This document reviews progress in vocational education and training (VET) reform in the candidate countries for accession to the European Union in light of developments in European policy on vocational training. The document consists of a cross-country overview and individual overviews of VET in 12 candidate countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, Slovenia, Cyprus, and Malta. The cross-country overview begins with an executive summary of the most important transversal issues emerging from the country overviews and critical aspects considered key priorities for the modernization process (ensuring new legislative arrangements' financial and legislative sustainability; upgrading the quality of initial VET; and addressing the adult population's skill deficits). All overviews are divided into the following six sections: overall assessment; key priority areas for future assistance; initial VET; continuing VET; overview of key employment issues; and contribution to the process of innovation. Discussed within the sections on initial and continuing VET are the following topics: legal and conceptual framework, administrative and institutional framework, and financing; human resources in program administration, key features in program delivery, links with labor market/enterprises, national system for qualifications, assessment, and certification; and participation; and vocational integration of young people. (MN)
European Training Foundation

REVIEW OF PROGRESS IN VOCATIONAL EDUCATION AND TRAINING REFORM OF THE CANDIDATE COUNTRIES FOR ACCESSION TO THE EUROPEAN UNION IN THE LIGHT OF DEVELOPMENTS IN EUROPEAN POLICY ON VOCATIONAL TRAINING
This paper has been prepared following the request formulated by the European Commission during the Foundation's Governing Board meeting on 19 November 1998. It aims at presenting an analytical review of the actual state of development in the field of vocational education and training in the candidate countries of Central and Eastern Europe as well as the MEDA region (Cyprus and Malta\(^1\)). The review follows an intensive discussion process with the countries themselves and draws on the wide-ranging information, experience and expertise acquired by the Foundation through its activities during the last five years.

This paper is not meant to be used as an instrument to substitute or repeat the screening process envisaged in the Accession Partnerships.

Its purpose is threefold:

- to be used as a basis for an in depth discussion between the Foundation’s Governing Board members and representatives of the candidate countries at the next Governing Board meeting which is scheduled to take place in November 1999;
- to support the accession process by helping the countries themselves define better their human resource development priorities and proposals with respect to the new programming phase of the Phare assistance;
- to support the strategic planning of the Foundation’s future work with respect to the candidate countries.

The first draft of this paper was presented at the last meeting of the Foundation’s Governing Board in March 1999. The present version takes into account the outcome of the extensive consultations held with the countries during the last few months and incorporates updated and additional information as regards the latest developments in the sector.

The process of collection and analysis of the information used in this review has revealed the important need in many countries for reinforcing further their information basis, in particular as regards aspects of continuing training provision. This issue will acquire a growing importance also with respect to the monitoring and evaluating of the effectiveness of both employment and training measures in the framework of future Phare funded interventions. In view of its remit, the Foundation is prepared to provide an appropriate support to the countries in this field building on the significant work, which has already been accomplished through the network of National Observatories.

\(^1\) A similar report is being prepared on Turkey. However, work has been delayed as a result of the recent earthquake.
The paper consists of three parts:

- a cross-country overview which draws on the analysis included in the country papers and seeks to highlight a number of common key areas in which further improvements are needed with a view to addressing existing deficiencies.

- the individual country documents: for coherency reasons as well in order to enable some comparative evaluation, these documents have been prepared following a common structure along the line of the three Community objectives which are proposed to serve as the framework of the second Leonardo da Vinci Community action programme for vocational training; they also include a chapter on the key employment related issues as well as an identification of priority areas for future assistance. The reference to these areas aims at providing an input to the preparatory work which is underway in all countries for planning operations of a European Social Fund nature to be supported by the new Phare programme.

- a set of tables based upon key indicators concerning education attainment, levels of skills in the active population, rates of unemployment and education financing. This data has, as much as possible, been compared to existing EU indicators.

The present review has been carried out in a context of significant developments as regards the Community policies in the fields of vocational training and employment as well as the financial assistance framework for the candidate countries. This context has served as an important reference point for the review.

The key features they could be considered as the acquis communautaire in vocational training of this new context are:

- the recent Community orientations illustrated by the objective to promote a European educational space;

- the objectives of the second Leonardo da Vinci programme focusing on the development of a Europe of knowledge;

- the convergence requirement of national employment policies towards the new European employment guidelines for 1999;

- the prominent position of the training related guidelines included in the general framework of the European Employment Strategy;

- the new priority fields to be supported by the interventions of the European Social Fund, as proposed in the Agenda 2000 and specified in the new Regulation for the Social Fund operations for the years 2000-2006;

- the importance attached to the objective of strengthening human resources among the priorities for the new Phare programme for 2000-2006;

- future Phare support for European Social Fund type measures which should be in line with the four pillars of the European Employment strategy.

European Training Foundation
October 1999
1. EXECUTIVE SUMMARY

This paper seeks to highlight a number of issues as well as certain common key areas in which further improvements are needed to address existing deficiencies and to better prepare for accession based on the analysis in the individual country reviews.

The most important transversal issues can be summarised as follows:

- **there is a significant divergence in the progress made to date by the different countries as regards the reform of their vocational education and training systems and policies; consequently it is important that the statements included in this paper are interpreted in such a way as to take into account the specific developments in each country as much as possible.**

- **a positive aspect arising from the analysis is the increasing awareness of the candidate countries as regards the central role of vocational education and training in promoting lasting economic development and social cohesion.** Having received very low priority at the beginning of the nineties (with very few exceptions), with the support of dedicated Phare programmes this issue has become a priority in most of the countries with a commitment on the part of the political authorities to consolidate the reforms achieved to date, even though these commitments are still often only on paper. The renewed importance given to strengthening human resources in the Guidelines for the new Phare programme and the countries' involvement in the implementation of the European employment strategy should contribute to maintaining and reinforcing this priority on the political agenda.

- **a key message resulting from this analysis is that the current challenge facing the EU Member States of promoting knowledge and life long acquisition of skills as a means to enhancing employability and adaptability is equally relevant for the candidate countries.** The latter will have to maintain and reinforce their structural efforts to modernise their vocational education and training systems and policies if they are to successfully meet this challenge.

- **there is a significant divergence in the progress made between initial and continuing training.** In some countries, substantial reforms in the initial training system have been achieved with the creation of an appropriate legal and institutional framework providing the necessary momentum to generate significant results before accession. On the other hand, continuing training policy is not well developed and is mainly limited to the organisation of (re)training activities for the unemployed. However, unemployment increase and budgetary constraints have led to a reduction in the training on offer. Since the collapse of the former socialist system, companies have stopped investing in vocational training. Meanwhile, a new training market is emerging for adults; at the same
time, mainly because of the weakness of social partners, initial vocational education and training schools often play an important role in providing continuing training but based on model and curricula designed for schools rather than adults.

- the increase in the number of groups excluded from the labour market and/or the training system represents an important issue for policy-makers, particularly in view of the preparations for participation in the European Social Fund such as the Romas in Central Europe, but also long-term unemployed previously employed in agriculture and heavy industry and concentrated in certain regions, early school-leavers etc..

- decentralisation and regionalisation are also key issues. Reforms introduced at the beginning of the nineties have led in many cases to responsibility for significant elements of the training system being decentralised to school or municipal level (mostly in Central Europe). This has led in turn to increased innovation at school level but also to an increase in the number of schools and to greater competition, whilst the number of students has remained stagnant or even decreased. The question is how to optimise the network of schools with a view to improving cost effectiveness. Regionalisation, which is on-going or on the agenda in most of the countries, offers an opportunity to address this issue on a more structured basis. Through the establishment of networks of initial and continuing training providers and cooperation with the main actors (including the social partners) a regional vision of the labour market needs can be attained.

Critical aspects considered to be key priorities (and indeed acknowledged as such by many countries) for the modernisation process include:

- ensuring the financial and institutional sustainability of the new legislative arrangements:

  Many countries have been active in reforming their legislative framework for vocational education and training, most often drawing on the outcomes and recommendations of the Phare VET reform programmes carried out over the last few years. However, the actual implementation of the new provisions would require in many cases the investment of significant additional financial resources. Given the budgetary constraints related to the on-going stabilisation process in some countries as well as the generally low level of expenditure on vocational education and training, this will not be an easy task to realise in the short-term. On the other hand, the setting-up of new support institutions, new mechanisms (such as the Vocational Training Fund in Hungary) including incentives to facilitate the involvement of social partners and the decentralisation of responsibilities need to be accompanied by appropriate preparation and upgrading of staff capacity to effectively fulfil this new role.
2. up-grading the quality of the initial vocational education and training provision; most countries need to step up their efforts in improving the quality of provision in terms of:

- curricular policy: reduction of unnecessary fragmentation of study fields, introduction of new subjects, emphasis on key competencies, establishment of training requirements on the basis of adequate occupational and regional labour market needs analysis, development of new learning approaches (such as modular curricula and practical training), promotion of in-service teacher training facilities linked to career development;

- the standardisation of the assessment and certification procedure based on nationally unified standards of performance: increasing emphasis is placed on the development of systems focusing on the evaluation of the outcomes of training to allow for sufficient diversity in the delivery of training, while providing possibilities to certify learning outcomes achieved outside the formal school system and promote transparency;

- the improvement of the cost effectiveness of the school network taking into consideration parameters such as: the need to ensure financial sustainability and an optimal use of scarce resources; the need to maintain adequate access possibilities across the different regions; demographic developments and their impact on enrolment rates; policy decisions or developments affecting the re-organisation of study fields, or the importance of the VET stream and its components within the secondary education system;

- the creation of progression pathways and the diversification of the vocational education and training structure, notably through the development of post-secondary and higher vocational education components as a bridge between secondary and university education; the main aim being to make the system more responsive to the growing aspirations for higher qualifications and the high demand for enrolment in tertiary education of increasingly large population groups, as well as to the needs of the labour market; the diversification should not go too widely, in order to maintain good visibility and to facilitate counselling and guidance;

- the devolution of administrative responsibilities: the main arguments in support of this approach are widely shared; the first relates to the need to attune training to the labour market by allowing for a better monitoring/analysis of skill requirements and through closer co-operation among educational authorities, employment services and social partners at regional/local level; the second one is based on the need to strengthen the monitoring and evaluation function and to permit more transparency and greater accountability in the management of the vocational education and training system. However, experience shows that, the level at which responsibilities are allocated and coordination between the different levels are crucial for success particularly in the perspective of preparing for the European Social Fund. In this respect, it appears that some countries will have to consider “re-centralising” at regional level certain responsibilities currently carried out at a lower level;
improved inter-Ministerial cooperation and coordination: in several countries (e.g. Latvia, Slovak Republic) responsibility for vocational training is spread across several sectoral Ministries while cooperation between the two key Ministries (Education and Labour) is poor. This arrangement has been further complicated recently in some countries with responsibility for employment policy being given to the Ministry of Economy.

the close involvement of socio-economic partners in the whole process of policy development and implementation: this requires the activation of the institutional structures which most countries have established to secure the participation of social partners in the vocational education and training system; in addition, further institutional support aimed at both employer and worker organisations is necessary to raise their motivation and capacity to engage in a meaningful dialogue on vocational education and training issues at different levels;

Finally, many countries need to develop and implement more efficient policies to prevent and/or reduce the number of students who drop out of the school system without any or only very low-level qualifications; notwithstanding the complexity of the problem, raising the quality of training, in particular, in lower vocational schools, as well as providing possibilities for progression, should be among the preventive measures considered.

3. addressing the skill deficit of the adult population;

Given the similarities with regard to key features of the current employment situation in the countries, the scale of economic and technological developments, the skills profile of the workforce and the general lack of a continuing training policy, all the countries need to devote special priority to the following aspects:

increasing the financial resources for training of unemployed people within the scope of active employment measures;

enhancing substantially the participation in training activities for groups vulnerable to long-term unemployment and social exclusion such as low-skilled young people, older people with no or low qualifications, ethnic minorities;

promoting targeted support measures which take into account the specific characteristics of individuals or groups and include a wide range of services (e.g. advice, training, work experience);

fostering the institutional capacities at regional and local level: to anticipate changing employment and skill needs, develop active labour market policies and monitor their effectiveness;

establishing systematic cooperation between schools, employment services and local communities and linking regional development priorities more closely with labour market and education policies at regional level;

creating incentives for companies to invest more in continuing training for workers: the example of the Training Fund (financed most often by enterprises as a percentage of their payroll) which has been introduced in some countries could be adapted for this use.
Finally, it is to be expected that the on-going preparations underway in the countries as regards their participation in the European Social Fund and the drawing up of their Development Plans to be used as the framework for future Phare investment, will provide a significant opportunity and impetus to address some of the aspects mentioned above such as: systematic analysis and priority-setting tailor-made to the needs of regions or target groups, better coordination between educational and labour authorities, upgrading the policy development and management capacities at regional and local level and facilitating more effective involvement of social partners.

2. INTRODUCTION

The last two years have seen most of the candidate countries actively engaged in the process of further developing or successfully completing the pilot initiatives, often supported through the Phare programme, aimed at the reform of their vocational education and training systems. In some cases, the end of the pilot phase has been followed by a more active phase culminating in the preparation of policy documents that lay down important strategic recommendations or in the introduction of a new legislative framework.

These developments have been taking place within the general context of constant economic transformation influenced by the overriding political task of all the candidate countries to step up their efforts for accession in line with the priorities and strategy laid down in the Accession Partnerships.

A preliminary evaluation of the overall situation in the area of vocational education and training points to the fact that the key immediate challenge for all the candidate countries is to keep and reinforce the momentum and progress of the reforms initiated since the outset of the transition period, with the ultimate goal of consolidating the radical modernisation of their vocational education and training systems. This goal continues to preserve its essential character given the need for a new model of socio-economic development. This model, based on the promotion of citizenship, the incorporation of new technologies in the production process, new forms of work organisation, the quality of output and a highly educated and skilled labour force, appears even more pressing if the countries are to cope successfully with the competitive challenge of their integration into European and global markets.

The relevance of this goal becomes more pronounced in the light of the renewed attention dedicated to the aim of strengthening human resources in the Guidelines for future Phare assistance in the framework of the pre-accession strategy. This will require the candidate countries to take into consideration, in preparing their current and future training and employment policies, the overall guidelines and priorities that the Union and its Members States have set themselves (in particular, the European Employment guidelines as well as the new priority fields of the European Social Fund).
Based on the analysis included in the individual country assessments, this paper seeks to highlight the key areas in which further improvements are needed with a view to addressing existing deficiencies. The underlying assumption of the following statements is the significant divergence in the progress made so far by the different countries. This is reflected in the number of qualifications to many of the statements made in order to take into account as much as possible the specific developments in each country.

3. INITIAL VOCATIONAL EDUCATION AND TRAINING

3.1. Conceptual issues

Despite the considerable steps taken by some countries in the preparation of new policy guidelines (in the form of strategic and policy papers), the long-awaited capitalisation on experience gained and know-how developed within pilot programmes remains incomplete. The renovation generated by these pilot initiatives runs the risk of remaining an isolated instance unless the countries find appropriate ways to channel their outcomes into an overhaul of the vocational education and training policies and systems.

The recent efforts of several countries to introduce new legislative acts on vocational education and training (e.g. Bulgaria, Estonia Latvia, Poland), following the recommendations and results of the pilot programmes, should, however, be noted. The effective implementation of these acts will require substantial financial support as well as adequate capacity-building in particular at regional and local level and in the new support institutions frequently established by the new legislation.

3.2. Institutional/Administrative issues

Most of the reforms, to date, have been implemented in a fragmented and un-coordinated way, seeking to address particular issues or components of vocational education and training systems. This insufficient coherence among the individual policy initiatives has been further reinforced in some cases by the dispersion of the administrative responsibilities in vocational education and training among different Ministries (Ministry of Education, Ministry of Labour and sectoral Ministries) as well as the lack of systematic cooperation between them.

However, there are positive signs emerging of increased cooperation between the Ministries of Education and Labour in many countries (e.g. Bulgaria, Estonia Romania, Slovak Rep.); this has often taken place in the context of the preparation for participation in the European Social Fund as well as in the process of preparing the adoption of a new legislative framework.
In most countries, institutional structures for the wider vocational education and training system have formally been established. Nevertheless the effective involvement and real influence of social partners on the design, implementation and monitoring of the vocational education and training policy is indeed limited in practice. On the other hand, the bilateral dialogue among employers' and workers' associations on training issues seems to be marginal.

The process of decentralisation of vocational education and training systems as well as its opening up to the private sector as a means to improve their relevance and management has taken place in many countries but in an uncontrolled way. A thorough consideration as to the optimal level of allocation of the various individual responsibilities between schools, local/regional and central administration has often been lacking. This has often produced undesirable side-effects as regards the quality of training delivery, the excessive focus on the most "fashionable" curricula without a proper analysis of the real labour market requirements or the financial sustainability of the school network.

The recent administrative reforms undertaken by countries such as Poland to attribute responsibilities in the field of education to the level of the regions can help to streamline the distribution of competencies whilst also bringing the vocational education and training system closer to local labour market needs in the perspective of integrated regional development strategies. In addition this process will facilitate the effective implementation of measures to be supported by Phare, which will increasingly focus on regional level implementation. However, remains the availability of human resources in the regional administrations to carry out their new tasks and duties remains a critical issue. There is a major need for training of civil servants and institution building.

3.3. Financing

The modernisation of the vocational education and training systems has taken place under rigid budgetary constraints and this situation is not likely to change in the near future. This has resulted in a constant pressure on the funding levels for vocational education and training. With the exception of countries such as Bulgaria and Romania, where the general resources devoted to education and training remain extremely low, the amount other countries seem to spend on education - in terms of GDP percentage - is stagnant or diminishing, but still comparable to many of the EU countries (1995 data). However, this comparison has to be interpreted more cautiously taking into account the sharp decrease in GDP in most countries during the first stage of the transition process (in fact in most countries it has only reached the level of 1989 during the last two years). It is also worth noting that in some countries, budgets dedicated to vocational education and training should be carefully interpreted in the light of differences regarding the participation rates.(see below point 3.7).
It is obvious that these financial constraints are not conducive to the sustainability of the reform process, preventing the necessary investment for the renewal of often obsolete infrastructure and school equipment, or the upgrading of the learning process in terms of content, methods and teaching staff; on the other hand, the debate about increasing the effectiveness and efficiency of the system through a more rationalised use of available resources as well as the quest for alternative funding mechanisms and sources, besides the State budget, (e.g. policies to stimulate the investment from the employers’ side, or to enable schools to raise their own funds, etc.) has only started in most countries. The above considerations about the optimisation of the school networks give some reason to believe there is some room for manoeuvre.

