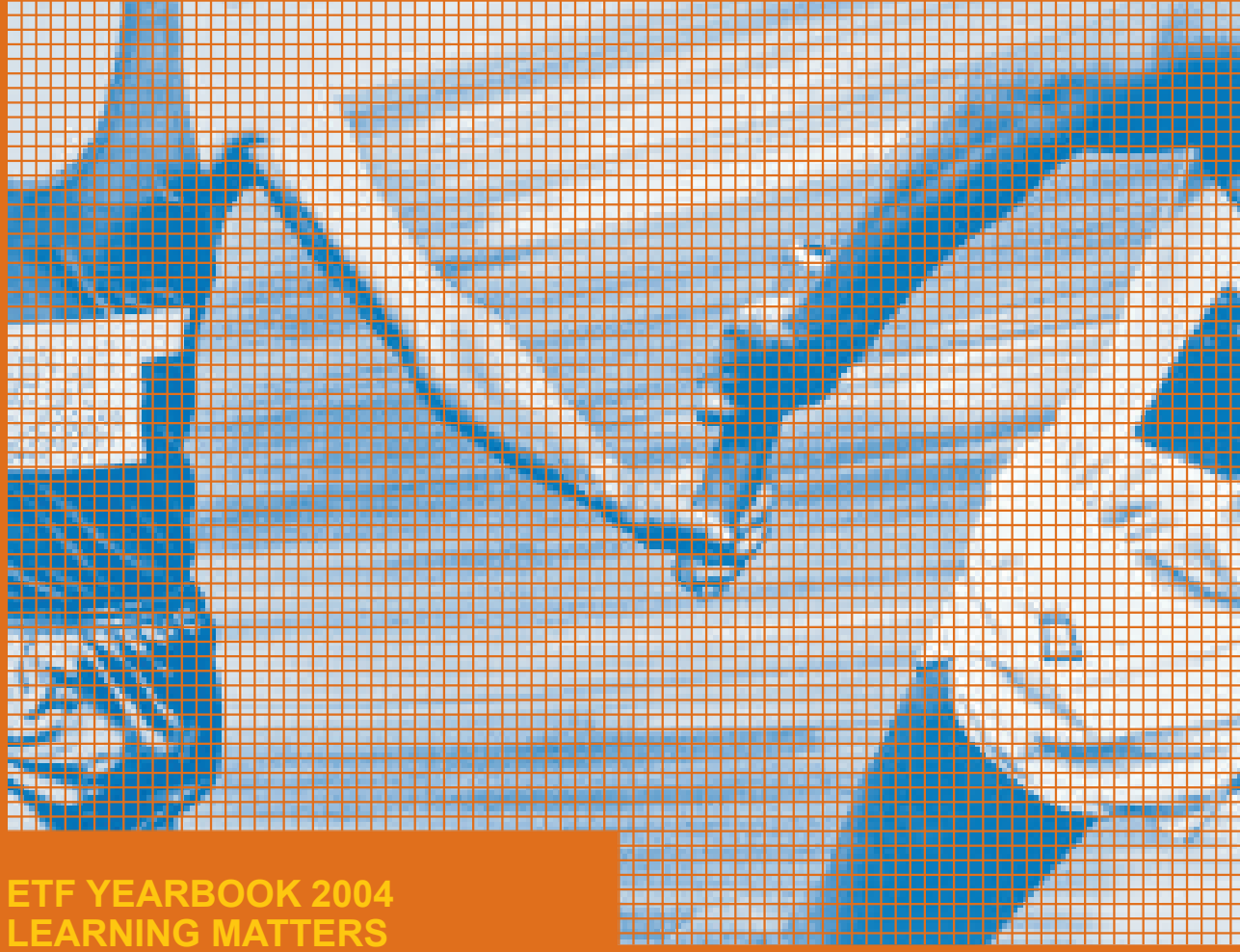
ISSN: 1725-9061



ETF YEARBOOK 2004
LEARNING MATTERS

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THE EUROPEAN TRAINING FOUNDATION IS THE EUROPEAN UNION'S CENTRE OF EXPERTISE SUPPORTING VOCATIONAL EDUCATION AND TRAINING REFORM IN THIRD COUNTRIES IN THE CONTEXT OF THE EU EXTERNAL RELATIONS PROGRAMMES

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ETF YEARBOOK 2004
LEARNING MATTERS

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A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (http://europa.eu.int).

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 2004.

ISBN 92-9157-373-6 – ISSN 1725-9061

Printed in Italy

TABLE OF CONTENTS

FOREWORD 7

PREFACE 9

1. LEARNING MATTERS (PETER GROOTINGS) 13

Introduction 13

A framework for understanding VET reform in transition countries 14

Learning from VET reform experiences in transition countries 23

Learning matters 33

2. VET REFORMS IN CENTRAL AND EASTERN EUROPE: ACHIEVEMENTS AND CONSTRAINTS (SØREN NIELSEN) 39

Introduction 39

Different backgrounds for VET reforms in Central and Eastern Europe 40

Characteristics of VET common to all Central and Eastern European countries 40

Features common to three very different groupings of countries in VET 42

A review of VET reform achievements and challenges 44

VET reform strategies: future challenges and constraints 50

Sources for future policy learning 52

Conclusion 53

3. VOCATIONAL EDUCATION AND TRAINING REFORMS IN SOUTH EASTERN EUROPE (ANASTASIA FETSI) 55

Introduction 55

Historical and institutional context of VET in South Eastern Europe 56

A review of VET reform experiences 58

Successful formulation of VET reform policies in the region 66

Underdeveloped strategies for implementation of VET reform policies 67

Insufficient capacities and resources 69

Conclusions 70

4. EASTERN EUROPE AND CENTRAL ASIA: FROM SURVIVAL TO SYSTEM REFORM (SØREN POULSEN) 71

Introduction 71
Survival of the system 72
Labour market developments 73
Weakness of vocational education and training systems 75
VET reform policy aims 76
Implementation strategies 77
The problem of capacities and resources 78
Future challenges 80

5. VOCATIONAL EDUCATION AND TRAINING REFORM IN THE MIDDLE EAST AND NORTH AFRICA (ELENA CARRERO PÉREZ) 81

Introduction 81
Background and context 82
Key challenges for VET reforms 85
From the identification of challenges to implementation strategies 88
Partners in reform 89
The road ahead 91
Five key strategic areas for future reform 93

6. LIFELONG LEARNING: A REFERENCE FOR TRANSITION COUNTRIES? (MADELEINE GUNNY) 95

Introduction 95
Convergence and divergence in approaches to lifelong learning 97
Transforming education and training in a lifelong learning perspective 101
Challenges of lifelong learning 102
Lifelong learning in VET 108
Conclusion 108

7. INSTITUTION BUILDING IN TEMPUS: A SUCCESS STORY? (EWA KOLANOWSKA) 111

Introduction 111
Why institution building projects were launched in Tempus: more or less specific challenges in broader contexts 112
The approach adopted: one action for a double benefit 113
How it worked in practice: from pure institution building to some misunderstandings 115
How much was achieved: training or teaching capacity of providers, know-how of trainees, …and what else? 116
Why some achieved more than others: joint effort in an encouraging environment 119
How much did, and is likely to, remain: a short story or a lasting success? 121
Conclusion: further effort in the interest of all concerned 123

8. A COMPARATIVE REVIEW OF EMPLOYMENT AND TRAINING STATISTICS (ALISON KENNEDY AND MIRCEA BADESCU) 125

Introduction 125
Demography and economy 125
Labour markets 128
Public employment services 134
Continuing vocational training 136
Initial education and training 141
General notes for tables 148
Glossary of main definitions 148

9. A ROLE FOR ETF: FACILITATING POLICY LEARNING (PETER GROOTINGS AND VINCENT McBRIDE) 151

Introduction 151
International assistance to policy development in partner countries 152
A learning process 153
Policy learning 154
Linking different kinds of learning 155
Sources of learning 157
ETF as a policy learning facilitator 158

STATISTICAL ANNEX 163

LIST OF ABBREVIATIONS 173

REFERENCES 175

FOREWORD

This Yearbook is the first of a new series that the European Training Foundation intends to publish annually. The aim is for ETF staff to present analyses and insights based on their experience developed across single projects or country activities.

To date the ETF has always published the results of its thematic and country projects separately. It has been felt for some time that a regular publication, bringing together what can be learned from our work in different countries and from different development projects, would be very useful. Readers could get a quick insight in a number of critical issues related to the reform of vocational education and labour markets in transition countries. ETF project and country managers would have an incentive to reflect on their daily practice and engage in comparative review and analysis beyond their more operational activities.

Assisting partner countries in the reforms of their vocational education and training and labour market systems is still, after almost 10 years, exciting work that is of high relevance from an EU perspective. The work is interesting because we have come to realise that it is full of uncertainties: there is no fixed model of a perfect VET system, there is no one-best-way of reforming policies, and even the outcomes of well-designed single projects are often unpredictable. Those who are involved are therefore learning all the time. The work is tremendously rewarding because, even if not immediately visible, we know that through our involvement we do make a difference. National policymakers and other stakeholders, both inside and outside the EU, learn to look differently at their own institutions and practices. Based on experiences from elsewhere they are better informed to take decisions, they have often also become more aware of important issues that were not included in national policy agendas, and sometimes they have even reached consensus on how to address these issues.

There is an increasing need and willingness to share experiences among EU Member States and partner countries and among the partner countries themselves. The Yearbook series, therefore, fits well into the ETF policy of strengthening internal and external knowledge sharing. However, the contributions in this Yearbook 2004 do not pretend to present the ultimate wisdom. They convey what we have learned so far and what we have learned is obviously open for discussion. Our partners may agree or disagree with our approach and also with our conclusions, but only through open debate will we be able to make progress.

The role of vocational education and training for fostering economic development, social cohesion and political stability has become increasingly recognised. Assisting partner countries in reforming their systems so that they can live up to their potential remains as important as it was 10 years ago. I hope that this first edition of the ETF Yearbook, and the other issues that follow, will provide some more added value to this process.

Peter de Rooij
Director

PREFACE

This Yearbook 2004 contains a number of papers originally prepared for discussion at the ETF plenary Advisory Forum conference which was held in November 2003 in Turin. During the Learning Matters conference, ETF staff discussed with some 300 colleagues from the European Commission services, partner countries and the international research community some of the lessons that could be learned from more than 10 years of vocational education reform in partner countries. The main lesson drawn from a review of past experiences was the need for sharing a new paradigm for reform and reform assistance based on the principles of *context fitness, local ownership and sustainability.* The participants at the conference shared this conclusion.

The reform experience from ETF partner countries suggests that too often too much reform and reform assistance has taken place without due attention to the suitability of new policies to the context of partner countries, their history, institutional setting, capacities and daily practices. Much was copied and/or imported from elsewhere, based on models of apparent best practice, or simply concluded from theoretical assumptions. The result has often been the dependency of policy implementation on foreign assistance – financially and conceptually – limited ownership from the side of local policymakers and other stakeholders, and hence short-lived unsustainable reform initiatives without too much impact. Many reforms came and disappeared with the donors that initiated them. Only those countries that managed to integrate foreign donor projects within a clear national reform policy have been successful. There are however, only few such countries. Most countries are still struggling with their reform of vocational education and training. This negative chain of external dependency, lack of local ownership and absence of context fit needs to be turned around. This can be done by appreciating the systemic nature of VET reforms in transition countries.

We argued during the Learning Matters conference that the nature of VET reforms in transition countries has often not been properly understood. Insufficient attention has been given to analysing the context *in* which, and therefore also the reasons *for* which, VET reform is to take place. Local policy makers have often concluded that what was really needed were just additional resources to enable a long-due modernisation of the vocational education and training system. The system used to be good but has become outdated and sometimes even impoverished because of a lack of investment (in teaching materials, workshop equipment and teacher knowledge and skills). While most policymakers would initially argue for mere financial resources, some, in particular after the initial phase of reform, would also call for investments in capacity building, acknowledging the fact, that as a result of under investment in the past, local capacities were insufficient to bring modernisation forward.

Donors and their international policy advisers or technical assistance would easily buy the modernisation approach but would often add that structural changes would be required as well, in particular in terms of governance and financing. Existing state domination, it is normally argued, causes inefficiency and ineffectiveness. Existing systems are not sustainable because they cost too much and do not provide the outcomes that they should. The whole range of alternative

governance and funding arrangements has been offered. These have usually been based on the national or ideological background of the policy advisers themselves: from a modern public sector approach (combining input and output standards), a shared public-private partnership (tripartite or neo-corporatist sharing of responsibilities and funding), towards the other extreme of a fully private sector-based system. Most of the structural change advocates have failed to cope with the lack of interest and capacity of the private sector to play any role at all, however.

Both local policymakers and external policy advisers, in limiting themselves to the need for modernisation and structural change, have fundamentally underestimated that reforms in transition countries are also *systemic* in nature. Reforms of vocational education and training systems in transition countries are related to radical changes in the way in which human resources are deployed in the employment system. The transition towards a market-based economy has radically changed, or is radically changing, the ways in which companies produce goods and deliver services. It is also changing the ways in which companies recruit and employ as well as how people find work and employment. Labour markets are replacing political and administrative labour allocation mechanisms. Vocational education and training, as the institution that provides people with the qualifications through which they find employment, has to change accordingly. The case for systemic reform is as simple as that.

We also argue that systemic reform has *system-wide and system-deep* implications. Reform covers not only modernisation and structural change of the various building blocks of existing institutional frameworks of vocational education and training systems (from governance to delivery) but also a change in the roles of key actors (from policy makers to practitioners) and of the belief systems, attitudes and behaviour of individuals (including parents, employers and students) who are involved in the system. It is because of the system deep implications that reforms in transition countries are different from those taking place in developed market economies.

Individual countries cannot simply copy from each other; neither in terms of WHAT their VET system should be like, nor in terms of HOW to achieve a new system. But they can very well learn from each other. They can share experiences on what are currently agreed to be the main characteristics of a successful VET system. They can also share experiences concerning the steps to be taken in order to make reforms successful. There is a huge wealth of experience from the attempts made in EU Member States over the last twenty years or so to modernise their VET systems. There is also almost fifteen years of experience in the transition countries of Central and Eastern Europe, including that of the new Member States. There is additional reform experience from the Mediterranean region and the countries of the former Soviet Union. This learning potential is captured by the ETF's *policy learning* approach and by the policy learning facilitating role that the ETF has adopted.

The conference papers presented in this Yearbook 2004 have been thoroughly revised on the basis of the discussions at the conference.

Chapter 1 by Peter Grootings presents the conceptual framework for the 'Learning Matters' argument. It summarises the international discussions that have led to a growing awareness of the need for policy learning, provides a brief review of reform experiences in ETF partner countries and identifies a number of open challenges that need to be addressed. It is argued that the main challenge for partner countries will be to secure ownership for the reform process, embed international assistance into national contexts, and make further VET development sustainable, independent from foreign assistance. The best way to face the challenge is by adopting a policy learning approach.

Chapters 2-5, present more detailed reviews of the vocational education and training reform experiences in the four

regions that ETF operates in: Central and Eastern Europe, South Eastern Europe, Eastern Europe and Central Asia, and the Middle East and North Africa. Cooperation with these regions is framed by the EC Phare, CARDS, Tacis and MEDA Programmes respectively. The reviews are an attempt to apply the conceptual framework of Chapter 1. This has not always been possible, which makes clear the fact that we still know very little about our partner countries. The regional reviews come to different conclusions as to where the countries of the region currently are with respect to their reforms.

Whereas most countries in Central and Eastern Europe, now already new Member States, have profited very much from the accession driven reform policies in giving focus to national reforms, Søren Nielsen argues that their main challenge will be to bring the unfinished VET reform forward with a national policy framework, freed from the Phare reform legacy. Countries of South Eastern Europe have, according to Anastasia Fetsi, managed more or less to define their reform objectives, profiting much from the experience of their neighbouring countries. However, they face insufficient capacities and resources to transform policy objectives into implementation strategies. The perspective of future integration in the European education space, and indeed the European Union, as such may provide an important incentive to further invest in vocational education and training reform, to exchange experiences with other European transition countries and to foster regional cooperation. Søren Poulsen argues that most countries of the former Soviet Union have been preoccupied with the survival of their inherited VET systems and are only recently addressing modernisation and reform. They will need to define their own national systemic reform priorities in order to be able to successfully integrate international donor assistance and avoid becoming driven by donors. Many countries in the Middle East and North Africa have a long experience of donor assistance. That assistance, however, has changed its priorities and modalities over time, and the situation is currently characterised by attempts on both sides to come to terms with each other. Elena Carrero Perez writes that the recent donor assistance agenda includes such issues as governance, financing, quality, the informal sector and an increased role of the private sector. Individual countries respond differently while there is still insufficient interest in regional cooperation. The diagnosis exists and has been accepted by all stakeholders. The road ahead is how to tackle the key issues and how to create the tools and approaches for supporting the countries in the policy learning process necessary for the future generation of reforms.

Chapters 6-8 present slightly different ‘Learning Matters examples’. Chapter 6, written by Madeleine Gunny, reviews the international debate on lifelong learning and seeks to find an answer to the question of whether this debate has any relevance for transition countries. Lifelong learning is a key driver for educational reforms in developed market-based economies and it is no surprise that all international organisations have developed their own position, and not always in a completely identical way. The identification of how the European Commission, the OECD, UNESCO, ILO and the World Bank differ or converge is important for policy makers to bear in mind while engaging in debates with these organisations. The clear message from the international organisations is that lifelong learning is a matter of survival and that it is the best way for all countries, developing, transition and developed economies alike, to maintain the knowledge and competences needed in the global knowledge economy and information society, and for individuals to remain employable in a fast changing labour market where employment is increasingly unpredictable and where the acquisition of new competences is necessary to keep abreast of rapid technological change. Since lifelong learning is for all, not just for an elite, developing people’s competences supports social inclusion objectives and contributes to the wider challenge of reducing poverty.

Chapter 7 by Ewa Kolanowska reviews the experiences from the Tempus programme which supports cooperation between

universities from Member States and partner countries. Tempus has focused on the reform of higher education and in so doing has always had a strange relationship with EU programmes supporting vocational education and training reform. Often they have been in competition with each other depending on priorities in partner countries for education reform. Only rarely has there been cooperation, complementarity or synergy. The review is a rare attempt to draw lessons from the Tempus programme that may be relevant for VET reform assistance projects. The focus is on institution building and the review analyses how Tempus has contributed to institution building and what the effects have been of the Tempus approach. There are plusses and minuses. The chapter is based on a detailed analysis of the experience of four Central and Eastern European countries but has been enriched by information from other countries.

Chapter 8 prepared by Alison Kennedy and Mircea Badescu presents a comparative review of key employment and training statistics from new and 'old' Member States, and candidate countries. Comparing statistical data allows the positioning of acceding and candidate countries both on an EU scale and in comparison to each other. Using the best performing EU Member States or EU-15 averages as the benchmark the cross-country comparison is useful in determining a country's situation, identifying major challenges and developing policies for approximation. The chapter brings some hard statistics to the discussion about VET reforms, but also reminds us that statistics need to be placed within a wider – and more qualitative – understanding of a country's context. More statistics for all ETF partner countries, as far as available, are included in an annex.

The last chapter, Chapter 9, by Peter Grootings and Vincent McBride presents a further elaboration of the policy learning approach and identifies ways in which ETF can effectively develop a role of policy learning facilitator. Issues dealt with in this chapter are currently under intensive debate among ETF staff.

The chapters in this book are written by ETF staff members. They reflect a process of reflection on the future direction of our work that started some time ago and in which all ETF colleagues have played a role. In a way, therefore, the Yearbook contains the collective wisdom of the ETF. In preparing the conference papers we have benefited much from discussions with the members of an external reference group consisting of Boualem Tatah (Algeria), Munther Masri (Jordan), Melis Junushaliev (Kyrgyzstan), Ivan Svetlik (Slovenia), Jerzy Wisniewski (Poland), Bozidar Sisevic (Montenegro), Ben Hovels (Netherlands), Johanna Lasonen (Finland), Oriol Homs i Ferret (Spain), Merete Pedersen (Denmark), Luis Guillermo Hakim (World Bank) and Stavros Stavrou (Cedefop). We have also benefited from consultations, at different stages, with many colleagues in the European Commission. We are, in particular, grateful to Sergio Piccolo and Dorthe Schmidt of EuropeAid and Fredrik Svedang and Jose-Antonio Torres Lacasa of DG RELEX for comments on the regional papers.

This is the first publication that has been thoroughly reviewed by the new ETF Editorial Board and we would like to thank Galina Borisova, Munther Masri, Cesar Birzea and Steve Bainbridge for their advice. But most of all, of course, we are grateful to all the participants of the Advisory Forum conference for sharing with us their knowledge from the past for a frank discussion on the challenges of the future.

Sabina Nari has skillfully coordinated the work of the authors and Joanna Anstey and Dominique Nongo-Adidi have done a great job in getting the Yearbook 2004 ready for publication.

Peter Grootings
Expertise Development Coordinator

1. LEARNING MATTERS

Peter Grootings[1]

1

INTRODUCTION

Many countries have recognised the importance of learning for individuals and societies, and most are reviewing and changing their education and training systems in order to be better able to cope with the challenges posed by globalisation and the Knowledge Society.[2] Countries show a wide variety of approach and success. This chapter looks at the particularities of vocational education and training (VET) reform in ETF partner countries. As transition countries they have had to combine fundamental changes of their overall political and economic systems with preparing society at large for the future. They have also been dependent on external assistance for their reforms. This chapter reviews the experiences with VET reforms against the background of recent debates on the contribution of VET for social and economic development, and reflects on the role that international assistance has played. The main conclusion is that learning also matters for VET reform policymakers simply because there are no ready-made, fit-for-all solutions that can be copied from elsewhere, or, indeed, be imposed by others. Policy analysts, advisers, decision-makers, researchers and practitioners involved in reforming educational systems will be more successful through understanding the influences that existing institutions have on reform initiatives, at home and abroad. Learning about policy in a broad sense therefore is the key to successful reform.

The next section will present the main conceptual issues and will summarise the international discussion that has led to a growing awareness of the need for policy learning. The third section will contain a global review of vocational education and training reforms in ETF partner countries summarising more detailed regional analyses that will be presented in other chapters. Policymaking and strategy development also need to be informed by a

1 Peter Grootings is the ETF's Expertise Development Coordinator.

2 Carnoy, 1993, World Bank, 2002b, European Commission, 2003.

clear understanding of future challenges.[3] But countries have different ways for dealing with future challenges, and it is their own past that provides the constraints and opportunities for doing so. Based on lessons that can be drawn from the past, a number of learning challenges that partner countries are still facing will therefore also be identified. These challenges need to be taken into account when developing scenarios and strategies for the future. Overall, the challenge for partner countries will be to secure ownership of the reform process, embed international assistance into national contexts, and make further VET development sustainable, independent of foreign assistance. The challenge can best be faced by adopting a policy learning approach.

A FRAMEWORK FOR UNDERSTANDING VET REFORM IN TRANSITION COUNTRIES

A broad concept

Vocational education and training (VET) will be used throughout this chapter in the broadest possible meaning. It includes formal, non-formal and informal work-oriented learning delivered by public and/or private providers. Within 'formal' education, secondary and tertiary (post-secondary and higher) vocational education will be included, but secondary general and university level academic education not. This concept of VET therefore includes training in the more narrow sense of skills development (for young and adults, initial and continuing, for employed and unemployed), but it is not limited to this. Vocational education and training in a European sense seeks to provide qualifications that enable access to employment, give entry to higher levels of education (not necessarily academic) and empower people to act as responsible citizens in the community. VET also plays a role in knowledge transfer and socialisation (personality development). The notion of a vocational education and training system will be used rather loosely to include all the actors and organisations involved in any aspect of vocational education, and the institutions that regulate their behaviour and relations.

Vocational education and training is a complex field as it sits at the intersection of several institutions and policy areas, in particular education and the labour market. It has to be responsive to changes and developments in these areas and also proactively create conditions for developments to take place, such as to develop a skilled labour force in order to attract local or foreign investment, for example. It also has to offer a valuable alternative to general and academic education in order to avoid becoming a second choice type of education. In doing so it is confronted with different interests and different claims for priorities. More fundamentally, in partner countries, VET reform has to combine immediate responses to economic and social crises resulting from the transformation process, with laying the foundations for sustainable mid- and long-term socio-economic development. Therefore, the reform of vocational education and training systems is always the combined result of changes of the VET system (however defined) *per se* and of changes and interventions in related domains. In partner countries it is part of the overall social and economic transformations. It is therefore impossible to deal with vocational education and training in an isolated manner.[4]

Thus, the understanding of VET adopted throughout this chapter, and indeed throughout this Yearbook, is that it serves more than merely providing job related knowledge, skills and competencies. Vocational education and training is potentially relevant for most, if not all, the key policy objectives that policymakers in transition countries are confronted with, such as production of a qualified labour

3 Future challenges for VET systems were dealt with in a joint Cedefop/ETF project on Scenarios and Strategies in VET (Sellin et al, 2001 and Van Wieringen et al, 2003). While the scenario project focused on 'learning the future', this Yearbook will focus on the lessons that can be learned from the past for the future. Reviews and scenarios are complementary approaches.

4 ILO 1999 and 2003; UNESCO, 1999, 2000; ILO and UNESCO, 2002, World Bank, 2000.

force, employability of the population, mobility on flexible labour markets, social inclusion of disadvantaged groups, poverty reduction, and local or regional economic development. On occasion, these different objectives may pose conflicting demands on the vocational education and training system.

Diversity of national vocational education and training systems

Countries differ in the way they have organised their vocational education and training systems.[5] These differences are often rooted in long traditions and are related to how countries have organised their overall education and employment systems. Countries may give different priority to public or private provision, or give prominence to formal education and training to the neglect of non-formal and informal ways of learning. They may also have developed multiple and open pathways within an overall flexible system or merely allow for single highly specialised tracks in closed subsystems. They may enable horizontal and vertical transfer or provide dead-end routes. They may deliver education and training in schools or in companies (or indeed in a combination of both), with a subject-based or a competence-based curriculum, and with internal or external assessment of learning outcomes. They may govern their VET system centrally by ministries or give autonomy to schools and involve social partners. They may give a prominent role to teachers and trainers in development or limit their role to delivery, and have specialised experts doing research and development. Each ETF partner country VET system has its own particularities as well. They have been developed over time in response to past opportunities and constraints specific to the country and have come under severe strain during the transition.

The key issues in the international debates about reforms of vocational education and training systems are about the changing relationships between the various elements (or building blocks) of VET systems in view of globalisation and the increasing role of knowledge in society. Additionally, ETF partner countries are reorganising their systems in order to be better able to cope with (i) the educational aspirations of their populations which have been largely unmet by the education provision of the past (ii) the fast changing skill requirements on the labour market and (iii) limited public resources. While countries are faced with finding proper answers to increasingly similar challenges, evidence so far shows that this does not mean that countries will also become similar in how they organise their VET systems. Apparently, the existing institutional and organisational diversity provides opportunities – or leads policymakers to opt – for very country-specific changes. This is so even though there is also a growing consensus on the main principles that a modern VET system should be based on in order to face the challenges of the future: accessible and of high quality, transparent with open pathways, learner and labour market relevant, flexible and able to adapt and innovate, qualifying for education, employment and citizenship, and be sustainable.

The concept of transition countries

ETF partner countries include all former socialist countries of Central and Eastern Europe, South Eastern Europe, the New Independent States and Mongolia, as well as the countries of the Mediterranean basin. All these countries have in common the fact that they are undergoing a fundamental transformation of their economic systems with dramatic implications for their social fabric. Partner countries therefore can also be called transition countries. The simultaneous combination of economic and political transformation, characteristic of the Central and Eastern European countries, is not shared by all partner countries and will therefore create quite divergent reform policy contexts.

The concept of transition does not imply that the outcome of the transition process is a priori known, as earlier discussions

5 See for example Masri, 1987; Ryan 1991; Crouch, Finegold and Sako, 1999, Lasonen, 2003 and numerous Cedefop and ETF descriptions of national VET systems.

about transition economies seemed to have implicated. Even if all transition countries are introducing market principles in their economies there are many ways of doing so. What has been said about differences in national vocational and education systems is also true for how countries organise their economies: there are as many differences among developed market economies as there have been differences among centrally-led economies. The challenge for transition countries was to rebuild and/or restore destroyed and/or obsolete economies and institutions (including vocational education and training systems), rather than develop new ones from scratch. Countries in the Mediterranean region, most of which had developed their VET systems with considerable international assistance during the 1970s and 1980s, face the challenge of redefining their systems and policies in a context of changing priorities and objectives for international assistance, in particular the introduction of markets and the development of a private sector. Thus, Central and Eastern European and Southern Mediterranean countries, though perhaps starting from different backgrounds, basically share similar transition challenges. They also share a basic uncertainty concerning the outcome of the transition with respect to the shape of their institutions.

The systemic nature of vocational education and training reforms in transition countries

The reform of vocational education and training in ETF partner countries is part of an overall transformation process and is therefore fundamentally *systemic* in nature. It is necessary to distinguish *system-wide* and *system-deep* changes.

System-wide changes relate to the need for a comprehensive change of practically all aspects of the VET system, from governance and financing to delivery and assessment. The building blocks of a national VET system are closely related to each other. For example, the decision to make VET more demand-oriented may lead to a policy aimed at making schools more relevant for local labour markets, which not only implies curricular changes but also requires decentralisation of decision-making and involvement of social partners. A change in one aspect of the VET system will therefore trigger a whole chain of related changes in order to make that particular change work. If the wider implications of change have not been considered or are not allowed to happen, such partial change is likely to remain isolated and be short-lived. The need for system-wide changes in transition countries stems from long periods of under funding and neglect, as a result of which most systems have not kept pace with quality standards of modern education and training systems. It also results from the transformation process, as new principles and organisational structures have to be introduced in order to make the VET system produce qualifications relevant for labour markets, further education and citizenship.

System-deep changes refer to the need to radically redefine the role of vocational education and training following the introduction of political democracy and market principles. From being part of a largely administrative system of labour force preparation and allocation, VET now has to prepare for uncertain labour markets and compete with general education. Systemic change affects in particular the daily routines of vocational organisations and the attitudes, expectations, roles and behaviour of the people involved. Stakeholders have to develop a new view of vocational education and training, understand that it operates differently from how it used to do before, and that these changes also require a redefinition of their own roles. Stakeholders will not develop understanding and acceptance of new roles if they do not have ownership of the reform process itself. It is the need for system-deep changes that makes the VET reforms in partner countries fundamentally different from ongoing reforms in EU Member States.

Some observers argue that the current developments in VET systems of EU Member States also resemble system-deep changes. Without having any doubt that these policy developments are

substantial in improving the relevance of VET systems for economic growth and social cohesion, these are nevertheless taking place within VET systems that have been firmly operating in a market economy context. By our definition they are therefore not system-deep but rather system-wide. However, the changes in EU Member States' VET systems make us even more aware of the challenges that transition countries are facing in having to combine system-deep reforms with radical system-wide changes that should effectively bridge several waves of missed modernisation in one go.

VET systems in transition countries were responsive to skill needs of enterprises that operated in an environment shaped by a centralised and state dominated economy which guaranteed employment. This role has caused VET systems to become passively responsive institutions and has deprived them of the opportunity to actively contribute to the modernisation of enterprises through transfer of new technological knowledge. Academic research institutions were responsible for knowledge transfer. Being responsive to enterprises that were increasingly unable to catch up with international standards of production processes and products has made VET systems themselves become more and more obsolete. This vicious cycle was further strengthened by a lack of funds for innovation and development, both in enterprises and the VET system. The combination of increasing technological backwardness and reduced state resources under which VET systems had to operate makes it easy to understand why VET policymakers and practitioners always insisted with donors on the modernisation of their VET systems, largely understood in terms of updating curricula and supplying new training equipment.[6] Generally, transition countries, including those in North Africa and the Middle East, often continue to formulate their needs for assistance in terms of equipment, implying that the problem is one of funding not of policy. In doing so, many transition countries have, for a very long time, seriously underestimated the need for more comprehensive system-wide and system-deep reforms. This remains a recurrent issue in discussions with donors.

Changing perspectives for international assistance

One of the contributions of this chapter is to propose a conceptual framework that may enable us to undertake a comprehensive review of VET reform experiences in transition countries. Going beyond the mere description of good or bad practices, such a framework should improve our understanding of what ETF partner countries have achieved with their VET reforms and which factors account for these achievements. A better understanding of past and present will contribute to developing a more realistic approach towards future VET reforms in transition countries and the role that international assistance can play.

In this context, three major changes in the debates about vocational education and training reforms seem to be of particular interest. The first one results from discussions since the early 1990s about the nature of development aid. The second results from the insights provided by comparative research done since the late 1970s on the relations between education and the labour market. A wider notion of human and social capital, developed more recently, is the third source of change. While the debate about development aid has been much influenced by a revival of institutional and political economic approaches in reaction to the then dominant neo-classical and neo-liberal approaches[7], the second debate has been the result of truly interdisciplinary work among economists, social scientists and

6 Participants at the first series of meetings between Polish and Hungarian policymakers and donors at the end of the 1980s, for example, were presented with long lists of very detailed requests for modern equipment and textbooks. The EU has gradually shifted its assistance, at least in Central and Eastern Europe, towards providing funds for policy development, implying that funding of infrastructure and equipment should come from national budgets or from World Bank loans.

7 North 1973, 1990, 1997, 1998; Stiglitz, 1999, 2000, 2001, 2002; Crouch and Streeck, 1997.

organisational researchers.[8] The debate on human and social capital brings economic, social and educational sciences again together.[9] In the words of Claudio de Mauro Castro, one of the participants in this debate:

Economists took the lead and proposed 'no demand, no training'. [..] Following the new trend, training becomes a black box. What is inside does not matter. One just checks how much it costs and what comes out the other end. It is my contention that we need to understand the process, we need to open the black box and peek inside, if nothing else, because we do not know how to measure very well its outcomes and we risk missing some of its most important consequences because they are not well captured by numbers.[10]

In combination, these three international discussions indicate a growing awareness among policy analysts and policymakers that single disciplines are no longer able to capture all the relevant issues related to education reform. From a policy-making point of view, these debates signal that education reform policies need to be more broadly informed. They need to take into account economic, institutional, organisational and educational insights, and not be guided by only one of these. In the following, the three international debates will be briefly summarised.

Markets and institutions

The international assistance approach of the early 1990s, also known as the 'Washington Consensus', focused primarily on establishing free and private markets within an overall context of macro-economic stabilisation and reduced state intervention. The free market approach, supported by neo-liberal economics, had already received considerable popularity since the end of the 1970s among policymakers in developed market economy countries. Since then market principles have been introduced in almost all policy areas everywhere. The free market approach also formed the basis for conditional structural adjustment programmes during the 1980s in countries receiving foreign aid. These programmes sought to establish macro-economic stability through a reduction of government spending, balancing budgets and the fight against inflation. The approach was further reinforced by the collapse of state-led and centralised economies in socialist countries at the end of the 1980s. Structural adjustment proved to be a necessary but insufficient condition for developing a functioning market-based economy.

Following early critical reviews of its impact on developing and transition economies, this narrow economic approach was gradually replaced by a broader institutional economic approach that also takes into account the social and political dimensions of transformation.[11] The reform objective could no longer be a particular – ideological or theoretical – model of an economic system ruled by the market to replace economic systems up until now ruled by states. It became acknowledged that not only states fail but markets as well, even within an environment of structural adjustment. Initial attempts to introduce privatisation and open financial markets indicated that appropriate regulations and organisations capable of enforcing these regulations were needed to make markets work. This then led to giving priority to good governance and the rule of law. Reform strategies would need to include the development of institutions that can handle both market and state failures.[12] The shift in priorities for reform policy-making continues as policymakers and their advisers get to grips with the unexpected consequences of policies,

8 Maurice, Sellier and Silvestre, 1979; Maurice and Sorge, 2000.

9 OECD, 2002a.

10 In Schaack and Tippelt, 2000, p 71. See also the problems of evaluation of training outcomes, Grubb and Ryan, 1999.

11 See, for example, the report of the US National Research Council reviewing aid to the Russian Federation prepared in 1994 at the joint request of the US Agency for International Development, the CIA and Congress (Nelson, Tilly and Walker, 1997). The report is also available online at http://www.nap.edu.

12 North, 1990.

indicating that there is no blueprint for economic and social reform. Why is this so?

The return of institutions in a policy context, which was dominated earlier by what Stiglitz[13] has called 'market fundamentalism', has led to a gradual change of paradigm in international development assistance, in particular among economists who had dominated the debate until then. Issues of institution building and problems of institutional change have entered the assistance agenda. With these is an increased attention to the difficulties that are connected to changing institutions that already exist and which are embedded in a specific context, and therefore are likely to be resistant to change. Institutional economists have used the concept of 'path dependency' to argue that countries' choice for reforms are restricted by their own institutional heritage. Others have argued that existing institutions do not just constrain change but can provide assets that can be built on.[14] In reality, policymakers are working within institutional environments that are both constraining and enabling. The tensions between these forces largely influence the reform possibilities even when striving for their own specific policy objectives.

Thus, transition countries have more options open to them than the completely free market, but these options are framed by the existing institutional set up. There is always space for policy-making. Assistance to reform policies should build on the inherited and existing institutional settings of partner countries. A good understanding of constraints and opportunities in the existing institutional context is a prerequisite for any sustainable reform initiative.[15]

National patterns of vocational education systems

Comparative research on the relationships between education and employment in developed countries has provided further evidence for the relevance of context and institutions to reform policies. It has demonstrated that there is no single 'best-way' to organise firms or vocational education and training systems.[16] Research has shown the existence of different national patterns indicating that how firms are organised in terms of distribution of qualifications and hierarchy is, to a great degree, dependent on how national education and training systems are organised and the type of qualifications they produce for the labour market.[17] Research has also indicated that VET systems that rely on some kind of public institution involving authoritative business representation, instead of relying either on the state or on the market, are better able to secure the necessary trust and communication needed for the development of skills and competences that are relevant for a modern and rapidly changing economy.[18] Countries will not become more successful in skills formation by simply copying successful foreign policies and systems, or by taking individual aspects of them. Countries will have to develop the institutions that fit their own particular context.

The debates in development aid circles have resulted in a paradigm shift acknowledging (again) the importance of institutions in general and the relevance of existing institutional arrangements in particular. They have insisted on *embedding* policy reform objectives and strategies in national contexts. The results of comparative research on the relationships between education and employment in developed countries have provided a better understanding of the nature of the *'embeddedness'* or

13 Stiglitz, 1998.

14 North, 1990.

15 Bohle, 1999; Crouch and Farrell, 2002.

16 This has long been a debate in organisational studies since the 1970s. For more recent evidence with regard to VET see, amongst others, Crouch, Finegold and Sako, 1999.

17 Lutz, 1976; Maurice, Sellier and Silverstre, 1979; Maurice and Sorge, 2000.

18 Crouch, Finegold and Sako, 1999; Streeck, 1999.

'context-relatedness' of institutions, such as the vocational education and training system, within overall institutional arrangements of countries.[19] These debates help us to better understand how national policymakers identify and formulate their objectives from within their own particular institutional context, even when they wish to introduce radical changes and reforms of a more general nature.

Human and social capital

The international debates reviewed so far also show that national reform policies need to be, at the same time, internally coherent and externally consistent with widely agreed overall principles of what kind of skills need to be developed and how learning processes could be organised.[20] There is a general consensus about the key building blocks that any modern VET system should consist of, and in an earlier section we have already referred to overall principles. The current debate about a wider human capital concept adds a number of additional considerations. Empirical evidence suggests that alongside skills that directly enhance productive capacity, a wider set of attributes play an important role in human capital, namely the capacity to develop, manage and deploy one's own knowledge skills and competences to create personal, social and economic well-being.[21] This new emphasis is as much the result of developments in learning theories as it is the result of changes in the nature of knowledge and skills in modern enterprises.

For a longer time, educationalists have promoted the idea of key competences, such as the ability to communicate, learn and work in teams, that would enable students to prepare for further learning, work and citizenship.[22] They have also insisted that these kinds of competences would require different ways of learning. There should be a change from subject-based to problem-oriented learning, from passive knowledge transfer to active learning, and for teachers and trainers to be organisers of learning processes instead of deliverers of expert knowledge. Learning theories have been moving away from behaviourist and cognitive conceptions and towards constructivist approaches.[23] Instead of assuming an objective external reality to which people respond through behaviour which relies on particular reinforcers that are independent of individual learners (behaviourists), or insisting that knowledge about the external reality comes to learners as input that only needs to be properly stored and processed depending on methods and capacities to do so (cognitivists), constructivist approaches argue that individual learners construct knowledge as they try to make sense of their experiences, and they do so in a context of meaningful activity and in negotiation with other learners. Constructivist approaches also give prominence – as opposed to behaviourists and cognitivist ones – to the process of learning rather than the products and outcomes of learning.[24] In so doing, they have greatly contributed to understanding how people learn, and how therefore learning processes can best be organised.[25]

Fundamental changes in the nature of work resulting from technological and organisational changes in enterprises require competences that go far beyond the type of knowledge and technical skills

19 For an interesting institutional analysis of education reforms based on a neo-institutional economic approach in Latin American countries see Burki and Perry, Chapter 5, 1998. For an institutional analysis of VET systems in seven OECD countries, based on a political economy and sociological approach, see Crouch, Finegold and Sako, 1999. For a more general analysis of different institutional forms of capitalism, Crouch and Streeck, 1997.

20 OECD, 1994.

21 OECD, 2002a.

22 Cedefop, 2000, 2001.

23 For an historical overview of learning theories, Driscoll, 2000.

24 Driscoll, 2000, pp 373-396.

25 And provide a valuable source for the further development of the concept of policy learning.

that vocational education has traditionally provided. Recently, the OECD has identified the following core or key competences: interacting in socially heterogeneous groups, acting autonomously, and using tools interactively.[26] Changes in technology and work organisation also imply a different notion of the integration of work and learning. The integration of work and learning is no longer a matter of knowing how to 'apply' knowledge, as it used to be, but rather – or increasingly also – a matter of being able to 'theorise' concrete work and to understand the wider implications of discrete work activities. This is especially the case with work within complex technological, organisational or quickly changing client-market environments that characterise modern work organisations.

While all VET policymakers are trying to find a better balance between theory learning and developing practical skills and competences, and make VET overall more relevant to labour market and individual learner needs, there is often a genuine reluctance to let VET systems only respond to the immediate labour market skill needs of individual enterprises.[27] One argument is that enterprises are not able to define their skill needs. Another more serious argument is that such immediate needs tend to become increasingly more rapidly obsolete and therefore there is a need for more general core skills that would allow workers to adapt to continuous change. This will only be possible when workers understand the overall context of their own work activities, which they should have learned to do before.[28]

It is now widely understood that firms for many reasons are not able (and often even less willing) to provide wider and future-oriented aspects of skills development as implied by the wider human capital concept. The market will not automatically secure that the knowledge, skills and competences required will be available. Therefore, there is a strong and active role for the state and public institutions to play. According to some, the role for the state is also to secure (and perhaps even to oblige, much as was the case for basic education) young people to achieve a basic qualification allowing them not only to enter, but also to maintain a position on the labour market. Young people themselves will not necessarily take that decision themselves.[29] In fact, this role is reflected in many national policies which ensure that school leavers only enter the labour market with a full secondary level qualification.

A growing realism with respect to the strengths and weaknesses of both governments and markets for developing skills an competencies needed in a modern economy has also led to an interest in the issue of social capital.[30] Bowles and Gintis explain the social capital boom with the fact that many came to believe market failures are the rule rather than the exception, and that governments are neither sufficiently informed nor sufficiently accountable to correct market failures. Social capital was swept to prominence not on its merits but on the defects of its alternatives.[31] While some define social capital as individual capacities to make use of social networks,[32] much in the sense of a wider human capital concept, more often social capital is described as relationships among people, referring to what people do rather than what they own.[33] Others, within a neo-institutional economics approach,

26 Rychen and Salganik, 2003.

27 Claudio de Maura Castro has repeatedly pointed to the short-sightedness of purely demand driven VET systems, op. cit., pp 49 -52. Crouch, Finegold and Sako, 1999, pp vii-viii.

28 De Maura Castro, 2000.

29 Streeck, 1988.

30 See for a brief survey of the theoretical and empirical literature of social capital, de la Fuente and Cicone, 2002, pp.88-98.

31 Bowles and Gintis, 2000, p 2.

32 Putman: "By 'social capital' I mean features of social life – networks, norms, and trust – that enable participants to act together more effectively to pursue shared objectives. (Whether or not their shared goals are praiseworthy is, of course, entirely another matter."), Putman, 1996.

33 Bowles and Gintis 2000, p 2.

would argue that social capital can be considered as comparable to informal institutions that are based on personal trust rather than on agreed rules.[34]

Bowles and Gintis, speak of communities as groups of people who are "connected", interact directly, frequently and in multifaceted ways often address and solve certain issues that cannot be handled either by individuals acting alone or by markets and governments.[35] Communities can sometimes do what governments and markets fail to because their members, but not outsiders, have crucial information about other members' behaviour, capacities and needs.[36] But communities also fail. They have a limited scope, are normally not very innovative because they are highly protective with regard to outside influences, and tend to be 'closed', creating in-group and out-group distinctions. Alone, therefore, communities or social capital will also not provide solutions to all problems that governments or market failures create. Nor for that matter can there be a blueprint for community-based governance.[37] Thus, an approach that would seek to analyse governments, markets and social capital in their complementarity, could both avoid the limitations inherent to each individually and lead to developing institutions and organisations that can be more efficient, and not only in an economic sense.[38]

From early on, education has been related to social capital. Coleman, who introduced the concept of social capital, had argued that the same basic individual skills have much better chances of being well cultivated and developed in a socially rich environment.[39] But the reverse relation has also been suggested, for example by Putnam, who has calculated that, at least in America, the higher one moves up the education ladder the higher the effect of education on social capital is.[40] In other words, promoting social capital enhances human capital and the other way around.

An institutional approach to VET reforms

A review of VET reform experiences in transition countries may profit from bringing insights from these debates together. The fact that vocational education and training has to be seen in terms of an institution derives from the observation that market failures in skills formation are frequent[41], in that the institution of vocational education and training is needed to ensure that a country develops the public good of high quality skills and competences needed for economic growth and social cohesion that individual firms are unable to provide for themselves, and certainly not for everybody.

But leaving vocational education and training completely to the state will create other types of failure, particularly in terms of relevancy of skills provision.[42] In fact this is a major challenge facing many transition countries with a legacy of state-centred vocational education and training systems. Therefore, VET should also take measures to avoid uninformed governments developing skills and competences that are irrelevant for enterprises.[43] This implies that governments establish appropriate communication with business

34 World Bank, 2002a. The World Bank has a dedicated social capital website: www.worldbank.org/poverty/scapital

35 Bowles and Gintis, 2000, p 2.

36 Bowles and Gintis, 2000, p 5.

37 Bowles and Gintis, 2000, p 13.

38 The introduction of social capital and community thinking is of high relevance for VET system reform in countries such as in the Balkans and Central Asia where economic and social development is largely dependent on local initiatives.

39 Coleman, 1988.

40 Putnam: "So, well-educated people are much more likely to be joiners and trusters, partly because they are better off economically, but mostly because of the skills, resources, and inclinations that were imparted to them at home and in school.", Putman, 1996.

41 Streeck, 1988.

42 Therefore, the challenge for modern VET institutions is wider than matching skills to markets and budgets. See Gill, Fluitman and Dar (2000).

43 Crouch, Finegold and Sako, 2002.

representatives (employers and unions) through social partnership bodies. But VET cannot be reduced to responding to labour market needs only. For achieving its wider societal objectives (such as social inclusion and poverty eradication) it should also rely on the social capital or community resources that are available in society. These include extended family networks, parent-teacher organisations, professional teacher communities, local networks of firms, trade organisations and traditional school-enterprise connections and so on.

Often social capital is not fully covered by formal institutions and their organisations, but sometimes it is part of these without necessarily being recognised. Indeed, it has often been argued that the failure of production and distribution institutions of former socialist countries has led to the development of informal networks of factory managers (barter arrangements), of workers (informal work organisations) and consumers (black markets), creating a society and a market within the state. The social capital that was developed during this period proved to be extremely important for enabling (certain) individuals and groups to fare through the initial transition period.[44] Stark speaks in this context of "recombinant property relations" to describe what has happened in the restructuring of state-owned enterprises in former socialist countries.[45] Enterprise restructuring has in practice been the outcome of recombining resources inherited from the past – including networks and contacts (social capital), rather than straightforward privatisation, even when formal privatisation policies have been applied.

Many vocational schools in transition countries have survived the early years of transformation because of their insertion into local networks. This, for example explains why employment offices have often called on schools to provide retraining for the unemployed. In many transition countries, local schools have at an early stage opened their doors to the local community. However, they did so rather because of market considerations only and more in particular, to mobilise additional sources of income.[46] But schools can also contribute to increasing social capital, for example by opening up to the non-formal and informal learning processes that are happening in local communities, and supporting skill needs from people who have found employment in the informal sector.

The current debate about the crucial role of context-bound institutions in society, the continued need for (redefined) public intervention and regulation in vocational education, and the potential complementary resources provided by social capital, provide a fruitful conceptual framework for reviewing what has so far happened in terms of reforming vocational education and training systems in partner countries. The framework may also serve to better identify how VET reforms in transition countries can be supported in the future. In the next section we will provide a first review of experiences in VET reform in ETF partner countries in which the notions presented so far will be illustrated with descriptions from the various partner countries and regions.

LEARNING FROM VET REFORM EXPERIENCES IN TRANSITION COUNTRIES

In general, with only a few notable exceptions, reform of vocational education and training has not been a high priority for policymakers in ETF partner countries, certainly not during the first years of transition. Basic, secondary general and higher education have received far more attention from the beginning. Most Mediterranean partner country VET systems have been developed with donor funding. What has happened in each country in the area of vocational education and training in fact depended very much on the presence of donors and international funds. This has often created problems of

44 See for examples from Eastern European firms during the 1980s, Grootings, Gustavson and Hethy, 1989.

45 Stark, 2003.

46 These issues are currently considered in the context of poverty reduction and training for the informal sector in a number of ETF projects.

ownership and sustainability, which only in a following phase of reforms became properly addressed.

However, independent of national policy, in all countries, schools and their teachers had to be very inventive and flexible to secure some form of continuity in provision and delivery to students within an overall uncertain, and indeed sometimes chaotic, environment. Some have managed and others not, but it is obvious that in handling the dramatic changes around them individual schools must have relied on resources from the past and/or must have identified new opportunities. Foreign assistance has been one of these new opportunities but has only been available to very few schools and teachers. However, not all new opportunities seized by individual schools, including foreign assistance, have always contributed to reforming the VET system at large.[47]

Donors, for their part, have had their own agenda for providing assistance and have not always shown a proper understanding of context. Often this has also been true for policymakers and practitioners from transition countries who have often showed very unrealistic expectations of what donors would and could provide. Furthermore, they often had little understanding of the contexts from which donors came and have not always been able to properly assess the fitness of donor proposals. Most often, policymakers were interested in funding as such, and did not really bother much about underlying policy assumptions at all. Donors have gradually given up their initial strategy to go for single, highly visible[48], projects and have moved towards overall policy support. In doing so, they have also applied *policy negotiation* as an approach to balance local ownership and donor objectives.[49]

Reform policies face a serious contradiction: they must at the same time break with the past but also fit in with it. Reform policies must also take into account what the country is able to do in view of its own resources and capacities, including those that are needed to make good use of external assistance. They must avoid dependence on external assistance and secure sustainability. Donors and local policymakers in transition countries have gradually come to share this understanding. The full implications of this development are still not very clear, and certainly not in the daily practice of consultants and project managers on the ground. One implication, in our view, is that donors and stakeholders in transition countries should, more consciously than they have done so far, frame their cooperation within a *policy learning* approach. We shall return to this issue of policy learning in the final chapter of this Yearbook.

