

# **THE TORINO PROCESS**

## **EVIDENCE-BASED POLICY MAKING FOR VOCATIONAL EDUCATION AND TRAINING**



# FOREWORD

By its nature, vocational education and training (VET) is a unique policy field, located as it is at the crossroads between various sectors. As an educational option available to young people, it is closely related to the employment sector, providing, as it does, skilled workers. It also enables workers to gain additional skills through continuing training. It contributes to social affairs, in terms of its aim to enhance the employability and social integration of citizens. Unlike other policies, VET as a policy field implies a multi-stakeholder approach, both public and private, given that implementation is ensured by state institutions, by private training providers and by companies. Lastly, VET encompasses formal, informal and non-formal training, which assumes that policies are capable of addressing issues relating to all these areas.

The complexity of VET indicates the need for a systematic, comprehensive and genuinely sector-wide or even cross sector-wide approach in the policy making cycle. It calls for combining different angles of analysis, points of view and perspectives to make sure that all aspects of VET systems are adequately underpinned with robust arguments and evidence.

That said, the relevance of adopting a cross-country analytical perspective still needs to be justified. Is it meaningful to assess and try to identify what is common to VET systems from different regions of the world, given their great diversity in terms of history, traditions, values, economic development and political settings?

Two interrelated drivers make this approach meaningful. Firstly, recent global changes affecting human resource-related policy making, namely, the emergence of a global knowledge-based economy, has revitalised reflection on skills development. Secondly, there is growing recognition of the importance of research that ensures that policies are decided on the basis of prior documented analysis of the implications, opportunities and risks at stake. This requires that other countries' experiences are factored into decisions, as evidence-based policy making implies some knowledge of other systems and policies.

The central impetus for societal change in all countries is the dynamics and effects of globalisation. Based on world-wide industrialisation and global interdependence and a continuous flow of people, ideas, capital and goods, globalisation has led to the emergence of a global knowledge-based economy. Globalisation presents opportunities, but it also poses challenges. In most economies the demand for a highly educated workforce is increasing while the demand for unskilled workers is decreasing (or the definition of low-skilled worker is changing). A major challenge, therefore, is to ensure an adequate level of education that enables everyone to keep pace with new demands.

Education systems have made great progress all over the world. For instance, the United Nations Millennium Development Goals regarding universal primary education have been achieved in all the European Training Foundation (ETF) partner countries. However, this great achievement creates pressure on secondary education; this increasingly positions VET as a positive alternative – provided it can fulfil the expectations of both the market and society.

There is now a renewed interest in the contribution of skills to development in many international processes, such as the Group of Twenty Finance Ministers and Central Bank Governors (G-20). Key international institutions such as the Organisation for Economic Cooperation and Development (OECD), the World Bank, the International Labour Organization (ILO), the Asian Development Bank (ADB) and the UN Educational, Scientific and Cultural Organisation (UNESCO) are thus revising their development strategies to give a higher profile to the skills agenda.

Globalisation, democracy and the public accountability impetus all call for evidence-based policy making and policy learning. Globalisation and democracy seem to be interrelated, as recent events in the Arab world illustrate. Democracy imposes new requirements and standards on policy-makers, who are expected to report more on their policy choices and to demonstrate their achievements. This public accountability impetus tends to be accompanied by tensions in countries in transition between global and local perspectives, triggered by the interventions of international donors. In recent years this has stimulated, in education policy studies, a new emphasis on the growing phenomena of policy borrowing and policy learning. All countries have to factor the requirements and effects of globalisation into their policies. In many ETF partner countries, attention is also paid to European Union (EU) VET policies, as an additional, inspirational discursive frame, whether through the Lisbon Strategy, the Copenhagen Process or the Bologna Process (which covers vocational higher education).

How and through what mechanisms are these policy discourses transformed into practice in national VET systems? Initial ideas are described below; however, they merit deeper analysis, especially in terms of identifying innovative international assistance methodologies – such as those of organisations such as the ETF – that better contribute to the sustainable reform of national VET systems.

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# THE TORINO PROCESS: EVIDENCE-BASED POLICY MAKING FOR VOCATIONAL EDUCATION AND TRAINING

## INTRODUCTION

### Rationale

Evidence-based policy making is widely discussed in many countries as a way of ensuring more transparent and robust policies, and making policy-makers more accountable for meeting the needs and expectations of the constituencies they serve.

Evidence may come from a range of sources and can take such forms as statistics, surveys, studies, evaluations and international reports, which, in turn, can be economic, sociological, historical, cultural or political in nature. The ability to trace information and cross-check it against different sources or perspectives and to use comparison as an assessment tool are the most important features of evidence.

In Europe evidence-based policy making is increasingly achieved, in the framework of common objectives, through regional instruments and tools that are designed to monitor and evaluate policies and to provide feedback on policy progress, especially through open coordination.

In the VET field this translates into 33 European countries participating in the Copenhagen Process, which is based on regular assessment exercises (performed every two years and, since 2010, every four years) of national policy progress by national authorities and social partners, for which a common assessment tool is used. This process serves as a platform for refining national VET policies and adjusting the common European VET agenda.

While this common agenda does not yet exist across all the ETF partner countries, there is no denying the importance of more informed policies anchored in the systematic use of available evidence and combining both the sound assessment of existing VET systems and periodic reviews of policy progress.

In 2010, the ETF launched the Torino Process with a view to offering interested partner countries a framework and technical support aimed at supporting progress in the VET area. The exercise, which will be repeated every two years, is ultimately intended to respond to the interest in robust assessment and in resources for VET policy making.

### Objectives

Inspired by the Copenhagen Process, and drawing on the Open Method of Coordination, the Torino Process is a periodic, participatory analysis of VET systems and policy progress in line with an ETF-designed methodology, which aims to provide a concise, documented assessment of VET reform in each partner country from internal and external efficiency perspectives. It covers the identification of key policy trends, challenges and constraints, as well as good practices and opportunities.

Its main objectives are three-fold:

1. to enable partner countries to base VET policies on evidence, with a view to improving VET's contribution to sustainable development, paying particular attention to competitiveness and social cohesion;
2. to shape the design of the ETF's support strategy to partner countries;
3. to inform the ETF's recommendations to the European Commission regarding EU external assistance.

The process also provides an opportunity for partner countries to source structured information on EU developments and policies in the education, training and employment fields. The process is designed around a country-led policy learning approach, whereby countries learn from reform initiatives being implemented elsewhere.

The Torino Process was launched in 2010 as a two-yearly exercise. The ETF intends to ensure its sustainability by empowering countries and reinforcing national institutions so that they can implement the exercise themselves in the form of ETF-guided self-assessments based on a common methodology, thereby ensuring the comparability of results.

### Methodology

The Torino Process aims to assess the external and internal efficiency of VET systems against economic and social challenges and the political vision of VET. It is based on a methodology that specifies, within a standardised analytical framework, the scope and content of the

review, possible information sources, implementation steps, key principles and expected outputs.

The analytical framework lists thematic areas for review and indicates the main policy issues to be documented for each so as to assess the VET system and policy progress (challenges, achievements, constraints and bottlenecks, and the policies implemented to overcome them). It encompasses the main dimensions of VET, namely political vision, external efficiency from economic and social perspectives, internal efficiency, governance and financing.

The strong convergence between the themes of the analytical framework and those of the Copenhagen Process policy review of 2010 (Bruges questionnaire) is a key factor in the prospective comparability of both exercises and should facilitate progress and trend measurement. It could be particularly interesting in the case of potential candidate countries.

The information types and sources are highly diverse and provide both quantitative and qualitative evidence in the form of statistical data and indicators, examples of good practice, qualitative assessments, existing national and international studies, and reports from different stakeholders and the results of focus group meetings.

Drawing on the Open Method of Coordination, the Torino Process is implemented on the basis of broad participation by, and consultation with, a wide range of stakeholders (policy-makers, social partners, practitioners and researchers from the public and private sectors), who are involved at different stages of the process in collecting data, discussing the findings of the review exercise and formulating recommendations. Although it primarily targets stakeholders of VET policies, it also includes stakeholders from employment, education, higher education, industry and economic development areas.

## First round in 2010

The Torino Process was implemented in 2010 in 22 of the ETF's 29 partner countries, namely Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Egypt, Georgia, Israel, Jordan, Kazakhstan, Kosovo<sup>1</sup>, Kyrgyzstan, Lebanon, Republic of Moldova<sup>2</sup>, Morocco, occupied Palestinian territory (OPT), Russia, Syria, Tajikistan, Tunisia, Turkmenistan, Ukraine and Uzbekistan.

Croatia, the former Yugoslav Republic of Macedonia and Turkey, as three candidate countries, were involved in the Copenhagen Process policy review, reported on in Bruges in December 2010. Albania, Montenegro and Serbia, as three potential candidate countries, were involved in the human resource development review requested by the European Commission's Directorate General for Employment, Social Affairs and Inclusion. In both these groups of countries the reviews undertaken informed the drafting of the Western Balkans and Turkey regional chapter presented below.

The Torino Process was carried out as a guided self-assessment in Belarus, Israel, OPT, Russia, Tunisia and Ukraine, with the ETF providing support on methodological aspects. In Turkmenistan the assessment was carried out autonomously by the national authorities, with no participation in the validation seminar. In the other countries, the Torino Process was carried out as a participatory review process facilitated or led by the ETF. Since Algeria did not participate in the first round of the Torino Process, it is not considered in the final review.

## Achievements

Through the Torino Process, partner countries have accomplished a number of achievements that are promising for the development of an evidence-based policy making culture.

- **Greater political momentum and commitment.** Most of the countries have demonstrated great interest in, and commitment to, the assessment exercise, which, for many, is their first attempt to carry out a systemic and evidence-based assessment of their VET system. In Moldova, for instance, the Torino Process has raised awareness of the need for multi-stakeholder policy dialogue.
- **VET higher up the agenda.** In some countries the Torino Process has led to greater emphasis being placed on VET as part of education and training as a whole.
- **More ownership and self-assessment.** In the countries that opted for guided self-assessment, governments and stakeholders have taken the driving seat from the beginning of the process, which ensures ownership (even leadership) and a greater likelihood of sustainability, and that results will have an impact.
- **More sector-wide and multi-stakeholder dialogue.** The setting up of broad, inclusive consultation within the Torino Process has, in many countries, created a space and opportunities for VET stakeholder dialogue (e.g. among ministries, social partners and donors) and has revitalised the policy making cycle. This demonstrates an innovative, participative approach to assessment, whether at the analysis stage or in identifying and agreeing on policy priorities.
- **Greater donor coordination.** In the countries where donor meetings were organised through the EU delegation to share Torino Process findings (Kazakhstan, Kosovo and Moldova), the validation process encouraged donors to take into account partner country diagnostic assessments of their VET system needs and to closely coordinate their support for improved aid effectiveness, in compliance with the OECD's Development Assistance Committee working principles and the European Consensus on Development.
- **Enhanced interest in the EU VET framework.** The Torino Process has stimulated partner country interest in the Copenhagen Process, in EU priorities in education and training and in relevant EU policy

<sup>1</sup> Under UNSCR 1244/1999, hereinafter 'Kosovo'.

<sup>2</sup> Hereinafter 'Moldova'.

initiatives, especially in the employment and enterprise fields. This has paved the way for future exchanges on EU VET policies, especially in geographical areas less sensitive to the EU agenda (Central Asian and southern and eastern Mediterranean countries).

- **Identification of the need for more evidence and institutional capacity.** This exercise, the expected strength of which was to be its evidence base, has revealed a shortage of robust evidence in most countries (because it does not exist, is not available to policy-makers or is not used for policy making) and highlights the importance of reinforcing information systems and building institutional capacity for their management.
- **Informed, evidence-based ETF initiatives.** The policy priorities identified through the Torino Process have served at the ETF corporate level as a basis for defining its 2011 work programme in terms of regional and country projects. Through building the capacities of national institutions involved in policy making, a specific support for reinforcing evidence creation and use, called *Torinet*, has been launched. The methodology and related tools will be refined in 2011 in preparation for the Torino Process 2012.

## Purpose of the report

This report presents the main findings of the Torino Process 2010, consolidating the findings of the individual country reports along the different dimensions deemed relevant to assessing VET systems and measuring VET policy progress.

This introductory chapter discusses the overall results, including the key success factors identified for well-performing VET systems and the main features of VET policies in the ETF partner countries. The remaining chapters describe the specific features of each of the four geographical regions defined for the EU's external relations instruments:

- Instrument for Pre-accession Assistance (IPA), covering the Western Balkans and Turkey;
- Development Cooperation Instrument (DCI), applying to Central Asia;
- European Neighbourhood Policy South (ENP South) for the southern and eastern Mediterranean countries;
- European Neighbourhood Policy East (ENP East) for Eastern Europe.

## KEY MESSAGES FOR POLICY-MAKERS

The analytical structure of the Torino Process represents an integrated approach to assessing the performance of VET policies and systems in terms of meeting the multiple challenges they face. A cross-country assessment of the Torino Process reports has enabled the ETF to compare the situation in partner countries with the main success

factors commonly associated with effective VET policies and systems. The result is 12 key messages that are intended to act as inspiration for partner country policy-makers as they drive forward the reform agenda.

## Context

1. Like many other countries in the world, the ETF partner countries are experiencing a changing economic and social context, tinged by the effects of globalisation, that includes rapid technological change, economic interdependence, a move towards free market economies, international migration movements, increasing calls for public accountability, and aspirations to active citizenship.
2. More than ever, VET systems are expected to fulfil a dual role in supporting sustainable development. Their economic role is to support growth and competitiveness by providing relevant and high-quality skills; their social role is to contribute to inclusive societies by educating young people and enabling adults to gain additional skills, and by providing them with the key competences and values needed to ensure their employability and active citizenship.

## Vision

3. Partner country visions of VET are that it is a key vehicle for economic competitiveness and, to a lesser extent, for social cohesion. However, VET policies need a lifelong learning perspective to make this vision a reality. Combining formal, informal and non-formal education and training, articulating initial and continuing VET at all levels, providing training opportunities for skills development, and targeting training at unemployed people and other vulnerable groups all remain to be done in most of the countries. This comprehensive, integrated vision with a lifelong learning perspective calls for adaptations to the institutional setting, and greater fluidity, permeability and flexibility in education and training provision.
4. VET policies need to be designed in relation to other policies. In order to ensure the maximum impact of VET policies, efforts to achieve better inter-policy consistency and synergies are necessary in three directions, namely socioeconomic, educational and learner-oriented. In the socioeconomic direction, VET policies need better anchorage to economic and industry development policies, which should systematically give attention to skills in their respective fields (i.e. in terms of skills needs). Economic policies need to foster job creation so that VET efforts aimed at enhancing employability can be fairly rewarded. In the educational sphere, there is a need for articulation with general and higher education policies to be able to offer a coherent, permeable education and training system with coherent pedagogical approaches to all citizens. The system also needs to be conducive to lifelong learning. Finally, VET policies need to be

learner-oriented, encompass formal and informal provision and enable greater recognition and portability of skills and competences built up over a lifetime.

5. Multi-level, anticipatory and inclusive governance, which is a key component in successfully implementing vision, should apply to all stages of the policy cycle – from formulation to implementation, through system management and evaluation, and from central to school level and including the sectoral dimension. Social partnership and education and business cooperation are beginning to be recognised as effective tools in this regard, although they are often hampered by state-centralised approaches or a lack of social partner capacity (mainly human resources and technical expertise) to contribute effectively to the policy cycle. Reviewing governance schemes helps to increase the relevance and quality of the system, but also public accountability; however, the process should be supported by thorough institutional capacity-building efforts targeted at social partners and civil society.

### External efficiency

6. The issue of the external efficiency of VET systems as regards the labour market is moving up national policy agendas. However, improvements in this area are hampered by a lack of information about, and attention to, present and future needs, mainly because of a lack of tools to create relevant information and stimulate matching between skills and job offers. The active involvement of the social partners is critical to the success of this process.
7. External efficiency in respect of the social demand for education is uneven, hampered as it is by the lack of attractiveness of the VET track, mainly because of the lack of job prospects, the absence of an educational continuum and uneven access opportunities owing to unequal education and training provision across national territories. Developments in post-secondary and tertiary VET are promising ways of increasing youth employability. Continuing VET, including adult learning, still requires a genuinely systematic strategy, and this is especially urgent in countries with ageing populations. Such strategies should build on an accurate diagnosis of motivations for learning.
8. The external efficiency of VET systems regarding socially challenged groups is an emerging policy priority. Out-reach strategies for socially vulnerable segments of the population are currently embryonic or are being dealt with in an isolated manner, as is the case with the training component in most active labour market policies.

### Internal efficiency, quality and financing

9. Quality still needs to be addressed in a systematic, holistic way. Although quality-assurance mechanisms are being developed, they are not truly operational at all levels. Teachers, as the pivotal element in learning processes, deserve a dedicated, comprehensive policy approach (covering issues such as status, wages, career path and continuing professional development). Qualification systems and frameworks and curriculum development are shifting in a promising way towards competence-based approaches oriented to addressing labour market skills needs. The issue of key competences and 'soft' skills as a means of achieving the societal objectives of VET also need further consideration.
10. The financing of VET deserves proper attention, which should be shared, furthermore, by the various ministries involved. It also deserves adequate funding schemes that are capable of reaching all types of stakeholders. These should include incentives for private training providers to offer requested curricula and for small and medium enterprises (SMEs) to engage in human resource development strategies.

### Innovation and creativity

11. Policy-makers are increasingly concerned with the innovation potential of VET policies. Inspired by global economic and technological developments and by EU initiatives such as the Small Business Act, policy-makers are paying greater attention to measuring innovation capacity and to introducing entrepreneurial learning as a key competence.

### Policy cycle management

12. The monitoring and evaluation of VET policies requires targeted efforts to improve the collection, use and dissemination of data. More generally, the contribution of the Torino Process to the development of evidence-based approaches and tools needs to be sustained. This requires a mix of efforts to design tools for collecting, using and disseminating evidence, for imposing reporting and review processes and for building the technical capacities of stakeholders, not only for public accountability purposes but also in terms of being able to build on experience and take full advantage of a policy-learning approach.

# MAIN RESULTS OF THE TORINO PROCESS 2010: CROSS-REGIONAL ANALYSIS

The following sections provide a synthesis of the Torino Process findings, based on individual country reviews and the four regional chapters. This introductory chapter endeavours first to reflect the main responses of VET systems in ETF partner countries to the challenges they face. This analysis is followed by an assessment of the policy cycle implemented by the countries in relation to their VET reforms.

## 1. ASSESSING VET SYSTEMS

### 1.1 VET context and challenges

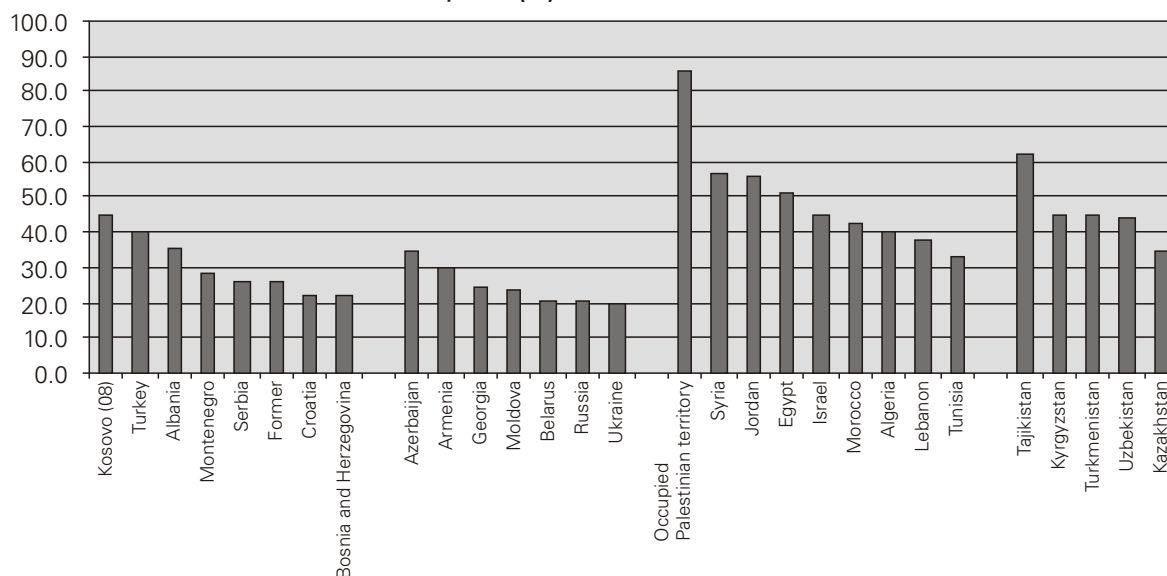
The diverse demographic, economic, political, cultural, historical, geopolitical and social features of the partner countries create important challenges for their education and training systems. Obviously, the great variety found in these countries affects these contextual elements differently. It is vital that this context is taken into account when assessing VET systems, as some examples illustrate below.

History, culture, traditions and values are obviously important explanatory factors for the shape of

education systems in general, including VET. However, the difficulty in using these as criteria for clustering countries suggests that they should be kept outside the scope of the assessments carried out below. For the remainder of the report, clustering is based on the four regional financial instruments defined by the EU.

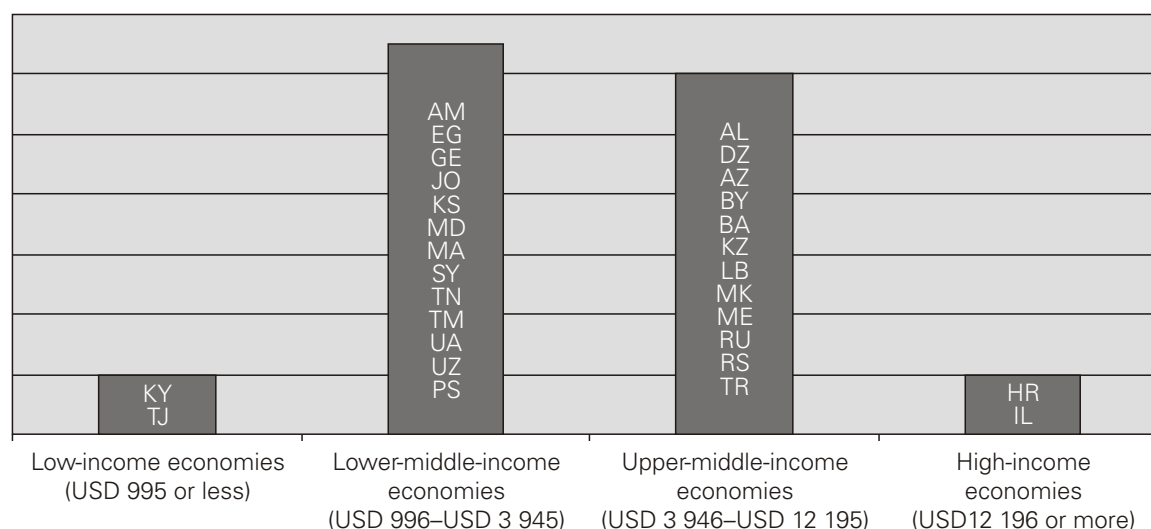
The demographics of the 29 ETF partner countries, as well as reflecting the scale of their education and training systems, are very different, and hence pose different challenges. Firstly, there are huge differences in the countries in terms of population size: this ranges from 600 000 inhabitants in Montenegro to 142 million in Russia in 2008 World Bank, World Development Indicators. Secondly, whereas the ageing populations of some former Yugoslav countries such as Croatia<sup>1</sup> point to adult training needs, the large young populations in other countries place more pressure on initial training systems. **FIGURE 1** shows child-dependency ratios, representing the number of young people aged under 15 who are dependent on people of working age (15–64 years). In 2009, for every 100 people aged 15–64 years, the number under the age of 15 was 40 in Turkey, 50 in Tajikistan, Egypt, Jordan and Syria, and 86 in the OPT.

**FIGURE 1: CHILD-DEPENDENCY RATES, 2009 (%)**



Sources: World Bank World Development Indicators (<http://databank.worldbank.org/ddp/home.do?Step=1&id=4, 26/01/2011>) and LFS (Kosovo).

<sup>1</sup> The old-age dependency rate is the proportion of the population aged 65 and over as a percentage of the working-age population aged 15–64. This ratio was 15.9% in Ukraine in 2009, 18.5% in Russia in 2008, 19.4% in Belarus in 2008 and 25.4% in Croatia in 2008 (equal to the EU-27 average for 2008) (World Bank World Development Indicators and Eurostat).

**FIGURE 2: CATEGORISATION OF COUNTRIES BY INCOME, JANUARY 2011**

Economic data and trends are also very different across ETF partner countries and affect VET systems differently. Although they give some indication of the current economic situation and the potential for economic growth, links with job-creating growth and sustainable human development are not so clear. When combined with an analysis of fiscal capacity, such data determine the budget possibilities for education and training systems.

It is noticeable that the bulk of ETF partner countries are middle-income countries (12 lower-middle and 13 upper-middle) as defined by the World Bank<sup>2</sup>. The remaining four are low-income (Kyrgyzstan and Tajikistan) or high-income (Croatia and Israel).

While economic growth has turned negative in the Western Balkans as a result of the financial crisis, the Central Asian, South Mediterranean and Eastern European countries have not been as badly affected. The most impressive example is probably Turkey, which, at 11.6% in the third quarter of 2010, had the highest growth rate in the OECD. Note that Russia is the only ETF partner country in the Group of Eight Industrialised Nations (G-8), while it is joined by Turkey in the G-20. Israel and Turkey are the only partner country members of the OECD.

The World Economic Forum's (WEF) Global Competitiveness Index<sup>3</sup> can be seen as a proxy for economic growth potential. Economic competitiveness varies greatly in the ETF partner countries: of 139 countries assessed in 2010, Israel ranked 24th, Tunisia 32nd and Montenegro 49th, while Bosnia and Herzegovina ranked 102nd, Tajikistan 116th and Kyrgyzstan 121st.

The breakdown according to the main economic sectors, and the evolution of these sectors, is an indication of a shift towards knowledge-based economies and the type of skills such economies require. Thus, agriculture contributes 6% or less of gross domestic product (GDP) in Croatia, Azerbaijan, Russia, Kazakhstan, Jordan, Lebanon and the OPT, while it contributes more than 20% in Albania, Uzbekistan, Kyrgyzstan and Syria. Services represent more than 70% of GDP in Montenegro, Moldova, Lebanon and the OPT, but less than 40% in Azerbaijan, Algeria and Turkmenistan. In this respect, partner country participation in sector-specific trade agreements in line with the World Trade Organisation (WTO), and developments towards opening free trade areas with the EU represent important economic stimuli, but also imply pressures regarding skills development.

Comparing economic revenue in terms of GDP and employment suggests that agriculture generally employs a higher percentage of the population than it contributes to GDP (with Albania, Armenia, Georgia, Morocco, Moldova, Egypt and Tajikistan as extreme cases). The economies would benefit from higher-skilled labour that could increase productivity and reorient the workforce – at least in countries suffering from labour shortages – towards more profitable sectors.

In order to understand the challenges to be met by VET systems, there is a need to supplement aggregate economic data with observations on the business landscape. Although data are lacking, it is clear that two features common to all the partner countries pose

<sup>2</sup> The groups are: low-income, USD 995 or less; lower-middle-income, USD 996–3 945; upper-middle-income, USD 3 946–12 195; and high-income, USD 12 196 or more.

<sup>3</sup> For the record, the WEF defines competitiveness as 'the set of institutions, policies, and factors that determine the level of productivity of a country'. The Global Competitiveness Index uses this definition to establish a quantitative tool to help policy-makers benchmark and measure the competitiveness of a given country. It is based on 12 pillars of competitiveness divided into three pillar groups: basic requirements (institutions, infrastructure, macroeconomic stability, health and primary education), efficiency enhancers (higher education and training, goods market efficiency, labour market efficiency, financial market sophistication, technological readiness, market size) and innovation and sophistication factors (business sophistication, innovation). Each pillar is made up of indicators that come from either hard data from major international sources or soft data from the WEF Executive Opinion Survey.

particular challenges to human resource development systems.

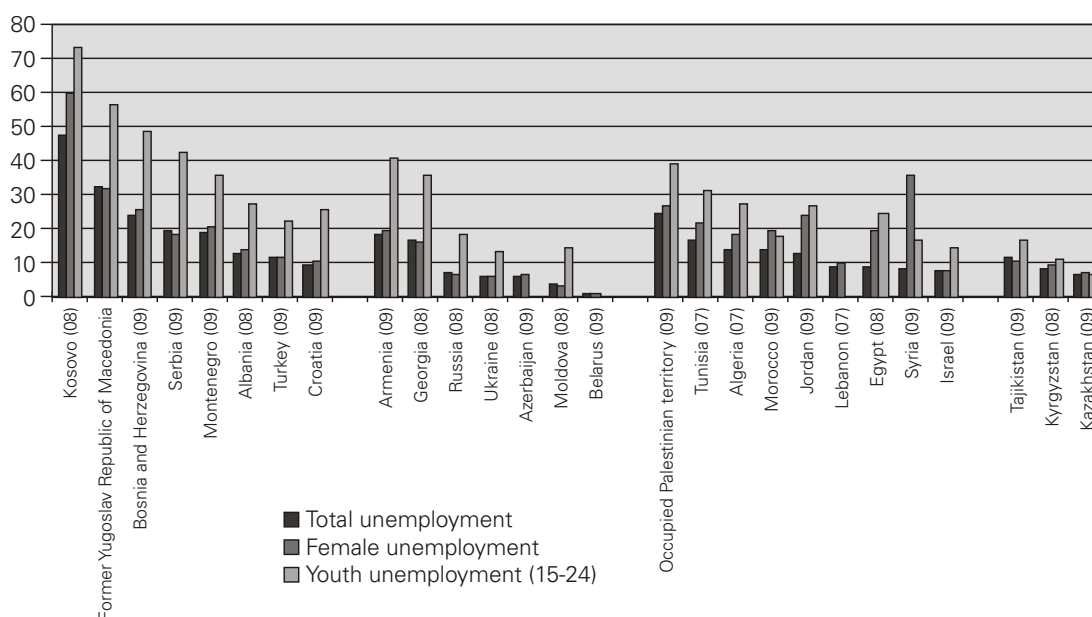
- The substantial informal sector (with the exception of the ENP East region, where it seems to be less developed) usually offers nothing like the decent work advocated by the ILO, but mainly taps into the pool of unskilled people and offers questionable working conditions.
- The high number of SMEs, which are in a majority in the informal sector<sup>4</sup>, raises issues of a lack of awareness of training and lifelong learning needs or, in the best cases, of poor capacity to evaluate training demand.

Unemployment rates (**FIGURE 3**) range from lows of 0.9% in Belarus (2009) and 4.0% in Moldova (2008) to highs of 24.7% in the OPT (2009), 32.4% in the former Yugoslav Republic of Macedonia (2009) and 47.5% in Kosovo (2008). Figure 3 also illustrates two other striking contextual elements: the disproportionately high levels of youth unemployment (in all countries except Kazakhstan) and of female unemployment (especially in Syria, Egypt, Jordan, Morocco, Tunisia and Kosovo).

The United Nations Development Programme's (UNDP) Human Development Index<sup>5</sup> (**FIGURE 4**), which correlates well with the Global Competitiveness Index, is another factor that differentiates the countries. Israel ranks highest in the group of countries with high human development scores, whereas Turkmenistan, Moldova, Egypt, Uzbekistan, Kyrgyzstan, Syria, Tajikistan and Morocco have medium scores for human development.

However, inequities are rife and poverty is high in many countries, particularly in rural areas and among ethnic minorities. Women are in a markedly weaker position than men in the labour market, particularly in Bosnia and Herzegovina, Kosovo, Turkey and the Central Asian and southern Mediterranean countries. Emigration can be put down to individual choice fostered by inequities or persistent poverty, although both low-skilled and high-skilled people emigrate. Emigration is considered an efficient way to overcome unemployment problems and demographic pressures, and remittances can have a significant impact on GDP in the countries of origin (e.g. 35% of GDP in Tajikistan and 23% in Moldova in 2009) World Bank Migration and Remittances Factbook 2011.

**FIGURE 3: UNEMPLOYMENT RATES FOR LAST AVAILABLE YEAR (%)**

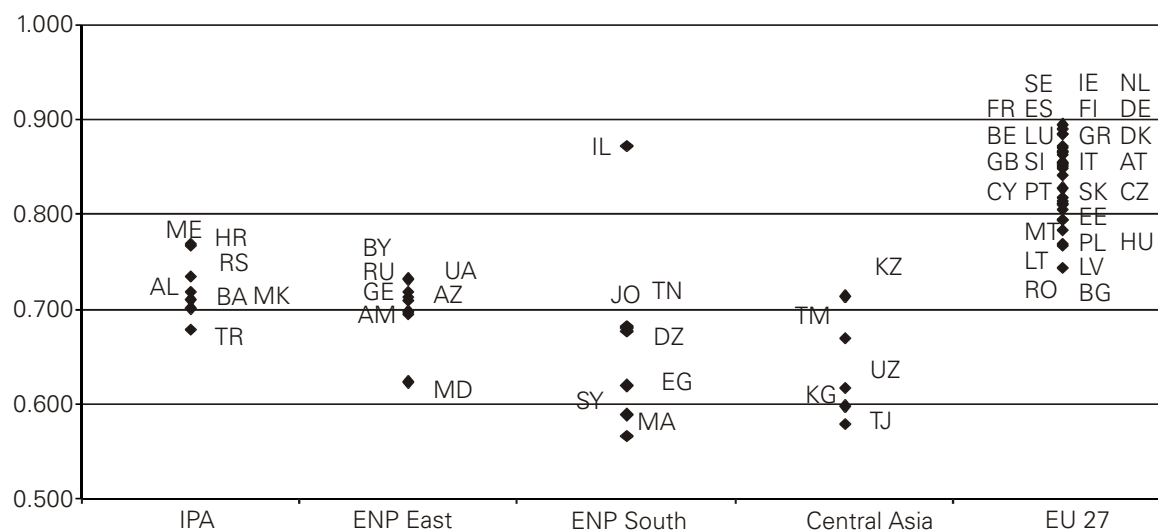


Sources: LFS for Albania, Bosnia and Herzegovina, Kosovo, Montenegro and Serbia; Eurostat for Croatia, the former Yugoslav Republic of Macedonia and Turkey; Armenian National Statistical Service (2010) Statistical Yearbook, Yerevan, based on household survey; Azerbaijan State Statistical Committee; Belarus National Statistical Committee (refers to registered unemployment); Georgian National Statistics Office; LFS (Moldova); Russian Federal State Statistics Service; Ukraine State Statistics Committee; MEDA-ETE (Algeria, Egypt, Lebanon and Tunisia); Jordanian Department of Statistics; Israel Central Bureau of Statistics; Syria Central Bureau of Statistics; Torino Process Report and HCAP for Morocco; LFS for OPT; Kazakhstan Agency of Statistics (2010), Economic Activity of Kazakhstan Population 2005–2009; Kyrgyzstan National Statistical Committee; Tajikistan State Statistics Committee (2010), Situation of the Labour Market, Dushanbe.

Notes: The reference population for calculation of unemployment rates refers to the age range 15–64 years in Albania, Kosovo, Egypt, Lebanon, Tunisia and OPT, 15+ in Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey, Azerbaijan, Belarus, Georgia, Moldova, Algeria, Israel, Jordan, Morocco, Syria, Kazakhstan and Kyrgyzstan, 15–75 years in Armenia and Tajikistan, 15–72 years in Russia and 15–70 years in Ukraine. The youth unemployment rate is calculated for the age group 15–34 years in Kyrgyzstan. Data refer to 2007 in the case of youth unemployment in Egypt. Data for Turkmenistan and Uzbekistan are not available.

<sup>4</sup> However, the relationship between low-skilled labour and informal employment and how SMEs can develop in the formal sector with qualified employees requires further research.

<sup>5</sup> The UNDP's Human Development Index is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge and income. It sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.

**FIGURE 4: HUMAN DEVELOPMENT INDEX 2010**

Source: UNDP.

In a nutshell, contextual elements present a number of challenges that VET systems are expected to address or factor in:

- to respond to economic restructuring towards knowledge-based economies;
- to capture demand from the informal sector and from SMEs;
- to address unemployment by increasing youth and adult employability;
- to alleviate the inequity burden.

The following two sections analyse the extent of and the conditions under which these challenges can be and have been effectively addressed by VET systems.

## 1.2 VET vision

### VET as a key vehicle for economic competitiveness and social cohesion

By nature, the VET system in any country has two main 'clients':

- companies demanding a labour force that responds to their needs in terms of quantity and quality (including appropriate qualifications levels);
- individuals demanding education or training and to whom the system must respond adequately in order to ensure their future employability (or capacity to continue to study).

These converging obligations need to be merged in a unique vision, but the challenge is that this often creates a VET system that is both ambitious and fairly general: in countries where human capital development is seen as a top priority (those with limited natural resources), VET is expected to contribute to sustainable economic and social

development by addressing skills mismatches and better adjustment to both the needs of the labour market and of the individuals seeking employment. Additional objectives include the contribution to democracy in the Western Balkan countries (particularly through the active role played by social partners and the development of new socioeconomic relations, e.g. in Serbia); the development of social dialogue and adult learning and the anticipation of skills needs in Moldova; the contribution to national security goals in Armenia; and the moral and cultural values in some countries of Central Asia.

Notably, among the 67 countries that have ratified the ILO Human Resource Development Convention C142 (1975), 16 are EU/ETF partner countries: Azerbaijan, Belarus, Georgia, Russia, Ukraine, Algeria, Egypt, Israel, Jordan, Tunisia, Kyrgyzstan, Tajikistan, Bosnia and Herzegovina, Montenegro, Serbia and Turkey. This demonstrates the commitment of these countries to decent work as a vehicle for social inclusion.

### A narrow understanding of VET influenced by education system architectures

In many countries, the scope of VET is mainly limited to initial VET, most often to secondary and post-secondary non-tertiary VET. This explains why the priority generally set has been the long-term objective of reforming initial vocational education. However, some variations arise as a result of the institutional setting, in particular depending on the ministry that is responsible for VET.

Where VET is integrated into the education system, even if there are few pathways between vocational and general tracks, the trend is towards VET reforms being closely linked to secondary education reforms. This is the situation in the IPA countries, where the main reforms (curricula, teacher training, new assessment and accreditation procedures, decentralisation, a new

financing system, etc.) have been introduced in the whole education system. However, VET remains separate from the higher education reforms that are being developed in line with the Bologna Process. The process is usually led by the ministry of education, with limited cooperation with the ministry of labour or employment on issues linked to adult education.

Where vocational education is part of the education system but has separate and restricted tracks, VET reforms tend to be more specific, although the challenge then is to improve the integration of VET into the education system. This is the situation in the ENP East region (Belarus, Ukraine and Georgia) and in Russia, where decisions are made at government level and implemented by the ministries of education in cooperation with other ministries, but particularly the ministries of labour (Ukraine and Belarus). This leads to a wider scope for VET reform that includes developing continuing training in companies and explicitly involving social partners.

Where vocational education is separated from general education and is the responsibility of employment, labour (Maghreb and Azerbaijan) or other line ministries (Syria and Egypt), VET reforms are specific, totally isolated from education reforms and more strongly demand-driven by economic and competitiveness objectives. Paradoxically, some of these countries apply the concept of TVET instead of VET (where 'T' stands for 'technical'). TVET falls under general education at the lower secondary or post-secondary level and not under VET as such. The VET strategy is thus closely related to strategies for industrial development (Morocco) or employment (Azerbaijan), which makes it concrete and results-oriented.

### **A lifelong learning perspective of education, training and employment**

The policy interest in lifelong learning is increasing, as evidenced by mention of the term in many official policy and strategy documents (Bosnia and Herzegovina, Montenegro, Armenia, Ukraine, Kazakhstan, etc.). However, since it is mainly understood as being synonymous with adult education, there is a failure to capture the whole value of the concept. The fact that VET reforms continue to give high priority to initial VET while neglecting continuing VET may arise from the jobs-for-life tradition of the former communist or centrally planned economies, a tradition that still predominates in mindsets, despite its gradual disappearance in reality.

### **Addressing the low attractiveness of VET and low motivation for learning**

The vision of policy-makers is very different from that of VET clients, students, families and employers. All the country reports, often in very similar terms, point to the unattractiveness of VET, its status as a choice of last resort or as a second-class education, its second-chance role for students excluded from general education and its unsatisfactory labour market outcomes.

Success in changing attitudes and values in this respect will be important for implementation of the overall vision. Policy-makers are trying to address the issue through various policy measures: progression pathways for VET students in higher education (e.g. in Croatia), career guidance and counselling professionals to convince young people of the validity of VET tracks, and better integration of VET in the education system (e.g. in Eastern Europe countries).

Political efforts will also need to concentrate on learners, whether young or adult, employed or unemployed, in order to design solutions adapted to their needs. In particular, the motivations and incentives for learning or skills development (in the case of companies) have been largely ignored, but these are areas that call for specific measures to make education and training more appealing.

## **1.3 Successful VET systems**

How do VET systems perform, and to what extent do they manage to address the challenges identified?

