

EDUCATION
FOR EMPLOYMENT:
REALIZING ARAB YOUTH
POTENTIAL

e4e
EDUCATION FOR EMPLOYMENT



IFC
International
Finance
Corporation
WORLD BANK GROUP



Maha Salaam.
I'm 21 and just graduated with a commerce degree :)

Maha graduated one month ago. On top of finding a job, she also needs to make sure that her family is comfortable with her job environment and working hours.

Mustafa Big shout out to my peeps! I'm 19 and doing the college thing before I get into something large...

Mustafa automatically entered a degree program at a public institution based on his secondary finishing exam scores. He has little exposure to the job market and career path choices. However, as he gets closer to graduation next year and sees his older friends already on the job market struggle, he is increasingly worried and pessimistic about his future.

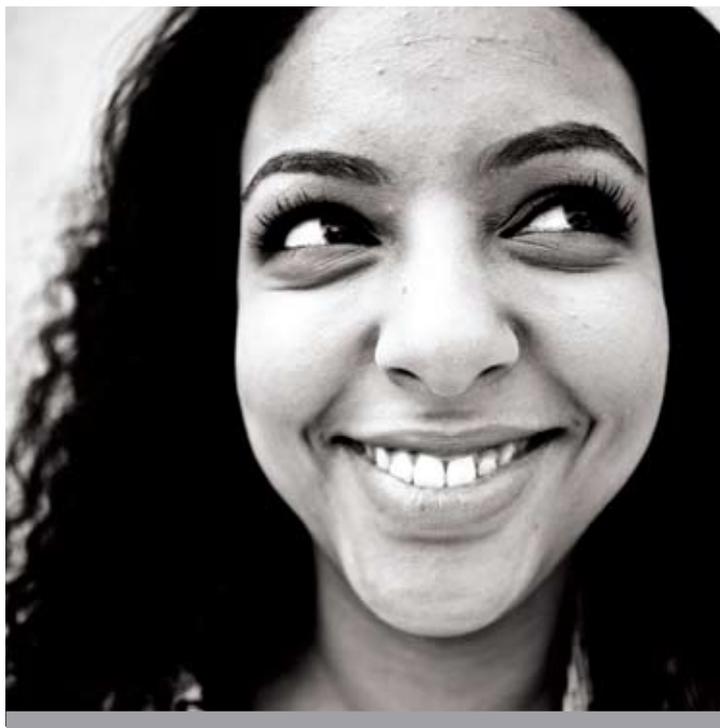


Nessrine Hala hala. I'm 20, on the job hunt, watch out world :)

Nessrine has been on the job market for four months and is growing impatient. She has applied to an average of ten jobs per month to no avail and is feeling anxious. Her mother worked throughout Nessrine's childhood and taught her that work experience is critical to developing her personality and building her independence.

Nawaf Finally after 2yrs just got a job in retail... workin to save enough so that i can make my move... I'm 23 but feel so very tired already

Nawaf spent two years after graduation waiting for a public sector job before taking a retail position. He wants to save enough funds so that he can afford to buy an apartment and get married.



Kareema Heyyyy...
I'm 22 and just finished
uni – would be great to
find a job soon... I've got
shoes to buy :)

Kareema graduated six months ago. She is engaged to a fellow graduate and they are supposed to marry in one year. Their parents can provide only limited financial support, so she and her fiancé have agreed that they must both be employed in order to maintain a moderate middle-class lifestyle.

WHAT'S IN IT..?



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The Steering Committee under the Honorary Chairmanship of Her Majesty Queen Rania Al Abdullah of Jordan provided valuable strategic guidance to the initiative and was comprised of senior leadership from IFC and the Islamic Development Bank (IsDB) as well as corporate representatives from across the region. The members were:

- Ahmed Mohamed Ali, President, IsDB Group
- Lars Thunell, Executive Vice President and CEO, IFC
- Rashad Kaldany, Vice President, IFC
- Rami Ahmed, Director, Country Department, IsDB
- Lana Hijazi, Co-Founder, SoukTel
- Maha Al-Ghunaim, Co-Founder and Chairwoman, Global Investment House, Kuwait
- Moataz Al-Alfi, Chairman, Al Alfi Foundation, Egypt

An Advisory Board, consisting of a cross-section of regional public and private sector leaders, academics, and international representatives, was established to provide technical advice to the project. The Advisory Board was headed by Guy Ellena, Director, Manufacturing, Agribusiness, and Services, IFC, and the members were:

- Khaled Al-Aboodi, CEO, Islamic Corporation for the Development of the Private Sector (ICD)
- Abdul Monem Al-Shehri, Director General of Manpower Planning, Ministry of Labor, Kingdom of Saudi Arabia
- Dr. Afnan Al-Shuaiby, Secretary-General and Chief Executive, Arab-British Chamber of Commerce
- Abderrahman Beddi, Manager Education Division, IsDB
- Navtej Dhillon, Senior Advisor, U.S. Dept of the Treasury
- Mourad Ezzine, Education Sector Manager, Human Development Department, World Bank
- Jamie McAuliffe, President and CEO, Education for Employment Foundation
- Prof. Driss Ouaouicha, President, Al Akhawayn University, Morocco

- Mohamed Abdel Fattah Ragab, Chairman, Ragab Group, Egypt
- Anand Sudarshan, CEO and Managing Director, Manipal Education, India
- Alex Wong, Senior Director, Head of Center for Business Engagement, World Economic Forum

The knowledge of the issues and guidance in shaping the report provided by the Steering Committee and the Advisory Board are greatly appreciated; however it must be noted that while they have provided their advice throughout the project, the Steering Committee and Advisory Board members are not the authors of this report. This report is an IFC-IsDB report based on the findings of study done by McKinsey & Company.

The Project Management Team was comprised of Salah-Eddine Kandri, Manager, Consumer Services, IFC, Svava Bjarnason, Senior Education Specialist, IFC and Ahmed Elsadig, Country Manager, IsDB. The Team benefited from the support of IFC colleagues based in Washington, Amman and Dubai, and IsDB colleagues based in Jeddah. McKinsey & Company undertook the research and analyses that underpin this report and we are grateful to their Dubai-based team, led by Dr. Mona Mourshed and Dr. Andreas Baumgartner, for their work in illuminating issues and potential responses.

We would like also to thank Ms. Lama Nabulsi, Chief of Staff of Her Majesty Queen Rania Al Abdullah and Dr. Maysa Jalbout, Director of Research & Strategic Planning and their team at the Royal Hashemite Court for their help and support since the start of this initiative.

Lastly, and most critically, we extend our gratitude to the over 200 employers, students, and government representatives we interviewed across the region, as well as the 3,000 regional youth and employers we surveyed with the help of the Nielsen Company in developing this picture of the Education for Employment landscape. Their collective insight has been central to shaping this work.

HER MAJESTY QUEEN RANIA AL ABDULLAH REFLECTIONS BY THE CHAIRPERSON

I was once told that the only way to predict the future is to have power to shape the future. Well, here in the Arab world, we have the power.

The power is our youth.

We have been blessed with the biggest youth population in the world; 60% of our region is under the age of thirty. If we could channel their energy... if we could harness their potential... we could change the fortunes of our region.

With almost one quarter of our young people unemployed and losing hope every day, creating opportunity has never been so urgent.

But right now, we are letting them down.

We are letting them down in ill-equipped classrooms with untrained teachers; we are letting them down with outmoded curriculums already obsolete in the modern marketplace; we are letting them down when they seek our advice and practical measures; and we are letting them down when we fail to expose them, at an early age, to the entrepreneurial spirit and potential of the private sector.

From government to education providers to employers to civil society and to youth themselves, shaping our future is everyone's responsibility. If I have learned one thing over the years, it is this: we can trust the youth to maximize opportunities when they are presented. The challenge now is for everyone to work together. We must think creatively and work competitively to uproot old-fashioned techniques, upgrade education systems, upload cutting-edge thinking and, most importantly, uphold our promises to a generation of young people.

If we can provide quality education that leads to lasting employment, e4e, we will have done our part in shaping the future of the Arab world.

No one said it would be easy, but e4e is a regional imperative. Read on to learn how you can play your part.

Her Majesty Queen Rania Al Abdullah of Jordan
Honorary Chair of the e4e Initiative

FOREWORD

The Arab World faces extraordinary challenges. In a region with the world's highest youth unemployment rate, millions are frustrated by their job prospects—a frustration born of education that often leaves them unprepared for the marketplace. Educational shortcomings pose serious economic and social risks in the Arab World.

The solution to this challenge will require the involvement of a broad array of stakeholders—not only students, but also governments, employers, education providers, and civil society. No one entity alone can be held responsible, increasing the difficulty of delivering a comprehensive remedy.

This report aims to find a way forward. It shows that the private sector can be a powerful force for positive change by complementing public efforts to ensure that the region's youth gain the right skills for the jobs being created.

The report outlines the perspectives of multiple stakeholders toward what we call e4e. It identifies areas for private sector investment and the incentives needed for businesses to seize them. At the same time, it emphasizes the vital role to be played by e4e's relevant stakeholders. The need for e4e programs is vast. Yet the region's e4e providers are relatively few in number. In addition, the region needs better standards, more access to finance for students, and stronger matchmaking between students, and potential employers.

IFC and the Islamic Development Bank (IsDB) have long collaborated on issues in the Arab World, but the e4e initiative marks our first work together on this critical issue. We are ready to support the region in designing e4e solutions, and we expect and trust that other stakeholders will join us.

We must act decisively. We must act jointly. We must act now. The future of the region depends on it.



Lars Thunell
Executive Vice President and CEO
IFC



Dr. Ahmed Mohamed Ali
President
Islamic Development Bank Group



REPORT FOCUS

e4e is education that leads to improved employment prospects. The need for e4e in the Arab World is urgent and large scale. This report explores how private stakeholders can contribute to meeting this need and identifies what enabling environment would be required for these activities to flourish. Beyond data analysis, we engaged in discussions with all key stakeholders, including public and private education providers, civil society, public sector policy makers and administrators, private employers, and the youth themselves in order to understand each of their perspectives. In total, we carried out more than 200 in-depth interviews and conducted surveys of 1,500 employers and 1,500 young people, focusing on a set of deep dive countries accounting for approximately 70 percent of the Arab World's population and 60 percent of its GDP and representing the diversity in geography, income, and population found in the region – Algeria, Egypt, Iraq, Jordan, Morocco, Oman, Saudi Arabia, Palestinian Territories*, and Yemen

While specific solutions may differ from country to country, the report's findings and themes have proven to be relevant across the whole region.

THE CHALLENGE

While the Arab World¹ has sustained GDP growth of almost 5 percent a year over the decade 2000–10, a rate well above the OECD at 1.5 percent or the world average of 2.5 percent, these achievements are undermined by the following alarming figures:

- The Middle East suffers from the highest youth unemployment in the world, currently recorded at over 25 percent, with North Africa reporting approximately 24 percent.² Female youth unemployment is even higher, reaching and exceeding 30 percent across the Arab World.³
- The region's labor force youth participation rates are among the lowest globally, currently standing at around 35 percent, compared to the global average of 52 percent.⁴
- The economic loss of youth unemployment exceeds US\$ 40 – 50 billion annually across the Arab World equivalent to the GDP of countries like Tunisia or Lebanon.
- The large number of youth in the Arab World will continue to add pressure on the labor market over the coming years – approximately a third of the total population is currently below the age of 15, and a further third is aged 15-29. In consequence, tens of millions of young people will enter the region's work force over the next ten years needing to find jobs either at home or through regional labor mobility.

Tackling the youth unemployment challenge will require a dual focus on creating employment opportunities, including self-employment, and ensuring youth have the right skills for the jobs being created. To date, governments in the region have not focused sufficiently on the latter. Our research on this challenge reveals three messages: demand for e4e is substantial, supply of e4e is nascent, and critical enablers for e4e are missing.

- **Demand for e4e is substantial** – Surveyed private employers tell us that only one third of new graduate employees are ready for the workplace when hired,

* This is referred to in the World Bank Group as West Bank & Gaza and in the IsDB Group as Palestine.

a much lower rate than employers in other regions. Consequently, more than half of all employers provide substantial training for their new hires, to ensure work readiness. Only a third of surveyed youth believe their education prepared them adequately for the job market, and they express strong doubts about both program quality and relevance. Interestingly, over one third of surveyed youth say they would be willing to pay for their education, if this were to lead to better job prospects.

- **Supply of e4e is nascent** – At present, the private e4e providers are relatively small scale compared to their international counterparts. Throughout the region, post-secondary education is still provided largely by the public sector: overall, only 15-20 percent of students are enrolled in private institutions (in contrast, 50-75 percent of students in Brazil and Malaysia are in private institutions). This report breaks up the supply challenge into four main components: the Quantity challenge, the Mix challenge, the Relevance challenge, and the Delivery challenge.
- **Critical enablers are missing** – While recognizing that there are a wide range of factors influencing the overall regulatory environment and that require coordination across multiple government entities, the report's focus is on enablers that are specific for the education and training sector in general, and for private post-secondary providers in particular. It highlights three weak areas in particular: standards and independent quality assurance, funding mechanisms for students, education providers, and employers in need of training, and information transparency and matchmaking between employers and students.

Overcoming the e4e challenge cannot be achieved by governments alone – efforts must span all relevant stakeholders (public and private education providers, civil society, public sector policy makers and administrators, private employers, and youth) in order to achieve speed and scale in implementing e4e solutions.

e4e PRIVATE SECTOR PROVISION OPPORTUNITIES

The report highlights three main areas for private sector involvement: vocational education and training (VET), university education, and work readiness.

Vocational education and training

VET programs aim to provide students with applied skills in a particular trade or occupation, typically in a one or two-year post-secondary program.⁵ On average, VET accounts for approximately 20 percent of post-secondary students in the formal education system. The skills taught in these programs can include the use of the latest technology (e.g. computing) or specialist knowledge (e.g. in hotel management). There are four conditions for success in VET programs:

- Close involvement with the industry in areas such as curriculum content, training, and internship opportunities, to ensure up-to-date curricula in line with industry requirements
- Wide recognition of VET qualifications (e.g. diplomas), a condition that is easier to achieve in the presence of a national qualifications framework
- Assurance of employment with attractive wage levels
- A business model with robust and diversified revenue streams

University education

Today, approximately 80 percent of post-secondary students in the formal education system are in universities. The opportunity is for private sector participation in providing relevant and cost-effective university education. There is substantial room to better tailor the educational curriculum to the needs of youth and private employers. This can take the form of establishing private universities or colleges, or by working with existing universities on specific degree programs. There are four conditions for success:

- The university leadership should actively seek industry involvement in shaping the practicum elements of degree programs
- The faculty needs to have an appropriate mix of academic theory and practitioner skills
- Students should experience full-time work placements and internships during their studies, facilitated by their universities
- The university should consider offering programs to part-time students through evenings/week-ends or on-line options, in order to expand its reach

Work-readiness training

The third opportunity arises from students with completed secondary or post-secondary education, but a need to increase their ability to perform their jobs. The approach to capturing this opportunity can focus either on the skills valued by employers (i.e. applied skills, soft skills, or language skills), or on equipping students with the entrepreneurial skills required for self-employment. There are three conditions for success:

- Close relationship with business to enable a good understanding of the private sector's expectations for curriculum, delivery, cost, and evolving business needs
- Modular and flexible learning options that allow for an integration of the learning experience in their work
- The assurance of employment if unemployed, or direct relevance to improved job prospects if employed

Within the scope of work readiness programs, preparation for entrepreneurship and self-employment also plays a prominent role – without fostering entrepreneurship, the Arab World will not be able to create the large number of jobs required. At present there is a scarcity of people with even the most basic business skills. Entrepreneurship training programs (currently predominantly

offered through not-for profit organizations) need to address such skills in a targeted, scalable manner. The report argues that such programs also need to reach out to rural areas, and look into combining access to (micro) financing with entrepreneurship-related education.

IMPROVING THE ENABLING ENVIRONMENT

The relatively small role the private sector plays in the current education landscape is to a large extent due to the constraints of the present enabling environment. Correcting this will unleash the full potential of the private sector. Necessary conditions for success are clear regulatory policies and transparent, fair, and consistent execution across the multiple government entities involved in e4e. Establishing these conditions is a challenging, yet necessary pre-condition for success. The creation of a favorable environment is not the responsibility of the region's governments alone; it needs to be a collaborative exercise between all the e4e stakeholders. While there are a large number of factors influencing a supportive e4e environment, we have identified three areas that, if improved, can have significant impact in enhancing the environment:

- **Standards and quality assurance** – Ensuring that education providers teach students to the right level of skills and with consistent quality is essential for winning the confidence of all stakeholders. This requires regulators to enforce comparable standards for both public and private providers through qualification frameworks, quality assurance, and accreditation programs.
- **Sustainable funding** – Throughout the region, the funding of education is currently undergoing transition. Governments have traditionally provided most or all the funding. In the future, this will need to be supplemented by additional cost-sharing mechanisms to cope with the increasing demand for education and training at times of increasing budgetary pressures. Funding mechanisms addressed in the main report include the following: Student loans programs, dedicated education/training funds, non-tax subsidies and incentives, tax incentives, market guarantees, endowments, grants, student scholarships, and not-for-profit trusts.
- **Information transparency and “matchmaking”** – Frequently, stakeholders have talked of how difficult it is to match the market needs with the educational provision (what we call “matchmaking”). The report looks at how to address four critical relationships: Matching the unemployed with employers; education providers with employers; students with education providers; and coordinating employers with their industry peers

Putting in place the three enablers – standards, funding, and matchmaking – will help ensure the region develops

a flourishing e4e landscape. However, the region does not have the time to wait until all the enabling-environment changes are in place before acting: substantial investments in e4e must begin today if the population bulge will be successfully turned into an opportunity for greater prosperity.

CALL TO ACTION

The report is a Call to Action – a call to act now, to act decisively, and to act jointly. Reshaping and enhancing the provision of e4e will help transform life in the Arab World. If we do not do this, each and every young man and woman will be adversely affected, and the stability and development of the region overall will be further threatened.

The following pages introduce potential themes for each stakeholder. In the full report, every theme has been broken down into a series of thought provoking questions, designed to make you (re-)consider, to provide guidance based on the findings of this report, and to trigger you to act. We ask you to refer to Chapter 6 as you reflect upon the themes below

Private education providers

You are presented with an enormous opportunity, whether you are a for-profit or a non-profit education provider or a company seeking to train new hires.

Become an education and training provider.

Opportunities in the region are ample, as long as you have a clear understanding of the sectors and sub-sectors, and ensure your offerings and business model are consistent with the needs of youth as well as industry. Close links to industry are key.

Expand your presence in the education and training space. Given the size of the youth employment challenge, the Arab World will require responses at scale. Consider expansion in terms of scaling up operations at your current location, moving into new segments at your existing location, or exploring new locations, locally and regionally.

As an experienced international education provider, consider coming to the Arab World.

It is one of the strongest growth markets in terms of its e4e needs. Carefully selecting the country most suited for your specific offerings, bringing in international experience, and being prepared to localize the offering to meet the regional needs opens highly interesting opportunities to you.

Rethink, customize, and innovate your business model.

Integration of soft skills and work attitude modules into the curricula, mobile teaching, experimenting with new private public partnership models, specific entrepreneurship offerings, potentially even linked to micro-financing schemes, etc., are but a few among many options.



Kareema Can't believe it... ya3ni totally STUCK wa la bil yed heela. No one wants the skills we got, and they are asking for all that other stuff nobody told us about :(((
Sent 5 minutes ago

Nessrine i kno...Feels like forever. i thought there would be real opportunity after all the studying. What was the point???
Sent 6 minutes ago

Kareema Kheir kheir, keep your head up girl... Anyway its only been 4 months since school 4 U. I've been out for 6 months and still no luck!!
Sent 7 minutes ago

Nessrine I'm so nervous already, wayed! This is my third interview this month and still no luck - no fair:-((All I do is apply for jobs i don't get :(((
Sent 10 minutes ago

Kareema Hey! Sleepy U up yet – excited about your big interview day?
Sent 15 minutes ago

Private employers

While employers in the region have been increasingly vocal about the skill gaps of the region, employers need to step forward to be a part of the solution.

Offer direct opportunities to young people who face an uphill struggle due to their lack of skills and practical experience. For example, internships and co-op programs make a real difference for young people.

Enter into individual partnerships with education providers, to “co-shape” the system. Direct partnerships, including part-time faculty arrangements, simulation labs, etc., give you an opportunity to support young people, while also gaining access to properly qualified future employees.

Work together at the industry level to shape and influence the e4e system, and to offer perspectives to young people. Advocating with government to advance the e4e agenda, in the interest of both industry and youth, will require you to come together as an industry, and to speak with one voice. Also, a number of e4e related services, such as career counseling, have proven to be successful if organized at industry level.

Government and public sector institutions

At the moment, the burden of addressing the e4e challenge is largely on your shoulders, both with respect to providing e4e, and to shaping the enabling environment. Now is the time to look upon private players as your crucial partners.

Put e4e right at the top of the national agenda, ensure a coordinated and transparent regulatory approach to e4e, and actively reach out to the individual players. Taking the political lead, convening multiple stakeholders, institutionalizing the responsibilities for e4e, defining a private-public partnership concept, and ensuring a consistent regulatory approach are all critical components of the overall picture.

Implement rigorous standards and independent quality assurance to ensure students are taught the right skills at consistently high standards across institutions. A strong and rigorous, output focused quality assurance system, applied equally and transparently, strengthens the e4e environment.

Introduce and expand sustainable funding mechanisms for private e4e provision. Innovations will need to include cost sharing, in conjunction with student loan and scholarship mechanisms. But student loan mechanisms are not the full solution; setting up “skill development funds”, incentivizing (or providing) endowments, etc. are all ideas successfully tested internationally and (to a smaller extent) regionally.

Ensure greater information transparency and matchmaking between young people, employers, and education providers. The current level of transparency is low, translating into a many unnecessarily lost opportunities.

Civil society institutions and media

There are many ways that civil society institutions can play a key role.⁶ Here are a few suggestions:

Dispel the myth that some occupations are ‘better’ than ‘others’. Become part of a mindset change, e.g., with respect to the social positioning of VET.

Live up to your responsibility as a constructive watchdog. e4e is decisive for the future of the Arab World’s youth – any shortcomings deserve to be brought into the open.

If you are an Arab foundation or a high-net-worth individual: Leverage your endowments, grants, and donations, for the benefit of e4e. e4e offers great opportunities, in a variety of ways, to directly impact the future prospects of youth, it is worth your investment.

International multilateral and bilateral development partners

The Arab World is looking for committed long-term partners, to combine local and regional needs, culture, and aspirations, with international experience.

Encourage private education providers to invest in e4e opportunities in the region. By (co-)investing you can actually give private investors confidence, and send clear signals to the market.

Offer e4e advice in a way that is truly distinctive and helpful. While solutions will vary from country to country, the major themes are similar across all 22 countries, many related to setting up proper regulatory environments.

Act as catalysts of change and development. You are in a privileged, trusted position, which allows you to bring stakeholders together, and to transfer global and regional learnings.

Address the lack of properly trained project managers for e4e projects: “Many projects struggle simply due to a shortage of properly skilled project managers.”

The call to action for young people

Don’t just see yourselves as recipients, beneficiaries and/or victims of “the system.” You are at the heart of it all.

Be informed about the array of education and job options available, and share this information with friends. Gain work experience early on. Whether it is internships or volunteer work, it will give you a strong advantage as you start searching for employment.

Engage your personal “stakeholders” (e.g. parents, mentors, teachers) in discussions about your future. The region’s e4e challenge is great and addressing it at scale will not be an easy task. Though the amount of effort this transformation will demand will be high, the rewards are much greater – a bright future for our youth, one in which they will be engaged for employment.

PROJECT FOCUS AND METHODOLOGY

This report creates a perspective on opportunities for the private sector in e4e, focusing on how to extend their activities to help address the Arab World's youth unemployment challenge and identifying the enabling environment required for these activities to flourish.



This report, while focusing on the education and training aspect of the employment challenge, in no way intends to downplay the important role that economic development and direct job creation programs will need to play in addressing the youth unemployment issues of the Arab World. Such programs will be crucial. Nonetheless, much of the literature, research, and effort has until now focused on these aspects, while somewhat neglecting the role of education in employment. This report is therefore scoped to focus on one highly important piece of the overall solution: e4e. Within this area, its intention is to shine a light on the case for private involvement in post-secondary education and training to alleviate youth unemployment.

When speaking of the private sector in this context, we mean for-profit and not-for-profit private education providers, as well as private-sector employers (such as individuals companies, corporate, and industry groups) and civil-society institutions and individuals that specifically address e4e. This focus is not in any way intended to exclude or neglect the role of public-sector provision. The public sector will continue to be very important in providing e4e. Our vision, informed by the experience of well-developed e4e sectors elsewhere in the world, is to bring the full resources of the private sector into the picture, complementing the contributions of the public sector.

Chapter 1 provides a more detailed perspective on the e4e challenge faced by the region. However, we would like to recognize from the outset that education has a much broader intention than e4e alone, including instilling social values and building citizenship. Bearing this fully in mind, this report focuses on education and training very much from an employability perspective, but without any intention to disregard or neglect other important functions of education.

From a geographic perspective, the report addresses the whole Arab World with its 22 nations, ranging from

Morocco in the west to Oman in the east. The scope of the study included all member states of the League of Arab States. The breadth of scope allows not only analysis of each country, but also understanding of the regional labor market dimension. We chose nine countries for more detailed analysis, representing the diversity of the region's income, geography, and population size: Algeria, Egypt, Iraq, Jordan, Morocco, Oman, Saudi Arabia, Yemen, and Palestinian Territories*. Not only do these nine countries account for approximately 70 percent of the population of the region and 60 percent of its GDP, they also represent the wide diversity of Arab countries. The significant differences between the deep-dive countries (in terms of their economies, educational situation, and culture) are useful in providing insight into the needs and opportunities of e4e in very differing circumstances and a wide range of situations. Their differences help ensure that our recommendations are applicable broadly throughout the Arab World. They also demonstrated that, despite all the differences between countries, a lot of the e4e themes are actually strikingly similar across the region.

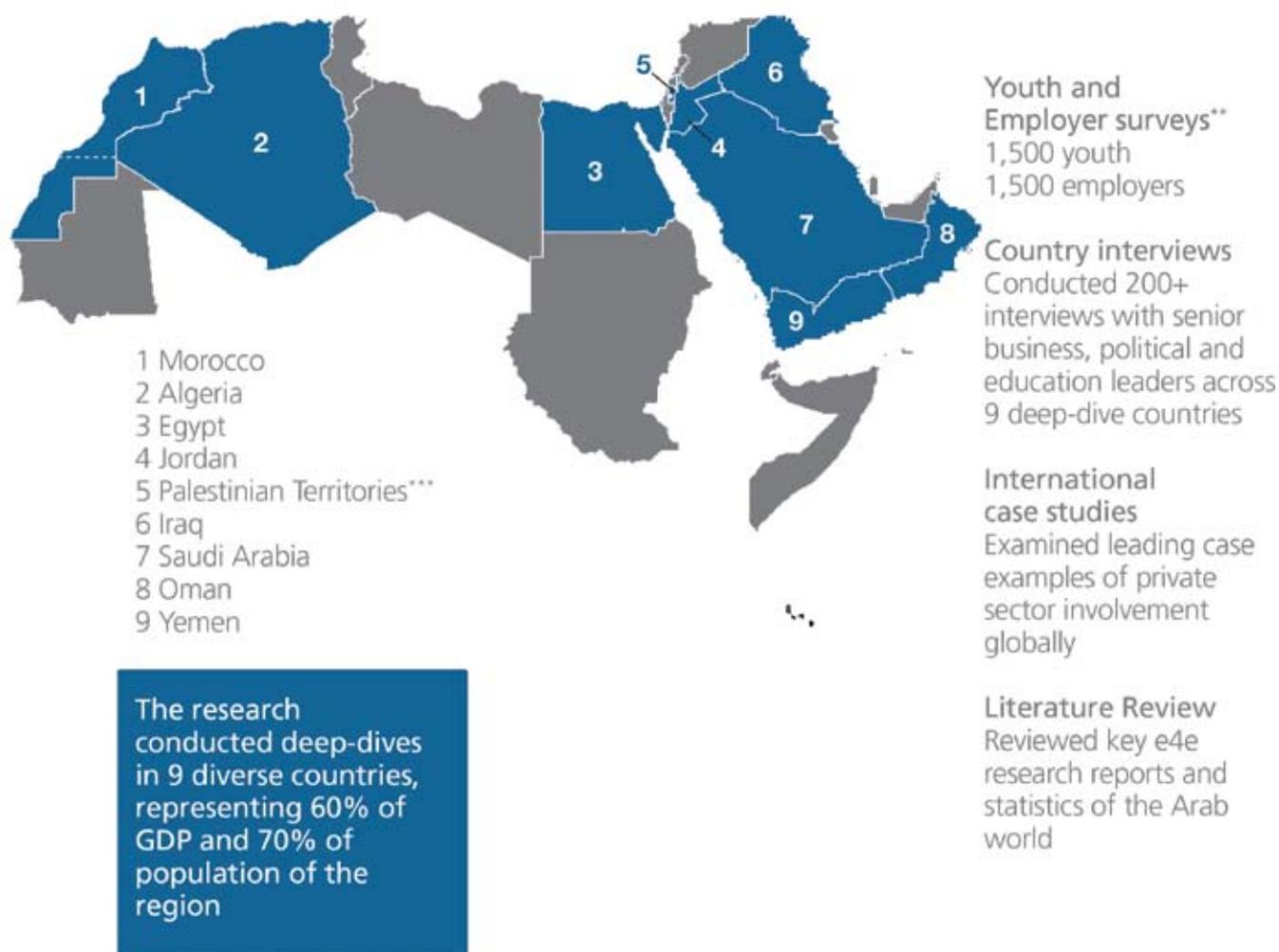
The project began in September 2010. During this period, we relied on five main sources of insight to develop this report (Exhibit 1):

- Conducting surveys of youth (n=1,500) and employers (n=1,500) in Egypt, Jordan, Morocco, Saudi Arabia, and Yemen
- Profiling regional and international examples of effective e4e practices
- Conducting more than 200 in-depth interviews with government, employers, education providers, investors, and nonprofit organizations in nine regional countries (selected by IFC/IsDB as "deep dive" countries)
- A review of existing materials, reports, and statistics
- Drawing from the in-depth expertise of the Advisory Board, IFC, IsDB, Steering Committee and McKinsey

In addition, we have used extensive expert networks in multiple industries to stress-test our interview and survey findings.

* This is referred to in the World Bank Group as West Bank & Gaza and in the IsDB Group as Palestine.

EXHIBIT 1 OUR REPORT COMBINES MULTIPLE SOURCES TO STUDY THE POST-SECONDARY e4e SYSTEM ACROSS THE WHOLE ARAB WORLD, FOCUSING ON PRIVATE SECTOR OPPORTUNITIES*



* The boundaries, colors, denominations, and other information shown on any map in this document do not imply any judgment on the part of IsDB or IFC concerning the legal status of any territory or the endorsement or acceptance of such boundaries
** e4e surveys conducted in Egypt, Jordan, Morocco, Saudi Arabia, and Yemen
*** This is referred to in the World Bank Group as West Bank & Gaza and in the IsDB Group as Palestine



1. THE e4e CHALLENGE IN THE ARAB WORLD

“The main hope of a nation lies in the proper education of its youth” (Erasmus)

HOPE VS. UNEMPLOYMENT – SETTING THE SCENE

The central importance of education has long been recognized in the Arab World. As far back as the ninth century, with the House of Wisdom (Bait al-Hikma) – an institution of enormous importance to learning, not just within the region but to the whole world – Arab education has been focused on practical objectives, as well as humanitarian ones.⁷ More broadly, education has been a tried and tested route to enhancing a people’s prospects, giving access to better employment and raised standards of living. The link between employment and education is a well-established one. Yet we are in danger of ignoring these lessons, despite the lip service paid to them. While many readily admit that the education of the region’s youth is of critical importance and that our success or otherwise in this will help determine our destiny, we have yet to translate this into solid results.

The numbers tell their own story. While the region has sustained GDP growth of almost five percent a year over the decade 2000–10, a rate well above the average of the OECD of 1.5 percent or the world average of 2.5 percent, these achievements are threatened by the alarming unemployment figures. The Middle East region today has the highest youth unemployment rate in the world, currently recorded at over 25 percent, having recently overtaken North Africa, which has a rate a little under 24 percent (Exhibit 2).⁸ The region’s rate is twice the world average. In other words, one out of every four young people in the age range of 15–24⁹ who are able and looking to work, faces the frustration and disappointment of not being able to find a job. Among young female jobseekers, the situation is even more alarming: Female youth unemployment reaches about 30% in both the Middle East and North Africa.¹⁰

While the unemployment numbers are already sufficiently alarming in themselves, they mask an even harsher reality: a smaller percentage of people in the Arab World than elsewhere even set out to seek work. The region’s labor force participation rates are among the lowest globally, currently standing at around 35 percent, compared to the global average of 52 percent.¹¹ This is both a function of low female participation and youth frustration with job prospects. In the words of a young student we talked with in the course of our interviews: “Why should I even try and look for a job? There are none out there for me anyway.” The young people looking for work are about

to be joined by many more. A look at the future demographic development of the region reveals a picture of enormous changes afoot: the Arab World’s employable population will grow dramatically over the next ten years (Exhibit 3). This presents both an enormous opportunity and an enormous risk.

The opportunity

Younger populations have the potential to be far more productive than older ones. As the share of the “productive” employable population (those not in retirement or too young to work) will be much higher than in many regions of the world, such as Europe, this can allow the region to grow and develop at a fast pace. The current “bulge” of young people entering the work force could, therefore, present an enormous window of opportunity for entrepreneurial energy, creativity, and economic activity. It also creates a window of opportunity for mobility across the region whereby job seekers, primarily in labor-rich countries, seek work in markets with growing labor needs.

From Unlocking the Employment Potential in the Middle East and North Africa (World Bank): “The maturing of MENA’s age structure has placed the region in a unique position at the beginning of the 21st century. Between 1990 and 2020, the growth of the economically active population (ages 15–64) will exceed that of the economically dependent population by a much greater amount than in any other region... the so called demographic gift provides MENA with an opportunity to accelerate economic growth.”¹²

The risk

High levels of unemployment create high levels of suffering and discontent. Letting unemployment rise to even higher levels is therefore not a viable option. However, creating the required number of jobs required will not be easy:

- Just to maintain current average unemployment rates will require the region to create 35–40 million extra jobs
- To reduce unemployment rates to the global average (currently 6.2 percent, across all age brackets) would, in addition to this, require it to create 10–15 million jobs
- If we were to assume the region intends to reduce unemployment rates to around 6 percent and at the same time approach world average work force participation rates, this would require it to create yet another 40–45 million jobs

Particular attention should be paid to the fact that the picture appears even more challenging if one looks at the more remote, rural areas or at female youth employment, which in many cases exceeds 30 percent, despite the fact that the rate of female participation in the work force is much lower than the average.