3.4. Human resources in vocational education and training administration

In most countries, the staff capacity in the vocational education and training administration at central level has generally improved in terms of policy development and management. Nonetheless, a substantial strengthening of the institutional capability is required at national level and even more at regional, local and school level (in view also of the future new responsibilities as regards the efficient management and implementation in the future of the European Social Fund’s resources).

3.5. VET delivery and its links with the labour market/enterprises

Most countries are still at an initial stage with respect to the development of adequate arrangements to facilitate the transition of young people from school to work and to promote their employability. The actual adaptation of training provision to the rapidly changing needs of enterprises through the promotion of work-linked training (apprenticeship) depends too much on ad hoc cooperation between individual schools and enterprises or on the existence of practical training centres within schools (which are rarely well equipped). Furthermore, the collapse of the former socialist education system has led to the setting up of a strongly predominant school based system. Although some countries continue to use the term "apprenticeship schools", except in Slovenia at experimental level, there is no longer a real apprenticeship scheme in the candidate countries;

Key policy areas, which need to be further addressed, include the following:

- The optimisation of the school network which is already an important policy issue in some countries (e.g. Czech Republic., Slovak Republic., Slovenia).
- The development of a national approach to the curriculum providing answers to issues such as: integration of theory and practice, a balance between general and occupational oriented subjects, curricula based on broad or narrow occupational areas; organisation of the learning process in subjects or modules, etc.
• The traditional ad hoc contacts between schools and companies need to be transformed into systematic networks at the regional level involving or encouraging the participation of a wide number of key actors including regional authorities, employment services and social partners.

• On the other hand, in the case of countries such as Slovenia which have introduced new legislation for the development of work-based training approaches, the critical issue is the ability and commitment of enterprise (in particular SMEs) to support the implementation of these approaches.

• The development of vocational guidance and counselling services which is still lagging behind in several countries (in particular within initial vocational education and training systems).

• Most countries suffer from a lack of capacity, in terms of institutions or appropriate know-how, as regards the forward-looking and qualitative analysis of labour market developments and their potential implications for the content and methodology of the learning process. In addition, capacity in vocational education and training research is seriously limited due to financial constraints; there is a lack of qualified personnel oriented to modern challenges.

• Finally, a systematic approach as regards the initial training and upgrading of teaching staff is generally lacking. A key issue in this respect remains the still limited experience of teachers concerning the actual work process in companies and general labour market developments.

3.6. National system for qualifications, assessment and certification

In many cases, the autonomy provided to schools to design their own curricula, the emergence of private training institutions (in particular for continuing vocational training) as well as the proliferation of separate pilot interventions taking place in parallel in different segments of vocational education and training systems, has led to the setting up of hundreds and sometimes more than a thousand more) possible curricula, raising concerns about transparency, “visibility” of the system by its customers and the comparable quality of the learning process and its outcomes. In reaction to this situation, a number of countries have started experimenting with different solutions: standardisation of their examination and certification systems (focusing on the assessment of outcomes of training) combined with the development of new qualification standards (based on broader occupational profiles) as a criteria for defining the related training requirements, accreditation of training institutions, etc. However, these initiatives are as yet only at a conceptual or initial phase of implementation requiring further substantial efforts - notably through the participation of the social partners and research support - to bring a more sustainable and systemic impact.
3.7. Participation in initial vocational education and training and vocational integration of young people

All the countries have made substantial efforts, with the support of external assistance to improve the attractiveness of vocational education and training, notably through the diversification of training pathways, the development of new skill areas and/or the upgrading of the old ones. In most countries, with the exception of the Baltic States, the enrolment rates in vocational education and training continue to be quite high and well above or equal to the EU average, although with an overall decreasing trend which sometimes hides important disparities between the different pathways (e.g. a pronounced decline in participation in lower vocational schools which deliver narrowly specialised training and an increase in upper secondary technical schools providing higher qualifications and opening the door for post-secondary and higher vocational education). This situation reflects both the traditionally different position of vocational education and training within the overall education system in each country and the diverging priority attached to this sector since the start of the transition period. This development is equally likely to be influenced by the diversified political priority that the countries attach to shifting the balance in favour of general education and increasing access to higher education.

It should also be noted that the average participation rate in secondary education in general across the region, while showing an upward trend between 1995-1997, is still considerably lower than the EU average. This fact, combined, in some countries, with the higher number of vocational education and training students who abandon their studies before graduation (compared to the respective numbers of drop-outs from general education), as well as the high unemployment rates among young people, suggests a need to enhance the effectiveness of vocational education and training. The improvement of the quality of the learning process itself, the establishment of progression routes to post-secondary or higher technical education, as well as the further adaptation of skills relevant to the needs of the economy continue to constitute high priorities.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

The concept of employment-oriented continuing vocational training (CVT) is a novel one in the candidate countries. The radical change in employment patterns has increased awareness in most countries of the urgency in promoting the adaptability of the present workforce through a wide range of retraining initiatives in particular in certain sectors or regions that are undergoing restructuring. Faced with a sharp rise in unemployment, all the countries rapidly adopted legislative frameworks allowing for the development of counteracting measures. In most cases, these measures have been oriented by a passive labour market approach. Meanwhile, continuing training for employed workers has not been given priority at government level in most countries in the absence of a legal and conceptual framework for continuing training.
4.2. Administrative and institutional framework

In most of the countries responsibility for policy on continuing training for unemployed people lies with the Ministry of Labour/Social Affairs while the employment services (organised at central and regional/local level) play the major executive role. However, their role is most often limited to the organisation of training for the unemployed. On the other hand, Ministries of Education have often tried to take the lead in dealing with training for adults in the workforce. In some countries, vocational education and training schools already play a substantial role in adult training, which is based upon new curricula developed for initial training purposes. It should be stated, however, that in general responsibility for employment policy linked to the preparation of the Structural Funds has been given to the Ministries of Economy.

The participation of social partners in the administrative bodies of the employment services is usually formally recognised but, as in the case of initial vocational education and training, in practice their impact in promoting training by the employment services has been limited.

Establishing more systematic links among all relevant stakeholders at regional level (schools, educational authorities, employment services, regional administration and social partners) is required with a view to promoting synergy between regional development priorities on the one hand and labour market and training policies on the other at regional level. The offer opportunities for synergy as the National or Regional Development Plans requested by the Commission are supposed to be based upon the partnership principles of the Structural Funds.

The concrete organisational and financing aspects related to training and upgrading of employees fall primarily within the sphere of contractual relations between the employer and employee. It is still exceptional to find collective agreements on this issue and, where they exist, they mostly recognise the right to training and qualifications in a generic way without providing for binding or facilitating arrangements for enterprises.

4.3. Financing

The financial support of the state is primarily targetted at subsidising adult training in the formal schooling system (e.g. formal adult education courses in evening classes) as well as training for the unemployed (or employees threatened with redundancy). However, in a growing number of candidate countries, training for unemployed people is funded from employer and employee contributions via the unemployment insurance. In both cases Ministries of Labour/Social Affairs have the main responsibility for managing resources. The possibility of using part of these resources to promote continuing training of workers has not yet been considered or, where such a possibility has been recognised, not yet fully exploited (e.g. Hungary, Lithuania).

However, the severe increase in unemployment together with the financial difficulties in some countries, reduces the scope for the promotion of more active employment measures.
There is a lack of commitment and/or possibilities on the part of enterprises to invest in the ongoing training of their workforce. The experience of countries such as Hungary shows that it is possible to promote structural but pragmatic alternatives focusing on aspects such as sustainable funding arrangements, support to enterprises for analysing their training needs and closer participation of the social partners in the monitoring of the system.

It should be stressed, however, that some countries have started concentrating active measures on specific target groups such as the long-term unemployed and the disabled. These resources in some cases come primarily from employer and employee contributions.

4.4 Human resources in CVT administration

There is a need to improve the technical and professional capabilities of staff responsible for the development and administration of employment policies, in particular, at regional and local level. The aim should be the development of individually designed preventive approaches (focusing on early identification of individuals' needs, active vocational guidance and counselling and training) as well as the management of an efficient monitoring system to enhance the effectiveness of active labour market measures.

It is also necessary to promote better cooperation between all the Ministries involved. The implementation of the Phare 2000 provision gives an opportunity for this as the National Development Plan and the concrete ESF-type measures should be prepared on an inter-ministerial basis.

4.5 Key features in CVT delivery

The supply of continuing vocational training is characterised by the involvement of a wide range of training providers. In many countries, the public secondary schools are among the major continuing training providers and are mainly active in the organisation of traditional formal education courses for adults. In all the countries there is a fast-growing private training market (in particular for new service sector-oriented specialisms) but in many cases the quality of the training provided is questionable (in terms of equipment, methods and trainers). Training is also provided by a wide range of non-governmental organisations, or specialised institutions, which have often become a focal point for the management of external financial support (e.g. National Training Fund in the Czech Republic).

With the exception of some countries in which enterprises appear to dedicate significant resources to the continuing training of their employees (e.g. in Hungary companies spend about 2 to 2.5% of the total payroll for training; this rate is about 1.5% in the Czech Republic), the data available indicates that participation of workers in continuing training is still very low. However, most countries do not possess any information system, capable of providing regular and reliable data on the participation of the working population in employment-oriented continuing training.
4.6. The place of CVT in labour market policies

In most countries the promotion of active employment policies, including training, still absorbs a minor proportion of the resources devoted to the fight against unemployment.

Within the scope of active employment measures funding for training of the unemployed, with a few exceptions (e.g. Slovenia), is very limited. The participation of groups most vulnerable to long-term unemployment and social exclusion (low qualified young people, older people with no or low-level qualifications, ethnic minorities) is still very low in all the countries. However, there is a growing awareness of the need to promote integrated, innovative measures for the unemployed combining training with counselling and/or job placement opportunities.

Labour market training is still conceived and delivered on an ad hoc basis; its design tends to take place without any systematic link to development potential and plans at local/regional levels; therefore, it is rarely preceded by the necessary preparatory work in terms of analysis of specific skill needs and employment possibilities at those levels.

4.7. Quality management, monitoring and assessment mechanisms

An increasing number of countries are taking initiatives to establish an accreditation system for training providers (in particular, those who are involved in the delivery of training for unemployed).

Monitoring and appraisal of the effectiveness of labour market training (most often measured on the basis of the employment placement of trainees) is still infrequent.

The high proportion of unemployed people without basic qualifications, as well as the large part of the population with generally low educational level or out-dated qualifications, have raised awareness of the need to introduce assessment and certification arrangements which can facilitate the access of adults to formal qualifications, notably through the certification of skills acquired outside the formal education system. Some countries (e.g. Slovenia, Estonia) have taken steps in this direction.

4.8. Participation in CVT

Finally, it should be noted that in several countries there is a growing interest in developing the policy debate on lifelong learning and its implications in terms of the significant institutional reforms that this approach would require (e.g. development of vertical and horizontal progression opportunities throughout the system, recognition of informal learning, etc.).
5. **OVERVIEW OF KEY EMPLOYMENT ISSUES**

Notwithstanding the significant differences between the various countries regarding their points of departure and subsequent performance during the transition process, a number of common trends can be identified.

The combined effects of restructuring, privatisation and economic crisis have triggered off a substantial fall in employment rates which has been the result of both the emergence and significant rise of unemployment and the decline in participation in the labour force of working-age people. The employment rate has shown some signs of stabilisation since 1993 but without compensating for the losses of the early transition period. The employment rates in the candidate countries in 1997 show a similar variation to that in the EU.

The appearance and, in most cases, rise in unemployment has been accompanied by a significant reallocation of employment: decline of the employment in the industrial sector and state owned enterprises, growth in the service sector and private enterprises. However, the relative number employed in industry and agriculture is still above the EU average while the share of employment in services is considerably below the Union average. This indicates the potential of important shifts expected out of industry and agriculture and the scope for growth of employment in services. In particular, the significant increase of the employment level in agriculture recently observed in some countries (e.g. Romania) is likely to have acted as a temporary adjustment mechanism for absorbing the redundant labour force; it represents therefore a serious risk for the further rise in unemployment in the coming years.

An additional development, which needs to be stressed, concerns the important expansion of the "black economy" in many countries; this is often viewed as an undesirable side-effect of the high level of payroll taxes.

The population groups most threatened by unemployment are young people under 25 without prior work experience, as well as middle aged and older people with low or no qualifications. In most countries the rate of female unemployment remains higher than for men. Long-term unemployment has become a serious problem, representing in most countries more than half of the total unemployed. Low educational attainment is among the major factors conducive to (long-term) unemployment. It should be noted, however, that the scale of the problem is not substantially different to those experienced by most EU member states.

As regards the geographical distribution of unemployment, there are strong regional disparities, affecting in particular mono-industrial areas in which the restructuring and rationalisation of production is more pronounced. This situation is often aggravated by the regional concentration of a series of negative factors such as: inadequate skills level of the workforce in the region, lack of appropriate infrastructure, existence of a large ethnic minority population, low attraction of foreign investment. The lack of financial resources, the limited know-how and insufficient co-ordination among the key
regional actors are all inhibiting factors in the development of a regional development policy aimed at addressing the issues raised above.

Finally, in some countries the risk of social exclusion for existing ethnic minorities (e.g. Roma population), is a growing concern. Their very low educational attainment, their social and living conditions, as well as their limited access to the labour market, constitute a vicious circle requiring comprehensive approaches developed and implemented at local level, as close as possible to the source of the problem.

6. CONTRIBUTION TO INNOVATION

In spite of interesting initiatives at school level, particularly in the vocational education and training reform programmes, the contribution of the vocational education and training system to innovation, mainly within companies, is still poor.

One of the key areas, which Phare vocational education and training reform programmes have focused on, is the development of new curricula, including for the acquisition of core skills, within schools. This experience however is still limited in most countries to a small number of pilot schools covered by the programmes. The process of dissemination to the overall system is in most cases still pending.

There have also been significant initiatives with the support of the Phare programme to promote the use of new technologies for the development of flexible forms of learning. The Phare multi-country Distance Learning Programme has recently introduced open and distance learning components into training curricula and established a network of 40 distance training centres open to the private and public sectors in all the candidate countries.

The development of programmes to promote the delivery of managerial and entrepreneurial skills has been initiated mainly by the universities or specific business centres. In particular, the Tempus Programme has initiated and developed a number of promising activities between universities and companies. Nevertheless, further efforts will be required in most countries to integrate the delivery of these types of skills into the learning process of the initial vocational education and training systems.
Review of progress in vocational education and training reform

1. **OVERALL ASSESSMENT**

Despite the pilot reforms introduced during the last few years, the initial VET system still does not meet the demands of the new emerging market economy. Higher education institutions remain very academic in nature and yet provide appropriate advanced vocational training. The provision for management training has increased dramatically, partly as the result of Phare management training projects and interventions from bilateral donors.

A Vocational Education and Training Act (VETA) has recently been adopted by the national parliament. The law is the outcome of in-country consultations, the experience of other countries as well as recommendations arising from the Phare VETERST programme and other interventions. The two most critical issues regarding its implementation are the financial constraints imposed by the Currency Board and the institutional capacity, particularly at the regional, municipal and local levels.

The VETA makes provision for the de-centralisation of administration to regional, municipal and school levels. This is in accordance with government policy and recognises that local accountability will lead to a more focused response to local needs. However, further capacity building will be required at the regional, municipal and school level to ensure the transition from policy to implementation.

There is a mismatch between knowledge and skills acquired by graduates of general secondary schools (of a predominantly academic nature) and labour market needs. This is illustrated by the higher rate of unemployment amongst graduates of general secondary schools and the lower rate amongst vocational school graduates and underlines the increased need for continuing training in order to integrate young unemployed school graduates into the workforce. Despite the higher rate of unemployment amongst general secondary graduates there is a trend away from vocational schools to general schools.

The VETA makes provision for monitoring the quality of the provision of continuing vocational training. However, there is an urgent need to improve the degree of workforce participation in continuing training by developing support mechanisms to encourage enterprises to invest in training.
The policy-making and implementation capacity within the Ministry of Education and Science (MES) and the Ministry of Labour and Social Policy (MLSP) has improved over the last few years. There is recent evidence of strengthened co-operation between the two ministries at the policy-making levels which has resulted in effective collaboration in the drafting of the VETA and in the SPP for the ESF and in the current Phare VETERST programme.

Financing for initial and continuing VET is low compared to other Central and Eastern European countries. There is no indication that the state budget will be increased.

There is a lack of a regular flow of information and analysis of skill requirements either in the public or private sectors.

Transparent occupational standards determining the requirements of syllabuses and curricula, educational materials and technical facilities, teacher training programmes, assessment systems and entry standards for students do not yet exist. However, the VETA, makes provision for a National Agency for Vocational Education and Training, (NAVET) based on the tripartite principle, which will assume these responsibilities. The NAVET will require further financial and technical support.

The re-training of the unemployed is restricted to those who have a confirmed job offer. In areas of high unemployment, i.e. in those regions in which heavy industry is being privatised and/or restructured, this restriction impacts adversely on continuing training.

Unemployment rates are higher amongst the ethnic minorities i.e. the Turks and the Roma, women, school leavers, particularly those with low or inappropriate qualifications, and the disabled.

2. **KEY PRIORITY AREAS FOR FUTURE ASSISTANCE**

- Dissemination of VETERST pilot school activities and further upgrading the quality of initial vocational training by providing support targeted in particular at the development of new training standards based on occupational requirements as well as of a new assessment/certification system.
- Institutional building and development of VET at regional level, including the development of the framework for dialogue with the social partners.
- Development of continuing training activities as an integral part of active labour market measures for population groups vulnerable to unemployment and in risk of social exclusion.
3. **INITIAL VOCATIONAL TRAINING**

3.1. Legal and conceptual framework

The Vocational Education and Training Act (VETA) has recently completed its second reading in parliament and is now on the statute books. The VETA addresses all the issues identified during the VETERST programme and these will be reflected in an overall policy document in the field of VET, being prepared by the MES, which includes the following components:

- the development and implementation of national standards in the certification of vocational training;
- the introduction of a quality control system;
- a mechanism to ensure that the provision of vocational training accurately reflects the needs of the labour market;
- a decentralised management structure and a structure to encourage the participation of the social partners in vocational education.

The VETA makes provision for the decentralisation of the VET education system to municipality and institution level giving school directors responsibility for the administrative and financial management of their institutions. The VETA also establishes a National Agency for Vocational Education and Training, accountable to the Council of Ministers. It will operate on a tripartite basis and take overall responsibility for the monitoring standards in VET.

3.2. Administrative and institutional framework

The MES is responsible for initial (i.e. school-based) and post secondary vocational education, with overall management of the system delegated to the NAVET, with the involvement of social partners.