In order to find precise, documented answers to these questions, the Torino Process has split the analysis into two main blocks:

- (1) an assessment of the external efficiency of VET systems, which includes an economic dimension (the adequacy and responsiveness of VET to labour market needs) and a social dimension (the ability of VET to respond to the social demand for education and training with a view to improved employability);
- (2) an assessment of the internal efficiency of VET systems, covering issues relating to quality assurance, governance, financing, curricula and pedagogical approaches.

This distinction is made for analytical purposes, as it is obvious that certain elements are closely and systemically interrelated and could well be classified in either block.

In order to structure the analysis and help identify possible options for further development, the ETF has referenced the findings from partner countries with features that are widely acknowledged as key factors in successful VET systems.

### **1.3.1 VET external efficiency**

Successful VET systems, from the point of view of their external efficiency, fulfil the following conditions.

- They are anchored to clear economic development strategies.
- They collect information on the current and future skills needs of the economy, with tools that not only are designed to monitor the market, but also allow for regular and systematic consultation and involvement of social partners.

- They establish adequate links, pathways and cooperation with the other education sectors, in particular higher education.
- They reinforce continuing VET as an investment with a relatively rapid impact, preferably within a lifelong learning perspective and integrating initial and continuing VET and formal, non-formal and informal learning.

**a) Matching labour market demand with skills provision is the first imperative, but information is insufficient**

*Exact quantitative and qualitative data on labour market needs are difficult to capture.*

The Torino Process has proved that it is difficult to retrieve evidence on employment and labour market issues. There are a number of explanations for this. Firstly, labour market information systems are largely underdeveloped – or even non-existent – in most ETF partner countries: little structured information on labour market needs is regularly produced and there are few channels or mechanisms through which it can be communicated and used. Secondly, public employment service statistics, which in principle could identify mismatches, are not reliable, either because they do not grant unemployment benefits (as in the Mediterranean countries), or because people register in order to receive unemployment benefits (as in Eastern European or Central Asian countries) but remain registered if they find a job in the informal sector. Thirdly, most VET systems do not have institutionalised tracer

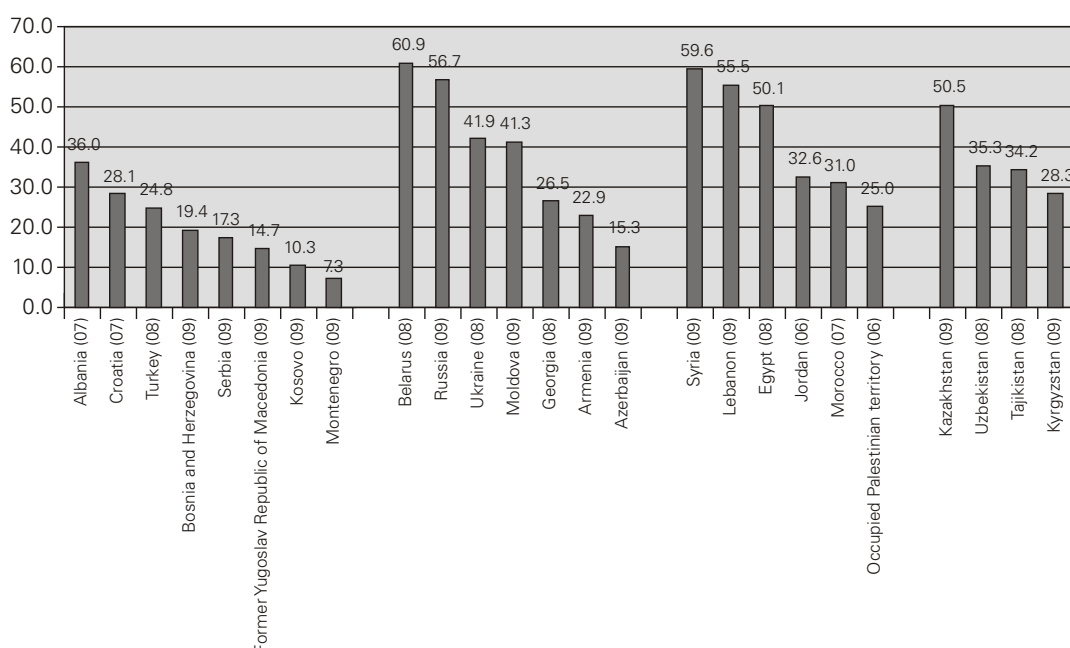
surveys that would enable graduate job opportunities to be monitored. Finally, the Torino Process itself has been driven and owned in most cases by ministries in charge of VET, which have little experience in retrieving labour market information, especially in the context of fragmented institutional settings.

*Unemployment rates or employment surveys indicate workforce inadequacy.*

As recorded in many of the country reports, employers are not satisfied with the quality of VET system outcomes. A proxy indicator of this assessment can be found in the percentage of firms identifying labour skills levels as a major constraint to doing business, as recorded in various enterprise surveys (Figure 5). Paradoxically, the answers vary widely, with higher dissatisfaction rates in the ENP South and Central Asian countries. In Belarus, Russia, Syria, Lebanon, Egypt and Kazakhstan it exceeds 50% of firms.

The fact that labour skill level is not considered to be a major constraint in many countries can be explained by high unemployment rates, which give companies plenty of choice in finding the labour they need, and the rhetoric of higher-skilled jobs not being equally applicable in all the countries (as suggested also by the persisting high share of agricultural employment), enabling poorly qualified people to find jobs mainly in the informal sector (e.g. in Tunisia, where the market continues to create low-qualified, poorly paid and internationally highly competitive jobs).

**FIGURE 5: FIRMS IDENTIFYING LABOUR SKILL LEVEL AS A MAJOR CONSTRAINT TO BUSINESS (%)**



Source: World Bank (<http://www.enterprisesurveys.org/>, 17/02/2011).

Notes: The computation of the indicator is based on the rating of the obstacle as a potential constraint to the current operations of the establishment. For the BEEPSs 2008, the question was asked of firms that confirmed they had applied for government contracts in the past fiscal year, while in the previous rounds of BEEPS the question was asked to all firms participating in the survey. Owing to differences in scales used in the European and Central Asian countries in 2002 and 2005 (four-point scales) and those used in the 2008 surveys (five-point scales), indicators based on business constraint questions are not fully comparable. End users are encouraged to bear this in mind when analysing historical trends. Readers should download the raw data for additional information.

*International research points to the need for higher skills and more soft skills and key competences.*

Knowledge-based economies tend to require higher skills, as documented by various studies in Europe, including by the European Centre for the Development of Vocational Training (Cedefop). But this is not a univocal trend, as mentioned above: low-skilled jobs offer companies another kind of competitive edge that relates to low wages, especially in countries with high levels of foreign direct investment. According to most of the country reports, employers are also increasingly looking for soft skills from VET graduates. The most important skills in demand are the effective use of foreign languages (particularly English) and information and communication technologies (ICTs), and also a capacity for effective communication and teamwork, making up a critical mass of what is commonly associated with entrepreneurship skills. However, since almost all the VET systems teach and train students in technical skills, it can be asserted that they do not provide what employers are increasingly demanding. This is particularly crucial for SMEs to enable them to compete on the international market, for instance, in the services sector. Adaptations have started to be made, for instance in Central Asia, where English and Russian are increasingly part of the VET curriculum.

**b) Education and business cooperation and social partner involvement is an efficient way to improve needs assessment and VET system management**

VET is a specific component of education systems in the sense that the aim of VET is to serve the needs of the labour market. The fact that linkage between business and education has to be mediated, and that this mediation role is best performed by the two sides of industry, is seen as a requirement for VET reform in all the countries. Most have taken steps to involve social partners in VET management, through national councils for VET and for adult education, management or advisory boards for different institutions, sectoral committees working on the definition of competence-based qualifications, working groups involved in drafting curricula, and school and examination boards. Social partnership is often one of the main objectives stated in the vision for VET, yet most reports deplore the limited achievements in this direction. Different factors are mentioned in the reports as creating barriers to effective social partnerships.

- The socialist legacy persists: in socialist countries, employers' associations did not exist and trade unions had a completely different role from the one they have today. The changeover to playing an active role in a modern market-oriented economy is demanding and needs time and capacity building.
- There is a persisting reluctance on the part of some governments to award an effective role to social partners in VET management. Some countries report that employers' associations complain of being involved in several committees and working groups, but only in an advisory role. Other reports have underlined the lack of resources for newly established VET councils (which is at odds with the heavy portfolio of responsibilities

given by law) or the very low frequency of meetings convened by the ministries responsible.

- Employers' associations are reluctant to become involved in VET issues because they do not trust the VET system to meet their needs. Interestingly, some reports indicate that more training is organised by companies for their staff than is stated by ministries. Enterprise surveys by the World Bank, the European Bank for Reconstruction and Development (EBRD) and the WEF report substantial training activities organised by businesses in a number of countries. Governments would have a more complete picture of the system if they took such in-company training activities into consideration and developed dialogue and cooperation about in-house training, or at least accounted for it in statistics on training.
- There is a lack of technical capacity among social partners to effectively contribute to the design of new VET systems.

**c) Adult training, including continuing VET, is an effective short-term approach to addressing skills mismatches**

All the Torino Process reports highlight the massive efforts undertaken by countries to modernise VET systems along more supply-driven lines with a view to providing a better-quality and more employable labour force. But these efforts mainly target formal, initial VET systems, while today's skills needs cannot necessarily wait for up to five years for vocational students to complete their studies. Furthermore, the labour force needs of tomorrow will not necessarily be covered by the number of new labour market entrants, especially in economies with ageing populations. For these reasons, continuing VET (including adult training) deserves priority attention from policy-makers.

*The continuing VET system is underdeveloped owing to low demand from business.*

In a business world that is mainly composed of SMEs, awareness primarily concerns actual skills needs. What companies should do to address future needs is therefore still not well articulated. In most countries, for historical and cultural reasons, training is considered to be a core function and duty of the state, and hence, private companies are reluctant to engage more in training. In the best cases, and especially in large companies, training is offered at the individual level. Scaling up is made difficult by the uneven engagement of social partners owing to their lack of capacity and experience with continuing training. However, interesting developments have been recorded, in particular at the sectoral level. This seems to be a promising bottom-up approach, which should be sustained by adequate state incentives, as observed, for instance, in Maghreb countries. The country reports document huge efforts towards improving skills, and the transition to free market economics has implied profound challenges for all sectors of society: for employees adapting to new technologies and work organisations; for enterprises fighting to enhance competitiveness (and for SMEs in particular, trying to find their place in a quickly changing economic environment); for workers at risk of

being made redundant by privatisation; for unemployed people who need to reskill for new jobs; and even for the inactive population, whose exclusion from the labour market is most often linked to their low qualifications.

The state-organised continuing VET that does exist is rarely accessible to most companies, in particular SMEs. Some initiatives have been undertaken recently to improve continuing VET, particularly through the development of partnerships between VET providers and companies. Tunisia has set up a dedicated agency, and several agreements with sectoral employers' associations have been signed; however, progress to date has been limited. Ukraine is reflecting on the opportunity to improve professional in-company training conducted by employers, and a number of production and training centres for worker skills development have been opened with the support of top vocational schools. In Serbia, selected vocational teachers have become external change agents whose mission is to develop cooperation with business, identify training needs and develop adequate training and retraining programmes. In Armenia a national training fund that groups all public and private stakeholders is under consideration. Although some reports mention the existence of training organised by companies for their staff, this information comes only from enterprise surveys and is not known to the responsible ministries, which do not consider this type of training as a VET component. Financial incentives have been implemented in a few countries, though their efficiency may be hampered by the rigid procedures set up by ministries of finance.

Active labour market policies include training instruments that build too little on the formal initial VET system. Although labour market training for unemployed people is offered in almost all the countries, making use of dedicated public or private training centres and vocational schools, resources and participation are generally very

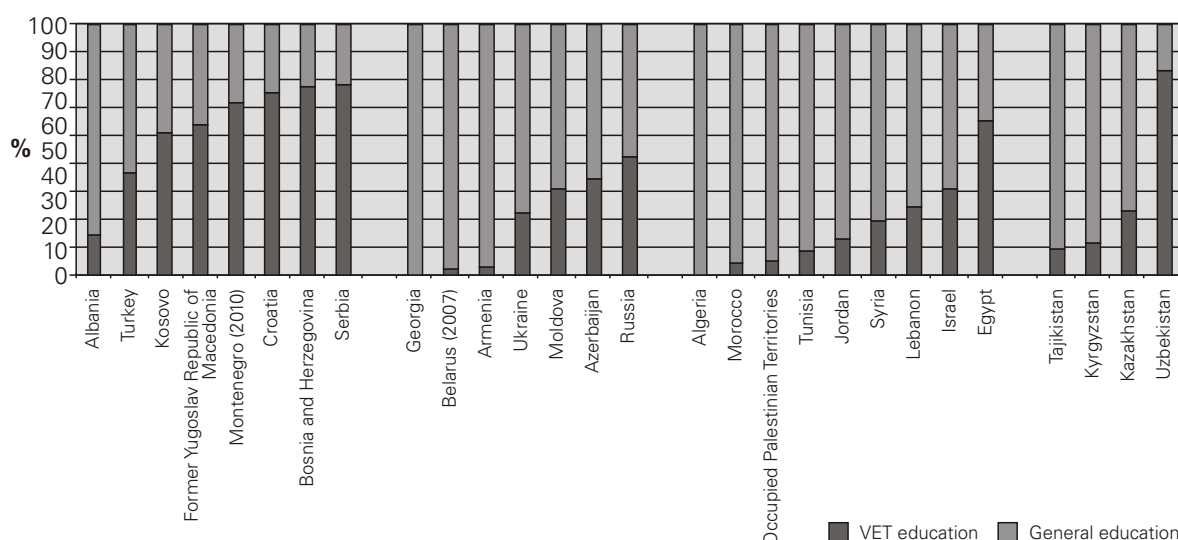
limited. There is little reference to active strategies for individuals and companies, using measures to increase motivation for learning through adequate incentives. In fact, continuing VET cannot be developed under the same logic as initial VET. An interesting example is the conversion of five traditional vocational schools in Serbia into training centres for adults, a change that required completely new curricula and a foundation in adult learning pedagogy. Making use of available provision structures rather than creating a parallel system for adults is more affordable for ETF partner countries.

The development of continuing and adult training is a policy priority that would welcome external support. The underdevelopment of continuing and adult training in many countries goes hand in hand with the difficulties experienced by governments in offering a stimulating framework. Particular efforts are required from governments to move towards strategies based on labour market demand – whether expressed or not – and also demand from population groups at risk of exclusion, including unemployed people. This will almost certainly require innovative measures and instruments, such as funding schemes and incentives for work-based practical training. These will have budget implications that should be anticipated and argued for in front of the various constituencies.

#### d) Education and training system permeability and coherence serve both employability and attractiveness aims

The evolution towards modern, knowledge-based economies calls for higher levels of technical/professional qualifications, yet general education is still the preferred path in most partner countries. Except in most of the IPA countries (Albania and Turkey excluded) and Egypt and Uzbekistan, general education represents more than 60% of enrolment in upper secondary education (Figure 6). Although

**FIGURE 6: VET ENROLMENT AS A SHARE OF UPPER SECONDARY EDUCATION, 2008 (%)**



Sources: UNESCO Institute for Statistics database.

[http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF\\_Language=eng](http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF_Language=eng), 27/01/2011); Kosovo Statistical Office; Albanian National Institute of Statistics; MEDA-ETE Database (Egypt and Algeria); OPT Ministry of Education.

this choice does not necessarily prove relevant in terms of job opportunities, it may be related to a lack of further education opportunities for those choosing VET. Indeed, pathways between VET and higher education are extremely limited in the ENP East and South countries; VET routes are dead-ends that offer no vertical pathways to higher education, even when post-secondary routes already exist.

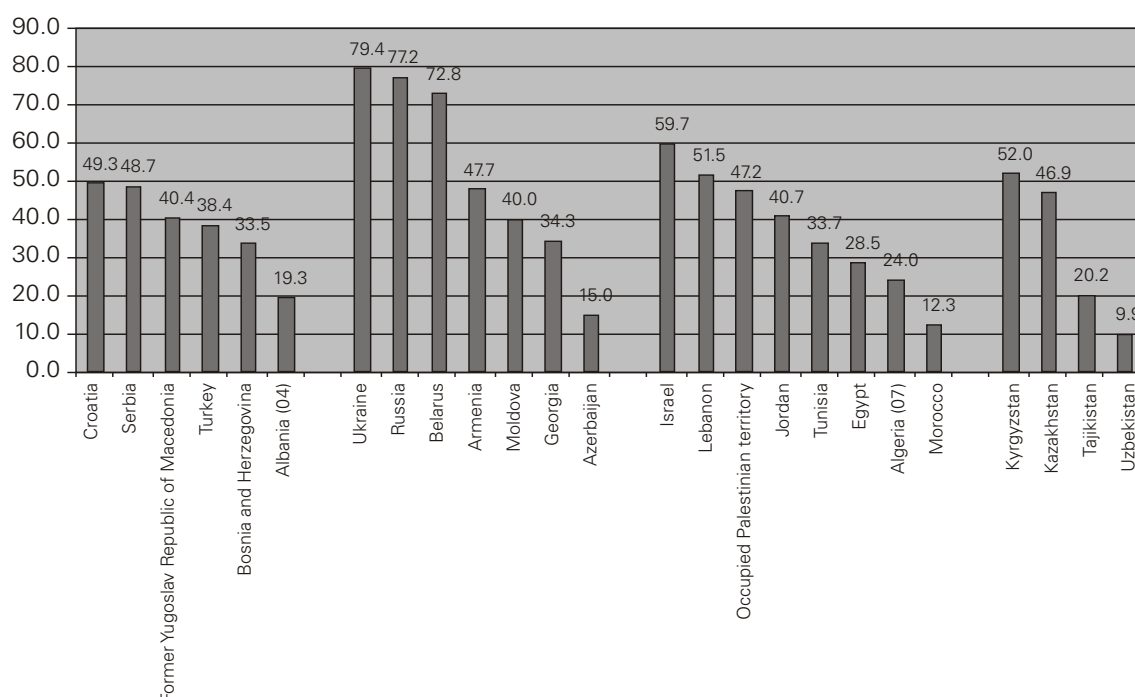
VET systems are much more permeable in the IPA countries, where the most popular VET routes at upper secondary level allow entrance to higher education after graduation and upon success in the final examination, and where other routes enable individuals to catch up at a later stage. All the countries exhibit strong, rapid growth in enrolment in higher education. In IPA and most ENP East countries this is mainly driven by a substantial premium in terms of wages and access to employment; in the ENP South countries the incentive is that only higher education leads to jobs in public administration. The gross enrolment rate in higher education (Figure 7) is around 70% in Belarus, Ukraine and Russia, 60% in Israel and 50% in Kyrgyzstan, Croatia, Serbia, the OPT and Lebanon.

While there has been a steady increase in the number of graduates, the unemployment rate has started to grow, particularly in ENP South countries where very few new public jobs are available. However, this has not yet deterred students from enrolling in general education; in fact, enrolment in VET is actually decreasing (e.g. Tunisia). In most of the Western Balkans and Turkey the demand for medium-level qualifications at secondary level is also shrinking rapidly, yet work on new curricula is still prioritising that level.

The higher education system has difficulties in adapting to needs, and graduate unemployment is high. Higher education is still undergoing academic drift. While VET reforms have mostly prioritised adaptation to labour market needs, higher education reforms have focused on restructuring routes along the lines of the Bologna Process (all Western Balkans, Turkey and the ENP countries are involved, whereas ENP South countries are observers). Little attention has yet been given to the needs of the economy. This approach has affected the VET provision that existed previously at post-secondary non-tertiary level (Serbia, Croatia and Turkey) and that is now being integrated into the higher education system. Furthermore, dialogue between VET and higher education is still difficult in many countries, particularly in terms of developing national qualifications frameworks; higher education representatives express reluctance to work with VET representatives and to find a common language for the descriptors and levels relating to medium and high-level qualifications. As a consequence, 'educated unemployment' is a worrying feature of many societies, leading to a high risk of individual economic dissatisfaction and of social unrest.

Better articulation is needed between VET and higher education to improve the attractiveness of VET and to professionally orient higher education. The quest for higher productivity and competitiveness and the growing demand for more medium and high-level qualifications necessitate raising overall skill levels and anticipating skills needs and shortages. Qualifications need to be upgraded and to be developed at different levels: secondary, post-secondary, and short and long-cycle higher education. This is a challenge for both VET and higher

**FIGURE 7: GROSS ENROLMENT RATE IN ISCED 5 AND 6, 2008 (%)**



Source: UNESCO UIS.

Notes: ISCED, International Standard Classification of Education. Data for Kosovo, Syria, Montenegro and Turkmenistan are missing.

education systems that has been exacerbated by the present global economic crisis. VET would become more attractive if there was permeability between education sectors; in most partner countries, however, VET is still a dead-end. Several ways in which this situation could be improved are discussed in the reports, and these can be summarised as follows:

- reforming existing higher education systems with more professionally oriented curricula;
- further developing post-secondary and higher VET further;
- improving pathways between secondary VET and higher education.

All the partner countries can act at different levels and ensure close cooperation between the two sectors by:

- continuing to increase the quality and attractiveness of secondary VET routes;
- developing an attractive supply of medium-level VET qualifications at the post-secondary non-tertiary education level and continuing to improve and develop those that already exist;
- developing vocational pathways in higher education in all cycles starting with the Bachelor level;
- organising adequate horizontal and vertical pathways between all general and vocational routes.

**e) Integration of initial VET and continuing VET and formal, non-formal and informal learning is a pending priority that requires in-depth changes**

A recent EU study undertaken in the context of the Copenhagen Process argues that ‘by far, the greater proportion of the overall VET budget is spent on initial VET. So even a small rebalancing towards continuing vocational training could expand opportunities for adult workers significantly’ (Brown, 2010, p. 9). This argument is even more relevant for the ETF partner countries, where public resources allocated to education are in general 60–70% of the EU average, while the proportion is much lower for adult training. In fact, all the country reports underline the lack of priority awarded to continuing VET. This may be partly due to the legacy of the socialist economies (which provided VET graduates with jobs for life), but is without doubt also due to institutional factors.

Continuing VET developments depend on the state and the labour market working together, a combined effort on the supply and demand sides, and effective involvement of social partners. There is a lack of initiatives to establish structures that can analyse needs and set up priorities on which to develop specific provision modalities and design programmes for adults. Few examples are to be found in which the state, in close cooperation with social partners, strives to stimulate and support demand, for instance, where there is demand but not yet a market. This is also the case in relation to the lack of state policies to encourage the development of a private training supply. An effective supportive legal framework is still lacking in the transition countries.

Overall, these initiatives are recent and are limited to cooperation with companies. They do not tackle most social challenges associated with low-qualified people in rural areas or the huge inactive groups excluded from the labour market. Overall, the country reports illustrate that the countries have not yet managed to transform VET systems from a supply-driven logic towards a more balanced approach with a focus on both demand and supply. The gaps in systems appear to relate to the following:

- a lack of certification systems that recognise non-formal and informal learning and the absence of incentives for training providers to cooperate more effectively with the demand sector;
- a lack of attention on the demand for skills and the serious barriers to education for all;
- the missing link in continuing VET that should be provided by intermediary bodies, municipalities, non-governmental organisations (NGOs), employers’ associations and trade unions in developing and structuring demand;
- the lack of adequate incentives aimed at priority target groups;
- the prevailing policy fragmentation and lack of coordination between the ministries of education and of labour/employment and with employment services.

### 1.3.2 VET internal efficiency

Internal efficiency refers to a number of issues relating to the functioning of VET systems. The Torino Process analysis of the current situation has identified a number of key success factors for ensuring the efficiency of VET systems referring to governance, quality assurance, curricular developments, learning processes and innovation and creativity in VET systems.

**a) VET system governance and management is not yet responding to efficiency and accountability objectives**

The governance of VET systems remains in most cases the unique responsibility of governments. A first explanatory factor is, again, the narrow understanding of VET as initial VET. If continuing VET were to be systematically considered, the involvement of employers would seem more natural. There is already at governmental level a dramatic lack of coordination at cross-ministry level between ministries of education, ministries of labour or employment and public employment services.

Although shared or multi-level governance is starting to be implemented, it requires more flexibility in instruments for VET system management. Since this requires legal adaptations it is thus part of medium- to long-term reforms. The ongoing decentralisation of the Turkish education system is an interesting example to follow in this respect.

### **b) Quality assurance needs to be strengthened as a structuring principle for reform**

Quality improvement and assurance is seen as an important milestone that can contribute to the increasing attractiveness and relevance of VET. Concrete achievements can be seen in the establishment of procedures for the external and internal assessment of schools and training centres, the development of accreditation and certification procedures (particularly to regulate private training centres and universities) and the setting up of national examinations and *matura* for the evaluation of students (traditionally implemented at school level in the absence of national standards). These changes are particularly visible in the Western Balkans, Turkey and ENP regions. However, with the exception of a few countries (e.g. Tunisia), quality assurance is not addressed through a single coherent approach, but is fragmented across the different levels.

### **c) Curriculum developments**

VET curriculum development has moved towards more practical training, including apprenticeship, but work-based training is decreasing. Paradoxically, one surprising finding of the enterprise surveys is that practical training given by SMEs to vocational students is declining, while large companies are increasing practical training for their employees and vocational students, mostly in their own training centres. This presents a challenge for VET systems, given the importance of SMEs in the business landscape, the lack of modern equipment and technology in many VET centres suitable for providing training in the skills needed in the workplace, and the option of revitalising cooperation with the business sector through such concrete approaches.

A paradigm change is illustrated by the move towards competence-based approaches and learning outcomes with some increased attention being given to key competences. Inspired by various international approaches, many countries have started to shift towards a competence-based approach. However, in most cases reforms in this area have not yet been accomplished, as the change in curriculum orientation is not systematically mirrored in the definition of the corresponding learning outcomes or in the adjustment of assessment methods for measuring these learning outcomes. Quality assurance is not addressed in a holistic way: for instance, quality assurance of certification processes is lagging behind pedagogical reforms. Specific criteria for learning outcomes are gradually being introduced, referring to alternative ways of achieving similar learning outcomes, and instructional models for teachers and trainers to apply when organising learning processes. In addition, new kinds of learning outcomes – such as the ability to learn, think, collaborate and regulate – have become important. People need to be able to adapt quickly to changing situations and uncertainty, and to know where and how to find the information they need to cope with the challenges of their work situation. Easier access to new information makes it more relevant to consider what people can do with information, rather than simply whether or not the information is available. Almost all

foreign donor projects in partner countries include curriculum development elements and student activation methods.

Policy priorities are an in-depth national reflection on VET curricula and factoring in economic and social demands for key competences and soft skills. As mentioned above, globalisation, knowledge-based economies and mobility call for greater empowerment of individuals so that they can adapt, work together, and create their own jobs. From a lifelong learning perspective offering a multiplicity of learning paths, it can no longer be expected that these skills will be produced by general education. VET must identify the key competences and soft skills (for both initial and continuing training) that will ensure the sustainability of its teaching; these include entrepreneurial learning and foreign languages. In order to do so it will also have to change habits and open up discussions with end users, particularly SMEs. The practices of some Central Asian countries are worth mentioning. Uzbekistan has signed agreements with Russia, Kazakhstan and Poland to facilitate the migration of Uzbek nationals, and provides training in five centres. Tajikistan is organising foreign language (Russian) and construction courses for its citizens looking for jobs abroad. Teaching English and signing agreements with the Western countries regarding specific sectors could be a promising way to improve the management of migration flows, taking into account interests on both sides of the borders.

### **d) Learning processes and the role of teachers are not well understood or developed**

The country reports document a growing understanding that good learning cannot be achieved when learners are passive receivers of information and instructions. This is the reason why there must be a greater focus on modalities for active learning processes in VET policy. The increased interest in the new learning paradigm is the result of changes occurring in the labour market, as a response to changes in how and what enterprises produce for a globalised and increasingly knowledge-based world market.

However, according to the reports this transformation from teaching to learning is not well developed in the partner countries, despite the fact that almost 90% of costs in education are normally spent on teachers' salaries in countries in transition. The efficiency of any VET system depends not only on what students learn but increasingly on how they acquire key competences. This would require a parallel reflection on the motivations of learners, not only in initial VET but also in terms of engagement in continuing training. This learner perspective, which would help to design adapted instruments and incentives, is, to date, absent from policy reflections.

Vocational teachers are simultaneously professional educators and key change agents, but VET policies do not sufficiently consider this dual role and do not take the necessary measures to make it effective. For professional modern teachers, continued updating, upgrading and development of new teaching repertoires is crucial. This requires a transformation of teacher identity, away from the traditional one of a civil servant who has few links

with the business world. Acceptable wage levels are a prerequisite to recruiting other types of teachers and persuading good professionals to choose the teaching path. Alternating work experience or training in the production world with equivalent activities in the teaching world should be permitted by softer legal frameworks governing the teaching profession and by an effective human resource development strategy that covers hiring modalities, career paths, continuing training opportunities and wage conditions that are not too disconnected from the private sector. Such a holistic approach to teacher professionalism has yet to be developed.

Effective change agents need to be committed and to buy in to the reforms, which also means that they need to be consulted and included upstream in the reform process as recognised stakeholders. In most countries this consideration is poorly expressed, with limited awareness of the fact that successful reform can only happen with committed teachers – if only because in the end they will have to make it happen in their daily work with students. What makes the situation different today is that the new professional profile of teachers and trainers includes innovation and development as key competences. This is especially true for reforms in transition countries that seek to combine systemic reforms with structural changes and modernisation of content and approaches. Such reforms are ongoing change processes that require further operational detailing based on local innovation processes. Teachers who are actively engaged in local innovation and experimentation are an important source of expertise for national policy-makers. Reform strategies have to build on engaging teachers and trainers who are working inside their school organisations, yet this challenge is not reflected in the country reports.

#### **e) Innovation in VET would be boosted by support for education research**

Widespread impoverishment has been the consequence of change in all the transition countries. Institutional impoverishment of VET has led to the disappearance of innovative capacities within the education system. VET systems have been forced to focus entirely on operational day-to-day provision of education and training, with negative implications for their ability to improve. This is also partly a consequence of the closure of central support systems for ideological and financial reasons, especially those for curriculum development and in-service teacher training. The building up of new support structures to replace the former ones has been slow. The country reports document a lack of financial, human and conceptual resources to rebuild the VET systems. Instead, a specific constellation of aid and cooperation is in place. The donor community now greatly influences whether skills development is taken up as a policy priority, what focus such policies take, and how they are being developed and implemented.

VET reform processes are ongoing in all the transition countries. But these development activities are often externally defined, technocratic (undertaken for a purpose other than understanding and recognition) and normally carried out as short duration activities meeting sharp

deadlines. The mainstreaming and scaling up of projects is a continuing challenge. Innovation and consolidation of donor projects would be much improved by building up professional research capacities in partner countries. An inspiring example for other countries is the recent approach employed by Serbia to use the Tempus higher education modernisation programme as the basis for targeted efforts to establish an educational research base in the country.

## **2. MANAGING THE VET POLICY CYCLE EFFECTIVELY**

Given the broad challenges and complexity of VET policies and systems as analysed above, the policy cycle must be managed in a comprehensive and inclusive manner. There is certainly no one-size-fits-all solution and different options should be considered. In general, the key success factors associated with effective policy cycle management are as follows:

- a high-quality policy debate involving all relevant stakeholders and based on evidence;
- a policy-learning approach based on exchanges with other countries in the region and in the EU;
- a policy-management approach building on consistency between political and technical considerations and transparent and open governance schemes, backed by adequate mobilisation and use of financial resources and institutional capacity, and by regular reporting and evaluation.

In this framework, the Torino Process country reports converge to point to the following challenges to the effectiveness of VET policy management.

### **2.1 From vision and policy formulation to implementation: the institutional capacity challenge**

The drivers for reform are manifold. The pressure from globalisation to develop towards more knowledge-based economies, and to enable the current and future labour force to gain appropriate additional skills, are probably the most common drivers for change. Azerbaijan is an example of a country where the huge needs of the oil companies was recognised by the Ministry of Labour and the Ministry of the Economy, which pushed for VET reform in 2005. The need to rethink education and training systems following political changes in the former socialist countries is another key driver for reform. The anchor for the Western Balkans and Turkey is the prospect of EU enlargement, which drives VET reforms in most of these countries. In other regions the prospect of stronger economic integration with Europe supports reform efforts. Drivers can also be more incidental: in Georgia in 2006, the spotlight of education reform was focused on rampant corruption and the discrediting of diplomas and qualifications, resulting in urgent and profound reforms to restore the credibility of the whole system (ETF, 2008). The role of social partners, VET system insiders such as trainers and students, civil society in the form of lobbying

groups, and influential change agents is slowly gaining importance in VET reforms, although their influence seems to be greater at the micro or sectoral level.

Institutional capacity may operate as a determining factor or as an impediment to implementation of the vision. The institutional setting plays a crucial role in successful implementation of the reform. The institutional capacity is first a matter of leadership. As mentioned previously, the unequivocal and recognised leadership of one ministry is a huge help in ensuring the overall consistency and progress of reform. However, since this leadership is sometimes politically sensitive or simply not guaranteed, many countries have opted to set up independent VET authorities or bodies, which are entrusted with various functions and roles, from simple provision of policy orientation to quality assurance for the overall system. While these independent authorities do not remove all governance problems, the Torino Process reviews report positively on their functioning. Institutional capacity is also a matter of participation: VET policy is at the interface between the labour market and education, and so it needs, even more than other policies, to consult and involve social partners. In most contexts, especially in Central Asia and the ENP South region, these processes are still sporadic and need to be institutionalised.

## 2.2 Implementing VET policies: finding space and time for VET

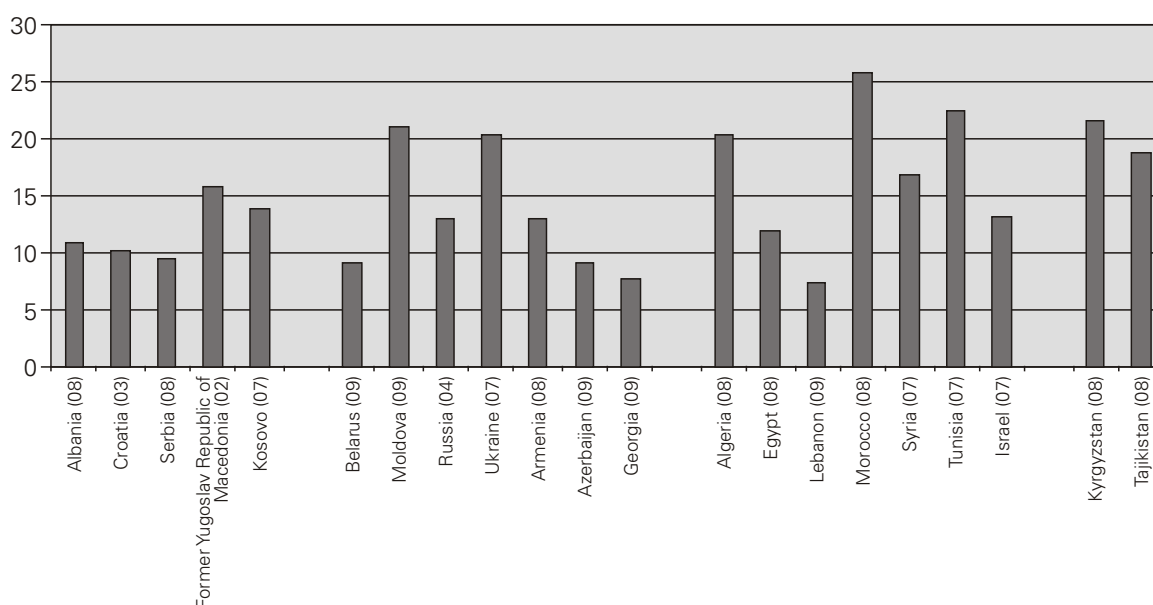
VET policy reform is not seen as part of a broader reform framework, and this impedes the full impact of implementation. VET reform is still too often designed with little reference to other ongoing reforms, in particular those relating to such areas as economic and social

policies, education policies, decentralisation, and budget modernisation. There is a need for consistency and harmonisation, for core competences to be taught in general education, and for higher education teaching methods inspired by VET methods. It is also recognised that sector-wide approaches generally contribute to the success of policies, for many reasons (see OECD literature). However, this methodology is not so easily applied in VET, which is, by its nature, at the interface between education and the labour market. Efforts should thus be invested in fostering the emergence of a holistic, integrated vision for VET (including non-formal and informal learning, continuing VET and lifelong learning) by widening the range of stakeholders involved in the policy cycle.

Ambitious and long-reaching policy visions are unevenly backed by budget allocations. Operating under constrained national budgets is probably common to all the countries involved in the Torino Process. Public expenditure on education is below the EU average (5.1%) in most partner countries. Nevertheless, as Figure 8 illustrates, there are noticeable variations in public financing for education, demonstrating not only that inadequate public financing is not necessarily a bad thing, but also that public financing should be viewed in relation to private education and training and the public-private partnership infrastructure that is in place.

With few exceptions, priority has been given to higher education and the rapidly increasing participation rate. VET has not received enough funding to effectively scale up the outcomes of pilot projects, particularly in relation to teacher training and technical equipment. Rationalisation of school networks has become a priority in most of the Western Balkans and Turkey, Central Asian and ENP East countries, where enrolment is falling due to demographic changes.

**FIGURE 8. PUBLIC EXPENDITURE ON EDUCATION (% OF TOTAL GOVERNMENT EXPENDITURE)**



Sources: UNESCO UIS; National Statistical Committee of the Kyrgyz Republic; Statistical office of Kosovo; INSTAT Albania (2009).

Note: Data for Bosnia and Herzegovina, Montenegro, Turkey, Jordan, OPT, Kazakhstan, Turkmenistan and Uzbekistan are missing.

But although rationalisation plans exist, many have been postponed. Different options are now considered:

- 1) the development of public–private partnerships between schools and enterprises with possible incentives to support practical training for students and to overcome the lack of modern equipment in schools (an option developing in many of the Western Balkans, Turkey and ENP East countries, sometimes supported by financial incentives such as tax exemptions);
- 2) the selection of a limited number of schools as regional centres with a higher status, privileged links with enterprises, and more financing (an option now operational or under consideration in Russia, Ukraine, Georgia and Kosovo).

Whatever the organisational arrangements, whether school-based or work-based, the important consideration is to make VET provision more demand-driven.

The pace of VET reform remains slower than anticipated: is this a matter of objectives, timeframes or targets? The Torino Process reviews have revealed a kind of distorting causal chain that is easily triggered in VET policies in many countries. Rethinking management in order to shift from a supply-driven, education-inspired and school-based paradigm to a demand-driven approach based on labour market needs calls for ambitious, if not revolutionary, policies. These policies are necessarily organised around fundamental reform pillars or building blocks that act as levers in shifting the paradigm (national qualifications frameworks and competence-based teaching methods). The pillars and blocks take time to build and implement, so results take time to become visible and, as a consequence, relevance and responsiveness to labour market needs only become evident with time. This all implies that VET continues to be unattractive. At this point, the question may be asked whether the pace of the reforms is slower than expected or whether, in fact, it is the timeframe that is unrealistic, pushed as it is by a political or electoral rationale.

Policy implementation is ultimately hampered by limited absorption capacity. Absorption capacity refers to the capacity to both disburse the funds available (through either national or international sources) and extend the service provision within a certain time period. For both financial and physical funds, it is difficult to measure such capacity, given the lack of relevant data. National strategies all share the priority of increasing VET coverage, but no simulations to predict the implications for teachers, classrooms, material and equipment have been carried out in any of the countries.

The key components of a successful VET policy deserve more systematic attention. While the overall articulation of VET policy with other policies has been pointed out as a key success factor for successful implementation, it is important to recall that VET policies still pay too little or too scattered attention to certain elements that should probably be considered as milestones. The cornerstone and foremost quality element in any education and training system is the teacher or trainer, for whom a

comprehensive, systematic policy approach is required that embraces status, initial training, career path, wage grids, working and living conditions, and upskilling and upgrading in partnership with business. Another area for improvement is the social communication of VET policy through information to constituencies, as this would improve the impact of measures aimed at increasing both the attractiveness of VET and employers' understanding and acceptance of its value.

## 2.3 Policy cycle monitoring: fostering a culture of evidence-based evaluation and accountability

The long timescale of VET reform and the slow pace of implementation indicate the need for close monitoring. The ambitious reforms of initial VET, most of which were launched in the early 2000s, require a long-term view and need to take into account the inertia inherent in any education and training system. The impact of reforms cannot therefore be properly evaluated before 10 or 15 years have elapsed. For instance, pioneering Tunisia launched its *Mise à Niveau de la Formation Professionnelle* (MANFORME) programme in 1994 and introduced competence-based VET curricula in 1995. However, since only 61 % of curricula are designed in line with the new approach, any evaluation of the impact of this new departure – even after 15 years – would be premature. This same circumstance does call for close monitoring of achievements in order to make timely adjustments and identify necessary remediation measures. Three main types of initiatives are now under development to improve monitoring and evaluation:

- the establishment of procedures for the external and internal assessment of schools and training centres;
- the development of accreditation and certification procedures regulating private training centres and universities;
- the setting up of national examinations and *matura* for the evaluation of students.