Any approaches to a solution, as described in later chapters of this report will, therefore, need to pay particular attention to how they can positively support such disadvantaged groups.

In other words, if the Arab World wishes to achieve the global unemployment rate (at the global average work force participation level), this will demand that it create more than 85 million jobs over the next ten years. This is no mere scaremongering: the estimates of this report are in line with other estimates regarding the scale of the challenge.¹³

In short, the region, already facing high youth unemployment, has yet to prove whether the present demographic developments will develop into a major window of opportunity or a threat.

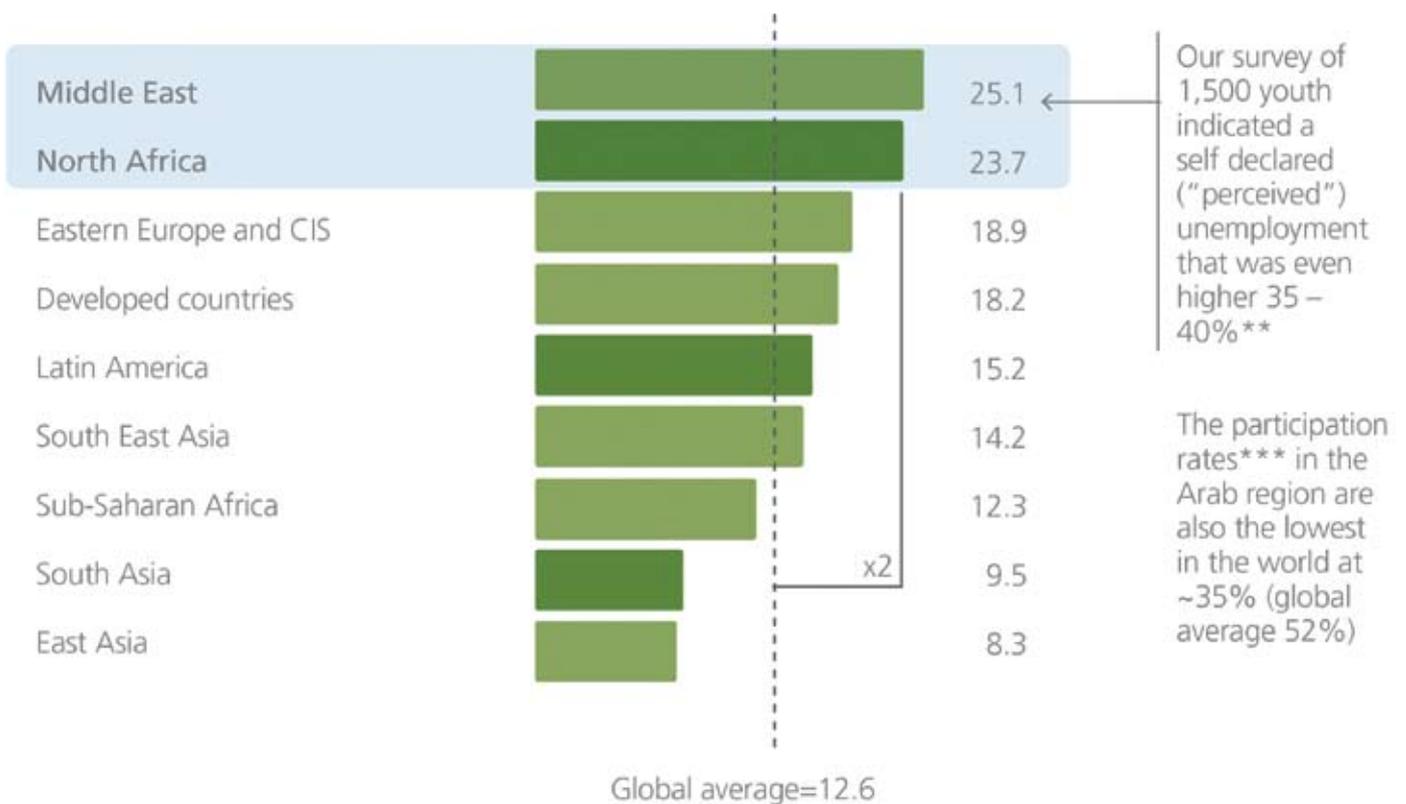
SKILLS FOR EMPLOYMENT – THE OBJECTIVE OF e4e

Tackling youth unemployment in a fundamental and sustainable manner will require addressing both labor demand and labor supply. At the risk of oversimplifying matters, there is a basic interdependency between the two:

- **Economic development needs skilled labor:** Economic growth and, in consequence, job creation, depend on the availability of a well-educated and properly skilled work force – without it, the only alternatives are economic stagnation or the import of workers from other regions of the world. From a broad perspective, the disadvantage of relying on labor migration is that in many cases it results in a significant level of remittances leaving the region, rather than creating consumption and investment in the region. Looking at this from the perspective of the Arab World, such migration has already created distinctive patterns, both with respect to migration within the region itself and, in the case of a significant number of countries, in terms of strong migration into the region from outside it.
- **Education and economic development move hand-in-hand:** In focusing on the connection between education and employment we fully recognize the broader role of education in shaping citizens and that this is only one of a number of considerations shaping education provision. Yet, if education does not channel the energy of young people through better employment prospects, surely it has failed to deliver a major part of its promise. We believe ensuring that young people have a good chance of being able to find employment and being productive members of society is an essential component of the goals of both education and economic development.

EXHIBIT 2 YOUTH UNEMPLOYMENT IN THE ARAB WORLD IS THE HIGHEST IN THE WORLD – DESPITE HAVING THE LOWEST PARTICIPATION RATE

Youth unemployment rate* percent, 2010



* ILO definition: The unemployed comprise all persons within the youth (age 15-24) who are currently without work, available for work and seeking work

** 1,500 surveys conducted across 5 countries (Morocco, Egypt, Jordan, Saudi Arabia and Yemen) for youth aged 15-29

*** ILO definition: The participation rate is an indication of the youth (age 15-24) that are currently working or seeking work

Source: ILO Global Employment Trends, 2011



Nessrine Thanks
habibti... If I
don't get this job,
there's no hope
for me:(Listen
i'm out – gotta
get myself ready
4 all the questions
they'll ask me
about stuff i
don't know!
Rubina yustoor...
Sent 3 minutes
ago

Kareema My fingers
are crossed for you
habibti – Go4it and rock
this interview:-))
Sent 6 minutes ago

Nessrine COOL
habibti... L8R
Sent 10 minutes ago

e4e

e4e focuses on the goal of ensuring that education leads to improved employment prospects, whether in attractive and sustainable jobs or in self-employment. In terms of its scope and priorities, e4e is focused on matching the skills taught to young people to those in demand by employers.

- e4e should be focused on making a real difference to the prospects of a large number of people. While every single program counts – whether provided by industry or civil society groups – the urgency of the task requires that the overall aim needs to be to make a real difference for a significant number of people.
- e4e should be output/achievement oriented. At the end of the day, the decisive question regarding the success or failure of any program is whether it has led to sustainable, adequate employment for its graduates.

THE e4e LANDSCAPE IN THE Arab World

e4e is still largely dominated by public sector post-secondary education provisions (accounting for approximately 80-85 percent of all post-secondary education places). Though the contribution and participation of private providers is nascent, they nevertheless offer a wide range of provision in the e4e landscape, including not only for-profit education institutions but also not-for-profit institutions, social businesses, and other civil society institutions (e.g., NGOs, religious organizations, etc.). In addition, for-profit corporations are taking an increasing interest in the training of their current and future work forces.

For convenience, the offerings of “e4e providers” can be grouped broadly into several different types of interventions:

Universities are the predominant type of post-secondary institution in the region. On average, they account for approximately 80 percent of post-secondary students in the formal education system. Universities are generally of three types: large public institutions; small, private institutions focused on a local curriculum; and small, private institutions focused on international curricula (usually American or European). Overall, approximately 20-25 percent of students are educated in the private sector at the university level (by comparison, more than half of students in East Asia and South America are in private, post-secondary education).¹⁴ Together, public and private universities produce about one million degree graduates each year. Bachelors programs usually last four to five years, with very few students opting for post-graduate studies.

VET institutions account for the remaining 20 percent balance of post-secondary students in the formal education system. Typically, vocational education and training is conducted through in-class programs in the region,

with students receiving 1-3 years of mostly theoretical training in a specific field. There are also select apprenticeship-like programs including real life, on-the-job training opportunities, but they are not preeminent. In terms of overall perception, vocational education is usually thought of as of a lower status than university education. Systemic structures – such as an allocation system based on performance in the final secondary school exam – perpetuate this perception, as they allocate all lower performing students to the VET system. The data on VET program ownership is not widely available, but for the countries for which it is, private ownership ranges from under 10 percent in Algeria, to nearly 50 percent in Jordan. Course programs in VET usually range between one and three years and typically lead to the award of diploma certificates.

Work readiness programs are generally of two distinct types based on the target audience. The first type focuses primarily on the least educated or those who have left the education system early. These programs are usually based in the public sector or not-for-profit institutions and focus on elementary skills for target groups (e.g., basic numeracy for factory employees). The second type of program usually targets university graduates with specific, additional skills training (e.g., language training, computer skills). These programs are delivered primarily through private sector institutions (either for-profit or not-for-profit), with a typical enrollment size of less than 500 students, although this can rise to thousands of students in certain cases.¹⁵ The duration of most work readiness programs of either type ranges from a few weeks to a six months.

In-house training programs provided by private sector employers can also vary considerably. They range, for example, from training programs focused on individual tasks to more extensive “training academies” that provide a range of programs.¹⁶ In our survey of employers, more than half reported offering training to new employees. Many of these rely upon private training providers to supply their training needs (see Chapter 4 for more information on e4e private sector opportunities).

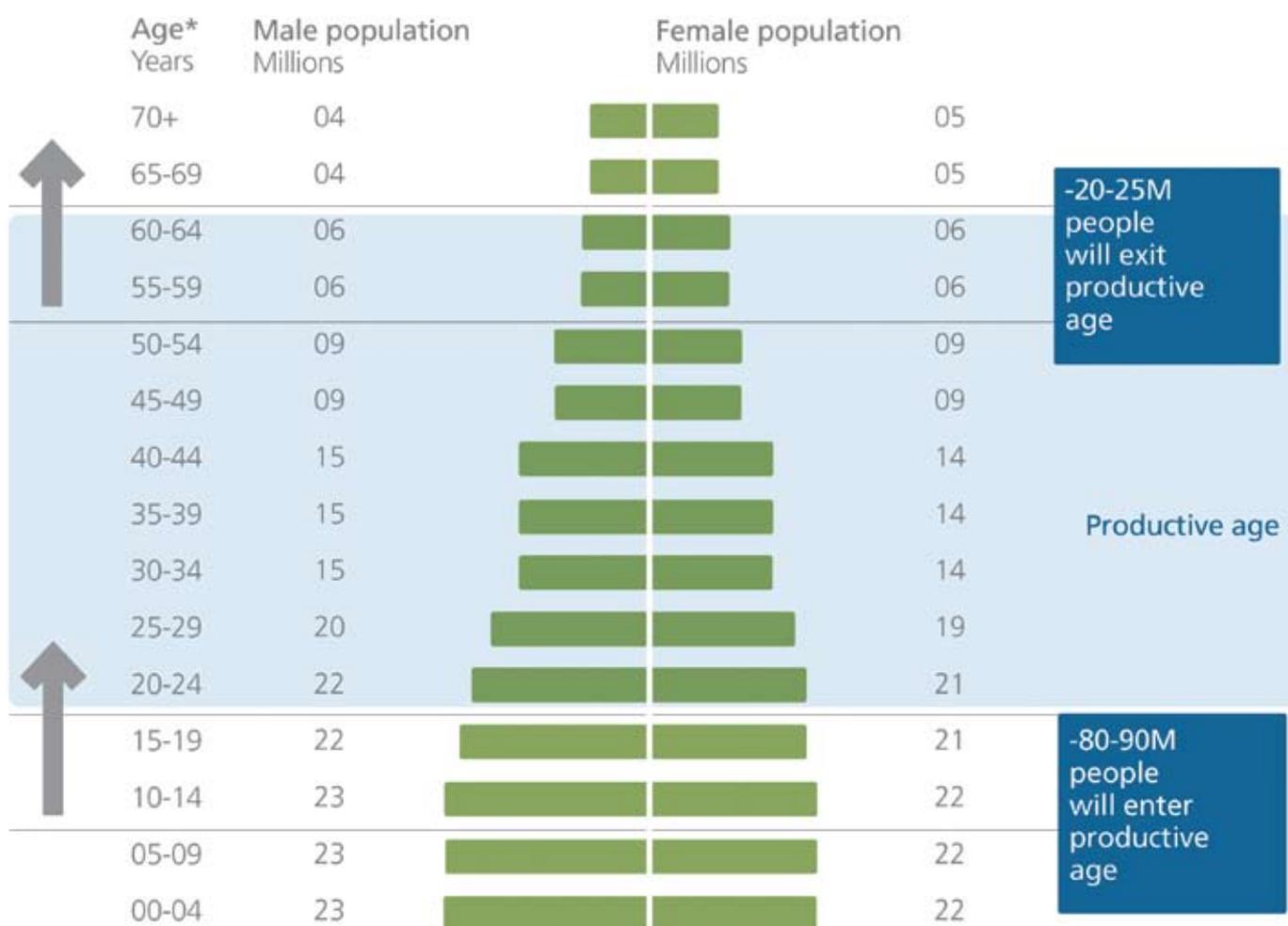
Partnerships between industry and training institutions are also generally of two types: the first type is in the form of an employer or an industry group outsourcing training for employees, the second where an employer or an industry group works with a provider to influence curriculum, standards, or teaching methodology.¹⁷

SCOPING THE e4e CHALLENGE IN THE ARAB REGION

In developing our survey of the e4e opportunity in the Arab region, our thinking has been guided by a simple framework, captured by three questions (Exhibit 4):

EXHIBIT 3 THE ARAB WORLD'S EMPLOYABLE POPULATION WILL GROW DRAMATICALLY OVER THE NEXT TEN YEARS, PRESENTING A DEMOGRAPHIC WINDOW OF OPPORTUNITY

Arab world population, 2010



* For age groups where data is not given in 5-year increments an even split was used as an estimate
 Source: Global Insight

- Is there demand for e4e?
- Is there proper supply of e4e?
- Are the most critical enablers in place?

Who is better positioned to answer these questions than those most directly concerned? If we failed to listen to the voice of the youth, this report would not have done the topic justice. We have therefore relied not only on desk-based research, but have also gone out and surveyed young people, interacting with them in discussing these vital topics. In addition to talking to the youth of the region, we have also talked to a significant sample of other people directly affected by these subjects. In the nine deep dive countries, which represent a significant cross-section of the Arab World, we met with education providers, both from the public sector and from industry and civil society. We have talked to public-sector policy makers and administrators. We have discussed these issues with private employers, in order to understand their perspectives. The subsequent chapter, based on more than 200 in-depth interviews, combined with surveys of 1,500 employers and 1,500 young people, provides a reflection of what we have learned from each of these groups, the things that move them, and their concerns. You may well find a number of their different perspectives interesting and insightful, others probably irritating, and yet others contradictory. But this is the authentic picture of how e4e is perceived in the Arab World at this moment in time.

However, before inviting you to explore their views and perspectives, let us share the key takeaways along the four key questions of the framework outlined above:

Demand for e4e is substantial

As shown earlier, the sheer number of young people in the Arab World already indicates a very substantial demand for e4e. However, the demand is not only of a quantitative nature. During in-depth interviews conducted during the course of preparing this report, companies have expressed deep frustration over lack of basic skills among their new hires. Surveyed employers tell us that only one third of new graduate employees are somehow ready for the workplace when hired (this applies to both hard and soft skills), and more than half of all employers address this lack of work readiness by providing training for their new hires and existing employees.¹⁸ This training is delivered for significant periods of time: for instance, almost half of all training for new hires is for a month or more in duration, with costs ranging from \$100-\$2,000 per employee. The lack of basic skills among new hires is even more acute for graduates from VET institutes. On the other hand, only one third of surveyed youth believed their education prepared them adequately for the job market, expressing strong doubts about both program quality and relevance. We further found that over a third of all the youth surveyed were willing to pay for their education if it were to lead to better job prospects.

Supply of e4e is nascent

At present, throughout the region, post-secondary education is still largely provided by the public sector: of the approximately 7.5 million post-secondary students in the region, only 15-20 percent are enrolled in private institutions (in contrast, 50-75 percent of post-secondary students in Malaysia and Brazil are in private institutions).¹⁹ Despite this, in almost every country in the region private e4e providers are already achieving impressive results (many examples are cited in the report); however, these private e4e providers are as yet relatively small scale compared to their international counterparts.

The region is therefore presented with a massive e4e supply challenge, in terms both of quantity and quality, for the whole post-secondary education and training system in general, and for the role of private players in particular.

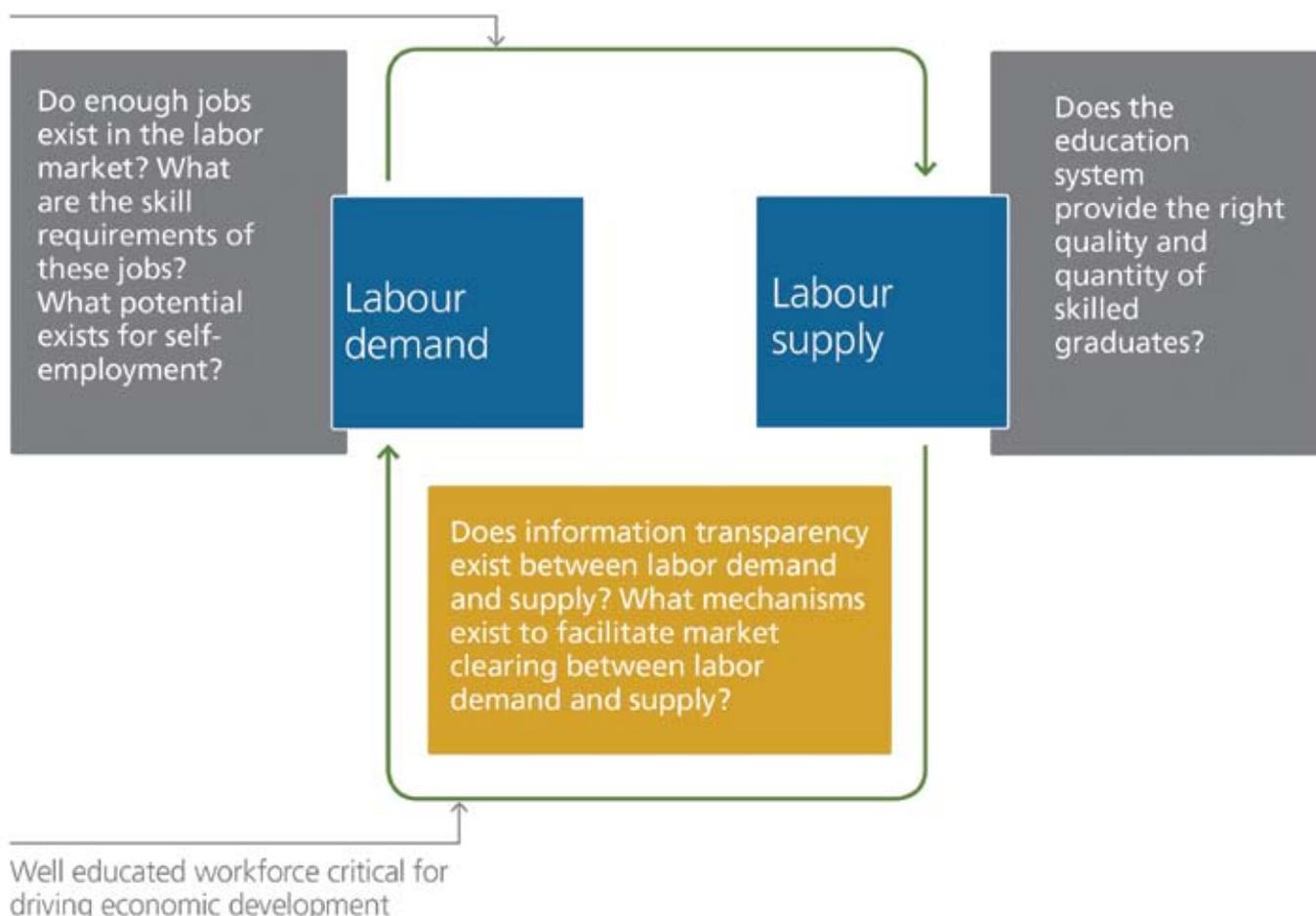
For reasons of precision, we have broken up the supply challenge into the four main components outlined below.

- **Quantity challenge** – Let us begin by assessing the overall number of places in the post-secondary landscape. Of the 7.5 million post-secondary students in the region, three countries – Egypt, Algeria, and Saudi Arabia – account for over 50 percent of this number. Overall, this equates to approximately 2,250 post-secondary students per 100,000 people, a rate significantly lower than in countries such as Malaysia, Turkey, Brazil, and Singapore, where the average is approximately 3,500 students per 100,000. This gap is equivalent to approximately three million seats. The enrollment rate in post-secondary education in the nine deep-dive countries is 28 percent lower on average than in the comparator countries, and 66 percent below that in countries such as the US, UK, France, and Australia.²⁰
- **Mix challenge** – Let us use the example of VET to demonstrate the challenge: in terms of the mix of post-secondary places, only 20 percent are in VET. This is a much lower percentage than in regions such as Latin America (36 percent) and Asia (26 percent), where specific countries have rates of over 40 percent (e.g., Singapore, China, and Malaysia).²¹ As a result, employers frequently complain about the shortage of professionals in the trades (“Today it is difficult to find an electrician or a carpenter”). Inevitably, this has implications for the labor market: an IT industry CEO in Algeria commented, “The lack of qualified technicians is more severe than the lack of engineers... we pay one of our technicians more than the engineers.” Such shortages are widespread, as the demand for vocational skills in the services sector, in areas such as IT, tourism, and health care, is growing both in the region and globally.

One of the key reasons for this situation is that VET is trapped in a vicious cycle of negative perceptions and

EXHIBIT 4 TACKLING YOUTH UNEMPLOYMENT WILL REQUIRE ADDRESSING BOTH LABOR DEMAND AND LABOR SUPPLY

Strong economic development
providing need for skilled workforce



relatively low impact, both in terms of the quality of delivery and the number of people taught. For instance, our interviews and surveys show us that across the region such courses are generally held in much lower regard than alternative academic courses: one student even told us, “My future father-in-law will laugh if he knows that I attended a vocational training college!” In consequence, students are less willing to enroll in VET institutions than academic ones, even in countries where vocational education is promoted nationally as an integral element of a national skills development program. In these circumstances it is not surprising that most of the youth surveyed say they would not consider VET as a viable education alternative to university education. While this is slowly changing in some specific situations (e.g., Saudi Arabia has started to change the perception of VET in the health care sector), these are the exceptions rather than the norm.

Similar challenges are observed when looking at the distribution of places offered at universities: while employers are desperately looking for well qualified graduates from technical and natural sciences, this is in no way reflected in the distribution of the places available in university courses.

- **Relevance challenge** – As Chapter 2 (on the perspectives of stakeholders) will demonstrate, many employers currently complain about the skills young graduates bring with them, and their lack of relevance. At the same time, in addition to a lack of relevant hard skills, education needs to address other areas that are at least as important to employment. In particular, employers in the Arab World express dissatisfaction with their employees’ language and non-technical skills (see Chapter 2). These skills, also referred to as soft skills, cross-functional skills, or “21st-century skills”, include: critical thinking (logical reasoning); making judgments; solving complex, multidisciplinary open-ended problems; creativity and entrepreneurial thinking; communicating and collaborating; making innovative use of knowledge, information, and opportunities; and taking charge of financial, health, and civic responsibilities.²²

In preparing young people for employment opportunities in the most relevant way possible, e4e also needs to take into account that entrepreneurship – i.e., self-employment – is and will remain an important part of the solution, particularly as small and medium-size enterprises (SMEs) are the basis of growth in many of the region’s economies. Currently, SMEs employ over two-thirds of the formal work force of the Arab World, and 90 percent of these enterprises employ fewer than 50 people.²³ This suggests that the future labor force will need to be entrepreneurial, not only to create new SMEs, but also to grow smaller sized enterprises into medium or large ones (see Entrepreneurship box in Chapter 4).

- **Delivery challenge** – The region’s predominant method for the delivery of education relies on rote memorization and is lecture-based. Students and education providers report there is relatively little opportunity for group work or practice-based learning, such as simulations, labs, and internships. In contrast, such features have become increasingly common in education institutions around the world, usually offered in collaboration with industry, because they better prepare students for the “real world.”

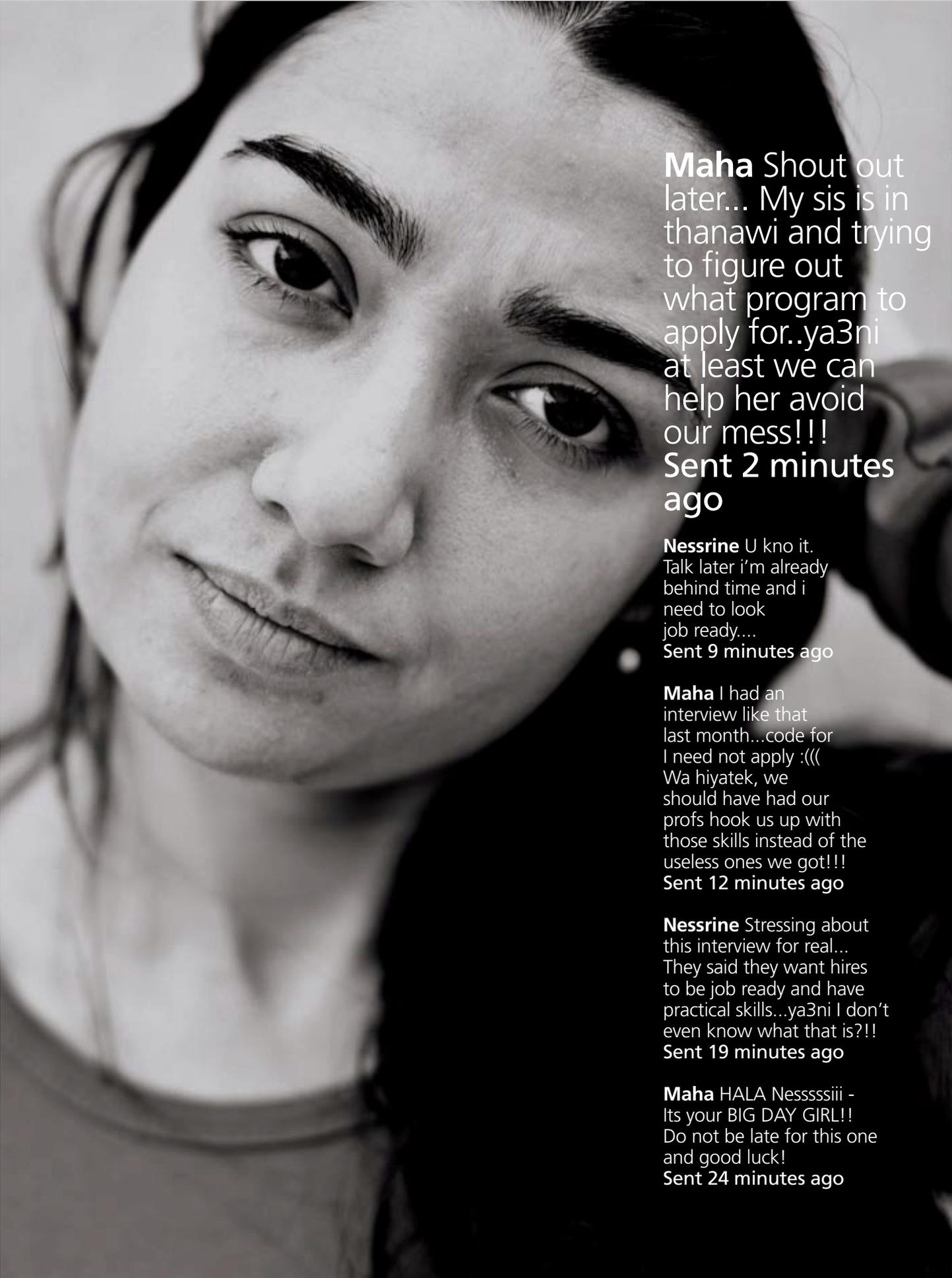
“A recent comparison of exam questions on the French baccalaureate examination in mathematics and biology with similar exam questions in several MENA countries revealed that the MENA tests were devoted to recognition and repetition of definitions and theorems and the performance of other routine procedures, whereas the baccalaureate exams assessed the ability to solve, predict, verify, generalize, and apply mathematical principals to real-world problems.”²⁴

Critical enablers are missing

The task facing education providers – whether private or public or in a public-private partnership – in equipping millions and millions of people for employment is enormous. The environment in which they operate is therefore critical. The current small scale of private involvement in e4e in the region is largely the result of faults in the current e4e enabling environment, which stunts its growth. Often, public education providers also experience a very similar challenge to those in the private sector. A number of elements of the enabling environment, especially for private providers, are directly related to the overall business friendliness of the countries in which they operate. This is true particularly with respect to such elements as ownership rules, taxation and fees, etc. In this respect, the Arab World still lags behind other regions of the world. For example, of the eighteen Arab countries listed in the international rankings on the ease of doing business, only four rank in the top third of countries, seven are in the middle third, while the remaining seven are in the lower third.

Addressing these broader regulatory issues is not the task of this report: they have been addressed extensively elsewhere.²⁵ Our focus is on the specific components of the regulatory environment that directly impact the “enabling environment” and which are required for ensuring the healthy development of the education and training sector in the region, and of private post-secondary providers in particular.

With respect to the latter, e4e’s regulatory environment is influenced by a large number of government stakeholders. At the moment, those government stakeholders often do not coordinate properly across entities and/or even pursue differing policies, resulting in an uncertain environment for private providers to operate in. The first signs of change with respect to the presence of the private sector are already apparent in the region (Exhibit 5). Past regula-



Maha Shout out later... My sis is in thanawi and trying to figure out what program to apply for..ya3ni at least we can help her avoid our mess!!!
Sent 2 minutes ago

Nessrine U kno it. Talk later i'm already behind time and i need to look job ready...
Sent 9 minutes ago

Maha I had an interview like that last month...code for I need not apply :(((
Wa hiyatek, we should have had our profs hook us up with those skills instead of the useless ones we got!!!
Sent 12 minutes ago

Nessrine Stressing about this interview for real... They said they want hires to be job ready and have practical skills...ya3ni I don't even know what that is?!!
Sent 19 minutes ago

Maha HALA Nessssssiii - Its your BIG DAY GIRL!! Do not be late for this one and good luck!
Sent 24 minutes ago

EXHIBIT 5 PRIVATE POST-SECONDARY EDUCATION ENROLMENT HAS INCREASED RAPIDLY IN THE REGION, ALTHOUGH STILL CONSTITUTING LESS THAN 20% OF TOTAL ENROLMENT

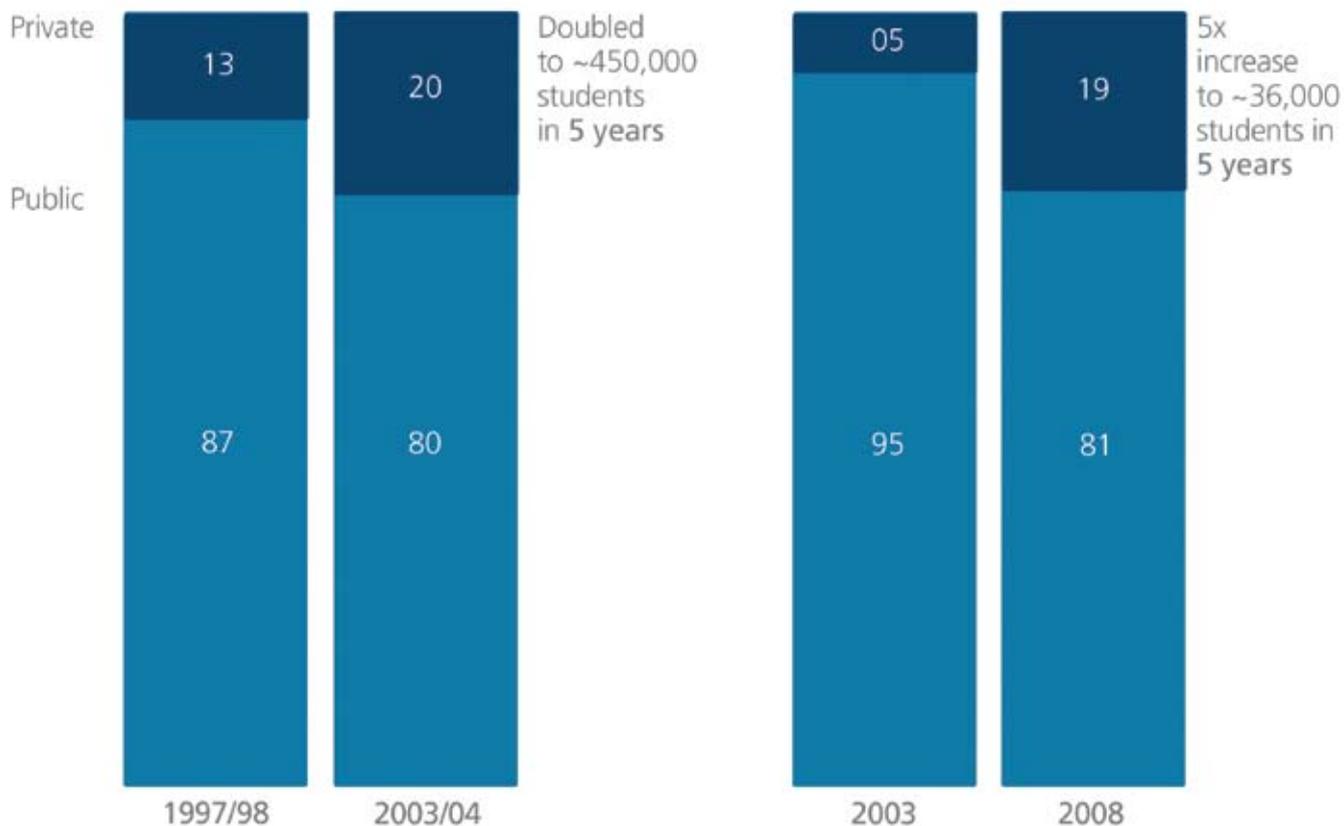
Percent of enrolment*

Egypt

100%= 1,513,000 2,325,000

Morocco

100%= 151,000 190,000



* Estimated percentages, University only

SOURCE: The Road Not Travelled: Education Reform in the Middle East and North Africa (World Bank), Program for Research on Private Higher Education, Univ. of Albany

tory constraints that have held back the private sector's role in education have slowly been loosened over the past two decades. For example, new private universities were allowed in Jordan in 1989 for the first time; similar changes followed in Egypt in 1996 and in Algeria in 2008. Such changes have led to a new wave of private universities and colleges being established across the region and increasing enrollment in private institutions.

