

Cross country analysis

REPORT

Continuing Vocational Training

Volume 1

October 1999



European Training Foundation



European Training Foundation

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The European Training Foundation is an agency of the European Union which works in the field of vocational education and training in Central and Eastern Europe, the New Independent States, Mongolia and the Mediterranean partner countries and territories. The Foundation also provides technical assistance to the European Commission for the Tempus Programme.

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Foreword

This publication sets out to analyse the current situation and describe the most important challenges with regard to continuing vocational training in Central and Eastern European countries.

The former continuing vocational training systems in Central and Eastern European countries were characterised by (a) generally low training levels due to rather static employment patterns and low levels of innovation in companies and (b) its interdependence with the system of state-owned enterprises that financed and provided staff training. Exposing companies to market pressures in the context of privatisation has often meant cut-backs in training costs and the closing down of company-owned training centres. A major pillar of continuing vocational training under the former system has, thus, collapsed leaving continuing vocational training provision to market forces and the assessment of the offer to the individual.

By and large, there is awareness in the transition countries of Central Europe of the increased need for continuing vocational training to accompany large-scale economic and social restructuring processes. Continuing vocational training is seen as a means to raising the competitiveness of companies in both national and international markets and to enhance the employability of individuals. However, reforms of the education and training systems in Central and Eastern European countries since the early 90s have frequently focused on institutions and programmes belonging to the initial education and training area and on mainstream developments and students.

Scales and types of continuing vocational training provision are anything but sufficient to play the remedial, adaptive and proactive role assigned to them in a transition context with changes in the behaviour of economic and social actors of such a fundamental nature. The minds of policy-makers in Central and Eastern European countries may still be thinking in terms of the previous powers assigned to ministries in the decision-making process, the traditional over-regulation of the education and training sector, in limited spheres of competence and the focus on institutions and programmes (courses) rather than the quality of outcomes. The all-embracing economic and social changes require new concepts and frameworks and a newly defined co-operation of key stakeholders in the system. In this respect, challenges in Central and Eastern European countries are not too different from those in Western European countries, even if reform needs are of a much more basic nature and prerequisites for a lifelong learning system still far from being in place.

The text is based on individual country reports produced by national experts (under the auspices of the National Observatories) from Albania, Bulgaria, the Czech Republic, Estonia, the former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia. The attached country papers represent executive summaries of more comprehensive reports available for consultation from the European Training Foundation. The country papers outline the main characteristics of continuing vocational training systems, including socially agreed goals and policy frameworks, legislative provisions, infrastructures, aspects of funding and implementation arrangements. The country papers address the factors affecting the development of continuing vocational training, as well as the initiatives and challenges to adjust continuing vocational training to the needs of the economy and the society. They are based on an analysis of national concept or development papers, legal and other documents available on the subject, various statistical data and findings from interviews with key policy-makers and continuing training experts.

1 The National Observatory network was launched by the European Training Foundation in 1996. The 25 Observatories have been set up in co-operation with the national authorities across Central and Eastern Europe and the New Independent States and Mongolia. Their role is to identify priorities and advise on policies for the further development of vocational training.

Most of the reports vary tremendously in terms of the quality of description and analysis. Undoubtedly, this also reflects the overall situation concerning public debate and research with respect to continuing vocational training in the countries in question.

The cross-country analysis, as the core part of this publication, does not present a summary description of the situation in individual countries. It focuses rather on common issues that emerge from a comparison. The framework for the analysis is provided, on the one hand, by developments in educational reform during the transition phase in the Central and Eastern European countries and the debate about continuing vocational training and lifelong learning in OECD and EU Member States, on the other.

The cross-country analysis is to contribute to increasing the awareness among policy-makers in Central and Eastern European countries about the potential role that continuing vocational training may and should play both during the present transition phase and later on in an integrated Europe. The analysis, therefore, singles out some aspects that seem crucial within a more long-term perspective of EU integration. To contextualise the analysis, some clarification of the concept of continuing vocational training is required and a brief overview of the changing role of continuing vocational training in EU Member States given.

The European Training Foundation has recognised the need for increased action in the area of continuing vocational training and will structure its policy advice and other measures for its partner countries in particular around the following seven themes:

1. **Strengthening the information base** in continuing vocational training, including data collection and analysis, as a basis for policy development and implementation.
2. Support to the **development of national continuing training concepts and institution-building**.
3. **Strengthening human resource development within companies**.
4. Development of **continuing vocational training concepts in connection with the restructuring of industries in decline**.
5. Development of **measures to combat social exclusion**.
6. Promotion of **applied vocational training research** in continuing vocational training.
7. **Publication and dissemination** of good practice from Central and Eastern European countries or elsewhere, drawing in particular on results from the EU FORCE, LEONARDO, ADAPT and other programmes, as well as ESF projects.

Given the huge needs in Central and Eastern European countries in the area of continuing vocational training, the European Training Foundation welcomes any initiative for joint funding and co-operation.

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² Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia. Guidelines for Phare non-candidate countries will be issued in a separate document.

1. Cross country analysis of continuing vocational training in Central and Eastern European Countries

by Peter Grootings, Independent consultant

1.1 *The concept of continuing vocational training*

- 1.1.1. At the outset it has to be stated that the concept of continuing vocational training can be understood in different ways. This is the case in both the EU and Central and Eastern Europe. Obviously this has a lot to do with the different nature and structure of national education systems. While in some EU countries the acquisition of a vocational qualification is considered to take place during initial (and compulsory) education, other countries award vocational qualifications after compulsory education. In the first case continuing vocational training was largely designed to provide further specialisation or adaptation to specific qualification needs, in the second case continuing vocational training has also been the principal vehicle for providing basic vocational qualifications following a more general initial education phase.
- 1.1.2. Countries that did not develop a true initial vocational education system (school-based or dual) have placed vocational training inside companies. However, over the past 15 years it has increasingly been shifted to new institutional settings outside schools and companies. This method developed initially to facilitate the transition from school to work within an environment of increasing youth unemployment. It has become a kind of bridge between formal education and the employment system including functions that had previously clearly been located in either initial or continuing training. In some countries there is still a clear separation between initial and continuing vocational education and training but in many others the gap between the two has been filled by a new institutional area where various public and private training providers are operating.
- 1.1.3. However, within the context of the debate on lifelong learning the traditional distinction between these two educational areas appears to have become increasingly irrelevant and it is now necessary to concentrate on improving the cohesion between them. This development goes hand in hand with the need for networking between various types of learning establishment, such as schools, training centres and firms. Growing problems in financing vocational education solely from public funds have created another significant driving force behind these developments.
- 1.1.4. Central and Eastern European countries have chosen different routes for reforming their formal education and training systems, both in terms of speed and direction. Reforms so far have tended to focus on restructuring the initial education and training field and have concentrated, amongst others, on its de-specialisation. Some countries have decided to postpone vocational qualification until after compulsory education. Others have retained a more traditional structure of initial vocational education. A similar diversity of

organisational structure is thus developing among the Central and Eastern European countries compared to those which exist in the EU.

- 1.1.5. By the very nature of the reforms most countries have not yet reached the domain of continuing vocational education and training. Discussions are only just starting. One of the main challenges for the near future will be to find the right policy answers as to how to organise and structure continuing vocational training to fit in with the reforms in initial education and training which have already begun. This issue is mentioned here only to illustrate that different conceptions concerning the role of continuing vocational training exist in Central and Eastern European countries. For the most part, these concepts are still implicit and incomplete. They are not part of national strategies.
- 1.1.6. The national reports generally reflect this situation in Central and Eastern European countries and show considerable confusion as to the understanding of what continuing vocational training implies. Apart from differing educational traditions and reform directions the confusion may also stem from three additional sources:
 1. International educational debates about concepts such as continuing education, adult education and lifelong education. Partner countries have traditionally been very engaged in these debates. No clear definition of these terms has been reached.
 2. Inherited institutions and concepts of state-financed adult education and public-sector company-based further training have largely collapsed, although they still effectively determine the understanding of continuing vocational training. The implications of ongoing educational reforms for continuing vocational training have not yet been fully grasped.
 3. There is a dominant view of continuing vocational training that favours formal institution-based training over a more comprehensive understanding that would include a variety of possible learning situations. Some dimensions of continuing vocational training are therefore not dealt with at all.
- 1.1.7. Overall, the confused usage of the term continuing vocational training seems to indicate that there is insufficient understanding in many Central and Eastern European countries – or at least among the authors of most of the attached national studies – about the “systemic” nature of the changes that are affecting continuing vocational education and training during the transition to a market economy.
- 1.1.8. These changes have two important aspects. The first is that the transition itself has brought new roles for continuing vocational training that have apparently only partially been covered so far. The second aspect refers to the implications of reform decisions in initial education for continuing vocational training. These implications are, to a large extent, currently outside the control of educational policy makers as they have relied on markets and companies to take responsibility for continuing vocational training.
- 1.1.9. This is not the place to elaborate on definitions. Against the background of current confusion, continuing vocational training will, for this report, be defined simply as “**all learning that improves the employability of adults who have left the compulsory education system**”. This definition allows for continuing vocational training to be placed within the perspective of lifelong learning, takes into account both formal and informal learning methods but is not limited to its purely vocational dimension as so-called core competencies (literacy, numeracy, computer skills, problem solving and team working) can also be included. The latter have gradually been recognised as being relevant for all.

1.1.10. This definition also makes it possible to distinguish more clearly the three basic – and partly overlapping – roles that continuing vocational training has gradually acquired in EU countries. These roles target different groups on the labour market with specific types of measure:

- continuing vocational training to facilitate the transition from school to work for those who have not yet found stable employment;
- continuing vocational training as an instrument in an active labour market policy for those who have lost their job or risk becoming unemployed; and
- continuing vocational training as part of companies' human resource development policies for those in employment.

1.1.11. In the following sections, the changing context of European labour markets that has led to these different roles of continuing vocational training will be described. This context is, and will increasingly be, relevant for Central and Eastern European countries.

1.2 New challenges for education and training systems

1.2.1. Education and training systems in EU Member States have been undergoing radical review and change during the last two decades. Underpinning these changes are developments in the employment systems which need a more flexible workforce, capable of working in more demanding types of job and of being retrained for the new production methods and techniques that are continually being introduced. In order to secure both economic competitiveness and social cohesiveness, countries have increasingly recognised that they need higher levels of occupational preparation encompassing the knowledge and readiness necessary for retraining. The latter have become key criteria for the employability of individuals.

1.2.2. The accepted consequences for education and training systems are:

- the need for far higher participation and attainment rates in order to ensure that larger portions of the workforce hold recognised vocational qualifications;
- the need to develop education and training opportunities that respond closely to expectations, aspirations and the needs of the diverse groups within the potential workforce;
- the need to ensure that vocational education training processes are relevant to the needs of industry and commerce;
- the need to develop systems which allow for and build in continuing training to meet changing skill requirements;
- the need for traditional learning to make way for lifelong learning.

1.2.3. In all countries it has been recognised that these challenges require the reform of the whole education system and not simply small parts of it.

1.3 *Continuing vocational training as part of lifelong learning systems*

- 1.3.1. The framework for the educational reforms that are now being introduced is provided by the concept of *lifelong learning*. Education ministers have accepted the crucial importance of learning throughout life to enrich personal lives, foster economic growth and maintain social cohesion and have agreed on strategies to implement it. These should include:
- strengthening the foundations for learning throughout life, by improving access to early childhood education, particularly for disadvantaged children, revitalising schools and supporting the growth of other formal and non-formal learning arrangements;
 - promoting coherent links between learning and work, by establishing pathways and bridges that will facilitate more flexible movement between education and training and work, aimed in particular at smoothing the initial transition between the two, and by improving the mechanisms for assessing and recognising the skills and competencies of individuals – whether they are acquired through formal or non-formal learning;
 - rethinking the roles and responsibilities of all partners – including governments – providing opportunities for learning;
 - creating incentives for individuals, employers and those who provide education and training to invest more in lifelong learning and to deliver value for money.
- 1.3.2. The challenges that these strategies seek to respond to are increasingly common for EU Member States. Indeed, the response to these challenges has now become one of the principal objectives of national and EU strategic actions in the field of education and training. Most governments have elaborated policy strategies to develop lifelong learning systems and have also reserved considerable funds for their implementation.
- 1.3.3. It has to be assumed that these challenges are increasingly relevant in Central and Eastern Europe as well and especially for those that have the status of candidate countries, i.e. those preparing for accession to the European Union. Thus, Central and Eastern European countries are now faced with the need to find appropriate answers as to how to respond to these challenges within the context of their own educational reform policies. These answers will undoubtedly have to pay far greater attention to the role that continuing vocational training can play during and after the transition period. They should also include a fundamental reflection about the strategic use of instruments that the EU is able to provide in the field of continuing vocational training. Only in a few Central and Eastern European countries have such initiatives started.
- 1.3.4. Against this background, continuing vocational training has clearly taken on a new importance. It is more than a second chance, retraining or further training – important as these functions may still be – but has now become an inherent characteristic of “normal” lifelong educational and professional careers for everybody. As a result, policy issues, such as access to continuing vocational training, its financing, the role of the company, the quality of provision and its integration into the overall qualification system are again under review. Furthermore, the three roles of continuing vocational training outlined earlier are being reassessed within a lifelong learning perspective.
- 1.3.5. While the particular characteristics of the transition period have to be taken into account, any analysis of the state of continuing vocational training in Central and Eastern Europe has to consider to what extent developments effectively contribute to achieving a system of lifelong

learning accessible for all. In the following, the changing context of continuing vocational training in Central and Eastern Europe will be further elaborated in the light of major developments in EU countries.

1.4 *The changing nature of the transition from school to work*

- 1.4.1. In the EU, increasing levels of graduate unemployment combined with the changing nature of employment in general have caused the transition from school to work to change fundamentally. Whereas in former times there was normally a direct connection (also in time) between vocational education and a position in the employment system, the transition from school to work has now become more complicated, time consuming and insecure. It is not uncommon for young people to spend several years after finishing initial education and training to go back and forth between different types of job and training before settling down in the employment system. This is even the case in countries with strong youth vocational education traditions.
- 1.4.2. The transition from school to work has become more and more precarious for most young people and large numbers of them (especially those with low or no recognised initial qualifications) do not succeed at all. Against this background it has become a high policy priority in all countries to reduce the number of young people that leave the education system without a formal and recognised qualification. For those that do leave the school system without having acquired a formal qualification, alternative programmes are now being developed. These programmes are very innovative and frequently help to improve contents, approaches and the organisation of mainstream initial education and training.
- 1.4.3. Central and Eastern European countries have been faced with similar problems in the relationship between education and work. However, in the former, albeit artificial situation of labour shortage and soft budgets, enterprises have always been willing and able to provide for the school to work transition within their own structures. They even catered for young people without appropriate qualifications. These solutions traditionally included extensive second chance retraining and further education opportunities and were sometimes explicitly aimed at preventing external mobility. The state guaranteed free access to achieving the first qualification for everybody. Access to such opportunities, however, was almost exclusively restricted to the employed.
- 1.4.4. This enterprise behaviour has changed radically during the early transition period. With the introduction of privatisation, markets and enterprise restructuring most enterprises have cut the costs of non-directly productive activities such as training, reduced the size of their labour force and basically stopped recruiting. In all countries the direct relationships between vocational and technical schools and enterprises have been cut. The position of all school leavers has dramatically worsened with the development of an open labour market and the absence of sufficient new job openings. Young adults with low or no formal qualification at all are now at the core of the long-term unemployed.
- 1.4.5. Vocational education and training systems, which traditionally catered for the vast majority of each cohort, have been very slow to adapt to the new employment conditions. As a result, youth labour markets have become extremely segmented and former state enterprises, foreign companies and newly created private small and medium-sized enterprises each develop their own particular forms of recruitment and labour market strategies. State

enterprises concentrate on their remaining work forces and – if at all – use public funds from the employment services to provide retraining. Foreign companies tend to recruit highly qualified secondary general school and university graduates and provide them with internal job specific training. Small and medium-sized enterprises recruit from the external labour market but are hardly in a position to offer training to their staff. While these general trends are known and sometimes well documented, there is insufficient information from most countries about the labour market restructuring processes that have occurred and about the fate of early or regular school leavers.

- 1.4.6. The changing nature of the transition from school to work has prompted most education authorities to initiate reforms of their initial vocational education and training systems. However, such reforms take a long time to develop, implement and to have an effect on the employability of school leavers. It is feared that a large number of the present generation of school leavers in Central and Eastern Europe will not be able to profit from these reforms. While efforts to improve initial vocational education should continue simultaneously, further initiatives are necessary to support those young people or adults who have already left the school system to acquire labour market relevant qualifications. A fundamental review of the role that continuing vocational training can play for improving the transition from school to work is therefore urgently requested. Here, the rich experiences from EU countries may prove especially useful.

1.5 *Continuing vocational training and active labour market policies*

- 1.5.1. In Central and Eastern Europe, despite the dramatic worsening of problems related to the transition from school to work over recent years, an effective infrastructure has not really been developed so far. While most Central and Eastern European countries have initiated some form of active labour market measures as part of the social security system, such measures remain relatively insignificant and restricted to small groups of people. This is both because the national employment services have limited budgets and because they do not have the staff that is needed to develop, implement and monitor such activities on a larger scale. In some countries school graduates do not belong to the high priority target groups of the national employment services. But in others, budgets and measures are increasingly directed at preventing young school leavers from entering long-term unemployment.
- 1.5.2. In all countries it is the employment service that has taken the lead here. In some it was apparently recognised very early during the transition that the employment service would have to cope with retraining unemployed school leavers. Special retraining centres were set up from the beginning to respond more flexibly and immediately to the problem. This has functioned particularly well in those countries where initial vocational education and labour market training were in the hands of the same ministry. In other countries, however, employment services have found it difficult to develop this particular role and have complained about the fact that one of their main functions was to remedy the mistakes of the school system. In countries where different ministries were responsible, communication and co-ordination has been difficult to develop and positive feedback from the retraining of school leavers to initial vocational education has remained theoretical.

