

Proposal of the Luxembourg Presidency for an initiative on youth employment through vocational training in the Maghreb countries

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(English version)

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I. Background

The youth employment situation has deteriorated significantly both in the north and south of the Mediterranean region

Among the Arab countries, those bordering the Mediterranean – in particular the Maghreb countries – are especially affected by youth unemployment, with rates that vary from 20 to 50% (24% in Algeria, 20.1% in Morocco and 37.6% in Tunisia), in an environment where youth participation in the workforce is lower than 50% on account of the inactivity of women and the informal nature of the workplace (they are the lowest youth participation rates in the world). It follows that, particularly in the Maghreb countries, the unemployment rates of young people are three times higher than those for adults and one in three young people are classified as 'working poor'. Paradoxically, young graduates are most affected by this crisis, thereby highlighting the fact that, at present, vocational training no longer ensures that students have the skills required by companies.

Many European countries also have great difficulties with youth unemployment. It should be noted, however, that Europe is characterised by a very large diversity of situations which presents significant potential for improvement and the transfer of best practices.

In 2014, close to 5.5 million young people in Europe (excluding students) were unemployed. Throughout the European Union, from Portugal to Eastern Europe, unemployment levels for people under 25 years old remain high. On average, this accounts for 23% of young people in Europe (23.7% in the euro area) with significant differences between countries: Spain and Greece are particularly affected by this crisis with youth unemployment rates of 53% and 56% respectively. The situation also affects Croatia (49%), Portugal (35.4%), Italy (42.7%), Slovakia (32.5%) and Cyprus (43.2%), whereas rates in Germany are much more favourable with only 7.8% youth unemployment. Austria and the Netherlands are also in a more favourable position with rates of 9.5% and 11.3% respectively and France's rate of 23.5% is close to the European average.

The desperation generated by this situation is a heavy burden on the stability of the countries concerned. Unemployment among young people, irrespective of whether they are graduates or have followed certified vocational training courses, is a breeding ground for

excess and marginalisation of the populations concerned. The challenges involved are not limited to the present day but will also have an impact in the future, and the required responses and reforms must take this into account. It is necessary to find ways in which to address these issues in the short-term and to create long-lasting conditions under which the gap between the supply and demand for labour can be bridged.

Education and vocational training are of particular concern

This issue currently affects all countries in the north and south of the Mediterranean region and is now at the heart of national policies. These policies seek to limit factors working against the demand side of the youth employment equation by taking account of recruitment costs, functioning of the labour market and non-wage labour costs that create a high tax wedge, thereby driving the trend to informal work. Through a variety of different measures, these policies also seek to implement active labour market policies designed to boost employment or create opportunities through the provision of wage subsidies for public and private sectors or other specific sectors and by granting favourable conditions to new entrepreneurs. Lastly, these policies seek to generate links with major medium-term development programmes which focus on specific sectors or development operations.

But the key to the sustainable success of all these policies is the quality of human resources that can be mobilised. Without the recognition of different levels of qualifications, and without entrepreneurial dynamism and creativity, all incentive policies are merely temporary solutions which do not allow for sustainable changes to be made to the field of youth employment in the Mediterranean region.

At present, it is necessary to identify the ways and means in which to overcome or, at the very least, reduce the gap between the supply and demand for labour.

Since the 1960s, the Arab states have invested significant resources in education. This has enabled infrastructures to be created that provide the foundation for an education system open to everyone, and reach a large section of the population without gender discrimination.

Today, this work has enabled countries in the Middle East/North Africa region – falling within the average among upper middle economy countries – to attain their objectives in terms of the number of students and graduates. Gender disparities with regard to access to education have also decreased, and there are more women than men in higher education in most of these countries. However, education has less and less effect in these countries because access to work is becoming increasingly difficult.

Nevertheless, education remains a major challenge for Arab countries. The main problem relates to the quality of education which still does not allow for the development of basic skills necessary for life, active citizenship and entry into the labour market. Children from the poorest households and those living in rural or remote areas are the most disadvantaged due to the lack of opportunities available to them.

