the SEMED countries, human resources represents one of the most important drivers of socioeconomic development. Making best use of the human capital is therefore essential for sustainable and inclusive development and growth.

The Torino Process regional report for the SEMED countries provides an overview of the main HCD issues in the region and an assessment of the related VET policy responses. It is the final step in a highly participatory process that started in the SEMED<sup>6</sup> countries (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine<sup>7</sup> and Tunisia) during the end of 2019 and in 2020. The report also includes indicators and information from Libya, drawing on the report by the ETF and the National Board for Technical and Vocational Education (2020).

Israel is an exception in the SEMED region: it is a country characterised by high economic development, higher employment rates and lower unemployment rates for young people and women. Unlike the rest of the countries in the region, Israel has suffered from labour shortages across several sectors and occupations. Its education system is, in general, responsive to labour market demands, particularly in engineering and information technology. According to the literature, one of the main dilemmas affecting the youth labour market in Israel is a high degree of segmentation among different sub-groups of the workforce, coupled with income inequalities. In this report, we occasionally refer to AMCs when Israel is the exception.

This report builds mainly on the evidence and analysis generated and compiled in the Torino Process national reports by country stakeholders and in the ETF independent country assessments. The ETF assessments focus on the main HCD challenges in the countries and look at how successfully these are being addressed in order to define recommendations for consideration for future developments. Other secondary sources have been used and are referenced in the Bibliography.

The regional report is thus based on numerous information sources from the ETF and other organisations as well as an analysis of quantitative indicators, bringing together different challenges, trends, developments and responses from governments and stakeholders in the countries. Although the situation in each country is different, the countries still have many issues and developments in common. The report can therefore serve as a reference for regional peer learning and exchanges.

The aim of the analysis is not to compare countries’ performances to determine which have been most successful over the past two years, but rather to examine the trends and identify lessons learned through a forward-looking analysis that can inform future policies.

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<sup>6</sup> The SEMED region also covers Libya and Syria. However, in the fifth cycle of the Torino Process, these countries were still experiencing conflicts and high levels of instability and it was therefore not possible to implement the process. For Libya, information and indicators refer to the report on VET in the country prepared with Libyans in 2018 (ETF and National Board for Technical and Vocational Education, 2020).

<sup>7</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual position of the Member States on this issue.

The timing of this report coincides with the EU programming in most of the SEMED countries and with the official announcement of a consultation process for a renewed partnership with the South, where HCD has an important place as key driver for growth and sustainable development.

Therefore, the report can contribute to ongoing reflection and country/regional policy dialogue, representing as it does a solid base and a reliable source of information. It also aims to inform the regional cooperation and intervention agenda of the ETF.

## 2. REGIONAL CONTEXT

### Socioeconomic and demographic context

Despite differences in their socioeconomic development, demography, political systems and wealth distribution, the SEMED countries face the same challenges in terms of sustainable growth, youth employment and demographic transition<sup>8</sup>. Inclusive growth and job creation are at the heart of reforms in all SEMED countries. However, the data suggests that much work still needs to be done to ensure sustainable development and prosperity to tackle inequity and unemployment, especially for women and young people.

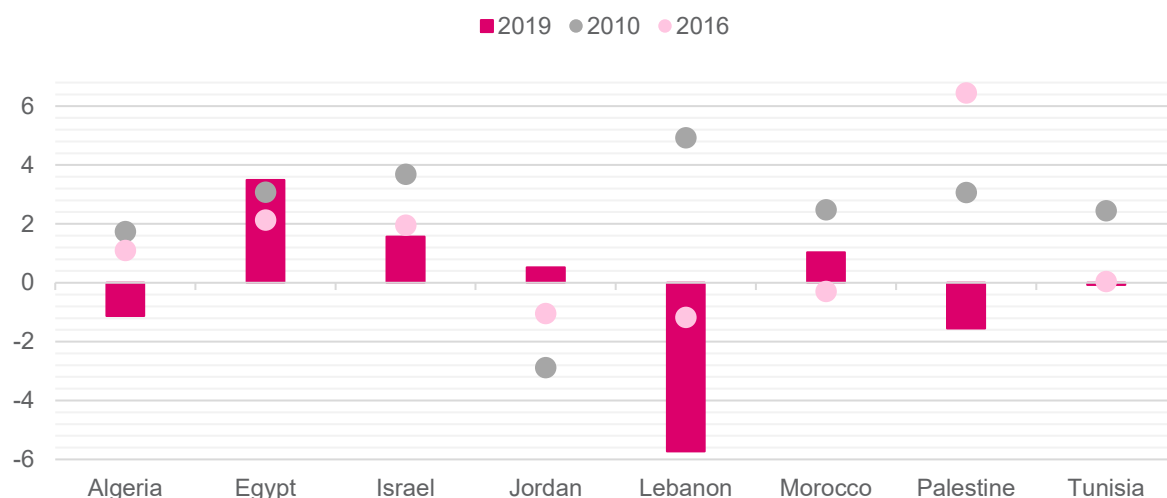
In general, SEMED countries are middle-income countries with challenging socioeconomic contexts characterised by high demographic pressure (a significant – though declining – share of young people in the total population) and modest economic growth with very high volatility and wide regional variations. The trend in gross domestic product (GDP) during the previous decade shows the challenges of maintaining sustainable growth in SEMED countries. All countries except Egypt and Jordan have experienced a substantial decrease in annual GDP growth throughout the past decade; coupled with demographic pressure, this has resulted in a rather low GDP per capita (despite great regional diversity). Conditions in Egypt deteriorated dramatically after 2010 and it is only in the past couple of years, as a result of a strong structural economic adjustment programme led by the government, that the country has exceeded the growth rate registered at the beginning of the decade. Jordan has experienced a steady reduction in negative GDP per capita growth and reached a positive per capita growth of 0.5% in 2019. Israel and Morocco have seen positive GDP per capita growth, though in 2019 it was significantly lower than in 2010 (Israel down from 3.7% to 1.5%, Morocco from 2.5% to 1.0%). Meanwhile, in 2019 Algeria, Lebanon, Palestine and Tunisia faced negative annual growth in GDP per capita (-1.1%, -5.7%, -1.6% and -0.1%, respectively) (World Bank, WDI database). This economic uncertainty negatively affects policy planning, reforms and business environment developments. The COVID-19 pandemic, still ongoing at the time of writing this report, will certainly worsen the economic situation in all countries (see Annex 1).

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<sup>8</sup> See the Introduction to this report for further details of the situation in Israel.



**FIGURE 2.1: GDP PER CAPITA GROWTH (ANNUAL %)**



Source: World Bank, WDI database.

Micro enterprises and SMEs are the spine of Euro-Mediterranean economies: they account for over 90–95% of all firms in absolute figures (IMF, 2019) and provide most of the available jobs. Businesses with fewer than five employees dominate the private sector in Egypt and Palestine, representing almost 60% of employment (IMF, 2018). The proportion is also substantial in Jordan and Tunisia, at between 35% and 40% (IMF, 2018). Most SMEs have limited productivity capacity and a large proportion of them operate in the informal sector, with no social security or safety nets, and with income fluctuations and a high dependency on seasonality.

On trade, the SEMED region remains poorly integrated, although individual countries are better and increasingly more integrated into the global economy. Intra-regional trade accounts for a very low share of the countries' total trade (e.g. less than 5% in the Maghreb<sup>9</sup> (IMF, 2019b)), and this is substantially lower than in all other regional trading blocs around the world. This is due mostly to geopolitical factors as well as restrictive economic policies. However, SEMED countries individually are relatively well integrated into the global economy and their economic interdependence is growing. Countries increasingly participate in global value chains (GVCs) (in particular Israel, Egypt, Morocco and Tunisia), in sectors such as agriculture, processed food products, plastics, textiles, metal products, electronic equipment and the automotive industry. As integration in GVCs is usually directly related to GDP per capita growth (OECD/EU/ETF, 2018), growing connections to third countries seem to be a promising factor for national development.

According to the 2019 Africa Regional Integration Index (AfDB, 2019), Egypt is second in the list of best performing African countries in terms of infrastructure integration, followed by Morocco (ranked fourth), and Tunisia (ranked fifth).

<sup>9</sup> 'Maghreb' in this report refers to Morocco, Algeria and Tunisia.



**TABLE 2.1: INTERNATIONAL TRADE, FOREIGN DIRECT INVESTMENT, INTERNATIONAL REMITTANCES AND OFFICIAL DEVELOPMENT ASSISTANCE RECEIVED IN 2019 (% OF GDP) AND COMPARISON WITH 2010 (% POINTS)**

	Exports (% of GDP)		Imports (% of GDP)		Total trade (% of GDP)		Net FDI outflows (% of GDP)		Net FDI inflows (% of GDP)		Remittances (% of GDP)		Net ODA received (% of GNI)	
	2019	pp vs. 2010	2019	pp vs. 2010	2019	pp vs. 2010	2019	pp vs. 2010	2019	pp vs. 2010	2019	pp vs. 2010	2018	pp vs. 2010
Algeria	22.6	-15.9	29.5	-1.9	52.0	-17.8	0.05	-0.1	0.8	-0.6	1.1	+0.9	0.9	0.0
Egypt	18.9 (2018)	-2.4	29.4 (2018)	+2.8	48.3 (2018)	+0.3	0.1	-0.4	3.0	+0.1	8.8	+3.1	0.8	+0.6
Israel	29.4 (2018)	-5.3	29.0 (2018)	-3.8	58.5 (2018)	-9.1	2.2	-1.2	4.8	+1.8	0.2	0.0	n.a.	n.a.
Jordan	37.2	-10.4	50.4	-17.7	87.6	-28.0	0.1	0.0	1.9	-4.4	10.0	-3.5	6.0	+2.4
Lebanon	21.7	-13.4	41.9	-18.1	63.6	-31.5	0.7	-0.6	4.2	-7.0	13.9	-4.1	2.6	+1.4
Morocco	39.1	+6.9	48.3	+5.3	87.5	+12.2	0.9	+0.2	1.3	0.0	5.7	-1.2	0.7	-0.4
Palestine	19.9 (2018)	+4.5	59.7 (2018)	+0.7	79.6 (2018)	+5.2	-0.5 (2018)	-1.1	1.4 (2018)	-0.6	19.4 (2018)	+9.0	13.2	-13.2
Tunisia	49.8	+0.3	60.7	+6.1	110.5	6.4	0.1	-0.1	2.1	-0.9	5.3	+0.6	2.1	+0.8

Source: World Bank, WDI database. Note: FDI, foreign direct investment; ODA, official development assistance; pp, percentage points; n.a, not applicable.

Global competitiveness, innovation capacity, technological readiness and export diversification remain limited in the SEMED region, except in Israel, as illustrated in Table 2.2. Nevertheless, policy reforms aimed at leveraging information and communication technologies (ICT), taking advantage of the digital economy and boosting national trade have led to some improvements. The region has caught up significantly in terms of the adoption of ICT, and many countries boast well-developed infrastructure. However, greater investments in human capital are needed to transform the countries into more diversified, innovative and creative economies (Schwab, 2019). HCD also plays a key role, across all stages of digital readiness, in building a workforce capable of utilising and creating technology and developing new skills in the emerging fields (Cisco, 2019).

**TABLE 2.2: RANKING IN GLOBAL COMPETITIVENESS, GLOBAL INNOVATION, DIGITAL READINESS AND ECONOMIC COMPLEXITY INDEXES (AND CHANGES COMPARED WITH PREVIOUS EDITIONS)**

Country	1. Global Competitiveness Index 2019 [x/141]	2. Global Innovation Index 2020 [x/131]	3. Digital Readiness Index 2019 [x/141]	4. Economic Complexity Index 2018 [x/133]
Algeria	89 (+3)	121 (-8)	95	122 (+7)
Egypt	93 (+1)	96 (-4)	92	66 (+1)
Israel	20 (=)	13 (-3)	21	20 (+6)
Jordan	70 (+3)	81 (+5)	68	51 (+1)
Lebanon	88 (-8)	87 (+1)		45 (=)
Morocco	75 (=)	75 (-1)	86	91 (-6)
Tunisia	87 (=)	65 (+5)	87	46 (-2)

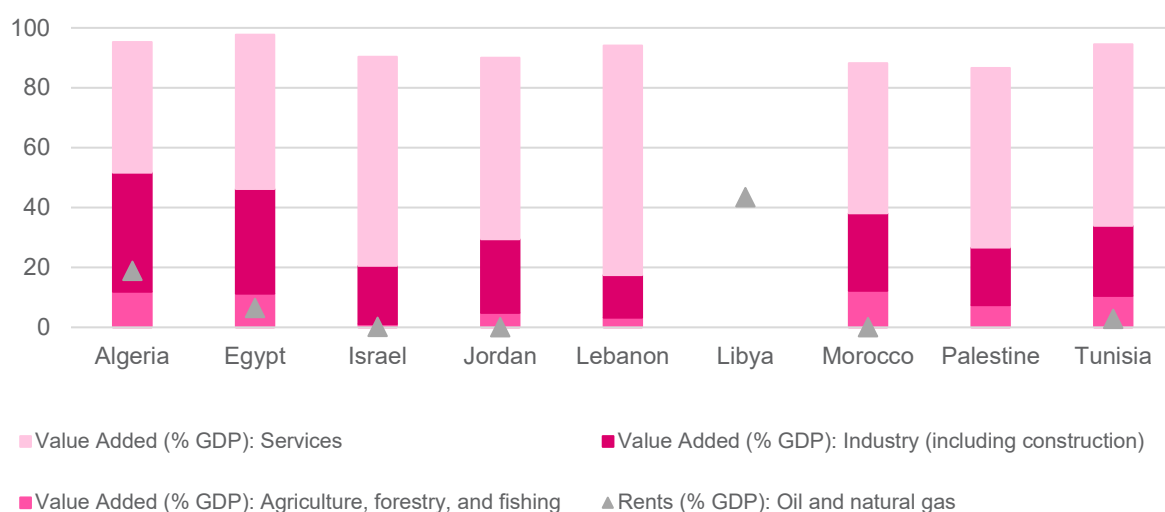
Source: 1. WEF, Global Competitiveness Index 4.0 (GCI) 2019; 2. WEF, Global Innovation Index (GII) 2020; 3. Cisco, Country Digital Readiness (DRI) 2019; 4. Harvard Center for International Development, The Atlas of Economic Complexity (ECI) 2018.

Note: No data available for Palestine. Digital Readiness Index (DRI) not available for Lebanon. The figures in brackets indicate the changes in the ranking compared to the previous editions: 2018 for the Global Competitive Index (GCI) [x/140], 2019 for the Global Innovation Index (GII) [x/129], 2013 for the Economic Complexity Index (ECI) [x/133]. For example, '89 (+3)' for Algeria in GCI indicates that Algeria is ranked 89 out of 141 in 2019 and was ranked 92 out of 140 in 2018. The previous edition is not available for the DRI.

There is a general need for economic diversification and internationalisation for all countries, and especially for the Algerian and Libyan economies where, respectively, oil and gas rents account for 18.9% and 43.4% of GDP (see Figure 2.2) and 91.8% and 97.2% of total exports (IMF, 2016). Moreover, in Libya, the non-oil and non-government share represents only a sixth of total GDP. On the Economic Complexity Index (ECI10, 2018), which measures export diversification and competitiveness for 133 countries worldwide, Algeria ranks very low (122 out of 133 countries), although its position has improved slightly from its 2013 rank (129/133). No country ever experienced sustained growth and a significant reduction in poverty without integrating into the global economy, yet this has been particularly difficult to achieve in countries whose economies are concentrated on natural resources and whose non-oil private sector remains relatively small. Greater economic diversification would increase productivity, unlock job-creating growth and curb volatility by increasing resilience to shocks.

<sup>10</sup> Published by Harvard Center for International Development.

**FIGURE 2.2: GROSS VALUE ADDED BY SECTOR (% OF GDP) AND NATURAL RESOURCES RENTS, 2018**



Source: World Bank, WDI database.

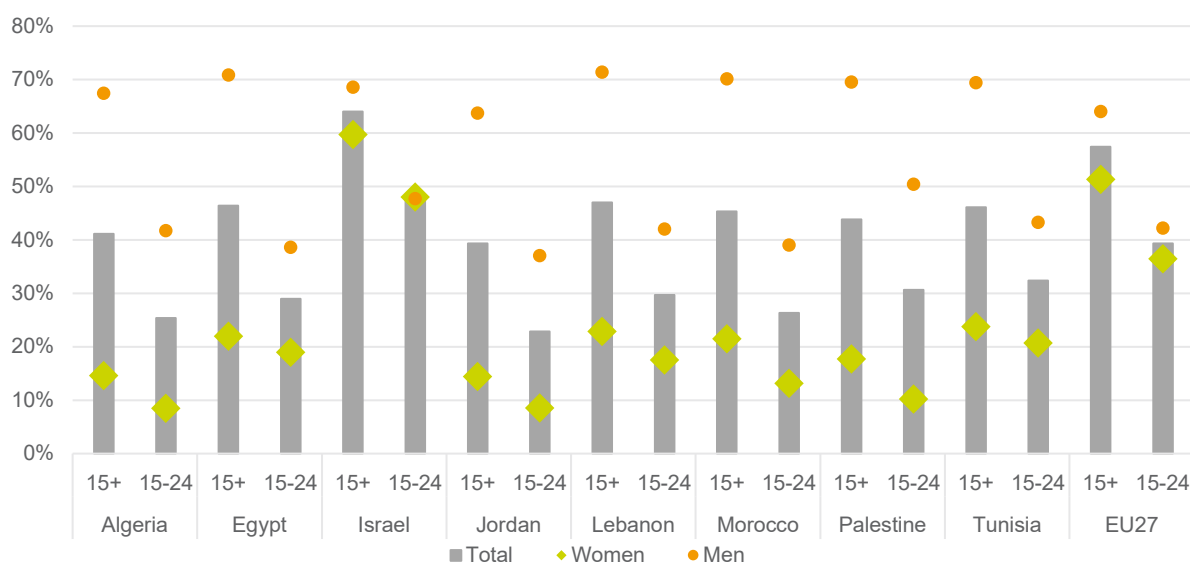
Note: The three value-added shares shown on this graph (agriculture/forestry/fishing, industry, and services) may not always add up to 100% due to financial intermediary services indirectly measured and net indirect taxes; value added by sectors not available for Libya; natural resources rents not available for Lebanon and Palestine.

Labour markets in AMCs are characterised by a generally precarious situation for young people and a significant gender gap. Enhancing youth employment and employability, with a focus on women, is also a priority for cooperation within the European Neighbourhood Policy as well as for Sustainable Development Goal 4 (targets 4.3, 4.4 and 4.5<sup>11</sup>). Indeed, while the gender gap has been substantially reduced in terms of access to education, it remains very high in terms of labour market participation. In 2019, the labour force participation rates in all AMCs were marked by a gender gap of roughly 50% in each country (where the female participation rate does not exceed 25%), whereas the difference between female and male activity is less than 10% in Israel (ILO, 2019<sup>12</sup>). Labour market participation rates in the AMCs are even lower for young women aged 15–24, at less than 10% in Algeria, Jordan and Palestine, and reaching 20% at most in Tunisia (ILO, 2019).

<sup>11</sup> Target 4.3: by 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. Target 4.4: by 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Target 4.5: by 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

<sup>12</sup> This dataset includes both real and imputed data from 1991–2019. Estimates may differ from official national sources.

**FIGURE 2.3: ACTIVITY RATES (AGE GROUPS 15+ AND 15–24), 2019**



Source: ILO (2019) and Eurostat.

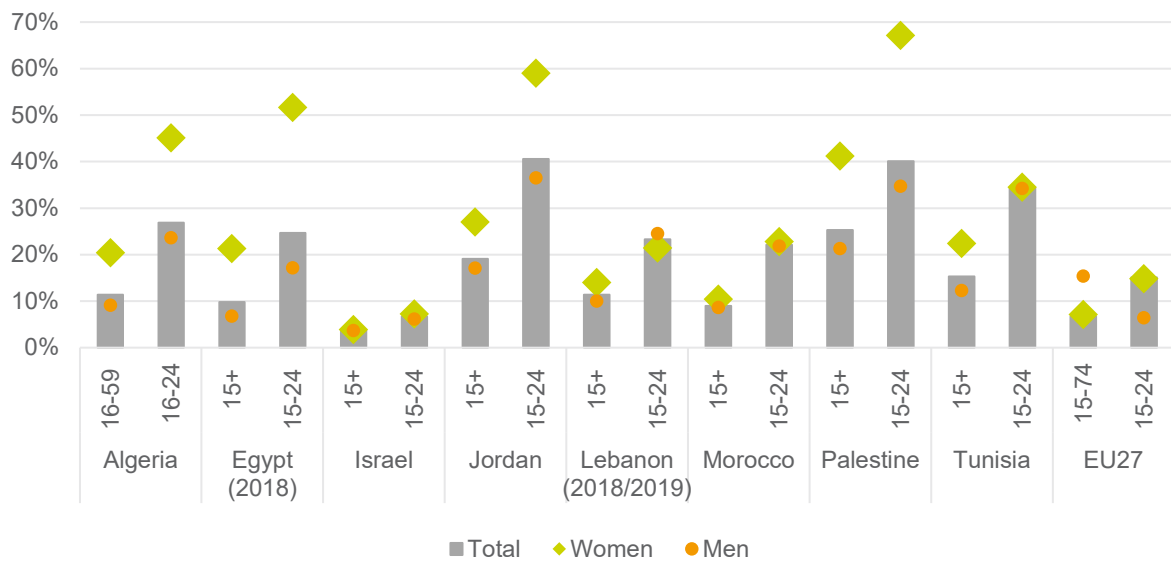
With the exception of Israel, the significant gender bias in the region also results in much lower employment and higher unemployment rates (women are still three times less likely than men to be in the labour force and almost twice as likely to be unemployed). Young people not in employment, education or training (NEETs), of which a large portion consists of those who are inactive, are mostly educated young women who declare family-carer status (ETF, 2020a). Such a phenomenon has been associated with the dominant traditional caregiving role of women, who often disengage from the labour market to accommodate family duties and responsibilities, coupled with the inability of the economies to generate enough decent formal work opportunities to absorb the growing number of young people entering the labour market. Other factors include the lack of public childcare provision and the low salaries and poor working conditions that make jobs less attractive for women.

The SEMED region has one of the highest youth unemployment rates in the world. In 2018, the youth population aged 15–24 represented an average share of 16.4% of the overall population in the region (only 5.2% in EU-27), with highs of around 20% in Palestine and Jordan<sup>13</sup> (see Figure 3.2), implying even greater pressure on the labour market in the coming years. The youth unemployment rate is as high as 40% in Palestine and Jordan, is close to 35% in Tunisia, and exceeds 20% in Algeria, Egypt, Lebanon and Morocco (Figure 2.4). For young women aged 15–24, unemployment rates in the AMCs are significantly higher: in 2019 more than 50% of active young women could not find employment in Algeria, Egypt, Jordan and Palestine (ETF, 2020b), notwithstanding the very low corresponding participation figures<sup>14</sup>. Youth unemployment is seen as a threat to social stability by most SEMED countries.

<sup>13</sup> Data source for SEMED region: World Bank, WDI database. Data source for EU-27: Eurostat.

<sup>14</sup> Unemployment rates are calculated as a percentage of unemployed people over the corresponding *active (employed + unemployed)* population only, and not over the total corresponding population.

**FIGURE 2.4: UNEMPLOYMENT RATES (AGE GROUPS 15+ AND 15–24), 2019**



Source: ETF (2020b); ETF data collected from national statistical offices and Eurostat (Ilsa\_urgaed).

Note: Algerian age groups are 16–59 and 16–24 (not 15+ and 15–24); Egypt data refers to 2018, Lebanon data refers to the period April 2018–March 2019; Morocco data is based on ILOSTAT modelled estimates; EU-27 refers to age group 15–74 (not 15+).

