

Chapter 3. Development Strategy

This chapter considers Egypt's economic and social circumstances, its five-year economic development plan, its demographic challenges, the imperatives and expectations that arise for higher education and research, and the strategic choices it has in seeking to align higher education with its needs.

Overview

In the previous chapter, a number of key aspects of Egypt's economic condition and development needs and strategy were identified.

Chief among Egypt's strengths are its strategic location, its large youth population in an ageing world (39% < 15 years), a relatively diversified economic base, and major progress over recent years towards economic liberalisation and its integration into the world economy. In addition to the traditional industrial sectors, such as clothing, textiles, furniture, paper and pharmaceuticals, the Government has targeted six areas for employment growth where it is believed Egypt has comparative advantage: engineering machinery and equipment; labour-intensive consumer electronics; automotive components; life sciences; biotechnology; and handicrafts.

Major deficiencies to be overcome, as indicated in the previous chapter and elaborated in subsequent chapters, include the high proportion of the population without adequate education and functional literacy (around 30%), an informal labour market comprising around 40% of the population, an outmoded framework of public sector administration, lack of a balanced, diversified view of higher education, and a weak research and development system.

Major efforts and expenditures have been made to expand educational participation and attainment throughout Egypt. Despite these efforts, and indicative of the size of the challenge remaining, just 20% of 15-year-old children were still enrolled in formal educational institutions in 2008, with

most leaving due to poverty or cultural reasons such as ambivalence towards female education in rural areas.

Future progress depends on increasing the supply of highly skilled workers, raising rates of educational participation and success, improving the quality of human capital formation through education and training, improving the linkages between higher education and labour market needs, strengthening the links between higher education, research and national innovation, and further internationalising economic ties.

The Government's Five-year Plan

Egypt's Ministry of Economic Development has set down the major elements of the country's economic development strategy for a sustainable, high employment economy.

The strategy

The strategy for achieving high levels of employment is based on the following:

- Promoting private investment, with special attention to small enterprises.
- Improving the labour quality in compliance with the requirements of the labour market. This is to be achieved through upgrading human skills by modernising training centres.
- Developing the education system to produce skilled workers qualified to enter the labour market.
- Narrowing the supply and demand gap in the labour market by reducing rates of educational drop-out, and expanding second-chance learning support services.
- Improving the performance of the labour market in terms of co-ordination between supply and demand by marketing promotion and by activating the role of the governmental employment offices, and improving their capabilities as well as organising the work of the private employment offices, in addition to establishing a database for recording surpluses and deficits in job opportunities, and for training and retraining needs.

Quantitative targets

Population

- Reducing the rate of births from 26.2 per thousand in the base year (2001-02) to 25.2 per thousand in the first year of the Plan, and then to 21.2 per thousand at the end of the Plan (2006-07).
- Reducing the mortality rate from 6.2 per thousand in the base year to 6.1 per thousand in the first year of the Plan, and then to 5.9 per thousand at the end of the Plan.
- Limiting the natural rate of increase of the population to reach 19.1 per thousand in the first year of the Plan, and then 15.3 per thousand at the end, compared to about 20 per thousand in the base year.
- Reducing the population growth rate to 1.75% on average during the Five-year Plan so that Egypt's population would reach 72 million at the end of the Plan (2006-07) against 65.9 million in the base year.
- Achieving relative stability in the size of external migration to be at the current level of 1.9 million, for the number of Egyptians abroad (temporary migration).
- Therefore, the population is estimated to be 73.9 million at the end of the Plan, including Egyptians residing abroad.

In terms of age structure, it is estimated that the percentage of the population under 6 years shall decrease from 14.8% in the year 2001-02 to 14.6% in the first year of the Plan, and to 13.8% in 2006-07. This shall lead to a decline in the dependency burden from 63.1% in 2001-02 to 62.1% in the year 2002-03, and to 57.9% in the year 2006-07. The increase in population of working age is expected to increase to 5.1 million, and the school age population to 1.02 million at the end of the Fifth Plan.

Workforce

The Five-year Plan aims to increase the number of workers from about 17.95 million in 2001-02 to about 21.4 million in 2006-07 with an average annual growth rate 3.45%. In the first year of the Plan, it is targeted that the number of workers would reach 18.5 million, exceeding the base year 2001-02 by 537 000, and with a growth rate of 3.5%; this is in addition to the replaced jobs, so that the average annual increase will reach 657 000 workers.