In Central and Eastern Europe and the former Soviet Union, the state-led economies collapsed at the end of the 1980s, together with the political system and institutional arrangements that supported them. All have now gone through more than a decade of transformation and most have managed to steer rather peacefully through these turbulent times. Most countries in Central and Eastern Europe have even managed to adopt the complete European *acquis* during these years, or at least the formal part of it. In some countries, however, the collapse of the economic and political systems has been accompanied by armed conflict (The Balkans, Central Asia and the Caucasus) and/or led to dramatic impoverishment of the populations. As a result, some Balkan, Caucasian and Central Asian countries are now characterised by poverty levels similar to developing countries in the South. Here, in the context of World Bank initiated Poverty Reduction Strategies, the building up of reformed VET systems has only recently begun or, in some cases, not yet begun at all. Countries in North Africa are

47 See, for example, the reviews of Phare projects by Parkes, Nielsen, Gronwald and Grootings, 1999 and Viertel and Grootings, 2000.

48 Also, the first Phare projects for Hungary and Poland had to produce visible results, in the sense of being clearly EU financed and initiated. Each single piece of furniture or equipment financed from EU funds needed to be identified with a Phare sticker.

49 More recently, as promoted by the European Commission/EuropeAid, through Sector Wide Approaches.

transforming their state-directed economies and institutions largely without accompanying political changes, but they are also retaining many characteristics of developing countries, including high levels of poverty and the presence of a large informal sector. Most ETF partner countries in the Middle East are facing the challenge of having to build up modern economies and institutions on the remnants of economies that have been destroyed during decennia of conflicts.

ETF partner countries, even if they all had some form of centralised and state-led economic system, differ widely in terms of their history, culture and institutions, including, of course, the arrangement of their VET systems. But it is not only the formal and organisational aspects of VET institutions and organisations that it is important to take into account. People in the different partner countries look very differently at vocational education and training, as they look differently at education and work as such. Some see their future in government service and others in private enterprise. Some go for general education as a step towards university studies, others see more value in vocational education and training in preparation for a job. Many have no choice at all. The ways in which people view formal institutions and value the organisational forms they take are deeply rooted in culture and tradition, and influence the role that institutions and organisations play.

Partner countries also differ in terms of their relationship with the EU, and that relationship in turn fundamentally frames the type and nature of assistance and cooperation that ETF can offer to them. The relevant EU assistance programmes are Phare, Tacis, CARDS and MEDA, each being different and also undergoing change over time in terms of principles, priorities and ways of management and delivery. The EU programmes define important parameters for transition reform policies – at least as far as EU assistance is involved – but of course do not fully determine them. There are other factors that have an impact on the course of reforms in partner countries, such as assistance provided by other donors and, most of all, the country's own agenda – hidden and apparent. In the following chapters we shall present detailed reviews of VET reforms in the different regions covered by EU assistance programmes. In this section we will briefly summarise some of the key aspects from regional reviews of experiences with VET reforms in partner countries. We shall organise the review around five basic questions that follow from the conceptual framework we have developed before:

- What is the historical and institutional context for VET reform?
- What are the policy objectives for VET reform?
- What is the strategy for implementation?
- What are the resources and capacities for implementation?
- Where do partner countries stand in their VET reforms?

The historical and institutional context

VET systems, labour markets and enterprises are at the heart of post-socialist transformation as they cover the preparation, the allocation, utilisation and reward of human resources needed for the current and future production of goods and delivery of services. The institutional environment in which these processes took place and the institutional arrangements in which they were organised made the socialist system different from market-based systems. The environment was characterised by centralised political and economic control, protected markets and soft budgets. The institutional arrangement was based on centralised planning and administrative allocation of resources within single sectoral bureaucratic structures, governed by political guidelines. These guidelines were formally defined by a political elite, but were practically the outcome of bargaining and lobbying processes.

In European socialist countries, systemic resource shortage problems, low productivity levels, inability to modernise and innovate, and disappearing support from populations, who saw their rising expectations and aspirations unanswered,

have gradually led to an erosion of the economic (first) and political (later) fundaments of the system. In other transition countries, economic reforms have not been closely associated with a need for political reforms. In these countries, it has been the existing political elites who have taken the initiative to introduce fundamental changes in their economic systems to improve economic and social performance. In the past, individual countries have developed different formal institutional arrangements of their economies, much as different capitalist countries have developed their own different institutional arrangements. These range from centralised administrative planning to lobbying by strong economic interest groups, and decentralised self-management by enterprises. There have equally been differences in planning and administration approaches as there have been different market models.

Different models of planning were embedded in different historical and institutional contexts and have been based on, and subsequently resulted in, different kinds of institutions. In many countries the formal socialist institutional arrangements have never been able to fully substitute many of the historical ones, formal and informal. Indeed, several observers argue that although transition countries have not been able to modernise, it is largely because of the existence of strong informal institutions that they have been able to survive. Others, as described earlier, argue that this is due to social capital and informal networks. Some countries have been able to build on their informal institutions and social capital to recover relatively quickly. This is one of the explanations for the importance of informal sectors in many transition countries and the growth of micro and small enterprises that have developed after the closure of the large state enterprises.

The 'embeddedness' of inherited institutions such as national VET systems needs to be properly analysed if we are to understand the balance of constraints and assets that these environments and arrangements have provided in the initial stages of transition, and the degree of path dependency of their current reforms. We still have only a limited understanding of these contexts.

Acceding and candidate countries

In the Central and Eastern European acceding and candidate countries, VET issues were rather low on political agendas at the start of transition. Infrastructures were often impoverished and technologically outdated, and involvement of enterprises ceased with the introduction of markets. Curricula inherited from the past were structured for narrow specialisations in large companies, with contents defined in detail at the central level and with a focus on theoretical aspects. Teachers have not really been involved in the design or revision of curricula, and lack skills and competences for organising active learning. A large part of the educational support structure was dismantled in the initial transition phases, with new structures being established only gradually.

South Eastern Europe

South Eastern European countries are latecomers on the stage of transition, and it is still a rather unstable region. They have suffered physical destruction, are facing a multitude of post-war effects, ethnic tensions and poverty problems, and have rather weak prospects for quick development due to the low interest of international investors in their small markets. Vocational education and training has for many years been provided in a dramatically impoverished infrastructure and has lost touch with international standards. There exist strong professional networks of teachers and trainers, formerly with key roles under the self-management system.

Eastern Europe and Central Asia

Despite the huge differences, all the countries of Eastern Europe and Central Asia (EECA) have seen poor economic performance, dramatic decline in tax revenues, the resulting reduction in public expenditure, and chronic under-funding of VET systems. They have also witnessed the explosive growth of the informal economy. In this context, most countries have adopted a survival strategy for VET to keep their systems as intact as possible, but without adaptation to new environments such as the growing SME and informal sector. Legislative changes have only rarely been implemented. Decentralisation has been introduced but served mainly to push the financial burden from central to regional and school levels, while decision-making has remained under central control.

Mediterranean countries

Most countries of the Mediterranean region, which are far from having a unified identity either, are characterised by rising levels of unemployment especially among school leavers, decreasing levels of mobility between regional labour markets, large informal sectors, high levels of poverty, high birth rates, low participation of women in the workforce, and finally a long tradition of international donor influence which can also be seen in the VET sector.

Policy objectives

It is not exactly clear where transition countries want to go with their VET systems, and only a number of countries – mainly Central European ones – have developed VET reform policy objectives, many, without doubt, under pressure from accession preparations. With the start of the transition, a fully developed concept of a post-transition VET system did not exist and most countries simply tried to preserve what they had. The pure market-based alternative has not really been a realistic option anywhere, partly also because of the social function that vocational schools in many transition countries have developed in terms of catering for the socially disadvantaged and the poor. Reform of vocational education and training has not been part of overall reforms anywhere and has often been separated from education reform in general. In practice, therefore, through gradually shaping the institutional arrangements of VET and labour market systems, often initially based on imitating or adapting external or historical models, many transition countries have tried to set in place the pillars of a new socio-economic system. Obviously, this has not been a very smooth process.

But, again, situations differ and some – but few – countries have very early on been able to define and reach sufficient consensus on a VET reform agenda. Other countries have been characterised by political instability and strife in general, and on education issues in particular. Policy agendas have also often been influenced by external factors, such as donors defining conditions for support. It is obvious that in the case of the acceding and candidate countries, EU accession has been a major force behind setting the policy agenda and defining the speed and priorities for implementation. However, even in these countries external factors have been only one among several and their real impact on, and meaning for, sustained developments still has to be understood.

Acceding and candidate countries

Policies and reform objectives in the acceding and candidate countries have, since the end of the 1990s, been largely shaped by processes initiated at European or EU level, including the Bologna Process (1999), the Lisbon Process (2000), and the Copenhagen Process (2002). Moreover, policy debates and agendas also focus increasingly on issues raised worldwide, such as lifelong learning, access to and quality of education, decentralisation and school autonomy, social partnership, ICT methodologies, and so on.

South Eastern Europe

In South Eastern Europe, VET strategies aim at the decentralisation of governance and greater involvement of social partners, modernisation of curricula, increased provision for adults in vocational schools, structural changes at secondary and post-secondary levels, development of entrepreneurship and SMEs, and improvement of the information basis. Comprehensive approaches to lifelong learning are still to be developed.

Eastern Europe and Central Asia

While institutional arrangements bringing together educational and labour market structures are not yet in place in most EECA countries, some of them have recently formulated, even if only in general, VET policies which refer to the need to meet European and international standards and to establish demand-driven VET systems.

Mediterranean countries

Many Mediterranean countries still need to develop a comprehensive approach for the reform of education and training systems. However, most of them have recognised the need to link VET more closely to evolving labour market needs, to increase the involvement of social partners, to reduce costs and improve the quality of VET.

Implementation strategies

Even where policy objectives have been defined locally, most if not all, countries had and have to rely very much on external resources for strategy development and implementation. In the majority of the countries national budgets are mostly used for recurrent expenditures and no funds are available for investments, modernisation or reform. Indeed, in many countries the state budget is even insufficient to cover salaries. External aid, therefore, often provides the added value for reform and modernisation. Countries have been able to receive support from various sides: bilateral programmes, EU grants and World Bank loans. Across all partner countries donors have played a crucial role in developing implementation strategies and, lately, in building implementation capacities. The interplay between external and local capacities and the impact this has had on implementation still needs further analysis.

International assistance, especially from the EU and bilateral donors, has initially focused on making VET curricula better respond to, and more relevant for, the needs of emerging labour markets. Curriculum reform has been widely considered as a priority and as a possible vehicle for systemic overall reforms. They have been introduced through centralised top-down strategies, decentralised bottom-up ones, and combinations of both. Curricular reform has sometimes included an attention for inputs (teachers, programmes, equipment), learning

processes, and outcomes (by making new curricula related to revised occupational standards). Very often it has, in reality, only focused on inputs or output standards.

Although curricular reform has a great potential to trigger changes in other building blocks of VET systems, this has hardly ever been the case, mainly because of the approach chosen in most assistance projects. Curricular change through pilot schools has mostly produced isolated islands of excellence. Assistance projects often also had rather unrealistic expectations – given the duration and budgets of the projects – that overall system reform would automatically follow from them. Follow-up assistance programmes have often focused on policy levels rather than on school-based learning processes. In general, assistance and reforms have, as yet, hardly touched the reality of teaching and learning in schools. There remains a big gap in many countries between what has been agreed at the national policy levels and what is actually going on in schools and training centres. Also, the possible role of teachers and trainers often seems to have been regarded as an obstacle for reform rather than as a possible asset.

In some countries, and mainly with support of the World Bank, different strategies have and are being tried. These have focused more on learning outcomes than on inputs and processes, through the establishment of assessment centres; on creating competition between VET organisations through training funds and developing private training markets; and on changing overall structures of education systems by the phasing out of secondary and lower vocational education, in favour of broad secondary general education followed by narrow skills training. More recently, reforms of governance and financing systems for VET have been suggested as vehicles for overall reform.

Acceding and candidate countries

In the acceding and candidate countries, implementation strategies for VET reforms were, to a large extent, influenced by EU assistance which was targeted on curriculum modernisation in the early 1990s. Later it focused on policy development and capacity building between 1997 and 2002 as part of preparations for the accession. However, in recent years, national policymakers have also learned, or are learning, to balance EU requirements with national priorities, interests and demands, and institutions emerging in the countries.

All candidate countries have already formulated policy plans for the medium-term priority setting and timetables, but during their implementation they will have to overcome a number of constraints related to factors such as existing political realities, administrative structures, conceptual clarity, and the Phare reform legacy.

South Eastern Europe

In South Eastern Europe reforms also focused initially on curriculum modernisation, and broader reform policies and strategies are only now being formulated. However, while policy objectives seem to be generally agreed, further analysis of reform constraints and priority setting are necessary to develop implementation strategies. Moreover, the policy development process, which has been initiated and dominated by ministries of education, will need to involve other stakeholders to ensure successful implementation of key policy objectives.

Eastern Europe and Central Asia

The countries in Eastern Europe and Central Asia adopted a survival strategy implemented primarily through legislative changes. As elsewhere, the main starting point was curriculum reform and policies, and strategies for systemic VET reforms and institutional arrangements are still to be developed. In the absence of such policies, small and often donor-supported projects have had limited impact, though these pilot initiatives have increased awareness of VET issues and have paved the way to national reform programmes.

Mediterranean countries

In the Mediterranean region only a few countries have adopted a comprehensive approach to VET reforms combined with an explicit strategy. The absence of an overall strategy for reform is, in most countries, directly related to the lack of integration between VET and labour market policies. The key challenge in this context is to establish an effective platform involving all training and employment stakeholders. The VET and labour market information system for informed policy development is underdeveloped.

Resources and capacities for implementation

The issue of resources and capacities is very much related to policies and objectives. It refers more specifically to the development, implementation and evaluation of reform strategies. It is here that all partner countries tend to show severe weaknesses even when policies have been agreed and strategies have been designed with high levels of participation and ownership. This is often because local implementation capacities have been associated with externally funded projects and have not become integrated in governmental and non-governmental institutions and organisations. Therefore, such capacities are often dismantled at project termination.

The issue of local implementation capacities is key to continuity and sustainability. Reform implementation capacities have to be transformed into routine policy implementation capacities and, more importantly, into capacities for continuous innovation and development. This issue can only be solved within a policy learning perspective where stakeholders develop an understanding of their new roles and institutions associated with VET adjust their contributions.

Acceding and candidate countries

Despite substantial improvements in their labour market and training systems, the acceding and candidate countries still face important gaps and challenges when developing their VET systems towards preparation for the knowledge economy and society. Efforts to implement reforms and disseminate their benefits are constrained by the lack of resources. However, all countries are now well aware of the need for institution building, future-oriented policymaking and developing a capacity for innovating existing learning environments. Future EU resources can be invested within agreed overall policy priorities.

South Eastern Europe

As shown by the experience of the candidate countries, developments are likely to be stimulated and supported by policy learning and institution building, combined with incentives offered by EU membership. To ensure the sustainability of reforms, countries will need to reach consensus at national level with all relevant stakeholders, in order to mobilise and pool resources. Moreover, while the countries have developed sufficient know-how to take strategic decisions about VET reforms, expertise needed for their implementation is still scarce, in particular at school level.

For policy and expertise development, the countries will be able to use not only EU assistance and cooperation programmes but also the experience of the candidate countries. Common VET reform issues may also be addressed through regional cooperation between South Eastern European countries.

Eastern Europe and Central Asia

Resources will remain scarce and dependency on foreign assistance will therefore continue. Insofar as national consensus, ownership and commitment are preconditions for sustainable VET reforms and systems, the countries in Eastern Europe and Central Asia face three major challenges. Democratic political and consensus building processes are still to be institutionalised in order to ensure the involvement of major stakeholders. This would need to be combined with the development of implementation and evaluation capacities. Finally, teachers and school directors need to be closely involved in the design and implementation of VET reforms.

Mediterranean countries

In view of the limited resources available in the Mediterranean region, donors will continue to play a major role. While assistance has not yet generally resulted in sustained and coherent systemic reform, some assistance programmes have developed capacities for addressing key reform issues in follow-up programmes. In this context, there will be a need for donor complementarity and coordination of assistance to ensure efficient use of external funds. Donor assistance will also be needed for the development of implementation capacities and for keeping VET systems innovative and up-to-date.

Achievements and challenges

Clearly, in many countries, within a relatively brief period of time and given the severity of problems and scarcity of resources, much has been achieved. However, even in the candidate countries, where VET reforms started first and the achievements are highest, they are far from completed, especially if we take the existence of a modern self-sustainable, flexible and innovative VET system as a benchmark. Other countries in the CARDS and MEDA regions where reforms started later are also further down the achievement track and are still facing the challenge of formulating strategies for the implementation of reform policies. Most countries in the Eastern Europe and Central Asia region are now drawing the policy conclusions from single pilot projects.

In terms of system-wide changes, most countries do not yet have a coherent overall modernised VET system in place nor a comprehensive national reform strategy that should establish such a system. Important building blocks are still missing, especially with regard to teacher training and innovation capacities. In particular, the links between VET and the labour market remain weak, not least because in most countries the labour

markets are still under reconstruction, the involvement of social partners is low and VET reforms have not been well integrated with employment creation policies. Financing remains a delicate issue.

In terms of system-deep changes, there seems even more still to do. This is also the case in the acceding and candidate countries as many stakeholders in VET systems have tried to adopt their new roles more by necessity than by design. Reform strategies, including the contribution from international assistance projects to them, have not given very much attention to enabling policy learning, and in many countries there still seems to be a wide gap between the very few, usually – but not always – at the national level who carry the reforms forward, and the critical mass of other stakeholders (including a large majority of teachers, parents and enterprises), who are the ones to implement and realise. The latter are not yet on board for the most part.

Acceding and candidate countries

Since the early 1990s, VET systems have undergone substantial reforms, though these are not yet finished. VET legislative and policy frameworks are now fairly well developed in most countries, but comprehensive frameworks for continuing training are still to be designed. While considerable progress has been made in curriculum modernisation, technical equipment in schools needs to be upgraded to enhance the attractiveness of provision. Whereas the institutional framework for structured social dialogue is in most cases already in place, the involvement of social partners is still very low. Moreover, urgent measures are necessary in most countries to raise the low status of teachers as well as to extend and modernise the provision of teacher training. Finally, research on VET issues and systematic analysis of labour market needs are still underdeveloped, as are quality assurance and accreditation systems.

At the same time, the acceding and candidate countries are facing a number of challenges that result from the situation on the labour market, with some regions and sectors developing dynamically and offering jobs, and others being restructured and recording high levels of unemployment. These are related to the qualification structure of the workforce, responsiveness of VET systems, the relevance of measures and resources used in labour market training, and the effectiveness of public and private employment services systems.

South Eastern Europe

The main challenge currently confronting the South Eastern European countries is to develop realistic and sustainable implementation strategies for VET reforms. However, their VET systems also present a number of structural problems, which should be addressed. These include centralised governance systems, obsolete educational infrastructure, absence of flexible pathways and missing post-secondary tracks, narrow specialisations, isolation of schools from social partners, low status and outdated skills of teachers, outdated curricula, and absence of reliable data and management information systems.

Eastern Europe and Central Asia

Overall, the Eastern European and Central Asian countries are now facing the challenge to reform their VET governance systems, to increase the relevance of VET to emerging labour market needs, to establish a dialogue with social partners, to modernise structures, curricula, teaching approaches and materials, as well as to build up a VET support structure that can assist schools in transformation and provide national stakeholders with the management information for policymaking.

Mediterranean countries

Existing VET schemes across the region are not yet vehicles for knowledge generation and transmission in a lifelong learning perspective. Current vocational education and training systems tend to absorb considerable funds, consume valuable resources, and have generally poor results. Regional VET systems are generally publicly dominated, supply-driven, expensive and often designed to play a social role. There is an urgent need for more and better private sector involvement.

LEARNING MATTERS

Specific lessons from EU assistance

The review of VET reform experiences in partner countries results in a mixed and differentiated picture. This is the outcome of variations in priority setting for VET reform and reform assistance in different partner countries, from the side of donors and the partner countries themselves.

From the side of the European Union, there have been relatively minor VET reform assistance projects to Eastern European and Central Asian countries under the Tacis Programme. In contrast, the Phare Programme has from the very beginning included assistance to VET reforms in Central and Eastern European countries, sometimes to the surprise of local policymakers who insisted on different education reform priorities. With the changing focus on accession preparation, Phare has not given high priority to VET reforms since the late 1990s. While many Mediterranean partner countries in the past have received assistance under EU development aid schemes, assistance to South Eastern Europe has only been provided since the end of the war in Yugoslavia, and VET has not been an immediate priority during the first post-war years of reconstruction. South Eastern European countries have now been given the prospect of future EU membership, which undoubtedly creates a new environment for assistance.

Especially in the initial phases of the transition, donors have played a key role in developing awareness of VET reforms, influencing the policy agenda and providing resources for strategy development and implementation. Very often donors have been rather ignorant and showed little understanding of national contexts. However, national policymakers were, not infrequently, more interested in funding than in policymaking, and they were often unable to assess the fitness of donors' proposals. This combination often created problems of ownership and sustainability of donor-supported reform initiatives.

More recently, donors have adopted the principle of *policy negotiation* providing funds within the context of an overall agreed policy framework. They have also developed more participatory approaches for project identification and formulation. Moreover, the donor community has gradually come to recognise that effective VET reforms must *fit* with and be *embedded* in the specific context of a country, and that all national stakeholders must have a sense of *ownership* of reforms in order to make these *sustainable*.

Overall, the reviews seem to indicate that much of the earlier assistance to VET reform in partner countries, both in the form of development aid and transition assistance, has been guided by the principles of *policy copying* and *policy taking*. While policy copying – either from abroad or from history – has almost been a natural inclination on the part of first generations of local policymakers in transition countries, policy taking has often been forced upon them by donors. Assistance has, for many different reasons, too easily assumed the existence of best practice and foreign models, usually those promoted by the respective donors. But policy copying and policy taking are not inherently and necessarily wrong. That depends on the degree of fit and 'embeddedness' in contexts. Therefore, sometimes policy copying and policy taking

can be very effective strategies especially between countries that have traditionally had comparable VET systems, or in situations where stakeholders see these as important to start a change process as such within an overall context of resistance to change.

Since the end of 1990s Phare has been focused on assisting future Member States to adopt the EU *acquis*. By definition, future Member States have found themselves (mostly voluntarily) in a position of policy takers. Phare has no doubt been successful with respect to countries adopting formal *acquis*. But there is only very limited formal *acquis* in the field of vocational education and training, and so far VET reforms in these countries have not yet achieved the capacities needed to implement formal and, above all, informal *acquis* (Lisbon and Copenhagen processes). The analysis also shows that VET systems are not yet sufficiently reshaped everywhere to properly respond to the educational aspirations of their people or to the qualification needs of their emerging labour markets. Other international education assessment studies, such as the OECD's Adult Literacy study[50], point in similar directions. Hence, it can be questioned – as many future Member States actually do themselves – whether without continued support they will successfully be able to fully join the EU's 'open policy coordination process' in education or to develop and implement a national employment strategy.[51] There are lessons to be learned from this experience for the next generation of future Member States.

Often, especially under initial Phare projects, project design has followed a standard approach (curriculum development in pilot schools) and has been unrealistic with respect to project outcomes, particularly concerning the impact on policymaking. Projects have often been over-ambitious in terms of objectives given the financial and time budgets made available. VET reform assistance projects have also not always been integrated with overall educational reforms or with reforms of the labour market, and have often remained isolated from the existing institutional contexts. While generally acknowledging that VET reforms in partner countries should be systemic, individual projects have been restricted to single aspects of VET systems, assuming that systemic reforms would be triggered automatically – which has in most instances not been the case. They have also been more oriented at system-wide rather than system-deep aspects.

Phare VET reform programmes have been most successful in countries where local policymakers themselves had already reached broad consensus on a VET reform strategy. This has only been true in a very few cases though, and many Central and Eastern European countries have only fairly recently managed to develop an agreed reform concept, too late to profit from further Phare assistance. Contracting and implementation procedures, increasingly based on competitive market principles and financial transparency, have resulted in a dependency on consultants provided by a few large companies, and in the discontinuity of reform assistance. The principle of not allowing experts who have been involved in the design of programmes to be involved in their implementation has often led to a drift in project objectives during implementation.

Nevertheless, there has also been an increasing awareness of the importance of context and ownership. VET assistance under Phare has become more focused on capacity building (be it largely on developing capacities to implement the EU *acquis*, including making good use of future structural funding), but this occurred at a time when in many partner countries there was – finally – a real need for assistance in reforming policy development and implementation. The design of VET reform projects under CARDS and MEDA is becoming more realistic within a much stronger strategic perspective. They

50 In a number of partner countries (such as Poland and Slovenia) the low results achieved in the Adult Literacy study have had more impact than any of the EU *acquis* discussions.

51 This is also the case for the integration of acceding countries into Cedefop research and documentation networks.

include attention to capacity building for local stakeholders and are defined within an overall reform policy framework (through Green and White Papers) also enabling complementarity with assistance provided by other donors. Recent MEDA VET reform projects explicitly focus on policy development and capacity building, and have also included simultaneous assistance to related key areas of the VET system, including governance, financing and research and development.

While VET reform programmes under MEDA benefit from large budgets and longer implementation periods, CARDS projects are much smaller and are of limited duration. However, through close cooperation with the European Agency for Reconstruction, a certain degree of continuity in VET reform assistance has been proven possible by designing projects that successively build on each other. That approach also allows for absorption capacity building. Under Tacis, hardly any assistance to systemic VET reforms has been initiated so far and projects have largely been of a very limited scale and scope. There is however increasing interest for reforms of VET systems both within a context of economic recovery (Russian Federation and Ukraine) and Poverty Reduction (Central Asia and the Caucasus). Implementation remains a cause of serious concern everywhere, partly because of weak capacities in partner countries and partly because of the quality of project-related technical assistance.

Wider lessons for the future

The review of VET reform experiences in ETF partner countries lead us to the identification of some more general lessons for the future:

- Generally, VET reforms have insufficiently been related to or been part of labour market reform and in particular employment creation policies. As a result, reforms of vocational education and training, despite serious efforts to increase labour market relevance, have lacked key reference points and have often failed to provide real alternative educational options for general and higher education. Employment creation often occurs in the informal sector, which has remained largely outside the scope of formal VET system reforms. There is a need to better integrate VET reforms with increased efforts to stimulate employment generation.
- VET reforms in partner countries do not involve simple choices between state or markets but have to look for the best possible combinations given available resources (financial and human) and capacities, including those provided by social capital or communities.
- Because of their complexity, VET reforms in transition countries cannot be properly assessed by single academic disciplines, be they economics or pedagogy. While much of the recent assistance to VET reforms has been dominated by economic views, overall VET reforms need a multi-disciplinary approach. Disciplines should concentrate on what they can contribute.
- National VET reforms do not easily lend themselves to the application of simple operational formula, such as the 'first-do-this-then-that' types of advice. Nor can it be assumed more generally that local policymakers or foreign donors know exactly what has to be done. Long-term partnerships based on mutual trust and respect between local policymakers and international donors need, therefore, to be developed.
- VET reforms cannot be achieved by selecting and modernising single pilot schools, but nor can this be done only by producing national policy reform statements or legislation either. Systemic reforms require a comprehensive change of all building blocks of the VET system. Participation and ownership need to be developed at all levels among stakeholders. In particular, an identification of key roles for teachers in the reform process is urgent.
- VET reforms cannot be reduced to choices for either changing inputs, or processes or outcomes. Nor can it be assumed that priority given to one of these is better or will automatically

trigger necessary changes in the others. That will depend on context. All three elements need to be included to ensure that quality learning processes are producing high quality skills and competences.

- Good vocational education and training is not necessarily only provided at schools from the formal education system, nor for that matter only in or by private sector enterprises. The development of a plurality of learning places is needed, and they should be combined with each other to provide for a rich learning environment.
- Relevant vocational education and training does not mean that it has to be exclusively demand-driven. Vocational education and training also transfers general knowledge and values, as well as technological know-how that creates opportunities for innovation and development in enterprises. VET therefore also has to be pro-active.
- Most often, both from the side of national policymakers and external donors, too little attention has been given to the need to involve and retain the commitment of those who are the ultimate guarantee for implementation and sustainability of reforms, that is to say the civil servants in ministries, social partner representatives, teachers and local politicians and administrators.
- Critical mass is an important factor to ensure the sustainability of VET reform. It is necessary to establish a framework for a VET community of practitioners to stimulate cooperation, consultation and participation in working groups. The VET community can act as a 'catalyser' and take forward the VET reform process once the assistance project has finished.
- Public support for reform needs to be nourished from time to time by short-term, visible reform actions and reform benefits. Students and parents, as well as teachers and stakeholders, need to see the reform happening and to feel the benefits of reform. Early results are crucial but these should of course be part of a longer-term perspective.
- There is a need to establish self-regulatory mechanisms in reform processes where possible. The bottom-up approach can create a critical mass of change agents who can then lobby/influence policymakers. VET innovation grants may trigger schools to respond to funding mechanisms with ideas and improvement plans.
- Everywhere there is a huge need for better public awareness raising campaigns to mobilise for reform with the electorate at large. VET reforms are clearly not high profile political priorities but nevertheless require broad agreement and acceptance.

A careful review of the reality of VET reforms in partner countries shows that the reality of reform is complex. This should make us sensitive to the risks of partial approaches, be they steered by particular interests, views, ideologies, models or academic disciplines. A partnership approach is required to avoid partiality. But we believe that, with a certain degree of pragmatism and openness, there are also positive conclusions to be drawn that can help us to make progress for the benefit of VET reforms in our partner countries. The most important conclusion to be drawn is the need to give much more prominence to providing policy learning opportunities. In the next section we will argue why this is so, and why a policy learning approach may be the appropriate response to many of the key challenges that both donors and local policymakers are confronted with during the VET reform process.

Learning challenges for donors and national policymakers

International assistance and donor organisations play an important role in the reforms in ETF partner countries. That situation raises a number of challenges that now will be addressed.

While the principles of *embeddedness* and *local ownership* exclude the mere transfer of foreign models, as well as the simple copying of so-called best practices and indeed policy taking in general, it does not automatically follow that there is only room for country-specific reform and that each transition country should itself develop VET policies completely on its own. That would

be a very narrow understanding of the role of policymaking. On the contrary, confronted with increasingly similar mid- and long-term challenges, policymakers in partner countries know that they can no longer ignore the policy developments and lessons from other countries. This is all the more true for policymakers in transition countries who are very often faced with severe constraints of time, budgets and human resources in trying to cope with, sometimes dramatic, immediate reform challenges. Therefore, basically there is ample room for an exchange of policy experiences.

The availability of international VET policy experiences, such as the total of soft and hard *acquis* of the EU and the experience of Member States and other countries with reforming VET systems, provides a rich source of expertise and inspiration for policymakers in partner countries. EU experience is relevant in particular for those Central and Eastern European countries that historically share the basic characteristics of their education systems with those of EU Member States and/or those that are preparing to become an EU Member. In some countries, multinational and bilateral aid is in competition; for historical reasons bilateral support is sometimes better embedded and could act as a springboard for more ambitious EU-level assistance. However, the experience of individual EU countries is not in all aspects identical, and also has to compete with policy experience and advice from other countries and multilateral donor organisations which is not always based on the same principles and does not always lead in the same policy directions.

Thus, policymakers in partner countries have to face a real challenge in choosing the most relevant learning sources and/or in harmonising these different sources of experience with their own policy ideas. The reality of many partner countries shows that they are and remain very much dependent on external resources (financial, material and technical) provided by other countries and donor organisations, even sometimes for the simple survival of the VET system. Therefore local policymakers do not often apply much thought to choosing, balancing or coordinating different donors, at least not in the initial phases of transition and reform, and not until they are faced with the challenge of developing a national policy. Where this is the case, donors have a huge responsibility to stick to agreed principles of international assistance.

On the other hand, in many instances the availability of external assistance for VET reform has been an important catalyst for making policymakers aware of the need for a reform of their VET systems in the first place or, indeed, for a country to be able to develop a proper reform strategy. Countries have been able to make good use of international assistance where there has been a shared understanding of the objectives of reform policies. These countries, such as Slovenia and Hungary, have been able to use international assistance for their own objectives and their reform policies have not been driven by donors. However, supply of aid has often created demand for international assistance, and that is one other contradiction that donors are facing, as well as those who do seek fit and local ownership. Often, promising reform initiatives are discontinued simply because of a lack of resources or changes in priority setting by governments with regards to the distribution of resources and capacities.

In general, in many transition countries the history of VET reform during the 1990s is almost similar to the history of VET reform assistance. But here there have been considerable shifts in the nature of assistance over time: from assistance to projects to assistance to policies and from policies to capacity building. EU assistance to VET in transition countries has developed its own course, different (and separate) from its assistance to developing countries. This has been the result of VET assistance becoming part of dedicated overall regional cooperation and assistance programmes which each had their particular foreign relations dimensions. These have been different from EU aid policies for developing countries by defining clear objectives to be reached within agreed timeframes. These objectives and timeframes, though extremely tight and

implying considerable national resources and capacities, have been acceptable for partner countries because of the immediate partnership or integration perspectives that were and are at stake.

A further key challenge therefore remains: How to balance a donor's understanding of the importance of a modern and effective VET system for social and economic development with the accepted principles of embeddedness, local ownership and sustainability? This balance has to happen in a situation where many policymakers in partner countries are either not convinced that VET reform is a priority for them at all, or where local policymakers go for the easy way of policy-copying. This is perhaps possible to do by basing VET reform assistance on the principles of *knowledge sharing* and *policy learning*.

VET reform policy development seen as VET *reform policy learning* would use *knowledge sharing* to enable local policymakers to learn about VET reform experiences from elsewhere for the formulation and implementation of their own reform objectives. Thus, policy learning can be relevant for the process of policy formulation as well as for implementation at the institutional and organisational level. Policy learning as a concept therefore is not only relevant for national policymakers but also for practitioners who, in the end, have to make new policies work. The principal role of donors would be to *enable* a reform policy learning process for all who are involved in VET reform processes. Knowledge sharing through policy learning becomes itself a valuable source for further *knowledge development* when shared knowledge becomes embedded into new contexts. Local policy learners and donors – in their roles of policy learning facilitators – should develop *policy learning partnerships*, from which they can both learn. We will come back to issues of policy learning more extensively in the final chapter.

2. VET REFORMS IN CENTRAL AND EASTERN EUROPE: ACHIEVEMENTS AND CONSTRAINTS

2

***Søren Nielsen*[52]**

INTRODUCTION

This chapter will address the following questions: What can we learn from developments in vocational education and training (VET) reforms and actual practices in Central and Eastern European acceding and candidate countries (CEEs)? What lessons can be learned to stimulate better founded VET sector analysis policy advice, and VET reform strategies?

The point of departure is a belief that VET reform is most successful and sustainable when cast in a national policy framework. VET systems are embedded in specific social, historical and institutional contexts which shape conditions for genuine innovation of structures, actors and practice fields. It is therefore important to understand where countries come from in order to appreciate what they want to achieve and have achieved so far. Reform policies also need to be confronted with the strategies developed for their implementation and the resources and capacities that countries have available to implement reform policies. Among the latter, obviously international assistance figures high, but its real contribution may well be different from initial intentions.

The chapter identifies (very) broad features common to all CEE countries, sets out the particularities of individual and groupings of countries, explains how countries have coped with the challenge of double transition towards market economy and democracy, links educational change to EU VET policies, outlines emerging national VET policies, analyses goals and barriers for the next reform steps, suggests how to overcome constraints, and concludes by drawing a number of lessons from the experience of VET reforms in Central and Eastern European countries. Such lessons may be relevant for other transition countries that are in the process of reforming their VET systems.

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The most substantial lesson is the importance of strengthening the capacity to formulate national reform agendas. Transition countries should develop capabilities to formulate their own policies to be able to shape reform initiatives which fit into their contexts, and therefore establish better conditions for ownership and sustainability of VET reform. This requires an intensified focus on how to organise policy learning environments and policy learning platforms in the countries so that a critical mass of key actors and stakeholders gradually develop VET policy understanding and competence. EU membership will by no means reduce the need for policy learning; on the contrary, it will increase the challenge of policy interpretation when broad EU objectives have to be translated into national policies adapted to, and embedded in, national institutions.

This poses a challenge to national policymakers and the international donor community. We will have to create new concepts and innovative methodologies to be able to organise collective policy learning processes at different levels of VET systems.

DIFFERENT BACKGROUNDS FOR VET REFORMS IN CENTRAL AND EASTERN EUROPE

The Central and Eastern European countries are often referred to, and treated, as one group of former 'socialist countries'. However, besides many similarities we also find clear significant differences between these countries when trying to understand the environments for VET, VET system logics and configuration.[53] Painting with broad brushstrokes, a first clustering of countries might look as follows:

- Three countries, Estonia, Latvia and Lithuania, belonged to the former Soviet Union.
- Four countries, Bulgaria, Hungary, Poland and Romania[54], were wholly independent states under the hegemony of the Soviet Union.
- Two countries, the Czech and Slovak Republics, were constituents of the former state of Czechoslovakia and also under the hegemony of the Soviet Union.
- Slovenia was part of what was the federal state of Yugoslavia which differed from the Soviet Union and the other CEE countries politically, economically and ideologically.

It is clear that countries with such diverse historical backgrounds were different. Nonetheless, many social, economic and political characteristics were shared by them. Firstly, the focus is on phenomena common to most of the CEEs. This is followed by a short illustration of VET characteristics in three groups of countries at different poles of the spectrum within which a specific 'system logic' may be found, with a view to putting national policy priorities in a broader historical and institutional perspective.

CHARACTERISTICS OF VET COMMON TO ALL CENTRAL AND EASTERN EUROPEAN COUNTRIES

All countries had a centrally planned economy and a single party dominance, but most developed these institutions only after the Second World War. Each country had its own institutional traditions – in particular also in education and training – going back even further in time. In both spheres (the political and the economic) Central and Eastern European countries have had to cope with tremendous changes since the end of the 1980s.

In the area of economy, the socialist state planning system fixed volumes and composition of production, and companies received yearly production targets

53 Cyprus and Malta, the two Mediterranean island states, are in a different category. At the outset they were economically, socially and politically closer to the EU social model than the CEEs. These countries will not be covered here.

54 Bulgaria and Romania are candidate countries, whereas the other countries are acceding countries, joining the EU on 1 May 2004.

expressed in quantitative terms. No external pressure existed to optimise the use of production factors and to permanently increase productivity. The interaction between the employment system and the VET system was tightly integrated; vocational schools were often quasi-manpower divisions of large companies. Jobs were secured, the demand for workers insatiable, and employment was for life. Vocational education and training became the highest priority for the development of the educational system for ideological and productive reasons, and was not always in line with established education traditions and aspirations. This became very clear in the immediate years after the collapse of the communist system.

It should be noted, however, that there have been considerable differences among the countries, in particular regarding developments since the late 1970s when the period of extensive growth came to an end, for example, the attempts in Poland and Hungary (and Yugoslavia) to reform their economy (with the introduction of market mechanisms and more autonomy for enterprises) while sticking to the one-party system. Counter-developments in CSSR after the 'Velvet Revolution' disaster may well explain some of the differences in the early transition period, such as the readiness of stakeholders for reform, knowledge about developments elsewhere, and so on.

With the introduction of a market economy and capitalist profit-production in companies, inter-linkages between employment systems and training systems and between vocational schools and companies were totally severed. Production is now decided through the 'price system' (laws of demand and supply), companies have to optimise and permanently innovate the combination of production factors, a labour market has emerged, and workers' qualifications need continuous upgrading.

This fundamental transformation of economic and social structures has radically changed the function of the VET system. A whole new logic has been established. With the closure of many workshops and the reduction of facilities within enterprises, schools are forced to take care of the entire vocational education cycle. As a result, vocational education has often become more theoretical and the costs are increasing. Moreover, the regional employment structure (often only one or a few companies) has collapsed in almost every country. The schools have been forced to redefine the purpose or function of the services they provide. The need to build up continuing vocational training provision and the system for reconversion training have become acute in all countries. In a market economic system a new signal system between labour market needs and the supply of VET must be established and mediated, in most cases through social partnership. This reconstruction process is far from over in most countries.

In the area of 'policy' development, even the term as such has been new to the CEEs. Instead of VET policy and strategy there was only 'legislation' and 'decrees', and one could easily elaborate on a whole philosophy behind that. Suddenly the new political environment forced people (institutions) to change their thinking in the direction of designing policies rather than laws. There was a firm belief that there is always one optimal solution. Loosing both that belief, and control and power was a shock to most of the leaders of the old regimes (who in turn were themselves very often only executors of orders), and facing anxiety, ambiguity and argumentation must have appeared almost chaotic.

The new qualities needed were subject-related excellence, perseverance, courage and diligence, the ability to get others behind you, the capacity to steer a course, and so on, which was of course not very common in the old regimes. All these issues are encapsulated in the term 'good governance', a term hardly heard 15 years ago. The word 'governance' comes from the Greek term for 'steering'. For a boat to be steered safely it needs a good captain and crew, plus reliable measures and instruments to gauge its progress. But exactly these tools were not available. Instead, policymakers faced a range of players who all of a sudden tried to

influence policy. National academics, politicians representing different parties, foreign consultants, EU officials, World Bank officials, bilateral donors, teachers, parents and employers have been pulling the rope in very different directions. This has been the political environment for policymakers and civil servants, who have had to cope with the complexities and try their best to guide a policy development and approval process.

In former times there was a strong educational support structure, in particular in vocational education and training: methodological centres, pedagogical innovation centres, and so on. After 1989, a severe antipathy towards vocational education research and development institutes set in. An example is Poland where strong ideological shifts included the radical closure of communist institutions and organisations. This process was more gradual and continuous in Hungary during the 1970s and 1980s where, already in the 1980s, research institutes developed policy-oriented research. This also happened in other CEEs such as the Czech and Slovak Republics and Bulgaria, but only during the 1990s. However, the building of new support structures to replace the former ones has been slow almost everywhere. So the CEEs are today often lacking efficient support structures for VET. This has created additional difficulties for policymakers as they could hardly base their policy initiatives on well-informed research.

FEATURES COMMON TO THREE VERY DIFFERENT GROUPINGS OF COUNTRIES IN VET

For the sake of clarifying the relevance of different contexts for VET reform policies and strategies we shall now distinguish three groups of countries: the Baltics, Central Europe and Slovenia, representing the former Yugoslav system of self-management.[55]

The Baltic States

When one sees refined building restoration being carried out, for example, in Tallinn and Riga, it is often Polish workers who carry out the work. After Yeltsin bombed the Russian parliament, a high number of Turkish building workers had to be imported to repair the building – Russia had no skilled workers to do it. It is a strange paradox that in the former "Workers' States" the respect for the intelligence of the hands was so low and so visible in the lacklustre quality and the lack of 'finish' in crafts products all over the former Soviet Union. These skills take generations to build up – and can be lost completely over a period of 50 years. And maybe such skills are lost for ever if not cultivated and properly nurtured.

But in the case of (some of) the Baltic States, we must dig deeper to find explanatory factors. For instance in Latvia, technical skilled workers' competencies were never developed. The two most impressive buildings in Riga are the Guilds of Craftsmen and the Guilds of the Kaufmänner. For ages German dominance used access to apprenticeship as a tool for social promotion and exclusion. Latvians were not allowed to become technically skilled 'Handwerker' – and even had to live on the other side of the Daugava River, allowed only into town after dark in case of fire. The history of skilled work as a social category, as a power base in society, and how this was used in the German tradition, deserves closer analysis. Suffice to say that institutions also play a role in the longer term. Compared to Central Europe a skilled worker training tradition was never fully developed.

Estonia, Latvia and Lithuania, being former members of the Soviet Union, share a number of characteristics in VET. Until the end of the 1980s education, like the economy, was centralised with everything being coordinated from Moscow. Metaphorically, there was one book on 'what to teach' and another book on 'how to teach'. For years a number of senior teacher educators studied VET contents, didactics and methodology at specialised

55 In this section Poland, Bulgaria and Romania will not be dealt with.

universities in the former Soviet Union. Traditionally, the study programmes for teachers were common for all secondary school teachers. This model still plays a role today. But important changes have taken place in the Baltic States since 1990. Generally, they have gained considerable 'conceptual clarity' but have yet to 'institution build' and to fill institutional gaps in their systems after independence from the Soviet Union.

Central or 'Mittel' Europe

VET traditions are much stronger in Central Europe. The Czech Republic, Hungary and the Slovak Republic show structural similarities which allow us to group these countries under one umbrella. These countries have a long industrial tradition and the VET system logics are close to the German-Austrian model (dual system, apprenticeship, social partnership). A separate area for study might be to trace the common heritage from the former Austro-Hungarian Habsburg monarchy in the way education is still conceptualised in these countries. Another socio-cultural study could be to unravel the Danube tradition, where the German dual VET system has made its mark on the countries along the road to the Black Sea. This happened as a result of the German 'Handwerker' tradition and its institutions following the 'Ulm-Kassen' transporting German settlers down the Danube.[56]

The tradition of close cooperation between schools and enterprises for the training of apprentices has been disrupted by the economic crisis, affecting large manufacturing companies in particular. One of the implications is the shortage of places for practical training. A policy in these countries is to re-establish proper links with industry to underpin the training process for changing skill requirements; there is a long tradition for training of trainers in school workshops as well as in companies. While the transition period has first of all implied changes in the legal and institutional context, not much change has yet taken place to innovate the organisation of learning processes. The difference between general and technical education has been reduced. Technical education attracts more students, but has also become more general while 'vocational' education is shrinking and has a low status. In all countries the share of VET courses leading to achievement of higher level certificates is growing, and the courses with broader profiles are preferred. In all three countries VET programmes are still popular.

Slovenia: former Yugoslavia

Slovenia was part of a quite centralised educational policy framework in which the Yugoslav Communist Party played a crucial role. The fact that the Slovenian education community has been discussing reforms since the late 1980s has to be seen against the background of:

- the tradition of the Yugoslav self-management system, which in the 1980s had developed a complex system of so-called self-management institutions with a long tradition of participation of professionals (including individual teachers), and a strong integration of schools (at all levels) in the local community, resulting in an extremely decentralised structure full of inequalities.
- the fact that, during the phase of the disintegration of Yugoslavia, responsibility for education was passed on by Belgrade to national (republic) authorities.
- the built-up criticism towards the prevailing Yugoslav career-oriented education system of the time, which was characterised (as in many other – also Western European – countries during the 1970s and early 1980s) by a comprehensive secondary school system with only very narrow job-specific vocational and technical specialisation. That system was introduced to increase equality in education and in particular to provide better chances for working class children to enter higher education. In fact it failed to do so, and in addition, produced an insufficiently skilled workforce. Slovenia – like Croatia – has had a longer tradition of dedicated

56 Magris, C., 1986.

vocational education (the mixed Austrian model of school-based and apprenticeship) and while both companies and educationalists became extremely critical of the existing system, there was a desire to re-introduce the traditional system.

- the poor reputation of adult education which had increasingly become an instrument of self-managing enterprises to enable them to pay higher wages to their existing workforce during the 1980s, as upgrading in the wage system was made dependent on achieving higher formal levels of education and training and/or the achievement of particular certificates. Participating in adult education became almost entirely focused on achieving (or buying) certificates rather than on improving knowledge and skills.

These deeper roots in the recent educational history of Slovenia help to explain the predominance of a national reform agenda which has prioritised a centralised education system and seeks an education system of high and equal quality.

A REVIEW OF VET REFORM ACHIEVEMENTS AND CHALLENGES

The reform challenges in the countries have been immense. The developments of education and VET in Eastern Europe over the last 15 years have to be seen in a context of a political, economical, social and cultural transformation from a centralised, state capitalist model of society based on a socialist ideology and – as far as most countries were concerned – under the hegemony of the Soviet Union.[57] In education this has meant a rejection of socialist pedagogic ideas and its centres of education. Also, it frequently meant a rejection of the dominance of vocational education at the cost of secondary and higher education. Many countries returned to their pre-war academic traditions instead. Another consequence was, to mention but one example, the rejection of Russian as the first foreign language which has had serious consequences for many teachers in all countries. Therefore, the very first reform phase was focused more on 'de-ideologisation' than on 'Europeanisation', flanked by reform steps towards pluralisation, democratisation and for example, greater autonomy for institutions of higher education.

The early phase of VET policy development was a trial-and-error period, and to some extent, influenced by national biases of foreign consultants. It took the new elite (and the donor community) in the CEEs a while to understand that concepts need to be well embedded and fit into contexts in order to stand a chance of being absorbed and implemented on a wider scale. The policy challenge facing the CEEs has been unprecedented: they had to deal with the accumulated 'reform-queue' in VET resulting from years of under-funding; the adjustment of the system to the new labour market requirements and the evolving lifelong learning challenges practically at the same time. And this was in a context of decreasing resources, frequent political and staff changes, an insufficiently developed research capacity and network of support institutions, and a lack of (often poorly paid) staff. The achievements of the CEEs should always be seen in the contexts in which the countries have launched reforms, and the short time they have had available.

The EU VET reform approaches[58]

An important driver for change in VET policies in the CEEs has been the various EU programmes. There have been other drivers, such as national policy formulation, bilateral and international donors. There were already VET reform projects in many countries before EU programmes started: in Poland, Hungary, the Czech and Slovak Republics, Estonia, Latvia, Lithuania and Slovenia. Still, the influence of EU policies has been particularly strong but different in the various countries.

57 Yugoslavia was not under the hegemony of the Soviet Union.

58 Masson, J. R., 2003.

From the early 1990s onwards the European Union has given significant priority to VET reforms in the countries of Central and Eastern Europe; however, except in Hungary, the Czech Republic and Slovenia, VET issues were not seen as a priority for education reform. From 1994 onwards, the EU VET policy towards the CEEs concentrated on the design of new curricula adapted to the needs of the new emerging market economy. This used a pilot schools approach including teacher training and new pedagogical equipment to go along with the new curricula, and the development of partnerships with EU vocational schools. This approach was employed by Phare, the EU programme launched in 1989 to support the transition process towards a market economy, but also by the Tempus programme created to assist the reform of higher education.[59]

From 1997 VET became part of the pre-accession strategy. The historical development logic of the EU system ('law of motion') has been one of deepening, with a constant number of Member States followed by a widening as a result of new members. For the CEEs the reform pressures have been increased through the many new policy areas developed by the EU in the human resource development (HRD)/VET and labour market areas. Support became accession driven, and focus was put on the policy level. VET reforms now had to prepare for further implementation of EU policies, in particular lifelong learning (LLL) objectives and capacity building for taking on board the 'soft' *acquis* related to VET (the European Employment Strategy, the Social Fund, the Leonardo da Vinci programme), as well as participation in networks and institutions set up by the EU.