We have identified three aspects that, if improved, would have significant impact in boosting the sector's growth.

- Implementing rigorous standards and independent quality assurance to ensure students are taught the right skills at consistent standards across institutions. Though most of the countries we examined do have basic quality assurance protocols in place, these tend to be organized through the public sector and are focused on inputs (e.g., size of buildings or students per teacher) rather than outputs. However, there are few examples of quality assurance programs based on outputs or even process metrics.

Qualification frameworks prescribe the education level needed for certification, setting the minimum level of skills required to be competent for specific occupations. Competency standards give prospective employers insight into the skill level of the candidates. These standards are usually set for the entire industry/sector at the national level. For example, in certain countries, nurses may need to graduate from a three-year diploma program to qualify as a nurse, and as a result of this training, it is expected that they have mastered specific skills that form their competency standard.

- Introducing and expanding sustainable financing mechanisms for e4e provision, and in particular also for private e4e provision.
 - In some countries of the region, funding education already puts enormous pressure on families, making financial means a strong roadblock to access to post-secondary education and training. According to the president of a university, “Some families have to sell their farms in order to pay for their children's education.” Financing can play a critical role in lightening this burden.
 - At the same time, in many countries of the region, we have found the continuing perception that “the state” should provide full financing for education and employment – despite the message also received from students that, in principle, they would be prepared to pay for (parts of) their tuition. However, public resources have recently been declining in many countries in the region. While the data is incomplete (particularly in terms of separating post-secondary education from all education), countries such as Saudi Arabia, Yemen, Oman, and Egypt have seen a decline in public expenditure on education as a percent of GDP over the past decade. Even in countries that have maintained

public expenditure overall, such as Morocco, the expenditure per pupil at the post-secondary level has still not kept pace with GDP growth.

Fostering e4e may therefore require stating openly that proper cost-sharing mechanisms, involving all the stakeholders, are needed to address the e4e challenge. Today, the private sector and civil society already co-fund e4e through a variety of social enterprises and foundations, through employers paying for the training of their work force (surveyed employers reported spending an average of approximately \$350 per employee on training – see Chapter 2), through contributions by development organizations (multilateral and bilateral, as well as NGOs), and in many other ways. Expanding cost sharing, and finding an effective solution shared jointly by the public and the private sectors, is not a choice for the region but essential to ensuring progress.

Whenever we address cost-sharing in funding e4e, student loan facilities immediately move to the center of attention. Student loan mechanisms provide students with preferential access to bank funds in order to pay for their tuition fees. This enables students from less well-off backgrounds to consider educational options they would not otherwise have been able to access. In the region, we found the beginnings of two types of a student loan system, both at a relatively small scale. In the first, a number of educational providers were able to create partnerships with local banks and extend loans to their students. However, these were not necessarily at discounted rates. The second involves a multilateral organization sponsoring loans through banks. For example, IFC has started student-loan programs through commercial banks in such countries as Egypt, the Palestinian Territories, and Jordan.*

- Ensuring greater information transparency and matchmaking between young people, employers, and education providers, such that young people meet the needs of the labor markets. One of the biggest gaps in the present system appears to be the lack of transparency and coordination. As you will see more extensively in the next chapter, each of the stakeholders – regardless of whether they are public, private, or students – expressed the opinion that they are unable to get the information they need to make educated decisions or, in the case of young graduates, to understand the labor market and find adequate employment opportunities.

* This is referred to in the World Bank Group as West Bank & Gaza and in the IsDB Group as Palestine.

THE COSTS OF THE BROKEN e4e SYSTEM

Clearly, the current system is not producing the quantity or quality of graduates needed. The costs of this situation – be it in economic or social terms – is large and growing every day as a result of the employment bulge. Juan Samovia, Director General of the ILO, sounds a warning about the dangers of neglecting this issue: “Young people are the drivers of economic development. Foregoing this potential is an economic waste and can undermine social stability.”²⁶

Various research reports have used different methods to calculate the economic and social costs of an underperforming system. The overall findings are that:

- The cost of unemployment can be quantified in terms of GDP and this cost is high
- The investments in post-secondary education that the countries of the region make produce lower private and social returns than in countries in other regions²⁷

The most obvious cost of the broken e4e system is unemployment, a major challenge for countries throughout the Arab World. At an individual level, unemployment gives rise to hardship and dissatisfaction, and undermines the individual and their families; its experience can be dispiriting and disempowering. This is also concerning for governments in the region as they recognize the cost to their economies, the wasted potential productivity and creativity, and the negative impact on society in not realizing the full contribution of its citizens. Estimates put the direct economic cost of youth unemployment at \$40-\$45 billion.²⁸ This is approximately 2-3 percent of the region’s economy. Indirect societal costs – such as joblessness, school dropouts, migration, etc. – can multiply these costs: estimates in Jordan and Egypt range from 7-17 percent of GDP, respectively. From the perspective of economic returns, the average annual private return per year of schooling in the Arab World is 7.8 percent, approximately half that for countries in Latin America (15 percent).²⁹ A lower private return from education indicates that its beneficiaries (i.e., the students) have less of an incentive to continue in further education because their employer sees less value in it, and do not reward it as much in terms of increased wages.

As an example, we can look at real wage growth in Egypt and Jordan. In both of these countries, while there has been a small but positive growth in real wages in occupations that are lower skill or that might not require a university education, real wage growth has been negative in higher-skill occupations (Exhibit 6).³⁰ It is important to note here that even within medium or lower skill occupations, there is significant variation. For example, in Jordan, chemical engineers, accountants, and computer programmers have all seen real wage rises whereas the wages of teachers have decreased in real terms. This demonstrates that even in relation to individual universi-

In preparing young people for employment opportunities in the most relevant way possible, e4e also needs to take into account that entrepreneurship – i.e., self-employment – is and will remain an important part of the solution.

ties, some fields face shortages while others have too many graduates.

Education also has the potential to create returns in terms of increased productivity. However, here too, the system has underperformed. According to the World Bank, “Regardless of how the impact of investment in education in the MENA region is evaluated, the story is similar: the higher level of investment in education during the last four decades was not associated with higher economic growth or with appreciable gains in [total factor productivity] growth compared to East Asia and Latin America.”³¹

CONCLUSION

Clearly, the Arab World’s e4e system, as it currently stands, is not living up to the urgent demands being made of it today; this is not to speak of the demands that it is going to face over the coming years as the system comes under increasing pressures from the region’s employment requirements, as well as global competitive pressures.

Addressing these challenges is a complex task, and it will require a long and committed journey to make a real difference. No single stakeholder group can embark on this journey on its own with any realistic chance of success. We suggest that what is needed is an approach that brings “all hands on deck,” including private players.

In the subsequent chapters, we will look in detail at key opportunities for private players to contribute to a solution. But before doing this, we invite you to join us in exploring the individual perspective of the various key stakeholders.

EXHIBIT 6 OCCUPATIONS WITH HIGHER EDUCATION REQUIREMENTS HAVE DEPRESSED WAGE GROWTH IN EGYPT AND JORDAN

Annual real wage growth

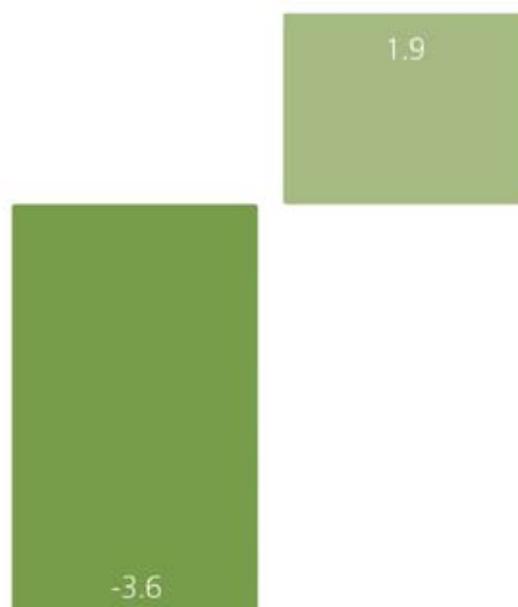
Percent, Egypt: 2003-2007; Jordan: 2002-2006

Egypt*



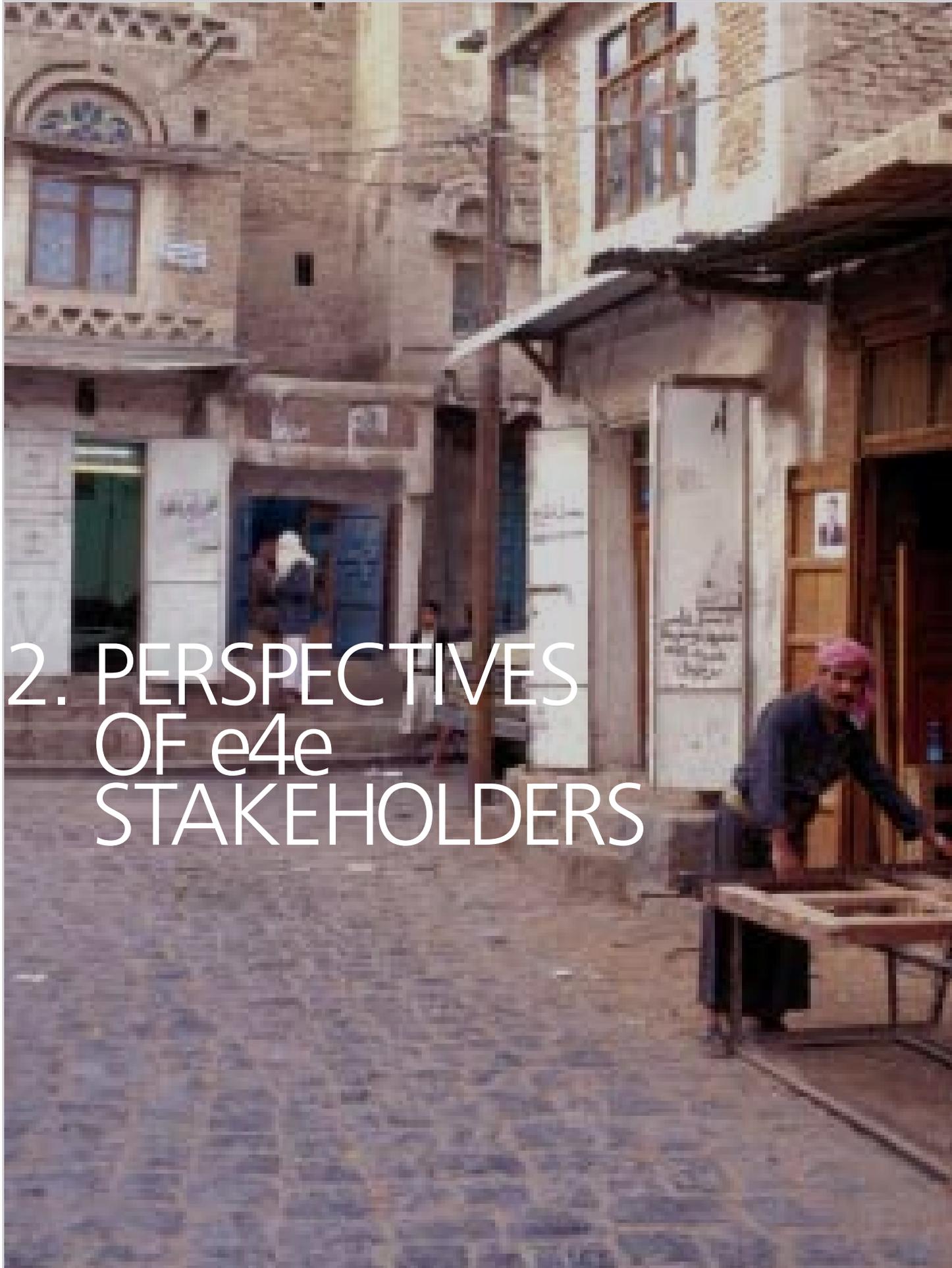
High skill occupations Medium and lower skill occupations

Jordan**



High skill occupations Medium and lower skill occupations

* Egypt data includes weekly wage reports from 360 occupations classified into higher and lower skill based on need for university degree
** Jordan data includes monthly salary reports from 184 occupations classified into higher and lower skill based on need for university degree.
Excludes government executive officials
SOURCE: Egypt National Statistics, ILO Laborsta, World Bank Data Catalog



2. PERSPECTIVES OF e4e STAKEHOLDERS

Having seen the current situation from an overall system and cost perspective, it is instructive to understand the perspectives of the major stakeholders involved (students and young people, employers, private education providers, and government and public sector leaders).

In order to understand these views, during the course of the research for this report, we examined and visited numerous private and public providers, conducted more than 200 interviews with a variety of stakeholders, and carried out surveys of 1,500 youth and 1,500 employers across five representative countries.³² The stakeholder groups we spoke with shared their experiences in the current e4e system, and emphasized the gaps in alignment between groups. The following is a summary of the views of each stakeholder group.

THE VIEWS OF YOUNG PEOPLE

Young people throughout the region tell us they currently face frustrations at every point in their educational experience. Though there are minor differences between countries, the main points they highlight are largely the same. They say they believe e4e can be important for their future success in the workplace and would value a greater connection between their education and future employment. However, our survey results show that only 36 percent of students believe their education prepared them adequately for a job.³³ They also commonly express doubts about the quality of the current education provision in relation to e4e, whether private or public.

The first challenge – Choosing the right path

Students say there is little guidance on what skills employers are looking for, and where the employment opportunities will be once they graduate. They frequently told us they were channeled by their secondary school grades into courses in which they have no interest. This perception was shared by a state council member, who pointed out that this has major implications for e4e: “Admission to disciplines based on grades reaffirms the social perception of ‘good and respected’ disciplines versus ‘bad and shameful’ disciplines.” We also often heard students link their choice of education programs to status, with VET ranked low. Only 39 percent of students surveyed say they would make the same educational choices given a second chance. The root of this starts early. While in school there is a “lack of understanding [whether or not] supposedly ‘safe’ fields [such as medicine or teaching] actually lead to better employment opportunities.”

The second challenge – Courses have little relevance

Once on a course, the next problem students face is that often the course content has little or no connection to the skills and knowledge they will need in their employment. Even when on a course they wish to study, the curriculum and course content can be out of date. For example, one interviewee commented that some university ICT

programs still teach FORTRAN IV (a programming language largely displaced from everyday use decades ago). Not only is the content frequently outdated but students also complain that it also lacks practical applicability. Job-related training, internships or work placements that help students understand how to apply the knowledge are rare. This results in graduates having only a theoretical knowledge of their subject, a problem particularly acute in the applied sciences and professions such as engineering.

The third challenge – Poor understanding of skills required

An interesting finding from the youth survey is that the region’s youth seem ready to discount the importance of such aspects as motivation, leadership, teamwork, communication skills, and work ethic. Yet, though these are qualities that employers say they are looking for, less than 50 percent marked them as important (Exhibit 7).

The fourth challenge – Finding a job that fits expectations

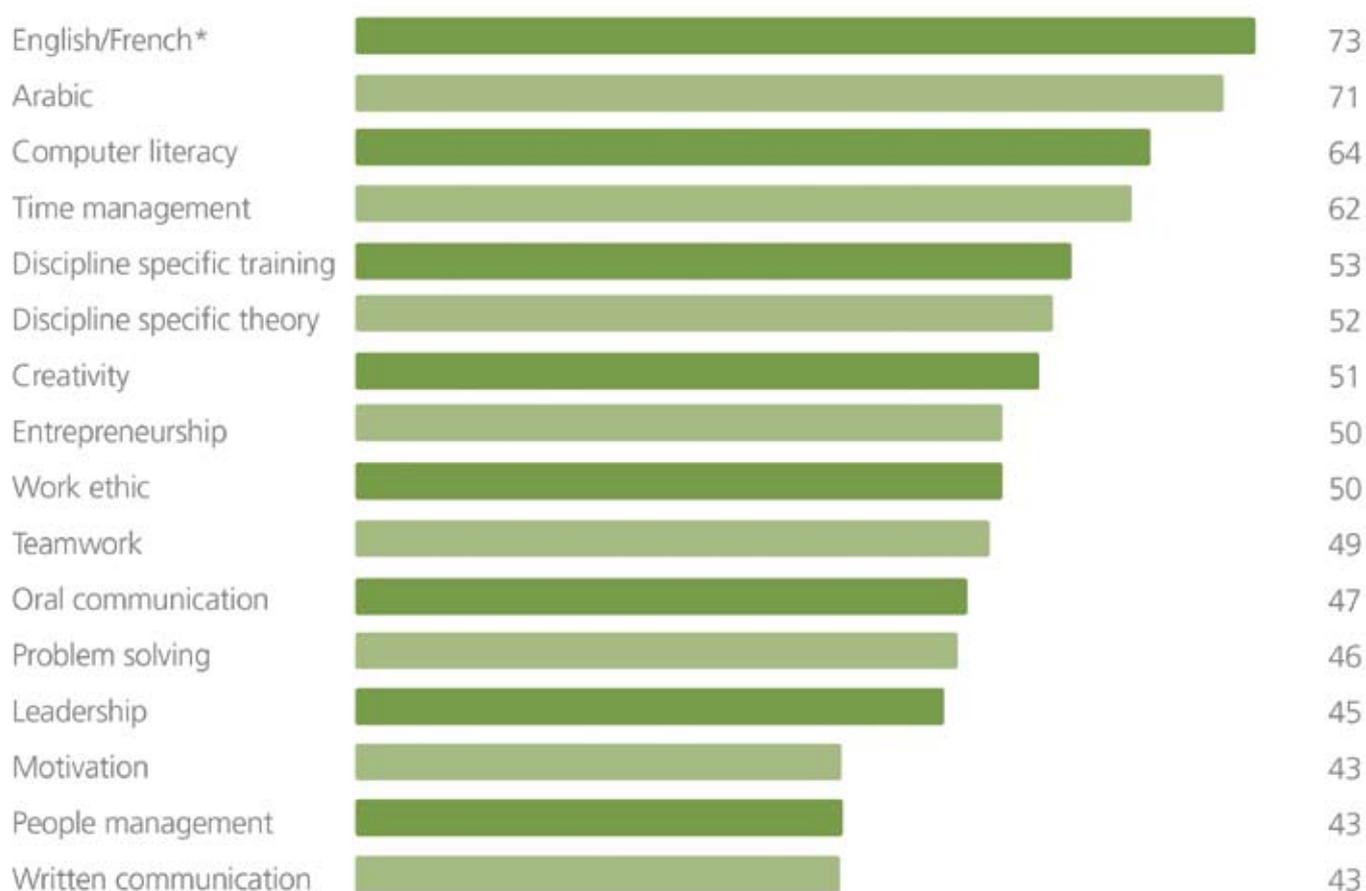
Once students graduate, again they receive little or no help in seeking jobs or in preparing for employment. This problem is made all the more acute because there is little or no transparency regarding the job market or employers’ future needs: across the Arab World there are currently few sources of reliable information about the nature and availability of jobs, future demand, the skills required for employment, or the relative merits of the various training options. Students tell us that the concept of career guidance is still new. Without such transparency it is very difficult for young people to make appropriate decisions about which education choices will best help them secure employment upon graduation.

There may also be a more general problem regarding the attitudes and expectations of young people, in that they may not be realistic about their future prospects. Of twenty-five professions listed, for instance, only five were found to be “exciting and fulfilling” by at least a third of youth (Exhibit 8). These professions – accounting, medicine, engineering, financial analysis, and teaching – hold relatively high status in society; medicine and engineering are amongst the most difficult to enter. Interestingly, the survey shows that teaching, a degree program that generally has lower university entry criteria and which has historically not been associated with high status in the Arab World, is highlighted as an “exciting” profession. This might suggest that student perceptions of jobs can change, or it might solely reflect that teaching in the Arab World is generally a profession that leads to public sector employment.

Young people, in general, are not realistic about their salary prospects, expecting much higher wages than they are likely to receive. In Egypt, for instance, while 44 percent of students currently studying expect to earn more than \$160 a month, only 21 percent of those already in work expect this based on their actual job market

EXHIBIT 7 YOUTH SURVEY QUESTION – WHICH OF THE FOLLOWING SKILLS ARE MOST IMPORTANT FOR SECURING A JOB?

Percentage of youth who feel the skill important



* French in Morocco only
SOURCE: e4e Youth Survey (n=1,500), 2010



Mustafa U will see its ALL a waste of time!!
Sent 2 minutes ago

Maha Let's talk L8R - gotta jet to class. Hope is all we got, don't lose it ya basha
Sent 3 minutes ago

Mustafa Mutashaim. I'm seriously down...all this studying and for what??? My folks can't support me anymo...I need to start supporting them. WHAT TO DO!?
Sent 6 minutes ago

Maha We will figure it out – DO NOT give up...
Sent 8 minutes ago

Mustafa Same scene here with my shebab..i've been trying to do some homework on this job stuff but my uni doesn't even have a career office!! What's up with this?? Who's supposed to be helping us???
Sent 11 minutes ago

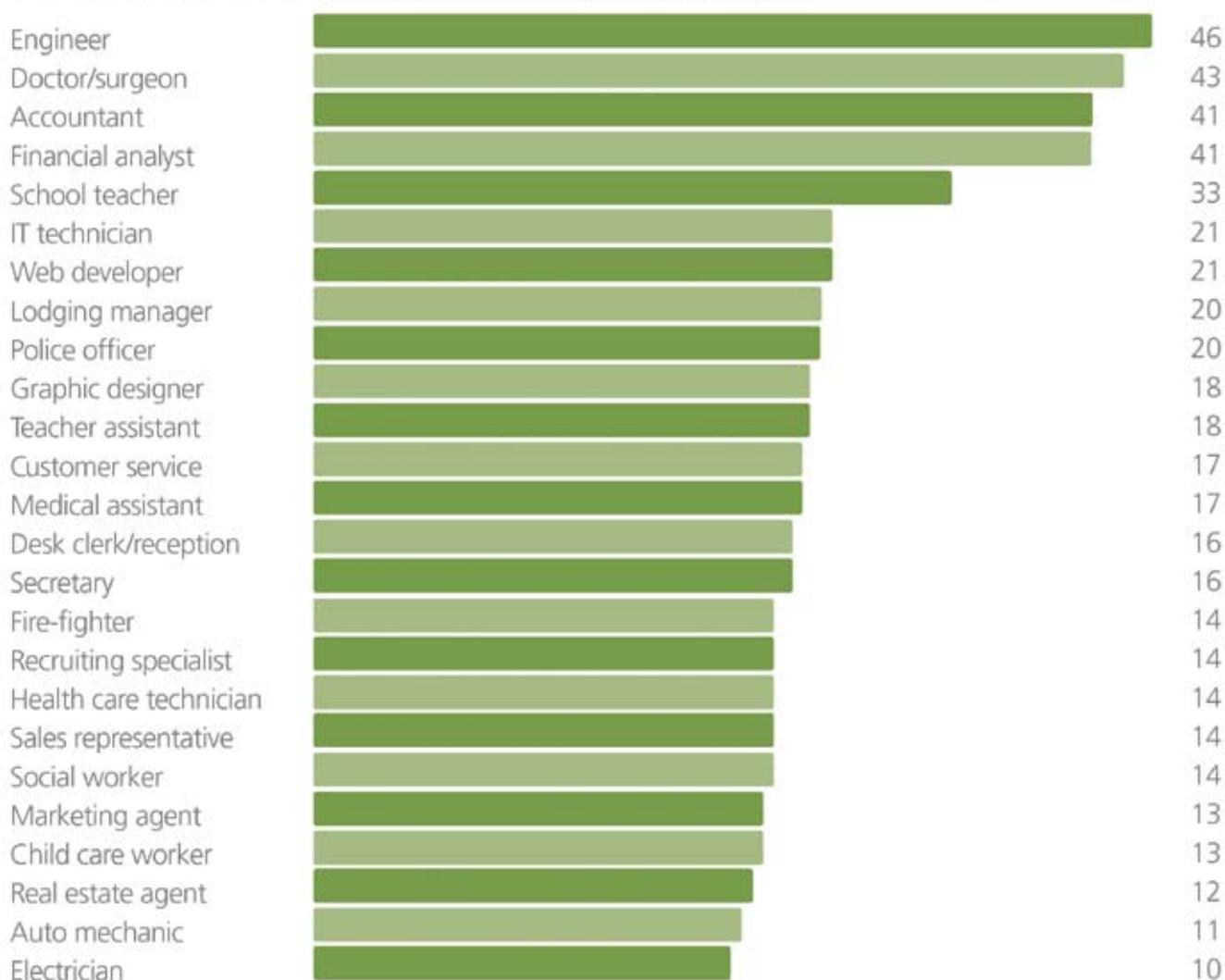
Maha Yup, totally boring and useless. Tafah keeli! My friend Nessrine have been applying for jobs for the last four months and nothing. Starting to stress out about what will happen when we graduate next year...
Sent 13 minutes ago

Mustafa Marhaba... wassup cuzz, u at class?
Sent 16 minutes ago

Maha Mustafa – You Gotta be up!! Shout me... NOW!!
Sent 25 minutes ago

EXHIBIT 8 YOUTH SURVEY QUESTION – WHICH OF THESE PROFESSIONS ARE EXCITING AND FULFILLING?

Percentage of youth who feel the profession is exciting and fulfilling



SOURCE: e4e Youth Survey (n=1,500), 2010

EXHIBIT 9 YOUTH SURVEY QUESTION – HOW MUCH DO YOU EXPECT TO EARN PER MONTH?

Percent of respondents*



* 'Currently studying' refers to youth who were enrolled in post-secondary education (public or private) at the time of the survey. 'Currently employed' refers to youth who were employed in a job at the time of the survey and their response refers to their wage expectations based on their actual job market experience.
SOURCE: e4e National Youth Survey (n=1,500), 2010

experience (Exhibit 9). In contrast, employers report that the average salary is actually \$102-\$141 a month. These unrealistic expectations go hand in hand with attitudes that hold VET courses in much lower regard than academic ones. In summary, it is probable that students are not actively seeking ways to improve their earning prospects because of an incorrect understanding of the job market.

Overall, the impression we were given is that young people feel they need guidance and help in acquiring the skills they will need to secure future employment.

THE VIEWS OF PRIVATE SECTOR EMPLOYERS

According to our survey and interviews with private sectors employers, in their eyes graduates do not generally have the combination of hard and soft skills they are seeking. Our survey of ~1,500 employers found similar opinions across the five deep-dive countries in the Arab World (Exhibit 10). Across these countries, only 20-35 percent of those surveyed agreed that their university hires were appropriately skilled (with Saudi Arabia being something of an outlier, where as many as half of all respondents said they were satisfied). As mentioned earlier, the number of those satisfied with vocational hires was even lower, in the range of 10-25 percent. As these skills will be of particular importance to the economy in the coming years, this should sound alarm bells about the present quality of post-secondary education and its poor match to employment needs. Overall, the survey and interviews with business leaders across the region reveals significant gaps in three key areas (Exhibit 10):

- **Hard skills:** employers say that graduates often lack an adequate understanding of both the theory and application of the discipline in which they have graduated. An executive from Algeria is typical in stating, “Even engineers do not have the practical technical knowledge to enter firms... people graduating from schools are not well-versed with updated technologies.”
- **Soft skills:** employers say they value soft skills – such as the ability to communicate clearly, personal creativity, problem-solving skills, and the interpersonal skills necessary to interact successfully in the workplace – but complain that there is too little emphasis on these aspects in the present curricula of most post-secondary education programs. For example, a managing director in Saudi Arabia told us, “Students are graduating with severe deficits in soft skills such as leadership, critical thinking, initiative taking, independence, oral communication, and work ethics.”
- **Language skills:** (in French, English, and Arabic, as appropriate to the work environment) are also highly valued by employers. English, in particular, is prevalent in many businesses in the Arab World and employers believe that graduates need to be proficient in

English in order to succeed in the workplace. However, many are far from proficient because English language teaching is inadequate in the majority of educational programs.

Employers told us they believe there are two main reasons for these skills gaps. The first is that too many students are making the wrong choices in the courses they take. The second is that the course content (and orientation) does not keep pace with changes in the business world.

Employers say that the present inappropriate course mix is failing to serve the needs of the Arab economies. The mix is inappropriate both in terms of the balance between VET courses and university courses, and in terms of the overall mix of universities graduates.

As a result of the shortage of VET trained employees, employers frequently complain about the shortage of professionals in the trades: “Today it is difficult to find an electrician or a carpenter.” Inevitably, this has implications for the labor market: an IT industry CEO in Algeria commented, “The lack of qualified technicians is more severe than the lack of engineers... we pay some of our technicians more than the engineers.” Such shortages are widespread, as the demand for vocational skills in the services sector, in areas such as IT, tourism, and health care, is growing both in the region and globally.

Further, employers tell us that too large a number of students pursue courses in social sciences and the arts, and that these students graduate with little or no knowledge relevant to the workplace, while insufficient numbers study the professions or applied sciences. The skew towards education and the humanities is certainly greater in the region than in much of Asia or Latin America (Exhibit 11). Several interviewees point to the fact that while this mix might have been appropriate historically for securing employment within the public sector, it is no longer appropriate to today’s needs. They believe this situation can and must change.

The second reason for the present skills gap is failure to keep up with the pace of, change in the business world, which was highlighted by many employers. For instance, one business leader from Algeria stated, “While the job market is creating new needs... the university offer has not shifted its offer to these new needs.” Other stakeholders also echo this sentiment: students, government leaders, and education providers all told us that there is a need for greater responsiveness in the education system to changing circumstances and that there should be increased communication between employers and educationalists. When probed about why communication was currently so weak, we were told, “The market and academia never talk and have no idea what the other is doing... we speak a different language.”

EXHIBIT 10 EMPLOYERS SURVEY QUESTIONS: DO GRADUATES HIRED IN THE LAST YEAR HAVE THE APPROPRIATE SKILLS?

Percentage of HR managers who agreed that newly hired students have appropriate skills*

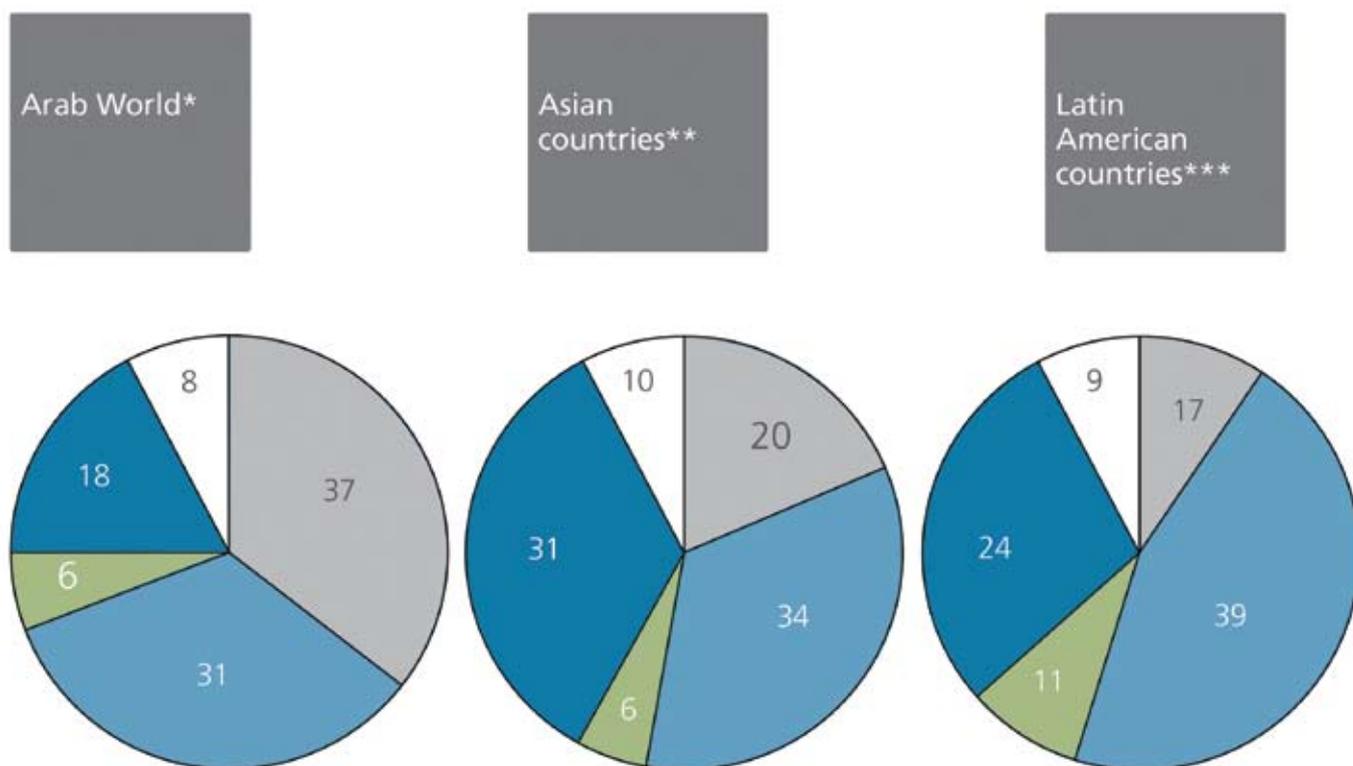
■ Hard Skills ■ Soft skills



* Nielsen used a 10-point scale for survey questions and factored in the region's 'generosity factor' and 'top box' effect. Responses are interpreted as follows: disagree/dissatisfied (1-5), neither agree/satisfied nor disagree/dissatisfied (6-8) and agree/satisfied (9-10)
SOURCE: e4e Employer Survey (n=1,500), 2010

EXHIBIT 11 DISTRIBUTION OF UNIVERSITY GRADUATES BY FIELD OF STUDY

- Education and humanities
- Social sciences
- Medicine
- Scientific, technical, and engineering
- Other



* Represented by: Algeria, Egypt, Iraq, Jordan, Morocco, Oman, Saudi Arabia, and Palestinian Territories* (This is referred to in the World Bank Group as Palestinian Territories and in the IsDB Group as Palestine)

** Represented by: China, Indonesia, Korea, Malaysia, Philippines, Thailand

*** Represented by: Argentina, Bolivia, Brazil, Chile, Colombia, Mexico, Peru

SOURCE: The Road Not Travelled: Education Reform in the Middle East and North Africa (World Bank)



Mustafa
Nawaf - Earth
calling Nawaf...
You there!!?
Sent 2 minutes ago

Too large a number of students pursue courses in social sciences and the arts, while insufficient numbers study disciplines demanded by the job market.