Education and training

The strategy gives priority to:

- Encouraging demand side involvement by incorporating private sector inputs into curriculum design;
- Fostering stronger university-industry links through industry internships for students, and faculty engagements in the private sector;
- Identifying and introducing programmes in high demand fields; and
- Continuing tracer studies of graduates, with feedback to improve curriculum design and career counselling.

Two important dimensions are noticeably absent from this economic development plan: (i) harnessing and augmenting research and development to support the prioritised areas of economic growth and innovation; and (ii) engaging purposefully through international collaborations to expand Egypt's capacity and networks for sustaining its competitiveness.

Accommodating demographic growth

There has been a growing demand for higher education in Egypt expressed in the growth in the apparent participation rate or Gross Enrolment Rate (GER), which has almost doubled in the last twenty five years from 16% in 1982/83 to 27.7% in 2005/06 for the age group 18-23, bringing total enrolments to 2 438 636 students. Table 3.1 shows student enrolments by type of higher education institution.

It is expected that the demand for higher education will continue to grow strongly. According to the strategic plan of the Ministry of Higher Education, the gross enrolment rate is projected to increase from 27.7% in 2006/07 to 35.0% in 2021/22 (a more optimistic scenario projects a rise to 40%). Taking CAPMAS estimates of demographic growth into account, this increase will entail the accommodation of a 29% increase in the total number of student from 2 642 000 students to 3 394 000 students (35% scenario) or even to 3 888 000 (40% scenario), as outlined in Table 3.2. In absolute numbers the rise in enrolments is projected to range from 752 000 to 1 246 000.

Table 3.1 Number of students enrolled in higher education in Egypt by type of institute

Institution type	2005/06	
	Gross Enrolment Rate (%)	Student Enrolments
Public Universities	11.7	1 050 013
Public Universities (New modes)	4.5	361 727
Al-Azhar	4.1	366 286
Public Higher Institutes	0.2	17 675
Private Universities	0.5	144 480
Technical Colleges	1.6	37 203
Private Higher Institutes	4.6	422 626
Private Middle Institutes	0.4	38 626
Total	27.7	2 438 636

Source: Strategic Planning Unit database, MOHE, Egypt.

Table 3.2 Enrolment growth projections in higher education 2006/07 to 2021/22

	2006/07		2021/22			
	GER	Enrolment	Scenario 1		Scenario 2	
			GER	Enrolment	GER	Enrolment
Total	27.73%	2 642 000	35.00%	3 394 000	40.00%	3 888 000
% Increase			29%		47%	

Source: Strategic Planning Unit database, MOHE, Egypt.

Assuming a rise in higher education participation from 28% to 35% over 2006-2021, suggests some 1.1 million additional participants will need to be accommodated at an average growth rate of 3% per year (73 300) over 15 years. This is a manageable expansion, if the bulk of growth is provided for in private and non-university institutions, as well as in shorter programmes and mixed mode learning. However, achieving the necessary change in patterns of student enrolment will require fundamental structural and cultural changes.

The percentage of the working age population (between 15-64 years) is projected to rise from 55% in 2007 to 67% in 2020. Increasing attention will need to be given to adult workforce skills development as a source of productivity improvement.

Additionally, recent (post 2006 census) population estimates indicate resurgence in fertility, adding to the flow of young people entering schooling from 2012. Hence, a further youth surge is projected to flow through to higher education from 2024.

The next decade presents a window of opportunity for Egypt to build a more appropriate structural platform for accommodating growth in the youth population and their higher education participation, while developing new ways and means of meeting the varying needs of adult learners, including second-chance opportunities and enhanced learning pathways.

Cost-effective enlargement in participation, through the lower average student unit cost of shorter-cycle programmes and efficient delivery modes, would enable the enlargement to occur principally through the modernisation of technical and vocational education, the expansion of private provision and greater use of on-line and mixed mode learning. Such a far-reaching modification of post-secondary participation will require major change in the structure of secondary education, including further measures to reduce the rigidity of the secondary technical and general education tracks.

The Egyptian government has indicated its interest in better preparing Egyptian graduates for the modern workplace.