The Barcelona European Summit (15-16 March 2002) launched the third phase towards a European area of knowledge, and with the Copenhagen Declaration on VET in 2002, EU policies will continue to develop in the fields of employment and education with full involvement of the future Member States.

VET reform policies in CEE countries

Education systems are increasingly viewed by national policymakers in an international context. In spite of the fact that education policy and education systems are a national prerogative, there is a clear (global) trend to formulate common strategic goals and to implement common measures in education, in particular in higher education and VET. Key words here are the Bologna process (1999), the Lisbon process (2000), and the Copenhagen process (2002). This is particularly true for the CEEs where national education policies in the late 1990s were explicitly understood as part of their preparation for EU accession. The focus of VET reforms has acquired a strong European dimension.

However, the themes under discussion and innovations in education, such as decentralisation, the opening and autonomy of schools, education for all, equity, social partnership and so on, have been part of a wider international discussion since the mid 1990s. CEEs were faced with shared challenges from international organisations such as the World Bank, OECD and UNESCO. The discussions on quality in education, new ICT methodologies, lifelong learning, internationalisation of education and training, are a global discussion and the EU did not introduce these issues. These discussions are intertwined with the efforts to prepare for EU accession, but EU policies in the HRD field could also be seen as an answer to what is in effect a global challenge.

For the Central and Eastern European countries the ongoing reform pressures have been manifold. Compared to the fact that the CEEs had many constraints to overcome from 1989 onwards, it is impressive that they strive to formulate policies in a number of fields which are indeed at the front edge of the VET state-of-play in EU Member States.

59 EU funds for higher education through Tempus have always been much higher than funds made available for VET reforms. Indeed, within ministries of education there has always been a competition for funds for these sectors with ministers often ready to give priority to universities.

The Baltic States

Although progress in VET has been fragmented, lacking critical mass and strategic direction in its initial phase, Estonia has made significant progress in the last years, stimulated by the goal of EU accession and supported by foreign assistance. At policy level an LLL strategy has been developed. A national qualification framework is being implemented. High expectations are set on the Regional Training Centres started in 2000. Estonia has an increasing social partner involvement in VET. The qualifications of teachers represent an important barrier to the development of the Estonian VET system; no links were developed between the institutionalised providers of VET teacher training and the substantial input of new pedagogical approaches provided by the Phare VET reform programmes. A priority now is to meet the challenge of building up an adequate VET staff that are capable of upgrading the level and quality of vocational education and training.

Ambitious policy goals have been set out in the National Action Plan for Developing the Estonian VET System 2001-2004, prepared by the Ministry of Education:

- Increase the number of vocational students by 8% per year, reaching 50% of the age group of basic school graduates in 2004;
- Decrease the dropout rate from 13% to 8% in 2004;
- Privatise/municipalise 30% of vocational schools by 2004;
- Increase the student/teacher ratio from 12:1 to 16:1 in 2004;
- Increase the share of teachers with higher education from 75% to 100% in 2004;
- Double the volume of foreign language teaching in all programmes;
- Increase the share of VET programmes meeting the requirements of vocational standards from 30% to 100% in 2004.

In Latvia, vocational schools are under the jurisdiction of various ministries. There is no unified or coherent concept regarding VET, and no specific policy aims for VET have been formulated. Latvia still faces the challenge of developing a coherent national strategy in initial and continuing training. VET reforms have depended heavily on foreign donor support. However, in 2001 the government passed the National Development Plan formulating a human resource development strategy and set priorities in broad terms. New legislation has been passed and the curriculum has been systematised based on national standards. Latvia has applied an ‘education logic’ to reform and has put a high priority on creating a specific teacher training system for VET teachers. With support from Denmark, between 1996 and 1998 Latvia developed, and has since institutionalised, a national basic pedagogical qualification programme for vocational teachers and trainers.

The ‘Concept of Education Development 2002-2005’ formulated three overarching goals on which national policy priorities will build:

- Quality: improving teacher education and remuneration, quality assurance of VET and higher education, national evaluation system, renewing academic and research staff;
- Access in the context of LLL: pre-school, general education, adult education opportunities, integration of those with special needs;
- Cost-effectiveness: school network optimisation, maintenance, unified/single governance system, transparency.

Lithuania has a well-developed legal framework and conceptual basis for the development of a modern VET system. Lithuanian concepts are in accordance with the Lisbon Council conclusions, the Employment Strategy and the Resolution on LLL, and the country has capitalised on a national consensus on VET priorities. The VET Development Centre at Kaunas University is a specialised centre which undertakes research and development, offers input to national policy formulation, offers higher studies in VET, and are very active in transnational projects. However, a number of issues remain which Lithuania will have to address in the near future.

A key issue is the discrepancy between concepts and initiatives, which have been started on a pilot basis, and the lack of funds to ensure large scale implementation of these initiatives. Lithuania spends approximately 30% of public budget expenditure and 6.1% of GDP on education (target of GDP expenditure is 6.5%), so it will be difficult to increase expenditure substantially. This calls for an improvement in the overall policy integration and coordination, in particular streamlining links between initial and continuing training.

A long-term Education Development Strategy until 2012 is under development, based on three main principles:

- Forming a flexible structure of comprehensive education to bring together the systems of general education, VET and higher education;
- Creating an 'open' education structure accessible to everyone, where institutions provide both initial and continuing training;
- Building bridges between formal, non-formal and informal education.

Central Europe

In the Czech Republic about 80% of basic school leavers enter secondary vocational schools – the highest rate in Europe. Therefore, a reform of the VET system has a strategic impact on the development of the overall education systems. The traditional links between schools and companies no longer exists, having the effect that practical training is almost exclusively provided in school workshops. Reform of initial VET was mainly determined by a bottom-up approach, encouraged by the liberalisation of regulatory frameworks in the early nineties. In the context of current public administration reform, the responsibility for secondary education was transferred to the regional authorities. Many qualifications provided by the formal system remain outdated. A comprehensive legal framework with a holistic approach to reform in the perspective of lifelong learning (LLL) is still missing. The Czech Republic has a well-developed labour market training system that ensures a high share of middle qualifications.

The National Programme for the Development of Education in the Czech Republic (White Chapter 2001) identifies ambitious targets in line with the Lisbon conclusions:

- Increase expenditure on education from 4.5% to 6% of GDP in 2005;
- Increase the average salary of teachers beyond the national average wage by 2007;
- Extend the overall duration of education by 2 years by 2005;
- Increase the ratio of students entering general education programmes from 18.5% to 30%;
- Increase the percentage of people with the maturita in the overall population to 75%;
- Increase access to higher education from 23% to 53% in 2010.

Whether these targets can be achieved within the given timeframe will depend on several factors, not least the availability of funds.

In the Slovak Republic the government decided in 1998 to "create a long-term concept of the development of training and education…that should become a base for development of the education system for the forthcoming 15-20 years without respect to alternation of governments." The concept has gradually been transformed into the National Programme of Training and Education in the Slovak Republic for the forthcoming 15-20 years, formulated as an open, living and adaptable document. The programme defines essential principles and sets targets for the education and training system. For VET (and taking forward a number of the policy and strategy recommendations developed by the Phare project), and with a perspective set on preparation for lifelong learning and employment, the National Programme recommends that:

- 70-75% of pupils should continue in (varied) VET programmes;
- Vocational fields are reduced to 20 study fields and will include more

general subjects delivered by the newly re-designed secondary vocational schools;
- Curricula will be based on modular principles, will sharpen the focus on key competences and combine a national curriculum (60%) with a school curriculum;
- Programmes will be structured with a broad entrance education and a late specialisation. This will delay decisions about choice of profession and facilitate transfer to other streams, including gymnasium;
- Newly-designed vocational schools will also offer post-graduate and tertiary programmes;
- The National Curriculum Council will assess and accredit educational standards and programmes, as well as promote curricular development and research.

Hungary is one of the most advanced candidate countries in terms of modernisation of the VET system. In Hungary the vocational secondary schools hold a relatively high prestige. One reason for this is that Hungary strengthened the academic parts of programmes in vocational schools. Hungary has combined World Bank loans and Phare support in a coherent and long-term strategy, knocked slightly off course by the economic circumstances of the mid 1990s. More programmes have been introduced in vocational schools. Today there are mixed types of schools in which academic and vocational tracks exist together. Hungary has implemented radical decentralisation in education and is advanced with regard to the development of social partnership.

Substantial reforms have been introduced since the beginning of the 1990s and have been implemented step by step. An upgrading and widening of skills provided in secondary education as well as substantial developments in tertiary education have been implemented. The fight against dropout has been partially successful. The establishment of a National Vocational Qualification Register in 1993 allows for better links between initial and continuing training. A special levy has been put in place with the view to developing continuing training at company level but also to involve companies in initial training. A modern dual system has started to develop. Recently, a law was adopted on continuing training (CVT) that should strengthen the provision and quality of training.

Three priority goals have been formulated:

- Improving the capacity of the initial VET system by strengthening the skill base of graduates leaving school and entering the labour force;
- Increasing participation in continuing training;
- Strengthening the capacity of Employment Services to deliver active labour market measures, including expansion of vocational training.

The formerly independent states: Poland, Bulgaria and Romania

Although – or perhaps exactly because – Poland has a strong post-war VET tradition, VET has not been a policy priority in the transformation process, and in general, the Ministry of Education has not played a very active role in the VET reform process. There is a large urban-rural divide in initial and continuing VET. Poland has found it difficult to integrate successive Phare VET reform programmes into an overall national policy concept, and much of the change has been the result of local and regional initiatives. Another factor contributing to the lack of national policy development has been the absence of national support infrastructures for VET. There has been little involvement of social partners in VET reform and few signals from the labour market that could give directions to schools for the contents of their programmes. Since transition, the VET provision has become more scholastic than before.

A complete decentralisation of the education and employment service system has taken place. The current ongoing reform of the Polish education system is based on a comprehensive strategy addressing many elements of LLL, such as improved access to education, equal opportunities, extension of compulsory

schooling, quality of education, and counselling and guidance – solid steps on which a coherent LLL strategy may be built. A major challenge is the area of continuing training, where the legal, policy and support framework is not yet sufficiently developed. In May 2003 the Strategy for Development of Continuing Education until year 2010 was adopted.

Ambitious goals have been set out in the National Strategy for Employment and Human Resources Development 2000-2006, prepared by the Ministry of Labour:

- Raise the rate of education participation of the age group 17 to 19 from 82% to 86% in 2006;
- Increase the percentage of people aged 21 with secondary education from 46% to 70% in 2006;
- Increase the percentage of people aged 29 with university education from 10% to 18-23% in 2006;
- Increase the share of employees who undergo training each year from 10% to 20% in 2006 and to increase the effectiveness of certain active measures (intervention work and training) from 58% to 65% in 2006.

The main challenge remains to fully implement the reform within the planned schedule (2002 to 2007), and to provide sufficient financial and human resources to meet the new educational, management and financial responsibilities arising from the reform and decentralisation process.

Unlike other transition countries, in Bulgaria the interest for VET has remained at the same level as for general education (50%). The VET reform programme (VETEREST 1995-99) laid the basis for reforms in VET. This has resulted in the VET law of 1999, the establishment of a National Agency for VET, the introduction of modular curricula, broader occupational profiles and new training methods. Since 1999 efforts have been made to take forward pilot schemes towards system level, but this process is far from complete. Progress in VET curriculum reform has been step by step with 18 curricula revised and currently implemented in 100 vocational schools (out of 506). Further developments are ongoing under the current Phare Programme while curricula are also developed by the Ministry of Education and Science. With the definition of competence-based occupational standards at the beginning of 2000, Bulgaria has made an important step in linking employment and learning specifications. With 12 standards developed until now, the process of standard development (172 vocations) is lengthy and not expected to be concluded until 2007. Standards are being implemented on a pilot basis. The educational planning process has remained highly centralised and with little influence from the labour market. VET provision is almost entirely school-based, which leaves it very theoretical. There is a digital divide with the rest of Europe with access to computers and the Internet very limited.

The VET system in Romania is faced with the challenge that the country is only at the start of privatisation and enterprise restructuring, and has, until recently, given little political priority to the reform of VET. The system is still managed predominantly by the Ministry of Education, using the inspectorate with its regional offices in each of the 41 counties. De-concentration of the VET system has taken place giving more freedom of action to selected pilot schools, but school directors still have too few options to develop or demonstrate management skills. The two Phare VET programmes have played a major role in VET reform in Romania in terms of the formulation of the reform strategy, new legislation and the implementation arrangements.

In the late 1990s Romania moved to system reform which generalised and implemented the outcomes of the first pilot school approach covering 75 schools. The adoption of modern curricula and teaching methods, albeit well understood, are difficult to implement due to a lack of resources. With the definition of competence-based occupational standards in the late 1990s, Romania has made an important step in linking the employment and learning specifications. The new Phare

programme includes a proposal for a National Qualification Framework in order to cover the provision of formal initial and continuing education, as well as non-formal and informal learning. The social partners participate in an advisory role in VET at national, regional and local level, but sectoral representation is rather weak. A major challenge will be the area of continuing training, where the legal, policy and support framework is not sufficiently developed; participation in continuing training is at the lowest level in Europe.

Slovenia

VET reform during the 1990s in Slovenia has been part of an overall education reform agenda prepared and controlled by local education policymakers. International assistance to the reform of VET has been largely complementary to Slovenian initiatives and has mainly come from the EU through two successive Phare programmes and a number of bilateral projects. Slovenian policymakers have focused on two issues to implement VET reforms: curriculum modernisation and new legislation. Slovenia has gone ahead with putting in place all the partnership institutions and transversal pathways of a modern VET system while applying a rather conservative curriculum approach. Changes in the Slovenian education system over the last decade have had an impact on the didactic processes and teaching strategies; the development towards more individualisation needs another teaching strategy than the former uniform system. However, teacher training still needs to undergo reform.

The strategic goals for education and training for the period 2000 to 2006 form an integrated part of the national employment strategy and they are very much in line with EU employment strategies. The reform of the VET system has been conceived as an integral part of overall education reform aimed at improving and increasing the educational levels of the population. The nature of the strategic goals asks for a comprehensive VET reform policy that integrates initial vocational education with continuing vocational education and training. Such a comprehensive perspective is not much different from what is currently being discussed under lifelong learning, but is only gradually being developed. While stakeholders are very well aware of what needs to be done, there is a problem of implementation.

VET REFORM STRATEGIES: FUTURE CHALLENGES AND CONSTRAINTS

While accession driven policies since the late 1990s have been a dominant driver for change in VET and labour market policy development in the Central and Eastern European countries, these policies must always be seen in a national political framework. National policymakers in the CEEs have to balance EU policy requirements and national priorities, and emerging institutions in the countries. Education including VET is a national political challenge. There are demands from voters and the public in general, and political views on VET reform differ among political parties and central stakeholders. Ministers are responsible to parliament, and major reforms have to run through a political process to find a consensus in the countries. Negotiation, compromise and the forging of consensus are the substance of democratic politics rather than the imposition of policy from above.

The further development and implementation of VET and labour market policies will thus first and foremost be a national responsibility and must be based on national initiatives. However, an important point of departure is the fact that the integration into the EU has become the main policy and political goal endorsed and owned by the broad spectrum of the political world in almost all countries. Important guidelines for VET and labour market policies can be built on this consensus. All CEEs have formulated policy plans for the medium term setting priorities and timetables.[60] But the implementation will have to overcome a number of constraints related to factors

60 These national action plans were in fact part of obligatory pre-accession preparations and were supported by the Phare Programme.

such as existing political realities, administrative structures, conceptual clarity, and the Phare reform legacy.

- Policy priorities in a number of countries are still linked to day-to-day operations where scarce resources do not fully allow for the running of ordinary VET programmes. State budgets are not sufficient, the quality of school buildings, textbooks and pedagogical equipment are of uneven standard, and teacher salaries are often low. The existing school network is still not adapted to a changed production and employment structure, and the learning environments in many schools and training centres are of varying quality. Seen from the classroom or the school workshop of an average vocational school in most CEEs, the visions of lifelong learning still seem distant.
- Senior civil servants are normally preoccupied with national agendas and EU policies are often placed in a separate unit isolated from the development of policies and strategies of reform. This tendency has increased with the explosion of new initiatives which administrations cannot cope with in any other way. But there is a big risk with this policy 'encapsulation', which echoes the independent 'PMU'-strategy in the 1990s.[61] The accession-driven reform agenda thus runs in parallel to the ordinary administrative structure. A serious problem is that because there is little genuine consultation in the era of 'hyper' policies, the knowledge available in the wider community (and even often in the expert communities being 'reformed') is often ignored. Meanwhile, most of those affected do not feel a sense of 'ownership' and so tend not to back the policies wholeheartedly. And the stability so vital for success and sustainability is often unattainable. Fundamental change is possible but only when support is broadly based. A much stronger emphasis is needed on public awareness raising and establishing collective policy learning processes.
- A serious complexity for the ministries of the CEEs in coping with VET reform has been the changing administrative paradigms. In the EU from the mid 1980s new trends in public management philosophies have had a relatively strong impact on the management of education under the heading "new public management" (use private company management principles, apply market control instead of democratic control, shift from process to output control). Behind these political developments there are several 'discourses'. The discussion makes use of concepts which can be described as 'loose referentials', that is, based on concepts at such a high level of abstraction that they are used by different discourses, but with different content. "New public management" has produced a whole range of such loose referentials, such as 'decentralisation', 'school autonomy', 'free choice', 'quality', 'accountability' – and these concepts have, in recent years, gone into play with a whole range of new or revitalised education and learning concepts, such as 'responsibility for own learning', 'lifelong learning', 'competence', 'reflexivity', 'quality', 'democratisation', 'learning organisation', 'self-organisation', and so on. EU education systems have been affected to varying degrees by these developments; VET programmes have been more responsive to these trends than general programmes. And the CEEs have sometimes been the testing ground for piloting modern approaches.
- Phare project designs have often encompassed the implementation of logically incoherent system concepts. The conflict between curriculum-based and qualification-based principles has been fought out in the CEEs. This has taken time and resources out of CEE VET development. An example is the introduction of 'standards' in the CEEs, of which Bulgaria is just one example.

61 Phare Project Management Units were often (kept) separate from decision-making lines inside ministries in an attempt to avoid projects becoming instrumentalised by ministerial policies. The real result was of course that project results could not be mainstreamed into ministerial policies. They remained marginal, or were at best tolerated.

At the end of 2002, 12 standards were approved and the process will go on at least until 2007. Enormous time and energy go into developing standards – a concept that is often not well understood. What was originally introduced as a means, among others, of ensuring quality and relevance of VET courses[62] when decentralising VET, has become an aim in itself. Standard-based VET systems neglect the educational process: the role of curriculum, learning environments, teachers and so on. This is a particular challenge for CEE VET systems with their long tradition for input and process-based education.

Based on experiences so far, there is also a strong case for policy learning in the Central and Eastern European countries. One (among other) example(s) is the experience of Slovenia. An assessment of VET reform in Slovenia would include the basic observation of the profound Slovenian nature of the VET reforms undertaken so far. The Phare programmes have been used as a complementary resource and have functioned as catalysts rather than – as in so many other transition countries – as an integrating and reform piloting resource. The early and consistent congruence of national educational reform objectives and initiatives, with what one could generally understand as the EU VET policy, and combined with the fact that the Slovenians themselves have been in the driving seat without major policy shifts, has led to the present situation where Slovenia scores pretty well on achievements of the 'soft' *aquis* in the field of VET. The predominance and the gradual development of the national reform agenda may also have created much better conditions for ownership and sustainability of the VET reform. The history of VET reform in Hungary gives a similar picture.

There may also be a case for policy interpretation in the Central and Eastern European countries. EU policies in VET and employment provide an important development horizon for the CEEs. They set certain policy objectives and they will continue to accelerate the speed and direction of reforms, as well as by providing funding. But these policy objectives are broad and do not prescribe specific means. The CEEs therefore have to become 'policy interpreters', as there is a variety of models, measures and practices available to achieve the same goal.[63] The CEEs will have to develop capacities to translate goals into nationally preferred practices and to manage the internal processes involved. There are a number of critical elements of the policymaking chain which must be identified and overcome; the CEEs might well need support to 'shape' their own policies and to overcome barriers to implementation.

SOURCES FOR FUTURE POLICY LEARNING

In the late 1980s discussions on the challenges of how to develop the required human resource base in the then accession countries (Greece, Portugal and Spain), were almost as strong as now. Experience shows that policy learning, massive European Social Fund support and emerging institutions are capable of transforming VET and labour market systems and practices through neo-functionalist dynamics, if guided by a central EU authority (the European Commission) which upgrades the common interest through targeted policies. Education is not everything. Rapid economic growth automatically implies foreign investment and transfer of technology as well as company-based human resource development principles. Emerging labour market needs are the driver behind training provision; hence the urgency behind the involvement of the social partners as the crucial transmission links between the rapidly changing employment system and the education system.

62 Adamski, M., et. al., 1993.

63 For an overview of the very differentiated national configuration of VET systems in EU countries, see Leonardo da Vinci project, SPES-NET. The rich 'flora' of organisation principles of continuing training systems in EU countries is presented in Brandsma, J., et al.

The new Member States will be actively involved in policy formulation processes through participation in the Council of Ministers and will take more active part in various EU 'processes', which have been launched over the last couple of years. Learning possibilities also exist for policymakers, researchers and practitioners in VET through the EU programmes, as well as services offered by Cedefop. In employment policy there is the learning potential associated with the peer review methodology developed by DG Employment. The network of national observatories set up by the ETF have access to a considerable body of expertise and are well equipped to function as 'reference' centres in the coming years.

Education reform has now assumed a very high priority on the agenda of most governments all over Europe. The challenges of the knowledge society are shared and education systems will have to find new answers. The lifelong learning paradigm constitutes a coherent development framework which points out new guidelines for policymakers in Eastern and Western Europe and, with the unfinished VET reforms in the CEEs, this reconstruction may well be easier for them.

A good test of the impact of reform is observation in the classrooms and workshops of vocational schools. Here students (and parents) meet the system. A major challenge for the Central and Eastern European countries – and this is shared with EU Member States – is the development of modern learning environments and the continuing development of teachers. Also in the EU countries the main emphasis until now has been on strengthening frameworks instead of innovating the organisation of learning processes – the core area of public VET provision. The CEEs will be able to capitalise on a wide range of development projects carried out by the ETF, such as projects in the field of learning and teacher training. The emphasis on quality of education and the concern for positioning teachers to promote that quality in the knowledge society has recently become a very high priority. Increased attention is paid by the EU (and the OECD) to improving education for teachers and trainers. The CEEs participate in the EU 'Objectives process' working group on teacher training and share the efforts to equip the teaching profession to cope with the new agenda for educational change.

With the EU Wider Europe and New Neighbourhood policy there are good learning possibilities for the CEEs in participating in regional VET and labour market support programmes in neighbouring, non-member countries. This has been demonstrated by Slovenia whose VET reforms are of high interest for other former Yugoslav countries in South Eastern Europe. With their rich reform implementation experience since the early 1990s, the CEEs are well placed to provide know-how with a high learning potential. The ETF has successfully capitalised on this expertise in a number of activities, such as the VET Peer Review activity for South Eastern Europe and development projects around National Qualification Frameworks, as well as Adult Education and Teacher Training, and the Foundation will increase its efforts towards 'cross-fertilisation', which will combine EU expertise (WHAT) with candidate country expertise (HOW) in the coming years.

CONCLUSION

The questions raised at the beginning of this chapter can only be partly answered, as the Central and Eastern European countries are still in the process of identifying national answers to the common European challenges of reforming their VET and labour market systems. Therefore, we know more about where the countries come from and where they are today than where they will go and how they will get there.

The review of VET reforms in future Member States does not allow the conclusion that VET systems in all countries are already sufficiently reshaped to be able to fully join the EU open policy coordination process in education, or to develop and implement a joint employment strategy. The CEEs have each made

substantial improvements in their labour market and training systems since 1990. Nevertheless, they still face significant gaps and challenges when developing their VET systems towards preparation for the knowledge economy and society as defined by the Lisbon Summit objectives. Despite substantial reform efforts (often of a pilot nature), lack of resources constrains comprehensive implementation and the system-wide dissemination of the benefits of the reform.

The CEEs still, unsurprisingly, suffer from difficulties inherited from the former economic and social system and also from the lack of priority given to VET issues during the first years of transition. Social relations cannot be superimposed; they develop gradually and they change slowly. However, most CEEs have come close to the ongoing debates about VET in EU Member States. This includes an awareness of the need for institution building and future-oriented policymaking, as well as a capacity for critical reflection on existing learning environments.

A clear lesson to be learned for ongoing programmes in other partner countries is to undertake policy, strategy and labour market analysis at the outset of projects. Another is that further action needs to be taken to ensure system-wide and system-deep implementation. Institution building (for social partnership, research and development, school innovation, and so on) as well as invoking the need for policy and strategy review (VET as part of social and economic development and as an element of overall education reform), have not been sufficient.

These challenges – related to the combination of policy, institutions and practitioners in the field – are only to some extent met in many acceding countries today. However, in this respect they do not substantially differ from many EU Member States.

3. VOCATIONAL EDUCATION AND TRAINING REFORMS IN SOUTH EASTERN EUROPE[64]

***Anastasia Fetsi*[65]**

3

INTRODUCTION

The purpose of this chapter is to take stock of reforms in vocational education and training in the countries of South Eastern Europe[66] and to identify challenges for future development. Vocational education and training (VET) is used as an inclusive term covering work-related education and training of youth preparing for the labour market (initial VET) and training for upgrading/updating the skills of adults (continuing VET or adult training). The chapter also refers to aspects of employment policies namely to training or related measures, such as vocational guidance, for increasing the employability and adaptability of people.[67]

The next section presents the historical and institutional context of VET in South Eastern Europe before providing a review of the current state of VET reforms against the background of recent economic developments. After an analysis of reform policy objectives, the chapter will then review implementation strategies as well as the resources and capacities that South Eastern European countries have at their disposal to realise their VET reforms.

64 The chapter was prepared on the basis of a previous analysis by Peter Grootings of developments in the region. Arjen Vos, Søren Nielsen, Francesco Panzica and Vincent McBride also provided valuable comments on previous drafts.

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66 For the purpose of this report, South Eastern European countries will include those countries receiving assistance from the EU CARDS Programme, i.e. Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia and Montenegro, and Kosovo.

67 The review is based on a number of reports produced by participants in ETF projects (National Observatories, disadvantaged youth in South Eastern Europe as well as on the ETF VET Peer Reviews undertaken in 2002 in a number of South Eastern European countries. The ETF Peer reviews have focused in particular on the implementation capacities for VET reform strategies. In addition, use has been made of reports prepared for the evaluation and/or preparation of EU assisted VET reform programmes and of the outcomes of discussions organised at various workshops with VET experts from the region.

HISTORICAL AND INSTITUTIONAL CONTEXT OF VET IN SOUTH EASTERN EUROPE

Delayed modernisation[68]

In South Eastern Europe the industrial and economic modernisation process came to a halt during the 1960s, as in other countries of Central and Eastern Europe, and largely for the same reasons: a systemic inability to achieve internationally competitive production levels and quality of products and services. The former Yugoslavia was temporarily better off compared to other Central European and South Eastern European countries as a result of generous international lending and support provided because of the country's political and economic distancing from the Soviet Union. The Yugoslav authorities distributed borrowed money across the country through investments in industrial infrastructure to balance out structural differences between regions. At a later stage, mass tourism infrastructures were developed along the Adriatic coast in an attempt to attract additional hard foreign currencies. Albania, during the same period, while also distancing itself from the Soviet Union, did so by aligning itself with China and as a result became increasingly isolated from the rest of the region.

While foreign financial assistance became scrutinised in the late 1970s as international financial institutions reorganised their overall lending policies, the collapse of the Soviet Union at the end of the 1980s withdrew the last argument for preferential treatment of Yugoslavia by the Western political and financial community. Left on its own as the international scene became dominated by the former communist countries of the Soviet pact, Yugoslavia fell victim to the differential interests of its own political leadership. Albania, abandoned earlier by China, sunk even deeper. We now know that the individual countries have come out from this process very differently. Most former Yugoslav countries have not only been forced to delay modernisation further, as a result of the armed conflicts, but following international isolation they also suffered considerable losses of infrastructure, wealth and people. The region only became relatively stabilised at the end of the 1990s and now includes the poorest countries in Europe; some countries (Albania and Serbia) have large numbers of the population living below international poverty levels.

International assistance to transition countries, including that to South Eastern Europe, may well be understood as support to the modernisation of these societies. The period of armed conflict during most of the 1990s has also separated South Eastern Europe from other countries in terms of access to EU assistance. Such assistance has not only been delayed but is now also different in nature. Only since the recent changes in Serbia has there been a move from 'reconstruction and stabilisation' to 'stabilisation and association', with the latter indicating a clear – though perhaps not really short-term – European integration perspective.

The 'past' of vocational education and training

During the immediate post-Second World War period, socialist countries in Central, Eastern and South Eastern Europe implemented more or less similar institutional systems of education in function of the ideological, political and economic objectives of the system, as defined by their leaders. The education systems set in place were to support a rapid industrialisation, which in turn would require a fast growing working class. The education systems shared basic characteristics of content (geared at narrow occupational profiles in mass industry and bureaucratic administration); structure (predominance of vocational education at lower secondary level, separation of basic vocational and secondary technical schools, a gap between secondary vocational and technical education and higher education); and logic (education and training in direct function of enterprise-based manpower needs under conditions of continuous shortage).

68 This section was written by Peter Grootings.

These systems were systemically different from education systems in Western Europe (both in terms of the institutional environment in which they were operating and in terms of institutional arrangements of education and training), and indeed, from education systems that most countries had developed before the Second World War.

Thus, the new educational principles and institutions were more or less imposed onto education systems that had already developed their own traditions before the war. In reality, therefore, more or less uniformly imported institutional arrangements have become adapted into existing and inherited educational traditions, formally and above all, informally. Many countries, for example, have retained an underlying preference for academically oriented general education and have looked upon the expansion of the VET system as a necessary by-product of the need for rapid industrialisation and the development of an industrial working class. Other countries, such as those formerly belonging to the Austro-Hungarian Empire, e.g. Croatia and Slovenia, had strong pre-war apprenticeship traditions and have also retained a significant interest in dedicated vocational education. Thus, it is not possible to say that all countries in the region had strictly identical education systems. In fact, many countries continued to be significantly different, especially in terms of the respective status and importance of general, vocational and higher education, and the related educational aspirations of young people and their families. This was even the case within Yugoslavia.

Over time, and as a result of differing responses to economic problems since the end of the extensive growth period in the mid 1960s, individual countries have even more diverged in education policymaking, although a basic socialist logic was retained. These responses have had in common the reluctance to touch fundamentals of the political system (hegemony of the Party) and the economic system (centralised planning and/or control), and have instead tried to increase the commitment of society through the introduction of participatory schemes (predominantly at regional, local and enterprise level) and by strengthening socialist ideological principles. In education, for example, Hungary introduced a radical decentralisation of decision-making during the 1980s. Yugoslavia has further developed participatory elements of its self-management system and simultaneously introduced the right for different nationalities within the Federation to receive education in their mother tongue.

Yugoslavia also introduced the system of ‘career-oriented education’ in the late 1970s, abandoning the existing system of separate grammar, vocational and technical schools because of its perceived inability to change social inequality in society. The new system introduced a new multi-purpose school for all, linking secondary and higher education in one vertical system, preparing for individual jobs or groups of jobs at different levels of occupational proficiency. But the new system in fact meant the abandoning of distinct secondary general and vocational education paths. There have been several attempts to introduce further reforms of the education system. These reform initiatives were guided by political and economical considerations, but have never reached beyond the stage of declarations as they have not been accompanied by strategies for their implementation. Indeed, today the biggest problem that most countries in the region are facing is to develop realistic and sustainable implementation strategies for education reforms.

Increasing national budgetary problems coupled with disappearing external funding possibilities have led to a dramatic impoverishment of educational infrastructures in all countries of the region. Just as enterprises were not able to catch up with the modernisation required by developments on world markets, education lost touch with international standards, especially in the field of vocational education and training. However, by and large, the VET system continued to satisfactorily serve the existing – but internationally stagnating – labour and skill requirements of enterprises and

administrations, while the gap between the educational aspirations of young people and their parents generations increased.

During the 1990s, the education infrastructures of Kosovo and Montenegro suffered additionally from their disputed relationship and financial dependence on Belgrade. While Kosovo developed an alternative and clandestine educational infrastructure, Montenegro's education system became dramatically impoverished. Serbia's own education system had been severely under-funded over many years and parts of it were further damaged during the war, as has been the case for Bosnia and Herzegovina, and Croatia. International assistance to education, including from the EU, only reached countries (except Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia) towards the end of the 1990s, while several NGOs, including the Soros Foundation, had been active in supporting civic society and non-formal education since much earlier. Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia started to receive international aid early in the 1990s but have subsequently suffered from becoming indirectly involved in the regional conflicts. Albania, moreover, went through years of internal turmoil and instability, as a result of which most international aid became frozen and the country became highly dependent on humanitarian aid. Most Albanian educational organisations have only survived thanks to bilateral support initiatives, leaving the country by the end of the 1990s with a patchwork of donor sponsored educational projects.

A REVIEW OF VET REFORM EXPERIENCES

Recent socio-economic developments: insufficient growth, unemployment and poverty

During the 1990s all countries of South Eastern Europe faced a dramatic decrease in their productive capacities and economic output. Although in the first years of this century South Eastern Europe has been growing faster compared to the rest of the world and the economic climate seems to have improved,[69] production levels remain lower than at the end of the 1980s, except for Croatia. Serious structural economic problems need to be faced in order to support dynamic economic growth and to generate employment. The privatisation process, in particular of big enterprises that employ large numbers of people, is progressing rather slowly, with the exception of the former Yugoslav Republic of Macedonia, the small and medium-sized (SME) sector remains modest. Potential small entrepreneurs have difficulty in finding funds for enterprise development. Countries in the region have limited access to capital markets as investors have been reluctant to enter politically unstable environments. As a result, foreign investment remains much lower than in the countries of Central Europe. Economic growth in Bosnia and Herzegovina, Kosovo and Montenegro is still largely dependent on international assistance (aid-led economic growth) with unclear perspectives for self-sustained domestic growth. The modernisation of the systems of public administration, one of the main priorities of the EU for the region, is still ongoing and most countries still need to make serious efforts to address corruption.[70]

Labour markets are rigid and are characterised by low mobility. Those who have a job remain employed (even in cases of under-employment or hidden unemployment) while new jobseekers and those who loose their job are unable to find employment. If at all, they work in the large and growing informal sector.

Activity rates, of women in particular, are quite low, while employment levels – at least in the formal sector – are stagnating, as is the case for the former Yugoslav Republic of Macedonia. In other countries, such as Albania, Croatia, Serbia and Montenegro, activity rates are even decreasing. In 2000, they ranged from 35.8% in the former Yugoslav Republic of Macedonia, to 42.4% in Croatia to 55% in

69 European Commission, Directorate-General for Economic and Financial Affairs.

70 European Commission Communication COM (99) 235, 26 May 1999.

Albania.[71] Employment in many public industrial enterprises is still kept at artificially high levels, while employees in public administration and governmental services, including in health and education, have suffered from irregular and delayed salary payments. Employment creation is mainly in the form of micro and small (family) businesses in many countries enabled solely by traditional extended family networks. Agriculture is increasingly used as a buffer against unemployment for the active population and a revival of subsistence farming can be observed. In Albania, for example, 70% of the population is employed in agriculture. Overall, the combined effect of industrial decline, modernisation or closure of socially-owned enterprises and economic restructuring, is a dramatic reduction of employment opportunities and blocked access to employment for those who are outside the system, such as school leavers and the unemployed in particular.

As a result, it is the informal sector that has created employment opportunities for many of those who cannot find access to employment in the formal sector, and in particular for young people and the low qualified. In Bosnia and Herzegovina, there were 362,000 workers in the informal sector which equals 36% of total employment. In Serbia, it is estimated that around one million people were involved in the grey economy in 2002, which amounts to about 31% of the active population. Jobs in the informal sector are often of poor quality: seasonal, temporary or occasional, low paid and characterised by poor working conditions, low skilled and without any social benefits. The informal sector also includes criminal activities such human trafficking, drugs, illegal trade and so on. Transition from the informal to the formal sector appears to be difficult.

Unemployment remains high, ranging from 14% in Albania and Croatia, 29% in Serbia and Montenegro, 36% in the former Yugoslav Republic of Macedonia, 40% in Bosnia and Herzegovina and 57% in Kosovo.[72] In most countries it has become a long-term phenomenon. In 2000, almost 90% of all unemployed in Albania were long-term unemployed. This figure was 84% in the former Yugoslav Republic of Macedonia, 82% in Serbia and Montenegro, and 54% in Croatia.[73] Young people, low qualified, refugees and displaced persons, Roma and other ethnic minorities find themselves particularly vulnerable to long-term unemployment.

Although all countries are trying to modernise their employment services, they are primarily occupied with the payment of unemployment benefits and the provision of certificates for social benefits. Traditionally, the employment services, at least in the former Yugoslavia, had responsibility for job mediation, guidance and implementation of active labour market measures such as training and retraining. However, their involvement in these areas is presently low due to limited financial resources and insufficient capacities to serve large numbers of unemployed, of whom many are difficult to place. National economic plans and employment strategies are still in their initial phase of development.

Long standing poor labour market conditions combined with financially and institutionally weak social security systems lead to large numbers of impoverished people.

In the former Yugoslav Republic of Macedonia poverty rates have been increasing during the last 10 years reaching more than 20% of the population. In Montenegro 15% of the population is below the absolute poverty line. In Serbia almost 11% or 800,000 people are regarded as poor and only a small shift of the poverty line increases the percentage to 20%.[74] In Bosnia and Herzegovina the poverty rate was estimated in 2001 at 19%, of which 16% are in the Federation and

71 Eurostat, 2002.

72 Working papers on disadvantaged youth in SEE, ETF.

73 It should be underlined that the information base is quite weak in the countries of the region. Recent quantitative information on demography, taking into account population movements during and after the war, is not available (except in Serbia where the census took place in 2002).

74 Poverty Reduction Strategy in the Republic of Serbia.

25% in Republica Srbska.[75] In Albania the average income is half of the minimum considered necessary to survive.[76] Croatia, which is much better off compared to the other countries of the region, reports 4% of the population below the absolute poverty line and more than 8% below the national poverty threshold.[77]

Although rural populations and populations in areas undergoing economic restructuring are among those most exposed to poverty, increased internal migration from rural areas to the cities has made poverty an urban phenomenon as well, in particular in Albania, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro.[78] Poverty is generally widespread among Roma people and refugees and internally displaced people. Independent of the place of living or ethnic origin, it is low qualified people who are mostly exposed to poverty.

As a further consequence of the worsened economic situation high levels of emigration have deprived the countries of the region from the most dynamic and often best educated part of the population. According to INSTAT data, 600,000 Albanians – mainly males aged 20 to 30 – have emigrated in the last 10 years. This amounts to 18% of the total population. In Serbia 300,000 mostly well-educated people have left. Substantial emigration levels are also reported from the former Yugoslav republic of Macedonia with the better educated making up a high percentage. The same goes for Kosovo and Montenegro.

Taken together, way over 50% of the population in South Eastern Europe is involved in low productive and low skilled activities such as artificial employment in public enterprises and unstable jobs in the informal sector, or is not involved in any activity at all either because they are unemployed, stay longer in education or are practically inactive. The majority of the people therefore, are often completely dissociated from the labour market. This situation has a negative impact on the (re-)generation of skills. In combination with emigration and 'brain drain' there is the risk of creating a structural shortage of skilled labour in the short and mid-term, and thus adding an additional constraint on economic and social development.

The situation becomes even more severe when one takes into account that some countries in the region, such as Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia, already started the modernisation of their societies almost a decade ago. Large numbers of people who have been continuously exposed to unemployment, irregular employment and poverty may have already become discouraged and developed a culture of dependence and occasional illegality which will be increasingly difficult to change.

Overall, it can be argued that the picture of labour markets in South Eastern Europe resembles in essence what other Central European transition countries experienced during the early 1990s, although in some respects in far more dramatic forms. South Eastern European countries differ in the very fact that they are latecomers to the stage of transition, that they have suffered dramatic physical destruction as a result of armed conflicts, that they are facing a multitude of post-war problems such as hosting refugees and displaced persons, continued hostility between ethnic groups (within and between countries), damaged basic infrastructures, large numbers of people living below the poverty line. International investments are likely to be very selective for some time to come. The prospects for quick development for the region as a whole are rather slim, as the region has no direct strategic economic interest for Western Europe due to its small domestic markets.

75 Estimates from the World Bank.

76 *Human Resource Development report: Albania*, UNDP, 2000.

77 Ivona Mendes and Dunja Potocnik, report on disadvantaged youth in SEE-Croatia2003.

78 Working papers on disadvantaged youth in SEE, ETF.

Education and vocational education and training

War and poor social and economic development have had a negative impact on the access to, and the quality of education. This is true for education in general and for vocational education and training in particular. Participation and retention in primary and secondary education in some countries is low by international standards.[79]

In Albania only 41% attended secondary education during the past few years. In Bosnia and Herzegovina it is estimated that around 5% of all children do not participate in primary education at all[80] and only 57% of children attend secondary education.[81] In the former Yugoslav Republic of Macedonia, although participation in secondary and tertiary education has increased during the past few years, it is estimated that participation in secondary schools of children from the poorest percentile is only 28%, as opposed to 65% from the richest.[82] In Kosovo it is estimated that only 73% of children who enrol in the first grade of compulsory education complete school; only 75% of those ending compulsory education enter secondary education, and only 45% of those enrolled in secondary education manage to finish it.[83] In Serbia, where formal participation rates in both primary and secondary education are high, it is estimated that the dropout rate during primary school is 15% and that about 30% of those enrolled in secondary education do not acquire a school leaving certificate.[84] For Croatia there is no clear information about school dropouts, although according to the data of the Ministry of Education, participation and completion rates in secondary education are high (95-97% and 85-90%, respectively), and research done by the Institute for Social Research demonstrates that just 61.5% of young people have some secondary education diploma.

Participation and retention rates are particularly low among children – mainly girls – in rural areas, the Roma population and among children of displaced groups and refugees.[85] This is the result of (forced) choices of families and children but also of unequal quality in education provision. Often education provision in rural areas is not as adequate as that provided by city schools. Poor families cannot finance the travel costs of getting children to schools or the purchase of textbooks. Children in rural areas often have to help with household and farming work. Occasionally, parents in rural areas do not consider it safe to send their girls to school. Increasingly, children do not feel attracted by school and do not see the use of going to school as they are not going to find employment anyway. At the same time some countries, such as Albania and Montenegro, report that schools in the cities are often overcrowded and even need to work in double shifts.

All countries of the region have, on their own initiative and with their own resources and/or with donor assistance, started to address problems of chronic under-funding and slow modernisation of their VET systems. However, a brief assessment of the present state of vocational education and training demonstrates the continuing existence of a series of interrelated structural problems that will need a truly system-wide approach to be solved.

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79 It should be underlined that the information base is quite weak in the countries of the region. Recent quantitative information on demography, taking into account population movements during and after the war, is not available (except in Serbia where the census took place in 2002).

80 Mediha Fako and Miroslav Vajagic, report on disadvantaged youth in SEE – Bosnia and Herzegovina, 2003.

81 Poverty reduction strategy paper Bosnia and Herzegovina, 2002.

82 Margareta Nikolovska and Sasho Kjosev, report on disadvantaged youth in SEE – former Yugoslav Republic of Macedonia, 2003.

83 Avdulah Hoti and Anton Gojani, report on disadvantaged youth in SEE - Kosovo, 2003.

84 Poverty Reduction Strategy Paper, Government of the Republic of Serbia, 2003.

85 In Montenegro where participation rates in secondary and higher education are high, 96% of 14 to 18 year olds in refugee populations are without secondary education and 3.5% without elementary education. Bozidar Sisevic and Vera Kovacevic, Report on disadvantaged youth in SEE - Montenegro, National Observatory, Montenegro, 2003.

Centralised governance systems with low involvement of social partners

In all countries the governance of education and training is highly centralised, with one or several ministries in charge and low involvement of social partners. Funding comes exclusively from the central budget and financing regulations leave practically no autonomy to schools. Involvement of local communities is extremely limited.

Bosnia and Herzegovina is a special case in this respect as, although the education system seems to be decentralised at the level of the cantons in the Federation and at the entity level in the Republica Srbska, in reality it remains centralised but at the level of smaller administrative units.[86] The result is a fragmented system that creates problems of coherence and compatibility at national level without introducing any kind of flexibility.

The difficulty that countries face in making steps towards decentralisation can be attributed to a series of factors:

- the extreme centralisation during the war years where schools in Serbia, Bosnia and Herzegovina, and Croatia tended to be almost immobilised;
- the legacy of the radical decentralisation of the self-management system in the former Yugoslavia;
- external factors to the VET system and, in particular, centralised public administration systems; and
- consideration of the risks of inequalities in education provision across poor and rich regions.

The paradox is that national ministries are not strong enough to provide appropriate guidance and support for the reform of the VET system. All countries have a serious lack of professional support institutions at central level, while ministries are understaffed and overburdened with the double task of running the system and struggling with its modernisation. Reliable information on which to base policymaking is weak or simply not available.

Recognition of this situation and the urgent need to push the modernisation process forward has led a number of countries to develop legislation for the establishment of new professional institutions or to reinforce existing ones.[87]

The new Law on Education in Serbia foresees the establishment of five new professional institutions, one of which is a VET centre, and three consultative councils, one of which is a VET council. Albania and Montenegro have also foreseen in their respective new VET laws the establishment of VET centres and VET councils. Croatia has prepared a new draft regulation for the Institute for Educational Development making it an independent institution with a governing body of stakeholders, and expanding it through a regional network.

However, the positioning of those new institutions in the overall governance system as well as their links with ministries, social partners and schools still needs to be clarified.

Weak school infrastructure and inappropriate school network

Overall, most South Eastern European countries need heavy investment in education. Long-term under-funding and recent wars have seriously affected the school infrastructure. Improvement of school buildings, workshops, and learning and teaching equipment figure as immediate and urgent needs. The financial resources for covering the costs of reconstruction and modernisation are insufficient. Indeed, often they are even insufficient to pay salaries and running costs.

In Bosnia and Herzegovina, 70% of the educational infrastructure was destroyed or requisitioned during the war. In Albania many vocational schools initially had to close down and it was only donor assistance that lead to the rehabilitation of some of the existing schools or the construction of new ones. In Serbia and

86 *Peer review in Bosnia and Herzegovina*, OECD, 2003a.

87 Most countries follow the institutional example provided by Slovenia.

Montenegro a substantial number of schools (in particular in rural areas) are in bad condition. Also teaching aids are still poor in many schools in most countries.

Donor assistance so far, including EU support, has provided necessary funds for improvement but has also created extreme disparities between individual schools. Pilot schools receiving external support for maintenance, equipment and curriculum development live next to schools that do not even have sufficient funds to pay teachers' salaries. For example, in the former Yugoslav Republic of Macedonia eight 'regional VET centres' have profited from a lot of assistance since 1998, and 16 satellite schools have received some assistance, whereas about 50 other schools have not received any support at all. In fact, most of the modernisation in all countries so far has been donor funded.

Many countries have school networks[88] that have not been aligned to the demographic, social and economic situation of today. Low birth rates during the last decade in all countries (except for Albania and Kosovo where birth rates are the highest in Europe) are leading to a reduction of the age at which cohorts enter the school system. Population migrations from rural to urban areas and between the countries of the region (displaced persons and refugees) have dramatically changed population structures. In addition, local economic activities and structures of labour markets, both formal and informal, have changed considerably. Policymakers are concerned with how to maintain the local social function that schools have developed despite their often dwindling labour market relevance and costs.

One possibility would be to combine the reorganisation of the school network with the development of capacities for continuing training for adults, both unemployed and employed. Given the scarce resources there is a great risk in setting up separate adult retraining centres. Developing selected schools to cover both initial and continuing education and training would also contribute to improving the local and regional human resource development functions of schools.

Low relevance and flexibility of VET programmes and outdated learning concepts

In their vast majority, and besides those that have been modernised with foreign assistance, curricula in the SEE countries remain basically those that existed during the 1980s. They lack relevance for both students and the labour market. They are also overburdened with factual knowledge, dominated by theoretical and general subjects, and lack practical training opportunities.[89] This must be seen as part of the legacy of the career-oriented secondary school system, but it is also the result of outdated learning approaches. Teaching is still very much based on knowledge transfer from teachers to students rather than enabling students to develop active learning styles. Previous links between vocational schools and enterprises have disappeared and many schools have no developed relations with local employment services or other economic development institutions. Therefore, for many years schools have often been working in a vacuum and been providing education and training to students in isolation to what has been happening in the local economy.

VET curricula are input-based, describing the number of lessons per subject and the duration of each programme. In fact, curricula are merely teaching plans (syllabi) of educational profiles that provide qualifications for one or more occupations from a list with a description of occupations *(Nomenklatura)*. The structure of curricula, which is defined centrally and valid for all schools, makes educational programmes very rigid. There is no possibility for schools to adapt to individual learner and/or local labour market needs. Moreover, as diplomas are only provided after completion of the whole programme there is little possibility for students to transfer from one programme to another

88 By 'school network' we mean the distribution of schools in the country as well as the profile of the schools and the types of qualifications that they provide.

89 See VET and Labour Market Assessments in all SEE countries, ETF, 2001.

and early school leavers remain without any qualification.

Overall, modernisation of curricula has been slow in South Eastern Europe. The EU assistance programmes in Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Montenegro, and other bilateral donor projects in other countries, have introduced some curriculum modernisation. However, this modernisation has concentrated on single curricula and occupational profiles – often those that have priority for economic development – and have only been implemented in the pilot schools that participated in the assistance projects. Results have not been generalised in the whole VET system, neither have they so far created a major impetus for curriculum reform based on new concepts.

Structural rigidities: early differentiation, missing pathways and absence of VET at post-secondary level

In the majority of the countries, entry to secondary education takes place after eight or nine years of schooling at the age of 14 or 15. Secondary education is differentiated between general and vocational streams, with the latter further divided into two, three and four-year programmes, related to different levels of qualification. Vocational programmes of four-year duration also give access to selective programmes of higher education. The structure of the education system combined with characteristics of the curriculum make transfer among streams (from general to vocational education and vice versa) as well as across specialisations within vocational education – including transfer from three to four year programmes – almost impossible. Enrolment in the academic stream in all countries of the region is relatively small compared to the EU average. The majority of primary school leavers enrol in secondary vocational programmes but this seems more the result of school capacities than of student preferences. However, as four-year secondary vocational programmes also provide access to higher education, they often become an alternative route to higher education rather than for preparing for mid-level labour market qualifications. This situation is aggravated by the absence of post-secondary or higher vocational education programmes. Moreover, vocational programmes of two and three-year duration do not offer access to higher education of any kind and typically lead graduates into unemployment.