More than half of all employers surveyed currently offer training to their new hires (see Chapter 3). However, it is interesting to note that even though employers rate the need for improved soft skills as slightly more significant than that for hard skills (70 percent of new hires need improvement in soft skills, compared to 67 percent in hard skills), there seems to be a mismatch with the actual training provision offered by employers, where the emphasis is predominantly on hard skills: 86 percent of employers provide training in this, compared to 40 percent that offer training in soft skills.

The present e4e mismatch between the available skills and jobs also has an outcome in the hiring of foreign workers. When employers find that local hires do not have the skills they need, they seek to import expatriates instead. It is common for an employer to say, “I’d like to hire more people but they lack adequate technical skills,” or to make reference to the fact that they had a shortage of engineers or people with English language skills, as was the complaint, for example, of a HR manager in a multi-national bank, who told us, “50 percent of the jobs I cannot fill are due to English language requirements”. Moreover, while importing foreign labor for manual jobs has long been relatively commonplace in the Gulf, other countries in the region have also started to resort to this practice: Algeria and Egypt, for example, are using Asian expatriate labor in sectors such as construction and textiles preferring them to young nationals from rural areas or other countries in the region. This is a relatively new phenomenon and could represent the start of a worrying trend, if employers were to start importing Asian labor for other manual jobs. Not only does this indicate that the region’s youth do not consider such jobs attractive, but also that employers do not believe they have the required work readiness to fill these relatively low-skill jobs.

THE VIEWS OF PRIVATE e4e PROVIDERS

In nearly all our interviews with private e4e providers, there was optimism regarding the market opportunity, balanced with frustration regarding the operating environment. The optimism built from student demand and positive feedback from private sector employers, as well as the thought that they were contributing to the educating of young people. The frustrations arose from four main sources. First, the complicated regulatory requirements are often unclear and frequently change. One leader of a private institution told us, “It can take years to comply with the regulations in order to open an institution.” Another provider said, “the Ministry has tight control over private education providers and every faculty member and each curricula has to be approved by them.” Many providers also spoke about the fact that receiving authorization was often based on regulations that are irrelevant to the education offered (e.g., “you must have 20 acres of land”).

The second issue is that private providers believe there is a lack of transparency and cooperation between



Nessrine AAAAA
AAARRRGHHH!
if I get one more
rejection... there's
only so much I can
take... Da3watku
**Sent 1 minute
ago**

Kareema i would have
been more clueless :)
Sent 6 minutes ago

Nessrine Keep your head
in the game habibti, wait
until u hear
Sent 9 minutes ago

Maha Rubina ma3aki,
what'll b will b
Sent 11 minutes ago

Nessrine Not sure how it
went...The interview bit
seemed ok but they gave
me a test, I was CLUELESS
Sent 15 minutes ago

stakeholders. For example, providers talked to us about the relationship with the government: “While we have a good share of the market, local regulations prevent us from doing more. In fact the government established and subsidizes our competition [a public provider] who has hired many of our employees.” However the frustrations over cooperation extend beyond relations with the government. Providers have told us that they find it difficult to get employers interested in taking on students in internships or in working with faculty. Similarly, they feel there is a lack of an institutionalized mechanism for matching students with job vacancies. It also speaks to issues of cooperation within the private providers sector specifically. For example, one provider told us, “Private sector players should organize themselves in a much more structured way...” but then continued, “...the problem is there is a lot of amateurism in this sector.”

This leads to the last issue, that of quality standards. e4e providers who believe they have high quality levels complain of the lack of guarantees about standards (there is no certification process). They feel this would allow students to make informed choices about their education and it would allow employers to differentiate the value of degrees. Without it, they feel that students will not be confident that they are making the right decision in pursuing courses in private post-secondary education. For example, one provider said, “International accreditation can help raise quality standards in the education system. Up until recently there was no accreditation within the country”.

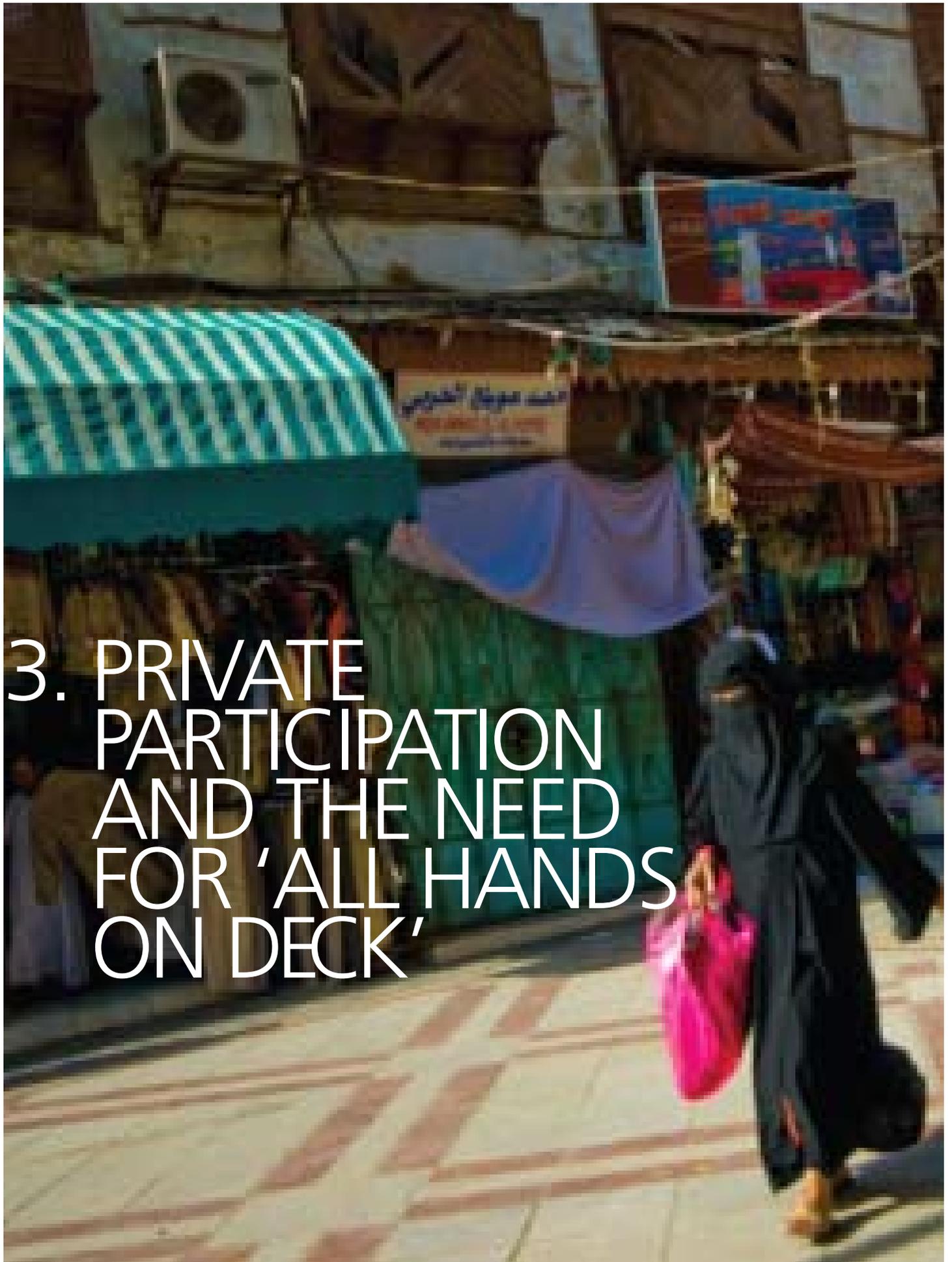
THE VIEWS OF GOVERNMENT

It is clear from our interviews with public sector leaders in the region that they believe the scale of the challenge over the coming decade requires full engagement of both public and private sector players. They believe that a greater contribution from private providers to e4e would be more than welcome. However, they also suggest that the motivations of the private sector are met by mistrust, particularly with regard to the fear that profits will be put before quality of outcomes.

Public sector leaders also believe another basic problem holding back the sector is the lack of a model for how the private sector and public sector can work together effectively in education provision. According to a government official, “We are trying to involve the private sector but are not sure how.” There is a lack of clarity both about what specific contributions the private sector can make and about what form the collaboration between the two sectors should take.

Governments agree that they have the responsibility to protect their citizens and to ensure that education providers (whether public or private) meet the desired quality standards, and to correct those who do not. However, many are still working towards creating a balance between safeguarding their citizens and opening up the landscape to additional private sector participation.

In summary, the views of stakeholders show a mixed and at times contradictory picture. But they all agree: there is a significant e4e challenge that requires urgent attention.



3. PRIVATE PARTICIPATION AND THE NEED FOR 'ALL HANDS ON DECK'

The e4e challenge faced by the Arab World is large, and it is urgent, as outlined in the previous chapters. Indeed, the scale of this challenge – creating tens of millions of new jobs over the next 10 years and shaping the workforce to be ready to fill those jobs – is so great that the region’s governments will need to adopt multiple strategies to tackle it.

Creating a solution is not a question of whether to engage the public sector or the private sector: improving skill standards for millions of young people demands that all possible resources be engaged. As when sailing a ship on stormy seas, the speed at which this needs to be done and the demanding conditions under which it must be tackled requires “all hands on deck.” To understand more about what increased private sector participation might resemble, there are four questions that should be answered:

- What can increased private sector participation add to the e4e system?
- How would the various e4e stakeholders respond to greater private provision? Would they welcome greater involvement? What are the challenges from their points of view?
- What are the key opportunities for private education and training providers in the Arab World?
- How can public and private stakeholders improve the environment to enable and facilitate the private provision of education and training?

The first two questions are addressed in this chapter, building on the stakeholder perspectives described in the previous chapter. The third question is examined in more detail in Chapter 4, and the fourth question is considered in Chapter 5.

THE VALUE OF INCREASED PRIVATE SECTOR PARTICIPATION

We believe there are three fundamental reasons why an “all hands on deck” approach is necessary:

1. The public sector cannot tackle the e4e challenge on its own

As discussed in Chapter 1, e4e will require a major expansion and facelift over the coming months and years. Already today, indicators show that the public sector will need to rely on other stakeholder groups to share some of the investment required to make the necessary transition.

For example, from an overall fiscal perspective, government budgets, as a percentage of overall GDP, have been decreasing throughout the region. In addition, from an education-specific perspective, the contribution of the public sector to education as a percentage of GDP has fallen in countries such as Egypt, Oman, Saudi Arabia, and Yemen.³⁴

Currently, the governments of the region devote 15-25 percent of their expenditure on education³⁵, higher than in many other countries (for example, Singapore, Finland, and the United States spend 11-14 percent). Thus, there are both clear inefficiencies in the way the money is spent and there is limited ability to significantly increase public e4e investment further. Other regions, when faced with similar constraints and the need for capacity expansion, have looked to the private sector. As a result, while a majority of post-secondary students in many Asian or Latin American countries are in private institutions, only 15-20 percent of students in the Arab World are in the private system.

2. Private players add unique strengths

Let us, for a moment, assume that capacity could be improved through public expansion on its own – would there still be a need for private participation? We strongly believe that there would be, as it is the private sector that will be not only the main employer of these graduates in the future but will also define what skills will be required in employment.

This reflects the declining role for the public sector as the main employer in the region. To describe the nature of this changing mix of jobs, it is useful to look at the hiring patterns. Unlike in past decades, when the public sector was a dominant employer, today the private sector is creating the majority of new jobs throughout the region. For example, in countries like Egypt, private employers create 80-90 percent of the new jobs.³⁶

Given the changing hiring patterns in the labor force, it makes sense that the range of skills employees are required to have is also changing – and, in fact, is more diverse than ever before. Adjusting to this reality requires both innovation and a rethinking of curricula, teaching methodologies, and desired outcomes. By giving more space to private providers in this arena, we encourage a broader range of innovative ideas to come forward. We explore some of these innovations in Chapter 4. For example, the private players in our case studies have brought an outcome focus to the provision of education. While they do consider inputs (e.g., secondary exam scores, teacher credentials, class size, etc.), they also place great value on measuring and communicating the employment statistics and facilitating the transition to the labor force (e.g., by investing in career services and guidance centers).

3. Speed and scale will be critical

Our purpose here is not to debate which particular stakeholder can scale up its provision most quickly; it is to underscore the point that the fastest possible increase in capacity will come from putting the greatest possible resources (financial and otherwise) into addressing the situation.

The size of the e4e challenge – and the fact that there is a brief window of opportunity for the Arab World’s youth to be educated for employment – means that the speed and



scale of the region's response is critical. The events of the past few months show that improvement must be quick. With youth unemployment already high, and 40 million to 50 million more young people expected to join the workforce over the coming decade, the case for all sides to focus on this issue is strong.

If we accept that the private sector can play a role in improving both the quantity and quality of e4e provision, the next question to address is whether this enhanced role would be welcome.

STAKEHOLDER WILLINGNESS AND READINESS TO ENGAGE WITH THE PRIVATE SECTOR

The first question to ask when considering whether the private sector's role is welcome in education is: How is the private sector viewed right now? Is it well regarded? If not, what stands in the way of its greater involvement?

As mentioned in Chapter 2, we have gathered views from multiple stakeholders through interviews, surveys, and visits. Below we present a summary of the stakeholders' views of their engagement with the private sector in e4e.

Private sector employers

Private sector employers welcome increased private sector provision in e4e. They view this opportunity as comprising two main aspects: improving their current labor force and improving the overall quality of the labor pool.

In terms of employers training their own labor force, much of this training today is provided in-house. However, some 29 percent of the companies surveyed offer training using an external provider; this number rises to 37 percent for large companies. Private employers tend to focus on technical skill training; they do not address soft skills to the same extent. Even though employers rate the need for improved soft skills as slightly more signifi-

cant than for hard skills (70 percent of new hires need improvement in soft skills, compared with 67 percent in hard skills), 86 percent of these same employers provide training in hard skills, compared with only 40 percent that offer training in soft skills (Exhibits 12 and 13).

Companies report that their training requires significant investment, averaging \$360 per employee, with a range from \$104 to \$2,321 across the region.³⁷ Companies would be better off outsourcing this function for increased quality of the training, cost efficiency and having flexible delivery schemes (night courses, weekend classes, etc)

Young people

Of the young people we surveyed, 36 percent say they are willing to pay for their education if it were to lead to better job prospects (Exhibit 14). This willingness is linked to income: the rate rises to 48 percent for those in the upper middle class, and decreases to 32 percent for those in the lower middle class.³⁸ It also varies significantly by country: where there is a perception of a strong public university there is a lower willingness to pay for private education.

Public sector leaders

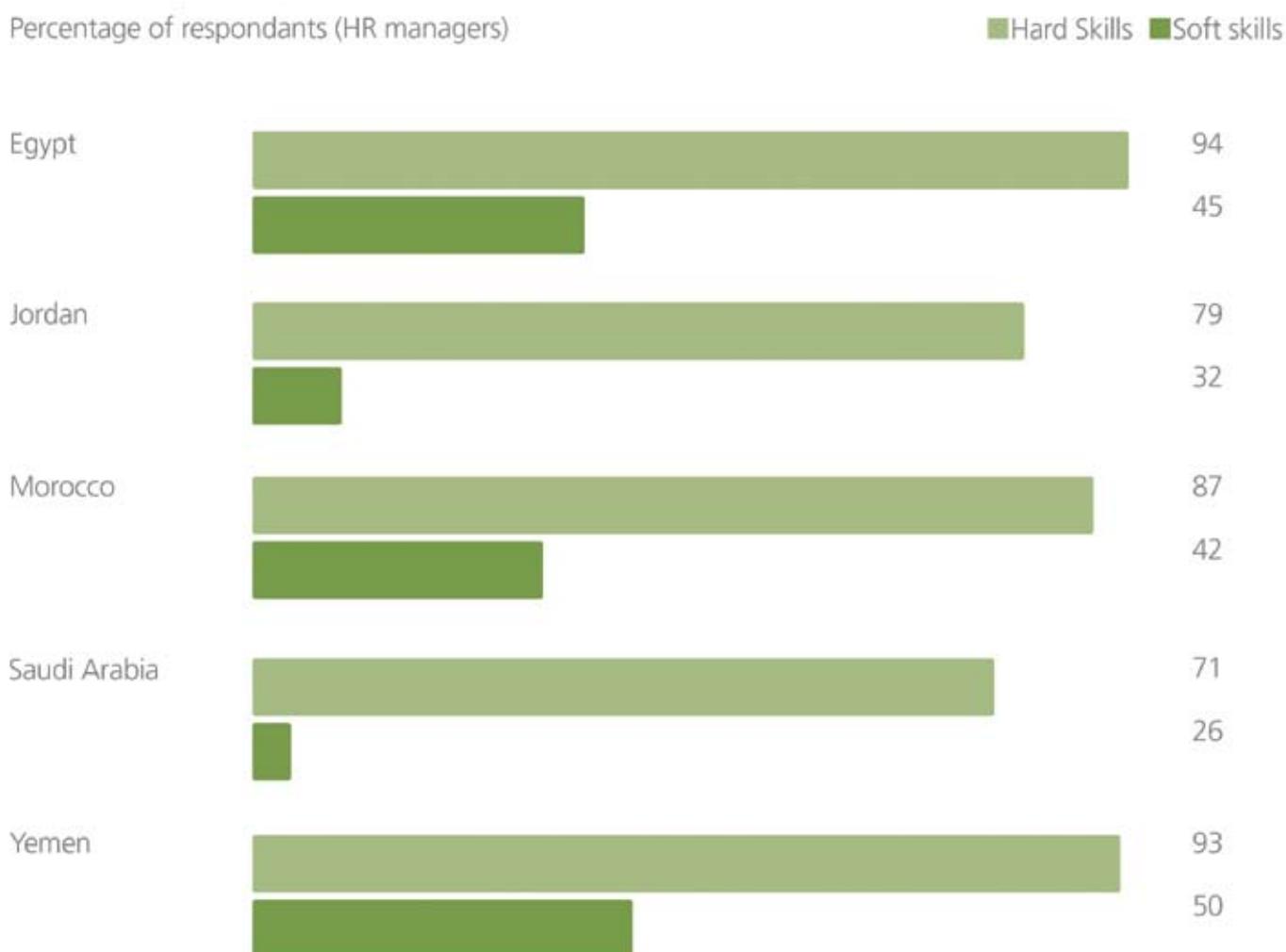
While realizing the need for increased private sector involvement, governments in the region also feel responsible for protecting their citizens and ensuring that education providers (whether public or private) meet the desired quality standards – and correcting those who do not. Several of our government interviews highlighted strong concerns that the private sector may compromise on genuine educational aims in its “hunger for profits”. Government leaders, therefore, sometimes feel that their role needs to focus primarily on eliminating “reckless profit making at the expense of students.” A representative comment from a public stakeholder was: “The private sector is not truly committed.”

EXHIBIT 12 EMPLOYER SURVEY QUESTION – DO YOU PROVIDE TRAINING TO YOUR EMPLOYEES?



SOURCE: e4e Employer Survey (n=1,500), 2010

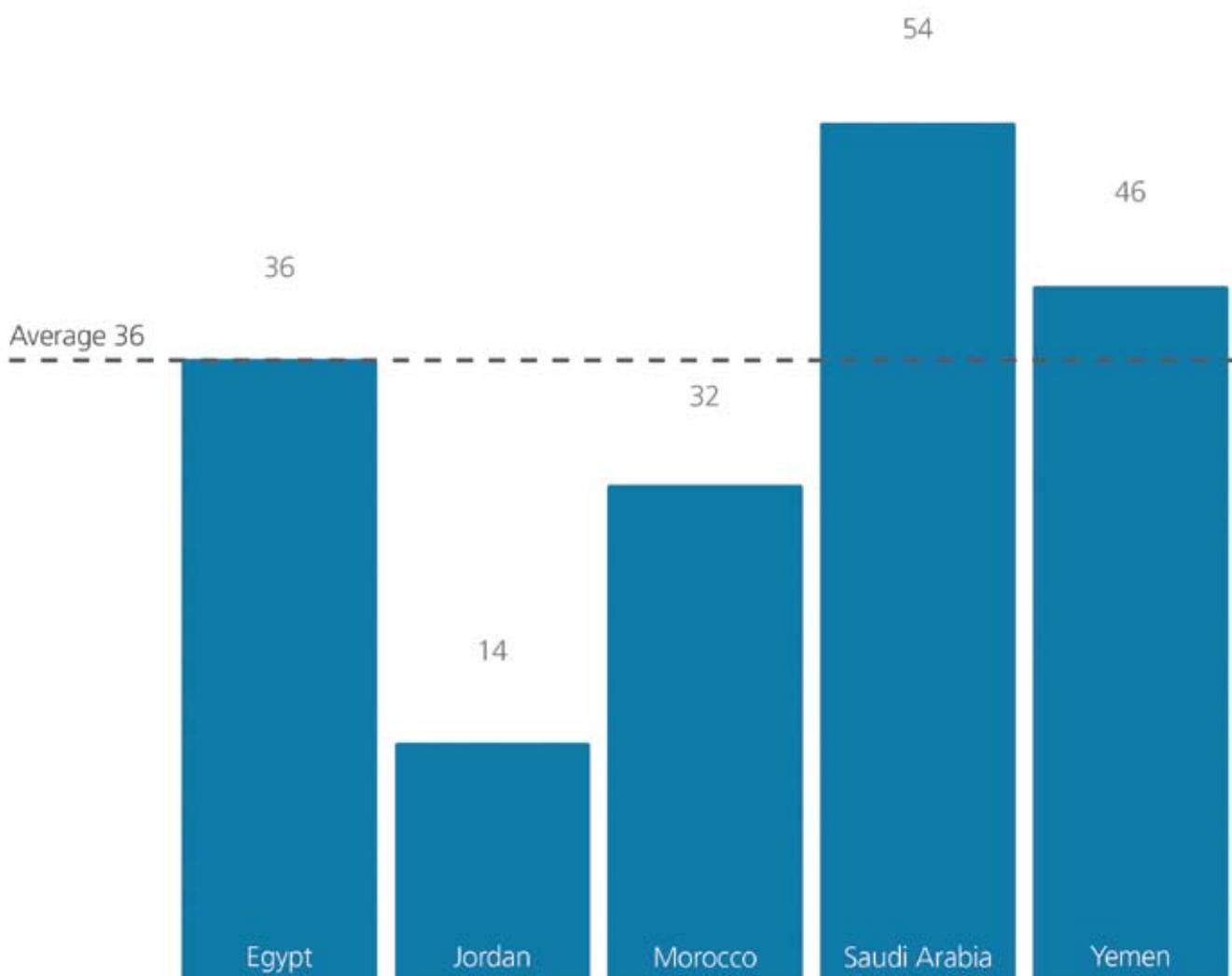
EXHIBIT 13 EMPLOYER SURVEY QUESTION – IN WHICH AREAS DO YOU PROVIDE TRAINING TO YOUR EMPLOYEES?



SOURCE: e4e Employer Survey (n=1,500), 2010

EXHIBIT 14 YOUTH SURVEY QUESTION – WOULD YOU PAY FOR POST-SECONDARY EDUCATION IF IT WOULD HELP YOU TO SECURE EMPLOYMENT?

Percentage of students who would pay



SOURCE: e4e National Youth Survey (n=1,500), 2010

Mustafa Ya akhi, plan is that I need to make some cash if I want to support the home and get married. The deal was study hard, do what they tell you, and get a job... it doesn't look like it is going to work out that way at all...
Sent 5 minutes ago

Nawaf That's right, laugh it up... have you figured out what u'r doing after you graduate? What's THE PLAN?
Sent 8 minutes ago

Mustafa Knowing the old u, that's probably a good thing...
Sent 10 minutes ago

Nawaf Trying...this customer service orientation program is even teaching me how to talk differently, it's gonna be a whole new me!
Sent 18 minutes ago

Mustafa At least you got a job y'abu shebab, hold on to it!
Sent 22 minutes ago

Nawaf Whatever dude...i'm in a orientation program for the first six weeks... they're trying to delete all the useless info in my brain from uni and replace it with stuff I need to kno for this job
Sent 28 minutes ago

Mustafa Did they realize they shouldn't have hired u yet? Can't see you in retail...
Sent 31 minutes ago

Nawaf Sorry ya akhi - it's my first week on the job so trying to be super focused... wassup?
Sent 34 minutes ago



Box 1 Private-public cooperation in Latin America

Business leaders in other developing countries have many of the same concerns as those in the Arab World with regard to the quality and preparation of their labor force. A recent survey of 192 Latin American business executives conducted by the Economist Intelligence Unit drew similar conclusions to the ones expressed here.

Latin American business leaders agreed that a better-educated workforce is an important component of success. Specifically, they linked the advantages of a better-educated workforce to better innovation, the ability to identify new growth opportunities, and an overall improvement in efficiency. However, these executives felt that certain key skills were missing in their region: "According to survey data, critical thinking, oral and written communication, and life skills top the list of skills missing in Latin America, a finding that is closely aligned with what respondents consider the most needed skills in the current global business environment."

These challenges mirror those expressed by business leaders in the Arab World. Furthermore, Latin American executives also find themselves reaching for the same types of solutions: internal training, contracted external training, and attempts to influence post-secondary curricula. Some 52 percent of survey respondents said their company was training new hires internally, and 39 percent said that they sponsored additional education at another institution.

For example, AeroMéxico, a Mexican airline with \$1.9 billion revenues, started out relying on its own resources, focusing on internal training. "We had to hire people and then train them to do the job." Later they began to collaborate with others to meet their training needs. Over the course of three years, AeroMéxico worked with the government of Jalisco and the Universidad Tecnológica de Jalisco in combination with their own partly owned training center to create a training course to teach specialized workers the required technical skills.

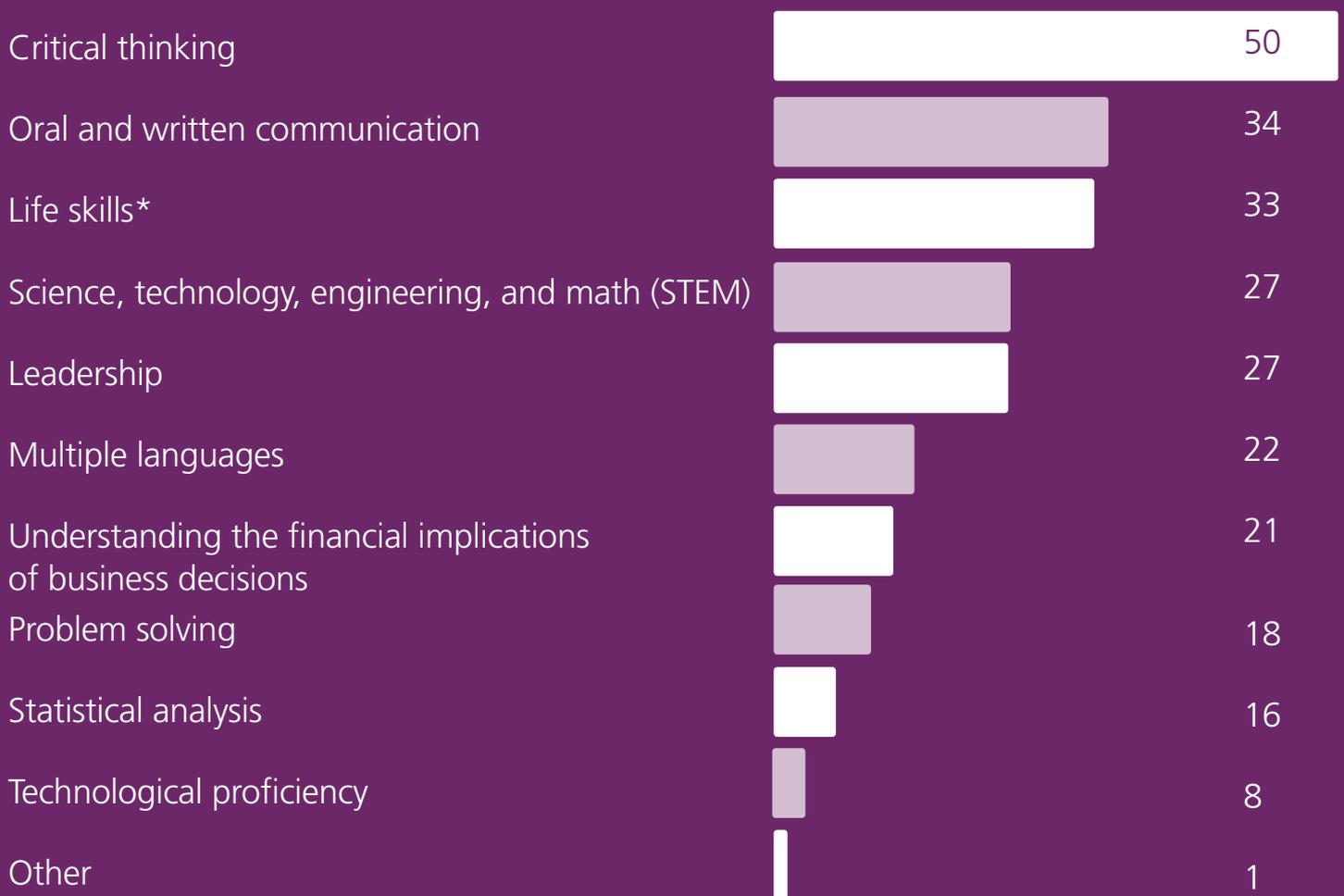
Despite the fact that the private sector is most active in establishing private educational institutions, area executives think that it should focus more on working with the public sector in public-private partnerships related to education. According to AeroMéxico's CFO, Sanchez Baker, "Communication with the authorities is the key."

An example that demonstrates this new type of partnership is Vale SA, a Brazilian mining company with \$38 billion in revenue in 2008 and more than 57,000 employees worldwide. Vale has worked to provide primary and secondary education through private partners for the families of employees and their villages but recognized the need to ensure the availability of highly qualified professionals. It therefore approached public universities in the states in which it had operations to create graduate programs in disciplines directly related to its business. According to the EIU, "The initiative has involved university professors, Vale's own executives who act as part-time teachers, and consultants. Influencing curricula has helped the company to get access to a qualified workforce."

Vale has also invested \$12 million in professional training centers outside the company to reach an additional 19,000 people and has agreements with 200 schools and universities in Brazil. Hanna Meirelles, global recruitment manager at Vale, sums up her company's philosophy: "It is better to be a partner than to set up an institution... some of these students may influence public policy in the future. There is a greater power of influence than if we were just doing it internally."

LATIN AMERICAN BUSINESS EXECUTIVE SURVEY QUESTION – WHICH SKILLS ARE MISSING IN YOUR NEW RECRUITS?

Percentage of executives who feel the skill is missing



* Defined as negotiation, networking, collaboration, and working with cultural diversity

SOURCE: Economist Intelligence Unit, Skills to compete: Post-secondary education and business sustainability in Latin America, 2009

Nawaf Keep the faith ya akhi... just had a session where the company told us about all the jobs they have but can't find people with the right skills. We'll figure this out for ya! i gotta get back into work mode - break's over...

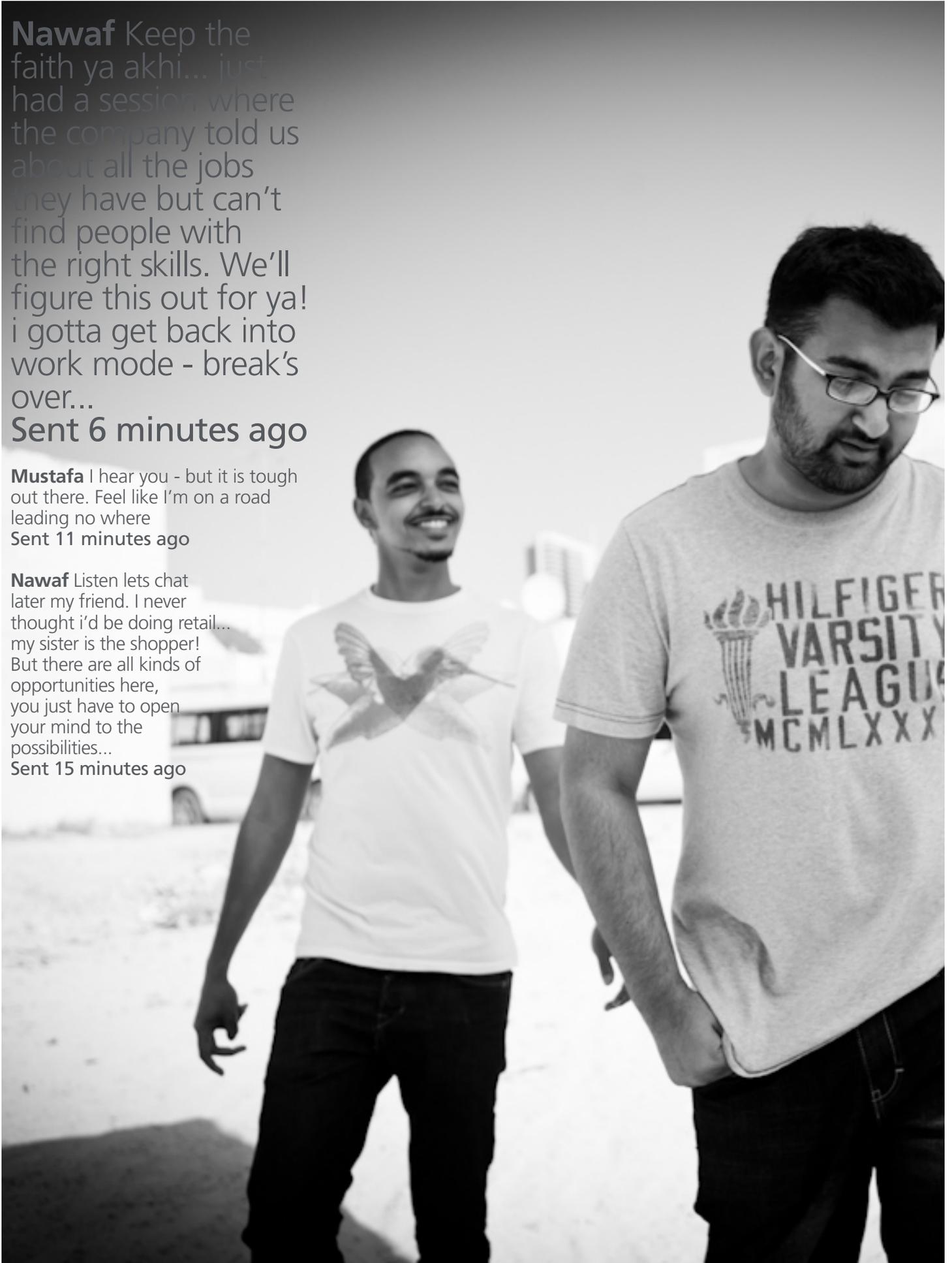
Sent 6 minutes ago

Mustafa I hear you - but it is tough out there. Feel like I'm on a road leading no where

Sent 11 minutes ago

Nawaf Listen lets chat later my friend. I never thought i'd be doing retail... my sister is the shopper! But there are all kinds of opportunities here, you just have to open your mind to the possibilities...