These changes, which are particularly visible in the Western Balkans and Turkey, and ENP East and South regions, have some limitations, as they are being implemented in the context of very centralised systems that are still reluctant to give more autonomy to schools (Masson and Baati, 2010). Nonetheless, they have created a monitoring and assessment dynamic that now needs to develop in line with reform processes.

Regular reviews and assessments are recognised as important steps towards quality improvements in the management of the policy cycle. The wide acceptance of the Torino Process shows that sounder, more holistic assessments of VET systems are considered a priority. Indeed, most countries have started assessing their systems in order to make comparisons with those of their neighbours and are, in general, keen to make use of EU and other international benchmarks made available through international surveys such as the Programme for International Student Assessment (PISA), the Trends in International Mathematics and Science Study (TIMSS) and

the Progress in International Reading Literacy Study (PIRLS). They also feel the need to develop national indicators and, more generally, to implement quality assurance in education, including VET. The leading role played by governments in such exercises has proved crucial in ensuring maximum impact; evaluations conducted within the framework of projects operated by donors with little involvement or consultation are scarcely referred to or used in new national strategies. The association between a broad range of stakeholders, including ministries, statistical offices and social partners, is likely to have a significant influence on the future impact of the review exercise. This type of assessment of VET systems and review of policy progress – such as the current Torino Process, whether carried out as a self-assessment or as a Bruges review – provides an opportunity to revamp sector and policy dialogue, and creates or institutionalises spaces for discussion and joint monitoring of the sector.

If they are to be fully effective, such exercises require robust evidence, which is still not sufficiently available. As has been demonstrated by the Torino Process, data availability is a general challenge, whether referring to the existence of, access to, quality of or reliability of data. Indeed, the implementation of the Torino Process in all the countries reveals the difficulty of ensuring proper monitoring of reform processes. Relevant information is generally missing or not well circulated among stakeholders, at the national level between ministries or between technical and political units, between decentralised and central levels, or between donors and governments. Institutional memory of information is also very weak, with little knowledge or even document management rules in place. As a result of donor efforts (particularly by the World Bank in the Western Balkans and Turkey), developing information systems in education has long been treated as a priority, as have the identification and forecasting of skills needs, as a result of EU cooperation. However, systems are yet to be further institutionalised in most countries. Even when indicators exist in the statistical departments of employment services, they are not systematically used as indicators for the design and monitoring of VET policies owing to weak inter-ministerial cooperation. The establishment of VET centres or VET agencies is an attempt to create an infrastructure to gather and disseminate relevant information, but these will need capacity development and political support in order to be able to adequately monitor reforms. Instilling an evaluation culture is an overarching challenge that, if taken up, would enable these various limitations to be overcome. This obviously requires time, as does any work on values and attitudes, yet VET reforms cannot be postponed. Beyond the technical aspects, the gathering, processing and dissemination of evidence on reforms and their achievements has a cultural dimension, which may make it difficult to implement these processes in centralised countries where democracy is still nascent. Information may be politically processed or economically negotiated (bought). Public accountability is a requirement in the face of demand for results-oriented management and performance-based systems, but it has to be translated into proportionate mechanisms and tools.

The collection, creation and use of evidence for more informed and more efficient policy making is a possible area for external support. As mentioned above, the Torino Process has revealed the uneven availability, quality and reliability of data and other types of evidence. Nonetheless, there is a clear interest in evidence-based approaches in the ETF partner countries. The conditions for working on concrete improvements to the collection, creation and use of evidence seem therefore to have been met. A data system could probably be more easily implemented initially in a limited fashion, such as within a specific sector or policy area (e.g. skills needs forecasting and trainer management).

## 2.4 The role of the EU and other donors as strong drivers of change

The EU provides an enabling framework for VET policies in partner countries, for different but sometimes complementary reasons:

- (1) because its own agenda, instruments and tools are also paving the way for the modernisation of other systems;
- (2) because the prospect of privileged relationships with the EU is revitalising the reform process;
- (3) because EU funding instruments for supporting partner countries are empowering and may lead to long-term policy sustainability.

Partner countries are inspired by the EU VET policy agenda, instruments and tools. EU policies on employment, education and VET have played a substantial role in the development of VET policies in ETF partner countries. These include the three candidate countries, which are now fully involved in enhanced cooperation in VET (Copenhagen Process), and the potential candidate countries of the Western Balkans.

In terms of methods, most countries have expressed an interest in the Copenhagen Process and the Open Method of Coordination. Benchmarking has become popular, at least at the regional level (Western Balkans and Turkey, ENP East, ENP South), and peer pressure and cooperation have already become stronger in countries involved in EU or ETF mutual learning projects. In this context, the Torino Process has been welcomed by almost all countries. Some would have preferred to be directly involved in the Copenhagen Process, but all have seen the possibilities of wider cooperation with EU countries. The experience gained through the inter-governmental Bologna Process has also helped to disseminate the benefits of this approach. In terms of content, several EU instruments, principles and references have been considered and some countries have started early implementation steps. This has been the case particularly with the national qualifications framework, but also with quality improvement and assurance, entrepreneurial learning, vocational counselling and guidance, social partnership in VET and lifelong learning, which were amply referred to in many country reports. Other principles such as the recognition and

validation of prior learning and credit transfer are mentioned in some reports, but mostly as important topics to be considered in the future.

The national qualifications framework reform has met with overwhelming interest in most countries, although not always accompanied by a full understanding of the necessary conditions and steps for successful implementation. All national qualifications framework reform efforts, which make close reference to the European qualifications framework, are seen as a safe way of facilitating labour mobility with the EU. Progress is already substantial in countries such as Turkey and Croatia, which have organised sectoral committees to design new competence-based qualifications. In other countries the development of national qualifications frameworks is a way of bringing qualification issues to the centre of VET reforms and to develop cooperation and dialogue among partners regarding the main reform issues, in particular the development of adult training, the recognition of non-formal and informal learning, post-secondary and short higher VET, pathways between secondary and higher VET and, of course, social partnership. Since the involvement of social partners in VET policy developments in many countries is uneven, some national qualifications frameworks are now being developed as the basis for formal qualifications only. Other countries are inclined to import national qualifications framework components from abroad in order to speed up the creation of their own national qualifications framework.

Quality improvement and assurance, as defined in the EU recommendation regarding the European Network on Quality Assurance in VET (ENQA-VET), is also seen as an important milestone in terms of contributing to improving the attractiveness of VET. Concrete achievements can be seen in the establishment of procedures for the external and internal assessment of schools and training centres, the development of accreditation and certification procedures and the setting up of national examinations and *matura* for the evaluation of students. These changes are particularly visible in the Western Balkans, Turkey and the ENP East and South regions.

Following the furrow of European VET policies, there has also been a focus on entrepreneurship learning, especially support for the sustainable development of networks of performing SMEs. The issue of core competences is also gaining momentum, with systems shifting to competence-based curricula or seeking closer complementarity between general education and VET – the case, for instance, in countries such as Moldova, Tunisia and Israel. Vocational counselling and guidance is also at the heart of VET reforms, even if comprehensive systems are still lacking in most countries.

The prospect of privileged relationships with the EU is a strong incentive for reforms. This incentive is all the more

powerful when it is supported by an economic and political agenda binding countries to the EU. This is the case for countries in the accession phase, such as Croatia, the former Yugoslav Republic of Macedonia and Turkey, which are urged to demonstrate their compliance with the body of EU law, and already benefit from EU social funds to do so. But it is also true for pre-accession countries, which are also largely supported and thus influenced by EU member states, and even for countries granted ‘advanced status’ recognition (already obtained by Morocco, and under negotiation in Tunisia and Jordan) it provides strong incentives for modernising the VET system as a major step towards a quality labour force. Successful regional economic integration with Europe is an objective of all the ENP South countries.

Advanced EU assistance funding modalities support country ownership of VET reforms, hence their sustainability. Compared to donor pilots that are implemented through projects and that prove hard to mainstream, the more advanced modalities chosen by the EU often support country ownership of the reforms, such as the Sector Policy Support Programme approach and budget support (e.g. in the Maghreb countries).

In these contexts of profound VET reforms, the role played by EU assistance and international donors has been very important, although not always coordinated around compatible policy messages. For example, some donors advocate modernising secondary VET and keeping it as a valuable option, while others insist on prioritising general education and pushing VET to post-secondary and higher education. This makes a strong case for policy-makers to learn from a range of experiences and then choose their own policy paths. In this respect, agencies such as the ETF provide useful technical support, guided by the policy-learning principle. It also suggests that external support modalities should align as much as possible behind these country-made policy choices. While this assumes the existence of clearly formulated policy choices from the recipient government and, thus, strong national leadership and clear political vision, it also requires a certain discipline from donors to nest their support within this policy framework. Because pilot projects often lack this initial embedding in long-term policy, they prove extremely difficult to mainstream, as reported in all the Torino Process country reports. EU Sector Policy Support Programmes, as implemented in many countries (including Armenia, Egypt, Georgia, Jordan, Kyrgyzstan and Tunisia) offer this guarantee ‘by construction’. Commitment through budget support adds to the consistency of vision and policy patterns, empowers governments regarding implementation modalities, and enables more flexible and harmonised funding sources. However, this assumes a strong degree of institutional capacity at all levels of the system.

# LIST OF ACRONYMS AND ABBREVIATIONS

<b>ADB</b>	Asian Development Bank
<b>BEEPS</b>	Business Environment and Enterprise Performance Survey
<b>Cedefop</b>	European Centre for the Development of Vocational Training
<b>DCI</b>	Development Cooperation Instrument
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ENP</b>	European Neighbourhood Policy
<b>ENQA-VET</b>	European Network on Quality Assurance in VET
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>G-8</b>	Group of Eight Industrialised Nations
<b>G-20</b>	Group of Twenty Finance Ministers and Central Bank Governors
<b>GDP</b>	Gross domestic product
<b>HCAP</b>	Haut-Commissariat au Plan (Morocco)
<b>ICT</b>	Information and communication technology
<b>ILO</b>	International Labour Organization
<b>IPA</b>	Instrument for Pre-Accession
<b>LFS</b>	Labour Force Survey
<b>MANFORME</b>	Mise à Niveau de la Formation Professionnelle (Tunisia)
<b>NGO</b>	Non-governmental organisation
<b>PIRLS</b>	Progress in International Reading Literacy Study
<b>PISA</b>	Programme for International Student Assessment
<b>SME</b>	Small and medium-sized enterprise
<b>Tempus</b>	Programme for the modernisation of higher education
<b>TIMSS</b>	Trends in International Mathematics and Science Study
<b>TVET</b>	Technical VET
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>VET</b>	Vocational education and training
<b>WEF</b>	World Economic Forum
<b>WTO</b>	World Trade Organization

## COUNTRY ABBREVIATIONS

<b>AL</b>	Albania
<b>AM</b>	Armenia
<b>AZ</b>	Azerbaijan
<b>BiH</b>	Bosnia and Herzegovina
<b>BY</b>	Belarus
<b>DZ</b>	Algeria
<b>EG</b>	Egypt
<b>GE</b>	Georgia
<b>HR</b>	Croatia
<b>IL</b>	Israel
<b>JO</b>	Jordan
<b>KG</b>	Kyrgyzstan
<b>KS*</b>	Kosovo (under UNSCR 1244/1999)
<b>KZ</b>	Kazakhstan
<b>LB</b>	Lebanon
<b>MA</b>	Morocco
<b>MD</b>	Republic of Moldova
<b>ME</b>	Montenegro
<b>MK**</b>	Former Yugoslav Republic of Macedonia
<b>OPT</b>	Occupied Palestinian territory
<b>RS</b>	Serbia
<b>RU</b>	Russia
<b>SY</b>	Syria
<b>TJ</b>	Tajikistan
<b>TN</b>	Tunisia
<b>TR</b>	Turkey
<b>UA</b>	Ukraine
<b>UZ</b>	Uzbekistan

*\*Code used for practical reasons and not an official ISO country code.*

*\*\*Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place in the United Nations.*

# VET SYSTEMS AND POLICIES IN THE WESTERN BALKANS AND TURKEY

## 1. INTRODUCTION

**Geographical scope.** This regional chapter comparatively analyses vocational education and training (VET) systems and policies in Turkey and seven countries of the Western Balkans. Each country has signed up to the Instrument for Pre-Accession Assistance (IPA) in the context of European Union (EU) cooperation. Three candidate countries – Croatia, the former Yugoslav Republic of Macedonia and Turkey, which are already part of the Copenhagen Process (enhanced cooperation in VET) – are considered, together with five potential candidate countries: Albania, Bosnia and Herzegovina, Kosovo<sup>1</sup>, Montenegro (granted candidate country status on 17 December 2010) and Serbia. Iceland, although now covered by the IPA, is beyond the geographical scope of this study.

**Aims and methodology.** The aims of the chapter are to analyse VET systems and policies, assess their effectiveness and efficiency, identify possible priority policy areas for further reforms, and strengthen the VET policy making evidence base. The methodology compares and juxtaposes findings for the eight countries using a framework developed by the European Training Foundation (ETF) for this purpose. Aggregated findings at the regional level should be interpreted with care, as not only is there still a shortage of evidence, the region is also quite heterogeneous in terms of history and past heritage, development level and country size.

**Sources.** The sources used were the Torino Process reports for Bosnia and Herzegovina and Kosovo; assessments of Copenhagen Process progress for Croatia, the former Yugoslav Republic of Macedonia and Turkey; ETF reviews of human resource development drafted at the request of the European Commission (Directorate General for Employment, Social Affairs and Equal Opportunities) in 2010 to inform IPA programming and national policy making in Albania, Montenegro and Serbia; ETF and other reports as recorded in the references; and the set of consistent cross-country indicators developed by the ETF.

**Authors and contributors.** This regional chapter was written by Jean-Raymond Masson based on country reports drafted by the ETF country managers of the eight countries covered.

**Guidance for the reader.** The main findings of the analysis are presented first, followed by a brief description of the regional context as the setting for challenges and national visions of VET. Against this backdrop, the external and internal efficiency of the VET systems are analysed in more detail. The report ends with conclusions and proposals for ways forward for the countries.

## 2. MAIN FINDINGS

- 1) All the countries express high ambitions for the role of education and training, including VET, in supporting growth and employment. They have all made efforts to review and adapt governance models, modernise qualifications and curricula, create professional institutions to support the change processes and, overall, to build the capacity of policy-makers and professionals to adapt VET to new socioeconomic realities. However, these reforms have not yet had a large-scale impact on the quality of VET. Reforms are more advanced in Croatia and Turkey.
- 2) The main focus of the reforms so far has been on long-term solutions with limited impact on the labour market. VET reforms have not sufficiently addressed the demand side: more needs to be done to analyse and stimulate the demand for skills and to support the development of adult learning.
- 3) VET still accounts for very substantial cohorts of young people in secondary education: 60–75% in former Yugoslav countries (although only 16% in Albania). However, public opinion is that VET needs to be better aligned with the needs of learners and enterprises. Many VET graduates continue to higher education; for the four-year programmes at least, this dual-qualification pathway offers access to both the labour market and to higher education and training opportunities.
- 4) EU cooperation has been and continues to be a substantial driver for change. All the countries have run EU assistance programmes for more than a decade that have enhanced the capacities of national actors to modernise VET systems, introduced new approaches to VET reform and new signal systems between VET and the labour market, and introduced new organisational forms of learning. The fact that all the countries in the region are pre-accession or candidate countries is an additional political incentive for alignment with the principles of EU policies.
- 5) The main scope of reforms has been secondary VET, with little consideration being given to post-secondary or higher VET. However, the growing demand for higher qualifications from companies and the need for diversification of education provision at this level should sharpen the focus on establishing VET programmes that provide higher-level vocational skills.
- 6) All the countries have made substantial – albeit inadequate – efforts to match qualifications and curricula with the demands of enterprises, although large gaps exist in terms of lifelong learning opportunities for adults that address changing skills demands.
- 7) Social inclusion and exclusion are major issues that have not yet received sufficient attention in these

<sup>1</sup> Under UNSCR 1244/1999, hereinafter 'Kosovo'.

countries in the context of VET reforms. More attention needs to be given to the demand side than to the supply side. However, capacity is still insufficient in terms of providing adequate training opportunities that address the learning and employability needs of vulnerable groups.

- 8) Governance has improved as a result of several initiatives by a range of partners that have decentralised decision making while centralising accountability and quality systems. Provided that the right conditions for decentralisation are in place, school autonomy could be further enhanced with a view to upgrading responsiveness to local needs and making rational use of scarce resources. Social partners have been involved in VET developments, though not sufficiently, whether at the policy/system, regional, sectoral or school level.

Based on these findings, a number of policy recommendations have been identified and are presented in the final section of the report.

### 3. VET POLICY CONTEXT

#### Key contextual features

There is great diversity among the countries in terms of size, demography, history and economies, and in relation to the EU accession process. Turkey, with around 74 million inhabitants, has the 17th largest gross domestic product (GDP) in the world (World Bank, 2009) and it is

expected to match the economic growth rates of China and India over the next decade. The combined population of all the other accession countries (excluding Iceland) is less than 24 million. The second largest country in the region is Serbia with 7.5 million inhabitants, while Montenegro is the smallest country with a population of 620 000.

Turkey has a young population, with an average age of 26.6 in 2004 and with about 30% of its population aged under 15. It is estimated that 12 million young people will reach working age by 2020. Kosovo has an even younger population, with 32% of its estimated population aged under 15 years. All the other countries have ageing populations. In 2008, 25% of the working-age population was over 65 years old in Croatia (similar to the EU), 20% in Serbia, Montenegro and Bosnia and Herzegovina, 11% in Kosovo and 8.7% in Turkey. Countries in the region also differ in terms of their GDP levels (**TABLE 1**).

All the countries except Turkey are recovering from the conflicts of the 1990s. Population displacement and war damage were particularly serious in Bosnia and Herzegovina and in Kosovo. Bosnia and Herzegovina, Kosovo, Croatia, Serbia, Montenegro and the former Yugoslav Republic of Macedonia were part of Yugoslavia before the wars. With the possible exception of Kosovo, the contemporary education systems of these countries exhibit similar features, inherited from a central planning era, and public institutions in the Western Balkans are still in transition from centrally planned to market economies. Turkey, meanwhile, has a more developed market economy.

**TABLE 1: GDP CLASSIFICATION**

GDP classification	Albania	Bosnia and Herzegovina	Croatia	Kosovo	Former Yugoslav Republic of Macedonia	Montenegro	Serbia	Turkey
Low income (USD 995 or less)								
Lower-middle income (USD 996 to 3 945)				X				
Upper-middle income (USD 3 946 to 12 195)	X	X			X	X	X	X
High income (USD 12 196 or more)			X					

*Note: Data for the latest available year.  
Source: World Bank (2009).*

These countries are also dealing with the challenge of reforms from the perspective of EU accession. Reforms include the harmonisation of education, training and employment systems and policies more closely with those of the EU (it appears that Croatia is likely to be the first to be ready to join). The countries face considerable economic and social challenges that impact on their VET systems and call for substantial improvements. The 2007 Human Development Index showed strong differences between the countries: Croatia ranks 45th, well ahead of the other countries (65th for Montenegro and 79th for Turkey, for instance). Countries in the region are highly committed to international cooperation beyond the EU framework: Turkey is a member of the G-20 and of the Organisation for Economic Cooperation and Development (OECD). There is also a desire to apply international conventions and standards: for instance, International Labour Organization (ILO) Convention No. C142 on human resource development and vocational guidance and training has been signed by Bosnia and Herzegovina, Montenegro, Serbia and Turkey.

## Economic challenges

All the country reports point to an overall lack of international competitiveness in the region. However, the situation is very different in each of the countries, as indicated by the Global Competitiveness Index for 139 countries (Kosovo is not included) for the period 2010–11: Montenegro ranks highest (49th) and Bosnia and Herzegovina ranks lowest (102nd). Progress from 2009 to 2010 was evident for Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Montenegro, whereas the situation was stable or stagnant in the other countries (**FIGURE 1**).

Productivity levels in the Western Balkans are still suffering from the legacy of centrally planned Yugoslavia

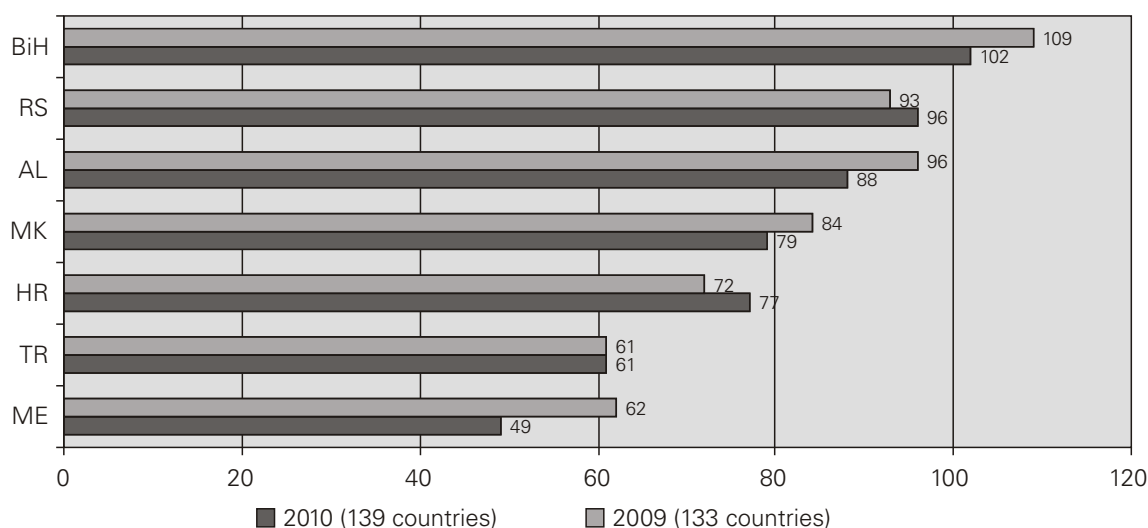
(Oxford Analytica, 2009, p. 5). A breakdown of GDP by economic sector (**FIGURE 2**) reveals a decline in agriculture, which still accounts for more than 20% of GDP (2008) in Albania and for more than four times the EU average (1.8%) in all the other countries except Croatia. With the exception of Montenegro the contribution of the services sector is increasing slowly but is still far below the proportion in the EU, particularly in the former Yugoslav Republic of Macedonia, Serbia and Albania. Industry is still being restructured following a privatisation process, and growth is essentially the result of the development of small and medium-sized enterprises (SMEs), especially micro-enterprises. The informal economy plays a considerable role (25–35% of GDP on average and up to around 50% in Kosovo) and is a negative factor for skills development, as this sector mainly uses unskilled labour.

## Employment issues (see also annex)

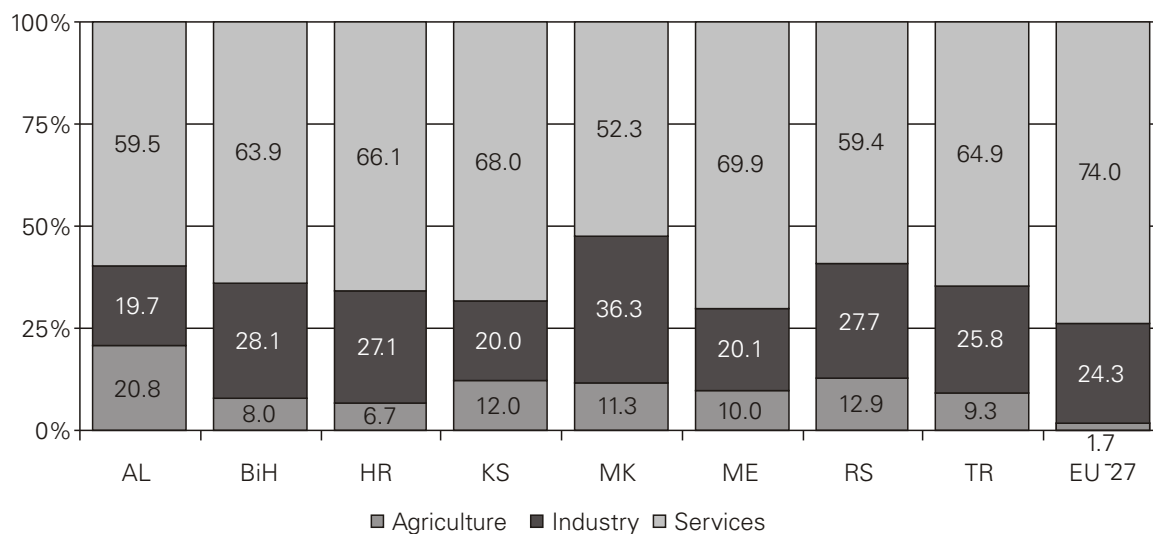
An indication of the skills needs and the relevance of available skills in the economy can be obtained by correlating GDP and employment levels by economic sector in the different countries in the region (**FIGURE 3**).

Employment measured against GDP by sector illustrates that production factors are not yet used sufficiently productively in most of the countries; in addition, employment in the agricultural sectors in Albania, Bosnia and Herzegovina, Serbia and Turkey is disproportionate to the level of value added. There is likely to be a movement out of agriculture in the coming years for which the VET system needs to plan. With only 8% formal employment in agriculture in Kosovo producing 12% of GDP, it is clear that the informal economy is dominant in the country. In all the countries the services sector is growing. Growth is strongest in Montenegro in terms of the share of both GDP and employment, and

**FIGURE 1: GLOBAL COMPETITIVENESS INDEX RANKINGS**



Source: WEF (2010).

**FIGURE 2: GDP SHARE BY ECONOMIC SECTOR (2009)**

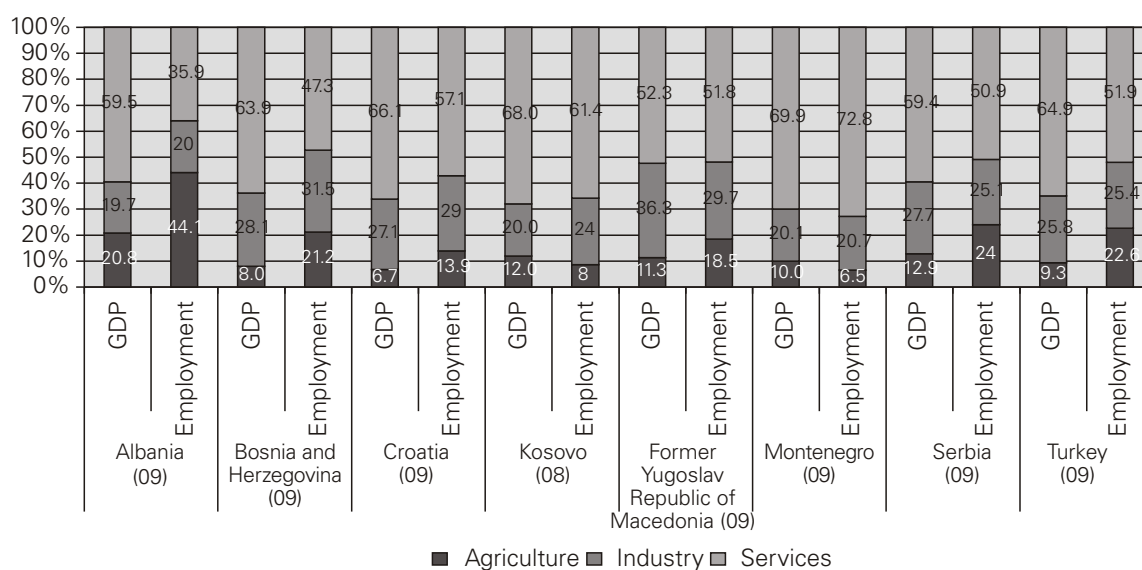
Source: Eurostat and World Bank.

this has had an impact on VET policy; a new target has been set to develop key competences, particularly in information and communication technology (ICT), entrepreneurship and foreign languages. The growth trend in the services sector in the region is a pointer for VET policy adaptations in line with the Montenegrin example.

The impact of the economic crisis will give new impetus to such changes. Following a period of strong economic

growth without employment growth, employment started to improve in 2007. However, the economic and financial crisis that started in 2008 has led to a deterioration that is more accentuated in the Western Balkan countries than in Turkey. The economic crisis has had the severest impact on Croatia, Montenegro and Turkey, although Turkey was fastest to recover in 2010 (Petkova, 2010).

Rates of participation in the labour market – and hence, employment rates – are markedly lower than in the EU.

**FIGURE 3: GDP AND EMPLOYMENT BY ECONOMIC SECTOR**

Note: Population refers to 15–64 age group in AL, BiH and KS and to 15+ age group in HR, MK, ME, RS and TR. Figures do not add up to 100 because of the category 'Others' (KS).

Source: For GDP data: World Bank (2011). For employment data: Albanian Institute of Statistics Labour Force Survey (2009); Bosnia and Herzegovina Agency for Statistics Labour Force Survey; Croatian Central Bureau of Statistics (2010) and Croatian Statistical Yearbook; Labour Force Surveys for KS, MK, ME and RS; Eurostat for TR data.

This is linked with very low female participation rates in Bosnia and Herzegovina, Kosovo and Turkey, and with a substantial gender gap in employment in all the countries, with the exception of Croatia and, to a lesser extent, Albania and Montenegro.

The unemployment situation is of particular concern in Serbia, Montenegro, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Kosovo. Youth unemployment rates are close to 50% in Bosnia and Herzegovina and even higher in the former Yugoslav Republic of Macedonia and Kosovo. Long-term unemployment is also very high, particularly in Bosnia and Herzegovina, Kosovo, Montenegro and the former Yugoslav Republic of Macedonia, where around 80% or more of all unemployed people in 2009 had been unemployed for 12 months or longer (ETF, 2010a).

Participation and employment rates are linked to qualification levels, but with some variations from country to country. The percentages of unskilled people in the working-age population are as follows: Albania, 52%; Croatia, 24%; former Yugoslav Republic of Macedonia, 40%; Montenegro, 32%; Serbia, 26%; and Turkey, 73% (ETF Key Indicators Regional Table for the Western Balkans and Turkey). Comparing these figures with the corresponding percentages in the labour market (**TABLE 2**), it can be seen that unskilled individuals are more likely to be inactive in all the countries except Albania (given the importance of the agriculture sector). The situation is different when the proportions of unskilled individuals in the employed and unemployed populations are compared: unskilled people are more likely to be employed in Albania, Serbia and Turkey (and rates are similar in Croatia), which represents a significant difference between these countries and the EU. This must be interpreted as an indication of both the difficulties being faced in

the economic restructuring process and the importance of the informal economy.

The situation is also difficult for medium-qualified workers, since there is a strong preference for higher-qualified people in the labour market, as is the case in the EU-27 (**TABLE 2**): in all the countries, the unemployment rate for those with medium qualifications is higher than for people with higher education, except in Albania. This indicates an undersupply of people with higher education on the labour market. Other figures confirm that those with higher education enjoy a considerable premium in terms of employment compared with individuals who have medium qualifications. The unemployment rate for people with International Standard Classification of Education (ISCED) 5–6 is much higher than for those with ISCED 3–4 qualifications in all countries. Employment rates for individuals with upper secondary school qualifications or lower are around 10–30%, compared with 30–50% for upper secondary graduates and 60–70% for tertiary graduates.

## Social challenges

Socially vulnerable groups at risk of exclusion include long-term unemployed people, very young and very old individuals, women, those living in rural areas, Roma individuals, internally displaced people, refugees and people with disabilities (Oxford Analytica, 2009, p. 5). In addition to poverty, low educational attainment is a risk factor for exclusion. In Kosovo, 80% of inactive women have lower than upper secondary education.

Enrolment rates in primary education are high (and similar to those in the EU) at over 98%, with the exception of the former Yugoslav Republic of Macedonia

**TABLE 2: LABOUR FORCE PARTICIPATION RATES (%) BY EDUCATIONAL ATTAINMENT**

	ACTIVE				EMPLOYED				UNEMPLOYED			
	Total	Low	Med	High	Total	Low	Med	High	Total	Low	Med	High
AL	100	56	35	9	100	57	34	9	100	45	44	11
BiH	100	23	65	12	100	22	63	14	100	25	70	5
HR	100	17	62	20	100	17	62	21	100	18	70	12
MK	100	29	54	17	100	26	54	20	100	34	54	11
ME	100	11	68	21	100	10	67	23	100	16	72	12
RS	100	24	58	18	100	24	55	20	100	21	69	10
TR	100	63	21	15	100	64	21	16	100	61	26	13
EU-27	100	24	49	27	100	23	49	28	100	39	46	15

*Note: Data for the latest available year. Data refer to population aged 15+. Educational attainment: low=ISCED 0–2; medium=ISCED 3–4; high=ISCED 5–6.*

*Sources: Labour Force Surveys for AL, BiH, ME and RS; Eurostat for HR, MK, TR and EU-27.*

(92.8%). However, enrolment rates are markedly lower than in the EU for upper secondary education in Albania, Bosnia and Herzegovina, Kosovo and Turkey, and even lower in tertiary education. This pattern is accentuated for the most vulnerable groups: of Roma people in Montenegro, only 18.0% complete primary education, 3.7% secondary education and 0.7% higher education. Illiteracy is reported among these groups in most of the country reports.

**TABLE 3** shows the educational benchmarks to be achieved by 2020 compared to the current situation, as agreed with the EU-27. Where data is available the situation in the eight countries in the region is measured against these benchmarks. Early school leaving is a huge problem in Albania, Bosnia and Herzegovina and Turkey and, to a lesser extent, in Montenegro and the former Yugoslav Republic of Macedonia. It has probably increased as a result of the economic and financial crisis, which has forced many young students to leave school to contribute to income generation for the family (Feiler and Vos, 2009). Furthermore, the integration of young people into the labour market has become more difficult (ILO, 2010).

Results for the Programme for International Student Assessment (PISA) identify poor-quality basic education in

the region, except in Croatia, with Albania in particular scoring much lower than the other countries. Regarding the participation rate of four-year-olds in education, Turkey and the former Yugoslav Republic of Macedonia score very low. The expansion of pre-school education is a top priority in Serbian education policy and the country has invested heavily in its efforts to achieve a level comparable to that of the EU-27.

## Financing of education and training

Limited priority is given to education and training in terms of public expenditure on education and labour market training (ranging from 2.9% of GDP in Turkey and the former Yugoslav Republic of Macedonia to 4.5% in Serbia), which is significantly below the EU average. This compares unfavourably with the situation for former candidate countries in 2001, three years before accession, when the GDP percentage ranged from 4.2% (Slovakia) to 6.8% (Estonia) in the ten candidate countries (Masson, 2003).

The situation is worse for labour market training, spending for which is between 5 and 50 times less than the EU average, except in the former Yugoslav Republic of Macedonia (see **TABLE 4**). However, these

**TABLE 3: EU BENCHMARKS AND EDUCATION INDICATORS FOR THE WESTERN BALKANS AND TURKEY (%)**

2009	EU-27	EU 2020 Goals	AL	BiH	HR	MK	ME	RS	TR
<b>Early school leavers<sup>(1)</sup></b>	14.4	10	39 (08)	65.1 (07)	3.9 (u)	16.2	15.5 (m) 9.2 (f)	10.7 (07)	44.3
<b>Tertiary education attainment<sup>(2)</sup></b>	32.3	40	17.2 (08)		20.5 (u)	14.3			14.7
<b>Lifelong learning<sup>(3)</sup></b>	9.3	15	2 (08)		2.3	3.3			2.3
<b>Participation of 4 year-olds in education</b>	90.1 (08)	+95	54.9		54.0 (08)	20.6 (08)		50.9	13.0 (08)
<b>PISA reading<sup>(4)</sup></b>	20		56.6		22.5		49.5	32.9	24.5
<b>PISA maths<sup>(5)</sup></b>	22.7	%	67.7		33.2		58.4	40.5	42.2
<b>PISA science<sup>(6)</sup></b>	18.1	%	57.3		18.5		53.6	34.4	29.9

Notes: Abbreviations: (u) = unreliable, (m) = males, (f) = females.

Definitions: (1) % of 18–24 age group with at most lower secondary education and not in further education or training. (2) % of 30–34 age group who have successfully completed university or university-like education. (3) % of 25–64 age group participating in education and training. (4) % of pupils with low performance in the reading scale (level 1 or below). (5) % of pupils with low performance in the mathematics scale (level 1 or below). (6) % of pupils with low performance in the science scale (level 1 or below). Regarding PISA performances, the EU average, referring to the 25 EU countries participating in PISA 2009, was calculated as a weighted average, where the weight was the 15-year-old population. Labour Force Surveys provide a different age range.

Sources: Data for early school leavers for EU-27, HR, MK and TR from Eurostat; for AL from the Labour Force Survey; for BiH from the UNDP National Human Development Report 2007; for RS from Eurostat Pocketbook on Candidate and Potential Candidate Countries 2010; for ME from the UNDP National Human Development Report 2009. Data for tertiary educational attainment (30–34) for EU-27, HR, MK and TR from Eurostat; for AL from the Labour Force Survey. Data for lifelong learning for EU-27, HR, MK and TR from Eurostat; for AL from the Labour Force Survey. Data for four-year-olds in education for EU-27, HR, MK and TR from Eurostat; for AL and RS from UNESCO Pupils' Performance in Reading, Maths and Science and OECD PISA 2009 results.

**TABLE 4: PUBLIC EXPENDITURE ON EDUCATION AND LABOUR MARKET TRAINING (% OF GDP)**

Expenditure	EU-27	AL	BiH	HR	MK	ME	RS	TR
<b>Education</b>	5.1	3.5	n/a	4.1	2.9	3.4	4.5	2.9
<b>Labour market training</b>	0.150	0.020	0.004	0.016	0.130	0.030	0.015	0.002

Note. Data for the latest available year.

Sources: UNESCO; Albanian Institute of Statistics; Eurostat for EU 27 and HR; TransMONEE (2011) for MK and ME.

spending levels are not much different from those in the former candidate countries before accession: in these countries, expenditure on labour market training as a proportion of GDP ranged from 0.01% (Poland) to 0.08% (Slovenia).

### VET as part of the overall education structure

In the Western Balkans and Turkey VET is mainly located within the upper secondary education sector, provided in vocational schools and steered by the ministries of education. There are also vocational pathways at lower secondary level in Croatia, Albania and Montenegro. In Bosnia and Herzegovina, Croatia, Serbia, Montenegro and the former Yugoslav Republic of Macedonia, VET accounts for 60–75% of enrolment in upper secondary education, where it is offered in two forms: through three-year vocational profiles leading to specific professions including crafts, and through four-year technical profiles leading to other professions requiring higher qualifications (tertiary education can be accessed). Enrolment is decreasing in the former and increasing in the latter. VET accounts for 16% of total enrolment in upper secondary education in Albania, 40% in Turkey and 47% in Kosovo, all through four-year programmes. Apprenticeship exists in Croatia and is to be further developed in Turkey.

Adult education and training has seen limited development to date, as can be observed in the data on adult participation in lifelong learning (TABLE 5). Networks of vocational training centres have been developed under

the steering of the labour ministries in Albania, Kosovo and Montenegro. Non-formal education is developed through different networks of open universities, worker universities and private centres. In Turkey approximately 4 million people are enrolled in non-formal education – more than the number enrolled in secondary education (Aydağul and Yilmaz, 2008) – one-third of whom attend vocational courses.

However, very strong dynamics that affect the provision of initial VET are currently at work in the education systems. Firstly, enrolment in higher education is increasing rapidly. In 2008 the gross enrolment rate for higher education reached almost 50% in Croatia and Serbia, and around 40% in Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia. Secondly, in the countries with two different VET pathways at the upper secondary education level (three-year vocational and four-year technical), global enrolment in VET is stable overall but is shifting steadily towards technical pathways. One of the main reasons is that technical pathways allow continuation of studies in higher education, for which graduates need a minimum of one year to catch up. In 2005/06, of the total enrolment in upper secondary education, vocational pathways still represented 28% in Bosnia and Herzegovina, 26% in Croatia, 23% in Serbia, 13% in Montenegro and 9% in the former Yugoslav Republic of Macedonia (Masson, 2008).

This suggests that the increased enrolment in higher education is mainly accounted for by graduates from the four-year technical profiles and that most technical VET graduates are now continuing their education after

**TABLE 5: PARTICIPATION IN VET (%)**

VET as a percentage of:	EU-27	AL	BiH	HR	KS	MK	ME	RS	TR
<b>Upper secondary</b>	55.7 (08)	16.9 (04)	74.7 (09)	72.4 (08)	46.9	59.8 (08)	68.3 (10)	76.2 (09)	40.4 (08)
<b>Tertiary*</b>		1.3 (04)	4.0 (07)	30.1 (08)	n/a	3.4 (08)	n/a	20.0 (09)	29.6 (08)

Note: Data for the latest available year. \*Enrolment in ISCED 5B as % of total enrolment in tertiary (ISCED 5+6).

Sources: UNESCO; Eurostat for EU-27.

graduation. This pattern has probably been amplified by the economic crisis, and is likely to continue. As a consequence, in all the countries (with the possible exceptions of Kosovo and Turkey, for which figures are not available) there are increasingly fewer secondary VET graduates entering the labour market directly.