Finally, there are no routes back into regular education for those who have left the education system prematurely, or who wish to return and achieve a higher qualification from the formal education system. This situation is particularly harmful in South Eastern Europe given the large numbers of young adults who have dropped out or did not have access to regular education and training due to wars or forced mobility (refugees and displaced people).

Given existing structural and curricular characteristics, all countries of the region, therefore, would benefit from an overarching national framework curriculum with clearly formulated teaching aims, standards and assessment criteria.[90] Standards should reflect labour market relevancy as well as relations with other programmes within the education system. This would imply involvement of social partners and the creation of transparent horizontal and vertical pathways, including routes leading into post-secondary and higher vocational education. Some form of modularisation of curricula could lead to a more rational organisation of studies, enabling the certification of completed study elements and re-entry into formal education and training.[91]

Teachers and trainers in vocational education and training

Most vocational teachers have the required formal qualifications to perform their jobs (although Albania and Kosovo report relatively high percentages of teachers –

90 OECD, 2002d.

91 This is the modernisation track that Slovenia has chosen and which also functions as the leading example for most countries in the region.

12% and 28% respectively – that lack such qualifications). However, the type of knowledge teachers possess is outdated both in terms of teaching and learning methods and technical expertise. Moreover, teachers are generally not well remunerated as the budgets of the ministries of education (and overall resources for salaries of public sector employees) are limited, and which often results in the best teachers leaving education for better paid activities.

Pre-service teacher training is provided as university education combined with one to two years of school practice mentored by an experienced teacher and followed by a final state examination. This education is long, and lacks coherence due to the divide between 'theory in the university' and 'practice in schools'. It also reinforces a knowledge transfer approach because of its academic nature. The reform of the teacher training system hinges on agreement of, and cooperation with, universities who have in the meantime been given high degrees of autonomy as part of the reform of the higher education system. In-service teacher training systems have barely been developed as yet, and no programmes have yet been introduced to assist school directors in their new management and modernisation tasks. School-based capacities to develop and/or implement decentralised curricular reform are very weak. Currently, only school directors, teachers and trainers who have been involved in international assistance projects have had a chance to upgrade their knowledge and skills.

Absence of a system for adult learning and continuing vocational training

In the former Yugoslavia adult education was organised within the formal system of education and focused mainly on general education, such as literacy and numeracy. This form of adult education was formally certified through diplomas. There also existed a system of non-formal education and training with training provided by self-management enterprises (either directly or through the Labour Market Bureau), and training courses offered by so-called Workers Universities. Certificates from these courses had a value on the labour market but did not entitle the holder to continue studies within the formal education system. They often served to enable employees to reach higher classification levels and salaries, and were used by enterprises to keep scarce labour resources. This organisation of education and training for adults has created a negative picture of continuing education and training, mainly due to the functioning of the Workers Universities which were seen as a system for 'purchasing certificates' which it was not possible – or more difficult – to acquire in the formal system.

The system has almost completely collapsed as far as the involvement of enterprises is concerned and with respect to the role of Workers Universities in particular. The formal adult education system has largely survived as a parallel system of general education for adults, often presented as a lifelong learning system. In some countries such as Croatia, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro, the employment services finance training courses for the unemployed as part of active labour market measures, but the volume of the training provided is very small. Moreover, training concerns mainly the development of ICT skills and foreign languages. Several private training providers organise training courses for adults (also mainly in ICT and foreign languages), but there is no system in place to assure the quality of that training. Chambers in some countries provide some training courses for their members, particularly in managerial skills.

In Albania and Kosovo, donors have assisted in the establishment of training centres for adults. In Montenegro, the EU project has invested in the establishment of training centres within vocational schools for both young people and adults in the sectors of tourism and wood processing, and in Serbia, an EU project has developed expertise for local training providers to design and deliver short training courses for the unemployed. The EU and other donors have also invested in developing entrepreneurship and

supporting training for SME start-ups and development. Other donors are trying to revive and transform the Workers Universities into adult education centres. However, all these efforts have remained marginal and have not yet created a critical mass of quality adult training capacities.

SUCCESSFUL FORMULATION OF VET REFORM POLICIES IN THE REGION

The perspective for European integration has provided the governments in the region with an important impetus for modernisation of their societies. Under this perspective and in line with EU policies all countries in the region have placed human resource development as a priority for economic stabilisation and development. This has been demonstrated by the Memorandum of Understanding between Ministers of Education and Higher Education of South Eastern Europe, signed in June 2003 in Nicosia on the occasion of the Conference of European Ministers of Education. Ministers declared their willingness to strengthen their cooperation for education reform and to participate in the implementation process of the detailed work programme on the follow up of the objectives of education and training systems in Europe, and the Copenhagen Declaration. They also signed up to an action plan to promote priority areas for education reform that clearly embrace EU practice. Countries have also included attention to human resource development in the Poverty Reduction Strategy Papers that have been prepared with the assistance of the World Bank.

All South Eastern European countries have invested a lot of effort in the preparation of policy papers for the reform of their education and VET systems:

- Albania passed a new framework law for vocational education and training in March 2002 that defines the principles for the modernisation of the VET system.
- Bosnia and Herzegovina have set up an Education Reform Agenda included in the document “A message to the people of Bosnia and Herzegovina” that presents agreed priorities between the authorities of Bosnia and Herzegovina and the international community. It has also developed a white paper for changes in the area of vocational education and training with assistance from EU projects.
- In 2002, the government of Croatia adopted the White Paper for Education, and the Ministry of Education has developed a “Concept for changes in the education system in Croatia”. Working groups, assisted by ETF, are developing a strategy for vocational education and training reform and will continue their work under a new EU project.
- In March 2001, the former Yugoslav Republic of Macedonia adopted the Strategy for Development of Education from 2001 to 2010, in which VET reform is among the priorities. The strategy is based on the outcomes of EU funded VET reform projects.
- Montenegro, with the support of the Soros Foundation and the ETF (for VET), has developed the Book of Changes in Education in Montenegro, and an education law based on the principles for reform included in the book. Both are heavily based on Slovenian input and experiences.
- In 2001 the Ministry of Education in Serbia developed a strategic plan for the development of education. The working group responsible for the preparation of the strategic paper for VET reform was assisted by the ETF. A new Law for Education (also covering VET) based on this work was approved by parliament in summer 2003.
- In April 2003 the Ministry of Education in Kosovo prepared a Strategy for the Development of Vocational Education, and in February 2002 the Ministry of Labour prepared a Strategy for the Development of Training offering support to the unemployed and job seekers. Also here, the ETF provided assistance.

In these policy documents, countries address key issues of vocational education and training reform. Common elements include:

- Decentralisation of governance of VET systems with delegation of more responsibilities to local levels (schools and local communities).
- Reinforcement of social partnership (in particular at the central level) through the establishment of tripartite VET Councils.
- Modernisation of curricula in order to increase their relevance and flexibility.
- Opening of vocational schools to adult education and training and strengthening links with the local community.
- Introduction of structural changes in the education system by postponing secondary VET through the extension of elementary education by one year, and by introducing post-secondary VET as an alternative to higher education.
- Support for entrepreneurship.
- Improvement of the information basis in order to monitor VET systems and the newly introduced reforms.

Although all countries have invested a lot of thinking in the reform of their initial vocational education and training systems, much less is being done in the area of adult learning or continuing vocational training. Overall, there is little strategic thinking on how to proceed systematically towards an adult learning system able to support social and economic development and embracing the principles of lifelong learning. The present discussion is narrowly focused on only two aspects: whether adult training should be provided through the establishment of dedicated training centres or by enabling vocational schools to deliver adult training programmes; and how training can be given a more prominent place within the range of active labour market measures. However, other crucial issues, such as linking training to local economic development, or the certification and recognition of non-formal and informal learning, have not yet been broadly discussed.

UNDERDEVELOPED STRATEGIES FOR IMPLEMENTATION OF VET REFORM POLICIES

All countries in the region have been active in the formulation of policies for reform. In these policies, one could say that WHAT has to be changed is clear. However, the situation is less clear about HOW to achieve the necessary changes. There is insufficient priority setting and strategic thinking. There is little indication of what could be critical levers for change, either in particular countries or in the region. There is also little analysis – apart from that of the poor financial situation – of the critical constraints and barriers for reform processes (such as policy development capacities, implementation capacities, management of reform and progress monitoring and so on). Largely this is the result of the fact that reform policy development has been done by relatively small groups at the national level with little real involvement of other stakeholders.

The process for the development of a VET reform policy to date has been very much education led, supply driven and top down. To a certain extent this is due to the lack of interest, capacity and willingness for cooperation by stakeholders other than the ministries of education, but it is also due to limited efforts by the ministries of education themselves to achieve this cooperation. The current situation can perhaps best be described in terms of a first phase of VET reform policy formulation, in which the ministries of education have played the main role. They have effectively taken the responsibility under social, political and time pressure to take the initiative for modernising the education systems. In the next phases, however, efforts need to be made to ensure the involvement of other stakeholders. Issues of decentralisation of governance and finance cannot be resolved on the basis of a unilateral decision by the ministries of education alone.

VET reform has also followed a rather legalistic approach. Over the past few years much has been invested in providing new legal fundaments for education in

general and VET in particular. To a certain extent this was of course needed to be able to change anything at all. But systems do not change automatically because of new regulations. Now more effort needs to be put into organising and ensuring the implementation of these laws. This will also include the development of appropriate capacities at all levels including awareness and understanding of new roles and responsibilities, which is where system-deep reforms are required. Some of the system-wide changes advocated earlier will have to be introduced within a clear capacity building perspective.

In fact, capacities for implementation are low. But some of the problems have been recognised. Most countries are currently investing (mostly through EU and other donor-funded projects) in preparing headmasters and schoolteachers to take more active roles in the reform of VET. However, it is one thing to develop capacities for the implementation of centrally initiated reforms. It is quite another to develop a feeling of ownership for the reform measures and to actively contribute to further reform and development. Experience from elsewhere shows that all stakeholders need to own reforms in order to make them sustainable. In order for this to happen at least three other initiatives have to be taken:

- First, proper communication channels between schools and the central (ministerial) level need to be developed in order to ensure mutual support and policy learning. The challenge will be to make good use of school-based (bottom up) experiences for ensuring that schools again become firmly integrated in local and regional environments, and that they contribute to a coherent reform of the overall system, not become isolated islands of excellence.
- Second, a permanent system of teachers and trainer in-service training and expertise development will be necessary in order to enable teachers to develop and implement new curricula and new teaching and learning methods.
- Third, strong countrywide professional support structures need to be developed to provide assistance to schools for development and implementation of new curricular concepts. Such structures can take different forms, ranging from specialised support institutions to professional teacher and training networks, or combinations of these.

With regard to curriculum reform, no clear decisions have been made in any country on a curriculum approach that fulfils agreed criteria of learner and labour market relevancy. Curriculum modernisation so far basically involves individual curricula for specific sectors or for occupations within sectors, mostly funded by the EU or other donors. These projects introduce new methodologies for curriculum development (which are normally those adopted by the assisting country) and are implemented in a limited number of pilot schemes. They do not become available to the whole VET system. Often, through their projects, donors want to transfer the most recent and innovative methodologies while teachers in the country are not prepared to adopt them. This creates situations where, in one country, there are several parallel VET sub-systems based on different curriculum methodologies. In the long run this may lead to confusion concerning their value and a low internal consistency of the national VET system.

In a national curriculum modernisation strategy two major lessons learned from earlier transition experience need to be taken into account:

- To combine the development of individual standard-based curricula while simultaneously agreeing on overall principles for a national qualification framework. This enables coherence and consistency of qualifications. It would also allow the integration of different ways of achieving qualifications, through formal, non-formal and informal learning.
- To combine a clear outcome orientation of curricula with increased attention to improving the quality of learning processes (especially the practical part), and a redefinition of the roles of teachers and trainers in terms of being

facilitators of learning processes instead of subject knowledge experts.

In the area of adult learning or continuing training, countries are still far from formulating a clear strategy in the absence of agreed reform policies. Accordingly, the question is how to move forward to develop a strategic plan for supporting the permanent skills development of adults. The same 'partnership approach' as in the case of secondary VET could be applied here.[92]

INSUFFICIENT CAPACITIES AND RESOURCES

National authorities, that is ministries of education and labour, are the ultimate responsible bodies for reform policies and implementation strategies, but involvement of stakeholders at all levels (including social partners, teachers and parents) is crucial in order to secure ownership and sustainability. Involvement of stakeholders is important for policy development and policy implementation. Stakeholder involvement, in particular in countries of the former Yugoslavia with its self-management traditions, do not always necessarily require the establishment of new institutions and can be based on existing structures, such as associations of schools, teachers or school directors.

While the decision to involve stakeholders is a matter of political wisdom from the side of national policymakers, they may not have the financial resources available to develop the capacities needed, not to mention resources that are required to finance modernisation of contents and structures. There is clearly also a continuing need for structured information concerning international policy options and their possible suitability to the context of countries in the region. Therefore, international assistance will still be needed for a long time to come. On their own, countries in South Eastern Europe are unlikely to succeed in the reform of their vocational education and training systems, however, based on lessons that can be learned from international assistance so far, there is a need for a change of balance between external donor approaches and local definition of needs. International assistance itself should be based on the principles of context fitness, ownership and sustainability. This would also imply the development of new donor approaches with greater emphasis on developing self-regulatory mechanisms. One example of such a new approach is the VET Innovation Fund in Serbia, to be established under the CARDS VET project 2003, which stimulates own initiatives by schools to be funded by central resources. In this approach the development of schools goes hand in hand with teacher qualification and innovation processes and products. At the same time it stimulates the identification of 'hidden' innovative teachers which 'top down' principles are not normally able to do. The challenge will be to relate the Innovation Fund to system-wide reform.

Through its CARDS Programme, the European Union has invested, and continues to invest, in VET and human resource development in all South Eastern European countries. Based on its declared interest to integrate the countries of South Eastern Europe into its structures, the EU enables the transfer of EU experience and EU approaches to human resource development. Moreover, in view of the possible opening of EU programmes (like Leonardo and Socrates)[93] to the countries of South Eastern Europe, more opportunities will become available for mobilising local resources and increasing their level of exposure to EU practices. Finally the EU, from May 2004 onwards will integrate eight countries from Central and Eastern Europe which have recently passed through their own transition process. Although, in general, VET reforms in Central and Eastern European transition countries have brought mixed results, the

92 The current ETF project on Development of Adult Learning Strategies implemented in Croatia, Serbia, Montenegro and Kosovo, provides a first opportunity for bringing relevant actors together for in-depth discussions on specific issues of continuing training and to develop ideas for future policy directions.

93 European Commission Communication, COM (2003) 285, 13 May 2003.

reform experience should feed into the policy debate. South Eastern Europe can profit from the experience in other transition countries, not so much in simply copying what has worked elsewhere, but in designing reform implementation strategies that more coherently take account of key reform issues.

Finally, more importance needs to be given to regional cooperation among South Eastern European countries. All countries in the region are facing the same problems and are trying to find answers to the same questions. Given the small size of the countries, their common past, possibilities for communication in common languages and the need for more intense economic cooperation in the future, there would even be scope for addressing some issues commonly, such as compatible (if not common) qualification systems.

CONCLUSIONS

It can be concluded that a lot is known about the present situation of the South Eastern European countries, where they come from and what the challenges are in the reform of their VET systems. We also have knowledge on where they want to go (at least in the area of initial training, whereas in the area of continuing or adult training there are still a lot of uncertainties), but much less is known on how to get there.

A lot has been achieved in terms of setting policy objectives and adopting legal frameworks or basic legislation. Countries are also advancing in terms of setting institutional structures to support VET reform (VET councils, VET centres and other professional institutions), while expertise development of local actors is ongoing through EU and other donor projects. But a number of fundamental problems are still present and urgently need to be addressed:

- First, there is still the need to translate policy objectives into action, through elaboration of strategies for the implementation of reforms and mainstreaming of ad hoc or experimental actions (in particular in those countries that have been receiving foreign assistance since the early 1990s).
- Second, there is need for setting up or reinforcing the institutional framework (procedures and tools) for reform management and progress monitoring.
- Third, there is still ample scope for intensifying the involvement of social partners at all levels in VET reform.

The EU and other donors have an important role to play in the implementation of reforms in the countries of the region. They are the only ones who can ensure the funds for modernisation and reform of the VET systems, but they also provide opportunities for transfer of experience (beyond the mere transfer of expertise), cross-fertilisation of ideas and for gradually including South Eastern Europe in the European education space. However, some changes in international assistance are needed to secure ownership and long-term sustainability of assistance. Better coordination of actions among donors and national authorities is essential. Moreover, there is need for a shift in approach from interventions based on pilots (in which a limited number of actors are benefiting with only a very limited impact on overall system reform) to interventions that focus on system development directly and/or support the establishment of self-regulatory mechanisms.

4. EASTERN EUROPE AND CENTRAL ASIA: FROM SURVIVAL TO SYSTEM REFORM

4

***Søren Poulsen*[94]**

INTRODUCTION

This chapter analyses some of the development trends that have characterised the context for vocational education and training (VET) in Eastern Europe and Central Asia (EECA) over the last decade.

After gaining independence, all the former Soviet Union countries of Eastern Europe, Central Asia and the Caucasus faced significant difficulties in their economic and social development. The transition from a Soviet type command economy towards democracy and a market-oriented economy has proven to be more difficult than expected and with adverse social consequences. The breakdown of the Soviet era economic network, characterised by hyper-centralisation planned and managed through an elaborated division of labour among republics and regions, negatively affected production and institutional structures in nearly all sectors and all countries reaching a low following the Russian financial crisis in 1998.

On average, the EECA countries have experienced six and a half consecutive years of declining output, with Ukraine topping the list with ten consecutive years. The decline is significantly higher when compared to Central and South Eastern Europe and the Baltic States' average of 3.8 years, which illustrates the degree of difficulty of economic transition.[95] In our focus on the post-Soviet area, we should not forget that the socio-economic decline started long before the collapse of the Soviet Union. Realising the seriousness of

94 Søren Poulsen was a Country Manager at the ETF until 2003.

95 Consecutive years of output decline: Armenia - 4; Georgia - 6, Azerbaijan - 6; Belarus - 7; Kazakhstan - 6; Kyrgyzstan - 6; Uzbekistan - 6; EECA - 7; Russian Federation - 7; Tajikistan - 7; Turkmenistan - 8. World Bank, 2002d.

the situation when he took power in 1985, Mikhail Gorbachev started the transition process by restructuring the economy (perestroika) and allowed increased freedom of expression (glasnost) aimed at changing the priorities for political and economical development. As we know, these policies were not realised before the USSR was dissolved in late 1991.

Not only did the newly independent states inherit a socialist 'estate', but also one that had economically collapsed. Repression and crude force made industrial growth possible during the early years of extensive production but became counterproductive as progress in a high-tech world demanded new management principles based on inventiveness, innovation and initiative at all levels of society.[96]

An informal economy mushroomed (as had already been happening during the Soviet times) in all the countries and over the years developed into a significant economic factor. The informal sector is a complex phenomenon, extremely varied and thus requiring a high degree of caution in its analysis and interpretation. But to the extent by which this sector can be measured, it is estimated to be as high as 50% of the total economic activity in some EECA countries. Indications suggest that informal and formal activities are closely interlinked, with formal production supplemented by informal production of the same or different products. In addition, low wages and underemployment within the formal sector make it necessary for many employees to have an informal second job. The sheer size of the informal economy shows that it has become an employment alternative where the formal sector has failed. It could be argued that the informal economy has counter-balanced potential social unrest that would otherwise have been expected to surface as living standards declined. Because such a significant part of total economic activity operates outside any official registration, it becomes not only a significant state revenue problem but also a 'sector' which it will be difficult to include in labour market and training initiatives.

SURVIVAL OF THE SYSTEM

Chronic under funding of vocational education and training

With poor economic performance, negative GDP growth, high inflation and a large part of the tax revenue out of reach of the tax authorities, government revenues were constrained, resulting in public resources being stretched thin by competing priorities, of which VET was only one. Consequently, the allocation of public funds for education has gradually decreased over the years and made it impossible for national and local authorities to maintain the same financial level for education as during the Soviet era.

This is especially true for vocational training because the didactic and financial links of schools to enterprises quickly disappeared, as enterprises were unable to continue to support vocational schools. With around 40 to 60% of their total budgets no longer available, vocational schools have found it increasingly difficult to survive. Chronic under-funding has meant disastrous consequences for the quality of VET provision as funds for maintenance, equipment and material quickly dried up, and wage arrears grew. Unable to escape the budget cuts, a survival strategy was employed in most countries focusing on keeping the VET systems as intact as possible. Decentralisation was introduced, not so much as a deliberate VET reform initiative, but as a way of pushing the financial burden from central to regional and school levels. Vocational schools were given some degree of freedom to benefit from income generating activities. Despite these financial liberalisations VET decision-making remained firmly under central control.

Public institutions not geared for reform

Abolition and/or adjustment of old and building of new vocational institutions are a precondition for comprehensive reforms. The development of these new institutional structures has not yet taken off in most

96 The Soviet GDP growth rate fell from 5% in 1966 to around 2.3% in 1980. It fell – in absolute terms – from first place to below that of countries like India and South Korea.

countries because changes to the existing paradigm were not at the top of the agenda. This can be explained by internal and external system factors such as (i) lack of political consensus on the direction of reform (ii) lack of experience and capacity with systemic VET reforms and unwillingness among civil servants to reform, and (iii) corruption.

Up to a point, all countries underwent turbulent political times dominated by internal power struggles. The political system devoted the early post-Soviet years to adjusting state structures to the new independent reality, and it was only later that full attention was given to economic reforms. These early years were marked by a 'tug of war' between presidents clinging to power and parliaments trying to gain power.

In some countries, such as Russia and Ukraine, political and economic developments were hampered by oligarchical intervention on the political arena, resulting in a slow reform process. In other countries, such as Moldova, the political struggle extended to the Ministry of Education, which did not help VET modernisation efforts. In such a turbulent political environment marked by immature democratic political institutions and traditions, the state administrative structures were unsure of the durability of any political commitment to major reforms; VET reforms were no exception in this regard.

Furthermore, administrative institutions have themselves not yet fully adjusted their management style and administrative tradition to the new realities surfacing during the transition. During the Soviet era all major educational decisions were taken in Moscow. With independence, the education institutions found themselves cut off from the only supplier of overall policies and answers to educational questions. In some countries, like Kazakhstan, the Ministry of Education had a weak position among the different ministries, and for some years a VET department did not even exist.

As a result, educational authorities in EECA countries were neither willing nor able to act more independently, even on problems needing immediate action, nor were they capable of serving a slowly maturing political system. Therefore, VET reform initiatives did not come from within the system, and the external demand from the labour market had yet to surface. During these insecure years the survival of the system took priority, which meant maintaining the system relatively intact, both in terms of size and content. Changes to the legal VET framework were the main instruments used to keep the system unharmed during uncertain times. Along with the tradition of the Soviet era, it was expected that central orders and new rules alone could resolve the problems of keeping the VET system intact. Although the changes to the legal framework talked of educational and VET modernisation (and in some countries even of VET reform), they never became more than legal documents with limited impact at the implementation level.

The survival of the system also meant the survival of the individual employed by the system. Although both the system and the individual had common interests in the success of the survival strategy, the strategy could not prevent wage arrears and fixed wages. This, together with a long-standing tradition for control in all aspects of society, presented the perfect mix for increased corruption. Although corruption within the education system is not a recent development, it has become increasingly accepted as a way of compensating for the falling standard of living. Reform initiatives are therefore likely to be viewed with suspicion because they could limit the possibilities of compensation which, in troubled times, might be preferred to the uncertainty of reform.

LABOUR MARKET DEVELOPMENTS

From underemployment to visible unemployment

During the Soviet era, local labour authorities were responsible for implementing an ideologically determined full employment policy. Consequently, a lot of effort was put into creating jobs for every

person of working age, regardless of its economic relevance, leading to widespread underemployment. The shift from state planned production to one increasingly influenced by consumer preferences and international competition, saw a labour market take shape. The first noticeable consequence was that underemployment increasingly turned into visible unemployment, as state and privatised enterprises were financially unable and politically unwilling to continue to bear the burden of the full employment policy. However, it is important to note that the decline in officially recorded employment was not as severe as the decline in GDP would suggest. The possibility of sending workers on forced leave, part-time work and introducing wage arrears, limited the need for redunancies.

Unemployment was a totally new phenomenon in the EECA countries. The official unemployment figures are based on the unemployed registered with employment authorities, which is different from the ILO definition of unemployed. Consequently, the figures do not give a complete picture of the situation. Furthermore, unemployment benefit was, and still is, very limited and due to complicated regulations, hard to obtain. As a result, many do not bother to register.

Throughout the region, training was initially used as one of the measures to combat unemployment. Training was organised via the labour authorities and in most cases implemented by vocational schools. The result of the training is questionable because the resources available did not meet the demand; labour authorities were not sufficiently equipped to screen the unemployed, to identify training needs and to monitor and evaluate training. Vocational schools lacked the competencies to address labour market needs in terms of training interventions, developing targeted short courses and the training of adults. In a number of countries, such as Armenia, adult training is almost non-existent and training for the unemployed has to be established from scratch.

Non-transparent labour markets

As the Soviet 'school-to-work' institutional framework broke up, both public labour institutions and state enterprises were adjusting themselves to the new situation. Naturally, old trusted labour allocation principles facilitating a full employment policy had to be replaced by market-oriented and more individualised ones that had to be developed and institutionalised from scratch. Labour markets have therefore not developed overnight but are surfacing slowly as a market-based institutional framework comes into play.

Although many new market concepts quickly became part of the reform vocabulary, it has taken far longer to transform these concepts into meaningful actions. Although most enterprises have acknowledged the importance of well-trained staff, promoting basic management principles and flexible and customised production principles, too many companies are still not able to manage their labour needs in an appropriate way. Enterprises were, and many still are, neither equipped to act independently on the labour market nor familiar with managing a human resource policy. In addition, many enterprises are preoccupied with survival and are often forced to take a short-term view, which does not allow for staff training. This is especially the case for small enterprises and within the informal sector.

It is therefore not only a question of VET systems being supply-oriented and thus unable to satisfy labour market needs, but also just as much a question of enterprises not being able to identify and articulate their needs and of the labour authorities' lack of capacity to interpret and analyse these needs. The labour markets of EECA countries are still in their initial stages and therefore, in many respects, imperfect. Within these same countries enterprises are at quite different stages of transformation. We see some enterprises, within services for example, fully applying internationally used market principles, while enterprises from more traditional sectors are still struggling with the introduction of new ways of operation. This

uneven development makes employment very fragmented and does not facilitate a common approach to labour market development and VET reform.

WEAKNESS OF VOCATIONAL EDUCATION AND TRAINING SYSTEMS

Prior to independence, the region's education and VET systems served the needs of a planned economy relatively well, in particular in view of the technological level of many enterprises and the quality of products produced and services delivered. Uniform curricula were centrally determined, with an emphasis on absorbing factual information and learning by heart (knowledge-based education and training). The Soviet concern for technological progress fostered the development of internationally competitive standards for sciences and mathematics, especially in general and higher education. Vocational education, reflecting patterns of division of labour in enterprises, was characterised by a vast array of narrow vocational and technical specialisations. The EECA countries have been moving at different rates from planned to market economies and more open societies, but for all of them the mismatch between the Soviet style supply of VET and social and labour market demands has become increasingly visible. Having the same educational past means that many EECA countries share similar problems in their VET systems. These include:

- VET provision spread over a number of ministries creating parallel structures. The fragmentation not only causes inefficiencies and inequalities within the whole system, but also hampers the development of a systemic VET approach;
- Inflexible VET system structures with regard to content, duration, training/retraining, and so on;
- Insufficient links between VET systems and the needs of the labour market, which increasingly needs a workforce with higher qualifications/competencies;
- Systems are still based on too many occupational profiles that are too narrowly focused to reflect the needs of the labour market; on occupational profiles that are more job-oriented with an emphasis on practical skills; on planning procedures involving a diversity of authorities rather than on a systematic labour market analysis.
- A lack of institutionalised contributions from social partners. Many vocational schools have established close links to local employers and authorities. These links are important for schools to obtain funding, equipment and securing training placements for their students. However, social partnership has not become an integrated part of VET systems;
- Curricula that are:
  - overcrowded with too many subjects. New subjects tend to be added without a corresponding reduction in other subjects. This has, in itself, a tendency of forcing teaching toward learning by heart because the curricula do not allow time for reflection and absorption;
  - not well integrated with academic and vocational subjects. In addition, the integration of theoretical and practical learning is poor. The former close links between schools and enterprises facilitated an integration of theory and practice in a work-related environment. As market principles were introduced enterprises could no longer support the practical training, therefore many vocational schools lost their didactical partner (and financial sponsor);
  - function-oriented, not competency-based;
  - designed centrally with limited or no involvement of employers, poorly connected to the world of work and not sufficiently responsive to the needs of the labour market;[97]
- The prevailing teaching methods are still traditional with an emphasis on learning facts. Creative thought and critical capacity – core elements of an individual's empowerment – are not sufficiently encouraged;

97 Some countries like Tajikistan do not have the resources to develop new curricula therefore the old Soviet curricula and teaching materials are still in use.

- Training materials and facilities are closely linked to the existing curricula and methods of teaching. They are neither focused on the student nor on facilitating demand-oriented training.

VET has become increasingly competitive. We have seen ongoing social stratification processes that reinforce the traditional view that VET is for the less gifted and therefore the last option if a more academic career is not possible. The introduction of student fees and widespread corruption that has entered into all levels of the education system has fuelled a social imbalance. An academic career is no longer for the bright but also for wealthy and well-connected students. Consequently, equal access to education is being compromised. The early specialisation of the system and the limited horizontal flexibility between different tracks only seem to push the stratification trend downward. Once students enter a VET track – and that might be at an early age – there are few possibilities to change to a more academic pathway providing access to higher education.

The weaknesses of the VET systems, in terms of quality and relevance, have naturally further added to the poor image of VET. The decreasing enrolment rates at vocational schools compared to enrolment in more academic secondary schools throughout the region is therefore not at all surprising.

VET REFORM POLICY AIMS

As already noted, systemic VET reform initiatives were not part of the political agenda of the early post-independence years. Instead, the main attention was devoted to nation-building and the mounting economic problems. In that context, VET systems were preoccupied with survival in an increasingly thorny social, political and economic environment, where consensus on the direction and speed of reforms were the subject of unproductive political power struggles.

In the past few years, though, it has been increasingly acknowledged that VET can play an important role in the transition towards democracy and market economies. Consequently, new vocational education and training policies are starting to be formulated accordingly. However, these policies are of a rather general nature and often refer to very global demands, like the need to meet European and international VET standards, or to establish a demand driven VET system that can develop a flexible workforce to support the countries' economic transition. The political agendas of Central Asian countries are increasingly being linked to poverty reduction initiatives. Consequently, the role of VET in supporting poverty reduction strategies is under review, and this clearly places new challenges on training provision and delivery. This situation obviously influences the orientation of the Central Asian countries towards VET reform and sets an overall frame of reference for policy development that is quite different from the one found in other transition countries.

However, in all countries concerned, effective ways and capacities of translating declared policies (or even mere policy rhetoric) into consistent reform strategies and programmes are still lacking. One important factor that hinders the development of strategies is the separation of vocational education from other policy areas.

VET reforms have traditionally been viewed as the sole responsibility of the ministries of education and not as a reform of the institutional regime that governs how vocational schools and enterprises interface (the school-to-work/work-to-school relationship).

The prevailing vertical sectoral thinking does not view VET as interlinked with employment concerns. However, experience from developed market economies and other transition countries indicates that, even when VET and employment are administered vertically by line ministries, they have to work together to serve social and economic needs. VET reforms must therefore also be approached and viewed with regard to their horizontal relationships with other policy domains.

Such an approach can facilitate the development of a new institutional regime where both education and labour market structures identify and develop their new roles in cooperation with each other. In most EECA countries this still needs to be put into a formula that can serve as a strategy for VET reform.

IMPLEMENTATION STRATEGIES

As mentioned above, 'reform by decrees' has been the main approach taken so far and fits with the long tradition of centralised decision-making. With no experience in VET system reform, changes to the legal framework governing VET provision were the main instrument of the survival strategy. Although the changes to the legal framework were generally justified by the need to reform the VET systems, this could not hide the fact that neither system-wide nor system-deep reforms were intended or possible. However, it can also be argued that VET systems still had to build up reform capacities, so it was – understandably – the survival of the system that was the main agenda. Decrees have not reformed the VET system, but they have kept it more or less intact.

The early VET modernisation attempts were largely made through minor and often donor supported projects. Most of these early initiatives were formulated outside the VET system, and their successful implementation was viewed as result in its own right. Consequently, the modernisation initiatives did not sufficiently relate to the reality of the VET systems (students, teachers, schools, institutions, management and finance) and did not have any system-wide impact. In addition, the initiatives were often poorly coordinated and did not complement the education reform policies that were still in the making.

Often curriculum reforms have been at the heart of modernisation projects. Although adjustment of existing, and development of new curricula are important elements in themselves, they are not sufficient to reform a VET system, and in particular, not a VET system in a country in transition. Other important and directly related elements like teacher training, modern teaching materials, VET management and VET financing were left virtually unchanged. Consequently, VET reform initiatives, as shaped by curriculum modernisation projects, have not been able to address the fundamental issues of establishing a new institutional framework where VET provision is based on addressing the social and economic demands of a democratic and market-based society.

Although fragmented, it would be wrong to neglect the positive effect these pilot initiatives have had in creating awareness about educational issues and in paving the way for national education programmes, which can then be supported by donors. In many cases, early minor projects have been the only modernisation initiatives undertaken within VET in most countries. In this regard, they have given some schools, teachers, students and parents, the possibility of being introduced to international and European trends, standards and VET system solutions. In cases when a critical mass of pilot initiatives was present, they have pushed forward the national reform process.

The pilot project Vocational Education and Training Reform in North West Russia is a good example of a successful donor-funded pilot project. It was coordinated by the ETF but funded by several countries. The project has developed an innovation model for regional vocational education and training reform both at school and at administrative levels. Particular emphasis has been put on links with enterprises, further training of regional administrators, continuing training and reinforcement of vocational teacher training. These results have become reference points for discussion and reform in the Russian Federation and beyond.

The European Union initially took a somewhat cautious approach to VET support, and investment started only during the late 1990s. The first large project funded by Tacis in this field was Delphi I in the Russian Federation, launched in 1999 for a total of €6 million. The project was

further extended until 2005 (Delphi II) through an additional €5 million investment. Delphi I contributed to education reform in Russia by demonstrating how educational supply can be brought closer to labour market demand, and by assisting the Ministry of Education in developing federal policies on VET, open and distance learning, as well as education management. Delphi II aims at consolidating these results so that they can become embedded in schools, training institutions, regional educational authorities and, most importantly, within federal policy.

Since then, Tacis investment in vocational training, management training, in-company training, or training for the unemployed has gradually but constantly increased year by year. In almost all EECA countries, Tacis has supported, or will support vocational training modernisation efforts, including in Moldova, Armenia, and Azerbaijan. Two projects dealing with the improvement of the secondary vocational education system and training for unemployed people respectively, took place in Uzbekistan and Kyrgyzstan between 1999 and 2003. Implementation of a new VET reform project started in Kazakhstan in 2003; a VET reform project in Armenia and a training project to support the development of employment opportunities in Uzbekistan started in the second half of 2003. A project on Social Partnership in Education and Training in Uzbekistan also started in 2003. Finally, a first initial vocational education reform project is now under development in Tajikistan. In Kaliningrad, the European Union will, in the coming years (2004-2006), support the establishment of a regional mechanism for the assessment and development of labour market policies.

We have seen that when governments formulate education programmes – in some cases strongly facilitated by foreign assistance – and rally national commitment for such programmes, they can attract the financial support of donors. The Uzbek National Programme is an example of this. In contrast to the relatively slow pace of economic reform in general, the Uzbek government has embarked upon an ambitious reform programme covering the entire education system. Under the 1997 National Programme for Personal Training twelve-year compulsory education was introduced with nine years of general education, followed by three years of secondary specialised education. The programme was adopted partially in response to a post-Soviet increase in population and subsequent growth in demand for education. Through an Education Sector Development Program (loan package totalling US$ 108.5 million), the Asian Development Bank supports the Uzbek National Programme.[98] The Uzbek government has also been able to attract sizeable loans from South Korea and Japan. However, at the same time as there has been massive investment in school buildings and equipment, the approach to vocational education retains many of the weaknesses of the old system.

Ukraine is another good example where economic recovery and donor support has pushed VET reform high up the political agenda. This has resulted in the development of a national concept on education and a policy paper on VET currently being drawn up.

The network of National Observatories funded by Tacis and supported by the ETF in the region is a unique ‘instrument’ that, despite very limited financial resources, through persistency and commitment has been, and still is, a constant factor in shaping VET in EECA countries. The National Observatories have proven to be a very cost effective and highly flexible tool to support national VET modernisation initiatives. Consequently, they are likely to play an increasing role as VET reforms move up the political agenda.

THE PROBLEM OF CAPACITIES AND RESOURCES

Countries such as the Russian Federation and Ukraine, which towards the end of the 1990s experienced economic recovery,

98 Tacis also supported the Uzbek reform with the €1 million project “Assistance to the Reform of VET in Uzbekistan” between 1999 and 2002.

have also seen an increased political willingness to address VET issues. First in the Russian Federation and later in Ukraine, it is now widely acknowledged that the supply driven VET systems of the past no longer adequately address the needs of an economy in transition. It has also been recognised that vocational education and training has to become more attractive to attract good students.

New occupational profiles are required by the different sectors of the economy, which an almost intact but unchanged VET system cannot meet. It has become clear to VET authorities and politicians that reforms need to be fundamentally addressed. However, there is still an obsession with legal changes, and the debates are confined to very small circles of government officials and their advisers. Fundamental reforms of the VET system cannot be done through legal instruments alone. Legal instruments need to form part of institutional changes where the existing convention of how the main players interact will have to adjust to an economy in transition. Involvement of stakeholders is rare and minimal, though it should be mentioned that employers' organisations are generally not yet fully established and that employers have not formulated a common approach to human resources development. The role – and interest – of trade unions, with the exception of teaching unions, is also very limited.

As the political systems mature, VET reforms become part of new political processes where the inclusion of key stakeholders becomes an accepted element of the process leading to lasting solutions. The Russian Federation is an example where VET system reform is increasingly based on political processes in which stakeholder involvement adds quality, as well as commitment to change. In countries where the economy has not yet taken off, continued political turbulence seems to go hand-in-hand with poor economic performance. Despite activity government programmes that give priority to education, political turbulence has in some cases become a barrier to reform.

Due to the frequently changing political 'winds', which also blow forcefully through the offices of education ministries, education institutions have been unable to sustain the results gained from foreign supported education projects.

Therefore, experience suggests that VET reform has to come, and grow, from within the EECA countries themselves. Foreign assistance can kick-start a reform process and pilot projects can generate valuable experiences, but they cannot reform a VET system. Education and VET reforms are national tasks, not only because of the mere size of some of the systems, but especially because national consensus, ownership and commitment are preconditions for sustainable VET systems. This requires democratic political processes which, for a VET system that needs to be constantly in tune with economic and social demands, are both the means and the end in itself. The institutionalisation of such a win-win process is, to differing degrees, still alien to the political administrative tradition of EECA countries, not to mention the awareness to develop implementation and evaluation capacities.

Teachers and school directors are a crucial resource for the formulation and implementation of VET reforms. Without their active involvement and enthusiasm reform initiatives will surely fail. Teachers have seen little or no investment made in upgrading their competencies or in supporting the modernisation of teacher training institutions. Moreover, regulations make it difficult to reward and encourage teachers who have the necessary competencies, and many have left for a job outside the teaching profession. Overall, vocational teachers and managers are tired after years of economic and professional neglect and fruitless reform discussions, which is likely to have made them somewhat dubious about the entire reform process. To include this vital resource fully in the reform process is a must and will require targeted efforts and commitment on the side of educational authorities.

FUTURE CHALLENGES

It is difficult to give a conclusive opinion about the state of VET reforms in EECA countries simply because they still appear to be in the process of identifying answers to the challenge of reforming their VET systems. Consequently, we know more about where the EECA countries come from than where they are going and how they will get there. It is only within the last few years that the economic problems and nation building have eased, allowing a shift in focus towards education and VET reform policies.

The very first experiences seem to suggest that for VET reform to take off, five main factors need to be in place:

1. A market economy has to mature to the degree where labour market demands are so visible that they can in fact be identified and addressed. Nation building and a quest for economic recovery, which continues to frame discussions, have marked the post-Soviet years. With some economic recovery and an increased understanding of the role VET can play in economic modernisation, attention to VET reform is growing.
2. The political decision-makers have to develop a sustainable consensus on the orientation of reform. VET reforms should – to as great an extent as possible – be built on a broad consensus which goes beyond narrow political power consideration and involves the social partners both in the formulation and implementation of reform. Due to the maturing political environment, VET measures taken so far appear to have lacked substance. In this context, policy learning might become a relevant 'umbrella approach' for national VET reform and donor assistance.[99]
3. Vocational institutions and organisations have to accept and welcome reform even though it may lead to fundamental changes. Gaining the confidence and support of teachers and managers is difficult as they are increasingly suffering from 'reform fatigue' and because the chronic lack of resources is starving the system from within. However, the justified focus on the lack of funds for VET is eclipsing the necessary discussion on changes to educational habits and orientations.
4. Education and labour market authorities, social partners, parents and so on, should be committed to working together to establish a new institutional regime for vocational education and training. This factor seems to have been underestimated because political and governing institutions, enterprise modernisation, labour market and the social fabric were too fragile, immature and fragmented to support radical reform initiatives. Local and community approaches can generate commitment upon which new models can be developed.
5. Clear and agreed national education and VET reform programmes are a precondition for significant donor assistance. With funds available only for keeping the system alive, foreign assistance is an important tool, and not only in the VET reform development and policy learning phases. The availability of such assistance is dependent on a national commitment to reform programmes that goes beyond political rhetoric.

99 See Chapter 9 on policy learning.

5. VOCATIONAL EDUCATION AND TRAINING REFORM IN THE MIDDLE EAST AND NORTH AFRICA

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INTRODUCTION

This chapter looks at some of the main developments in vocational education and training reform in the neighbouring countries of the European Union on the southern and eastern shores of the Mediterranean, and the perspectives for reform in the near future. The countries concerned are Morocco, Algeria, Tunisia, Egypt, Jordan, Lebanon, Israel, the Palestinian Authority and Syria. They are all part of the Euro-Mediterranean partnership; the EU's main instrument for support to the region is the MEDA Programme. ETF expertise has been engaged in supporting VET reform in the region since 1999.

The analysis and conclusions are mainly based on information gathered in the framework of ETF activity in the region, with particular emphasis on ETF experience in the Maghreb countries, and in only two of the Mashrek countries, Egypt and Syria. This information has been supplemented by discussions with colleagues from partner countries, the European Commission and other international organisations during the ETF conference 'Learning Matters', held in Turin in November 2003.

The chapter starts with some background information contributing to a better understanding of the region. Further sections are dedicated to an analysis of the main policy challenges for VET reform in the countries of the region, current reform processes, and the support to these processes provided by different donors. Specific attention is paid to EU support measures. The last section presents some suggestions for the next generation of reforms in the countries of the region.

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BACKGROUND AND CONTEXT

This section describes the context in which VET reform operates in the non-EU Mediterranean (MEDA) region. The starting point is very different from one country to the next. An understanding of why this is so is useful to appreciate the different ways VET-related institutions and systems in the region have evolved.

The countries that we refer to as the MEDA region have as many differences between them as they have things in common. While the Islamic culture and religion and the Arabic language provide a common set of values and some sense of regional identity, the region's rich history and its strategic importance have produced a great deal of diversity.

Maghreb and Mashrek

One of the most commonly accepted ways of categorising the countries concerned is by dividing them into the Maghreb (or North Africa) and the Mashrek (or Middle East). This division is largely historical, particularly the recent colonial past. French, for example, is widely spoken throughout the Maghreb sub-region and this has had an influence on its cultural, administrative and institutional development.

However, even within a regional sub-group there are still considerable differences between countries, so these labels should only be used as a very rough geographical division. Countries in the region do recognise their links with their neighbours and, in a broader sense, with the rest of the Arab world, but at the same time they stress their differences and are proud of their identities. Throughout the region there is also a considerable amount of competition between countries.

For all these reasons, basing any analysis of VET reform solely on the regional subdivision is not enough. While it is possible to speak about common challenges and characteristics of VET systems across the region, each country must also be dealt with individually. Some factors that affect the context for VET reforms in Mediterranean countries will be briefly described.

History

History has always played a significant role in the development of institutions in the region. Several countries in North Africa share a relatively similar recent past and this shows in the way in which their institutions have evolved. This is also a factor when it comes to choosing a model for reform, whether in education and training or other fields. For instance, in the Middle East the historical influences are so varied that it is often hard to find the common denominator. Reform and innovation here have often been based on a host of models without ever developing into a distinct, home-grown approach.

As recent history of most Mediterranean countries shows, political instability can have a profound effect on the way institutions develop. Instability not only stunts economic and social development, it can also strongly influence the progress of reforms.

Economic, political and social challenges

Most countries in the region can be defined as economies and societies in transition.

They are typically moving from a centrally-planned to a more market-oriented economy. This move is usually accompanied by the privatisation of large sectors of the economy and obliges the state and the private sector to enter into a new kind of relationship. All this has significant consequences for the demands that will be made upon the vocational education and training system.

The economies of the region are as diverse as the countries, particularly insofar as their integration into world markets is concerned. The region as a whole lags behind other more dynamic regions in terms of integration within the world economy. With just a few exceptions, most Mediterranean economies are dominated by the public sector while the development of a modern private sector is weak.

Although most countries have attempted to limit new recruitment in the public sector since the 1990s, they have met with little success. In some parts of the public sector, employment has even increased. At the same time, the formal private sector has been unable to provide work for all the new entrants to the labour market. As a result, unemployment among the educated has risen sharply and the role of the informal sector in the economy has grown. For all these reasons, governments in the region urgently need to tackle the issue of how to make education and training more responsive to the needs of the labour market, and of the formal and informal sectors.

Unemployment and migration

Unemployment in the region is a major concern both for politicians and for public opinion in general. Unemployment is rising fast in some countries, whereas in others it has remained (at least officially) stable. In many countries, the transition between the traditionally protective role of the state and the new rules of the market has yet to be made. The potential of vocational education and training as a tool to support social and economic policy has not been fully utilised. Some governments of the region tend to see training as a short-term way of combating unemployment rather than taking the long-term view that reforming their education systems is an integral part of human resources development.

Moreover, in most countries recent rates of economic growth are quite low at a time when the young population is still increasing. Growth rates are too low to generate enough jobs to absorb all the new entrants to the labour market. Experts calculate that average annual rates of growth of 7% will be needed until 2010 just to maintain the current situation. Due to the demographic pressure (+2.8% per year for the next 10 years) and the relatively slow growth rate in recent years, about 40 million new jobs will have to be created in the MEDA countries just to keep unemployment at its present levels. In order to do so, greater foreign direct investment and a larger and better-managed accumulation of internal capital (physical and human capital) will be needed.[101]

Migration is a potent force in the region. There are large flows of migrants from several North African countries to Europe. Countries such as Egypt, which has traditionally exported workers to the Gulf region, are seeing their workforce displaced by better-educated workers from other countries. At the same time, migrants from regions such as Africa and Asia are entering the local job market and competing with local workers against a backdrop of rising unemployment.

A large informal sector

The informal sector accounts for a large proportion of economic activity, especially in areas such as traditional crafts. It is expanding due to rising unemployment in the formal sector and, in some cases, a legislative and administrative environment which does not really facilitate the establishment of private enterprise. However, its importance is only now starting to be formally recognised.

The significant role of the informal economy in overall employment figures has a direct influence on productivity and incomes, and on the role skills development can play in boosting productivity and output. Many workers in the region acquire their skills outside formal arrangements – through apprenticeships in the informal sector – and many graduates from the formal VET system end up earning their living in the informal sector. This reality has not as yet been properly addressed by official reform programmes, be they government or donor driven. This is not helped by the lack of official information on the sector, which makes analysis, evaluation and policy definition difficult.

101 Reiffers, Femise, report presented to the seminar in Brussels (23-24 April 2003) on the impact of EU enlargement on MEDA.

Poverty, a very young population and the position of women

Factors such as poverty, low female participation in employment and widespread poverty must also be taken into account when considering the process of VET reform in the region. In many countries the growing young population exerts a constant pressure on the education system, forcing governments to favour quantity over issues of quality. The access of women to full education and employment opportunities remains a challenge in many countries of the region. The fight against poverty and other typical development issues are part of the overall context for education reform. The role of general education and the importance of integrated human resources policies have to be seen in this context.

The role of donors

With the exception of Syria and Algeria, donors play an important role in the region.

Bilateral donors remain influential in those countries with which they have historical links. The area is also one of preferential action for the United States. Multilateral donors are attracted by the region's potential and its strategic importance. The largest of these are the European Union and the World Bank which spends substantial amounts across all sectors. VET is a regional priority for these organisations; for instance, the EU spends far more on support to human resources development and economic modernisation in the Mediterranean region than in any other region in the world.

Donor intervention is not without problems. At times, cooperation programmes are far larger and provide far more resources than countries can actually absorb when carrying out reform. It is also often the case that projects have not been tailored to the needs of the country but are merely based on models borrowed from somewhere else. In some countries, donor intervention can take over as the main driver for reform. This can counter-productively stifle governments' sense of initiative or undermine the feeling of ownership.

There are also questions regarding sustainability given the degree of dependence on foreign assistance.

The efficiency and effectiveness of donor activities is however often hampered by lack of coordination and even competition between them, which has in some cases been promoted by the countries themselves. Sometimes, efforts have been undertaken by governments to steer donors. However, these processes have not always been transparent and they have often not included *ex-ante* coordination (at the point of design of the interventions) but only – if at all – *ex-post*. The role of governments in promoting transparent coordination of donor assistance is still a pending issue in the majority of countries.

The EuroMediterranean partnership

Joining the Free Trade Zone with the European Union by 2010 presents a real challenge for the MEDA countries today. With the exception of Syria, all have already signed association agreements with the EU. These agreements are designed to ease the transition to free trade by providing favourable conditions and special access to EU support. The Barcelona process of Euro-Mediterranean integration identifies education and training as one of the main tools for promoting economic and social development in the region, and for fostering competitive economies and open markets – one of the main political goals of the region.

Until now, the MEDA Programme has been the EU's main tool for supporting this process of partnership. However, two recent communications by the European Commission on cross-border cooperation with neighbouring states indicate that new instruments for support will be launched. From 2004 to 2006 new neighbourhood programmes will be introduced, and a new neighbourhood instrument is due to be set up after 2006. This will bring cooperation between the EU and the Mediterranean countries into a wider context of economic and social development on the borders of Europe.

KEY CHALLENGES FOR VET REFORMS

Making VET systems more relevant

Economic and institutional reforms are on the political agenda in all countries of the region, although the priority they are given varies widely. The need to make education and training more relevant to the requirements of the labour market and to use education and training as a vehicle for boosting productivity and competitiveness is seen as a priority. However, existing systems of VET provision tend to absorb considerable resources with generally poor results. Systems are highly centralised, usually driven by supply rather than demand, and often act as a last resort for people who would not make it to higher education or those who drop out from the formal education system.