- 1.5.3. One additional problem that employment services had to face has been – and in many countries still is – the lack of quality continuing vocational training providers. In practically all countries, formal tendering procedures have been introduced for contracting training providers and this has become a really profitable market. However, in many countries, employment services have had to return to vocational schools for retraining contracts, as these were the only ones that could provide qualified teachers and training facilities. This has especially been the case for vocationally oriented retraining programmes. Sometimes this has led to the improvement of courses provided in schools and sometimes schools have also profited from training equipment donated by the employment service. However, schools have only rarely been able to develop alternative training methods adapted to the specific situation of young adults without qualifications. The contradictions of this situation are obvious and this is definitely an area where a lot of work still has to be done.
- 1.5.4. Furthermore, a well-organised and professional support system of (non-) governmental institutions (for vocational counselling and guidance, training provision and project management etc.) has not been able to develop either. Where well-resourced organisations have emerged outside the structures of the employment services, they are very often related to foreign assistance programmes and tend to operate on an isolated project-by-project basis. The development of such an infrastructure for supporting the transition from school to work constitutes a real challenge for the near future. This will require better integration and co-ordination between the formal and non-formal sector.

1.6 The place of continuing vocational training in education reform programmes

- 1.6.1. All Central and Eastern European countries are currently undergoing radical reforms of their education systems. These reforms are remarkably similar – very few exceptions apart – in that they have not been based on, nor have they led to overall strategic conceptions with respect to the future of the overall education systems within the perspective of lifelong learning. Moreover, continuing vocational training has so far received little public attention and its development has been largely left to the employment service and an emerging commercial training market.
- 1.6.2. Foreign donors have been instrumental in introducing reforms in vocational education and training which had, almost unanimously been given the lowest priority by national governments. While the EU has mainly concentrated on financing initial vocational education and training for youth reforms, the World Bank has been supportive in the area of labour market re-training for the unemployed. The reform of initial vocational education is still in its initial phase and will only show effects in the mid-term. The creation of labour market retraining institutions in some countries has provided an immediate and flexible response to labour market problems and qualification needs. However, in reality labour market retraining has only been allocated a small proportion of the employment services' budgets and in most countries only small groups of unemployed have been able to profit from this. Motivation and willingness among the unemployed to enter training courses is also rather low. This is often explained by the low esteem that education and training have among the persons that become unemployed.
- 1.6.3. A related problem in many countries has been the certification of training courses and the recognition of such certificates both within formal education and in the labour market. In the

case of certificates and diplomas being recognised by the education system, the ministries of education and their agencies have been responsible for licensing training providers and the programmes they offer. This again has sometimes prevented employment services from providing such courses and led to them offering shorter and not formally certified courses. Experience from EU countries shows that this does not really add to motivating the unemployed to participate in training. Earlier reference was already made to the absence of alternative ways of providing formal qualifications. These issues are now gradually being recognised in some countries, and attempts to develop more flexible forms are now being undertaken and alternative approaches developed.

- 1.6.4. In hardly any of the Central and Eastern European countries has continuing vocational training, apart from training for the unemployed, been made a priority. Other forms of continuing vocational training have developed rather spontaneously, partly as the result of project-based bilateral assistance programmes. To a certain extent they have been the result of initiatives from private or public local training providers that were quick to fill qualification gaps left in the training market by the formal school system, such as in foreign language training, accountancy and computer skills. It has also been left to the initiative of individuals and companies. However, although reliable figures are not often available, the spectacular growth of the number of commercial training providers indicates that it is related to the fact that individuals and companies have recognised the need for further training in the areas mentioned. This could, however, well be a very temporary phenomenon as schools catch up with providing these skills and knowledge within their normal programmes. The exact nature and the future fate of the commercial training market is largely unknown.

1.7 The results of education and training reforms

- 1.7.1. In general, it has to be said that the different educational sub-sectors seem to have developed more or less independently from one another and sometimes even in open competition (especially for foreign assistance). This process has also been favoured by a piecemeal and sub-sector specific development of legal frameworks.
- 1.7.2. In terms of **content**, most educational reform programmes have focused on modernising curricula (and related teaching equipment and materials). These programmes have only reached pilot stage, however, and now need to be transferred to the education system as a whole. Hardly any feedback has been gathered with regard to using experiences from training programmes for the unemployed for the modernisation of initial vocational education. No adult specific training approaches have been developed. Institution building and a radical overhaul of teacher training, including adult education teachers, are now on the agenda.
- 1.7.3. Most countries have also invested in filling gaps in their **educational structures**, especially at the post-secondary level, and in improving pathways within the education system. They are now building up educational support structures for research and development, and preparing their education institutions to be able to cater for those who have already left the education system and want to achieve formal qualifications, sometimes simply to fill up free capacities in schools and keep teachers employed. In this context some countries do try to better integrate facilities for initial and adult education and training. Most countries are reluctant to introduce fundamentally new structures and rely very much on a gradual and bit by bit change.

- 1.7.4. In terms of **systemic reforms**, that is to say adaptation to increasing labour market uncertainty, most developments have been rather implicit and strategic reviews of the new relations between education and work have hardly been undertaken. This may also explain why continuing vocational training has received little attention so far (apart from labour market retraining measures) and why the developments in the various education sub-systems have not become part of an overall educational reform concept. However, it has to be mentioned that some countries have started a process of strategic policy making through the preparation of green (consultation) and white (official policy) papers. These policy papers are increasingly becoming future-oriented and also take up the issues of EU accession and lifelong learning. Nevertheless, few countries have as yet entered the implementation stage.

1.8 *The actual situation of continuing vocational training: a summary assessment*

- 1.8.1. The discussion on continuing vocational training in Central and Eastern European countries is confused and diffused. The traditional state financed and enterprise-based system of continuing education and training has collapsed but concepts of adult and continuing education are still largely framed by these traditions. Young employment services and commercial markets have only partially been able to fill the gaps that have occurred in the system. Individuals still have a sceptical approach towards education and training in relation to employability. A fundamental reflection of the “systemic” changes that are now required for continuing vocational training under conditions of labour market uncertainty is urgently necessary. All major stakeholders should be involved in such a debate. Governments could initiate this by preparing Green (consultation) papers.
- 1.8.2. Nevertheless, an exclusive concentration on continuing vocational training in Central and Eastern Europe is not useful. Treating continuing vocational training as just another – but so far neglected – sub-sector of education as a whole leads to the risk of further segmenting educational reform and of overburdening the continuing vocational training sector with unjustified expectations and demands. The development of a strategy and action plan for continuing vocational training has to be undertaken within the framework and perspective of a system of lifelong learning. This will also guarantee that not only the adult or continuing education specialists will be involved.
- 1.8.3. Continuing vocational training has remedial, adaptive and pro-active functions. These functions coincide with the principal roles of continuing vocational training described earlier. With the transition, the systemic context for these functions has changed radically and as a consequence their character, institutional domains and the nature of the required action have altered substantially as well. In general, one could say that the discussion in Central and Eastern Europe reflects a mixture of old and new concepts. This discussion is very much in a transition phase itself.
- 1.8.4. The “**remedial**” function of continuing vocational training has traditionally been to provide employed persons with a second chance to obtain or to improve formal qualifications. This has been part of recruitment strategies in conditions of shortage of labour. Now, it is the prolonged transition from school to work that requires specific continuing vocational training interventions for a much more diversified group. In practice, actions have been dramatically reduced and they are still of a traditional uniform nature.

- 1.8.5. Increasing levels of early school leaving and relatively high numbers of adults without or with low levels of qualification may well lead to the creation of a sizeable group of life-long unemployed. The remedial function of continuing vocational training is now to combat social exclusion. Continuing vocational training in this respect has to be seen as part of a much wider social and political strategy. Training can only be one aspect of a more comprehensive social and economic development package of measures (including housing, subsistence, guidance, temporary employment, etc.).
- 1.8.6. The **“adaptive” function** of continuing vocational training has traditionally been to introduce and further train employed adults within the enterprise or sector. Often, and for the majority, this function has involved basic health and safety training or further specialisation not related to a formal qualification. Certificates of further training had no value outside the company or sector. They were not intended to facilitate mobility. Adaptive continuing vocational training has now (apart from in the public sector) almost exclusively concentrated on the unemployed or those who risk becoming so. This has frequently been an individual activity but more and more often it concerns whole enterprises and indeed sometimes also whole regions or sectors. Continuing vocational training now also needs to be based on recognised qualifications. This implies the development of adult specific programmes and approaches. Adaptive continuing vocational training as an active labour market policy has remained very limited in scope and has largely been initiated and financed by national employment services.
- 1.8.7. Ongoing economic restructuring – which in some countries has only reached the initial stages – and the expected increase in unemployment over the coming years requires a much larger investment in continuing vocational training than has occurred so far. However, whether or not this can be left entirely to the employment services is questionable. Adaptive continuing vocational training increasingly has to become combined with employment generation measures which themselves are likely to become elements of regional and sector development strategies. Increased networking at local and regional levels will therefore be required which, in order to be fruitful, must fit into an overall national system of qualifications.
- 1.8.8. The **“pro-active” function** of continuing vocational training has traditionally been almost identical to the adaptive one. While continuing vocational training has always been important for the functioning of typical internal labour markets, it has long stopped being an engine or promoter of change and innovation. In the early transition years enterprises have reduced or closed down their internal training capacities and stopped funding external courses. Initially, a commercial market developed to cater for immediate continuing vocational training needs, partly based on privatised training capacities or new business initiatives. Dynamic companies have tried to transform internal labour markets by recruiting highly qualified school graduates for entry positions.
- 1.8.9. Now, increasingly, with the prospect of having to operate in open markets on the basis of price, quality and innovative products and services, the need for pro-active continuing vocational training has been recognised by particular sectors of industry, notably by the new foreign capital based companies or national companies that operate in international markets. Continuing vocational training capacities have proven to be qualitatively insufficient to provide value for money for these recent and more demanding areas. In addition, there has been a certain stagnation in the early spectacular quantitative growth of commercial training providers. Increasingly, larger enterprises are reinvesting in internal human resource development capacities.

- 1.8.10. There is little information and analysis available concerning actual developments in this area. Statistical information is not collected and research on enterprise behaviour, labour market developments or the nature of the continuing vocational training market is scarce. Evidence is largely anecdotal. An improved information basis is a sine-qua-non for effective action. This may also involve the development of policy-oriented and applied research capacities, for example by expanding capacities of the National Observatories established in Central and Eastern Europe with support of the European Training Foundation.

1.9 *Critical issues for further discussion*

- 1.9.1. Within a perspective of lifelong learning, **equal access** to continuing vocational training for all is crucial. Several related issues will be dealt with in the following. Here three aspects of this issue should be mentioned.
- The first is that different people need access to different types of continuing vocational training. This implies that the three principal roles of continuing vocational training need to be equally developed.
 - The second aspect is about the transparency of the continuing vocational training sector: is there easy access to information on the relevant continuing vocational training on offer? This implies the development of proper information and guidance systems.
 - The third aspect concerns the fact that everybody seeking access to continuing vocational training already possesses certain prior knowledge, skills and competencies. How can it be guaranteed that continuing vocational training links up to this and adds value? This requires the development of reliable assessment instruments and procedures, especially for prior learning.
- 1.9.2. The first point has already been dealt with. From the country reports it is clear that the present lack of transparency within the continuing vocational training sector is being increasingly recognised. The issue of assessment of prior learning has not yet appeared on the agenda in most countries.
- 1.9.3. The **funding** of continuing vocational training is another fundamental issue which obviously influences opportunities for access. It is clear that the present funding of continuing vocational training is seriously low and actually creates severe obstacles to any access at all for major groups in society. Direct and indirect state funding has largely made way for private funding, either indirectly in the form of levies on employers and employees to fund the employment services, or directly through individuals and companies paying for continuing vocational training. The employment services spend a relatively small percentage of their active labour market budgets on retraining measures. Most individuals can hardly afford to spend money on education and training and the same is true for most companies. One of the reports has mentioned the existence of a vicious circle of blocked resources. How can this circle be broken?
- 1.9.4. From a theoretical point of view it makes sense to look to the state and the social partners to jointly solve the funding problem. If the state alone is no longer able to finance continuing vocational training from the public budget and individual companies are reluctant to invest in their staff, the only way out may be to introduce a type of training levy on all enterprises. Examples of national training funds funded by such levies exist in various EU Member States and also in some Central and Eastern European countries. Where such funds exist,

clearly the scope for developing continuing vocational training in all three domains has considerably improved even if criticism remains with regard to the funding criteria of particular continuing vocational training measures. The political and economic reality in most Central and Eastern European countries has, however, made the realisation of such a solution very difficult. How can incentives for investment in continuing vocational training be created?

- 1.9.5. Of course, the **roles of the state and social partners** go beyond funding. Both are also engaged in creating general conditions for access to continuing vocational training, either through the establishment of legal rights or by its inclusion in collective agreements. Industrial relations systems in most countries are still poorly developed and only very few have included continuing vocational training in collective agreements. If so, such agreements only regulate access for those who are employed and covered by the agreements. More often, training issues can be settled in individual contracts between employers and employees. Little information is available on this issue however.
- 1.9.6. Countries also appear to differ greatly in terms of **legislative frameworks** relevant for continuing vocational training. While only a few countries have specific continuing vocational training legislation in force, many elements are regulated by various other laws, both education and employment related. These legislative frameworks have developed more or less independently from each other and are now in need of systemisation. However, it can be questioned, from a lifelong learning perspective, if there is really a need for separate laws for continuing vocational training, as advocated by most of the country reports, or whether the developments in some EU countries towards an integrated vocational education and adult education law should not be followed. Such a law would include one common structure for qualifications and also secure optimal use of existing education and training resources.
- 1.9.7. In general, although dispersed, the existing legal situation in most partner countries already formally allows a high degree of equal access to continuing vocational training. However, for financial and capacity reasons, there is a considerable gap between formal rights and their practical implementation. Similarly to EU Member States, it appears that those with already relatively high levels of qualifications (both young people and adults) are the ones who now have the most access to continuing vocational training. They do so fundamentally on their own initiative. This has triggered off a debate about possible measures to improve the motivation of individuals. A large share of employment service training activities has apparently developed in this field.
- 1.9.8. Some EU countries have redefined the right to access to continuing vocational training as the right to achieve a recognised – mostly secondary – level of qualification for all, including employed adults. Experience so far has shown that functional illiteracy levels among the adult workforce (independent of formal qualification levels) are relatively high and that this decision has far-reaching implications for adult education infrastructures. Some Central and Eastern European countries have also recognised the existence of high levels of functional illiteracy and have also taken initiatives in this area. In practice this would imply a redefinition of the state guarantee for achieving the first qualification. Small countries in particular are becoming conscious of the fact that their human resources are their only capital for future competitiveness.
- 1.9.9. A third area where state and social partners have joint responsibility concerns **quality assurance** both in terms of labour market or employment relevancy and in terms of responsiveness to the needs of individuals. Earlier reference has been made to the necessity

to develop reliable assessment instruments and procedures to determine training needs. Here, the issue is rather one of educational and occupational standards and their related certification and qualification. This is a debate that is currently ongoing in the field of initial vocational education and training. It has hardly been discussed in the context of continuing vocational training but some countries have decided to expand this to continuing vocational training as well. By doing so, continuing vocational training certificates can become integrated into the overall qualification system. The development of such bridges between education and work is precisely one of the core ideas behind the lifelong learning debate. It may also greatly contribute to increasing the motivation of individuals to engage in continuing vocational training activities.

- 1.9.10. In the absence of a developed system of national standards, quality control is usually ensured through the **licensing of training providers** especially in cases where courses lead to publicly recognised certificates and qualifications. Such licensing procedures have tended to look for formal input criteria, such as compliance with curriculum guidelines and staff qualifications (input control) and have rarely included a control over the quality of the learning process as such. Only in exceptional cases does it seem that continuing vocational training has been the scene of innovative and adult-specific learning approaches. By and large, continuing vocational training is characterised by very traditional teaching and learning approaches, sometimes, as several reports mention, even by simple replication of youth education programmes.
- 1.9.11. Involvement of the social partners in developing and controlling standards may contribute to convincing them to also take responsibility for other aspects of continuing vocational training, such as its **provision**. Little can be gleaned from the country reports concerning the role of social partners in the provision of continuing vocational training. In some EU countries, employers organisations and trade unions run, sometimes jointly, their own continuing vocational training institutions. In some Central and Eastern European countries it is known that some trade unions and chambers provide continuing vocational training, although more information on this is necessary.
- 1.9.12. Quality provision of continuing vocational training is a major problem in all Central and Eastern European countries. While all countries have left considerable areas of the continuing vocational training sector to the operation of market forces (allowing state funded vocational schools to compete there as well), this has meant that certain areas have not been covered at all (those that are not financed from public funds or private contributions) and that the quality of provision in general has often been questionable or at least unknown. Individuals and enterprises need reliable **information** about the quality of training providers and the recognition of certificates that are given by them.
- 1.9.13. Access to continuing vocational training is also conditioned by the **availability of training providers**. Continuing vocational training in many countries is still associated with a traditional view of organised training. Training organisations tend to be concentrated in urban areas while capacities in rural areas are minimal. Alternative methods of training provision, through distance learning or by using modern electronic and telecommunication technology are still underdeveloped, partly as a consequence of the poor condition of such technical infrastructures. Ways of securing more comprehensive provision across the whole country need to be addressed urgently.
- 1.9.14. A final issue requiring attention is **the role of enterprises** in continuing vocational training. The reports provide little information on this issue and it is therefore difficult to say much on the degree of institutionalisation of continuing vocational training. Most enterprises seem to

have invested a lot in management training as such, especially with regard to direct market-related operations, such as marketing, sales and financial management. In some countries, companies conclude training agreements with employment offices, exchanging financial subventions for accepting and employing trainees. Companies apparently also use more informal ways of training, such as study visits abroad, etc. However, no information is available about the role and capacity of companies in providing learning opportunities in the workplace. It must be realistically assumed that this capacity is not well developed. Major investments in terms of integrating learning and working should be made.