On the other hand, there is a growing discrepancy between educational output and labour market needs, which leads many young people to feel excluded and even marginalised. There is also the challenge of improving governance to increase graduate participation, as well as making educational establishments more accountable.

Lastly, it should be noted that spending on education in Arab countries, on average 5.3% of their GDP, is higher than in similar countries, suggesting that the level of investment is not the main problem.

It can even be assumed that far from strengthening equal opportunities, it serves to increase social inequalities and contribute to social exclusion. Although the very rapid increase in the number of private schools in some countries entices the best students and creates a new elite, the drawback is that public schools are locked into a vicious cycle of decreasing quality. The new challenge is therefore to move from an 'education for everyone' to 'vocational training for everyone' so that training promotes inclusion and competitiveness in the Mediterranean countries.

II. In view of the repeated failure of reform measures in the South, what contribution would a European initiative supported by IFIs make?

Since the beginning of the 2000s and with the assistance of their technical and financial partners (bilateral aid or multilateral development institutions), the countries in the south of the Mediterranean have repeatedly tried to harmonise their education systems. They have been relatively successful in increasing access to education and decreasing gender disparities, but they have not been able to rise to the challenge of quality of education and training. Such poor results are due to misaligned policies, in so far as education was at the core of the social contract, but also the lack of international standards and benchmarks in terms of content, teaching methods, institutional development which allow, in particular, for better connections to be made with potential employers. Added to this is the fact that training for teachers and trainers was not sufficiently taken into account by education policies.

The countries, as well as the development institutions supporting them, today acknowledge the limits of the models in place and are looking for a new approach where change is not instituted from the top down but is generated on an institutional scale and within the framework of networks which facilitate the sharing of solutions. For North African countries in particular, it is necessary for standards, quality assurance and vocational training certification to be in line with those of Europe, their most important trading partner.

Lastly, the present initiative should be innovative and have two main components: (i) innovative intervention methods for IFIs that support a major regional intangible investment programme, run under the supervision of and evaluated by official institutions and mainly based on the dynamism of selected operators within networks and which have considerable autonomy; (ii) innovative content, teaching methods, networking between training and the labour market, and accreditation.

The added value of a regional initiative involving Europe and, in the first instance, the Maghreb countries, could have a four-fold impact, the significance of which is underlined by all the studies:

The first impact relates to the tension caused by the fact that the current programmes are not all-inclusive. The partner institutions of the Maghreb countries must make a concerted effort to provide swift answers and to establish additional credibility.

The second impact concerns the tendency of young people to move towards technical and vocational training. In a context in which young people, often under pressure from family

members, prefer to opt for general training in the aim of working in administration, offering a regional standard of technical and vocational training at different levels within the framework of a network of European training institutions will be a powerful way to influence direction choices. In order to enhance vocational training, the creation of a regional standard with support from the European training networks in respect of different levels of qualification would make vocational training even more attractive.

The third impact relates to improving the quality of qualifications obtained through regional measures to train the trainers, programme collaboration, teaching methods and increased availability of equipment.

The fourth effect will be the availability of an evolutionary framework enabling the sharing of best practices, in particular to make it easier to start a new business and to mobilise the workplace.

Recommendations for a new approach

The multifaceted approach taken by the Maghreb countries to boost socio-economic development by strengthening market economy rules, call for an improvement in quality of teaching and vocational training methods right across the spectrum. This development must go hand in hand with important global trends relating to the development of teaching and vocational training systems which are based, in general, on two interrelated factors:

- Strengthening the quality of training provided and adjusting it to meet identified needs;
- Increasing the demand for training amongst economic actors (prospective applicants), in particular SMEs and SMIs.

The focus of this new approach is to combine a short-term vision with a medium-to-long-term vision, reinforced by a concerted effort from partners and by integrating best practices as identified in all of countries in both the north and south of the Mediterranean region.

As regards the short-term component, it seeks, by adapting the approach taken by the Maghreb countries, to respond to the employment demands of companies, in order to enhance and reproduce that approach.

More specifically, based on the model referred to later in this report, the first step will be to prioritise the employment sectors in which action will be taken as quickly as possible. Green jobs (including in the construction and building sector), personal services and questions

relating to high-level healthcare and ICT could be considered as priority.