Sent 15 minutes ago



Governments, while saying they wish to encourage private sector involvement in e4e, worry about private sector motivations and have yet to learn how to work with the private sector effectively.

Public sector leaders also believe that another basic problem holding back the private sector is the lack of a model for how the private sector and public sector can work together effectively in education provision. According to a government official, “We are trying to involve the private sector but are not sure how.” There is a lack of clarity when it comes to what specific contributions the private sector can make, how to engage with the private sector, and what form the collaboration between the two sectors should take.

Private e4e providers

The final stakeholder is the private e4e providers. In nearly all our interviews with private e4e providers, as shown in Chapter 2, there was optimism regarding the market opportunity balanced with frustration over the present operating environment. The optimism came from student demand and positive feedback from private sector employers, as well as the thought that the e4e providers were contributing to the education of young people. Recapping the private providers’ perspective described in Chapter 4, the frustrations arose from four main sources:

- Complicated, often unclear, and frequently changing regulatory requirements
- Very limited financing mechanisms beyond family support to help students fund private education and training.
- Lack of transparency and cooperation with other stakeholders, e.g., employers
- Lack of an institutionalized mechanism for matching students with job vacancies.

Also, e4e providers who believe they have high quality levels complain of the lack of guarantees about standards (there is no certification process). They feel this would allow students to make informed choices about their education and it would allow employers to differentiate the value of degrees. Without it, they believe that students will not feel confident that they are making the right decision in pursuing courses in private post-secondary education.

In summary, our surveys show a mixed and at times contradictory picture. While it is clear that all the stakeholders agree in principal that the greater involvement of the private sector in e4e would be welcome, they also have a range of concerns. Students say they are willing to pay for education that would assure them of employment but are not keen on the vocational training that would help them achieve this and, at the same time, have unrealistic expectations about their potential salary levels. Similarly, while employers say they have concerns about the fit of educational provision with business needs and highlight skill gaps in both hard and soft skills, they largely invest in training that only addresses the former and are doing little to shape the overall e4e environment. Likewise, governments, while saying they wish to encourage private sector involvement in e4e, worry about private sector motivations and have yet to learn how to work with the private sector effectively.

Overall, private providers operate in what is an increasingly positive environment for e4e, with strong latent demand driven by the demographic bubble and major investment in employment creation. This gives the private sector numerous opportunities to further stimulate the growth of the educational sector. It is to these opportunities we now turn.

A photograph of a busy street in an urban area, likely in the Middle East. The street is lined with multi-story buildings featuring balconies and various signs. In the foreground, several cars are visible, including a white van and a red car. The text "4. PRIVATE SECTOR OPPORTUNITIES IN POST-SECONDARY e4e PROVISION" is overlaid in large white letters across the center of the image.

4. PRIVATE SECTOR OPPORTUNITIES IN POST-SECONDARY e4e PROVISION

OVERVIEW OF PRIVATE SECTOR OPPORTUNITIES IN e4e PROVISION

This chapter explores the roles private sector providers can play in the provision of e4e. When referring to private sector providers, we are looking both at for-profit, commercially driven providers, as well as social entrepreneurs and contributions by the wider civil society. While motives and other aspects may differ, we have found that most of the fundamentals highlighted here – the “conditions for success” – are relevant across the board.

In surveying the present landscape we kept two things in mind. First, how can private sector involvement stimulate the overall growth of the e4e system in the longer term? Second, how practical are these opportunities in the short term? The first question assumes that the opportunities will be of sufficient scale and impact (in terms of the number of students they can reach), that there will be pent-up demand and the means to fulfill them, and that the opportunities will complement the present public sector offerings. This places the focus on the areas with the biggest gaps. The second consideration assumes that the opportunities will be able to be realized and sustained in current market conditions. These opportunities are not limited to the for-profit private sector; there are opportunities for many different types of business models.

Based on this screening, we have identified three main areas of opportunity: 1) vocational education and training, 2) university education, and 3) work readiness.

In this section we describe each of these opportunities in some detail. For each opportunity we will first examine what is required to enable an organization to succeed (conditions for success) before looking at examples from within the region that illustrate how private sector organizations have taken up each opportunity. In addition, we include examples from other parts of the world that illustrate how each opportunity can be addressed on a larger scale. We have chosen this approach – that is, learning from multiple real-life case studies – in the hope that it may stimulate other (potential) providers in the region.

VOCATIONAL EDUCATION AND TRAINING OPPORTUNITY

This opportunity provides technical and vocational education and training (VET) to post-secondary school students in order to build their skills for the job market. The training is primarily oriented toward helping students achieve middle-level occupations. The student’s skill level is acknowledged through a diploma program. There is an opportunity here for the private sector to provide training linked to key growth sectors across the region (e.g., health care, tourism, IT, construction, etc.).

VET is the “forgotten middle” bridging the space between secondary school and work. The current gap is in both quantity and quality. At present, VET programs are too remote from their clients: they fail to provide training in employer-focused skills of the required quality. There are also far too few VET places for prospective students. This area will require massive investment over the coming years if workers’ skills are to be ramped up to the levels necessary to bring the region in line with the skills profiles of other rapidly developing regions. Achieving this will require the region to produce substantially more VET graduates than university graduates over the coming decades.

Conditions for success

Four conditions for success have been common to all the private providers in the region that have been successful in establishing VET programs:

- Close involvement with the industry in areas such as curriculum content, training provision, and internship opportunities to ensure that courses are kept up-to-date and in line with industry requirements. To bring VET programs to scale, the provider requires not just a connection to individual businesses but to the industry as a whole (e.g., through an industry association). This provides a broader platform for creating employment opportunities and ensures knowledge sharing that is broadly applicable to the entire industry.
- Wide recognition of VET qualifications (e.g., diplomas) by businesses within the industry or industries at the national (or international) level. The providers need to be accredited and assessed regularly to ensure they meet the required standards. This quality assurance is a key factor in ensuring that VET becomes as well regarded as other avenues of education.
- Assurance of employment with attractive wage levels. Providers that can guarantee employment are in the strongest position. One education provider we interviewed talked about the metaphor of a vacuum where “students have to be pulled through the funnel and placed into job vacancies.” This also speaks to the survey findings, which show that many students are willing to pay for e4e if the employment opportunities are improved.
- A business model with robust and diversified revenue streams. The region’s relatively small-scale market requires developing creative business models (e.g., by cross-selling goods or services that are produced as part of the training). These revenue streams might include tuition payments, government grants, corporate funding, and/or endowment funds, for example. Access to low-cost investment capital is also an important factor, as is, more generally, keeping overall costs low. Economies of scale can help achieve this, for instance, through innovations in program modularity, the use of technology, or using shared capital resources.

VET examples from within the region

We now examine in some detail three examples of how VET is being provided successfully within the region: INSIM, a private sector VET provider from Algeria; the training academy of Egypt's Al Araby group, a partnership between a large manufacturer and a vocational institute; and the Saudi-Japanese Automotive High Institute, SJAHI, a VET program founded at the behest of a Saudi Arabian industry association that provides internationally recognized qualifications.

The first of the conditions for success is industry involvement: there are numerous ways of ensuring this. INSIM, for instance, prides itself on the strong links its faculty has with business, its internships, and its private sector orientation. Its director says, "Our VET students come to us because they are sure they will be trained by industry professionals that will facilitate their transition to the job market." Meanwhile, because students in the Al-Araby program spend time in a work environment while studying a curriculum jointly developed by Al-Araby and the company in which they work, the students also develop a link with the industry. Likewise, SJAHI's development was driven directly by the needs of the industry itself. All three of these approaches show how direct relationships with industry are critical to success.

The second condition for success is that there needs to be recognition for the VET qualifications: without this, the training that students receive will not make them truly marketable to prospective employers. In all three case examples, the requirements of the industry they serve are directly met in the curricula of the VET programs, thus the industries involved trust the qualifications the providers award. While INSIM has developed a three-pronged strategy to shape perceptions, Al-Araby depends on its brand name and that of Toshiba, and SJAHI gives its students internationally recognized certificates.

The third condition for success is the assurance of employment upon qualification. Clearly, this is of great importance to the students, as this is their motivation for investment in the course. Students from all three of the institutions examined here have very high rates of employment. In fact, Al-Araby and SJAHI both guarantee placement for their graduates.

The final condition for success is a strong business model. All three examples focus on sectors with significant growth to ensure strong demand from students. As a result, an education provider like INSIM can charge robust tuition rates. In addition, Al-Araby and SJAHI are able to sell the goods and/or services produced by the trainees. In this way, the costs of the training programs are subsidized.

International large-scale VET examples

Having studied SJAHI, it is instructive to look at a private sector Chinese VET enterprise operating in the same area. China Vocational Training Holding (CVTH) is owned by

DT Capital, a Chinese private equity firm. The provider clearly fulfills the first condition for success by having deep relationships with the automotive industry, which is directly involved in CVTH. This involvement includes playing an active part in the design of its courses, as well as in the delivery of its training programs.

These relationships have also helped the provider meet the second condition. The one-to-one correspondence between the content of its courses and the industry's needs meets the qualification requirements of the car industry and gives the students a strong sense of confidence about what they are learning. Its car maintenance programs range in duration from 5 to 14 months. In addition to the basic courses, its prospectus includes advance repair courses in areas such as electronic fuel injection and automotive computer systems. Each course provides students with extensive, practical, hands-on experience. To date, CVTH has won more than 1,800 training contracts with automotive companies within the industry. It leverages this network to place all of its students once they are trained. This ability to assure students employment at the end of their course is at the core of its value proposition.

The fourth condition, a robust business model, is produced by a combination of reputation, scale, and continuous marketing. CVTH currently operates thirteen VET centers across the country. In 2007, it trained 80,000 students, charging fees that ranged from the equivalent of \$870 for the basic 5-month program to \$2,800 for the 14-month program. Its pipeline of students is supported by extensive advertising and marketing, on which it spends nearly 20 percent of its annual budget. This ensures that the VET provider maintains a very high profile throughout China. For example, the company's TV and cinema commercials have featured a number of famous personalities, such as the martial arts film star Jackie Chan.

UNIVERSITY EDUCATION

Helping to provide a university education is an opportunity for the private sector to participate in creating a path that meets the needs and hopes of both students and their future employers – and does so in a cost-effective way. There appears to be substantial appetite for this in the region, and a number of countries are keen to establish private universities and even provide seed funding as seen in Oman.

The market opportunity is driven by two factors. First, many countries in the region are short of open spots at universities relative to international benchmarks, particularly in popular fields such as technical and natural sciences. Second, across the region, the current undergraduate system is largely disconnected from the demands of the job market. There is therefore substantial room to better tailor the educational curriculum to the needs of private employers and the roles that students will be expected to fill once they graduate. The category of university education covers several different types of university provision.

EXHIBIT 15 CASE EXAMPLE PROFILE – INSIM

Institut International de Management (INSIM)

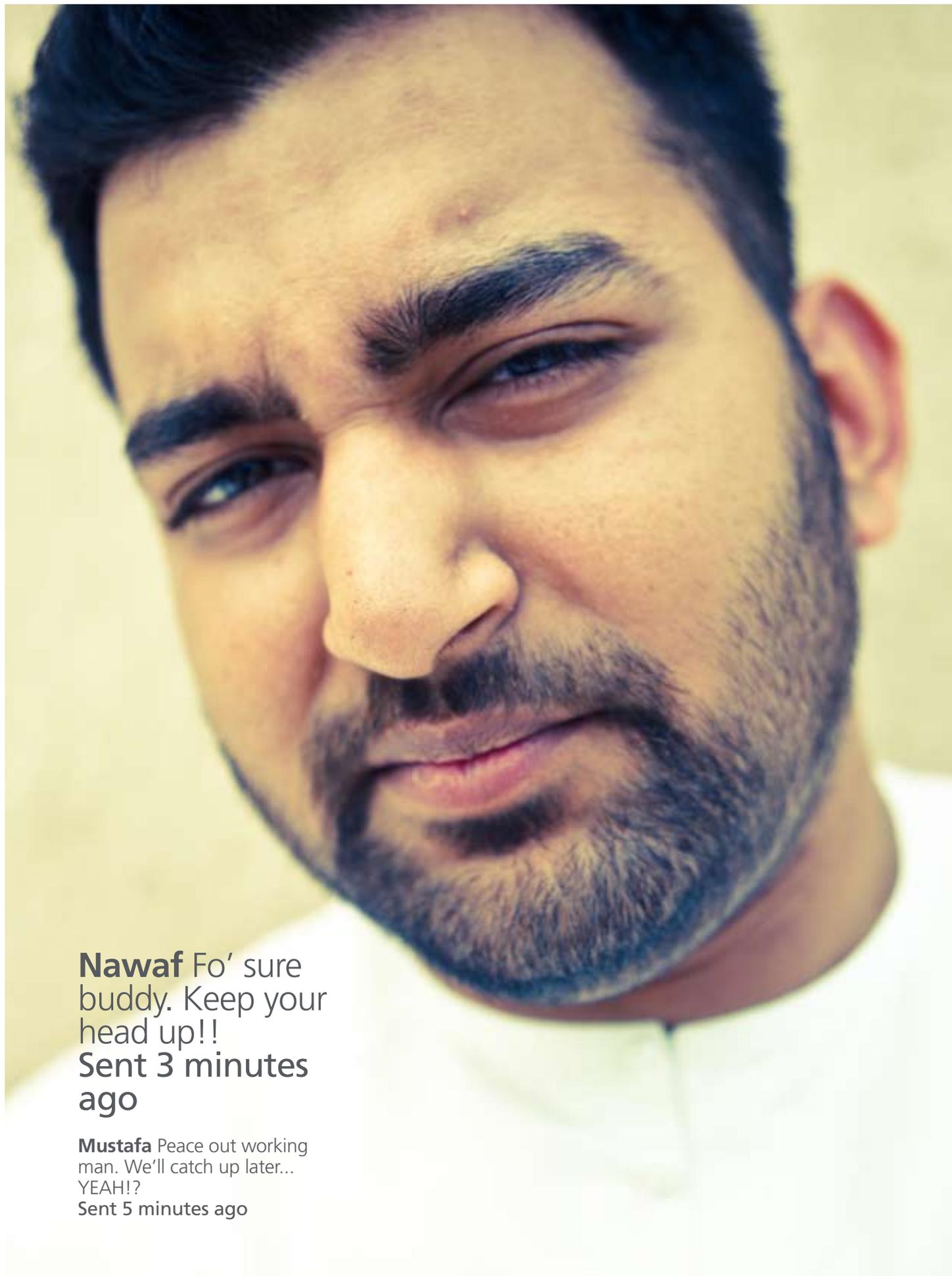
Profile of organization

- Educational institution founded in Algeria in 1994
- Private, for-profit
- Now one of the few nationwide VET providers in the region with 12 locations across Algeria
- 10,000 students as of 2009, 80 percent in VET programs and 20 percent in continuing education programs

Profile of intervention

- Close links to industry:
 - Mandatory internships in some programs
 - Strong faculty links with industry
- Credibility:
 - Three-part strategy to overcome negative VET perception by linking VET courses to academic programs:
 - Involved academics in the creation of its programs
 - Formed partnerships with well-respected western academic institutions (e.g., LaSalle, Canada and PGSM, France)
 - In some of its VET programs, practical training is combined with university education
- High degree of employability of graduates:
 - Some 90 percent of those graduating from INSIM find employment within a year of their graduation
- Strong business model:
 - Focused on IT courses in areas such as programming and network management, which have growth
 - Charge significant fee of an average of USD 1,330 per student across all its programs
 - Enrolment growing quickly (~25 percent per year)

SOURCE: Interviews, McKinsey & Company team analysis



Nawaf Fo' sure
buddy. Keep your
head up!!
**Sent 3 minutes
ago**

Mustafa Peace out working
man. We'll catch up later...
YEAH!?
Sent 5 minutes ago

EXHIBIT 16 CASE EXAMPLE PROFILE – AL-ARABY GROUP



Al-Araby group

Profile of organization

- Private, for-profit Egyptian company
- Many business lines, including manufacturer of Toshiba in Egypt
- 16,000 employees total
- Quality of manufacturing is critical in industry (won top Toshiba quality award)
- Partnered with a VET institution in Egypt to create a 3 year training program to address shortage of ~300 technical employees

Profile of intervention

- Close links to industry:
 - Students spend two days in school, and three to four days in the actual work environment each week
 - High degree of control over the training of their future workforce (e.g., co-developed the curriculum)
- Credibility:
 - Diploma that is widely respected throughout Egypt
 - Partnership with existing institution
 - Al-Araby / Toshiba brand name
 - Competitive entry (more demand than spaces available for the program)
- High degree of employability of graduates:
 - All who complete the program successfully are guaranteed a job
 - Compensation rate is high when they graduate (approximately USD 250 per month)
- Strong business model:
 - Training is relatively inexpensive for the company
 - Students receive a stipend of USD 50 per month
 - Additional on-the job training is not needed once students are formally employed
 - Sell products made by trainees (as long as quality standard is met)

SOURCE: Interviews, McKinsey & Company team analysis

EXHIBIT 17 CASE EXAMPLE PROFILE - SJAHI

Saudi-Japanese Automotive High Institute (SJAHI)

Profile of organization

- Education institution founded in 2003 as a not-for-profit organization
- Started in response to acute shortage of Saudi workers with maintenance engineering skills; as a result, Saudi industry association approached the Japanese manufacturers association
- Received start-up capital from industry association, Japanese auto-makers, and Saudi government
- Annual output of 200 technicians

Profile of intervention

- Close links to industry:
 - Japanese government provide highly qualified maintenance technicians, who are part of institute's faculty
 - Japanese car manufacturers association supply the necessary machinery, equipment and teaching materials
- Credibility:
 - Graduates have internationally recognized qualifications
 - Courses taught according to Japanese standards
 - Upon graduation, the institute awards a diploma that is the direct equivalent of Japan's Grade 3 Automotive Technician qualification
- High degree of employability of graduates:
 - Employment is assured for newly qualified technicians, who are all employed directly by car retailers that are members of the industry association
- Strong business model:
 - Training is relatively inexpensive for the company
 - Students receive a stipend of USD 400 per month
 - Additional on-the job training is not needed once students are formally employed
 - Sell services delivered by trainees (as long as quality standard is met)
 - All the institute's operating costs are fully underwritten by the industry association.

SOURCE: Interviews, McKinsey & Company team analysis



At one end of the scale, the investment is in the establishment of autonomous, private universities or colleges; at the other, it is in the opportunity for private employers to work with existing universities (either private or public) in shaping specific courses.

Conditions for success

The e4e opportunity requires tailoring the university curriculum to the needs of private employers and the roles that students will be expected to perform once they graduate. There are four conditions for success:

- The university leadership should seek involvement from industries/employers. Some examples we have seen include industry participation on the advisory board and in creating partnership opportunities for student learning in which the students can look to companies for guidance on their graduation projects, case examples, etc.
- The faculty must include members with a solid background in industry (e.g., industry-based or experienced professors). Their expertise will give the students direct access to industry knowledge and ground their learning in the practical, everyday reality they will face once they have graduated.
- The university must proactively support the students in finding suitable employment. A commitment should be made to help them find full-time work and internships through strong employer links and career guidance.
- To achieve scale, providers will need to focus on extending their markets in order to optimize the number of students the university can reach. The experience of start-up providers indicates that in most cases a strong initial focus on teaching over research has helped them gain critical mass quickly. Additionally, universities might consider extension education and

online teaching. This approach has been widely successful outside the region but has yet to be adopted within it.

University education examples from within the region

Three examples from the region demonstrate different approaches to exploring the university education opportunity from a private perspective. First, we have Pharmacy1, an example of cooperation between the private sector and the public education sector. Next, we have the American University of Iraq – Sulaimani (AUI-S), a private, not-for-profit university. And finally, we look at the Arab American University in Jenin (AAUJ) in the West Bank, a private, for-profit university. Then we examine two international examples for comparison: the Lahore University of Management Sciences, a highly regarded private university in Pakistan that is gaining an international reputation, and the university branch of Anhanguera, in Brazil.

The first condition for success is to ensure strong industry involvement in the university. We have seen different models for ensuring such involvement. At AAUJ, industry involvement begins at the top: the university was founded with an investment from the business community, and its leaders emphasize continuous involvement from that community. This includes producing certified modules that provide practical training and a business incubator office. The university has also focused its course offerings on the areas of the Palestinian economy that are most in need (for example, the university emphasizes information technology and engineering, as well as commercial law, an underrepresented area). Similarly, AUI-S holds workshops with private sector leaders to solicit input on curricula. In addition, it has strong private sector board representation, including well-known industrialists, a technology entrepreneur, a financier, representatives from the media, and not-for-profit entrepreneurs in health care and environmental fields. Meanwhile, Pharmacy1 has tak-

en quite a different approach to ensuring links between industry and education. As a corporate entity not focused on teaching pharmacy students, it faced significant difficulties in hiring well-trained pharmacists for its outlets. Pharmacy1 realized that the most effective way to address its needs was to set up its own training program within Jordan's universities. As a result, it donated replica pharmacies to four Jordanian universities. These replicas are now used for teaching. Furthermore, retail pharmacy has since become a core part of the pharmacy curriculum.

The second condition for success is to involve those with industry experience in the actual teaching of students. The two Arab-region universities do this in a fairly conventional manner. For instance, AUI-S attracts faculty with industry experience by paying salaries that are competitive with the market rates (approximately \$1,000 per month). Pharmacy1 has an even more direct connection, as it is closely involved with teaching pharmacy in Jordan's universities. Not content with donating the model pharmacies, the company also used its own employees as faculty for the retail courses. In addition, the CEO has taught leadership and communication classes to pharmacy students on a voluntary basis. This has not only allowed Pharmacy1 to provide instruction that is directly applicable to future employment but also to facilitate the interaction of students with experienced retail pharmacists. The result is that the image of retail pharmacy has begun to change in the minds of students. Whereas in the past pharmacy graduates had a negative perception of a retail career, that path is now more popular.

To fulfill the third condition for success, the two universities highlighted here provide internships that give industry experience to their students during the final years of their course. For example, the AAUJ's MBA program in International Management and Leadership is offered in conjunction with Germany's Furtwangen University. This enables many of its students to gain practical experience in Germany, which in turn gives them an advantage when seeking employment after graduating. The two universities also require all students to complete 100 hours of work in a public sector office or a nonprofit organization as a graduation requirement. In addition, they help students transition into the labor force by offering career counseling and interview training, and follow up with students post-graduation. For Pharmacy1, its strong involvement in retail pharmacy courses has ensured that the graduates of these courses readily find employment in retail pharmacy in Jordan. Pharmacy1 says it now finds it easier to recruit the pharmacists it needs, spends less time training each new pharmacist, and also believes that they have fewer "mis-hires."

International university education examples

We now turn to two examples of private sector involvement in university provision from outside the region to give a better sense of the full potential of this opportunity.

Pakistan's Lahore University of Management Sciences (LUMS) was founded in 1986 with sponsorship from both the private and public sectors. The investment was channeled through a trust called the National Management Foundation. Today the university offers courses from bachelor to doctorate level, including MBAs. Roughly 40 percent of the students receive some form of financial support, including student loans: during the academic year 2009-10 students received almost \$1 million in financial aid. Half the university's revenues come from tuition fees, with the remainder coming from grants from the private sector.

LUMS' strong ties with industry, both through the foundation as well as its faculty, are in line with the first condition for success – industry involvement. These industry connections help ensure that the university keeps the curricula relevant to industry needs. For example, it is the only business school in the country that includes cases set in Pakistan in its curriculum; these cases are developed in conjunction with local businesses. With regard to the second condition for success, involvement of instructors with industry backgrounds, some 22 percent of the university faculty members are also members of boards of industry; 11 percent have at some time owned and run a business. LUMS teaching staff is attracted to the university because of its industry-level remuneration and attractive benefits. The third condition, an assurance of employment at competitive wage levels, is also driven by these connections. Leading companies recruit on campus: 66 percent of LUMS' students receive a job offer prior to graduating, with the remainder finding a job within three months of graduation.

However, like the examples from within the region, LUMS does not truly fulfill the fourth condition for success: achieving large scale through extending its provision. We will now examine how Anhanguera in Brazil achieves this.

Anhanguera is a joint university/VET educational institution founded in 1994. It is the largest for-profit education provider in Brazil, with 500,000 VET students and 300,000 university students. Anhanguera offers 64 undergraduate courses, 42 graduate courses, and more than 100 extension courses. To reach this scale, the university carefully evaluated markets in Brazil and identified 100 cities that it believed offered attractive conditions for its centers. It then targeted these centers for growth. This approach has resulted in 54 campuses. In addition, it has 774 distance learning centers spread throughout the country that allow its students to continue working while completing their studies.

Anhanguera has made costs a major focus. For example, its extensive use of online learning enables it to keep costs down. It also creates its own learning resources instead of purchasing them. An important part of its expansion strategy has been to focus on middle- and low-income working adults. This segment seeks to acquire additional skills

EXHIBIT 18 CASE EXAMPLE PROFILE – ARAB AMERICAN UNIVERSITY IN JENIN (AAUJ)

Arab American University in Jenin (AAUJ)

Profile of organization

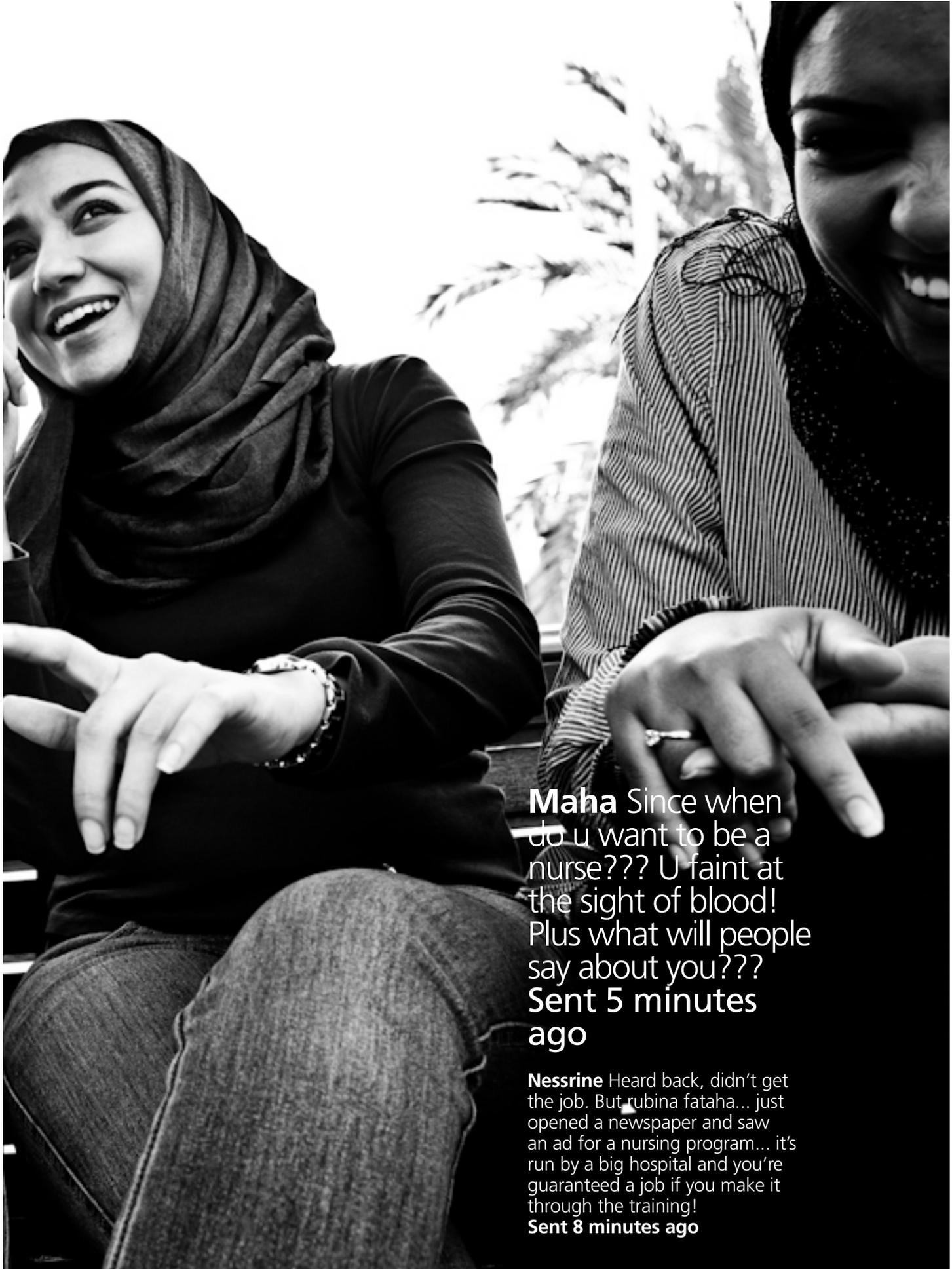
- First private university in Palestinian Territories*, founded in 1996 and began teaching in 2000
- Established by expatriate Palestinian investors
- Starting with just 200 students in 2000, it has since expanded to 5,200 students across 26 undergraduate and two graduate programs
- The university is now profitable, after having broken even in 2008

Profile of intervention

- Involvement from industry:
 - Investor led and owned
 - Emphasis on practical training
 - Certified modules for specific skills
 - Business incubator office
 - Special centers for IT, English language training, dentistry, continuing education
 - Employer surveys
 - Training programs tailored to specific institutions
- Linking students to the workforce:
 - Practical experience training
 - Graduation requirement of 100 hours work in public sector office or a non-profit organization
 - Surveys of graduates to assess transition to labor market
 - Career counselling workshops and interview training

* This is referred to in the World Bank Group as West Bank & Gaza and in the IsDB Group as Palestine.

SOURCE: Interviews, McKinsey & Company team analysis



Maha Since when do u want to be a nurse??? U faint at the sight of blood! Plus what will people say about you???

Sent 5 minutes ago

Nessrine Heard back, didn't get the job. But rubina fataha... just opened a newspaper and saw an ad for a nursing program... it's run by a big hospital and you're guaranteed a job if you make it through the training!

Sent 8 minutes ago

EXHIBIT 19 CASE EXAMPLE PROFILE – AMERICAN UNIVERSITY OF IRAQ – SULAIMANI (AUI-S)

American University of Iraq – Sulaimani (AUI-S)

Profile of organization

- Formed in 2006 as a private not-for-profit institution in response to the needs generated in Iraq's reconstruction
- Vision is to develop the future leaders of the country and to promote the nation's development through the study of commerce, economics, business and public administration
- Three programs: pre-academic English language program, undergraduate programs, and postgraduate Master of Business Administration program. All classes are in English
- ~500 enrolled students
- Accredited by the American Academy for Liberal Education

Profile of intervention

- Involvement from industry:
 - Workshops with private sector leaders to solicit input on curricula
 - Strong private sector board representation, including leaders in industry, technology, entrepreneurship, media, finance, not-for profit
- Faculty with industry experience:
 - Actively recruits faculty with industry experience
 - Salaries levels are competitive to market rates (approximately USD 1,000 per month)
- Linking students to the workforce:
 - Career services center currently being set-up to include:
 - Individual career planning and preparation (including professional development plans, mock interviews)
 - Teaching of resume writing, job-search techniques, interview training
 - Employer panels, career fairs, job /site visits and guest speakers
 - Internship opportunities
 - Research resources for job sectors and employers

SOURCE: Interviews, McKinsey & Company team analysis

EXHIBIT 20 CASE EXAMPLE PROFILE – PHARMACY1



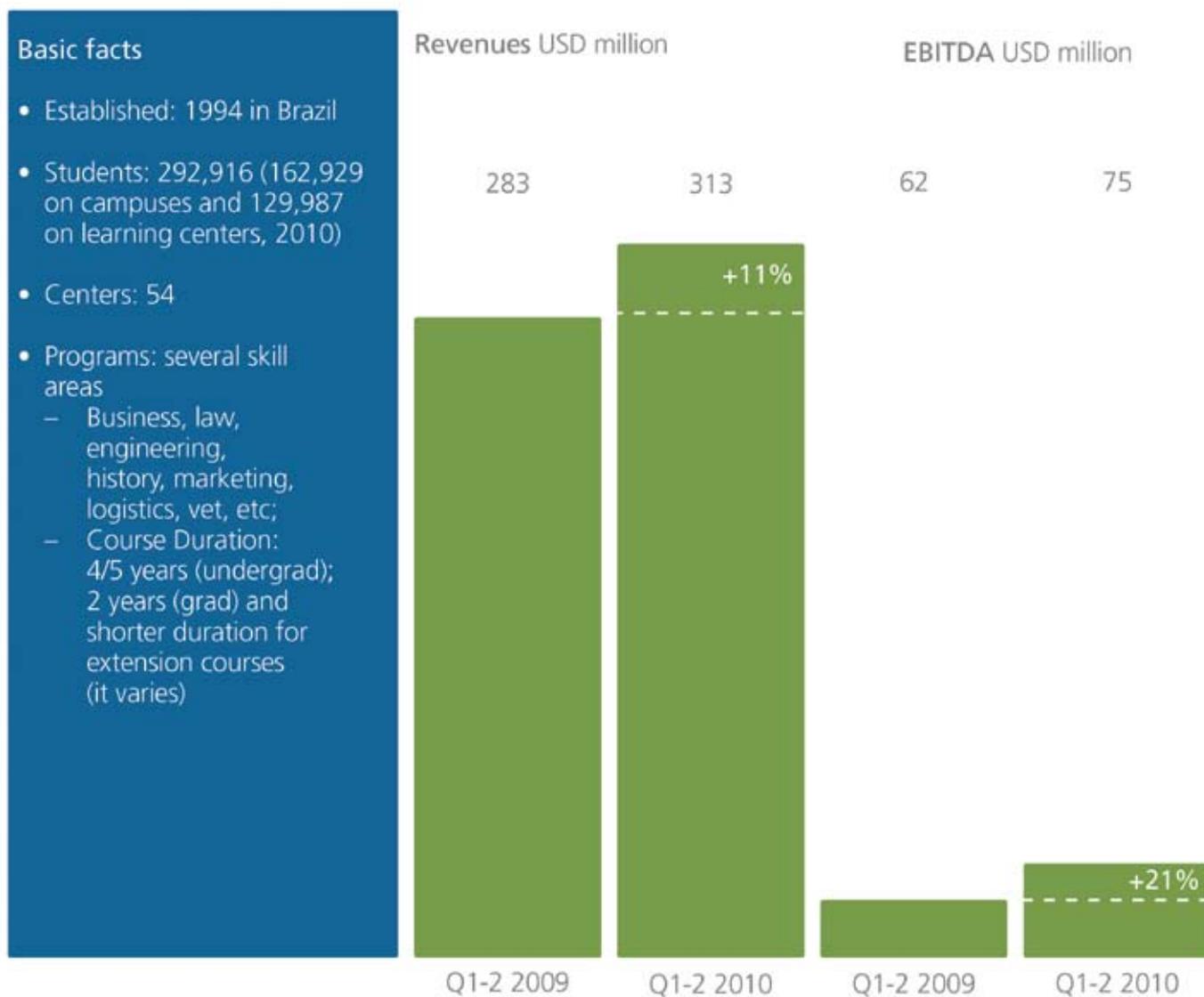
Profile of organization

- Largest pharmacy chain in Jordan, started in 2001
- Approximately 50 pharmacy branches today (employ ~250 pharmacists)
- Vision is to be the leading pharmacy in the Middle East
- Currently expanding regionally, with a recently announced expansion into Saudi Arabia
- Consistently struggled to recruit reliable and skilled retail pharmacists because of the lack of adequate training and the negative perception of retail pharmacy

Profile of intervention

- Involvement from industry:
 - Currently partner with four universities in Jordan (University of Jordan, Jordan University of Science and Technology, and 2 smaller private universities)
 - Donated replica pharmacies
 - Instilled retail pharmacy as a part of core curriculum
- Faculty with industry experience:
 - Uses own employees as faculty for the retail courses
 - CEO teaches leadership and communication classes to pharmacy students
- Linking students to the workforce:
 - Replica pharmacy gives students training in retail practices, and eases their ability to find jobs
 - Pharmacy1 is better able to attract students for employment because of changed perception
 - Pharmacy1 also able to better evaluate potential recruits, lower cost of mis-hires, and needs to spend less time training recruits once hired

EXHIBIT 21 UNIVERSIDADE ANHANGUERA – FINANCIAL HIGHLIGHTS



SOURCE: Company website

Box 2 Post-secondary preparation programs

There is an opportunity that is closely connected to the university education opportunity: preparing students for entrance to post-secondary education. This program provides secondary-school students with an academic bridge between high school and higher education. Such preparation is needed because frequently there is a gap between the standards of secondary education and the level of knowledge required in post-secondary education, particularly when students choose to study abroad. The areas of the curriculum most commonly focused on are the foundation areas (reading and writing in Arabic and English, as well as mathematics) and “soft skills” important for university success. While these soft skills overlap with the “21st century skills” that employers value (e.g., oral and written communication, critical thinking), the main purpose of focusing on them is to help provide students with the tools they will need to succeed in their education (e.g., effective study skills, how to research and write a university-level paper, etc.).