In the Mediterranean region today, most vocational education and training is provided by the public sector. The public sector has a crucial role to play in guaranteeing social cohesion, such as ensuring access to VET for disadvantaged groups and those with special needs. But the participation of the private sector is useful for establishing a balance between supply and demand. The current framework offers very limited possibilities for private sector involvement even though it has other benefits. It is especially important in terms of skill needs assessment, awareness of the importance of skills for improving productivity, and promotion of human resource policies. Private sector involvement in the delivery of VET can also increase the amount of resources available for training.

Despite this awareness, the high political priority given to VET and the substantial contributions of donors, in many countries' reforms have not yet been implemented or are not progressing according to plan. Some countries, such as Tunisia, provide examples of good practice on how coordinated and coherent action between governments, the private sector and donors can establish the basis for a reform process, even if it will take some time to be fully implemented and become irreversible. VET systems in Mediterranean countries, overall, continue to face formidable challenges.

Serious skill mismatches

The skills mismatch is the starting point for VET reform throughout the region. The skills provided by the education and training system do not match those required by the labour market, especially in the private sector.

Reform strategies and programmes in the countries have tried to address the skills gap in various ways. These include establishing mechanisms for quality practical training such as *alternance*, competency-based approaches and apprenticeship systems, as an alternative to overly theoretical, school-based learning. A second way is by designing quality-oriented performance indicators for the public delivery of VET, but this has so far only been discussed and not implemented. A third approach involves increasing the participation of employers in designing and running VET programmes.

EU programmes in Morocco, Tunisia, Algeria and in the near future, Syria, aim to support sectoral reform by reinforcing links between VET and the labour market. Measures include raising awareness of the importance of skills and promoting skill needs assessment as well as re-engineering VET systems to provide forms of alternate vocational training, combining schools and enterprises as learning places. This sectoral vision is complemented by support to the employment services. Other initiatives include promoting more autonomy for public training institutions so they can respond more flexibly to employers' skill needs, and boosting employer participation in curriculum design and the definition of qualification standards.

Limited private sector involvement

It should be noted that the region has no tradition of active involvement by social partners in VET – with the notable exception of Algeria – and this is clearly an area for future action. The problem is often

two-fold – how to strengthen the capacity of social partners to participate actively in the governance of VET systems and in training design and delivery, but equally, and at the same time, how to create mechanisms for channelling that participation in countries where there are few precedents for social representation.

While most Mediterranean countries are currently trying to increase private sector involvement in VET, they often find that companies are ill prepared to take on this responsibility. One of the biggest problems is the inability of employers to assess and express their skill needs. Programmes underway in the region have taken this onboard. In Tunisia and Morocco several programmes aim to help employers identify their skill needs or to promote more participation by employers in providing pre-employment training, such as enterprise-based training and apprenticeships. They are also providing state subsidies for skill needs assessments and in-service training.

In Syria, the ETF pilot apprenticeship scheme in Damascus and Aleppo is contributing to the development of a national apprenticeship model. This will be followed in September 2004 by a larger EU project aimed at overhauling the whole Syrian VET system, in which the promotion of partnership between industry and training institutions will be a key aim. In Egypt, a MEDA supported programme aims to set up local partnerships between the education institutions and the business community. It is expected to produce a closer match between the kind of education and training on offer and the skills needed at the local level and, at the same time, use these local partnerships to improve access to, and quality of, practical training. In Algeria, the current EU project has a component for helping companies to express their needs.

Complex institutional frameworks

Another common feature of VET across the region is the very complex institutional frameworks in which education and training have developed. In Egypt, 22 ministries and agencies are involved in the design and provision of VET, while in Syria there are 16 ministries active in this field. Not all of these are equally relevant to the issues of VET reform but this situation often leads to power struggles between institutions and makes for considerable problems of coordination. In addition, in some countries there is also a strong division between education and training. The approach to training is often sectoral while the education system may pursue completely different objectives.

This results in a multiplicity of formal, non-formal and informal learning arrangements that challenge the coherence of the system. In addition, experience has shown that reforms make more progress in countries where there is effective cooperation between all the partners concerned but where there is also clear leadership and a certain concentration of power.

Weak links with general education and higher education

VET cannot be looked at in isolation from the overall education system. Weaknesses in initial education affect VET and create a vicious circle of low esteem, low motivation and poor results. At the same time, the drive towards higher education is very strong in all countries of the region. This clearly works against the social position of VET as an educational option. To make things worse, VET systems are often ‘dead-end streets’ without appropriate pathways towards the rest of the education system. Often VET does not exist as an option in itself and the lifelong learning perspective is frequently missing.

Absence of continuing vocational training

In many Mediterranean countries there is a severe lack of provision of continuing training, such as in-service training and training for the unemployed. In the Maghreb region some ongoing reform programmes have targeted this field and aim to increase continuing training provision. In the Mashrek region, the issue is often left up to private sector initiatives or government programmes that are not

demand-driven and therefore not very effective.

One question which has so far received little attention is about the kind of mechanisms that could be used to encourage training by companies, such as direct subsidies for enterprise training, training costs reimbursement or tax rebates as part of levy-grant systems.

Problems of governance

The highly centralised, government-led VET systems in most Mediterranean countries mean that public training institutions tend to suffer from rigid management structures. Initiatives are underway in several countries to try and introduce more flexible management to allow these institutions to respond faster to changes in demand for their services. Nevertheless, in many cases this issue presents a continuing obstacle to the reform process.

Governance covers issues like the autonomy of training institutions, control over resources and organisational methods. Discussions are underway as to the degree of decentralisation in the decision-making process and the limits on the autonomy of the centres. However, in many countries the relationship between vocational education and training authorities and the training organisations remains a controversial issue and is not always on the agenda for reform. Others, such as Algeria, are already tackling this issue.

The mechanisms to improve effectiveness and accountability, as well as to monitor the progress of reforms, are part of this same problem. If progress is to be made, significant legislative and administrative change will be needed, but also there will have to be a change in management culture and attitudes. This can only come gradually.

Inefficient financing of the system

As mentioned earlier, vocational education and training systems in the region are mainly funded by the state and delivered by the public sector. Even in countries where a payroll levy exists, the funds contributed by employers are mainly used for initial training in public institutions. This has the knock-on effect of crowding out private training institutions and stifling the emergence of a market for training services.

Moreover, funding of public training institutions is not linked to performance and outcomes but rather based on full-time student enrolments. This encourages administrators to increase the number of places with no reference to what skills are actually needed in the market. Thus, there is a need to change the criteria for assessing the performance of public sector VET and allocating funds. Sources of finance need to become more diverse; contributions from the private sector should go up in line with its greater involvement in delivering VET, and there is a need for increased efficiency and improved quality in public training provision.

The discussion on financing as a tool to promote efficiency is not always very advanced and varies from country to country. Some countries are already experimenting with training funds, while others, such as Algeria, are discussing how to diversify sources of funding and how to attract private funding into training. Financing mechanisms are not at the core of most donor interventions which tend to concentrate on the design and delivery of training. One exception is the World Bank which has several pilot projects and studies addressing this issue in the region. In some countries there is very little data available on the financing of education and training. Thus, issues for future discussion include the role of market forces in determining VET provision, the opportunities for public training providers to commercialise their services, and mechanisms for diversifying sources of finance.

Problems of quality: standards, curricula, teacher training

Improving the quality of VET is a key issue in the reform process. A number of the existing programmes include components on curriculum reform, qualifications

standards, monitoring and evaluation, teacher training and accreditation.

Teacher and trainer training and retraining have been identified as some of the main issues for further policy development across the region. But the question of how to finance this has not been answered in most countries.

The issue of standards and accreditation is also seen as important in the region. However, initiatives in this field often run into difficulties due to the fragmented institutional framework. In Jordan and in Egypt some interesting examples of how to develop skills standards in cooperation with the private sector have been developed.

Skills acquisition in the informal sector

The area of skills acquisition and development in the informal sector has received little attention in the reform process so far, with the exception of work carried out by the ILO and NGOs. Initiatives have been based mostly on single projects and were limited in duration. Donors and governments are only now beginning to pay attention to this area. It is seen by many as a key contribution to alleviating poverty and promoting sustainable economic development.

The informal sector is far from homogeneous. It includes various kinds of productive units, some geared towards a subsistence economy and others towards a potential for growth and development. While training for skills development alone is not enough to lift informal sector enterprises above subsistence, they could form an essential part of a comprehensive assistance package including financial, technical assistance and marketing initiatives.

Experience has shown that subsistence productive units in the informal economy are characterised by low productivity, obsolete technologies, low capital intensity and very low incomes. The levels of qualification needed to operate in this sector are very low and the demand for new skills is negligible. Competitiveness is not based on productivity but on cheapness of labour. These units are not viable businesses but they do play a key role in providing incomes to significant segments of the working poor. Thus, programmes to assist this section of the informal economy form part of the poverty alleviation policy.

At the other end of the informal economy, there are efficient micro and small enterprises capable of expanding their markets; access to modern management, new technologies and skills could play a key role in their development.

In order to design specific reform actions to target skills acquisition in the informal sector, it will be crucial to revise the existing mechanisms and programmes by which workers in the informal sector are acquiring their skills. A joint study conducted by the ETF and the World Bank attempts to establish an overview of the current situation.

FROM THE IDENTIFICATION OF CHALLENGES TO IMPLEMENTATION STRATEGIES

Absence of coherent overall reform strategies

Most countries in the region have embarked on a piecemeal and gradual process of reform of their VET systems rather than adopting a coherent overall strategy. Tunisia and Jordan are the clearest exceptions to the rule. Morocco and Algeria also have broad strategies for reform, although these have run into some problems in terms of monitoring and coordination. As donors are the principal drivers behind VET reforms in most MEDA countries, designing the strategy and developing the ownership of it by the authorities often takes place only during the implementation of the reforms.

Countries like Syria and Egypt are far from having such an overall approach, although work is beginning or being planned. In Egypt, the government has made some progress towards drafting a strategy for VET reform. This has occurred as part of

the design process for major interventions by the World Bank and the European Union. The future EU VET reform project in Syria specifically aims at strengthening the capacity for strategic design-making among policymakers in the country.

Linking labour market policies and VET

The lack of an overall strategy for reform is directly related to the failure to place VET reform within the broader framework of labour market policy. A more systemic vision is needed.

In the Mediterranean countries, the traditional methods for helping people find work – information, guidance, training, retraining, mobility, in-service training, insertion measures – are either not there or are badly organised. This is particularly true in the case of information and guidance. To change this, employment services must be called upon to play their part by creating links with training. Reforms either underway or in the pipeline are moving in this direction. However, in many countries there is still some way to go in improving the quality and relevance of the work carried out by employment offices.

In most countries there is already a large number of employment programmes, often channelled through institutions such as social funds, and usually with substantial input from donors. However, their performance can leave much to be desired and most have never been assessed for efficiency.

The need for information on the labour market

Good policy in general, and VET policy in particular, has to be based upon up-to-date reliable information. For this reason, countries need efficient systems for gathering this information about the VET system and the labour market.

The institutions involved in information gathering can vary from one country to the next, however two stages of evolution – an informal stage and an institutional stage – have been identified. At the informal stage, there is no specific body responsible for producing information on training and employment in a systematic way. The available information tends to be of poor quality and mainly comes from administrative records for training and employment programmes. Some studies are produced but they tend to be sporadic affairs which do not meet the needs of stakeholders.

At the more advanced institutional stage, one or more bodies, which can be part of a government department or not, are responsible for regularly monitoring the labour market and/or training developments. Their field of vision is usually limited. Their work is usually carried out with no reference to the main stakeholders in the training and employment system, and with no coordination between the various information producers. The information itself is not widely disseminated and is not produced in a user-friendly format.

In all countries there is a need to develop a permanent, institutionalised network involving both the information producers and key stakeholders in the training and employment system. Such a network, known as the ‘observatory function’ at the ETF, can then provide decision-makers with relevant and current information and analysis. The ETF is supporting the creation of such a network in countries like Jordan, Syria and, to a certain extent, Algeria and Morocco. But the need to set up observatory networks is there for all the countries.

Several countries are currently also working on introducing guidance and counselling schemes, often with the support of donors. However, in general this service is under-developed in the majority of the countries.

PARTNERS IN REFORM

Donor support to VET reform

Human resources development and the reform of VET systems are priority areas for donor activity. Major programmes have been working on VET reform in several

countries of the region for some time now (for instance, in Tunisia, Jordan and Morocco). However, in spite of the combined efforts of governments and donors, this has not usually led to a sustained and coherent systemic reform. Many of the original problems remain.

However, some exceptions do stand out. In some cases the first generation of VET reforms has produced useful results which need to be taken further in the second generation. This is obviously a crucial moment for looking across the region, learning lessons from the programmes that are coming to an end and transferring them to new programming activities.

There is no tradition of effectively coordinating donor activities in the countries of the region. In some cases countries have favoured a policy of keeping donors apart. Donors may compete among themselves, thus bringing with them different approaches to the issue of reform and which often results in a piecemeal approach. Bilateral programmes and projects have often produced 'islands of excellence' but failed to produce an impact throughout the system. Multilateral programmes often take a broader view but may not be backed up by a proper overall strategy from the government.

Tunisia offers an interesting example of how a government has tried to rationalise external support by channelling it into a single comprehensive strategy for reform. However, the process has lacked mechanisms for transparent *ex-ante* coordination. Lessons learnt from this process show that ways of coordinating donors must be in place from the outset – at the design stage. Governments should always direct this process in a transparent way. Some governments are now trying to push donors to coordinate their interventions in the region and, in many cases, this will call for different ways of working in terms of project design.

The specific role of EU support

The role that donors, including the EU, play in human resource development is vast. Education (basic and secondary) has traditionally been identified as a priority area for big investment. The specific link between vocational education and training and socio-economic development has also been acknowledged and important resources are allocated to it. In addition, training is, by itself, a very important component in many sectoral programmes. However, this concentration of resources has not resulted in a sustained and coherent effort for systemic reform, nor has it improved the efficiency, effectiveness and relevance of the VET systems across the region. However, there are exceptions. In some cases the VET reform programmes of the first generation have prepared the ground for developments that could adequately be faced in the second generation of programming which is about to start. Therefore, this is a crucial moment for looking across the region, learning lessons from the programmes that are close to an end and transferring these lessons to new programming activities.

It has to be noted that there is a growing drive for donor complementarity across the region in response to the not-so-successful results of some of the ongoing programmes. This will still require a lot of effort and, in many cases, different ways of operating at the level of programme and project design. In this respect, the European Commission is oriented to adopt a Sector Wide Approach (SWAP) for new programmes in the near future, which implies strong mechanisms for open donor coordination led by the governments. This should contribute to increasing the efficiency and effectiveness of the external support as well as local ownership.

In some countries, such as Egypt or Yemen, support from multilateral donors like the World Bank or the European Union is often associated with assistance to the governments in setting up their own strategies for reform. These are not necessarily smooth processes. Institution-building measures and providing support to the private sector to improve the capacity to assess skills and training needs would also be important components of assistance programmes.

The nature of EU support is not only large in terms of quantity but also ambitious in terms of its objectives, as well as

sometimes being linked to overall VET system reform (in Tunisia, Morocco, and Egypt). In Tunisia and Morocco programmes have been underway long enough to identify some of the main lessons learnt and to feed these back into the next programming cycle. In Egypt and Algeria, programmes are just in a starting phase, while in Syria a reform package is only in the design phase.

EU support to the VET sector has to be seen as complementary to private sector development and industrial modernisation programmes. The potential of these joint actions (supporting the reform of VET systems and at the same time increasing the capacities of the private sector) is enormous. However, the different projects and programme cycles (and often the inexistence of an overall umbrella for the different interventions) make it difficult to realise effective complementarity. In addition to that, difficulties related to implementation, lack of mechanisms for coordination and monitoring and, in some cases, lack of ownership of the overall reforms by the governments, are also features to be borne in mind when attempting to understand the environment in which many of these programmes operate.

THE ROAD AHEAD

Need for better cooperation between donors and governments

It is clear from the previous discussion that governments and donors are working hard to reform the VET systems of the Mediterranean countries. Some progress has already been made but there is still a long way to go. Achieving the right balance is still the key issue for VET reform. But this should not be seen in isolation as it is linked to many other issues. These include increasing private sector involvement, defining the role of governments, addressing the specific needs of the informal economy and boosting the quality and efficiency of VET systems.

None of this can happen without a comprehensive and coherent overall strategy for reform that covers not only education and training but also employment. This is no easy task. If it is to succeed, complicated institutional balances must be maintained at the same time as structural change is introduced.

Reforms operate in an environment that often has to take into account very different political objectives; the development of priorities of national governments responding to local needs, the remit of international donors and, on a higher level, broader political developments, such as the aims of the Euro-Mediterranean partnership and the European new neighbourhood policy.

The irreversibility of reforms

As we have seen, VET reform in MEDA countries occurs either as part of a large, comprehensive strategy or in the form of smaller pilot programmes. While all are at different stages of implementation, the major reforms currently underway in Tunisia, Morocco, Jordan and Algeria, allow important lessons to be learnt.

One of the most important areas for consideration is whether the reforms have reached the point of no turning back, or ‘irreversibility’. All cooperation programmes aim to produce sustainable improvements. In the case of VET, reforms must be accompanied by changes in the law and other administrative measures if they are to continue having an effect once the donor organisation is no longer involved.

But in most cases this alone is not enough to guarantee success, particularly if the changes have a profound effect on the idiosyncrasy of the system. This is why a first generation of reforms often has to be followed by a second generation that can entrench more in-depth, and in some cases, more painful changes. However, irreversible does not mean inflexible. And a second consideration with irreversibility is that it must create enough flexibility to enable the system to adapt to future changes, such as new professions or new target groups for VET.

Comprehensive strategies which encompass employment, education and vocational training, and which are in tune with overall economic and social development policies, have proved to be the best way to make VET reforms work. However, there are also limits to just how comprehensive a reform should be. If it is too complicated it may never be fully implemented or may only achieve results at some point in the distant future. Key issues to help strike the right balance are the capacity of institutions to actually absorb the reforms and to what extent they feel a sense of ownership of the whole reform process.

New roles for donors

It is clear that donors have played a significant role in pushing reform in the region, yet the results sometimes do not reach expectations. For this reason, both governments and the donors themselves are keen for donors to find new roles and ways of working.

The message is clear: policy copying and policy taking does not work. But there is still the need for the countries to be acquainted with, and learn from, new practices and approaches that may be adapted to the reality of the country. This is encompassed under the concept of 'policy learning'.[102] There is still the need for donors to support reforms but to so within a different approach and using different tools and instruments. In particular, capacity building appears to be of central importance.

In the light of this, the whole issue of donor coordination requires urgent attention. The new conditions require governments to find ways of transparently and efficiently coordinating donor interventions. This means they must abandon the practice of donor competition, a device sometimes used in the past as a way of multiplying sources of funding. Donors must also take their share of responsibility for creating the right conditions for such cooperation to take place. Approaches like SWAP, currently being adopted by the European Commission, are moving in this direction.

In this new scheme, building local capacity remains as central a concern as ever.

Finally, there is the dimension of regional cooperation, which still needs further development. While some issues can only be tackled on a country-by-country basis, others transcend national borders and so are best handled from a regional perspective. Examples include skills standards development or teacher and trainer training. Here countries can clearly benefit from a shared understanding and from the exchange of experience. This is a challenge in any part of the world, but in a region like the Middle East and North Africa technical cooperation at regional level has the added benefit that it can pave the way for other kinds of dialogue.

The challenge of the knowledge economy

Countries in the region are increasingly aware of the changes implied by the evolution towards a knowledge economy and what this will mean for VET systems and for the kinds of skills individuals will need.

Traditional industries require employees to learn how to perform a series of routine tasks which change little over time. Therefore most learning takes place when a worker starts a new job. In the knowledge economy, change is so fast that workers constantly need to acquire new skills. Companies can no longer rely solely on new entrants to the labour market as the main source of new skills and knowledge. Policies need to reflect this change by creating incentives to keep people learning throughout their working lives.

To be successful in the knowledge economy, people need to master a whole new set of knowledge and competencies. These include basic academic skills – literacy, foreign languages, maths and scientific skills – and the ability to use information technology. Workers must be able to use these skills effectively, be autonomous and work well in socially-heterogeneous groups.

102 See Chapter 9 on policy learning.

The knowledge economy means combining the concept of the 'learning enterprise' with that of the 'learning individual.' It means new issues, such as the digital divide, must be addressed, as well as older ones, such as how to increase the attractiveness of VET or how to handle the divisions between education and training systems.

FIVE KEY STRATEGIC AREAS FOR FUTURE REFORM

Recent discussions with countries of the region and other donors have picked out five key issues, which should be targeted by the next generation of reforms. These are:

- Governance of training systems
- Financing of training
- Quality of training programmes
- Skills development for the informal sector
- Private sector participation in training.

These issues address the most structural elements of vocational training systems. They also touch on many other issues. Some of them, like skills development for the informal sector, are emerging areas which have not received sufficient attention. Others have already been targeted by reforms underway in the region but still have some way to go. All are seen as key ways of achieving reforms which are 'irreversible'.

Governance

As mentioned previously, VET in the Mediterranean countries is highly centralised. It is overwhelmingly dominated by the public sector, with low participation of other stakeholders. An assessment of good governance practices in VET systems should include the issues of inclusiveness, accountability and autonomy.

Inclusiveness refers to developing partnerships with all stakeholders by reaching out to companies, the informal sector and disadvantaged groups. Accountability refers to the need to develop systems which are more responsive to training needs and better focused on outcomes. This is also linked to the issue of financing mechanisms. Autonomy covers the issue of decentralisation and the need to give the system more flexibility. To summarise, good governance is about developing a new role to be shared between government, social partners, the private sector and citizens.

Financing

Providing more and better education and training opportunities over a lifetime will require increased spending, especially in a dynamic demographic context such as the Mediterranean region. It also means resources will need to be used more efficiently and in different ways. The state cannot meet all these demands. A creative partnership is required, involving both the private and public sectors. The role of the state as a guarantor of equity should not be undermined, but making room for individuals and companies to contribute to the cost of certain areas of VET provision, such as continuing training, can only be positive. Different options will have to be found and adapted to the specific needs of each country.

Quality

The quality of the training is one of the more pressing concerns around the region and a firm candidate for inclusion in the next generation of reforms. In spite of the current reforms, VET systems are not equipping graduates with the right skills. Vocational training remains a second choice option for students and has a negative image in society. Employers complain that training programmes are outdated, do not match the real needs of the labour market, and that graduates do not possess entry-level qualifications.

Efforts in curricula reform, qualification standards, accreditation and monitoring and evaluation mechanisms are still at an early stage, and it will be some time before their impact can be measured. Also, there is still some way to go in increasing the participation of companies in defining skills standards, curricula and accreditation of acquired skills.

Training programmes tend to focus on one-off learning for immediate employment rather than on the skills people need throughout their working lives. In-service training programmes remain mostly underdeveloped, and with a few exceptions, mainly benefit large state enterprises.

Skills and the informal sector

In the MEDA region many businesses, above all micro and small and medium-sized enterprises (SMEs), operate in the informal economy, yet most reform initiatives target the formal training sector. Although this sector plays a vital role in employment, our knowledge of how this affects the demand for knowledge and skills in the region is currently very limited. In general, this is an area that can no longer be ignored, but the roles of governments, NGOs and donors have still to be defined.

NGOs working with the informal sector have developed innovative approaches to skills development, but these approaches tend to be small-scale and underfunded. Traditional apprenticeships have advantages and disadvantages. Although they involve large numbers of apprentices, apprenticeships in the informal sector are constrained by the low level of education of both masters and trainees, which limits the level of skills that can be passed on. Also, newer generations of apprentices may have better educational qualifications than their masters.

The role of the private sector

The key issue is how to create the right balances between all the relevant stakeholders and how to promote new institutional frameworks. As we have seen, various initiatives are currently pushing for this kind of development, but it is still early days. For this reason there has so far been little work on assessing the success or failure of the different approaches to boosting private sector involvement in the design and delivery of VET.

These are the areas where policymakers, specialists and donors will have to work further. The diagnosis exists and has been accepted by all parties. The road ahead is about how to tackle these issues and how to create tools and approaches for supporting the countries in the policy-learning process necessary for the future generation of reforms.

6. LIFELONG LEARNING: A REFERENCE FOR TRANSITION COUNTRIES?

6

***Madeleine Gunny*[103]**

INTRODUCTION

This chapter considers a number of key lifelong learning issues for transforming education and training systems that have been highlighted by the international literature of the OECD, the World Bank, the European Commission and UNESCO on the Education for All goals. Reference is also made to the ILO and to the ETF Advisory Forum conference, *Learning Matters*, held in Turin in November 2003.

The clear message from the international organisations is that lifelong learning (LLL) is a matter of survival and that it is the best way for all countries – developing, transition and developed economies alike – to meet the knowledge and competences needed in the global knowledge economy and information society, and for individuals to remain employable in a fast changing labour market where employment is increasingly unpredictable and where the acquisition of new competences is necessary to keep abreast of rapid technological change. Since lifelong learning is for all, not just an elite, developing people's competences supports social inclusion objectives and contributes to the wider challenge of reducing poverty. The OECD has also shown that investment in human capital has a positive impact on building social capital and developing people's capacity to engage in active citizenship, tackle social problems and build more democratic and tolerant societies – which remain key priorities in the 21st century. The World Bank's document[104] and the ILO report[105] are clear: lifelong learning is a matter of survival for countries and individuals. The World Bank argues that the developing and transition countries 'risk being further marginalised in a competitive global knowledge economy because their education systems are not prepared to support the acquisition and application of knowledge'.[106] As change is permanent and rapid, people's competences and

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104 World Bank, 2002b.

105 ILO, 2000.

106 World Bank, 2002b, p. 79.

knowledge have to be regularly upgraded throughout the life cycle.

Lifelong learning is not, of course, a new phenomenon and has figured extensively in international and national education research and development for over three decades. The term 'lifelong education', first used by UNESCO at the start of the 1970s, has given way to 'lifelong learning' as the focus has shifted to the acquisition of competences, to the process of learning and to seeing individuals as active participants in their own learning. The 1970s, 1980s and 1990s were characterised by considerable experimentation and innovation, but this led to piecemeal approaches rather than a systemic one. This response was inadequate to meet complex economic and social challenges: whilst many people share in the increased prosperity afforded by the global economy, a substantial number do not. Social divisions persist as the gap widens between the 'knowledge and technology rich' and the poorly skilled, exacerbated by a growing digital divide. Although some countries (particularly Nordic ones) have made considerable progress in implementing lifelong learning, to date no OECD member country has a fully-developed learning system based on lifelong learning for all principles, and the goal remains in progress. Significant variations exist between OECD countries in participation rates and equitable access to learning for less advantaged populations. A new impetus for lifelong learning was needed at the beginning of the 21st century.

At the turn of the century, lifelong learning has become a key policy instrument for meeting multiple education and training policy objectives. It became a policy goal for OECD members' education ministers in 1996 and was further endorsed by the labour and social policy ministers in 1998. In parallel, in the European Union the policy importance of lifelong learning increased when it became "a basic component of the European social model"[107] and an integral part of its economic and social policies. Lifelong learning is an important component of the European Employment Strategy and an underpinning, horizontal pillar of the European Social Fund. In March 2000 the Lisbon European Council agreed a new strategic objective for the EU for the next decade "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth and more and better jobs and greater social cohesion."[108] Lifelong learning is central to achieving this strategic goal. There was also a marked change in perspective to a more comprehensive view of learning to encompass "all purposeful learning activity from cradle to grave that improves knowledge and competencies of individuals who wish to participate in learning"[109] (OECD definition). The European Commission's definition, although longer, is similar: lifelong learning covers "all learning activity undertaken throughout life, with the aim of improving the knowledge, skills and competences within a personal, civic, social and/or employment-related perspective."[110] By the end of the 1990s there was a shift away from a piecemeal approach to developing integrated learning systems. At the Feira European Council meeting in June 2000, Member States, the Council and the Commission were asked "to identify coherent strategies and practical measures with a view to fostering lifelong learning for all."[111]

The OECD's literature highlights the difference between a lifelong learning perspective and a discrete education sector perspective. Learning is lifelong and impacts on all parts of the learning chain, from cradle to grave. It includes all kinds of modes (formal education and training, non-formal and informal learning) through which people develop and renew their skills

107 Presidency Conclusions, Lisbon European Council, 23-24 March 2000.

108 Ibid.

109 *Education Policy Analysis,* OECD, 2002b.

110 European Commission Communication, COM (2001) 678 final, p. 9.

111 Presidency Conclusions, Lisbon European Council, 23-24 March 2000, p. 3.

and knowledge throughout life.[112] Given the rapid pace of technological change and skills obsolescence, concentrating efforts and funding primarily on the initial formal system is not enough, however important this is for building strong foundations for working life and for future learning. It is vitally important that adult learning, although much more complex, is developed and participation substantially increased. Lifelong learning is not just about equipping people with marketable skills. It is life-wide and covers all purposeful learning, both employment-related and learning for civic and personal or professional development. Lifelong and life-wide principles raise critical questions about efficiency and equity in allocating national education and training budgets across the learning continuum. It also raises questions in terms of the impact of co-financing mechanisms, how each phase of the learning chain contributes to human and social capital formation, and how the different learning modes connect with each other to provide coherent learning pathways for individuals to renew and develop competences on a regular basis throughout life.

CONVERGENCE AND DIVERGENCE IN APPROACHES TO LIFELONG LEARNING

The international literature on lifelong learning provides insights into the main lifelong learning policy issues, shows how reforms may usefully be structured into action frameworks and provides examples of practical measures. It is useful to consider where there is convergence in thinking and where the emphases differ, so as to better understand different policy messages and reform options. A high degree of convergence appears in the lifelong learning literature of the OECD, the World Bank, the European Commission and the ILO on strategic vision, policy issues and action priorities. Yet, there are key differences and different emphases in approach and action on the ground. Overall the trend is for these differences to converge.

Differences

An obvious difference is one of audience: the OECD literature concentrates on lifelong learning for its member countries, generally high income countries with well-developed initial and continuing education and training systems, but where fundamental reforms are still needed. The overall focus of the European Commission's Communication, Making a European area of lifelong learning a reality, is similar, although the policy messages are addressed to its Member States. The World Bank focuses on developing and transition economies. The starting point for the ILO's *Lifelong learning in the 21st century: the changing roles of educational personnel*, is the assumption that lifelong learning "applies to all peoples and nations regardless of their level of development." UNESCO's work is worldwide in its Education For All programme which concentrates on reducing illiteracy and gender discrimination in education, but it is targeted on those regions and least developed countries (for example sub-Saharan Africa and southern Asia) where widespread gender discrimination persists and substantial numbers of people do not have access to basic education.

One of the main differences in approach to lifelong learning stems from the different objectives and priorities of the international organisations. UNESCO concentrates on the universal right to basic education, although this includes technology, work and life skills. The World Bank, the OECD, the European Commission and the ILO see lifelong learning as being the best way of forming the human capital needed for the global knowledge economy. The World Bank's document, *Lifelong Learning in the Global Knowledge Economy,* concentrates on reforms needed for education and training systems to meet the skill and knowledge requirements of the market, so human capital formation and the acquisition of knowledge are instruments

112 Abrar Hasan, OECD presentation, workshop on Sector Analysis in Employment and Training, ETF, February 2001.

for economic growth. Education and training systems in developing and transition countries often have poor coverage, poor quality provision, and out-dated curricula and teaching that does not equip learners with the skills they need.[113] There is an over-reliance on rote learning and exam outcomes. These problems result in unequal access especially in tertiary education but also in employee and adult training, low adult literacy rates and too few children who complete basic education.[114] Equity and gender issues are raised in this context. The OECD and the European Commission, however, have a more holistic view of learning. Not only does lifelong learning provide people with opportunities to develop and renew competences and knowledge required by the market and for people at risk of exclusion to remain employable, it also provides people with opportunities for personal development as well as contributing to social capital formation for active citizenship and creating more inclusive, tolerant and democratic societies.

Another difference lies in the extent to which the international literature provides a comprehensive framework for reforms. With the exception of UNESCO, where the focus is on basic education for all, the international organisations recognise the need for systemic reforms to education and training in a lifelong learning perspective, taking into account the enormous potential of information communication technologies for learning and widening access.

The OECD's work over three decades is a reference point for lifelong learning. Its stock-taking reviews (*Education policy analysis, Education at a glance, Employment Outlook*), thematic reviews (for example, on early childhood education and care, adult learning, transition to work, financing lifelong learning, *e*learning and the digital divide, the role of human and social capital), provide in-depth analyses of key lifelong learning issues. The international comparative surveys, such as the International Adult Learning Survey (IALS) and the Programme for International Student Assessment (PISA), provide robust evidence of lifelong learning trends (for example, in participation rates and educational attainment levels).

Whilst the collective work of the OECD may be seen as a comprehensive policy framework for transforming education and training systems, more emphasis is given to identifying issues, policy messages, gaps in systems and practical remedies or options for reforms, defining key concepts and investigating the impact of policy trends or leading edge research, rather than on providing a framework for action *per se*. In seeking to distil key messages from this knowledge base a large part of its richness is lost. The OECD identifies three key characteristics of lifelong learning – a life cycle perspective, a system-wide approach, and the centrality of the learner. Partnerships are seen as crucial and involve all relevant ministries, regional government and the stakeholders (including the social partners, community and voluntary organisations, researchers, providers of information, guidance and counselling services, and individual learners). Emphasis is given to building strong foundations – in pre-school education at the start of the process – and in providing rich learning environments throughout initial education and training. A wider view of skills is necessary: learning systems have to provide a continuing focus on, for example, foundations skills, process skills, communication skills and workplace competences throughout the different stages of initial and adult learning that complement technical or academic skills. Maximising information communication technologies for learning and for expanding open and flexible learning is explored. Importance is given to adult learning, which has received less attention from decision-makers and as a result less funding. The need to enhance the value of learning is emphasised. How to fund lifelong learning and increase the aggregate financial resources available is treated in depth.

113 World Bank, 2002b, p. ix.

114 Ibid, p. x-xi.

The European Commission Communication[115] published in 2001 following a Europe-wide consultation process on the *Memorandum of lifelong learning*, whilst not able to provide the in-depth analysis of the OECD literature, outlines in a single document a coherent policy framework. This is based on a number of key principles: (i) learning is continuous from cradle to grave and life-wide, (ii) the individual learner is at the centre of the learning process wherever learning takes place, (iii) learning must provide equality of opportunity irrespective of gender or disadvantage and provide equitable access to learning for all, and (iv) learning opportunities have to be of high quality and relevant. These principles closely reflect points made by the OECD.[116] The framework for tackling systemic reforms to education and training systems in a lifelong learning perspective is structured around six building blocks (partnership working, insight into the demand for learning, adequate resourcing, facilitating access to learning, creating a culture of learning and striving for excellence) and six priority actions (valuing learning, information guidance and counselling, investing time and money, bringing learners and learning opportunities together, basic skills, innovative pedagogy). The policy framework, although packaged differently, shares a strong affinity with the literature of the OECD.

The World Bank has also incorporated lifelong learning thinking into its work on education sub-sectors, and in *Lifelong learning in the Global Knowledge Economy* it considers a number of policy options for systemic reforms covering governance, developing partnerships, improving quality through *inter alia* certification, accreditation and benchmarking, providing knowledge-rich learning environments, adopting learner-centred approaches, developing teachers' capacity to use information communication technologies effectively and harnessing these to expand open and flexible learning, and increasing funding through a mixture of public and private co-financing arrangements.

However, the World Bank does not see this document as constituting a fully-developed framework for systemic reforms and further work will be undertaken with individual countries to develop comprehensive policy frameworks and to put them into operation them. Dialogue with the international community will also continue. Many of the points made by the World Bank reflect those of the OECD and the European Commission. However, the context of developing countries and case studies from around the world provide a different dimension.

Different emphases

Although the international organisations make similar points to those shown in the last section, they also give different shades of emphasis to them. Some differences of emphasis are given below.

Finance

In financing lifelong learning, all the international organisations stress that increasing participation in learning will require a substantial increase in funding and that since public funds are limited additional resources will need to come from both public and private sources (enterprises, individuals and their families). Yet they differ as to how the costs should be shared. Both the OECD and the European Commission indicate that there needs to be a rethink of how public funding for learning is allocated across the different phases of the lifelong continuum and across formal, non-formal and informal learning. The OECD suggests that more public investment is needed, particularly in pre-school education and adult learning. The European Commission clearly sees that public funds will continue to be a key aspect of investment in lifelong learning, although responsibility for raising investment is shared with the social partners and individuals. As in the case of the OECD, the European Commission acknowledges that additional resources need to flow to non-formal and informal learning, while respecting subsidiary,

115 European Commission Communication, COM (2001) 678 final.

116 OECD, 2002b.

responsibility for raising additional resources and allocating them across formal, non-formal and informal learning modes are matters for European Member States to decide.

The World Bank places more emphasis on raising private investment through public and private cost sharing mechanisms, presumably because raising public investment in developing countries is much more problematic. Country specific factors have to be taken into account. The World Bank suggests that for equity and efficiency the balance between public funding for secondary and tertiary education may need to be reviewed where there is over-investment at the tertiary level and under-investment in upper secondary level, and funding switched to the latter accordingly. Although the ILO believes that education is a public service and primarily the responsibility of the state, it also recognises that increasingly, public funding can only provide part of the total education budget and that public and private partnerships are needed.[117] In allocating resources and the use of co-financing arrangements the international organisations stress the need to balance efficiency and equity. For UNESCO, achieving Education for All goals is dependent on substantial increases in multilateral and bilateral aid.

Formal and non-formal learning

The OECD has recently concentrated on adult learning where the issues are the most complex and where there is a wider range of interests that need to be taken into account. Expanding learning opportunities for adults is especially important because access for adults is uneven and unequal. In adult learning non-formal learning modes appear to be more important than formal learning, and the OECD gives more importance to diversifying learning opportunities that can offer more customised opportunities in, for example, the workplace or community, and can often respond more effectively to different kinds of learners and their needs. Connections between non-formal and formal learning modes are critical to ensure coherence at the point of offer. For the European Commission more emphasis is placed on transforming the "formal provision in the school, vocational, adult and higher education sectors, as well as increasingly in the pre-school sector, [which] must remain vital cornerstones of any lifelong learning strategy".[118] However, the need to develop learning opportunities in a wider range of settings is also recognised. The ILO also stresses that for many countries transforming the formal education and training sectors will remain a top priority. The World Bank adopts a two-pronged approach that involves developing more flexible learning opportunities provided by public institutions (particularly upper secondary and tertiary education) and the expansion of the private training market.

Partnerships

All the international organisations stress the importance of partnerships, but their approach varies. The World Bank, because its focus is on skills and knowledge for the global knowledge economy, concentrates more on partnerships between enterprises and providers. There is no mention of the trade unions, and civic society organisations are only mentioned fleetingly. For the OECD and the European Commission, partnerships are wider and richer and include national and regional governments, both enterprises and unions, civil society organisations, education and training providers, researchers and providers of guidance and counselling services.

Valuing learning

The international literature on lifelong learning stresses the importance of valuing learning wherever it is acquired as well as the development of mechanisms to recognise prior learning. However, for the European Commission, recognition and validation of formal qualifications across Member States is particularly important

117 ILO, 2000.

118 European Commission Communication, COM (2001) 678 final.

because it facilitates cross-border mobility of labour and learners. Recognising and validating people's competence and knowledge, wherever acquired, in a coherent way is crucial, and substantial work has been carried out in this context on transparency, recognition and validation at EU level. No comprehensive framework yet exists that enables the overall transfer of qualifications and competences between formal education and training or across institutional, sectoral or national borders, although the European Credit Transfer System for higher education is an important step in this direction. A new comprehensive approach is needed for the recognition and validation of qualifications across the European Union, and developments of a system similar to that for higher education is in progress for vocational education and training qualifications under the Bruges-Copenhagen process. A key role of the European Commission is to coordinate these developments across Member States and to encourage parallel action by them to put in place the necessary legislative framework to enable institutions to systematically recognise cross-border qualifications.

Improving quality

Much importance is given by all the international organisations to improving the quality of learning. For the World Bank emphasis is given to the need for mechanisms to assess competences wherever acquired, and to output-based assessment, key competency standards and national qualification frameworks, information on learning opportunities and national benchmarks for measuring lifelong learning outcomes. The OECD and the European Union also stress standards, recognition and validation of learning outcomes, availability of up-to-date and good quality equipment and learning materials, and well-trained professional teaching personnel. Quality also covers wider issues such as responsiveness to current and future labour market skill needs and the needs of individual learners, responsiveness to equality issues (particularly in terms of widening access to learning of disadvantaged populations) and the capacity to foster active citizenship. All three organisations agree on the inadequacy of traditional indicators for measuring quality, and in the case of the European Commission a lot of work at European level has recently been undertaken on employment and quality indicators for lifelong learning.[119] For the European Commission there is also the European-wide dimension which is being addressed through the development of an internet portal on learning opportunities across the Community, as well as the international exchange of good practice and dialogue undertaken by the European Guidance Working Group.

Understanding the demand for learning and embedding a learning culture

Research and analysis as a policy tool for the development of lifelong learning is emphasised in the European Commission's policy framework. Information on skill trends, the demand for learning, the needs of specific population segments, impact analyses on participation of under-represented groups, practical ways of motivating hard-to-reach learners or of making learning more relevant and attractive, and developing tools to identify skill needs at company level, are all necessary in order to understand needs and develop appropriate learning opportunities for different kinds of learners. Embedding a learning culture is also one of the six building blocks of lifelong learning in the European Commission framework. The World Bank document does not focus on these aspects.

TRANSFORMING EDUCATION AND TRAINING IN A LIFELONG LEARNING PERSPECTIVE

It is clear from the international literature that implementing lifelong learning is complex and presents decision-makers and stakeholders with a series of challenges. It involves a systematic transformation and integration of all aspects of formal and non-formal or informal learning, covering issues of:

119 European Commission, 2002.

(i) participation and access;
(ii) governance and partnership;
(iii) understanding the demand for learning from a wide range of different learners, and developing learning that is relevant to their needs, providing universal access to high-quality information, counselling and guidance that is tailored and sensitive to learners' needs;
(iv) radically transforming the learning environment and processes;
(v) raising the value of learning through the development of standards, national qualification systems, and recognition of the outcomes of non-formal and informal learning;
(vi) ensuring quality improvements across the board; and
(vii) optimising public finance across the lifelong continuum and increasing the aggregate level of finance for learning.

Even when problems are common ones (for example, increasing access and participation, and improving quality) different economic and social conditions prevail and wide variations exist in the impact on individual countries of the global knowledge economy and information age. Countries have different demographic profiles (for example, ageing populations in the EU, young populations in the Mediterranean region), diverse institutional arrangements and cultural aspirations, and are at different stages in reforming their initial education and training systems. These factors substantially influence individual countries' strategic reform priorities, mix of solutions, sequencing of reforms and timescales. The clear message from the OECD literature and the European Commission is that human and social capital formation go hand-in-hand and are necessary for economic and social progress, and for reducing social exclusion. Moreover, for maximum impact, the reforms need to complement and underpin wider economic, employment and social policies.

CHALLENGES OF LIFELONG LEARNING

Participation and access

OECD research highlights participation as a main lifelong learning challenge, especially for pre-school children and adults, and that participation in adult learning is uneven and unequal. UNESCO emphasises the need to meet the millennium goal of universal access to basic education. The World Bank also comments on the uneven distribution of learning within and across countries in initial education and training, and that "for people already in the labour market gaining access to learning opportunities is even more difficult."[120] If access to learning throughout life for all is to become a reality, a major expansion of formal and non-formal learning opportunities and much higher participation rates are required in pre-school, upper secondary and tertiary education, as well as in adult learning.

Adult learning[121]

The OECD recently concentrated on adult learning, which has generally been given insufficient attention by policymakers. The OECD adult learning reviews show that lifelong learning issues for adults are the most complex because the interests and needs of a much wider range of stakeholders and learners have to be addressed. A substantial expansion and diversification of learning opportunities is needed to increase participation. Employers are the main driving force in raising adult learning participation rates, but participation remains uneven and unequal. Large companies train more than small and medium-sized companies; some sectors train more than others; higher skilled or knowledge workers have more access to training than the low skilled or older workers; full-time employees have more access to continuing training than part-time or temporary workers; the marginally employed[122] and disadvantaged

120 World Bank, 2002b, p. 36.
121 OECD, 2003b.
122 'Training of Adult Workers', OECD, 2002c, p. 162.

segments of the population, such as the long-term unemployed, the low skilled, minorities, people with special needs and people living in poor urban or isolated rural areas, have less access to learning. Adults who require learning the most have the least access to it. Participation in labour market training programmes for the unemployed or inactive, particularly for the long-term unemployed who are at risk of exclusion, is also uneven and unequal between countries and between different population segments. There are also gender considerations to be taken into account. In most OECD countries, public funding for adult learning is targeted towards those who encounter barriers to learning and disadvantaged segments of the population, and special programmes have been developed for severely disadvantaged populations. Although illiteracy levels are generally low, there remains a substantial core of people, the 'hidden learners', who have inadequate educational attainment levels and competences to function effectively in the labour market or in society, and who tend to underestimate the negative impact of educational and skills deficits in working and social life.

It is not enough to expand learning opportunities through specific programmes. Integrated strategies for adult learning are needed to diversify learning opportunities in response to the needs of different kinds of learners. With diversity, it is also crucial to connect up different parts of the learning system through, for example, information, guidance and counselling services. In parallel, learning content, methodologies and delivery modes have to be appropriate, fit the circumstances and be sensitive to different kinds of learners. Modernising and upgrading equipment, buildings and learning materials is needed. It is essential to improve quality to increase the value and return on learning, and ensure a substantial increase in the aggregate financial resources available. Developing effective strategies also depends on the availability of good quality information, data and research.

Governing learning and partnership working

To address lifelong learning, changes in governance and the development of partnerships at all levels is critically important. In part, this is because responsibilities for learning cross different ministerial lines (education, labour, economy, finance) and in some cases training and skills is only part of wider economic and social responsibilities of ministries. With regard to lifelong learning the international organisations strongly emphasise the need for greater cooperation between the relevant ministries and better coordination of policy development and strategy implementation. A wide range of stakeholders and providers are involved. Decentralisation has had a positive impact on lifelong learning, as it has provided a structure to bring central and regional or local government and stakeholders together, has often led to innovative, responsive and targeted initiatives that better meet regional and local economic and social needs, and can enable additional financial resources to be raised and existing funds optimised through efficiency gains and greater local impact. Local learning partnerships that bring enterprises, the wide range of training providers and community organisations together have been agents of change in developing innovative learning opportunities.

The World Bank's document refers to the inappropriate role of the state in developing countries where central control and over-regulation tend to predominate. This is in contrast to OECD countries where governments facilitate partnerships with key stakeholders rather than control and regulate systems.[123] The OECD stresses the plurality of interests involved in lifelong learning that require the participation of all the main stakeholders. For the European Commission "partnership working across the learning spectrum" is the first building block of the Communication and developments such as learning regions are seen as useful stimulants to cooperation

123 World Bank, 2002b, p. 46.

between different economic and social development actors. To achieve complementarities between strategies for human resources development, local or regional economic and social development, as well as innovation and technology and environmental improvements, different mixes of partners may be necessary. Employers have a major contribution to make to human resources development through upgrading and renewing the skills of their workforce, by providing labour market intelligence on skill trends for other actors, and through providing work-based training for apprentices and trainees. By working with providers they can also make a real difference in moving supply-led systems to more demand-led and learner-driven ones. The unions too have an important advocacy role in encouraging and enabling workforce development for all employees, especially for lower skilled employees. Non-government and voluntary organisations play a vital advocacy role for disadvantaged groups who are vulnerable in the labour market and for whom learning can be provided that is sensitively adapted to their needs.

Transforming the learning environment

Skills, knowledge, qualities and values for employment and civic life

The World Bank stresses the need for a different and wider set of skills and knowledge, and the ability to obtain and apply them in the global knowledge economy and technology society.[124] The OECD highlights the need for learning systems to develop higher foundation skills of literacy and numeracy, science, foreign languages, and entrepreneurial skills throughout the different stages of initial and adult learning. In addition, they have to impart process skills such as the self-management of learning and ICT literacy, and develop 'work-place competences' that enable individuals to function effectively at work, 'soft skills' such as communication skills, networking, cooperation and team working, sharing knowledge and problem-solving skills. These are in demand in the knowledge economy and complement technical skills and academic knowledge. It is important too to nurture qualities such as creativity, innovation, adaptability, motivation to learn and ability to manage self-directed learning and risk. These skills and qualities are equally valid for the economic as well as the social market, for personal development and active citizenship. One of the six action priorities of the European Commission is basic skills, both old and new. In addition to skill content, there are issues of skills deficits and skill mismatches that need to be tackled through, for example, good quality information and data, needs analyses, tools to anticipate future skills requirements, research and the development of appropriate measures to tackle problems. Meeting the skill challenge will need investment in research and data collection, curriculum development and close links with employers.

Adopting learner-centred approaches and harnessing the potential of ICT

The World Bank, OECD and the European Commission stress the importance of learner-centred approaches that are based on learning by doing and working interactively with other learners. As ICT-based learning is expanded, learning how to acquire and use knowledge effectively becomes an essential skill. The OECD emphasises the value of making learning attractive to adults by maximising incentives (such as funding, time, accessibility, and relevance) and minimising disincentives (such as institutional, geographical, work-based, social, or psychological barriers). In parallel with financial incentives, it is important to adopt learner-centred approaches, such as learning methodologies and processes suitable for adults, individually-tailored learning programmes that allow individuals to learn at a time, place and pace to fit their circumstances, and developing relevant content, that is, contextualising learning for adults.

The rapid penetration of ICT that has seen flexible learning opportunities mushroom (open universities, open learning centres in

124 World Bank, 2002b.

institutions, enterprises and in-the-community and tutor-supported, and internet-based learning) and has made it easier to link institutions and providers with learners in the workplace, home and community, and more widely with learners across continents and countries. Although these bring down the delivery cost of learning in the medium term, in many countries the initial start-up and maintenance costs of computer hardware and software investment remain major constraints to expanding ICT-based learning. Yet these developments are essential for economic and equity reasons. OECD research warns that lack of access to computers and the internet at school or in the home can exacerbate social inequalities and "without policy intervention the digital divide will intensify societal division".[125]

Key lifelong learning challenges in ICT are to make access to training universally available to young people and adults, to ensure the continuing development of the capacity of teachers and trainers to use ICT methodologies and to develop ICT materials, and to address the issue of quality of ICT learning products and providers, both in the public and private domains. In this context, the professional development of teachers is the focus of an ETF project on learning methodologies and processes. Improving the professionalism and status of teachers also has to be accompanied by parallel action on low salaries and poor morale to stem the outflow of teachers, often the most experienced, to other, more lucrative jobs outside teaching.[126]

Valuing learning – standards, national qualification frameworks, modularisation, recognition of non-formal and informal learning

It is important for government and societies that the qualifications citizens acquire have currency in the national labour market and increasingly that they meet international standards. Setting standards remains an open question, although there is a trend towards adopting competence-based qualification systems based on national occupational standards (agreed with employers). International comparability of competences is difficult as there is no comprehensive system. However, the European Union is working on the development of a system for vocational education qualifications similar to its higher education credit transfer system. Another key issue for lifelong learning that has already been mentioned is the recognition and validation of skills and knowledge acquired outside formal learning. There are different methods in use, such as mechanisms linked to national qualification systems to assess prior and experiential learning, and the presentation to a committee of a portfolio of evidence of competence and a description of the competences acquired. Recognising and validating prior learning can reduce the time costs of learning. Similarly, developing modular programmes around units, even breaking them down into 'bite-sized chunks', has a number of advantages: it reduces the time needed to acquire a full qualification and provides greater flexibility for people to pick and mix modules so that learning packages can be more relevant to individual needs. It is important too that there is a visible return on learning for employers (by way of increased productivity, profitability or efficiency gains) and for individuals (by way of increased job security, more interesting and responsible work, increased salary or promotion, or discernible increase in personal development). Raising the value of learning is about making learning outcomes visible and increasing awareness of the return on investment to employers, more widely within enterprises to other employees, to shareholders[127] and to individuals.