- 1.9.15. The fragmentation of the enterprise structure as a result of privatisation and the creation of new small and medium sized enterprises have, in all countries, substantially altered the training capacity of companies. Only the larger enterprises appear to be involved in any kind of continuing vocational training. The small firms that form the majority of newly established companies have no real possibility to participate in training and for them it is practically impossible to provide or organise training. While the training of entrepreneurs has become part of a wider support structure for small and medium-sized enterprises also including consulting and investment support, there is a great need for the development of alternative solutions for **work-based learning** in general.
- 1.9.16. In view of enterprise capacities there is a need to search for alternative sites where continuing vocational training can take place. One of the important initiatives is the establishment of Regional Training Centres, now under discussion in many countries. Such regional centres have the potential to become key institutions in local vocational education systems, linking initial and continuing vocational education and ensuring that continuing vocational training can develop properly within all its principal domains. The realisation of such potential will be dependent on coherent policy concepts, which in most countries are not yet available.

1.10 Conclusions

- 1.10.1. The analysis of developments in continuing vocational training in Central and Eastern Europe has provided us with a striking contradiction. While it is clear that continuing vocational training has an important role to play both as an instrument for the transition phase and within the lifelong learning system needed for the future, it is also the area that has so far received the least attention. The development of continuing vocational training has suffered from both a fragmented approach towards educational reform and also from an increased fragmentation of the enterprise structure. Educational reform has given priority to other educational (sub-)sectors, while at the same time existing enterprise-based continuing vocational training capacities have been lost. While the reform of initial vocational education and training has been started, it has been slow and is still far from being completed. In contrast, employment services have gradually developed as the main institution in charge of continuing vocational training but they have obviously not been able to cover all the roles that continuing vocational training has to fulfil by themselves.
- 1.10.2. The national reports provide only partial indications for an understanding of the present state of continuing vocational training in these countries. Many reports themselves reflect a very disjointed view of continuing vocational training and fail to identify the most crucial issues for further development. This certainly illustrates the general state of discussion in the countries. The situation appears to be very uneven and some reports do indeed have a much

more comprehensive and forward-looking approach. Nevertheless, as a whole these reports provide a good basis for debate among the Central and Eastern European countries.

- 1.10.3. It should be recognised that educational traditions and reform policies differ between countries but it should also be accepted that they all face – or will soon face – more or less the same challenges. A fundamental review of the role of continuing vocational training has only just started. In view of the challenges ahead during the transition period and while preparing for competitiveness and social cohesion in an integrated Europe this review has to be continued in a more systematic and future-oriented way. The employability of everybody, young and adult, has to be a top priority for all Central and Eastern European countries.

2. Continuing vocational training in Central and Eastern European countries – Country reports

2.1 Albania

Background

The Government decided to create and develop continuing adult education in Albania following the major social and economical changes which began in 1991. Initially this initiative was based on a 1994 Government decree, followed by two other decrees in 1994 and 1995. According to these **legal provisions**, the Government appointed the Ministry of Labour as responsible for establishing a vocational training system for adults. In late 1995 the “Law on Job Implementation” was approved by the Parliament. Adult vocational training was included as one of the chapters of the law. Currently both the Ministry of Labour and Social Affairs and the Ministry of Education are in the process of drawing up a new law on vocational education and training.

As a result of the political and economic changes that happened immediately after 1991 linked to the introduction of a market economy, many large state enterprises went bankrupt. Many of these enterprises had established evening schools that provided training for their workers and also workers from other state enterprises. This system collapsed as the enterprises closed down.

Gradually the economic recovery started. New technologies were introduced in the country. The service sector developed very quickly. For these reasons the demand for qualified workers with new skills was evident. It was during this period that the Vocational Training Department was created within the Ministry of Labour which began to establish a new training system. Furthermore, new **private training agencies and different NGOs** started to offer training courses in the most required skills such as computer operators, foreign languages and different services such as hair dressing, fashion and design etc.

The newly created Vocational Training Department, in co-operation with donor organisations supporting the adult training system, created **seven training centres in the main cities**. Courses offered by these training centres included, for instance, fashion and design, hair dressing, car mechanics, secretarial services, hotel and catering services, maintenance of electrodomestic appliances, small business management, plumbing, construction etc.

The **main principles** in continuing vocational training, pursued by the Ministry’s Vocational Training Department, include:

- The continuing vocational training system is open to everybody living and working in the Republic of Albania.
- Training aims to improve the skills base of people to allow them to progress in their career, to get back into employment when unemployed and to support the economic development of the country.
- Private initiatives in the field of vocational training are to be supported, ensuring competition on the market.

- New curricula should be designed to take account of the new demands of the labour market.
- The training of trainers should be institutionalised, as it represents a very important tool to ensure a high quality of training.
- The co-operation between the Ministry of Education and the Ministry of Labour and Social Affairs should be formalised to ensure a better use of limited financial resources.
- A new legislative base should be created that allows for the decentralisation of responsibilities and ensures a higher administrative and financial 'independence' of training institutions.

Adult education in Albania is **financed** from the following sources:

- the Government budget
- (in some limited cases) the owners of enterprises
- the individual.

According to the existing legislation, courses for the unemployed are financed from the state budget. As a rule, labour offices direct unemployed people into training courses. During the training period, participants do not fall under the ordinary unemployment benefit scheme but they receive a part of the unemployment benefit.

There are some limited cases where big, mainly **foreign companies** operating in Albania train their employees either in Albania or abroad.

On the other hand, there are many **individuals** willing to improve their skills who pay for course fees themselves. These individuals are typically state employees who want to be introduced to new high technologies either to maintain their job positions or improve them.

Until now **universities** that could function as major adult training outlets are not offering such services. They are primarily concerned with the improvement of the teaching quality and bringing their laboratory technologies up to date.

Some efforts have been made with respect to the organisation of adult training evening courses in some of the higher technical schools subordinate to the Ministry of Education. However, the number of schools offering such courses is very limited.

A **Training and Employment Fund** has been set up by a World Bank financed project which arranges employment-related courses for unemployed adults. According to the regulations of this Fund, employers sign contracts with the adult trainees and are obliged to employ a certain percentage of them after completion of the training.

Challenges

Challenges to develop the continuing vocational training system in Albania, as well as measures of immediate concern include:

1. Development of a **systemic approach** and a **coherent system** of continuing training which would also include the promotion of continuing training of the employed.
2. (Re)training should be more closely linked to **regional economic development plans** and priorities.
3. A **national framework of qualifications** based on industry needs should be set up as a basis for coherent assessment and accreditation.

4. Curriculum design mechanisms have to be put in place whereby the needs of both industry and society would be better taken into consideration. Curricula should encourage self-employment and take the needs of small and medium-sized enterprises into account.
5. A **retraining programme** would have to be conceived for the **15,000 civil servants** working in public administration who are considered redundant. The ILO has prepared a project proposal for multilateral funding in this respect which aims at the redeployment of redundant public employees.
6. **Master craftsman courses** would have to be developed.

2.2 *Bulgaria*

Within the reform process which has taken place in Bulgaria, the term “Continuing Vocational Training” (as opposed to adult education) has been introduced in order to be more in line with EU terminology in the field of vocational education and training.

Development and status of vocational education and training

Until the beginning of the socio-economic transition in 1989, the so-called “Unified National System for the Promotion of Personnel Qualifications” existed in Bulgaria. Workers, specialists and management staff were largely offered adult training and qualifications regulated by a Government decree. By its very nature, this type of training within the system can be designated as continuing vocational training. Statistical data from the 80s shows that every year between 700,000 and 1,000,000 employed people had been trained.

After 1990 this (mainly enterprise-based) system collapsed due to the economic crisis that occurred. At the same time the need for training increased considerably. Since 1992 a training market has started to emerge in a sporadic way. Training for qualifications, skills upgrading and consultant services are provided by both public and private, Bulgarian and foreign institutions, companies and organisations.

Role of the state and social partners

The responsible bodies for the development of continuing vocational training are the Ministry of Labour and Social Policy, the National Employment Service and the Ministry of Education and Science. Public relations in the field of continuing vocational training are regulated by the National Education Act, the Labour Code and, since December 1997, by a new Law on the Protection Against Unemployment and Employment Promotion.

This law stipulates that the management of continuing vocational training is based on a tripartite principle. This implies that practical arrangements are agreed at national level by two Councils on which national employers’ and trade union organisations are represented – (a) the National Council for Protection Against Unemployment and Employment Promotion as a permanently active management authority (executive body) and the National Council for Vocational Qualifications under the auspices of the Ministry of Labour and Social Policy. However, these Councils are not yet fully operational, and they have not been given the official mandate to carry out their functions, as envisaged by the law. Hence, the institutional framework of continuing vocational training is still fragmented and state-dominated.

In 1998 the Ministry of Education and Science elaborated a draft Law on Vocational Education and Training which is currently being discussed (in the Government and by the Parliament) and harmonised with already existing legislation³. The need for an overall review of legislation is evident particularly in the area of continuing vocational training so as to make it compliant with the principles and terminology used by EU countries. A national concept for the development of continuing vocational training is needed which has to be agreed by all interested Government and non-Government organisations. Such a concept would form the basis for drafting and implementing policy in this area. Within the framework of active labour market policies, the National Employment Service arranges for continuing vocational training measures for both unemployed and employed people. Services are also offered in the area of vocational information, guidance and counselling. In this context, regional structures of the National Employment Service, i.e. the labour offices, avail of resources and specialists required for vocational information, career guidance and the counselling of clients on all issues with regard to the choice of a suitable occupation, workplace or institution for education and training. When needed, psychological support and motivational training is offered. In view of the significance of vocational guidance for the effective functioning of continuing vocational training, the National Employment Service was created in 1994 to set up specialised units – so-called Vocational Resource Centres –, Job Clubs and Centres for Vocational Information and Counselling. A total of 27 such units, as well as a National Centre for Vocational Guidance and Development have been established to date. The latter provides methodological guidance and information in order to facilitate the work of the smaller units.

Training in and for enterprises

Against the background of an economic crisis, levels of training in both state and private enterprises have decreased to a considerable extent. Reasons for this include a lack of resources, but also a total underestimation of the role training can and has to play in business development, including maintaining or raising levels of employment and increasing the quality of products and services and, hence, the market performance (competitiveness) of the company. Encouraging training within and for enterprises and providing special incentives (both fiscal and other measures and programmes) should, consequently, be top of the reform agenda. Enhanced training schemes are required for the upgrading of skill or qualification levels of employed persons in enterprises. This way processes of industrial restructuring, the introduction of modern technology and an overall innovation in production could be speeded up, as well as incentives provided for (foreign) investors.

Programmes do exist in Bulgaria for small and medium sized enterprises. These programmes include training for the development of an entrepreneurship culture and related skills. This training should, however, start at a relatively early age and be integrated into education and training programmes at all levels, in initial and continuing education and training. The establishment of *business incubators* would be required to support training measures and build further on the results achieved through training.

Continuing vocational training to promote employment and prevent social exclusion

Restructuring Bulgaria's economy implies the closing down of ineffective businesses or production lines which would result in mass redundancies. Continuing vocational training plays a vital role in alleviating the social implications, such as increased unemployment and social tensions. People are frequently made redundant because they do not possess the right qualifications to master new

3 The new Vocational Education and Training Law was adopted by the Parliament in June 1999 (*annotation by the editor*).

technologies or offer quality services. Within the restructuring process, workplaces should not only be abolished but new ones also created. For both processes, i.e. the adaptation to technological changes and the creation of new jobs, skills upgrading is required through training or retraining.

Continuing vocational training has to be an integral part of industrial reconversion programmes. Training measures should be carried out before people become unemployed, that is, they should be of a preventive nature. For this purpose it is also necessary to further develop regional and sector-related methodologies and mechanisms for the completion of training needs analyses.

Special programmes, including continuing training measures, are carried out in Bulgaria aiming at increasing the employability of groups of disadvantaged people in the labour market, including young people with low or without qualifications, the long-term unemployed, handicapped persons and ex-offenders. These programmes aim at the prevention of social exclusion for those who are threatened by it.

Financing of continuing vocational training

The Law stipulates from which sources funds for continuing vocational training are to be derived, i.e. the state budget, employers and recipients of training (both employed and unemployed). Funding sources include Bulgarian and foreign donors. Training can be carried out through mixed financing.

There is also a centralised Vocational Qualification and Unemployment Fund which is administrated by the Ministry of Labour and Social Policy and the National Employment Service. Resources are used for paying unemployment benefits and for the training of unemployed adults, the latter, however, are limited to the job vacancies available. In certain cases, the training of employed people is regulated as is the implementation of training, qualification and employment programmes at national, regional, branch and other levels.

With a view to current conditions and needs, the financing of continuing vocational training can be assessed as being highly insufficient. New approaches and mechanisms in this respect would not least stimulate donors to allocate more resources to the area of training.

Challenges

Research carried out in the field of continuing vocational training in Bulgaria provides the following conclusions, as regards its further development:

It has an important role to play to underpin and help to successfully implement the Government programme, aiming at a successful completion of economic and social reforms and preparing for accession to the European Union. **Bigger scales of continuing vocational training** are all the more essential in view of both the extremely short time frame set for accomplishing the above mentioned challenges and the unfavourable demographic situation prevailing in Bulgaria (high number of older people). In order to keep pace with technological developments and meet the requirements resulting from the restructuring of the economy and the labour market, continuing vocational training should be a must for people at working age. This requires the further development of the continuing vocational training system however.

An important prerequisite for the development of continuing vocational training should be the **drafting of a concept paper** (development plan) which should subsequently be discussed and agreed by all relevant stakeholders.

An immediate task is the **harmonisation of legislation** in continuing vocational training in order to ensure compliance of new and existing laws with the norms and terminology used in EU countries.

Another essential task is **institution-building** in the area of continuing vocational training in which non-Government organisations should also be involved, and the achievement of synergy among the institutions.

In a mid-term perspective it would be necessary to complete the **system of national vocational qualifications**, also incorporating the standards drafted for continuing vocational training already. Such a system would guarantee the necessary transparency and regulate access to continuing vocational training⁴. It would ensure quality and certificates that are recognised throughout Europe. Reforms of the continuing vocational training system and the implementation of appropriate measures would also need to take into account applied **research** projects in this area and the **training of personnel managers, trainers and other specialists**.

2.3 *Czech Republic*

Background

During the 90's the structure and arrangement of continuing vocational training changed rapidly as a reflection of economic and social transformation. Economic reform, including privatisation, led to considerable changes in the employment structure, particularly the decreasing share of people employed in the primary economic sector (agriculture) and in the tertiary sector (services). It is estimated that approximately one third of all employed people changed their jobs in the first half of the 90's. New requirements resulting from the changed economic and social situation influenced job contents in many fields of economic activity. All these changes had an impact on continuing vocational training.

Positive aspects of the present situation in continuing vocational training include a higher flexibility, availability and diversity of training providers and services. The continuing education and training offer has increased following a greater demand due to shifts in the employment structure and due to the need for new courses in areas disregarded or non-existent beforehand. **Negative** aspects of the present situation include the difficulty for the individual to have a comprehensive view of continuing vocational training on offer due to its fragmentation and spontaneity. In general, the current situation in continuing vocational training in the Czech Republic can be characterised as demand and supply being left to the free market.

There is **no complex law** regarding continuing vocational training. The absence of a legal framework is, according to both studies on the Czech adult training policy and findings by foreign experts (e.g. from the OECD) considered to have a negative impact on the development of continuing training. This may be caused by the underestimation, if not ignorance, of the importance of continuing vocational training. Existing laws do not assign the responsibility for continuing training to one single Ministry nor do they define the role of other stakeholders, including social partner associations or municipal bodies. Furthermore, current laws do not include any financial or other incentives that would support the development of continuing vocational training. In an attempt to improve this status several proposals have been made on how to define the role of the state in continuing vocational training development more precisely. The Ministry of Education, Youth and

4 In the opinion of the editor (a) the national vocational qualification system should equally apply to both initial and continuing training, as borders become blurred nowadays and (b) instead of 'regulating' access to continuing vocational training, open access should be guaranteed for all groups of people (see chapter 1).

Sports is currently preparing a new Education Act which will also cover continuing training. This act should replace the outdated and several times amended School Act.

Continuing training courses are, as a rule, offered by private training and consultancy firms, non-profit organisations, secondary vocational schools and universities. These institutions offer training services on the basis of programmes developed internally or adopted from abroad. Continuing training providers are forced by competition to extend their offers.

As far as **the role of the state** in continuing vocational training in the Czech Republic is concerned, there are only a few general laws which touch upon the area of continuing vocational training. The Labour Code, for instance, contains some regulations with respect to continuing vocational training. These include the obligation on the part of the employee to acquire further skills necessary to perform his/her current job duties, the obligation on the part of the employer to cover the costs of training if it is in line with the employer's needs. Furthermore, these regulations stipulate that the employer can force the employee to upgrade his/her skills through participation in training. Contractual regulations between the employer and the employee are such that (extended) educational leave would be granted if a skills upgrading of the employee becomes necessary.

Labour Offices co-operate with training institutions in connection with training or retraining courses for job seekers. Labour Offices commission vocational schools or other (private) local or regional training institutions accredited by the Ministry of Education, Youth and Sports to carry out the training.

At the **regional level**, continuing vocational training is closely related to the labour market, to the overall development of the region and to employment promotion, although the situation differs considerably from region to region in the Czech Republic. Even though Labour Offices avail of sufficient information as regards current labour market needs, as well as demand and supply, there is hardly any information about future, expected developments of the labour market. This is caused by several factors. Employers do not provide Labour Offices with adequate information with respect to their future labour and skill needs by types of profession because they are unable to assess the development potential of the company. They also point to the fact that strategic plans for the future development of a given sector, region or the economy as a whole are missing. Another deficiency lies in the absence of an appropriate methodology for labour market analyses and prognostics. This also makes educational planning in the fields of both of initial and continuing vocational education and training difficult.

In several districts consultative bodies (councils) have been established which serve as a forum to discuss expected developments of the regional labour market, as well as employment and measures to be taken in the area of initial training and continuing vocational training.

Guidance, as part of an active employment policy, is offered to young people who have to take a decision about their future career, to unemployed job seekers, as well as to employed persons who wish to change jobs or enhance their skill level. The majority of guidance services are offered by the information and counselling centres located at Labour Offices in districts. However, these centres cannot currently operate in an effective manner due to the absence of a unique database on training providers and programmes.