## 4. VET POLICY VISION

### Political vision as per official documents

As expressed in strategic documents in all the countries, education and training is a top government priority for supporting economic and social development, and for increasing growth, competitiveness and social cohesion in the context of a democratic market economy. Lifelong learning is explicitly referred to in Montenegro and Bosnia and Herzegovina. There are numerous references in strategic documents to the EU policy framework for education, training and employment. Thus, VET must contribute to education and training development by improving its relevance to global social and economic developments (Kosovo), including technological changes (Montenegro and Albania), or to the needs of students and the labour market (Croatia, Albania and Montenegro). Official documents refer to a balance between economic and social challenges, but some countries focus particularly on competitiveness (Bosnia and Herzegovina, Serbia and Turkey).

Some countries express more specific objectives for VET. According to the Serbian Strategy for the Development of VET (2009), 'vocational education in the 21st century is one of the key factors for sustainable economic and social development as well as for improvement of social and economic relations'; the same document also insists on the need for an 'efficient system of social partnership where all the relevant stakeholders act jointly'. In Croatia VET must provide opportunities to students from vocational schools to continue education after graduation. In Albania, in line with its modernisation goals, the vision for VET includes ensuring optimal use of resources.

There are also clear differences in terms of the scope of VET. Albanian VET legislation mentions vocational education, vocational training, technical education, and retraining and requalification of adults. Bosnia and Herzegovina has secondary VET legislation, and other countries make reference to a generic form of VET without further detail. In general the focus is on initial VET. Adult education is covered by VET legislation or complementary legislation, but the scope is limited to what initial VET can provide to adults, and does not cover in-company training.

Overall, the vision conveyed by the abundance of strategic and legislative documents is not always consistent. In Bosnia and Herzegovina VET is seen as a key tool for supporting strategic employment and lifelong learning goals and a priority for ensuring competitiveness, but the legislation is limited to secondary VET, with a specific

objective to support crafts as the only reference to concrete qualifications.

In addition, there is a huge discrepancy between the great ambitions for VET and the opinions expressed by students, families and employers, who see VET as an unattractive educational choice, poor in quality and with unsatisfactory labour market outcomes.

### Accountability framework and national ownership

While all countries have formally established VET councils with advisory roles, policy making is still highly centralised in ministries and the input from councils is not sufficiently taken on board. In most countries the links between ministries and selected vocational school leaders are closer; in Turkey and Montenegro, for instance, this 'community' constitutes a sort of platform for policy discussions, provides checks and balances in the system and also establishes how far ministers can go with new policies. In most countries in the region international donors play a key role by providing technical assistance in the form of expertise, new equipment, new curricula and modern governance concepts. What should be national ownership of quite radical reform policy initiatives and leadership of implementation measures in the policy cycle is often more or less in the hands of international team leaders. However, in recent years there have been clear signs of increasing national ownership. For example, the Project Coordination Centre attached to the Ministry of National Education in Turkey now has a much stronger position, and in Croatia and Serbia policy-makers, civil servants and key stakeholders are being empowered so that a greater national emphasis can be placed on reform proposals.

### EU cooperation as a key driver for change

EU cooperation has played a key role in providing guidance and in accelerating reform processes, as a result of the references, principles and tools arising from enhanced European cooperation in VET (Copenhagen Process), the Education and Training 2010 programme and employment and growth strategies. The following are now high on policy agendas: the outcome-based approach to VET curricula, national qualifications frameworks, the introduction of core competences including entrepreneurial learning, the development of policies aimed at quality assurance, credit transfer and transparency, the development of counselling and guidance and the establishment of lifelong learning strategies. In this context, national VET strategies and laws have been adopted with a view to increasing relevance, improving quality and promoting more efficient and effective governance.

Reforms have been accelerated since the reinforcement of the enlargement strategy and the introduction of the IPA, along with its components for human resource development and for institution building in all the candidate and potential candidate countries. However, the

implementation of EU cooperation through annual programming and three-year projects has been hampered in some countries by changing government priorities and a failure to continue to support projects. For instance, Oxford Analytica (2009, p. 41) highlights an underspending of IPA funds, in particular those relating to social inclusion. Problems have also occurred when continuity between two stages of the reform process became difficult because of changes in technical assistance or delays between the end of a previous project and the beginning of its successor (e.g. the training of labour market specialists in Montenegro between Community Assistance for Reconstruction, Development and Stabilisation (CARDS) 1 and 2 in 2004). It could even be said that such tools have become the national 'vision' for VET in the region, and that the means have tended to become goals.

Problems have also occurred when projects have been implemented through pilot schools at the same time as other international or bilateral donor projects on the same subjects through other pilot schools or institutions. This was a consequence of an excessive reliance on donor-funded projects in a context of the low priority and low level of public funding of VET. It often indicated weak steering at the national level. As a consequence, there has been a lack of country ownership of projects, and coordination between projects has not been systematically ensured. Thus, curriculum reform in general, and major innovations in teaching and learning, developing labour market intelligence and setting up links with businesses, have come from pilot projects implemented by different donors, including the EU. Unfortunately, the impact has been limited where reform steering at the national level has been weak and where projects have not been immediately scaled up following completion of a pilot. On the basis of these experiences, there is a case for giving greater attention to both country ownership and the sustainability of reforms.

## 5. EXTERNAL VET EFFICIENCY

The diversity of the country contexts and the differences in their performance against a set of labour market, education and training indicators have been highlighted in previous sections. Details have also been presented on the public funding allocated to education and training and to labour market training by each country. It has been demonstrated that although enrolment in initial VET is stagnant or decreasing and continuing VET is underdeveloped, all the countries have strong expectations regarding the role that VET should play in economic development and social inclusion, particularly in the context of European integration.

The question now is how far the reforms undertaken over the past decade have met these challenges and how they have contributed to increasing the quality of VET and its relevance to the needs of society and the labour market. It is important to underline that, beyond the country context and the public resources allocated, reform achievements depend greatly on the continuity of political support for reforms, the consensus reached by

(and coordination and partnership between) the main stakeholders, and EU and other multilateral and bilateral donor support.

Croatia and Turkey, as candidate countries, benefit from the full support of the IPA programme and have been involved in the Copenhagen Process since 2006; consequently, in these two countries there is now a stronger consensus among the main stakeholders, and better outcomes are achieved. The former Yugoslav Republic of Macedonia, a late candidate country, is now making progress and will soon be fully engaged in European processes.

### VET reform as a long-term solution

EU assistance at the beginning of the 2000s concentrated on VET reforms and focused primarily on curriculum modernisation. The number of different profiles has been substantially reduced. New curricula that reflect labour market needs are being designed on a pilot basis and implemented in a number of schools. New teaching methods and modern equipment, particularly ICT tools, are also being introduced. In Albania, Kosovo, the former Yugoslav Republic of Macedonia and Montenegro, curricula will now be based on increasing basic education (including primary and lower secondary education) from eight to nine years (before entering upper secondary VET). In general, however, the introduction of new curricula to all vocational schools is far from complete. In most of the countries, new revised curricula coexist with old curricula designed for the former centrally planned economies. In Croatia only 1 of the 200 new outcomes-based curricula has been implemented across the system; 13 will follow in 2011/12 and the rest in 2012/13. In Serbia it is estimated that only 15% of students are using new curricula. In the former Yugoslav Republic of Macedonia, priority was given to four-year curricula, and dissemination is well advanced, though progress is hampered by insufficient teacher and practical training. Scaling up has also been hampered by a lack of a shared philosophy on curricula at the national level (different donors continue to develop their own approach in different pilot schools) and by a lack of institutional support and adequate resources (Parkes and Nielsen, 2006).

In Montenegro reform has received strong and continuous support from the government since the adoption of a blueprint document, *The Book of Changes in Education*, in 2001, and the promulgation in 2003 of a general education law and a set of laws on pre-school education, primary education, secondary education, vocational education and adult education, and subsequently, higher education, special needs education and national vocational qualifications. This process benefited from a strong consensus among the main stakeholders, which translated in particular into the creation of a Vocational Education Centre by the main stakeholders (including social partners) in 2003. After a series of EU projects dedicated to VET reform, scaling up started in 2009/10, with the result that the first cohorts of graduates from the three- and four-year profiles will enter the labour market in 2012 and 2013.

A severe obstacle for dissemination is the difficulty of ensuring adequate teacher training. Efforts have mainly focused on the development of in-service teacher training in schools or in dedicated centres working closely with schools. Progress has been significant in the three candidate countries and in Serbia, but slower in other countries. Teaching and learning remain predominantly traditional, focused on the acquisition of mostly theoretical and factual knowledge, and with weak links with enterprises. A critical issue is the need to reform initial teacher training in universities. One early initiative in Croatia is the introduction of a licence for teachers to be obtained after completion of a professional exam and to be renewed every five years. Others initiatives include the 4+1 consecutive model in Turkey, the 36 consecutive European Credit Transfer and Accumulation System (ECTS) compulsory course in Serbia for future teachers, and the Master of education course to be launched in 2011 in Albania. It is worth highlighting the initiative taken in Serbia to make full use of the Tempus programme for the modernisation of higher education: a project has been organised with several EU universities to ensure that the new teacher qualification meets a high standard. Meanwhile, teachers' salaries and career progression have been improved in most countries with a view to making the profession more attractive.

All the country analyses point to a severe mismatch between VET qualifications and labour market needs. In most countries employers complain that the VET system is still unable to meet the need for even very practical skills in specific professions, let alone core competences. Tracer studies show that 70–80% graduates from VET pilot programmes found jobs within three months (ETF, 2010a); however, only a small number of students have graduated from new curricula. In the former Yugoslav Republic of Macedonia, where reform of the curricula for four-year profiles started more than ten years ago, collaborative evaluation of curriculum reform (ETF, 2010a) reveals a preference on the part of graduates to enrol in universities, limited availability of jobs on the labour market and a mismatch between the nature of the jobs and individuals' qualifications. According to the employers interviewed, graduates have good theoretical knowledge but lack practical hands-on skills and sufficient 'soft' skills. University teachers also identify the lack of soft skills as a cause for concern, with research revealing that collaboration between four-year vocational schools and higher education is at a very low level, while cooperation with companies is mainly focused on arranging practical training for students (ETF, 2010a).

More recently, in accordance with EU developments, all the countries are prioritising the need to reorganise their qualifications and to set up a national qualifications framework that would fit within the European Qualifications Framework, the objectives being to improve transparency, to support skills matching and to promote mobility within the labour market (Deij, 2010). Development work on national qualifications frameworks is well advanced in Turkey and in Croatia, where work started with a definition of occupation-based qualifications, in cooperation with social partners, sector councils and dedicated national agencies.

In 2006, the Ministry of Science, Education and Sports in Croatia formed a joint working group of experts from the VET and higher education fields to develop an overarching Croatian qualifications framework based on eight levels, with an additional four sub-levels reflecting the particularities of the Croatian system. A high-level committee chaired by the deputy prime minister was subsequently established, as was an operational team; a five-year plan for the period 2008–12 was also formulated to develop the framework. The objectives were manifold, including improving the links between education and the labour market, making qualifications more consistent and transparent, supporting quality assurance, improving mobility progression pathways, supporting lifelong learning, recognising prior learning and promoting social inclusion. Sub-levels have been added at ISCED levels 4, 5, 7 and 8 to reflect the realities of the Croatian system.

Other countries are committed to having fully developed national qualifications frameworks in the near future; however, this goal seems unrealistic, given the difficulty in processing the information needed and in involving all relevant partners. Kosovo, meanwhile, is considering importing international qualifications, at the risk of paying insufficient attention to the skill needs and dynamics of its own labour market.

### **Insufficient reform emphasis on post-secondary and higher VET**

Even when policy documents express a broad and ambitious vision for VET, their concrete application is generally confined to secondary VET. Examples include the secondary VET law in Bosnia and Herzegovina and the new initiative in Kosovo to set up seven competence centres, organised by occupation group, with the support of industrial sectors such as construction and ICT.

Competence centres in Kosovo should be seen as a new generation of vocational schools that are well equipped – as a result of support from international partners – with modern infrastructure and technical equipment; they also benefit from increased autonomy and financing and have strong political support. However, the qualifications provided are limited to ISCED levels 3 and 4. The first competence centre was set up in September 2010. Once completed, the seven centres should attract 20% of total enrolment in VET and 54% of its budget. However, although this initiative is better able to attract students and improve the quality of the qualifications provided, its effectiveness is in some doubt owing to the limited levels of qualifications provided, the absence of employers in the governance system, and the inequities created in the attribution of resources to different VET provisions.

Despite the fact that increasing numbers of secondary VET graduates are continuing their studies in higher

tertiary education, secondary and higher education are in practice two different worlds with different logics. In Turkey, higher education has specific governance arrangements outside the Ministry of Education. In accordance with the Bologna Principles, countries have started to implement the three-cycle approach, but without any coordination with reforms in secondary VET and with little consideration of the labour market to date. Thus, VET curriculum reform is limited to secondary education, although increasing numbers of students graduating from the four-year technical profiles are continuing their education in a higher education system where there is currently little provision for higher vocational education.

The exceptions to this are Croatia, Serbia and Turkey, which have vocational colleges delivering two-year courses in higher education. New laws on higher education, however, have led to substantial changes. In Serbia, because of alignment with the first Bologna cycle, vocational colleges are switching to three-year courses, introducing more stringent criteria regarding the academic qualifications of teachers and limiting the use of external staff from enterprises, thereby accentuating the theoretical dimension of training. They are therefore potentially increasing the gap between the first higher education grade and the upper secondary vocational graduates who are increasingly opting to continue in higher education after graduation.

The development of post-secondary and/or higher VET is already high on the policy agendas in all the countries. Croatia is currently working on a plan aimed at improving access to higher professional education.

In Albania a first initiative was promoted by the Ministry of Education. Implementation started in the Aleksander Moisiu University in Durrës; this has a Faculty of Studies Integrated with Practice with seven specialities, where *matura* graduates can take two-year courses with substantial practice with a view to qualifying as professional assistants and directly taking up jobs. Cooperation is needed with businesses for the implementation of practical training. Another initiative in cooperation with GTZ (German Technical Cooperation) has been launched in the same university, in close cooperation with banks. This takes the form of a specific banking Bachelor cycle with dual theoretical and practical training during six semester cycles. However, this opportunity is limited to 20 students, selection is strict, and tuition fees must be paid, so although it is an interesting experience, it is not likely to be replicated in mainstream university cycles.

In all the countries, ongoing discussions regarding national qualifications frameworks are suitable forums for articulating developments in secondary VET and in higher education (this is already the case in Turkey).

## Analysing and stimulating the demand for skills and support for adult learning

In most countries there is only basic information available on employment, the labour market and educational attainment, and very little information is available on investment in training by employers; furthermore, there is little analysis of the needs of those who are socially excluded (DVV International, 2008, p. 22). Public employment services do not have the capacity to collect, analyse and disseminate detailed labour market intelligence, and coordination between the relevant ministries and institutions in terms of processing data is weak.

Meeting the challenges of an ageing population, high unemployment, low labour market participation and poor qualifications is an enormous task, yet few of the countries have allocated resources for adult training within the education sector (DVV International, 2008, p. 24). Resources allocated to active labour market measures are also limited and not well targeted, being mainly focused on employment subsidies and the promotion of self-employment (Oxford Analytica, 2009). Except in the former Yugoslav Republic of Macedonia, training and retraining measures are extremely limited, when they should be further developed and based on skills needs assessment (Feiler and Vos, 2009, p.17). The effectiveness of public employment services is also limited by a lack of well-trained staff and by the wide range of administrative tasks performed, e.g. health insurance cover for unemployed people in Bosnia and Herzegovina.

Vocational counselling and guidance activities – as referred to in the EU resolution regarding lifelong guidance – are developing well in Croatia and Turkey through cooperation between public employment services and ministries of education. However, in other countries lifelong learning initiatives are at an early stage of development, supported by pilot projects and implemented mainly as part of the information and placement services offered to job seekers by public employment services.

Networks of vocational training centres for adults have been set up in Kosovo, Montenegro and Albania, sometimes relying on vocational schools and other public and private providers. Although they provide short courses and demonstrate flexibility (e.g. in Albania), their capacity seems to be underutilised mainly owing to a lack of resources and of cooperation with businesses. Regional training centres based on vocational schools – as developed in Serbia through cooperation between the ministries in charge of education and employment – seem to be more successful, but their number and capacity are limited.

Adult learning has only begun to receive attention in recent years. Laws on adult education have been adopted in most countries under the leadership of the ministries of education. In Croatia primary and secondary schools, VET centres and the network of worker universities have been mobilised for this purpose. Adult education centres,

mainly provider-driven, monitor the development of private training providers through accreditation and licensing procedures. In general, the focus is on remedial education for unqualified or poorly qualified adults. The programmes delivered are most often short versions of formal VET programmes, but with similar rigid schedules (Viertel and Ozbolt, 2009). Social partners have had little involvement in these developments, perhaps because, as some countries report, employers frequently show little or no interest in upskilling employees, or are unwilling to fund this kind of training (DVV International, 2008, p. 25).

In the Western Balkan countries and Turkey, where diplomas are highly valued, the motivation of learners depends greatly on the national recognition of certificates. Certification is thus a major issue, and short courses aimed at upgrading skills without national certification, such as those developed by vocational training centres and some vocational schools, are still the exception.

The lack of incentives aimed at stimulating demand is a serious obstacle for the development of adult learning. Only Croatia and the former Yugoslav Republic of Macedonia have incentive schemes based on vouchers, for the training of adults with low educational attainment and for SME training, respectively. Although there are tax deductions in some countries for businesses that implement training, no evaluation is available, and employers report limited effectiveness owing to the bureaucracy involved. The assessment and recognition of non-formal and informal learning is seen as a priority, but as yet almost nothing has been implemented in this regard.

### **Insufficient attention given to vulnerable groups in VET reforms**

Social inclusion has not yet been given sufficient attention in the region, despite the fact that most countries have adopted social inclusion strategies. However, as emphasised in a recent report on inclusive education (ETF, 2011), VET has been neglected to date in the planning and implementing of policies aimed at inclusive education. Although VET strategies place social and economic objectives on an equal footing, implementation has given priority to the higher vocational qualification levels. For instance, in the former Yugoslav Republic of Macedonia curriculum reform has tended to involve the four-year profiles and to neglect the three-year profiles. In countries where there is provision for VET at the lower secondary level (Croatia, Albania and Montenegro), no specific objectives are identified in strategic documents.

Problems also arise as a result of the very limited resources allocated to labour market training (see above). However, with the support of international donors, vocational training centres (under the ministries of labour) seem to be playing a greater role in respect of participants from poor or socially problematic backgrounds, e.g. in Albania.

An interesting Serbian initiative is the new First Chance apprenticeship programme, targeted at 10 000 young people who are aged up to 30 and receiving wage subsidies. According to the Serbian National Employment Service, 11 000 trainees have subscribed to the programme and incentives of RSD 1.3 billion were spent in 2009. In the early months of 2010, 5 600 enterprises applied for subsidies to employ young people. Registered youth unemployment has decreased since mid 2009, signalling that this programme has had a positive impact.

## **6. INTERNAL VET EFFICIENCY**

### **Governance**

Governance is now improving as a result of several initiatives involving a range of partners. Except in Turkey and Kosovo, national VET agencies or centres have been set up (and also adult education agencies in some countries). As recommended by international donors, the aims are to improve the steering of reforms by separating implementation from policy making, to ensure continuity and support, and to offer platforms for in-depth dialogue with social partners and civil society. In the former Yugoslav Republic of Macedonia the National VET Centre acts as an independent body that works closely with ministries in charge of education and employment and other stakeholders. In Bosnia and Herzegovina a VET department has been set up in the Agency for Pre-Primary, Primary and Secondary Education; however, in September 2010 it had only three members of staff. In Serbia the National VET Centre set up in 2002 was integrated as a department of the Serbian Pedagogical Institute. In Croatia the national VET and adult education agencies have been merged.

These institutions are still new, and they need to establish their roles in a changing environment where other institutions – not specifically related to VET – are also active, such as those created to develop a national qualifications framework and to address quality assurance and student assessment. Some reports mention overlap among institutions. It is not possible at present to assess how much these agencies have contributed to better efficiency and effectiveness of the policy making process. In some cases, they seem to be subject to the same ‘spoils system’ as in the ministries; in other cases, they have demonstrated stability (e.g. in Albania, with the National Vocational Education and Training Agency). Overall, coordination and capacity building are still pending issues.

In a number of countries, although decentralisation has been viewed as a strategic option for improved efficiency, centralised decision making still predominates. Decentralisation of governance and administration has not been fully supported by a corresponding decentralisation of the budget. Decentralisation, which is not a goal in itself but a means of achieving better results, must be followed by the decentralised allocation of government

money and precise guidelines about who is doing what in terms of school, curriculum and finance management. Implementation has started in Croatia, Serbia and Montenegro at the regional/canton or municipality level and, particularly in Croatia and Serbia, territorial bodies have been given a role, especially in financing some running costs and teacher training for vocational schools. The most far-reaching changes have been introduced in the former Yugoslav Republic of Macedonia, where, as an important dimension of the Ohrid Framework Agreement, full responsibility has been transferred to municipalities. Kosovo has also decentralised education to its 36 municipalities in accordance with the Ahtisari Peace Plan, and Albania is considering piloting decentralised mechanisms in some regions.

In general, the allocation of funding is inefficient. Vocational school networks have not been restructured, despite the fact that rationalisation is required in response to demographic changes, a changed economic structure and migration to the cities. In most of the countries, vocational schools are not encouraged to generate their own revenue streams. A low level of public investment is partially offset by private resources coming from students and families who pay for textbooks, raw materials, transportation and other items (Masson, 2008). However, the funding issue has been aggravated by the economic crisis, and this has had a significant impact on the participation of poor people and other disadvantaged groups, particularly in rural areas. The rationalisation of school networks and the implementation of new formulas for funding allocations, including per capita approaches, are now higher on the policy agendas in some of the countries, though their implementation is difficult.

Centralised management is often seen as an obstacle to the development of school activities, in particular adult training and cooperation with local businesses. To date school boards have played a limited role, but the issue of increasing schools' autonomy has moved up policy

agendas and is now recommended by donors. Turkey has a new policy focus on a decentralised educational governance system, with more autonomous schools in which accountability is ensured by school boards with strong local social partner representation. This approach goes hand in hand with the development of self-assessment procedures. Increased financial autonomy for schools is particularly needed in Bosnia and Herzegovina in order to counteract the fragmentation inherent in the administrative structure and to enable schools to develop direct cooperation with businesses and other local actors. Achieving an appropriate balance of authority between levels of the system is essential, since otherwise there is the possibility of exacerbating social segregation.

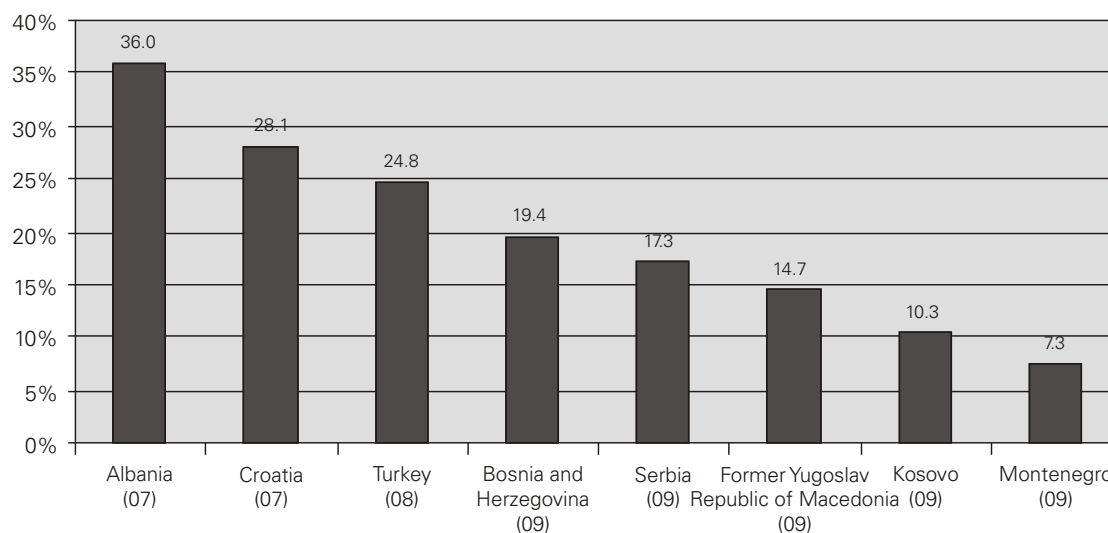
### Quality assurance and social partnership

Quality assurance and accountability play a key role in creating trust in schools. Quality in pedagogical contexts is best developed within schools, with social partners being the obvious partners in school management. The involvement of social partners in VET developments has so far been insufficient at both the policy/system level and the school level.

Social partnership in VET has been one of the main changes introduced through VET laws and strategies. Tripartite VET and tripartite arrangements for adult education councils with advisory roles have been set up in all the countries, as recently as spring 2010 in Serbia (with a very ambitious agenda). It is still much too early to assess the impact of such bodies, but it is already clear that they are not functioning at an optimum level owing to their unclear role in relation to ongoing reforms, the lack of dedicated resources and the limited motivation of actors to engage in dialogue.

**FIGURE 4** depicts the proportion of employers who consider the availability of labour skills to be a barrier to

**FIGURE 4: FIRMS IDENTIFYING LABOUR SKILLS LEVEL AS A MAJOR CONSTRAINT TO BUSINESS**



Source: World Bank (2011).

doing business. Albania, Croatia and Turkey report that skills availability is a problem, whereas for the other countries it is considered less of a barrier. These findings were confirmed by another employer survey that analysed whether an inadequately educated workforce was a major drawback for doing business. In fact, pressure from employers regarding the quality and suitability of VET is not very strong as yet in these countries. The only exception is Croatia, where, in 2007, an inadequately educated workforce was ranked second out of ten problematic factors for doing business (the others factors were access to finance, tax rates, political instability, corruption practices, informal sector, customs and trade regulations, access to land, licences and permits, and tax administration); this can be compared to rankings of 4th in Albania, 5th in Turkey, 6th in Bosnia and Herzegovina and in Serbia, 7th in Kosovo, 8th in Montenegro and 9th in the former Yugoslav Republic of Macedonia. These results are undoubtedly related to the high unemployment levels in most of these countries and the consequent availability of labour.

Social partner involvement in VET policies has developed in the context of curriculum design, the development of national qualifications frameworks and the implementation of labour market measures. Social partners are essential in the implementation of apprenticeship schemes in Croatia and in Turkey. However, they have not been taken into account systematically in Kosovo in identifying the governing system for the new competence centres, or in the former Yugoslav Republic of Macedonia, where they participate in vocational school boards but without voting rights. Employer and chamber of commerce representatives in Croatia complain that although they are involved in many policy making activities, their ideas are not taken into account seriously.

Turkey has a longer tradition of social partner involvement in VET. A promising initiative here was the creation in 2008 of provincial employment and training councils. The responsibility given to these councils for planning, training, allocating resources and supervising the overall effort was intended to change the VET context in two ways: firstly, by bringing together the training and labour market sides at the local level (prior to the reform these had separate councils); and secondly, by enabling the public employment agency (ISKUR) to focus on monitoring and supporting the delivery of training. The councils are chaired by provincial governors, and members include representatives of employers, educators and other local actors, with ISKUR and the Ministry of National Education serving as the secretariat.

In general, cooperation at school level is difficult to set up owing to rigid regulations – concerning, in particular, insurance and supervision of students – and a lack of motivation from both sides. Most countries report difficulties in organising practical training and trying to counteract the lack of up-to-date technical equipment in schools. Work-based learning has been referred to in VET-related legislation, but results so far have been disappointing. New apprenticeship schemes were tested in pilot schools in Montenegro, based on the Croatian experience of following a policy learning approach, but

were halted in 2006 because of a lack of interest on the part of employers.

Numerous examples of good practice can be identified in most countries, although they are not always sustainable. Particularly noteworthy are the initiatives aimed at intermediation between schools and companies through non-governmental organisations (NGOs) such as LiNK (see box below) in Bosnia and Herzegovina and through external ‘change agents’ located in pilot schools during the implementation of VET projects under the EU Phare Programme.

The Organisation for Entrepreneurship and Job Association LiNK in the Herzegovina-Neretva canton organises training for unemployed people in cooperation with schools and enterprises. Through the project Employment and Entrepreneurship in Mostar (supported by the Unidea/UniCredit Foundation of Milan, Italy), LiNK has developed a permanent system of professional training that is capable of meeting the needs of local entrepreneurs. Inspired by Croatian experience, the project – in cooperation with secondary vocational schools and Džemal Bijedija University – has developed training programmes for seven professions adapted to local needs, which have been approved by the Ministry of Education. Short training programmes have been organised in secondary schools with obligatory practical training in companies. On completion of the training, young people (aged 18–35) are awarded officially recognised certificates or diplomas (depending on the professions).

## 7. INNOVATION POTENTIAL

There has been substantial innovation as a result of the burgeoning of donor-funded projects; this has mainly covered curriculum development, the introduction of key competences (particularly entrepreneurial learning), teaching and learning methods, the links between schools and businesses, the analysis and processing of labour market data, and promoting and improving social inclusion and equality. Among the most interesting initiatives are the development of practice businesses in schools, the introduction of internal change agents (selected teachers in vocational schools who train their colleagues in new teaching and learning methods) and external change agents (teachers who set up closer links and partnerships between schools and the local environment, including businesses), the use of tracer studies to follow the progress of students after graduation, and the organisation of fairs and other events aimed at promoting lifelong learning to specific groups.

Innovative schools can be found in all the countries (Oldroyd and Nielsen, 2010). In fact, most innovation takes place in schools and close to the teachers, since ultimately all education reforms affect teachers and students. Schools are key instruments in the

development of societies, especially in transition countries that are trying to cope with the dual challenge of internal societal reconstruction and adaptation to a globalised knowledge economy. Through vocational school self-portraits (Oldroyd and Nielsen, 2010), the ETF has been able to reflect a whole range of modernisation and innovation activities, illustrated by selecting a school in each of the eight countries in the region.

There are many more such schools to be found in this region, and they need to be identified. Unfortunately, such examples are not documented, and no systematic evaluation has been undertaken. This makes it difficult to capitalise on examples of good practice. However, it can be conjectured that such examples have resulted from the combination of a donor project with the goodwill and

enthusiasm of teaching staff and principals. Some of these examples have been, or are now being disseminated in the context of curriculum reform. However, others have not been documented and will probably end once the enthusiasm of the pioneers wanes.

It is important to increase the autonomy of vocational schools and training centres, and to adopt flexible rules aimed at encouraging and supporting school and policy initiatives, particularly as regards budget issues and relationships with businesses. Montenegro and Bosnia and Herzegovina have already adopted a flexible approach to curricula by defining a national curriculum in broad terms (and leaving it to each school to adapt it) or by leaving part of the national curriculum open to school initiatives. This approach must be supported by flexible

**TABLE 6: RECENT INNOVATIONS IN VET POLICY**

<b>ALBANIA</b>	<ul style="list-style-type: none"> <li>■ National Vocational Education and Training Agency: a well-functioning VET agency</li> <li>■ Faculty of Studies Integrated with Practice at Aleksander Moisiu University in Durrës</li> <li>■ Jour Fix: a regular education and business discussion platform</li> </ul>
<b>BOSNIA AND HERZEGOVINA</b>	<ul style="list-style-type: none"> <li>■ Strategy for entrepreneurship learning</li> <li>■ National VET Centre attached to the State Agency for General Education</li> <li>■ A network of canton-based pedagogical institutes</li> </ul>
<b>CROATIA</b>	<ul style="list-style-type: none"> <li>■ Sector councils monitor labour markets and prepare occupational standards</li> <li>■ Well-developed apprenticeship system</li> <li>■ Lifelong learning strategy</li> </ul>
<b>KOSOVO</b>	<ul style="list-style-type: none"> <li>■ National licensing and advancement system for teachers</li> <li>■ Competence centres as a new generation of vocational schools</li> <li>■ Entrepreneurship learning</li> </ul>
<b>FORMER YUGOSLAV REPUBLIC OF MACEDONIA</b>	<ul style="list-style-type: none"> <li>■ National quality assurance system with school self-assessment and external evaluation through an inspectorate</li> <li>■ Collaborative evaluation system for new curricula</li> <li>■ ICT-based pedagogical strategy at all levels</li> </ul>
<b>MONTENEGRO</b>	<ul style="list-style-type: none"> <li>■ Modernised system of curricula delivered in modules</li> <li>■ Innovative approach to school-based in-service teacher training</li> <li>■ Decentralised governance giving schools influence over curricula, finance and administration</li> </ul>
<b>SERBIA</b>	<ul style="list-style-type: none"> <li>■ VET Council and National Council for Education</li> <li>■ Strategy to develop national education research capacity</li> <li>■ The First Chance apprenticeship programme</li> </ul>
<b>TURKEY</b>	<ul style="list-style-type: none"> <li>■ Strategy for advanced decentralisation of governance with school autonomy</li> <li>■ National qualifications framework</li> <li>■ Strong social dialogue on VET at the national, regional and local levels</li> </ul>

resource allocation and management, and by the development of evaluation and self-assessment procedures and cultures.

However, such steps will not be enough. VET systems in the region need a formalised, coherent, well-sustained and up-to-date knowledge base to be able to address knowledge gaps, increase innovation capacities and benefit fully from systemic innovations. In all eight countries there is a lack of the VET research and development centres that could ensure the targeted dissemination of good practice.

## 8. CONCLUSIONS AND THE WAY FORWARD

### Leverage of the EU framework

There are significant differences between the geographical regions in which the ETF works. As famously stated by the former EU Commissioner for External Relations Chris Patten, 'the EU has proved itself to be an outstanding agent and sustainer of regime change, rather more effective than America for all its flamboyant attachment to the notion. So we have stabilised our neighbourhood and exported democracy and markets' (Patten, 2005). The closer that partner countries in transition are to the accession process, the more they are adapted to the body of EU law and to the broader EU VET policy framework (including social dialogue). Candidate countries that have prospects for EU membership, such as Croatia, Turkey and, to a lesser extent, the former Yugoslav Republic of Macedonia and Montenegro, have developed stronger structures and interaction patterns and practices than other Western Balkan countries.

While common EU policies, principles and instruments may not have direct implications for countries in transition outside the geographical pre-accession area, the other regional chapters in this publication indicate that work on issues such as national qualifications frameworks, outcomes-based education, post-secondary VET and flexicurity is important because:

- it opens up discussion on many important VET issues and European employment strategies;
- it establishes a common language between the world of work and the world of education;
- it involves policy-makers and social partners in committed dialogue;
- it helps shape a better focus for policy making.

### The need for evidence

As has become clear through the Torino Process, there appears to be a substantial amount of data concerning the labour market in general and social exclusion issues in particular. In fact the region is relatively well documented

in this field. The main problem is that too little use is made of the available data for policy making. Another challenge is that there is no culture of evaluating policies and reforms. Thus, many strategies have been adopted without action plans and dedicated targets. Reports also emphasise the poor development of education statistics and the difficulty of establishing transparent instruments when schools work in highly politicised contexts. Furthermore, pilot initiatives are not systematically monitored and assessed.

However, a great deal of attention has been given recently to quality issues through the introduction of national exams including vocational *matura*, the development of self-assessment procedures combined with external evaluation for vocational schools, the development of quality management procedures and the introduction of accreditation procedures for training providers, particularly in private higher education. Although such developments have progressed at different rates, student assessment, school evaluation and training provider accreditation have seen substantial progress, in particular through the setting up of national exams. These developments will provide national indicators and will ensure that there is more transparent access to universities and less corruption; evaluation and accreditation, meanwhile, will improve quality and promote accountability. Examples of national policies include the development, in Serbia, of a national framework for school quality and evaluation (including indicators of achievement) and, in the former Yugoslav Republic of Macedonia, collaborative evaluation of the impact of the reform of four-year secondary VET education.

In 2010 in the former Yugoslav Republic of Macedonia collaborative evaluation of the impact of the reformed four-year secondary VET education was conducted through a partnership between the Ministry of Education and Science, the VET Centre and the ETF. This process involved gathering feedback from graduates, employers of these graduates and university lecturers. The study aimed to generate knowledge relevant to future VET system and curriculum development and to strengthen quality feedback mechanisms in the country. Qualitative information is valuable in situations of limited statistical data and as a means of supporting policy dialogue.

This kind of evaluation is still an exception, but the need for evidence has undoubtedly moved up the policy agendas. This is essential when countries are increasing their investment in VET, and it runs in parallel with the higher priority given to VET reforms in all the countries, given the implications of enhanced European cooperation. All of the countries are now keen to measure the performance of their education and training systems using international indicators such as PISA, Trends in International Mathematics and Science Study (TIMSS) and Progress in International Reading Literacy Study (PIRLS);

they have also started to refer to EU benchmarks and to compare themselves with neighbouring countries.

## Policy priority areas

The following policy priority areas have been derived from the comparative analysis of the country reports and from consultations with counterparts in the countries. Since EU accession provides a common orientation for reforms in the countries, not all policy areas are equally applicable to all of the countries. Furthermore, the priority to be given to each varies between the countries. They are presented here as a contribution to policy dialogue and further consultation and analysis.

- Adult learning, including non-formal and informal learning, needs to become a priority policy area which should also address concerns over the level of basic skills, the retraining of unemployed adults and the inclusion of disadvantaged groups.
- All eight countries need to take forward policy papers and to implement maximum access to lifelong learning in order to open up opportunities for individuals to learn at any stage of life through more open and flexible access to education and training.
- A sharpened focus on the demand side is required if higher-quality courses providing the right skills for jobs are to be developed. This requires that the system of gathering and processing data from the labour market and from society be improved. It is necessary to have a system of forecasting, in partnership with employers and employment services, that considers incentives aimed at promoting skills development, adult learning and social inclusion in general. This should include databases on good practice developed in individual countries in the region. Support should be provided to NGOs and other institutions with the aim of facilitating partnership between the demand side and the supply side. The analytical capacity of countries to analyse their own situations and to identify relevant policy options should be strengthened.
- Where appropriate, work should continue on national qualifications frameworks, ensuring that social partners are involved in order that greater account can be taken of the qualifications and skills needed in the labour market. The higher education community should be involved with a view to articulating VET and higher education qualifications as a continuum; there should be special focus on medium- and high-level qualifications and on the development of post-secondary and/or higher VET.
- Governance needs to be further improved by capacity building aimed at existing VET agencies and centres, promoting more effective involvement of social partners, and developing adequate evidence-based information systems in order to increased the relevance of policy formulation and implementation and to facilitate monitoring and evaluation.
- Encouragement needs to be given to the development of vocational schools, with the support of local and regional authorities, by giving more financial autonomy to vocational schools and training providers. Accountability and quality assurance can be promoted

through more efficient allocation of resources and flexible regulations on income generation from training activities.

- The financing system for initial VET and for labour market measures needs to be reviewed in order to address inefficiencies, for example by rationalising the network of vocational schools, reviewing the use of incentives, coordinating public networks more effectively, and activating labour market measures.
- Support to social partner involvement in VET at all levels needs to be fostered, and cooperation with business should be increased to ensure that training is relevant.
- VET needs not only to contribute to employability and economic growth, but also to respond to societal challenges, and in particular social cohesion. Countries in the region need to target more people to take up training, and should ensure greater inclusion and easier access for disadvantaged people.

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## ANNEX: REGIONAL STATISTICAL TABLES

**TABLE A1: CAPACITY OF PUBLIC EMPLOYMENT SERVICES**

	AL	BiH	HR	KS	MK	ME	RS	TR
Number of registered unemployed	149 000	438 464	301 000			43 000		766 000
Caseload (clients per public employment service front-office staff)	1:851	1:758	1:416			1:150		1:392

**TABLE A2: LABOUR MARKET TARGETS FOR WESTERN BALKANS AND TURKEY AND EU (%)**

RATES	EU-27 EU 2010		AL	BiH	HR	KS	MK	ME	RS	TR
	2009	Goals	2008	2009	2009	2008	2009	2009	2009	2009
Activity (15–64) (a)	71.0		61.9	43.6	62.4	46.0	64.0	60.3	60.5	50.8
Female activity (15–64) (a)	64.3		52.8	31.9	57.0	26.1	50.0	52.4	52.8	27.8
Employment (15–64) (a)	64.6	70.0	53.8	40.1	56.6	21.8	43.3	48.8	50.0	44.3
Female employment (15–64) (a)	58.2	60.0	45.6	29.3	51.0	9.4	33.5	41.6	39.3	24.2
Older workforce employment (55–64) (a)	46.0	50.0	44.0	34.0 (50–64)	38.4	23.8	34.6	35.6	35.0	28.2
Employment in agriculture (% of total) (1)	4.6		44.7	25.8	11.0	8.0	18.5	6.5	24.0	21.6
Unemployment (15+) (a)	9.3		13.0 (15–64)	24.1	9.3	47.5 (15–64)	32.4	19.1	19.7	11.8
Female unemployment (15+) (a)	9.2		13.7 (15–64)	25.6	10.8	59.6 (15–64)	32.1	20.5	18.4	11.8
Youth unemployment (15–24) (a)	20.3		27.2	48.7	25.9	73.0	56.6	35.6	42.5	22.2
Older workforce unemployment (55–64) (a)	9.9		8.2	16.7	9.3	26.9	32.3	10.1	10.0	12.8
Long-term unemployment (2) (a)	3.0		8.6	21.5	5.2	38.8	26.2	15.6	5.7	2.3

Notes: (1) Agriculture, forestry and fishing; (2) Long-term unemployed (12 months or more) as a percentage of the total active population.