The high level of informal economic activity is one structural and persistent feature in the region. It is estimated that a typical country in the Middle East and North Africa region produces about one third of its GDP and employs two thirds of its labour force informally. It is also suggested that around two thirds of all regional workers, with highs of 86% in Palestine and 76% in Morocco, may not have access to health insurance and pension systems (Gatti et al., 2014). Moreover, for most young people it is easier to find an informal rather than a formal occupation owing to the limited employment opportunities generated in the region; for instance, youth employment rates in the informal sector reached over 90% in Palestine in 2015 (Sadeq, 2016). According to the ILO school-to-work transition surveys<sup>15</sup> (Dimova et al., 2016), around 48% of employed young people in Jordan work in informal employment<sup>16</sup>, compared to 60.0% in Lebanon, 86.1% in Tunisia, 92.2% in Egypt and a staggering 95% in Palestine. This is linked mainly to the structure of these economies, which are based on micro and small enterprises, self-employment or agriculture, most of these activities typically being in the informal sector<sup>17</sup>. While the informal economy ensures a livelihood for many people, it has a negative impact on individuals (poor working conditions, low-quality jobs, lack of social security, etc.) and on economies as a whole (negative impact on the state budget, unfair competition, low added value, low productivity and job creation, etc.). There is an inverse correlation between educational attainment and informality, with those who are less educated more likely to end up in informal employment (ETF, 2020a).

<sup>15</sup> To assist Member States in building a knowledge base on youth employment, the ILO has designed the school-to-work transition survey, which was implemented in Egypt, Jordan, Lebanon, Palestine and Tunisia. The results of the survey in the five countries are presented in Dimova et al. (2016).

<sup>16</sup> The ILO measures informal employment according to the definition given by the Seventeenth International Conference of Labour Statisticians: [https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms\\_087622.pdf](https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087622.pdf)

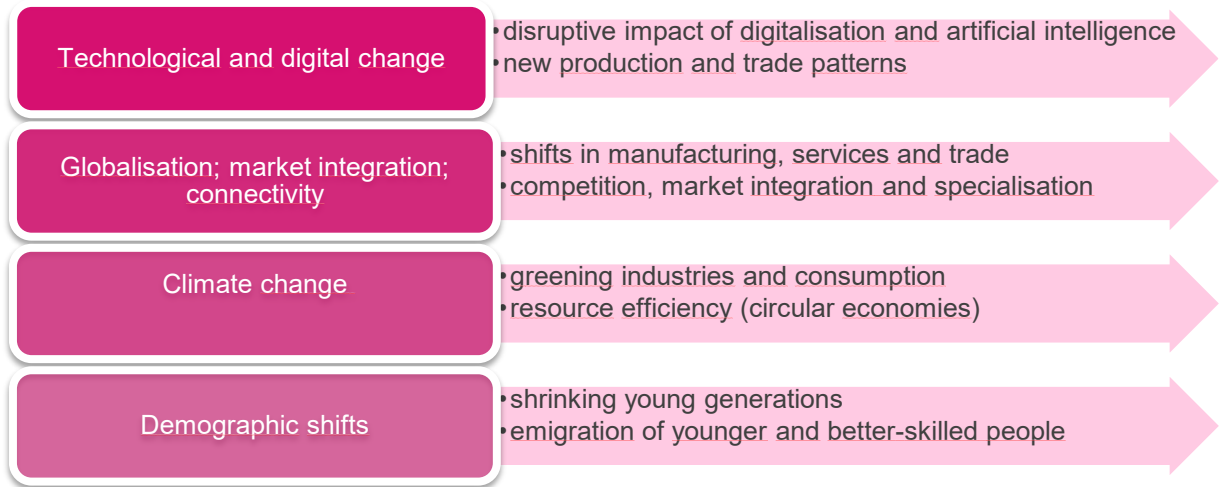
<sup>17</sup> In the ETF's *Key indicators on education, skills and employment* (KIESE) (ETF, 2020b), the incidence of vulnerable employment is defined as the number of own-account workers and contributing family workers as a proportion of the total number of employees. Persons in vulnerable employment are more likely to have informal work arrangements (ILO, 2018a).

The COVID-19 pandemic is exacerbating existing socioeconomic challenges. At the start of the pandemic, SEMED countries, like other countries around the world, put in place containment measures, although these varied in terms of timing, rigidity and coverage. As in other parts of the world, countries are facing the shock and the impact of these measures in their economic and social contexts, putting even more pressure on those countries that were already suffering from economic crisis (Algeria: a steep decrease in oil prices), couple with political turmoil (Lebanon) and conflicts (Libya, Syria). It is expected that in the aftermath of COVID-19, economies will have to face the consequences of falls in internal and external demand, a drop in oil prices (particularly affecting Algeria and Libya), and a reduction in trade (also linked to the closing of borders in most of the countries). Projections of GDP growth indicate significant downturns. The IMF forecasts that growth in the region is expected to fall dramatically, particularly for oil-exporting countries, with Libya and Lebanon expected to be the countries most affected (Libya -58.1% of GDP and Lebanon -12%). Decreases in remittances are also expected, particularly in Egypt and Lebanon; for Lebanon, a decrease of 12% was estimated for April/May 2020 (IMF, 2020). Tourism, one of the key sectors contributing to GDP and employment (particularly in Morocco, Tunisia, Egypt, Jordan and Lebanon), has been severely affected and the effects will be significant (estimated at 40–70%, depending on the evolution of the pandemic).

Vulnerabilities and challenges in labour markets in the countries (informality, seasonal work, precarious jobs, self-employment) have been and will continue to be severely affected. Individuals in these categories, with no access to safety nets and welfare, are at higher risk of permanent or long-term unemployment. The social inequalities that pre-existed in the countries of the region have been amplified during the crisis, with an impact on access to fundamental services such as education. The population in remote areas and with low or very low income, in unsafe households or in refugee camps have had less access to basic hygienic conditions and healthcare.

SEMED countries are aware of the key drivers of change around the world and the importance of technological, climate and demographic transformations as well as the need to adapt the skills supply to the related imminent demand. This includes digitalisation, the greening of industry and the need for more connectivity, market integration and specialisation as SEMED economies open to the world and to the EU as a main trade partner. The burning question remains how the education system, and particularly VET and lifelong learning, can address this transformation in an appropriate manner and in close cooperation with the world of work.

**FIGURE 2.5: KEY DRIVERS OF CHANGE WORLDWIDE**



Source: ETF (2019).





## 3. HUMAN CAPITAL CHALLENGES

### Overview

Since the last Torino Process round in 2016, the SEMED countries<sup>18</sup> have undergone significant political, socioeconomic and demographic changes in continuation of the Arab Spring. The recent developments continue to place human capital and, in particular, education and training at the heart of policy agendas to address both social and economic challenges. The COVID-19 crisis, which began in 2020, added new challenges and created the need for new policy responses, while the implementation of structural reforms is likely to become more difficult. Nevertheless, signs of progress made by the countries over the past four years are visible in most of the areas addressed in this analysis.

Education and training, which has been at the heart of the SEMED region's history and civilisations for centuries, has a large untapped potential to contribute to human capital, wellbeing and wealth. Decades of investments in education, impressive growth in enrolment rates, and gender parity at almost all levels of education have not been able to translate into increased human capital and wealth, thus failing to meet the aspirations of the 222 million people in the region. Advances over the years are evident in the region and in most countries, but progress has been slow, and many challenges lie ahead. Despite a series of reforms, SEMED countries have considerable potential and the current situation requires a renewed focus on skills anticipation and development.

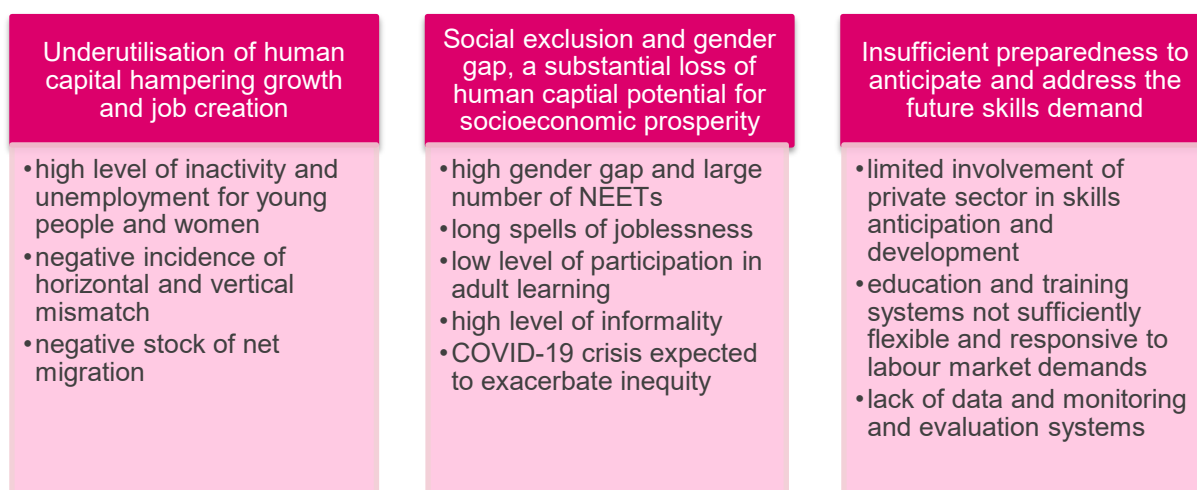
This chapter is based on socioeconomic data available from national and international sources, key indicators on human capital, the outcomes of Torino Process national reports and ETF assessments, and on the UfM Ministerial Declaration on Employment and Labour (UfM, 2019). An analysis of these sources suggests that human capital is the region's main asset but, at the same time, is subject to many challenges. Three main clusters of human capital development and utilisation issues emerge as needing to be addressed as a matter of urgency (with some exceptions)<sup>19</sup>, and these are illustrated in Figure 3.1. This chapter analyses these issues, and also looks at progress and achievements in the different areas addressed.

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<sup>18</sup> Israel has been affected to a lesser extent than other countries in the region.

<sup>19</sup> Israel stands apart from other countries in the region in terms of some aspects, such as unemployment, economic development and job creation.

**FIGURE 3.1: SNAPSHOT OF HUMAN CAPITAL DEVELOPMENT CHALLENGES IN SEMED**



## Underutilisation of human capital hampers growth and job creation

**Young people in AMCs represent the main human capital potential for economic prosperity, while at the same time they are the main challenge in terms of pressure on the labour market.**

Based on the World Bank database, the SEMED population has experienced an average yearly increase of 2% during the period 2010–2019, reaching 222 million in 2019. The fertility rate of the region varies between 2.1 (Lebanon) and 3.7 (Palestine) children per woman, which is well above the replacement level, and this has positively contributed to an increase in the population<sup>20</sup>. The continuous reduction in the infant mortality rate and the increase in life expectancy at birth during the past decade have also had an impact on the demographic situation. Data on the age dependency ratio<sup>21</sup> illustrates the potential effects that changes in population age structures have on socioeconomic developments. In 2018 the age dependency ratio varied between 48.1% (Tunisia) and 72.7% (Palestine), both of which are relatively high (age dependency ratio in EU-27 was 24.0% in 2018)<sup>22</sup>. This adds a considerable burden on the economically active population to support and provide social services to the category of people who are economically dependent (children and older people).

However, there is a noticeable contrast between the change in the total population in the SEMED region and the evolution of the young population aged 15–24. As shown in Figure 3.2, while the relative size of the youth population in the region remains high (16.4% in 2018) compared to that in the EU-27 (5.2%), **most countries have experienced a reduction in this population**, which is reflected in a decrease of 3.3 percentage points in the average relative size of the youth populations in SEMED during the period 2010–2018<sup>23</sup>.

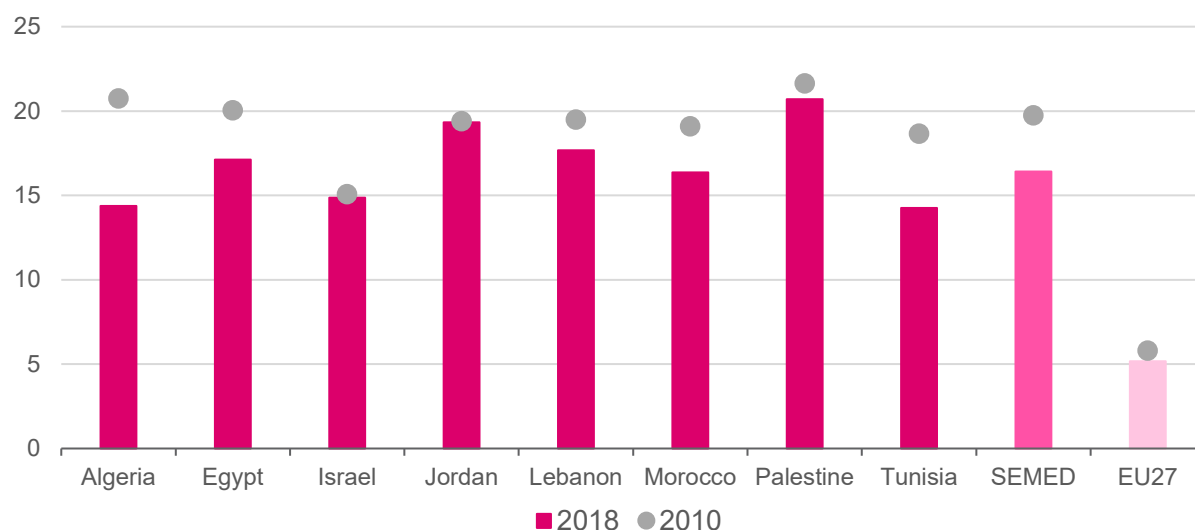
<sup>20</sup> Data source for SEMED region: World Bank, WDI database. Data source for EU-27: Eurostat.

<sup>21</sup> The ratio of the number of persons not economically active (children aged 0–14 and older persons aged 65+) to the number of persons of working age (15–64).

<sup>22</sup> World Bank, WDI database.

<sup>23</sup> Data source for SEMED region: World Bank, WDI database. Data source for EU-27: Eurostat.

**FIGURE 3.2: RELATIVE SIZE OF YOUTH POPULATION, 2010 AND 2018 (AGE GROUP 15–24 AS % OF TOTAL POPULATION)**



Source: World Bank, WDI database for SEMED region; Eurostat for EU-27.

Furthermore, **the region continues to experience negative net migration**<sup>24</sup> (emigration is higher than immigration), except in Israel, Jordan and Lebanon (the last two countries as a result of the flow of Syrian refugees in 2016). Shortage of economic opportunities, sociopolitical unrest and waves of protests during and after the Arab Spring are driving many young people to emigrate in search of livelihoods. This element also has significance for the demographic and labour market prospects of each country.

Little progress in the labour market outlook has been observed since the previous round of the Torino Process, despite all the efforts deployed. As described in Chapter 2 of this report, the labour market in the AMCs is characterised by low levels of activity and employment rates, especially for young people, limited participation by women, a large and growing informal sector, a relatively high level of emigration in general and of educated persons in particular (brain drain) and an influx of refugees and foreign workers (mainly, though not exclusively, in Lebanon and Jordan). This situation (inactivity, unemployment, migration and the informal sector) increases the risk of human capital depletion and underutilisation. While this risk covers all AMCs, its level varies among countries and population groups, with young people, women and rural populations the most exposed.

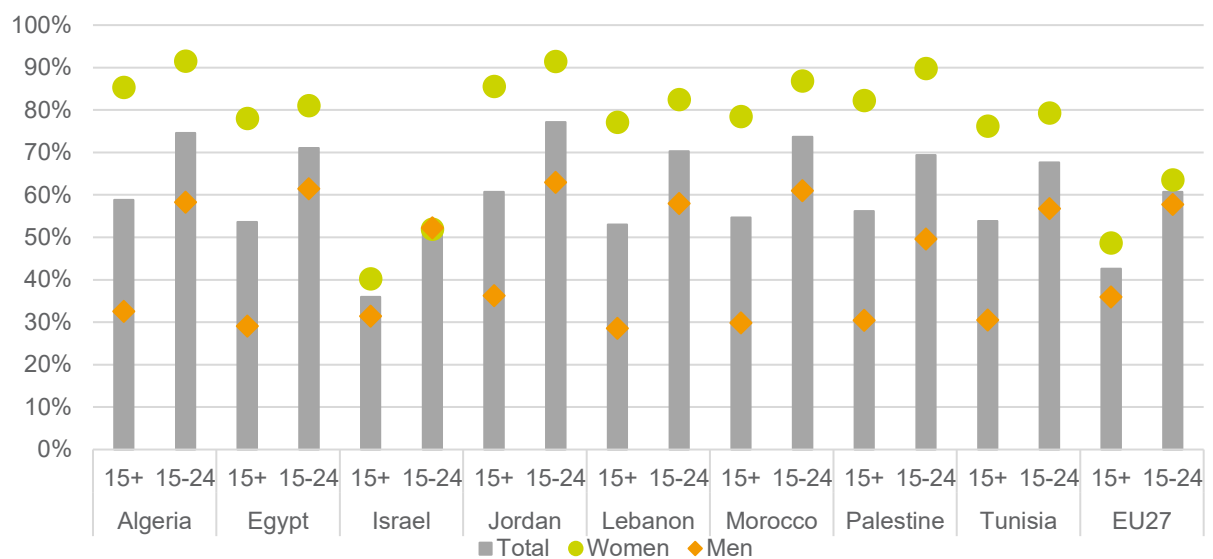
Low labour market outcomes (mainly owing to female inactivity) and high youth unemployment constitute a loss in productivity and result in high opportunity costs and a low return on educational investments. Unemployment and inactivity in the region are linked to both the economic structure and the demographic challenge experienced by the different countries. On the one side, job creation over past decades has been limited and concentrated in low productivity sectors, mostly within the informal economy and requiring low or medium skills levels. Moreover, job creation in many SEMED countries has benefited migrant workers owing to high expectations on the part of nationals and poor working conditions in the private sector (Jordan, Lebanon and Algeria to some extent). On the other side, almost half of the population in the region consists of young people (in 2019, 63.4% of the SEMED

<sup>24</sup> Based on the ETF calculations on the United Nations Population Division database, in 2019 the stock of emigrants originating from SEMED countries was 15.3 million and the immigration stock in the region was 6.2 million.

population was under the age of 24)<sup>25</sup>, which offers a window of opportunity, although it puts a great deal of pressure on labour markets as most young people find it easier to secure jobs in the informal sector owing to the limited formal employment opportunities. According to the ETF KIESE publication (2020b), in 2019 the incidence of vulnerable employment<sup>26</sup> varied from 47.5% in Morocco to 22.1% in Palestine, and 19% in Tunisia and Egypt<sup>27</sup>, with the lowest values for Jordan (11.0%) and Israel (9.1%).

Inactivity rates in the AMCs remain among the highest in the world, with less than 50% of people actively participating in the labour market in 2019 (ILO, 2019a). Moreover, as shown in Figure 3.3, the share of the population outside the labour force is significantly higher for the most disadvantaged groups, namely young people and women, with staggering figures of around 70% for the former and 80% for the latter. Young women, as already mentioned in this report, face the most challenges to entering the labour market owing to a combination of cultural factors (large shares declaring homemaker status, regardless of their educational attainment), demographic transformations and the inability of economies to generate enough decent formal jobs, thereby forcing individuals to disengage. According to the ILO database, in 2019 inactivity rates of women aged 15–24 ranged from 80% in Tunisia to 92% in Algeria and Jordan. Even more worryingly, these inactivity rates have remained constant throughout the past decade (Lebanon, Tunisia) or have even increased further by a few percentage points (Algeria, Egypt, Jordan, Morocco and Palestine).

**FIGURE 3.3: INACTIVITY RATE (AGE GROUPS 15+ AND 15–24), 2019**



Source: ILO (2019a) and Eurostat.

The labour markets of the AMCs are also characterised by low employment, high unemployment and very large gender and age gaps. The unemployment rates (age 15+) are high in the AMCs (see Figure

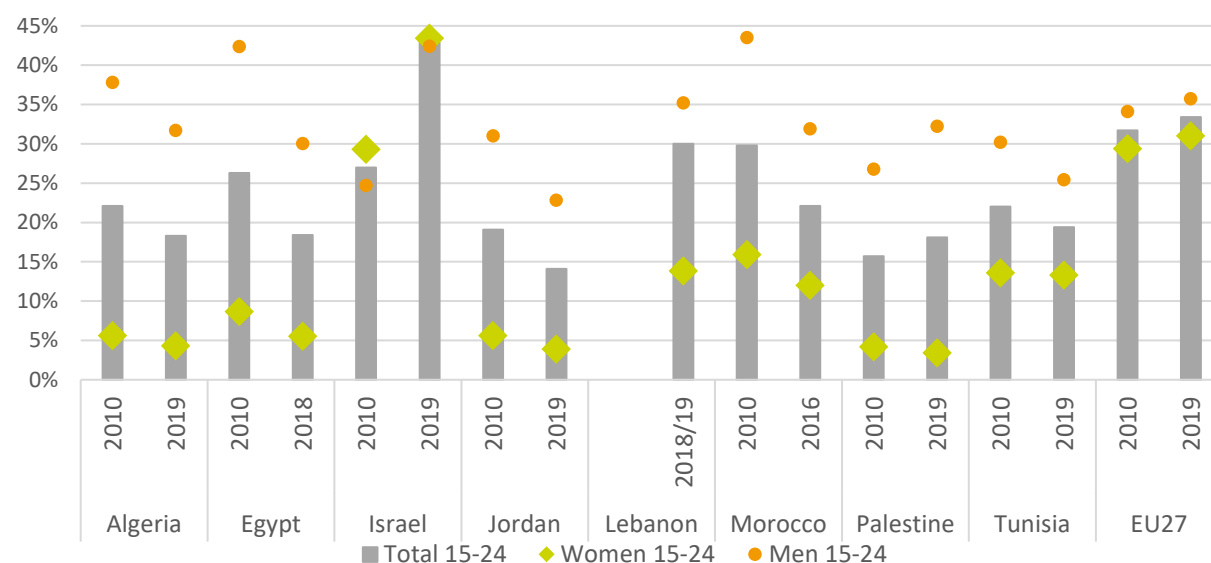
<sup>25</sup> ETF calculations on the World Bank database.

<sup>26</sup> The incidence of vulnerable employment is expressed by own-account workers and contributing family workers as a proportion of the total employed population.

<sup>27</sup> Data for Egypt is for the last available year: 2018.

2.5 in Chapter 2), ranging from 9% in Morocco to 25% in Palestine<sup>28</sup> for the total population in 2019. These figures are about twice as high among women and young people, and are even higher in Algeria, Egypt, Jordan and Palestine for young women aged 15–24, at over 50%<sup>29</sup>. Employment rates confirm the wide age and gender gaps in the AMCs’ labour markets, where only a minority of young people and women in the region are employed. Employment rates for women aged 15+ in the AMCs range from 10% (Jordan, Palestine) and 25% (Lebanon). In the case of young people (Figure 3.4) – again, with Lebanon as an outlier (30%) – employment rates in the region are around 14–19%; for young women they are even lower, at less than 5% in Algeria, Egypt, Jordan and Palestine, reaching 13% at most in Lebanon and Tunisia. Worryingly, the AMCs have experienced an overall downward trend in employment since 2010, with the sole exception of Palestine, where employment rates for both the youth and total populations have shown an increase in the past decade. However, even in Palestine, and despite the youth upward trend, the share of employed young women has decreased from 4.2% in 2010 to an appalling 3.4% in 2019 (ETF, 2020b). Arguably, among a number of different driving forces there is the demographic pressure coupled with the regional ‘jobless’ economic growth, which translates into a situation in which labour supply far outweighs labour demand, thus resulting in high rates of unemployment and very low employment, especially among young people who are new entrants to the labour market (ETF, 2020a). Skills mismatches owing to the weak connection between the private sector and academia, with the skills and specialisations provided failing to meet employers’ requirements, is also often cited as one of the main factors behind the critical labour market situation.