In the Arab World, this preparation for educational success takes two main forms: foundation-year programs and tutoring (informal and formal). In addition, though this has yet to develop in the region, there is also potential for private providers to play a role in curriculum development and teaching.⁴¹

Foundation-year programs are conducted in many of the major public and private universities across the region. These courses bridge the gap between the secondary school level and what will be required of students upon entering university. They are typically four to nine months long and are equivalent to a first year of university education, spanning the foundation subjects and the soft skills necessary for university success, as well as the skills that will prepare them for the workplace later on. The programs often rely on private education providers for support in developing and teaching the curriculum, as is the case in the partnership between the King Saud University in Saudi Arabia and its private sector providers, such as Bell Educational Trust and Obeikan, among others. The programs offered by this arrangement are preparatory courses for first-year students in English, math, and IT literacy. Initially, students are given placement tests that identify their level of need. At the end of the program, they take part in international certification examinations to measure their level of improvement.

The second form of education preparation is formal and informal tutoring that aims to make up for the failings of the K-12 system. Informal tutoring is common in countries such as Egypt, where secondary school teachers often hold private tutorial sessions to prepare students for their final secondary school exams. The tuition fees can be high in comparison to general price levels (e.g., \$20-\$100 per month, per subject). Generally, the students are focused on memorizing content, and so they neither learn how to properly analyze and apply that content, nor do they learn the soft skills they will need for future success.

In addition to informal tutoring, private education providers have recently entered the market of providing secondary students with tutorial help. This form of tutoring focuses on both the final secondary school exams and the university entrance tests, as well as standardized tests like the SAT/ACT. One example is Sylvan Learning, which is a franchised tutorial provider founded in 1979 that now has over 1,100 centers in North America and elsewhere in the world. Sylvan has a presence in the GCC, with centers in Bahrain, Kuwait, Qatar, and the UAE, and has further expansion planned for other countries in the region.

Sylvan offers instruction in reading, writing, math, study skills, and preparation for the various exam levels. The tutoring takes place in small groups of two or three people, or even on a one-to-one basis. Sylvan’s sessions are held at times convenient to its students’ needs: in the evenings, on the weekends, or online. Pricing varies by program length and subject, ranging from \$30-\$60 per hour. It uses a formalized assessment system (Sylvan Skills Assessment®) to assess student needs. In addition, its teachers are certified in the subjects they teach by the company, and it offers its students a guarantee of improvement.



Nessrine

I'm done
waiting
habibti...Gotta
look out for my
future cuz no
one else is!
Ma3alyna, get the
word out to your
sis... go healthcare:)
**Sent 5 minutes
ago**

Maha La, seriously? Why don't you
just wait longer for the government
job you applied for and see what
happens?

Sent 9 minutes ago

Nessrine

Since I realized the skills I got in uni
are a no-go in the souk. Walla, at
least this program gives u exactly
the skills they want u to have 4
the work they want u to do
Mom's not cool with it yet
but Dad likes the job being
guaranteed bit :)
And i want a job bad
enough that i'll get
over the blood
AND what people
say... At least i'll
be getting
paid and
they're not!

**Sent 12
minutes
ago**

to get better-paying jobs. To serve this otherwise poorly catered to group, Anhanguera offers flexible evening courses that enable its students to study while continuing to work. Again, this leverages distance-learning techniques that make the educational provision widely accessible, as well as more affordable.

Anhanguera's approach keeps its fees low: the cost of pursuing a business administration degree in 2010, for instance, ranged from \$218 per month for distance learning courses to \$328 per month for campus-based courses. In addition, an incentive-based scholarship program provides students with a discount on the normal fees (the scholarships offered are worth more than \$200 million annually). Students can also take advantage of bank financing to help them pay the fees.³⁹ Anhanguera's business model is financed through a diversified portfolio of revenue sources including student tuition fees, private sponsorships, donations, and grants.

While its rapid expansion in only 15 years is impressive, Anhanguera has not sacrificed quality; it is rated highly both by its own students and the Ministry of Education. Its students give it an 80 percent satisfaction rating and the Ministry rates it as achieving 4.1 out of 5 in a Ministry-administered assessment that includes student satisfaction and performance on standardized tests in different fields.⁴⁰

WORK READINESS PROGRAMS

In the longer term, work-readiness programs could have a massive and positive impact on the economies of the Arab World. Because the economies of this region depend on small enterprises, developing work-readiness programs that are oriented toward employment at these enterprises will have a very positive impact on business performance; this will, in turn, create further employment opportunities.

Conditions for success

For work-readiness programs to be successful in the region under present conditions, they must be able to bridge the gap between university or secondary education provision and workplace expectations. This calls for a complete focus on:

- Close relationships with businesses that enable a good understanding of the private sector's expectations and business needs. This includes developing curricula shaped in response to those business needs and delivered in a cost-efficient manner by practitioners with substantial experience in the workplace.
- Flexible education and delivery options (e.g., supplying employees with training during the evening or on weekends). The program should comprise modular sessions to enable trainees to gain discrete yet applicable knowledge in short, direct, and convenient learning sessions.
- An assurance of employment if unemployed (or an improvement in job opportunities if employed).

Work-readiness examples from within the region

We focus now on three examples from within the region that have been successful in developing this opportunity: Int@j, Jordan's industry-association-led ICT program; PDO, an example from Oman of how one company in the petroleum industry has had sector-wide impact; and EFE Foundation, a regional not-for-profit provider that prepares recent graduates for work placement. We will then look at two international examples of partnerships between educational institutions and corporations: Tecnológico de Monterrey's cooperation with BBVA, and Manipal University's with ICICI.

The first condition for success – a close link with business and industry – is once again present in this opportunity, although the degree of proximity in the relationship is much higher. In fact, in these programs it is common for the employer to have a significant role in designing and shaping the curriculum.

For example, Int@j (the ICT Association of Jordan), after conducting a joint study with a university that found that ICT graduates were insufficiently prepared for employment, responded by developing a training program to correct this. Its curriculum is shaped by business needs and focuses on soft skills, up-to-date software and technology knowledge (including but not limited to Oracle and Microsoft technical training as a partner), English language skills, and project management and general business skills. PDO is another example of a company designing a curriculum itself. Initially PDO trained only its own employees. However, industry peers saw the value of this program and contracted PDO to train their own new hires. In this relationship, PDO puts these students through a program where graduates spend six months in academic study at a local technical college, such as the Sultan's School, and six months in practical training at its facilities. Currently PDO has 200 sponsored students from other oil and gas companies undergoing training in its facilities. EFE Foundation also works closely with its partners to develop curricula, first by identifying areas of training needs and then by delivering this training in-house, or by working with a for-profit education resource provider.

The second condition for success is that the delivery of the curricula should be modular and flexible, and therefore convenient for those who want to balance learning and work. In the case of Jordan's ICT program, short learning modules were created in the most important skill areas. For example, a nonprofit group, Business Development Center, is contracted by int@j to deliver two weeks of soft-skills training sponsored by USAID. The EFE Foundation has found that its employers are seeking targeted training for a two-to-six-month period. Therefore, it delivers specific modules in actionable areas such as accounting, land surveying, sales, teaching, and professional skills, as well as develops student confidence through training in areas like written communication and presentation. Partner companies express satisfaction with

EXHIBIT 22 CASE EXAMPLE PROFILE – INT@J - INFORMATION TECHNOLOGY ASSOCIATION



Int@j -
Information
Technology
Association
program

Profile of organization

- Int@j is a government-created and industry-led ICT industry association based in Jordan (represents approximately half the industry)
- Conducted a study with German Jordan University, that found many unemployed ICT graduates but employers still struggling to find skilled talent
- ICT training program created in response
- As of October 2010, Int@j has 500 students enrolled in the program, of which most are ICT university graduates who have graduated in the last two years

Profile of intervention

- Close relationship with business:
 - Int@j partnered with a university to identify the key issues in the ICT graduates e4e
 - Training program developed along key business needs:
 - Soft skills
 - Up-to-date software and technology areas
 - English language
 - Project management and general business skills
 - Work with training partners
- Flexible education and delivery options:
 - Targeted learning modules
 - Short sessions (e.g., 2-week program on soft skills)
- Assurance of employment or improvement in job opportunities:
 - 18 month salary subsidy (long enough for new hires to adjust to the work environment)
 - 90 percent of the employees retained post-subsidy

EXHIBIT 23 CASE EXAMPLE PROFILE – PETROLEUM DEVELOPMENT OMAN (PDO)

Petroleum Development Oman (PDO)

Profile of organization

- Petroleum Development Oman (PDO) is one of the oldest and largest companies in Oman, and the anchor company in the Oman oil and gas industry. It is 60 percent government owned
- PDO employs over 4,000 individuals, and devotes an average of 10 days per year for training, at a cost of over USD 11 million
- Expanded internal training program to serve industry needs (now training ~200 students from other companies)

Profile of intervention

- Close relationship with business:
 - Industry peers have contracted PDO to train their own new hires
 - Training program combines six months of academic study at a local technical college, and six months in practical training in PDO's facilities
- Flexible education and delivery options:
 - Program allows for training throughout the year, unlike usual internships which are focused in the summer when many regular trainers/employees are on vacation
- Assurance of employment or improvement in job opportunities:
 - The visibility of the program allows PDO to attract and hire some of the best graduates
 - Candidates that come into the program through PDO are trained in PDO facilities, thereby lowering the cost of re-training once they are fully employed



the improvement they have seen in the students in this short time period; for example, one partner employer told us, “[There is a] huge improvement from two months ago and now”.

The third condition for success, an assurance of employment or job advancement, has been implemented in different ways. For example, Jordan’s ICT program implemented by int@j and the Ministries of ICT and Labor allowed for a salary subsidy for a period of 18 months. This was long enough for new hires to adjust to the work environment and feel comfortable in their jobs. Thus, post-subsidy, more than 90 percent of the employees were retained. On the other hand, for the EFE Foundation, it was originally difficult to get employers to commit to hiring anyone in advance of the training. However, the foundation’s track record of success in preparing youth for employment strengthened its credibility. Thus they are increasingly able to secure employment guarantees in advance of the training. This helps to recruit young people, lessen the foundation’s funding risk, and ease the administrative burden to find jobs for those they have trained.

International large-scale work-readiness examples

The next section presents two examples of how work-readiness providers have been developed in other countries. The first one is a partnership between Manipal University in India and ICICI Bank; the second one is between Tecnológico de Monterrey, a large private university in Mexico, and BBVA, an international bank.

The public-private partnership between Manipal University and ICICI Bank in India provides a parallel to the EFE Foundation and its clients. This partnership exemplifies the close relationship with industry that work-readiness providers require in order to be successful. It also shows how the development of the curriculum should spring from this relationship. Manipal University has been

contracted by the bank to recruit potential candidates from second-tier and third-tier institutions. It then trains them in a one-year program that has been developed in collaboration with ICICI and that is fully funded by them. The course content includes technical knowledge as well as soft skills, such as public speaking and retail customer service. The students spend three quarters of the year on campus followed by a three-month work placement in a bank branch. In spite of the difficulty of the program (with twelve hours of studies a day, five days a week), few students drop out because the graduates of the program are absorbed as employees by ICICI. In fact, the program has an abundance of applicants and can be selective about participants.

A similar partnership exists between two private sector institutions in Mexico – BBVA, the Spanish international bank, and Tecnológico de Monterrey, the largest private university in Mexico. The arrangement between the two institutions is based on an online provision of education services to BBVA employees through a license that charges a fixed fee per student, rather than the number of hours of teaching, thereby opening up opportunities for learning at different paces.

In the case of this partnership, it is the fee arrangement that drives the focus on the curriculum – the second condition for success. This arrangement aligns the two institutions around an agreed-on set of goals while ensuring that BBVA employees can gain access to all the training they need, and focusing the work-readiness training provider on designing cost-effective delivery. Tecnológico de Monterrey has responded to this challenge by developing modular delivery of its high-quality online curriculum content. “Build once, use many times” is the principle applied to the development of each new course. Another interesting aspect of the program is that the flexibility built into it enables the provider to deliver the modules in as wide a variety of times and places as needed, thereby accommodating the individual circumstances of the train-

EXHIBIT 24 CASE EXAMPLE PROFILE – e4e FOUNDATION

Education for Employment (EFE) Foundation

Profile of organization

- Registered non-profit since 2004; now 5 regional offices (Morocco, Palestine, Egypt, Jordan, and Yemen) as well as a European office in Spain
- Its aim is to inspire change in the educational systems of the region by setting an example in how to deliver practical training in partnership with employers
- The EFE Foundation trained ~1,200 students in 2010 and expects to train more than 3,000 in 2011
- Training cost estimated to be USD 700 to 1,500 per student
- The partner companies fund a portion of this training and then hire the job-ready graduates upon their completion of the training programs.

Profile of intervention

- Close relationship with business:
 - EFE partners with local employers who have vacancies and identifies the skills and tasks required for the job are defined (e.g., "what will the employee do and what do they need to know to do it")
 - Employers pay for a portion of the training
 - EFE partners with global educators to develop training curricula, and adapts it to local needs
- Flexible education and delivery options:
 - Courses range from two to six months, depending on employer needs and timeline
 - Focus is both on hard skills (e.g., accounting, land surveying, sales, teaching, and business skills) as well as soft skills (e.g., written communication and presentation) with a strong emphasis on confidence building
- Assurance of employment or improvement in job opportunities:
 - In many cases, employers guarantee employment prior to training
 - Helps in recruiting youth and lowering job search costs

SOURCE: Interviews, EFE Foundation website

Box 3 Entrepreneurship

Fostering entrepreneurship in young people is critical to economic development – and for tackling youth unemployment. This is true across the world, including the Arab World. Entrepreneurship is vital because of the central role SMEs play across the entire Arab World, both in the formal economy and even more so in the informal sector. SMEs account for a high proportion of employment in most countries, averaging 70-75 percent in Europe and North America, for example, and 33 percent in the Arab World⁴³ (this figure is likely to rise as entrepreneurial skills increase).

Most SMEs are small-scale. According to the Global Entrepreneurship Monitor, in its analysis of 54 countries in emerging and developed markets (2009), only 14 percent of start-ups expect to create 20 or more jobs. However, the most successful SME start-ups grow into larger enterprises over time and fuel economic growth (Microsoft being a prime example). These enterprises are typically created by individual entrepreneurs, many of whom are young.

While there is widespread agreement about the need to foster entrepreneurship, the question is how this should be done. Education and training are not the only elements critical to success: a wide range of factors help to determine entrepreneurial intensity (i.e., the likelihood of new companies being started by entrepreneurs) and the level of entrepreneurial success. There is extensive research and literature dedicated to this subject, to which this report makes reference.

Below is a selection of thought-starters, with special emphasis given to the role of the private sector and society in education and training:

- Harvard University research shows that hands-on experience in industry, preferably with the top firms in their fields, is a critical element in successful entrepreneurship.⁴⁴ Internships are a first step toward gathering such experience.
- Based on interviews across the deep-dive countries, it is clear that at present there is a scarcity of even the most basic business skills, such as the understanding of financing options and their requirements, bookkeeping, the principles of business planning, and so on. Entrepreneurship training programs must teach these skills in a targeted, scalable manner that reaches out to as many young people as possible.
- Initiatives such as that of the Middle East Council for Small Business and Entrepreneurship, which intends to set up entrepreneurship centers at Egyptian universities across the country in a private-public partnership, will be critical to building entrepreneurial skills in young people. Governments and universities should consider expanding such initiatives across the Arab World, in close cooperation with industry.
- Entrepreneurship training programs must reach out to rural areas, where employment opportunities are usually scarcer than in urban centers, and should not confine themselves to university-level programs. Governments, in conjunction with private players, should consider “mobile programs” that spread out to disadvantaged areas and groups of people, providing targeted training and coaching in the environment in which they live and work.
- The combination of access to (micro) financing and entrepreneurship-related education could produce significant results in disadvantaged areas – benefitting young entrepreneurs while ensuring that the institutions financing them achieve higher rates of success.

Emerging “angel investor networks” in the Arab World, such as the Young Arab Leaders’ Arab Business Angels Network and the Bader Lebanese Business Angels,⁴⁵ are not only important with respect to securing (co-)investments but could also play an important role in sharing their knowledge and experiences with aspiring young entrepreneurs on a large scale. Both government and society at large should foster such networks and engage in partnerships with them.



ees. Since the start of BBVA's collaboration with Tecnológico de Monterrey, 80,000 employees have been trained using the 900+ online modules.

As far as the third condition for success goes (i.e., ensuring continued responsiveness to evolving business conditions), BBVA achieves this by giving its local offices flexibility in how they achieve their training goals. While BBVA provides general guidelines on the skills its employees must master (e.g., anti-money-laundering policies), the local offices are given the freedom to define when the training is delivered. Furthermore, they can adopt elective modules (e.g., effective communication) to supplement the prescribed modules. Each BBVA branch develops its own incentives scheme to ensure that the maximum number of employees completes the courses.

This overview of the three key private sector opportunities in the region provides evidence that private e4e providers can achieve significant impact. We believe that the opportunities identified here can and should be pursued. The Arab World needs many more such programs, on a larger scale, and urgently. However, as we indicated earlier, the current environment severely hampers private educational provision, preventing it from reaching the full scale and potential seen elsewhere in the world. In the next chapter we look at the improvements that must be made to the enabling environment to allow private education to achieve its full potential.



5. OPPORTUNITIES TO IMPROVE THE e4e ENABLING ENVIRONMENT

There are ample opportunities for private providers to increase their involvement in e4e. Here we examine what can and should be done to improve the enabling environment of the e4e system, which at the moment presents itself as more of an inhibitor than an enabler from the lens of private providers.

Before describing the opportunities for improving the system, we would like to provide a few findings on the context. Our research leads us to believe that the relatively small role the private sector plays in the current education landscape is to a large extent due to the constraints of the present environment, which discourages large-scale private investment. We believe that easing these constraints would go a long way toward encouraging the private sector to play a much bigger role in fulfilling the opportunities we will soon describe.

The overall success of private education and training providers is directly related to the business friendliness of the countries in which they operate. In this area, the Arab World lags behind other countries, particularly with respect to issues such as ownership rules, taxation and fees, etc. This report does not address these broader regulatory issues – although they are very important – but instead focuses on the specific components of the regulatory environment that directly impact the “enabling environment” that is required for the healthy development of the education and training sector in the region.

But even the specific regulatory environment relevant to the education and training sector typically involves multiple public institutions, therefore requiring extensive coordination. Ministries of (higher) education, labor, economic affairs and/or planning, and finance all tend to be among the key government stakeholders. Private education providers report that the often unclear and confusing split of responsibilities is a major challenge to encouraging their participation in e4e, and find that policies are either confusing from the outset, or are interpreted and executed in non-consistent, and sometimes even conflicting, ways. In order to create a supportive enabling requirements, governments therefore need to create a fair and transparent regulatory system across three levels:

- Clearly defined political policies and directions towards the involvement of private players in e4e,
- Regulations that clearly and without ambiguity reflect the political policies and directions, and
- Fair and equal application and execution of the rules and regulation, based on the merits of the case, rather than any other factors.

Without doubt, strengthening the ability of governments to create and implement policies that encourage private sector participation will be an important part of overcoming the e4e challenges. That said, creating a healthy enabling environment is not the responsibility of the region’s governments alone, or of any single sector. It must be a collaborative exercise among all the stakeholders. In fact,

the environment created will affect all educational providers beyond the more narrow e4e definition. Therefore, all stakeholders – public and private – must be engaged in shaping the policies and regulations that will create a more encouraging environment for private investment in education. As private sector leaders told us, “We cannot wait for governments to take action; we need to work in parallel as industry groups”.

We have identified three areas that, if enabled, would improve the business environment with respect to e4e. For each area we will describe the impact that governments can have and will also look at what the private sector can do to help accelerate these changes in the environment.

STANDARDS FRAMEWORK AND QUALITY ASSURANCE

Standards frameworks and quality assurance are key components of the education and training sector specific regulatory environment. There are two major sets of concerns. First, education providers throughout the region are concerned that regulation relating to the education market often lacks transparency, and that complying with it is often unnecessarily cumbersome and time-consuming. At the same time, government officials as well as employers and young people express concern that the quality levels of public and private educational offerings are not consistent, and that providers need to be held accountable for their output.

Governments must introduce standards that apply equally to both public and private education providers, and they should also establish (or improve where they already exist) regulating bodies to ensure consistent quality in the training and guidance provided. These two steps will ensure that quality is the foundation of successful provision and will provide all stakeholders with confidence in what is being delivered.

At the same time, education providers should not expect leniency. They should be able to take for granted that the rules are applied in an equal and fair manner to all providers. This is not an easy transition to make, and stakeholders will require support in ensuring that these standards are put in place in an effective and transparent manner.

Standards

Employers experience difficulties in finding graduates with the right skills because their qualifications are often no real guide to what they know. As one employer in Egypt told us, “[We] realized that many students studying in the English section were not actually competent in English and that courses are occasionally taught in Arabic.” Competency-based standards help resolve this by defining the skill levels needed to obtain a particular qualification required by an employee. These standards provide prospective employers with much greater insight into the skill levels of the candidates. Likewise, qualification frame-

works prescribe the education level needed for certification, setting the minimum level of skills required to be competent for specific occupations. These standards can be set by the government, an e4e provider, a dominant organization in a sector, or by a sector association. And they do not always have to be developed anew: many countries and regions have already developed standards for occupations. These examples could be used as a basic reference for specific adaptations in the Arab World.

Let us look at one example,⁴⁶ Sunway University College in Malaysia, which was founded in 1987 as a not-for-profit trust foundation and which has since built a very close relationship with the big-four accountancy firms. The firms send their newly hired accountants to Sunway for international accreditation (ACCA, the Association of Chartered Certified Accountants, and ICAEW, the Institute of Chartered Accountants in England and Wales), for which Sunway charges commercial rates. Sunway has now leveraged its strong reputation to introduce a Bachelor of Science program in accounting and finance tailored to the needs of the industry. This three-year program is offered by Sunway in collaboration with Lancaster University in the U.K. and includes a three-month internship (practicum) in an accountancy firm (see Exhibit 25).

One important element of the Sunway example is that it uses an internationally recognized certification. This not only speeds up implementation but also allows the students to have broader options, a significant issue given that migration is common both within the Arab World and out of the region.

Competency-based standards and qualification frameworks provide clarity to education providers about what skills should be taught and at what level; to employers about what skills they can expect from their employees with a certain qualification; and to students about what skills they must acquire to obtain a certain role.

Quality assurance

Licensing and accreditation is required to ensure that the desired competency standards are implemented effectively. These two elements provide consumers and regulators with confidence that the institution is providing a specified value of a defined quality; they also provide potential market entrants with an understanding of the requirements for entry.

The first of these two interrelated components, licensing, grants a provider permission to deliver an educational service based on defined input, process, and/or output metrics.

The second approach is accreditation: this ensures that the licensed providers reach the quality level that awards them a particular status (e.g., qualified VET provider). This award is not permanent but monitored and reassessed on a regular basis. It is important to note that although licensing and accreditation metrics have tradition-

ally focused on inputs (e.g., size of buildings or students per teacher), it is equally if not more important to ensure that the output is of desired quality (this can be achieved, for instance, by monitoring test results or the students' ability to perform skills at the desired competency level).

In Brazil, the National Exam of Courses (Prova) tests the achievement of graduating students in all institutions. It focuses on the most popular courses (e.g., administration, law, engineering, medicine, etc.), and the results do not affect the student's grade performance. However, the average score from each institution is published as a "proxy indicator of the quality of instruction in that course." This testing system has been in place since 1996 and since that time, it has (i) helped to create a culture of performance evaluation within universities, and (ii) changed public perceptions about the quality of institutions. Some well-funded public universities have seen their prestige diminish because of low scores. Private universities that score well are seeing their applications increase, while low-scoring schools are finding it more difficult to attract students. In the beginning, there was resistance from student and faculty; however, that has decreased with time.⁴⁷

Although many quality assurance bodies are independent from the government, they have primarily been instituted by the government (e.g., the National Accreditation Board in Malaysia), and the private sector has more of an advocacy role.⁴⁸ But in other sectors, there are bodies that have started to take on this role. For example, in health care, the Joint Commission (a U.S.-based organization now active globally through Joint Commission International) is performing this role and publicizing the results. As they maintain a high quality bar, accreditation is viewed as a distinctive quality feature and a goal to which many health care providers strive. Such an independent organization is also well worth considering for education and training purposes.

A well-functioning system

According to the ILO, the involvement of businesses and unions is critical to success when shaping the structure and governance of a national standards and qualifications system. Conversely, when this is not done, it poses a major weakness: "The lack of employer involvement is a key reason why their qualifications do not meet employers' needs." New Zealand is an example of what a well-functioning qualifications framework may look like.

The New Zealand Academic Audit Unit (NZAAU) (Exhibit 26) is an independent body that conducts university audits which are coherent with the guidelines of the international academic quality network (INQAAHE). The audit's objectivity is maintained by ensuring that each audit panel includes an overseas external member, and NZAAU has itself been externally reviewed on several occasions (in 1997, 2001, and 2009). All of the NZAAU audit findings are published and made available to the general public.

EXHIBIT 25 SUNWAY HAS IDENTIFIED A GAP FOR QUALIFIED ACCOUNTANTS AND DESIGNED COURSES TO SUPPLY THE REQUIRED TALENT IN PARTNERSHIP WITH THE PRIVATE SECTOR

Sunway has created a tight relationship with accountancies...

- Sunway agreed with top accountancies that they will send all their newly hired accountants to Sunway for their ACCA and ICAEW accreditation

- ACCA: USD ~10,000/student*
- ICAEW: USD ~16,000/student**

- Sunway leveraged its reputation to introduce a new BSc. in Accounting and Finance tailored to industry needs:

- 3-year program offered jointly by Sunway and Lancaster Universities, with 3-month practicum at the accountancy firms
- Tuition: USD ~22,500/student

...resulting in rapid increase in student enrollment

■ Number of students



* Program started in 1994

** Program started in 2004

Rates exchanged at 0.32 Malaysian Ringgit per USD

EXHIBIT 26 STANDARDS, LICENSING, QUALITY ASSURANCE: NEW ZEALAND EXAMPLE

Standards	<p>New Zealand example</p> <ul style="list-style-type: none">• New Zealand Qualifications Authority developed 18,000 standards corresponding to modules of training of education (specify the skills successful graduates must master)• Standards developed with sector-based training institutions representing the private sector
Licensing	<ul style="list-style-type: none">• Private training establishments have the option to register, which allows for:<ul style="list-style-type: none">– Enrolling international students– Course approval and accreditation against standards on the New Zealand Qualifications Framework (NZQF)– Eligibility for government funding– Accessing student loan funding– Signalling quality
Quality assurance	<ul style="list-style-type: none">• NZUAAU* is an independent body that conducts university audits and publishes findings available to general public• It follows the guidelines of an international quality network (INQAAHE)**• Each audit panel includes an overseas external member• NZUAAU has itself been externally reviewed, in 1997, 2001 and 2009

* The New Zealand Universities Academic Audit Unit

** The International Network for Quality Assurance Agencies in Higher Education

SOURCE: ILO, NZQA, NZUAAU, Interviews

The NZAAU system uses competency-based standards to ensure the level of quality in the attainments of VET graduates. Each student qualification is tied to a list of skills and competencies that the student must master in order to ensure their readiness for the job market. NZAAU currently enforces some 18,000 standards that correspond to each of the education modules. These standards have been developed in collaboration with sector-based industry training institutes.

A few countries in the region, such as Bahrain, have already started to work on a similar approach. This is to be welcomed; they should be further enhanced along the dimensions listed in this section. It is clear that a sound quality assurance system is challenging but within reach; its creation will be imperative in reassuring all stakeholders that the educational provision is of the right quality, whether it is provided by a public or private e4e institution.

SUSTAINABLE FUNDING MECHANISMS: THE COST-SHARING PARADIGM

Talk about funding immediately raises the issue of whether students (or, rather, their families) should be asked to contribute to paying for their own education. This is always a sensitive issue, particularly in countries where there has been little or no previous private provision. However, young people themselves are surprisingly open to the idea that they should pay for their education – if it will make a significant difference in their future. Disregarding for a moment those who have yet to make up their mind or who are neutral, our survey reveals that more than half of young people would be prepared to pay for their education if this contributed to their receiving significantly better job prospects (53 percent versus 47 percent).⁴⁹ Governments should find this encouraging, since this is still a somewhat novel notion in the region.

This discussion shows that the funding of education in the region is under pressure due to the fiscal constraints in many of the countries. In the past, governments have provided all or most of the funding for the education sector. Now they are increasingly looking into supplementing public funding with additional funding mechanisms in order to broaden their funding base. Going forward, cost-sharing is unavoidable.

A combination of two factors is driving this change. The first factor is the rapidly increasing demand for education and training, which calls for additional resources; the second factor is increasing budgetary pressures, which call for reduced resources. Budgetary constraints are already affecting a number of countries in the region and are on the horizon in several more. These two factors have led to an increasing gap between what nations would like to be able to do in education (and other areas) and what the country as a whole can actually afford to fund out of its public treasury.

Immediate action in this area is the number one priority. However, in taking the longer view and without halting the present initiatives, it is useful for governments to examine their overall framework of funding options so that the funding flows can be transparent and built on sustainable grounds.

When determining which approach or combination of approaches to use to broaden their funding base, governments first require transparency from the institutions on the full range of potential funding options open to them, and all their present and future funding requirements. The objective is to develop a good understanding of the total needs of the entire post-secondary sector. Once the facts have been established, the next step is to decide on an overall funding strategy – figuring out the right combination of public and private funding and what form this should take. Doing this first will provide both clarity about the purpose of the funding mechanism and objectivity when assessing how the various options will be able to meet these requirements. Optimally, these decisions would be made based on an explicit e4e country action plan.

This transparency can then be used to determine what funds are expected from which sources and in what form (e.g., contributions, direct taxes, etc.). This approach results in objectivity about how effective the various potential combinations of funding options are likely to be. We now take a brief look at the range of alternative mechanisms for funding education that are available to governments in the region. We will start by describing private mechanisms and then discuss the public and mixed ones.

Student loans

A student loan mechanism provides students with preferential access to bank funds in order to pay for their tuition fees. This enables students from less well-off backgrounds to consider educational options they would not otherwise have access to. In many countries, the presence of a student loan mechanism has played a critical role in providing students with choice in which institutions they attend. This is not limited solely to developed countries, as student loans are playing increasingly important roles elsewhere. For example, in India, they have been used to expand access to those from lower economic classes. In Malaysia, on the other hand, they have been used to encourage students to pursue specific paths (e.g., vocational training).

Experiences in pilots in the Middle East and North Africa have however shown some hesitation in uptake. While part of this may be attributed to the novelty of such a solution and to a still-to-be-achieved paradigm shift in terms of paying for education and training, student loan solutions should also take into account cultural sensitivities, in particular around Sharia compliant solutions. Creative solutions will be required in these cultural contexts so as to offer conventional loans as well as Sharia compliant instruments and to enable students with limited resources to obtain subsidized funding.

Not-for-profit trusts

There is a significant opportunity to establish not-for-profit foundations and trusts. Governments can do much to create the right conditions to encourage their foundation and to ensure that they are financially sustainable, in particular through granting such organizations preferential tax rules.