The level of **involvement of social partners** in continuing vocational training is low in the Czech Republic. This statement applies to both social partner associations (employers, trade unions) and chambers. A tripartite body (Council of Economic and Social Agreement) exists, bringing together representatives from the state, employers and trade unions. Major employers' and trade union associations in the Czech Republic do not have a great deal of competence in the area of training. However, their interest in continuing vocational training has increased over the last two years. Social

partner bodies are relatively new and inexperienced. They are in the process of establishing networking and activities in the new environment. Training has not been one of their key priorities to date. However, the situation is improving.

The liberalisation of the continuing training market has led to a significant increase in the number of training programmes offered. As there is no regulation or support at national level, programme development is left to individual training providers. There is **no general system of quality standards** in continuing vocational training. Furthermore, no mechanisms exist with regard to the dissemination of quality training programmes throughout the country.

The scope and intensity of **training in and for enterprises** has increased in the Czech Republic. More than half of all Czech enterprises have elaborated an internal training strategy. According to surveys undertaken to assess the level of participation of employees in training, standards are comparable to those from some EU countries. For instance, the rate of participation in training of employees in Czech enterprises amounts to 23%, which is comparable to rates in Germany, the Netherlands or Denmark. However, expenditure by enterprises on training as a percentage of the overall annual wage bill is lower than in EU countries (approx. 1% in the Czech Republic, which represents about 50% of the EU average). However, there are considerable differences between individual companies. Training in Czech enterprises focuses mostly on the development of personal skills, marketing and sales, quality management, computer skills, implementation of new technologies, customer services, as well as safety at the work place and health protection. Training courses usually take place outside company premises or are arranged within the company by external trainers.

The scale of training within small and medium-sized enterprises has remained limited.

Continuing vocational training is one means to enhance employability and prevent social exclusion. The enhancement of employability through continuing vocational training is evident, for instance, through the above mentioned activities by Labour Offices in the area of training or retraining.

Continuing vocational training in the Czech Republic is **financed** from several sources. State funds for continuing training are administered by the Ministry of Education, Youth and Sports and are used for those who attend courses in state secondary vocational schools or universities (full-time or part-time programmes). Those who attend courses organised by private schools have to pay for the courses themselves. State funds for labour market training are administered by the Ministry of Labour and Social Affairs and the Labour Offices. There are no state funds or other incentives for the training of employees within companies. Companies themselves fund the training of their employees only if it has been encouraged or approved by the employer, otherwise it has to be paid by the individual. The same is valid for the financing of continuing training initiated by personal interest (e.g. hobbies) of individuals. The lack of both a legal and financial framework and incentives in the area of continuing vocational training are considered the most serious obstacles in the development of the Czech continuing vocational training system.

Challenges

Continuing vocational training is a fast developing area in the Czech Republic. Employed people represent the majority of continuing training participants. Future actions should focus on four main areas:

1. A **long-term strategy** for the development of continuing vocational training as an integral part of lifelong learning and human resource development should be elaborated and discussed with key decision-makers, as well as social partners. This strategy should define the roles and responsibilities of state authorities and other stakeholders in the field.

2. A **staff development programme** for key actors (representatives from both the Government, the social partners and other stakeholders) in the Czech continuing vocational training area should be implemented to familiarise participants with the role of continuing vocational training to increase employability and competitiveness and underpin life long learning processes.
3. A **team of experts** should elaborate, a proposal on how to finance continuing vocational training, taking into account foreign experience and good practice, and provide incentives to both companies and individuals to encourage participation in continuing training.
4. The *information base* in continuing vocational training should be improved by establishing a comprehensive analytical and monitoring system, which should also include continuing vocational training providers and programmes offered by them.

2.4 Estonia

Background

The achievement of economic growth and development in Estonia is largely dependent on the availability of suitably qualified and adaptable personnel with the necessary personal and vocational skills. The availability of skilled personnel, in turn, is dependent on the efficiency and effectiveness of initial vocational education and training and the updating of skills on a continuous basis throughout life.

The OECD, in its 1989 Report on Education and Economy in a Changing Society, emphasised that a high standard of general education was an essential prerequisite for a vocationally skilled and adaptable workforce. Initial and recurrent education and training programmes have a vital role to play in enhancing Estonian economic performance. This conclusion has been supported by international research and studies, including the EU White Paper on Growth, Competitiveness and Employment, 1994, and the OECD's Jobs Study - Facts, Analysis, Strategies, 1994.

Learning in Estonia is therefore perceived as a lifelong process, building on the foundation of formal schooling. Access to lifelong education and training is important for all people. Adult and continuing education empowers adults to take a more active and effective part in society.

From a provision perspective, different sources of data indicate that there are currently in excess of **900 providers** (state, private and NGOs) in the continuing education and training sector. This figure does not take account of the in-service training activity within enterprises or state institutions.

On the basis of information collected by the Ministry of Education, the vast majority of vocational training institutions provide some type of continuing and/or retraining courses. In 1997, for example, only 5 out of 82 institutions did not organise training for adults. Information on training institutions providing adult training exists in a **database** on the web site of the Estonian Adult Training Association (ANDRAS) (www.andras.ee).

Studies undertaken in 1994 and 1997 suggest an **increasing participation rate** in continuing education and training courses, from 15% to 25%. Another study completed in 1997 among small and medium-sized enterprises showed that:

- 31% of all respondents had attended courses organised by private companies;
- 13% at entrepreneurship or Business Advice Centres;
- 8% overseas;

- 2% on courses organised by the Labour Market Board.

Financing of training in this sector comes from four main sources – (a) the national budget, (b) local governments, (c) enterprise funds and (d) private persons.

The present **legal acts and related framework** supporting the continuing education and training activity in Estonia are:

- Adult Training Act
- Public Service Act
- Income Tax Act
- Social Protection of the Unemployed Act
- Decree on the organisation of work related training for the disabled
- Decree on the issuing of training permits
- Decree on the application of funding for adult education and training from the national budget and
- Decree for approving the fields and methods for organising adult education at vocational school.

Continuing education and training in Estonia is mainly targeted at five categories of **client**: (a) public administrators, (b) educators/ teachers, (c) managers from the various sectors of the economy, (d) industrial workers, (e) unemployed groups.

Challenges

Adult education and training should be an integral part of the framework for the future development of education in Estonia. The objective should be the **continued development** in order to **maximise access** to suitable programmes for adults who wish or need to update their occupational skills and to continue their personal development, irrespective of their education and training attainments.

It is clear from these and other contributions that a **policy framework** for adult education and the other elements within the general scope of continuing education and training is required. There is also a pressing need to address the question of structures to ensure the development of a responsive, effective and cohesive national education and training provision.

The future development of a cohesive Estonian policy should reflect the following **principles**:

- maintaining and enhancing standards of general education as a basis for the development of higher skills and competencies;
- promoting the achievement of high skill levels, coupled with the development of an ethos of innovation and adaptability, and personal skills;
- providing due recognition for skills, knowledge or competencies received through different methods of delivery within the framework of a national qualification system;
- defining and improving the role of social partners through better co-operation between providers (schools, institutions and teachers) and employers in the identification of the present and future skills and competencies that are required for economic growth and development. This action should build on the pilot initiatives presently being implemented in the initial stages of developing a national qualification system;

- promoting life-long learning, continuing retraining and updating of skills and
- ensuring equality of opportunity for all, through access to quality education and training on a continuous basis.

There is **insufficient qualitative information** available on the continuing vocational training needs of the labour market to enable a responsive and relevant provision to be developed. State intervention in partnership with key interest groups will be required to address this deficiency.

The present **sector studies** being undertaken within a number of economic branches should receive funding from the state to support this strategic activity.

Estonian industry's understanding of the challenges being presented through the "global economy" and the consequences for an export-orientated country have not as yet been fully appreciated. Industry is changing, the world of work is experiencing rapid changes due to technological advances and the external economic environment. The consequences of these trends have been reflected in the EU policy papers on industrial competitiveness and the learning society.

These papers underpin the **strategic importance of human resource development** and continuing vocational training in enhancing the overall competitiveness of industry. However, the report suggests that this vital connection between the economic well-being of enterprises and continuing vocational training has yet to be fully accepted or understood, particularly in small and medium-sized enterprises. In this area substantial efforts and resources need to be deployed to redress the problem. Specific policy initiatives will have to be developed between the social partners and Government to improve the status and relevance of continuing vocational training within the enterprise context.

Quality and provision of training for the unemployed will need to be strengthened through the increase in funds in the national budget. This action should be supported by a national initiative to increase the quality of training provision within the continuing vocational training sector. This initiative should include a review of the quality of qualifications, learning organisations, individual programmes and the process for national assessment and certification.

There is a compelling need for the development of an employment-related **career counselling system** for those out of work, those who wish to enhance their employment prospects and for those full-time students entering the labour market.

2.5 Former Yugoslav Republic of Macedonia

Background

The previous non-market economy left a system of acquired rights and "job security". In such conditions nobody requested or expected continuing vocational training. Practically **continuing vocational training** did not exist. However, the new system and job insecurity have brought about an intensification of interest in this area, especially over the last few years.

In 1991, the former Yugoslav Republic of Macedonia embarked on the transition towards a market economy. The main characteristic of this period, particularly in relation to the privatisation of state companies, was a decrease in employment and a subsequent increase in unemployment. In April 1997 there were 402,372 employed people in the former Yugoslav Republic of Macedonia – 250,524 men and 151,848 women. A total of 252,979 people were seeking employment, 114,900 of whom were

women. The average **rate of unemployment** last year was **over 47%** in two age groups: 15-24 year olds (35.1%) and 25-49 year olds (59.9%).

Since 1991 the former Yugoslav Republic of Macedonia has attempted to reform its system of vocational education and training. The nucleus of this reform is the vocational education and training project 'Integrated Reform Programme', sponsored by the **EU Phare Programme**, which started in 1997 and targets 16 pilot schools.

There are numerous **institutions** which provide vocational education and training and offer a wide choice of vocations and profiles. Vocational education and training is available in two forms:

- the regular education of young people and education of adults in schools or worker's universities and
- different types of retraining provided and organised for the needs of companies or individual workers.

There are several types of vocational education:

- Training for employment that lasts between 1 and 2 years;
- A three year programme of vocational education and training; and
- A four year programme of vocational education and training.

There are at least **three forms of continuing vocational training**:

- all types of on-the-job training (including that leading to an internally valid qualification);
- all types of off-the-job training to update and improve professional knowledge and skills, and
- all types of upgrading/broadening of professional education through provision of special functional knowledge and skills intended for specific businesses.

In the former Yugoslav Republic of Macedonia, depending on the number and type of skills required, continuing vocational training is offered either by individual **enterprises or external providers**. Vocational education institutions also provide training and issue certificates for new qualifications. People who wish to improve their skills on their own account can obtain training in high school institutions or workers universities in collaboration with vocational training institutions. In this case, the students themselves pay the fees.

There are a number of **specialised institutions** providing continuing vocational training that are not part of the ordinary, state-financed vocational education and training system. These institutions follow the rules and procedures of initial vocational education and training programmes. However, those choosing to follow continuing training courses at these institutions have to pay fees, as they are not supported by the state in any way. Some of these projects are sponsored by organisations, such as the Privatisation Agency, the World Bank and the Open Society Institute (Soros Foundation).

Continuing vocational training is now available to all citizens. The basic aim is to provide people with better opportunities within the labour market.

The **General Collective Agreement** for the commercial and non-commercial sector in the former Yugoslav Republic of Macedonia regulates the financing of continuing vocational training. Individuals bear the costs of continuing vocational training usually when their training is not in accordance with the interests of their employers. In the poor Macedonian economy, **only successful enterprises can finance** (all or part) of the costs of the continuing vocational training of their employees.

At present a regulated system for continuing vocational training with **quality standards** does not exist at national level. In fact, there is still a need for **regulation** in this area, which would demonstrate the Government's commitment to the system of continuing vocational training, adding a quality aspect and giving the topic more importance.

In summary, the main characteristics of continuing vocational training at present are:

1. In the case of skills improvement for employment, the main emphasis is put on in-company training. Candidates receive a **certificate** from the employer which does not have the same value as a diploma obtained through vocational training within the formal system. However, higher vocational schools do award diplomas that are recognised at national level.
2. In the case of individual skill improvement leading to **new qualifications**, classes are rarely organised so candidates sit for the exam with poor or no preparation at all (a form of reduced distance education).
3. Rarely do **companies** regard continuing vocational training as a part of their development strategies.
4. There is an absence of **skill needs assessments** while implementing continuing vocational training.
5. The unions and the Chamber of Commerce (**social partners**) approve continuing vocational training courses, although in practice they do not actually carry out any concrete actions in this regard.
6. At state level the **quality** of continuing vocational training must be improved. In view of this a new **law on 'Other High School Education'** is being prepared, by which the statute and the obligations of the providers of continuing vocational training (apart from the vocational education and training institutions) are regulated. Furthermore, the function of continuing vocational training within an integrated vocational education and training system is being developed through the Phare project.
7. The new group of **unemployed people** have, over the past 10 years (and especially the last 2) been in need of re-training for first or new employment. The employment offices are heavily involved in informing on and organising continuing vocational training. This is financed, in most cases, by the Privatisation Agency or the World Bank.

The main international body involved in vocational education and training reform is the World Bank, which works through the Privatisation Agency on a programme for increasing employment among those who have lost their jobs as a result of structural changes (i.e. the disintegration of large, state-run companies and the creation of more and more small businesses). It covers 50% of the expenses of continuing vocational training.

Challenges

Throughout the continuing vocational education and training reform process, the main aims are:

1. to define the **roles of the social partners** in continuing vocational training and vocational education and training, particularly those of the unions and the Chambers of Commerce.
2. to make human resources development part of **enterprise development programmes** as a strategic means for establishing adequate continuing vocational training and restructuring the system of vocational education and training.

3. to ensure that **continuing vocational training for the individual** is promoted as a means to securing work or improving work prospects.
4. to support the **development of** a certain number of **institutions** delivering continuing vocational training, particularly outside the capital Skopje. In our opinion this is the most important challenge, which will secure better continuing vocational training opportunities in the country.

2.6 Hungary

Background

Legal framework and labour agreements: Continuing vocational training is regulated by a number of laws, adopted at different times, rather than of one comprehensive law. These regulations do not form a coherent system. Continuing vocational training is performed by various types of training institution and the degree of state support for continuing training depends predominantly on the labour market status of the participants. Laws governing the various areas of continuing vocational training are as follows:

- the 1993 Act on Vocational Training;
- the 1991 Act on Employment and
- the Labour Code.

Subsidies and defined periods of study leave as elements of the former adult education regulation were introduced in the period of full employment and/or labour shortage in Hungary. They also reflect the conditions of the time, primarily the efforts made to make up for the schooling deficiencies of those with the lowest levels of education. At the time of the adoption of the regulation that has been in effect for decades, the promotion of acquisition of higher qualifications while working was an important element of company human and social policies. This regulation, however, no longer reflects the actual requirements of the labour market. At present the over-supply of labour and the existence of unemployment weakens the bargaining position of employees, restricting individual continued study and employers' support for such efforts.

Financial mechanisms: There is no comprehensive, single government policy concerning continuing vocational training in Hungary. This is one of the reasons for the lack of a cost sharing system that would stimulate active employees to participate in training. Within the government subsidy system priority continues to be attached to training within the schooling system and training related to unemployment. Active employee training programmes (to acquire second qualifications, to expand and maintain knowledge) are financed on a commercial basis.

The Act on the Promotion of Vocational Training, which has been in force since 1 January, 1997, is aimed at stimulating the training of active employees and it provides that employers may use part (0.2% of their total wage costs) of their statutory contribution to vocational training in the schooling system (1.5% of their total wage costs) for the training of their own employees, but only if such training is aimed to acquire state recognised qualifications (included in the national list of vocations).

Qualification standards: In 1993, with the entry into force of the Act on Vocational Training, the previously applied lists of vocations were replaced by the National List of Vocational Qualifications, containing qualifications recognised by the state and accepted in the whole of Hungary, in a uniform

system. It is a special feature of the Hungarian qualification system that the certificate of the educational level and that of the vocational qualification are separate within the system.

Training outside the school system, i.e. non-state recognised qualifications (and thus without nationwide recognition) may also be acquired, and there are training courses that do not provide full qualifications, such as the training to become a semi-skilled worker. Programmes for the latter are worked out by the institutions providing such training.

About one quarter of the 940 qualifications currently contained in the National List of Vocational Qualifications can be acquired exclusively within the school system while the rest may be obtained outside the school system.

Information on training: One of the sensitive points of the domestic adult training and vocational training system is the relative under-development of the organisation of professional background services, particularly those of a customised vocational guidance and career advisory system. The open information and advisory offices have only just begun to form a network.

As for the information available to decision makers concerning the operation of the training system, despite the fact that steps have been taken to organise ongoing information collection there are no reliable, comprehensive statistics – suitable for in-depth analysis – available on the whole of the continuing vocational training system (its volume, internal structure). There are several parallel data collection systems generating partly overlapping sets of data.

Continuing vocational training market: The state continues to be the largest customer in the vocational training market primarily in the form of training programmes subsidised by labour market mechanisms. Therefore, competition between the institutions providing training services is aimed primarily at winning orders financed from public money. Owing to the relatively low wage level the solvent demand on citizens is not substantial.

The state monopoly of vocational training came to an end in the late 80s. In the 90s mass unemployment and the training requirements arising from economic and social transformation stimulated a substantial expansion of the training capacities and supply.

All **training institutions** are present in the market:

1. Institutions providing training in the education system (secondary vocational schools, colleges and universities).
2. The nine regional labour force development and training centres established between 1992 and 1997 with a substantial World Bank loan.
3. Business entities performing training activities, including:
 - training businesses organised out of the former separate further training and executive training institutions of the various ministries;
 - training businesses transformed from the training centres of former state-owned large enterprises;
 - the usually small training, consulting and/or training organising firms established in the nineties, in response to the upswing of the market;
 - foreign training entities and/or their domestic subsidiaries;
 - usually small sized training or training organisation businesses established by the staff of higher education institutions or research institutions;

Traditional institutions which used to play very important roles (e.g. the Society for Dissemination of Scientific Information (TIT) – the prime organiser of open training programmes over past decades – are becoming gradually marginalised in the market.