**FIGURE 3.4: EMPLOYMENT RATES (AGE GROUP 15–24), 2010 AND 2019**



Source: ETF (2020b); ETF data collected from national statistical offices and ILOSTAT estimates; EU-27 data collected from Eurostat.

The correlation between educational attainment and employment in the region is a complex phenomenon to analyse. Regardless, finding a job is an arduous struggle for young people in the region. While initial data analysis suggests that there is an inverse correlation between education and

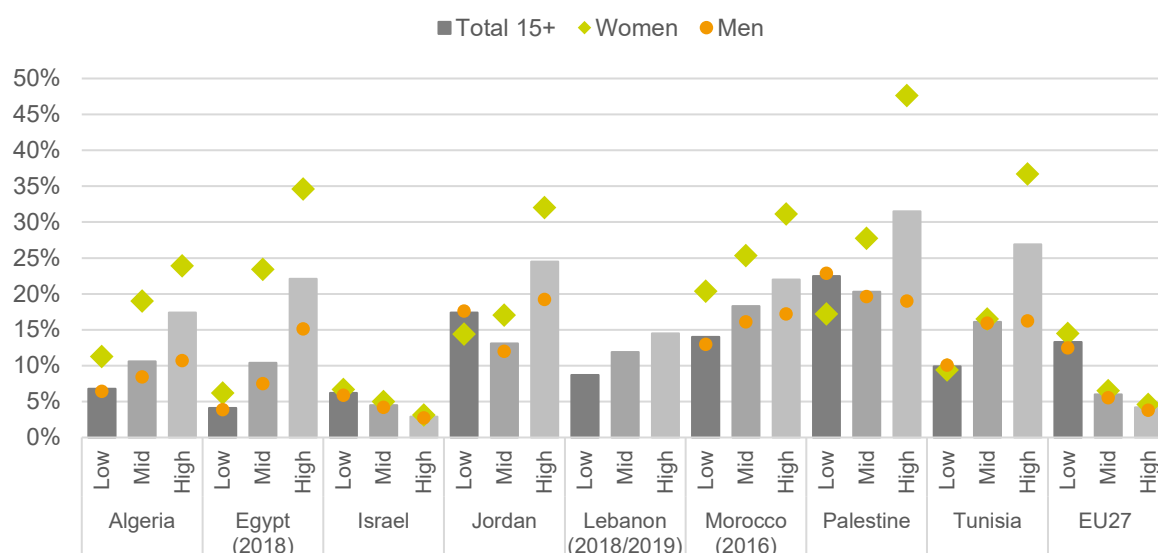
<sup>28</sup> The very high youth unemployment rate in Palestine is due not only to the unique sociopolitical situation of Palestine but also to the fact that the data in the table aggregates both Gaza and West Bank (with Gaza having a much higher unemployment rate).

<sup>29</sup> ETF (2020b); ETF data collected from national statistical offices and international sources.

employment (see Figure 3.5), other evidence indicates that, at least in some countries, people with higher education credentials are more likely to find a job. The improved education level of the population has not translated into better labour market outcomes in all countries, with Israel as an exception. On the contrary, better-educated people seem most affected by unemployment in all AMCs. This perceived ‘mismatch’ between the supply side and the demands of the labour market has been a central driver of unemployment for many of the countries in the region. As shown in Figure 3.5, higher educational attainments correspond to higher unemployment rates in all AMCs. This is particularly the case for women, who have higher levels of education than men but fail to find a job, and especially for those with high levels of educational attainment. The general tendency for more young people to engage in secondary and tertiary education is also a main determinant of the declining youth labour force participation rates in the region. Thus, as confirmed by national data in each country<sup>30</sup>, the unemployment rate among people with high educational attainment is higher than among those with low educational attainment, except in Israel, which performs even better than the EU-27 average.

However, while people with tertiary education experience the highest unemployment rates, a recent youth study in Egypt and Jordan (ETF, 2020) suggests that those with tertiary education have the best employment outlook. Indeed, 54.4% and 45.8% of young people with tertiary education are employed in Egypt and Jordan, respectively. One explanation for the unemployment rate increasing with educational attainment could be that higher education graduates remain more active than their peers with lower attainment, but are also more discriminating in terms of seeking employment that matches their education. It also certainly indicates the inability of the economy to generate enough jobs to satisfy all the highly skilled new entrants into the market. In any case, this mismatch between education and labour market expectations is additional evidence of the depletion and underutilisation of human capital in the region.

**FIGURE 3.5: UNEMPLOYMENT RATE (% AGED 15+) BY EDUCATIONAL ATTAINMENT, 2019**



Source: ETF (2020b); ETF data collected from national statistical offices; Eurostat.

<sup>30</sup> ETF (2020b); ETF data collected from national statistical offices and international sources.

Note: Broad educational attainment levels (definition differs for the level 'Low'): LOW: ISCED-11 0–2 for Israel, Palestine, EU-27; LOW: ISCED-11 0–1 for Algeria, Lebanon, Palestine, Tunisia; LOW: ISCED-11 1–2 plus no schooling for Egypt; LOW: ISCED-11 2 for Morocco; MID: ISCED-11 3–4; HIGH: ISCED-11 5–8.

An increasing share of work in SEMED countries is in services, while wage and public employment remain the main targets for jobseekers. Looking at recent employment trends within the countries, a shift in the economic structure and among sectors is noticeable. The data signals a common shift of employment from agriculture and manufacturing (though these are still very relevant, especially in Morocco and Egypt), towards services. As this trend is expected to continue, it implies the need to prepare young people for new jobs and occupations. With regard to employment status, most people in the region are employees (as high as 87.6% and 84.0%, respectively, in Israel and Jordan), while employers constitute a minimal share of total workers (less than 7% in most of the countries), with a much lower presence of female than male employers (ETF, 2020). The public sector remains the largest employer in the SEMED countries: the overreliance on public sector employment, which has traditionally absorbed the increasing number of university graduates, constitutes a major problem for the countries, as young people tend to seek or wait for jobs that will give them more benefits and security rather than accepting jobs in the private sector.

Both horizontal and vertical mismatches have a negative impact on youth employment in the region. Skills mismatch is recognised as a major challenge by policy makers, practitioners and social partners, as it is often associated with dynamic social and economic contexts such as restructuring processes, changing trade patterns, technological transformation, demographic change and negative social conditions (e.g. informality, long-term unemployment, inactivity) (ETF, 2019a). Skills mismatch is interconnected with human capital. Surplus of human capital is typically measured in terms of overeducation or overskilling (vertical mismatch). However, surplus in terms of education may also be related to a horizontal (field of study) mismatch, with workers employed in jobs that are not relevant to the skills and knowledge they have accumulated in formal education. Mismatches in human capital can also relate to skills obsolescence, whereby workers possess skills that are no longer required by the employer owing to changes in workers' abilities, technical progress or market conditions (ETF, 2020c). In addition to the demographic context (high number of entrants to the labour market) and the weak economic growth (not enough decent job creation), skills mismatch is often cited in Torino Process reports as one of the main factors behind the high rate of unemployment in the region, especially among young people. This mismatch is perceived to exist at multiple levels. First, there is the mismatch between the education and training supply and the skills demand in the labour market. This affects fields of study such as literature, history and religious studies, both in general and higher education, as well as VET specialities that are no longer required by the labour market, such as industrial specialities (textiles, traditional mechanics, etc.) and even in agriculture and services trades (UN, 2017). As a result, many of these qualified graduates accept positions in other specialities and, in general, below their level of formal qualifications. The other level of skills mismatch exists within graduates' own specialisations, which do not fully match the needs of the trade concerned, including soft skills such as professional behaviour at work and communication. In these cases, employers may recruit from other specialities or fields of study and provide the technical skills themselves. Finally, providing more schooling does not seem to help in solving the issues of mismatch or youth unemployment in general.

Employer leadership is a key challenge in addressing these skills mismatches and gaps in the region. We should not place all the burden and criticism on public authorities and the quality of skills provision. Employers have a role and also a responsibility to increase their involvement in skills development by identifying and communicating the skills they need, as well as developing mechanisms to recruit, train



and retain employees. It is clear that many employers in the region are not willing and/or ready to do so. This shared responsibility should be further understood and acknowledged and its institutionalisation supported.

## Exclusion increases poverty and makes it difficult to achieve social objectives

The concept of 'socioeconomic inclusion' in this report refers to the equality of individuals to access economic and employment opportunities, regardless of their gender, age, education level, socioeconomic status or geographical location. It is generally acknowledged that making socioeconomic growth and prosperity more inclusive will also make it more sustainable (European Economic and Social Committee, 2019). In this context, in recent years social inclusion policies have become more of a priority than they were in the past in the national agendas of SEMED countries. Linkages between social inclusion and skills development are also being established.

Despite attempts to make labour markets and societies more inclusive, wide disparities both among and within countries are still very prominent in the region and cast a shadow over sustained human development. Countries score quite low in HCD, have very high levels of gender inequality (as illustrated in Chapter 2 and in the first section of the current chapter), and experience increasing inequalities within their own territories (urban vs. rural). By all these indicators, the region is one of the most unequal in the world, with patriarchal structures manifested through gender discriminatory social norms. Poverty is also a persistent feature in SEMED societies, despite relatively good economic growth. This is due to an unequal power structure in which poverty is concentrated among the groups that are the last to benefit from growth: illiterate individuals, rural dwellers, women (especially rural women and female single households), persons with disabilities, and those from ethnic and religious minorities (SIDA, 2019).

As reported by the World Bank (2018), SEMED stood out as the only region where the extreme poverty rate increased from 2.7% to 5.0% between 2011 and 2015, doubling the number of extreme poor to 18.6 million living on less than USD 1.90 a day. In 2015, the number of poor people increased to 158 million based on the USD 5.5 per day poverty line (also the first increase in decades), accounting for 38% of the population in the region (SIDA, 2019). It is important to highlight that the monetary measures of poverty often mask large disparities in outcomes as well as opportunities in health, education and living standards among the poorest households in rural areas, those facing high dependency and those with an uneducated household head.

The lack of access to affordable and quality public services, finance and technology has further hampered access to opportunities and prevented growth from benefiting all. As societies age, new technology evolves, and automation and change become faster, there is an increasing risk that new groups of people become excluded from the market, for instance those who have obsolete skills. Moreover, persistently weak growth, exacerbated by the COVID-19 health crisis, will certainly further inflate the problem of income inequalities and social exclusion (see information on the impact of COVID-19 in Annex 1). As in previous epidemics, the COVID-19 pandemic will increase income inequality and damage the employment prospects of vulnerable populations and those with low levels of educational attainment.

Although there are differences among countries (as shown in Table A2.1 in Annex 2), inequality and social inclusion remain serious issues in all of them (except Israel). In addition to the unfair distribution



of limited resources and the political instability, several other factors can explain this precarious situation, including:

- the low level and quality of (decent) job creation;
- the difficult transition from school to work as a result of insufficient support;
- informality, working conditions and wage levels;
- gender inequality in labour market;
- low capacity and effectiveness of education and training systems to provide relevant skills to meet current and future labour market needs.

The most vulnerable groups are young people, women, NEETs, informal workers, rural residents and migrants and refugees. These populations are at high risk of exclusion from any form of active participation in the economy and public life. Thus, the primary challenge for the region is to create more high-quality jobs and to make them available and accessible to all. According to World Bank data, in 2019 more than 63% of the SEMED population was under the age of 24, with millions projected to enter the labour market in the coming years. In the past decade the youth population has been the group worst hit by unemployment, with negative trends over the past nine years in almost the whole region, and the critical situation becomes more apparent when labour underutilisation is taken into consideration. The ILO has collected this information for several countries in the SEMED region, and this shows that the composite rate of labour underutilisation<sup>31</sup> ranges from 43.5% in Morocco to approximately 50% in Algeria, Egypt, Palestine and Jordan. Moreover, young people have been particularly affected by the prolonged economic crisis, the poor quality of education and the increasing mismatch between their skills and the ones required by the employers. The inverse correlation between education and employment in the region has been (and still is) a striking but constant feature in most countries, where unemployment tends to increase with educational level, especially for women.

Furthermore, having a job in the region is not a guarantee of escaping poor working conditions or poverty. In fact, jobs are often precarious and unprotected, with low wages and no training opportunities. One in five people are in vulnerable employment in Egypt, Lebanon and Tunisia, while the proportion is higher, at one in four, in Palestine and is almost one in two in Morocco<sup>32</sup>. Low-skilled informal workers are also among those with a higher probability of being substituted by automation and digitalisation.

The SEMED region continues to rank lowest in terms of economic participation and opportunity and the economic gender gap (World Economic Forum, 2019). As explained above, the female labour participation and employment rates are much lower and the unemployment and NEET rates higher than the corresponding male rates. Despite their generally improved level of educational attainment, women are widely excluded from the labour market. While female labour participation has increased gradually in recent years in most countries, women are still three times less likely than men to be in the labour force and almost twice as likely to be unemployed<sup>33</sup>. This greatly reduces the opportunities

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<sup>31</sup> The composite rate of labour underutilisation is part of the ILO Estimates and Projections series. The indicator represents the share of the extended labour force that is in unemployment, time-related underemployment or the potential labour force. Imputed observations are not based on national data and are subject to a high degree of uncertainty.

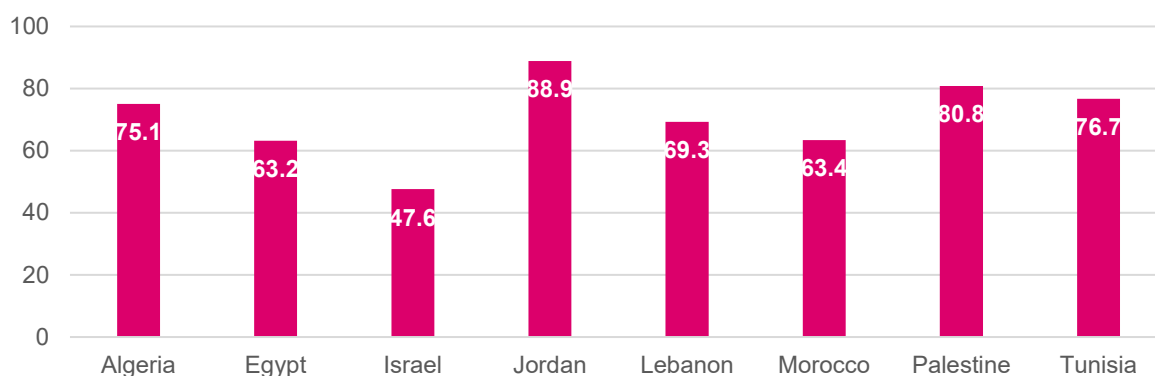
<sup>32</sup> ETF (2020b); ETF data collected from national statistical offices and international sources. Vulnerable employment is expressed by the own-account worker and contributing family workers as a proportion of the total employed.

<sup>33</sup> This data does not take into account Israel, which figures as an outlier.

for women to be employed<sup>34</sup>. Moreover, women tend to be overrepresented in jobs requiring lower levels of skills and responsibilities, with lower pay (or no pay at all) and mostly in the informal sector.

The inequalities faced by women in the region are a very serious concern. Legal, institutional, cultural and religious barriers greatly impede female equality, hampering women's access to the labour market. In some countries, for instance, access to finance among women is particularly low, and this (in combination with other factors) determines the very low probability of finding female entrepreneurs or employers, with some exceptions, such as in Lebanon and Israel. In other cases, some economic sectors are almost closed to women (at least from a concrete point of view) for various reasons that are mostly linked to culture and traditional norms. This is the case, for instance, in the tourism sector in Jordan. The prevalence of unpaid female domestic work can serve as a good indicator for understanding these inequalities: the female to male ratio of average time spent on unpaid domestic, care and voluntary work in a 24-hour period in SEMED countries is 5.32 in Palestine, 5.89 in Algeria, 6.97 in Morocco and 7.49 in Tunisia (OECD, 2019) compared to a ratio of 1.92 in the EU (World Bank, 2020). Moreover, a large proportion of the population in SEMED countries have a negative view of mothers working for pay (see Figure 3.6).

**FIGURE 3.6: PERCENTAGE OF THE POPULATION AGREEING OR AGREEING STRONGLY THAT 'WHEN A MOTHER WORKS FOR PAY, THE CHILDREN SUFFER'**



Source: OECD (2019).

The COVID-19 pandemic may also amplify gender differences with regard to access to productive assets and property in specific contexts (World Bank, 2020). This includes the overrepresentation of women among the inactive population and in vulnerable forms of work (informal employment, domestic work, etc.), which heightens their vulnerability to poverty in times of crisis. Women have also been burdened with childcare during school closures: many have had to take time off work and are unlikely to return.

School-to-work transition remains problematic in most countries, with persistently high, and in most countries growing<sup>35</sup>, numbers of NEETs. In 2019, NEET rates were higher than 25% in all AMCs: roughly one in three young people in Palestine, Tunisia and Jordan<sup>36</sup> and more than one in five in Algeria, Egypt, Lebanon and Morocco were in this group. Gender bias is evident in all countries, with

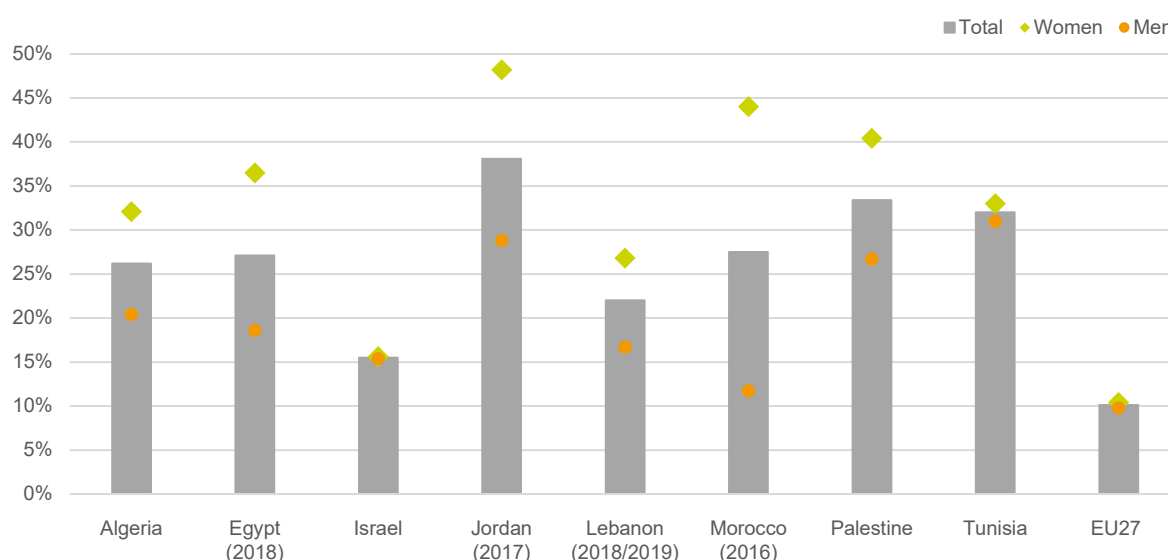
<sup>34</sup> Despite slightly positive increases over the years in Egypt, for instance, only 17.3% of women are employed (2016) (ETF, 2020b). Even worst conditions are registered in Algeria (13.5%), Jordan (11.9%) and Palestine (9.9%) (2017) (ETF, 2020b).

<sup>35</sup> With the exception of slight improvements in Israel and Tunisia (ETF, 2020b).

<sup>36</sup> Data for Jordan refers to 2017, the last year available.

young NEET women overrepresented: the gap between men and women is greater than 10% in all AMCAs (except Tunisia), reaching a staggering 32.3% difference in Morocco and around 20% in Egypt and Jordan<sup>37</sup>. If opportunities to enter the labour market are limited for young men in many countries, they are almost non-existent for young women. The high incidence of NEETs is often also related to lower educational attainment and lower employability as a result of skills gaps, and to difficult socioeconomic backgrounds. Early school leaving is also a key factor at play here: people who dropped out before the end of primary education are five times more likely to be NEETs than those who finished secondary education (ETF, 2020). Worryingly, there is a large share of NEETs among young people with tertiary education (ETF, 2020a). Women represent the majority of NEETs in the region and the reasons behind their exclusion from education and employment vary: while most young NEET men are discouraged to find a job (most are unemployed or long-term unemployed who have become inactive), NEET women are mainly homemakers, and hence are out of the labour force owing to family responsibilities (ETF, 2020a). ETF research carried out in 2015 showed that in Egypt, for instance, 67.1% of NEETs are family carers, and that the incidence of NEETs is higher among young people from difficult socioeconomic contexts (41.9%), from rural areas (41.9%) and with either very low (uneducated or illiterate) or high educational levels ('U shape' effect). However, the very recent ETF study on youth in Egypt and Jordan (ETF, 2020) provides a sign of hope, as the gender gap in NEETs fell dramatically between 2010 and 2016 in Egypt (52.4% in 2010 to 28.5% in 2016).

**FIGURE 3.7: NEET RATE (% OF YOUNG PEOPLE AGED 15–24), 2019**



Source: ETF (2020b); ETF data collected from national statistical offices and ILOSTAT; Eurostat

The informal economy continues to be a structural feature that has persisted in the region over the years. While there is little official data that sheds light on the informal economy of SEMED countries (ILO, 2018), informal employment as a share of total employment for Tunisia (2014) is 58.8%, for Egypt 63.3% (2013), for Palestine 64.3% (2014), for Jordan 44.9% (2010) and for Morocco (2010) 79.9% (ILO, 2018b). The share of informal employment in the agricultural sector is particularly high, with rates of over 90% in Egypt, Morocco and Palestine, but even in a scenario without agriculture, all

<sup>37</sup> Data for Morocco refers to 2016, for Egypt 2018 and for Jordan 2017.

these percentages, while lower, are nevertheless very high<sup>38</sup>. However, although for some people informality could be a choice that avoids red tape and administrative burdens, for many others in the region, it plays a critical role in alleviating poverty and social hardship, in particular for those with low or no education. For disadvantaged groups, such as women, young workers, persons with disabilities and migrants, working in the informal economy represents the only way to escape extreme poverty. This trend towards higher levels of precarious and informal employment has become a critical impediment to realising decent work as a global development goal. Indeed, a large informal economy is often associated with lower GDP per capita, a negative impact on the state budget owing to the revenues forgone, and unfair competition with formal enterprises that undermines their productivity and economic performance. The informal economy also has important negative consequences on individuals, as there is a strong correlation between informal employment and poor working conditions such as long working hours, low earnings, lack of social security protection, low productivity, lack of access to training and lack of legal protection and rights at work.

High population growth will continue to put pressure on labour markets to absorb an increasing number of new entrants. In the past decade, jobs were created mainly in low-value-added service sectors, most of which are associated with high rates of informal employment, such as construction, commerce and transport. This process may have prevented the benefits of economic growth from being shared fully among poorer segments of the population and has led to increasing informality. An IMF study (2019c) underlines informality as a key feature of the Moroccan economy. According to the most recent survey conducted by Morocco's High Commission for Planning, 11.5% of non-agricultural GDP derives from the informal economy. Various studies that are focused on the economic developments of Morocco confirm that informality is one reason for the lack of access to education, excessive labour market regulations and the high level of bureaucracy.