The VETA establishes a framework for the institutions within the VET system. No changes are being made in the structure on the delivery side, but new support agencies are being established. These include vocational training centres and vocational information and consulting centres, (operating at the CVT level) training centres for trainers' qualification, a Vocational Education Training and Career Guidance Research Centre and a National Agency for Vocational Education and Training.

Administrative and financial management of schools under the MES is devolved to school managers.

The MES and MLSP have signed an agreement for co-operation in the area of employment policy and qualification. The two ministries collaborated closely in drafting the VETA and in participating in the SPP/ESF.
Applied VET research capacities are limited. The MES provides most of the initiatives for research and has commissioned studies from the National Institute for Education and the Bulgarian National Observatory on VET and the Labour Market.

3.3. Financing

VET schools are financed from the State Budget, devolved to the municipalities. The total budget for education is approximately 3% of GDP of which less than 0.5% is available for VET. This is low in comparison with the average in most candidate countries. The State and municipal budgets cover the cost of initial VET courses and staff costs on a student per capita basis. Additional funds are available from income raised by the individual institutions through the provision of CVT courses.

3.4. Human resources in VET administration

There is greater stability of staffing in the key departments relating to VET in the MES and, while still under-resourced, the institutional capacity is increasing. There is limited regional and local capacity and the regional inspectorates will require further training following their re-organisation.

3.5. Key features in VET delivery

Vocational High Schools, Technical Schools and Vocational Schools provide initial vocational training under the NAVET. They deliver a national curriculum. However, provision is made for some local variation.

Projects under the VETERST programme have conducted pilot exercises in the development of modular curricula, teacher training programmes and in the training of teachers of foreign languages, (German and English). The MES has supported these projects well and intends to disseminate the outputs throughout the school VET system, but the capacity to implement the reforms at the local level is questionable. The decentralisation of the VET system, also piloted under the VETERST programme, should allow for a more focussed response to local needs. The introduction of new occupational areas to the curriculum will be constrained by the need to re-tool VET institutions.

The capacity for in-service teacher training has increased. During recent years three model centres for VET teacher training have been established under a MES/Phare project. Three regional Foreign Language Centres have also been established under another Phare project for upgrading teacher qualifications for teachers of foreign languages for specific purposes.
3.6. Links with the labour market/enterprises

Initial VET remains primarily school-based and theoretical, although the Phare UVET project has introduced a task-based, modular curricula in the pilot schools. In the absence of an operating apprenticeship or work placement scheme, practical training takes place in schools which are often insufficiently and/or inappropriately equipped.

Provision is made in the VETA for local collaboration between schools and local enterprises in providing practical training, but the capacity of the latter to respond is in doubt.

Skill needs analyses of the labour market are conducted infrequently and there is little capacity to undertake such studies.

VETERST pilot schools have involved local employers in the definition of needs and occupational profiles, but this is not common practice in other schools.

3.7. National system for qualifications, assessment and certification

The National Agency for Vocational Education and Training will have responsibility for establishing national standards in certification for VET, teacher training standards, occupational areas to be covered in the curriculum based on an analysis of labour market needs and a definition of occupational standards and the accreditation of training providers in the private and public sectors. There are some doubts as to whether the Agency will be adequately funded, due to constraints imposed by the Currency Board, and there is concern that further technical assistance will be required to make the Agency an effective body.

3.8. Participation in initial VET

Whereas at the level of initial VET the participation rate and the educational attainment level for girls are better than for boys\(^2\), the situation in the labour market shows that female unemployment rates are significantly higher than those for males.

The participation rate in the VET system is relatively high (45% of 16 year olds – 1997-98) in comparison to some other candidate countries, but there is a trend away from vocational to general education. This may be reversed by the reforms being implemented under the VETA.

The ratio of trainers to students is 1:10.91 (1997-98)

Compulsory education is until graduation from vocational school, or general school at the age of 16.

\(^2\) 33% for girls and 20% for boys (1996/97)
3.9. Vocational integration of young people

Drop out rates at secondary level are at the rate of 2.7% from general education and 4% from VET (1997 figures). There are no specific measures for early school leavers leaving the education system with no or very low qualifications, or for those who complete general secondary education with qualifications that are inappropriate for the needs of the labour market. Both groups are very vulnerable to unemployment. Unemployment is at 36% (1997) of the cohort for both males and females below the age of 24.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

Policy development in MLSP addresses training for the unemployed and for workers who are expected to be made redundant in the industrial restructuring process. The VETA provides a legal framework for licensing institutions for the provision of vocational training, but there are insufficient incentives to encourage employers or employees to take up training opportunities. Consequently the provision for CVT is very under-exploited.

The Unemployment and Employment Incentives Act, adopted in 1997, was the primary act dealing with CVT and included training measures for those unemployed who had confirmed job offers or who intended to set up their own businesses and for workers expected to become redundant in the restructuring process. Much of this legislation has been incorporated into the VETA.

The VETA establishes a unified legal framework for CVT, however, there remains a need for further assistance in implementing a national strategy for CVT.

4.2. Administrative and institutional framework

The social dialogue on economic and social issues is currently conducted at the national level in the National Council for Tripartite Co-operation. However, the social partners have shown greater interest in wage negotiations and conditions of employment than in training both at the national and regional level. Thus, despite the legal framework, a comprehensive social dialogue is not yet taking place. Under the VETA this function will be carried out by the NAVET.

The MLSP is responsible for the training of the unemployed and delegates the financial administration to the National Employment Service (NES). Professional monitoring of the system is the responsibility of the NAVET. The VETA establishes a framework for CVT for the employed.

The Vocational Education and Career Guidance Research Centre will provide research support for the VET system.
4.3. Financing

The activities of the NES are funded through the Professional Qualification and Employment Fund to which employers pay direct contributions as a percentage of total employment costs. In 1997 active measures took up 27.6% of which only 2.4% finance training activities. The financial responsibility for retraining and upgrading of employed staff lies with employers and individuals themselves. Additional funds are available the "Professional Qualification and Unemployment" fund, sponsorships, donations and testaments, income raised by the individual institutions and national and international projects.

4.4. Human resources in public administration dealing with CVT

The NES is primarily involved in passive measures and is only to a limited extent capable of taking a more pro-active role. The MLSP, in collaboration with the MES, has an increased capacity to develop policy on a national scale, but, as noted above, further assistance will be required in the implementation of policy in the regions.

4.5. Key features in CVT delivery

Vocational Training Centres will provide training for post 16 year-olds. They will be licensed by the NAVET and may be Bulgarian institutions, joint ventures between Bulgarian and foreign institutions or wholly owned foreign institutions. Vocational Information and Consulting Centres will provide career guidance for post 16 year-olds. Centres for the Qualification of Trainers will provide training and re-training of trainers under the authority of the National Education Act.

There is a large number of training providers in the public, private and NGO sectors, but, currently, there is no quality control and there is no collaboration between or within the sectors. The NAVET will perform a quality control and licensing function when it is established. The VET schools under the MES play, and will continue to play, a significant role in the provision of CVT. They have the authority to develop their own curricula for CVT, but must receive accreditation from the NAVET.

Employers, particularly in the SME sector, have been very slow in taking up training opportunities for their employees.

Special programmes to combat social exclusion have been created for people with disabilities and from the ethnic minorities. However, these groups remain highly vulnerable to long-term unemployment.

4.6. Quality management, monitoring and assessment systems

The monitoring and assessment of the effectiveness of CVT needs to be strengthened. The NAVET will have this responsibility, but will need further assistance in establishing an effective system.
4.7. Participation in CVT

While some statistical data on the training/retraining of the unemployed exist they are incomplete. There is no reliable statistical information available on the training of the unemployed and other indicators related to continuing training (e.g. types of training, quality of training, numbers of unemployed gaining employment following training etc) and therefore statistically proven conclusions cannot be reached.

5 OVERVIEW OF KEY EMPLOYMENT ISSUES

Unemployment rates by educational attainment indicate the highest rate being amongst those who only have basic education qualifications, or no qualifications (26.4% - Nov. 1998). The next largest group are those with general secondary qualifications (15.6%); This figure drops to 13.3% for those who have attained secondary vocational qualifications.

A characteristic of unemployment in Bulgaria is the high level of long-term unemployment, particularly amongst women. Figures for June 1998 show that the number of unemployed for less than six months as a percentage of the total unemployed was 27%. For those unemployed for more than a year this figure rises to 63%. The figures for female unemployment in the same categories are 20.1%, and 64.8% respectively. In terms of age groups, those most vulnerable to long-term unemployment are the 15 – 24 cohort (27.1%), the 35 – 44 cohort (30.3%) the 45 – 54 cohort (31%) and the over 65 cohort (31.2%). Short term unemployment rates (up to five months) are very similar to the long term rates already quoted. However, the 25 – 34 cohort figure much more prominently in the short term unemployed category, (34.1%). All figures are from the National Statistical Institute, November 1998. With the current restructuring of heavy industry, unemployment figures are bound to rise, although it is hoped that some of the new unemployed will find new employment in the growing SME sector.

Specific data on unemployment by ethnic origin cannot be cited as the registration of unemployed and the monitoring systems for unemployment do not differentiate ethnically. However, unemployment rates amongst the Roma and Muslim ethnic groups are high and most fall into the long-term unemployed category.

6. CONTRIBUTION TO THE PROCESS OF INNOVATION

The VETA is a significant step forward in the reform process, although there is some concern regarding the funding of its implementation and of the capacity, at regional and local level, to implement it fully.
New emphasis has been given to the development of core skills, foreign languages, IT skills, entrepreneurship, health and safety related issues and the environment through the VETERST programme. However, the outputs of the programme have not yet been disseminated beyond the pilot schools.

The concept of in-company management training has been developed and the competence of trainers enhanced by the Phare Management Project which ended in 1998. The positive outputs from that project will be built upon in an forthcoming European Training Foundation management training project and a second Phare management training project which will begin implementation in 2000.
Review of progress in vocational education and training reform

1. OVERALL ASSESSMENT

Since 1990, the Czech VET system has undergone substantial changes, e.g. extension and diversification of vocational education and training provision, school autonomy, development of a private education and training market, adaptation of curricula in a radically decentralised way. These developments have facilitated the adaptation to new requirements of the economy and local labour market needs. On the other hand they led to some negative side-effects in terms of reduced transparency, quality and comparability of VET, as well as an extension of the school network by relatively small schools.

The above changes do not appear to be the results of reflections on a long term strategy for initial VET; despite the comprehensive set of recommendations resulting from the Phare VET Reform programme, the initial VET system has responded mainly to immediate demands of students and parents, but still does not address adequately the long term requirements of the new market economy. There are, however, positive indications that the Ministry of Education, Youth and Sports intends to continue VET reform efforts with a more strategic perspective. A draft strategy paper “Concept 2002” on initial and continuing vocational training has been drawn up, which is currently under public discussion.

As outlined in the follow-up report to the OECD review of national policy in education, an 'optimisation' process of the secondary school network started in 1997 which focused mainly on secondary vocational schools, and to a lesser degree also on secondary technical schools. Although the “optimisation” of the school network resulted in financial savings, this issue needs to be addressed with a more strategic perspective, covering also schools administered by the Ministry of Agriculture and involving regional key actors and social partners.

Social dialogue on general economic and social issues is conducted at the national level in the Council of Economic and Social Agreement. There is not yet a specific institutional framework for social partner involvement in VET at national, regional and local levels, and thus the role of social partners in designing VET is limited.

Since 1990, ex-post assessment and continuous monitoring of labour market developments has taken place. The development of methodologies to forecast medium-term skill requirements, however, has not advanced very far due to the unstable economic context which has hampered the establishment of a system to anticipate future labour market needs.
A national policy framework for continuing vocational training is lacking, as well as legislative or financial incentives that could improve access to CVT and allow for a more flexible adjustment to labour market demands. There is no specific body in place to administer and co-ordinate CVT. Quality control of CVT provision, certification and access to CVT need to be improved.

There is no sufficient co-ordination between relevant Ministries, ministerial departments and other stakeholders with a view to addressing VET issues systematically at a national level, in particular strengthening links between initial and continuing vocational training. An agreement between the Ministry of Education, Youth and Sports and the Ministry of Labour and Social Affairs on co-operation and transfer of information, e.g. on the qualification structure of graduates and labour market developments, has improved the provision of career guidance.

Key issues in the labour market are rising unemployment (8.4% in March 99 compared to 3-4% between 1992 and 1996) and uneven regional distribution of employment (Prague 68%, North Bohemia 61%, North Moravia 62%). Common characteristics of the declining regions are their traditional focus on heavy industry, in particular coal mining and steel, their geographical location close to non-western borders, and a relatively high concentration of Romany population with unemployment rates of ca. 70%. These factors need to be addressed when designing integrated regional development programmes.

In the framework of the pre-accession process, preparation of adequate human resources, administrative structures in particular in the regions, as well as sectoral and regional analyses are priorities. Whereas ESF preparations in general are co-ordinated by the Ministry of Labour and Social Affairs, the National Training Fund will play a decisive role in providing training for government officials on ESF issues.

2. **KEY PRIORITY AREAS FOR FUTURE ASSISTANCE**

- to continue to rationalise the network of VET schools in order to limit capacity redundancies and ensure cost effectiveness. This needs to be based on reinforced research capacities, including development of methodologies to assess skill requirements and forecasting methods in order to ensure an adequate response of the VET system to labour market needs, in particular at regional level;
- to improve the legal and institutional framework, in particular also in the regions, with a view to enhancing systematic social partner involvement in shaping initial and continuing VET at national, regional and local level;
- to support the development of a legal basis for continuing vocational training that sets the framework for CVT provision, accreditation, certification, monitoring and evaluation as well as implementation of information systems, and seeks to reinforce links to initial VET with a view to implement an overall concept of human resource development to strengthen employability and competitiveness of the workforce and to foster lifelong learning.
3. **INITIAL VOCATIONAL TRAINING**

3.1. Legal and conceptual framework

A new comprehensive Education Act is under preparation. Guiding principles have been prepared by the Ministry of Education and put forward for public discussion.

A new Act on Higher Education Institutions No. 111 fostering diversification of higher education was adopted in April 1998. The new Act envisages establishment of non-university tertiary education institutions (Higher Professional Schools) and private higher education institutions.

3.2. Administrative and institutional framework

The Ministry of Education, Youth and Sports (Decree of the Minister of Education, Youth and Sports of the Czech Republic No. 12/98) started the process of re-organisation of school administration in 1998. The Act on Regions (adopted in late 1997) envisages the establishment of 14 regions as of 2000. The new distribution of competences between government and administration at national and regional levels and the role of the future Regional Administrations with regard to VET have not been defined yet. 14 Designated School Offices are in charge of co-ordinating secondary and higher vocational education, including optimisation of the school network, gathering information on schools from district school offices, pedagogical-psychological counselling, conceptual elaboration of the branch structure of schools, continuing teacher training, etc.

The establishment of the proposed National Council for Vocational Education and Training as part of the National Council for Education with the involvement of social partners has not been accomplished yet.

Social dialogue on general economic and social issues is conducted at the national level in the Council of Economic and Social Agreement. However, there is not yet a specific institutional framework for social partner involvement in VET at national, regional and local level.

VET-related research is neither balanced nor sufficiently co-ordinated. There has been a lack of emphasis on forecasts and putting the research findings into practice, although activities in this direction have been initiated, such as initiation of inter-sectoral approaches concerning the contents of research and participation in international research projects. The National Observatory has started promising initiatives in this field and there is a potential for consolidating its position as an interface between VET and labour market issues, in particular in the framework of ESF preparations.
There is no sufficient coordination between the ministerial departments and Ministries with a view to addressing VET issues systematically at a national level. Apart from the Ministry of Education, Youth and Sports, also some sectoral Ministries (Defense, Interior, Agriculture) are responsible for initial VET, while the Ministry of Labour and Social Affairs is in charge of retraining of unemployed and employees threatened by unemployment – this results in a lack of common strategy and systematic links between initial and continuing training. However, an agreement between the Ministry of Education, Youth and Sports and the Ministry of Labour and Social Affairs on co-operation and transfer of information on graduates, labour market developments, etc. It has laid the foundations for co-operation at regional level between education authorities and the relevant employment authorities.

Career guidance centers have been established in all Labour Offices. Services are provided free of charge. Some contacts with educational institutions have been established. Their quality depends on local and personal initiative. Vocational guidance services at schools and pedagogical-psychological counselling centres have been established as well.

3.3. Financing

Total public expenditure on education amounted to 5.4% of GDP in 1996. Since then there has been a gradual decline to 4.3% in 1998. Approximately one quarter of the total education budget was allocated to VET. The document 'Main Targets of Educational Policy', adopted by the Czech government in 1999, establishes the target to extend expenditure on education to 6% of GDP until 2002. With a few exceptions (sectoral ministries), state technical and vocational schools are financed by the Ministry of Education, Youth and Sports primarily on the basis of the per capita method. Private schools receive up to 60-80% of the contributions that are provided to state schools.

Private secondary schools and Higher Professional Schools can charge tuition fees along with contributions by the state.

3.4. Human resources in VET administration

There has been a high turn over of core decision making staff in the Ministry of Education, Youth and Sports and frequent restructuring. Despite this, the core professional personnel a the Ministry of Education, Youth and Sports has been fairly stable. A department of strategy and analyses was established.

Human resource development in School Offices needs to be improved in order to align education closer to practice and to provide support frameworks for schools to assist them in developing initiatives.

Along with decentralisation and greater autonomy of schools the role of school principals has substantially changed and currently involves modern management tasks. This necessitates further upgrading of management skills.
3.5. Key features in VET delivery

The opportunity for schools to devise innovated or new training programmes has been the driving force for VET reform. A lot of curricular adaptations have been based on changes in the economy and the needs of private business (management, marketing, finance, small-scale production and crafts technologies, trades and services, languages). There is an ongoing trend towards 'generalising' VET in order to increase flexibility and employability of graduates in to broaden their chances in the labour market.

In the framework of the Phare supported VET Reform programme, the basic curricula devised by the central authorities, complemented by school curricula responding to specific regional/local requirements and emphasis placed on core skills, were piloted. To date only the basic, centrally set curriculum is gradually and slowly implemented. The formulation of school curricula is lagging behind in a sense that they do not respond sufficiently to the regional and local needs for qualifications. Altogether, 1132 curricula were approved between 1990 and 1998, 204 of which within the Phare Programme.