4. Professional/vocational chambers organised on the basis of the Chambers Act of 1994 also organise training programmes.
5. The civil sector (its vigorous development started only a few years ago) which includes foundations, non-profit organisations whose training activities are not significant in terms of volume, but whose participation – which is also granted governmental preference – is on the increase. They play a major part in the implementation of complex projects organised for various special groups (e.g. disadvantaged groups in society, the Gypsy minority).

To protect their market positions training enterprises organised themselves into professional organisations representing different interests (Association of Adult Training Enterprises, Association of Language Schools) in the early nineties and since then a process of specialisation has commenced, (e.g. National Association of Human Resource Management Advisors).

Demand vs. supply: The training market is currently characterised by an over-supply in terms of quantity and fierce competition between the providers of training services – especially in the case of some popular training types.

There is a wide variety of training courses within business organisations (from mandatory labour safety or environmental protection training, through short term courses for large numbers of participants) which provide no approved qualifications and which are aimed at generating semi-skilled labour as well as manager training courses. Some authors estimate that about 5-7% of employees participate in some training in the work place each year. This is far below the average of certain other European countries.

Access of the individual to continuing vocational training: Training for obtaining the first vocational qualification is free of charge for children of school age and older individuals alike. The acquisition of second or additional vocational qualifications and vocational further training is financed by the participant, i.e. the commercial participation fees are paid by the participants (unless aspects of employment justify a subsidy). In the case of active earners the employer may undertake to pay part or whole of the training costs – under an agreement between the employer and the employee.

For reasons of economic efficiency and in a way that is similar to vocational training in the school system, the supply of vocational training courses is concentrated in larger municipalities. Accordingly, participation in training by inhabitants of smaller municipalities entails increased time and funding requirements, which are not offset by any allowances. Flexible and open learning forms have not yet been introduced in Hungary as widely as they have been in certain other European countries.

Teachers: Experts in adult training (adult trainers/andragogues, education managers) are trained only in a few higher education institutions. For the traditional professions – training for which also takes place in the schooling system – there is no shortage in teachers. There are few experts, however, with sound professional expertise in the areas of open training, personalised skill development and related quality assurance.

Integration of work and learning: The economic changes in the 90s – mainly the disappearance of large state-owned enterprises – destroyed the traditionally strong relationship between enterprises and schools concerning vocational training. Since then, one of the most sensitive points of the

Hungarian vocational training system and the whole labour market is the weak relation between the fields of learning and work.

Quality control: To promote the long term labour market related interests of employees, preference is granted to training on the basis of the requirements of the National Register of Vocational Qualifications, and is rather rigid and not in line with the short term requirements of business organisations. As subsidies are associated with the state-recognised qualifications, participants of vocational training try to incorporate all types of training programme in the framework of this system. In the formulation of the professional requirements – despite the existing reconciliation mechanism – the expectations of the economy are not taken into account appropriately. This is partly a result of the large number of professions and the brevity of time available for the compilation of the Register. With regard to the whole of the sector of vocational training, the system of quality assurance – even taking into account the existing initiatives – is seen as rather underdeveloped.

Training by companies: An intensive interview survey carried out in training businesses has revealed that neither the employees of the prospering, nor those of troubled training institutions consider their own professional further training/improvement as essential and such activities are performed in an organised manner in only a very limited number of these institutions.

The formulation of training strategies and substantial in-house training is a characteristic primarily of the large enterprise sector. Medium-sized and especially small businesses relate to training, or investment in training, in an ambivalent way. They do admit its importance in words but under the current circumstances of competition they do not have the time nor the money to spend on training their employees and this is not balanced by incentives.

There is a marked difference between attitudes to training of foreign owned and Hungarian-owned companies. There are more carefully planned and more extensive training efforts in large companies under foreign ownership.

In accordance with the requirements created by economic transition the most typical training areas in the corporate sector still continue to include manager training, information technology, economic/business skills and foreign languages.

Active labour market policy: The position of the labour market is fundamentally characterised by the fact that between 1989 and 1992 almost a million people (nearly one fifth of the total labour force) lost their jobs, most of them in traditional sectors of the economy. Furthermore, statistics reveal that almost half of the adult active population has not completed vocational qualifications and over one quarter of those leaving school enter the labour market without complete vocational qualifications.

Since vocational training in the school system is slow in adapting to the rapid transformation of the economy and is still training large numbers of young people in vocations not needed by the labour market, labour market training plays a very substantial role.

The content of the training programmes offered were often influenced by the rationality of the training organisation rather than the labour market requirements of the given region.

Pursuant to the relevant legal regulations, subsidies may be provided for the participation in training programmes which are aimed at helping participants to find employment or to retain their existing job.

The benefits for the unemployed and the various forms of support – including training – applied to promote employment are financed from the Labour Market Fund (made up of the employers' and employees' contributions, the rehabilitation and vocational training contributions, the contributions from the central budget and part of the privatisation revenues). The amounts spent on training in 1996 accounted for 22% of the total spending on active tools.

Each year the labour centre publishes the training directions which it subsidises at its own discretion. The labour centre selects the institutions whose training it will subsidise and concludes a contract with the training institution.

The regional labour force development and training centres set up with substantial foreign funds in 1992-1997 as part of the labour organisation system represent a new type of vocational training institution. The nationwide network of training centres is currently comprised of nine units and they are estimated to perform or organise some 20% of the training programmes subsidised by the Employment Fund. Besides training, the training centres also provide consultancy and other (labour market related and education) services and also operate as methodology and examination centres. The centres liaise with the vocational training schools of the given region. They also train according to orders placed by companies (this activity is on the increase) and they organise programmes for citizens. Today they are already capable of organising the training of some 30,000 people a year.

Disadvantaged groups: Specific training and other measures are targeted, amongst others, at the relatively high percentage of long term unemployed, young people, those with reduced working capabilities (with permanent health impairment) and the Gypsy minority, which forms the largest ethnic minority in Hungary. However, there are no specific programmes that would take into account the special position of women in the labour market.

Challenges

1. Within the governmental sector there are several departments that are interested in and deal with continuing vocational training. So far no mechanisms have evolved which could enable **co-ordination of the measures** to be taken in the various sectors or the creation of a **coherent, comprehensive policy** to promote training.
2. Although the government has recognised and has more than once declared the necessity of **promoting continuing training of the employed** in line with business requirements, training is still subsidised in the way described above.
3. There is still no reliable **statistical monitoring system** that could help analyse major trends in continuing vocational training. There is a strongly felt lack of **systematic research** aimed at analysing continuing vocational training (there is little empirical knowledge especially in the area of the processes within the business organisations, although demands for more in-depth analysis have been formulated from all sides).
4. The choice of training services has substantially widened over recent years, however, no **quality assurance system** has evolved so far in the training market.

2.7 Latvia

Background

Continuing education and training issues are gaining increasing importance in Latvia, as a balanced economic and social development of the country can only be reached through the lifelong education of the population. The radical changes in the labour market and the economy in the wider context have resulted in completely new requirements.

Continuing vocational training is already an important part of education and training processes in Latvia. However, it should be noted that **no specific conceptual approaches or legislation** have been worked out or passed as yet. A policy debate has been launched and several working groups set up to deal with specific continuing vocational training issues, including strategic approaches. The expected outcome of this debate is a concept for continuing education in Latvia, a conception for (initial) vocational training development and a flexible learning strategy in Latvian higher education (with continuing vocational training in mind).

Another important issue in government policy is to reduce (make more specific) the functions of sector ministries, delegating various relevant functions to non-governmental organisations and agencies. This also holds true for the field of continuing vocational training. A good example of this is the newly established **Continuing Education Development Foundation (CEDeF)** which is a public, non-profit making organisation. This organisation was established in close co-operation with the Ministry of Education and Science, and many of the continuing education and training issues are becoming the responsibility of this organisation.

As continuing vocational training services are decentralised in Latvia, **information** on continuing vocational training, in terms of providers, programmes, trainers, participants, etc. is incomplete. However, statistical data are available on adult education in Latvia for the years 1996 and 1997. In addition, several continuing vocational training providers have carried out their own studies in the field which are especially useful for assessing labour market demand and supply.

Another challenging issue that has been identified is the lack of a uniform approach to the **awarding of qualifications** in continuing vocational training. Exchange of information and experience with European partners would be of great value in order to promote the development of a comprehensive continuing vocational training system.

Challenges

Initial policy debates in Latvia on continuing vocational training issues, which have involved representatives from national and local-level governmental organisations, employers' and employees' organisations, universities and other actors highlighted the following challenges with respect to the development of the continuing vocational training system in Latvia:

1. **Identification of skill requirements** of the labour market and related training needs;
2. Development of continuing vocational training **programmes** in line with labour market requirements and **quality standards**;
3. Application of adequate **learning methods** with a view to increasing the quality and effectiveness of the learning process in the continuing vocational training area;
4. Supply of necessary **information** to all potential clients;
5. Creating a continuing vocational training **financing and incentive system**;
6. Harmonisation of vocational training **legislation**;
7. Further development of a **skill assessment and accreditation system**.

2.8 Lithuania

Background

Under the Soviet system continuing vocational training was adapted to the needs of the economy of that time and was mostly related to training in or for companies. While **participation levels** were not very high in Lithuania in former times, they decreased further during the period of economic instability (1989-1992). It was only from 1993 that an increase of the need for adult training was observed and now the interest for continuing vocational training is constantly growing. According to the data of the Department of Statistics approx. 4%, 6% and 8% of the population of working age have participated in licensed continuing vocational training courses in 1995, 1996 and 1997, correspondingly.

In general, the state gives little consideration to adult learning. However, **training of the unemployed** has received attention since the restoration of Lithuania's independence in 1990. The first training courses were arranged in 1991. However, levels of training for the unemployed are not very high: in 1997, training courses were attended by 6.7% of the officially registered unemployed.

Parts of the continuing vocational training system for **people in employment** are only just emerging. There are some sectors (e.g. civil service, banking, health care, education, transport, energy, etc.) in which continuing vocational training of working people is provided on a fairly broad scale thanks either to the initiative of individuals or relevant state institutions. However, general information is not collected in this area. According to rough estimates, in 1997 less than 10% of the working population took part in continuing vocational training courses. Those employed in the private sector find themselves in the worst situation: a sociological survey carried out in 1997 found that private employers financed just 8% of training courses despite the fact that private sector employees make up for more than half of all working people.

There are two **administrative structures** at national level which deal with the education and training of adults:

- the Adult Education Division of the Ministry of Education and Science, which deals mainly with the general education of adults, leisure-time education of adults and development of distance education system. The Division does not consider problems in continuing vocational training.
- the Lithuanian Labour Market Training Authority (LLMTA) at the Ministry of Social Security and Labour, which is responsible for vocational training of the unemployed and employed people facing unemployment.

Three different types of **training institution** offer continuing vocational training courses:

- Labour Market Training Centres set up by the LLMTA. There is a system of 20 Centres which are organised in a similar manner as AMU centres in the Nordic Countries. In 1997 training courses in these Centres were attended by 21,700 participants.
- Public education institutions (universities, colleges, vocational schools). In 1997 continuing vocational training courses in these institutions were attended by 26,600 participants.
- Other vocational education and training institutions, mostly non-governmental, which have a license for training activities. They constitute the most active sector of continuing vocational training. In 1997, there were 500 such institutions and, according to data of the Department of Statistics, their courses were attended by 109,000 participants.

Lithuania does not have a unified concept of continuing vocational training based on lifelong learning yet, but **legal preconditions** for the development of such a concept have been created:

- training of unemployed is regulated by the Law on the Support of the Unemployed (passed in 1990, amended in 1996);
- formal labour market training is regulated by the Law on Vocational Education and Training (passed in 1997);
- non-formal upgrading of vocational qualifications of people in employment is regulated by the Law on Non-formal Adult Education (passed in 1998);
- in 1998, ideas on future development of vocational education and training, including continuing vocational training, were discussed in the **White Paper on vocational education and training**.

Social dialogue has been among the priorities from the very beginning of the development of the continuing vocational training system. Many tripartite structures at national, regional and local levels have been set up. However, their activities were comparatively formal. The Law on Vocational Training has made it possible to let social partners become more active and achieve tangible outcomes. The Lithuanian Vocational Education and Training Council has begun to function properly. Experts from different sectors of the economy are involved in the work of the **tripartite 'Industrial Lead Bodies'** with the objective of using principles of social dialogue in the definition of vocational education and training policies at the level of economic branches.

Responsibility for **quality assurance** in the labour market training system has been given to the LLMTA. However, only the formal training sector is considered in this context. Two approaches are used to address the problem:

- the LLMTA develops training programmes; in most cases a modular approach is applied;
- research is carried out into training needs of the labour market and the planning of respective training schemes. In most cases this research is undertaken by the Institute of Labour and Social Research.

Initiatives launched by international donors have a high value for the development of continuing vocational training course of a high quality.

A quality assurance system at the institutional level has not been developed yet. Furthermore, there is no information available on the quality of training in the non-formal sector.

The LLMTA is also responsible for the development of the **vocational counselling and guidance** of adults. The information, guidance and counselling system currently incorporates six centres of career guidance and psychological counselling which have been established in major Lithuanian cities. It is planned, in the near future, to set up such service centres in all 10 counties. It is also planned to improve the quality of services. In December 1998 the first modern information and guidance centre for all those who want to enter continuing vocational training was set up at Vilnius Labour Exchange with the help of German partners. However, the system has not proved very effective to date: in 1997 only 27,696 adults made use of different forms of counselling services, while the total number of registered unemployed amounted to 193,500.

Information about **continuing vocational training carried out in enterprises** is very scarce. There have been only a few surveys which showed that even those enterprises with good market prospects do not often value highly the upgrading of qualifications of their employees: only 25% of those enterprises plan to engage in the skills upgrading of their employees.

In the preparation of this report, the National Observatory carried out a survey to assess the situation in the field of **continuing vocational training in small and medium-sized enterprises** (20 to 199 employees). It was found, that:

- only 21% of the enterprises surveyed plan for continuing training measures for their staff, confirming the findings of previous surveys;
- 55% of the employees have participated in continuing vocational training during the two last years;
- employers financed 67% of the courses.

When comparing these results with those from other surveys it can be concluded that employers and employees of small and medium-sized enterprises are, in comparison with the country's average rate, more active in the field of continuing vocational training. However, this conclusion is to be taken cautiously, as the survey on small and medium-sized enterprises may not have been representative (e.g. the sample included only 98 small and medium-sized enterprises, the agricultural sector was not included).

Continuing vocational training is considered the main means for a successful implementation of an active labour market policy aiming at a better match between demand and supply of jobs and available qualifications and helping the unemployed to re-enter the labour market and ensuring continuity of employment for the employed. Training of the unemployed is very important, as only about 20% of people who register at territorial labour offices are prepared for entering the labour market and immediately satisfy employers' demands for qualifications. The system of labour market training tries to organise training in such a way that the demand for qualifications is met as effectively as possible. The majority of the unemployed find employment after having undergone some training. However, scales of training are not sufficient to get more people back into employment: only 6.7% of the registered unemployed participated in training courses in 1997.

The prevention of **social exclusion** is a key problem. Target groups vulnerable to unemployment include: people over 45 years of age, young adults without a profession, long-term unemployed, disabled people, farm workers, in some cases women, etc. Some specific measures have been taken, but only in the case of the disabled. One of the difficulties is that no institution feels centrally in charge of programmes for these target groups.

Continuing vocational training is **funded from several sources**. Labour market training programmes for the unemployed and those threatened with unemployment are funded from the Employment Fund. Skills upgrading for civil servants (e.g. teachers, doctors, judges) are financed from the state budget. Some funds are provided by employers (the survey carried out in 1997 has shown that private employers fund on average 8% of continuing vocational training courses, while a survey on continuing vocational training carried out among small and medium-sized enterprises in 1998 gave evidence of a much higher contribution by employers: 67%). It seems that a considerable proportion of employers is ready to support continuing vocational training: during the SME survey in 1998, 47% of employers answered that they are ready to allocate money to the continuing vocational training of their staff. Furthermore, participants themselves finance courses: 29% according to the results of the 1997 survey and 11% according to the 1998 one. It is expected that the area of training in and for enterprises will receive more funding when the **Vocational Training Fund** has been established, as provided for by the Law on Vocational Education and Training.

Conclusions

- Lithuania has only just started to develop its continuing vocational training system. Until now, it has focused mainly on the area of training for the unemployed and the development of a national system. The state has not yet developed a concept for the training of the employed.
- Legal conditions for the development of the continuing vocational training sector have been established.
- Lithuania lacks qualified people to deal with the development of the continuing vocational training sector.
- The participation of universities, colleges and vocational schools in continuing vocational training activities needs to be increased.
- The need for continuing learning has been recognised by the active part of the society. However, there are a lot of people (about 70%) who are not motivated to participate in training or retraining schemes.

Challenges

Some steps will be undertaken in the near future to improve the situation in the sphere of continuing vocational training:

1. The **Adult Education Council**, as provided for in the Law on Non-formal Adult Education, was established in 1999 and will have to start implementing agreed activities.
2. The **Vocational Training Fund**, as provided for in the Law on Vocational Education and Training, will have to be set up.
3. An **Action Plan**, putting into practice the ideas from the Lithuanian White Paper on Vocational Education And Training, has been prepared and will have to be implemented as from 1999.

2.9 Poland

Background

An all-encompassing continuing education and training system includes initial and continuing education and training schemes both inside and outside the formal school system. Education can take the form of day, evening, weekend or distance classes or a combination of these.

Information on continuing education and training is gathered by the Polish State Statistical Office (GUS) via *kurators*, i.e. heads of regional educational administrations. These data are, however, incomplete as only education and training provided on the basis of the Act on the Education System is taken into account, although education and training may also be provided on the basis of the Act on Commercial Operations. All data presented concern institutions that operate on the former act.