With regard to implementation measures, in so far as the priority actions are aimed at qualified unemployed persons, the innovation of methods and courses is essential. There is a wealth of successful experience in this regard and the transfer of this knowledge and experience is needed to facilitate implementation in the Maghreb countries (alternative training, problem-based learning, short ICT courses designed to develop knowledge for training developers may be scheduled over short periods of 4 to 6 months).

The 'virtuous chain' in terms of demand for employment-training-recruitment must also be taken up as far as possible with regard to identifying actions to be taken for young job seekers.

In some sectors, an entrepreneurial spirit may also be decisive in finding employment. Best practices within the Maghreb countries and Europe must be identified (micro-finance, training in how to set up SMEs, support, etc.), adapted and implemented.

More generally, it is necessary from the outset that this initiative contribute to careers guidance becoming a choice rather than a path taken as a result of failure at school. This would require the implementation of measures to identify young people of school age who could be steered towards vocational training.

In the same way, competition is necessary in the field of training. Whilst it is important to strengthen the public sector, supporting the private sector - and therefore private and intra-company training centres covered by this initiative - is also essential.

Such an initiative should involve a major information campaign that connects guidance centres, training institutes, career information platforms and countries covered by the initiative.

With regard to the medium-to-long-term component, it is necessary to install a new model based mainly on the technical and vocational training centres operating in the North-South network.

This model will make the most of Europe's proximity - an advantage in terms of increasing the capacity of the countries in the south of the Mediterranean region - to harmonise the content of training, improve quality and in terms of the mutual recognition of diplomas (or other forms of accreditation). It should explicitly meet the Maghreb countries' expectations of the partnership with the EU to provide support for their reform programmes in the

context of this initiative:

- Contributing to training for trainers and the managerial framework which assumes that collaboration with the different networks would lead to training for trainers and to a better understanding of the mechanics of training;
- Modernising technical teaching methods to support training;
- Participation of European industrial companies in the reform of teaching engineering and access to new knowledge connected to technological developments.

The countries involved therefore highlight the structuring nature of this initiative through its quantitative impact and continued development of new skills in line with technological developments and regulatory constraints which alone make it possible to access international markets, in particular the European market. These demands underline the need for the networks of training institutions in place to have some discretion and to be able to establish multifunctional and dynamic associations in order to increase the quality of services provided by each member.

This initiative should therefore be based on the **creation of a plan of action for the North-South network of training institutions to bring together, in respect of a range of qualifications at different levels and well-identified job opportunities**, European vocational training centres of excellence that can contribute their expertise, as well as training centres in the South with considerable development potential (especially in areas particularly affected by youth unemployment).

These networks will enable the following objectives to be achieved:

- **Upgrade** methods and programmes through a participatory approach involving public sector actors, the private sector and civil society: there should be a change of focus from gaining basic knowledge to acquiring skills through the development of **critical thinking, analysis and creativity**. This serves to **stimulate innovation and to arouse the creativity of citizens**;
- Ongoing **training for trainers** in new techniques;
- **Contributing** to the replacement and modernisation of training centre equipment and training maintenance staff;
- **Establishing private sector partnerships: learning by doing** (apprenticeships, work/study apprenticeships) must be encouraged so that the training meets the expectations of companies and actually **prepares students for their entry into the labour market**. An important objective would be to include European industrial firms in the modernisation of initial and ongoing training programmes for technicians and senior technicians in respect of selected career-developing professions. The

development of new projects that could lead to the establishment of new centres of excellence for technological and vocational training may also be considered;

- Encouraging **synergies** between vocational training and higher education based on the European model which seeks to create a European Area on Skills and Qualifications;
- **Certification**: once the new programmes and methods have been implemented, certification will be a means by which to evaluate the quality of teaching provided by meeting international standards. It will also give students a North-South regional label of quality.

The following actions are planned to achieve these objectives:

- development of **exchanges between teachers** from European centres of excellence and training centres in the South through technical assistance missions, organisation of thematic workshops and scheduling of videoconferences;
- encourage the transfer of **best practices** through regional seminars – in the first instance to centres in the network via networking and, subsequently, to all interested schools;
- **facilitate the mobility of students** between training centres by disseminating information on existing European and bilateral programmes.

