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DEAUVILLE PARTNERSHIP STRATEGIC FRAMEWORK FOR THE DEVELOPMENT OF HUMAN CAPITAL

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The Arab Countries in Transition (ACTs: Egypt, Jordan, Libya, Morocco, Tunisia and Yemen) have a huge reservoir of untapped human capital, that constitutes their best and most important resource. Only 46% of the 110 million people of working age living in the region participate in the labour market, compared to an average world participation rate of 68% (OECD average is 71%). There is, therefore, a great room for improvement, particularly with regard to female and youth participation in the labour force: female participation is only 22%, partly due to inadequate legal provisions and workplace practices; youth labour market participation is just 34%, which has significant implications for the very young population of the ACTs, one third of which is below age 15.

Also the quality of existing jobs can be considerably raised, thus contributing to improving the people's wellbeing. The ACTs are indeed among the most informal economies in the world: recent evidence by the World Bank shows that, on average, MENA countries generate roughly one-third of their aggregate output and employ 65 per cent of their labour force informally; the likelihood of being trapped in undesirable jobs with limited career prospects is particularly significant for the low skilled, the youth and women. Workers with informal jobs tend to have lower access to training and fail to qualify for insurance-based income support; they are also less likely to pay taxes and to participate in public life. Furthermore, informality is closely linked to low productivity, which reduces the competitiveness and growth potential of the overall economy.



Further progress is achievable also in the education area. The encouraging rise in educational attainment could lead to further progress if the education system managed to equip more students with skills valued by the labour market. The OECD's Programme of International Student Assessment (PISA) provides the global benchmark for the quality, equity and efficiency of school systems by testing the skills and knowledge of 15-year-old students. The latest PISA results show that in the ACTs covered by the Survey the percentage of students falling short of baseline proficiency in science is still very high, compared to the OECD average; similarly, the percentage of students achieving the top performers' benchmark is significantly lower than the OECD average of 7.7%. Moreover, access to entrepreneurship training remains limited. Unsurprisingly, most youth in the region believe that their education is inadequate to prepare them for the labour market. This constitutes a particular concern, given the increasing digitalisation of economies and societies: economies, also in ACTs, will increasingly need more ICT specialist skills to drive innovation and support ICT infrastructure; they will also need workers with both foundation ICT skills and complementary skills that will help them continuously adapt to new standards and technologies, as well as a population with basic digital skills to enable them to use and benefit from ICTs.

Notwithstanding these significant challenges, aspirations to enter higher education are high. Enrolment rates in tertiary education have reached considerable levels in some ACTs, although they are still low in others. However, there is too high a proportion of students pursuing programmes designed to lead them towards public sector jobs; those unable to get a public sector job are often poorly prepared for the jobs available in the private sector, or unwilling to consider them. As a result, unemployment and inactivity rates are generally higher among higher education graduates than for those with lower education attainment. Contrary to all advanced economies, in the ACTs the risk of unemployment is positively correlated with the level of education, with the percentage of unemployed young being, in some cases, as high as 62%.

There is also room to increase the role and potential of vocational education and training (VET). VET remains primarily seen as a fall-back option for the academically weaker students, rather than an opportunity to develop relevant trades, technical and professional skills, at upper-secondary and post-secondary or equivalent levels; as a consequence, the VET sector at upper secondary level is still very small, covering in some cases only around 10-15%.

This situation makes young people particularly vulnerable and has significant social, political and economic consequences; the inactive youth, not engaged in education or training, are the group facing the highest risks. The so-called NEET rate – the share of youth neither in employment nor in education or training – helps gauge the size of this group by capturing both unemployment and inactivity: it shows that in the ACTs between 25 and 30% of youth (aged 15-24) are neither in employment, nor in education or training.



Job and income uncertainty can have long-term effects on health, fertility and crime, eventually hurting social cohesion.

A holistic approach is needed to foster the development of human capital in the ACTs.

In the wake of previous initiatives undertaken within the Deauville Partnership, this Strategic Framework provides a set of broad, high-level principles to promote more sustainable and inclusive growth in the ACTs through sound human capital policies. The Strategic Framework could constitute a conceptual guide for the development of country-level action plans by the ACTs; the G7, Partner countries, the OECD and the IFIs could assist in their implementation through bilateral and multilateral support programmes and projects. Furthermore, the implementation and monitoring of this Strategic Framework could be supported - in terms of peer learning activities, peer reviews and sharing of best practices - through a network of policy makers and experts from Deauville Partner countries, IFIs and the OECD.