Sources: (a) EU-27, HR, MK and TR: Eurostat; AL, BiH, KS, MK and RS: Labour Force Surveys.

(b) EU-27, HR, MK, KS and TR: Eurostat; BiH, KS, MS and RS: Labour Force Surveys; Albanian Institute of Statistics.

**TABLE A3: HUMAN DEVELOPMENT INDEX 2010**

	Rank	Value
Montenegro	49	0.769
Croatia	51	0.767
Serbia	60	0.735
Albania	64	0.719
Bosnia and Herzegovina	68	0.710
Former Yugoslav Republic of Macedonia	71	0.701
Turkey	84	0.679

*Note: Calculated for 169 countries.  
Source: UNDP (2010).*

**TABLE A4: ENROLMENT IN THE EDUCATION CYCLES**

Gross enrolment (%)	AL 2004	BiH 2008	HR 2007	KS	MK 2008	ME	RS 2008	TR 2008
Primary education ISCED 1	102	109	99				98	99
Lower secondary ISCED 2	99	105	100		92		97	91
Upper secondary ISCED 3–4	56	78	88		76		81	73
Tertiary ISCED 5–6	19		47		40		48	38

*Source: UNESCO.*

# LIST OF ACRONYMS AND ABBREVIATIONS

<b>CARDS</b>	Community Assistance for Reconstruction, Development and Stabilisation
<b>Cedefop</b>	European centre for the development of vocational training
<b>ECTS</b>	European Credit and Transfer Accumulation System
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>G-20</b>	Group of Twenty Finance Ministers and Central Bank Governors
<b>GDP</b>	Gross domestic product
<b>GTZ</b>	Gesellschaft für Internationale Zusammenarbeit [German Technical Cooperation]
<b>ICT</b>	Information and communication technology
<b>ILO</b>	International Labour Organization
<b>IPA</b>	Instrument for Pre-Accession
<b>ISCED</b>	International Standard Classification of Education
<b>NGO</b>	Non-governmental organisation
<b>OECD</b>	Organisation for Economic Development and Cooperation
<b>Phare</b>	Programme of community aid to the countries of central and eastern Europe
<b>PIRLS</b>	Progress in International Reading Literacy Study
<b>PISA</b>	Programme for International Student Assessment
<b>RSD</b>	Serbian dinar (currency)
<b>SME</b>	Small and medium-sized enterprise
<b>TIMSS</b>	Trends in International Mathematics and Science Study
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>USD</b>	United States dollar
<b>VET</b>	Vocational education and training
<b>WEF</b>	World Economic Forum

## COUNTRY ABBREVIATIONS

<b>AL</b>	Albania
<b>BiH</b>	Bosnia and Herzegovina
<b>HR</b>	Croatia
<b>KS*</b>	Kosovo (under UNSCR 1244/1999)
<b>ME</b>	Montenegro
<b>MK**</b>	Former Yugoslav Republic of Macedonia
<b>RS</b>	Serbia
<b>TR</b>	Turkey

*\*Code used for practical reasons and not an official ISO country code.*

*\*\*Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place in the United Nations.*



# VET SYSTEMS AND POLICIES IN THE SOUTHERN AND EASTERN MEDITERRANEAN

## 1. INTRODUCTION

**Aim and methodology.** This chapter aims to build a regional picture that draws on the country analyses that were carried out in eight of the nine European Neighbourhood Policy (ENP) South countries<sup>1</sup> in 2010 within the framework of the Torino Process, and that offered an assessment of vocational education and training (VET) systems and a review of VET policy progress in recent years. The country analyses were produced either as self-assessments led by the respective governments in association with their main national partners and with the methodological support of the European Training Foundation (ETF) (Israel, occupied Palestinian territory (OPT) and Tunisia), or by ETF country managers on the basis of available information and consultation with national stakeholders (Egypt, Jordan, Lebanon, Morocco and Syria).

**Guidance for the reader.** This chapter analyses the main features of VET systems and policies as developed in response to the specific context and challenges of the southern and eastern Mediterranean (ENP South) region. It describes VET policy visions and performance to date in terms of economic and social efficiency, both external and internal. Given that many topics are closely related, the issue of social partnership will be addressed as an external efficiency topic, whereas issues relating to governance, quality assurance, quality of teaching and financing will be dealt with in the section on internal efficiency. The chapter ends with conclusions and the way forward in terms of policy priorities for VET improvement addressed to the ETF and other support institutions in the region. The annex provides a list of key indicators.

**Target readership.** This chapter was written with different ETF partners in mind: partner countries (governments, social partners, VET-related institutions), European Commission services (in-country delegations, the EuropeAid Cooperation Office and the Directorates General for Education and Culture, External Relations, Development and Employment), international institutions (donors, non-governmental organisations (NGOs) and research institutes) and other interested readers.

**Note:** Data for which sources are not mentioned in the body of the text are reproduced in the statistical annex, with sources indicated in the last column on the right.

## 2. MAIN FINDINGS

The countries of the ENP South region have certain common features that shape the VET policy context in mainly centrally planned economies with relatively high, resilient economic growth. These features include demographic pressure, high unemployment (especially among young people), large informal sectors, multi-directional unskilled and highly skilled migration, persisting gender differences in labour market access, and the pre-eminent role of the state. In addition, illiteracy continues to be an issue in some countries.

### Challenges to VET

VET systems need to respond to economic and social challenges in the region. From the economic perspective, VET needs to address the changing skill demands of economies characterised by a restructuring of economic sectors, privatisation, large informal sectors and numerous small and medium-sized enterprises (SMEs). From the social perspective, VET needs to improve the employability of women and young people, especially the high number of higher education graduates. VET also needs to respond to the growing demand for education and training (which is partly explained by demographic growth), as evidenced by the evolution of enrolment. Finally, it needs to ensure the development of key competences and the 'soft' skills necessary for active citizenship. However, these challenges cannot be addressed by VET policies alone. Critical underlying assumptions are that macroeconomic policies will promote job creation and employment and will develop a comprehensive approach to education and training that is explicitly linked to, and synergetic and consistent with, general and higher education policies.

### ENP South visions of VET

Human resources development is prioritised in all the national strategies, often in terms of highly ambitious and long-term objectives. The visions for the primary role of VET combine a focus on the economic function of improving competitiveness with a key social function linked mainly to employment and, to a lesser extent, equal opportunities and social integration. This vision applies mostly to initial VET and, to a lesser extent, continuing VET. Maghreb countries such as Tunisia and Morocco have developed specific policies aimed at continuing VET,

<sup>1</sup> Egypt, Israel, Jordan, Lebanon, Morocco, occupied Palestinian territory, Syria and Tunisia. Algeria did not participate in the Torino Process and is therefore not included in the comparative analysis, given the limited information available.

while tending to neglect informal and non-formal training. Similarly, although active labour market policies have been developed in several countries, they usually exclude the VET field. The pace of reform is generally slow, with evidence of bottlenecks in moving from vision to strategy to implementation; one explanation is that resource mobilisation for what are ambitious and far-reaching goals is uneven. Smooth implementation of VET policies is hampered by two fairly common features of the systems. Firstly, the institutional setting is fragmented. A multiplicity of ministries (e.g. in Egypt and Syria) or a multiplicity of private stakeholders and NGOs (e.g. in the OPT and Lebanon) are responsible for VET, but there is an evident lack of coordination, hierarchy and entitlement in steering the policy process. This represents an obstacle to effective policy making and vision fulfilment. Secondly, the education and training system architecture and the disconnection between education, training and the labour market make it difficult to develop a coherent lifelong learning strategy. Moreover, political vision is in sharp contrast to the population's view of initial VET as the educational choice of last resort. That said, the lack of attractiveness of VET contrasts sharply with attendance levels, which range from 6% of all secondary students in the OPT to 61% in Egypt.

## External efficiency

Although progress is being made towards more demand-driven VET systems (away from the traditional supply-driven model), structured information about skill needs in the labour market is not yet available. This explains a persistent problem of skills mismatch and the poor capacity of VET decision makers to reorient VET provision to reflect the medium-term demand for skills. Although the role of social partners in terms of enhancing VET quality and its relevance and responsiveness to labour market needs is now widely recognised, concrete measures to involve social partners are developing only slowly, especially in the eastern part of the region. Although the low status and lack of attractiveness of VET negatively affects its capacity to respond to the growing demand for education, there are a number of promising policy developments that partially address this issue, such as the development of pathways to higher education, the development of national qualifications frameworks (NQF) and the involvement of business in career guidance. Meanwhile, strategies to reach out to vulnerable populations have been defined but not yet coordinated.

## Internal efficiency

Improving governance in the region is dependent on three main factors:

1. increasing the involvement of social partners at all the stages of the policy cycle and decision-making process;
2. increasing the flexibility of training provision to enable VET agencies and providers to be more autonomously responsive to the labour market, while

first ensuring adequate budget decentralisation and adaptation of the legal framework;

3. setting up and enforcing accountability mechanisms.

The quality of VET provision has yet to be addressed in a holistic and systematic way in many of the countries, primarily because of non-existent or weak monitoring and evaluation systems. Although some countries have started to implement a coherent national quality-assurance system, in other countries this experience is limited to pilot programmes or sectoral initiatives. VET quality would be increased by improving curriculum consistency and complementarity with general education and higher education in terms of pedagogical choice. In-depth reflection on key competencies and soft skills is a first necessary step that could be shared with general education. Higher education could learn lessons from VET as regards work-based training and professionally oriented courses. Although innovative measures in VET funding have been introduced in the ENP South region, in particular in the Maghreb countries, full diversification and equal concern for initial and continuing VET remains incomplete.

## Critical VET policy cycle management issues

The policy cycle needs to be further improved. Policy formulation in terms of clear strategies is uneven, policy implementation is often tardy, and policy monitoring and evaluation is generally at an embryonic stage, despite the demand for greater accountability. Basic instruments for measuring progress are lacking, especially in terms of identifying and satisfying labour market needs. In setting up monitoring and evaluation systems and mechanisms, special attention needs to be paid to capturing the evolution of gender differences. Capacity is another bottleneck for VET policy progress, this being primarily a consequence of fragmented governance, centralised management and limited sharing of governance. This also contributes to an uneven degree of ownership of reforms, which are often strongly donor-supported. In summary, modernising VET system management throughout the policy cycle requires new tools, new capacities, and an effective monitoring and evaluation culture that draws on a renewed, comprehensive and integrated vision of VET.

## European Union VET policy framework and tools

There is a growing level of interest in and inspiration from the European Union (EU) policy frameworks and approaches, which co-exist with models proposed by other donors, and which are probably strongest in the Maghreb, owing to the more immediate prospect of economic integration than in the Mashrek. EU policies and tools, notably the European Qualifications Framework, are useful references and policy learning instruments for policy-makers in partner countries and for regional exchange and cooperation. Transnational cooperation and

mutual learning seems to be inspired by an open method of coordination. In fact, regional approaches and concerted strategies are essential in a region with strong common cultural roots and similar institutional settings, and where individual countries lack the critical mass to assure their place in the globalised economy. Regional cooperation is thus an important lever for progress in areas such as qualifications.

### 3. VET POLICY CONTEXT

The ENP South region is composed of countries that are highly diverse in terms of population size, geography, stage of development and economic structure (Israel is the only member of the Organisation for Economic Development and Cooperation (OECD) in the region). Nonetheless, the countries share a number of common features that shape the context of their respective VET policies; these are mainly related to demographic pressure, economic vulnerability and unequal development.

#### Demographic factors constrain social policies and especially VET policies

In the ENP South region – inhabited by some 200 million people, a higher population than in any of the other ETF cooperation regions – demographic pressure remains high even though most countries have at least initiated demographic transition programmes. Populations in the region vary from 3.9 million in the OPT to 81.5 million in Egypt. Four of the eight countries have more than 10 million inhabitants. Annual population growth has generally stabilised (only Syria, Jordan, the OPT and Israel continue to have fertility rates of three or more births per woman). On average, one-third of the population is aged under 15 (45% in the extreme case of the OPT). This scenario has knock-on effects on education and training systems and on labour markets, these effects being strongest in the more populated countries. There is great pressure across the region on education systems, which have to absorb growing numbers of young people. If demographic issues are neglected, the consequences for the coverage and quality of the education provided are serious.

The region is heterogeneous in human development terms as defined by the United Nations Development Programme (UNDP, 2011): life expectancy at birth, mean years of schooling, expected years of schooling and gross national income per capita. Israel, 15th of 169 countries, was ranked highest in the region in human development terms in 2010 and Tunisia and Jordan were ranked in intermediate positions (81st and 82nd, respectively); the remaining countries were placed in the lower half of the ranking, with Morocco scoring lowest (114th), followed by Syria (111th) and Egypt (101st).

Very good results have been achieved in the fight against illiteracy – rates have halved in 20 years – in the Middle East and North Africa (World Bank, 2007); nonetheless,

illiteracy continues to remain high in Morocco (44%) and Egypt (34%).

Migration is frequently a multi-faceted issue in the region. While some countries are affected by the loss of qualified workers – especially higher education graduates emigrating to the Gulf region and OECD countries (e.g. from Jordan, Lebanon, the OPT and Morocco) – other countries (often the same ones, e.g. Jordan and Lebanon) welcome unskilled immigrants. Nonetheless, legal and illegal emigration of unskilled workers is also important in terms of the considerable remittances to the country of origin (in Egypt, for instance, remittances are a main source of revenues). Emigration is thus encouraged, at least in its legal form.

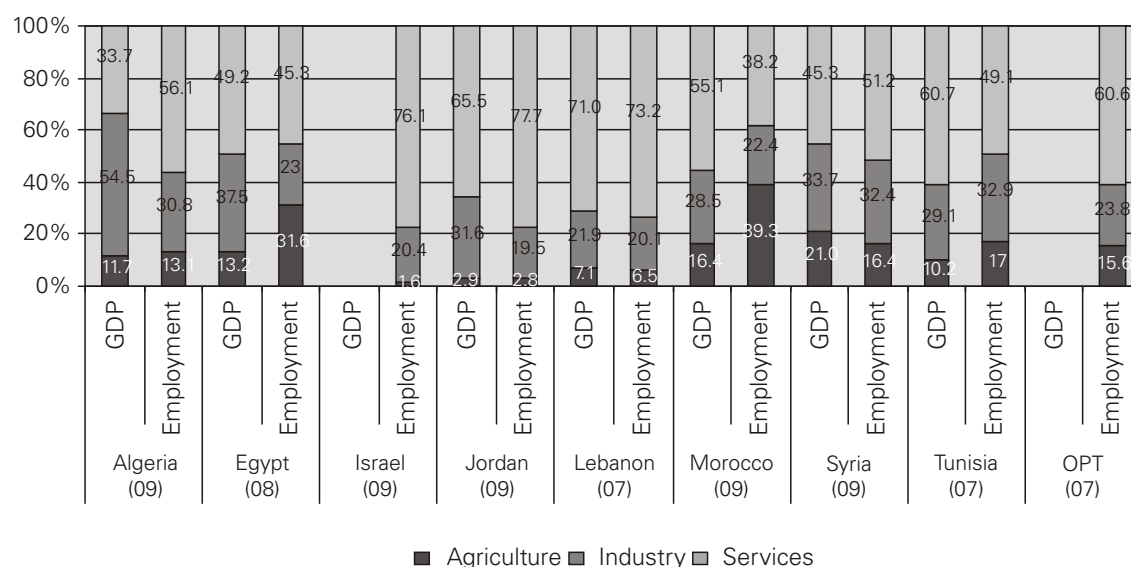
#### The global crisis and the economic recovery

In 2009, economic growth still exceeded 3% in all the countries except Jordan (World Bank, 2009). While the impact of the global economic crisis has been greater in oil-exporting economies such as Syria or Algeria, it is limited to the oil sector, as the financial sectors are mostly state controlled and not linked to global financial markets. Oil importers such as Egypt, Morocco, Tunisia, Lebanon and Jordan weathered the effects of the crisis better than other countries in the region. However, developments in Europe and relatively low credit growth in some countries have dampened growth in 2010, especially for countries with EU links (World Bank, 2010a). Lebanon has been the exception (9.3%), with its booming property and banking sectors driving strong growth performance. In terms of employment by sector, agriculture is especially important in some countries in the region, especially Morocco and Egypt, where agriculture accounted for 39.3% (2009) and 31.5% (2010) of employment, respectively, compared with contributions to gross domestic product (GDP) of only 16.4% and 13.5%, respectively. These figures underline the very low productivity of the sector, suggesting a very low level of worker skills and inadequate human resource allocation.

Competitiveness in the region, as measured by the Global Competitiveness Index (Drzeniek Hanouz and Khatib, 2010) has generally been increasing. Of the 139 economies ranked, Tunisia, Jordan and Morocco are 32nd, 65th and 75th, respectively, outperforming Egypt (81st), Algeria (86th) and Syria (97th).

Successful regional economic integration with Europe is a goal in the region, particularly in Tunisia and Morocco, which have similar economic relationships with Europe: around 55% of foreign trade is with the EU and more specifically with southern Europe, which accounts for 75% of incoming foreign direct investment (EEC, 2008<sup>2</sup>). However, much progress still has to be made, as the gap (in purchasing power parity (PPP) terms) between the two shores of the Mediterranean is the world's largest in terms of GDP per capita and is almost twice as large as the gap between the USA and Mexico: a ratio of 1 to 6 – with a 60% increase from 1995 to 2008 – compared with a ratio of 1 to 3.5 (EEC, 2008).

<sup>2</sup> The report referred to covers Algeria, Egypt, Libya, Morocco and Tunisia. It was written with the participation of 100 chief executive officers of large companies in the region and builds on the outcomes of 300 meetings with 500 economic leaders, high-level executives and experts.

**FIGURE 1: GDP AND EMPLOYMENT BY ECONOMIC SECTOR IN THE ENP SOUTH REGION**

Notes: GDP by economic sectors – missing data for Israel and OPT; Employment by economic sectors – (DZ) Population refers to 15–64; (EG) Population refers to 15+; (IL) Data is provided according to the ISIC rev 3.1 manual. Population refers to 15+. Data do not add up to 100 because of the category 'other'; (JO) Population refers to 15+; NACE, rev.1 classification used; (LB) Population refers to 15–64; (MA) Population refers to 15–64; (OPT) Population refers to 15+; (SY) Population refers to 15+; (TN) Population refers to 15–64. Source: GDP by economic sectors – World Bank WDI (11/02/2011); Employment by economic sectors – (DZ) National Statistical Office (2010), Emploi et chômage; (EG) Central Agency for Public Mobilization And Statistics, Labour Force Sample Survey; (IL) Central Bureau of Statistics of Israel (based on LFS); (JO) Department of Statistics (based on LFS); (LB) MEDA-ETE database; (MA) Royaume du Maroc Haut-Commissariat au Plan; (OPT) ILO-Laborsta database; (SY) Central Bureau of Statistics (2009), Statistical abstract 2009; (TN) MEDA-ETE database.

## Equity for women and young people

ENP South countries face a number of equity problems in terms of social and economic gaps between rich and poor, the urban–rural divide and job opportunities for women and young people compared to those for adult males. On the basis of the inequality-adjusted Human Development Index, all the countries are rated as having medium human development scores, apart from Jordan and Tunisia, which rank high in the index (UNDP, 2010). Two issues are particularly worrying:

- the imbalance in job opportunities according to age, reflected in high levels of youth unemployment;
- the gender differential, which has persistent effects on the labour market and explains the low activity rates.

The gender gap in particular is striking when employment, unemployment and activity data are analysed. Employment levels in the ENP South countries are very low in comparison to the EU-27 average (64.4% in 2008) but are explained by low female participation in the labour market. The female activity rate is among the lowest in the world, at an average of 23% for the eight countries (ILO, 2009). The only exception is Israel, where the female employment rate is over 50% (55.4% in 2009), close to the EU-27 average (58.2% in 2008). When active, women are more affected by unemployment than men, despite the fact that the education gap between boys and girls has closed (Drzeniek Hanouz and Khatib, 2010). This points to discrimination against women rather than to an incapacity to generate jobs. This disadvantage for women

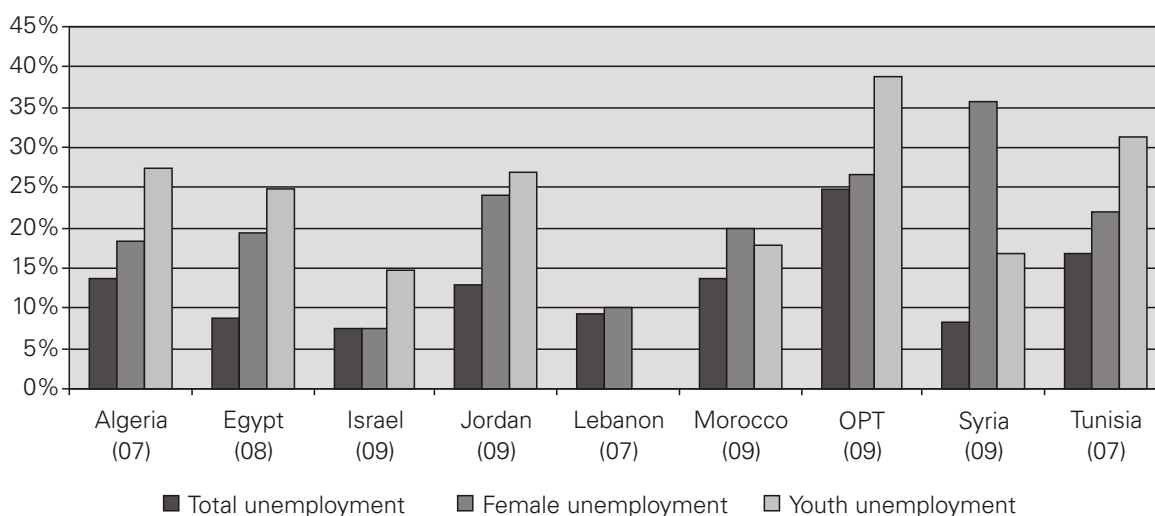
is further confirmed by high Gender Inequality Index scores – 0.714 for Egypt, 0.693 for Morocco and 0.515 for Tunisia – reflecting inequality in three dimensions (reproductive health, empowerment and labour market), with 0 representing perfect equality and 1 representing inequality (UNDP, 2010).

## The two main challenges for VET

Within the economic and social landscape described above, with relatively high economic growth in times of crisis, VET needs to adapt rapidly in order to provide the necessary skills (ETF, 2010b). In particular it needs to respond to two main challenges:

- improving skills provision for the labour market and economic restructuring as liberalised, knowledge-based economies;
- improving employability for young people, women and higher education graduates.

Economic restructuring, whether building on privatisation (Egypt) or liberalisation (Tunisia), or moving towards a social market economy (Syria) or a knowledge-based economy (Jordan, the OPT and Tunisia), requires VET responses. The contribution of VET is required in order to qualitatively upskill the existing labour force (e.g. to increase productivity in agriculture and other sectors in the OPT) and to quantitatively prepare for this shift with more training in the tertiary sector, in particular in services (Tunisia). Characterised by a shortage of accurate and reliable data, the business landscape is particularly

**FIGURE 2: YOUTH AND FEMALE UNEMPLOYMENT RATES IN THE ENP SOUTH REGION (%)**

Notes: The reference population refers to the 15–64 age group in Egypt, Lebanon, Tunisia and the OPT, and to the 15+ age group in Algeria, Israel, Jordan, Morocco and Syria; the data for youth unemployment in Egypt is for 2007.  
 Sources: MEDA-ETE for Algeria, Egypt, Lebanon and Tunisia; Jordanian Department of Statistics; Israeli Central Bureau of Statistics; Syrian Central Bureau of Statistics; Torino Process Report Morocco and Haut-Commissariat au Plan (HCAP), (Morocco); OPT Labour Force Survey.

challenging for VET. SMEs<sup>3</sup> account for most companies in all the countries, for example up to 93% of industrial firms and 46% of employment in Morocco, and 75% of employment in Egypt (World Bank database on SMEs and Ministry of Finance figures: <http://www.wbcsd.org/web/publications/sme.pdf>). However, SMEs are ill-equipped to identify and express their skills needs; to recognise the importance of a qualified labour force and of investing in human resources (owners may lack the required skills and social/family networking is often the preferred recruitment method); and to allocate human or financial resources to training (to tutor apprentices or send employees for continuing training). Despite the lack of accurate data for the significant informal sector, it can be safely assumed that the above difficulties are even more acute in this sector.

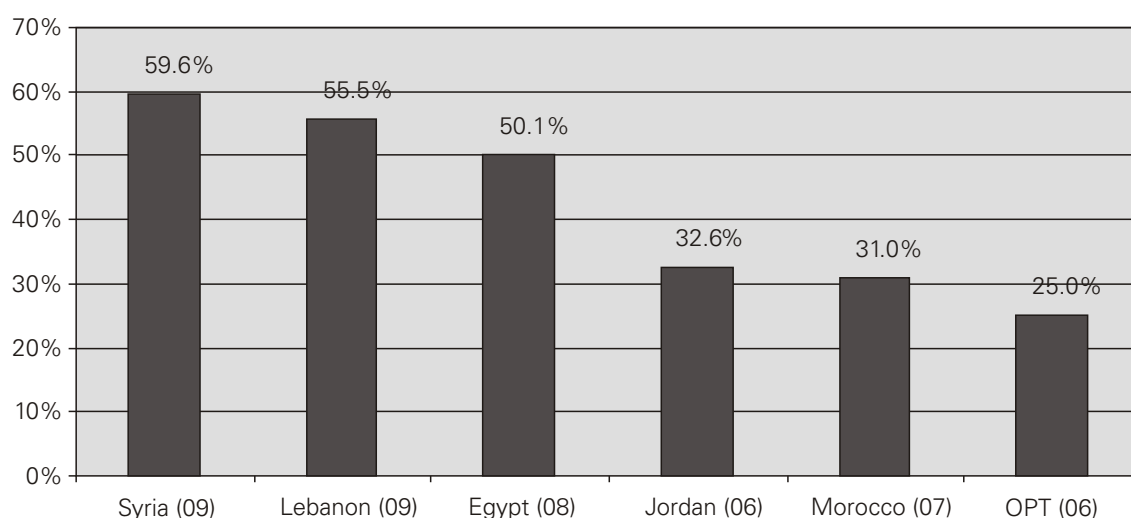
The paradox is that quality skills are even more necessary there in order to increase productivity and improve working conditions.

The VET sector needs to work out suitable responses aimed at increasing the relevance of training to changing and difficult-to-capture labour market needs. It also needs to respond to the evolution of labour market needs. Firstly, there is a need to develop and structure labour market information. This requires new tools and a change of mindset in many contexts. It represents a huge challenge, given that most VET systems in the region have traditionally been supply-driven – managed like the general education system, with limited attention given to the business world – and that business and society consider the state to be the main provider of education services (except in Lebanon, because many training

providers there are private, and in Morocco and Tunisia, where employers' associations are more active and structured). Secondly, social partners need to be involved in a systematic manner. For the same reasons as mentioned above, the business sector has limited involvement in the education and training system. Thirdly, more attention needs to be given to the informal sector and SMEs by designing specific tools for these two areas. Current active labour market policies and continuous training programmes (where they exist, mainly in the Maghreb) are targeted at the formal economy. Apart from overlooking the needs of many companies, they exclude thousands of informal sector workers from opportunities for training or retraining. Such an integrated approach to labour market needs should help to address the skills mismatch that many companies refer to as an obstacle to their development (up to 59% in Syria).

The unemployment figures are not easily compared owing to the use of different age categories. Unemployment is high in many ENP South countries, especially in the OPT and Tunisia, with rates of 24.7% (2009) and 16.9% (2007), respectively, for the population aged 15–64 years. The figures clearly indicate that young people are increasingly excluded from the job market. Youth unemployment is especially high in the OPT and Tunisia, with 38.9% (2009) and 31.4% (2007), respectively, of the labour force aged 15–24 unemployed. Jordan is a notable exception, with a youth unemployment rate of only 4.8%, even lower than the overall unemployment rate (12.7% in 2007). Unemployment for young women is much higher than for young men, at 40.2% (2007) in Algeria, 47.9% (2007) in Egypt, 46.9% (2009) in the OPT and 41.7% (2009) in

<sup>3</sup> There is no universally agreed definition for an SME. Some analyses define it in terms of total revenue, while others use the number of employees as an indicator. The EU defines a medium-sized enterprise as one with a headcount of less than 250, a small firm as one with a headcount of less than 50 and a micro-enterprise as one with a maximum of 10 employees. To qualify as an SME in the EU, a firm must have an annual turnover of less than € 40 million and/or a balance sheet valuation of less than € 27 million, while the annual turnover of a micro-enterprise must not exceed € 2 million. In the EU, roughly 93% of SMEs are microenterprises (see <http://www.unecce.org/indust/sme/sme-role.htm>).

**FIGURE 3: FIRMS IDENTIFYING LABOUR SKILL LEVEL AS A MAJOR CONSTRAINT TO BUSINESS (%)**

*Note: For the 2008 surveys, the question was asked of the firms that confirmed that they had applied for a government contract in the last fiscal year, while in the previous rounds the question was asked of all firms participating in the survey.*

*Source: EBRD/World Bank, BEEPS <http://www.enterprisesurveys.org/> [accessed 17/02/2011].*

Syria. A partial explanation for the labour market situation in the region is the mismatch between skills and labour market demand, representing a major challenge for education systems.

Unemployment associated with a generally low activity rate, at 40–50% compared to 60–75% in Europe (EEC, 2008), creates a socially precarious situation that VET needs to address, especially as one explanatory factor (as expressed by employers) is either the irrelevance of young people's skills or a quantitative mismatch between supply and demand. The Israeli Manufacturers' Association, for instance, estimates that there is a shortage of 5 000 technicians (ETF/Israeli Ministry of Education, Science and Technology Administration, 2010).

A particularly important challenge for the region is what is referred to as 'educated unemployment', i.e. unemployment among higher education graduates (e.g. in Tunisia, this rate is 40%). The region is characterised by a strong demand for education, and enrolment rates in higher education in many of the countries are already at 40%. Demand for academic studies is strong, as these enable people to apply for civil service jobs, although the number of such jobs is constantly decreasing (ETF, 2010d, 2010g); consequently, thousands of young people leave the education system each year with qualifications that are not required by the labour market. This relatively well-documented situation (World Bank, 2007) represents a dual challenge: in the short term, the VET system will have to propose easy-to-implement solutions to improve the employability of job seekers; and in the medium-term, education and training systems will need to improve capacity to manage and direct student flows towards the practical specialties demanded by the labour market. The huge numbers of higher education graduates without work (unemployment rates of up to 40%) calls for an urgent response by the VET system in the form of

continuing training or short professionalisation courses at the tertiary level.

The situation for women deserves particular attention: whereas the gender gap in access to education has closed or even reversed in the region (World Bank, 2010a), inequality in labour market opportunities remains high, especially for young women. In Egypt, for instance, female youth unemployment is 47.9%, compared to 24.8% for young men and 8.7% for the whole population (MEDA-ETE, 2007). Female unemployment is typically higher than male unemployment, irrespective of education level. This can be attributed in part to the impact of education on the female activity rate. Unemployment rates increase in line with higher education levels for both sexes (except in the OPT and Israel), but especially for women (ETF, 2010c).

## 4. VET POLICY VISION

### The expressed vision

The political vision for VET, combining both economic and social objectives, is formulated in all the countries in an ambitious and forward-looking manner (it takes first place in all national strategies), but with uneven mobilisation of means. Human resource development and education and training are referred to in highly ambitious and sometimes declaratory terms. Priority is given to VET's economic function: for instance, the VET system is expected to 'develop Jordan as a competitive knowledge economy', serve 'the transition [of Syria] to a market economy' and 'ensure international competitiveness [of Jordan]'. The social function of VET is primarily linked to the employment impetus: for instance, 'secure the employment of the workforce [in Jordan]' and 'increase

youth employability [in Tunisia]'. Lebanon has elaborated on the social dimension in more detail, placing particular emphasis on equal opportunities and social integration.

The pace of progress is slow in the region, evidencing a bottleneck in the shift from vision to strategy design to implementation. Syria and Lebanon still do not have a clearly agreed or publicly available strategy document for VET. Egypt and Tunisia do not have a clear action plan for implementing VET. In the OPT, the gap between vision and means explains why realisation is slow. In fact, the European Economic Council has declared that education and training is the real Achilles heel of the region<sup>4</sup>. Investment in human capital should be considered as an absolute priority to ensure sustainable economic development (EEC, 2008).

International analyses confirm the need to translate politically expressed visions for human capital development into reality. Education at all levels (basic education, professional training and postgraduate education) is identified as a key challenge for Mediterranean countries: 'more than anywhere else in the world this is the biggest issue that the south Mediterranean countries are facing' (Drzeniek Hanouz and Khatib, 2010).

In order to respond to growing demand in the educational sphere, countries may need to invest more. Substantial investments are already being made: 5.0% of GDP on average is spent on education in the region versus 2.4–2.8% in Asian developing countries and 3.3% in Latin America. In recent years, public expenditure on education has varied between 2.0% of GDP in Lebanon (2008) and 6.2% of GDP in Israel (2006), the latter well above the EU-27 average of 5.0% of GDP in 2007. Note, however, that education in Lebanon is characterised by a high level of private education, so private expenditure on education in the country is likely to far exceed private expenditure in other ETF partner countries. However, resources in the ENP South region are rather limited; most of the countries can be classified as middle-income economies, except for Israel (where GDP per capita (PPP) amounted to 27 900 international dollars in 2008). Thus, the response to increasing demand for education and the consequent increase in educational expenditure will depend greatly on government priorities and existing budget constraints.

The vision would benefit from more inter-policy coherence: it needs to be systematically anchored to macroeconomic vision, but also to the vision for the education system. There is limited policy coherence in most countries between VET vision and policy – on the one hand the vision for economic development and industrial growth, and on the other hand the vision for education and training. One exception is the coherence of vision in Morocco: the identification of six promising economic sectors has led to a redefinition of training needs and adaptation of the VET system around these '*six métiers mondiaux du Maroc*'. However, ad hoc initiatives need to be institutionalised as definite mechanisms.

The vision for VET needs to be more integrated within the VET system. There is no evidence regarding interaction between different policies, the impact they could have on the labour market and what is required of skilled workers. The vision for VET focuses on initial VET and, to a lesser extent, on continuing VET. Although continuing training has been included in the analytical framework, little information is available on the specific programmes developed by the countries in this respect, nor on company initiatives in worker training. The lack of data on this issue was one of the primary constraints on the assessment of Dimension 3 (referring to improved skills) of the Euro-Mediterranean Charter for Enterprise in which the ETF took part. Although Tunisia and Morocco have developed specific policy initiatives for continuing VET, informal and non-formal training remain largely neglected. Similarly, training components in active labour market policies, as developed in various countries, also remain outside the scope of VET.

## The public accountability framework

The fact that the institutional setting is complex explains the difficulties of aligning behind a unified and comprehensive vision of VET. Firstly, the fact that there is a multiplicity of ministries with responsibilities for VET (e.g. up to 11 for secondary and 16 for post-secondary VET in Syria) hampers leadership of policy making and vision enforcement, given the unclear coordination, confusing hierarchies and issue of entitlement in steering the policy process. Secondly, the disconnection between education and training and between VET and labour markets makes it difficult to develop a coherent, lifelong learning vision. Pedagogical emphasis differs between education and VET and between VET and higher education. Even in theoretically ideal configurations – for example in Jordan, where the VET vision applies to employment and technical VET – implementation is hampered by the fragmentation of institutional responsibility.

Complexity increases with decentralisation and the related delegation of competences. Decentralisation is at an early stage everywhere and has had little concrete impact (with the noticeable exception of the OPT) in terms of the clarification of roles and responsibilities.

Participatory processes are uneven throughout the policy cycle, making public accountability a sensitive issue. The involvement of a range of stakeholders, including social partners, is uneven, and is often limited to consultative roles (see the section on external efficiency). Policy formulation continues to be the responsibility of the state in most ENP South countries.

Finally, in terms of accountability, public provision of technical VET in the region is not based on performance or outcomes. Institutions continue to operate year after year without results being monitored, and with quantitative expansion the main strategic objective. With

<sup>4</sup> EEC (2008) regarding the southern Mediterranean countries, but the statement is valid for other countries, as confirmed by the WEF.

public subsidies guaranteed, the incentive to change and improve relevance is weak.

The region is host to a community of donors and NGOs that is relatively large compared to that in other regions. This represents a huge opportunity, as external funding of social sectors alleviates budget constraints (e.g. in Egypt, Syria and Morocco). However, it also presents challenges for national policy-makers in terms of national objectives, strong leadership, coordination capacity and mainstreaming the numerous pilots, and enabling and ensuring a consistent, long-term national policy path. Supported by international donors, most of the countries in the region have undertaken major education and training system reforms in recent years with a clear aim of improving quality (by building schools, equipping VET centres and modernising universities). However, the reforms targeting sub-sectors of the qualification system have been carried out separately, which has only aggravated fragmentation and created barriers for learners.

The political vision also comes up against the general view among the population that VET is a last resort education choice. As in many other places in the world, the Mediterranean countries value general education and especially academic higher education and formal academic qualifications as a means of gaining status in society. In centrally planned economies such as Syria, Tunisia and Morocco, the state is still the preferred employer, notwithstanding the decrease in job opportunities in the public sector. Given that civil service tests are accessible only to general and higher education graduates, and that few pathways exist from VET to general or higher education, the best-performing students are tempted to disregard the VET track. All the Torino Process country reviews confirm that people in the region generally perceive VET to be a low-status, 'second-class education' (Tunisia), traditionally associated with low academic performance and leading to 'low esteem and low quality' (Egypt). This negative perception of VET needs to be addressed by VET policies through measures to increase attractiveness. In the short-term it also has to be recognised as an exogenous constraint on policy measures.

### VET system scope and architecture

There is no common VET terminology in the Mediterranean region and so terms vary, mirroring to a degree a certain vision of VET: 'technological and vocational education' (Israel); 'vocational education and training' (Syria); quite close to 'vocational training' (Morocco and Tunisia); 'vocational and technical education' (Lebanon); and 'technical vocational education and training' (Egypt, Jordan and the OPT).

Moreover, there is no common VET system architecture in the region. Broadly speaking, VET in the Mediterranean covers some upper secondary professional streams, some post-secondary (or tertiary) streams and, in some cases, continuing training pathways.

Durations of studies and types of certificate vary considerably, making it difficult to identify commonalities.

One feature common to the region is the limited existence of pathways between VET and higher education. In the best cases, pathways are highly regulated: a small proportion of VET graduates can access higher education in Syria (3%) and Egypt (2%), and access to higher education for VET graduates is limited to a very small number of excellent students in Lebanon.

This scope is rarely fully consistent with the institutional architecture. Jordan's employment-technical VET approach is the broadest in the sector, though it is difficult to implement because of institutional complexity. In general, the articulated coverage of VET policies in each country is below that which one would expect to find in the VET sector: in Tunisia, technical education (in lower secondary) falls under education, but continuing training falls under VET; in the OPT, tertiary education is not considered to fall under VET and is thus not addressed in the Torino Process. The main anchorage for secondary VET is shared between ministries of education or higher education (Syria, Lebanon and Israel) and ministries of labour or employment (Jordan, Morocco, the OPT and Tunisia).

Given its lack of attractiveness, the size of the VET sector remains generally limited, though there are many variations from country to country. Its share of upper secondary education (International Standard Classification of Education (ISCED) 3 level) ranges from 0.8% in Algeria (2007), 5.6% in the OPT (2008) and 9.9% in Tunisia (2007), to 37.3% in Israel and 61.1% in Egypt. More worrying is the apparent decrease in share (from 50% in 2000 to 23% in 2009 in Syria), when an increase is necessary (e.g. Morocco, Egypt, Israel and Tunisia).

Finally, several private institutions participate in upper secondary education in the ENP South countries, although their share is not very high except in Lebanon, where more than half of general education and VET institutions are private (2008 data).

## 5. EXTERNAL VET EFFICIENCY

VET systems in the Mediterranean have long been mainly supply-driven, so any change requires structured information on labour market needs. While some countries have succeeded in identifying priority sectors and thus priority occupations (e.g. Morocco's '*six métiers mondiaux*'), in general there are limited mechanisms for monitoring the evolution of national economies and, consequently, the evolution of jobs and related skills needs. While national strategies refer to developing knowledge-based economies (OPT and Tunisia) or economic restructuring towards services (Lebanon), the quantitative consequences of these aims have not been considered. Nevertheless, all stakeholders (whether from ministries or the business world) agree that the supply-oriented nature of VET systems is a major weakness. A better response – in terms of labour force quantity and quality (relevance) – through training is required in order to change the attitudes that have long prevented the VET system from assessing market needs and paying attention to market signals.

Unfortunately, labour market and human resource information source fragmentation (ETF, 2010d) makes it difficult to establish a more demand-driven system. Ad hoc tools such as enterprise surveys, even if they are not conducted regularly, give some indication of the disparity between needs and supply: for example, 60% of enterprises in Syria consider skills availability to be a constraint to business development.