SEMED is moving from being a region of emigration-sending countries to one of transit or host countries for labour immigrants and refugees. While countries in the region were previously primarily emigration-sending countries, they have become – especially in the past decade – countries of transit or host to millions of immigrants and refugees who, in general, tend to be poorer and disproportionately excluded. Since 2011, Lebanon and Jordan in particular have hosted a significant number of Syrian refugees, which has significantly impacted on society and public policies and has increased the supply of labour, particularly in the informal sector (given the legal limitations on formal work), with a negative impact on wages and unemployment<sup>39</sup>. In all countries, most foreign workers are employed in construction, agriculture and domestic work (mostly women), and often work informally and with very precarious working conditions. Although legislation on the entry, stay and exit of foreign nationals is usually in place, implementation is randomly enforced. Migrant domestic workers, for example, are often excluded from the labour law, and many are victims of human trafficking. Refugees, especially Syrians, are even further excluded from the market: their generally low educational attainment and high illiteracy rates make it difficult for these groups to enter the labour market. When job opportunities emerge, they are mostly in low-skilled occupations that provide little income, social protection or job security. Refugee women, on the whole, tend to be almost totally excluded from the labour market (ETF MISMES, 2017).

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<sup>38</sup> ILO also calculates the share of non-agricultural informal employment in total non-agricultural employment: Egypt 49.8% (2013), Jordan 43% (2010), Morocco 75.6% (2010), Palestine 60.1% (2014), Tunisia 53.5% (2014) (ILO, 2018b).

<sup>39</sup> Trends are available for Jordan only.

As a final note, it seems clear that youth unemployment will further increase because of the economic and social impact of COVID-19. There is a significant risk that the high and persistent levels of youth unemployment may have a long-lasting negative impact. Young people with long periods of unemployment are likely to reach adulthood being unemployed, reducing any hopes of social mobility even later in life. This effect is likely to increase income inequality and threaten the social cohesion and integration of the nations.

## Insufficient preparedness to anticipate and address future skills demand

Multiple transformations are shaping economies and societies in SEMED countries, and their impact can be as strong as the shock of the COVID-19 pandemic. Although there is no single picture of the types and magnitudes of socioeconomic transformations, SEMED countries, like those in the rest of the world, will have to face the following changes (as shown in Figure 2.5 at the end of Chapter 2 of this report):

- technological and digital change, implying a disruptive impact of digitalisation and artificial intelligence and new production and trade patterns;
- globalisation: market integration and connectivity inducing sectoral shifts as some countries move to a market economy model or from low to high technology and enhanced innovation, as well as changing production and trade patterns;
- demographic phenomena, such as shrinking young generations and significant migration waves (inward or outward), and the related education and labour market prospects, such as access to schooling versus learning, continuous training, career guidance and counselling, and active labour market policies (ALMPs);
- climate change, calling for the greening of industry and consumption resource efficiency (circular economies).

Are countries aware of these transformation trends? Yes, they are. Are the countries ready to face them? The answer might be vaguer and less certain. In order for countries to grasp the opportunities offered by these trends and be ready to manage the transition to the future, the quality, relevance, efficiency and resilience of education are key.

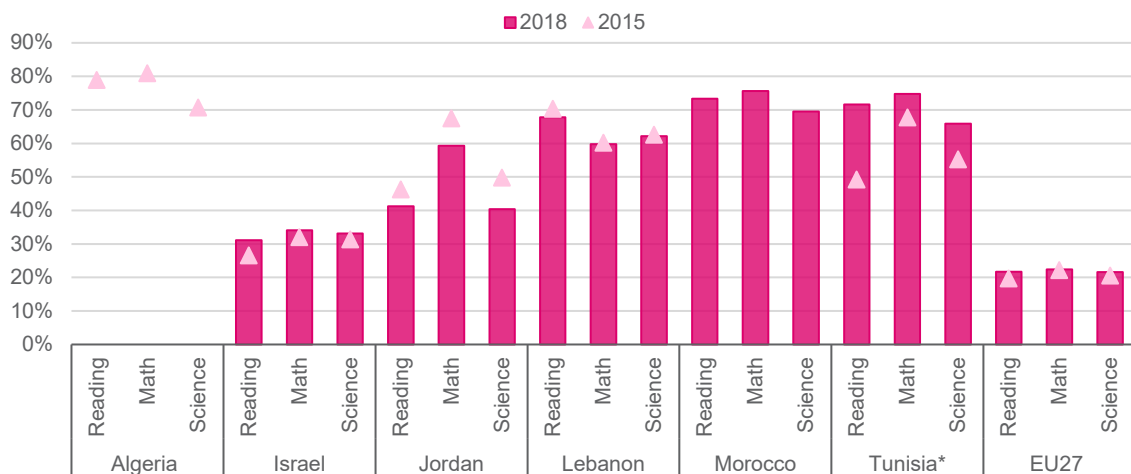
The results of the Programme for International Student Assessment (PISA) 2015 and 2018 highlight problems in the quality of basic education. The importance of early education is obviously key for employment prospects and socioeconomic development in general. However, the low-skilled population remains sizeable in the region, despite all efforts in relation to access. According to the ETF (2020), three out of four adults in Morocco, about two out of three adults in Algeria and Palestine, and about half of adults in Tunisia and Jordan have attained at most lower secondary education (usually compulsory education).

According to the World Bank paper *Expectations and Aspirations* (El-Kogali and Krafft, 2019), the education process in the Middle East and North Africa region reflects a complex set of external factors – political, economic and social – that formally and informally interact and shape its outcomes. Behavioural norms and ideological polarisation among governments, interest groups and citizens can hold countries back from delivering public goods. Education in the region has been constrained by these behavioural norms and ideological polarisation, which are embodied in four sets of tensions: i) credentials and skills; ii) discipline and enquiry; iii) control and autonomy; and iv) tradition and modernity. These tensions have prevented education from evolving to deliver learning that prepares

students for their futures. Unless they are addressed, the region will not be able to reap the full benefits of education, no matter how much money is invested (El-Kogali and Krafft, 2019).

Although there has been a slight improvement in PISA assessment in Jordan and Lebanon since the results from 2015 and 2018 (see Figure 3.8), the low level of achievement in reading, mathematics and science remains worrying: more than 60% of students aged 15 in the AMCs failed to reach PISA level 2 in mathematics (with highs of 81% in Algeria and 75% in in Morocco and Tunisia, compared with 34% in Israel and 22% in the EU-27).

**FIGURE 3.8: UNDERACHIEVEMENT IN KEY COMPETENCES (% AGED 15), 2015 AND 2018**



Source: ETF (2020b); ETF data collected from OECD.

Note: \*Values for Tunisia correspond to 2012 and 2015. Algeria participated in PISA in 2015 only, Morocco in 2018 only. Egypt and Palestine have never taken part in PISA.

This low level of performance will obviously follow those pupils throughout their life, including in the VET system and in the workplace, depending on their future stream. The World Bank (El-Kogali and Krafft, 2019) argues that because of the emphasis on memorising rules, procedures, facts and principles, students are unable to show a basic understanding of everyday applications. To realise the potential of education, countries in SEMED need to establish an education system that prepares all students for a productive and successful future. Such a system would be responsive and flexible in order to nurture a culture of excellence and creativity in learning.

Skills systems reveal significant shortcomings in terms of effectiveness and efficiency because they are not sufficiently flexible, responsive and anchored in the professional environment. Although education and training systems in the SEMED region have substantially improved their outcomes in terms of increasing access and geographical coverage and reducing the gender gap, as well as improving relevance to employment and career development prospects, more remains to be done to respond to the rapid transformations. While substantial differences exist between countries, according to Torino Process national reports and ETF assessments (2018–2020), one of the main reasons for the inadequacy of skills is the lack of relevant processes for skills anticipation and matching. Indeed, skills formation seems not to be fully synchronised with labour market needs; this makes graduates' employability problematic, and when they find a job it does not always match their skills and level of qualifications. The skills mismatches encompass overqualification, underqualification, labour market shortages and surpluses by qualifications or skills, hiring difficulties, and underemployment and



unemployment by qualifications or skills (ETF, 2019a). Matching requires information about the labour market, derived from monitoring, anticipation and forecasting of skill demands and supplies, and converting this information into effective policies and activities to reduce labour market imbalances. The relevant data to carry out such monitoring is not always available.

These shortcomings create a high risk that skills will fall out of step with future changes in the job market. One of the main reasons for this situation, though not the only one, is the insufficient involvement of the private sector in the skills policy cycle. The weak resources and capacity of the PESs – notably on skills needs anticipation and career guidance and counselling support – and the insufficient development and relevance of lifelong learning, adult learning and WBL are other reasons for these imbalances between skills formation and labour market needs.

The resilience and flexibility of skills systems draw their strength from the active participation of social partners as the main ‘users’ of human capital. The resilience and flexibility also entail the ability to see and seize the opportunities and alternatives offered by the various aspects of the evolving transformations of labour market needs. The government-led governance in SEMED countries makes it difficult to anticipate and match the future socioeconomic demand. While in some countries there are national or sectoral tripartite or bipartite bodies in charge of skills anticipation (Algeria, Jordan, Morocco, Tunisia), they all lack local mechanisms and tools to identify local skills needs. While it is difficult to monitor a constantly moving target (with technologies and skills changing constantly), it is necessary to set up permanent monitoring mechanisms, where all parts can contribute meaningfully (different actors and levels – horizontal and vertical) to grasp opportunities offered by new forms of work, new sectors and new occupations. The obvious need for skills digitalisation and for entrepreneurial, work-based and adult learning are some of the consequences of the lack of collaboration and partnerships with the private sector.

Likewise, civil society organisations (CSOs) in the region are increasingly assuming responsibilities for managing the transition of vulnerable or other specific groups of people towards employment by providing employment-related services such as guidance, coaching and sheltered employment. CSOs could have a more strategic and active role, together with social partners, in the skills policy cycle that would reinforce the resilience and flexibility of skills systems.

Lack of data, relevant monitoring and evaluation systems and national LMISs make it difficult to adapt to constant and rapid transformations. The education and training systems have a key role to play in ensuring that opportunities are provided for all individuals to continuously develop their skills within a lifelong learning perspective, thus enabling them to adapt to rapidly changing labour market requirements. Two vital elements will help to achieve this:

- better information for all actors (learners and their families, training providers and policy makers) on the skills required by the labour market – both currently and in the foreseeable future;
- better transformation capacity, putting this information into action in shaping education and training provision (ETF, 2016).

The AMCs suffer from a lack of data and labour market information, and figures are scarce, incomplete and often outdated. According to a study carried out within the framework of GEMM programme (Governance for Employability in the Mediterranean, 2015–2017), ‘Labour market information systems are underdeveloped in most countries, which limits the information available to steer and evaluate progress’. A systematic data collection process to analyse labour market trends and track the market’s absorption capacity would allow a better matching of employers’ demands with

the supply of skills, thereby making it possible to effectively address skills shortages and mismatches, to guide VET curricula according to labour market needs and to ease school-to-work and work-to-work transitions. Similarly, the shortage and inaccuracy of data in the VET sector presents a barrier to policy planning and the implementation and monitoring of policies and measures. The Torino Process national reports underline the issue of skills anticipation tools and the lack of national tracer studies and other ways of monitoring graduates' placement in work or business creation. Effective matching requires the implementation of coherent and regular anticipation procedures, with policies based on reliable data, diagnosis and monitoring tools. A robust LMIS is the cornerstone in the process of assessing mismatch issues and developing a sound prognosis for future trends.

The role of employment service providers in ensuring coordination between skills supply and demand is crucial. In SEMED, these services exist and, in most countries, offer a wide range of measures and services to jobseekers and companies. Their role is key to improving the coordination of skills supply and demand at national, territorial and sectoral level. This includes contributing to skills anticipation systems to support the collection, analysis and dissemination of information about future demand and supply; information on demand by sector; data on emerging and declining occupations; forecasts of the number of entrants to the labour market per qualification level and type, etc. Unfortunately, this role is not always fulfilled as employment service providers often suffer from:

- lack of resources and analytical capacity; they are often overloaded by activities such as jobseekers' registration that limit their availability to connect with enterprises and with education and training institutions;
- limited outreach of their vacancy monitoring as in many cases it relies on companies' willingness to report vacancies to PESs;
- lack of relevant and up-to-date statistical data;
- limited skills anticipation methodologies and tools such as studies on graduates' transition from school to work, and limited contribution to implementation modalities;
- limited interinstitutional cooperation, which negatively impacts data sharing and management.

The main types of services and support activities for individuals can be categorised under three main headings: services, measures and supports (ETF, 2019b).

**TABLE 3.1: LABOUR MARKET SERVICES, MEASURES AND SUPPORTS**

Services	Measures (often called active labour market measures)	Supports
Job matching (information and referral to opportunities for work, training and other forms of assistance) Counselling (e.g. career counselling and guidance, intensive assistance)	Training (institutional training, workplace training, alternate training, special support for apprenticeships) Employment incentives (recruitment incentives, employment maintenance incentives, job rotation and job sharing) Supported employment and rehabilitation Direct job creation Start-up incentives	Unemployment benefits Redundancy/bankruptcy compensation Early retirement compensation

Source: ETF (2019b).

While education and training is often declared as a priority sector, the related resources do not always support this prioritisation. All the SEMED countries declare education to be crucial for their development, and VET is often considered as an alternative to academic tracks and a way of

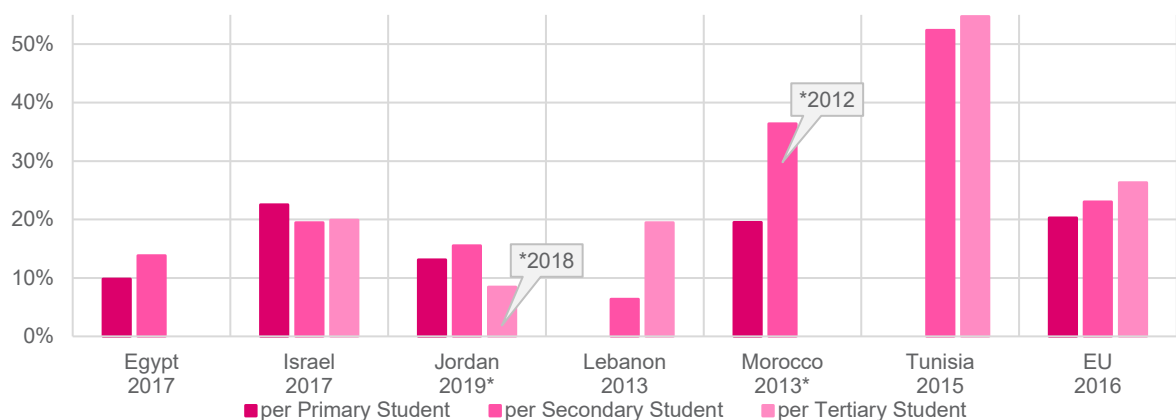


achieving job creation, increased employability, reduced numbers of dropouts, better social inclusion, etc. However, the lack of the required institutional, staffing and financial resources and capacities of education and training authorities and PESs for leading structural reforms makes it difficult to evaluate the skills mismatches and to anticipate and respond to labour market needs.

Financing of VET remains centralised and not sufficiently diverse (except in some countries; see discussion of governance in Chapter 4). In addition to resources that are insufficient to implement the ambitious skills policies and action plans, there are other problems linked to financing, such as the lack of costing systems, leading to the use of incremental expenditure planning (based on the previous year), which does not incentivise performance or reflect enrolment and successful completion rates. The data on expenditure dedicated to education is very limited in AMCs, especially for the VET sub-sector, and this limits the analysis of this important aspect. The government expenditure per enrolled student measured as a percentage of GDP per capita (Figure 3.9) allows a fair comparison between countries that have different age structures and different economies. At the primary education level it seems that the AMC governments (central, regional and local) are spending proportionally less than the EU average. On the little data available, these results also seem to be partially confirmed for the secondary and tertiary levels of education. The enrolment ratios of AMCs are lower than in the EU, especially for the tertiary level and in part also for the secondary and primary level (see Table A2.2 in Annex 2). With enrolment ratios comparable to EU levels, the expenditure per student appears even lower. Data on private expenditure in education, which is used to compensate or complete educational needs, is even more scarce, an aspect that requests further analysis.

The GEMM project final report pointed out that financing and funding procedures are subject to audit in all countries, but they remain centralised and often lack transparency, and access to information is difficult for both stakeholders and researchers.

**FIGURE 3.9: GOVERNMENT EXPENDITURE PER ENROLLED STUDENT BY LEVEL OF EDUCATION (% OF GDP PER CAPITA)**



Source: UNESCO; EU aggregate estimated by World Bank.

Note: Years refer to the last year available; data not available for Algeria and Palestine.

Policy makers in the region are, in general, aware of the abovementioned challenges and struggle to assess past policy failures and re-energise efforts to address them. The following chapters of this report address the policy responses (Chapter 4) and the policy recommendations that could reinforce South–South and North–South regional cooperation and peer learning around strategic areas linked to skills development, youth employability and lifelong learning (Chapter 5).



## 4. VET POLICY RESPONSES: ACHIEVEMENTS AND CHALLENGES

Making the most of human capital potential requires a comprehensive approach that improves both skills provision and labour market prospects, as well as coordination and coherence between them for better matching. Young people and women in the region could, given the opportunity, greatly contribute to boosting growth. All countries in the region have adopted measures and policies to foster job creation, decrease the social gaps and promote policy dialogue among public and private actors, including in the education and training sector. This chapter focuses on the major improvements made by countries in SEMED in making skills development processes better fit socioeconomic and learners' needs.

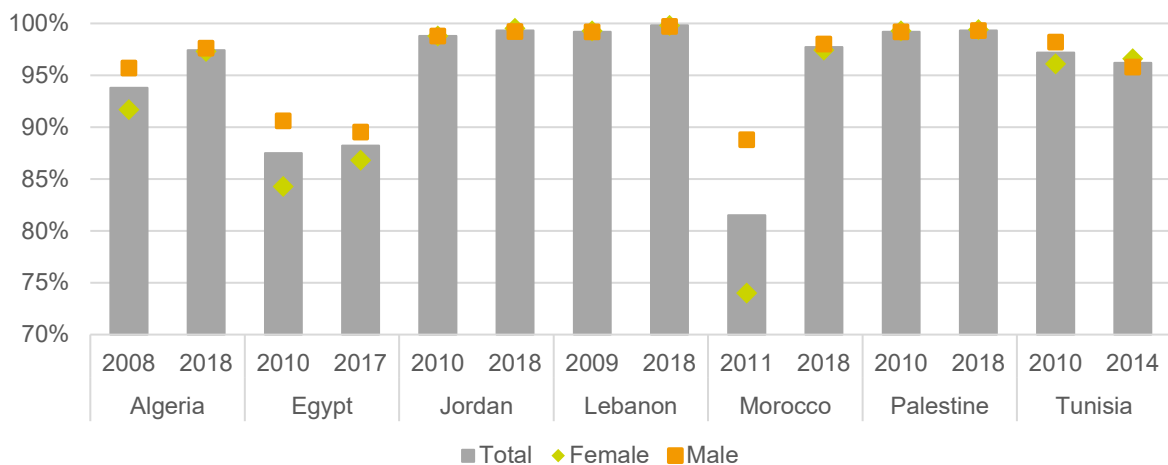
Over the past decade, the shared aspirations and policy reforms of VET in the region have focused on the following areas:

- improving skills anticipation and matching and fostering collaboration with the private sector;
- modernising and diversifying VET provision to meet labour market demand;
- ensuring greater inclusiveness and making skills visible for all.

In this chapter, we will highlight the progress and achievements – identified by the latest round of the Torino Process – to tackle the abovementioned HCD issues, assess the gaps and put forward policy recommendations.

In response to socioeconomic pressures, the SEMED countries have all made progress in developing the skills of their populations, yet the desired results are not fully visible. The level of progress will clearly differ from country to country, as will the bottlenecks and impediments for the implementation of reforms. Over the past decade, governments have concentrated their efforts on modernising their education systems (including the VET system) with substantial support from the EU and the international donor community. However, there is still a need for these reforms to go faster and deeper to catch up with the socioeconomic and technological transformations, and, more recently, with the consequences and impact of the COVID-19 crisis.

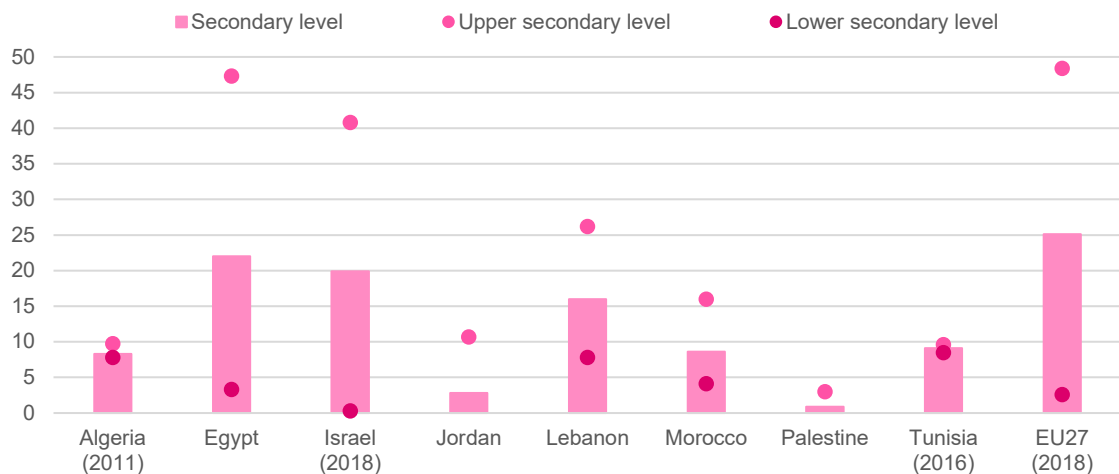
**FIGURE 4.2: YOUTH LITERACY RATE (% OF AGE GROUP 15–24)**



Source: World Bank, WDI Indicators. Note: The World Bank does not have this indicator available for Israel.

Access to VET remains problematic. As shown in Figure 4.3, in most countries (except Egypt, Israel and Lebanon), enrolment in VET is still very low compared to that in secondary levels of education. This is partly explained by the lack of permeability and flexibility. Furthermore, VET is still very often characterised by rigid and unattractive access criteria and pathways, hampering equal opportunities in both access and transitions and creating dead-ends.

**FIGURE 4.3: VET ACCESS: STUDENTS AT SECONDARY, LOWER AND UPPER SECONDARY LEVEL ENROLLED IN VET (%), 2019 OR LAST YEAR AVAILABLE**



Source: ETF database, UNESCO Institute of Statistics and Eurostat.

Note: Lower secondary level enrolment is missing for Jordan and Palestine.

## Partnerships with the private sector for skills anticipation and development

On governance and partnerships for skills anticipation and development, there is good progress in all countries, with a gap between the Maghreb and Mashrek regions. Since the last Torino Process cycle, countries in the region have continued to build their education, skills and LMISs in order to better respond to the needs of the labour market. The private sector is increasingly joining in with these efforts. More attention is paid to economic diversification and SME development as core pillars for socioeconomic prosperity. Still, countries in SEMED rely on short-term trends in demand and supply when planning education and training. However, there are good grounds to stimulate a discussion among policy makers and practitioners about the future of work and skills, to identify pointers of change and to adapt education and training provision accordingly.

While there is good progress in all SEMED countries on multilevel and multistakeholder governance for skills anticipation and development, a gap exists between Maghreb and Mashrek countries.

Countries in the **Maghreb** region (**Morocco, Algeria and Tunisia**) have progressively involved social partners in policy making and in HCD vision building. Morocco, for instance, is increasingly ensuring the participation of the social partners in policy decision making within the labour code and social dialogue relating to skills development. The country has recorded good progress on horizontal

coordination mechanisms, also driven by the process of decentralisation initiated some years ago. This cooperation is the result of an extensive consultation process accompanied by conventions signed in all sectors focusing on multilevel partnership approaches (at national, regional, sectoral and even training provider levels) and financing (e.g. use of the levy financial mechanism for skills anticipation and development). Morocco also provides an interesting example of public–private partnership through the setting up of sectoral bodies for ‘strategic’ skills anticipation in 1997 (Groupement Interprofessionnels d’Aide au Conseil, GIAC) as well as the training institutes whose management is delegated to representatives of the private sector in key economic sectors for growth and development.