All these actions help create a **community of best practices** for both shores of the Mediterranean and enable North-South, South-North and South-South exchanges.

Subject to confirmation by the work carried out in collaboration with the leaders of the countries concerned, this network could, in the first instance, get off the ground in respect of one or several of the most promising sectors.

III. How to choose the target qualifications/occupations for which action should be taken?

Based on the difficulties identified in the different levels of training provided

Since the purpose of this initiative is to help tackle the problem of youth unemployment, any criticism in respect of the training programmes, either due to the number of drop-outs, in terms of guidance or due to the lack of quality, should be borne in mind. **Each level of training corresponds to pre-determined employment opportunities** which must be the focus of the initiative. The first stage is therefore to identify the selected targets for each level with regard to the training provided.

By way of example (these targets must be selected by the countries), the following may be selected as targets:

- Lower secondary school drop-outs representing nearly 20% of the class in some countries and who should be offered more attractive technical and vocational training, (Certificate of Professional Competence, CPC);
- Upper secondary school where careers guidance prioritises general training over vocational professions (which, in general, welcome ten times fewer candidates). Careers guidance must be adjusted to include recognised vocational qualifications (first stage trainee technicians, BTS - technician certificate);
- Non-specialised university graduates and graduates from engineering schools and technical universities, whose calibre must be improved and who need vocational training to prepare for new occupations (senior technicians, engineers and specialised masters programmes);
- PhD students should, in the sectors selected, be offered postdoctoral fellowships to improve the quality of research significantly and immediately (through the best teams in the region working together in their respective fields) and allow for the transition of those countries to a knowledge-based economy. It should be borne in mind that, from now on, the transition to a knowledge-based economy is a shared objective of all the countries in the region. This economy based on productivity and innovation allows for improved macroeconomic management of growth (in particular by allowing for wage increases in line with productivity), promotes inclusion and encourages investment without excessive capital-labour substitution. At present, the Maghreb countries have made a concerted effort with regard to research which has mobilised funds close to 1.5% of GDP. In order for these countries to keep abreast of global developments in research (in particular applied research) over the past ten years, it is necessary to develop joint degree programmes at post-graduate level and, moreover, postdoctoral fellowships in the best European laboratories. In this regard,

a programme of 1,000 postdoctoral fellowships in the Maghreb countries in priority sectors supporting accommodation and training costs abroad under return to employment contracts will be key in meeting the universally acknowledged limits of value chains;

- In addition, all courses of study, in particular at the end of compulsory schooling and university courses, should cover basic elements (through teaching modules, digital skills) in setting up businesses and developing ideas into business plans.

These examples of provisional measures highlight an important feature of the proposed initiative, in so far as it concerns all levels of qualification and seeks to promote an entrepreneurial spirit in young people seeking to start their own businesses. Such a feature, if successful, should promote the initiative throughout the training network in the countries in question.

Prioritising certain training, based on the anticipated demand for labour

The aim here is to target specific areas of activity and qualifications required. It will involve human resources departments (that are aware of unfilled job opportunities), government departments responsible for major industrial and development projects, as well as representatives of the companies active in the sectors concerned.

In this context, the sectoral policies and quantitative targets of the initiative will be identified. As a provisional arrangement, a certain number of sectors will be selected on the basis of initial discussions, namely:

- Alternative energy and environment sectors and, more generally, green jobs;
- Healthcare sector (paramedical, pharmaceutical), personal services;
- Agri-food sector;
- Tourism sector;
- ICT sector;
- Cultural industries sector linked to ICT;
- Mechanical and electronics sector;
- Building and public works sector;
- Craft and trade sector.

As already stated, added to this would be training in setting up a business which could be implemented in all areas through one or more supplementary modules.

IV. By what process should supply and demand be matched?

If the initiative were to create regional vocational training centres of excellence via a single standard of excellence recognised in both the north and south of the region, the quality of human capital in the region would be significantly strengthened. This initiative would also be the first step in establishing a regional labour market (allowing for long-term progress starting with operators in respect of issues that are difficult to regulate from above, in particular with regard to harmonising qualification standards).