Participation in continuing education and training: In the 1997/98 academic year there was a total of 219,000 students attending adult schools of all types, of which 35.6% were women. Out-of-school forms of education were attended by 1.2 million people, most of whom (98%) were people residing in urban areas. Only 3% of learners in out-of-school forms were rural residents. Men were more likely to further their education (54%) than women (46%).

Financing: Study at public schools is free of charge but is payable both at non-public schools and in out-of-school forms. There is a fixed price for some forms of education (e.g. university re-examinations), while others have their fees fixed by the organisers of non-public schools or out-of-school training providers. Fees vary widely and range from a few hundred to as much as several thousand zloties (e.g. for some post-diploma studies).

Employees get course fees reimbursed only when their training had been endorsed by the employer. If they take a course at their own initiative, they have to pay their own costs. Unemployed people are sent for training by a labour office, which is either done at their own initiative or encouraged by the labour office.

Trends

There has been an increase in the **number of adult learners** in post-primary schools. Since 1990 the number of school students has risen by 24%. Due to a lack of data from the 1990-1996 period, it is impossible to compare numbers of learners in out-of-school forms of education over the 1990-1997 period. However, an analysis of data from some non-Governmental training organisations, such as ZDZ, indicates a continual rise in their number of students.

Changes to continuing education and training are very much dependent on the progress of **reforms of both the state administration** (devolving more responsibilities to the new *voivodship* levels) **and the education and training system**. Reforms of both areas are currently underway. It is scheduled that, in accordance with changes to the whole schooling system, people who, for various reasons, could not participate in intramural education and training schemes will have five options to obtain or upgrade their qualification:

- the three-year profiled lyceum,
- the two-year supplementary lyceum,
- a programme for preparing for (a re-sit of) the state *matura* examination,
- the post-*matura* (post-lyceum) secondary vocational school and, finally,
- various forms of out-of-school education (courses).

The Minister of National Education has decided to raise the minimum age for attendance at an adult school to 18 (it is currently 17). Financing of adult courses from student fees will be introduced, a kind of compensatory education (from the sixth grade of primary school through all levels of adult education) provided for, and lastly a commission for defining levels of competence, skills and prerequisites to be met by education and training participants established. It is on this basis that it would be decided, by taking advantage of already accepted standards, to shorten a candidate's education period or direct him to an appropriate course in, amongst other possibilities, the literacy process. An independent commission for university re-examinations is also foreseen.

Work undertaken

Continuing education and training should be a high priority in those regions where attainment levels (educational indices) of adults are particularly low, where unemployment rates have stayed at high levels for a number of years or where economic restructuring is foreseen or ongoing. Government programmes now in place include **measures aimed at groups of people threatened by unemployment**, i.e. young people (very often school graduates), people who have been notified of their impending redundancy, small farmers taking up employment or self-employment outside the agricultural sector, and miners. Training courses within the frame of a tripartite agreement drawn up

between a labour office, an employer and a training provider are an effective form of training unemployed people, as the content and scope of the training are determined by the needs of the employer.

A "Programme for the Vocational Activation of Young People" is already underway and another "Graduate" programme aiming at the integration of young school graduates into the labour market is about to start soon.

The possibility exists of using funds from the Labour Fund for training to assist farm workers' occupational reorientation and as an incentive for them to take up employment or become self-employed outside the agricultural sector.

Amongst others, a programme designed to support the restructuring of the mining sector includes social benefits during the period of vocational re-qualification and professional job search outside the mining sector. The development of vocational information and methods for the counselling of the unemployed and other job seekers is especially noteworthy.

Challenges

In order to develop its continuing education and training system Poland is facing the following challenges, amongst others:

1. There is a need to prepare **legislation** for continuing education and training that would ensure:
 - the shared responsibility for and financing of continuing education and training by the state, regional and local authorities and social partners
 - the provision of incentives to employers to invest more in the upgrading of skills of their employees.
2. It is essential to create a system for the **accreditation and certification** of training institutions.
3. There is a need to elaborate **qualification standards** that would form the basis for the provision of any kind of training and allow for a quality assessment.
4. It is necessary to design a **training programme for teachers** in adult training, as well as labour office staff dealing with the training of the unemployed.
5. **Innovation** at adult education schools and institutions needs to be supported.
6. The **co-operation between enterprises and training institutions** needs to be strengthened in order to better integrate work and learning.

2.10 Romania

Background

Although there is no overall training policy, the emergence of a market economy and the restructuring of Romanian society have led to a high demand for continuing vocational training. As a consequence, training was increasingly offered by either public (which still have a very strong influence) or private institutions or individual experts. Even if incoherent and lacking a clear status, a continuing vocational training system has evolved which, along with the consolidation of the market economy and a rise in the quality of services, will become more and more efficient.

This emerging continuing vocational training system comprises:

1. initial training institutions subordinate to the Ministry of Education – vocational schools, post high school units and universities;
2. the continuing vocational training network subordinate to the Ministry of Labour and Social Welfare and focusing on the specific needs of the unemployed:
 - 14 centres of vocational training, retraining and further training located in approx. a third of the counties in Romania;
 - 3 local continuing vocational training centres financed by the German Government and located in Arad, Timisoara and Sibiu;
 - training and retraining offices organised in Labour Force and Social Welfare Offices in the 27 counties that have a continuing vocational training centre;
 - continuing vocational training centres within enterprises – in 1996/97 there were over 300 such centres, many of them with technical and human resources that do not meet requirements;
3. local communities, private companies and NGOs; in this sense, the Phare PAEM, FIDEL, CERT and REPEDE programmes encouraged decentralization and alternative continuing vocational training offers.

In the absence of a specific law regulating the area, most of the **legal provisions** regarding continuing education and training are included in laws or decisions of related policy fields: social security, active employment measures, social welfare for populations at risk, occupational integration of school leavers. However, specialised Parliament commissions are currently debating new legislative initiatives, including:

- a law on lifelong learning;
- a law on the development of priority areas;
- an amendment to the continuing vocational training chapters of the 1995 Law on Education⁵.

An important step in developing continuing vocational training in Romania was the passing of Law no. 1/1991 (and subsequent amendments) on the Welfare and Reintegration of the Unemployed which included the setting up of centres for continuing training and re-qualification. Although limited to the unemployed, this law brought continuing vocational training and its role in human resources development to the fore. However, although the unemployment rate in Romania is expected to exceed 8-10% in 1998, the impact of Law no. 1/1991 has remained limited. Both the number of **training beneficiaries**, as well as the **quality** of the programmes were below expectations:

- over a period of seven years only one fourth of the total number of unemployed attended vocational training or retraining courses;
- the rate of attendance or withdrawal from training courses for the unemployed was quite high (5%);
- the prevailing motivation is still low (only 26% of the participants requested participation in continuing vocational training at their own initiative);

5 This amendment was adopted by the Parliament in August 1999 (annotation by the editor).

- attending a continuing vocational training programme does not offer real chances in the job market: only 26.7% of participants succeeded in finding jobs. Even in the case of programmes organised by enterprises the rate of re-employment remained low (35%).

These phenomena may be attributed to the fact that continuing vocational training was mainly perceived as a social welfare measure, as a prompt and limited intervention in unemployment situations. It is a static and inefficient, **reactive** rather than **proactive policy**, whereby continuing vocational training would be seen as an inherent component in economic and social restructuring processes and programmes.

In general, **training costs** in relation to total labour costs in Romania are highly limited. According to the National Statistics Commission, in 1996 expenditure on training represented an average of only 0.2% of the total labour costs of the whole economy. However, there were great variations with respect to the different branches: 0.0% in agriculture, forestry and education; 0.1% in industry, commerce, hotel and restaurants, public administration and defence, as well as (state-regulated) social welfare; 0.2% in transport, in estate transactions and other services, in health and social care; 0.4% in financial and banking activities, as well as insurance services and 0.7% in construction.

Conclusions

There is a wide gap between demand and supply of continuing vocational training in Romania. On the one hand, all reforms undertaken or envisaged depend on the human resource factor or, more specifically, on their level of competence. On the other hand, continuing vocational training structures are insufficient, outdated and still depend to a large extent on state provision. In the absence of a coherent policy, continuing vocational training has developed in a rather spontaneous way to meet the most urgent needs (e.g. training or retraining of the unemployed) and according to available resources. Continuing vocational training is a reactive rather than a proactive policy which helps trigger desired economic development processes.

2.11 Slovak Republic

Background

The Ministry of Labour, Social Affairs and Family has been working on a **human resource development strategy** that should be completed by the year 2000. The paper "Basic Approaches to Creating a Conception of Human Resource Development" will be discussed with social partners and then submitted to the Government.

Continuing training is – according to **Act No. 386/1997** – considered to be, together with education in primary, secondary schools and institutions of higher education, a part of the education system. This act specifies continuing training as a part of lifelong education, and covers the establishment of continuing training institutions, conditions of accreditation, issuing the certificates of completed training, etc.

In the Slovak Republic there is a wide range of state, private and enterprise **training institutions**. They provide for continuing vocational training in either long-term study **programmes** lasting one to four years, or in short-term and medium-term programmes and courses (40-120 hours within a few months). Training institutions do not offer standard courses only. They co-operate directly with the customers, i.e. employers and labour offices, in setting up special training programmes. The number of those interested in continuing vocational training has been gradually growing. For

retraining as a specific type of continuing vocational training, accreditation of the training programme by the Ministry of Education is a precondition. Between 1991 and the end of 1997 the Ministry accredited more than 4,500 different short-term (40-60 hours) and long-term (6-12 months) retraining courses carried out at approx. 1,200 training institutions. Out of the total number of accredited programmes, the majority were offered by non-school based training institutions (51%), private vocational schools (28%) and private secondary technical schools (13%).

On a nation-wide scale, only 7.3 % of all registered unemployed attended **retraining** programmes in 1997, as one of the forms of continuing training. Moreover, the number of unemployed who are offered a retraining programme immediately after their registration needs to be increased. According to data from the Bratislava region, 35% of the total number of retrained received their training during the first 3 months and 27% after 3-6 months.

According to a survey carried out by the Research Institute for Labour, Social Affairs and Family, 79% of **enterprises** trained their employees in 1998. Of these, 31% of enterprises and organisations trained more than half of their employees. Enterprises were oriented mainly towards the training of professionals/specialists (58.6% of enterprises reported) and middle-level management (42.7% of enterprises). Top management was trained in less than a third of the enterprises (29.3%). According to this survey, in the next two years only 24% of the organisations expect to train all employees. Most of the organisations plan to focus on the training of specialists (51.6%) in the future, while 28% of the enterprises plan to train their top management. Given the strategic role of training within companies, the further training of **human resource managers** is of key importance.

When it comes to the improvement of the continuing vocational training system, the **availability of information** and quality **counselling** services to enhance the chances of the individual in the labour market are key issues. Counselling is currently provided for free at several levels in schools, through guidance centres run by the Ministry of Education, labour offices and regional authorities. Recently, in some regions a good co-operation among them has started and agreements have been signed. At every primary and secondary school there is an educator-counsellor in charge of career guidance. Counselling provided by the district labour office may be used either by individuals or groups. Special counselling assistance is offered to specific groups, such as young people without completed education, school graduates without practical experience, women after a longer maternity leave, physically disabled, long-term unemployed, individuals with a low level of education, etc. Within the group counselling framework, "Labour Clubs" exist within labour offices which pay attention to the psychological problems faced by the unemployed.

Forms of **tripartite dialogue** exist. The Board for Economic and Social Agreement consider all important documents and concepts presented by the Government. At regional level, tripartite steering committees function in a similar manner. The objective is to determine priorities of labour market policy and to approve strategies to implement this policy. However, neither at central nor regional levels has an economic development policy been defined which would enable employers to assess needs for the continuing vocational training of current employees and the future labour force.

The school system has encountered fundamental difficulties in recent years. The same goes for the **financing** of both initial and continuing education and training. A major share of funds is provided by the Employment Fund which is administered by the National Labour Office, which in turn operates on a tripartite principle. In 1997 the National Labour Office had Sk 10,493 billion (1 EUR = 41 Sk) at its disposal. Of a total of Sk 7,088 billion spent, 56.3% was used for passive measures (unemployment benefit Sk 2,803 billion, insurance paid to the Social Insurance funds Sk 1,186 billion), while 3,008 billion, that is 43.7%, was used for active employment policy measures. Continuing vocational training of employed people is financed either by the employer or by the participants themselves.

Challenges

Some challenges and recommendations for future action are listed below:

At national and regional levels **analytical and prognostic work** has to be undertaken with respect to the development of the economy and the labour market. This would serve as a basis for human resource development policies and educational planning. In Slovakia there is a lack of a **coherent economic development, training and employment strategy** and a body to co-ordinate its implementation.

The underestimation by companies of the importance of continuing vocational training for increased competitiveness is seen as a major barrier to raising levels of training by companies. **Employers lack a strategic vision** as to the future development of their businesses and, consequently, face difficulties in identifying requirements of employees' skills, abilities and responsibilities which they may need in the future.

Individuals may also underestimate the need for improving their own skills, as they are, by and large, **reluctant to invest in their own training**. There is little motivation for retraining, e.g. continuing vocational training is not a preferred or even emphasised condition of a higher appraisal.

One of the most important barriers is the lack of quality control and a clear orientation of retraining programmes towards reducing unemployment and increasing opportunities in the labour market. An amendment to Act No. 386/1997 on continuing training would be needed in order to emphasise the **quality assessment** of a programme submitted for accreditation to the respective commission rather than the fulfilment of exclusively formal criteria. Overall, the commission should have more freedom in recommending programmes for accreditation or refusing them.

2.12 Slovenia

Background

The main goals of the new vocational education and training system which were enacted in 1996 are:

- introducing the principle of shared responsibility for vocational education and training between the state and the social partners and between public and private actors;
- bringing training supply into line with labour market needs;
- establishing links between education and work; and
- ensuring comparability at European level.

Continuing vocational training provided within the formal education and training system is regulated with publicly recognised certificates, whilst the **regulation** of non-formal training programmes is to a large extent left to both individual stakeholders and the market. The relatively diversified system of legal norms adopted by the educational and labour spheres at the state level touches on this issue. Formal continuing vocational training is regulated by school laws in a similar way to initial vocational training. Competencies and responsibilities of individual stakeholders, structures, procedures and the basis for funding are defined by the Law on Vocational Education and Training, the Law on Organising and Financing of Education and, partly, the Law on Adult Education. Labour legislation and laws issued by individual ministries, on the other hand, ensure its value in the labour market and the conditions for financial support. In contrast, non-formal continuing vocational training mainly responds to the immediate and anticipated training needs of the market and moreover its value is largely determined by the market.

Legal provisions outside the education sphere mainly regulate the right and duty of individual target groups to training and conditions under which the training is provided and financially supported. Apart from the Labour Code, the Law on Employment and Unemployment Insurance and the Active Employment Policy Programme collective agreements are growing ever more important in this respect. They determine material rights connected to education and training of the employed (paid leave from work, remuneration of training costs, the way training is rewarded).

Advisory and expert bodies composed of **social partners** (representatives of the state, employers and trade unions) are established at national level. In addition, respective chambers and ministers are authorised to propose the nomenclature of occupations for which training programmes are to be developed. According to the legal provisions, programmes of specialisation and re-skilling of at least 400 hours duration must be based on occupational standards defined by the nomenclature, while the remaining ones have to be agreed upon in the competent chambers and ministries. Before being adopted by the competent minister they have to be verified by the Professional Council for Vocational and Professional Education and the Professional Council for Adult Education.

Formal **institutional channels** through which employer and trade union representatives participate in decision-making on vocational education and training issues are established at state level, although such an institutional structure does not yet exist at branch and regional levels. The institutional possibilities are particularly limited at regional level. The neglect of training needs and opportunities specific to individual regions make it difficult for continuing vocational training to become an important facilitator of regional development. To improve this situation and open up the possibility of involving regional resources, a pilot project on establishing regional councils of social partners was launched with the assistance of the Phare Programme in four regions in 1996.

By and large, in addition to the state, it is employers and their representatives who are more intensively involved in developing continuing vocational training, while other stakeholders still seem to be mere observers.

No stable **funds** have been secured to finance continuing vocational training. It has been financed by various agents. From 1991 onwards, some funds have been put aside in the state budget to finance literacy and adult education programmes (in 1996 this sum amounted to 0.08% of GNP). In general, it is employers and individuals who are the main bearers of the costs of continuing vocational training. In recent years, a significant share of costs has been transferred from employers to the public purse and continuing vocational training has become recognised as an important part of the active employment policy implemented by the state. Training and retraining of target groups such as less educated workers facing unemployment, the unemployed, and the disabled is financed by the state. The scope of funding depends on the money available each year from the state budget.

Individual ministries earmark funds in their budgets for the human resource development of their employees.

A relatively large variety of continuing vocational **training providers** has evolved: folk high schools, private providers, certain schools and firms being the main ones. It must be noted that due to financial problems, organisational restructuring and privatisation processes, the number of company training centres and departments has been significantly reduced in the 1990s. Inter-firm training centres and training centres funded by social partners have only started to develop.

Non-traditional education and training providers have emerged mostly in the area of non-formal continuing vocational training. It is worth mentioning the pilot centres for self-directed learning, study circles and some alternative programmes for unemployed young adults. The implementation of these innovations has been publicly financed.

Within the framework of education reform, some new vocational training **programmes** have been introduced with Phare Programme assistance. These are one-year vocational courses intended for those finishing general education at secondary level, and two-year vocational colleges at post-secondary level and master examinations. Responsibilities for the latter are shared between the respective chamber and the education ministry.

In addition, the new vocational education and training system has preserved a **sharp division** between formal and non-formal continuing vocational training. Both systems have developed parallel to each other, without any mechanisms to connect them. Given that access to jobs and occupations in the Slovenian labour market is dependent on knowledge acquired with the awarding of publicly recognised certificates, skills obtained outside the formal system are not adequately rewarded by the labour market. It is up to employers whether they consider non-formal training as a competitive advantage when recruiting new workers. Such a position questions the role of non-formal continuing vocational training as a device to improve workers' mobility in the labour market. Increasingly, it cannot foster the implementation of life-long learning. The master examination is the only formal way of obtaining qualifications which are not exclusively based on regulated training programmes and thereby enable the integration of knowledge and skills obtained outside the formal vocational education and training system.