In the same area, **Tunisia** has also achieved much in involving social partners at both national and regional/local level through the ongoing process of decentralisation of powers to the region as a key strategic priority. The Economic Development Plan is the result of this joint coordination effort. Regarding public–private partnership, social partners and the government are working together, within the framework of a ‘social contract’ in which a full chapter is dedicated to skills development. However, the pace of implementation of these new initiatives remains slow.

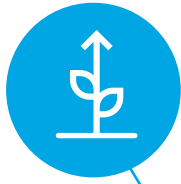
**Algeria** has established the Partnership Council, a legislative framework for the setting up of platforms for dialogue between the different actors. The council has representation at both national and local levels and it brings together the relevant actors to discuss policy issues and policy responses regarding skills development. Following some difficulties in the operationalisation of this mechanism, a reform of the membership and coordination mechanisms was set out in a new decree dated 2018<sup>40</sup>. At provider level, VET centres of excellence are an example of close cooperation between the public and private sector in the identification of skills needs and the implementation of appropriate provision. Like Morocco and Tunisia, Algeria has set up a levy mechanism to support skills development, with particular attention on apprenticeship, where more than 50% of VET students are enrolled.

In the **Mashrek** region, social dialogue and partnership in skills development are less institutionally developed than in the Maghreb. Nevertheless, the Torino Process shows ongoing efforts to advance in this area. In **Jordan** the National Strategy for Human Resource Development (2016–2025) represents a positive development as it opens the way for the creation of a new employer-led institution in charge of developing comprehensive HCD policies; however, this body has not been operationalised. At technical implementation level, the Higher Commission for Human Resources Development, headed by the prime minister, has three members from the employers’ side and three from the workers’ side. Following the National Strategy for Human Resource Development, a law on TVET was approved in May 2019 (law 9). This is an important step towards bringing more coherence to the governance of the TVET system; achieving greater involvement from the private sector; and fostering a model of integrated monitoring and evaluation of progress in the TVET sector. The law also established the Technical and Vocational Skills Development Commission, which is governed by a board, is chaired by the Minister of Labour and has 15 members, the majority from the private sector. With the support of the EU<sup>41</sup>, this commission is developing its governance arrangements and its

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<sup>40</sup> Algeria – [Executive decree no 18-119 of 21 April 2018 modifying and completing the executive decree no 09-170 of 2 May 2009 fixing the attributions, composition and organisational modalities of the functioning of the partnership council of VET.](#)

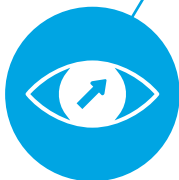
<sup>41</sup> The EU Skills, Employment and Social Inclusion Project (SESIP), which included budget support, ended in February 2020 and technical assistance ended in December 2020.



Reforms  
at incipient  
stage; limited  
impact on  
vocational  
training quality  
and delivery

**2010**

Developing  
policy vision  
building  
capacities



Vocational  
training placed  
within lifelong  
learning



Progress  
with internal  
quality

**2012**

No full  
integration  
with  
economic  
and social  
policies



Vocational  
education  
and training  
receiving  
more policy  
attention

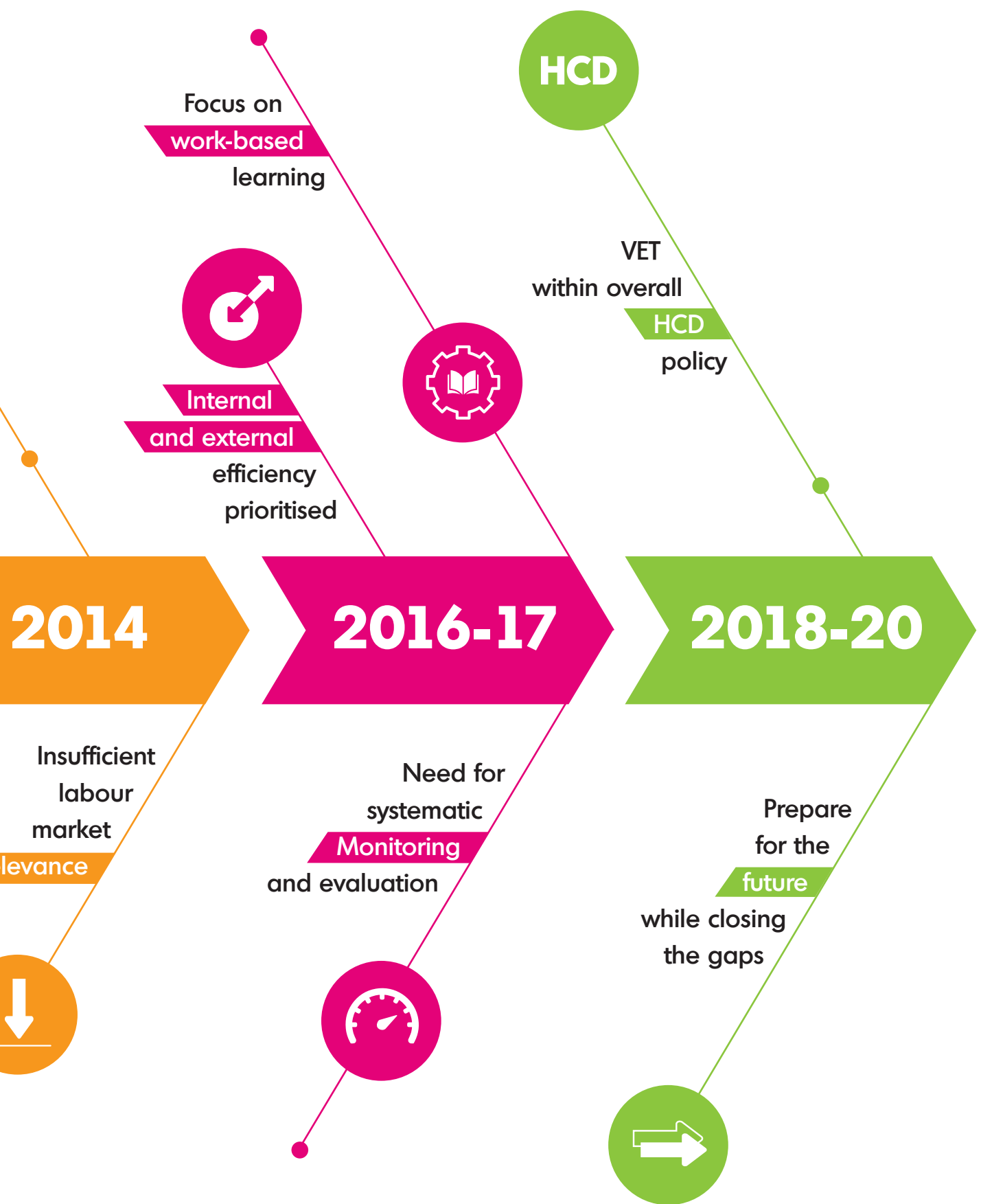


Equitable  
access and  
participation



re





functions. Jordan is also developing sector skills councils (SSCs) as part of the TVET reform<sup>42</sup>. Seven SSCs have been established at the time of writing this report, the objective being to cover 21 sectors.

In **Egypt**, social partners have a more consultative and advisory role. Their participation at national level takes place through three councils, namely the National Human Resources Development Council (chaired by the prime minister) and two executive councils: the Executive TVET Council (chaired by the Minister of Education and Technical Education) and the Executive Workforce Skills Development Council (chaired by the Minister of Manpower). At local level, social partners are represented on the Regional Human Resource Councils at governorate level. However, these councils need to be activated – an ongoing process – if they are to fulfil their intended role as the highest formal authority in charge of formulating HCD policies. One of the most promising initiatives to boost public–private structures in Egypt was the Enterprise Training Partnerships, but these are not currently active. However, the SSC model has been introduced in the proposed TVET Act, which could lead to an institutional role for the private sector in skills identification and anticipation. The Applied Technology Schools, which are being piloted for WBL, are another recent example of a public–private partnership model.

In **Palestine**, the role of employers' representatives has been recognised with their inclusion in the former Higher Council for TVET, while the workers' union still lacks a clear role in skills development social dialogue. The National Strategic Comprehensive Program for Employment in Palestine (2015–2020) also offers an opportunity to increase the engagement of the social partners in policy making, creating innovative partnerships that facilitate job matching. A new National Commission for TVET has been established through a law (approved by the cabinet at the end of 2020 and awaiting countersignature by the president) that clarifies its functioning, roles and responsibilities.

In **Israel**, although there is no formal social partnership framework, employers' and workers' representatives participate in the discussion of VET policy development and reform, and they are also actively involved in VET provision and training delivery. The National TVET Committee is a mechanism established in 2010 to improve education and training governance. It includes representatives from the Ministry of Education, Ministry of Economy, the ORT and Amal networks, the Manufacturers Association of Israel and the General Federation of Labour. According to the Torino Process country report, this platform coordinates the demand and supply of skills, although more formal and systematic partnership arrangements would improve TVET governance.

The various social partner organisations in **Lebanon** are active in policy making to a greater or lesser extent. The ambitious National Strategic Framework for TVET (2018–2022) is intended to form a basis for improved collaboration between government institutions and stronger partnerships with the private sector. Very recently, the public and private authorities have launched a process to design and implement a systematic and harmonised national employer's survey. Such a survey would support the monitoring of labour market developments and skills needs and would complement the labour force survey. Lebanon is one of the countries in the region where CSOs are most active. However, the role of both social partners and CSOs in policy decision making is still limited.

In terms of partnership around skills anticipation and the future of work, the study launched by the ETF in 2020 on the future of skills in priority sectors of some partner countries<sup>43</sup> is worth mentioning. This study investigated how various drivers of change – mainly technological ones – impact skills demand

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<sup>42</sup> SSCs in Jordan are developed with the support of EBRD, GIZ, ILO and the EU.

<sup>43</sup> Skills for the future initiative: <https://www.etf.europa.eu/en/practice-areas/skills-future>



in these sectors, and how the provision of education and training will need to adapt to the changing demand. In the SEMED region, the study covered Israel (agri-tech sector) and Morocco (agri-food sector), while there are plans to implement it in Tunisia in 2021 (energy sector).

Increased awareness and efforts to organise and partner with SMEs are major levers for job creation and economic diversification in the region. According to the latest SME Policy Index (OECD/EU/ETF, 2018), all SEMED countries, albeit to varying degrees, are stepping up their efforts to improve and strengthen coordination among SME policy actors, at both high and technical levels, and to establish public–private dialogue platforms representing various types of SMEs and entrepreneurs. Moreover, some countries are also putting in place the building blocks of comprehensive SME policies including skills (Israel and Morocco), while others are making progress in developing an SME strategy (Jordan, Lebanon and Tunisia) and boosting economic diversification (Algeria). Other actions have been taken to improve the business environment, especially reducing the time and cost involved in starting a business (Morocco, Tunisia, Egypt), by introducing one-stop registration, simplifying bankruptcy procedures and using e-government technologies. Measures have also been taken to allow better access to finance, by expanding mobile banking and providing special programmes for women (Jordan). Specific training and support measures for women have been developed in Egypt as part of the Women’s Strategy 2030. Some countries are already heading in the direction of deeper integration of local economies into regional and global value chains, such as Morocco, Tunisia (automotive and aeronautics industries), Egypt (ICT) and Algeria (automotive industry). Most of the countries are also progressing well in developing policy frameworks on entrepreneurial human capital, with the acknowledgement that improving youth employability and promoting entrepreneurship through education and training could boost employment and generate more jobs.

## Modernisation and diversification of VET provision

Since the most recent Torino Process, SEMED countries have increased their efforts to reform and modernise their VET systems to support economic development and social prosperity and to better meet labour market needs. Striking a balance between the access, quality and relevance of provision remains a dilemma. These reforms include learning methodologies to enhance competence-based approaches and WBL as well as teachers’ CPD. The ongoing health crisis has accelerated the need to reform curricula and introduce key competences such as digital and entrepreneurial skills. QA, NQFs and the recognition of prior learning are also high on the agendas of most countries, although the pace of implementation remains slow.

## Teaching and learning environment

SEMED countries have all increasingly developed and applied new teaching and learning methodologies in order to better respond to labour market needs and based on learning outcomes. This allows students to advance based on their ability to master a skill or competence at their own pace. Furthermore, the competence-based approach could represent a first step in the establishment of a QA culture, an easing of the process of recognising prior learning and experience, and the development of NQFs.

**Palestine** is currently implementing the new national standard manual for curricula development, adopted by the Higher Council for TVET in 2018. The learning methodology focuses on the trainee and is oriented towards problem solving and situational learning, with the trainer playing the role of facilitator. Palestine has started to develop the EU concept of key competences for entrepreneurship, while digital and life skills and social and civic competences are being integrated by many TVET institutes and through extracurricular activities provided by CSOs. Palestine has adopted the Arab Occupational Classification and strives to implement an NQF, as set out in the strategic plan.

**Morocco and Tunisia** have been implementing the competence-based approach for more than two decades, notably through the support of Canadian cooperation, and many specialities have been covered and streamlined in the system, including the training of teachers. According to the Torino Process national reports of both countries, considerable work remains to be done to develop all the curricula, to adopt manuals and operationalise guides at the level of VET centres and to train teachers to implement this approach. Both countries have made good progress in setting up NQFs through legislation and institutional arrangements, although the referencing is still to be completed. **Algeria**, also with Canadian support, has started to pilot the competence-based approach. This approach is now part of the VET system, although it has not been widely implemented as the same challenges exist as those faced in Morocco and Tunisia. Through EU support, Algeria has also developed a nomenclature of jobs and employment and the VET sector bases its offer on this catalogue, with a view to developing the corresponding repository and classifier of VET qualifications.

In **Egypt** the review of the process for designing and updating VET programmes and the rationalisation of existing specialties is one of the top priorities for reforming the VET system. Since 2015, the Ministry of Education and Technical Education has been coordinating curriculum development activities. The result of these coordination efforts has been the competence-based Curriculum Design Methodology. According to the Torino Process report, by the second half of 2019. The Programme's achievements included 13 industrial programmes, 9 agricultural programmes, 5 commercial programmes and 6 tourism programmes, and it is being implemented in 105 technical secondary schools. The NQF law is still pending approval by the Egyptian parliament. It is expected that the law will be considered in parallel with the cabinet approval of the draft law for the establishment of the Egyptian TVET Quality Assurance and Accreditation National Authority for technical education institutes and programmes at pre-university and higher education levels, which took place in September 2020.

**Jordan** has been working on both QA and the NQF. The EU has supported the development of a solid QA process for VET, notably through the SESIP programme. The Jordanian NQF has been approved by law, entrusting the Accreditation and Quality Assurance Commission for Higher Education Institutions to be the umbrella institution for the NQF. Some qualifications have already been registered and placed in the NQF; however, some limitations and challenges may arise from the commission being a responsible body for only part of the education system (higher education and community colleges).

**Israel** has various programmes that promote technological education by linking up with the working environment. One of the programmes focuses on technology centres. Education programmes are updated in collaboration with employers, and employers are involved in internship programmes for students in industry. The ORT network has been leading the iSTEAM programme (innovation, science, technology, engineering, arts, mathematics) for the past three years. This programme combines learning in a multidisciplinary environment with entrepreneurship and 'maker spaces'. Using the project-based learning approach, students develop innovative and creative products that serve the

needs of the community and society. In addition to project-based learning, the iSTEAM programme focuses on a multidisciplinary perspective of process: students are exposed to skills such as teamwork, meeting deadlines, presenting ideas and thinking about design. The Amal network is also active in leading and establishing entrepreneurship centres for innovation and creativity. In mid-2020, Israel's Ministry of Education joined the OECD's Future of Education and Skills 2030 programme<sup>44</sup>, which aims to ensure high-quality, comprehensive and equal education and to promote opportunities for lifelong learning. This programme is highly likely to affect procedures in the education system, particularly curricula and international exams.

In **Lebanon** the National Strategic Framework for TVET (2018–2022) seeks to widen access and improve the quality of TVET provision in order to meet the skills demands of the labour market, forming part of a larger education system with multiple pathways to encourage lifelong learning. The features of this strategy include the introduction of a competence-based approach, life skills, citizenship courses and lifelong learning as well as adaptations of curricula and staff attitudes to encourage the participation of people with disabilities, women, young people and other marginalised populations and minority groups. Implementation of this strategy is currently on hold owing to the complex socioeconomic situation.

WBL is reported in all national Torino Process reports as an extremely efficient learning approach for ensuring an easier transition to the labour market and a way to foster partnerships with the private sector. WBL was an important component of the EU Youth Employment in the Mediterranean (YEM) regional programme implemented by UNESCO (2018–2020). According to the YEM regional study (UNESCO, 2019) on WBL, a range of factors were found to influence and shape the provision of WBL experiences in the SEMED region:

- type and quality of legal and institutional governance (government mandates, laws and regulations, etc.);
- social partnerships (engagement of employers, unions and professional bodies, locally, regionally and nationally);
- type and size of workplaces (proportion of SMEs and microbusinesses among the workplaces in these countries);
- funding arrangements (sharing of costs and access to reimbursements);
- type and nature of TVET provision (relevance of curricula, quality of educators, links with industry, attractiveness of qualifications, alignment with enterprise needs);
- societal attitudes shaping how young people, their parents and employers come to value and participate in TVET.

As an example of good practice, Algeria can be put forward as a champion of WBL in the region in terms of the proportion of VET students following this type of learning (more than 50%). The factors supporting these achievements include funding arrangements (levy for apprenticeship) and legislation. In Egypt, although the scale of WBL is still much less than the government's aim, the target set by the Ministry of Education and Technical Education is for an increase of 100 000 students each year in order to reach a 50% share of students by 2025.

Donors are increasingly involved in supporting the development and strengthening of WBL. In Algeria, the EU-funded project AFEQ (*Adequation Formation-Emploi-Qualifications*) has been seeking to

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<sup>44</sup> <https://www.oecd.org/education/2030-project/teaching-and-learning/learning/knowledge/>

improve the quality of WBL in dedicated training centres and at system level<sup>45</sup>. In Morocco, GIZ has recently been supporting the further development of WBL mechanisms and systems, including their financing. In Jordan, Enabel has been supporting the development of WBL mechanisms targeting vulnerable groups and refugees. In Israel, the Significant Learning reform, which was introduced in the education system in 2017, combines innovative teaching methods: learning through research, project-based learning, computerised teaching and the integration of students in industry.

WBL in its different forms (apprenticeship, dual training, internship, etc.) is recognised by all SEMED countries as an efficient and important approach for reducing learning costs, increasing employment opportunities, improving partnerships with companies, etc. However, its implementation and quality remain to be improved. This includes both modular curricula that can be easily split between the school and the company and the capacity of tutors to follow up the apprentices and to monitor and evaluate their learning outcomes in the enterprises.

### Continuing professional development of trainers (CPD)

Teachers' CPD is widely recognised as vital, not only for improving the teaching and learning but also as a condition for any reform of education and training systems. SEMED countries are fostering CPD in different ways and with varying level of effectiveness.

Some countries have established dedicated institutions for the CPD of trainers, such as **Tunisia** (CENAFFIF: Centre National de Formation de Formateurs et d'Ingénierie de Formation) and **Lebanon** (IPNET: Institut Pédagogique National de l'Enseignement Technique, though this has not been operational for a number of years). **Egypt** recently announced the establishment of the Technical Vocational Education for Teachers' Academy (TVETA), which is intended to become Egypt's recognised training and development institution for VET teachers, with geographical coverage through branches in governorates. In **Morocco**, the National VET Strategy 2021 stipulates the creation of a national institute for initial and continuing training of trainers, tutors and school management as well as for research development in educational engineering (INFFT: Institut National de Formation des Formateurs et des Tuteurs). In **Jordan**, the training of teachers in the VET sector is implemented in the Vocational Training Corporation and the Teachers and Trainers Development Institute. Training is offered by public or private institutes, following an open tender. For community colleges, teacher training is provided by the National Centre for Training and Rehabilitation of Trainers. In **Israel**, in addition to the practical sessions through which teachers are trained in the context of the Significant Learning reform, ORT and Amal have major teacher-training centres. Here, they provide professional courses to improve the quality of teaching among thousands of teachers in the networks' schools and throughout the education system by coordinating with technological education supervisors. In **Algeria**, CPD is delegated to two institutions: to the National Institute for Vocational Training and Education (INFEP) for schools management and to the six regional VET institutes (IFEP) for teachers. The programmes are designed on the basis of proposals from trainers, inspectors, the VET ministry and employers. The training is mainly funded by the Ministry of VET, in some cases with support from international organisations. In **Palestine**, CPD for teachers is not systematic but rather linked to projects and donor assistance. For instance, a GIZ project is reinforcing the capacity of TVET staff and a Belgian project is focusing on trainers and mentors engaged in WBL.

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<sup>45</sup> <https://www.programme-afeq.org/afeq/index.php/programme/presentation>

CPD for teachers and trainers is vital for improving the quality of teaching and learning and also for helping teachers to cope with planned reforms and unplanned shocks. It is also essential for making teaching an attractive and creative profession with strong career prospects. According to the Torino Process national reports and the ETF CPD survey 2018, it is important to continuously review and understand how CPD policies and regulations are implemented and to see what the effects of these systems are for schools, teachers, students and enterprises. This is particularly the case for VET teachers because some do not receive extensive pedagogical initial training and because so many changes in curricula, technology and the world of work affect their work. Some recommendations from these reports underline the need to:

- make CPD for trainers more systemic and structured, with a clear vision and action plans;
- review recruitment and training programmes;
- bring together different actors and institutions to agree strategies to improve and make coherent the CPD system and to introduce more professional background and industrial experience into trainers' profiles;
- develop needs analysis and reinforce evaluation practice at the level of training centres;
- equip training centres with appropriate hardware, software and internet facilities to enable ICT to be used in lesson design and classroom learning.

### Quality assurance

QA arrangements for VET should be a systematic set of procedures and processes based on principles of accountability, transparency and effectiveness. These will ensure that the behaviours and activities of all actors engaged in VET (government, VET providers, the private sector and others) are in line with criteria, standards and norms that have been established in order to achieve clear and purposeful goals and outcomes through the work of the VET sector<sup>46</sup>.

One of the main features of QA approaches in the SEMED region is the focus on VET provision and providers. Although this is a very important core area of VET, there are others – such as qualifications standard setting, CPD and data collection and use – that need to be covered by QA arrangements, otherwise systems are not (or are only partially) quality assured. Moreover, in some countries, when analyses are carried out and evidence collected, there is little evidence of the findings being used to review the system and adjust VET provision.

Some good practices in the region include in **Morocco**, where the Ministry in charge of VET is developing a unified QA system for all public and private VET institutions that will encompass both self- and external evaluation and labelling/certification on the basis of a specific standard. The self-evaluation tools have already been developed and are being implemented gradually. The evaluation of the system outcomes is based on two annual national tracer studies (9 months and 3 years after graduation).

In **Jordan**, two institutions oversee QA in the country, namely the former Accreditation and Quality Assurance Centre, which is responsible for TVET, and the Accreditation and Quality Assurance Commission for Higher Education Institutions, which is responsible for higher education and community colleges. This commission has also been entrusted by law to be the body responsible for

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<sup>46</sup> The ETF defines quality assurance in VET as follows: 'the measures established to verify that processes and procedures are in place, which aim to ensure the quality of VET. The measures relate to quality standards with underlying principles, criteria and indicators.'

the Jordanian NQF. The Accreditation and Quality Assurance Centre is now integrated into the Technical and Vocational Skills Development Commission.