Although the role of social partners in terms of increasing the relevance, quality and responsiveness of VET to labour market needs is now recognised, concrete measures to involve the social partners are still delayed, especially in the Mashrek region. Legislative frameworks and tools do exist for business involvement from the macro- to micro-levels, and many countries have already set up human resource development councils (Egypt, Tunisia, Morocco and Israel) or are planning to do so (Syria and Jordan). Such structures, which are intended to provide policy orientation, are difficult to operationalise, and most countries report the need to move from responding to ad hoc requests from economic sectors (Syria, Lebanon and the OPT) to systemic policies.

There are many examples of successful public-private partnerships in the region. In Morocco and Tunisia the private sector participates in decisions regarding the feasibility of public investment in VET, the identification of skills needs, the development of curricula and even the management of public training institutions. However, this involvement has raised issues (common to the region) relating to the capacity of the private sector to play this new role in system governance. Indeed, experience in Morocco and Tunisia has revealed a lack of vision regarding human resource development in terms of strategic objectives and the limited capacity to mobilise skilled staff and resources. In fact, skills development is not yet a priority for a large number of enterprises, particularly SMEs. There is therefore a need to improve the private sector's capacity to actively participate in implementing an overall technical VET strategy for human resources development, and to organise social partners in associations as credible and capable interlocutors for the government. There is also a need to increase trust between partners in shared decision-making responsibilities. Tunisia provides inspiration in this area: here, dynamic employment sectors are developing training support units with dedicated staff. However, in other cases most initiatives remain at the pilot level.

The low status and lack of attractiveness of VET has a negative effect on its capacity to respond to the high level of social demand for education. It has been argued above that the mainly cultural factors are not necessarily mirrored by labour market needs. There is a need not for white-collar workers but for medium-skilled workers, and the VET system is the best placed to provide this kind of worker, yet this demand is largely ignored. Salaries for VET graduates are often as attractive as those for higher education graduates, especially for self-employed VET graduates. However, because of a lack of candidates in certain sectors, VET systems do not expand according to the needs and absorption potential of the labour market. Rather than planning systems (e.g. Tunisia), there is a

great need for modernised career guidance and counselling policies to address labour market needs and disparities and to support individual choices. Increasing the involvement of enterprises – sharing information on occupations, career paths, wage prospects, etc. – could play a decisive role. There are good examples in the region that reflect this direction, but they are patchy and have not been mainstreamed into long-term policy. Finally, social demand for VET could be fostered by revising the educational architecture to create pathways from VET to higher education and by making these pathways feasible (e.g. by harmonising pedagogical methods, ensuring the acquisition of core competences). In Egypt, a first step has been taken in this direction, with the ministries of education and higher education having recently agreed to allow transfers from technical secondary schools to technical colleges, and to allow VET graduates to opt for a Bachelor's degree (and, therefore, a Master's degree and a PhD) in technology.

The vocationalisation of higher education – to develop an operational labour force with high qualification levels – is the next key challenge for the ENP South region. Although practically oriented higher education tracks have not been systematically analysed in the Torino Process, it appears from national tracer studies and other sources (ETF, 2010; World Bank, 2007) that higher education systems are still operating in very isolated environments, and are not very receptive to a demand-driven approach as initiated in VET. The noticeable exception is probably Israel, where the national research and development budget enables close collaboration to take place between universities and enterprises; Tunisia too has set up a licensing scheme designed in partnership with professional branches.

Adult training, whether offered through continuing training or active labour market policies, is still underdeveloped. A serious barrier to the development of continuing training policies arises from the demographic structure in the region, which urges the prioritisation of youth training (for which initial training is the logical channel). In addition, the business landscape is dichotomous. Thus, while large companies can provide for their own needs, SMEs are more difficult to reach: it is more difficult to identify their needs; training is something of a luxury; managers are less sensitive to the training issue (ETF/Lebanese Ministry of Education and Higher Education, 2010); social networks are relied on for recruitment; and there is little awareness of public training options. Moreover, the weak leverage of public employment services does not encourage them to develop well-designed training components for job seekers. Indeed, owing to the absence of unemployment insurance, only a small number of unemployed people enter active labour market programmes. In order to increase the efficiency of public employment services, some countries (especially in the Maghreb and Lebanon) have developed active labour market programmes targeted at certain segments of the populations (higher education graduates, long-term unemployed individuals and socially vulnerable groups).

However, continuing training for employees is slowly developing, encouraged by government funding schemes.

Nonetheless, the share of companies offering training remains quite low, at around 20–25%, except in Lebanon, where it has reached 67%, boosted by a strong banking sector that organises its own training.

## 6. INTERNAL VET EFFICIENCY

### Improving governance through participation, decentralisation and sectoral approaches

Governance at all levels is often considered to be the major impediment to the improvement of VET systems as a whole (in terms of their relevance, quality, responsiveness, etc.). Thus, this takes up much of the attention of policy-makers and is seen as a preeminent issue in the region with regard to optimum policy implementation (EEC, 2008). As discussed earlier, this is mainly due to centralised VET management, which prevents end users from contributing to reforms. A first step to improve governance is often the creation of independent VET councils or authorities, which are intended to offer more adapted and more open spaces for involving stakeholders in leading the sector. Such bodies have the great advantage of being at the interface between training and the labour market, especially when they allow for participation by business representatives, thereby facilitating VET policy compliance with labour market needs. Decision making in Syria, Egypt and Jordan, for instance, is based on different levels of responsibility or different functions (right up to accreditation of VET training providers, validation of new qualifications, etc.). However, there is often a time lag between the decision to create such institutions and their actual creation.

From the macro- to micro-levels, from policy formulation to school management, shared responsibility for VET is, in the best cases, a formality that has not yet been translated into reality. Progress is being made regarding decentralisation, but is hampered by the multiplicity of stakeholders (e.g. Egypt and Morocco). Egypt has made the education sector a pilot for the devolution of budgets and administration to governorates and districts. School autonomy is another option (Tunisia, Morocco and Egypt) that many countries are seriously considering.

Another promising step is one that is sector-based. Sector councils (Syria), national sector teams (Jordan), sectoral training councils (in industry, building, construction and tourism in Egypt, with generous budget allocations) and sectoral public–private partnerships (training units created by employer federations and supported by donors in Tunisia) are entrusted with issues ranging from skills needs assessment to provision, thereby ensuring a concrete and promising education/training–labour/employment continuum.

### National qualifications frameworks as a common overarching reform

An NQF makes a qualifications system more transparent and offers ways of developing learning pathways for individuals to follow over a lifetime. Discussions on an NQF touch all key aspects of a VET system, in terms of its relations both with other parts of the education and training system and with the labour market. Such discussions provide good opportunities to give direction and coherence to national VET reform initiatives, as they imply dialogue and cooperation from the outset between representatives of different education sectors and the world of work.

In the Mediterranean region, four countries – Egypt, Jordan, Morocco and Tunisia – have started developing their NQF with the support of the ETF. Only Tunisia has finalised the design phase (implementation has not yet started). Based on the experience of countries that have developed NQFs, the process requires time and considerable human and financial resources. It also requires – an issue for the countries in the region – thorough consultation with and participation of the various stakeholders, including the education and training community, employers, unions, government ministries (particularly labour and education) and the university sector. A real challenge for the region is that developing an NQF requires a radical transformation of the input-based VET system to one that is based more on outcomes.

A recent proposal to mutualise efforts towards a Euro-Mediterranean qualifications framework, advanced within the Union for the Mediterranean, and the need for the Mediterranean countries to make their qualifications transparent at regional level, may act as levers for the development of individual qualifications frameworks.

### Addressing the quality of VET holistically

Quality is an issue common to the entire education and training system. Outcomes for education systems in the ENP South region – as is evident in the educational attainment data for the respective populations – are rather poor except in Israel, where 81.3% of people aged 25–64 in 2009 had at least upper secondary education; this contrasts with Algeria and Tunisia in 2007, where only 29.1% and 31.7% of the population aged 15 and older had at least upper secondary education, and with Egypt and Lebanon in 2007, where the share of the population with at least upper secondary education was close to half of the population aged 15–64. Referring to available data on gross enrolment rates, it can be concluded that participation in primary education is high (except in the OPT, where primary enrolment rates are lower than those for secondary education). Decreased enrolment can be perceived in Algeria, Lebanon and Morocco at the end of primary education, and in Egypt, Jordan, Syria and Tunisia at the end of lower secondary education. This points to a serious dropout problem and inadequate education for young people, and this is mirrored in the overall education profile of populations and in the labour market situation, with young people in particular struggling to gain entry.

However, a holistic approach to quality assurance is still to be implemented. The quality of VET provision is quite often related to whether the curriculum is recent and competence-based, whether the qualifications of teachers and trainers are sufficient, and whether the technical equipment is up to date (Seyfried, 2008). More importance is attached to these input factors than to output and outcome factors in assessing the quality of VET programmes. Thus, the adequacy of the skills acquired during training, dropout and completion rates, employment rates and the type of employment obtained are scarcely taken into consideration.

Moreover, the prevailing approach to the evaluation of training provision and particularly of teachers and trainers is inspection. This inspection is pedagogical or administrative, aimed at assessing whether teachers delivered the course or establishing to what extent a school is complying with regulations, particularly financial regulations. In some countries, statistical instruments have been put in place, which, together with inspection reports, assist decision making. However, the information provided by these instruments is not used either systematically or efficiently; this is the case, for instance, with tracer studies on employability. The development of an observatory function as part of the Mediterranean-European Development Agreement–Education and Training for Employment (MEDA-ETE) project has revealed that different countries are carrying out such studies, some of them on a regular basis. However, there is no clear indication of how much of the data collected is used for planning, monitoring and improved steering the system.

The implementation of quality assurance is also often narrowly targeted. In Tunisia, for instance, a set of standards with associated indicators has been defined that covers all vocational school processes so that the performance of any school can be assessed and an action plan for improvement devised. However, other components in the Tunisian VET system are not covered. The quality approach in this case only covers one component of the process of designing and delivering courses. Thus, implementation of quality-assurance approaches is often partial, resulting in poor effectiveness.

The shift to learning outcomes through the adoption of a competence-based approach, while certainly promising, requires some bridging measures. Moreover, implementation takes time and requires a change in approaches to learning, as it focuses on learning processes rather than teaching processes. It also requires a clear separation between learning and assessment and thus introduces an element of quality assurance into the system. Tunisia is one of the first countries in the region to have adopted a competence-based approach (on an experimental basis in 1995, and then generally in 2000); 61% of curricula are designed according to this approach and their implementation in VET centres is raising many questions regarding the preparedness of trainers and staff. The competence-based approach needs to be accompanied by measures at all levels covering changes in training delivery, apprenticeship schemes, pedagogical

complementarity and consistency with other education sub-sectors.

The approach developed in Egypt and other Mashrek countries is worth noting: curriculum revision is proposed, but as part of a comprehensive school-based approach in which all key dimensions are expected to be upgraded simultaneously (curricula, training of trainers, equipment, premises, management, etc.).

In all the countries in the region there is a long tradition of skills development through informal or traditional apprenticeships. These are generally poorly regarded, although there is no reliable data on their extent in any of the countries. They still represent the main training route for some sectors and occupations, such as crafts, construction, retail trade, garment making and repair and automobile maintenance. Informal apprenticeships typically take place entirely on the job and do not involve any complementary classroom-based education or training. When off-the-job complementary education and training is provided, it should include both theory and practical work; however, Algeria and Tunisia offer programmes based only on theory, giving rise to doubts regarding quality and appropriate coordination between the workplace and the off-the-job training institution.

In addition to these informal arrangements, there are many other formal work-based learning programmes or schemes, ranging from well-established and long-standing programmes that have become a normal part of the country's VET system, to small pilot programmes that often depend on support from donor agencies.

Although work-based programmes offer many advantages for VET, such as improving pathways to adulthood, delivering economic and labour market benefits, improving pedagogy, reducing costs and increasing capacity, they suffer from problems of low status and have even been designed in Morocco and Israel largely for school dropouts.

The MEDA-ETE project on work-based programmes has demonstrated that there are many excellent examples within the region from which countries can learn, and a number of directions that mutual policy learning might take. These include:

- developing more programmes at higher levels of qualifications and for highly skilled jobs (following the example of Algeria);
- developing frameworks for assessing quality that better reflect regional realities;
- learning from good examples of regulatory and financing systems;
- exploring differences between countries in programme structures in similar occupations or industry sectors;
- strengthening the role of intermediary bodies.

Consensus regarding the key role of the teacher has been reached in most countries, though a holistic policy approach to vocational teacher management remains to be shaped. Teacher performance measurement is the

most developed aspect of the policy approach depicted in strategy documents. However, basic elements are sometimes not in place (e.g. VET pedagogical institutes or teacher training systems in Syria). The need to strengthen in-service training for teachers and to increase their social status by raising salaries and offering innovative career paths continues to be mainly overlooked. Interestingly, Israel has started to design supportive measures for trainers, such as refresher courses organised in cooperation with industry. A proposal also exists to offer special compensation to technology teachers in order to compete with the industrial sector.

The extension of practical training, including apprenticeship schemes, is an expressed priority. Apprenticeship schemes exist in all the countries, even if not all are yet established at the systemic level (ETF, 2010d). Enterprises are not sufficiently sensitised to be aware of their necessary role or, when they are aware, do not have the human resources to allocate to tutoring (ETF/Lebanese Ministry of Education and Higher Education, 2010). Furthermore, workplaces are often not structured enough to be able to take in trainees effectively. Some interesting initiatives have been developed under the Mubarak–Kohl Initiative, and the EU also supports enterprise and training partnerships in Egypt. Mainstreaming and generalisation are the next challenges.

Some innovations in funding mechanisms are being implemented in the ENP South region, especially for continuing training. VET is an area in which innovative funding measures have been introduced, although full diversification remains pending. The Maghreb countries have started collecting a vocational training tax from companies for reinvestment in training, and Egypt has set up a special training fund. In initial VET, the segmentation of funding between public and private provision translates into the public sector benefiting from direct budget allocations and the private sector funded essentially through tuition fees paid by individuals. Some countries have started to explore new funding mechanisms (e.g. Tunisia's '*chèque formation*') to encourage the private sector to invest more in the VET field. Continuing training proposed by companies is eligible for subsidies in some countries, through a vocational training tax refund. Such funding mechanisms are more developed in the Maghreb than in the Mashrek. Tunisia is probably the most advanced in this area, having recently created a new set of instruments to develop continuing training and to promote the

participation of private VET providers in the delivery of recognised training. Nevertheless, target groups complain that administrative procedures often act as a bottleneck to the full use of these tools.

Modernisation of VET system management requires new tools and capacities, and the introduction of a monitoring and evaluation culture throughout the policy cycle. The adoption of policies for results-oriented systems and performance-based management are aimed at improving overall governance. Some countries are changing their budget planning instruments to make them more results-oriented (e.g. Tunisia is gradually moving to budget management by objectives).

Most countries have established, or are considering establishing, quality-assurance rules, mechanisms and institutions. VET centres in Tunisia can apply for ISO certification or comply with the national standards framework (Référentiel National de Qualité de la Formation Professionnelle) defined against policy objectives. Egypt has created a national authority for quality assurance and accreditation in education. The challenge remains for these bodies to fulfil their role adequately.

## 7. INNOVATION IN VET

The different policy paths analysed above show how the VET sectors are currently implementing a range of important and ambitious modernisation measures, with examples of good practice relating to public–private partnership, and co-funding mechanisms and tools.

In addition, many efforts are being made for the VET system to support and disseminate an entrepreneurship culture. Lebanon, inspired by the European approach, is more advanced in this regard: it has developed a strategy to introduce entrepreneurship as a core skill throughout its education and training system and to make it a key competence in secondary VET. Tunisia and Egypt participate actively in the Euro-Mediterranean Charter for Enterprise project, and Syria is also investing efforts in this area.

Innovation often takes place within donor projects or sometimes NGO-driven pilots (Lebanon and Syria). Although this is a positive sign of the vitality of civil society, there may be drawbacks in terms of mainstreaming to national policies.

**TABLE 1: RECENT VET POLICY DEVELOPMENTS IN ENP SOUTH COUNTRIES**

<b>EGYPT</b>	<ul style="list-style-type: none"> <li>■ Creation of a National Authority for Quality Assurance and Accreditation in Education</li> <li>■ First vertical pathways for mobility between secondary technical education and post-secondary VET agreed and set up by Ministries of Education and Higher Education</li> <li>■ Agreement at the national level to set up an NQF</li> <li>■ Partnerships between public VET provision and the private sector (both in economic sectors and in geographical locations) set up and rehearsed</li> <li>■ Creation of Sectoral National Training Councils with strong representation from the private sector</li> </ul>
<b>ISRAEL</b>	<ul style="list-style-type: none"> <li>■ Adoption of the Tech-Mat programme, implemented by the Ministry of Education since 2006, aimed at promoting technological education and providing students with dual certification (technicians and matriculation); implemented in cooperation with the Israeli Manufacturers' Association and Israeli Defence Force</li> <li>■ Large investments in promoting technological and scientific education: (1) to create a scientific-technological reserve of excellence; (2) to review and modernise proposed tracks; (3) to increase the number of technicians and practical engineers; (4) to provide retraining courses for teachers in scientific and technological subjects; and (5) to increase leadership in these tracks (particularly by women)</li> </ul>
<b>JORDAN</b>	<ul style="list-style-type: none"> <li>■ Adoption of the by-laws of a Centre for Accreditation and Quality Assurance</li> <li>■ Creation of ten new National Sector Teams</li> <li>■ Creation of Centres of Excellence in cooperation with the private sector</li> <li>■ Development of monitoring and evaluation system for the employment-technical and vocational education and training sector</li> <li>■ Campaign to improve the image of the employment-technical and vocational education and training sector</li> </ul>
<b>LEBANON</b>	<ul style="list-style-type: none"> <li>■ Launch of overall reform of the education sector through a multi-annual reform strategy (National Education Strategy Framework 2010–2015)</li> <li>■ Launch of the design phase for an NQF (ninth axis of the National Education Strategy Framework)</li> <li>■ Promotion of entrepreneurial learning policy and support for the introduction of an entrepreneurship mindset and skills as a key competence (multi-lateral International Labour Organization–United Nations Educational Scientific and Cultural Organisation–ETF initiative with strong commitment from the Ministry of Education and Higher Education)</li> </ul>
<b>MOROCCO</b>	<ul style="list-style-type: none"> <li>■ Adoption of a comprehensive action plan to set up an NQF</li> <li>■ Establishment of a financial and economic analysis system for technical VET policy making</li> <li>■ Launch of a comprehensive evaluation of the VET system</li> <li>■ Proposal to have the employers' union manage 30% of public funds dedicated to on-the-job learning</li> <li>■ Professionally oriented Bachelor's degree</li> </ul>
<b>OPT</b>	<ul style="list-style-type: none"> <li>■ Adoption of a technical VET development strategy</li> <li>■ Establishment of a national technical VET agency</li> <li>■ Establishment of a technical VET training centre by a tripartite public–private–academic partnership</li> <li>■ Piloting of apprenticeships schemes</li> </ul>
<b>TUNISIA</b>	<ul style="list-style-type: none"> <li>■ Adoption by law of an NQF</li> <li>■ Establishment of vocational training units in sectoral employers' associations</li> <li>■ Targeted incentive system for private initial VET providers ('chèque formation') to develop initial VET provision in line with labour market needs</li> <li>■ Continuing training funding schemes (droit de tirage, crédit d'impôt)</li> <li>■ Public–private partnerships in higher education for professionally oriented Bachelor's degrees</li> </ul>

## 8. CONCLUSIONS AND THE WAY FORWARD

The challenges facing countries in the region are huge. According to the European Economic Council (EEC, 2008), 'despite some indisputable progress, development policies implemented over the last fifty years have failed with respect to their initial goal: promote economic convergence between the two sides of the Sea'.

Developing the regional dimension of policies for economic growth and competitiveness, including VET policies, is an urgent necessity. Whereas similarities can allow for successful regional approaches, individual countries lack the critical mass necessary to succeed in VET reform and cope with the challenges of globalisation (EEC, 2008). Sub-regional approaches could be the best way forward for local players.

### Priority policy areas for the medium-term

- Improving governance of the VET system is now recognised as crucial, whether through more involved and more operational social partnership around VET policies or through increased school autonomy.
- In order for social partnership to become operational, social partners need technical capacity building. Even if they are aware and committed, they often lack the financial, human and technical resources to fulfil their role. This lack is even greater in the case of trade unions (ETF, 2010b).
- Special effort is required regarding the architecture of education and training systems to allow for more permeability and fluidity between different education sub-systems. Efforts in relation to qualifications systems will require broad consultation to ensure social acceptance, especially with regard to improving pathways and the overall articulation between technical education and VET, and between VET and higher education. The ultimate aim is to improve the attractiveness of VET and the quality of VET graduates. This also calls for an open-door policy for higher education (ETF/Lebanese Ministry of Education and Higher Education, 2010).
- A serious, systematic approach to career guidance and counselling will be required as an upcoming priority policy area, so as to make the overall system more flexible and enable individuals to make informed choices.
- Sectoral approaches are a simple way to facilitate and foster social partner involvement and so should be further developed as a promising strategy.
- Beyond the strict borders of VET, the vocationalisation of higher education in the Mediterranean region is an area in which hands-on experience developed in the VET sector could be valued as a source of inspiration. Vocationalisation could be implemented by shifting to more practice-oriented courses and delivery methods, and relying on more work-based learning schemes.

- Global improvement of the relevance and responsiveness of the VET system needs to be monitored over time. Coordinated development of labour market information systems (including skills needs identification and forecasting) and education management information systems is therefore necessary. This is probably a field where donor support – provided it integrates well with the capacity constraints of countries – could have much added value, especially if tools already tested in the country of origin are utilised.
- Teaching and learning processes – the development and management of content and teacher competence – need to be addressed in a systematic manner.
- A separate challenge (or maybe linked to governance) could be evidence-based practice and the need to strengthen the policy cycle (this sustains ETF efforts in the Torino Process).

### Challenges for more robust regional analysis

In terms of the three-dimensional analytical framework frequently used for reviewing policies (World Bank, 2007) – combining an analysis of the engineering of reforms, incentives and public accountability – the Mediterranean region is able to put forward little evidence of progress along these three dimensions. This is not because nothing happens, simply that changes are not systematically recorded or regularly measured. As a consequence, while the intention was to build this analysis as much as possible on the Torino Process country reports, on many occasions overall consistency and comparable data in various international databases and reports had to be checked. The need for this kind of double-checking should logically decrease over time as the Torino Process is refined, provided it is supported by institutional capacity building regarding the abovementioned labour market and education management information systems.

Achievements in rolling out consultative processes and developing a consensus on diagnostic tools should, in the future, be complemented by a stronger focus on systematic features of review processes and a comprehensive framework of indicators. This requires some awareness-raising in most countries in order to convince policy-makers not only of the relevance of a monitoring and evaluation mechanism, but also of the need to mobilise the human, technical and financial resources necessary for effectiveness and sustainability over time.

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## ANNEX: KEY VET SYSTEM INDICATORS FOR THE ENP SOUTH REGION AND EU (2008 OR LAST AVAILABLE YEAR)

	ALGERIA	EGYPT	JORDAN	LEBANON	MOROCCO	OPT	SYRIA	TUNISIA	EU	SOURCE
Population (million) (2009)	34.9	83.0	6.0	4.2	32.0	4.0	21.1	10.4	499.7	WB
Annual population growth (%) (2009)	1.5	1.8	2.4	0.7	1.2	2.7	2.5	1.0		WB
Pop. aged <15 as share of total pop. (%) (2009)	27.3	32.3	34.5	25.3	28.4	44.9	35.0	23.2	15.6	WB
Pop. aged 15-64 as share of total pop. (%) (2009)	68.1	63.1	61.9	67.4	66.2	52.2	61.8	70.0	67.2	WB
Fertility rate (births per woman) (2008)	2.4	2.9	3.5	1.9	2.4	5.0	3.3	2.1	1.6	WB
GDP growth (%) (2009)	2.1	4.6	2.3	9.0	4.9	6.3 (05)	4.0	3.1	-4.2	WB
GDP/capita in USD (2009)	4 028.5	2 270.1	4 216.5	8 175.1	2 811.0	1 123.4 (05)	2 473.7	3 792.1		WB
GDP/capita in PPP (2009)	8 172.5	5 672.6	5 597.0	13 069.7	4 494.4	m.d.	4 730.0	8 272.5	29 700.0	WB
GDP by economic sector (%) (2009)										
- Agriculture	11.7	13.6	2.9	5.3	16.4	4.8	20.0	7.8	1.7	WB and Palestinian CBS
- Industry	54.5	37.3	31.6	16.5	28.5	14.6	33.7	30.0	24.3	
- Services	33.7	49.0	65.5	78.1	55.1	80.6	45.3	62.3	74.0	
Human Development Index (rank out of 169) (2010)	84	101	82	m.d.	114	m.d.	111	81	n.a.	UNDP
Global Competitiveness Index (rank out of 139) (2010)	86	81	65	92	75	m.d.	97	32	n.a.	WEF
Doing Business (rank out of 183) (2009)	136	99	107	109	114	133	144	58	n.a.	WB
Total unemployment (%) (2008)	13.8 (07) MEDA-ETE (15+)	8.7 MEDA-ETE (15-64)	12.7 KILM-ILO (15+)	9.2 (07) MEDA-ETE (15-64)	13.8 (09) TRP (15+)	24.7 (09) LFS (15-64)	8.3 (09) SSO (15+)	16.9 (07) MEDA-ETE (15-64)	9.3	
Female unemployment (%) (2008)	18.3 (07) MEDA-ETE (15+)	19.3 MEDA-ETE (15-64)	24.3 KILM-ILO (15+)	10.2 (07) MEDA-ETE (15-64)	19.8 (09) TRP (15+)	26.6 (09) LFS (15-64)	35.7 (09) SSO (15+)	21.9 (07) MEDA-ETE (15-64)	9.2	
Youth unemployment (15-24) (%) (2008)	27.4 (07) MEDA-ETE	24.8 (07) MEDA-ETE	4.8 (07) MEDA-ETE	m.d.	17.9 (09) HCAP	38.9 (09) LFS	16.8 (09) CBS	31.4 (07) MEDA-ETE	20.3	

	ALGERIA	EGYPT	JORDAN	LEBANON	MOROCCO	OPT	SYRIA	TUNISIA	EU	SOURCE
Female youth unemployment (15–24) (%) (2008)	40.2 (07) MEDA-ETE	47.9 (07) MEDA-ETE	3.0 (07) MEDA-ETE	m.d.	16.2 (09) HCAP	46.9 (09) LFS	41.7 (09) CBS	30.9 (07) MEDA-ETE	18.5	
Public expenditure on education (% GDP) (2008)	m.d.	3.7	3.9 (07)	2.0	5.8 (TRP)	11.5 (03) TRP	4.9 (07)	5.4	4.96	UNESCO, MEDA-ETE (Tun, Jor)
Education and training share of national budget (%) (2008)	20.27 UIS	12.1 UIS	m.d.	8.05 UIS	25.7 UIS	m.d.	18.7 SSO	17.06 MEDA-ETE	10.96 (s)	
Literacy (%)	75.4 (07) UIS	66.4 (06) UIS	92.2 (07) UIS	86.7 (07) KILM-ILO	56.1 (09) LFS	94.6 (09) LFS	m.d.	77.6 UIS		
Gross enrolment ISCED 1 (%)	107.5	99.7	96.8	103.1 (09)	106.9	79.6	124.4	107.1		UIS
Gross enrolment ISCED 2 (%)	23.4 UIS	90.1 (04)(s)	94.9	88.6 (09)	74.3 (07)	92.8	98.0	117.9		UIS
Gross enrolment ISCED 3 (%)	58.3 (05)	68.9 (04)	74.2	75.4 (09)	36.7	79.0	34.7	74.2		UIS
Gross enrolment ISCED 4–5 (%)	24.0 (07)	28.4	40.7	52.5 (09)	12.3	47.2	m.d.	33.7		UIS
Firms offering formal training (%)	17.3 (07)	21.7	23.9 (06)	67.8 (06)	24.7 (07)	26.5 (06)	21.0 (03)	m.d.		WB
Participation in VET (% of upper secondary)	0.8 (07) MEDA-ETE	61.1 MEDA-ETE	14.8 UIS	27.1 UIS	5.2 UIS	5.6 MOE	21.4 SSO	9.8 MEDA-ETE	55.7	
Private education (% of total) by education level/type		UIS (04) ISCED 0–3	UIS (04) ISCED 0–3	UIS ISCED 0–3	UIS (07) ISCED 0–3		UIS (07) ISCED 0–3	UIS (07) ISCED 0–3		
- ISCED 0	m.d.	36.52	95.24	80.36	95.4	m.d.	71.69	m.d.		
- ISCED 1	m.d.	7.97	29.89	71.19	8.9	m.d.	4.26	1.12		
- ISCED 2 – general	m.d.	4.48	19.46	62.25	4.1	m.d.	3.91	1.51		
- ISCED 2 – VET	m.d.	4.48	m.d.	56.81	m.d.	m.d.	m.d.	19.29		
- ISCED 3 – general	m.d.	8.19	10.90	51.56	5.8	m.d.	5.09	7.78		
- ISCED 3 – VET	m.d.	5.94	2.51	56.90	6.4	m.d.	m.d.	m.d.		

Notes: Data for EU-27 are based on Eurostat data. Abbreviations: CBS = Central Bureau of Statistics; HCAP = Haut-Commissariat au Plan (Morocco); KILM = Key Indicators of the Labour Market (ILO); LFS = Labour Force Survey; m.d. = missing data; MOE = Ministry of Education; (s) = estimate; SSO = Central Bureau of Statistics of the Syrian Arab Republic; TRP = Torino Process.

# LIST OF ACRONYMS AND ABBREVIATIONS

<b>BEEPS</b>	Business Environment and Enterprise Performance Survey
<b>ENP</b>	European Neighbourhood Policy
<b>ETE</b>	Education and Training for Employment
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>ILO</b>	International Labour Organization
<b>ISCED</b>	International Standard Classification of Education
<b>MEDA</b>	Mediterranean-European Development Agreement
<b>NGO</b>	Non-governmental organisation
<b>NQF</b>	National qualifications framework
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PPP</b>	Purchasing power parity
<b>SME</b>	Small and medium-sized enterprise
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UIS</b>	UNESCO Institute for Statistics
<b>USD</b>	United States dollars
<b>VET</b>	Vocational education and training
<b>WB</b>	World Bank
<b>WEF</b>	World Economic Forum

## COUNTRY ABBREVIATIONS

<b>DZ</b>	Algeria
<b>EG</b>	Egypt
<b>IL</b>	Israel
<b>JO</b>	Jordan
<b>LB</b>	Lebanon
<b>MA</b>	Morocco
<b>OPT</b>	Occupied Palestinian territory
<b>SY</b>	Syria
<b>TN</b>	Tunisia



# VET SYSTEMS AND POLICIES IN EASTERN EUROPE

## 1. INTRODUCTION

This European Training Foundation (ETF) cross-country analysis for the European Neighbourhood and Partnership Instrument (ENP) East region is based mainly on:

- a review of country reports prepared for the Torino Process;
- ETF experience in supporting vocational education and training (VET) reforms in this region over the past decade;
- findings from international literature.

In 2010, country reports for Armenia, Azerbaijan, Georgia and the Republic of Moldova were drafted by the ETF in close consultation with national authorities; country reports for Belarus, Russia and Ukraine, meanwhile, were prepared by national authorities as a form of self-assessments. All seven country reports were structured in accordance with the Torino Process analytical framework, and their findings have been validated in national seminars involving major VET stakeholders in the countries concerned.

The purpose of this report is to comparatively analyse VET in eastern European (ENP East) countries and to draw conclusions regarding the way forward in VET policy and system development. It aims to support VET reform processes and policy making by improving the evidence base and enabling learning from experiences in other countries to take place. The report will also serve as a basis for designing future ETF interventions in the region and for informing the European Commission regarding European Union (EU) external assistance at the regional level.

The seven countries covered by this report are highly diverse, but share the experience of a difficult transition over the past 20 years, from centrally planned economies under the Soviet Union to independent, democratic market economies. This process, which is as yet incomplete, is more advanced in some countries than in others, which is an added complication for VET planning. The seven countries covered by this report do not constitute a natural or political region, but a region (ENP East) receiving specific funds defined by the EU Neighbourhood Programme. All the countries except Russia are members of the Eastern Partnership. Their interest in learning from EU VET policies is evident, though it varies from country to country.

The report begins by providing an outline of the main findings and key contextual features influencing VET development and describes the countries' own visions regarding VET policy shaping. The core chapters analyse the external and internal efficiency of VET systems and

identify interesting and promising innovations in policy development. Finally, the conclusions indicate priority areas and examine how ENP East countries could move forward in terms of VET development.

## 2. MAIN FINDINGS

Despite the fact that all seven countries have made progress in VET reform over the past decade, albeit at different paces, they face many tremendous external and internal challenges in further developing their VET systems. Firstly, they face (to different extents) the dual challenge of improving the attractiveness of VET as a viable education and training option for young people, and of shaping overall VET supply to better meet labour market demands. Secondly, irrespective of the fact that their VET systems vary considerably in size, all the countries face the challenge of improving the overall quality of VET provision. Thirdly, they face evident difficulties in translating a long-term vision of VET into proper implementation mechanisms, despite existing VET traditions and emerging strategy development in most countries. Fourthly, linked to these difficulties are structural weaknesses in VET governance, with serious shortcomings regarding social partner and stakeholder involvement in VET policy and implementation. Finally, a key challenge is to ensure that proper funding and better resource efficiency are achieved in the VET system.

Policy responses to the above external and internal challenges to VET systems vary across the ENP East countries, although there are some similarities (e.g. development of national qualifications frameworks and employer involvement). Some countries have recently developed interesting practices and innovations (e.g. decentralising VET management and diversifying pathways) that have potential for mainstreaming and introducing systemic change in their VET systems. These countries could also inspire other countries in the region. It is difficult to assess the overall effectiveness and efficiency of VET policy measures owing to the lack of proper evidence and methods, and in particular the lack of comparable statistical indicators and specific VET research. However, there are indications that VET efficiency is rather limited, especially terms of its external dimension.

Although evidence-based or informed policy making is a relatively new concept for the ENP East region, increasing interest in this approach has been detected in some of the countries. The smaller countries still need to develop structures and capacities to collect meaningful evidence that could be used in the VET policy making process. The most serious evidence gaps exist in the areas of VET financing, continuing training and lifelong learning, and

research into, and measurement of, the effectiveness and efficiency of VET policies. Although structured information on continuing training is part of the Torino Process analytical framework, little information on this topic has been gathered in the countries concerned.

A VET system that does not contribute sufficiently to workforce quality and availability is likely to have a negative impact on economic growth and competitiveness in the long term, irrespective of the quality of the human capital. Thus, VET systems in the ENP East countries need to adequately address the challenges described above and improve their overall innovation and implementation capacities, since they otherwise run the risk of falling behind other emerging-world economies.

### 3. VET POLICY CONTEXT

A number of key features common to the ENP East countries affect VET policy and drive VET modernisation.

- 1) Transition to a market economy after the command economy collapsed 20 years ago led to significant declines in industry and exports but also had negative repercussions for existing VET systems and their ties to companies (based on the quasi-apprenticeship system). Governments therefore had to rebuild VET almost from scratch as a school-based system, while coping with the uncertainties and volatility of newly emerging labour markets, privatisation and ongoing restructuring, all in the context of insufficient funds.
- 2) The region consists of five small countries (with between 3 million and 9 million inhabitants) and two large countries (Ukraine and Russia, with 46 million and 142 million inhabitants, respectively). The total population, therefore, is around half that of the EU population of 2009. The proportion of the population made up of people of working age is higher than the EU average of 67% in all the countries. However, the region also has a shrinking and ageing population and is rapidly becoming one of the 'oldest' regions in the world (World Bank, 2007). Although the shrinking population of young people provides some relief in relation to the financing of the education system, both initial and continuing vocational training provision face difficulties in coping with skills mismatches.
- 3) Armenia, Georgia, the Republic of Moldova and Ukraine belong in the lower-middle-income category, whereas Azerbaijan, Belarus and Russia are upper-middle-income countries. Before the global crisis, their economies were developing extremely rapidly, with growth in gross domestic product (GDP) above 8% in 2007 (except in Republic of Moldova). It even reached 25% in Azerbaijan, as a result of the country's vast oil revenues. However, the income levels of these countries now represent major constraints in terms of investment in education in general and in VET in particular, with new demands on VET systems, especially initial VET.
- 4) The seven countries share a common past as part of the former Soviet Union, where VET was centrally planned and structures were very similar. Following independence, they all had to cope with tremendous change and with the heritage of a central approach to VET governance. Over the past 20 years great progress has been made and the countries have established their own VET identities, while managing to maintain the high quality (by international standards) of their human capital.

A number of economic, social and other challenges directly affect VET, or remain to be addressed by VET.

- 1) While there has been substantial economic growth in all the countries, the drivers of growth vary (e.g. the export-oriented oil and gas sector in Azerbaijan, and exports to Russia and Belarus). The employment structure of the main economic sectors also varies; in 2007, while agriculture still played a key role in absorbing employment in Georgia (53%) and Armenia (46%), industry in Belarus (42%) and both industry (36%) and services (59%) in Ukraine continued to be very important. Furthermore, a high proportion of the new jobs created between 2000 and 2007 were in the informal sector; in Armenia, for example, the informal sector now makes up 50% of total employment (ETF, 2010a).
- 2) The limited availability of jobs, poor wages in poorly functioning labour markets, and the subsequent poor quality of life have meant that labour emigration and the associated brain drain have become major features of the region. Russia absorbs the largest number of migrants (in 2005, 1–2 million from Ukraine, around 1 million from Azerbaijan and nearly half a million from Armenia), followed by Europe. Ukraine has the highest number of emigrants abroad: more than 6 million in 2005. Although skills range across all levels, many migrants are young (aged 20–40 years) and educated. However, most migrants work in low-skilled or unskilled jobs abroad and there is a common pattern of skills wastage.
- 3) Since ENP East societies and education systems tend to favour academic education over VET, academic drift in education at both secondary and higher education levels has become more marked. VET has also been negatively affected by education policy choices over the past two decades. As a result, there is a major problem with skills mismatches, and in particular there are pronounced skills shortages, further exacerbated by labour migration, whether from lower to upper-middle income countries in the region, or to high income countries outside the region. This has a further negative impact on skills supply and human resource quality, particularly in the lower-middle income countries.

## 4. VET POLICY VISION

Some ENP East countries (e.g. Armenia and Republic of Moldova) perceive human capital to be their most important asset. Literacy rates are particularly high in the region (in fact, Georgia ranks first in the world) and the region has traditionally had a well-educated labour force. On average, around one-fifth of the labour force has tertiary education and two-thirds have secondary education (ETF, in press). Nonetheless, the importance assigned to human capital is not reflected in public spending on education, which has declined substantially over the past two decades, in particular in the lower-middle income countries. Public expenditure on education as a proportion of GDP in 2007 was low (around 3%) in Armenia, Azerbaijan and Georgia, and oscillated between 5% and 8% in the other countries. VET budgets have been repeatedly reduced to the point that severe underinvestment is obvious.

After a period of downturn and neglect, VET seems to have re-entered the policy agenda in recent years. Although not yet reflected in significant increases in VET participation, there is clear evidence of renewed interest, in particular at the level of post-secondary education. New visions of VET policies are emerging throughout the region that endeavour to respond to the abovementioned challenges. Most countries have taken steps to modernise their VET systems, adopting a lifelong learning perspective and tackling issues of governance, institutions and curricula in order to improve VET quality, relevance and efficiency and improve access and participation. The specific vision of VET, however, varies by country. Most countries link their vision to both competitiveness and social agendas; some also link their vision to additional objectives (Armenia to national security goals, Belarus to socio-cultural goals and Ukraine to sustainability). VET policies in most of the ENP East countries can be rated as high profile in 2010, in that such countries have started to put VET, in one form or another, high on their national policy agendas. In Azerbaijan and Georgia, however, with an incomplete and fragmented vision and with policies still being formulated, VET policies can be considered low profile. With regard to the attention given to different VET policy areas, most of the countries focus on post-secondary VET and continuing vocational training, to the detriment of initial VET.

Despite existing planning traditions and the emerging development of VET strategies in most countries, the accountability framework appears to be rather fragile. Furthermore, there are evident difficulties with translating long-term visions of VET into proper implementation mechanisms.

In Georgia, where the national VET agency was abolished in 2008, social partners are not systematically involved in the development and implementation of VET policy at either the national or institutional level. Most strategic documents developed by donor-driven projects or lacking

VET stakeholder ownership have not been implemented. In Armenia recent VET policy documents prepared with the support of international experts are not yet owned by policy-makers and the resources necessary to put them into practice are lacking. In order to stimulate implementation, the Ministry of Education and Science, the Armenian Union of Employers and the Chamber of Commerce signed a memorandum of understanding on VET cooperation, to define the involvement of employers in VET development and provision. A promising example is the Republic of Moldova where an education code containing a VET chapter is in preparation. It is being matched by a bottom-up process involving dynamic initiatives by schools and employers, who now seem better aware of the benefits of VET. Ukraine has established an inter-agency working group in an effort to shape education planning in line with the demands of the economy.