To enable assessment and certification of knowledge and skills acquired outside formal training programmes, a **certification system** carried out under the authority of the labour minister has been proposed. The system has been developed to be complementary to the system of formal vocational qualifications and to supplement educational credentials. The certificates would be valid in the labour market while their value in formal education would be determined by assessing the equality of standards. As individual stakeholders see the position of the certification system in relation to the vocational education and training system differently, no agreement has been reached yet on its implementation. Its further development will be assisted by the Phare Programme which suggests that experiences from other countries will help adopt a broader view, taking contemporary international developments into account.

Judging from some recent development trends a strong tendency to formalise also exists in the field of continuing vocational training. This restricts its flexibility to adjust to changes in production processes and thus hampers its main role and function.

Continuing vocational training has been recognised as an important component of the **active employment policy** which is also reflected through the shift of responsibilities and competencies for its development and implementation from the Ministry of Education and Sport to the Ministry of Labour, Family and Social Affairs. The past policy of training the unemployed largely favoured short training programmes directed towards known jobs and employers irrespective of whether they were publicly recognised. Formal training of a longer duration was financed only exceptionally. In order to improve the labour force's education structure as well as to foster individual labour market mobility, a shift to training programmes leading to formal qualifications has recently occurred. The most important action jointly supported by the Ministry of Education and Sport and the Ministry of Labour, Family and Social Affairs is the programme for education of the unemployed adopted by the Government in 1998/99. According to this programme, 5,000 young people unemployed for over six months with no formal qualification or with formal qualifications not demanded by employers will be enrolled in various training and retraining courses at secondary level. The programme will most likely become a regular part of the active employment policy programme.

The possibility of job rotation introduced very recently is another significant active employment policy measure that can simultaneously increase the opportunity to train the employed and give the long-term unemployed access to employment.

The need for **practical training** in the work place is strongly stressed by the new concept of vocational training. Due to the lack of adequately trained personnel and training places, a significant number of firms do not have the conditions to offer training opportunities to students. In addition, employers are not willing to provide training without strong financial incentives from the state.

Regarding the provision of continuing vocational **training by employers** to the employed, the view that it is the responsibility of schools to produce "ready-made" workers is still quite prevalent. Blue-collar workers especially, are seldom guaranteed training beyond that required by legislation. The term 'human resource development' usually embraces core employees. Employers seem to be most reluctant to invest in improving the qualifications of less-skilled and older workers. Given the data on labour market flows, relatively high priority in improving the qualifications structure of the employed is given to the generational shift. Indeed, the provision of continuing vocational training by employers depends on the size of the firm, economic sector and nature of the ownership as well as economic success. There are some successful large companies with a long tradition of well-established training activities. According to the evidence, particularly joint ventures with foreign partners largely base their human resource development on their own internal resources. However, such training is predominantly reactive in nature and makes it difficult to speak of the development of learning organisations.

The right to training and retraining of the employed is enshrined in the **labour law**. Collective agreements define the right of workers to paid leave from work for the purpose of education and training and the right to remuneration of training costs. However, it is employers and managers who control the recognition of these rights. Involvement of workers representatives in defining and implementing human resource development policies at the company level would contribute to broader and more equal access to training.

In the light of the new labour market conditions, with substantially lower employment opportunities, participation in continuing vocational training has often not been rewarded by the labour market. In fact irrespective of training many people have even lost their jobs, whilst evaluations of the participation of the unemployed in certain training programmes has not shown any significant difference in terms of their likelihood of finding a new job. In particular, less educated people occupying low level jobs often do not see any incentive for improving their working position. This has clearly discouraged individual investment in training. In addition, these people often do not know how to **access information on training opportunities**. Furthermore, they do not have the basic skills necessary to access training or to be successful in training. Employment offices provide vocational counselling to the unemployed while the employed are, by and large, left to rely on their own resources. A special pilot project on establishing a Centre for information and vocational guidance and counselling has been developed with Phare assistance within the network of employment offices. It will serve different groups of people. On the other hand, no guidance or counselling are offered to adult students to help them cope with learning problems in the course of training.

Other important factors impeding the development of continuing vocational training include: insufficient teachers and trainers with skills required to answer the new challenges of vocational training; lack of co-ordination among the actors responsible for continuing vocational training; insufficient integration of continuing vocational training into development strategies of industries and regions undergoing restructuring. It is of the utmost importance to continue both co-operation with other countries and assistance from international programmes and experts in developing and implementing new approaches.

Challenges

Among the immediate challenges are:

1. **Furthering and dissemination of projects** launched within the framework of the Phare Programme, including:
 - the development of regional social partnership,
 - sustaining the existing and establishing new regional human resource development funds,
 - development of a training needs assessment methodology,
 - establishing inter-firm training centres,
 - establishing innovative teacher training,
 - would significantly add to the development of a continuing vocational training system required by the changes in the economy and the society.
2. The Parliament's adoption of the **National Programme of Adult Education** will be of considerable importance as it defines the main long-term goals and priorities of adult education, the directions of its future development and measures for its realisation. Continuing vocational training occupies an important position within that programme.
3. In addition to the above, vocational education and training experts also suggest that employers' co-operation should be more manifest by providing an environment which more directly contributes to improving **the position of workers in the labour system**; the need for measures to preserve jobs is extremely urgent.
4. They also propose that the organisation and advancement of continuing vocational training must be based on **future developmental trends**, bearing in mind the global tendencies in economic, social and technological changes. The creation of group work, mutual support and assistance, especially making use of local resources, self-employment and **entrepreneurship** should be encouraged.

3. Conclusions

The development of continuing vocational training in Central and Eastern European countries has to take into account the **double challenge** that they are facing. That is to introduce systemic changes in their education and training systems in order (i) **to underpin and stimulate the transformation process and prevent social exclusion** and (ii) **to cope with technological changes and labour market uncertainty**.

The country reports show a considerable degree of confusion and vagueness as to the meaning of the concept of continuing vocational training. This may well reflect the situation in the countries. Here it is simply defined as “**all learning that improves the employability of adults who have left the compulsory education system**”. Users or beneficiaries of continuing vocational training comprise:

- companies;
- employed individuals;
- unemployed individuals and
- groups of disadvantaged people with specific needs.

In the transition context of Central and Eastern Europe, **continuing vocational training has a remedial, an adaptive and a pro-active function**. These three functions of continuing vocational training are interlinked. They imply that continuing vocational training is essential in the process of economic recovery, reconversion and diversification and with respect to supplying the individual with the knowledge and skills needed to adapt to the rapid changes and to take an active part in building the democratic society.

The former continuing education and training systems have collapsed and the old continuing vocational training concept, sitting in a completely different political, economic and social context, is no longer suitable for today's needs. However, despite the crucial role and contribution that continuing vocational training can and should play during the transition process, **continuing vocational training has not received priority attention** in the Central and Eastern European countries to date.

Continuing vocational training is carried out in a fragmented rather than systematic way. With the withdrawal of state and enterprises, the employment services have been left to take charge of (parts of) it. The institutional infrastructure of continuing vocational training is insufficient, leaving many potential target groups with no access to any type of continuing vocational training. **New concepts, structures, programmes and approaches have to be developed** to meet the new labour market and social requirements. All major stakeholders should be involved in such a process. Governments in particular could initiate the debate by preparing Green (consultation) papers.

An **improved information basis**, analysing qualification requirements by the labour market and specific groups of people, as well as existing and required training providers and programmes, is important for effective action. Hence, there is an urgent need for the development of data collection and analysis and policy-oriented capacities.

The most critical issue regarding continuing vocational training appears to be funding. There is an urgent need to review existing sub-sector based funding mechanisms and expenditures and to seek for alternative funding sources. **Investment into human resource development has to be viewed as**

equally important as capital investment. Consequently, employers should be encouraged to contribute to investing in human resource development and making use of funds.

The role of the state and social partners goes beyond funding. Both should also be engaged in **creating the general conditions for access to continuing vocational training**, either through the establishment of legal rights or by its inclusion in collective agreements.

It can be questioned whether there is a need for separate laws for continuing vocational training. Instead, **an integrated vocational education and adult education law** might be formulated that would regulate issues such as the common qualification structure and ensure a maximum use of resources.

The state and social partners have a joint responsibility concerning the **quality assurance** of continuing vocational training both in terms of labour market or employment relevancy and in terms of the responsiveness to the needs of individuals. In the absence of a well developed system of **national qualification standards** and an independent assessment thereof, quality control is usually done through the licensing of training providers.

Most enterprises, mainly larger ones, have invested, to some extent, in training. Respective means for small and medium-sized enterprises are much more limited, if not non-existent. Governments must respond with **special support for small and medium-sized enterprises** in that respect and offer training specifically tailored to their needs.

To achieve a better match between the needs of adult learners and the training on offer, a comprehensive **vocational counselling and guidance system** has to be established. In addition, the specific needs of continuing vocational training students ask for more attention to the **availability and quality** of learning opportunities and a **flexible delivery** of training, specific **adult training methodologies**, as well as **the integration of work and learning**. **Assessment and certification** have to take account of the fact that learning can also take place outside the formal system.

In conclusion, higher levels of employability and competitiveness are the preconditions for balanced and sustainable economic and social reforms. They cannot be reached without a modern continuing vocational training system.

4. Annex: Guidelines for Phare Programme implementation in candidate countries¹ for the period 2000-2006 in application of Article 8 of Council Regulation 3906/891

1. INTRODUCTION

Guidelines for the implementation of the Phare Programme were adopted by the Commission in June 1998 for the period 1998-1999. They are replaced by these Guidelines which, as provided by article 8 of Council Regulation 3906/89, set out the broad parameters within which the Phare Programme will operate in 2000-6 in the candidate countries of Central and Eastern Europe which have applied for membership of the European Union.

During the period 2000-2006 financial assistance from the European Communities to the candidate countries of Central and Eastern Europe will be provided through three instruments: the Phare Programme (Council Regulation 3906/89), ISPA (Council Regulation 1267/99) and SAPARD (Council Regulation 1268/99). Assistance provided under each of these instruments will be co-ordinated in accordance with Council Regulation 1266/99. The assistance will be given in the general legal framework of the Association Agreements with these countries, taking account of the contents of the Accession Partnerships.

These Guidelines only cover the Phare Programme. They cover national programmes, cross border and multi-country programmes and take account of the fact that, since the other two instruments have sectoral objectives, Phare should continue to provide general assistance to the candidate countries to help them prepare for accession. Phare will operate within a wider framework to be co-ordinated by the Commission with the assistance of the Phare Management Committee, in accordance with the provisions of Article 9 of Regulation 1266/99. The modalities for this co-ordination are set out in a separate document.

1.1 Overall objective of the Phare Programme

The overall objective of the Phare Programme is to help the candidate countries to prepare to join the European Union. The programme is thus "accession-driven", concentrating support on priorities which help the candidate countries to fulfil the Copenhagen criteria². To achieve this, Phare support focuses on the priority areas for action identified in the Accession Partnerships. The emphasis on an accession-driven approach, based on a limited number of priorities, has been complemented by

1 Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia. Guidelines for Phare non-candidate countries will be issued in a separate document.

2 The Copenhagen criteria require that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union; the ability to take on the obligations of membership

reforms of the Phare management system, all of which aim at improving the speed, efficiency, effectiveness and transparency of its activities.

1.2 *The Programming framework*

1.2.1 *The Accession Partnerships*

In 1998 the Commission drew up Accession Partnerships for each candidate country in Central and Eastern Europe. The principles, priorities, intermediate objectives and conditions were decided by the Council. The Accession Partnerships, which are revised regularly, bring together in one document the priority areas in which the candidate countries need to make progress in order to become ready to join the Union. They also define ways in which EU financial assistance – of all types and from all programmes – will support their efforts to do so.

This constitutes a double programming:

- a) of the priorities for the preparation for accession, based in particular on the adoption of the *acquis*, and on the findings of the Opinions and Regular Reports;
- b) of the financial means available to help each country to tackle the priorities identified.

The Accession Partnerships are complemented by National Programmes for the Adoption of the *Acquis* (NPAA), drawn up by the partner country, which give details of each country's commitments with regard to achieving the Copenhagen criteria, of progress in adopting the *acquis communautaire*, and take account of instruments such as the Pact against Organised Crime, Joint Economic Assessments, Joint Employment Policy Reviews etc.

The Accession Partnership framework covers the whole pre-accession period, thus providing the framework for the multi-annual programming of assistance to the candidate countries. This will enable the candidate countries to plan their accession programmes more effectively and to ensure priority projects are prepared in time. It will also help to provide a framework within which other organisations such as the international financial institutions can plan and co-ordinate their assistance with that provided by national and EU sources.

1.3 *Phare programming*

1.3.1 *Multi-annual perspective of the Phare Programme*

The Berlin European Council has accepted a financial perspective for the period 2000 to 2006 which foresees an annual budget for Phare of Euro 1.5 billion. The Luxembourg European Council concluded that financial support to the countries involved in the enlargement process will be based on the principle of equal treatment, independently of time of accession, with particular attention being paid to countries with the greatest need.

Multi-annual indicative national allocations will be set by the Commission, based primarily on population and GDP per head but also taking into account past performance, need, absorption capacity and progress in implementing the Accession Partnerships. The Phare management committee will be informed of the multi-annual indicative allocations and, before the beginning of the relevant budget year, of the annual allocation for each country.

1.3.2 Annual financing decisions

Financial assistance for the priorities identified in the Accession Partnerships will be made available through annual financing decisions taken by the Commission, following the procedure set out in article 9 of Council Regulation 3906/89. The Management Committee will be consulted on the basis of a Financing Proposal accompanied by fiches which detail both the projects to be implemented and the commitments that the country will undertake in order to ensure the successful implementation of programmes.

These financing decisions will be followed by a Financing Memorandum signed with each of the candidate countries (or an exchange of letters, for multi-country programmes).

1.3.3 Programming of national and cross border allocations

The Accession Partnerships will provide the basis for programming national Phare programmes, including cross border co-operation programmes. Cross border assistance will be continued in accordance with Regulation 2760/98 on the basis of integrated regional programmes. Cross border cooperation, especially at the present external frontiers of the EU and also between adjacent countries of Central and Eastern Europe, is important in contributing to economic development in the border regions of these countries and to greater convergence with the level of development on the European Union side, and in preparing candidate countries as effectively as possible for participation in the Interreg programme. Every effort will be made to ensure consistency with the Interreg approach, bearing in mind the differences between the two regulations. Consideration will be given to expanding the geographic coverage to the future external borders of the EU.

1.3.4 Programming of multi-country programmes

Multi-country programmes will only be used where the Accession Partnerships identify a priority in a sector where there is a specific justification for a multi-country approach – such as economies of scale, the need to promote regional co-operation or the need for certain types of delivery mechanisms.

The number of multi-country programmes has been reduced from 25 pre 1997 to less than 10 in 1999. They will continue to be reduced in order to rationalise the large number of programmes that are currently being managed, and to ensure that programmes cater to the individual needs of the candidate countries as far as possible. As far as possible preference will be given to multi-country programmes which are decided centrally but implemented through national implementing mechanisms.

2. TWO MAIN PRIORITIES FOR PHARE

During the period 2000-2006 Phare support will focus on two main priorities, *institution building* and *investment*³.

The first priority, “**institution building**”, is defined as the process of helping the candidate countries to develop the structures, strategies, human resources and management skills needed to strengthen their economic, social, regulatory and administrative capacity. Phare will contribute to the financing of institution building in all sectors. Assistance from Phare will be provided to help the candidate countries to:

³ In principle, direct budgetary support will not be financed from Phare.

- a) implement the *acquis communautaire* and to prepare for participation in EU policies such as economic and social cohesion;
- b) fulfil the requirements of the first Copenhagen criterion: the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. In this area support may be made available to public authorities or to non-governmental organisations.

Around 30% of Phare resources will be allocated for this purpose.

The second priority, “**investment**”, will take two forms:

- a) Investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and direct, *acquis*-related investments.
- b) Investment in economic and social cohesion through measures similar to those supported in Member States through the European Regional Development Fund and the European Social Fund. This will promote the functioning of the market economy and the capacity to cope with competitive pressure and market forces within the EU.

Around 70% of Phare resources will be allocated for investment.

The split of around 30% for institution building and around 70% for investment is indicative only. These figures do not reflect the relative importance accorded to the two priorities but are rather based on an assessment of needs and absorption capacity, particularly in the field of institution building. These proportions will be applied with flexibility on a country by country basis, giving priority to the needs arising in the field of institution building.

The Commission will ensure complementarity of the assistance provided under the headings of institution building and investment. Every project or programme should take account of the institutional and policy environment and be consistent with it.

3. *INSTITUTION BUILDING*

The reinforcement of the institutional and administrative capacity of the candidate countries is a key requirement for enlargement, if the countries are to be in a position to adopt, implement and comply with the *acquis*. This will require modernisation of their administrations and judiciary, taking account of the principles of professionalism and neutrality, and, in some cases, entirely new administrative structures. Preparing for EU membership will require far reaching changes across a broad range of sectors in many of the institutions and organisations involved in the legislative process.

Institution building activities will be focused on the weaknesses identified at the central, regional and local levels particularly in view of the increased emphasis to be given to economic and social cohesion (see section 4.2). Candidate countries will be encouraged to develop a strategic approach to institution building activities.

Assistance will also be given to support :

- a) organisations that will have an important role in helping prepare for accession and implement the *acquis* (e.g. organisations involved in the social dialogue such as employers federations, and trades unions, as well as socio-professional organisations such as chambers of commerce and agriculture, and other representative bodies)

- b) government and non-governmental bodies to help ensure the promotion of democracy, the rule of law, human rights, the respect for and protection of minorities and a flourishing civil society, in line with the Copenhagen criteria.

3.1 *Instruments for institution building*

Phare programmes will help the candidate countries to develop their own institutions and training systems in the medium term, in particular through intensified interaction with officials and practitioners from Member State institutions. Twinning will be the main instrument. The Commission will work with the network of National Contact Points for twinning in order to facilitate and monitor twinning activities. The impact of twinning will be reviewed on a regular basis.