**Egypt** has created a QA system around the accreditation of VET providers. A National Agency for Quality Assurance and Accreditation of Education covering both general education and VET was established in 2006 for that purpose. In 2018, the Egyptian government initiated the process for the establishment of the Egyptian TVET Quality Assurance and Accreditation National Authority, an organisation that will be 'sufficiently adapted to the context of VET', as announced by the President of Egypt following the 2018 Youth Conference. The law for the establishment of this body was approved by the Egyptian government on 22 September 2020.

In **Israel**, there is no specific legislation for QA in VET. The TVET regulatory mechanisms include quality standards of the Ministry of Education and Ministry of Labour, Welfare and Social Services for providers' learning environments and for learning outcomes; the Ministry of Education's teaching standards, established through a uniform curriculum and requiring the use of authorised textbooks; and the Ministry of Education's inspection of technology subjects. However, there is an Inter-Ministerial Accreditation System Team that coordinates the different forms of VET provision and related mechanisms.

In the remaining countries, QA still lacks clear frameworks and a shared understanding of its role and objectives.

## Inclusiveness and access to skills for all

Since the previous Torino Process cycle, countries have been paying increasing attention to inclusiveness and skills visibility for all by boosting inclusive growth and job creation and by making VET programmes more accessible to vulnerable groups, such as people with disabilities, low-qualified individuals, migrants and those with fewer opportunities because of their geographical location and/or their economically disadvantaged situation. Related policies aim to develop adult learning within a lifelong learning perspective to increase employability, to prevent early leaving from education and training, and to support school-to-work and work-to-work transitions.

Various steps have been taken in different countries to support social inclusion. Employment programmes have been set up in all countries to support young people in their transition from school to work, to upskill or reskill them, and to provide them with better career orientation and counselling. Targeted programmes have been financed, both from national budgets and by international donors. These programmes cover several areas of intervention, including strengthening job creation and matching at local level (for instance, the EU-funded programmes IRADA in Tunisia and Kafaat Liljamia in Morocco); understanding better the needs of the labour market through dialogue and joint work with the private sector (such as in the employment survey and Guidance for Employment Offices in Lebanon); and strengthened entrepreneurship by developing associations and cooperatives and providing training and funding opportunities (as in the Programme d'Appui Jeunesse Employment in Algeria, which has worked to reach more young people with employment and guidance services). However, according to Torino Process national reports and ETF assessments, much more needs to be done to upstream individual actions and programmes and build truly inclusive systems.



The so-called third sector, or social economy<sup>47</sup>, is a growing segment of the regional economy and contributor to the wellbeing of local communities. This is particularly the case for Maghreb countries (Morocco, Tunisia and Algeria), where the social economy has largely evolved – as a result of cooperation between the government, local development associations, international donors and state agencies – to rapidly expand the cooperative movement across multiple sectors, such as agriculture, fisheries and local handicrafts and tourism, but also health and care. Cooperatives and mutual social benefit firms have become an important tool for mobilising and empowering rural populations, facilitating their integration into the market. The social and solidarity economy will be vital in the post-COVID-19 (recovery) phase as an enterprise model based on values of solidarity and social responsibility through job creation, supporting small enterprises and tackling social and economic injustices. Little data exists for this sector, including on the definition of solidarity and social economy. The UfM Ministerial Declaration on Employment and Labour recognises the role of the social economy as an alternative approach to sustainable and decent job creation and is engaged in stimulating Euro-Mediterranean dialogue and regional discussions on this<sup>48</sup>. Skills development systems have a role to play in further supporting this strategic sector, notably through awareness on the importance of solidarity for socioeconomic prosperity and upskilling in areas such as social entrepreneurship, sustainable development, mobilising networks of actors around specific issues, assuming co-responsibility roles, and solving problems in a given context.

Developing adult learning within a lifelong learning perspective can increase employability and ease work-to-work transitions and social inclusion. SEMED countries are paying increasing political attention to reinforcing the employability of the workforce, reducing skills shortages and connecting jobseekers with employers. The national focus and initiatives address the efficiency of PESs and their capacity to work together with education and training providers, and the ability of early education to develop strong basic skills for all and reduce early school leavers (NEETs). However, VET is still considered a remedial form of education and a last resort rather than an instrument to prepare people for the labour market. The conceptual development of a lifelong learning framework should include an adult learning strategy that involves education and training sector actors, public and private training providers, the private sector and civil society.

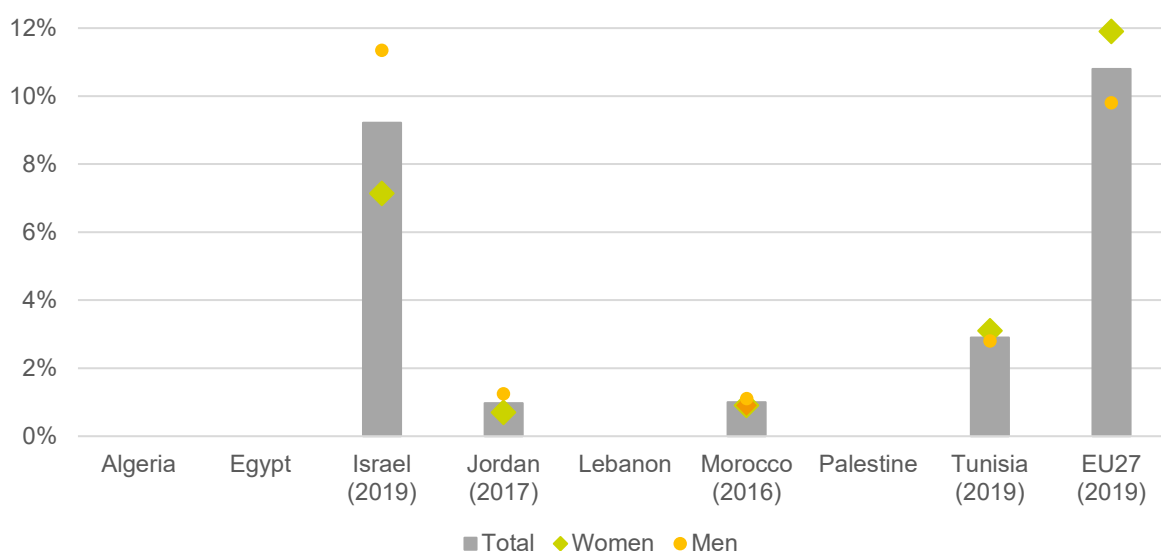
As illustrated in Figure 4.4, data on adult education and access to lifelong learning is scarce, which may suggest a lack of political interest in monitoring this key aspect of the labour market.

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<sup>47</sup> The social economy refers to enterprises and organisations (cooperatives, mutual benefit societies, associations, foundations and social enterprises) that produce goods, services and knowledge that meet the needs of the community they serve, through the pursuit of specific social and environmental objectives and the fostering of solidarity (ILO).

<sup>48</sup> <https://ufmsecretariat.org/ufm-promotes-social-economy-as-agent-post-pandemic-recovery/>

**Figure 4.4: Participation in training and lifelong learning (% aged 25–64)**



Source: ETF (2020b); ETF data collected from national statistic offices and Eurostat.

Note: Data is missing for Algeria, Egypt, Lebanon and Palestine. Morocco data refers to the age group 15+.

There is no definition of or vision for adult education in most of the SEMED countries. In many cases, the adult education offer remains limited, fragmented and not streamlined, with risks of duplication, inefficiency and poor quality. The absence of an adult learning vision in the SEMED countries leads to ad hoc planning and fragmentation in the implementation of its different targets and purposes. For instance, in the Maghreb countries, continuing training for enterprise employees is relatively well structured in terms of delivery and funding (training levy), while upskilling and reskilling for jobseekers is provided mainly by PESs, as in the rest of SEMED countries, to bridge the skills gaps and mismatches. The CSOs are active in all SEMED in the delivery of training for social inclusion, such as functional literacy for the provision of basic competences, digital skills and soft skills, to enable individuals to adapt to and better integrate into social and economic life. The international community, national authorities and CSOs provide upskilling and reskilling programmes for migrants, minorities and vulnerable populations.

Some countries in the region take part in the adult education initiative led by UNESCO through the Institute for Lifelong Learning (UIL). This led to the adoption of the Belém Framework for Action in 2007 (UIL, 2010), the progress of which was reviewed in 2017 at the Mid-Term Review conference (UIL, 2017). In Jordan, for instance, a roadmap for the development of an adult education vision was launched and discussed in September 2019, though this is still at early stage.

The development of adult education and training requires a more systemic approach in SEMED countries and should primarily target jobseekers to fill at least some of the skills gaps and mismatches, but also the needs of vulnerable groups (including refugees and displaced people) to optimise the use of human capital. A lifelong learning perspective and continuing training initiatives are also vital for attracting inactive populations, including NEETs and women, and easing their transition to the labour market. To be efficient and cover the target populations, adult learning should be fully incorporated into the career guidance and counselling system.



## 5. EU POLICY DIALOGUE AND DONOR SUPPORT TO HUMAN CAPITAL DEVELOPMENT IN THE REGION

### EU policy dialogue in human capital development – a new Agenda for the Mediterranean

The EU engages in the SEMED region within the policy framework and priorities set out in the European Neighbourhood Policy (ENP). In February 2021, the European Commission adopted a new communication (European Commission, 2021) setting out key objectives and priorities in its partnership with the Southern Neighbourhood.

The new communication draws from the lessons learned from a long and solid partnership and on the results of a large survey implemented between December 2020 and January 2021. It also builds on the previous shared priorities that were spelled out in three different communications (European Commission, 2011a, 2011b, 2015) since 2011, strengthening the need to work together on persistent and new challenges, including the (yet to be fully clear) effects of the pandemic.

The main policy and cooperation directions of the new communication include several areas, covering economic recovery and sustainable development, fighting climate change, renewing the commitment to the rule of law, addressing jointly the challenges of forced displacement and irregular migration, renewing the commitment to unity and solidarity between EU Member States, and a mutual and shared commitment and joint actions with partners in the Southern Neighbourhood (European Commission, 2021, pp. 2–3).

These policy directions translate into five policy areas of cooperation:

- **human** development, good governance and the rule of law;
- strengthening resilience, building prosperity and seizing the digital transition;
- peace and security;
- migration and mobility;
- green transition: climate resilience, energy and environment.

Human capital, education and skills development throughout life have gained even greater prominence in policy priorities and actions. The role of the ETF, mentioned in policy area 1 (human capital), is to bring forward actions and policies in the area of skills and skills development within a lifelong learning perspective, as well as fostering networking and exchanging within the framework of existing networks.

The importance of taking into account the **region's diversity** remains one of the fundamental elements of the implementation modalities of the communication, along with the efficient and effective use of all available instruments for cooperation. An active and dynamic regional policy dialogue will be regularly maintained, while regional and sub-regional cooperation will continue to be fostered.

The communication is complemented by a series of ongoing and future flagships that are particularly representative in the policy areas identified. To support the implementation of this ambitious shared agenda, the EU has announced funding of EUR 7 billion under the EU's Neighbourhood, Development

and International Cooperation Instrument for the period 2021–2027, which could mobilise up to EUR 30 billion in private and public investment in the region over the next decade.

## Union for the Mediterranean

In the new communication (European Commission, 2021), the role of the UfM is considered essential in both supporting the regional policy dialogue and fostering regional and sub-regional cooperation in the policy areas identified in the communication.

Since its establishment, the UfM has promoted economic integration across 15 countries in North Africa, the Middle East and the Balkans region. The UfM is identified as the key forum for regional dialogue and exchange. This cooperation, launched in 2008 as the Barcelona Process, aims to operationalise relations through projects (regional and sub-regional) on priority areas of mutual interest, including the economy, environment, energy, health, migration, education and social affairs.

The UfM political dialogue is complemented by ministerial meetings of relevant sectors. The Fourth Ministerial Declaration on Employment and Labour, signed at the end of the policy and ministerial conference 'Opportunities for All' (UfM, 2019), confirms the four priorities for regional cooperation in the fields of employment and labour:

1. supporting decent job creation and entrepreneurship;
2. mobilising public and private stakeholders to create partnerships and synergies;
3. building inclusive labour markets to integrate potentially vulnerable and disadvantaged groups;
4. investing in quality education and training systems, skills and employability in a changing world of work.

The Ministerial Declaration on Employment and Labour underlines a range of issues relating to the sphere of skills development, including the importance of reforming education and training systems in a way that responds to the challenges presented in ensuring employment, employability and decent work<sup>49</sup>. The Torino Process analysis at regional level in SEMED, which is the object of this report, is expected to serve as a baseline for and to contribute content to the future monitoring process, once modalities have been agreed with the UfM member countries, the signatories of the declaration. The socioeconomic overview of the SEMED region, together with the priorities emerging from the EU and UfM dialogue and policies in the region, clearly show the untapped potential of young people and women, which has a direct impact on the contribution that human capital can make to the socioeconomic prosperity of countries and individuals.

## Cooperation with UfM and the European Commission Directorate General on Employment, Social Affairs and Inclusion

Since the signature of the UfM Ministerial Declaration on Employment and Labour, the ETF has worked closely with the UfM Secretariat and the Directorate General on Employment, Social Affairs and Inclusion (DG EMPL) to set up a monitoring framework to track progress on the declaration's four priorities.

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<sup>49</sup> For the importance of investment in education, higher education and training systems, including VET, as well as lifelong reskilling and upskilling of workers to prepare them for constant changes in the world of work, see UfM (2019, p. 4).

In the declaration, the ministers ‘ask the UfM Secretariat to coordinate, with the contribution of volunteering countries, the setting up of a **framework for national monitoring processes**, notably by organising meetings, providing relevant information, contact making and networking, and cooperating with countries stakeholders and international organisations. The Ministers invite the European Commission and the relevant EU agencies, in particular the European Training Foundation, to provide relevant expertise to this work.’

Through a participatory approach, which involved UfM member countries from the start through dedicated platforms of dialogue<sup>50</sup>, the UfM Secretariat, DG EMPL and the ETF developed a matrix around the declaration’s four priorities and agreed thematic areas falling under each one. The matrix, which includes qualitative and quantitative indicators, should be seen as a tool that the UfM countries can use to better understand which evidence (including specific indicators) is already available and which could be used to foster and further the development of a culture of monitoring in member countries.

The matrix could serve as the basis for UfM member countries to select the areas on which they could regularly report and update each other. The aim would be on the one hand, to share where countries stand with regard to bringing forward the priorities of the declaration and on the other hand, to develop practices of sharing information, stimulating the design of evidence-based policies and eventually fostering cooperation and integration among member countries and their institutions.

Following a written consultation in January–February 2021, 10 UfM member countries have volunteered to be part of the monitoring process. The ETF will continue to provide technical input throughout the process and in preparation for the 2022 UfM Ministerial Conference on Employment and Labour.

## Cross-country donor interventions – a complex landscape

Cross-country (regional or sub-regional) interventions in the fields of skills development, employability and HCD are abundant in the region and thus difficult to map. This is because several initiatives cover more than one country, with some coordination and sharing in cross-country meetings. However, their focus may not be skills development as such.

In the area of skills development and employability, most of the current regional projects (those involving all countries in the region) are EU funded. Some explicitly cover skills development, as is the case with YEM, while some address entrepreneurship and entrepreneurial learning to foster employability. Others target social partners to strengthen their involvement in skills development and policy making. It should also be mentioned that other cross-country sub-regional initiatives include a skills component while targeting migration and mobility (Towards a Holistic Approach to Migration (THAMM)).

While almost all these initiatives are EU funded, coordination and cooperation among them remains a challenge, adding to an already difficult situation in terms of donor coordination at country level (with some exceptions). The issue of coordination and cooperation is gaining prominence and attention in

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<sup>50</sup> Consultations were organised both in writing and in face-to-face meetings (online in 2020 due to COVID-19 containment measures) of the Regional Platform on Employment and Labour.

the region. Strengthened donor coordination at country level, including through joint programming, may impact on a more structured approach at regional (cross-country) level.

Current regional projects include the following.

- The EU-funded YEM project, implemented by UNESCO, addresses forecasting, VET attractiveness, WBL, digitalisation and entrepreneurship. The project is intended to build on the results and experience of previous EU regional projects, such as GEMM, which focused specifically on the governance of VET systems and on a better matching of skills offer and demand, particularly at local level. The YEM project is due to end in July 2021.
- CREAT4MED is a three-year regional project launched in 2020. It builds on the research work conducted by EMEA and the Euro-Med Network for Economic Studies in recent years on emerging socioeconomic trends, challenges and needs in order to develop a renewed vision of socioeconomic development in the Southern Neighbourhood countries.
- MedUp! promotes social entrepreneurship in the Mediterranean in Egypt, Jordan, Lebanon, Morocco and Palestine (2018–2022; EUR 5.46 million).
- Enhancing Business Support Organizations and Business Networks in the Southern Neighbourhood (EBSOMED) is a 4-year project, cofinanced by the EU, that aims to boost the Mediterranean business ecosystem, promoting inclusive economic growth and job creation in the Southern Neighbourhood countries (2018–2022; EUR 6.25 million).
- EuroMeSCo: Connecting the dots is a project that aims to enhance tailor-made research and evidence-based policy making. It also aims to raise awareness and stimulate multistakeholder cooperation on ENP priorities; to boost the capacities of researchers and think-tankers; and to foster the participation of young people and women in the Euro-Med research and expert community (2020–2024).
- SOLiD, promoting social dialogue in Jordan, Morocco and Tunisia (2016–2018; EUR 3.7 million), came to an end in March 2019 and is followed by the SOLiD II project, with a specific component on skills in social dialogue.
- In the field of mobility and migration, the EU funds a regional project, THAMM, under the EU emergency fund for Africa and covering Egypt, Morocco and Tunisia. One of the objectives of THAMM is to improve mechanisms for assessment, certification, validation and recognition of migrants' skills and qualifications.

Other national or multicountry initiatives are ongoing in the region, such as the Global Initiative on innovative Employment Services for youth<sup>51</sup> (YouMatch, 2018–2021) implemented by GIZ and targeting some of the SEMED countries (Egypt, Jordan, Morocco, Palestine, Tunisia). The objective is to improve expertise on employment services for young people in the beneficiary countries. The project has set up a cross-regional network and communities of practice to share technical solutions, innovative approaches and lessons learned to inspire national and regional reform processes, and further develop employment services.

The European Bank for Reconstruction and Development (EBRD) is also active at national level in several countries in the region, particularly Jordan, Tunisia and Egypt, with initiatives providing technical support for the private sector to strengthen its involvement in skills anticipation and development. Current initiatives focus on developing SSCs (or similar bodies) in Jordan and Egypt,

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<sup>51</sup> <https://www.giz.de/en/worldwide/79783.html>

and on developing the capacities of Tunisia's energy sector to meet new demands, including in relation to skills.

UNESCO used to be active in the TVET sector in the region, and the United Nations Children's Fund is now also increasingly involved in skills development and in the TVET sector (Lebanon, Jordan and Libya).

EU Member States' bilateral cooperation agencies are also very prominent at country level across the region. These include AFD, GIZ, Enabel and the British Council, among other agencies and institutions.

This list is not intended to be exhaustive, and a comprehensive mapping of all these initiatives does not fall under the scope of the present report.



## 6. PRIORITIES FOR ACTION AND CONCLUSIONS

The findings and recommendations of the ETF Torino Process regional report provide elements to inform policy dialogue and future regional initiatives within the SEMED area. The findings of this report will also feed into the current dialogue, led by the UfM and the European Commission, on monitoring the progress of the 2019 Ministerial Declaration on Employment and Labour, which underlines a range of issues, including the importance of reforming education and training systems in a way that responds to the challenges presented by ensuring employment, employability and decent work<sup>52</sup>. The report's outcomes will contribute to the monitoring and evaluation framework intended to be developed as a concrete output of the declaration<sup>53</sup>.

The skills development systems in the SEMED region need to undergo a true paradigm shift towards lifelong learning systems that can offer flexible, individualised pathways for each learner, combining formal and informal learning, hard and soft skills, and ease of access to education and training opportunities through life. This transformation must be capable of delivering new and better skills for sustainable competitiveness, social fairness and resilience in the face of regional and global crises<sup>54</sup>. This is obviously a complex task as it tackles all aspects of education and training systems, ranging from teaching and learning practices, organisation of provision and ensuring the visibility of the skills that people develop through their lives, to new cooperation modalities among different actors, reviewing the division of responsibilities and ensuring adequate resources through a multilevel governance approach.

A system change of that kind requires a systemic approach to reform and a sustained effort to manage a non-linear transformation process, addressing resistance to change, absorbing external shocks to stay on course and accommodating socioeconomic needs. Furthermore, the COVID-19 crisis has created new challenges and a renewed sense of urgency for education and training systems to move faster in their transformation processes, by tapping into the potential of digital technologies, building on innovative practices and promoting collaborative solutions, including with the private sector, to avoid disruption.

While the ETF believes that these recommendations are relevant and common to most SEMED countries, their level of importance and priority obviously remain different, according to the specific context of each country.

### PfA.1. Build strong skills partnerships, a must for socioeconomic prosperity and agile and resilient systems

As discussed in this report, the issue of youth unemployment is a major concern for all authorities in the region. The main drivers of this human capital challenge are numerous and include insufficient job creation, skills mismatch and labour market rigidities, but also poor job quality, barriers when

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<sup>52</sup> For the importance of investment in education, higher education and training systems, including VET, as well as lifelong reskilling and upskilling of workers to prepare them for constant changes in the world of work, see UfM (2019, p. 4).

<sup>53</sup> The labour ministers asked the UfM Secretariat to coordinate, with contributions from volunteering countries, the setting up of a framework for national monitoring processes, notably by organising meetings, providing relevant information, contact making and networking, and cooperating with countries' stakeholders and international organisations. The ministers invited the European Commission and the relevant EU agencies, in particular the ETF, to provide relevant expertise for this work. See UfM (2019).

<sup>54</sup> European Skills Agenda for sustainable competitiveness, social fairness, and resilience (2020).

searching for employment, high regional disparities, and insufficient involvement of the private sector and civil society in the policy cycle.

Furthermore, new technologies, new business models, digitalisation, demographic change, climate change and the economic crisis call for fast and flexible responses from VET systems. An agile and resilient skills development system is able to adjust to disruptions and to turn threats into opportunities, thus enabling innovation, productivity and resilience of economies and societies at local, national and regional level. Skills development should be a shared task among different actors, notably social partners, training providers, public authorities, researchers, public and private employment services, chambers of commerce and other intermediary bodies, and sectoral organisations. Acting in partnership provides opportunities for improving the relevance of skills and efficiency in skills development processes, notably in terms of employability. Effective partnership between public and private actors at all levels, with a renewed consideration of social dialogue that pays more attention to skills, is the only way to establish efficient skills anticipation and development systems that promote socioeconomic prosperity.



### PfA.1.1. Foster the establishment of a multilevel and multistakeholder governance ecosystem at national, sectoral and local levels

As discussed in Chapter 3, it is largely recognised, albeit to different degrees, that the challenge of centralised and government-led governance is one of the main factors hampering the effectiveness of education and training systems in the region. This issue covers the national, sectoral and local levels and has a negative impact on VET's effectiveness and its attractiveness to learners and employers. This priority for action proposes a comprehensive and coherent approach to addressing this urgent issue by fostering a conducive environment for a multilevel and multistakeholder governance ecosystem that can steer skills development to respond efficiently to real socioeconomic needs.