Clearly this is a wide agenda that involves action by government, enterprises and unions, and providers. Developing standards, national qualification frameworks and modularising programmes across the whole system will take time. They are important but costly to implement in time and human resources.

125 OECD, 2000, p. 10.

126 ILO, 2000.

127 OECD, 1998, Chapter 4, pp. 53-76.

The importance of information, guidance and counselling, and embedding a learning culture

As has been shown earlier, developing lifelong learning will involve widening the range of providers, mixing public, private, enterprise or community-based provision and ICT-based learning to meet the needs of different kinds of learners, and tailoring learning opportunities more effectively to suit individual learner needs. As learning becomes more dispersed, finding the best way through the maze of opportunities will increasingly necessitate easy access to good quality, affordable information, guidance and counselling on learning offers, on skills in demand in the labour market and on employment opportunities. Both the OECD and the European Commission also emphasise the need for good quantitative and qualitative information on the explicit learning needs of different kinds of learners, including people working in the informal economy and individuals with special learning needs. The international organisations are clear that information, guidance and counselling services are essential, that they need to be of high quality and sensitive to individual needs, and that ICT services can improve access and affordability.

The OECD and the European Commission also stress the importance of stimulating a learning culture in efforts to raise participation rates, especially of 'hidden learners' or 'hard-to-reach' individuals, employees in small enterprises or workers in the grey economy. This can take many forms: learning circles (Sweden), adult learning festivals, media campaigns and the use of branding (for example, LearnDirect in the UK). Raising awareness of the benefits of learning to shareholders, employees and individuals is also important for increasing the value of learning in society.

Key challenges are to develop good information, guidance and counselling services that are available to all, management information systems that provide among other things good baseline intelligence on labour market skill trends and the learning needs of different population groups to steer the development of appropriate learning opportunities and strategies for developing a learning culture.

Quality improvements

All the international organisations stress the need for quality improvements and the pursuit of excellence in lifelong learning. This is closely associated with raising the value of learning. More systematised quality control mechanisms to account for public expenditure and raising educational outcomes are needed in view of the substantial increase in public and private investment required and the wider range of providers, both private and public, that benefit from public funding. Different quality assurance mechanisms exist. The World Bank concentrates on assessment of learning outcomes and competences, and on licensing arrangements for organisations to ensure that minimum standards are maintained. There is a particular need to develop the latter at international level in view of the high level of international student mobility. Some countries have introduced national standards and targets throughout their initial education and training systems to raise performance and maintain public confidence. Independent quality assurance mechanisms co-exist with more internal processes. Voluntary quality benchmarking between institutions and for companies is growing. For the latter, the UK's Investors in People award provides a quality benchmark for companies investing in their workforce.

Embedding quality control mechanisms across systems is itself a challenge. However, this is further complicated by the fact that quality indicators for lifelong learning are under development. In 2002, the European Commission's Working Group on quality indicators reviewed Member States' quality assurance systems and developed an initial set of lifelong learning indicators.[128] For the European Commission, striving for excellence in lifelong learning not only means making pedagogical improvements but also improvements that contribute to wider

128 European Commission, 2002.

economic and social policy objectives. These require a mix of quantitative and qualitative indicators able to measure, for example, curriculum relevance, responsiveness of systems to labour market change and individuals' needs, the adoption of learner-centred approaches, the continuous upgrading and professional development of teachers, the contribution made to inclusion and more equitable access to learning, recognition and validation of skills acquired outside formal learning, and progress in improving quality and availability of information, counselling and guidance services.

Financing lifelong learning

The consensus among the international organisations that the aggregate level of financial resources available for lifelong learning has to be increased has already been commented upon and a two-way approach is needed to optimise existing resources and to raise additional investment. Much analysis has been done by the OECD on mechanisms to finance lifelong learning[129] and finance remains a main focus of its work. A key issue raised by the OECD is how to balance the allocation of public funds across different stages of the lifelong continuum. From a lifelong perspective, the front-loading of public resources for compulsory schooling and higher education may not be the most optimal and equitable use of public funds. Although employers are the main drivers of adult learning and provide substantial levels of private investment, employer investment is uneven. Individuals and their families also pay for adult learning, although this investment is often related to previous positive experiences, the capacity to pay, an awareness of the returns on learning, and the availability of time or sponsorship from an employer. People who need training the most are often those who cannot afford to pay, who lack the motivation to learn and who may be unaware of the potential returns on learning. Research shows that there are substantial returns on learning at upper secondary and higher education levels; returns at lower educational attainment levels are less clear. The findings suggest that some redistribution or targeting of public funding to support under-represented groups (for example, disadvantaged adult learners and employees of small, micro enterprises) may be necessary. Since the advantages of an early start in learning continue throughout compulsory education into working life, there is also a strong case for increasing investment in pre-school education. As lifelong learning incorporates different learning settings (formal, non-formal and informal) and diverse providers, public funds will need to be distributed differently to cater for different learning modes and providers, and not only through formal publicly-funded institutions.

OECD and World Bank[130] literature outlines a wide range of different funding mechanisms for lifelong learning, ranging from full market-driven approaches based on the return on learning to different cost sharing mechanisms involving greater or lesser levels of public funding, subsidies and tax incentives. The general consensus is that a variety of different financial instruments are needed together with new financial packages. However, evidence from the impact of earlier co-financing arrangements (such as company levies and voucher schemes) shows that whilst they have been successful in increasing adult participation rates they have had less impact on raising participation among under-represented groups. Although new co-financing arrangements (such as Individual Learning Accounts, and schemes to save up overtime to pay for learning leave) show promise in reaching under-represented groups, the results are inconclusive and a gap in understanding the full impact of these in individual countries and how they might work in other contexts needs further analysis.[131]

129 See for example, OECD documents: *Economics and the finance of lifelong learning,* 2001; *Decentralisation and the financing of educational facilities,* 2002; *Mechanisms for the co-finance of lifelong learning,* 2003.

130 World Bank, 2002b, pp. 66-67.

131 Conference paper on a systemic approach to the co-financing of lifelong learning, OECD, 2003.

LIFELONG LEARNING IN VET

For the ETF, the main focus of its work on lifelong learning will continue to concentrate on issues that concern vocational education and training and management training, as a result of its remit. The OECD and the European Commission consider lifelong learning from a global perspective that embraces all learning modes and all purposeful learning. Implications for vocational education and training are integrated in a holistic way into the different policy messages in the literature. However, UNESCO's technical and vocational education (TVE) arm, UNEVOC, in its recommendations from the Seoul conference[132] provides a detailed list of reforms in VET that reflect a lifelong learning perspective. Improvements are needed to achieve greater flexibility, more innovation and productivity, and better relevance of skills to the needs of the knowledge economy. A number of practical measures are given including examples of integration at secondary general, vocational and tertiary levels. More responsive institutional approaches are needed to meet the needs of different groups of adult learners. UNEVOC suggests a new partnership between enterprises and providers as well as extending support to people working in the informal economy. For VET to contribute to social cohesion it has to be designed as a responsive and inclusive system with well-designed policies, strategies, increased resources, flexible and appropriate delivery modes, friendly training environments and sensitive, caring teachers. The needs of disadvantaged groups and the under-representation of women have to be addressed through providing sensitive learning opportunities, materials, counselling and guidance. Most of the lifelong learning issues are covered (for example, qualification standards, certification processes and assessment methods, co-financing, research into demand and skills trends, innovation in curriculum development, the initial and continuing professional development of teachers, and involvement of stakeholders). Importance is given to sharing experience and expertise in policy development and strategy design between developed, transition and developing countries, together with more international cooperation and more technical support and finance from the international community.[133]

The ETF is contributing to lifelong learning developments in its partner countries through disseminating information, ideas and policy messages, in providing technical support for the Bruges-Copenhagen process (in fields such as recognition and validation of competences, counselling and guidance and quality), in its development projects for South Eastern Europe (for example, on qualification frameworks, learning processes and adult learning) and its contribution to EU Programmes and country managers working with the partner countries.

CONCLUSION

A clear message from the ETF's Advisory Forum Conference, *'Learning Matters'*, held in Turin in November 2003 is that system-wide and system-deep reforms are needed. This reinforces the policy message of the international organisations: a systemic approach to lifelong learning for all is essential. The lifelong learning approach, as highlighted by the OECD, is fundamentally different from the approach based on individual education and training sub-sectors. The life-cycle perspective radically alters the balance between different phases of the learning continuum. Pre-school education (because it can provide a good start) and adult learning (because it is critical for the continuing development of human capital in the knowledge and information age where change is a permanent feature) become important links in the learning chain alongside initial education and training, from primary school through to tertiary education.

132 Seoul Conference Report, UNEVOC, 1999.

133 UNEVOC has established a centre in Bonn that links a network of international VET specialists, provides an exchange forum for information and good practice, and is a repository for specialist documentation.

In developed economies, the goal of lifelong learning for all is proving difficult to achieve: access to learning remains uneven and unequal. In countries where there are higher levels of illiteracy, large unskilled populations, inadequate financial resources and uncertainty over future economic development poles, tackling skills deficits through adult learning is a much more daunting challenge. It will require priorities to be set and reforms sequenced over the short, medium and longer term. Alongside reforms to initial education and training systems, a dual approach is being adopted to expand the market by addressing the human capital needs of enterprises (particularly of small and medium-sized enterprises) alongside reducing skills deficits through programmes to upgrade the competences and knowledge of people excluded from work (with special provision targeted on the low skilled and other disadvantaged groups), because it contributes to wider economic and poverty reduction strategies. It also fits with bilateral and multilateral aid programmes for stimulating economic development and addressing social inclusion or equality objectives. Adopting this dual approach, together with improvements in initial education and training, will over time begin to close the skills gap as economies grow and employment opportunities increase.

7. INSTITUTION BUILDING IN TEMPUS: A SUCCESS STORY?

7

***Ewa Kolanowska*[134]**

INTRODUCTION

Tempus is an European Community assistance programme[135] primarily supporting cooperation between universities in the EU Member States and the partner countries. Established in 1990, Tempus has developed over the years to involve partner countries in four regions. Ten countries of Central and Eastern Europe (CEE), now called the acceding and candidate countries,[136] were the main beneficiaries of the programme between 1990 and 2001, gradually moving to regular EC cooperation programmes between 1998 and 1999. Those participating in the present Tempus phase (2000 to 2006) include the countries of South Eastern Europe (SEE) and Eastern Europe and Central Asia (EECA) which entered the programme between 1991 and 2000[137], and the Mediterranean countries which joined the programme in 2002.[138] In all four regions, Tempus has been funded as part of overall Community aid programmes: Phare for Central and Eastern Europe, Tacis for the Eastern Europe and Central Asia region, CARDS for South Eastern Europe (since 2000), and MEDA for the Mediterranean countries.

By nature Tempus has always focused on the reform and development of higher education and thus has benefited mainly

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135 Tempus is managed by DG EAC of the European Commission, with technical assistance provided by the ETF. More information about the programme can be found at: http://europa.eu.int/comm/ education/programmes/programmes_en.html, and http://www.etf.eu.int/Tempus.

136 Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

137 Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia; the New Independent States and Mongolia.

138 Morocco, Algeria, Tunisia, Egypt, Israel, Jordan, the Palestinian Authority, Lebanon and Syria.

universities in the partner countries. However, it has also launched special institution building projects which, although involving universities as leading partners, have been designed to develop the capacity of various non-academic institutions and organisations in the partner countries, such as public administration bodies, professional associations and enterprises.

This chapter provides an insight into Tempus institution building projects launched in the candidate countries of Central and Eastern Europe in 1998 and 1999, which were often referred to as "a Tempus success story", and in the countries of South Eastern Europe and Eastern Europe and Central Asia between 2000 and 2002, which are still to be given a label, or to work out their own trademark.[139] It looks at why and how institution building is tackled in Tempus, what has been achieved, which factors seem to have determined the success of the projects, whether institution building stories ended together with Tempus projects or are (likely to be) continued, and what lessons can be learned for the future.

The chapter draws on a recent ETF study reviewing the impact of Tempus projects completed in four candidate countries[140] and on a preliminary analysis of progress reports for ongoing and ending projects in South Eastern Europe and in Eastern Europe and Central Asia.[141] With final outcomes not yet achieved in projects or described in reports, the information available about institution building projects in these regions is more limited. Therefore, while tendencies are already quite apparent, some statements and conclusions should be considered tentative rather than definite or final in any way.

WHY INSTITUTION BUILDING PROJECTS WERE LAUNCHED IN TEMPUS: MORE OR LESS SPECIFIC CHALLENGES IN BROADER CONTEXTS

Institution building projects were specially introduced in 1998 and 1999 (under the Tempus calls for applications for the candidate countries of Central and Eastern Europe) as a response to challenges of EU accession and a resulting general shift in the philosophy underlying the overall Phare Programme. Originally demand-driven, Phare was reoriented in 1997 to support preparations for EU membership in the candidate countries, and since then has focused on institution building and investment related to the Community *acquis*.[142]

Institution building in Phare has been defined as adapting and strengthening democratic institutions, public administration and organisations in the candidate countries that have a responsibility in implementing and enforcing the *acquis*. It therefore involves designing management systems and training civil servants, public officials and professionals in target institutions and organisations.[143] Phare has supported institution building through two main instruments. These include twinning, which involves the secondment of officials from public administrations and semi-public organisations in the EU Member States to their counterparts in the candidate countries, and technical assistance, that is, expert advice, training and other services, provided to public administration bodies by EU consultancy companies.

Institution building projects in the Central and Eastern European candidate countries were introduced into the hitherto 'purely academic' Tempus Programme at the initiative of DG XXII of the European

139 The first institution building projects in the Mediterranean countries were only launched in the academic year 2003/2004, and the CARDS and Tacis projects are still running.

140 Ewa Kolanowska, *From Association towards Accession in the Tempus Programme: an inventory and review of projects in Hungary, Poland, Bulgaria and Romania, 1994-2001*, ETF, 2003, available at: http://www.etf.eu.int/tempus.

141 The study was carried out by the ETF Contract Management Team, Tempus Department, ETF.

142 A body of legislation, rules and action programmes developed at European Community level over the years.

143 See: "Phare's Principal Focus, Institution Building and Public Administration Reform", http://www.europa.eu.int/comm/enlargement/pas/phare/focus.htm

Commission, responsible for education, training and youth.[144] This new Tempus action was seen as a complementary instrument to mainstream Phare activities, providing additional support in view of the enormous training needs related to the requirements of future EU membership. Reflecting the new strategic priorities and the definition of institution building in Phare, Tempus projects were specifically and modestly designed to develop the expertise of various professional groups required for the adoption and implementation of the *acquis* and the pre-accession strategy.

With the candidate countries leaving Tempus in 2000, institution building projects were 'taken over' by the countries of South Eastern Europe (SEE) and Eastern Europe and Central Asia (EECA), although several projects with training courses for non-academic institutions delivered by universities had already been launched under other Tempus actions earlier on, in particular in EECA. However, institution building projects in the SEE and EECA countries were put within broader frameworks of reference for these two regions. For South Eastern Europe the framework has until recently been set by the objectives of the Stability Pact and the Graz Process, the Stabilisation and Association Agreements between the EU and the individual SEE countries (which open the way for their possible future accession), and the CARDS Programme as an EU financial assistance instrument. In this framework, special emphasis is placed on peace, stability, democracy, respect for human rights, economic development and market economy. In Eastern Europe and Central Asia, Tempus institution building projects should, in turn, be in line with the objectives set out in the Partnership and Cooperation Agreements between the EU and the individual EECA countries and the Tacis Programme offering financial assistance. EU actions within this framework aim to promote the development of harmonious and prosperous economic and political links between the EU and the EECA countries as well as the respect for democratic principles and human rights.

Understood more generally as enhancing the capacity of various institutions and organisations, institution building in the SEE and EECA countries has already received, and will continue to receive, support in various forms under the CARDS and Tacis Programmes. CARDS provides funding for institutional and legislative development projects based on technical assistance, and is introducing Phare-like twinning projects. In addition to traditional technical assistance projects, Tacis has launched, for example, a special programme which supports institution building through partnership cooperation between non-governmental organisations, non-profit professional organisations and regional/local authorities from the EU or the Central and Eastern European Phare countries, and their counterparts in EECA.

In this context, Tempus institution building projects for the SEE and EECA countries have been, like in the Central and Eastern European countries under Phare, an action complementing the mainstream CARDS and Tacis activities in this area. However, unlike Tempus Phare projects which served to help the partner countries meet a specific challenge, those in both Tempus CARDS and Tempus Tacis have so far had rather general objectives. They have been designed to develop administrative and institutional structures of the partner countries and to strengthen civil society, democracy and the rule of law through improving the knowledge and updating the skills of staff in non-academic institutions and organisations.

THE APPROACH ADOPTED: ONE ACTION FOR A DOUBLE BENEFIT

Like all other Tempus actions, basic requirements and guidelines for institution building projects are defined in the Guide for Applicants for all countries participating in a given call for applications. Country-specific preferences are described in the so-called national priorities, and additional information and advice are provided during information campaigns for potential applicants. Regardless of the

144 Now Directorate General Education and Culture (DG EAC).

different strategic contexts and wider objectives within these contexts, the general approach to, or concept of, institution building in Tempus has remained the same for Phare, CARDS and Tacis countries. As an education programme, Tempus has obviously focused on the training part of institution building in non-academic sectors. Tempus institution building projects, which lasted two years in the Phare countries, and may last up to three years in the CARDS and Tacis countries, have been designed to offer short courses from one to six months duration to several target groups. These have generally included public authorities at national, regional or local level, other public institutions and social partners, professional associations, and non-governmental organisations – although some partner countries have given priority to one or more professional groups, for example public servants or judges. As a programme addressed primarily to higher education, Tempus has naturally chosen universities to play the role of training providers. However, although provided by 'academia', institution building courses have always aimed to improve the practical knowledge and skills of professionals in target institutions and organisations.

A model project that has been recommended to the Phare countries in the past and to the CARDS and Tacis countries at least in 2000 and 2001, is thus divided into two main stages. The first stage should cover the training (provided by EU institutions) of trainers from a university (or universities) in the partner country, and the development of tailor-made syllabi and materials for courses to be offered to non-academic target institutions and organisations. This could be combined with the establishment of a training unit at a university in the partner country. At the second stage, courses would be delivered to target institutions and organisations either jointly by EU and partner country trainers or simply by trainers from the partner country. As an extra incentive and reward for trainees, Tempus has also offered funds for study visits to EU institutions. Overall, two-stage Tempus projects have been designed to simultaneously develop the expertise or capacity of non-academic target groups as an immediate response to training needs, and the capacity to deliver training in universities as a long-term investment.

Institution building projects are also covered by standard eligibility rules, according to which projects in Tempus are initiated, submitted for funding and implemented by consortia of institutions from the partner countries and EU Member States. As in other types of typical 'academic' Tempus projects which focus on university teaching or management, a consortium submitting an institution building project has always had to include at least one university from one partner country and at least one university and another partner institution (university, enterprise, organisation, ministry or professional association) from two different EU Member States. In other words, although institution building projects should not by nature be 'university-centred' or 'academically-oriented', no special requirements have been introduced as regards the composition of consortia. However, the involvement of non-academic target institutions and organisations as members of a consortium (project partners) in institution building projects has been strongly recommended since the beginning of the Tempus action, either during information campaigns in the Phare countries or in the Guide for Applicants for the CARDS and Tacis countries. In view of the specificity of institution building projects, two other elements have been highlighted for all countries. Firstly, applicants in the Phare countries were strongly advised during information campaigns to envisage an analysis of training needs as the first step in their projects, and those in the CARDS and Tacis are countries have, since the beginning, been required to carry out such an analysis before the submission of a project. Secondly, projects should lead to long-term twinning between universities and non-academic institutions from the partner countries and EU Member States, as well as to envisaging follow-up arrangements. Such aspects have also been underlined in written recommendations made to the CARDS and Tacis projects selected for funding in 2000 and 2001.

HOW IT WORKED IN PRACTICE: FROM PURE INSTITUTION BUILDING TO SOME MISUNDERSTANDINGS

The general profile of Tempus institution building projects varies at least slightly from one region to another. Consortia implementing most of the projects in Tempus Phare were composed of universities from the candidate countries and EU Member States, and non-academic target institutions from the candidate country as well as their counterparts from EU Member States. While all projects in Tempus CARDS do indeed involve non-academic target institutions as partners in addition to universities from the South Eastern Europe, the EU side is represented in approximately half of the projects only by universities. In about half of the projects funded under Tempus Tacis, universities are the only EU partners, non-academic institutions from the EECA countries are not included as consortium members, and/or non-academic target groups for courses are not identified clearly. The dominance of academic partners on the EU side in a fairly large proportion of projects in SEE and EECA is significant insofar as Tempus institution building projects seem to be still 'EU-driven' in the two regions. Thus, the profile of EU partners obviously determines the profile of a project and a training course developed for target institutions. Some reasons which may explain the EU driving force are given below.

In the Phare countries, in which universities held a better position because Tempus offered funds for an analysis of training needs as a part of projects, detailed questionnaire surveys were carried out in a fairly large proportion of projects, and consultations with non-academic partners were held in other projects. Needs of target institutions have also been analysed so far in an overwhelming majority of Tempus CARDS projects. In Tempus Tacis, it is not clear in a number of projects whether or not any analysis was undertaken specifically for the purpose of institution building, or if only general training needs or demand for training in a given area were identified before the development of courses.

Whether or not preceded by a more or less thorough analysis of needs, all Tempus institution building projects have followed or are following a two-stage model, first preparing universities in the partner countries to run courses, and subsequently in the delivery of courses to target groups. However, while non-academic target institutions as a rule played a role in the design of courses in the Central and Eastern European candidate countries and South Eastern Europe, the involvement of target groups has so far been an exception rather than a rule in the EECA countries. Moreover, although several good practice examples do indeed exist, the proportion of activities in a number of Tempus Tacis projects seems to be in favour of preparation within universities rather than the delivery, evaluation and if necessary, modification of courses for target groups. In some cases the preparatory stage is spread over a period of two years and involves the training of a relatively large number of university teachers when compared to the number of those from non-academic target institutions who actually attend courses at the next stage.

What about the types of courses offered by Tempus consortia? With few exceptions of 'academic' Master's degree programmes, for example in Hungary and Romania, an overwhelming majority of Tempus Phare projects delivered short, practically-oriented retraining or staff development courses. These were often modified and integrated into degree programmes for regular university students only towards the end or after the completion of projects. In single cases, courses that were developed in institution building projects under Tempus CARDS and Tacis also turned out to be Bachelor's or Master's degree programmes. However, in a number of projects it is not clear whether the training activities were developed as short tailor-made courses for adult trainees from non-academic institutions or more as a prospective module for regular university students which is temporarily offered to other target groups. It may not be a coincidence that these are the projects where the EU is represented only by universities and/or where training needs were not analysed thoroughly, and/or where target groups were not involved in the design of courses.

Overall, the 'academic bias' and the dominant role of EU partners in a number of projects in South Eastern Europe and Eastern Europe and Central Asia may be explained by several reasons. Firstly, unlike in Tempus Phare where universities in Central and Eastern Europe were at a certain moment also allowed to perform the function of project contractor on behalf of all consortium members, projects in Tempus CARDS and Tacis may only be contracted by EU partners. While this may seem a technical or administrative 'restriction', it very often has an impact on the content of projects. Hence, projects with an EU university as a contractor, and in particular those which do not involve non-academic EU institutions, are not only EU-driven but also academically-driven.

Secondly, universities in the two regions, which have understandably focused so far on internal reforms, clearly need more time to open up to the external environment and to find a place for themselves in projects designed to benefit their environment through their own contribution. Linked to this, precisely because some universities in both SEE and EECA are still (and others are not yet) seeking to define their role in the wider world, it may be rather difficult for them to translate the general priorities of the broader strategic context and the objectives of Tempus institution building (such as the strengthening of civil society, democracy and the rule of law) into specific projects. Universities in the acceding countries initiating their institution building projects were, in a way, in a better position not only because the accession-related objectives appeared more specific, but also because Tempus had for several years already offered support to their first attempts at providing continuing education courses to various non-academic institutions.

Thirdly, the challenges of the broader context may not so far have been sufficiently well-defined for non-academic target institutions either, in particular in the EECA countries, while more specific issues related to the association with the EU and EU accession have already entered Tempus institution building in South Eastern Europe. With often non-existent or changing policy and/or legislative frameworks in the partner countries, some non-academic target institutions may also not yet be ready to define precisely their needs and thus choose to benefit from whatever training is offered to them.

At the same time, as compared to the acceding countries, institution building is at present only one of often many Tempus priorities for the partner countries, and funds for all Tempus projects are limited, in particular in the EECA countries. As a result of this combination, information and promotion campaigns in SEE and EECA are of a more general nature when compared to targeted and more 'directive' campaigns in Central and Eastern Europe.

HOW MUCH WAS ACHIEVED: TRAINING OR TEACHING CAPACITY OF PROVIDERS, KNOW-HOW OF TRAINEES, …AND WHAT ELSE?

The two-track action has indeed brought double benefits. As verified by 'hard evidence', Tempus institution building projects as a whole can take the credit for developing the capacity of universities to deliver courses and know-how in various non-academic institutions and organisations in all partner countries. Some major or minor differences can however be seen between the three regions.

Universities in the partner countries have certainly developed their capacity, although whether this is a teaching or training capacity obviously depends more or less on the academic profile of the individual institution building projects. What does this 'capacity' mean exactly? In the overwhelming majority of participating universities in the Central and Eastern and South Eastern European countries, and a smaller proportion in the Eastern European and Central Asian countries, it means first of all the skills necessary to survey and identify training needs of target groups. All participating universities in all partner countries also have a bigger pool of teachers trained in field-specific issues, the design and delivery of courses, and the development of teaching/training materials.

Although this type of information is available mainly for the acceding countries, teachers from many universities practised interactive and multimedia-based methods as part of their own training and tested them in their courses. In a large proportion of projects in all three regions, the newly-trained teachers/trainers passed a quality control test, receiving positive feedback from their trainees in appraisal questionnaires or in the form of oral comments. All participating universities also upgraded their teaching/training facilities. A fairly large number of them, in particular in the acceding countries, actually set up special training units or what may be called 'centres of expertise' in their projects. Finally, a relatively large proportion of participating universities in all three regions have also recognised the importance of certification, with certificates and diplomas often issued on the basis of formal or informal assessment of 'learning achievements'.

Overall, with units, centres of expertise or teams of trained teachers created at, for example, one third of universities in Poland and more than half of the universities in Bulgaria, Hungary and Romania, Tempus institution building projects established countrywide training 'grids' or networks. In the SEE and EECA countries, these may rather be called 'islands of expertise' as there, the scale of the Tempus institution building action has so far been more limited. This may be explained to some extent by much smaller overall Tempus budgets, partly by the predominance of 'academic' priorities in Tempus and partly by lukewarm interest in institution building projects and thus a smaller number of applications submitted for funding by universities. That institution building may not be as appealing as it was in the acceding countries could in turn be at least partly explained again by fairly general priorities and objectives set out in the strategic contexts and the distance between universities in the SEE and EECA countries and their external environment.

What kind of know-how was developed in non-academic target institutions? This varied between the regions depending not only on the broader context but also the approach adopted in individual projects. In Central and Eastern Europe, officials, professionals and other groups of trainees obviously increased their awareness of general EU-related issues and developed theoretical and practical knowledge required to implement the *acquis* in specific key sectors, such as internal market and competition, environment, agriculture, justice and home affairs. However, with courses in a large number of projects extending beyond the *acquis*, trainees upgraded their field-specific knowledge and skills required for the performance of their regular professional tasks. This covered, for example, policy and strategy development and management of public funds and services, in the case of central and local government officials; accounting and auditing for staff in the finance sector; or food processing technologies for the agricultural sector. Furthermore, in all countries a set of general skills improved through the courses often included human resources management and/or project management and communication skills, and in addition language and computer skills in some countries. In the other two regions the approach to staff development seems for the time being to be slightly more 'selective', although full information about all the courses delivered in projects is not yet available. In South Eastern Europe, some professional groups, including in particular those from the justice and home affairs sector and food experts, developed the knowledge and skills required to adopt the Community *acquis*, while other groups of trainees upgraded their field-specific knowledge, for example in environmental protection. This was combined with the improvement of language and computer skills in only a few projects. However, although the number of trainees completing both language and computer courses appears small in absolute terms, such 'small' target groups not infrequently represent a large proportion of a given profession in a smaller country, as for example in the case of Tempus courses for public administration in Albania. Staff from target non-academic institutions in the EECA countries in most cases extended and upgraded the knowledge and skills related to the area of their professional activity,

with language and computer courses being clearly an exception.

What about the scale of the operation on the non-academic side? Considered as a whole, Tempus institution building projects implemented by universities reached various target groups beyond the national level and big cities. They offered courses not only to central government but also to regional and local authorities, professional associations, enterprises and non-governmental organisations. The numbers of 'Tempus institutions building graduates' also look quite impressive, for example 12,000 in Poland and between 6,000 and 7,000 in Bulgaria, Hungary and Romania, although these would obviously be more meaningful if compared to the size of and demand in all target groups in the countries. While the total final figures for the SEE and EECA countries are not yet available, the scale of the operation seems to be more modest in both regions, and in particular in EECA. This may again be explained by the combination of limited budgets, long lists of Tempus priorities, rather general objectives of this Tempus action and more 'academic' priorities for action within universities.

With a few exceptions in the EECA countries, where the low number of trainees may not justify the investment in the preparatory stage at universities, Tempus institution building projects are also a cost-efficient exercise. The costs involved in Tempus projects are far below those incurred for similar activities in EU-funded and other projects based on technical assistance.[145] This is not only because universities in the partner countries generally have lower rates, but also because their EU partners charge less for their assistance in 'the spirit of cooperation' (and within the cost ceilings adopted) under the Tempus Programme.

Tempus institution building projects also bring some additional benefits or effects. It is not surprising that Tempus projects had a twinning effect when all project partners participated in consortium meetings, activities carried out jointly by EU and partner country institutions and training in, or study visits to, EU Member States organised for institutions from the partner country. However, the extent or structure of twinning arrangements varies between Central and Eastern Europe on the one hand and the SEE and EECA countries on the other.

Projects in Tempus Phare obviously strengthened partnerships between universities in the candidate countries and EU Member States, but they also led to first contacts or closer links between non-academic institutions in the candidate countries and their counterparts in EU Member States involved as project partners. Moreover, rather unexpectedly, institution building projects created close and lasting links within the candidate countries between various universities – which had been somewhat inward-looking for many years – and their non-academic project partners. These Tempus-driven links were formalised in numerous cooperation agreements for the continuation of courses and various other follow-up initiatives, such as the establishment of networks and joint bodies. Although not included in the definition of institution building used in Phare, such cross-sector alliances to pool and optimise resources for regular and new joint actions are frequently referred to as a key element in broader approaches to institution or capacity building.

While Tempus institution building is only a recent phenomenon in the SEE and EECA countries, and any definite conclusions would thus be premature, it seems that the twinning effect there is more often than not limited to lasting partnerships between EU and partner country universities. Obviously, projects involving only universities on the EU side provide non-academic institutions from the partner countries with no or narrow space for building links, even if two or three-day study visits are organised for trainees to non-academic EU institutions which are not members of the consortium. However, some good, although isolated, examples of non-academic partnerships have also been set up as a result of projects implemented by mixed consortia. These include networks bringing together

145 Report on the evaluation of the third phase of Tempus, ECORYS-NEI, 2003.

judges from EU Member States, Albania, Bosnia and Herzegovina, and the former Yugoslav Republic of Macedonia, and publishing organisations from EU Member States and the Russian Federation. In turn, agreements and arrangements for further cooperation between universities and non-academic institutions in the partner countries have so far been made in single cases. This may again be related to the fact that the broader strategic contexts and/or national policy or legislative frameworks do not provide sufficiently strong incentives to universities and/or non-academic institutions, and/or simply that funding would not be available for joint activities after the completion of the Tempus projects.

Finally, it is worth mentioning that Tempus alliances in the acceding countries also produced a wide range of EU or accession-related publications which may be used for various purposes beyond training. These include, for example, studies and reviews of sector legislation in the EU and a particular acceding country, model regional development strategies, and practical guides and manuals for local governments, foreign investors or project managers. Moreover, although as an exception rather than as a rule, Tempus projects in the candidate countries actually led to amendments in national law, for example penitentiary legislation and regulations for local government, and the restructuring of municipalities. This confirms the great potential of 'joint academic and non-academic forces' working for a common cause which, however, could not have been used to the maximum in training-oriented Tempus projects.

So much is revealed by 'hard evidence' collected from project reports. Partly because project coordinators are expected to focus in their reports on tangible and immediate results and because completed projects report on their achievements only two months later, little is known about how these results are translated into broader processes and changes that take a longer time. For example, tracing a direct link between the immediate results of projects in the Central and Eastern European countries and the progress in the adoption and implementation of the *acquis* would certainly be a mission impossible. Similarly, how, if at all, did the know-how developed in Tempus improve the administrative capacity of, or contribute to organisational change in, non-academic target institutions in any partner country as part of the preparations for EU membership or more general transition processes? Apart from increasing awareness, how do Tempus projects in SEE and EECA strengthen civil society, democracy and the rule of law? Project reports cannot give answers to any of these questions, and ex-post evaluation or surveys among non-academic target institutions or trainees has not yet been carried out for institution building projects. With regard to the development of the administrative capacity and institutional change, it would not be surprising if Tempus projects in all partner countries were comparable in this respect to Phare twinning and technical assistance projects. Despite the continuous presence and assistance of EU officials or of consultants (for periods of longer than one year) in an institution in the candidate country, these projects turned out to be weaker in reforming target organisations, and introduced good management practices in only few cases.[146]

WHY SOME ACHIEVED MORE THAN OTHERS: JOINT EFFORT IN AN ENCOURAGING ENVIRONMENT

Regardless of some desirable side effects, in particular in the CEE candidate countries, Tempus institution building projects are basically training projects for target institutions. In reviewing their achievements one may therefore look at why those involved generally learnt a lot, and whether and why some may have been more motivated and learnt or generally benefited more than others. Although the 'hard evidence' available

146 Phare ex-post evaluation of country support implemented from 1997-1998 to 2000-2001, PLS Ramboll & Eureval-C3E, 2003. *Twinning as the main instrument to support institution building in the candidate countries – Special Report*, EC Court of Auditors, 2003.

does not allow any in-depth 'scientific' analysis, it is clear that some Tempus institution building projects were more successful than others. Where more was achieved it seems to have resulted from a combination of external incentives and internal project implementation arrangements.

First of all, Tempus institution building projects offer some 'circumstantial evidence' that a broader context or framework does indeed have an impact on the motivation for learning. The prospect of reaching the promised EU land within a few years and the direct link between the overall goal of accession and current or prospective professional duties of individual trainees, were certainly powerful motivating factors in all projects in the acceding countries. The goal of EU accession may not have been appealing enough to trigger institutional changes, but it certainly encouraged those working in the areas covered by the Community *acquis* to learn about what they were going to join, adopt and implement, and the best way in which to do it. Strong motivation and enthusiasm for 'EU learning' among both university teachers and their students from non-academic institutions in the candidate countries can be easily felt, even through reports which focus more on administrative than on content-related aspects of projects. Although the sample is still rather small, this seems to be confirmed by the projects in South Eastern Europe which focus on various issues related to closer integration with the EU.

A more comprehensive and more structured approach to training and learning in Tempus also seems to have been encouraged by national policy and legislative frameworks. For example, following amendments of the relevant law in 1998, public service employees in Hungary were required to pass a special examination within three years covering general and sector-specific knowledge and skills related to public service as well as EU topics. Tempus training activities in Hungary had in many cases a wider scope – from EU issues, national policies and arrangements, and field-specific knowledge to management, language and computer skills – than for example in Bulgaria, Poland or Romania, where strategies and legislation for the establishment of professional public administration were only being revised or still to be adopted. Also, courses in Hungary more frequently ended with some form of assessment and certificates issued for trainees. While the level of trainees' motivation in individual countries can hardly be measured and compared, career prospects and certificates recognised for the purposes of a future career may have also been an additional incentive for learning. To confirm or question the power of national frameworks as a motivating factor, one should monitor several promising projects more closely which have only recently been launched in some EECA countries and which refer to specific arrangements concerning, for example, the reform of public administration in the Russian Federation or land reform in the Ukraine.

Descending from EU and national levels, one could see that the existence of institutional and/or staff development plans in target non-academic institutions and organisations – together with the approach taken by projects – helped to trigger a desirable chain reaction. Although some may find it surprising, such plans were referred to by a fairly large proportion of target institutions involved in Tempus projects in Central and South Eastern Europe. Where plans existed, the management of target institutions was usually more involved in, and adopted a more structured approach to, the selection of trainees. Selected on the basis of their current and future job descriptions, motivated trainees participated actively in courses and declared that afterwards they actually used the new knowledge and skills in their regular duties. Furthermore, cascade training and other dissemination activities were organised on a wide scale, creating a bigger pool of qualified and motivated staff.

What about approaches adopted in projects? A key success factor was the involvement of target groups in the design of training to be offered by universities. This is one of "go-without-saying" but often also "go-without-doing" principles. The

experience of Tempus confirms that 'doing so' indeed pays off. More was clearly achieved in a large proportion of projects in the Central and South Eastern European countries where a thorough analysis of training needs was carried out on the basis of detailed questionnaire surveys and/or where the content, as well as the methodology of training, were defined jointly by universities and non-academic target institutions as a result of frequent consultations and detailed discussions. Hence, not only the genuine interest of the management of target institutions, high motivation of trainees, their high attendance at and active participation in courses mattered, but also the relevance of training activities and the desirable link between the topics of training, institutional and/or staff development plans (where these existed) and regular tasks of individual trainees. In the acceding countries, it was also mainly in such cases that lasting links were established and formal agreements for further cooperation after the end of Tempus projects were concluded between universities and their non-academic partners, with funds (to be) not infrequently provided by the latter.

It is not surprising either that best results were achieved in the projects, in fact in an overwhelming majority of Tempus projects in the acceding and candidate countries, where theoretical lectures were combined with a 'learning by doing' approach based on active learning methods, for example strategy-making exercises, project work, simulation games, and so on.

Finally, insofar as quantity may be almost as important as quality, it is worth mentioning that some projects attracted a much larger number of trainees from a wider range of target institutions than others, and thus also made more efficient use of assistance funds simply by publicising courses through the national and local media. Moreover, in the acceding and candidate countries, these more enterprising universities also attracted further groups of trainees willing to pay for courses after the completion of Tempus projects.

HOW MUCH DID, AND IS LIKELY TO, REMAIN: A SHORT STORY OR A LASTING SUCCESS?

A larger or smaller number of Tempus institution building stories in all three regions made the headlines in national, regional or local media as part of universities' promotion and recruitment campaigns in projects. Institution building projects in the acceding and candidate countries were given ample space in various national Tempus publications during or towards the end of the programmes for these countries in 2001. However, no trace of Tempus courses could be found in the past or at present in the fairly vast body of literature on institution building in Phare for the acceding and candidate countries, or the more modest publications on institution building in CARDS and Tacis. Although formally a part of Phare, CARDS and Tacis and faithfully following their priorities, Tempus has, in a way, existed as a separate programme. Greater and lesser budgets have been allocated to Tempus, but programming, overall stock-taking exercises and reviews in Phare, CARDS or Tacis have not taken into account what was or is being developed in Tempus institution building and that could be used in further mainstream institution building activities. Thus, for example, Tempus courses in the acceding and candidate countries as part of EU assistance ended with the Tempus Programme, even though training – provided by more expensive EU technical assistants – has continued to be a fairly large component of institution building in Phare. The same scenario seems to be very likely in CARDS and Tacis. The short and secluded life of Tempus courses in the overall assistance programmes, although hardly a fault of Tempus projects, can be included on the debit side of their sustainability account.

A major item on the credit side is the so-called 'local capacity' to deliver courses available in the cross-country networks of universities in the acceding and candidate countries and a number of universities in the SEE and EECA countries. In this way, as assistance projects in the three regions,

Tempus projects have all created a good basis for the sustainability of their outcomes.

Moving beyond the assistance context, Tempus institution building projects as training initiatives may obviously survive in one form or another when supply is matched with demand. Are courses developed in Tempus still on offer after the completion of institution building projects? This question may, for the time being, refer only to the acceding and candidate countries where Tempus projects were completed in 2001. A random search on the Internet through the websites of universities which delivered courses in Tempus projects reveals a mixed picture. A number of training and other units set up in Tempus projects still exist, even under their original European names. Some universities still offer their Tempus courses covering EU-related issues and/or developing professional knowledge and skills as part of further or continuing education programmes, or have developed or included them in full degree programmes for regular students. A few others seem to have disappeared without trace, or at least no discernible link can be seen between the titles or scope of original Tempus courses and those offered at present by universities. A more reliable update could only be made through 'tracer studies', for which, however, funds are not available.

Is there a demand for Tempus institution building courses? While needs are self-evident, only inferences can be made here about demand. In the acceding and candidate countries some courses must have disappeared without trace mainly due to the lack of demand and, most probably, also because of the lack of funding in potential target institutions. On the other hand, the demand for training and thus the long(er) life of Tempus courses seems to be confirmed by numerous cooperation agreements concluded between universities and their non-academic partners. At the same time, the environment in the candidate countries is at least equal to, or even more encouraging than, a couple of years ago. For example, even in the countries which were somewhat lagging behind earlier on, the legislation for civil servants in particular or public employees in general is at present more demanding, and public administration reforms have gained or are gaining momentum. Further incentives are offered by the EU accession context. Despite the progress made, the capacity to implement and enforce the *acquis* remains a major issue in both the first and second-generation candidate countries.[147] Moreover, even beyond the accession date, the European context will continue to provide incentives as EU Member States are expected to regularly adjust their administrative capacity to the evolving needs of the *acquis*, and as the state of play is reviewed periodically by the European Commission. Requirements and expectations on the domestic and European fronts should in principle boost the motivation for learning and the demand for training.

Concluded only in exceptional cases, agreements for the future delivery of courses can hardly serve as an indicator of the demand for training in the SEE and EECA countries. However, needs are growing in broader European contexts which are at present taking a more definite shape for both regions. The more immediate prospect of EU membership is likely to attract more trainees to training courses, including those tested and proven (as well as newly-developed ones) in Tempus in the SEE countries. In EECA, the recent European Commission concept of a Wider Europe,[148] which sets a framework for future closer relations between the EU and, among others, Russia and the Western New Independent States, may sharpen the appetite for the training offered in Tempus which has a strong 'EU ingredient'. Insofar as the partner countries also have a life of their

147 Regular European Commission progress reports assessing the progress towards meeting EU membership criteria in the individual candidate countries, are available at: http://europa.eu.int/comm/enlargement.

148 European Commission Communication, COM (2003) 104 final, 2003 (http://europa.eu.int/comm/external_relations/we/intro).

own outside the European context, more specific requirements for the updating of knowledge and skills are or will be defined by national policy and legislative frameworks which are gradually being put in place, at least in some countries of the two regions.

CONCLUSION: FURTHER EFFORT IN THE INTEREST OF ALL CONCERNED

Are Tempus institution building projects a success story? With no information ever collected about their contribution to the implementation of the *acquis* in the CEE countries or the development of the administrative capacity and institutional structures in the SEE and EECA countries, it would be difficult to assess if and to what extent Tempus institution building projects achieve their wider objectives. However, viewed in a more modest approach as training projects which aim to improve knowledge and skills, Tempus projects in the CEE candidate countries as a whole seem to deserve their 'success story' label. They delivered exactly what they were expected to deliver and some even more so, and created a basis for follow-up action. Nevertheless, at least in a number of cases, it seems to have been a success that did not last long beyond its own time. Insofar as broader contexts are or will become more encouraging, and project arrangements can always be improved, in principle much more could still be achieved in the SEE and EECA countries. Overall, there is room for improvement in terms of both the quality and 'life expectancy' of Tempus institution building courses. Hence, some of the questions and suggestions given below may be relevant for future discussion about institution building initiatives both within Tempus and Tempus training projects in the EU assistance programmes overall.

With their ups and downs so far, are Tempus institution building projects in general a worthwhile exercise? Various arguments in favour have already been mentioned or hinted at above. They are based on a good concept designed to leave behind the local capacity to train as a lasting effect after the temporary presence of EU assistance. If all requirements and recommendations are respected, they do indeed deliver relevant and effective training. With universities scattered across the partner countries, they can reach a wide range of target groups at national, regional and local levels. They are cost-effective. If a structured approach is adopted by consortia, they create or contribute to creating the interface between universities and their external environment or the wider world, the mutual benefits of which no one would probably dare to question at present. Last but not least, at present, they are also the only action of this type funded in the partner countries by the EU, which emphasises lifelong learning in general in its numerous strategic documents and in its sector-specific documents on education and employment, the importance of the interface between higher education and the wider world in particular.

However, to ensure that their potential is used to the maximum, the overall concept and mutual benefits of Tempus institution building would need to be given more space in documents and information campaigns for potential applicants. Moreover, to strengthen the good will of applicants, some tested and proven elements of good practice would need to be introduced as strictly respected requirements rather than recommended arrangements. These include, for example, the involvement of non-academic EU partners in consortia, a thorough analysis of needs involving target groups (which may be more realistically carried out as part of projects), and the involvement of the management of target institutions rather than individual trainees. In order to strengthen the commitment to follow good practice examples in selected projects, a set of 'start-up' written recommendations should ideally be provided to each recently approved institution building project, and even more weight would need to be given to such recommendations in the monitoring of ongoing projects.

Precisely because Tempus institution building projects are, or may also be, interface-building projects, they are in

principle a worthwhile exercise as an action within the Tempus Programme which seeks to reform higher education in the partner countries. However, this would require reconsidering three issues: the relative importance of institution building projects among other, often numerous, priorities and 'academic' priorities, the overall levels of Tempus funding in the partner countries, in particular in EECA, and the amount of funds that may be granted within Tempus for institution building projects. In other words, is it worthwhile in the 'national scale', rather than the cost-effectiveness scale of individual projects, to invest in one or two projects per partner country where courses are organised for 30 or 50 trainees from non-academic institutions? Is it still worthwhile if good practice arrangements are not adopted and no follow-up action is envisaged?

Finally, precisely because they develop the local capacity to deliver training, they are able to reach target groups across the countries and are less expensive than twinning or technical assistance, Tempus institution building projects seem to be worth keeping as an action complementing the mainstream activities under the overall CARDS and Tacis Programmes, and still worth remembering under the Phare Programme. Complementarity (and efficient use of funds) would, however, require more interest and effort on the part of those selecting training providers and would-be beneficiaries who may not be fully aware of how they can benefit. Further promotion of tested and proven Tempus courses through Phare, CARDS and Tacis would also encourage those responsible to include them as a regular item in the training menu for various target groups, in particular central and local government bodies, and thus also improve their 'life expectancy'. Otherwise, although the training capacity in universities is or will be readily available, scarce resources may again be invested to build it from scratch in other institutions or to finance one-off training initiatives which satisfy mainly the immediate needs. At the same time, if the potential of Tempus institution building projects in the overall EU assistance programmes has remained somewhat untapped, suggestions for improvement may also be addressed to universities as training providers, which all too frequently still have a passive rather than a pro-active approach.

In brief, an effort would still need to be made by all concerned. The circle of 'all concerned' for Tempus institution building will soon be larger, as the first-generation acceding countries join the European Union and will then participate in the programme as new EU Member States. As drivers of the tested-and-proven generation of Tempus institution building projects, both universities and various non-academic institutions in the new Member States have a wealth of experience and good practice to share with their counterparts in both SEE and EECA countries. Hopefully, their involvement in new Tempus projects will stimulate dynamism which, together with other desirable changes mentioned earlier, would help to address some of the weaknesses identified in a preliminary analysis of ongoing projects.

8. A COMPARATIVE REVIEW OF EMPLOYMENT AND TRAINING STATISTICS

Alison Kennedy and Mircea Badescu[149]

INTRODUCTION

This chapter presents a comparative review of key employment and training statistics from new and 'old' EU member states, and candidate countries.[150]

Comparing statistical data allows the positioning of acceding and candidate countries both on an EU scale and in comparison to each other. Using the best performing EU Member States or EU-15 averages as the benchmark such a cross-country comparison can be a useful tool in determining a country's situation, identifying major challenges and developing policies for approximation to the EU.

Since 1990 all acceding and candidate countries have undertaken substantial reforms that have led to improvements in their education and training systems and labour markets. These developments need to be seen against the background of overall economic and demographic trends which will be reviewed first, followed by a review of statistics on labour markets, public employment services, continuing training, and initial education and training.

DEMOGRAPHY AND ECONOMY

The 10 new Member States have a total population of about 75 million – equivalent to one-fifth of the population of the 15 EU countries together. The three candidate countries have a combined population of nearly 100 million – or more than one-quarter of the population of the EU-15. However, the purchasing power of their

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150 The new member states or acceding countries comprise Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia, while the current countries with a status of 'candidate' for EU membership are Bulgaria, Romania and Turkey.

combined GDPs is much lower than that of the EU-15 – less than one-tenth of the EU-15's GDP in the case of the 10 new Member States, and less than one-sixth if all 13 countries in question are considered. In 2002 the combined GDP of the new EU

Member States – then called the acceding countries – was €438 billion, and of the 13 acceding plus candidate countries €695 billion (or 5% and 8%, respectively, of the EU-15's GDP of €9,162 billion). In Purchasing Power Standards (PPS), the combined GDP of the 10 acceding countries was an estimated 832 billion PPS and of the 13 candidate countries 1,394 billion PPS (or 9% and 15%, respectively, of the EU-15's GDP).[151]

With the exception of Cyprus and Slovenia, all acceding and candidate countries are economically much poorer than any of the

Table 1: GDP per capita (in PPS € and in €) as a percentage of EU-15 (2002)

	GDP per capita in PPS € as a % of EU-15 [1][2] (%)	GDP per capita in € as a % of EU-15 [1][2] (%)
LU	189	208
IE	125	137
DK	114	142
NL	112	114
AT	112	112
BE	107	105
UK	104	116
FI	103	112
DE	102	106
FR	102	103
IT	102	90
SE	102	119
ES	84	71
PT	68	52
EL	66	54
EU-15	**100**	**100**
SI	74	49
CY	73	63
CZ	60	30
HU	57	29
MT [3]	56	44
SK	48	20
ACC-10	**46**	**25**
EE	42	21
PL	40	22
LT	39	18
LV	35	16
CC-13	**33**	**17**
BG	25	9
RO	25	9
TR	23	12

[1] Source: Statistics in Focus, Theme 2 Number 56/2003 GDP 2002
[2] Source: Statistics in Focus, Theme 2 Number 47/2003 GDP of the candidate countries 2002 (First results)
[3] 2000

151 Source: *Statistics in Focus*, Theme 2 Number 46/2003, Quarterly Accounts – The GDP of the Candidate Countries, Eurostat, European Commission, 2003.

