



## QUALITY OF EDUCATION:

# THE GATEWAY TO EMPLOYABILITY

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**Introduction:** The Luxor Education Roundtable (March 19-20, 2010) on the *Quality of Education: The Gateway to Employability* was jointly organized between Minister of Investment Mahmoud Mohieldin of Egypt and the World Bank. The Round Table is a direct response to a request from the Government of Egypt (GoE) to identify and share best practices in the development of sound education systems around the world. The objective is to enrich the current debate among Egyptian decision makers on how to improve the quality of education so that it contributes more effectively to the country's future economic development.

**Egypt - A Background on the Education Sector:** Egypt is known for its rich educational and intellectual traditions within the Middle East and North Africa region and beyond. The country has not only achieved universal primary education but its enrollment rates in secondary education, at 76%, compares favorably with its peers in the region and beyond. The share of population attending university education is also rising. This growth has been driven by a public sector which runs and manages the bulk of the system. However, despite

high investments and improved access, the economic returns to education in Egypt remain subdued and, unless addressed, carry the risk of impeding the country's competitiveness as it delivers a work force which has lower productivity levels than its inherent potential.

**Youth Unemployment:** Young educated entrants to the labor market suffer from exceedingly high unemployment rates, estimated at around 24% of the 15-24 age group. This constitutes a significant drag on the economy and on the aspirations of youth for a better life. Enterprise surveys in Egypt indicate that the school to work transition is complex and firms report that worker skills and education are among the top five constraints in the business climate. Despite a growing supply of employees with secondary and tertiary diplomas, employers still face a shortage of staff with the skills and education they require, and overall returns to education expenditure are low. Moreover, labor force participation rates among women with university education actually *decreased* from 73% to 61% between 1998 and 2006.

**Employment and the Quality of Education:** Cross-country experience suggests that the principal reason for the paradox of expanded enrollments and unmet demand for skills is the poor quality of education. A few years ago, Harvard Economist Lant Pritchett asked "Where has all the education gone?" in a paper that looked for –and failed to

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<sup>1</sup>. This Fast Brief is based on the speech given by Shamshad Akhtar at the High-level Education Vice President, Middle East and North Africa Region, The World Bank Roundtable held in Luxor, Egypt for decision-makers and other key stakeholders from that country.

find-- any significant relationship between schooling and economic growth around the world. The key explanatory variable for this conundrum is low quality of education. As international evidence on test scores mounted, a number of studies have been produced which do find a link between school enrolment and economic growth, if we adjust for the issue of quality of education.

**Egypt and the Quality of Education:** Egypt's story with regard to the quality of education is mixed. Internationally comparable test results at the secondary level are as high here as in Latin America - a region with two to three times the GDP per capita of Egypt. Nonetheless, they are still well below scores in OECD countries, and they have not been improving quickly enough to improve labor market outcomes and economic growth.

At the tertiary level, rapid and highly subsidized expansion in a context of limited fiscal resources has resulted in a deterioration of quality. Poorly paid and under-equipped staff face overcrowded classes, with little incentive to improve outcomes. The Vocational Training System remains fragmented between different ministries and agencies, many programs are supply driven, and the quality of training programs remains low.

**How to Reform?** Any discussion of reform has to take into account not only these realities but some further realities. Not least, since Egypt already spends a large share of its GDP on basic education, further improvements at the primary and secondary level will need to rely on improved efficiency, not larger budgets.

Furthermore, issues regarding returns to investment in education in Egypt extend beyond ministries and government agencies directly engaged in education and training. For example, international evidence suggests that more strict employment protection regulation is associated with higher levels of informality. This suggests that education reform needs to go hand-in-hand with labor market reforms. The need to incorporate both the concerns of those who provide the demand for

an educated workforce as well the agencies which help shape that demand is the reason for the inclusion of a wide range of Ministries in the Luxor round-table was so valuable.

**Elements of a Successful Reform Process:** There are no magic recipes to respond to these challenges. Successful education reforms are usually wide-ranging, extended and multi-faceted efforts. Worldwide experience indicates that, to succeed, education reform efforts need a focus on governance issues that help align incentives with results, a strong engagement with stakeholders, the commitment of resources over the long-term, and robust monitoring and evaluation. with results.

The World Bank has experience from many countries in supporting efforts to increase returns to investment in education. The Round Table included some of these partners who came to share their experiences. Among the issues discussed were global experiences with programs ranging from pre-school to post-tertiary education including: (i) the expansion of preschool opportunities and incentives to parents; (ii) curriculum reform and quality assurance alongside decentralization of financing and responsibilities across education levels, (iii) improved coordination between institutions of education and training within the government and (iv) targeted subsidies for youth and female employment school-to-work training programs.

The forum proved the opportunity for open discussion among policy makers and experts from around the world on the way forward for Egypt as it seeks to reclaim its role as a leader in education in the Region with world class education institutions. The World Bank stands ready to work with Egypt on this important endeavor and to support the efforts the government decides to undertake.

**Concluding Notes:** To conclude, it has to be recognized that Egypt is among the world's oldest cultures with a well-established tradition of learning and universities. This, coupled with its standing in the Arab World, makes the country

uniquely positioned to design its own responses to the issues at hand while drawing from international experience. Given the rich, diverse and world class experience that was brought to the Luxor round table, the Bank is optimistic that policy makers and education professionals in the country will take full advantage of this event and challenge themselves to further fine-tune their reform agenda and develop actionable ideas regarding the governance and financial arrangements that Egypt needs to put in place to further improve the quality of its educational system.

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