Educational pathways have become more varied through the introduction of short-term vocational programmes, enabled by increased school autonomy. The increase in the number of training branches from 390 in 1992 to over 1000 in 1999 and the creation of private schools has not been counterbalanced by an efficient output quality control. The system seeks to guarantee vertical permeability by offering various pathways to higher education through obtaining the maturita examination. Access is limited, however, by existing capacities of higher education establishments and budgetary constraints, e.g. regarding follow-up courses leading to maturita, in particular for graduated of secondary vocational schools.

The share of young people educated in secondary technical and vocational schools (approx. 83%) has been continuously high in comparison to other countries and is an indicator for the esteem that VET enjoys in the country.

Non-state schools account for approx. 25% of the total number of secondary schools. Their educational programmes are targeted mainly at economics, tourism, business administration.

The duration of compulsory education in basic schools is nine years (6-15 years). Apart from the main types of secondary schools (gymnasiums, secondary technical schools and secondary vocational schools), the trend to diversify VET provision has led to the establishment of

- **Integrated Secondary Schools** (ca. 180) combining secondary technical and secondary vocational programmes. In the course of the Phare VET reform programme, a joint first grade for both types has been introduced at an experimental basis;
Centres for vocational training (30) offer training and re-training courses for Labour Offices, companies and the public;

Technical and Economic Lyzeums which have been introduced at an experimental basis. They provide an interface between general and technical/vocational training and are targeted at preparing students for entrance to higher education;

Higher Professional Schools which were introduced from 1996/97 (156 institutions teaching 200 different branches) in order to replace traditional post-
maturita studies, which are currently being phased out (Education Act 1995);

special vocational education schools which provide training to young people with disabilities using special methodologies (3% of an age group).

3.6. Links with the labor market and enterprises

Initial vocational education and training is primarily school-based. Practical training is an integral part of education, no matter whether it takes place in school facilities, which are often insufficiently equipped, or enterprises. Although practical training as part of programmes offered by secondary vocational schools can be implemented as on-the-job training, there is no dual system of apprenticeship training in place.

Currently, there is no system to stimulate co-operation between employers’ organisations and vocational schools in the area of vocational education and the education process as a whole (as e.g. tax incentives). Co-operation between schools and enterprises occurs most frequently at local level. Initiatives between school offices and labour offices have started, e.g. exchange of data regarding graduates. There are however considerable differences among regions and sectors.

3.7. National system for qualifications, assessment and certification

All new curricula as of January 1998 must meet the requirements of a national educational standard elaborated by the Research Institute of Technical and Vocational Education (VUOS) for vocational and technical education.

The ongoing reform of the maturita examination will be completed by 2001 (standardisation of part of the maturita examination in order to guarantee sustainable quality and comparability of upper secondary education outputs and facilitate permeability within the Czech education system and abroad).

Informal assessment methods based on selected indicators of school performance have been adopted and are regularly published.

The creation of a National Curriculum Council as advisory body to the Minister on the development of the education system, life-long learning and education policy as suggested by the OECD in its review 1996 has not been accomplished yet.
3.8. Participation in initial VET

Drop-out rates are low (in secondary general schools, 95% of students complete their studies, compared to estimated 93% of those in secondary technical schools and about 90% of those accepted for study at secondary vocational schools - estimates). Special provisions for early school leavers still need to be developed.

3.9. Vocational integration of young people

Changes in the employment structure led to changes in the students' behaviour regarding their choice of study. Demand for secondary technical schools continues to increase (1990/91 23%, 1997/98 40.9%). On the opposite, demand for secondary vocational schools decreased from 60% to 40.6% in the same period. This trend indicates a greater interest in attainment of higher educational levels and is reflected also in the growing interest of employers in better qualified workforce. The shift from technical branches towards economic and service branches may lead to shortages in these fields in the medium term.

The deterioration in the labour market situation has strongly affected secondary school graduates: between 1996 and 1997, the number of young unemployed increased by about 60%, while the overall number increased by 32%. Labour market demand for graduates from higher education and secondary vocational schools has remained significantly high.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

There is no legislation laying down either a policy for continuing vocational training or the relevant powers and responsibilities. Given the situation in the labour market, the Ministry of Labour and Social Affairs has expressed its interest to take over responsibility for this issue.

A number of legal documents address re-qualification of the unemployed. The Ministry of Labour and Social Affairs has prepared an Employment Action Plan, which has also been discussed with social partners and approved by the government. It includes training measures for unemployed, but also for employed and specific vulnerable groups in the labour market. It also contains proposals related to initial VET and suggests strengthening the role of the Ministry of Labour in CVT.

4.2. Administrative and institutional framework

The role of social partners in continuing vocational training is limited.
There is considerable competition in the provision of continuing training. Institutions providing CVT can apply for accreditation by the Ministry of Education, Youth and Sports. Programmes and relevant certificates that are applicable nation-wide must be in line with legal regulations (standards, school charters, etc.).

Apart from the training geared to unemployed under the responsibility of the Ministry of Labour and Social Affairs there is no specific body in place – neither a Ministry nor any other structure - to administer and co-ordinate continuing vocational training. Moreover, there is no institutional structure that can guarantee quality, certification and information on CVT.

4.3. Financing

Special re-qualification courses for registered job seekers, specific disadvantaged groups and a limited number of employees of enterprises affected by restructuring measures, who are threatened to be made redundant, are financed by the Labour Offices. Initial VET programmes for adults (part-time courses for employed) are funded by the Ministry of Education, Youth and Sports. Courses organised by private training providers charge fees, which are covered either by participants themselves or financed resp. co-financed by employers. Several studies indicate that about 1% of the total gross labour expenditure of companies is invested in training measures. According to the Labour Code, employers may conclude agreements with employees on provision of paid leave for courses improving qualifications.

There is a lack of incentives, both for employers and individuals, to encourage participation in and facilitate access to CVT. The Employment Action Plan contains suggestions on the introduction of tax incentives for employers to encourage CVT provision.

4.4. Human resources in public administration dealing with CVT

The number of staff in the Ministry of Labour and Social Affairs and in District Labour Offices who are in charge of re-qualification issues including analytical work, e.g. analyses of skill requirements, as well as for preparations for the ESF, is limited.

The National Training Fund has been the focal point for developing programme implementation capacity (in particular as regards programmes concerning active labor market measures, management training and public administration reform). It supports the Ministry of Labour and Social Affairs in its initial preparations for the European Social Fund.
4.5. Key features in CVT delivery

Continuing training is offered mostly by private training and consultancy firms, non-profit organisations, secondary schools and universities. Enterprises do not play a major role in CVT provision, as CVT is not considered a priority in their human resource management. There is a high level of competition among CVT providers, which forces them to continuously enlarge their offer. This leads to oversupply and fragmentation, although the number of training providers has decreased from ca. 1200 in the beginning of the nineties to 900 in 1998. Currently there is no efficient information system in place, which could provide an overview on the offer. Mechanisms to assess quality are no-existent.

With the support of the Higher Education Development Fund, the Association of Distance University Education was established and basic conditions for distance learning (in particular concerning university studies) were created. Although distance learning is not yet developed in a systematic way, it is also applied in technical schools and institutions providing continuing VET. Enterprises frequently use combined forms of attendance and distance learning in human resource development.

Information on CVT can be obtained from District Labour Offices, which gather data from regional providers. This information is however mostly consulted by job-seekers who frequent the Labour Offices and not by employed.

4.6. Quality management, monitoring and assessment mechanisms

Discussions on creating amendments to existing legislation to establish mechanisms for quality control of training institutions, certification, social partner participation and funding are under way.

4.7. Participation in CVT

Economic stagnation has negatively influenced the interest of companies to support CVT for their employees. Recent figures show that participation of adults in CVT has decreased and is now at a level of 28% of the age group 16-65 of people having participated in CVT measures.

Active labour market policy seeks to meet training needs of job seekers since numbers as well as in percentage of people for whom it is difficult to find a place in the labour market have grown (groups with specific needs, such as school graduates, long-term unemployed, job seekers with low levels of qualifications, handicapped).

Certain specific measures have been developed for long-term unemployed. The most problematic group is the Romany community – they account for approximately 60-70% of job seekers among long-term unemployed. Activities include special consulting services, training and social re-integration courses, assistance for job-seekers, support to Romany entrepreneurs. Purpose of these measures is to establish equal starting conditions for labour market access.
5. OVERVIEW OF KEY EMPLOYMENT ISSUES

The labour market in the Czech Republic is characterised by a decline in participation rates, particularly for women, an overall decline in employment and a decline in real wages. The early years of transition showed remarkably low unemployment rates, but due to the decline in economic growth which started in 1996 led to a sharp rise in the numbers of unemployed since the end of 1997 (8.4% at the beginning of 1999). In parallel with the increase in unemployment, the percentage of long-term unemployed has grown as well (32% of all unemployed in 1998).

There are substantial regional disparities in unemployment levels: Northwest Bohemia and the Ostrava region recorded unemployment levels of 11.4%, while the Prague region is still in a relatively favourable position with an unemployment rate of 3.6%.

There is an increased tendency towards excluding groups at risk from the labour market, such as school leavers, women with young children, low qualified workers, and handicapped people (1993: employment offices registered 10.8% handicapped and 12.9% school leavers. In 1998 these figures had increased to 12.7% and 17.5% respectively). In the age group 15-19 the unemployment rate has already risen beyond the 30%.

In order to resolve this situation, new support concepts are required. Measures should combine programmes facilitating transition from school to work, co-operation between schools and enterprises, creation of placements for school-leavers, special courses for school-leavers with low qualifications and additional measures for handicapped.

6. CONTRIBUTION OF VET TO INNOVATION

6.1. Business education and management training

Management training is offered by a wide range of institutions including secondary and higher educational institutions, private training institutions, associations and professional corporations. The role of the state in this area is still limited and structured measures to develop and support this area in a systematic way are lacking. A first attempt to approach questions of quality of training of managers and management qualifications at national level was made by establishing the National Training Fund with Phare support, whose long-term goal is to build up mechanisms to ensure systematic training of managers in the country, the implementation of principles and mechanisms guaranteeing and appraising the quality of the management training system and ensuring compatibility of managerial qualifications with those in the EU.
6.2. Links between universities and industry

In line with the priority given within the Phare Programme, Institution Building projects have been introduced in the Tempus Programme in 1998. The first generation of IB projects have been awarded a Tempus contract in December 1998. Out of the 38 Tempus Joint European projects (JEP) implemented in the Czech Republic as of August 31, 1999, seven are Institution Building projects;

The aim of Institution Building projects is to ensure that higher education plays a fundamental role in providing employees of national and local administration, associations, trade unions, enterprises staff with tools and expertise necessary for European integration. This aim should mainly be achieved through the development and delivery of short cycle (re-)training courses to the a.m. target groups, often invited as project partners. As in any Tempus JEP, development and delivery of courses, more generally the implementation of all project activities, is under the responsibility of the project contractor and co-ordinator who manage the project consortia in which at least two EU universities are also involved.

6.3. Lessons learnt from the participation in the first phase of the Leonardo programme

Since the Czech Republic's full participation in the Leonardo Programme from October 1997, there has been a continued increase of interest in participating in projects. As a result, key institutions in the field of labour market and VET have access to project outputs and know-how, which are being disseminated at a national level. The effect of this positive trend is a broadening of transnational contacts and involvement of Czech institutions into European networks of VET key actors who aim at increasing the offer of innovative European training products. At the same time, participation in various projects has provided a valuable training opportunity for joining Leonardo II and European Social Fund activities.

The establishment of a National Resource and Guidance Centre in the framework of the National Co-ordination Unit has contributed to enhancing collaboration of key players in the areas of VET and labour market counselling. Linking information provided by various Czech institutions will improve the use of counselling and information services on education and employment. The Resource and Guidance Centre also functions as an interface with EU member states.
Review of progress in vocational education and training reform

1. OVERALL ASSESSMENT

VET reforms have gained momentum through a high level of commitment by actors at national, local and institutional levels.

The new VET laws and policy framework provide for reform perspective in terms of diversification and reorganisation of the VET structure, development of flexible funding mechanisms as well as of decentralised management with involvement of the social partners and orientation of VET to the employers’ needs. However, these provisions need to be made effective in practice now.

An inter-Ministerial working group has been set up to monitor the preparations for participation in Structural Funds. The capacities of the administration at regional, local level need to be substantially strengthened.

The supply of continuing vocational training still remains to be further developed. In order to increase the employability of young and adult people, there is a need to develop training centres in all Estonian regions. In order to better respond to labour market needs, a stronger involvement of enterprises in vocational training needs to be supported.

The development of a national framework of qualifications has started but there is a need for further developing the capacities within the involved institutions (Ministry of Education, Chamber of Commerce and Industry, National Examination and Qualification Centre) to complete this task.

Serious reform bottlenecks with the absence of a modern vocational teacher & trainer training system, a credible VET research base and a vocational counseling and guidance system.

Unemployment problems are expected to persist due to the (delayed) impact of the Russian crisis in 1998 and the structural problems of the Estonian economy (e.g weak agriculture). The scope of active labour market measures is highly limited due to a tight Government budget. Accompanying the large-scale restructuring processes, the focus should be on preventive measures. In addition, programmes for specific target groups (non Estonian speaking ethnic groups, women, rural population, people with special needs) need to be designed to prevent social marginalisation.
2. **KEY PRIORITY AREAS FOR FUTURE ASSISTANCE**

2.1. Establishment of regional training centres with the aim to provide wide access to initial and continuing education to all target groups to enable them to improve their qualifications and support the economic development of the regions. This shall be done in close cooperation with social partners. This priority also includes the upgrading, on a wider scale, of teachers’ and trainers’ skills and of facilities.

2.2. Development of vocational higher education curricula and institutions in close co-operation with the social partners and in the framework of the national qualification system under development.

2.3. To support the EU integration process by preparing the various key actors (administration, social partners, training institutions, etc.) for participation in EU programmes and the Structural Funds.

3. **INITIAL VOCATIONAL TRAINING**

3.1. Legal and conceptual framework

In 1998, the Government of the Republic approved the policy document that aims at developing a VET system that ensures the adaptation of qualifications to the changing needs and lays the basis for life-long learning. However, many of the aspirations expressed in this paper can be put into practice only in a longer-term perspective. A major breakthrough in VET reform was achieved by adopting the Laws on Institutes of Applied Higher Education and a new Vocational Education Institutions in July 1998. According to the new law, vocational schools, which are currently under the Ministry of Agriculture, will become the responsibility of the Ministry of Education (MoE) by 2000. The law also provides for (a) an integrated financing of VET institutions, (b) the setting up of tripartite sector bodies (vocational councils) dealing with skill needs analyses and vocational standards, (c) more responsibility to be given to school managers and their tripartite boards and makes (d) the development and application of more flexible programmes. A new Law on Occupations is currently under preparation.

3.2. Administrative and institutional framework

Another novelty is the establishment of the vocational higher education level filling a gap between initial VET and professional education at university level. However, lateral mobility within the system is limited to some extent. VET administration is still centralised with school directors reporting directly to the Ministry. However, more tasks are being delegated to lower hierarchical levels and the social partners.
3.3. Financing

As for public expenditure on all education as a percentage of GDP, Estonia (6.97% in 1997) ranks highest compared to other candidate countries. However, the share earmarked for VET (0.56%) is quite low and limits Estonia’s capacity for reform. Financing mechanisms are, following the new law, to change from a tight control on the basis of normative input criteria, such as teacher salaries or school maintenance costs, towards a financing system according to which a lump sum is paid per student as of 1996. The use of these funds would largely be at the discretion of the school management - a system expected to encourage innovation.

3.4. Human resources in VET administration

The low remuneration of civil servants hardly attracts highly qualified people into the system. The staff needs intensive training, also at county levels, to develop policy design and project management capacities. An up-to-date (computerised) budgeting, planning and monitoring system would need to be set up to prepare for an effective use of ESF-type of funding.

3.5. Key features in VET delivery

There is a total of 89 educational institutions providing vocational education and training out of which 10 are private. 60% of these institutions use Estonian as the instructional language; 20% use Russian and 20% use both languages. In 1998 some 70% of young people followed the general education path at secondary level, compared to 28.9% who followed the vocational education path. Numbers have in the past few years been decreasing even further which reflects the tradition and the low prestige of vocational education and training in society and the bleak prospects of many graduates from vocational education and training programmes in the job market and the low quality of teaching/learning activities carried out in the VET institutions. The declared intention of the Ministry is to increase the number of basic school graduates and further attract them to vocational schools. This will enable to reach a 50% balance for each of the career paths. Additionally it is considered important to diversify and enlarge the provision of post-secondary VET as a re-requisite for the acquisition of higher level of qualification required by the industry. These processes require that overall school infrastructure is been adapted to new developments.

Currently no institution with an up-to date teaching methodology for vocational teacher’s and trainers’ training. Courses are mainly academic, focus on general pedagogical aspects and lack integration of theory and practice. Teacher students are hardly ever exposed to teaching or in-company practices during their university studies. The Teacher Training Centre subordinate to the Ministry of Education had been abolished in 1996 and tasks were assigned to the Tallin Pedagogical University.
3.6. Links with the labour market/enterprises

Formerly well established links with employers have largely vanished. VET is not sufficiently practice-oriented. The students' in-service practice is poorly regulated and the opportunities are unequal. There is no "apprenticeship" system in Estonia. Employers find it difficult to articulate their exact skill requirements for specific jobs. Shortcomings of the institutional set-up include the lack of a vocational counseling and guidance system and an adequate capacity in applied VET research.

3.7. National system for qualifications, assessment and certification

Ministry of Social Affairs (MoSA) and MoE are working, jointly with the Estonian Chamber of Commerce and Industry, to create a "National Employee Qualification System" based on industry standards and on defining new assessment and certification procedures. The National Examinations and Qualifications Centre, established in 1997, is responsible for co-ordinating and supporting the national and school programme development and supervising the examinations. The Centre is very active in the organisation and supervision of the state examinations in general education, but still needs to be more involved in registering qualifications and coordinating the development and approval of the state curricula in VET. The completed programmes are accredited by the MoE.

3.8. Participation in initial VET

Vocational education and training places are assured for everyone who opts for this training path. Students can even apply for different programmes and institutions at the same time which creates some confusion for directing young people into desired places. Nevertheless, choices are rather restricted especially in rural areas, in areas with a distinct mono-industrial focus or for young people from non-Estonian speaking families. There are Russian-language schools at primary level, while the choices for non-Estonian speakers at both secondary and tertiary levels are limited to a certain extent.

3.9 Vocational integration of young people

The unemployment rate in Estonia is much higher among individuals with basic education or low qualification. The group with ISCED 2 education represents about 13% of employment, but its unemployment rate was 16.1% in 1998. Currently there are no special programmes to address the needs of these groups.
4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

Several MoE and MoSA laws regulating the sector provide that:

- all state-funded VET institutions are allowed to offer adult training;
- it is allowed to establish private institutions;
- access to the adult training should be guaranteed for everybody interested;
- employers are encouraged to grant training leave to employees (with no state support whatsoever); and
- registered unemployed are entitled to receive training.