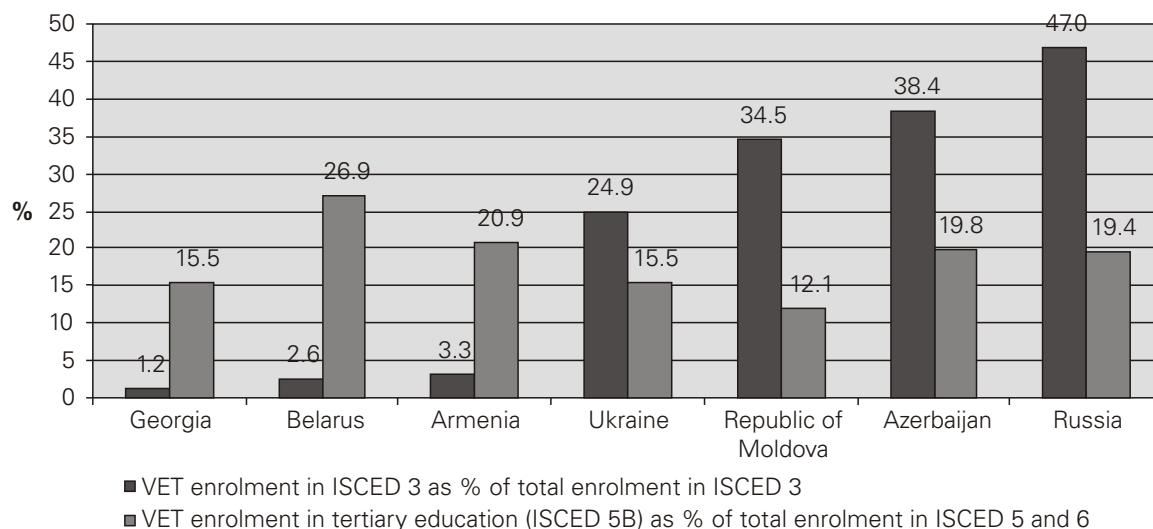
Thematic platforms for policy dialogue are available at the European level. All ENP East countries, with the exception of Russia, have joined the Eastern Partnership; the Republic of Moldova and Ukraine are particularly active in Platform 2 (economic integration), which covers labour market issues. Dialogue on more effective migration management and tackling related skills challenges has been launched by the EU Mobility Partnerships signed by the Republic of Moldova and Georgia.

During the transition period, initial VET systems in the region (excluding Russia) tended to function as small or medium-sized school-based systems, with a fair degree of heterogeneity in terms of enrolment at different VET levels. While three of the countries are among those with the smallest upper secondary VET systems in the world (enrolment in 2008 was only 1.2% in Georgia, 2.6% in Belarus and 3.3% in Armenia), the remaining countries have medium-sized secondary VET systems and the trend is towards decreasing enrolment at this level<sup>1</sup>.

In most countries in the region the trend is towards post-secondary non-tertiary VET (level 4 of the International Standard Classification of Education (ISCED)), which in some cases significantly changes the overall magnitude of VET. Combining ISCED 3 and 4, VET participation rose in most of the countries between 2000 and 2008. However, only Russia comes close to the EU average participation rate in secondary VET (ISCED 3) of 50% (**FIGURE 1**).

Higher education benefited most from educational changes during transition. Growing demand led most countries to opt for liberalised higher education systems by opening up to fee-based public and private universities. Most enrolment is in academic higher education (ISCED 5A); enrolment in vocational higher education (ISCED 5B) has been decreasing since the early 2000s (in 2008, the rates ranged between 12% in the Republic of Moldova and 27% in Azerbaijan). Fields such as engineering, manufacturing and construction (which play a prominent role in the EU New Skills for New Jobs agenda) have seen the lowest increases and even decreases in enrolment compared with other fields (UNESCO, 2010).

<sup>1</sup> The classification of VET in Georgia and Azerbaijan was changed in 2008, resulting in a considerably lower share of enrolment in initial VET and a higher share in post-secondary VET (ETF, in press). Apart from these statistical and cosmetic changes, there were few changes in VET participation in any of the countries between 2000 and 2008. Data for Belarus on upper secondary VET participation are from 2007, and there is a discrepancy between UNESCO and the national VET classification, with the latter showing a higher share of ISCED 3 participation.

**FIGURE 1: UPPER SECONDARY AND TERTIARY VET PARTICIPATION, 2008 (%)**

Source: UNESCO (2010).

Although continuing vocational training and adult learning opportunities appear to be on the rise (Corradini, 2010; Deij, 2010; ETF, 2010c; ETF, 2010d; ETF, 2010e; Taurelli, 2010; Wallenborn, 2010), overall adult training provision is underdeveloped in the region. The coverage of private training provision is still narrow and is mainly concentrated in the larger cities. It is mainly accessible only to participants who can afford it (DVV, 2009). The rising trend is largely attributable to revived interest on the part of companies, although these are carrying out less in-house training as a consequence of public policy expansion in this area.

The proportion of enterprises providing training to their employees ranged from 12% in Azerbaijan to nearly 50% in Russia in 2009 (**FIGURE 2**). The rates are generally lower than in advanced transition economies, and training is more likely to be provided in larger and multinational companies (EBRD/World Bank, 2010). Overall comparison with the EU is difficult as reliable data is not available. Enterprise surveys (e.g. on continuing vocational training) and crucial indicators for participation in lifelong learning, which would provide important evidence on the scale and nature of training, still need to be developed in the region.

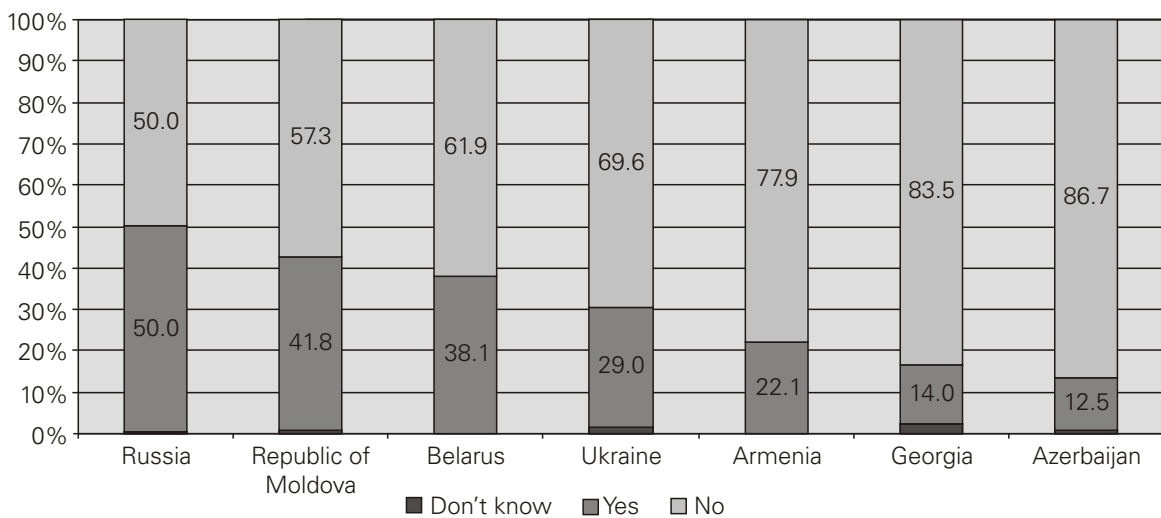
## 5. EXTERNAL VET EFFICIENCY

The external demands and pressures on the VET systems of ENP East countries are huge and increasing. A key issue experienced by nearly all the countries in recent years is the major problem of skills mismatches, and in particular significant skills shortages. These skills mismatches paradoxically occur in a context in which the attractiveness of VET is low, or even declining: despite labour market trends and opportunities suggesting that the opposite is required, academic drift in both education and society is becoming more marked. Signals from

employers point to a worrying trend in all countries: growing dissatisfaction about an inadequately educated workforce. In the three larger countries – Belarus, Russia and Ukraine – around 50% of employers indicate that an inadequately trained workforce hinders company performance and development (EBRD/World Bank, 2010). Employer perceptions deteriorated in all countries except Georgia between 2005 and 2009 (**FIGURE 3**).

Overall, VET systems are facing difficulties in adequately responding to economic development and employment opportunities. While the contribution of agriculture to GDP has declined in most countries, its share of total employment has increased since 2000 in Armenia and in Georgia. The services sector's contributions to GDP and employment have increased substantially (e.g. Republic of Moldova); the increase, however, has mostly been in low added-value areas such as trade, repairs and personal services, with only a small share accounted for by higher-added-value sectors in business and finance (ETF, 2010a). Although nearly all the countries experienced de-industrialisation in the early years of transition, industry has gained ground over the past decade and currently contributes to over one-third of GDP in most countries (**FIGURE 4**). However, this has barely affected employment trends in the sector. An illustrative example is Azerbaijan, where in 2009 industry accounted for 60% of GDP but only a modest 12% of employment; meanwhile, over the period 2003–07, the proportion of industry and construction graduates from state specialist secondary VET institutions declined from 27% to 19% of total graduates, contrasting with an increase from 5% to 9% in the proportion of agriculture graduates (Republic of Azerbaijan State Statistical Committee, 2009).

In Belarus, for example, there is a shortage of qualified computer numerical control operators, programmers and engineers in the precision machinery industry (ETF, 2010c). A lack of blue-collar workers has also been reported (European Commission, 2009). Ukraine has also

**FIGURE 2: PROVISION OF IN-COMPANY TRAINING FOR PERMANENT FULL-TIME EMPLOYEES, 2009 (%)**

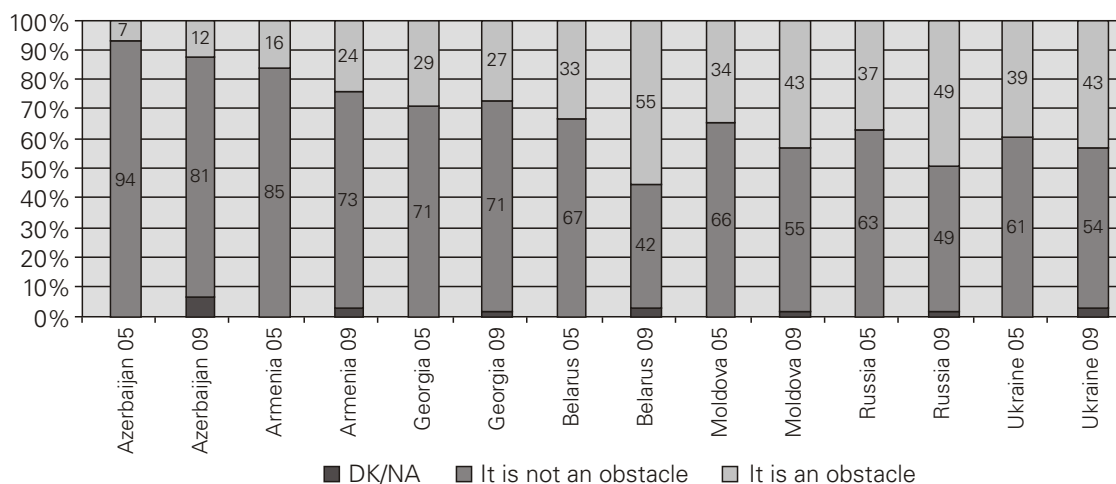
Source: EBRD/World Bank (2010).

experienced severe labour shortages, with a major mismatch between high and medium-skilled manual and non-manual workers and the needs of the booming economy, and with employer representatives complaining of the lack of workers. A skills gap seems to exist not only at the bottom of the skills pyramid, but also in highly qualified occupations. The reason is the inadequate responsiveness of the education system to the labour market, combined with inflexible wage policies and a lack of labour market and career information (ETF, 2010b). The situations in Azerbaijan, the Republic of Moldova and Georgia are not much different from that in Belarus.

Data are not available to allow a comparison to be made of overall shares of low, middle and high-level qualifications required by the countries, nor of education and training system outputs by educational level. A proxy comparison can be made using data for employment and unemployment by educational attainment level. A recent ETF report (ETF, in press) indicates that demand for higher education graduates is high but falling in almost all the countries<sup>2</sup>. One exception is Belarus, where graduates are legally guaranteed access to employment. However, there is compelling evidence that human capital is not used optimally. Higher education qualifications no longer

**FIGURE 3: AN INADEQUATELY EDUCATED WORKFORCE AS AN OBSTACLE TO COMPANIES (%)**

2005–2009



Note: The 2005 and 2009 data are not fully comparable owing to methodological changes.  
Source: EBRD/World Bank (2010).

<sup>2</sup> Based on ETF calculations, excess demand is defined as the difference between employed and unemployed people by educational attainment (in %). The trend should be interpreted with care as it does not take into account the substitution effect of over-education, and the extent of a downward replacement of qualifications also remains undefined. The situation in Belarus is rather particular, as higher education and post-secondary VET graduates are effectively guaranteed jobs (they are assigned to public posts). Students in fee-based programmes are free to choose their employment but can also benefit from the government-led allocation system.

necessarily lead to suitable employment. Over 40% of Georgian engineers, chemists and architects are employed in areas unrelated to their academic background (ETF, 2005) and over one-third of Ukrainian university graduates do not work in fields logically associated with their degree (World Bank, 2009).

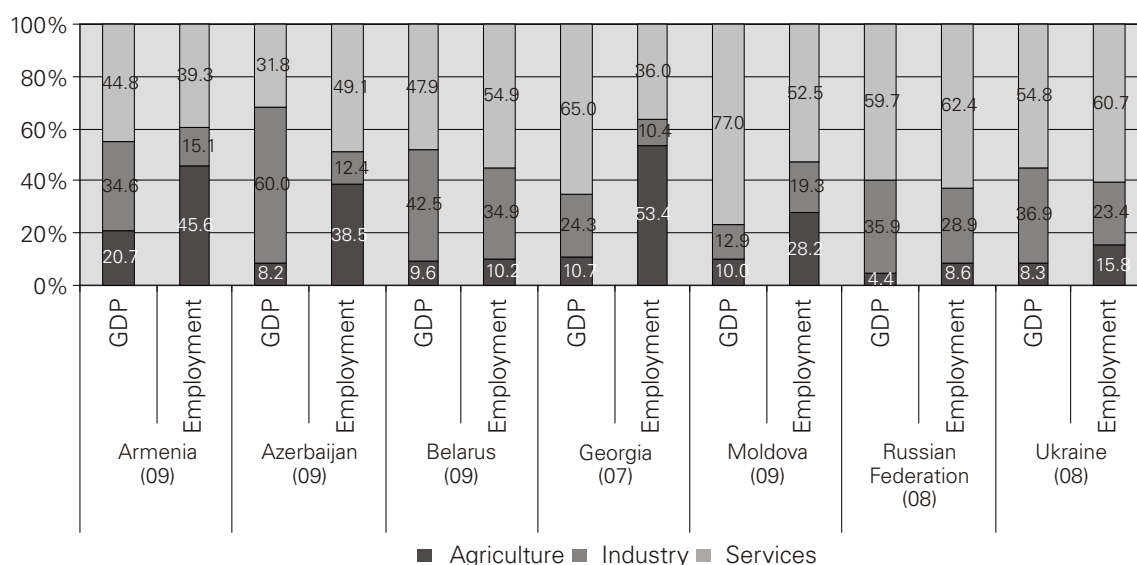
An analysis of educational attainment levels for unemployed individuals shows that higher education graduate employment prospects have declined in recent years. In contrast, prospects for vocational students are improving in some countries. In the countries with higher unemployment rates, in particular for young people (Armenia and Georgia), the share of unemployed VET graduates as a proportion of total unemployment is lower than the share of unemployed higher education graduates, and is decreasing. For example, in Georgia the figures are 17% (unemployed with VET secondary education) and 42% (unemployed with higher education). In Belarus and the Republic of Moldova, where there is relatively low unemployment and where the rapid expansion of higher education institutions started later, most unemployed people have only general secondary education, and unemployed higher education graduates are still outnumbered by unemployed VET graduates. This pattern is confirmed by a comparison of unemployment rates by educational level for the period 2001–07: while the unemployment rate for higher education graduates was still lower in most of the countries, the gap between this rate and the one for medium-skilled graduates (ISCED 3 and 4) was beginning to close.

Despite some positive signs of improved labour market outcomes for VET in a few countries, the overall transition from education to work remains difficult for young people. An exception seems to be Ukraine, where an ETF transition survey revealed that in 2007, three-fifths of Ukrainian school leavers had a significant job six months

after leaving education, as compared to only one-third in Serbia, a potential EU candidate country (ETF, 2008). In Ukraine, VET graduates did almost as well as higher education graduates: 86% and 91%, respectively, found a job in the first six months, but the latter are often underpaid and over-qualified for their jobs. More typical of the region is Azerbaijan, where almost half of graduates took more than one year to find their first job, and where there was a significant skills surplus in law and economics (ÖSB, 2008). Enrolment and employment data for Azerbaijan suggest a certain indifference to educational background, the prevailing view being that who you know is more important than what you know (Deij, 2010). In the Republic of Moldova a small-scale survey in 2008 showed that around 60% of higher education graduates were in employment, compared to only around 40% of VET graduates (ETF, 2009). The employment rate of higher education graduates is about 10% higher than that for vocational graduates: they are preferred by employers owing to the declining quality of VET (Taurelli, 2010).

Tackling skills shortages and skills mismatches and increasing the relevance of VET to economic and labour market needs are now policy priorities in all countries in the region. Policy responses vary between countries, and achieving short-term impact is difficult. Belarus has introduced an application and contracting system for state-owned enterprises that allows educational institutions to better plan study places in different VET fields. In more market-driven countries with large private sectors (e.g. Ukraine) the trend is to implement labour-demand anticipation and forecasting methods. In 2009 Ukraine established an inter-agency working group to adapt educational planning to the demands of the economy, and launched specific measures aimed at meeting labour market demand for skilled workers (2007–12). The Republic of Moldova has opted to update its classifier of occupations and list of qualifications, and

**FIGURE 4: GDP AND EMPLOYMENT STRUCTURE BY ECONOMIC SECTOR (%)**



Source: ETF

companies are starting to give increasing attention to the internal training of staff. Russia has introduced measures to develop public–private VET partnerships and to establish special graduate employment centres offering information on regional supply and demand of labour and on employment and career prospects in various VET institutions (ETF, 2010d). Georgia is addressing the issue of VET concentration in certain professional areas, by merging VET institutions and conducting labour market studies (Wallenborn, 2010). Azerbaijan has tightened access to higher education by introducing a national exam, and there are a number of encouraging signs at the institutional level that VET is becoming more responsive. Given its huge economic growth and diversification, the country intends to strengthen links with the labour market.

One reason for the lack of efficiency and responsiveness of VET in the region is the sudden switch towards almost entirely school-based VET provision, a by-product of the rapid transition process that started some 20 years ago. Despite a common history of strong links between enterprises and schools (the quasi-apprenticeship system) in the former Soviet Union, countries are struggling to re-establish these links in a new context. Apprenticeship no longer exists in Russia, Belarus, Armenia or the Republic of Moldova, and is present on a small scale in a few crafts in Georgia. Informal apprenticeships for skills formation seem to be widely used in Azerbaijan. Ukraine is the only country in the region that does not have to re-invent this VET pathway; it still offers it to a significant number (200 000) of young people (ETF, 2010e). There seems to be much scope in the future for work-based learning and practical VET across the whole region. In Azerbaijan many students emphasise the need for more practical training, given that companies always ask for work experience (Deij, 2010). In the Republic of Moldova draft education code, the government will for the first time admit initial forms of apprenticeship and internships (Taurelli, 2010).

Another missed opportunity to improve VET efficiency concerns the absence of effective career information and guidance provision. Armenia, Azerbaijan and the Republic of Moldova do not offer any career guidance services (apart from one-off pilots), and Georgia has only recently started to introduce career consultants in new VET centres. Although Russia and Ukraine offer career guidance on a significant scale in both education and employment settings, it is not viewed as being very effective (ETF, 2010d). Guidance services are mainly based on a traditional psychological approach and not on a modern pedagogical and labour-market-oriented paradigm that emphasises the importance of career information and management skills in the curriculum (Zelloth, 2009). In general, awareness and expectations are rising regarding the potential role of career guidance in improving education and labour market efficiency. The latest VET priorities in Russia, Ukraine and the Republic of Moldova reflect this policy thinking.

One of the weakest elements in the VET chain – in particular in terms of publicly funded provision for young people and adults (see Section 4) – is the field of

continuing vocational training, a term sometimes used interchangeably with adult learning and lifelong learning. In the Republic of Moldova adult learning is not sufficiently developed to alleviate skills shortages created by migration and an ageing population, yet incentives to stimulate short-term participation and longer-term adult learning are still absent. Active labour market measures in all countries except Georgia include training for those who are registered as unemployed, but the allocated funds and participation levels are low. However, policies in general in the region seem to be changing in response to multiple demands posed by ongoing restructuring, an ageing population, migration and brain drain, and the evident need for lifelong learning in a globalised economy. Policy attention to adult learning is on the increase in almost all countries, and features particularly highly in Ukraine, Azerbaijan (included in the new law on education), Belarus (adult education institutions have been established) and Armenia (a concept paper for lifelong learning was adopted in 2009). However, implementation is slow throughout the region and major changes cannot be expected in the short-term.

The social dimension of VET is taken into account in some of the countries but could potentially clash with the economic dimension. For instance, in its VET strategy paper Georgia assigns the social dimension an important function in terms of better employability, higher incomes and social inclusion, given that VET is an option for lower socioeconomic categories and the rural population. However, access varies regionally, and the fact that poor-quality VET is often offered in economically stagnant and rural zones renders it unattractive to others. In the Republic of Moldova the government has set quotas for higher education students from rural areas; it also provides incentives for VET enrolment while limiting higher education enrolment to those with poor labour market prospects. Overall this policy has been evaluated positively, in that the VET participation rate has increased. Russia has developed a legal framework and conditions for access to VET for people with disabilities, orphans and military staff and for preferential admission to higher education. Similar attention is given to people with disabilities and to other vulnerable groups in the VET system in Ukraine, through positive discrimination and active labour market policies. In Belarus the VET stream with the lowest status (technical VET) is still attractive for its social function, i.e. the provision of schooling and meals to children from low-income families.

## 6. INTERNAL VET EFFICIENCY

The overall attractiveness of VET is reported to be low in almost all the ENP East countries. Belarus, however, claims that VET, with exception of the lower technical stream, has a high status. Although there are differences in perceptions of initial and post-secondary VET, the overall attractiveness and image of VET is declining in countries such as the Republic of Moldova and Ukraine. In Georgia the status of VET has improved slightly as a result of the employment problems faced by higher education graduates. In Azerbaijan VET is also viewed as a second-choice option, though there also seems to be a level of indifference, since it is perceived that

what matters most is who you know rather than what you know or where you come from. There are many possible explanations for the lack of VET attractiveness, and these have not always been spelled out in the country reports. However, it is evident that, leaving aside misperceptions and external factors (e.g. wage policies, parental aspirations and social status), the VET system itself is to some degree responsible for its lack of attractiveness. There are three main dimensions to attractiveness: quality, architecture and governance (including financing). Policy responses such as public VET promotion campaigns are destined to fail if 'home-made' inefficiency is not addressed first. Most countries are tackling external and internal efficiencies at the same time, with a tendency to focus on the internal dimension.

The VET architecture is as yet incomplete in some countries, in particular where post-secondary pathways are lacking or are insufficiently developed (Republic of Moldova and Georgia). Provision for middle- and higher-level qualifications is in demand in many countries and can make the overall VET route more attractive. Possible efficiency gains are lost through the lack of pathways in Azerbaijan, where young people do not specialise after secondary education. In Ukraine there are plans to separate post-secondary VET from higher education in order to develop strong alternative tracks that are less academic and more practice-oriented. Russia is increasing variety in the VET programme structure and is experimenting with 'applied Bachelor' pathways, which are expected to lead to both high employability and high status. Belarus is the only country where adult education is offered by a large proportion of VET institutions (more than 70%). Incomplete VET architecture affects vertical and horizontal mobility. In Georgia, secondary and many short-cycle post-secondary VET options lead to dead-ends, and VET qualifications are not even part of a transparent qualifications framework. In fact, a major policy response in the region is the discussion on the development of national qualifications frameworks. Belarus, Georgia and the Republic of Moldova are in the conceptualisation phase and Armenia, Azerbaijan and Ukraine have already moved to the design phase; in Russia a national qualifications framework features as a top VET priority, along with quality improvement. However, the aspiration to develop a national qualifications framework is sometimes accompanied by excessive expectations that many problems will be solved by such a framework, among them the problem of VET quality.

Poor quality is a particular issue in basic and upper secondary VET and, to a lesser extent, in post-secondary tertiary and non-tertiary VET. In Russia the quality of VET is perceived to be decreasing and its overall status is not high (ETF, 2010d). In the Republic of Moldova the opinion of those involved in VET is that quality aspects have not been tackled as energetically as quantitative aspects. Only 20% of employers in Azerbaijan in 2009 considered VET students to be sufficiently competent. In Armenia the low

quality of VET provision, which is a major concern of all stakeholders, is a result of a number of problems, ranging from outdated infrastructure, curricula and learning materials to low-quality teaching and a lack of career guidance<sup>3</sup>. In response, a national centre for quality assurance in VET and higher education has recently been established. In Russia education standards are to be introduced in 2011 and the quality of education is to be independently assessed. Ukraine has announced as its key priorities the development of new state standards for specific professions and a quality assurance system for VET (including efficiency monitoring of VET institutions)<sup>4</sup>. In Georgia, where quality varies considerably between VET centres that have been upgraded and those that have not, and between urban and rural areas, there is widespread awareness of the need to unify quality standards. Belarus already has a four-tier input-based quality-control system in place: self-assessment at the school level, inspection of different activity areas, attestation of activities and the accreditation of institutions. However, the education code emphasises the need to review the current system and introduces the novel concepts of 'independent quality assessment' and 'monitoring'. In most countries in the region, quality is strongly correlated with low teacher salaries (66% and 55% of the average wage in the Republic of Moldova and Armenia respectively, for post-secondary non-tertiary teachers in 2008), a lack of further training for teachers, low motivation and status (Georgia), and a lack of willingness and motivation on the part of teachers (Russia).

Current governance systems are viewed as being largely ineffective by both VET policy-makers and employers. Moreover, structural weaknesses are such that they may even constitute an obstacle to improving VET provision and structures. VET governance in some of the countries tends to be mono-cultural: responsibility is left entirely to the state or a single ministry (usually education). There is little conception of plural governance, and employer and social partner involvement is either embryonic (Georgia and Azerbaijan) or limited (Armenia and Russia). Attempts to establish VET support institutions have either failed or have not yet yielded results<sup>5</sup>. Policies in most countries are only beginning to address a shift in governance to involve employers, social partners and stakeholders, so there are unlikely to be any tangible results for some time. In 2009 the Armenian government adopted a social partnership concept paper for preliminary (crafts) and intermediate VET which foresees four levels of social partnership, namely national, regional, sectoral and institutional (Corradini, 2010). In Azerbaijan, although employers are not yet sufficiently organised for a VET dialogue and trade unions are not as yet involved, there are signs that the situation is changing and that local initiatives are gaining ground.

While centralised governance still prevails, a trend towards decentralisation has started. Belarus has

3 VET dropout data are not available for most countries in the region. In Armenia the upper secondary VET dropout rate (1.8%) was lower than that for general education (2.9%) in the 2008/09 school year.

4 A Ukrainian Ministry of Education and Science Executive Order (2009) describes efficiency indicators for VET establishments (covering work placements, subject matter, learning efficiency, teaching methods and staff) and gives methodical advice on their application. Regional offices were given recommendations on self-evaluation of efficiency by vocational schools, including schools developed within the framework of an EU project entitled Improvement of Management Efficiency of VET at the Regional Level (ETF, 2010c).

5 In Georgia a state commission for social partnership in VET was abolished in 2007 and a national professional agency met the same fate in 2008. A newly founded national VET council did not convene during 2010. In the Republic of Moldova a national coordinating council was convened only once in 2006 and a national council on occupational standards last met in 2009. A VET development centre that was inaugurated at the end of 2009 is constrained by limited resources.

devolved its VET system to the regional level (including property of schools), Russia is implementing decentralisation, and Ukraine is preparing for decentralisation and increasing school autonomy. In Georgia, which has merged its vocational schools into larger VET centres in recent years, there is even an ongoing debate on VET system privatisation. In Ukraine serious operational inefficiencies arise from the fact that the vocational schools network is too large (ETF, 2010e).

Most of the countries point to chronic underfunding of VET; others point to the need for more efficient funding. In poorer countries such as Georgia, Armenia and, to a lesser extent, the Republic of Moldova, the VET infrastructure in a substantial number of institutions is not only outdated but is approaching the very limits of what could be called a suitable learning environment. In Ukraine, 60% of the equipment in learning institutions has an average service life of more than 20 years (ETF, 2010e). One reason for underfunding is that private contributions – other than from donors (including the EU) and revenues raised from economic activities and fees – are very limited, and policies have not done enough to foster such co-funding. Another reason is that per capita funding for VET has not yet been introduced (e.g. in Georgia). In the Republic of Moldova a high unit cost is an obstacle in itself for increasing VET funding and upgrading the infrastructure: according to Ministry of Finance data (Taurelli, 2010), average expenditure per vocational student is more than double that of primary or secondary students and is also

higher than for post-secondary and tertiary education students; meanwhile, investment and maintenance expenditure in VET is proportionately much lower than at all other levels of education. Russia has started to financially leverage competition between VET institutions (e.g. through individual financing programmes) and Ukraine is currently trying to optimise VET financing in a range of ways, including incentives to vocational schools that comply with VET quality standards. Belarus has no plans for new financial management mechanisms as part of its education development strategies, apart from an ambitious national target to gradually increase the overall education budget to 10% of GDP. Although comparable data are not available, Belarus is possibly the highest spender on VET (1.5% of GDP in 2006) in the region (ETF, 2010c).

## 7. INNOVATION IN VET

Although overall innovation in VET systems has been singularly lacking in the region over the past decade, a dynamic period of innovation has recent dawned. In Armenia and the Republic of Moldova innovations have been mostly donor-driven and donor-supported. However, Belarus, Russia and Ukraine have opted for a home-grown approach. There have been major innovations concerning new VET pathways, new governance models, employer involvement and quality issues (i.e. internal efficiency aspects). Some of these innovations might have the potential for mainstreaming or even for systemically changing VET.

**TABLE 1: RECENT VET POLICY DEVELOPMENTS IN ENP EAST COUNTRIES**

<b>ARMENIA</b>	<ul style="list-style-type: none"> <li>■ Employer involvement in vocational school management boards</li> <li>■ Introduction of revised competence-based curricula</li> </ul>
<b>AZERBAIJAN</b>	<ul style="list-style-type: none"> <li>■ New law promoting lifelong learning</li> <li>■ Emerging vocational school–business partnerships</li> </ul>
<b>BELARUS</b>	<ul style="list-style-type: none"> <li>■ Planning for standards and new curricula</li> <li>■ Diversification of VET pathways</li> <li>■ Sectoral centres of excellence equipped with modern technologies</li> </ul>
<b>GEORGIA</b>	<ul style="list-style-type: none"> <li>■ Rationalisation of vocational school network</li> <li>■ Introduction of five qualification levels</li> </ul>
<b>REPUBLIC OF MOLDOVA</b>	<ul style="list-style-type: none"> <li>■ Governance changes (education code, VET development centre )</li> </ul>
<b>RUSSIA</b>	<ul style="list-style-type: none"> <li>■ Employer organisation involvement (national qualifications framework, public–private partnerships, school–business cooperation)</li> <li>■ Competence-based VET standards</li> <li>■ Applied Bachelor courses</li> <li>■ Government grants to refurbish and re-equip VET centres</li> <li>■ Modernisation of provision and programmes</li> </ul>
<b>UKRAINE</b>	<ul style="list-style-type: none"> <li>■ Decentralisation of VET to regional level</li> <li>■ Improved learning (new technologies and methods)</li> <li>■ Preparation of a national qualifications framework</li> </ul>

Only the larger countries in the region seem to have the capacities to foster innovation. In Russia VET innovation is supported through a national priority project for education, which has led to the establishment of 300 innovative resource centres for implementing new initial VET, lyceum and post-secondary *technikum* and college VET programmes; the country has also introduced concepts such as 'growth points' and 'leading education institutions', and promotes networking between VET institutions, universities and research bodies. In Belarus a Presidential decree from 2009 established procedures for the use of a special innovation fund aimed at developing the material and technical base for VET and for VET staff training. A similar regulation on specific measures for innovation is in place in Ukraine. However, none of the ENP East countries have, as yet, put a specific VET innovation system in place that could foster systemic innovation through an enhanced triangle of cooperation between research, policy and practice in VET.

## 8. CONCLUSIONS AND THE WAY FORWARD

The following conclusions aim to respond to the above analysis and, in particular, to the key challenges of increasing the attractiveness and relevance of VET, improving VET quality and governance and establishing better implementation and funding mechanisms for VET. They also identify priority areas for the way forward in VET in the region.

- 1) While education policies in the ENP East region continue to be largely geared towards higher education, new VET policies are emerging as a response to increased external and internal demand for VET. This dynamism of growing policy aspirations needs to be maintained and supported by proper and better implementation mechanisms and capacities (e.g. a VET master implementation plan, annual and multi-annual targets, and closer monitoring of outcomes and impact). At the same time, VET policies need to adopt a longer-term perspective, take outcomes and accountability more into consideration and develop a vision for the future. As the Russian self-assessment report states: 'The system of VET designed for an industrial period of extensive development in a non-competitive environment must be fundamentally changed' (ETF, 2010d).
- 2) Repositioning VET in relation to higher education could be the key not only to tackling academic drift in education but also to improving the societal attractiveness of VET and its relevance to labour market needs. The ways in which this could be achieved include enabling vertical mobility between VET and higher education, and developing high-quality and practice-oriented VET pathways parallel to tertiary education pathways, with high-status qualifications that are competitive on the labour market.
- 3) VET needs to be more energetically reconnected with the business sector in order to ensure improved provision and enhance its status. A new governance model for VET should be developed. Measures to enhance trust building with the private sector should be adopted and incentives should be offered to encourage businesses to engage in VET provision by offering work-based learning programmes, internships and continuing training.
- 4) There needs to be a shift from mono-governance to plural governance in VET, which requires more coordination in order to overcome the existing fragmentation, and which should be more output-oriented. It is necessary to increase employer and stakeholder involvement and to decentralise towards local decision making in VET.
- 5) Remixing the 'VET cocktail' could enhance the attractiveness and outcomes of VET. The new mix could be based on developing broader and internationally relevant qualifications and on creating a new skills mix in VET that is less theoretical/academic and more practical and work-based, and that includes more key competences, such as entrepreneurship learning, environmental concerns and career management skills.
- 6) Continuing vocational training needs to be stimulated through incentives and public funds aimed at enhancing the role played by VET and post-secondary institutions in providing lifelong learning opportunities for various types of clients (e.g. upskilling, training for unemployed people, etc.).
- 7) VET funding needs to be changed in many ways. It needs to be awarded greater priority in terms of funding than in the past, and re-allocation needs to be considered in some cases. A priority is to focus on increasing efficiency (e.g. by switching from input/item-based to per capita/programme-based funding). Incentives and funds should be directed in particular to a VET innovation system and to improving the evidence base (e.g. by developing lifelong learning indicators and conducting enterprise surveys). Further measures will be necessary in some of the countries, owing to the chronic underfunding and current shape of the infrastructure.
- 8) Quick wins can act as important catalysts, especially since policy making often operates over short cycles. The applicability and use of European VET tools and instruments (e.g. quality assurance, career guidance, non-formal and informal learning, entrepreneurship learning, etc.) could be explored. Mutual learning within the region could be another quick-win option, in particular for solutions to problems that neighbouring countries have dealt with.
- 9) Finally, national VET systems could benefit from enhanced regional dialogue on topics of common interest and on priorities identified in the Torino Process country reports. Issues for discussion include skills needs analysis and forecasting methods, national qualifications frameworks, governance models, stakeholder involvement, continuing vocational training and also the overriding issue of how to improve the attractiveness of VET in general. Such dialogue could eventually lead to joint approaches, such as the development of a regional VET quality-assurance framework.

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# LIST OF ACRONYMS AND ABBREVIATIONS

<b>BEEPS</b>	Business Environment and Enterprise Performance Survey
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ENP</b>	European Neighbourhood Policy
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>GDP</b>	Gross domestic product
<b>ISCED</b>	International Standard Classification of Education
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organisation
<b>VET</b>	Vocational education and training

## COUNTRY ABBREVIATIONS

<b>AM</b>	Armenia
<b>AZ</b>	Azerbaijan
<b>GE</b>	Georgia
<b>MD</b>	Republic of Moldova
<b>RU</b>	Russia
<b>UA</b>	Ukraine

# VET SYSTEMS AND POLICIES IN CENTRAL ASIA

## 1. INTRODUCTION

This European Training Foundation (ETF) regional report on Central Asia is mainly based on the outcomes of country reports on Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, drafted within the framework of the Torino Process, and on ETF experience in supporting vocational education and training (VET) reform processes in these countries over the past decade. The four country reports were drafted by the ETF in 2010 in close consultation with the national authorities. Focus group meetings were organised in spring and summer 2010, bringing together the main stakeholders to collect and discuss information on the topic and to analyse available VET data. Draft country reports were circulated for comment in each country and the findings were validated at national seminars involving the stakeholders of the respective countries. All four country reports were structured in accordance with the Torino Process analytical framework.

The Torino Process, based on a participatory approach that will be repeated every two years, was launched by the ETF in 2010 with the aim of comparatively documenting VET reform in ETF partner countries so as to draw conclusions regarding the way forward in VET policy and system development. The Torino Process aims to support VET reform processes and policy making by improving the evidence base and enabling learning to take place from experiences in other countries. It will also serve as a basis for designing future ETF interventions and for informing the European Commission regarding European Union (EU) external assistance at the regional level.

The four countries covered by this report have in common the transition from centrally planned economies under the Soviet Union to democratic, free market economies. This transition, which has unfolded over the past 20 years, has been driven in different ways and is more advanced in some countries than in others. The fact that each country has its own approach to collecting and analysing data on VET and employment makes comparison difficult. Furthermore, their commitment to EU strategies and their approach to cooperation with the ETF is different. The four countries discussed in this report do not constitute a natural or political region but rather a funding region for the purposes of the Development Cooperation Instrument (DCI). The national authorities of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan took full part in the Torino Process<sup>1</sup>.

This regional review of VET systems is based on consultation regarding VET developments and the visions and objectives of the respective governments, all of which

agreed to participate in the Torino Process. Common to all the countries is their high degree of commitment to VET, which is indicated as a main driver of economic prosperity and growth.

The report describes the VET policy context, including the regional background and challenges facing VET, and the countries' own visions of VET. It then analyses the external and internal efficiency of the VET systems and discusses a number of recent innovations. Finally, the conclusions provide recommendations on policy priorities for ETF support in the short and medium-term.

## 2. MAIN FINDINGS

VET quality has acquired great importance and visibility in national policy debates in the DCI region. This is indicated by the fact that legislative and normative frameworks for VET have been amended several times during the past 20 years in response to the needs of the labour market and society. Despite the strengthening of VET reform processes in the past decade, however, progress has been limited. All the countries, to differing degrees, face multiple challenges in three main areas:

- VET governance;
- the attractiveness and quality of VET;
- social partnership.

In relation to governance, VET planning needs to become a permanent process that involves bottom-up (regional, sectoral, local and institutional) knowledge and top-down initiatives (objectives, programmes and strategies). The implementation of a multi-level governance model should be accompanied by increasing self-reliance combined with regionalisation, sectoralisation and institutionalisation.

An urgent priority is to increase the attractiveness of VET by highlighting the key socio-economic role it needs to play in the future. The priorities are to:

- offer young people appealing solutions for personal and professional development (based on diagnosing abilities and talents at an early stage);
- create pathways between general education and VET at different levels;
- link traditional education with informal and non-formal learning;
- improve the quality and relevance of VET programmes, didactics and methods;
- make VET and higher education institutions more accountable for quality results that are of relevance to the labour market and society.

<sup>1</sup> The ETF also prepared an analysis on VET and the labour market in Turkmenistan in 2009 which has been endorsed by the Turkmen government. The findings have been reflected in the regional/cross country analysis of the Torino Process. Talks on Turkmenistan's formal participation in the Torino Process are currently underway.

Key elements are the strengthening of quality-assurance mechanisms and the recognition of qualifications at the national level. An essential prerequisite for the acceptance of new plans and changes is the involvement of staff at all levels of VET. Active exchanges between different VET staff levels and areas should be the main objectives. The qualification and further professionalisation of VET staff is intrinsically connected to the quality and attractiveness of VET, and should be further improved.

With regard to social partnership, measures to build a national consensus on reform priorities and develop a dialogue with social partners involved in education and training can be observed in all the countries covered by this report. However, difficulties are still evident in the development of social partnership structures at all levels of education and training at the national, regional, local and institutional level. Bringing together education and business in VET and linking learning with skills, competences and qualifications will be ambitious goals for the next decade.