The Arab World has already seen the creation of a number of such social foundations. One example is Bab Rizq Jameel, which focuses on training young Saudis (and soon Egyptians and Syrians) to ensure that they have the right skills for the available job opportunities. The foundation's programs include matching job seekers to vacancies, vocational and craft training, and support for technical schools and institutes, and over 150,000 people have been employed to date. Another example is the Talal Abu Ghazaleh School of Business in Jordan, which aims to educate business leaders in critical thinking and cross-functional skills as well as more technical business skills. Increasing the number and types of such programs will enable education providers to harness the funds necessary to achieve the desired scale, reach, and impact highlighted in this report.

Dr. Reddy's Foundation (DRF) in India provides a fascinating example of the scale of e4e impact that trusts can attain. Established in 1996, DRF is a not-for-profit partner of the for-profit Dr. Reddy's Laboratories. DRF's interventions are in two areas: livelihood and education. The area of livelihood focuses on providing vocational training programs to address issues of employability, income generation, and consequent improvements in the quality of life. In the educational area it provides disadvantaged youth (in the 18-35 age range), who have not completed their education, opportunities for further study.

DRF considers its Livelihood Advancement Business School (LABS) to be one of its most important programs (Exhibit 27). This is a pioneering public-private partnership (PPP), which has over 120 centers across India.⁵⁰ The scheme offers courses of 3-4 months duration, in which the students are trained in various life skills such as positive thinking, self-esteem, communication, team building, decision-making, SWOT analysis, and goal setting, as well as specific technical courses in relevant areas such as IT, hospitality, sales, banking, financial services, and retail.

Overall, DRF has placed 37,000 of the 46,000 students it has trained into jobs (a 79 percent success rate). It believes its success is due to the consistent and carefully crafted pathway that it implements for all its students. First, it works with each student to understand their current situation in terms of their abilities and needs. It then develops an appropriate curriculum for the student, offering them career counseling, and assesses the student's level of interest in studying. Once this is done, each student is given an individual development plan. On taking up the course they undergo an induction module, followed by the technical training. Prior to job placement,

DRF's students are given work-readiness training. The Foundation follows up with its students after placement, emphasizing the need for networking, checking that their graduates hold onto their jobs, and underlining the need for career development.

Endowments, grants, and scholarships

All three are powerful avenues for contributing to the viability of private e4e provision, and they allow for setting very specific priorities via the allocation mechanisms (e.g., VET offerings, women, those from rural areas), be it to benefit institutions or individual students. Of the providers mentioned in Chapter 4, some offered scholarships, others had actually started to build endowments from private contributions. Building strong endowments is an interesting option of funding which merits more emphasis. Drawn from some of the private and/or sovereign wealth existing in the region, they provide a secure financial basis to educational institutions, linked to a specific purpose, and thereby create higher levels of certainty and less dependency on recurrent handouts.

Pooled sources of funds channeled through government or independent funds

Though governments in the region may be constrained from substantially increasing the resources they directly invest in education and training, there is much they can do to increase the effectiveness of their contribution by the careful rebalancing and targeting of resources, in combination with looking for new sources of funding. This funding can be channeled to support the development of the e4e sector, with the most important consideration for funding allocation being outcome effectiveness. In this case, intentions are insufficient; clear accountability for funding is needed. Here is a list of examples of channels that are generally pooled:

- **Dedicated funds:** funding derived from both private sector and public sector sources can be earmarked to support specific training options. For example, many countries in the region have large training funds that are sourced directly from dedicated employer taxes, or indirectly from the general budget. These funds can also be coordinated with social support transfer schemes (including unemployment support, rural development, and entrepreneurship startup support).
- **Tax incentives:** corporate tax exemptions for corporations that invest in training provide incentives to investment in e4e.
- **Non-tax subsidies and incentives:** these are targeted at helping education providers set up, and provide land and/or infrastructure. Such incentives can be an important means for ensuring the financial viability of private education projects, as well as encouraging larger-scale commitments from the private sector (e.g., as in the Silaqual project in Yemen, or the Qatar Education City).

EXHIBIT 27 DR. REDDY'S FOUNDATION TRAINING AND PLACEMENT STATISTICS

Curriculum development

DRF LABS

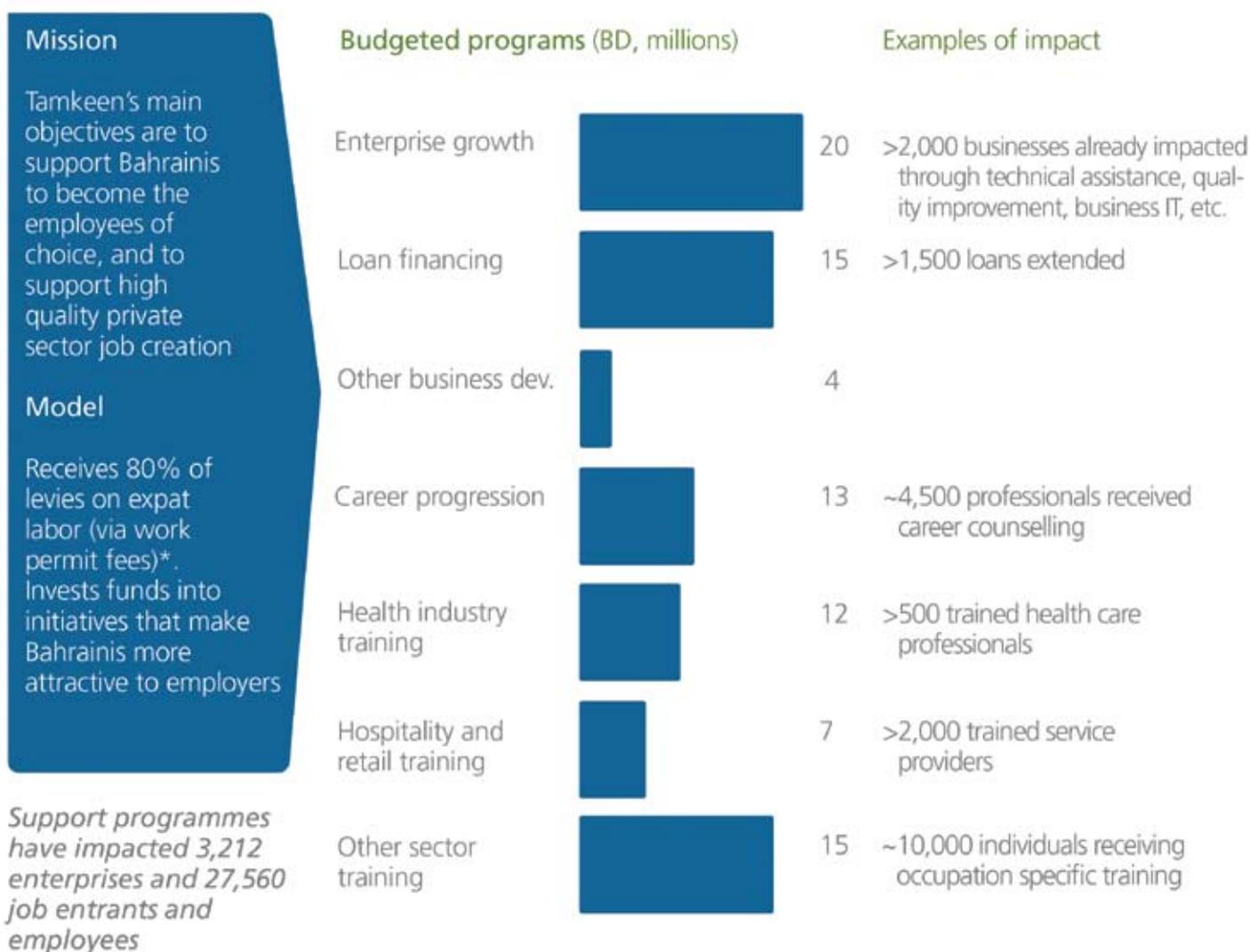
- Livelihood mapping exercise to tailor training for local demand
- 'Interest inventory' test to categorize candidates and align with appropriate courses
- Curriculum is developed in cooperation with private sector partners to address job market needs
- The foundation has trained 46,000 students and placed 37,000 of them in 2009 (79% placement ratio)

Examples of corporate LABS



SOURCE: DRF Web site; DRF annual report 2009. McKinsey & Company analysis

EXHIBIT 28 FUNDING FLOWS AND IMPACT AT TAMKEEN



* Remaining 20% for general public purposes (general budget). Combination of upfront fees upon entry and upon renewal of work permit (every two years), combined with monthly fees; fee levels set by Board of the Labor Market Regulation Agency based on labor market needs
 SOURCE: Tamkeen - Annual Report 2009

- **Market guarantees:** where the government wishes to encourage the development of a particular e4e segment, guaranteeing demand for a certain period can encourage new investment.

Tamkeen is an example of a dedicated fund that contributes a significant share of its means to e4e related activities in Bahrain. Although a young institution, it has already become a highly accepted role model for comparable aspirations across the GCC and beyond. Fueled by the revenues from expatriate work permit fees, the fund has a dual mission: 1) to make Bahrainis the employees of choice of Bahraini employers, and 2) to make private sector employers the employers of choice for Bahrainis. These goals are pursued, among other activities, through the funding of training, salary subsidies, productivity improvement programs, and job creation projects. Tamkeen has two routes in allocating funding (Exhibit 28). The first defines priorities (in combination with private sector, the Economic Development Board, and other government as well as civil society stakeholders) and seeks out, tenders and/or negotiates projects falling into well-defined priority areas. The second route responds to and welcomes applicant-initiated initiatives, as long as these initiatives can prove the value in terms of creating attractive employment opportunities for Bahrainis. In addition, Tamkeen also funds labor-market research activities designed to inform their prioritized initiatives. For the avoidance of doubt, Tamkeen finances offerings, and partially designs them. However, Tamkeen does not operate any of its programs on its own, in terms of actually having trainers among its staff.

The key to the successful implementation of such programs is their ability to define clear priorities and allocation rules, in a transparent way, align with stakeholders, maintain credibility, ensure transparency, and focus on outcome. To this end, Tamkeen has been established as a semi-independent authority, with both the public and the private sector represented on its board. In addition, Tamkeen's team includes a number of sector experts, who see the distribution of funds as much more than just an allocation or accounting task. Finally, each funding allocation is made transparent by defining its impact criteria. These metrics are tracked by the fund to ensure the effective use of its resources. In addition, Tamkeen's website also provide increased transparency, giving information on the programs it funds, and its annual reports similarly provide detail on what funds have been distributed and the impact that this has achieved.

INFORMATION TRANSPARENCY AND MATCHMAKING

Information transparency and matchmaking (in a wide sense) is the third area in the enabling environment that requires substantial improvement – at the moment, labor as well as education/training markets are not properly clearing. Frequently, in our interviews, stakeholders told us of how difficult it is in the present environment to

match the market needs with the educational provision (what we call “matchmaking”). This matchmaking challenge is increased by the present small size of the private sector, the lack of coordination, and the regional lack of labor market information. If the educational provision is to match employers' needs, four relationships need to be enhanced (Exhibit 29):

1 Matching the unemployed with employers

The objective is to provide those seeking employment with information on the full range of jobs open to them, and employers with information on the skills of those looking for work and how they might match the positions they are seeking to fill.

There are already a number of examples in the region of how this can be achieved. SoukTel, for example, was set up as a not-for-profit organization in 2006 to match the unemployed youth of the West Bank to employment opportunities. To source the necessary information on available jobs, SoukTel works with industry associations (such as PITA in information technology). SoukTel then places this information in an SMS forum, providing employers with a unique channel through which to advertise their vacancies and enabling the unemployed youth of the West Bank to view a large range of potential jobs in one place. SoukTel charges employers from \$10 to \$200 for this service (depending on the number of postings). Prior to the introduction of this service there was no formal system for advertising jobs in the West Bank, so unemployed people had to rely on informal contacts in order to find work. Today SoukTel facilitates fifty job matches each month and has 8,000 users.⁵¹

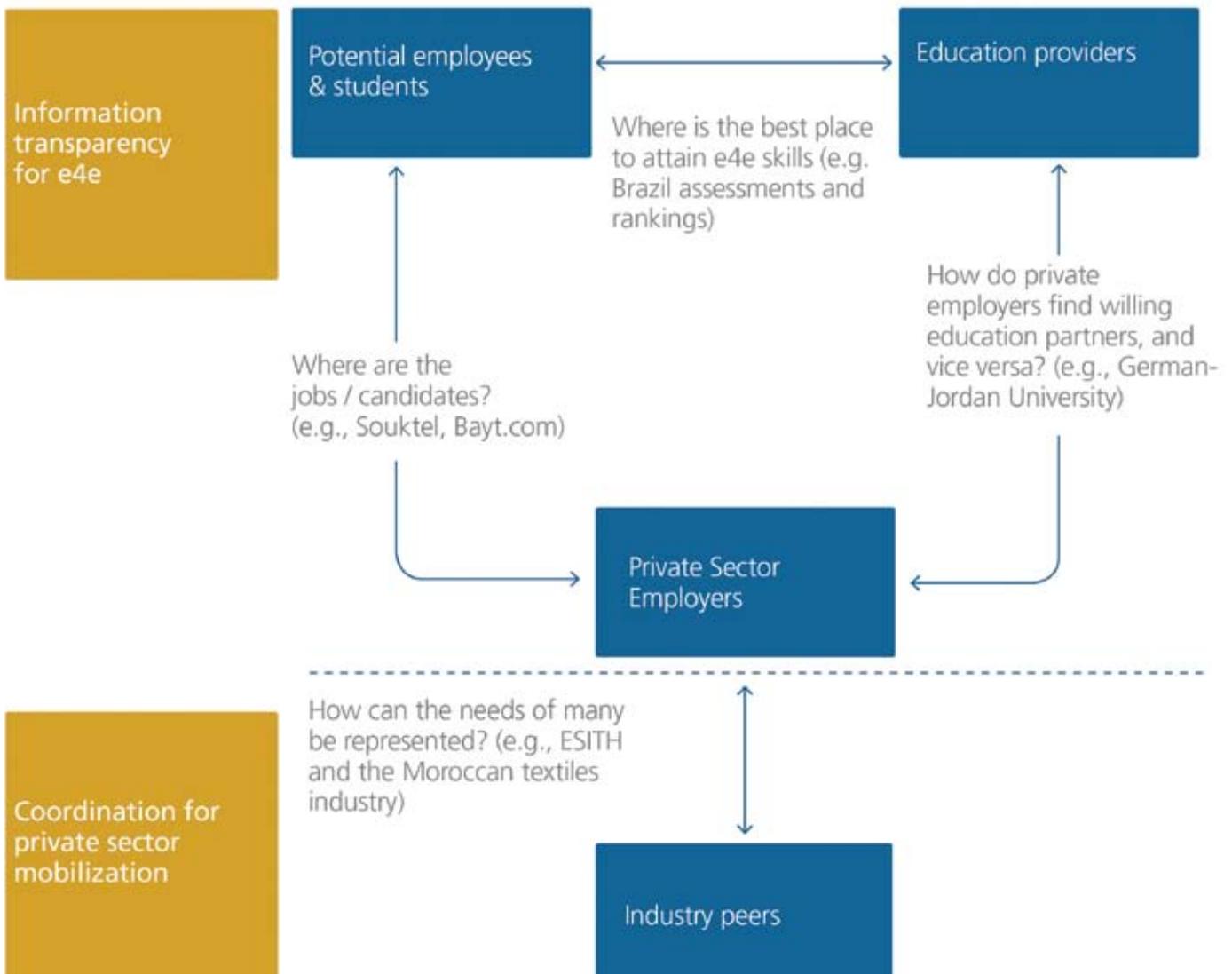
Another example is seen in the e4e Foundation (EFE Foundation), the organization referred to earlier in Chapter 4. The EFE Foundation helps job seekers in the five countries of the region in which it has a presence by identifying vacancies and in defining which skills will be needed to fill the jobs successfully. It then helps identify, hire, and train graduates to fill the available posts. Once the candidate has been successfully trained and placed with the employer, the EFE Foundation follows up with them to ensure that the employer and employee are well matched and both are satisfied.

2 Matching education providers with employers

The specific objective in the e4e context is to ensure that education courses equip their students with the right skills and orient them to future employment.

There are already a number of models in the region for achieving this. Probably the most well established approach is that taken by the German Jordanian University (GJU). The university was founded in 2005 with assistance from the German and Jordanian governments. It is modeled on Germany's universities of applied science, which are world leaders in connecting academia to industry. These connections are built in a variety of ways. For instance, top private sector leaders sit on the university

EXHIBIT 29 MATCHMAKING WITHIN THE e4e SYSTEM



SOURCE: McKinsey & Company team analysis

board, and the university takes account of industry needs in shaping the curricula (for example, the IT industry and automation industry have both provided inputs into the university's curricula). It also ensures that many of those employed by the university have strong industry connections: a third of the faculty has more than three years experience in industry employment. This emphasis on industry connections is underlined by the practice of "industry professors," who divide their time between private sector employment and overseeing graduation projects. Students are actively readied for future employment and are given industry experience wherever possible. For instance, many students spend a year in Germany in an industry internship prior to completing their degree. This strong connection with industry has resulted in the German Jordanian University's graduates being seen as very employable.

A second model is one in which a provider creates the training environment that fulfills the needs of a specific set of employers. One example of this is Sunway (see Chapter 4) that is performing this role for accountancy firms in Malaysia.

3 Matching students with education providers

This is all about creating full transparency on the academic achievements of educational providers. In general, the region currently lags behind what has been achieved elsewhere in this area. In Brazil, for example, the government ensures that the results of a range of assessments of its educational institutions are made readily available to potential students. The information provided on each university includes their overall scores on student satisfaction, student achievement, in terms of examination results, as well as league tables of the overall university rankings and those by subject area. The information provided can be extended even further, however, by providing full transparency on the achievement of all e4e providers, not just universities.

4 Coordinating employers with their industry peers

This relationship enables industry to develop a common approach in terms of skill standards and to coordinate the overall skills development at the industry level. Where there are not economies of scale (e.g., a sector where there are no dominant players), this can have benefits as it lowers the cost of such education and training. In cases where the industry is not already organized, the government can catalyze this coordinating role by providing incentives to encourage cooperation between companies, particularly in the area of human resources development.

Ecole Supérieure des Industries du Textile et de l'Habillement (ESITH) provides an example of how this can be achieved. The institute is a limited liability education institution set up in Morocco in 1996 at the behest of the textile industry association (AMITH), which owns 24 percent of institute's shares. At the time, the industry association's members faced a continuing shortage of

properly trained engineers and managers, so ESITH was founded to meet these needs.

The institute's curriculum has been shaped by the industry's needs and has been developed in partnership with Quebec's Ministry of Education. Currently thirteen out of seventeen members of the pedagogical council are from the industry and ESITH's governing board comprises six members from the government and six from AMITH. Today ESITH has 900 students and a faculty of 44 permanent and 114 part-time instructors. The training is delivered modularly with a focus on competency-based skills. The cost of the student fees of \$6,500 a year are shared by the student, the institute, and the government, with the latter paying half the total costs. Some 10 percent of revenues are reinvested as student loans.

The current enabling environment is flawed, and its problems are stunting the full potential of the private sector in e4e. We believe that a focus on improving the quality of the three enablers indicated here – standards, funding, and matchmaking – will help transform the impact of private provision in the sector. Our examples refer primarily to the private sector, but a true transformation will require the concerted effort of all the stakeholders. Only by joint action can the region ensure that it is able to develop a flourishing e4e landscape populated by numerous, large-scale providers that provide for the needs of each and every e4e segment in each country of the Arab World.

Prior to the introduction of this service there was no formal system for advertising jobs in the West Bank, so unemployed people had to rely on informal contacts in order to find work. Today SoukTel facilitates fifty job matches each month and has 8,000 users.

Box 4 Creating an information engine

A fundamental challenge to e4e today is the lack of sufficient communications between education providers, youth, and employers. As a consequence, the market struggles to ‘clear’. An on-line platform, what we call an ‘information engine’, that is specific to each industry (in order to enable depth of coverage and sponsorship by the industry’s leading players) could have immediate impact in facilitating communications across all three stakeholders. Such a platform could combine three critical components for each industry: 1) key information and statistics on employment, graduation trends, and career paths; 2) education and employment experience-sharing by youth; and, 3) match-making across all three stakeholders. Each of these is described below:

Key information and statistics: This includes data on the annual number of jobs and graduates in each industry (e.g. number of annual graduates in each related discipline, number of annual positions hired in the industry), the employability achieved by each education provider (e.g. number of months post-graduation until graduates found a job; employer perspectives on the caliber of graduates from different institutions and degree programs), and career pathway information such that youth can understand the movement from entry positions upwards in their industry of choice.

Experience-sharing: Youth can have ‘chats’ with each other about their education and employment experiences (e.g. satisfaction with e4e programs, successes/challenges faced on the job market), as well as their satisfaction with their chosen professional path.

Matchmaking: Matchmaking enables the parties to ‘speak’ to each other in three main ways: 1) Students learn about job opportunities and skills through job postings by employers and education providers; 2) Employers learn about student profiles through their CV postings, and about which education providers have high employment rates; and, 3) Education providers learn about industry and youth needs for skills and use this insight to tailor their program offering accordingly.

While this on-line platform would be industry- and country- specific at the outset, it could easily grow into a network that spans the Arab world, enabling mobility by youth for education and employment opportunities.



6. CALL TO ACTION



As we have shown in this report, youth unemployment across the region averages 25 percent, the highest in the world.⁵² There is wide recognition that if nothing is done, unemployment levels are likely to rise further, with up to another 50 million to 70 million young people entering the workforce over the next years.⁵³

To date, regional governments have not focused sufficiently on a vital component of the employment picture – how to ensure that the region’s youth have the right skills for the jobs being created. This means orienting their education directly to the employment opportunities: what we called e4e, or e4e for short. Moreover, there is even less of a focus on how to encourage the role of the private sector and civil society to play a complementary role to government.

To recap, this report has emphasized the following key messages:

- **Demand for e4e is substantial:** With a third of the region’s total population currently under age fifteen, the pure numbers are already indicative. However, the demand is not only of a quantitative nature. In in-depth interviews and surveys conducted during the course of preparing this report, companies have consistently expressed deep frustration over lack of basic skills among their new hires. Also, only one third of surveyed youth believe their education prepared them adequately for the job market, raising strong doubts about both program quality and relevance. Over a third of all youth surveyed would be willing to pay for their education if it led to better job prospects.
- **Supply of e4e is nascent:** At present throughout the region, the private sector e4e landscape is relatively patchy and fragmented. Overall, post-secondary education is still largely provided by the public sector. The first private e4e providers are achieving impressive things; however, these private e4e providers are as yet relatively small scale compared to their international counterparts.
- **Three main e4e investment opportunities exist:** We identified three major categories of investment opportunities that will stimulate the overall growth of e4e in the region, as well as defined the conditions that each needs for private participation to thrive at scale:
 - Vocational education and training (VET)
 - University education
 - Work readiness programs.

- **Critical enablers are missing:** We identified three aspects in particular that, if improved, would have significant impact in boosting the sector’s growth:
 - Implementing rigorous standards and independent quality assurance to ensure students are taught the right skills at consistent standards across institutions.
 - Introducing and expanding sustainable financing mechanisms for private e4e provision.
 - Ensuring greater information transparency and matchmaking between young people, employers, and education providers, such that young people meet the needs of the labor markets.
- **The challenge is big, significant, and urgent – action is required now:** Without all stakeholders – youth, employers, government, education providers, multilaterals, and civil society – coming together right now and embarking on ambitious plans to jointly address the e4e challenge the Arab World’s youth are facing, the potential short-, mid-, and long-term consequences are dire.

In order to realize the potential outlined over the previous chapters, all stakeholders in the e4e system across the entire region, in both the private and public spheres, has to concentrate their efforts on providing the right preparation for young people. This is likely to be a long and arduous journey that will require courage, determination, and perseverance, but at the same time it should be liberating. Collaboration on e4e can bring a new level of cooperation between the private sector and the public: we can ensure that the two learn to work together in new, creative, and productive ways. It can also encourage new levels of cooperation between countries in the region: sharing knowledge in this area can be of mutual benefit to everyone throughout the entire Arab World. Most important of all, expanding e4e provision will enable our young people to benefit from the job opportunities created by the present plans.

In the following we outline the specific actions required of each stakeholder group.

PRIVATE EDUCATION PROVIDERS

Whether you are for-profit or non-for-profit, you are presented with an enormous opportunity of training young people for the needs of your own or related companies, or social and societal impact. Your opportunity: enter, expand, and innovate.

Become an education and training provider

Being a successful education and training provider requires having an informed perspective on the following questions:

- a. **Do you have a clear understanding of the sectors and sub-sectors that currently face skill gaps of both quantity and quality?** Whether at the univer-

This report is therefore a Call to Action – a call to act now, to act decisively, and to act jointly. Reshaping e4e provision will help transform life in the Arab World. Not doing so presents dangers, for each and every young man and woman affected individually, and for the stability and development of the region overall.

sity or vocational level, design your offerings around professions that are central to your country's economic development plans, and the skills required to make these plans a reality. For example, healthcare-related jobs are in high demand across the whole region, as are ICT- and tourism/hospitality -related programs across many countries.⁵⁴ Also, do not neglect less popular opportunities, such as properly trained construction industry personnel, as they are in great demand in the region.

- b. **Do you thoroughly understand and know how to develop a business model consistent with the needs of youth and industry?** As our analysis has clearly demonstrated, opportunities in e4e are everywhere across the region, geographically and in terms of sub-sectors. Far from being a demand-constrained market with only few niches still available, with so many opportunities the risk is in trying to do too many things at the same time. Clear focus, aligned with one's own strengths, is a decisive criterion of successful providers. In general, consider that vocational education and training programs are likely to significantly increase in importance over the coming years; natural and technical sciences are under-provided for, as are dedicated offerings for specific populations, such as women and people in rural areas. Consider how you can offer programs tailored to specific student populations and to specific professions such as the programs designed by Int@j in Jordan for ICT graduates who need specific skills to be employable in their industry.
- c. **Can you design your program in close cooperation with industry partners?** The most successful international and regional case examples stand out because of the very close links they have with the future employers of their graduates, such as the example of SJAHJ portrayed in this report. Involve industry partners in curriculum design. Invite them to teach some of the courses at your institute or even to run simulation labs of their industry environment as an academic course for students. Bring industry partners to your campus for networking opportunities. Organize internships for your students. Support your students beyond graduation with job search guidance, resume writing, and interview preparation.

Expand your presence in the education and training space

If you are already in the education and training space, consider how to expand your presence, increasing in size without compromising quality.

If you are an education provider already in the region: This is your opportunity to take your initiative to new levels. There are highly encouraging models of private involvement in e4e across the region, and this report has highlighted a selected few of them, such as EFE Foundation, INSIM, CVTH, and Pharmacy1.

- a. **What is stopping you from scaling up your operations and expanding into new segments in your existing location?** If it is the enabling environment, build interest groups with other education providers in your area, identify ideas for making improvements to the enabling environment, and jointly reach out to government to state your case compellingly. Also, evaluate whether your existing business model facilitates you to grow or hinders you from doing so by examining the following questions:
 - b. **Have you considered moving toward new regions in your current country of activities?** Our research has indicated that in many countries, there are ample opportunities in regions away from the major cities. You have the advantage of already being established in the country, and so understand the reality and the legal environment. Where should you go next? Would these regions have needs comparable with your current location?
 - c. **What about expanding to additional countries throughout the region with similar skill needs?** Despite all their differences, our research has shown that there are quite comparable challenges and solutions across the Arab World, creating an opportunity to educate youth to enter a regional labor market, in addition to the local labor market. Additionally, the similar challenges across the region present a great opportunity to expand beyond your current boundaries, building on your know-how and experience. Are there countries that present very similar opportunities to those addressed in your current model? Do you already have links to any potential partners there? What would it take to go there, and how would you manage the complexity of operating across multiple countries? In addition, there are some countries that have experienced rough times over the past few years, like Iraq, but which have huge untapped potential. Are you willing to explore?
- b. **Which regional countries are most suited as a “hub” for your activities, and what types of business partners would you need?** Many start by setting up a hub in the Middle East or North Africa in the areas they are most familiar with. This allows them to establish themselves, and ensure they have an attractive and financially sustainable model. However, often these places are among those with the strongest competition. There are still many opportunities in these core markets, but would venturing beyond these core markets to other countries in the region present equal or even greater opportunities?
- c. **How do you intend to localize your offerings?** Being a successful international provider will give you a reputational advantage that you can start building on. However, do not make the mistake of considering the region a “second class” opportunity – clients in the region are demanding, and they will ask for good quality for their money. Make sure to adhere to the same quality standards as you would in other parts of the world and bring in top personnel. At the same time, invest into localizing your offerings, bringing on board (and – if necessary – preparing) local faculty. You might even reach out to expatriates from your target countries and discuss with them whether they would be prepared to return to their home countries in order to make a real difference there. The combination of international experience and deep roots in the local culture will give you an edge in achieving your aspirations, as demonstrated, e.g., by Sylvan.

If you are an experienced international education provider, but are not yet active in the region: the region presents one of the strongest growth markets in terms of its e4e needs.

- a. **What can you contribute to alleviating the skills gaps of the region?** Entering a new region can be a very challenging experience, and we fully acknowledge that a lot needs to be done to bring the enabling environment to one of world-class standards. At the same time, this is an opportunity, as governments are eager to learn and move the region forward. What experiences do you have that can help to shape the private contribution frameworks? Are you willing to contribute? Consider establishing programs that provide a combination of access to (micro) financing and entrepreneurship-related education. Such programs would benefit young entrepreneurs and support the institutions financing them achieve higher rates of success.

Rethink, customize, and innovate your business model

The region’s e4e challenge is huge and urgent. Business as usual will not be sufficient to address it. Great work is already being done by many in the region, but how can these “green shoots” be grown into strong trees? While recognizing that it is not only impossible, but would actually be negligent to provide specific business advice in a report that covers 22 countries spanning two continents and a wide variety of provision opportunities, challenges and circumstances, nevertheless, as a result of discussions held during the course of the interviews, combined with those with the Advisory Board and Steering Committee, we have crystallized a few questions that we believe are pertinent. We would also like to refer you to some of the case examples portrayed earlier in this report, such as Anhanguera, Monterrey Tec, AUI-S, EfE Foundation, Int@j, and others. Questions to consider include the following, in no particular order:

- a. **Do you meet the needs of employers?** What could you change to meet them even better? Employers’ recognition of you as a quality resource to fulfill their recruiting needs will allow you to build a brand and shape student demand for your educational offering. Do not forget to satisfy the needs of employers – do you really understand what the potential future employers of your students are really looking for, where

they see the strengths, as well as the weaknesses of the current offerings? When was the last time you had an in-depth discussion with these employers, individually and in focus groups? Also, are you meeting the needs of employers (and students) from a financial perspective? Have you tailored your offerings to deliver best value for money?

- b. **How strongly are soft skills and work attitude modules integrated as central elements of your curricula? How can you further strengthen those modules?** Are there dedicated, mandatory modules in these areas? Are they an integral part of each and every module? Do you have faculty who are properly trained to teach these subject elements? Have you considered establishing post-secondary preparation programs, such as foundation-year programs and tutoring (informal and formal) to prepare students in areas important for university success (e.g., soft skills, and reading and writing in Arabic and English, as well as mathematics).
- c. **Could you custom-tailor your offerings to the needs of female youth?** While youth unemployment is a challenge across both sexes, the youth unemployment rate among female youth is even higher than among male youth. While different from country to country, cultural barriers tend to put young females at a disadvantage. Are you aware of areas that could offer interesting opportunities to female students? Are they properly prepared for those opportunities? How could your offering be differentiated and custom-tailored to be attractive to female youth and their families?
- d. **Have you challenged accepted operating model paradigms, such as the need for a full-time faculty, high capital expenditure, site-based teaching, etc.?** Why are you not offering intense weekend or evening courses to students who work during the day?
- e. **Have you considered making your classrooms and other offerings “mobile”?** A significant share of the e4e challenge is found far away from the urban centers. As examples, there is a need for teaching best practices in agriculture, to make the best use of the region’s scarce water resources, in advising women in rural areas (e.g., in how to make best use of their handicraft skills or to set up their own businesses), as well as to teach entrepreneurship skills. Many of such people cannot be reached through urban institutes, even if you were to go to the main towns in each region. What is needed is to go into the villages and to teach there. We are talking about short, targeted, and focused work readiness courses. Also, consider coupling your activities with (micro-) finance programs, maybe even together with some national or international organizations. The combination of access to know-how and knowledge, in conjunction with starting capital is very powerful.
- f. **What role can and should the rapid development of new technologies play in your delivery model?** As shown earlier in the report, there are many successful international examples that are experimenting with how to best make use of the internet in providing education and training. The options range from technology in the initial sign-up process through to the actual teaching, all the way to post-graduation offerings. Also, could you see the online social networking culture being integrated into your curricula, creating a virtual network between your students, successful graduates, and industry partners, thereby appealing more naturally to young people?
- g. **Do you offer comprehensive e4e related services (e.g., résumé and interview coaching, job search support), rather than teaching alone?** Do you foster career path discussions with your future students, when they apply to join you? Do you prepare students with the skills for searching for and applying for jobs, e.g., in terms of how to prepare CVs and how to present themselves in interviews? Do you provide career and industry liaison services, either in the form of a full careers center or from a dedicated member of staff?
- h. **Have you thought about the scalability of your model?** To what extent do you have clearly defined and standardized modules that will allow you to expand your concept quickly across the country, and even across the region? Modularization and standardization, in connection with other “lean” concepts for eliminating unnecessary “waste,” have driven many productivity improvements across industries, from manufacturing to services. Why, as an education provider, would you not be able to benefit from those concepts, applying them to your own operations? Even if you are a not-for-profit provider, these concepts will not only enhance financial performance, but also allow you to help more students within a given budget.
- i. **Is your business model diversified to include multiple revenue streams?** Where do your revenues come from? In addition to combining streams directly from students and from government: you could think of industry partnerships, for instance – and what would be in it for your industry partners? Typically, they are looking for early access to motivated and qualified future employees – is this something you can provide? Have you thought about sponsorship and endowment setups that allow benefactors to contribute to your offering, and do you have sufficient transparency to provide them with the confidence that their money will be well used? Have you considered actually selling your students’ products – for instance, if you are a tourism college, could you open your own hotel, as in one of the examples in this report?

Box 5 What are public private partnerships?