**At national level**, the central authorities in charge of skills development should consider the social partners as full actors in the policy cycle and not as hosts to be consulted casually on specific issues. While in some countries tripartite partnerships are formalised at national level, albeit that these are often problematic and not fully operational (Morocco, Algeria, Tunisia), in most of the other countries



this type of partnership remains an ambition rather than a reality. The social partners need to unite and be better organised to be effective in influencing policy and legislation. They need to have the means (staff, resources and skills) to advocate their positions. These positions should be supported by relevant data and facts, especially on labour market and skills needs. Social dialogue and sound bipartite relations between representatives of employers and employees enhance the possibility of achieving a consensus on national development goals and the means to achieve them. These partnerships, in whatever form, should ensure and guarantee the strategic orientations and related legislation and financing, as well as their implementation and monitoring. They will also ensure the development of clear mandates for the various stakeholders and the encouragement of shared and devoted responsibilities and accountability with other institutions beyond education and training bodies (ministries, social partners, chambers, sectoral associations, CSOs, etc.).

**At sectoral level**, there is a real need to set up skills councils in strategic sectors in the SEMED region. SSCs are an effective way to involve employers directly in policy design and enable them to play a role in influencing policy. Where there are issues of skills identification and/or skills intelligence and data collection, which is the case in most countries in the region, this may be a way for the private sector to engage in skills planning and policy dialogue. SSCs need to be progressively established as independent employer-led organisations in the priority sectors of the economy. In addition to their role in skills anticipation, reducing skills gaps and shortages, developing and managing apprenticeship standards, etc., the SSCs will seek to build a skills system that is driven by employer demand. Sectoral partnerships should be open to all relevant stakeholders to enable them to pool expertise and resources towards concrete actions that will enable individuals to keep, change and find new jobs. The members of the partnership should share and exchange knowledge to ensure the quality of the training offer, including the quality of teachers and trainers and of the training programmes.

**At regional and local level**, the reinforcement of schools' autonomy and their integration into their environment is becoming urgent in terms of responding to diverse challenges and changes. Without local partnerships with the private sector and a certain level of human and financial autonomy for schools, it will be difficult to ensure agility and resilience in times of crisis and to guarantee the relevance and effectiveness of VET provision. The concept of vocational excellence in selected VET centres that are strategic for their thematic or geographical areas could be a starting point. This new generation of centres – which have a more comprehensive and inclusive conceptualisation of skills provision addressing innovation, digitalisation, equity, career guidance, transversal skills, organisational and continuing professional learning, lifelong learning courses, etc. – should have a shared governance setting that allows greater management and financial autonomy. These good practices would then be progressively extended thematically and geographically. A second phase would be the setting up of consolidated school networks to optimise teaching and learning resources and increase efficiency. These national networks could open their cooperation relationships to other regional and international schools' networks to foster peer learning and future development<sup>55</sup>.

### **PfA.1.2. Diversify and sustain the financial mechanisms of VET to address the various needs and ensure budget sustainability**

As discussed in Chapter 3, in most countries VET system financing is ensured mainly through the state budget. Shared governance to address policy priorities should also cover VET financing and the

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<sup>55</sup> <https://www.etf.europa.eu/en/projects-activities/projects/network-excellence>

diversification of its sources. The ETF recommends initiating this reform through a review of the current budget formation and allocation and its efficiency in covering different needs and providing the right skills. This should lead to the following.

- Develop a costing methodology to ensure accurate and sustainable budget planning and execution. Simulating the financial implications of policy options allows checks to be made that choices are realistic and sustainable over time. It is important that the skills strategies include estimations of the costs in relation to the outcomes and to the activities to be planned. This will give better predictability in terms of the resources needed over the implementation period. Using the cost variable as a decision factor presupposes the availability of data, not only on financial issues but on the VET system as a whole.
- Diversify the sources of funding and increase the share of non-state resources for implementing the skills and labour market strategies and concretely engaging the private sector.
- The diversification of financing sources assumes an economically fair cost–benefit approach, making those who benefit from public policies also contribute to them. This contribution, or funding formula and conditions, could take many forms, such as a training levy and related incentives, income generation by schools, tuition fees, etc. In the SEMED context, one concrete and quick win–win way to increase VET resources could be the extension of WBL. This extension could cover, in its first stage, the priority occupations needed for national economic development and job creation.
- Move towards more performance-oriented approaches for resource allocation. Currently, in most countries, resources are determined by a simple percentage increase (or decrease) on the previous year’s budget (historical incremental approach), which does not take into account the performance of providers or the achievement of VET policy objectives. Policy makers should consider establishing basic criteria for the allocation of funds based on performance and policy priorities (i.e. enrolments, graduations, placements, continuing training, WBL, social inclusion, etc.). The policy planning should take into account the various sources of funds, both public and private (including VET private providers and donor contributions), in order to bridge the current gap between strategies and actual achievements, ensure more visibility and transparency, and make the policy more credible.

Finally, it is important to highlight again the key role of the private sector, which should be given a greater role in the design, implementation and monitoring of national policy to guarantee good governance and accountable, democratic processes. Tripartite and bipartite bodies and social dialogue should also include skills development in the policy agendas as a win–win area of collaboration. The private sector could play a more prominent role in improving employability and reducing skills gaps and skills mismatches if fully involved in the policy.

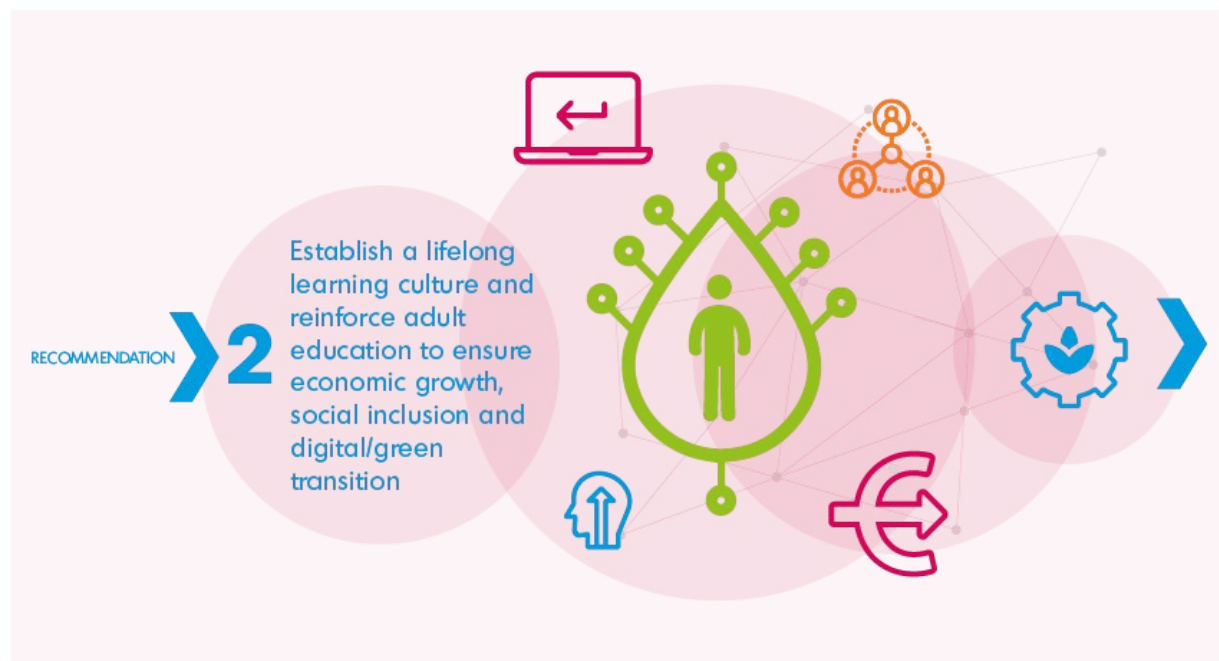
## **PfA.2. Establish a lifelong learning culture and reinforce adult education to ensure economic growth, social inclusion and digital/green transition**

Technological transformation in general, and digital and green transition in particular, call for more agile and responsive skills systems that initial and formal education and training systems alone cannot always ensure. Individuals need support to upskill and to update their skills in a permanent manner. The Sustainable Development Goals, especially Goal 4 (Quality education), which puts the focus on ensuring quality, equitable and inclusive education for all, takes a lifelong learning approach from early childhood to higher education and from general education to VET. It also emphasises the need to

substantially increase the number of young people and adults who have relevant skills, including technical and vocational skills, for employment and decent jobs.

**Lifelong learning** entails enabling individuals to master a wide range of skills and competences and navigate through the education and training system, using state-of-the-art technologies and learning tools across the boundaries of education and training institutions. Continuing vocational education and training (CVET) should thus move to a systemic approach to adapting to technological shifts during the whole working life. Establishing a new lifelong learning culture and providing quality, accessible, inclusive, relevant and sustainable lifelong learning systems is a responsibility of all stakeholders – social partners, VET providers and learners.

**Adult learning**, as understood in the EU, covers the entire range of formal, non-formal and informal learning activities – both general and vocational – undertaken by adults after leaving initial education. Adult learning brings considerable benefits for learners themselves, for employers and for the wider community. Furthermore, adult learning contributes to all policy areas (e.g. economy, innovation, democratic values and social inclusion), as all depend to some degree on the skills of people.



Initial vocational education and training (IVET) and CVET offers should be better interlinked, compatible and based on skills intelligence, in close cooperation with the private sector (see PfA.1). The new lifelong learning culture implies that individuals benefit from career guidance and gain key competences to actively handle their education, training and employment phases, with the support and increased responsibility of all stakeholders. The lifelong learning culture relies on demand-driven and practice-oriented VET policies and frameworks. This new culture also implies that WBL and on-the-job learning are given prominence in CVET strategies: learners and companies should be aware of their needs and develop learning-conducive work environments to grasp their full potentials. Moreover, in SEMED countries it is also important to ensure effective access to training for all, including, for example, training privileges, funds and other measures that are in line with national circumstances.

Promoting a culture of lifelong learning calls for more awareness on the part of employers and workers on the value and benefits of upskilling and reskilling, the availability of guidance and career development support, the development of appropriate financial resources, and the existence of regular monitoring and quality assessment. Special attention should be given to upskilling and reskilling disadvantaged groups, including older workers and adults struggling with basic skills. Support for management and staff to learn and to overcome barriers – such as lack of time, funds or information on upskilling or reskilling opportunities – together with financial and non-financial incentives and support (e.g. tools, services and funding) are available to SMEs to create and sustain a learning culture in the organisation for both management and staff<sup>56</sup>.

Building a lifelong learning vision suggests an analysis of the main issues that inhibit lifelong learning and a description of what is needed to transform them into opportunities. Looking to the future, the recent UNESCO report (UIL, 2020) sets out 10 key messages for creating a culture of lifelong learning:

- recognise the holistic character of lifelong learning;
- promote transdisciplinary research and intersectoral collaboration for lifelong learning;
- place vulnerable groups at the core of the lifelong learning agenda;
- establish lifelong learning as a common good;
- ensure greater and equitable access to learning technology;
- transform schools and universities into lifelong learning institutions;
- recognise and promote the collective dimension of learning;
- encourage and support local lifelong learning initiatives, including learning cities;
- re-engineer and revitalise workplace learning;
- recognise lifelong learning as a human right.

### **PfA.3. Skills provision should ease labour market transition, support job creation and reinforce inclusion**

The issues of education, training and employment are nowadays considered to be part of a single process, the school-to-work transition, typically defined as the period between the end of compulsory schooling and the attainment of full-time, stable employment. As highlighted in Chapter 3, this transition is often painful and long for graduates in the SEMED region owing to gaps between education and training supply and labour market needs and the lack of appropriate support and effective labour market measures. However, VET programmes can be effective in ensuring a smooth and successful transition to the labour market. In nearly all countries for which there is data available, employment rates tend to be higher among young adults who graduated from VET than among those who pursued an upper secondary general programme as their highest level of educational attainment.

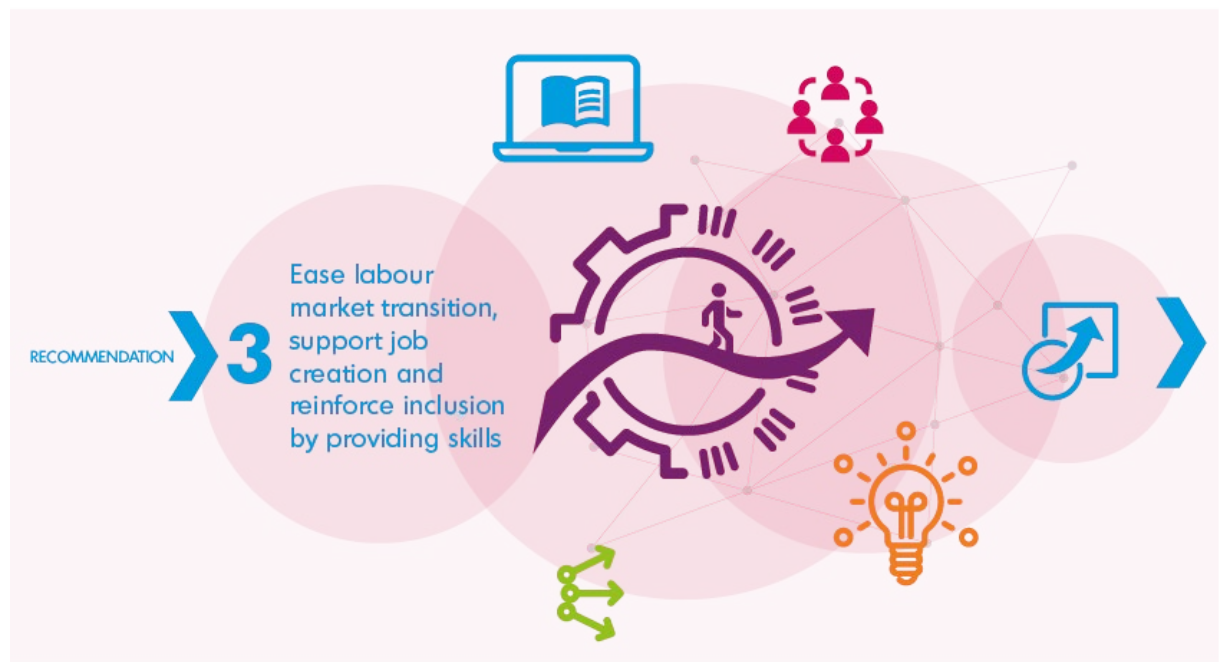
According to the study ‘Changing needs for skills development as a result of COVID-19’ (UNIDO-ETF-2020), COVID-19 is pushing companies to explore future skills needs. Respondents identified and clearly expressed the need for a workforce with different skills in order to cope with the challenges of COVID-19. In all, 41.6% of companies stated that they expect to need different skills to cope with the COVID-19 challenges and, of these, 60% also expect changes to their production processes or the delivery of their main business. The emphasis placed on the need for new skills is also significantly linked to expectations that staff will have to be laid off. This result confirms that skills are seen by

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<sup>56</sup> Pact for skills, EU-2020.

companies as a major factor in resilience and change management. Meanwhile, the ETF's *Key indicators on education, skills and employment* (ETF, 2020b) confirms that the school-to-work transition remains problematic in most SEMED countries and that these difficult transitions are among the main factors behind the large number of NEETs and the persistent unemployment in the region.

To ease the transition from school to work and also from work to work, the ETF recommends, in addition to the expansion and adaptation of active labour market policies and programmes, the reinforcement of career guidance services, WBL and digital skills as well as adult education that further supports professional mobility and transition throughout an individual's whole life (as mentioned above in PfA.2).



### PfA.3.1. Create the conditions for a lifelong career guidance system

Developing appropriate career guidance and counselling systems for all levels and types of education, including in curricula, education and training centres and PESs, is a key factor in helping young people to choose their studies and career paths in rapidly changing labour markets and socioeconomic environments. In increasingly uncertain times, educational, training and employment choices are no longer made once in a lifetime. Individuals face several critical transitions over the course of their lives, and these are becoming more frequent, disruptive and complex, and less predictable.

The role of PESs, public and private education and training providers, and the private sector and civil society should be reinforced and improved in relation to career guidance and counselling to ensure that a lifelong orientation starts at an early stage and includes adults. This should also increase the size, quality and attractiveness of VET, with a view to achieving an easier transition from school to labour market

There is a need for a review, an expansion and better coordination of career guidance services in SEMED countries. This should aim to progressively develop a national lifelong guidance system, including adult support services, with a particular focus on gender-specific issues in order to facilitate women's entry into the labour market, as well as entry for refugees, migrants and other vulnerable groups. More concretely, there is a strong recommendation to strengthen the role of guidance in the



school curriculum ('career education') prior to and within VET; to further foster the transition from VET school to work as opposed to higher education, where the demand is generally higher; and to give students more opportunities to learn about and explore the world of work and different occupations before choosing VET fields or branches.

Finally, special career guidance services should also be developed for migrants and refugees. This would increase the benefits and migration outcomes for all parties – sending countries, receiving countries and individuals.

### **PfA.3.2 Regulate and extend WBL for more effective and faster transition**

Many countries are witnessing a shift from supply-driven to demand-driven approaches. The demand-driven approach in vocational training is often explored at the macro level and is associated with the perspectives of employers and labour markets. WBL is the most appropriate way not only to increase the employability of graduates but also to enhance the necessary partnership with the private sector and make it concrete. Well-developed WBL will also solve the permanent challenges of outdated equipment, optimise the use of infrastructure and substantially support VET public financing, as part of the training is hosted by companies.

The initiatives developed so far in SEMED countries, such as the dual-system programme and apprenticeship initiatives, need to be jointly reviewed with employers' associations and chambers of commerce in order to better adapt them to the need of enterprises, which are mainly SMEs. The same goes for the related legislation, which should aim to further enlarge, foster and institutionalise WBL and make it more flexible and adapted to the needs of enterprises in general, and to SMEs in particular. However, the absorption capacity of companies (together with their size and potential for growth) should be taken into account in the planning of such programmes.

Traineeships, which have been developed in all SEMED countries, and other forms of WBL need to be structured and organised. This includes the selection of appropriate companies, their number, distribution and preparation of students, as well as follow-up by teachers.

In addition, the development of WBL implies the reinforcement of capacity and the establishment of clear roles for school management and teachers to promote and implement this mode of training. Greater autonomy for schools would certainly facilitate and optimise this process.

### **PfA.3.3 Key competences notably on digitalisation and entrepreneurial learning**

People increasingly need flexible training to meet the changing skills demands resulting from rapid changes in societies that are undergoing environmental, technological and social transformations. According to the UNIDO-ETF study 2020, the health crisis has not changed the perception of what core skills are needed, but has strengthened the trend towards digitalisation. The skills that companies identify they need in the future are no different from those they required before COVID-19. ICT skills and their application, in particular in e-commerce and marketing, and also transversal skills such as design thinking, creativity, analytical capabilities and multitasking, remain the greatest concerns for companies looking towards the future. The survey confirms that companies now see these skills as more necessary than ever for their future work.

These skills are very much needed by enterprises, by individuals for their personal and professional development and by society in general. The VET authorities might gain inspiration from the European Key Competences for Lifelong Learning Framework. Translating key competences into learning

outcomes is a major step that will guide day-to-day teaching and learning and pre-define assessment. Countries should ensure that these learning outcomes are consistently specified across curricula. Teachers obviously have a role to play, notably in the identification of opportunities for learners to develop their specific key competences.

In the SEMED region, the initial focus should be on entrepreneurship and digitalisation as per the urgent needs for economic growth and competitiveness and for responding to the implications of COVID-19. The European Entrepreneurship Competence Framework ([EntreComp](#)) can be regarded as an example and a support for the work, as it is a ready-to-use framework incorporating universal concepts that fit different contexts.

The same can be said for digital skills, where the impact of COVID-19 has accelerated the need for various online learning opportunities, while the related economic demand has become urgent. As with entrepreneurship, the EU has developed reference frameworks for citizens, educators and organisations ([DigComp](#) including [DigComp Into Action](#), [DigCompEdu](#), [DigCompOrg](#)), as well as a self-assessment tool for schools ([SELFIE](#)) for self-reflection of teachers' digital competences (currently being piloted by the ETF in partnership with the Education Reform Initiative of South Eastern Europe) and [Digital Education Action Plan](#). These are inspiring resources for practitioners and policy makers, with examples of concrete learning outcomes and progression levels and the development of a digital education action plan. Strengthening international cooperation on digital education is an integral part of the EU's role as a global partner on education.

SEMED countries should promote the exchange of best practice and peer-learning activities on innovative policy reforms for VET excellence, including on entrepreneurship and digitalisation challenges and the linkage of IVET and CVET qualification offers as attractive career pathways.

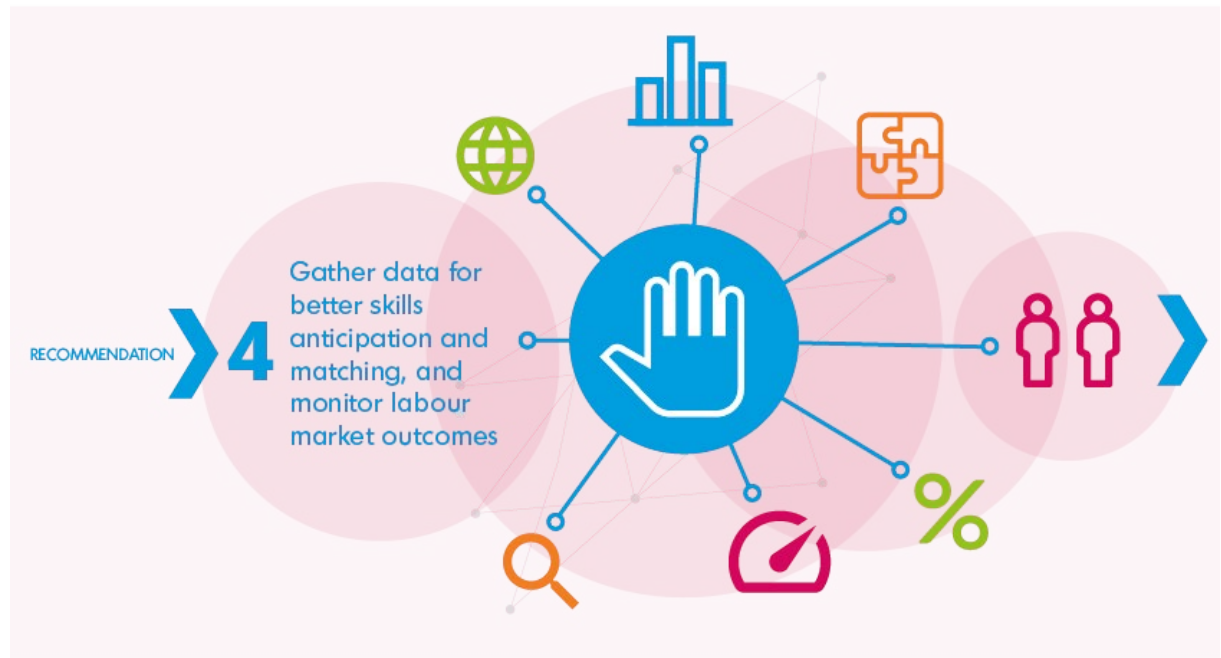
#### **PfA.4. Data for better skills anticipation and matching, and monitoring labour market outcomes**

Policy makers, employers, workers, providers of education and training, and students all need timely and accurate information about the demand for skills on the labour market and how this relates to the skills supply. Given the speed at which labour markets are changing, the identification of skills needs has become even more key for addressing the skills mismatch, the skills gaps and the substantial levels of unemployment and underemployment in all SEMED countries, regardless of their level of economic development.

To develop adequate education and training programmes, there is a need to better monitor the labour market to identify current and future skills needs. In addition to the aforementioned skills needs analysis mechanisms at national, sectoral and local level, it is important to have transparent data collection instruments (labour force surveys, PES registers, education and training statistics, active labour market measures, tracer studies, etc.) and analyses of relevant labour market trends.