4.2. Administrative and institutional framework

While MoE is in charge of the whole education field, MoSA is responsible for labour market training. The National Labour Market Board with its network of local employment offices is functioning as MoSA's executive body.

Institutional capacities for organising continuing training and retraining are limited, (apart from provision of management and language courses) and there is lack of skilled teachers/trainers and equipment to provide quality courses in technical/technological field. However, with Phare assistance, by the year 2001, 3 regional multi-functional regional training centres will be developed based on existing VET institutions which would also cater for the needs of adults, unemployed etc.

Employers, in particular SMEs, have not been very active in training their staff and accessing possible funding. Except for a few bigger companies, rates of investment into HRD have remained low. The companies need time to understand the opportunities behind the HRD, and many need training on strategic planning and management skills, including the completion of the training needs analysis and company training plan.

4.3. Financing

Retraining of the unemployed is funded by the state. Registered unemployed (ca. 58% of the unemployed population according to the labor force survey) are entitled to receive either training free of charge for up to six months or a respective allowance. The training has so far mainly been contracted out to non-public institutions. Continuing education of the individual is financed by the beneficiaries (employees/employers).
4.4. Human resources in public administration dealing with CVT

Policy advice has largely been obtained from abroad. Both staff and financial resources in the field of active labour market measures are still insufficient and need to be reinforced.

4.5. Key features in CVT delivery

At present there are limited training opportunities for adults who have to face changes in their job functions or layoffs. The MOSA with its National Labour Market Board, is in charge of organising labour market training including that for the unemployed. No coherent national training policy, which would cover both initial and adult training, are currently available. From a provision perspective, different sources of data indicate that currently there are 900 providers (state, private and NGOs but mainly delivering management, language and computer courses, as these require less investment). The figure does not take into account in-service training activity within enterprises or state institutions. The courses provided for the unemployed are in general too short; the average length is 2-3 weeks which of course in many cases is insufficient to provide technical skills up-grading.

4.6. The place of CVT in the labour market policies

Estonian active labour market policy does not include any special measure to support people in their entrance to the labour market. The 1995 Law on Social Protection of the unemployed, provides basically for the following four types of active labour market measures: organisation of training or granting of training allowances; subsidies to employers if they employ a person “less competitive in the labour market”; subsidies to unemployed persons to start a business and community placements. The average training period per person is 60-70 days. In the absence of reliable data of development directions of the Estonian economy it is difficult to decide in which fields training should be carried out and who from the group of registered unemployed should be trained. Most of the unemployed wish to be trained in computer use. The above mentioned figures illustrate that the scope of active labour market measures is highly limited, mainly due to tight budgets. Furthermore, both training and subsidy schemes may not be highly effective in terms of bringing people back into sustainable employment or self-employment, as duration of training or amounts paid, respectively, are again highly limited due to financial restrictions.

4.7. Quality management, monitoring and assessment mechanisms

An adequate system to measure the effectiveness of training provision is not in place. Tracer studies that would monitor the reintegration of people into the labour market are not carried out. A Total Quality Management project is underway at two VET schools and the respective quality mark shall be sought for.
4.8. Participation in CVT

Groups at risk of social exclusion include a) women, b) certain age groups (under 30 and above 45 years of age), c) ethnic minorities (Russians represent 28.7% of the total population) and d) the less qualified. On-going Estonian language training and other support measures seek to better integrate ethnic minorities into the society. There is a need to increase awareness and participation amongst long term unemployed to courses on life skills training which are provided through the Activation Centres which are set up in 8 counties and which work closely with the labour offices.

There are no legal restrictions to access to training, but there are several in real life as the training institutions are unevenly spread over the country. There is a strong concentration towards urban centres with limited available boarding facilities. Furthermore, access to training in particular in rural areas is restricted if not impossible at all, as the range of training courses offered is highly limited. There is one VET school in Estonia for handicapped people, in a few other VET schools special groups have been assembled.

5. OVERVIEW OF KEY EMPLOYMENT ISSUES

5.1. The share of unemployed people with basic education increased drastically from 10.1% (1989) to 25.1 (1995). Unemployment rate of workers with general secondary education is higher than the unemployment rate of workers with technical background. Relatively high is unemployment rate of males with vocational education after basic education. The number of people being unemployed for more that 12 months is steadily rising.

5.2. Employment services are restricted by law to deal exclusively with unemployed people. No measures are taken to address redundancies and (re-)train people or take other measures before workers become unemployed. Employment office staff badly lack training and the improvement of facilities.

5.3. The regional distribution of unemployment is quite varied. In addition to the crisis regions of Southern (agriculture) and Northern (heavy industry) Estonia, unemployment has rapidly increased in the West especially in the Saaremaa island. This is also due to very low mobility of the labour force.

5.4. Total unemployment rate of non-Estonians was in 2nd quarter of 1998 13.8%, which compared with the unemployment rate of Estonians, it is almost twice as high. This is mainly due to the language abilities. According to the legislation, all officials in public sector must speak Estonian. Also in the service sector most employers demand knowledge of written and oral Estonian. The declining industries are concentrated in north-east Estonia where the largest non-Estonian speaking minority is located; it is evident that unemployment in this region is higher than average.
6. **CONTRIBUTION TO THE PROCESS OF INNOVATION**

6.1. School staff training and the modernisation of VET programmes, primarily with EU Phare and other donor support, has contributed to the development of new skills, in particular the core skills. 13 Phare pilot schools and several other schools have benefited from the EU twinning and institution-building measures. These schools could potentially develop into project promoters under Community programmes.

6.2. Upgrading of the business education qualifications leading to university degree but there is a lack of short-term practice related to integrated management training such as courses for business managers.

6.3. Some applied research, undertaken by the universities, has touched also the VET field, while the National Observatory located in the MoE has initiated a few studies. The task of the latter is to collect, analyse and disseminate information on VET and the labour market and to provide policy advice. The Foundation for VET Reform, governed by different ministries, employer and employee organisations plays the role of the centre for innovation in the field of VET.

6.4. Universities and higher education institutions (both public and private) have been active in special areas of continuing training. In particular through Tempus projects continuing education provision has been increased in various fields such as business studies for engineers, information technology, land surveying and environmental studies. A Phare Higher Education Reform programme to better integrate research & technological development with the teaching of science is underway and has been complemented by two Tempus Joint European Projects for the aspects of curriculum development and up-grading of teaching.

6.5. The Phare Open and Distance Learning project in Estonia has had a significant impact on the development of both institutional and national strategies for education and training in the Information Society. Also through Tempus projects the development of this sector and adjacent areas such as multi-media studies have been developed.

6.6. A Phare programme for Information Systems in Education introduces both a computerised education administration system and computer instructions at school. A Tempus Joint European Project has introduced information technology into the training of secondary school teachers.

6.7. Innovation in the higher education sector has been supported by Tempus in a number of fields. Thus higher education institutions have been enabled to establish new study lines on higher vocational level in such areas as environmental studies, or the regulated professions (nursing, veterinary medicine). Further areas of innovation, include the set-up of Institution Building training in the areas of engineering and journalism, strengthening of university-industry cooperation. Institutional management in the higher education sector has been improved through projects introducing information technology for the administration, quality assurance mechanisms and the establishment of cooperation structures among higher education institutions as well as between higher education institutions and industry and society.
Review of progress in vocational education and training reform

1. OVERALL ASSESSMENT

There is a good dynamic for reform at both the initial and continuing vocational education and training levels. Hungary has been active during the past few years in the field of vocational education and training legislative reform, setting up a legislative, institutional and financial framework for adapting the vocational education and training system to the needs of the new socio-economic environment. These efforts have been instrumental in helping Hungary cope with emerging unemployment and redeployment of labour, in retraining adults and in reorienting the narrow and rigid vocational training curriculum to develop a more mobile and adaptable labour force. The impact of recent reforms are, however, still working through the system as there is a four-year cycle for implementation.

The new Hungarian government abolished the Ministry of Labour in 1998. Since then responsibility for school-based and non-school based vocational education and training lies with the Ministry of Education and the Ministry of Economic Affairs is responsible for employment policy. The Ministry of Social and Family Affairs has prime responsibility for social policy and for the reintegration of the unemployed. The division of responsibilities at national level between VET and employment requires more effective co-ordination to ensure integration of policy and measures to help the unemployed back into the labour market. ‘Joined-up’ thinking is especially important in the context of the ESF focus of the human resources component of Phare 2000 Programme.

Decentralisation of the funding and management of vocational training has gone down to the level of the municipalities who are responsible for VET provision. Potentially this structure will create big problems for decisions on the strategic deployment of resources in line with regional development priorities.

A National Vocational Qualifications Register (NVQR) was introduced in 1993 and since the academic year 1998/99 the qualifications listed in the Register have become the standard for VET schools. The development of a quality assessment system for VET is a key priority for the Government.

Hungary’s CVT provision is developing rapidly to meet market demand. However, its legal framework is fragmented and there is a need to develop a comprehensive legal framework. Quality control is also an important priority. The Government is developing a comprehensive adult education policy, which will inter alia promote lifelong learning.
Vocational education and training has opened up in the last ten years to enable greater access for disadvantaged groups including the Roma minority, but barriers to participation in retraining remain and access is limited. Action at regional and local level to bring the Employment Services, the social partners and the VET providers closer together will be invaluable in developing a more comprehensive approach to (re-)integration into the labour market of marginalised groups.

Hungary has developed social dialogue at a faster rate than many other countries in the region. Tri-partite social dialogue in vocational education and training exists at both national (National Vocational Training Council) and local (County Labour Council) level. Bilateral dialogue between the social partners exists within the established reconciliation processes, but there is scope for further development within companies in the area of promoting the continuing updating of skills by all employees.

2. **KEY PRIORITY AREAS FOR FUTURE ASSISTANCE**

- to promote and implement a new legislative scheme for adult training to support lifelong learning;
- to develop regional strategic planning capacity for the development of initial and continuing VET;
- to expand existing provision and to develop integrated pathways action to reduce barrier to employment and to support the (re-)integration of disadvantaged groups into the labour market.

3. **INITIAL VOCATIONAL TRAINING**

3.1. Legal and conceptual framework

The basic legal framework for vocational education and training is the Vocational Training Act 1993. The legal framework is flexible and has been frequently modified in response to supply/demand needs.

3.2. Administrative and institutional framework

The Ministry of Education has overall national responsibility for school-based vocational education and management of the Vocational Training Fund. The Ministry of the Interior is responsible for the general financing of education (up to the secondary level of vocational qualification), the payment of which is routed through the municipalities.
The management of VET is highly decentralised and local governments have legal ownership of state schools. They are responsible for maintaining, operating and developing a range of different kinds of VET schools. In the context of regionalisation, this structure will almost certainly create difficulties in for example achieving consensus on the strategic use of funds for the development of VET and in co-ordinating collective action.

The Tripartite National Vocational Training Council with members from Government, Local Government; employers organisations; trades unions; economic chambers advises on the strategic development of vocational education and training and initiates innovation.

National economic chambers have statutory duties in vocational training such as supervision of work-based practical training places and the organisation of masters’ examinations.

### 3.3. Financing

In the overall distribution of expenditure on education in 1997, 35.68% went to general education (primary and secondary), 23.15% to higher education and 8.3% to VET. Although public expenditure on VET in 1997 (0.816%) as a proportion of GDP has declined since 1993 when it was 1.6%, the rate of decline on VET expenditure is less than that for education. Total public expenditure on education as a proportion of total public expenditure is 13.53%, compared with 2.56% for VET (1997 data). Total expenditure on education represents 4.2% of GDP, compared with 0.81% on vocational education and training (1997 data).

Secondary vocational schools are funded by the state budget (30-40%), local governments (35-40%), the Vocational Training Fund 20% financed by contributions from employers), own resources and others (10%). These are indicative figures.

Wages accounted for 72% of total expenditure on education in 1997.

Schools have to spend 3% of their budget on further training for teachers. The teachers themselves are expected to contribute 20% of the costs.

The whole system of financing employment measures, unemployment benefits and vocational training was changed as a consequence of the merger of former independent public funds into the Labour Market Fund (LMF). The Vocational Training Fund is part of the LMF.
3.4. Human resources in VET administration

A total of approximately 60 officials are involved in the national administration of education and training at the Ministry of Education. The Ministry has considerable experience managing World Bank and Phare reform programmes, although Phare programmes have been more problematic. The Ministry has also been active in international dialogue. There is interest in ESF from different departments within the Ministry and from the Ministries of Social and Family Affairs and the Ministry of Economic Affairs which has key responsibility for employment policy.

3.5. Key features in VET delivery

Out of 5287 schools, there are 1244 VET schools (23.5%), of these only 118 are non-state VET institutions (0.9%). Enrolments in private VET secondary schools have increased by a factor of 7 since 1992, but still only account for a very small percentage of the total.

At least one foreign language is compulsory in vocational secondary schools. Foreign languages are taught in the other VET schools but they are not compulsory. More students learn English or German than other foreign languages.

A new secondary vocational model was developed with support from the World Bank. After four years of study students pass the maturity examination: After this they specialise in occupational families and take an exam to obtain a state recognised qualification. This model is now widespread and illustrates the trend towards later specialisation and a broader vocational curriculum. The full impact of these reforms have yet to work through the system.

The participation rate in VET in Hungary in 1998 was high at 71.8% but since 1990/2 it has decreased from 76% of the total number of students in educational institutions at secondary level. This represents a small shift away from VET to general education and a trend towards higher level qualifications and a growing preference by pupils and their parents for a vocational route which leads to higher level vocational education. In addition to this decline, the pattern of participation in the different schools is changing. In vocational secondary schools participation is increasing, but declining in the other two schools. The participation rate in higher education is increasing but from a low base and the numbers of young people going into higher education are low compared with most other accession countries.

Although there is some provision of vocational guidance and counselling there is as yet no comprehensive career guidance system despite demand and pilot activity supported by the World Bank and the Phare programme. It is an urgent task to set up a system.

Teacher qualification requirements are defined by government decree of 1997. The trend is towards greater emphasis on university degrees. There is no higher education institution providing only vocational teacher training.
A key issue in teacher training is that it is weakly connected to educational research and development. In addition, teacher training is separated from work practice. The emerging interest of the social partners in teacher training should be harnessed to ensure greater relevance to demand-side skill needs and to facilitate teacher placements in industry and business.

3.6. Links with the labour market/enterprises

Bilateral links between VET schools and employers are mainly aimed at securing financial support from companies and the opportunity for training places in company workshops. However, the number of these places has declined as a consequence of the closure of large enterprises during the transition period. In the case of apprentices, there has been a decline of 50% in the number of training places in company workshops. This loss has been partially compensated by workshop training in the schools.

These links can also lead to professional advice and the relevance of the vocational curriculum is enhanced where there are good links with the economic players and where there is a clear understanding of the skill needs of enterprises.

3.7. National system for qualifications, assessment and certification

A ten-year National Core Curriculum has been introduced starting with the school year 1998/99. The impact of this change cannot be assessed at this point in time.

The National Vocational Qualifications Register was established in 1993, which uses the ISCED classification approach. The Register is modified annually in line with the changing needs of the economy, but there is a continuing need to increase the quality and relevance of the occupational curriculum and to broaden its base to meet the demands of the Hungarian economy.

A key objective of the Government is to introduce and implement a wide quality assessment system for VET.

A good quality system of accredited higher vocational training has been developed involving co-operation between vocational secondary schools and higher education institutions (ISCED 5.5 level).

3.8. Participation in initial VET

The drop-out rate for young people at upper secondary level is declining (from 20% in 1996 to 13% in 1998). It is a priority of the Government to raise the number of young people who leave VET with a vocational qualification.
With the demographic decline, school-based VET provision is larger than requirements and this has meant more schools offering special teaching programmes for the disabled and other disadvantaged groups. Access to VET for these groups has been opened up.

VET will become more outcome-based and tackling social exclusion will receive a higher priority. A potential Phare 1999 project for disadvantaged groups, with a special focus on Roma young people, illustrates this trend.

3.9. Vocational integration of young people

Compulsory education has been increased to Year 10 (16 years old). Drop-out rate is approximately 13%-14% at the upper secondary level. In the case of some groups, such as the Roma minority, this% is likely to be higher - research has put this at 50% in specific areas of high concentration of Roma population, but this is not a national statistic.

Participation in VET of males is higher than for females whereas in general education the reverse is true: male participation in VET is 53.25% compared with female participation of 46.75%. In general education female participation represents 60.3% female compared to 39.7% for males.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

There is a lack of coherency in the CVT legal framework, as it is regulated by a series of separate laws and regulations - Vocational Training Act (1993), Employment Act (1991) and the Labour Code - instead of one comprehensive piece of legislation. Legislation and the development of a comprehensive adult training policy is in hand.

4.2. Administrative and institutional framework for CVT and employment measures

The Ministry of Education is responsible for school-based and non-school based CVT.

The Ministry of Economic Affairs has responsibility for general employment policy. Consultation with the social partners and key influential organisations is channelled through the Economic Council. At the national and county levels, employment policy is formulated and controlled by the tripartite Labour Market Fund Steering Committee and the Count Labour Councils in co-operation with the Regional Development Councils. Employment policy is implemented by the County Labour Centres and their local offices. The County Labour Centres are government agencies with an independent budget.
The Ministry of Social and Family Affairs is responsible for the provision of employment services through the county and local Labour Offices and for the management of the nine Regional Training Centres.

The Labour Centres contract with training institutions through a competitive bidding process for provision to meet the training needs of those they subsidise. These include the unemployed, people under threat of redundancy and employed people with poor basic skills.

4.3. Financing

State support for CVT depends primarily on the labour status of the participants. State subsidies are primarily targeted on training within the school system (and the Regional Training Centres) for training the unemployed.

In certain circumstances retraining to prevent unemployment can be subsidised but this represents only a small part of Labour Office provision.

Otherwise retraining and upskilling is financed either by individual employees or by employers.

Employment measures and related programmes are financed by the Labour Market Fund which is funded exclusively from employer and employees contributions. This fund supports both passive (e.g. unemployment benefits) and active measures (e.g. retraining and employment subsidies). The fund is largely decentralised.

Employers contribute to the Vocational Training Fund up to 1.5% of their payroll costs (1/1% for agriculture), although they can retain 0.2% (to be increased shortly to 0.5%) for training their own personnel providing this leads to a recognised qualification. In general, companies spend approximately 2-2.5% of their labour costs on training their own employees.