All the Central Asian countries have started to reform their qualification systems. The drive for reform was initiated by governments, but increasingly comes from industries and leading companies. There are some similarities in the countries in terms of meeting the requirements for labour market development. Moreover, some well-directed, substantiated measures for increasing VET quality are slowly emerging, including the development of sector-based vocational standards and national qualifications frameworks, and improvements in VET curricula, the competences of VET professionals and needs assessment. However, lack of resources and outdated technologies, materials and methodologies make it difficult to meet the objectives set by governments. Increased decentralisation of VET in line with shared responsibilities is one policy response in these countries.

It is difficult to assess the effectiveness and efficiency of VET in the Central Asia countries and to collect comparable VET management data, as underlying indicators do not exist or are not always clear. The collection and management of VET statistics remain priority challenges in the Central Asia region. It is imperative to continue to build evidence-based policy, which can only be done by improving the scope, comparability and reliability of VET statistics and by developing a coherent framework of indicators. It should be noted that there is a growing interest in stakeholder involvement in bottom-up processes for the collection of statistics.

The different VET terms and definitions used by the countries need to be respected in comparative analyses of VET developments and efficiencies. In this report the EU terminology is used where other references are not available.

### 3. VET POLICY CONTEXT

Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan are members of the Organisation for Security and Cooperation in Europe (OSCE); Kazakhstan chaired the OSCE in 2010. In 2010 Kazakhstan also joined the Bologna Process and made a commitment to the goals of the European Higher Education Area; in the VET field, a memorandum of understanding on further cooperation between the Ministry of Education and Science and the ETF will be signed in 2011.

According to World Bank data, Kazakhstan is the only country in the upper-middle income category in the Central Asia region; Turkmenistan and Uzbekistan are classified as lower-middle income economies and Kyrgyzstan and Tajikistan are classified as low-income economies. Gross domestic product (GDP) per capita is around USD 2 000–3 000 for Tajikistan, Kyrgyzstan and Uzbekistan and over USD 10 000 for Kazakhstan (**TABLE 1**) (World Bank, 2010c).

**TABLE 1: GDP AND KEY DEMOGRAPHIC INDICATORS**

	Year	KZ	KG	TJ	UZ	EU-27
Population, total (million)	2008	15.7	5.3	6.8	27.3	497.7
GDP (purchasing power parity), USD	2009	10 320	2 200	1 950	2 910	38 816
Dependency rates (%): as % of working-age population	2008	45.0	54.1	70.2	53.0	48.7
Dependency rates (%): 0–14 as % of working-age population	2008	34.3	45.8	63.9	46.0	23.3
Dependency rates (%): 65+ as % of working-age population	2008	10.7	8.3	6.3	7.0	25.4
Life expectancy, years	2008	66.4	67.4	66.7	67.8	79.2

Source: World Bank (2010e).

The Central Asian countries are dealing with serious demographic pressure. Population figures for 2008 ranged from 5.3 million in Kyrgyzstan to 27.3 million in Uzbekistan (**TABLE 1**). Fertility rates are falling steadily, but with an average of 2.5 children per woman, they are still high compared to, for instance, Eastern Europe (UNFPA, 2010). All four countries have very young populations, with high proportions of young people in Tajikistan in particular, where the child dependency rate was 63.9% in 2008; Kazakhstan, with a rate of 34.3%, had the lowest child dependency rate in the region (**TABLE 1**).

This huge young population places particular pressure on the education sector and the labour market. It is therefore important to design suitable VET policies to enhance employment skills, and to create opportunities for the creation of small and medium-sized enterprises (SMEs) and for economic expansion. It is also important to understand the human capital impact of a high degree of migration (both highly skilled and unskilled workers) in economies in transition.

The region has not been dramatically hit by the economic and financial crisis that started in 2008 (**TABLE 2**). With the exception of Kazakhstan (which has links with the US credit market), the region has reacted quickly and robustly to global economic contraction. Uzbekistan immediately responded by introducing a successful financial package that resulted in a growth rate of over 8% in 2009. Kazakhstan has also implemented an anti-crisis programme; higher commodity prices in 2009 (particularly for oil) were also an important boost to economic growth. The economies of Tajikistan and Kyrgyzstan also demonstrated positive though moderate growth in 2009.

The positive economic growth in the region has not been accompanied by corresponding increases in job creation and labour force absorption. Although trends are positive, there are still issues outstanding, especially regarding the informal economy. Registered unemployment in Kazakhstan and Kyrgyzstan declined in 2009. According to the Kazakhstan statistics body, the unemployment rate in Kazakhstan was 6.6% (around 550 000 people) and 50 000 jobs were created, mostly in the services sector. In Uzbekistan the government confirmed that more than 900 000 new jobs were created in 2009. In Tajikistan, employment in the agricultural, construction and services sectors (mainly transport and communication) increased in 2009 (UNDP, 2010).

However, job creation in the DCI region is still slow, and most new employment is precarious (mainly self-employment). In most cases the state has created jobs, as the private sector continues to have inadequate capital, although its share of total employment is increasing. There is broad agreement in the region on formulating job-creation policies (in large companies in the industrial sector and in SMEs), on developing skills and on creating an investment-friendly environment. Nonetheless, the main source of new jobs in the Central Asian countries is self-employment, which frequently requires fewer skills and is seen as last-resort employment. Informal employment is very common among self-employed people and SMEs, specifically micro-enterprises employing 1–9 employees. The services (mostly the retail trade) and agricultural sectors lead the way in creating self-employment opportunities.

Competitiveness and productivity are very low. The region is lagging behind in the Global Competitiveness Index (WEF, 2010): Kazakhstan was ranked 72 out of 139 countries in the 2010–11 index, compared to 67 out of 133 countries in the 2009–10 index; Tajikistan moved up from 122 to 116, and Kyrgyzstan also advanced, though only marginally (Uzbekistan was not assessed). The classification is based on the 'set of institutions, policies and factors that determine level of productivity', so the fact that the Central Asian countries are performing badly in terms of productivity means that their lack of competitiveness is hampering economic development.

The definition and calculation of informal employment is very problematic, but it is evident that informal employment is very widespread in all DCI countries: the country reports document shares of total employment ranging from 35% in Uzbekistan to 75% in Kyrgyzstan. Informal employment is most common in practically the entire agricultural sector and some parts of the services sector. The agricultural sector is not mechanised and so does not need skilled labour. It can thus be inferred that there is a direct correlation between unskilled labour and informal employment. Furthermore, it is difficult to assess what skills are required in the labour market to convert informal employment into formal employment in agriculture and services. The informal employment pattern in Kyrgyzstan is somewhat different to that in the rest of the region in that general secondary graduates account for 60% of informal employment (Hemshemeyer, 2010).

**TABLE 2: GDP GROWTH (%)**

	2005	2006	2007	2008	2009
Kazakhstan	9.7	10.7	8.9	3.3	1.2
Kyrgyzstan	-0.2	3.1	8.5	8.4	2.3
Tajikistan	6.7	7.0	7.8	7.9	3.4
Uzbekistan	7.0	7.3	9.5	9.0	8.1

Source: IMF (2010).

Given that poor job-creation capacities mean that young people cannot be absorbed by the labour markets, there is a clear need to alleviate demographic pressure, and this typically happens through migration. Remittances are the most important source of revenues for all the Central Asian countries except Kazakhstan. Furthermore, governments attach a great deal of importance to remittances as they help reduce social problems. According to the country reports, the contribution of remittances to GDP is relatively high, ranging from 10% in Uzbekistan to 40% in Tajikistan. According to World Bank estimates, migrants from Tajikistan and Kyrgyzstan represent over 10% of the population. In absolute numbers, the stock of migrants from Uzbekistan is estimated to be around 2 million (World Bank, 2010d).

Kazakhstan is particularly affected by a growing risk of ecological destabilisation, mainly owing to the acute problem of desertification. The government's intention is to keep all parts of the country populated. Urban and rural disparities are causing internal migration and differences in VET development. The Kazakh population is also suffering from the health impact of nuclear tests carried out during Soviet times.

## 4. VET POLICY VISION

All the Central Asian countries attach both economic and social significance to VET. VET is considered to be a vehicle for improving qualifications and economic development. It also has a role to play in the integration and employability of very different target groups (young people, adults, dropouts, highly talented people, etc.) from a lifelong learning perspective.

A belief common to all the countries is that VET should be one of the main drivers of economic prosperity and growth. For instance, the creation of a 'national system for training a highly qualified workforce to the standards of developed democratic countries with high cultural and moral values' is the purpose of the Uzbekistan national training programme (Republic of Uzbekistan, 1997).

Kazakh authorities, in the education development programme for 2008–12, refer to a 'new personality model', a 'self-determined person' who is able to reflect and contribute actively to the development of the country.

Education will be focused on the 'development of analytical skills, creativity and individual abilities and a potential for lifelong learning' (Kazakhstan Ministry of Education and Science, 2010b).

In the four DCI countries covered by this report it can be observed that VET has three main functions:

- **Qualification.** Citizens need to be equipped with the skills, knowledge and competences that will ensure economic development and social stability.
- **Allocation and employability.** Young people and adults need to be employed in suitable jobs that respond to the needs of society.
- **Integration.** Young people and adults need to have a place in society.

These common functions of VET are implemented differently in the four countries, particularly in terms of the way that VET is organised and deployed.

Current VET policy is implemented by centralised bodies. Quality is assured through legislative and normative provisions, a centralised structure with standardised regulations, qualified VET staff, and partnerships with national and international bodies. Regular control and reporting measures guarantee the successful implementation of VET policy.

VET policy is in general formulated by the ministries of education and science, although cooperation with other ministries is increasing. The contributions of the business and research sectors are rudimentary and not yet formalised. The implementation of objectives, policies and strategies and the planning of new initiatives are not yet assured by an integrated network of processes. In Kazakhstan in particular, the main challenge is posed by the existence of a network of interdependent and interconnecting stand-alone systems that are unsuitable for the current economic and social situation.

However, there is a high degree of readiness for cooperation with international partners and for the integration of international assistance into VET reform processes in the region. All the countries have a wealth of experience in donor projects (**TABLE 3**) that have an impact on VET developments. In the past these projects often remained as stand-alone projects, so improved

**TABLE 3: DONOR PROJECTS IN THE DCI REGION**

<b>Kazakhstan</b>	■ EU, World Bank, GTZ, British Council
<b>Kyrgyzstan</b>	■ EU, World Bank, GTZ, British Council, Asian Development Bank
<b>Tajikistan</b>	■ EU, GTZ
<b>Uzbekistan</b>	■ GTZ, Asian Development Bank, EU, Japan Bank for International Cooperation/Japan International Cooperation Agency, Swiss Agency for Cooperation and Development, Korea Development Bank

donor coordination by national authorities and follow-up measures have had a positive influence in terms of more coherent approaches.

VET architectures in the Central Asia region are very different. VET in the region consists of 'lower' VET (focussing on dropouts) and technical VET at the secondary and post-secondary level in lyceums and colleges in all countries, and adult education and higher VET at the tertiary level (in higher education only in Tajikistan and Uzbekistan). Owing to differences in terminology for initial VET and continuing VET and unclear differentiation between adult education and continuing VET, it is not possible to make a comparison of budget allocations and effectiveness between the countries for the different categories.

In Tajikistan the secondary system envisages 11 years of education, nine of which are compulsory. VET/technical education starts in upper secondary education. The system is structured into primary VET (from 16 years old, duration 4 years), secondary VET in VET colleges (from 16 years old, duration 2–4 years) and higher professionally oriented education in institutes (from 17–18 years old, duration 4–6 years). There are also training centres offering short training courses to adults. Initial VET has a social protection function.

In Uzbekistan the national training programme has extended the education system to a compulsory 12 years of schooling for the whole population. After primary and basic general education of nine years, students obtain a specialised secondary education in academic lyceums or a specialised vocational education in VET colleges. In practice, around 90% of students are steered towards vocational colleges while 10% enter academic lyceums on the basis of competitive exams. Both lyceums and colleges guarantee their graduates equal rights to higher education.

The Kyrgyz system consists of basic education (primary and secondary), academic secondary education and VET.

The Kazakh system is based on 15 years of primary and secondary schooling. VET consists of technical vocational education in lyceums and colleges (initial VET and continuing VET) at the secondary and post-secondary level, as well as adult education. Some 58% of all students with basic secondary education are trained in VET institutions. Transition to higher education is possible for vocational graduates.

Common initiatives in relation to improving VET architectures are based on further developing post-secondary and adult education programmes, with developments in Tajikistan in particular serving as best practice examples. Enabling vertical and horizontal permeability and developing attractive lifelong learning pathways are key challenges for achieving the objectives expressed by the national governments.

Public expenditure on education between the countries varies greatly, ranging from 4% in Kazakhstan (2009) to

10% in Uzbekistan (2009); in Kyrgyzstan and Tajikistan spending was 5.2% (2008) and 4.7% (2007).

Owing to differences in general education and VET structures in the region, it is not possible to examine the structure of budgets as it is not clear how much is generally allocated to the VET system from the national budget, or what the breakdown of the budget is for VET for such elements as vocational schools, staff and equipment. Furthermore, no data are available on investment in VET by enterprises. What seems clear is that VET receives less funding than other levels of education. The focus groups in all the countries confirmed this underfunding, indicating that expenditure per VET student/trainee is significantly lower than that for university students. The budgeting process is quite mechanical and requires 'target figures' to be established. Most funds available are used to cover teachers' salaries and communal services.

Insufficient planning and funding of the VET system has led to a deterioration in materials and equipment, and to a situation in which the professional skills of teachers and instructors are inadequate. The country reports point to a lack of funds for the efficient implementation of teaching and learning processes. Very little money is allocated for the development of the system, especially for the development of human resources and infrastructure development, and for in-service training of teachers and instructors, who find themselves unable to follow innovative approaches.

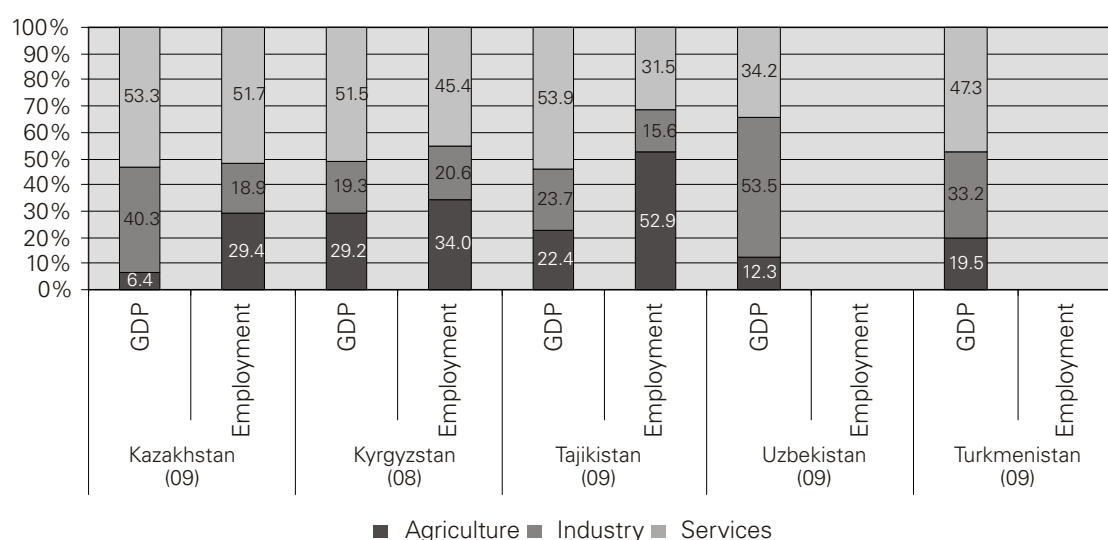
It was observed that teachers even invest private time in updating and translating textbooks and in improving materials and techniques. The Tajik report points out that initial vocational schools survive mainly by using their own revenues, whether from large land plots, repairing agricultural machinery, or other repair work. Some 60% of students in VET are financed from the public purse and the rest pay fees.

In general there is a considerable imbalance in the distribution of funding. Conditions for practical training in rural areas are particularly bad. Rural schools do not have the necessary equipment or facilities to conduct laboratory studies on special subjects, so the requirements of curricula and programmes are not fully implemented.

## 5. EXTERNAL VET EFFICIENCY

It is difficult to assess the external efficiency of VET owing to poor needs assessments in different sectors and a lack of data on various initial and continuing training routes in vocational schools and enterprises.

Although the proportion of GDP represented by the different economic sectors varies in the four countries, there are certain common features (**FIGURE 1**). Firstly, the share of agriculture has been declining in all the Central Asian countries over the past ten years. Whereas Uzbekistan and Kazakhstan have more natural resources and are more industrialised, Kyrgyzstan and Tajikistan

**FIGURE 1: GDP AND EMPLOYMENT BY ECONOMIC SECTOR IN THE DCI REGION (%)**

Notes: Employment data for KZ: Population refers to 15+; ISCO88 classification; Excludes armed forces and conscripts. Employment data for KRY: Population refers to 15+; ISCO88 classification. Employment data for TJ: Population refers to 15–75; ISIC Rev. 3 classification. Data missing for Uzbekistan and Turkmenistan.  
 Source: GDP data: World Bank (2010e). Employment data: author calculations based on data from the Kazakh Agency of Statistics, Kyrgyzstan National Statistical Committee and Tajikistan Statistical Agency (2010).

have economies based mostly on agriculture. The services sector is growing in the region. Tajikistan is particularly focused on increasing the share of the economy represented by the services sector, whereas the other three countries are actively trying to increase the share of both services and industry.

The country reports also document the policies targeting specific sectors during and after the crisis period. Tajikistan wants the services sector to play a growing role in the economy and in the labour market, and so has been trying to create a better business environment, especially for SMEs, by offering one-stop-shop business registration and a two-year moratorium on inspections (ADB, 2010). Uzbekistan has plans to expand the automotive and textile industries in the coming years and to broaden the industrial base through new investment plans. Kazakhstan aims to diversify its economic base by reducing dependence on oil and developing other industries; the

fact that the government has plans to invest USD 45 billion in the period 2010–14 will certainly have an impact on the future direction of the country (ADB, 2010). Kyrgyzstan's manufacturing sector, which is mostly based on textiles (although it also has an important mining and energy sector) is very exposed to developments in the world market (ADB, 2010); however, turmoil in 2010 in the country itself also hampered the proper implementation of economic policies.

According to the country reports, all the countries except Kazakhstan (46%) have a higher rural than urban population (74% in Tajikistan and around 64% in Kyrgyzstan and Uzbekistan. Agriculture's share of the economy does not match its share of employment, with Tajikistan and Kazakhstan as the extreme cases. Agriculture, however, plays a key role in the labour market, absorbing as it does a high proportion of employment even though its share in the economy remains low.

**TABLE 4: LABOUR FORCE PARTICIPATION AND EMPLOYMENT (%)**

	KZ	KG	TJ	UZ
Labour force participation	70.7 (2009)*	65.4 (2008)	51.7 (2007)	74 (2009)*
Employment	66.0 (2009)*	63.2 (2008)	50.5 (2007)	70 (2009)*

Source: Kyrgyzstan National Statistics Committee; Tajikistan Statistical Agency; Kazakh Agency of Statistics; Uzbekistan Ministry of Labour and Social Policy.

\*Author's own calculations based on statistics for Kazakhstan and Uzbekistan.

The country reports show that the contribution of the services sector to employment is more or less equivalent to its GDP contribution, at around 50%. Tajikistan is an exception; 17% employment in the services sector provides over 50% of total GDP. Industry (including construction) is an important sector in the economy, but employment compared to GDP contribution is low. One explanation is the use of advanced technologies in natural resource extraction, processing and distribution. Construction is estimated to account for most employment in the industrial sector.

The shift in the economic structure towards the services sector needs to be better reflected in VET systems. The industrial sector (including construction) has changed enormously over the past decade, and this change also needs to be translated into VET systems; the possible links between industry and VET need further research to explore options for increasing employment.

It should be noted that the Central Asian countries are already making great efforts to take account of economic developments in their VET systems. Kazakhstan deserves specific mention, as it is making every effort to include not only today's economic structure but also possible future VET areas, in line with government investment plans. Furthermore, the powerful industrial sector is very supportive of changes in the VET system.

Attention has been increasingly paid to active labour market measures to respond to changes in the economy and labour market. All four countries have recently stepped up their efforts in this area. However, public employment service capacities in terms of staffing, budgets and policies are incapable of meeting the expectations of the labour market and of unemployed people. However, there have been positive developments. For example, the country reports indicate that budget allocations to active labour market measures have been increased (although this needs to be documented). Vocational schools have also started to provide training/retraining for those who are registered unemployed.

The links between VET systems and labour markets are very weak. In all the countries except Uzbekistan, perceptions of the VET system are generally negative. Vocational schools follow outdated curricula (designed in the Soviet era or during the 1990s) that have little relevance to the labour market, and their equipment is obsolete or dysfunctional.

Further research, statistics and studies are necessary to better understand the link between VET and the labour market. Little information is available on the educational background of the employed population; in fact, only Kyrgyzstan and Kazakhstan collect this information. More than two-thirds of higher education graduates in these countries are employed in the services sector, compared to around 15% in industry. Around 60% of VET graduates in both countries work in the services sector, 20% are employed in the industrial sector and 20% in the agricultural sector. These figures need to be contrasted with informal employment data. The agricultural sector is not productive and plays a

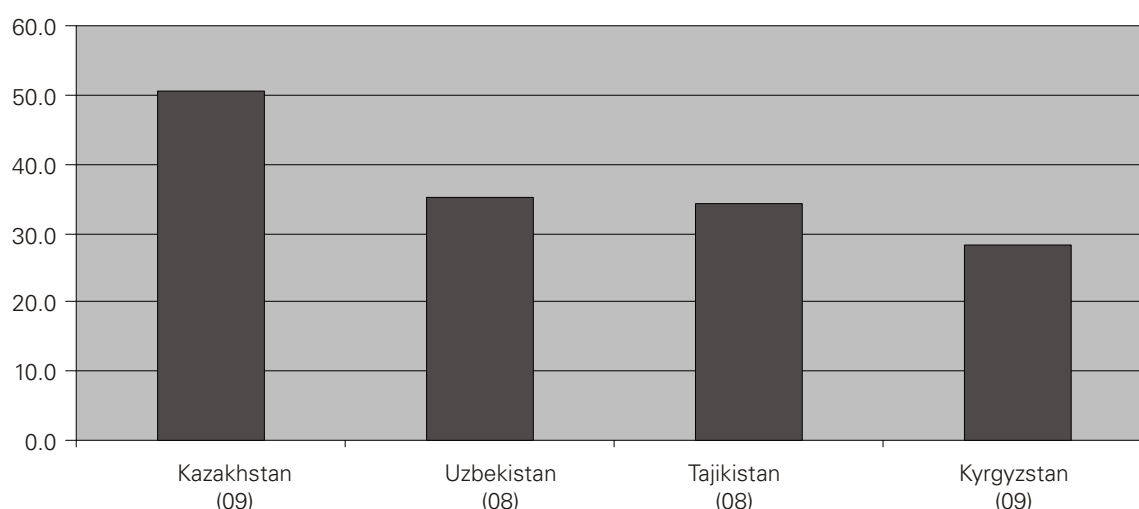
disproportionate role in the informal economy. The services sector is dominated by SMEs, many of which also operate in the informal economy. It can therefore be assumed that most of the jobs in these two sectors are informal and precarious.

Kazakhstan and Kyrgyzstan in particular are implementing reforms aimed at raising the quality of the VET system, particularly by establishing links with the business sector. Several social dialogue mechanisms were recently created, and these can play a positive role. In particular, the establishment of a national qualifications framework (e.g. in Kazakhstan) can foster the development of VET partnerships. However, the lack of VET capacity among social partners is obvious. Uzbekistan and Kyrgyzstan, which launched VET reform processes earlier, have forged better links with employers; employers are now represented on school boards and even in final exams. School boards play an important role in organising practical in-company training for vocational students and in placing school graduates in jobs. Vocational schools in rural areas, however, have more difficulties in functioning effectively as there are fewer practical training and placement opportunities.

A system for monitoring and evaluating the efficiency of school boards needs to be established. Moreover, social partners have little impact on policies, including curricula, which are designed at the central level. Cooperation between education and the world of work in designing education policies is weak in the region as a whole, with developments in the economy and labour market barely taken into consideration in the VET system.

Various surveys confirm the weak link between education and the labour market. Enterprise surveys conducted in the region by the World Bank in 2002, 2003, 2005, 2008 and 2009 (World Bank, 2010b) indicate that fewer companies are providing practical training to their staff and that small companies provide hardly any training at all. Comparative enterprise surveys for 2008 and 2009 for all countries in the region indicate that employee levels of skills and education do not meet the needs of enterprises. According to Business Environment and Enterprise Performance Surveys (BEEPSs), the percentage of employers in these four countries who consider graduate skills to be inadequate is above average for the former Soviet Union republics and Europe and Central Asia (EBRD/World Bank, 2010). Between 30% and 50% of employers in the four countries consider that inadequate labour skills are hampering the development of their company (**FIGURE 2**) (World Bank, 2010b).

In terms of the sectoral breakdown of enterprises included in the same surveys, most complaints about the skills of the graduates are from the manufacturing companies which provide practical training themselves; in Kyrgyzstan, however, most complaints come from employers in the services sector. Except in Uzbekistan, larger enterprises in the region also consider that labour force skills are not adequate (in Kazakhstan, 57.8% of respondents). It is hardly surprising that most larger enterprises establish their own training centres to train or retrain their employees.

**FIGURE 2: FIRMS IDENTIFYING LABOUR SKILLS LEVEL AS A MAJOR CONSTRAINT TO BUSINESS (%)**

*Note: For the 2008 surveys, the question was asked to firms that confirmed that they had applied for government contracts in the last fiscal year, while in the previous rounds the question was asked to all firms participating in the survey.*

*Source: World Bank (2010b).*

The governments support the migration that takes place, mostly at the regional level towards Kazakhstan and Russia. Tajikistan and Uzbekistan provide basic training and language skills (primarily Russian) for their migrating citizens so that they can find jobs more easily. Uzbekistan has signed migration agreements with Russia, Kazakhstan and Poland and has established five regional offices in order to regulate migration and provide basic skills for migrant workers. Most outward migrants in the region are unskilled and have low educational attainment. In Kazakhstan and Russia migrants are mostly employed in agriculture, construction and certain services. Highly skilled people are increasingly migrating to Russia, especially from Uzbekistan and Kyrgyzstan, adding to the population of students from the region for whom Russia is a popular destination for studies.

It is difficult to establish the link between outward migration and VET systems in general for the region. However, it seems that current trends will continue in the coming years, given the young populations of these countries. Public employment services and vocational schools could be more active in organising sector-specific training, for example in the construction sector. Another option is language training and the inclusion of a second language (such as English) as well as Russian in language training courses.

Equity remains an important issue, especially for people in rural areas, young women and those who are unemployed, as a lack of opportunities is likely to lead to disadvantage in society and in the labour market. The overall equity of the VET systems can be extracted from data on early school leaving, dropout rates, access to education by gender, disparities in urban and rural education (specifically in vocational schools) and

unemployment. Most government documents (national legislation and policy papers) refer to inclusion and equity. Strengthening social cohesion by 2020 is among the most important objectives set by the Kazakh government. Uzbekistan aims to provide training and education for all in its education plan. Uzbekistan has set a target of 100% enrolment in secondary education and plans to increase labour market access opportunities. Kyrgyzstan and Tajikistan also have plans to increase equity in education. All the countries have developed poverty-reduction strategies in line with the United Nations Millennium Development Goals.

As for disparities between rural and urban areas, rural areas are much more disadvantaged in education, and rural vocational schools – with difficulties relating to infrastructure, equipment and teachers – are worse off than general education schools. Access to education in rural areas, specifically VET, is also problematic, as most young people are employed on the land during harvest periods (e.g. April–May each year). In addition, some of the schools are too far from the students' homes. Students from poor families thus have fewer opportunities to continue their education. Only Uzbekistan has taken some steps in this regard by establishing new vocational schools in rural areas (Karkkainen, 2010).

In terms of gender, girls and women, particularly those living in rural areas, have less access than men to the education system, for a range of cultural and economic reasons. Families, for instance, often simply cannot afford education or are reluctant to send their daughters to schools far away from home. The low educational attainment of women in the DCI countries makes them more vulnerable in the labour market; they are usually either unemployed or simply inactive. Girls with incomplete higher education (Kazakhstan), with general

secondary and higher education (Kyrgyzstan) and with secondary VET background (Kyrgyzstan and Tajikistan) have fewer chances in the labour market and a high probability of unemployment (no information or statistics on the educational level of unemployed people is available for Uzbekistan). It can be inferred that girls and women in rural areas are particularly disadvantaged in the labour market at all levels of educational attainment, including higher education.

Dropout rates in VET are relatively high in Kyrgyzstan and Kazakhstan. In Kazakhstan 14.3% of trainees left VET institutions in 2008 because of poor learning achievements, misconduct or a lack of funds to cover tuition fees (Kazakh Ministry of Education and Science, 2010a). In Kyrgyzstan and Kazakhstan, students who do not complete higher education are the most vulnerable in the labour market as most of them cannot find suitable jobs.

## 6. INTERNAL VET EFFICIENCY

### Attractiveness of VET

The economic and societal overemphasis on a scientific style of teaching that is not work-based or practice-oriented has led people to favour a university education. Except in Uzbekistan, the attractiveness of VET in the region is thus very low. In Kazakhstan the importance of implementing diagnostic tools for recruiting able, dedicated and talented candidates to participate in VET programmes is recognised by authorities and stakeholders, who perceive the need to develop new pathways at different VET levels and to improve permeability between general and VET education.

Upper secondary attainment in VET is a core indicator for measuring progress in vocational schools (TABLE 5).

However, it is difficult to measure VET participation using simple statistics. The data available for the DCI region is limited and countries have not set national targets in this area.

In adult education and continuing VET a common trend in all the countries is for most of the training in work-integrated activities to be organised mainly by large

and international companies. In several sectors, international companies also provide initial work-based VET for their employees. Younger people, more educated people and employed adults have higher participation rates in continuing VET. Being older and from a rural environment in Kazakhstan and Kyrgyzstan are particularly strong barriers to participation. Adult education often evolves spontaneously and its quality is not measured.

Obstacles to participation in VET are mentioned by stakeholders in Kyrgyzstan, Tajikistan and Kazakhstan. School absences in Kyrgyzstan are mostly seasonal (higher in September/November and April/May) owing to the demands of agricultural and household work. Kazakh people have to travel long distances to vocational schools, and programmes are not always appropriate to their interests. However, new accommodation options are to be set up in 2011. In Tajikistan most graduates have major difficulties in finding employment, so they frequently go abroad; this results in a reduction of VET places in the system.

Statistical data on the transition of VET graduates to other levels of education or to work are missing in the region, and problem analysis and policy response is often not suitable. In Kazakhstan and Uzbekistan, in accordance with the principle of the continuity of professional programmes, VET graduates can continue their studies in higher education institutions. However, effective career support and guidance regarding new developments in VET pathways are still not in place, although there are plans to create career management departments in VET institutions. In addition, the Kazakh government plans to develop a database (on regions and specialties) for employment services. The idea is to facilitate information exchange concerning vacancies in the labour market and employment protection mechanisms such as job placements, social employment, and work experience for young specialists (Kazakh Ministry of Education and Science, 2010b).

### VET quality

There is consensus between national authorities and other main stakeholders that the overall quality of VET remains a major obstacle to enterprise development. This issue needs to be assessed in terms of underfunding, poor awareness of VET's role in the labour market and society, and the opportunities provided by

**TABLE 5: ENROLMENT IN VET BY EDUCATIONAL LEVEL (2009)**

	ISCED 3 VET	ISCED 4	ISCED 5B
Kazakhstan	108 018	504 742	NA
Kyrgyzstan	21 995*	7 998*	48 991
Tajikistan	20 912**	34 007**	NA
Uzbekistan	1 380 422	NA	NA

Notes: ISCED=International Standard Classification of Education.

\*National estimate. \*\*Data for 2008.

Source: UNESCO Institute for Statistics.

more differentiated qualification systems. The problem is also associated with that of the unattractiveness of VET. There is an urgent need to improve curricula, didactics and methodology to encourage self-determined and reflective learning. Common trends are the reduction of the predominance of theoretical training and an increase in the practical arrangements with workshops and enterprises so that VET programme content is better adapted to student abilities and to employer requirements. Owing to the lack of data it is not possible to assess the efficiency of theory–practice integration in VET programmes or to compare the effectiveness of different approaches.

Improving the quality of teacher education, further training and professional development is mentioned in all the country reports as a major factor in increasing and assuring VET quality. Furthermore, vocational teachers, instructors and in-company trainers are the key to making lifelong learning a reality. While the Uzbek report mentions regular in-service training for teachers, the Kazakh report outlines the opportunity for participation in in-service training every five years. In order to improve their teaching competences, most teachers and instructors are limited to informal dialogue with colleagues. Attendance at courses and workshops is limited and the number of teaching staff who have taken courses to upgrade their qualifications is still too low. Status and salaries for teachers are also very low. Focus group participants stressed that the salaries of VET teachers are lower than average salaries in the region.

According to the country reports the trainee-to-teacher ratio in VET institutions is around 17.6 in Tajikistan, 14 in Kazakhstan, and 9 or 12 (initial and secondary VET, respectively) in Kyrgyzstan. These are much better conditions for internally differentiating VET programmes, classes and levels compared to conditions in other countries, for example in the EU.

There are no mechanisms for analysing education results in the context of usability in the labour market and improving the educational process. Common trends in the region are focused on more independent assessments of learning achievements.

### **Social partnership and education–business cooperation**

Social partnership terminology differs between the countries in the DCI region and the EU. ‘Social partnership’ is used in Kazakhstan, for instance, for all forms of

cooperation with partners outside educational institutions and for all kinds of training with practice partners.

There is no evidence regarding enterprise capacities to participate in VET at national or regional levels. However, several approaches to organising cooperation between schools and enterprises can be found at local level. Cooperation setting, duration and content are agreed by the institutions themselves and are often formalised in a contract. Partner institutions for practical training are mostly SMEs (governmental and private companies) in different sectors and other vocational schools or lyceums with better material and equipment. Students are often sent in groups to enterprises, making it difficult to integrate individuals into the working process; the result is a form of work tourism. SMEs are not convinced about the added value of this kind of practical training, and it is time consuming for the employees, who are working under time pressure and being disturbed in their work.

Large companies (e.g. in Kazakhstan) do not usually cooperate with vocational schools, lyceums or colleges but recruit their trainees directly for internal training, sometimes even issuing certificates. ‘Graduates’ from these companies are very popular with SMEs; in fact, these individuals have a better chance of finding work than graduates from schools, lyceums, colleges and universities. At the *oblast* and local level in Kazakhstan there have been some early attempts by SMEs to come together to organise practical training in areas of common need.

## **7. INNOVATION IN VET**

A smooth changeover in terms of responding to the needs of society and the labour market can be observed in these four countries covered by the Torino Process review, in the shift from input-oriented schooling to outcome-oriented cooperative vocational training, new roles and tasks for VET staff and a shift from quantitative provision of school places to qualitative provision of competences and skills.

The development of professional standards and the national qualifications framework (NQF) are mentioned explicitly by Kazakh and Uzbek stakeholders. Several sectors have started on their own initiatives. In addition to the agreement on standards, in Kazakhstan there are plans to implement a credit system involving different VET levels and professional profiles. Especially in the context of accession to the Bologna Process, this has to be seen as a big step forward in connecting the NQF with international developments, to ensure the quality of the system, and to strengthen national and international partnership.

TABLE 6: RECENT INNOVATIONS IN VET POLICY

<b>KAZAKHSTAN</b>	<ul style="list-style-type: none"> <li>■ A key element in establishing education–business cooperation was the 2009 tripartite agreement to support VET, signed by the Ministry of Education and Science, the Ministry of Labour, and Atameken (the national chamber of commerce).</li> <li>■ Three GTZ pilot projects (as yet incomplete) have been very successful in involving education and business in cooperative VET programmes. GTZ equipped three pilot vocational schools to implement the cooperative VET programmes, designed on the basis of learning outcomes. Graduate job placement is at a much higher level than in regular training programmes.</li> <li>■ Based on this good practice, GTZ has drafted a proposal for a legislative amendment: cooperative VET should include an obligatory training component of 50–60% technical theory and practice in the vocational school, enterprises and VET enterprise centres; social partners should be involved in intermediate and final assessments; and the apprentice, the employer and the vocational school should sign a contract regulating their relationship over the training period.</li> </ul>
<b>KYRGYZSTAN</b>	<ul style="list-style-type: none"> <li>■ A consultative initial VET forum that includes employers has been put in place.</li> <li>■ Employers and local administrators participate in school boards (since 2010).</li> <li>■ Government support is provided to a network of vocational schools.</li> </ul>
<b>TAJIKISTAN</b>	<ul style="list-style-type: none"> <li>■ A lifelong learning concept paper covering initial and secondary VET and adult learning increasingly independent of educational institutes is under discussion.</li> <li>■ Short-term VET courses are being offered to migrants and unemployed people to help integrate them into the labour market.</li> <li>■ Social partnership is being developed in the tourism and telecommunication sectors and different actors in VET are reflecting on forms of studying labour market needs.</li> <li>■ GTZ has promoted flexible modular training aimed at enhancing the employability of young people, and the results will be used for the further development of VET programmes.</li> </ul>
<b>UZBEKISTAN</b>	<ul style="list-style-type: none"> <li>■ Education and business cooperation has a long tradition: 30% of vocational college students cooperate with companies, companies pay for internships in enterprises and entrepreneurial learning is included in the curriculum at all levels of education.</li> <li>■ GTZ has promoted in-company training for first-year trainees in several projects.</li> <li>■ Vocational teacher retraining often takes place in companies.</li> <li>■ Some vocational schools are 100% funded by state-owned companies.</li> <li>■ The school boards of academic lyceums and vocational colleges, which have representatives from enterprises, organise practical training in companies. Employers are involved in final examinations, and attestation commissions, which are headed by a representative of the industry concerned, consist of 70% employer representatives and 30% college staff.</li> </ul>

## 8. CONCLUSIONS AND THE WAY FORWARD

Although there has been broad progress, more effective national initiatives are required in order to ensure a better match between labour supply and demand, reduce early school leaving and encourage completion of upper secondary education, foster lifelong learning, professionalise VET staff, improve VET quality and foster social partnership. Based on the Torino Process reviews of VET systems in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, conclusions and priority areas for the way forward in VET development are described below.

**Governance.** VET planning needs to become a permanent process involving bottom-up (regional, sectoral, local and institutional) knowledge and top-down initiatives (objectives, programmes and strategies). The implementation of a multi-level governance model should be accompanied by increasing self-reliance combined with regionalisation (especially in Kazakhstan but also in Tajikistan and Uzbekistan), sectoralisation and institutionalisation, and should be focused on sharing responsibilities at different levels and active participation by all actors involved.

**VET attractiveness.** New initiatives need to highlight VET's socio-economic role, create pathways between general education and VET at different levels and link traditional education with informal and non-formal

learning. Focusing on ability and talent in relation to VET and consolidated horizontal and vertical permeability would contribute greatly to increasing the attractiveness of VET in the region.

**VET quality.** The quality of VET and the relevance of programmes, didactics and methods all need to respond better to the needs of the labour market and society. Key elements in this process are the qualification and professionalisation of teachers and in-company trainers, the strengthening of quality-assurance mechanisms and the recognition of qualifications at the national level. In relation to upper secondary attainment, there is an urgent need to extend continuing VET programmes and, in relation to tertiary attainment, transition pathways to VET programmes for high specialist professions will be necessary in the future.

**Capacity building.** It is necessary to develop a culture of active participation by implementing capacity building initiatives for all the actors involved in VET to build trust, self-determination, pro-activity and assertiveness. VET actors need to be rewarded in a way that creates commitment and loyalty to the organisation and the system. Supporting the initiatives of such actors will ensure that their potential and active participation is maximised. Entrepreneurial learning in both education and business should be a strong component in all educational activities, from basic education to secondary and post-secondary education and VET. An entrepreneurial spirit would enhance creativity, innovation, business development, and job and VET pathway mapping, and would reduce poverty and the disparities between rural and urban areas.

**Social partnership.** Building on the national consensus on reform priorities, social partnership at all levels of education and training at the national, regional, local and school/enterprise level should be fostered. Major elements in achieving the objectives expressed in the visions of these countries are the active involvement of social partners in the development of VET, and suitable theory–practice integration in curricula designed for very different VET target groups. National and transnational VET development networks would accelerate the development and use of vocational standards for all VET fields and the implementation of NQFs. A quality-assurance reference framework would be the next step in enhancing quality in VET. Initiatives originating in sectors and companies need to be led jointly by the ministries.

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# LIST OF ACRONYMS AND ABBREVIATIONS

<b>BEEPS</b>	Business Environment and Enterprise Performance Survey
<b>DCI</b>	Development Cooperation Instrument
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>GDP</b>	Gross domestic product
<b>GTZ</b>	Gesellschaft für Technische Zusammenarbeit [German Technical Cooperation]
<b>ISCED</b>	International Standard Classification of Education
<b>USD</b>	United States dollar
<b>SME</b>	Small and medium-sized enterprise
<b>VET</b>	Vocational education and training

## COUNTRY ABBREVIATIONS

<b>KG</b>	Kyrgyzstan
<b>KZ</b>	Kazakhstan
<b>TJ</b>	Tajikistan
<b>UZ</b>	Uzbekistan