In interviews across the deep-dive countries, the term “private-public partnerships” (PPPs) was often used. Yet, we have also frequently heard concerns – from representatives of both the private and public sector – that the private-public partnership culture is relatively undeveloped in the region, as it has yet to produce meaningful results. When enquiring further it becomes obvious that there are several very different and competing conceptions of what private-public partnerships actually involve. Two basic models are typically adopted in E4e (while fully acknowledging that there are many variations on these two basic approaches):

- In the broader sense, private-public partnerships include a wide range of approaches to any cooperation between public and private partners, in many cases without direct contractual relationships or commercial benefits, and very often involving a multitude of partners.
- In the more specific sense, private-public partnerships mean that there is a contractual partnership between public and private sector entities for the provision of public services and/or (social) infrastructure, involving a risk and revenue sharing relationship for the achievement of a desired public policy outcome.

Our interviews show those wishing to create PPPs face a range of hurdles, ranging from a lack of information how such co-operative partnerships can be structured, to a basic mistrust of motives. Creating and strengthening successful regional showcases – and promoting awareness of them – could have a catalytic effect in overcoming these basic problems.

There are a number of experiments across the region in forming PPPs with contractual relationships, including those with a focus on the E4e space (e.g., in the area of VET in Yemen). There is much that can be learned in this regard from countries with a more developed PPP culture, such as the UK, South Korea, or Australia. Once again, there is a need to create successful regional showcases, and increased awareness about the potential of PPPs.

- j. **How do you think about private-public partnerships?** More and more governments realize that on their own, they will not be able to succeed in responding to the e4e challenge. They are looking for private partners who can bring to the table experience and expertise, e.g., in vocational training. At the same time, the governments may be able to provide buildings and other infrastructure, significantly reducing your initial capex requirements. Does this sound like a win-win situation worth exploring?
- k. **Are you in touch with the dedicated training funds around in the region?** A prime example is Tamkeen in Bahrain, described earlier in this report, and there are comparable institutions in many countries across the Arab World, which often have multiple options for how to best utilize their means. How can your programs help such funds achieve their objectives? Do you talk their language in terms of program requirements? Could you develop a partnership?
- l. **How can you increase transparency to students and employers about your program quality?** Do you provide statistics on the employability of your graduates three months after graduation? Six months after graduation? Do you systematically gather this data? Students are looking for an edge in attaining jobs and need transparency. Do you have a real perspective on the relevance of the modules you offer, and are you prepared to share it, and thereby build trust with parents, as well as with public quality assurance authorities and regulators?
- m. **If you are a university, have you ever thought critically about the balance between applied research and teaching?** Both are needed, without any doubt. At the same time, successful education providers we talked to have emphasized the critical importance of focusing on teaching at first, while setting up and getting scale – avoiding the distraction of research. Though this can and should be hotly challenged, debating this question is an important step, whatever the outcome of the debate.

Overall, “think market,” whether you are a for-profit or not-for-profit provider, and expand reach and capacity, while simultaneously monitoring and improving quality levels. Only by ensuring both quantity and quality will you be able to achieve relevance and make a real difference.

PRIVATE EMPLOYERS

Employers in the region have been increasingly vocal about the skill gaps of the region, and many of you are already offering training opportunities to young employees, spending significant means on it, both financially and in terms of time commitment. But the region needs more to step forward to be a part of the solution. We call out to employers: During the financially difficult recent years,

your training budgets might have been among the first items cut – reconsider: training might appear discretionary for the short-term, but it is the future you will build upon in the mid- to long-term

This includes a commitment to improving the skills of your own labor force so that you can compete in terms of talent and productivity. Work with education providers to bring them closer to the workplace demands and thereby lessen the amount of re-training you have to do when today’s students become your future workforce. And even if you do not feel sufficiently powerful to make a real difference on your own on the local, national, and regional level, there is a significant opportunity for you to work together with other companies and stakeholders on impactful projects – both within your industry and across national borders. This investment can help you to achieve efficiencies of scale and improved productivity. We strongly encourage you to read through the previous section focusing on education providers – what can you do to help education providers to enter, to expand, and to innovate? Maybe you should even consider entering the provision space yourself? We would also encourage you to read the below Call to Action addressed to governments. You have specific expertise that can help shape the government agenda – and many of you have significant direct or indirect influence on policies. Are you proactively using this influence for the benefit of e4e?

We hope that the following questions, together with the above, will make you think, (re-)consider, and act – if you remain passive in e4e, you are putting at risk your own business success in the mid- to long-term, as well as the future of the wider society:

Offer direct opportunities to young people who face an uphill struggle due to their lack of skills and practical experience

If you believe you are not powerful or big enough to make a real difference on you own, think about the following:

- a. **Do you offer on-the-job training opportunities to students, e.g., as internships and/or co-op programs?** If every single enterprise in the Arab World took on only one or two students (of course, more is better, if you are a big enterprise) and offered them real workplace experiences, this would make a major difference. One of the key characteristics of Germany’s apprenticeship program is its immediate workplace focus. One of the key success factors of integration of young people into the workforce in Europe is the provision of internship opportunities. Why should this not work in the Arab World? There are already successful examples, such as PDO’s activities in Oman, as portrayed earlier in the report. You can start doing this tomorrow.

- b. **Do you invest in the training of your employees?** In many countries of the Arab World, too much focus has been on keeping labor costs low, instead of competing on productivity and talent. By investing in the skills base of your own employees, and especially in the young people joining you, you can start making a real difference to the region's business model. Though on your own this might just be one proverbial drop in a large ocean, at the end of the day the ocean is made up of many small drops. Investing in training does not mean you necessarily need your own training department. By creating demand for providers, you can attract top-notch providers to your region.

Enter into individual partnerships with education providers, to 'co-shape' the system

It sounds challenging, but is this really so out of reach? There are a couple of very specific steps that you can take:

- a. **Do you have a partner VET institute and/or university?** Are you willing for your employees to be part-time of faculty? Should you consider running a simulation lab for students so that they understand your industry's environment? You know best about what the markets you operate in and sell your products and services to expect from your (future) employees. Are you struggling to get employees that live up to your requirements? Why not select one or two education providers you cooperate with closely and seek to influence their curricula; run a simulation lab for students; co-sponsor research, if applicable, even offer yourself (or your managers) to teach some of the courses, to give students real-life flavor. Pharmacy¹, portrayed earlier in this report, could serve as an inspiration. In other words: make a difference in your own, very specific environment by developing and living an end-to-end partnership with selected education providers, pushing them hard to meet your expectations and quality bars. Show initiative, and commit yourself to a specific and serious attempt over the coming months.
- b. **Do you share information with education providers on the required employment skills?** Even if not entering into specific partnerships, do you have a specific, well-sharpened understanding of what you need? Which hard skills, which specific soft skills? What is it, very specifically, that frustrates you at the moment, and what would you do differently? Let education providers know – this is the kind of information they need. Though you are right that they should reach out to you, rather than the other way around, should this stop you from taking the first step?

Work together at the industry level to shape and influence the e4e system, and to offer perspectives to young people

Though there are many things you can do individually to make a difference, on a number of aspects you need

to cooperate at the industry level, and potentially even beyond industry level. You might be competitors, but in this area, cooperation can benefit everyone.

- a. **Have you identified and clearly articulated specific training needs and developed qualification standards as an industry?** Clarity about sector requirements benefits students, as they are able to understand what will be expected from them. It also benefits education providers, as they are able to get first-hand guidance on what is needed. It also benefits governments, as they can then tailor their interventions to support the needs of the industry. Nobody else can do this on your behalf – are you prepared to do it?
- b. **Are you using your advocacy powers with government to advance the e4e agenda?** Have you provided specific, viable solutions that take into consideration the interests of all parties involved? Don't misunderstand us – industry associations are already contributing significantly. But are there two or three specific things you could focus on next year that would make a difference for your country as a whole, as well as for your industry and your individual companies? ESITH, portrayed in this report, could serve as a good example.
- c. **Have you thought about setting up your own industry career guidance centers?** About reaching out to youth using online social networks? We have argued that a key reason for the market's failure to clear is that the lack of information and transparency negatively impacts youth. They often do not know what to expect, what will be required from them, or where or how to find jobs that attract them. We believe you are in the best position to provide this information. What stops you from setting up such centers; why do you not create a major information platform at the regional or country level, or even beyond? Looking at the business successes of many online networks, this could even be a very attractive commercial undertaking, beyond its huge, potential social impact?
- d. **Do you actively shape the reputation of "vocational" jobs?** Many of you are already suffering from a shortage of qualified graduates, especially for jobs requiring vocational training – and this shortage is expected to increase significantly over the coming years unless more young people go into vocational education and training. What can you – as (future) employers of those youth – do to entice them to choose the vocational path? How can you showcase the attractiveness of vocational professions? How can you communicate the career path of these professions?

There is no reason to be passive. Many are already very active and are working to cover for gaps that were not of your making or responsibility. As private employers, you are in a central position and can play a crucial role.

GOVERNMENT AND PUBLIC SECTOR INSTITUTIONS

At the moment, the burden of addressing the e4e challenge is largely on your shoulders, both with respect to providing e4e, and with respect to shaping the enabling environment. Regard the private players as crucial partners. All governments in the region need to commit to actively creating a more positive environment for private participation in e4e. The private sector has the ability to do great good in accelerating the pace of change, but this will only be realized if you give the sector more freedom to innovate while at the same time assuring quality. The current small scale of the private sector is largely the result of flaws in the current e4e enabling environment, which stunts its growth.

This report is focusing on enabling and facilitating private contributions to post-secondary e4e – therefore, the Call to Action below focuses on these aspects. This should in no way imply that substantial reform of the K-12 system and of publicly provided post-secondary e4e are of any less importance. They are of comparable importance and urgency and we urge everyone to take them as seriously.

With respect to the focus areas of this report, though, the actual path, specific measures, and relative priorities to be adopted by governments are likely to differ somewhat from country to country, and potentially even between regions within a single country, the key themes that need to be addressed are very similar:

- Put e4e right at the top of the national agenda, ensure a coordinated and transparent regulatory approach to e4e, and proactively reach out to the individual players. It is in your hands to initiate and accelerate true change.
- Implement rigorous standards and independent quality assurance to ensure students are taught the right skills at consistent standards across institutions.
- Introduce and expand sustainable financing mechanisms for private e4e provision.
- Ensure greater information transparency and matchmaking between young people, employers, and education providers, such that young people meet the needs of the labor markets.

Put e4e right at the top of the national agenda, ensure a coordinated and transparent regulatory approach to e4e, and actively reach out to the individual players

Put e4e right at the top of the national agenda, and proactively reach out to the individual players. It is in your hands to initiate and accelerate real change. Of all the stakeholders, you are in a central position to facilitate and trigger developments to the greater good of your country and the Arab World as a whole. If you do not act now, you may forego what could be the greatest opportunity to make a really difference to your young people and future generations. We hope the suggestions below

trigger thought in reflecting the scale and urgency of challenge you face:

- a. **How could you convene multiple stakeholders to launch a national effort on e4e for the benefit of your young people and future generations?** There is no room for more of the same. This is the time to launch a comprehensive e4e action plan, the key thrust of which should be the inclusion of all the stakeholders, for their joint benefit. Looking at large-scale national reform and development efforts in the education space, but also in other areas, there are a number of critical success factors that seem to be common. How can you put these in place or strengthen them in your own country?
 - Ensure unconditional support from the country's top leadership.
 - Involve civil society in the definition and pursuit of the strategy – only a truly joint and united effort will make a difference. Unite your nation around creating a bright future for its young people and the benefit of future generations.
 - Enter into dialogue with students and young people on education and the training policies that affect them. If representative bodies do not exist, facilitate their creation.
 - Commit to launching a national e4e roundtable that consists of the leaders from key industry sectors and from civil society to focus on increased dialogue in developing solutions. Co-create the agenda and agree on very specific action points regarding how to execute against aspirations.
- b. **Have you considered setting up a dedicated National e4e Office?** This, for example, could be similar to the route taken by the Jordan Education Initiative or by Tony Blair's Prime Minister's Delivery Unit in the United Kingdom. Set up a body to take cross-ministerial and cross-stakeholder responsibility for making a real difference in pushing e4e. We are not talking about another large, bureaucratic ministry, we are talking about a small unit of not more than 5 to 15 people, including those with a strong private sector background, who can facilitate and coordinate with all the other stakeholders involved. Their task is to ensure that the overall effort keeps up excitement, speed, and direction. They provoke stakeholders with provocative ideas, and ensure that international best practices are adopted. This team needs to work closely with the multitude of international organizations that are prepared to help, and to coordinate their efforts: in other words, they become the central focal point and catalyst for information and activity flows, but without becoming the bottleneck in the system themselves.
- c. **What is your private-public partnership concept for e4e?** While you may intend to develop the basis for a private market (e.g., by tendering for the provision of certain education and training services to

private providers), do you have clear rules in place, so that private providers have certainty when making their plans? As described above, in the Call to Action for private providers, private-public partnerships will be an essential element in resolving the region's e4e challenges – yet the region's readiness for PPPs lags significantly behind those of benchmark countries such as the United Kingdom, South Korea, or Australia. It is in the direct sphere of influence of governments to adopt a world-class PPP regulatory framework, and to build the skills within the public sector needed to actually apply these frameworks in genuine partnership with the private sector. There is no need to reinvent the wheel: while global standards and best practices will require some adaptation, there is absolutely no reason why they are not relevant in the Arab World. Use your connections to governments in leading PPP countries and to international organizations to learn from them and to set up your own private-public partnership concept.

d. **Does the private sector trust your commitment to e4e, and do you trust that of the private sector?**

This is one of the biggest concerns we have heard from stakeholders time and again in the course of the research for this report, both when talking with private and with public representatives. The call for trust-building has been heard clear and loud. However, the best way of building trust is by action rather than by claims and promises. All the actions outlined in this report will together create a new climate of trust and partnership. We strongly urge you to consider this angle in any action you take in e4e. At the same time, having in place systems that ensure transparency and rigorous quality assurance will enable you to build trust based on facts, rather than on claims and promises alone.

- e. **Do you offer a consistent and transparent regulatory environment, that is supportive of private participation in e4e?** With the multitude of government institutions typically involved in e4e in one way or the other, the risk of inconsistencies and even contradictions is high, potentially hindering private participation. Do you have clear policies that are consistently accepted and applied by all government entities involved? Do you have unambiguous regulation in place that clearly reflects those policies? Are those executed in a fair and consistent way, supportive of private sector involvement, subject to clear and objective rules?

Implement rigorous standards and independent quality assurance

“Implement rigorous standards and independent quality assurance to ensure students are taught the right skills at consistently high standards across institutions”.

We have dedicated extensive space in the report to this topic, and included multiple case examples, e.g., from

New Zealand and Australia. This emphasis is deliberate. Quality assurance and consistency in standards are a necessary prerequisite for the successful development of private involvement in e4e provision (and, we would argue, also for a public sector one). Many countries are hesitant to fully allow the private sector into the education and training space because they are concerned about exposing their youth to expensive yet low-quality offerings. These are genuine and important concerns – yet, is it not within your control to establish proper quality assurance processes? Though this may not be easy, it is very necessary and needs to be a top priority.

We do not intend to repeat the earlier chapter on this topic, but let us summarize a few questions for your reflection, to trigger thoughts and encourage you to immediate action:

- a. **Do you have a strong quality assurance system in place?** What are the strengths of your current system; where do you see weaknesses? Do you actually include and hear the voice of your young people and their parents, of civil society, and the private employers in your quality assurance system? Overall, is your system supportive and cooperative, and does it have the teeth to intervene decisively where things are not going well? Among others, New Zealand's system, portrayed in this report, is often looked at for comparison.
- b. **Do you ensure that you benefit from international standards?** It is your right and responsibility to define standards and criteria that meet the specific requirements of your country. At the same time, we invite you to consider whether or not there are well-established international standards and best practices that would meet your requirements? Not only would this allow you to leap years ahead in defining and developing standards, it will also give your graduates an invaluable advantage, in terms of the international recognition and comparability of their degrees. The example of Sunway, described in his Report, could provide some guidance.
- c. **Do you provide room for innovation?** Do you allow providers to innovate in the curricula, delivery methodology, and learning environment? Are your employees involved in quality assurance exposed to newest trends globally and open to innovation? Are they qualified to tell the innovation worth pursuing from such that will only harm the young generation – this is one of the biggest challenges of any regulator?
- d. **Do require providers to monitor and publish output (graduate) parameters?** Managing inputs and process is tempting. They are relatively clear, can be easily observed and measured, and might even be a good proxy for outputs, which are harder to measure, due to the time lags in their observation. There will, therefore, always be both input and process parameters. At the same time, at the end of the day, it is the employability of your graduates that is the ultimate

measure of e4e success. How do you measure these outputs? Are your providers under an obligation to track the employability of their graduates and to make this information available?

- e. **Do you monitor public and private providers on the same basis and make these findings publicly available?** Do not give preferential treatment to private education and training providers; they should be held responsible for fulfilling the required standards. At the same time, the same needs to apply to public providers. During our interviews, many private providers raised concerns that they are held to different, and often questionable, standards compared to their public sector counterparts. What is your approach to discrimination free accreditation and quality assurance? This is in the interests of your young people and future generations.

Introduce and expand sustainable funding mechanisms for private e4e provision

This will be of critical importance to speeding up the development of the e4e market.

- a. **Are you communicating with your population and your businesses that cost-sharing between different stakeholders is unavoidable?** The question is not whether cost sharing will be required, but how a system can be developed that does so in a transparent and fair way, achieving the objectives of more, better, and more directly applicable e4e. A necessary component of this will be that students will need to bear part of their education and training costs themselves.
- b. **Do you have a comprehensive perspective on e4e funding?** What would it take to develop one? How do you prioritize and finance your national response to the e4e challenges faced by your country? Reliability and predictability are key concerns of private investors, and this also facilitates public sector planning. You could actually reach out to other stakeholders, e.g., from the private sector, to jointly develop that perspective?
- c. **If you are to place some of the financial burden on students and their parents, how do you intend to avoid this biasing selection towards wealthier students?** As set out in the previous chapter, a comprehensive student loan and scholarship offering will be an important and critical element in the solution. Based on international experience and the initial regional attempts (e.g., through IFC) it is clear that these are important considerations. Successful models look into constructing private-public partnership, often led by a country's financial sector, with some government intervention and support.
- d. **Have you thought about establishing "skill development funds"?** If so, have they lived up to their expectation, or what is stopping them from doing

so? Such funds have been very successful in multiple countries around the region, with Bahrain's Tamkeen being an example – and the idea has already appealed to other countries. Yet, to be successful and gain the trust of the people and the business community, these funds need to be run in conjunction with industry and education partners, subject to a very clear mandate, clear and transparent decision/allocation rules, and tight financial and impact auditing – with information once again being put into the public domain. They require staff truly familiar both with industry requirements and with education and training provision concepts, rather than "pure accountants." If you already have a fund, does it meet all those conditions for success? If you do not, are you thinking about setting one up?

- e. **Are endowments for education providers on your radar screen?** Endowments are an interesting aspect of e4e: they provide the opportunity to give education and training providers a substantial long-term basis for their operations, freeing them from the day-to-day dependency and paperwork that typically comes with continuous funding. They also allow the creation of dedicated funds that will enable education providers to sustainably meet the education and training needs of future generations.
- f. **Do private providers have access to public funding sources?** How do you treat private vis-à-vis public providers? Do you provide funding based on whether they are "your own" institutions, or based on who delivers the best value to students, and ultimately to the economy? This is not a black-and-white question, but if you are serious about fostering stronger private contribution to e4e, excluding private providers from access to public education funds will cripple some efforts.

Ensure greater information transparency and matchmaking between young people, employers, and education providers

Whose role is it to ensure transparency and matchmaking? Each and every stakeholder faces this responsibility, and each and every stakeholder is called to action. Yet, as the government, it is ultimately your responsibility to incentivize other players to help create this transparency, while avoiding getting in the way of such attempts, and to step in if others are not taking up the baton.

- a. **Do you currently ensure proper transparency?** As described above, putting in place quality assurance needs to be one of your top priorities. But why would you stop at simply measuring quality? By publishing the level of student satisfaction with school experience and employment outcomes, and in a responsible way, also including the opinion of employers, you provide important tools for your country's youth. You also create a way for education providers to distinguish themselves. By the way, is this not a great opportunity for a private-public partnership, bringing on board

local industry as well as internationally experienced partners?

- b. **Can you incentivize matchmaking services?** There is a big gap in the provision of matchmaking and information/guidance services in the Middle East and North Africa. In some of the countries visited, this challenge has actually been put close to the top of the list of challenges faced. At the same time, solutions exist – characterized by enormously successful (virtual and real) information platforms. You do not even need to provide these yourself – but have you considered incentivizing private partners, in your country or internationally, to move into this space? What stops you from launching a PPP effort, even at short notice?
- c. **How can you showcase to youth the full range of attractive job opportunities?** Information transparency also means creating awareness for the range of attractive jobs that are available to young people – including those they may not be aware of or those they may have reservations about. In particular, how could you change the social perception of VET? How could you reach out to youth, and as importantly to their parents, to show them that there are actually attractive professions in service industries that lie within VET? How would you rebrand VET professions, in a systematic, multi-year effort?

CIVIL SOCIETY INSTITUTIONS AND MEDIA

There are many ways that civil society institutions can play a key role.⁵⁵ Ideally, you could step in to fill the gaps and look at areas that might be overlooked in the current system or which require someone to keep a critical eye on. You also have a responsibility to change the overall perception of e4e, including of vocational and technical training, which currently appears to be the hugely important and promising, yet often “forgotten middle.” Here are a few thoughts:

Dispel the myth that some occupations are ‘better’ than others

How do you expect young people to get excited about vocational opportunities if they often hear that these are “inferior” to “proper” educational choices? The power of words in shaping opinions is a very strong one – do you live up to the responsibilities that such a powerful tool brings with it? How can you, individually, contribute to start changing the general perceptions of VET, in close cooperation with other stakeholders?

Live up to your responsibility as a constructive watchdog?

It is crucial for media, in close cooperation with civil society groups, to keep a constructive yet critical eye on what is happening. Whether promises are kept, whether the financial means are actually used in the way they are supposed to be, whether young people and their parents are actually getting what they are promised, or whether

they are failed by the system and its providers. A challenge as huge and urgent as e4e depends on people keeping an eye on developments. We strongly encourage you to focus journalists on the topic, to publish reports, to highlight and celebrate successes, to point out failures and risks – always with the objective of moving forward and improving provision.

If you are an Arab foundation or a high net worth individual: How could you leverage your endowments, grants, and donations, for the benefit of e4e?

As demonstrated through the initial chapters of this report, the demand for e4e is essential, while supply – and especially the private contribution to the supply – is nascent. Ample opportunities exist – yet the question of sustainable financing is a significant concern. Could you play a major enabling role? By providing a financial base, you have the chance to make a real difference. Yet, you should consider carefully who to provide financing to – do the beneficiaries meet the conditions for success highlighted in the opportunities chapter? Do they offer targeted, innovative modules that truly address labor market needs, as described in the call to action to private education providers, and thereby give young people an opportunity to a sustainable future? Also, you could consider dedicating resources explicitly to stimulating innovation in e4e models? You may want to look at the example of Dr. Reddy’s Foundation, described earlier in this report. If you are not sure who to reach out, and who to support, have you considered partnering, e.g., with international organizations and/or with some private, multinational initiatives of the type portrayed in this report.

INTERNATIONAL MULTILATERAL AND BILATERAL DEVELOPMENT PARTNERS

The Arab World is facing a huge challenge in addressing its e4e needs. It is looking for committed long-term partners who are willing to join hands and work together with the Arab countries – combining local and regional needs, culture, and aspirations with international experiences.

We invite you to actively seek to partner the region in transforming e4e sector, and we as IFC and WBG at large, as well as IsDB wholeheartedly commit to being part of the solution of what constitutes one of the largest and most urgent issues facing the Arab World – and the world. As international organizations, all of us are uniquely placed to be coordinators of best practices and disseminators of information. What can we do; what can we do more of or better? We invite all stakeholders on the international, regional, and local level into a constructive dialogue, in the interest of producing joint solutions.

Encourage private education providers to invest into e4e opportunities

There are a lot of opportunities in the Arab World, and there are actually a lot of ideas about how to utilize these

opportunities. In many cases, what is required is either initial financing and/or business expertise. In both areas, many of us have unique skill sets. Are we just pulling the fire alarm, or are we also responding to the call to action in a big and immediate fashion, meeting the size and urgency of the Arab World's e4e challenge? Do we provide resources for innovative and strategically aligned e4e programs? Do we actually bring successful international education providers into the region, and help set them up? Do we sufficiently support existing regional success stories to expand across the region.

Offer e4e advice in a way that is truly distinctive and helpful

We have already established that there is a wide range of areas that private providers need to contribute to, as well as areas that need to be addressed by governments. Now, it is up to us to think hard about whether we can provide distinctive advisory services that can help either private or public stakeholders, or both. How can we get these services onto the ground quickly, and set up for large scale, sustainable impact.

Act as a catalysts of change and development

When carrying out the research for this report, we heard a great deal of positive feedback on the activities of multilateral and bilateral organizations. At the same time, the need for better and closer coordination between them has been heard clearly and loudly. To be true catalysts of change and development, we need to commit to close coordination amongst ourselves. In doing so, we will be most efficient in highlighting the e4e challenge at the global and regional level (e.g., through conferences) and in supporting research on the potential solutions, as well as in consulting with governments and top country leaders in ensuring alignment on the importance of the e4e challenges, and the strategies needed to tackle them. We need to bring the key stakeholders of a country together, so that they communicate and work together in creating solutions. In short, we need to commit to sustainable, dynamic impact.

Address the lack of properly trained project managers for e4e projects

We are calling for a wide range of projects, to make a difference – as there is no one single “silver bullet.” Yet, finding well-trained project managers is a major challenge for many projects in the Arab World – and this is the reason for the failure of many well-meant attempts. Many of us pride ourselves in being highly experienced in setting up and managing large-scale projects – why do we not make that know-how and experience more widely available, for example, by setting up a regional e4e Project Management Academy? This entire Call to Action has only one objective: To ensure a bright and promising future for the young and future generations of the Arab World. And we are also calling to action the young people themselves. Don't just see yourselves as recipients, beneficiaries, and/or victims of “the system.” You are at the heart of it all.

THE CALL TO ACTION FOR YOUNG PEOPLE

While there are many things that need to be done in your interest by a variety of parties, never forget that you also bear responsibility. Your education is the foundation of your future.

Be informed about an array of education and job options, available and share this information with friends

You would like to know what is important for you, right? And we assume, educational experiences and career related information are; so, what relevant information do you already have and what can you get? Even if you are already beyond post-secondary education and training, do you have insights that you would like to share with younger people? Are you on any of social online networks – go ahead, form groups with your friends, and get the information exchange flowing.

Gaining work experience early on

Gaining work experience as a student gives you an important competitive edge, and it helps you stand out and be successful in your future career. Internships are an important key to future success – seek them out. They give you a great chance to get in touch with employers in the fields you find appealing, and to understand their expectations of your desired career path. And there are opportunities beyond the corporate world. Engage yourself in volunteer activities – you can make an important contribution to society, to something that you enjoy, and at the same time this will benefit you greatly.

Engage your personal stakeholders (e.g., parents, mentors, teachers) in discussions about your future

Being informed is the first step; being engaged is the next one. If you are currently going through education and training, dare to step up and enter into dialogue with your faculty. Get in touch with employers and bring them to your campus or institute. Make specific suggestions, rather than just complaining to your friends. Sounds scary? Well, maybe it does – but this is about your future, the future of your friends, the future of your brothers and sisters. It is your responsibility.

The Call to Action is long, it is challenging, and it is urgent. Let us put all hands on deck right now and embark on the long, challenging, yet rewarding journey ahead of us. We need to get moving. We invite all governments, all private players, all international organizations, all civil society organizations, and the youth to join hands and to make a real difference.



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- 1 For the purpose of this report the Arab World is defined as: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Palestinian Territories* Strip, and Yemen.
- 2 Global average is 12.6 percent. Middle East average is 25.1 percent, and North Africa average is 23.7 percent; youth defined as age 15 – 24; ILO – Global Employment Trends 2011
- 3 ILO – Global Employment Trends for Youth 2010
- 4 ILO Global Employment Trends 2011
- 5 While in this report we have focused on post-secondary VET, this can be provided at the secondary education level as well.
- 6 Civil society institutions that are also providers should also refer to that “Call to Action” section above.
- 7 The subjects studied in the Bait al-Hikma between the ninth and thirteenth centuries include science, mathematics, astronomy, medicine and chemistry.
- 8 ILO Global Employment Trends 2011
- 9 The “youth” age bracket as defined by the ILO.
- 10 ILO Global Employment Trends for Youth 2010
- 11 ILO Global Employment Trends 2011
- 12 World Bank, *Unlocking the Employment Potential in the Middle East and North Africa: Toward a New Social Contract*: Washington, D.C., 2004.
- 13 Nabli, Mustapha K., Silva-Jauregui, Carlos, de Silva, Sara Johansson. *Job Creation in a High Growth Environment: The MENA Region* (2007). World Bank Middle East and North Africa Working Paper Series No. 49.
- 14 World Bank, *The Road Not Travelled: Education Reform in the Middle East and North Africa*: Washington, D.C., 2008.
- 15 As a result of their small size and multi-stakeholder ownership, there are no statistics on their prevalence.
- 16 Once again, for this type of intervention statistics are not available.
- 17 As these types of interventions can range significantly in terms of size and scope, there are no statistics on their prevalence.
- 18 Our survey covered 1500 private employers across the Arab world.
- 19 According to data collected by the Program for Research on Private Higher Education from official sources for each country
- 20 World Bank, *The Road Not Travelled: Education Reform in the Middle East and North Africa*: Washington, D.C., 2008.
- 21 UNESCO Institute for Statistics Data Center; 2009 or latest available year.
- 22 Partnership for 21st Century Skills. *21st Century Skills, Education, and Competitiveness* (2008). Tucson, Arizona.
- 23 Saif, Ibrahim. *The Impact of the Global Economic Crisis on SMEs in the MENA Region* (2009 presentation to MENA-OECD Working Group on SME Policy, Entrepreneurship, and Human Capital Development), Carnegie Middle East Centre, Jordan
- 24 World Bank, *Unlocking the Employment Potential in the Middle East and North Africa: Toward a New Social Contract*: Washington, D.C., 2004.
- 25 See for example: Bjarnason, Svava et al. *A New Dynamic: Private Higher Education* (2009). UNESCO. France
- 26 ILO Press Release, 11 August 2010
- 27 Private returns are the ‘payoff’ to an individual of an investment in a year of additional education. Social returns are the ‘payoff’ to society of an individual investing in an additional year of education.
- 28 Chaaban, Jad. *The Costs of Youth Exclusion in the Middle East*. Washington, D.C. 2008. Estimated cost is USD 25 billion for 11 countries which represent 60-65 percent of the region’s GDP
- 29 World Bank, *The Road Not Travelled: Education Reform in the Middle East and North Africa*: Washington, D.C., 2008. Average of Egypt, Jordan, Morocco, and Yemen for Arab World, and Argentina, Chile, Peru, and Uruguay for Latin America using latest data available

* This is referred to in the World Bank Group as West Bank & Gaza and in the IsDB Group as Palestine.

- 30 Examples of occupations that would require a university degree include: engineer, physician, secondary or post-secondary teacher, accountant, lawyer. Examples of occupations that would require less education include: trade worker, technician, chef, mechanic, retail salesperson.
- 31 Ibid
- 32 Egypt, Jordan, Morocco, Saudi Arabia, and Yemen
- 33 It is notable that this figures tallies remarkably well with the perceptions of employers about their newly hired graduates.
- 34 UNESCO Institute for Statistics Data Center, accessed online February 2011.
- 35 UNESCO Institute for Statistics Data Center, accessed online February 2011.
- 36 ILO Labor Statistics Database, accessed online February 2011.
- 37 The average training budget per employee per year for countries in the region is as follows: Yemen: \$104, Morocco: \$312, Egypt: \$240, KSA: \$533, and Jordan: \$2,321.
- 38 Upper middle class (C1) defined as head of household involved in occupations such as secondary education teachers, professionals of lower grade (technicians, junior scientists, aircraft mechanics, commercial artists and designers), civil servants (middle grade), junior officers in armed forces or police, owners of shops (other than groceries) or small companies, merchants, and contractors. Lower middle class (D) defined as occupations such as drivers (taxi, bus, truck, crane-operator), factory supervisors and foremen, farmers and fishermen, shepherds, carpenters, electricians, plumbers, tailors, butchers, cooks, shop assistants and salesmen, waiters, barbers, hairdressers, low clerks, and storekeepers.
- 39 Provided through Itaú Bank. The financing covers up to approximately half the total cost of the fees.
- 40 Brazil's Ministry of Education conducts similar tests for all education colleges.
- 41 An example of activity on the small scale is Injaz in Jordan, which mobilizes private sector leaders to talk to secondary school students in their classrooms about the realities of employment and career planning.
- 42 "Skills to compete: Post-secondary education and business sustainability in Latin America," Economist Intelligence Unit, October 2009.
- 43 Shandong University of Technology, research report for the EU-GCC Chamber Forum project, Munich Personal RePEc Archive, Petra University, Malaysia, Spring, Singapore.
- 44 "The high-intensity entrepreneur," Harvard Business Review, September 2010.
- 45 Research by the Wolfensohn Center at Brookings Institution, along with Dubai School for Government and Silatech, Social Entrepreneurship in the Middle East (2010).
- 46 Sunway charges the ringgit equivalent of \$10,000 per student for ACCA accreditation and \$16,000 per student for ICAEW accreditation (at October 2010 exchange rates).
- 47 World Bank (2001). Higher Education in Brazil: Challenges and Options. Human Development Department, Latin America and the Caribbean Region.
- 48 One example is the Council for Higher Education Accreditation in the United States, a nongovernmental association comprised of 3,000 degree-granting colleges and universities that advocates for self-regulation.
- 49 The figures, including the "don't know" group, are: 36 percent would pay, 32 percent would not, and 31 percent are neutral or undecided.
- 50 DRF receives funding and infrastructure support from the government. It also partners with organizations like the Michael & Susan Dell Foundation, Accenture, Cisco, Tata, and CII, to help it implement the LABS program in various states across the country.
- 51 SoukTel is not yet active in Gaza; 75 percent of the jobs it advertises are in Ramallah, so there is potential for future expansion.
- 52 ILO, Global Employment Trends 2011: Unemployment rate for youth between the ages 15 and 24.
- 53 For details of what determines this range, please see Chapter 1 of this report.
- 54 For example, GJU, mentioned previously in this report.
- 55 Civil society institutions that are also providers should also refer to the "Call to Action"

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