4.4. Human resources in public administration dealing with CVT and employment services

This information is not to hand.

4.5 Key features in CVT delivery

CVT is delivered through a wide range of organisations which have different origins, market share and characteristics. They include (i) education-based organisations which also offer evening provision (secondary vocational schools, colleges, universities), (ii) the nation-wide network of 9 Regional Training Centres, (iii) private training providers, (iv) economic chambers, (v) civil sector.
The number of private training providers has increased steadily in recent years and there are just under 400 non-state institutions that offer training on a continuing basis. This represents 62.5% of the total number of organisations offering CVT. They mostly offer short professional and vocational courses in for example information technology, business, commerce, banking, administration, catering and foreign languages.

Accredited higher vocational training is implemented by co-operation between vocational secondary schools and higher educational institutions (colleges and universities). Successful completion of courses count as credits.

The civil sector still plays a relatively small role in CVT but it is growing. They make a significant contribution to the implementation of complex projects organised for specific, often very disadvantaged groups such as the Roma minority.

Management training in Hungary is concentrated on two segments of the market (i) management training for personnel in multinational and large domestic financial or manufacturing companies and (ii) management for start up companies or for new entrepreneurs. There is a market gap in management training for SMEs.

Adult training providers are almost all market oriented.

Training programmes exist for disadvantaged groups and access has improved significantly. However, demand far exceeds supply.

Targeted action to meet the needs of certain groups has been developed and a new education initiative for the Roma minority is proposed for 1999 under the Phare Programme.

Positive action in the development of training provision for disadvantaged groups is also provided by numerous church and NGOs throughout Hungary.

4.6. The place of CVT in the labour market policies

CVT in combination with other active labour market measures are crucial aids in tackling social exclusion. There is a major need to widen and deepen active labour market support for disadvantaged groups and to increase their take-up of learning and retraining opportunities to improve their employability.

Promoting lifelong learning is a key priority of the Government and CVT providers have a major role to play in developing flexible and high quality learning provision.

Although there is a good track record of investment in training and development by employers (some 2 - 2.5% of payroll costs), it is likely to be concentrated in the larger companies or larger SMEs. Employees of smaller enterprises are far less likely to participate in training for logistical and financial reasons. These smaller enterprises have the potential to grow and increase their workforce and are thus a potential source of new jobs. Incentives to encourage greater investment in HRD and to embed good practice in smaller SMEs should be considered.
4.7. Quality management, monitoring and assessment mechanisms

Decree No.2/1997 stipulates certain qualification levels and experience for VET trainers who work outside the school system. However, these requirements are not strictly controlled and there is no legal requirement for teachers in adult training to obtain special qualifications, although in practice most staff in private training organisations are recruited from teachers working in the public sector.

There is a lack of a quality management mechanism to assess quality and market relevance of CVT.

4.8. Participation in CVT

Participation in retraining by the unemployed is low at 6.2% and it is concentrated among new entrants to the labour market. Young people only make up 32% of the total registered unemployed, but they represent 77.7% of all those in training. Participation is also linked to education attainment. 78.3% of the total unemployed have grade 8 or less or have finished apprenticeship school, but only 37.1% of them participate in training.

The challenge for the government is to develop appropriate support mechanisms including targeted retraining opportunities to assist in the reintegration of marginalised groups into the labour market.

Data on the gender breakdown of participation in all CVT provision is not available.

5. OVERVIEW OF KEY EMPLOYMENT ISSUES

Key issues include:

- Low employment rate – 46.7% in 1996/97.
- Significant regional disparities: in the third quarter of 1998 unemployment in Central Hungary was 5.6% compared with 12% in Northern Hungary.
- Higher incidence of unemployment among disadvantaged groups.
- Despite falling unemployment levels, certain groups are disproportionately affected by long-term unemployment. These include people with low educational attainment, young people (also those with low educational attainment), women, the disabled and the Romas.
- 40% of the registered unemployed have no post-primary qualification (Labour Force Survey second quarter 1998).
Key Priorities include the need:

- to raise labour market participation;
- to increase employability particularly of young people entering the labour market, the unemployed and employees at risk of redundancy;
- to combat long-term unemployment;
- to increase regional mobility.

In order to address these issues effectively greater co-ordination between all the actors in employment policy implementation and CVT at the national, regional and local levels is needed in order to achieve maximum impact of concerted effort on the ground.

The county and local labour offices are key agents in the employment field. There are significant differences between them in terms of staff size, competencies and scope of authority. Strengthening their capacity to match more effectively the supply and demand for labour is important.

There is also a need for a comprehensive system of employment and vocational and educational counselling and guidance. The network of Labour Offices might provide a locus for the development of a ‘one stop shop’ provision at the regional/local level.

5.1. Breakdown of employment and unemployment rates

Employment

Data from the LFS for 1992 – 1998 show clearly a significant decline in employment in the 15-24 age group (down from 37.3% in 1992 to 30.4% in 1996) and since then it has been rising (in 1998 35.2%). In the 25-39 age group employment also declined but has only marginally begun to recover. The decline in the 40-59 and the 60-74 age groups has stabilised since the middle 1990s.

Data from the LFS show that over the 1992-1998 period the numbers of people from higher education, grammar or vocational secondary school and apprenticeship or vocational schools in employment have remained stable whereas there has been a sharp decline in the number of people in employment who completed or did not complete primary school.

Unemployment

Unemployment reached its lowest point in 1993 and since then has been declining. The unemployment rate for 1998 is 7.5% (IL0°) and 8.8% registered unemployed. Unemployment for all age groups has been declining except for the 60-74 age group. The unemployment rate for young people aged 15-24 is 13.3%.
The risk of unemployment declines with the level of educational attainment. Among
the registered unemployed 40.8% finished primary school or less, 35.6% finished
skilled worker training school or vocational school, 12.9% finished secondary
vocational school, 8% finished secondary grammar school and 2.7% completed higher
education.

5.2. Short term/long term unemployment

The proportion of people unemployed for 6-12 months has been declining since 1992
but there has been a sharp increase in the proportion who have been unemployed for
12+ months. Risk of permanent exclusion from the labour market rises the longer
people are unemployed.

There is a higher incidence of male long-term unemployment, but this can be partly
explained by the fact that more women tend to leave the labour market and not register
as unemployed.

90% of long-term unemployed people were under 50. 40% of the registered
unemployed have no post-primary qualification (Labour Force Survey second quarter
1998).

5.3. Ethnic minorities employment/unemployment rates

A large proportion of the Roma population live in Northern Hungary which has the
highest unemployment levels of all the regions. Romas were the first ones to lose their
jobs when economic problems emerged. A significant contributory factor is that many
of them have low educational attainment. Official unemployment data is not collected
for the Roma population.

Research carried out by the Institute of Sociology and the Institute of Economics of the
Hungarian Academy of Sciences in 1993-1994 for the National Representative Gypsy
Survey involving 2000 households showed that whereas average unemployment was
20.08% it was 52.66% for the Roma population. These statistics are not recent but they
clearly indicate that Romas were more than twice as likely to be unemployed in 1994.
This situation is unlikely to have improved significantly since then.

6. Contribution of VET to innovation

6.1. Business education and management training

Hungarian higher education institutions are quickly developing management training
programmes which promote entrepreneurship and SME development. Three
universities are authorised to run MBA courses although the practice of running MBA
in partnership with foreign institutions is widespread.
Preliminary research indicates that the demand from enterprises and managers for management training slightly exceeds the supply. The strong demand for management training from companies employing between 50 up to 5000 employees is strong. This training is usually funded by the company. Field research by the Hungarian National Observatory indicates that companies undergoing expansion or facing strategic development issues spend a relatively high% of their payroll costs on training. The electronic production sector spent 5.76% on training and the business finance centre spent 6.5%. At the lower end of the spectrum the agricultural processing industry spent 0.4%. Not all this expenditure will have been on management training.

SMEs have been supported through the EU Phare and Private Sector Development Programmes.

6.2. Links between universities and industry

Hungary has been a strong participant in the Tempus Programme and has 71 Joint European Projects 14 of which are for institution building. Although the focus of many of these projects have been on public administrators enterprises have also been beneficiaries.

6.3. Lessons learnt from the participation in the first phase of Leonardo Programme

Compared with other accession countries; there has been a high degree of interest from Hungary in the Leonardo Programme Twenty-three projects were submitted and fourteen were selected in 1997. They covered a number of thematic areas such as: open and distance learning in primary health care for paediatric professionals, development of multi-media VET teaching and evaluation tools, support for SMEs (developing a methodology for analysing, forecasting and planning skill needs development, CVT programmes for SMEs), development of new occupational profiles, certification frameworks, sector specific projects for the tourism, social work, development of new training frameworks for the emerging health, thermal and environmental tourism sector, development of engineering and engineering control, informatics for the visually impaired and the development of teacher training of English and German in the VET system.

A wide range of organisations are involved: economic chambers, universities, polytechnic, vocational high school; secondary and vocational training school, municipality, foundation, specialist institutions, enterprises.

The projects provide a wealth of new open and distance and multi media learning materials, evaluation tools, training programmes, certification frameworks, methodologies for needs analyses, new occupational profiles, vocational guidance. Some of them focus on the theme of social inclusion and focus on needs analyses; methodology and materials for disadvantaged groups (disabled, migrant workers). They provide an invaluable source of innovative ideas and materials.
Review of progress in vocational education and training reform

1. **OVERALL ASSESSMENT**

Latvian authorities are highly committed to VET reforms. Provision, primarily in the initial VET area, is being adapted to new labour market needs. Nevertheless, the quality and correspondence of both initial and continuing VET needs to be adapted to the special labour market needs of the regions. There are still major gaps with respect to development of coherent conceptual, institutional and support framework for VET.

The fact that the offer of business education programmes in the regions/towns other than Riga and Liepaja is non-existing or very limited is one reason which hinders the economic development of the regions.

The VET law was passed in June 1999. The overall VET reform policy framework will become an integral part of Education Development Plan, to be submitted to Council of Ministers by the Ministry of Education and Science (MoES) end 1999.

VET management is still highly centralised and administration split among various ministries.

A social dialogue culture in decision-making processes at political level has been started by establishing the Vocational Education Tripartite Council. The preparations are underway to make the dialogue operational at branch level.

The decision to introduce post-secondary VET programmes will contribute to higher societal esteem of VET. This new level of VET will strengthen the position of best vocational education establishments and improve vertical mobility of VET students.

Although the general awareness of the importance of HRD is increasing e.g. in enterprises and among social partners, there is not yet a clear understanding at the government level of the CVT concept and the division of responsibilities.

The unemployment rate reached 10.0% in March 1999, the economic crisis in Russia having affected the situation. 60% of the unemployed remain without job for more than one year. The lowest economic activity is in the Latgale region in the Eastern part of Latvia.
The Ministry's of Welfare (MoW) capacities to design an active labour market policy, as well as both scope and quality of continuing training provided for the unemployed have been limited and so has been the co-operation between Ministry of Education and Science (MoES) and MoW. The Ministry of Economy (MoE) has (in April 1999) been delegated the responsibility for the employment policy, MoW remaining in charge of the retraining of the unemployed. The preparation for ESF is limited to participation of the MoES and MoW in the SPP-ESF and to some bilateral contacts with member countries.

The Law on Education (October 1998) has created tensions in the Russian speaking minority by calling for state and municipal schools to introduce by 2004 Latvian as obligatory instruction language.

2. **KEY PRIORITY AREAS FOR FUTURE ASSISTANCE**

To ensure the quality and correspondence of VET (initial and continuing) with regional labour market needs.

To develop content as well as organisational and institutional arrangements of labour market oriented higher vocational education according to the adopted Concept of Higher Vocational Education.

To encourage the entrepreneurship training and increase the offer of business education in the regions.

3. **INITIAL VOCATIONAL TRAINING**

3.1. Legal and conceptual framework

The new Law of VET was adopted in June 1999. This law introduces the management of VET, levels of qualifications, standards issue, national qualification structure, teacher staff qualification and financing to the VET system in Latvia. The design processes of the VET law and policy have been in parallel. The declaration of the new Government (July 1999) set as its objectives the establishment of the networks of existing VET institutions based on the regional labour market needs; the state support to adult education programmes and; furtherance of the international funding in adult education. The scarce financial resources are likely to affect the implementation of these reforms.

3.2. Administrative and institutional framework

The numerous changes of government have resulted in several changes of ministers of education and unstable management of VET. In general, management is centralised.

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1 The information on the law will be completed when more data/translation available.
with VET responsibilities shared between four Ministries (Education and Science, Agriculture, Welfare and Culture. The largest part of VET is subordinated to the Ministry of Education and Science (MoES). Until recently, there has been little cooperation between the education departments of the ministries. There are ongoing discussions on merging the functions of VET policy, strategy, financing and control within MoES, but there is some resistance from the other ministries.

The aim of the MoES is to gradually decentralise administration and to establish regional training and examination providers’ networks/consortias. However, those changes will depend on governmental decision on territorial reform, expected to finish in 2000.

VET research capacities are limited to the VET National Observatory although curricular innovation is supervised by the Centres of Professional Education situated in each of the Ministries concerned.

During the past 2 years efforts have been made to re-establish authorities-employers relationship, with the Latvian Employers Confederation, the Chamber of Commerce and Industry and the Chamber of Craftsmanship being the main actors on the employers’ side. One result of these efforts is the establishment of a tripartite Co-operation Council on VET.

3.3. Financing

5.1% of GDP was allocated to education with 0.71% earmarked for VET (1997), which is slightly higher than the Central and East European countries’ average of the same year (0.59%), but the GDP allocation to VET in Latvia has been decreasing during the past couple of years. VET schools are financed from the state budget. School maintenance and teachers’ salary costs account for 97% of the budget, while 3% remain for innovation. A reform of financing is currently being debated.

3.4. Human resources in VET administration

The VET Department of the MoES employs 10 staff members whose capacities in policy development and programme implementation and foreign language are being developed. The MoES is going through a management review and reorganisation of work, which is supported by Phare. Under supervision of each main three ministries dealing with VET (MoES, MoA, MoW) is a centre of professional, each of them usually with approximately 20 employees.
The Agency for Vocational education Development Programmes (VEDP) is a technical assistance organisation of the MoES with approximately 20 employees. The Agency has 4.5 years of experience of programming and managing EU funded programmes in the field of VET. The excellent work of the Agency has resulted in many innovations in VET.

The plan is to build the ability of MoW to become the main ministry in charge of overall administration of ESF and, to strengthen the knowledge, administration and management capacity of the MoES to be responsible of HRD programmes within ESF together with the VEDP Agency. The Agency Director is participating in the SPP for ESF and the staff is developing its' knowledge on ESF.

3.5. Key features in VET delivery

In 1998-99 the number of VET schools\(^3\) was 120 out of which 4.2% were private schools. This means that Latvia has quite a large network of small VET institutions (average number of students/school = 385). The MoES plans to optimise the school network. The drop in birth rates should accelerate the rationalising process. The decision to introduce post-secondary VET programmes will contribute to higher societal esteem of VET. This new level of VET will strengthen the position of best vocational education establishments and improve vertical mobility of VET students.

Approximately 15% of secondary school graduates and 40% of basic school graduates enter VET institutions each year. The number of applicants in higher education institutions in Latvia is increasing and more and more young people are studying abroad. This results in an increase in the number of students in general secondary schools.

The number of programmes and possibilities for enrolment is increasing in business and management studies, craft, industrial and civil security programmes as well as in health and social care. On the other hand, the number of students taking up studies in the field of economics and engineering is decreasing. Environmental sciences is being offered as a new programme. Teaching of foreign languages, usually English or German, is compulsory and therefore included in all VET curricula.

In 1998/99 the teacher/student ratio was 1:8.46 (5,460 teachers/46,237 students). At present there is no unified state concept for VET teacher training in Latvia. Development of VET teacher training programmes for pre- and in-service is underway and supported by a project run by ETF together with Denmark and Finland.

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\(^3\) The new law does not make any difference between vocational institutions (vocational schools or technicums) but refers to two different kind of VET programmes, both of which can be delivered by one VET institution. Therefore, statistical information is no longer gathered by different types of VET institutions.
3.6. Links with the labour market

The use of output (competence)-oriented profiles in the occupational standards design process is new to Latvian VET and is pursued as a means to build bridges between education and the world of work. However, such profiles are still drawn up with no systematised labour market information. There are no reliable statistics and monitoring mechanisms that would allow for a systematic identification of labour market training needs. Nevertheless, a respective methodology is being worked upon and is being used for newly defined occupations.

There is no classical apprenticeship system in Latvia. Practical training is primarily obtained in school workshops and to a lesser extent in job placements during the school year. Links between vocational schools and enterprises are relatively poor and are based mostly on school management willingness and enthusiasm.

No major effort has been made to date to improve vocational counselling and guidance facilities in Latvia. However, a Leonardo programme is underway to support the development of counselling and guidance in Latvia. The Professional Career Guidance Centre is under the MoW serving both the unemployed and the schools. The impact of the Centre remains low due to its limited capacity and therefore professional counselling is not accessible to all students. The division of responsibilities for the counselling between MoW, MoES and local governments is unclear.

3.7. National system for qualifications, assessment and certification

The new VET Law and respective reference document – Concept of National Qualification Structure – introduces a new national qualification structure according to which the social partners are expected to get involved in definition of occupational standards. Efforts are also being taken to develop a new examination system.

3.8. Participation in initial VET

At present 45% of the students in vocational institutions are women.

Dropout rates for 1997 were approx. 12.35% for secondary VET, compared to 3.7% for general education. There are no specific measures to address the needs of school dropouts.

Today VET teaching is carried out in the Latvian (68%) and Russian (32%) languages. The proportion of students studying in Russian is decreasing slowly (95/96 - 35% ⇒ 97/99 - 32%). Of the total number of students with Russian as instruction language 46% are studying in Riga and 40% in the Latgale region. The education policy foresees gradually the possibility to provide all the VET programmes in Latvian.
The State Rehabilitation Centre offers 2-week courses on professional guidance and some basic and secondary level vocational programmes for disabled persons. At present, the choice of the vocational education programme offer is limited to business and computer studies. There are also programmes for young people with learning and socialization difficulties. However, the offer of these kind of programmes is not sufficient and there is a lack of professionals in the field.

3.9. Vocational integration of young people

Although overall enrolment in VET decreased by 4% in 1997/98, the number of young people continuing studies in VET with maturity examination has significantly increased. 4% of basic education and 24% of general secondary education graduates do not continue their studies.