15 Member States. GDP per capita ranges between about 25% of the EU-15 average (Bulgaria, Romania and Turkey) to slightly more than 70% (Czech Republic and Slovenia), when account is taken of the purchasing powers and costs of living in each country (Table 1).

Although the 13 countries are economically considerably poorer, they show impressive growth rates. Since the mid 1990s the economies of most countries have been expanding at faster rates than the EU-15 average, and in all cases (except Bulgaria, the Czech Republic and Romania) faster than many of the better-performing of the 15 EU Member States – although none has matched the dramatic and sustained growth experienced in Ireland (Table 2).

Table 2: Average annual GDP growth rates (%) (1995 to 2003) [1]

	Average 1995-1999 (%)	Average 2000-2003 (%)	Average 1995-2003 (%)
IE	9.8	6.2	8.2
LU	5.5	3.2	4.5
FI	4.4	2.5	3.6
EL	3.0	4.1	3.5
ES	3.5	2.8	3.2
PT	4.0	1.2	2.8
SE	3.2	2.1	2.7
UK	2.9	2.4	2.7
NL	3.6	1.0	2.5
DK	2.7	1.8	2.3
FR	2.3	1.8	2.1
AT	2.4	1.6	2.0
BE	2.5	1.5	2.0
IT	1.9	1.4	1.7
DE	1.6	1.0	1.3
PL	5.7	5.4	5.6
LT	4.7	6.0	5.3
EE	4.4	6.1	5.1
LV	3.6	6.7	5.0
ACC-10	**4.4**	**4.4**	**4.4**
SK	4.6	3.4	4.1
SI	4.4	3.0	3.8
HU	3.3	4.2	3.7
CY	4.0	3.3	3.7
TR	4.0	3.2	3.7
MT	4.5	1.9	3.4
CZ	1.8	2.7	2.2
EU-15	**2.5**	**1.8**	**2.1**
RO	-0.2	4.3	1.8
BG	-1.1	4.7	1.5

[1] Calculated from data published on Eurostat's Structural Indicators Webpage (10.12.03)

LABOUR MARKETS

Labour market developments in recent years have been less encouraging than macro-economic developments would have suggested. Even though labour market activity rates are, in most countries, close to the EU-15 average (only Bulgaria, Hungary, Poland and Romania have noticeably lower rates), in none of the countries are activity rates even approaching those of the best performing Member States (which exceed 75%), whereas in two countries (the Czech Republic and Cyprus), they exceed the EU-15 average (Table 3). However, it should be noted that the labour market activities rates of the countries in question are still well below the levels of the end of the 1980s.

Table 3: Labour market activity rates (% of the population aged 15 to 64) [1]

	1995	1996	1997	1998	1999	2000	2001	2002
DK	80	80	80	80	81	80	80	80
SE	77	77	77	76	77	77	78	78
NL	69	70	72	73	74	75	76	77
UK	75	75	75	75	76	76	76	76
FI	73	73	72	73	74	75	75	75
AT	71	71	71	71	71	71	71	73
PT	68	69	70	71	71	72	72	72
DE	71	70	71	71	71	71	72	72
FR	68	68	68	68	69	69	69	69
IE	62	63	64	66	67	68	68	68
ES	59	60	60	61	62	63	65	66
LU	61	61	62	62	63	64	64	66
BE	62	62	63	64	65	65	64	65
EL	60	61	61	63	63	63	62	63
IT	58	58	58	59	60	60	61	61
CZ				72	72	71	71	71
CY						69	71	71
EU-15	**67**	**67**	**68**	**68**	**69**	**69**	**69**	**70**
LT				72	72	71	70	70
SK				69	70	70	70	70
EE				72	70	70	70	69
EUR-25			**68**	**68**	**68**	**69**	**69**	**69**
LV				70	70	67	68	69
SI			67	68	67	68	68	68
ACC-10			**67**	**67**	**67**	**67**	**66**	**66**
PL			66	66	66	66	66	65
RO			70	69	68	68	67	63
BG						61	62	62
HU			58	59	60	60	60	60

[1] Source: Employment in Europe, 2003 (Data for Malta and Turkey not available)

Even though activity rates are close to EU averages, employment rates are now well below the EU-15 average (except in Cyprus and the Czech Republic, which are above, and Slovenia, which is only marginally below) (Table 4), and unemployment rates are often higher than the better performing 15 EU Member States (Table 5). In most of the countries employment rates are falling (or barely rising). This is in contrast with nearly all EU Member States and is inappropriate for countries experiencing rapid economic growth and which need to increase labour supply in order to consolidate the benefits of such growth. Only in Cyprus and Hungary are employment rates rising noticeably – although in the latter case from a very low initial level (Table 4).

Table 4: Employment rates (% of the population aged 15 to 64) [1]

	1995	1996	1997	1998	1999	2000	2001	2002
DK	73	74	75	75	76	76	76	76
NL	65	66	69	70	72	73	74	74
SE	71	70	70	70	72	73	74	74
UK	69	69	70	71	71	72	72	72
AT	69	68	68	68	69	69	69	69
PT	64	64	66	67	68	68	69	68
FI	62	62	63	65	66	67	68	68
DE	65	64	64	64	65	66	66	65
IE	54	55	58	61	63	65	66	65
LU	59	59	60	61	62	63	63	64
FR	60	60	60	60	61	62	63	63
BE	56	56	57	57	59	61	60	60
ES	47	48	49	51	54	56	58	58
EL	55	55	55	56	55	56	55	57
IT	51	51	51	52	53	54	55	56
CY						66	68	69
CZ				67	66	65	65	65
EU-15	**60**	**60**	**61**	**61**	**63**	**63**	**64**	**64**
SI		62	63	63	62	63	64	63
EUR-25			**61**	**61**	**62**	**62**	**63**	**63**
EE				65	62	60	61	62
LV				60	59	58	59	60
LT				63	64	60	58	60
RO				65	64	63	63	58
SK				61	58	57	57	57
HU		52	52	54	56	56	57	57
ACC-10			**60**	**60**	**59**	**58**	**57**	**56**
MT							54	
PL			59	59	58	55	53	52
TR							51	
BG						50	50	51

[1] Source: Eurostat's Structural Indicators Webpage (10.12.03)

But the issue of greatest concern is the very high – and, until recently, rising – level of unemployment in some countries. In 2002 there were more than five million people unemployed in the new Member States (equivalent to nearly 40% of the unemployed in the EU). The problem is particularly severe in Poland, where the unemployment rate is 20%. Unemployment rates are close to 20% also in the Slovak Republic and have been very high in Estonia and Lithuania, but in all three cases they appear to be declining now (Table 5). In two of the three candidate countries (Bulgaria and Romania) there were a further 1.4 million unemployed in 2002 (equivalent to 10% of the unemployed in the EU-15). In Turkey, where the unemployment rate was around 10% in 2002, estimates for 2003 suggest that as many as 2.8 million people are unemployed.[152]

Table 5: Unemployment rates (% of the labour force aged 15 and over) [1]

	1995	1996	1997	1998	1999	2000	2001	2002
ES	19	18	17	15	13	11	11	11
EL	9	10	10	11	12	11	10	10
FI	15	15	13	11	10	10	9	9
IT	12	12	12	12	11	10	9	9
FR	11	12	12	11	11	9	9	9
DE	8	9	10	9	8	8	8	9
BE	10	10	9	9	9	7	7	7
UK	9	8	7	6	6	5	5	5
PT	7	7	7	5	5	4	4	5
SE	9	10	10	8	7	6	5	5
DK	7	6	5	5	5	4	4	5
IE	12	12	10	8	6	4	4	4
AT	4	4	4	5	4	4	4	4
LU	3	3	3	3	2	2	2	3
NL	7	6	5	4	3	3	3	3
PL			11	10	13	16	19	20
SK					17	19	19	19
BG						16	19	18
ACC-10						**14**	**15**	**15**
LT				12	11	16	16	14
LV				14	14	14	13	13
TR						7	9	10
EE			10	9	11	13	12	10
EU-15	**10**	**10**	**10**	**9**	**9**	**8**	**7**	**8**
MT						7	7	7
CZ				6	9	9	8	7
RO			5	5	6	7	7	7
SI		7	7	7	7	7	6	6
HU		10	9	8	7	6	6	6
CY						5	4	4

[1] Source: Eurostat's Structural Indicators Webpage (10.12.03)

152 *Background Study on Labour Market and Employment in Turkey*, European Training Foundation, 2003, unpublished draft.

Long-term unemployment is also generally more serious in the acceding and candidate countries than in the EU, with long-term unemployment rates (in most cases) rising and now above the EU-15 average – and in some cases (Bulgaria, the Slovak Republic, Latvia, Lithuania and Poland), more than double the EU-15 rate (Table 6). In addition, in most countries (apart from Malta and Poland, which are close to EU-15, and Cyprus and Turkey, which are much lower), there are relatively more long-term unemployed than on average in the EU. The problem is particularly severe in Bulgaria and the Slovak Republic where nearly two-thirds of all unemployed have been out of work for more than one year. Only in Hungary, is there evidence that the problem is being tackled successfully. In this country both the long-term unemployment rate and the proportion of long-term unemployed are falling steadily.

Table 6: Long-term unemployment rate (% of the labour force aged 15 and over) [1]

	1995	1996	1997	1998	1999	2000	2001	2002
IT	7	8	8	7	7	6	6	5
EL	5	5	5	6	6	6	5	5
DE	4	4	5	5	4	4	4	4
ES	11	10	9	8	6	5	4	4
BE	6	6	5	6	5	4	3	4
FR	5	5	5	5	4	4	3	3
FI			5	4	3	3	3	2
PT	3	3	3	2	2	2	2	2
IE	8	7	6	4	3	2	1	1
UK	4	3	3	2	2	2	1	1
SE	2	3	3	3	2	1	1	1
DK	2	2	2	1	1	1	1	1
AT	1	1	1	1	1	1	1	1
LU	1	1	1	1	1	1	1	1
NL	3	3	2	2	1	1	1	1
SK					8	10	11	12
BG						9	12	12
ACC-10						**7**	**8**	**8**
PL			5	5	6	8	9	11
LT				7	5	8	9	7
LV				8	8	8	7	6
EE				4	5	6	6	5
RO			2	2	3	4	3	4
CZ				2	3	4	4	4
SI		3	3	3	3	4	4	3
EU-15	**5**	**5**	**5**	**4**	**4**	**4**	**3**	**3**
MT							3	m
HU		5	5	4	3	3	3	2
TR	3	3	3	3	2	1	2	m
CY						1	1	1

[1] Source: Eurostat's Structural Indicators Webpage (10.12.03)

Rates of youth unemployment are also substantially higher in most countries compared to the EU (Table 7). Only Cyprus, Hungary, Malta and Turkey have youth unemployment rates below the EU-15 average, whilst Bulgaria, Poland and the Slovak Republic have rates well in excess of the poorest performing EU Member States. Despite this, youth unemployment rates are typically about twice those of the adult population as a whole (which is similar to the EU-15 ratios). Furthermore, in 2002 in the Czech Republic, Cyprus, Romania and Slovenia youth unemployment rates were substantially more than double the overall unemployment rates, indicating major problems for school leavers in finding and retaining employment.

Table 7: Youth unemployment rates (% of the labour force aged 15 to 24) [1]

	1995	1996	1997	1998	1999	2000	2001	2002
IT	33	34	34	34	32	31	28	27
EL	29	31	31	30	32	29	28	26
ES	38	37	35	31	26	23	21	22
FI	30	28	25	24	21	21	20	21
FR	27	28	28	26	23	20	19	20
BE	23	22	22	22	23	17	18	18
UK	15	15	14	13	13	12	12	12
SE	19	21	21	16	12	11	11	12
PT	17	17	15	11	9	9	9	12
DE	8	10	10	9	9	9	8	10
LU	7	8	8	7	7	7	7	8
IE	20	18	15	11	8	7	7	8
DK	10	10	8	7	9	7	8	8
AT	6	6	7	6	5	5	6	7
NL	11	11	9	8	7	6	5	5
PL			23	23	30	36	40	42
SK					34	37	39	37
BG						34	38	36
ACC-10						**29**	**31**	**32**
LV				27	23	21	23	25
LT				24	23	29	30	21
RO			16	16	17	17	18	19
EU-25						**18**	**17**	**18**
EE			17	15	22	24	24	18
CZ				13	18	18	17	17
SI		18	17	18	18	16	16	15
EU-15	**20**	**21**	**20**	**19**	**17**	**15**	**15**	**15**
TR [2]		14	14	14	15	13		
HU		19	17	15	13	12	11	12
CY						12	10	10
MT [2]		5	6	7	7	11		

[1] Source: Employment in Europe, 2003 (except Malta and Turkey), Eurostat
[2] Source: Statistical Yearbook on Candidate and South Eastern European Countries, Eurostat, 2001

Differences between the acceding and candidate countries and the EU Member States can also be observed with respect to the labour market situation of women, the low-skilled and disadvantaged or under-represented groups. Whilst women are generally less likely than men to be economically active and are more likely to be unemployed, the disparities between the genders are often narrower than in the EU-15 on average (except in Cyprus, Malta and, to some extent, in Turkey as far as employment is concerned, and in the Czech Republic as far as unemployment is concerned) (Table 8). On the other hand, the low skilled appear to be at an even greater disadvantage than in the EU-15. They are between almost two times (Romania and Slovenia), and more than five times (the Slovak Republic), less likely to be employed than the high skilled. The low skilled are also between about two times (Cyprus, Lithuania and Romania), and more than ten times (the Czech Republic and the Slovak Republic), as likely to be unemployed (Table 9).[153]

Table 8: Labour market activity, employment and unemployment rates by gender

	Labour market activity rates (% of population aged 15-64) [1]			Employment rates (% of population aged 15-64) [2]			Unemployment rates (% of labour force aged 15 and over) [2]		
	2002			2002 [3]			2002		
	F	M	GPI [4]	F	M	GPI [4]	F	M	GPI [4]
SE	76	79	0.95	72	75	0.96	4.6	5.3	0.87
FI	73	77	0.95	66	70	0.95	9.1	9.1	1.00
DK	76	84	0.90	72	80	0.90	4.7	4.4	1.07
FR	63	76	0.83	57	70	0.82	10.0	7.7	1.30
UK	68	83	0.83	65	78	0.84	4.5	5.6	0.80
AT	66	80	0.82	63	76	0.83	4.5	4.1	1.10
DE	64	79	0.82	59	72	0.82	8.4	8.7	0.97
PT	65	80	0.82	61	76	0.80	6.1	4.2	1.45
NL	68	85	0.81	66	82	0.80	3.0	2.5	1.20
BE	56	73	0.77	51	68	0.75	8.2	6.6	1.24
IE	58	79	0.73	55	75	0.74	4.0	4.6	0.87
LU	54	77	0.70	52	76	0.68	3.9	2.1	1.86
ES	53	79	0.67	44	73	0.61	16.4	8.0	2.05
EL	50	77	0.65	43	71	0.60	15.0	6.6	2.27
IT	48	74	0.64	42	69	0.61	12.2	7.0	1.74
LT	66	74	0.89	57	63	0.91	13.4	13.7	0.98
SI	63	73	0.87	59	68	0.86	6.5	5.8	1.12
BG	58	66	0.87	48	54	0.88	17.0	18.5	0.92
EE	64	75	0.86	58	67	0.87	8.9	10.1	0.88
LV	64	74	0.86	57	64	0.88	11.4	13.6	0.84
PL	59	71	0.83	46	57	0.81	20.7	19.0	1.09
SK	63	77	0.82	51	62	0.82	18.9	18.6	1.02
ACC-10	**60**	**72**	**0.82**	**50**	**62**	**0.81**	**15.5**	**14.2**	**1.09**
RO	57	70	0.80	52	64	0.81	6.6	7.3	0.90
CZ	63	79	0.80	57	74	0.77	9.0	6.0	1.50
EUR-25	**61**	**77**	**0.78**						
HU	53	68	0.78	50	64	0.79	5.1	6.0	0.85
EU-15	**61**	**78**	**0.78**	**56**	**73**	**0.76**	**8.7**	**6.9**	**1.26**
CY	62	81	0.76	59	79	0.75	4.9	3.0	1.63
MT				32	76	0.41	9.8	6.4	1.53
TR				27	74	0.36	9.4	10.7	0.88

[1] Source: Employment in Europe, Eurostat, 2003 (Data not available for Malta and Turkey)
[2] Source: Eurostat's Structural Indicators Webpage (10.12.03)
[3] 2001 for MT and TR
[4] Gender Parity Index (GPI) is the female rate divided by the male rate

153 One should also note that, in particular in the larger countries, there are strong regional disparities in terms of economic and labour market performance.

Table 9: Employment and unemployment by level of educational attainment

	Employment rates of 15-64 year olds by level of educational attainment [1] 2002 (% of population aged 15-64)				Unemployment rates of 15-64 year olds by level of educational attainment [1] 2002 (% of labour force aged 15-64)			
	Ratio high:low	Low	Medium	High	Ratio high:low	Low	Medium	High
BE	2.03	41	66	83	0.31	11	7	4
DE	1.90	44	70	83	0.32	14	9	4
IT	1.81	45	65	82	0.52	11	9	6
AT	1.76	48	73	85	0.22	8	5	2
IE	1.76	48	71	85	0.33	7	4	2
FI	1.75	49	73	86	0.21	19	10	4
UK	1.72	51	77	87	0.26	10	5	3
FR	1.70	47	70	79	0.42	13	8	6
LU	1.65	51	69	84	0.36	5	2	2
EL	1.63	49	57	80	0.80	9	13	7
SE	1.48	58	80	86	0.33	8	5	3
ES	1.47	53	58	78	0.70	12	11	9
DK	1.44	60	81	87	0.55	7	4	4
NL	1.41	62	80	87	0.46	4	2	2
PT	1.32	67	65	89	0.83	5	5	4
SK	5.54	16	65	86	0.08	46	18	4
CZ	3.31	26	73	86	0.09	21	6	2
PL	3.30	25	58	82	0.23	28	21	7
EE	3.01	27	67	80	0.24	20	10	5
LT	2.99	26	65	78	0.47	19	16	9
HU	2.80	29	66	82	0.15	12	5	2
BG	2.75	28	59	76	0.27	31	18	8
LV	2.49	32	67	81	0.27	24	13	7
SI	2.07	42	70	86	0.27	9	6	3
RO	1.87	44	64	82	0.54	8	10	4
EUR-25	**1.78**	**47**	**69**	**83**	**0.40**	**12**	**9**	**5**
EU-15	**1.68**	**49**	**71**	**83**	**0.43**	**11**	**7**	**5**
CY	1.68	52	72	87	0.57	4	4	2

[1] Source: Employment in Europe, Eurostat, 2003 (Data for Malta and Turkey are not available)

PUBLIC EMPLOYMENT SERVICES

Public employment services (PES) are generally less developed and resourced than in the EU. Client-staff ratios are usually well in excess of 100. Expenditures on both PES administration (including the training of PES staff) and active labour market measures are well below EU levels. The public expenditure on PES administration is generally around or less than 0.1% of the GDP. Only in the Slovak Republic (with one of the highest unemployment levels) are expenditures on PES administration close to EU levels (at 0.2% of the GDP).

The differences in expenditure on active labour market measures, including training, are generally even greater than on PES administration, especially where unemployment rates are highest. There are only two countries (Estonia and Malta) in which training accounts for 50% or more of their spending on active labour market measures – but both countries devote very small shares of GDP to active measures (less than 0.1%)[154] (Table 10).

Table 10: Public Employment Services: staffing and labour market expenditures (2002)

	Unemployment rates (%)	Client: staff ratio [1]	Public expenditure on labour market policies (as a % of GDP) [2]			
			Total	of which:		
				PES administra-tion	Active Labour Market Measures	Passive Labour Market Measures
EL (1999)	12				0.27	0.65
ES	11		2.41	0.09	0.76	1.56
IT (2001)	10				0.64	0.61
FI	9		3.07	0.12	0.89	2.06
FR (2001)	9		2.94	0.18	1.12	1.64
DE	9		3.33	0.23	0.97	2.13
BE (2001)	6		3.52	0.20	1.08	2.24
SE	5		2.34	0.38	1.03	0.93
UK	5		0.80	0.16	0.22	0.42
AT	5		1.79	0.14	0.40	1.25
DK (2000)	5		4.62	0.12	1.46	3.04
PT (2000)	4		1.51	0.11	0.50	0.90
IE (2001)	4		1.84	0.24	0.90	0.70
NL (2001)	3		3.62	0.26	1.48	1.88
PL (2001)	19	190 [3]	1.19	0.05	0.14	1.00
SK	19	105	0.96	0.16	0.31	0.49
BG (2001)	19	190	1.01	0.10	0.14	0.76
LT (2001)	13	210 [4]	0.35	0.08	0.12	0.15
EE (2000)	13	262	0.24	0.02	0.08	0.14
LV	13	213	0.56	0.12	0.04	0.40
TR	11	1000+				
MT (1999)	7		0.64	0.03	0.05	0.56
CZ	7	93	0.44	0.07	0.10	0.27
RO	7	400-700	0.71	0.04	0.10	0.57
HU	6	156	0.88	0.12	0.39	0.37
SI (2001)	6	125	1.08	0.12	0.36	0.60
CY (2001)	5	195		0.013	0.006	

[1] National data: registered unemployed per PES employee
[2] Sources: OECD's Employment Outlook 2003 for most OECD member countries (except EL, PL), Statistics in Focus, Theme 3 number 12/2002 (EL) and national data for remaining countries. Data for Luxembourg and Turkey are not available
[3] 115,000 unemployed; 15,300 local and 1,100 regional PES employees in 2001
[4] ILO unemployed per PES employee

154 ETF Key Indicators database.

CONTINUING VOCATIONAL TRAINING

Participation by adults in continuing vocational training (CVT) and in lifelong learning is generally at lower levels than in the EU. The latest data from the European Labour Force Survey (LFS) for 2002 suggest that 5% or less of adults aged 25 to 64 participated in education or training in the four weeks prior to being surveyed.[155]

Exceptions are the Czech Republic (6%), Latvia and Slovenia (both 8%) and the Slovak Republic (9%). The EU-15 average is around 9%, but the best performing countries reported more than 18% in 2002 (Table 11). The EU has recently set itself the target of achieving an EU-15 average of at least 15% by 2010, with no country below 10% by that date[156] – which suggests the countries are facing a considerable challenge to reach these levels.

Table 11: Lifelong learning: percentage of the population aged 25 to 64 participating in education or training (1995 to 2002) [1][2]

	1995	1996	1997	1998	1999	2000	2001	2002
UK					19	21	22	22
FI		16	16	16	18	20	19	19
SE		27	25		26	22	18	18
DK	17	18	19	20	20	21	18	18
NL	13	13	13	13	14	16	16	16
IE	4	5	5					8
LU	3	3	3	5		5	5	8
AT	8	8	8		9	8	8	8
BE	3	3	3	4	7	7	7	7
DE		6	5	5	6	5	5	6
ES	4	4	5	4	5	5	5	5
IT	4	4	5	5	6	6	5	5
PT	3	3	4	3	3	3	3	3
FR	3	3	3	3	3	3	3	3
EL	1	1	1	1	1	1	1	1
SK								9
EU-15		**6**	**6**		**8**	**9**	**8**	**9**
LV								8
SI						7	8	
CZ								6
EE			4	6	7	6	5	5
ACC-10							**4**	**5**
MT							5	4
PL							5	4
CY					3	3	3	4
LT					4	3	4	3
HU			3	3	3	3	3	3
BG							2	1
RO			1	1	1	1	1	1

[1] Source: Eurostat's Structural Indicators Webpage (10.12.03) (Data not available for Turkey)
[2] A person is regarded as participating in education or training if they participated in some form of education or training in the four weeks prior to being questioned in the Labour Force Survey (LFS).

155 Eurostat Structural Indicators Webpage.

156 European Commission Communication, COM (2002) 629.

Information from the International Adult Literacy Survey (carried out in two rounds in 1994/95 and 1998/99 and available for some countries only) indicates that those with the lowest levels of educational attainment are least likely to participate in continuing training – whether job-related or not. The differentials tend to be smaller in countries with higher overall participation rates. However, a striking difference between the three new Member States – the Czech Republic, Hungary and Poland, for which data are available – and the 15 Member States is that the differentials are smaller for those participating in job-related continuing training than in other forms, unlike in the 15 EU Member States. This suggests that access to continuing training outside the workplace – especially for the least educated – is more limited than in the 15 EU Member States (Table 12).

Table 12: Adult participation in continuing training by level of educational attainment (selected countries and years) [1][2]

	Year	Participation rates in any continuing training by level of educational attainment (% of population aged 25-64)				Participation rates in job-related continuing training by level of educational attainment (% of population aged 25-64)			
		All levels	Low	Medium	High	All levels	Low	Medium	High
DK	98/99	56	36	59	75	49	29	51	70
FI	2000	55	36	52	76	43	24	41	65
SE	94/95	54	36	58	70				
UK	95/96	45	33	58	75	40	28	52	70
DE	2000	42	16	39	60	29	9	26	43
NL	94/95	36	24	42	52	24	14	27	40
IE	95/96	22	13	30	50	16	9	21	41
IT	98/99	22	9	37	52	16	6	27	46
BE (FL)	95/96	22	9	28	47	14	4	19	33
PT	98/99	13	8	39	55				
SI [3]	98/99	32							
CZ	98/99	27	18	36	49	22	15	29	38
HU	98/99	18	6	17	49	13	5	11	35
PL	94/95	14	6	23	37	11	5	18	27

[1] Source: Education at a Glance 2002, OECD, 2002
[2] A person is regarded as participating in continuing training if they participated in some form of education or training in the twelve months prior to being surveyed in IALS.
[3] Population aged 16 to 65

Evidence from the second Continuing Vocational Training Survey (CVTS2, carried out in 1999; results published in 2001) suggests that levels of continuing training provision for employees in acceding and candidate countries are typically at the levels reported in the 15 EU Member States in 1993 (CVTS1). In 1999, between 11% (Romania) and 69% (the Czech Republic) of enterprises provided some form of continuing training for their employees (in most of the 15 EU Member States at least 70% of enterprises provided some form of continuing training). Only Spain and Portugal were substantially lower and, in fact, lower than most of the new EU Member States and candidate countries, too. In most EU Member States higher proportions of enterprises provided continuing training in the form of courses than in other forms, but amongst the new EU Member States and candidate countries (except the Czech Republic and Romania) the opposite was true (Table 13).

Table 13: Continuing training provision for employees (1993 and 1999) [1]

	Percentage of all [2] enterprises providing:			
	Any continuing training	Any continuing training	Continuing training courses	Other forms of continuing training
	1993	1999 (%)	1999 (%)	1999 (%)
DK	87	96	88	87
SE		91	83	78
NL	56	88	82	70
FI		82	75	72
IE	77	79	56	75
DE	85	75	67	72
AT		72	71	27
LU	60	71	50	65
BE	46	70	48	67
ES	27	36	28	27
PT	13	22	11	20
CZ		69	61	59
EE		63	47	57
LV		53	26	50
SI		48	33	39
LT		43	21	39
PL [3]		39	26	36
HU		37	24	30
BG		28	17	25
RO		11	7	7
MT [4]		59		

[1] Sources: First and Second Continuing Vocational Training Surveys (CVTS1 and 2) (Data not available for Cyprus, the Slovak Republic and Turkey)
[2] Enterprises with 10 or more employees only
[3] Pomorskie region only
[4] National data

However, a slightly different picture emerges when considering the proportions of employees participating in continuing training courses in 1999. Only the Czech Republic (42%) and Slovenia (32%) had participation rates in the mid-range of the Member States. All other countries were at or below the levels reported by the three worst performing of the Member States (Spain at 25%; Portugal at 17% and Greece at 15%). However, the countries with lower participation rates tended to have the longest duration of courses (for example, 41 and 42 hours, respectively, per participant in Lithuania and Romania, compared to 24 to 25 hours in the Czech Republic and Slovenia). Nevertheless, in order to reach the levels of provision in the best performing of the Member States, all of the countries in question would need to raise either participation rates or extend the duration of courses or, in some cases, do both (Table 14).

Table 14: Participation in, and duration of, continuing training courses for employees (1999) [1]

	Percentage of employees participating in continuing training courses:		Average hours in continuing training courses	
	All enterprises (%)	Only enterprises providing continuing training courses (%)	Per employee (all enterprises) (hours)	Per participant (hours)
SE	61	63	18	31
DK	53	55	22	41
FI	50	54	18	36
UK	49	51	13	26
FR	46	51	17	36
BE	41	54	13	31
IE	41	52	17	40
NL	41	44	15	37
LU	36	48	14	39
DE	32	36	9	27
AT	31	35	9	29
ES	25	44	11	42
PT	17	45	7	38
EL	15	34	6	39
CZ	42	49	10	25
SI	32	46	8	24
SK [3]	20			
EE	19	28	6	31
PL [2]	16	33	4	28
BG	13	28	4	35
HU	12	26	5	38
LV	12	25	4	34
LT	10	20	4	41
CY [3]	10			
RO	8	20	3	42
MT[3]				37

[1] Source: Continuing Vocational Training Survey (CVTS2)
[2] Pomorskie region only
[3] National estimates

The costs of continuing training courses for employees in enterprises are at low to moderate levels by comparison with the EU-15. In cash terms, the costs are, of course, much lower than in the EU (about €150-500 per participant in 1999 depending on the country, which is around half or less of the lowest average cost in the EU of approximately €950 in Portugal). However, as a proportion of total labour costs, expenditures are more moderate – although still much below the best performing of the 15 EU Member States (albeit similar to the levels EU Member States were spending in 1993) (Table 15).

Table 15: Costs of continuing training courses for employees (1993 and 1999) [1]

	Costs of continuing training courses for employees as a % of total labour costs of all enterprises		Average costs of continuing training courses	
			Per participant	Per employee (in enterprises providing continuing training courses)
	1993 (%)	1999 (%)	1999 (Euro)	1999 (Euro)
DK	1.3	3.0	2,632	1,437
SE		2.8	1,646	1,041
NL	1.8	2.8	2,076	916
IE	1.5	2.4	1,424	746
FI		2.4	1,530	832
LU	1.3	1.9	1,711	827
BE	1.4	1.6	1,662	892
DE	1.2	1.5	1,696	614
ES	1.0	1.5	1,239	547
AT		1.3	1,184	419
PT	0.7	1.2	964	438
CZ		1.9	240	117
SK [3]		1.9	200	
EE		1.8	428	118
SI		1.3	333	154
HU		1.2	505	132
LV		1.1	324	81
BG		1.0	245	68
PL [2]		0.8	275	91
LT		0.8	243	49
RO		0.5	160	32
CY [4]			397	
MT[4]			205	

[1] Sources: First and Second Continuing Vocational Training Surveys (CVTS1 and 2)
[2] Pomorskie region only
[3] ETF estimates
[4] National estimates

INITIAL EDUCATION AND TRAINING

Compulsory education lasts at least nine years in all countries (except Turkey where it is still eight years) ending at age 15 or 16, in most cases. Some countries have introduced legislation to raise the school leaving age usually by one year, although Hungary has raised the school leaving age to 18 for future generations of school pupils (and Turkey plans to extend compulsory education to 12 years). Participation rates in general education and initial vocational education and training towards the end of compulsory schooling and until the age of 19 are, in most cases, at EU-15 levels. Exceptions are Malta, where participation towards the end of secondary education is at very low levels (with, for example, less than 60% of 16 to 18 year olds still in education – well below the levels in the EU) and in Bulgaria, Romania and the Slovak Republic, where participation rates amongst the over-18s are substantially lower than in most other countries (Table 16).

Table 16: Participation rates in education of young people (2000/01) [1]

	15	16	17	18	19	20	16-18 [1]	15-19 [1]	20-24 [1]
SE	99	97	97	95	43	46	96	86	43
BE	100	98	100	85	73	63	95	91	41
FI	99	96	94	88	48	48	93	85	51
DE	100	100	94	83	64	48	93	89	37
FR	99	97	92	80	66	52	90	87	35
NL	100	99	89	77	64	58	88	86	41
DK	92	90	86	80	66	49	85	83	44
IE	100	93	81	79	51	44	84	81	25
AT	94	92	89	69	43	30	83	77	25
ES	100	94	80	70	60	54	81	80	38
LU [2]	91	84	80	72	52	30	79	76	12
EL [3]	93	94	66	69	m	m	76 [4]	m	m
IT	90	81	75	69	47	36	75	72	27
PT	94	81	74	66	56	47	73	73	33
UK	100	86	74	55	52	47	71	75	32
CZ	100	100	97	86	57	34	94	88	23
LT	100	98	96	85	66	55	94	90	36
SI	99	96	94	81	69	43	90	87	40
PL	96	94	91	81	65	57	88	86	40
EE	98	97	90	74	66	55	87	85	37
LV	97	95	89	73	58	45	86	83	33
EU-15 [3]	**98**	**92**	**84**	**75**	**59**	**49**	**84**	**m**	**m**
HU	91	92	85	73	55	44	83	79	29
SK	99	99	86	57	33	27	80	74	19
BG	89	86	73	48	28	32	69	65	25
RO	93	80	69	57	36	30	69	67	21
CY [2]	92	92	77	31	m	22	68	m	m
MT [2]	100	57	55	59	35	28	57	61	13

[1] Source: Eurostat's New Cronos Database (Data for Turkey are not available)
[2] Most students in higher education from Luxembourg, Cyprus and Malta study abroad and are not included in the participation rates for these countries
[3] 1999/2000 for participation rates by single year of age
[4] ETF estimate

Data on educational attainment levels suggest that, with the exception of Turkey and Malta, all countries perform well at the upper secondary level compared to the EU-15 or OECD averages, but they do generally less well at the tertiary level (Table 17). However, in some cases the figures hide the fact that some of the upper secondary attainment is in low level vocational programmes leading only to relatively narrow labour market skills and giving no direct access to higher levels of education.

Table 17: Educational attainment levels of the population (2000 and 2002)

	Percentage of the population aged 25-64 having attained [1]:				Percentage of 22 year olds having successfully completed upper secondary education [2]
	At most lower secondary education	Upper secondary education	Tertiary education	At least upper secondary education	
	2002	2002	2002	2002	2000
DE	17	61	22	83	79
SE	19	55	26	81	85
DK	20	53	27	80	75
AT	22	61	17	78	86
FI	25	42	32	75	90
NL	32	43	25	68	73
FR	36	41	24	64	84
LU	38	43	19	62	80
BE	40	32	28	60	83
IE	40	35	25	60	81
EL	47	35	18	53	81
IT	56	34	10	44	71
ES	58	17	24	42	69
PT	79	11	9	21	45
OECD [3]	**37**	**41**	**23**	**64**	
CZ	12	76	12	88	91
EE	13	58	30	88	84
SK	14	75	11	86	95
LT	15	41	44	85	78
LV	17	63	20	83	75
ACC-10	**19**	**66**	**15**	**81**	
PL	19	69	12	81	91
SI	23	62	15	77	90
HU	29	57	14	71	85
BG	29	50	21	71	75
RO	29	61	10	71	75
CY	34	37	29	67	83
EU-15	**35**	**43**	**22**	**65**	**76**
TR [3]	76	15	9	24	
MT	82	10	9	18	

[1] Source: Statistics in Focus, Theme 3 numbers 15 and 16/2003 LFS Principal Results 2002 (except Turkey), Eurostat, 2003
[2] Source: Key Data on Education in Europe, 2002 (Data for Malta and Turkey are not available), Eurostat, 2002
[3] Source: Education at a Glance, OECD, 2003

Doubts about the most appropriate interpretation of the figures on educational attainment levels are, to some extent, borne out by the results of some recent international surveys of learning achievement. Four countries (the Czech Republic, Hungary, Poland and Slovenia) participated in the International Adult Literacy Survey (IALS) either in 1994/95 or 1998/99, and four countries (the Czech Republic, Hungary, Latvia and Poland) took part in OECD's Programme for International Student Assessment (PISA) in 2000. Of these countries, only the Czech Republic had results close to (and, in some skill areas, above) the average of participating countries. In Hungary, Poland and Slovenia very high proportions of their populations aged 16 to 65 had low functional literacy skills (at Level 2 or below on a 5 point scale) as measured in IALS – especially for prose and document literacy. Similarly, in both Hungary and Poland nearly 1 in 2 (and in Latvia 3 in 5) of all 15 year olds had low reading literacy skills (at Level 2 or below on a 5 point scale) as measured in PISA. Science literacy skills (and to a lesser extent maths literacy) amongst 15 year olds and quantitative literacy skills amongst adults aged 16 to 65 were slightly better (Tables 18 and 19).

Table 18: Learning achievements of 15 year olds in reading, maths and science literacy (2000) [1]

	Reading literacy		Maths literacy	Science literacy
	Mean score	% of students at Level 2 or below	Mean score	Mean score
FI	546	21	536	538
IE	527	29	503	513
UK	523	32	529	532
SE	516	33	510	512
AT	507	36	515	519
BE	507	36	520	496
FR	505	37	517	500
DK	497	40	514	481
ES	493	42	476	491
IT	487	45	457	478
DE	484	45	490	487
EL	474	50	447	461
PT	470	52	454	459
LU	441	63	446	443
OECD	**500**	**39**	**500**	**500**
CZ	492	42	498	511
HU	480	48	488	496
PL	479	47	470	483
LV	458	57	463	460

[1] Source: OECD Knowledge and Skills for Life (First results from PISA 2000)

Table 19: Literacy skills of adults aged 16 to 65 (1994 to 1998) [1]

	Year	Prose literacy		Document literacy		Quantitative literacy	
		Mean score	% of 16-65 year olds at Level 2 or below	Mean score	% of 16-65 year olds at Level 2 or below	Mean score	% of 16-65 year olds at Level 2 or below
SE	94/95	301	28	306	25	306	25
FI	98/99	289	37	289	37	286	38
NL	94/95	283	41	287	36	288	36
DE	94/95	276	49	285	42	293	33
DK	98/99	275	46	294	32	298	28
BE(FL)	95/96	272	47	278	40	282	40
UK	95/96	267	52	268	50	267	51
IE	94/95	266	52	259	57	265	53
PT	98/99	223	77	220	80	231	72
CZ	98/99	269	54	283	42	298	31
HU	98/99	242	77	249	67	270	52
SI	98/99	230	77	232	73	243	65
PL	94/95	230	77	224	76	235	69

[1] Source: Literacy in the Information Age: Final Report of the International Adult Literacy Survey, OECD, 2000

The school dropout rate is often difficult to measure as so many actions can be regarded as 'dropout'.[157] National figures – available for some countries only – suggest that dropout rates are higher in vocational programmes than general ones and are often of the order of 10-20% or even more. Despite this, the early school leaver rates (the percentage of 18 to 24 year olds who have, at most, lower secondary education and who are not in education or training) are generally lower than the EU-15 average of 19% (Table 20). Exceptions to this are Bulgaria, Latvia, Malta and Romania (although Bulgaria and Latvia are close to the EU-15 average).

157 Leaving a programme before the end; taking time off during a programme; transferring to another programme (whether 'better' or 'worse'); transferring to another institution (whether to the same programme or not); finishing the programme but failing the final examinations; succeeding in the final examinations but not entering the next level of education; and so on.

Table 20: Early school leavers: percentage of the population aged 18 to 24 who have, at most, lower secondary education, and are not in education or training (1995 to 2002) [1][2]

	1995	1996	1997	1998	1999	2000	2001	2002
AT	14	12	11		11	10	10	10
FI		11	8	8	10	9	10	10
SE		8	7		7	8	11	10
BE	15	13	13	15	15	13	14	12
DE		13	13		15	15	13	13
FR	15	15	14	15	15	13	14	13
IE	21	19	19					15
NL		18	16	16	16	16	15	15
DK	6	12	11	10	12	12	17	15
EL	22	21	20	20	18	17	17	16
LU					19	17	18	17
IT	32	31	30	28	27	25	26	24
ES	34	32	30	30	30	29	29	29
PT	41	40	41	47	45	43	44	46
SI						6	8	5
CZ								6
SK								6
PL							8	8
ACC-10							**9**	**8**
HU			18	16	13	14	13	12
EE			18	13	14	14	14	13
CY					15	15	15	14
LT						17	14	14
EU-15		**22**	**21**		**21**	**20**	**19**	**19**
LV								20
BG							20	21
RO			20	19	22	22	21	23
MT							54	53

[1] Source: Eurostat's Structural Indicators Webpage (10.12.03) (Data for Turkey not available)
[2] A person is regarded as participating in education or training if they participated in some form of education or training in the four weeks prior to being questioned in the Labour Force Survey (LFS)

Access to computers and the Internet is increasing rapidly, although there is still some way to go to match EU-15 averages of nine pupils per computer in secondary education or EU targets of one Internet-connected PC per 15 pupils by the end of 2003.[158]

In many cases, public expenditure on education as a percentage of GDP is above the EU-15 average of 4.9%, especially among some of the poorest new EU Member States and candidate countries (Estonia 6.7% in 2000, Latvia 5.9%, Lithuania 5.8%) (Table 21). However, these figures have to be seen against the fact that these countries are economically poorer than the EU and, in order to ensure a certain level of provision, may need to devote a greater proportion of GDP to education. The poorest candidate countries (Romania and Turkey) devote even smaller percentages of GDP to education (in both cases well below 4%).

158 Eurydice, 2001.

Also, most of the countries in question still have little access to private funding for education. Only Cyprus appears to have substantial private contributions (an estimated 1.2% of GDP), although much of this is spent on tertiary education abroad by Cyprus.[159]

When measured as a percentage of GDP, public expenditure on education fluctuated quite widely in many countries during the 1990s, but this probably had more to do with large fluctuations in the level of GDP itself than sharp changes in actual expenditures on education.

Table 21: Public expenditure on education as a percentage of GDP (1995 to 2000) [1]

	1995	1996	1997	1998	1999	2000
DK	7.7	8.1	7.9	8.3	8.1	8.4
SE	7.2	7.4	7.6	7.7	7.5	7.4
FI	6.8	7.0	6.5	6.2	6.2	6.0
FR	6.0	6.0	6.0	6.0	5.9	5.8
AT	6.2	6.0	5.9	5.8	5.9	5.8
PT	5.4	5.5	5.6	5.6	5.7	5.7
BE						5.2
NL	5.1	5.0	4.8	4.8	4.8	4.9
IT	4.9	4.9	4.5	4.7	4.6	4.6
DE	4.6	4.8	4.6	4.7	4.6	4.5
ES	4.7	4.7	4.5	4.5	4.5	4.4
UK	5.0	4.8	4.7	4.6	4.4	4.4
IE	5.5	5.3	5.2	4.9	4.6	4.4
LU	4.3	4.0	4.1			
EL	2.9	3.1	3.4	3.5	3.6	3.8
EE	7.0	7.3	7.1	6.8	7.4	6.7
LV	7.0	5.8	5.7	6.8	6.3	5.9
LT	5.3	5.3	5.5	6.1	6.3	5.8
CY	4.8	5.0	5.7	5.8	5.7	5.6
SI [2]					5.6	
PL	5.5	5.1	5.2	5.4	5.2	5.1
EU-15	**5.2**	**5.2**	**5.0**	**5.1**	**5.0**	**4.9**
MT	5.0	5.3	5.5	5.2	5.1	4.9
ACC-10	**5.3**	**5.0**	**5.0**	**5.0**	**5.0**	**4.9**
HU	5.0	4.5	4.6	4.6	4.7	4.5
CZ	4.9	5.0	4.7	4.2	4.3	4.4
SK	5.0	4.5	4.8	4.5	4.4	4.2
BG	3.4	2.6	2.6	3.2	3.7	4.4
TR	2.4	2.6	2.9	3.2	3.1	3.5
RO	3.3	3.6	3.2	4.4	3.4	2.9

[1] Source: Eurostat's Structural Indicators Webpage (10.12.03)
[2] National estimate
e = Eurostat estimate p = provisional

159 European Commission Staff Working Paper on Progress Towards the Common Objectives in Education and Training, Indicators and Benchmarks SEC (2004) 73.

Another measure of education expenditure is expenditure per student. When considered in these terms, all the 10 new EU Member States are spending less than the EU-15 average both in secondary education and in tertiary education. With the exception of Cyprus, public expenditure per student in secondary education is between approximately one quarter and one half of the equivalent spending in the EU. In tertiary education the situation is little better (Table 22).

Table 22: Public expenditure per student by level of education in PPS € (1999) [1]

	Secondary education	Tertiary education
	(PPS per student)	(PPS per student)
DK	8,700	14,600
UK	8,500	7,600
AT	7,600	12,800
SE	7,000	16,200
FR	6,300	6,700
IT	6,000	5,700
BE	5,700	10,600
FI	5,700	8,800
PT[2]	5,700	
NL	5,400	11,600
DE	4,800	9,900
ES	4,200	4,200
IE	4,000	7,700
EL	2,600	4,200
EU-15	**5,900**	**8,800**
CY	4,700	2,300
CZ	2,800	4,900
EE	2,500	3,000
HU	2,100	4,500
MT	1,900	5,100
SK [3]	1,600	4,800
LV	1,600	1,900
PL [4]	1,400	2,400
LT [3]	1,400	2,200

[1] Source: Key Data on Education in Europe, Eurostat, 2002 (Data for Luxembourg, Bulgaria, Romania, Slovenia and Turkey are not available)
[2] Data on tertiary education in Portugal not available
[3] Secondary figure includes primary education as well
[4] Secondary figure excludes lower secondary education (which is included with primary education)

GENERAL NOTES FOR TABLES

NB: Countries are ranked based on the indicators/values presented in each of the tables. The same applies to the averages of EU-15, EU-25, AC-10, CC-13 or OECD (see below), where available.

EU Member States (EU): BE (Belgium), DK (Denmark), DE (Germany), EL (Greece), ES (Spain), FR (France), IE (Ireland), IT (Italy), LU (Luxembourg), NL (Netherlands), AT (Austria), PT (Portugal), FI (Finland), SE (Sweden), UK (United Kingdom)

New EU Member States/Acceding Countries (AC): Cyprus (CY), the Czech Republic (CZ), Estonia (EE), Hungary (HU), Latvia (LV), Lithuania (LT), Poland (PL), the Slovak Republic (SK), Slovenia (SI)

Candidate Countries (CC): Bulgaria (BG), Romania (RO), Turkey (TR)

Averages:

EU-15: the average of the indicator/values for the 15 EU Member States

EU-25: the average of the indicator/values for the 25 EU Member States (15 Member States plus 10 new Member States

AC-10: the average of the indicator/values for the 10 acceding countries (now the 10 new EU Member States)

CC-13: the average of the indicator/values for the 13 acceding and candidate countries (i.e. the 10 acceding plus the 3 candidate countries)

OECD: the average of the OECD member countries

m: missing data

GLOSSARY OF MAIN DEFINITIONS

ACTIVE POPULATION (also called the LABOUR FORCE) consists of all individuals aged 15 and over in the population who are either EMPLOYED or UNEMPLOYED.

EARLY SCHOOL LEAVERS is a proxy for dropout and comprises all people aged 18 to 24 who have at most lower secondary education (ISCED levels 0-2) and who are not in any form of education or training.

EMPLOYED The employed comprise all persons who, during a specified period (usually one week), did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent. Employees, the self-employed and family workers are all included in this category.

EMPLOYMENT RATE is the number of employed as a percentage of the corresponding age group population.

GROSS DOMESTIC PRODUCT (GDP) refers to the producers' value of the gross outputs of resident producers, including distributive trades and transport, less the value of purchasers' intermediate consumption plus import duties. GDP is expressed in national currency.

INACTIVE refers to people who are neither in employment nor unemployed.

LABOUR FORCE (see definition of ACTIVE POPULATION above).

PARTICIPATION RATE IN EDUCATION/LABOUR MARKET is the number of people who are enrolled in education (or had followed any kind of education during the four weeks preceding the reference week of the Labour Force Survey), or are in the labour force (i.e. employed or unemployed) as a percentage of the corresponding age (or age group) population.

PUBLIC EXPENDITURES ON LABOUR MARKET PROGRAMMES includes only the expenditure targeted on particular labour market groups. *Active labour market programmes* includes all social expenditure (other than education) which is aimed at the improvement of the beneficiaries' prospect of finding gainful employment or to otherwise increase their earnings capacity. This category includes spending on public employment services and administration, labour market training, special programmes for youth when in transition from school to work, labour market programmes to provide or promote employment for the unemployed and other persons (excluding young and the disabled) and special programmes for the disabled. *Passive or income maintenance programmes* in the context of labour market programmes consist of unemployment compensation programmes and programmes for early *retirement* for labour market reasons.

PUBLIC EXPENDITURE ON EDUCATION includes expenditure by all public agencies at local, regional and central levels of government. No distinction is made between the education authorities and other government agencies (i.e. it includes not only central education authorities like the ministries of education but also local/regional authorities such as school inspectorates).

TRAINING, INITIAL TRAINING or RE-TRAINING PROGRAMMES are all oriented towards the specific needs of the labour market or workplace. They can be extremely variable in duration, level and educational content. They should only be included if they take place at least part of the time at an educational institution (for example, a school, college or university). Training programmes, which take place entirely on an employer's premises, should be excluded.

UNEMPLOYED (ILO definition) refers to a person aged 15 and over who is:

- without work, that is, not in employment or self-employment;
- currently available for work, that is, available for employment or self-employment; and
- actively seeking work, that is, has taken specific steps to seek employment or self-employment.

UNEMPLOYMENT RATE is the number of unemployed people as a percentage of the labour force.

VOCATIONAL EDUCATION includes educational programmes which prepare participants for direct entry, without further training, into specific trades or occupations. Such programmes lead to qualifications which are widely recognised in the labour market. Many vocational education and training programmes cannot be easily classified and the contents of a specific ISCED level may differ between countries, and even within countries over time between different age groups. However in many countries the following types of vocational education exists:

- *Vocational with qualification* refers to programmes that lead to a labour market-relevant qualification which does not give access to tertiary education.
- *Vocational education with maturita examination* refers to programmes whose successful completion give access to tertiary education. Such programmes typically lead to the upper secondary general education diploma which gives access to tertiary education (often called the maturita). They may, in addition, lead to a vocational qualification.

YOUTH UNEMPLOYMENT RATIO is the number of youth unemployed (aged 15 to 24) as a percentage of the corresponding age group population.