DEAUVILLE PARTNERSHIP STRATEGIC FRAMEWORK FOR THE DEVELOPMENT OF HUMAN CAPITAL

I. Strengthening the education system and preparing all young people for the world of work through:

- Providing equal access to *quality* education for all with the aim of ensuring that both young women and men complete at least upper secondary education;
- Building strong foundation skills for all, so that people can continue to learn and adapt throughout their working lives to changing skills demand and workplace conditions, especially given the increasingly digital nature of economies and societies;
- Providing young people with the skills needed to ensure smooth transitions from school to work, notably through job search assistance, internships and work-experience while in school to support the acquisition of soft skills;
- Increasing the availability of entrepreneurship education, supported by more training and support for entrepreneurship teachers and trainers;
- Providing good quality career guidance services, backed up with high quality information about careers and labour market prospects.
- Fostering engagement of employers and work organisations in skills policies, including in the development and updating of curricula based on the assessment of existing and future skill requirements.

II. Strengthening the role and effectiveness of Vocational Education and Training (VET) by:

- Ensuring that VET programmes respond to specific employer needs while developing more general transferable skills that will benefit individuals throughout their working lives, including in the context of an increasingly digitalised economy; Ensuring that VET programmes adopt blends of work-based and classroom learning that provide the most effective environments for learning relevant skills;
- Reducing gender stereotyping in VET education, through career guidance and women role models to encourage girls and young women to train towards jobs in high demand for which they are under-represented;
- Enhancing the quality of apprenticeships, where necessary and where relevant, expanding the apprenticeship framework to make work-based learning more widely available to youth;
- Ensuring that entrepreneurship training is included in VET, and goes beyond the provision of introductory modules on entrepreneurship to support learners in developing entrepreneurial mind-sets and increasing their opportunities to practice entrepreneurial behaviours;



- Ensuring that the social partners are actively involved in developing VET and apprenticeships programmes that are not only relevant to current labour market requirements but also promote broader employability skills.

III. Encouraging firms to invest in skills, in particular by:

- Fostering employers' investment in quality training, with a particular focus on supporting SMEs;
- Fostering the participation of individuals from under-represented groups -- low-skilled, youth and women-- in life-long learning and employability programmes by addressing barriers to participation and providing appropriate incentives;
- Promoting inclusive and gender-sensitive policy instruments that support: 1) appropriate levels of skills investment through shared financing between the public sector, households and employers; and 2) inclusive and gender-sensitive human resource policies and practices enabling equal access to career opportunities and advancement for both men and women
- Create opportunities for skills development through, for example, internship programmes, partnerships with universities and training institutions, fast track career programmes, and leadership development.
- Enhancing access to training for workers in the informal sector to foster their transition to the formal economy.

IV. Providing effective support to youth not in employment, education or training through:

- Ensuring that the design of labour market institutions, including employment protection regulations, encourages rather than discourages mobility while providing adequate employment security for workers;
- Maintaining and where possible expanding the most effective active labour market measures such as counselling, second-chance educational opportunities, job-search assistance, entrepreneurship training and temporary hiring subsidies for low-skilled youth targeted at net employment gains;
- Tackling non-monetary barriers to employment, such as child care or long-term care, for young people and women, who may be looking for a job but have no alternative solution to care for their relatives;
- Helping mobility of young people from low to high opportunity areas, though driving licence subsidies and temporary housing support;
- Leadership programmes in the public sector dedicated to women and youth;
- Strengthening efforts to curb informality.

V. Implementing the Strategic Framework through:

- Strengthening efforts on reliable data collection by national statistics agencies in the areas covered by this Strategic Framework;



- Putting into place monitoring and evaluation frameworks for the achievement of progress on the development of national human capital strategies;
- Developing country-level Action Plans in each ACT to be implemented with the support of Deauville Partners;
- Undertaking peer learning activities, peer reviews and sharing of best practices through a network of policy makers and experts from Deauville Partner countries, IFIs and the OECD. This could be facilitated by the OECD.

