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**MAJOR ISSUES IN EDUCATION, TRAINING AND  
DEVELOPMENT IN COUNTRIES SOUTH OF THE  
MEDITERRANEAN**

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## **Major issues in Education, Training and Development in Countries South of the Mediterranean**

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The importance of human capital accumulation and the need to raise the *quality* of human capital, for growth and development have been established beyond doubt.

Five major areas of research should, in my opinion, take priority in countries south of the Mediterranean:

1. Assessment of quality in all stages of education. Solid assessment will provide the information base, and impetus, for badly needed educational reform in this part of the world. There is urgent need for rigorous assessment of the final output of the educational system. Cognitive achievement is one major area for evaluation. But there is also need to assess social attitudes and acquired skills, i.e. portfolio assessment should be the standard. Assessment should be carried out on all levels of the educational system within countries: schools, districts, regions, etc. But cross-country comparative assessment is essential (in the Arab region, for example, this allows for evaluation of language skills, which are excluded from international studies).
2. Effective retraining is needed because: a) schools churn out low-quality output that needs to be continuously improved and b) educational output tends to be irrelevant to labour market requirements, and c) in most countries of the region, agriculture sheds labour of limited skill content that cannot be absorbed in high productivity enterprises. In particular, literacy “campaigns” should not stop at the, soon forgotten, rudiments of reading and writing. A system of continuous, life-long, education providing for successively higher levels of skill consistent with the requirements of the world of work and development needs to be instituted.
3. The social selectivity of access to education, continuation in education- at least to the end of basic education, and quality of education. With widespread, and increasing, poverty in many countries of the region, limited household means have become a barrier to entry into, and continuation in, the educational system as well as a major determinant to the quality of education attained. Elite schools, and access to high-earnings professional fields, such as engineering and medicine, are getting to be almost entirely restricted to the sons and daughters of the rich. This is bound to deprive education from its social mobility function and exacerbate inequality in the society at large. In addition

to poverty and gender inequality, there are many aspects of social selectivity that need to be considered.

4. Innovation in education that would be at the same time cost-effective but high yielding in terms of quality and service to development. Some experimental models, e.g. the community schools in Egypt, represent effective solutions for exclusion from basic education as well as deliver significant improvement in educational quality.
5. Linkages of human capital formation to the political economy. The primary responsibility for building high quality human capital in countries of the region remains with the state, and not just the government. However, state responsibility should mean neither government provision nor control. This has implications for financing education and how educational institutions are run, some of which might seem to be inconsistent with the dictates of “structural adjustment”. The governance issue is particularly crucial in the case of higher education due to the importance of academic freedom. However, if governance of educational institutions and other crucial aspects of the political economy context of education are not discussed squarely, there is a risk of diluting the issue and doing a disservice to the cause of human capital accumulation.

Human capital accumulation, in general, cannot be considered in isolation from the linkages of education, employment and human welfare, within the political economy context of the region.

It is important in this respect to recall some of the defining features of the region. There is agreement that growth has been stagnant for about two decades and (open) unemployment is higher than any other region in the World Bank classification. It should come as no surprise then that poverty is widespread, and probably rising, in the region. In light of these parameters, it is natural for disparity in the distribution of income and wealth to increase. This is clearly a low-equilibrium trap; a characterisation that does not augur well for high-quality human capital accumulation, employment, or future economic growth. Robust and concerted policy intervention on many fronts is urgently needed.

The markets, such as we have in the region, are not going to do the trick. Some current proposals can even be counterproductive. For example, truly efficient labour markets are definitely needed. But simply more flexible labour markets, leading to lower labour costs for employers, would not, in my opinion, be sufficient to tackle the job creation challenge in the region. In addition, in light of declining real wages and widespread poverty, even lower wages can prove to be catastrophic for human capital accumulation as well as social welfare at large.

It has been mentioned many times that a demographic window of opportunity is opening up for the region. It is instructive to realise two points. The decline in fertility in the region cannot be separated from the low equilibrium trap (it is not,

for example a response to significant improvement in education). The second point is that the relative abundance of labour component of this opportunity has been with us for some time but has been squandered through limited human capital accumulation and unemployment (including underemployment).

The capital-intensity of job creation is a major issue. Clearly, employment generation is one of the major challenges facing the region at present. To effectively combat unemployment and poverty, good jobs, i.e. highly productive jobs that result in decent earnings, need to be created on a large scale. However, large enterprises tend to be capital-intensive, generating few job opportunities. On the other hand, due to low capital/employment ratios, SMEs development represents a credible path to employment generation. However, SMEs are known for high failure rates, low productivity and limited earnings. These are problems that need to be tackled through an integrated policy package for SMEs support and development.

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