5.8% of VET school graduates were registered as unemployed in 1998 in comparison with the 22.2% of 1995. One of the main reason for this significant decrease is the Amendment to the Law on Mandatory Social Insurance for Unemployment adopted in January 1997, which does not envisage unemployment benefits for graduates from VET schools.

The fact that 45% of unemployed have no work experience underlines the difficulties related to the entering the labour market. In 1997 one out of five unemployed in Latvia was a young person (15-24 years). While unemployed make up 11-15% of other age groups, in the age group between 15-19, the unemployed account for more than one third. Young people who have not obtained an education find it even more difficult to enter the labour market, as they lack the necessary knowledge and skills. An analysis of the unemployment rolls also shows that the majority of the unemployed has only general secondary education without any professional qualifications.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

There is not yet one integrated concept or legislation for development of labour market training. Re-training is regulated by the 1991 Law on Employment (1991) and the 1994 Regulation on Vocational Training and Retraining of Unemployed. Recently, also the Draft Law on Adult Education has been submitted to the Saeima (Parliament). The existing CVT concepts/legislation in Latvia are inspired predominantly by the Adult Education Concept, which is targeted at development of personal skills. The Ministry of Economy (MoE) is preparing a new employment policy. However, in reality there are still major gaps with respect to both the conceptual, institutional and support framework of VET within a life-long learning perspective.
4.2. Administrative and institutional framework

As with initial VET, the responsibilities for continuing training are shared among the four Ministries. In reality the line ministries are acting independently without any coordination. There is a need for coordination of the CVT policy and the MoES would be in the best position to take the lead.

In the MoES, the Department of Continuing Education (DCE) has been recently closed (June 1998) and the plan is to integrate the management of continuing vocational training to the everyday work of the (initial) VET Department. It is still unclear in which way the VET Department will take up the task of the DCE, which has coordinated and/or promoted activities within a network consisting of:

- Universities continuing education departments;
- 26 regional adult centres;
- Non-governmental CVT organisations;
- In order to promote collection and exchange of information in the sector.

Recently, an inter-ministerial working group has been established to promote employment in Latvia. The Latvian State Employment Service (LSES) is responsible for training of the unemployed. The course curricula for the training of the unemployed need to be licensed by the Centre of Vocational Education.

Training activities are carried out by many organisations, almost all of which are represented in the Consultative Council of Adult Education. The Council aims to promote the development of adult education system by gathering and analysing information, development of strategy etc.

4.3. Financing

There are no comprehensive statistics on the financing of CVT. The main financial sources of adult education are the employers' input (35.2%), the state budget (43.2%), and the fees paid by the participants (17.5%). This data refers to 1998. Nevertheless, the tuition fees paid by the learners is decreasing with previous year (1997 - 33.5%). Investment of employers into staff training has risen more than twice in comparison with the periods 1995 and 1998, despite the fact that the State does not provide any financial incentives to enterprises nor individuals for (re-) training of employed people.

4.4. Human resources in public administration dealing with CVT

As with the initial VET the key players in CVT public administration are the Ministries of Education and Science (VET Department), Welfare (Labour Department), and Agriculture. The responsibilities for CVT in the new structure of the MoES still need to be clarified. Also the mandate and tasks of the Labour Department staff in the MoW need to be reviewed as the Ministry of Economy is establishing a new department which will be responsible for the employment policy. The capacity of the Latvian State
Employment Service (LSES) is limited (67 local/regional offices) and the staff (of 547) turnover is very high.

4.5. Key features in CVT delivery

There is a lack of reliable statistical data on the CVT delivery. There are 330 institutions delivering adult education. 28 out of 120 VET schools and 17 out of 33 higher educational establishments provide CVT. About 80 private educational establishments are licensed by MoES for providing non-diploma adult education courses. Most of the course offer is in the field of IT, services and construction.

In-company training is gradually developing, although scales are still highly limited. The setting up of continuing training that leads to recognised certificates is in the very beginning of development.

Since 1996 the State Employment Service organises annual tendering procedure to select the course providers for training and retraining of unemployed. 60 institutions/companies out of 90 proposals were selected as main training providers. Approximately 1/3 out of 60 are state VET schools. The priorities for each year not announced with tendering but attempts are being made to organise courses according to employer's forecasts of expected vacancies.

4.6. The place of CVT in the labour market policies

LSES implements active labour market policy in Latvia - training of the unemployed being one of the most significant labour market measures undertaken by LSES. Passive measures limit to payment of unemployment benefits, which is regulated to depend on minimum wage in Latvia. Complete information on the financing of active and passive labour market measures is not available.

LSES has established local databases and, dissemination of information on vacancies on national level is provided in Internet. In general MoW has set the increase of active labour market measures as one of its priorities.

4.7. Quality management, monitoring and assessment mechanisms

There are no official quality control mechanisms in place, neither with respect to training providers nor programmes. Existing mechanisms to accredit new VET programmes do not function properly. However, a new regulatory and institutional framework for accreditation is being established. LSES will pilot the use of existing examination centres for assessment of acquired knowledge and their adequacy to qualification requirements.
4.8. Participation in CVT

The LSES at present has capacity to retrain only half of those who wished to be retrained. Women have been more active in participating in the training than men. The job-placement in 1998 was 37.8%.

Groups of people at risk of social exclusion include in particular women, people below 25 and above 45 years of age, non-Latvian speakers with Russians being the biggest group of ethnic minorities in Latvia and people living in rural areas. An individual having encountered problems in job finding because of insufficient knowledge of state (Latvian) language, is offered special language courses. The LSES has also special programmes for physically disabled people.

5. OVERVIEW OF KEY EMPLOYMENT ISSUES

5.1. Breakdown of employment and unemployment rates

The registered unemployment rate was going down until the Russian crisis. In March 1999 it reached 10%.

In 1998, the unemployment rates by educational attainment were: 19.8% with primary education, 17.4% with vocational education, 15.3% with secondary education and 7.1% with higher education. The lower the level of education, the higher possibility to become unemployed.

The highest registered unemployment (1998) is in the Latgale region where city of Rezekne kept the record of 27.5% unemployment.

In 1997 approximately 60% of the unemployed were women. The unemployment for youth under 25 was 30.4% in 1998.

5.2. Short term /long term unemployment

The characteristic feature of unemployment in Latvia is the high level of long term unemployment and its stagnated character. At the end of September 1997 the share of long term unemployed was 37.7% of the total number of registered unemployed whereas a year later it was 31.3%. This was partly influenced by the revival of economic activity in the preceding year. The group of unemployed men in the rural areas is affected most by long term unemployment.

5.3. Employment/unemployment rates of ethnic minorities

According to a 1998 survey the share of unemployed Latvians is higher than the share of unemployed Russians - accordingly 45.5% and 39.4%. It has to be taken into account that Latvians present 55.5% and Russians 32.4% of the total population.
6. **CONTRIBUTION TO THE PROCESS OF INNOVATION**

6.1. **Business education and management training**

The Phare Business Education programme has given special horizontal attention to encourage entrepreneurial activities. The dissemination of commercial and business college education programmes adapted to different types of institutions and levels is underway.

6.2. **Links between universities and industry**

Links between industry and higher education have been the object of a number of Tempus projects. Projects in subject areas such as transport, environmental management, agribusiness, animal husbandry, power engineering, or mechanical engineering relations with industry have been developed. Given the difficult situation of industry and the only slowly developing SME sector, it has however been difficult for universities to establish long-term cooperation on a mutually beneficial basis.

6.3. **Lessons learnt from the participation in the first phase of Leonardo programme**

The following three Leonardo projects have been approved: (i) development of modularization of VET programmes as a link between initial and continuing vocational training; (ii) design of training programme for cultural management with use of information technology and; (iii) development of the European Agricultural Improvement Network (comparison of vocational qualifications). Universities have had great interest in Leonardo projects and the VET schools have in particular responded to the decentralised mobility scheme. The schools are using student and teacher exchanges to compare educational programmes. The exchange programmes is though only the very first step in internationalising process of the educational institutions.
Review of progress in vocational education and training reform

1. **OVERALL ASSESSMENT**

The process to adapt initial and partly continuing VET provision to meet new labour market demands has started. Reform activities, including the development of qualification standards, curricula and didactic materials, teacher training and the setting up of a vocational counselling and guidance system, are undertaken with good results at a pilot project level. There is a strong dissemination policy for the results achieved so far supported by both MES' own resources and the follow up Phare programme. The dissemination policy could be a good example in other countries.

Although the importance of continuing training is recognised, a national system still needs to be developed.

There is still a need to develop a national qualifications framework including the development of national qualification standards, an accreditation authority, and a national strategy for assessment, certification and a quality assurance framework. The Phare 1997 VET reform programme partly addresses this issue but primarily conceptually.

Preparation for the ESF is limited to the activities of the SPP-ESF programme, though it is planned to set up a joint working group on this task.

Co-ordination of policies in the training area between the Ministry of Education and Science (MES) and the Ministry of Social Security and Labour (MSSL) has improved. However, this is only reflected to a lesser extent at the level of implementation.

Legal conditions for social dialogue at all levels have been created but implementation is still in its initial stages.

The roles and responsibilities of the key national and regional structures and bodies – both administrative and advisory - should be clarified and rationalised. The institutional infrastructure at the regional level should be put in place to support the reform of VET.

In 1999, the unemployment rate was 6.9%. Regional differences in 1998 ranged from 3% in Prienai and 3.4% in Anyksciai to 14.4% in Slacininkai and 15.9% in Lazdijai, respectively. In 1998, youth unemployment amounted to 25.2%.

There is not any national policy towards training of young unemployed and training for the disabled is only partly addressed.
Development of sector studies and regional skills analysis is necessary to increase the effectiveness of training provision to meet regional labour market needs. Particular attention should be given to rural areas where there is a high proportion of less qualified workers.

2. **KEY PRIORITY AREAS FOR FUTURE ASSISTANCE**

Further support for the development and implementation of a national qualifications framework including the development of occupational qualification standards and a national assessment, certification and quality assurance system covering both VET and CVT.

Support for the definition of roles and responsibilities of national and regional authorities and social partners, respectively, with a view to promote the decentralisation further. Support to put in place a relevant institutional infrastructure at a regional level and to pilot this in one or two regions.

Support for promoting inclusion of vulnerable groups into mainstream society, especially young unemployed and disabled, through the implementation of pre-ESF type targeted training actions.

3. **INITIAL VOCATIONAL TRAINING**

3.1. **Legal and conceptual framework**

The Law on Education (1991) with its limited specific references to VET reveals a bias in favour of general and higher education. This has been partly remedied by the adoption of the Law on VET in 1997 and the subsequent preparation of a draft White Paper on VET in 1998 with the involvement of representatives of the key stakeholders such as MES, MSSL and social partners.

The White Paper agreed by the National Council on VET provides the basis for bringing VET in Lithuania in line with EU standards. It gives emphasis on current EU priority areas such as equal opportunities, wide access, opportunity for progression, and lifelong learning. The White Paper includes an implementation and costing plan till 2005, however, it has not been approved by Government yet.

Reform activities stress the importance of strengthening higher non-university education. A concept for higher non-university education has been agreed and is introduced into the new draft Law on Higher Education. A pilot project addressing higher non-university education is ongoing.
3.2. Administrative and institutional framework

MES is responsible for VET. According to the Law on VET, MES should primarily be responsible for overall policy and strategy development whilst a number of functions should be decentralised to regional and municipal level. However, this process has just started and the lack of capacity at the regional and municipal level may continue to slow down the process. Also there is a lack of a clear Government policy on the role of regions. On the contrary, the schools have a high degree of autonomy in deciding on e.g. the type of occupations and courses to be offered, on the curricula and the number of teachers.

During the recent reform initiatives a number of new bodies have been created at the central level. These include the National VET Council, which is a tripartite body in an advisory role. The Methodological Centre for VET is in charge of the development of standards. Industry Lead Bodies were created to ensure the involvement of the social partners in job profiling. The National Resources Centre to take the lead in the development of teaching and learning resources. If sufficient funding is allocated to these bodies they may give significant guarantee for a sustainable effect of the pilot reform phase.

Regional VET Councils have been created in some regions in advisory functions only.

Though the legal conditions for substantial involvement of the social partners in VET are in place, implementation is still in its initial phases through e.g. the VET Councils and the Industry Lead Bodies. The financial contribution of the employers to the Vocational Training Fund is not agreed yet.

Co-ordination of policies in the training area between MES and LLMTA has improved. However, the co-operation remains difficult in the sense that MSSL does not have a department that is in charge of vocational training issues at the same time as the division of the roles between the ministry and the LLMTA is not clearly defined.

At the level of implementation, the improved co-operation is only partly reflected. An example is that LLMTA is responsible for preparing the list of occupations and defining occupational standards. However, since this has not been accomplished the continued developments of new curricula in MES are not based on occupational standards defined by LLMTA.

3.3. Financing

Initial VET is still primarily funded by the state budget via MES though the Law on VET establishes four main sources including also municipal budgets, the Vocational Training Fund and other sources. The Vocational Training Fund has not been established yet. A debate is ongoing as to the exact definition of the Fund as well as the sources of funding. In the foreseeable future, VET will continue to depend directly on state funding.
In 1998, public expenditure on VET was 1.8% of total public expenditure. The share of VET is 6.4% of public expenditure on education. In 1999 planned expenditures on vocational schools, salaries account for the highest share of expenditures of VET at 32% followed by grants, accommodation and meals at 31% whereas equipment and maintenance of buildings account for 6%.

3.4. Human resources in VET administration

The Phare PMU is an excellent manager of the Phare VET programme, however, as it is an external unit placed within MES, the actual VET administration in MES will not benefit from this experience unless measures are taken to integrate the staff into the ministry. Apart from the Phare PMU, only a limited number of staff has been involved in reform activities and it is not apparent that any specific capacity has been developed in MES which would be ready to develop and manage ESF type activities. ESF preparations are limited to the participation of the PMU director in the special preparatory programme for the ESF.

3.5. Key features in VET delivery

At the beginning of the 1998 school year, there were 104 vocational schools in Lithuania of which less than 1% were private. 25% of students participating in programmes that give a vocational qualification study a foreign language whereas almost 100% of students taking a vocational qualification and maturita at the same time study a foreign language.

Beginning at the 1999/2000 school year, the length of compulsory education has been increased to ten. Most children will start vocational education at the age of sixteen though it is possible to start at the age of fourteen.

Training on core skills took place in the Phare pilot VET reform programme and the importance of core skills is generally recognised. A number of curricula have been developed to meet new professional fields, however, there is still a need to improve skills needs analysis to meet the demands of the labour market better. Pre- and in-service teacher training remains a weaker point in the reform of the Lithuanian VET system. This is partly addressed through the development of a new two years initial training course for VET teachers within the framework of the ongoing Phare programme.

3.6. Links with labour market/enterprises

There is not a classical apprenticeship system in Lithuania. Practical training is primarily obtained in school workshops and to a lesser extent in job placements during the school year. The creation of regional careers guidance centres started in 1998 and still needs to be fully implemented.
Extensive contacts between schools and enterprises continue to exist and are strongly encouraged. The success of schools to attract the interest of employers differ substantially.

Agreement has been reached on the importance of involving social partners in all areas of VET in particular in standards setting and in the assessment of VET study programmes. The legal conditions have also been created to achieve this. However, in spite of the involvement of social partners in VET Councils and Industry Lead Bodies, actual co-operation needs further improvement.

MES has managed to involve a number of Chambers of Commerce in assessment and this is expected to further developed.

3.7. National system for qualifications, assessment and certification

The principles set out in the draft White Paper require the development of a coherent national system for a national qualifications framework including the development of occupational qualification standard and a national assessment, certification and quality assurance system which would cover both initial and continuing VET. The development of such a system is addressed in the 1997 Phare VET programme, but the implementation will be a continuous task in years to come.

3.8. Participation in initial VET

Whilst female students easily outnumber male students in colleges and universities, there are only 64 female students per 100 male students in vocational training. The drop out rate from vocational education was 9.2% in the 96/97 school year. In 1998, 17.1% of 15 year-olds had left school without completing compulsory education. There are not any special programmes to facilitate the drop outs' reintegration into the school system.

There are no specific statistics on the participation of ethnic minorities in VET. There is a need for promoting inclusion of all types of vulnerable groups into mainstream society.

3.9. Vocational integration of young people

In 1998, 14% of those graduating from a vocational school run by MES registered at the Labour Exchange whereas 20% of those graduating from an agricultural vocational school registered as unemployed. This compares to a total of 6.5% college graduates and 7% university graduates registering as unemployed. For agricultural college graduates, however, this figure was almost 26%. Early 1999, 34% of all registered unemployed had a vocational qualification whereas 43.5% of the unemployed did not have a qualification. Approximately one out of four without a qualification was unemployed.
4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework


There is a lack of an overall policy for CVT in Lithuania. The Law on Support of the Unemployed provides the framework for (re-)training of the unemployed and the Lithuanian Labour Market Training Authority (LLMTA) only caters to unemployed or those in danger of redundancy. Training for employed staff in the private sector is not organised in the absence of a training system for employed staff. This remains the responsibility of the individual and the employers. It is expected that labour market policy in the next years will focus more on active measures including job creation schemes and training thus moving away from a focus on passive measures.

4.2. Administrative and institutional framework

MSSL is responsible for (re-)training of the unemployed. This is organised through LLMTA which has a network of 6 territorial labour market training services and a total of 14 labour market training centres. In addition, since 1998 there has been a National Labour Exchange and 46 local Labour Exchange Services. In spite of this extensive network under the auspices of MSSL, there is a lack of co-ordination between the two services – especially at the local/regional level – which is a clear disadvantage in the implementation of an efficient labour market policy.

Continuing training is conducted at different institutions such as vocational schools and colleges, labour market training centres, private training providers and in-company.

Additionally, the lack of an overall clearly defined regional policy in Lithuania leaves the existing network without much input into regional development issues and its potential inputs are neither requested nor utilised. There is a clear need for reviewing the regional infrastructure and its roles and responsibilities.

The involvement of social partners in the definition of needs for CVT still needs to be further developed.

4.3. Financing

The State does not provide any financial incentives to enterprises nor individuals for (re-)training of employed people. There is a lack of comprehensive statistics on the number of employed people who are retrained and on the financial means which employers and individuals invest in retraining.
For the unemployed, (re-)training is financed by the Employment Fund which is financed by social insurance contributions (from employers and employees) collected by the State Social Insurance Board. During the last five years, the Employment Fund has received fewer funds than foreseen at the outset of each year due to the fact that collection of contributions has been less than foreseen. Under these circumstances priority has been given to payment of passive measures rather than active measures including training. In spite of this, the State has chosen not to provide additional funds for the Employment Fund.