Even if Egypt is successful through its economic development plan to achieve a significant expansion of employment opportunities, it is unlikely that domestic labour market demand will be sufficient to absorb all of the additional increase in the output of graduates. Hence, higher education needs to prepare graduates for worlds of work in varying international environments.

Strategic choices for higher education

Egypt's future depends considerably on the contributions made by higher education and research, through the development of the skills of the Egyptian people, through the generation of jobs in world-competitive enterprises, through the adaptation of modern technologies to address social and environmental needs, and through modernisation and professionalisation of the public sector.

The national development strategy for sustainable jobs growth and stronger integration with the world economy requires increased effectiveness in higher education in four main areas:

- Fitting the need for high-level and intermediate skills through value-adding human capital investment and a balanced supply of graduates of university and technical education;
- Underpinning innovation in the targeted growth sectors through high quality research and development;
- Raising overall educational attainment through cost-effective expansion of enrolment as a means of reducing poverty and dependency, and improving national productivity; and
- Improving the efficiency and responsiveness of higher education institutions through better allocation and management of resources, and greater diversity in modes of provision.

For higher education to make these necessary contributions it needs itself to undergo fundamental micro-economic reform. Otherwise unreformed, it will be dysfunctional and a cost to Egypt's development capacity.

The major problems facing the higher education sector and the national innovation system are well understood and the Egyptian Government, in consultation with the sector and other stakeholders, has been taking concrete steps to achieve far-reaching improvements. Among them are the following commendable initiatives:

- Measures to improve the quality of basic and secondary education, including recognition of the importance of quality teachers and quality teaching;
- Recognition of the need to improve the transition from school to further education; and to the labour market;
- Introduction of career guidance services into secondary schools (pilot);
- Doubling of funding for Higher Education under the Five-year Plan, 2007;
- Establishment (July 2007) of the Higher Council for Science and Technology chaired by the Prime Minister and involving government, business and community leaders;
- Formation of the S&T Development Fund to provide demand-driven funding for RDI initiatives on a competitive basis;
- Formation of the Technology Transfer Centres Network;

- Consolidation of specialisations into broad-banded educational programmes (e.g. reduction of programmes in Agricultural Education from 39 to 7) enabling better structured programmes and graduate multi-skilling;
- Modernisation of technical and vocational education via the consolidation of 47 mid-level technical colleges and the establishment of boards of trustees for their governance;
- Establishment of more robust arrangements for institutional accreditation and for institutional and programme quality assurance, including the establishment of the National Authority for Quality Assurance and Accreditation of Education – contributing to systemic reform;
- Introduction of competitive funding for performance improvement; and
- Commitment of EGP 1 000 million for Phase 2 of HEEP for the quality assurance and accreditation project (QAAP-II).

The main questions for policy are: where to next? And how far and how fast can these reforms be pursued?

Three broad options are available for policy decision:

- *maintaining the status quo*: adding more expectations to an over-stretched, directionless and dysfunctional system;
- *transformative change*: radical change to the policy paradigm – taking on vested interests that fail to add value for Egypt, and driving fundamental structural and cultural change;
- *incremental reform*: deliberate and phased unlocking of potential through the development of new policy instruments, with clarity of long-term goals and consistency of means to reach them.

The following chapters are designed to shed light on the most appropriate policy course for Egypt.

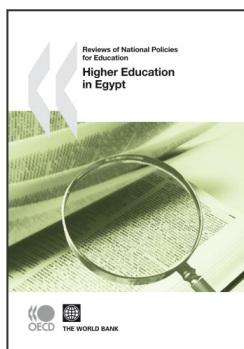
Recommendations

Egypt should take advantage of the window of opportunity over the next decade to construct a more appropriate platform for accommodating growth in the youth population and their higher education participation, while developing new ways and means of meeting the varying needs of adult learners.

Structural reform needs to broaden the base for the participation of new cohorts especially through the modernisation of technical and vocational education, the expansion of private provision and greater use of on-line and mixed mode learning.

Attention should be given during this transitional period to improving the quality of university education (rather than expanding quantitatively), differentiating institutional profiles to achieve distinctive missions, and building the capacity of universities to manage themselves in a more self-reliant way.

Research capacity needs to be built up to an internationally competitive level, and in selected areas, integrated with university education.



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