9. A ROLE FOR ETF: FACILITATING POLICY LEARNING

9

Peter Grootings and Vincent McBride[160]

INTRODUCTION

This final chapter will be devoted to the role of the ETF, as an agency of the EU, in providing assistance to VET reforms in partner countries. The role that the ETF has played in recent years has been one of facilitating access to VET and labour market reform experience to stakeholders in individual partner countries. ETF has facilitated the dialogue between partner countries and the donor community and has itself profited from its involvement in this dialogue for its own expertise development. That role is very much in line with the concepts of knowledge sharing and policy learning developed in the first chapter. The chapter on Learning Matters and others presenting regional reviews, are actually based on a reflection on the role that ETF has played in the past and could play in the future. It will be argued that ETF's future tasks should be more firmly and systematically developed in terms of its policy facilitation role.

The fact that the ETF is an EU agency and as such part of a wider European debate among Member States which all insist on having their own historically developed education systems, has undoubtedly made it sensitive to the importance of national institutional contexts. The readiness to engage in open policy coordination is a clear sign that the need to learn from each other has increasingly replaced competition between national models. The growing interest in EU financed education and training programmes that foster collaboration between education organisations from Member States and mobility of students and teachers is another sign. The Study Visit programme for stakeholders in VET organised annually by Cedefop also testifies to a high level of interest in learning from other countries. However, it is one thing to help countries that are involved in system-wide changes of their VET systems, as is the case for Member States and it is quite another to do so for countries that have to combine

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system-wide with system-deep reforms, as is the case for ETF partner countries. It will be about these differences and their implications for knowledge sharing and policy learning facilitation that this final chapter is about.

INTERNATIONAL ASSISTANCE TO POLICY DEVELOPMENT IN PARTNER COUNTRIES

Policy transfer

The discussion in Chapter 2 of the experiences of the new Member States during the accession period revealed that reform success rests not only in having a set of policy ideas drawn from the best practices of EU Member States.

Policy transfer through following the examples of more successful states is a very common form of policy development. It is natural to consider the policies of other states – especially, when those policies appear to be successful in areas that are lacking in a state undergoing reform.[161]

However, there can be difficulties with policy transfer. Both the exemplary Member State and the reforming partner country may have local features that encourage policies in specific directions, e.g., one state may have a strong tradition of social partnership which enables regular dialogue between stakeholders and government leading to high levels of cooperation in the operation of the VET system; another state may not have this tradition. Similarly one state may have oriented its VET system towards lower secondary education; another may be emphasising post compulsory education as the starting point for VET programmes. Although such states can learn from each other, it is a more open question whether or not they could implement each other's programmes within reasonable periods of time. Nor is it often the purpose that a state simply wishes to import another's education system – more commonly, states seeking to reform their vocational education systems are mainly looking for experiences that can inform their own policy development. It is often more important that the discussion of international practices leads to the creation of new ideas or new strategies in the partner country.

Chapter 1 highlighted that the selection of reform strategies needed to take into account the traditions and contexts of reforming countries as well as their exemplary experiences. The developing capacities of partner countries in the reform process were often influenced by the historical administrative and operational backgrounds of their existing systems. These features could constrain or accelerate the reform process, sometimes creating opportunities and sometimes causing delays.

In terms of the policy transfer between Member States and partner countries, the key challenge appeared to be the introduction of new information and knowledge into a partner country's system in a way that is useable. From the review presented in Chapters 2 to 5 of this Yearbook, it emerged that the long-term viability of a reform strategy was likely only when the local environment of a partner country could create operational strategies to take forward the potential of the reform strategy suggested by Member State practices. The compatibility between the possibilities in the local environment on the one hand and the potential of the reform strategy on the other was a major factor contributing to the likelihood of reform success. In cases where links did not exist, the reform process would often struggle for momentum in the local environment. The EU does provide a rich source of reform options that partner countries can draw on and seek to emulate but the criteria for selecting reform initiatives that address the particular circumstances of partner countries are often unclear. The selection is also inherently risky as the actual and opportune costs of implementation are very high, both for the EU and for partner countries.

161 David Dolowitz and David Marsh, Open University Press, 2000.

A LEARNING PROCESS

It is unusual for policies to fall into place simply by their adoption by governments. Implementation is rarely so mechanical. Usually there is a lag between intention and realisation. The eventual results may only be an approximation of the intention. Individuals and institutions often have to access new information, acquire new resources, develop new skills or make new plans before they are able to align their actions with a new policy. It takes time for this to occur. Operational priorities can be slow to change since existing practices and policies frequently have an advantage over innovations in that established ways of doing things are usually supported by accumulated habits and routines. Innovations, are often faced with the continuation of activities and procedures attached to functions they served in the period before the reform process.

For example, a reform programme sponsored by an international donor may have provided training for stakeholders – unions, employers, and officials from ministries of education and labour - in qualification frameworks. Such frameworks may call for the redevelopment of existing rules for issuing qualifications or the creation of new ones. Whether or not this is acted on in a practical sense depends on how the knowledge of new qualification frameworks will be treated by the stakeholder organisations and how these organisations modify their existing processes and structures in line with the new ideas.

Often it is not only single institutions that need to introduce new ways of doing things, but groups of institutions whose combined interaction is necessary for the overall functioning of the VET system, e.g. ministries co-operate or compete in decision-making; unions and employers co-operate or negotiate over their respective interests; schools respond to central administrations; teaching staff comply with inspectorates. Adjustments in the way these groups interact may differ, e.g. a ministry of education may be more reform oriented than a ministry of labour, but needs its co-operation to make progress on a set of reform initiatives, or both ministries may be reform-oriented but unable to obtain the interest of employers or see no need to co-operate; or similarly, unions may be reform oriented but have limited recognition from employers. Some adjustments may occur at different speeds or reflect differing strategies or complementary or opposing directions.

The process of adjustment to the requirements of a new policy may only be partially coordinated by a government. Governments and ministries may be among a number of players involved in the process of reform and have limited control over policy implementation. For example, the introduction of a new system of accredited workplace learning needs the co-operation of stakeholders in the private and public sectors – even where there are incentives for enterprises to participate, the eventual outcome depends on the different stakeholders involved working together. Without information about the purposes and their expected roles in new policy initiatives, stakeholders important to the reform process are unlikely to be engaged in taking the initiative forward.

Where governments have access to knowledge about particular policy measures, they can advance the reform process by facilitating its distribution amongst stakeholders. But the availability of knowledge, even if widely disseminated, may not be enough. New ideas from Member States are unlikely to contribute to the learning process unless they are widely distributed and shared amongst stakeholders and are used to make practical changes to the way institutions operate.

King and McGrath have reviewed the growing interest since 1996 within development co-operation agencies in knowledge-based aid.[162] The new focus draws heavily on wider arguments about the key role of knowledge in economic success and the role that ICT can play in collecting, storing and disseminating existing knowledge. Agencies have started to look at internal patterns of knowledge

162 King and McGrath, 2004.

use in response to the critique of their effectiveness. External knowledge sharing has become attractive as a way of distancing agencies from the critique of conditionalities while at the same time ensuring that agency positions have influence over partner countries policies.[163] Some agencies even argue that knowledge is the key determinant of development.[164] King and McGrath are generally sceptical about both the internal and external knowledge sharing effects in the agencies that they studied, partly because knowledge-based aid is a rather recent concept and there is in fact little known about its impact on daily practices.[165] They also argue that the issue is perhaps not so much one of knowledge dissemination but of knowledge construction[166] and that knowledge-based aid should perhaps be understood as learning-led development aimed at enhancing local capacities.[167] It is here that our concept of policy learning comes in.

POLICY LEARNING

In a simple sense, policy learning may mean reviewing approaches from one country to decide what is appropriate to another country. It may also mean reviewing internal developments in a country and sorting out what worked from what did not and getting on with that. However, more than in the sphere of policy ideas, learning may also occur in the organisation of the vocational training system where policies are actually being implemented. Successful changes in a system's processes and structures over time - so that after a while a system is able to do new things (or old things in a new way) - is a form of learning. It becomes possible to say that a system has acquired the abilities to do things it could not before. These may include providing training opportunities flexibly, providing opportunities for more actors to influence the policy debate (or have input into the development process) and a host of other examples, such as spending funds more efficiently, or getting a better balance in participation. If one can look at the VET system over time and see such improvements, one can say that the system as a whole has learned and adapted to the policy settings.

Policy learning is a process that occurs through external and internal knowledge development. Learning is external because it draws on knowledge and experience from outside the local context. This provides new information to policy makers about policy options. Learning is also internal or endogenous because new perspectives on the strengths and weaknesses of the partner country's approach to VET develop from the process of applying the reform strategy. The development of knowledge of these strengths and weaknesses among the systems' stakeholders, together with the growth of a collective ability to address them, reflects a process of learning by the institutions involved in the VET system. The extent of the learning will generally be found in the frequency with which stakeholders collaborate with each other in the implementation of the strategy, the use they are making of the materials developed in the reform process and the degree to which there is a shared understanding between the stakeholders of the practical roles that have to be played in completing the reform.

The policy learning concept is in line with recent policy and management thinking. It counters the looseness associated with the provision of technical assistance – the kind of looseness that assumes the rapid adaptation of a system following training and the development of new procedures. By focusing on how institutions co-operate, share information and practice, it brings the historical development of partner countries back into the problem and allows policy development to consider the social and cultural elements of a system, since it is these elements that will influence how

163 King and McGrath, 2004, pp 2-3.

164 World Bank, 2002b.

165 King and McGrath, 2004, p 207.

166 This is the policy adapted by the Swedish International Development Cooperation Agency (Sida)

167 King and McGrath, 2004, pp 208-209.

quickly the system and its institutions can adapt. Similarly, by considering how institutions might or might not adapt, policy learning puts some limits on policy design and helps formalize the thinking that goes on in the field and perhaps the validity of arguments about the best way to reform a system.

The notion of policy learning develops in line with accepted principles of international assistance and may contribute to an analytical framework to help policy advisers understand issues related to VET reforms in transition countries. There is also an impact on the design of assistance programmes. Design and monitoring processes have so far largely ignored the kind of issues implicit in the notion of policy learning. The change management model of technical assistance has so far not sufficiently addressed the influence of institutional learning on the implementation up of new policies.

LINKING DIFFERENT KINDS OF LEARNING

For policy learning to occur the availability of policy relevant knowledge is a necessary but not sufficient condition. It also has to be incorporated in the policies and strategies of the players involved in the reform process. Knowledge development about reform options among stakeholders seeks to encourage two main aims: firstly, the adoption of policy strategies in reforming states that have operational usability with their local institutional base and secondly, the implementation of strategies through ensuring that there is involvement in the local environment and feedback about the suitability of the reform strategy. The overall purpose is to ensure the broad relevance of reform strategies to countries in the expectation that by more closely emphasising local contexts and recognising local institutional capacities, higher levels of ownership will arise.

Clearly, this understanding relies on having more knowledge, both among domestic policy makers and international practitioners of how VET policies work in practice. This understanding means understanding not only what individuals are doing in the context of a reform strategy but also what institutions are doing.

Individuals contribute to a reform programme by acquiring new knowledge and information about the policy. By knowing more they are able to better judge policy options and results – understand their direction and likely successes or failures. It is assumed that improved policy knowledge amongst individuals can be achieved reasonably quickly, e.g., through specific training programmes and study tours. Even if this is so, the sum of the knowledge of individuals is insufficient for ensuring the successful implementation of policy. Individuals apply their knowledge in institutional contexts and these contexts can constrain or amplify the implementation of the reform strategy. Among individuals and groups of individuals, learning may take the form of being able to conceptualise an initiative, e.g., policy makers may be able to discuss emerging international reforms to teacher training strategies and agree a particular approach. Among institutions, the learning involves the adaptation of processes and structures to support the initiative. Both forms of learning are required to create practices that will operationalise the reform initiative.

Without this second element, learning is fragmented and incomplete in the sense that it has been achieved by individuals, but not incorporated into the institutions that are expected to take the reform initiatives forward. This involves additional effort.

For knowledge to be considered incorporated it must inform institutional decision-making and guide operational processes. This means reconfiguring existing priorities, procedures and resource allocations to produce actions that sustain the goals of the reform strategy.

The suitability of the priorities, resource allocations, and procedures to the local context depends on communication and feedback between the users of the reform strategy and its initiators. As the feedback and communication between stakeholders

matures, it generates new practices and a shared knowledge about what works in the partner country. Achieving this is the completion of the learning cycle between individuals and institutions and for the most part it is achieved in the partner country by local policy makers and stakeholders.

Policy learning partnerships

The process of policy learning involves generating this shared understanding in the local context by organising and guiding reflections among individuals and institutions. The objective is to support the development of collaborative knowledge building processes that can shape or respond to both local and international developments.

The engagement of stakeholders in policy dialogues in which the operational implications of a reform initiative are evaluated in the context of the current institutional framework of a country is a critical source of feedback on the appropriateness of a change strategy. Such feedback can reveal the extent of alignments between the institutional framework and the policies being followed. Dialogues themselves are important policy learning activities not only in terms of the content of the eventual policy agreements that might arise but also in terms of the process of interactions between stakeholders on policy discussions. These interactions establish patterns of institutional behaviour that build ownership over policy options and promote capacity building in the country in policy development. Such interactions can lead to policy learning partnerships between the stakeholders where there is a growing experience of knowledge sharing about reform options.

Over time such partnerships enable stakeholders to develop new knowledge about what options work best in the local environment. In this respect, partner countries and the EU will become less likely to be involved in reform strategies that are not tailored to the needs of the local institutional framework of the partner country.

The approach rests on widening the circles of participation away from small groups of experts towards broader groups of stakeholders. Policy learning enlarges the perspective of the reform process from project based technical initiatives such as curriculum development, teacher training, equipment purchasing and occupational standards, etc. These provide inputs to reform but they are unlikely to generate systemic reform processes on their own. Policy learning seeks to connect these inputs with the social and policy infrastructure that is expected to implement the reform. It stresses the usefulness of the products emerging from the reform initiatives in the local context. In this respect some of the inertia, which traditionally constrains reform, will be reduced.

The need for participation and to connect related stakeholders is often underrated in project-based technical assistance programmes in which the change management model largely comprises a steering group consisting of ministry officials and a design team consisting of international experts together with some local consultants.

Such models generally leave the distribution of knowledge developed in the project until the end of its work. The broader distribution of knowledge being developed during the project and its likely relevance to local stakeholders is often overlooked. This often puts the reforming government – but more often those that have been directly engaged in an assistance project - in the position of defending the work that has been undertaken or of having to promote it to groups that were only marginally attached to the development process and who may question the usability of the reform products. In such a situation the integration of new knowledge into operational practices is difficult. For integration to take place in a manner in which it becomes embedded in the local environment, reform strategies need to be promoted by change management models that seek to develop co-operative strategies between stakeholders and users, including the

institutions that are enabling or constraining the reform process.

SOURCES OF LEARNING

Much of the focus of policy transfer to ETF partner countries has been in terms of what can be learned from Member States. While this is appropriate, it overlooks other useful opportunities. Many partner countries have been participating in reform programmes for several years – some for over a decade – and to a greater or lesser degree, these countries have acquired a great deal of experience in what is most suitable to their context. This experience provides a valuable source of information that can be used to assist in the design of reform strategies. Similarly, partner countries can also look to the experience of other partner countries when considering reform options.

These experiences are important indicators of how well a strategy or policy can be transferred from one country to another or how a policy strategy can be modified to suit a local context.

The search for policy experience to guide policy practice can also draw on experimentation as a useful source of developing new knowledge about local contexts. Experimentation increases the variety of initiatives being pursued in reform processes. Initiatives that are experimental provide valuable insights into what succeeds or fails and can offer information on the capacities of local contexts to respond to new approaches.

Experimentation also provides the opportunity to link local initiatives to broader national initiatives by testing an option at a local level before scaling it up to a national level.

In a partner country context, initiatives such as twinning can enable the practices of a Member State to be selectively introduced in a simple manner. At the local level stakeholders can become involved in initiatives, which provide information useful to the implementation of broader strategies. Such approaches also offer opportunities to trial modifications to strategies that were considered ‘best practice’ in other contexts. This could enhance the possibility of a greater fitness between the best practice context and the local context. There is often the danger that a particular strategy will be adopted in a country before its ramifications have been fully tested.

Facilitating policy learning

Learning can only become the ability to do new things when it has had been considered and identified by stakeholders as a practical way of achieving their objectives. In this respect the interpretation of the viability of strategies and reform options is vital. Interpretation results from processes that enable a range of opinions to be considered and incorporated into the advice on policy strategies. From this governments will be able to make decisions that are informed by the viability of ideas in the local context. The result is to bring design and implementation processes closer together. This is particularly important in countries where there are several international donor programmes operating and where governments may be presented with potentially conflicting approaches. Collaboration between stakeholders offers the potential to create synergies between reform options instead of a loss of momentum through confusion and apparent incompatibilities. Through such approaches the learning process can be accelerated, decisions verified more easily, institional conflict diminished, and the nuances of particular organizational issues understood.

Facilitating policy learning encourages processes that share information, bring groups together and provide opportunities for those involved to provide their opinions and enable a choice between viable options. Broader perspectives bring new knowledge and understanding. Such processes need to be flexible to be applicable to many different countries and diverse enough to cover a very wide range of learning needs. In addition, the process must allow the participants to develop their own pathways to informed decision-making.

Over the years, the ETF has been working in co-operation with its partner countries towards a set of instruments aimed at facilitating knowledge sharing. In some cases the instruments are aimed at awareness raising (e.g., seminars, peer reviews), that aims to give feedback on progress made towards implementation. To be instruments that facilitate learning, the processes must be adaptable to specific contexts.

The instruments which include such techniques as study tours, seminars, development projects and peer reviews need to be re-invented from technical assistance processes into collaborative mechanisms designed to create knowledge and develop understanding among local stakeholders on their capacities and possibilities of reform. By combining a range of approaches, the ETF can facilitate policy learning strategies in its partner countries, for example, by dealing with institutional change in the context of developing an adult learning strategy, the ETF may assist a partner country by undertaking:

- A peer review on adult learning practices:
  - to provide insight on what is currently happening, and
  - to provide feedback to the country on the effectiveness of its institutional practices in this area;
- A study tour for key individuals involved in the decision making process for adult learning policies;
- A structured dialogue between regulatory institutions on key changes that could be made;
- The drafting of terms of reference for the European Commission for a project in the country;
- The preparation of a thematic monograph or a case study.

The instruments can also be designed to bring several countries together at once to share their experiences. This use of instruments does not aim to prescribe a particular approach but rather seeks to develop the countries own understanding as an aid to their own decision-making process.

There is no single model that results from this process. The process encourages the development of knowledge about reform strategies in the countries themselves. As such the focus is as much on intra-national learning as on learning about developments in other countries. Such learning could assist partner countries develop regional strategies based on better local knowledge of why an initiative works in one area of the country but not another.

ETF AS A POLICY LEARNING FACILITATOR

The case for country-specific approaches in assistance to VET reform is firmly based on acknowledging the relevance of partner countries' own institutional and policy-making contexts. For the ETF, as an EU agency, the scope of its assistance to VET reforms in partner countries is also defined by the nature of the cooperation agreements concluded between the European Union and individual partner countries and more specifically by the objectives and priorities of the cooperation and /or assistance programmes that are part of these agreements.

ETF partner countries receive assistance from four different EU Programmes: Phare, CARDS, Tacis and MEDA, and all have their own particular set of objectives and priorities for the provision of assistance to vocational training reform. The overall objectives of these programmes differ considerably (ranging from partnership to accession preparation) and VET reform is not regarded as a priority in all of them. Moreover, even when VET reform is prioritised, budgets available differ enormously among the programmes creating widely different conditions and constraints for developing assistance with effective and sustainable impact. The four programmes also differ in the extent to which they seek to combine EU foreign policy issues, on the one hand, and EU VET policies, on the other. This creates very different starting points for the support that ETF can provide to each of its partner countries.

While assistance programmes are different, it is increasingly being recognised that countries receiving assistance from different programmes may well learn from each other. In terms of EU accession preparation, for example, South Eastern European countries are now expected to profit from experiences made earlier by the acceding and candidate countries. The countries receiving assistance from the MEDA Programme are interesting in another respect. For many years they have received support from the EU development aid schemes. This history still colours much of the current VET reform assistance (and could be regarded as an important context specific characteristic), but the inclusion of the region in a Wider Europe and new neighbourhood policy will have implications for the scope and nature of EU VET reforms to these countries. These implications may bring the nature of VET reform assistance to Mediterranean countries closer to the experience of the acceding and candidate countries and those of South Eastern Europe. Eastern European and Central Asian countries involved in the new neighbourhood policy may find themselves in a similar position. It will be important to clearly analyse what exactly can be learned from one programme for another, and hence which experience can and should be transferred from one country to another.

The overall objectives for EU foreign policy are constantly developing and the same is of course true for EU VET policy. While the development of VET as part of lifelong learning has become one of the top priorities within the European Union since the Lisbon summit, the enlargement of the EU in 2004 prompted the Commission to review its relations to its neighbours in the East and the South that do not have the perspective of EU membership.[168] The Commission suggests that all the neighbouring countries of the Wider Europe should be offered the prospect of a stake in the EU internal market and further integration and liberalisation to promote the free movement of people, goods, services and capital. This would bring these countries as close to the EU as they can come without being actual members. The Commission is keen to avoid the impression that it is creating new dividing lines in and outside Europe, which has been a major concern of countries that are not included in the enlargement process and of the international donor community.

It is also reviewing its relations with countries that are not distant neighbours in a Wider Europe. This group would include the developing countries and the countries of the Caucasus and Central Asia. The latter have been ETF partner countries for a long period as countries covered by the Tacis Programme, and may therefore acquire a fundamentally new status. EU relations with non-neighbours remain principally governed by the Commission's international commitments for development aid, such as the Millennium Goals for Development and the Six Dakar Goals for Education for All as agreed at the International Education Forum in 2000. Both processes may well imply considerable changes for the ETF's working relationship with some of its current partner countries. They may also create opportunities for developing relations with new countries.

For certain countries, the European Union has its own particular agenda and the closer these countries are to a Wider Europe the more specific and relevant the EU internal policy agenda will be. However, and not surprisingly, given the fact that EU Member States are also covered by international organisations, there is considerable overlap between EU internal policy in the field of education and work and the policy agendas of the main international organisations concerned with education and employment such as UNESCO, ILO, OECD and the World Bank. While using a different vocabulary there appears to be a growing shared understanding of major issues, such as the need for lifelong learning or education for all. Chapter 7 provides an overview of this international debate. Cooperation between the Commission and the international organisations has increased considerably over recent years also as a consequence of a general concern for complementary action and donor coordination in the field of

168 Commission of the European Communities, 2003.

development aid and assistance to countries in transition. It can perhaps be argued that cooperation has been strongest in countries that fall outside the group of Wider Europe and its neighbours.

From the experience with VET reforms so far, it is clear that there are differences between the approaches of the EU and other international organisations. ETF sometimes finds itself in the middle of such differences, and the closer the cooperation the clearer the differences often become. Differences do not so much concern the fundamental WHY and WHAT questions and priorities such as development of a market based economy, political democracy, poverty reduction and education for all, as these are generally agreed at the supra international level. Differences rather concern the approach to be taken and in particular the more strategic and operational WHAT and HOW questions of assistance projects as these are framed by the specific priorities and implementation procedures of the relevant EU programmes. It is at this level that decisions are taken – and opinions sometimes differ – as to:

- Whether vocational education and training reform is to be included as one of the priorities for assistance;
- Which objectives are given to VET reform assistance;
- Whether VET reform assistance is provided as such or as an aspect of other reform priorities, such as wider education reform, labour market reform, private sector development, human resource development, informal sector support or social protection;
- Which aspects of vocational education and training will receive assistance – will it be the formal state governed system or the market of private training providers, training for the formal or for the informal sector, initial VET or continuing training and retraining?; and
- Which approaches and strategies for VET reform assistance are to be followed: curriculum reform, external assessment, financing, management reform, social partnership or the role of employers and private training providers?

The ETF's future role in providing assistance to partner countries is framed by developments in EU external relations policies on the one hand and EU VET and employment policies, on the other, both of which are under constant change and development. In operational terms, the ETF's role is structured by its changing contribution to the project cycle of EU programmes and in particular by a shift towards contributing to project identification, formulation and monitoring and by the policy analysis and policy assessment work that is needed for that. More recently, the ETF has also increasingly become a guarantee for reform continuity through its capacity to prepare, design, bridge and assess EU assistance and through its direct involvement in EU project identification and design on the ground.

These contributions have largely resulted from changing requests for ETF services from the European Commission and have required further internal expertise development. They have also required new and intensive forms of co-operation with Commission Services (both in Brussels and in the partner countries) as well as with the international donor and professional community engaged in VET reforms. The new roles have above all led to an intensification of policy advice to and cooperation in policy analysis with stakeholders in partner countries. This in turn has prepared the ground for new initiatives by the ETF such as the peer reviews of VET reforms in South Eastern Europe or close cooperation with local stakeholders in the preparation of project implementation in South Eastern European and Mediterranean countries. It may lead to a role for the ETF in the qualitative monitoring of project implementation as already requested by several of its partner countries. The need for greater facilitation of institutional learning is suggested by the suite of new Community programmes being promoted for the period after 2006. These programmes foresee a much stronger role for the development of systems that address lifelong learning rather than approaches based on individual sectors of education, such as VET or higher education. Such a focus will result in

the need for closer collaboration between the stakeholders associated with each sector.

Assuming that this particular role is accepted by its principal stakeholders at the European Commission and in the partner countries, the ETF should further develop its capacities to facilitate reform policy learning processes. More particularly, the ETF will have to invest in the following areas of expertise:

- Understanding the historical and institutional context for VET in the partner countries, in particular with respect to the relationship between vocational education and training and the education and employment systems;
- Understanding the principal factors that contribute to successes and failures of national VET reforms, including the role of international assistance;
- Understanding the policy learning potentials of VET reform experiences from one country or region for others;
- Understanding the learning potential of particular (donor funded or not) implementation strategies for stakeholders at all levels in the VET system.

STATISTICAL ANNEX

Basic demographic data on ETF partner countries: 1990 to latest year

Region	Total population (millions)			Annual population growth rate (%)			Age dependency ratio (%)			Adult illiteracy rate (%)	
	1990 [1]	latest year [2]		1990 [1]	latest year [2]		1990 [1]	latest year [3]		1990 [1]	2000 [1]
Candidate countries	**163.2**	**174.1**									
Cyprus	0.7	0.8	[7]	1.5	1.5	[6]	0.58	0.52	[1][4]	5.7	2.9
Malta	0.4	0.4	[7]	0.8	0.7	[6]	0.51	0.47	[1][4]	11.6	8.0
Estonia	1.6	1.4	[7]	-0.4	-0.4	[6]	0.51	0.47	[5]	0.2	0.2
Latvia	2.7	2.3	[7]	-0.5	-0.6	[6]	0.50	0.46	[5]	0.2	0.2
Lithuania	3.7	3.5	[7]	0.8	-0.4	[6]	0.51	0.48	[5]	0.7	0.4
Czech Republic	10.4	10.2	[7]	0.0	-0.03	[6]	0.51	0.43	[5]	m	m
Hungary	10.4	10.2	[7]	-0.3	-0.2	[6]	0.51	0.46	[5]	0.9	0.7
Poland	38.1	38.2	[7]	0.4	-0.1	[6]	0.54	0.45	[5]	0.4	0.3
Slovak Republic	5.3	5.4	[7]	-0.3	0.0	[6]	0.55	0.44	[5]	m	m
Slovenia	2.0	2.0	[7]	-0.1	0.1	[6]	0.44	0.43	[5]	0.4	0.4
Bulgaria	8.7	7.8	[7]	-1.8	-0.6	[6]	0.50	0.46	[5]	2.8	1.6
Romania	23.2	21.8	[7]	0.2	-0.3	[6]	0.51	0.45	[5]	2.9	1.9
Turkey	56.1	70.2	[6]	2.2	1.6	[6]	0.65	0.52	[5]	22.1	15.0
South Eastern Europe	**24.9**	**24.4**									
Albania	3.3	3.4	[4]	1.2	0.8	[5]	0.62	0.55	[5]	23.0	15.3
Bosnia and Herzegovina	4.5	3.8	[6]	0.2	2.6	[1][4]	0.43	0.40	[5]	m	m
Croatia	4.8	4.5	[4]	0.1	0.3	[5]	0.47	0.47	[5]	3.1	1.7
FYR Macedonia	1.9	2.0	[6]	-4.9	0.4	[5]	0.50	0.48	[5]	m	m
Serbia and Montenegro	10.5	10.7	[7][9]	0.5	0.1	[6][9]	0.49	0.51	[5]	m	m
Kosovo	m	m		m	m		m	m		m	m
Montenegro	m	m		m	m		m	m		m	m
Serbia	m	m		m	m		m	m		m	m

Region	Total population (millions)			Annual population growth rate (%)				Age dependency ratio (%)			Adult illiteracy rate (%)	
	1990 [1]	latest year [2]		1990 [1]		latest year [2]		1990 [1]	latest year [3]		1990 [1]	2000 [1]
Eastern Europe & Central Asia	**281.0**	**277.8**										
Belarus	10.2	9.9	[7]	0.2		-0.5	[6]	0.51	0.46	[5]	0.5	0.3
Moldova	4.4	3.6	[7]	0.3		-0.3	[6]	0.57	0.49	[5]	2.5	1.1
Russian Federation	148.3	144.0	[6]	0.4		-0.6	[5]	0.49	0.43	[5]	0.8	0.4
Ukraine	51.9	49.0	[5]	0.2		-0.9	[5]	0.50	0.46	[5]	0.6	0.4
Armenia	3.5	3.2	[7]	1.8		-0.1	[6]	0.56	0.48	[5]	2.5	1.6
Azerbaijan	7.2	8.2	[7]	1.0		0.8	[6]	0.61	0.55	[5]	m	m
Georgia	5.5	3.9	[5]	0.2		-3.1	[4]	0.51	0.50	[5]	m	m
Kazakhstan	16.3	14.9	[1][4]	0.1		-0.4	[1][4]	0.60	0.51	[5]	1.2	0.6
Kyrgyzstan	4.4	4.9	[1][4]	1.5		1.0	[1][4]	0.74	0.65	[5]	m	m
Tajikistan	5.3	6.2	[1][4]	2.4		0.2	[1][4]	0.89	0.75	[5]	1.8	0.8
Turkmenistan	3.7	5.2	[1][4]	2.5		2.0	[1][4]	0.79	0.69	[5]	m	m
Uzbekistan	20.5	24.8	[1][4]	2.0		1.4	[1][4]	0.82	0.69	[5]	1.3	0.8
Mediterranean countries	**135.2**	**167.2**										
Algeria	25.0	30.4	[1][4]	2.6		1.5	[1][4]	0.84	0.65	[5]	47.1	33.3
Morocco	24.0	28.7	[1][4]	2.0		1.6	[5]	0.74	0.62	[5]	61.3	51.2
Tunisia	8.2	9.6	[1][4]	2.4		1.1	[5]	0.72	0.53	[5]	40.9	29.0
Egypt	52.4	64.0	[1][4]	2.3		2.0	[5]	0.78	0.64	[5]	52.9	44.7
Israel	4.7	6.2	[1][4]	3.1		2.2	[5]	0.68	0.60	[5]	8.6	5.2
Jordan	3.2	4.9	[1][4]	3.7		2.8	[5]	1.00	0.70	[5]	18.5	10.2
Lebanon	3.6	4.3	[1][4]	2.0		1.3	[5]	0.67	0.60	[5]	19.7	14.0
The Palestinian Authority	2.0	3.0	[1][4]	3.9	[8]	5.3	[5]	m	1.00	[5]	m	m
Syria	12.1	16.2	[1][4]	3.3		2.5	[5]	1.02	0.76	[5]	35.2	25.6

m = data missing or not avaiable
[1] Source: World Development Indicators 2002 CD-Rom (World Bank)
[2] Source: Statistics in Focus, Theme 3 Demographic Results (Eurostat)
[3] Source: World Development Inicators 2003 (World Bank)
[4] 2000 [5] 2001 [6] 2002 [7] 2003 [8] 1991 [9] Serbia and Montenegro only

Basic economic data on ETF partner countries: 1990 to latest year

Region	GDP per capita		Index of GDP (at constant prices)		Average annual GDP growth rate			Average annual growth in output (1990 to 2001)				
	PPP US$	PPP US$	(1990=100)		(%)			(%)				
	1990 [1]	2001 [1]	1995 [2]	2000 [2]	1991 to 1995 [2]	1996 to 2000 [2]	2001 to 2003 [3]	GDP [1]	agriculture [1]	industry [1]	manu-facturing [1]	services [1]
Candidate countries												
Cyprus	12.280	21.190	125	150	4.5	0.9	2.7	m	m	m	m	m
Malta	6.910	13.160	131	160	5.5	1.8	1.4	m	m	m	m	m
Estonia	7.650	10.170	68	86	-7.0	2.9	5.8	0.2	-2.8	-1.9	3.4	2.2
Latvia	8.440	7.730	50	62	-12.1	2.4	6.5	-2.2	-5.9	-6.7	-6.2	3.1
Lithuania	8.980	8.470	58	68	-9.9	2.4	5.9	-2.2	-0.3	2.8	4.4	4.3
The Czech Republic	m	14.720	95	100	-0.8	0.7	2.6	1.2	3.5	-0.3	m	2.0
Hungary	9.080	12.340	89	108	-2.2	1.2	3.6	1.9	-2.2	3.8	7.9	1.4
Poland	5.760	9.450	111	143	2.3	2.6	1.7	4.5	-0.2	4.2	7.1	4.2
The Slovak Republic	9.310	11.960	86	105	-2.7	2.5	3.8	2.1	1.6	-2.1	4.3	5.6
Slovenia	m	17.130	97	120	-0.4	1.6	3.2	2.9	-0.1	2.9	4.0	3.9
Bulgaria	6.370	6.890	88	82	-2.5	-3.4	4.5	-1.2	3.0	-4.0	m	-3.9
Romania	5.230	5.830	90	83	-1.8	-0.4	5.2	-0.4	m	m	m	m
Turkey	4.270	5.890	117	141	3.3	2.9	1.3	3.3	1.1	3.4	4.1	3.5
South Eastern Europe												
Albania	2.570	3.680	88	111	-1.4	0.4	m	3.7	5.7	1.0	-5.0	4.5
Bosnia and Herzegovina	m	5.970	m	m	m	24.5	m	m	m	m	m	m
Croatia	7.550	9.170	72	87	-5.6	2.5	m	1.1	-1.6	-1.7	-2.2	2.5
FYR Macedonia	5.730	6.110	79	91	-4.6	0.5	m	-0.2	-0.3	-2.3	-4.5	1.1
Serbia and Montenegro	m	m	m	m	m	3.6	m	m	m	m	m	m
Kosovo	m	m	m	m	m	m	m	m	m	m	m	m
Montenegro	m	m	m	m	m	m	m	m	m	m	m	m
Serbia	m	m	m	m	m	m	m	m	m	m	m	m

Region	GDP per capita		Index of GDP (at constant prices)		Average annual GDP growth rate			Average annual growth in output (1990 to 2001)				
	PPP US$	PPP US$	(1990=100)		(%)			(%)				
	1990 [1]	2001 [1]	1995 [2]	2000 [2]	1991 to 1995 [2]	1996 to 2000 [2]	2001 to 2003 [3]	GDP [1]	agriculture [1]	industry [1]	manu-facturing [1]	services [1]
Eastern Europe & Central Asia												
Belarus	6.680	7.620	65	89	-8.1	2.8	m	-0.8	-3.5	-0.7	0.4	0.5
Moldova	4.960	2.150	40	35	-15.7	-0.9	m	-8.4	-9.5	-11.5	-3.4	0.3
Russian Federation	8.000	7.100	62	66	-9.0	-0.5	m	-3.7	-4.5	-6.1	m	-0.3
Ukraine	6.890	4.350	48	43	-13.5	-2.6	m	-7.9	-4.9	-9.5	-9.0	-0.9
Armenia	3.390	2.650	53	68	-10.0	1.8	m	-0.7	1.0	-6.1	-3.2	6.7
Azerbaijan	m	3.090	40	57	-15.8	1.4	m	-0.3	-0.5	-4.0	-11.8	10.3
Georgia	5.250	2.560	17	23	-27.8	4.2	m	-5.6	m	m	m	m
Kazakhstan	5.890	6.500	61	69	-9.3	0.4	m	-2.8	-6.5	-6.9	m	3.1
Kyrgyzstan	3.470	2.750	51	66	-12.5	3.4	m	-2.9	2.1	-8.5	-14.1	-3.9
Tajikistan	2.640	1.170	38	38	-17.2	-3.0	m	-8.5	-5.8	-13.2	-12.6	-1.1
Turkmenistan	5.670	4.320	62	76	-8.9	-3.6	m	-2.8	-3.2	-6.7	m	-3.2
Uzbekistan	m	2.460	81	96	-4.0	0.8	m	0.4	0.9	-2.6	m	1.6
Mediterranean countries												
Algeria	5.150	6.090	101	118	0.3	1.0	m	2.0	3.7	1.9	-1.6	1.9
Morocco	2.750	3.600	105	125	1.1	2.0	m	2.5	-0.6	3.2	2.8	3.0
Tunisia	3.710	6.390	121	159	3.9	2.5	m	4.7	2.4	4.7	5.6	5.4
Egypt	2.390	3.520	118	154	3.4	2.1	m	4.5	3.4	4.6	6.5	4.6
Israel	13.810	19.790	137	166	6.6	1.7	m	4.7	m	m	m	m
Jordan	3.140	3.870	141	164	7.3	1.0	m	4.8	-2.0	4.7	5.4	5.0
Lebanon	1.780	4.170	178	200	12.8	1.6	m	5.4	1.8	-1.6	-4.3	4.1
The Palestinian Authority	m	m	m	m	m	0.8	m	1.2	-4.2	0.8	3.6	2.8
Syria	2.160	3.280	147	175	8.0	2.0	m	4.8	4.9	9.3	10.2	3.0

m = data missing or not avaiable
[1] Source: World Development Indicators 2003 (World Bank)
[2] Source: World Development Indicators 2002 CD-ROM (World Bank)
[3] Source: Structural Indicators September 2003 (Eurostat)
[4] 1991 [5] 1992 [6] 1993 [7] 1994 [8] 1999

Basic labour market data on ETF partner countries: 1990 to latest year

Region	Labour force participation rate (% of population aged 15 and over)				Unemployment rate (% of labour force aged 15 and over)				Youth unemployment rate (% of labour force aged 15-24)			
	1990 [1]		latest year [1]		1990 [2]		latest year [3]		1990 [2]		latest year [4]	
Candidate countries												
Cyprus	65.0		62.4	[17]	1.8		3.8	[18]	1.7		8.4	[17]
Malta	47.4		56.2	[13]	3.9		7.4	[18]	m		11.2	[16]
Estonia	63.7		58.8	[17]	0.6		9.1	[18]	1.8		24.5	[17]
Latvia	69.5		56.5	[17]	2.3	[8]	12.8	[18]	m		22.9	[17]
Lithuania	66.6		60.5	[17]	0.3	[7]	13.1	[18]	m		30.9	[17]
Tthe Czech Republic	66.5	[7][19]	71.9	[17]	0.7		7.3	[18]	8.4	[9]	16.3	[17]
Hungary	54.9		60.3	[17]	1.7		5.6	[18]	17.5	[8]	10.5	[17]
Poland	65.6		67.1	[17]	6.5		19.9	[18]	27.8	[8]	41.5	[17]
The Slovak Republic	68.6		70.7	[17]	6.6	[7]	18.6	[18]	25.2	[9]	38.9	[17]
Slovenia	62.4		57.9	[17]	4.7		6.0	[18]	18.0		15.7	[17]
Bulgaria	63.9		50.4	[17]	1.7		18.1	[18]	4.7		39.3	[17]
Romania	60.9		62.2	[17]	3.0	[7]	7.0	[18]	m		17.6	[17]
Turkey	61.0		52.2	[17]	8.0		10.4	[18]	16.0		19.9	[1][17]
South Eastern Europe												
Albania	70.7		71.0	[11]	9.5		16.8	[5][16]	m		m	
Bosnia and Herzegovina	59.1		58.8	[11]	m		m		m		m	
Croatia	58.7		53.1	[17]	8.2		17.0	[5][16]	m		43.1	[5][16]
FYR Macedonia	60.9		53.1	[15]	23.6		32.2	[5][16]	52.9		59.8	[5][16]
Serbia and Montenegro	60.6		m		m		12.7	[5][16]	m		49.6	[5][16][20]
Kosovo	m		m		m		m		m		m	
Montenegro	m		m		m		m		m		m	
Serbia	m		m		m		m		m		m	

Region	Labour force participation rate (% of population aged 15 and over)				Unemployment rate (% of labour force aged 15 and over)				Youth unemployment rate (% of labour force aged 15-24)			
	1990 [1]		latest year [1]		1990 [2]		latest year [3]		1990 [2]		latest year [4]	
Eastern Europe & Central Asia												
Belarus	67.5		58.7	[15]	0.1	[7]	2.3	[1][17]	m		5.9	[2][11]
Moldova	67.6		58.8	[15]	0.7	[8]	7.3	[1][17]	m		m	
Russian Federation	67.6		58.8	[15]	0.1	[7]	11.4	[2][17]	16.3	[8]	24.7	[1][15]
Ukraine	63.9		56.9	[16]	0.4	[9]	11.1	[1][17]	m		24.0	[1][16]
Armenia	68.8		67.4	[11]	m		9.4	[1][17]	m		m	
Azerbaijan	62.8		63.2	[11]	0.1	[7]	1.3	[1][17]	m		m	
Georgia	64.8		66.2	[17]	m		11.0	[1][17]	m		m	
Kazakhstan	68.8		67.8	[11]	7.5	[10]	13.7	[1][14]	m		m	
Kyrgyzstan	66.1		66.3	[11]	m		m		m		2.3	[2][11]
Tajikistan	62.8		64.1	[11]	0.4	[8]	2.7	[1][13]	m		m	
Turkmenistan	68.5		68.9	[11]	m		m		m		m	
Uzbekistan	66.6		67.4	[11]	0.2	[8]	0.4	[1][11]	m		m	
Mediterranean countries												
Algeria	47.8		44.9	[12]	19.8		27.3	[6][17]	38.7		46.2	[6][17]
Morocco	49.6		54.4	[15]	15.8		12.5	[6][17]	31.1		18.9	[6][17]
Tunisia	56.4		48.6	[13]	m		15.0	[6][17]	m		29.8	[6][17]
Egypt	50.4		47.5	[15]	8.6		9.0	[16]	26.4		28.2	[6][16]
Israel	51.3		54.4	[17]	9.6		9.3	[6][17]	22.1		18.4	[6][17]
Jordan	47.3		38.0	[16]	m		29.7	[6][17]	m		14.7	[6][17]
Lebanon	48.0		46.8	[13]	m		8.6	[1][13]	m		m	
The Palestinian Authority	37.2		39.2	[15]	m		25.5	[6][17]	m		35.6	[6][17]
Syria	51.2		53.0	[17]	6.8	[7]	10.3	[6][17]	m		m	

m = data missing or not avaiable
[1] Source: Key Indicators of the Labour Market Third Edition (ILO)
[2] Source: World Development Indicators 2002 CD-Rom (World Bank)
[3] Source: Structural Indicators, September 2003 (Eurostat)
[4] Source: Employment in Europe, 2002 (DG EMPL)
[5] Source: Statistical Yearbook on Candidate and South-East European Countries (Eurostat)
[6] Source: Euro-Mediterranean Statistics (Eurostat)
[7] 1991 [8] 1992 [9] 1993 [10] 1994 [11] 1995 [12] 1996 [13] 1997 [14] 1998
[15] 1999 [16] 2000 [17] 2001 [18] 2002 [19] Czechoslovakia [20] Serbia and Montenegro only

Basic data on education and training in ETF partner countries: 1990 to latest year

Region	Public expenditure on education (as a % of GDP)			Internet users (% of population)				Expected years of schooling (years)			Duration of compulsory education (years)
	1990 [1]	latest year [2]		1995 [3]		latest year [3]		1990 [5]	latest year [4]		2000/01 [4][6]
Candidate countries											
Cyprus	3.5	5.9	[11]	0.5		21.8	[11]	m	13	[10]	9
Malta	4.3	4.7	[11]	0.2		25.3	[11]	m	14	[10]	11
Estonia	m	6.7	[11]	2.7		30.0	[11]	12	14	[10]	9
Latvia	3.8	5.9	[11]	2.0	[7]	7.2	[11]	m	14	[10]	9
Lithuania	4.6	5.9	[11]	0.9	[7]	6.8	[11]	m	14	[10]	9-10
The Czech Republic	m	4.3	[11]	1.5		13.6	[11]	m	14	[10]	9
Hungary	5.8	4.5	[11]	0.7		14.8	[11]	11	14	[9]	13
Poland	m	5.1	[10]	0.6		9.8	[11]	12	15	[10]	9 full-time + 2 part-time
The Slovak Republic	5.1	4.1	[11]	0.5		12.5	[11]	m	13	[10]	10
Slovenia	m	m		2.9		30.1	[11]	m	15	[10]	9
Bulgaria	5.2	3.7	[11]	0.1		7.5	[11]	12	13	[10]	9
Romania	2.8	3.1	[11]	0.1		4.5	[11]	11	12	[10]	8-9
Turkey	2.2	3.5	[10]	0.1		3.8	[11]	m	m		9
South Eastern Europe											
Albania	5.9	m		0.1	[8]	0.3	[11]	m	11	[10]	8
Bosnia and Herzegovina	m	m		0.1	[7]	1.1	[11]	m	m		m
Croatia	7.2	4.2	[4][10]	0.5		5.6	[10]	m	12	[10]	8
FYR Macedonia	m	4.1	[4][10]	0.5	[7]	3.4	[11]	m	12	[8]	8
Serbia and Montenegro	m	5.1	[4][10]	0.5	[7]	5.6	[11]	m	10	[10]	8
Kosovo	m	m		m		m		m	m		m
Montenegro	m	m		m		m		m	m		m
Serbia	m	m		m		m		m	m		m

Region	Public expenditure on education			Internet users				Expected years of schooling			Duration of compulsory education
	(as a % of GDP)			(% of population)				(years)			(years)
	1990 [1]	latest year [2]		1995 [3]		latest year [3]		1990 [5]	latest year [4]		2000/01 [4][6]
Eastern Europe and Central Asia											
Belarus	4.8	6.0	[4][10]	0.1	[8]	4.1	[11]	m	12	[10]	9
Moldova	5.6	4.0	[4]	0.3	[8]	1.4	[11]	m	10	[10]	11
Russian Federation	m	2.9	[4]	0.1		2.9	[11]	m	m		10
Ukraine	5.1	m		0.2	[7]	1.2	[11]	m	11	[8]	9
Armenia	7.0	2.9	[4]	0.1	[7]	1.4	[10]	m	9	[5][10]	11
Azerbaijan	7.0	m		m		0.3	[11]	m	11	[8]	11
Georgia	m	m		0.1	[7]	0.5	[11]	m	6	[5][10]	9
Kazakhstan	3.2	m		0.1	[7]	0.6	[10]	m	12	[10]	11
Kyrgyzstan	8.4	5.4	[4][9]	0.1	[8]	3.0	[11]	m	m		10
Tajikistan	m	2.1	[4][9]	m		0.1	[11]	m	10	[10]	9
Turkmenistan	4.3	m		m		0.2	[11]	m	m		m
Uzbekistan	9.5	m		m		0.6	[11]	m	m		m
Mediterranean countries											
Algeria	5.3	m		m		0.2	[11]	10	12	[8]	9
Morocco	5.3	5.5	[4]	0.1	[8]	1.4	[11]	m	8	[9]	9
Tunisia	6.0	6.8	[4]	0.1	[8]	4.1	[11]	11	14	[10]	11
Egypt	3.9	m		0.1	[7]	0.9	[11]	m	10	[5][10]	8
Israel	6.3	7.3	[4]	0.9		27.7	[11]	13	15	[10]	m
Jordan	8.1	5.0	[4][10]	0.6	[7]	4.5	[11]	m	14	[5][10]	10
Lebanon	m	3.0	[4]	0.1		8.6	[10]	m	13	[5][10]	10
The Palestinian Authority	m	m		m		1.8	[11]	m	12	[10]	10
Syria	4.0	4.1	[4]	0.1	[8]	0.4	[11]	10	9	[8]	6

m = data missing or not avaiable
[1] Source: World Development Indicators 2002 CD-Rom (World Bank)
[2] Source: Structural Indicators, September 2003 (Eurostat)
[3] Source: Key Indicators of the Labour Market Third Edition (ILO)
[4] Source: UNESCO Institute for Statistics
[5] Source: World Development Indicators, 2003 (World Bank)
[6] Source: (Candidate Countries only) Key Data on Education in Europe, 2002 (Eurydice/Eurostat)
[7] 1997 [8] 1998 [9] 1999 [10] 2000 [11] 2001

Adult illiteracy rate

The percentage of people aged 15 or over who cannot, with understanding, read and write a short, simple statement about their everyday life.

Age dependency ratio

The ratio of the number of people aged 14 or under plus those aged 65 and over to those of working age (15 to 64).

Annual population growth rate

The number of live births and the number of immigrants minus the number of deaths and the number of emigrants during the year, expressed as a percentage of the total population at the beginning of the year.

Expected years of schooling

The average number of years of formal education that children are expected to receive during their lifetime (including tertiary education and years spent in repetition). It is calculated as the sum of age-specific enrolment ratios for primary, secondary and tertiary education.

Labour force participation rate

The employed and the unemployed expressed as a percentage of the population aged 15 and over.

Unemployment rate

The unemployed expressed as a percentage of the labour force (i.e. the employed plus the unemployed) aged 15 and over.

Youth unemployment rate

The unemployed aged 15 to 24 expressed as a percentage of the labour force aged 15 to 24.

LIST OF ABBREVIATIONS

ACC	Acceding and candidate countries
CARDS	Community Assistance for Reconstruction, Development and Stabilisation (EU technical assistance programme for South Eastern Europe)
CEC	European Commission
Cedefop	European Centre for the Development of Vocational Training
CEE	Central and Eastern Europe
CIA	Central Intelligence Agency
CVT	Continuing training
EECA	Eastern Europe and Central Asia
ETF	European Training Foundation
EU	European Union
HRD	Human resources development
ICT	Information and communications technologies
ILO	International Labour Organisation
LFS	Labour Force Survey
LLL	Lifelong learning
MEDA	The principal financial instrument of the European Union for the implementation of the Euro-Mediterranean Partnership
Phare	EU programme providing economic aid to Central and Eastern European candidate countries
OECD	Organisation for Economic Cooperation and Development
SEE	South Eastern Europe
SME	Small and medium-sized enterprise
Tacis	EU technical assistance programme for the countries of Eastern Europe and Central Asia
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNEVOC	UNESCO's International Centre for Technical and Vocational Education and Training
VET	Vocational education and training

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EUROPEAN TRAINING FOUNDATION

ETF YEARBOOK 2004 - LEARNING MATTERS

Luxembourg: Office for Official Publications of the European Communities

2004 – 182 pp. – 21.0 x 29.7 cm

ISBN 92-9157-373-6 – ISSN 1725-9061