This objective can be achieved only if the following two conditions are met:

The first is the creation of a partnership between institutions of the Maghreb countries and the countries in Europe concerned, including a secretariat, within the framework of the Union for the Mediterranean (UfM). Such a partnership would bring together official agencies of the countries involved, IFIs and stakeholder representatives (inter alia companies and training centres). It would be responsible for building policy and strategy in accordance with the results of a preliminary study based on proposals from Ministers for Labour in the countries concerned. Given that in many countries vocational training is the responsibility of regional agencies, decentralised cooperation between regions could be a useful feature of this initiative;

The second is setting out an operational programme (which could be managed by the Center for Mediterranean Integration (CMI) or the World Bank as requested by the UfM under the agreement to which they are party) in order to create and finance networks for the sectors in question (or regional centres bringing companies together) to facilitate collaboration. These networks have become the key assets of the project and operate with considerable discretion. In this regard, the vocational training centres, small businesses and various active employment policies are also likely to benefit from international cooperation (in particular aid mechanisms for business start-ups).

The choice of sectors and levels of qualification must be analysed in detail in each country by the Minister of Labour and other departments in order to identify the best training centres and institutions for each qualification level and occupation group. They must be part of the North-South networks created according to sector and occupation group. Such networks shall be composed of the best centres located in both the north and south and shall collaborate on:

- training for learners: programmes, teaching methods, availability of equipment,

- videoconference facilities and mobility;
- training for trainers which is absolutely necessary;
- accreditation to ensure a common standard;
- internship opportunities, apprenticeships and work/study apprenticeships and even employment opportunities in associated firms.

In summary, this initiative is based on: (i) an overall strategy outlined and assessed by a coordinating body under the Council of Ministers for Labour responsible for bringing together other departments; (ii) the effectiveness and commitment of the North-South networks of training centres to train, accredit and facilitate the entry of learners into the labour market by developing relations with sectoral companies and developing in line with sectoral employment conditions.

V. The key to success: strengthen cooperation between funders and stakeholders for the selection and financing of networks of operators based on proposals by stakeholders who are likely to be involved with the supply and demand of essential qualifications for the occupations in question

The initiative must be based on the finding (by the Deauville partnership amongst others) that cooperation between partner countries, international financial institutions, regional funds and multilateral and bilateral cooperation agencies must be strengthened and that a bottom-up approach must be adopted which allows operators on the ground to put forward proposals.

Without significant action taken by, inter alia, the EU, World Bank, EIB, and supported by bilateral cooperation agencies, the proposed European initiative could not fulfil its potential. At present, setting up a regional vocational training and business start-up programme would be a significant step forward in strengthening the regional partnership. Regional cooperation of this nature bringing together all sectors in the region (public, private, civil society) and supported by all the institutions (European Commission, World Bank, European Investment Bank, etc.) could be a powerful way in which to change the negative image of vocational training in the Maghreb countries.

From a technical perspective, this initiative should, after having implemented the measures for selecting occupations, relevant levels of qualification and the networks of training institutions, finance the operation of these networks: travel, meetings, training for trainers, internships (limited to post-graduates and work/study apprenticeships) and contribute to the financing of equipment (greatly lacking).

The countries concerned have experience of programmes being developed in the context of bilateral and multilateral cooperation (Swing, MedNC, HOMERe, GIZ Tunisia, etc.) but which today, due to the lack of development, do not meet the challenges. In addition, some programmes are too new to be assessed and others, especially national programmes, have not been systematically evaluated. It is clear, however, that the proposed initiative shall provide for the use of best practices in the selected sectors.

Although a pilot operation is possible, a convincing size for such an operation would involve setting up a minimum of ten sectoral networks each comprising 10 to 15 training centres considered to be among the best in Europe and the Maghreb region and covering all levels of qualifications (from the CPC to postdoctoral fellowships) in accordance with the needs identified.

The challenge is to approve an initiative of this nature in respect of the most important qualifications to be financed by a regional initiative, such as building a dam or 50 km of motorway. The ideal would be to outline a programme with EUR 150-200 million of funding over the next three years.

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