However, the traditional quantitative and qualitative approaches to skills anticipation and matching are often not sufficiently precise, or require a great deal of time and resources. The increasing use of the internet for publishing job vacancies offers an incredibly rich source of data. It allows access in real time to information on current skills demand, captured through job descriptions. As the information is already there, its use is also efficient in terms of cost. However, the data from this source lacks structure, suffers from duplications and a lack of representativeness, needs cleaning and quality checking, and is subject to many other potential problems, including data privacy issues that stand in

the way of its effective use (ILO, 2020). An additional limitation in SEMED countries is the limited reach of online vacancies owing to poor connectivity and the large share of informal jobs. Nevertheless, online job vacancies and other types of big data analytics have great potential to contribute to a better understanding of labour markets, especially if complemented by more traditional sources of information (ILO, 2020).



The SEMED countries need to create the conditions for a sound and well-articulated LMIS, which does not currently exist in the region. LMISs encompass all the institutional provisions, procedures and mechanisms set up to coordinate the collection, processing, storage, recovery and circulation of labour market information. As there is no general blueprint for a single and effective LMIS, a first step would be to define the aim, scope (education, employment, economy, etc.) and level (national, regional, sectoral) of the analysis that is most needed. The VET system is an important part of an LMIS and should build its own information system. The main purpose of data collection and analysis should be to provide actors with the necessary information to bridge the skills gap and mismatches in general, but also to support career guidance services and adapt ALMPs to skills requirements in specific sectors. This requires a substantial reinforcement of capacity building and a high level of cooperation with the private sector, statistical offices, PESs and labour ministries.

Finally, in order to build strong skills partnerships, promote a culture of lifelong learning for all, anticipate skills needs and address discrimination and gender gaps, it is important that strategies include clear objectives and priorities, time-limited targets and benchmarks, staff and budget allocations, institutional coordination arrangements, and mechanisms to integrate private sector and international cooperation resources. A strong monitoring of economies and labour markets will increase the relevance of education and training systems, thus preventing skills depletion, underutilisation and brain drain, while allowing a regular assessment and review of policies.



## Conclusions

A number of global forces are currently disrupting past trends, impacting and transforming the global economy and society through processes such as technological and digitalisation transformation, greater global connections (trade, finance, people, data), climate change, and ageing versus rapidly increasing populations. COVID-19 has exacerbated this situation, notably in terms of inequalities in access to income, assets, the internet, public services, education, formal employment, social protection, etc. The SEMED countries present severe structural and systemic vulnerabilities, aggravating the socioeconomic effects of the pandemic. In most of them there are fragile economies, endemic conflicts and political uncertainty. The recent sharp decline in oil prices has placed more pressure on societies; furthermore, high debt levels, border closures and trade-restrictive policies are challenging the already precarious state of food security (World Bank, 2020).

Most countries have made unprecedented efforts to deploy resources and adopt crisis dispositions. We are far from comprehending the full magnitude and potential future effects of all these disruptions. They create risks and opportunities for inclusive, innovative, greener societies. Policy makers in the SEMED region need to be aware of these transformations and adapt the policy-making process accordingly, and the skills systems are obviously part of the solution.

This report was completed during the COVID-19 pandemic, which brought a certain degree of uncertainty regarding the future skills reforms to be undertaken by countries. However, the findings of this report are less sensitive to changes over the shorter term, changes which have immediate and direct impact. The pace of change may slow down or accelerate because of the pandemic, but the nature of the necessary change is likely to remain the same.



# ANNEX 1: EDUCATION AND TRAINING POLICIES IN RESPONSE TO COVID-19 IN THE ARAB MEDITERRANEAN COUNTRIES

*This annex summarises the main conclusions, findings and recommendations of a study commissioned by the ETF to Dr Rym Ayadi, president of the EMEA, in September 2020, with a view to complementing the ETF analysis of human capital development issues in the SEMED region, carried out as part of the Torino Process 2018–2020. The full title of the study is ‘Education and Training Policies in Response to COVID-19, Preparing for the Recovery’. Its aim is to provide an up-to-date assessment of the AMCs’ preparedness for, responsiveness to and management of the COVID-19 pandemic and to explore the resilience of their education and training systems. The study has been jointly published by the EMEA and ETF ([Education and Training Policies in Response to COVID-19: Preparing for the Recovery - A Focus on Arab Mediterranean Countries](#)).*

The world was unprepared for COVID-19. On 11 March 2020, with 118 000 cases and 4 291 deaths detected in 114 countries, the World Health Organization declared COVID-19 to be a global pandemic. One year later, in March 2021, the total number of cases detected in the world is 120 477 504, of which 97 023 377 have recovered and 2 666 448 have died.

The study provides an overview of the socioeconomic impact of COVID-19 in the AMCs<sup>57</sup>, focusing on the education and training systems and policies, analysing their resilience in managing and responding to the crisis and how lessons learned can be embedded in recovery plans and long-term reform processes. It relies on data and information available as of January 2021.

Although taking stock of a moving and evolving situation represents a challenge, available studies and literature on the impact of the pandemic provide information and data to enable an overall assessment and analytical conclusions to be drawn.

At the start of the pandemic, most countries in the world adopted some preventive and containment measures to curb the spread of the virus. With border closures and supply chain disruptions, global trade collapsed. Across the world, remittances declined substantially, and unemployment increased almost everywhere, with young people and women most affected. As of January 2021, around 93% of the world’s workers were in countries with some form of workplace closures; in 2020 working hour losses were four times greater than during the 2009 global financial crisis (ILO, 2021). Furthermore, in 2020 the employment losses were, in relative terms, higher for women (5%) than for men and for young workers (8.7%) than for older workers. Simultaneously, the economic degrowth, combined with the dramatic decline in fiscal revenues and the need to sustain policies that help the healthcare system and the socioeconomic environment, led to states over-indebting themselves. Children and young people are the ones who will have to bear the burden of enormous debt repayment in the future. Young people and children are among the categories suffering most from the pandemic, on one side because of labour market disruptions and on the other because they have experienced a loss

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<sup>57</sup> Algeria, Egypt, Jordan, Lebanon, Palestine, Morocco, Tunisia. Libya is not part of this study owing to the lack of or limited access to data and information. Israel is also not dealt with in the current study owing to differences in socioeconomic contexts and response to the pandemic as well as differences in indicators and data that make comparisons difficult.

of learning opportunities linked to the discontinuity and (in some cases) suspension of education and training activities.

The AMCs are characterised by socioeconomic challenges and transition processes, and the pandemic caught these countries in different phases of these processes of reform (ETF, 2021b).

Indeed, over the past 10 to 15 years, AMCs have registered an increase in educational levels and attainment rates. However, this has not translated into an improvement in the labour market environment, which remains characterised by high unemployment, large proportions of informal employment, and high inactivity rates, particularly among young people and women. The region is characterised by significant gender and rural–urban dichotomies and disparities. Although most of the AMCs are middle-income countries, they still suffer from inequalities linked to income distribution, increasing poverty levels and high debt levels that reduce their room for manoeuvre in providing safety nets to respond to shocks.

The current report explores how the pandemic mirrors the countries' socioeconomic trends and challenges. The estimated job disruption in the AMCs for 2020 is massive. This is coupled with scarce social security coverage and safety nets, and limited or no access to these for people who work in the informal sector or in precarious conditions. During the first wave of the pandemic, the economic policy response in the region was below the global average. The second wave of the pandemic represented a further deterioration of the majority of AMCs' economic and social stability. All the countries extended the main economic measures of the first wave (e.g guarantees, tax deferrals, postponement of bill payments), despite the further deterioration in the overall socioeconomic situation. Some additional measures supporting workers during the lockdowns (e.g unemployment insurance, wage subsidies and other measures to provide rapid salary support) were put in place, and in some cases these also targeted informal workers. All AMC governments implemented social assistance measures, via cash transfers and in-kind transfers, directed towards the most vulnerable parts of the population (which also indirectly targeted informal workers).

The impact of COVID-19 has been detrimental to education and training systems worldwide, and the AMCs were largely unprepared to face such an overwhelming healthcare crisis. As of 24 March 2020, around 80% of the world's student population (1.3 billion children and young people in 138 countries) were affected by school closures. By mid-April, around 94% of pupils worldwide were being kept out of school. In the following months, governments have tried to minimise the countrywide closure of schools, moving to a strategy of partial and or local closures that seems to be the prevailing one after the second wave (i.e. in April 2020 there were countrywide closures of schools in 190 countries, while in January 2021 only 30 countries had such closures). In January 2021, 720 million children globally (41% of student population) were still experiencing total or partial school closures.

Schools are particularly crucial for low-income families, as they represent a vital means of accessing support, food and incentives, both financial and non-financial, and of addressing structural inequalities. Without the school platform and the access to the health and nutrition programmes provided in schools, hunger, poverty and malnutrition have been exacerbated for hundreds of millions of children and their families, affecting their chances of ever recovering from the crisis induced by COVID-19.

The methodological approach applied in the current study to assess the resilience of education and training systems in the AMCs relies on a three-pillar framework for enhancing systemic global resilience. The framework was developed by Ayadi (2020a, 2020b) and consists of three mutually

interactive pillars: preparedness and early warning system (PEWS), crisis management system (CMS) and recovery management system (RMS). The results of the analysis are summarised in Table A1.

**TABLE A1.1: RESULTS OF ANALYSIS APPLYING THE THREE-PILLAR SYSTEM**

<b>Preparedness and early warning system</b>	<b>Crisis management system</b>	<b>Crisis recovery system</b>
Weak preparedness of the education and training system	Emergency protocols put in place are not well structured in the majority of cases	Lack of financial resources and plans to mobilise financial resources in this sector
Structural and societal problems exacerbated by the pandemic undermined governments' extensive efforts to build a functioning blended education and training systems	Management relies on closing and opening schools depending on the epidemiologic situation Lack of specific measures to manage the training sector	Lack of plans to reorganise the education and training sector to empower infrastructures (physical and digital) and increase human resources and partnerships with the private sector

The limited preparedness of the education and training systems prevented the PEWS from working well and from putting in place efficient and quick responses. All the countries implemented the closure of schools as a first measure to curb the pandemic, showing the capacity to build an alternative e-learning system and public–private partnership to rapidly build up new learning platforms or provide broadcast lessons via TV and radio. Nevertheless, the VET systems seemed to be left behind, with limited data available to analyse their preparedness, and measures put in place that appear to be more ad hoc. Furthermore, structural problems such as significant digital divides, poor living conditions and pre-existing inequalities not only weakened the effect of the solutions put in place but also amplified those challenges, leading to the exclusion of some groups from basic education services.

In almost all AMC's the CMS relied on closing and opening schools and universities (private or public) depending on the epidemiologic situation. This demonstrates that emergency protocols were, in most cases, not well structured and lacked specific management measures, follow-up and monitoring to prevent disruptions to the learning flows. Only a few countries implemented clear protocols for managing the crisis in schools to prevent the spread of COVID-19 and manage possible in-premises infections. According to the information available, countries did not generally seek to partner with the private sector and civil society to increase the physical infrastructure available (for instance, using closed cultural centres) or to hire more teachers to cover additional shifts. The limited information available on measures specific to VET makes it difficult to draw robust and general conclusions with respect to their CMS.

With regard to the crisis recovery plan (CRP), information available for the AMC's shows that there are no recovery plans that specifically target education and training systems, formal and informal training opportunities and the reskilling and upskilling offer. It should also be noted that the medium- to long-term effects of the pandemic on mental health, particularly of young people and students, as a result of the long-lasting isolation have not been studied in depth, possibly because they have not yet come to the surface.

Targeted recovery plans are critical for building resilient education systems. The pandemic and the response of education and training systems to external shocks has brought to light, in AMC's as well as in many other countries worldwide, the rigidity of these systems, their continued reliance on traditional forms of learning and overall a slow implementation of real reforms (ETF, 2021b).

Following the analysis based on the three-pillar framework for resilience, a number of recommendations have been developed. These should be considered with caution, bearing in mind that the emergency is still ongoing and the real impact on education and training is still to be analysed from all perspectives.

The following recommendations derive from the three-pillar framework analysis.

## PEWS recommendations

- Local authorities should put in place systems for assessing and monitoring the **digital preparedness** of schools, students and teachers in order to introduce targeted response plans in collaboration with schools, universities and education and training centres. The systemic and regular collection of this information would allow a rapid response to possible future crises and external shocks<sup>58</sup>.
- Governments should further build on reforms for teachers' CPD, enhancing and reinforcing current initiatives so that professional educational staff are kept up to date with the latest developments, including digitalisation, digital skills, new forms of learning and innovative pedagogical models.
- Governments should incentivise the involvement of and partnership with the private sector and civil society with a view to finding flexible and innovative ways of delivering training. The involvement of the private sector in education and training has been increasing, but has not yet been implemented effectively. In a crisis situation, partnership opportunities with the private sector would have helped in many ways, from the development of joint education programmes to the sharing of physical spaces.

## CMS recommendations

- Opening schools and educational centres should be a priority and closing them for an extended period should be an exception.
- Schools should guarantee safe access to education and training services for all users, applying the necessary safety measures, including making available individual protection devices and ensuring constant sanitation.
- All schools and learning centres should provide a clear 'pandemic protocol' covering a precise and standardised method for managing the lessons in person, at a distance and possible infections in school premises.
- A pool of experts should be created for each region/province. Its role should be to help schools and learning centres to build emergency plans, considering their functional area's specificities.
- Private and public institutions must collaborate to manage crises in close collaboration rather than competition.
- Alongside ongoing reforms and in the continuing and long-lasting presence of the pandemic, new school models may be devised, including, for instance, the use of open air spaces (gardens, courtyards), the introduction of shifts to allow all students to attend in person for at least a few days a week, and the development of mechanisms to ensure in-person attendance for students with special needs.

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<sup>58</sup> One possible tool to be used is the EU SELFIE (Self-reflection on Effective Learning by Fostering the use of Innovative Educational technologies), a free tool designed to help schools embed digital technologies into teaching, learning and assessment. SELFIE has a strong basis in research and was developed based on the European Commission framework on promoting digital-age learning in educational organisations. [https://ec.europa.eu/education/schools-go-digital/about-selfie\\_en](https://ec.europa.eu/education/schools-go-digital/about-selfie_en)

## CRS recommendations

- The recovery system needs medium- to long-term plans to increase the potentiality of the early warning and management systems. AMCAs are all characterised by limited fiscal space. Governments in this region should increase partnerships with the private sector and international organisations to raise more financing for the education system to i) address the digital and urban–rural divides; ii) improve the infrastructures of schools and education and training institutions.
- AMCAs should continue and further advance education and training reform processes, including in the fields of VET and reskilling and upskilling for all. Reform processes for greater resilience would help systems to better cope with changes, including the rapidly changing demands of the labour market, in terms of not only digitalisation but also greening economies, among others.
- Distance and online learning solutions should be addressed at system level, adapted and contextualised in order to maximise opportunities and alleviate potential risks of exclusion.
- Monitoring capacities should be reinforced, including in relation to the collection and analysis of data on the student and teacher population and on learning and household environments. This would provide schools with the intelligence needed to address the local challenges and issues faced by students and young people, including possible vulnerabilities.





## ANNEX 2: ADDITIONAL DATA

TABLE A2.1: HUMAN DEVELOPMENT INDICATORS, 2019

		Algeria	Egypt	Israel	Jordan	Lebanon	Morocco	Palestine	Tunisia	Arab States	Europe and Central Asia	OECD Countries	
Human Development Index	HDI Rank (x/189)	82	116	22	102	93	121	119	91				
	Change in HDI Rank (2019–2013)		-1	-2	-1	-6	-6	+2	-5	+3			
	HDI Value	Total	0.759	0.7	0.906	0.723	0.73	0.676	0.690	0.739	0.703	0.779	0.895
		Male	0.792	0.732	0.917	0.754	0.762	0.724	0.716	0.767	0.740	0.794	0.903
Female		0.685	0.643	0.891	0.654	0.678	0.603	0.624	0.689	0.634	0.757	0.882	
Poverty	Multidimensional Poverty Index (MPI)	Value	0.008	0.019	-	0.002	n.a.	0.085	0.004	0.005	0.076	0.004	
		% Population	2.1	5.2	-	0.4	n.a.	18.6	1	1.3	15.7	1.1	
		Vulnerable pop. (%)	5.8	6.1	-	0.7	n.a.	13.2	5.4	3.7	9.4	3.6	
	Pop. below national poverty line %		5.5	27.8	-	14.4	27.4	4.8	29.2	15.2	25.2	11.9	
Inequality	Inequality-adjusted HDI (IHDI)		0.604	0.492	0.809	0.617	-	-	0.597	0.585	0.531	0.618	0.791
	Income Inequality, Gini Coefficient		27.6	31.8	38.9	33.7	31.8	39.5	33.7	32.8			
	Inequality in income (%)		11.4	36.5	23.7	17.9	-	21.7	16.6	18.9	25	16.8	20.9
	Inequality in education (%)		33.7	38.1	3.7	15.4	6.2	-	11.9	32.8	32.5	8.3	8
Gender	Gender Development Index (GDI)		0.865	0.878	0.972	0.868	0.891	0.833	0.871	0.899	0.856	0.953	0.976

			Algeria	Egypt	Israel	Jordan	Lebanon	Morocco	Palestine	Tunisia	Arab States	Europe and Central Asia	OECD Countries
	Gender Inequality Index (GEII)	Value	0.443	0.45	0.1	0.469	0.362	0.492	0.492	0.3			
		Rank (out of 162)	100	102	24	113	79	118	-	63			
Education	Mean years of schooling	Total	8	7.3	13	10.5	8.7	5.5	9.1	7.2	7.1	10.2	12
		Male	8.3	8	13	10.7	8.9	6.4	9.3	7.9	7.8	10.5	12.1
		Female	7.7	6.7	13	10.2	8.5	4.6	8.9	6.4	6.4	9.9	11.9
	Expected years of schooling	Total	14.7	13.1	16	11.9	11.3	13.1	12.8	15.1	12	14.6	16.3
		Male	14.5	13.1	15.4	11.6	11.6	13.6	12	14.4	12.3	14.7	16
		Female	14.9	13.1	16.6	12.1	11.4	12.6	13.7	15.8	11.7	14.4	16.6
	Skilled labour force (% of total labour force)		40.4	54.9	90.6	-	-	18.7	46.9	54.9			

Source: UNDP (2019).

Notes:

**Human Development Index (HDI):** Composite index measuring average achievement in three basic dimensions of human development – a long and healthy life (longevity), knowledge (education) and a decent standard of living (income per capita).

**Inequality-adjusted HDI (IHDI):** Level of human development when inequality is accounted for; IHDI looks beyond the average achievements to show how these are distributed among its residents.

**Multidimensional Poverty Index (MPI):** Percentage of the population that is multidimensionally poor adjusted by the intensity of the deprivations; it captures the multiple deprivations that people face in their health, education and standard of living.

**Gender Development Index (GDI):** Ratio of female to male HDI values; it measures disparities in the HDI by gender: the closer the ratio is to 1, the smaller the gap between women and men.

**Gender Inequality Index (GEII):** Composite measure of gender inequality using three dimensions: reproductive health, empowerment and the labour market; a low GEII value indicates low inequality between women and men, and vice-versa.

**Gini coefficient:** Measure of the deviation of the distribution of income among individuals or households within a country from a perfectly equal distribution; a value of 0 represents absolute equality, a value of 100 absolute inequality.

**Inequality in education/income:** Inequality in distribution of years of schooling/income using the Atkinson inequality index.

**Multidimensional poverty headcount:** Population (%) with a deprivation score of at least 33%.

**Vulnerable population to multidimensional poverty:** Population (%) with a deprivation score of 20–33%.

**Pop. below national poverty line:** Population (%) living below the poverty line deemed appropriate for a country by its authorities.

**Mean years of schooling:** Average number of years of education received by people aged 25 and older.

**Expected years of schooling:** Number of years of schooling that a child of school entrance age can expect to receive.

**TABLE A2.2: ACCESS TO EDUCATION (GROSS ENROLMENT RATIO), 2010–2019**

	Year	Primary			Secondary			Tertiary		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
Algeria	2019	107.3	109.7	104.9	-	-	-	51.4 <sup>2018</sup>	38.8 <sup>2018</sup>	64.4 <sup>2018</sup>
	2010	115.3	119.0	111.5	96.9	95.2	98.7	29.9	24.5	35.4
Egypt	2019	106.4	106.0	106.9	89.5	89.9	89.0	35.2 <sup>2017</sup>	34.6 <sup>2017</sup>	35.8 <sup>2017</sup>
	2010	102.3	103.7	100.7	68.9	69.8	67.9	31.4	32.8	30.0
Israel	2018	104.7	104.2	105.2	105.6	104.7	106.5	61.5	51.0	72.6
	2010	105.4	105.2	105.7	103.2	102.0	104.5	65.9	57.6	74.6
Jordan	2019	81.8	82.5	81.1	65.2	64.4	66.0	34.4 <sup>2018</sup>	31.5 <sup>2018</sup>	37.4 <sup>2018</sup>
	2010	81.9	82.7	81.1	80.1	78.6	81.6	37.1	34.8	39.6
Lebanon	2019	-	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-	-
Morocco	2019	114.8	116.7	112.7	81.2	84.1	78.2	38.5	38.1	39.1
	2010	109.7	113.0	106.3	63.3	67.6	58.8	14.6	15.3	13.8
Palestine	2019	97.7	97.8	97.7	90.7	86.5	95.0	43.2	32.9	53.9
	2010	91.3	92.2	90.4	85.7	82.5	89.1	47.8	41.1	54.9
Tunisia	2019	115.4 <sup>2018</sup>	115.9 <sup>2018</sup>	114.9 <sup>2018</sup>	92.9 <sup>2016</sup>	86.9 <sup>2016</sup>	99.3 <sup>2016</sup>	31.8	22.6	41.2
	2010	107.2	107.4	107.0	90.2	86.2	94.5	35.4	27.8	43.2
EU	2019	101.6	101.7	101.4	110.1	110.1	110.1	71.0	63.5	78.9
	2010	102.7	103.1	102.3	105.1	105.3	104.8	65.0	57.7	72.7

Source: UNESCO database (<http://data.uis.unesco.org>) and World Bank, World Development Indicators.



## ABBREVIATIONS

AfDB	African Development Bank
ALMP	Active labour market policy
AMCs	Arab Mediterranean countries (in this report, Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia)
CMS	Crisis management system
CPD	Continuing professional development
CRP	Crisis recovery plan
CSO	Civil society organisation
CVET	Continuing vocational education and training
DG EMPL	Directorate General on Employment, Social Affairs and Inclusion
DRI	Digital Readiness Index
ECI	Economic Complexity Index
EMEA	Euro-Mediterranean Economists Association
ENP	European Neighbourhood Policy
EBRD	European Bank for Reconstruction and Development
ETF	European Training Foundation
EU	European Union
GCI	Global Competitive Index
GDI	Gender Development Index
GDP	Gross domestic product
GEII	Gender Inequality Index
GEMM	Governance for Employability in the Mediterranean
GII	Global Innovation Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GVC	Global value chain
HCD	Human capital development
HDI	Human Development Index

IHDI	Inequality-adjusted HDI
ICT	Information and communication technologies
ILO	International Labour Organization
IMF	International Monetary Fund
ISCED	International Standard Classification of Education
IVET	Initial vocational education and training
LMIS	Labour market information system
MPI	Multidimensional Poverty Index
NEET	Not in employment, education or training
NQF	National qualifications framework
OECD	Organization for Economic Cooperation and Development
PES	Public employment service
PEWS	Preparedness and early warning system
PfA	Priority for action
PISA	Programme for International Student Assessment
RMS	Recovery management system
SEMED	Southern and Eastern Mediterranean
SME	Small and medium-sized enterprise
SSC	Sector skills council
THAMM	Towards a Holistic Approach to Migration
TVET	Technical vocational education and training
UfM	Union for the Mediterranean
UNESCO	United Nations Educational, Scientific and Cultural Organization
VET	Vocational education and training
WBL	Work-based learning
YEM	Youth Employment in the Mediterranean

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