Where twinning does not allow the mobilisation of the necessary expertise, other forms of technical assistance will be used. Candidate countries will contribute towards the costs of institution building projects in kind as well as in budgetary form.

Phare support will:

- a) facilitate twinning arrangements between ministries, institutions, professional organisations (e.g. the judiciary and social partners), agencies, European and regional bodies and local authorities, in particular through the secondment of officials from the Member States, complemented, as necessary, by short-term assignments and training;
- b) provide specialist technical advice on the *acquis*, inter alia through TAIEX;
- c) help to develop facilities for training the public administration at central and regional level

3.2 *Specific actions*

3.2.1 *Participation in Community programmes*

The participation of the candidate countries in Community programmes will be further pursued through the progressive opening-up of Community programmes. They provide a useful preparation for accession by familiarising the associated countries and their citizens with the Union's policies and working methods.

As provided in the Europe Agreements and their additional protocols, participation in Community programmes will be co-financed by the candidate countries themselves and Phare support (up to 10% of the national allocation) will be provided on a digressive basis. This 10% limit does not include participation in the research and development framework programme, which will be funded as "investment support".

The Community programmes in which candidate countries participate will be subject to evaluation according to normal Commission procedures.

The Luxembourg European Council concluded that the candidate countries should take part as observers, for the points which concern them, in the management committees responsible for monitoring the programmes to which they contribute financially.

3.2.2 Participation in Community agencies

The candidate countries will be invited to participate in the work of various Community agencies. Part of the costs of their participation may be funded by the Phare Programme, subject to the 10% limit set out in 3.2.1. Further details are set out in a separate Communication.

3.2.3 Civil society measures

Safeguarding and developing the democratic process in the candidate countries is critical to satisfying the Copenhagen criteria. In addition to assistance which may be provided to governments for this purpose, e.g. for the protection of minorities such as the Roma, financial and technical assistance may also be provided to non-governmental organisations with a view to:

- a) supporting initiatives aimed at the consolidation and further development of democratic practices and the rule of law;
- b) strengthening the institutional capacity of non-governmental organisations and social partners at all levels;
- c) supporting the inclusion and participation of individuals or groups who risk being socially, economically or politically marginalised due to culture, beliefs, gender, age, sexual orientation or disability.

4. INVESTMENT

The convergence of the candidate countries' economies with the EU and the ability to take on the obligations of membership mean that enterprises must improve their competitiveness, and infrastructure must be adapted. Enterprises and infrastructure must comply with Community standards. This will require considerable investment and an appropriate institutional and regulatory context.

Phare support for investment will be concentrated in the following areas:

- Alignment with EU norms and standards.;
- Investment in economic and social cohesion, including the effects of restructuring in important sectors of the economy.

Phare can only meet a very small proportion of the financial needs of the candidate countries but, together with ISPA and SAPARD, it can continue to act as a catalyst by co-financing operations which are undertaken by the EIB and/or the international financial institutions. A Memorandum of Understanding has been concluded with the EBRD, the World Bank, the Nordic Investment Bank, the Nordic Environmental Finance Corporation, and the Council of Europe Social Development Fund on co-operation for accession preparation, to which the EIB is associated. This Memorandum aims to ensure enhanced co-ordination, harmonised action and strengthened co-operation between the respective financial instruments as well as to identify specific co-financing opportunities and to standardise procedures.

In order to respect article 4 of Co-ordinating Regulation 1266/99 Phare will not support investment projects in the areas of transport, environment or agriculture eligible for ISPA or SAPARD respectively. As provided for in article 4 of this Regulation, exceptions may be made where investments in these sectors "form an incidental but indispensable part of integrated industrial reconstruction or regional development programmes". In cases where commitments have been

given to contribute funding over a number of years for purposes which do not fit into the above categories (e.g. to post privatisation funds) the Commission will honour commitments made until the expiry of the agreed period.

4.1 Alignment with EU norms and standards

This will include support for investment to equip key institutions whose infrastructures or capacity to monitor and enforce the *acquis* need to be strengthened (the regulatory infrastructure). These investments can be supported anywhere in the candidate country.

Investment in the regulatory infrastructure will only be made on the basis of a clear-cut government strategy supported as necessary by institution building.

4.2 Economic and social cohesion

4.2.1 National Development Plan

Inside the EU, economic and social cohesion both within and between countries is a major part of the *acquis communautaire* and is supported substantially through the Structural Funds. For the candidate countries it will form an important part of their strategies for convergence with the EU. For this reason, it is an important priority in the Accession Partnerships. However, economic and social cohesion is a complex objective which can only be met if each country has a coherent and integrated overall strategy, which takes into account the need both to promote competitiveness and to reduce internal disparities. Therefore, each candidate country has been asked to draw up a preliminary National Development Plan to be annexed to its NPAA.

The preliminary Plan will develop over time into the type of National Development Plan required for all Objective 1 regions inside the EU. It will be compatible with the planning and programming documents which are used inside the EU, and will be updated as the country's own strategy on economic and social cohesion develops. The preliminary National Development Plan will include:

- 1) an analysis of the candidate country's current situation, identifying the critical development gaps between its regions and between itself and the EU.
- 2) the identification of the key development priorities in the area of economic and social cohesion which need to be addressed during the pre-accession period.
- 3) a general financial perspective for government and Community co-financing (Phare, ISPA, SAPARD) in this area for the period 2000-2002.

The Plan will also contain an assessment of the environmental situation and will over time introduce the environmental impact assessment requirements of the Structural Funds.

The *acquis communautaire* provides the framework within which this work must take place. Measures implemented by Phare will be fully coherent with the priorities of the Accession Partnership. The establishment and implementation of the Plan should be based on the partnership principles of the Structural Funds. In addition to the national authorities the regional and local authorities of the candidate countries themselves should in future increasingly be involved in the process. Phare Institution Building support will be made available to ensure that these three levels can play their intended role, in line with each country's own institutional arrangements. Relevant non-governmental actors with experience in the field of economic and social development should also be involved in this process.

The preliminary National Development Plan is to be approved by the responsible authorities of the country concerned and presented to the Commission.

4.2.2 *Focus, concentration and impact*

The preliminary National Development Plan is the framework which defines the sectoral themes and priorities chosen for support. The financial contribution to these priorities will come from different sources, mainly domestic public expenditure, but also including private finance and international assistance.

The total amount which Phare can contribute to the achievement of these national priorities is limited. Therefore, in order to achieve a sufficient impact, Phare support for investment will be concentrated in a limited number of regions. Phare co-financing will be provided through coherent regional development plans only for those measures which are consistent with the objectives and priorities defined in the National Development Plan, for example co-financing (in the selected regions only) of national aid schemes. This does not exclude the possibility of increasingly supporting relevant horizontal measures identified as a priority in the Accession Partnerships.

The candidate countries will be asked to select the target regions, including projects of regional importance, where Phare investment support will be focused. The selection should be based on objective criteria that reflect both the need for internal cohesion within the candidate country and the potential for maximising the reduction of social and economic disparities between the candidate country and the EU. These criteria could include indicators of economic and social development, sectoral restructuring etc. As resources permit, Phare will aim to progressively increase its regional coverage.

4.2.3 *Types of investment support*

Within the target regions the Phare Programme will co-finance measures which address the following objectives:

- **Increasing the activity of the productive sector.** These measures may be aimed at helping to diversify the economy, to develop the private sector (including SMEs and micro-enterprises), to restructure and modernise industry and services and to improve energy efficiency⁴. This will be in addition to Phare aid for investment in alignment with the *acquis* which may be available nationally.
- **Strengthening human resources.** This will target support to the four pillars in the European Employment Strategy – improving employability, developing entrepreneurship, encouraging adaptability of businesses and their employees and strengthening equal opportunities. This may be achieved through a range of measures including retraining of the labour force, raising managerial capacity in industry and services and improving innovative capacity. Particular attention will be paid to ensuring that Phare support to employment-related operations of a European Social Fund nature (e.g. human resources development) is fully in line with national employment strategies⁵. Over time, Phare will seek to expand the range of activities covered to bring them closer to those supported by the ESF in Member States.

4 Productive Sector Investment within regional development programmes may support companies directly, as is the case in Objective 1 regions inside the EU.

5 With the technical support of and in collaboration with the European Training Foundation, in view of its specific mandate.

- **Improving business related infrastructure.** This will focus on infrastructure projects which directly benefit productive sector activity and the local business environment. This may also include investment in transport and environment that is not eligible for support from ISPA (e.g. access to key sites for industrial and commercial development).

In line with practice inside the EU, Phare may contribute in the target regions to the co-financing of national aid schemes (e.g. for investment in fixed assets, private sector development schemes etc).

The type of contracts that Phare may finance in the area of economic and social cohesion will include training, twinning, technical assistance, supplies and civil works contracts as well as co-financing national aid schemes (e.g. grants and credits) which will be important in terms of developing human resources and the productive sector.

4.3 *SME horizontal facility*

A general SME facility has been developed in co-operation with the EBRD. This facility provides low-cost finance to intermediary banks that have programmes to on-lend the funds to SMEs in the partner countries. It is complementary to the support for SME development provided through the national programmes.

Depending on results, further funding will be made available and the facility will be extended in co-operation with other International Financing Institutions, in co-operation with commercial sources and financial institutions in the EU.

4.4 *Nuclear safety*

In addition to support for institution building measures, Phare will continue to provide investment support to assist the candidate countries in improving nuclear safety in view of the importance of high levels of nuclear safety in Central and Eastern Europe.

4.5 *Principles for Phare investment support*

All Phare support for investment will have to respect the following principles:

- 1) **Catalytic:** Phare support must act as a catalyst for a priority, accession-driven action which would otherwise not take place or which would only take place at a later date
- 2) **Co-financing:** All investment projects supported by Phare must receive co-financing from national public funds. The Community contribution may amount to up to 75% of the total eligible public expenditure. Every effort should be made to attract co-financing from other sources.
- 3) **Co-ordination:** The Commission will also continue to work closely with the European Investment Bank and the International Financial Institutions to co-ordinate activities and to identify suitable projects for co-financing.
- 4) **Additionality:** Phare support should not displace other financiers, especially from the private sector or from the international financial institutions.
- 5) **Project readiness and size:** Projects (whether implemented through contracts or through grants/subsidies) will only be programmed for Phare support if they are fully developed. A minimum project size of Euro 2 million will apply, subject to the provisions of 5.1.7 below.

- 6) **Sustainability:** The investment actions to be supported should be sustainable beyond the date of accession. All projects must comply with EU norms and standards, be coherent with the sector policies of the EU and respect the principle of sustainable and environmentally sound development enshrined in Articles 2, 3, and 6 of the Amsterdam Treaty. All projects must also be financially sustainable to cover future maintenance and operating costs.
- 7) **Competition:** All actions financed must respect the competition and state aid provisions of the Europe Agreements.

5. MECHANISMS AND PROCEDURES

5.1 Implementation

5.1.1 Decentralisation

As part of the preparation of the candidate countries for accession, the policy of decentralisation of the implementation of the Phare Programme to the candidate countries will be continued and further extended – under the responsibility of the European Commission which remains ultimately responsible for the use of the funds.

Further decentralisation will only be authorised by the Commission on a case by case basis in those sectors where the criteria defined in Annex I of Regulation 1266/99 (Co-ordinating Regulation) can be respected by the candidate country and/or implementing agency responsible. This will ensure sound and efficient management and transparency of the use of the funds in line with the objectives of the agreed programmes. The candidate country would commit itself to respect the rules governing Phare as well as the Community's Financial Regulation. Candidate countries would be financially accountable and if the rules were not respected, funds would be recovered by the Commission for the total value of the Phare contract or grant in question.

5.1.2 Commission supervision of decentralised implementation

The Commission will continue to supervise the implementation of the Phare Programme under the decentralised implementation system. To reflect the greater decentralisation of programme implementation to the candidate countries, the Commission's supervision is increasingly exercised on the spot through the Delegations ("**deconcentration**"), whose financial and contractual management capabilities have been strengthened. This takes account of the observations made by the European Court of Auditors and the European Parliament calling for increasing the role of the Delegations in particular with a view to reducing duplication of controls and decision making processes.

5.1.3 Implementation structures in the candidate countries

Implementation structures have been rationalised in the candidate countries with two objectives:

- a) to increase the transparency of operations and avoid dispersion of funds;
- b) to use, as far as possible, sustainable institutions and implementing agencies which will be responsible for the management and implementation of programmes financed from Community funds upon accession, particularly the Structural Funds.

Thus the following structure now exists in each candidate country for the implementation of the Phare programme:

- a) a **National Fund** (NF) located within the Ministry of Finance administers the funds allocated. The establishment of the Fund under the responsibility of a **National Authorising Officer** (NAO) has reduced the parallel structures in the financial management of Phare funds and will enhance co-ordination, especially with regard to measures co-financed with the national budget;
- b) the number of implementing agencies through which the Phare Programme will be implemented in each country under the authority of the NAO will be strictly limited. A policy is under way of completely phasing out Programme Management Units – either through their closure or their integration into institutions which will retain a role in programme implementation on membership;
- c) where there is no appropriate implementing agency to administer the funds of a programme component for the candidate country, e.g. in the case of institution building which is multi-sectoral by nature, a Central Finance and Contracting Unit (CFCU) will be used to carry out the tendering and contracting of the programme. Project selection and monitoring remain the responsibility of the ministries/administrations directly benefiting from the assistance.

5.1.4 Procedures

Assistance will be contracted on the basis of existing procedures, in compliance with the European Communities' Financial Regulation. These procedures are given in the Phare Decentralised Implementation System Manual, available on the internet (<http://www.europa.eu.int/comm/enlargement/pas/phare/implementation/dis/contents.htm>).

In addition, particular attention will be paid to increasing the visibility of EU support through projects funded by the Phare programme.

5.1.5 Institution building

Standard Phare procedures will be used for the selection of contractors.

For certain types of projects to be financed under institution building, specific arrangements will be required – for example, twinning covenants signed by candidate countries and Member States and endorsed by the Commission to provide for payment from Phare of the costs incurred when their administrations are mobilised. Examples also include cases where:

- a) the provider is a network of competent Member State institutions;
- b) the provider is a recognised multilateral institution with particular competence in the area concerned;
- c) the candidate country chooses to draw on the services of an institution in a Member State that is sponsored by that country's government;
- d) the applicant country intends to support a partnership with a pre-qualified training institution from a Member State.

5.1.6 Investment

National procurement rules of the candidate countries will be applied in the tendering and contracting of projects where possible. However, this will only be authorised by the Commission where the national rules clearly respect and effectively apply the principles of the European Communities' Financial Regulation and directives on public procurement. Particular attention will

be paid to equal access, fair competition, transparency, visibility and public announcement of tenders (article 118 of the Financial Regulation).

5.1.7 Maturity and size of projects

Projects should be clearly defined and only proposed for financing when they are ready for implementation. In the case of projects which require tendering the Commission will only propose to allocate resources to them if they are ready for tendering as soon as the financial commitment has been confirmed by the Commission. Where funds cannot be fully committed to a given country, due to a lack of mature projects, these funds will be reallocated (for example, to a horizontal facility such as the SME facility or to other facilities to which all candidate countries will have equal access).

Contracting should take place as far as possible within the first six months after the signature of the Financing Memorandum. Contracting must be completed within two years of the signature of the Financing Memorandum and disbursement must be completed by the end of the third year. Extensions of the contracting and disbursement periods will only be authorised in exceptional cases.

The minimum size of projects will be Euro 2 million. Given the specific nature of cross border, civil society, transnational and Institution Building projects and of participation in Community programmes and Agencies, and taking account of the overall size of the particular programme, this principle will be applied with flexibility.

5.2 Monitoring

The monitoring of programme implementation shall be carried out jointly by the candidate countries and the European Commission, through a Joint Monitoring Committee in each country. In order to ensure the effectiveness of monitoring, each Financing Memorandum will incorporate objectively verifiable and measurable indicators of achievements with regard to financial and physical inputs, activities, outputs and objectives and the timescale for implementation. Monitoring, based on these indicators will assist the Commission, the Phare management committee and the candidate countries in subsequently reorienting programmes where necessary and in the design of new programmes.

5.3 Evaluation

In order to gauge their effectiveness all operations financed under the Phare Programme will be subject to ex-post evaluation to appraise their impact with respect to their objectives. Evaluation reports will be systematically published and made available to all concerned and their results will be taken into account in the design of future programmes.

5.4 Audit

The accounts and operations of each National Fund and, where applicable, the CFCU and all relevant implementing agencies will be subject to on-the-spot checks by an outside auditor contracted by the Commission. This audit is without prejudice to the rights of the Commission and the Court of Auditors.

5.5 Conditionality

In the interests of the candidate countries and of sound financial management it is necessary to ensure that the resources of the Phare Programme are used as effectively as possible. Funds will be made available subject to certain conditions.

As provided in article 4 of Regulation 622/98 where an element that is essential for continuing to grant pre-accession assistance is lacking the Council will, on the basis of a proposal from the Commission, take appropriate steps with regard to any pre-accession assistance granted to a candidate country. Elements deemed essential would include failure to respect the commitments contained in the Europe Agreement and lack of progress towards fulfilment of the Copenhagen criteria, or in implementing the Accession Partnerships.

5.6 Individual country allocations

Past performance and absorption capacity: the system of multi-annual indicative envelopes introduced after the Essen European Council will be maintained. However the amounts provisionally allocated to each country may be revised to take account of performance and absorption capacity, e.g. where there have been persistent delays in contracting the amounts may be revised downwards and where countries have shown an ability to absorb funds rapidly they may be revised upwards. A first multi-annual period of three years will apply from 2000 to 2002.

Meeting commitments: funds will be made available to support programmes and projects in which the candidate countries will undertake to meet specific commitments. Where commitments are not made or are not met (for reasons which are under the control of the candidate country) the Commission will consider reducing the allocation for the same area in the following budget year. In applying these principles the Commission will strive to ensure that they do not operate to the detriment of the overall objective of the preparation of the candidate country for membership.

6. REVIEW

These Guidelines will be reviewed before the end of 2002 and may be adapted to take account of developments in the accession process.

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