In 1998, 7.1% of registered unemployed took part in training.

4.4. Human resources in public administration dealing with CVT

The LLMTA has gained considerable experience from the implementation of Phare and bi-laterally funded programmes. At regional level, there is only very limited experience in the implementation of programmes. Preparation for the ESF has so far been limited to the participation in the SPP-ESF programme, though it is planned to set up a joint working group on this task.

4.5. Key features in CVT delivery

Apart from the labour market training centres others may also offer CVT programmes. This is done by 49 of 104 vocational schools, 26 of 70 colleges, 6 of 19 private schools and by 12 of 15 universities. Main subjects covered are: driver’s license for tractor and car, farming, welding, dressmaking, cooking.

Surveys are carried out to investigate skills needs. However, this still needs to be improved – especially to be able to respond to regional and local requirements.

The six territorial Labour Market Training Centres perform guidance and counselling for adults. In 1993, 9435 adults took advantage of such services, increasing to 14,711 in 1995 and 32,402 in 1998.

4.6. The place of CVT in labour market policies

In 1995, total expenditure of the Employment Fund was 70,830,000 litai of which 28% were used for active measures. Out of the total amount spent on active measures, 70% were spent on training programmes. In 1998, total expenditure was 150,601,000 litai. 38% were spent on active measures of which almost 50% on training programmes. In 1999, it is planned to increase the share of active measures to 45% of total expenditure maintaining 50% of this amount for training programmes. In general, the authorities planned a higher share for active measures, however, as collection of contributions has been inefficient, priority has been given to paying unemployment benefits.
4.7. Quality management, monitoring and assessment mechanisms

At present there is not a system for accreditation of training institutions that deliver continuing training. There is strong need to build up a quality assurance system in continuing training including improved assessment mechanisms.

4.8. Participation in CVT

The Law on Education guarantees provision of education to ethnic minorities, of mainly Russian (8.2%) and Polish (6.9%) origin in their mother tongue. 9% of VET students were trained in their mother tongue (1997/98).

In March 1999, a new law came into effect that provides for equal opportunities between men and women. Female unemployment totalled 54.5% of unemployment in 1998. There are not any special programmes by the employment services to address the needs of women or other groups at risk of social exclusion, such as the long term unemployed, ethnic minorities, people below 25, the low qualified in rural areas. Important differences between urban and rural areas exist as to the access to training.

Programmes have been established for vocational rehabilitation and employment of the disabled, following the adoption of the Law on Social Integration of the Disabled. However, there is a lack of specialised teachers and teaching equipment. Only a limited number of vocational schools possesses the resources to train the disabled.

5. OVERVIEW OF KEY EMPLOYMENT ISSUES

5.1. Breakdown of employment and unemployment rates

In 1996, 6.2% were registered unemployed against 15.6% unemployed according to a labour force survey. In 1998, these figures were 5.5% compared to 14.3%, respectively. Early 1999, registered unemployment went up to 6.9%.

In 1996, 48% of registered unemployed had a vocational education whilst 27.2% did not have any vocational training. At the beginning of 1999, this had changed to 34% of registered unemployed with a vocational education and 43.5% of registered unemployed without a vocational education.

Regional differences in unemployment mid-1998 ranged from 15.9% in Lazdijai region and 14.4% in Salcininkai region down to 3% in Prienai region and 3.4% in Anyksciai region.

Unemployment for youth under 25 was 26.1% in 1996 (27.3% for males) which decreased to 25.2% in 1998 (26.4% for males).
5.2. Short term/long term unemployment

In 1996, 55% of registered unemployed were unemployed for less than six months whilst 11% were unemployed for more than a year. In 1998, these figures were 65% and 12%, respectively. Approximately 60% of long term unemployed are women.

5.3. Employment/unemployment rates of ethnic minorities

Special statistics are not kept for unemployment of ethnic minorities.

6. CONTRIBUTION OF VET TO INNOVATION

6.1. Business education and management training

A number of small private institutions (training centres and colleges) that offer training courses in business management have emerged. Primary target groups are middle management and entrepreneurs. The growing number of schools and the different level of quality of the courses underline the need for national standards in this field.

A new business education is presently under development in co-operation with Denmark.

A number of companies offer training for especially their top and middle level managers partly through in-company training and partly by financing their attendance of high level management training courses in Lithuania.

A key feature in the development of management training has been the creation of the Lithuanian Institute of Management (LITIMA) in 1998. This institute will promote management training by offering targeted management training courses of short duration as well as through the development of an Executive Masters of Business Administration in co-operation with Vitautas Magnus University and an international consortium.

6.2. Links between universities and industry

Universities have in general not been successful in building up good relations with industry. This in spite of the fact links between industry and higher education has been fostered in a number of Tempus projects.
6.3. Lessons learnt from the participation in the Leonardo programme and other Phare programmes

A National Centre for Open and Distance Learning and two study centres have been created. The Government has given additional funding to the study centre in Kaunas which has enabled it to take a leading position in ODL. It is planned to fund additional regional centres in Klaipeda, Panevezys, Siaulai and Utena.
POLAND

Review of progress in vocational education and training reform

1. OVERALL ASSESSMENT

Poland is in the process of undertaking four major reforms in the following sectors: Education, Administration, Social Security and Health. At the same time the preparatory work for accession is increasing. This may be seen on the one hand as a dynamic period while on the other it might lead to obstacles such as heavy financial implications and/or bottlenecks for a thorough and coherent implementation of the reforms.

Through the implementation of the administrative reform (16 new larger voivods instead of 49 smaller) the expectation is that decentralisation of the educational management system gives the regional and local authorities more autonomy in educational issues, improving the flexibility of the system.

National administration, and in particular the Ministry of Labour and Social Policy, has demonstrated high commitment and good capacity in handling the preparatory process for participation in the European Social Fund. With respect to this process and in view of the decentralisation, there remains a need for institutional building at regional and local levels. There is a need to strengthen inter-ministerial co-operation as already suggested by the OECD review in 1996.

Reforms in the education sector aim primarily at raising the overall attainment level. Poland has opted for a secondary education system that puts greater emphasis on general, technical and higher education aiming at increasing the school leavers' mobility on the labour market.

Despite the numerous actions undertaken under Phare (32MECU) covering the reform of the VET system as a whole, only a limited number of results have been endorsed and disseminated by the Ministry of Education (MoNE); many actions initiated as pilot ones, still remain implemented at individual school level.

Although the education reform focuses on the general and higher education system, continuing vocational training remains a fundamental issue that the MoNE and Ministry of Labour and Social Policy (MoLSP) should address in a structured way.

Training facilities are not evenly spread over the country, with particular shortcomings in rural areas. The share of the private sector in employment exceeds 60% (56% excluding cooperatives) out of which 41% outside agriculture. The share of employment in agriculture equals to 25.9% in 1997.
The existing legal framework providing for social dialogue, seems not to be fully exploited in the field of VET. The commitment of both employers' and employees' organisations to dialogue practice in particular in this field is weak. On the other hand, both employers' and employees' organisations acknowledge their limited chances of really influencing training policies.

2. **KEY PRIORITIES FOR FUTURE ASSISTANCE**

2.1. Support for development of active participation of key actors i.e. labour market institutions, vocational training institutions, employers, trade unions and NGOs, with the aim of improving labour market effectiveness as an element to social and economic development at national, regional and local levels.

2.2. Development of a system of vocational qualification standards as a basis for the development of vocational training programmes in cooperation with social partners.

2.3. In the context of the development of continuing vocational training, and in order to address the problems of the rural areas, training and re-training in new occupations and key qualifications (entrepreneurship, self-employment, service sector) should be considered as a priority.

3. **INITIAL VOCATIONAL TRAINING**

3.1. Legal and conceptual framework

Since 1997 MoNE has conducted a vigorous review of its policy, resulting in the amendment in July 1998 of the Law on Education from 1991. The main objectives of the Educational reform are: 1) up-grading the educational level of the society by putting greater emphasis on general education and higher education; 2) enabling equal access to education; 3) raising the age level for the primary education to 16 years (6 years of basic school and 3 years of gimnazium). The amended Law introduces major structural changes by stipulating, amongst others, that (a) a set of core skills be part of new national curricula, also for vocational education, (b) external examination boards be set up at central & regional levels and examinations be based on nationally agreed, industry-based qualification standards, (c) new types of schools be introduced at the secondary and post-secondary levels (see chapter on Key features in VET delivery): 3-year profiled lycea; 2-year vocational schools; 2-year complementary school allowing graduates from vocational school to obtain the “matura” certificate; post-liceum schools giving the possibility to complement vocational training and ending with a vocational certificate; and (d) self-governed regions can decide about the establishment of new schools and manage them.

Through the 1997 Law on Higher Vocational Education Schools, 14 new schools were created in the regions in order to increase access to education at a higher level. The law allows for these schools to include social partner representatives in their governing boards.
3.2. Administrative and institutional framework

The MoNE co-ordinates and implements the State's education policy at national level. Following the Government change in 1998, the VET Department was abolished. A unit dealing with Education for the labour market comprising vocational education and training is now part of a wider Department dealing with both general and continuing education. According to the new law, MoNE will take over responsibility for all schools so far run by sector Ministries, except for the schools under the responsibility of the Ministry of Defence.

Further decentralisation of decision-making and management processes is envisaged along the lines of the regional administration reform on-going in Poland. It will be the responsibility of the county/gmina to set up and manage the kindergarten, the basic schools and the gimnasium; while the region/powiat will have the responsibility of profiled lycea, vocational schools, post-licea schools, and artistic schools.

The Act on Education allows for voivodeship educational councils comprising social partners representatives, parents and self-government representatives, to be created which should support the education decision making process, unfortunately not everywhere these educational councils are active. Despite the existing framework, social partners have so far considered that they have limited influence on the educational policy.

The MoNE's vocational counselling system for young people consists of 592 institutions all over the country which are co-ordinated by 47 regional centres. There is a need to modernise and upgrade the equipment of these institutions.

Research on VET is carried out by different institutions which has led to a lack of co-ordination. In general, little account is taken of the need for an intensified research into VET and its links with the labour market.

3.3. Financing

Compulsory education, including initial VET, is primarily paid from the state budget. Public expenditure on VET as a percentage of GDP was 0.7% in 1997 while public expenditure on education was 5.6%. In the future funding is envisaged to be transferred from the state to regional/local authorities in the form of lump sums which shall enhance overall local responsibility and take better account of local needs.

3.4. Human resources in VET administration

A high turnover of staff within the MoNE with each government change has weakened policy design and implementation capacities and led to an occasional discontinuity of VET reforms.
3.5. Key features in VET delivery

According to the Constitution of the Republic of Poland, compulsory education is extended to 18 years age. The amended law mentioned above, allows for the diversification of pathways after basic education through the introduction of (a) the 3-year "Profiled Lycea" stream providing education and training for 14 broader vocational profiles and (b) a 2-year training for (narrower) specialisations at vocational schools complemented by the introduction of a 2-year lyceum which enables graduates from the 2-year vocational school to further continue their education career.

Constant changes are taking place in the vocational curricula reform as a response of the system to the social and economic transformation in Poland. Base curricula as defined by the MoNE will have to be included in all programmes in order for them to be approved.

The number of vocational schools is increasing, amongst them the number of private entities is also increasing compared to the state administration entities.

Student per teacher ratio in the vocational schools has remained unchanged in the last three years.

A positive development in the field of practical training is the network of Practical Training Centres (CKP) set up by the MoNE; these centres are financed by the state budget and can gain additional revenue from educational services for enterprises. They are well equipped institutions which provide training for youth and adults and which should also serve the purpose of further training for teachers of vocational subjects. The Ministry of Agriculture has set up its own 9 Practical Training Centres with the intention of extending the network to 32.

With regard to the modernisation of curricula, an important change was initiated by two Phare Programmes UPET and IMPROVE which introduced the methodology for developing modular curricula. Modular programmes were developed and tested in priority areas identified by the MoNE which are now to be approved. On the basis of this experience a package of modular programmes for 40 occupations was developed for the post-lyceum level.

3.6. Links with the labour market/enterprises

Co-operation between vocational schools and enterprises is best developed in the crafts sector, while it is generally weak for all other sectors. VET is largely school-based.

There is no formal structure for co-operation between education authorities and employers despite some attempts to establish communication channels. An example can be the commissions set up by the MoNE on the definition of curricula which seek for the opinion of the employers in particular for the description of the professions, but these opinions are more often representing the views of individual specialists rather than those of organisations.
According to the Law there should be a close cooperation between Labour Offices and education authorities as regards the adjustment of education and training in secondary and basic vocational schools to the demand of the labour market.

3.7. National system for qualifications, assessment and certification

The present situation related to vocational qualification standards is characterised by various fragmented rather than integrated initiatives carried out by the MoNE, MoLSP and research institutions. Some employers develop their own standards for their own branch (banking). In addition, the current assessment and certification practice held at school premises does not ensure equal standards throughout the country which would also allow for transparency and comparability, at national level, of students attainments. The decision to have examinations held by external bodies and on the basis of nationally agreed standards is a right step to address this issue.

3.8. Participation in initial VET

According to the Polish law, men and women have equal opportunities in education. Although women normally reach higher levels of education, their labour market prospects are slightly lower than those of men. Dropout rates in 1996 were 4.4% from VET and 2.7% from general education. Following the data indicated in the Statistical Year Book for 1998 we can see that in the age group of 15 - 18 there is a high increase during the last ten years of participation to the secondary schools. Within the same age group, an increase in the participation rate is noted in the general secondary education, a decrease in secondary technical and vocational schools and a strong decrease in basic vocational schools (1990 34%, 1998 24%). Within the age group of 19 - 24 an increase is noted in the participation in post-secondary schools.

3.9. Vocational integration of young people

From the beginning of the transition period people with high skills were less threatened with unemployment. People without vocational skills, that is general secondary and primary education are in a worse situation than people with basic vocational education. The unemployment rate for people with a post-secondary and secondary vocational education is decreasing since 1996. Economic growth which started in 1994, increased the demand for skilled workers, this phenomenon resulted in increased outflow from unemployment of people with basic vocational education.
4 CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

Continuing vocational training is based on the 1991 Law on the Education System which regulates the provision of adult training within the formal education system. (Re-)training of the unemployed is regulated by the Law on Employment and Counteracting Unemployment adopted in 1996. In addition, CVT is regulated by different decrees of MoNE and MoLSP. The market-driven CVT is very well developed through different institutions which indicates that there is a need for skills upgrading and competence development. Nevertheless, sometimes the quality of training delivered is not adequate.

4.2. Administrative and institutional framework

Continuing training provision is co-ordinated by the MoNE. The MoLSP with its network of national, regional and local labour offices is in charge of (re-)training of the unemployed. In addition, institutional and personnel capacities are not evenly spread over the country.

Social partners are consulted on various training issues through their participation in tripartite bodies at national & regional levels but their opinion is not always reflected in decision-making processes.

4.3. Financing

Continuing Vocational Training is mainly financed from three sources: (a) state budget, (b) employers and (c) students themselves. Minor contributions come from foundations, NGOs and foreign assistance. Non-state run institutions are mainly funded through revenues from tuition fees. Tax incentives are granted to both employers and individuals for training purposes. The Labour Fund which is structured in the following way (48.1% subvention from the state budget/ 50.1% contributions, and 1.8% from others) is the MoLSP’s main financing instrument which is used as follows: 62.77% for unemployment benefits, 28.76% for active measures to fight unemployment of which 7.80% for training of unemployed. An interesting trend is to be noted in the significant increase in the expenditure on training for unemployed from 1.7% in 1997 to 7.8% in 1998 from the Labour Fund.

4.4. Human resources in CVT administration

MoLSP has seen less changes in staffing and has pursued a more stable policy oriented towards active labour market interventions. More staff speak foreign languages. However, staff working in regional administrations and regional and local labour offices would require more training, following the administrative reform. The low remuneration of civil servants does not attract highly qualified staff into the system.
4.5. Key features in CVT delivery

The system of continuing vocational education in Poland includes acquisition of new qualifications as well as skills upgrading both in the formal educational system and in institutions outside the system. The most often used form of CVT are specialised training courses including on-the-job training. There are 2,169 schools, from the formal education system, providing adult training out of which 1,285 are state administration entities, 458 local self-government entities, 147 private (Statistical Year Book 1998). The number of additional institutions outside the formal education system providing CVT is estimated to be equal to the one of the schools mentioned above.

As regards training and re-training for the unemployed, labour offices try to contract training in areas with good employment prospects. Monitoring results have demonstrated that the effectiveness of such training courses reaches an average amounting to 50% which is measured on the employment placement of trainees following the training.

Training courses held under the tripartite agreements between labour offices, employers and training institutions have the highest percentage of employment placement (80% average). The main partner to the labour offices dealing with adult training is the Association of Vocational Education Centres (ZZDZ), which has a network of self-financed units all over the country, self-financed and carries out 30% of the training for unemployed.

Training courses on offer do not always cover the needs required by the labour market. To date the skills acquired outside the formal system are not comparable and not recognised by educational system.

Vocational counselling and guidance for unemployed adults is carried out through the national, regional and local labour offices. There are 16 regional/voivodeship labour offices and 322 local/powiat labour offices. Besides, there are 240 Information and Group Counselling bodies and 50 Information and Career Planning Centres conducted by the labour administration. Modern infrastructure of all these units ensures access to vocational counselling and information of clients searching jobs as well as facilitates through vocational information and guidance the choice of a further educational path.

Teachers' education was one of the most controversial issues in the OECD review. Since 1996, some work had started in order to address the OECD recommendations. These were a) setting standards for the pedagogical preparation of teachers; b) setting standards with regard to the bivalent training of teachers. Due to the introduction of the Educational reform, this work has been delayed. There is the consciousness that the issue of teacher education still needs great attention.
4.6. The place of CVT in the labour market policies

The active programmes to counteract unemployment were introduced by the first legislative regulations in December 1989. Their catalogue was systematically updated and enlarged and the conditions created to adjust them to different groups of unemployed. The active programmes to counteract unemployment include: training and re-training of the unemployed to adjust their qualifications to the labour market needs through adequate vocational courses which include life skills training for long-term unemployed; financing work places including subsidies, public works, refunding cost of social insurance; facilitation of new jobs creation for unemployed through loans granted both to the unemployed and the employer; stimulation of active behaviour of the unemployed in the labour market (special courses teaching proper attitudes and skills, organisation of job clubs); as well as special programmes aimed at particular disadvantaged groups of unemployed.

4.7 Quality management monitoring and assessment mechanisms

A monitoring mechanism covering the CVT system and its links with the labour market has not been strongly developed yet. Lack of licensing system of training institutions. The National Labour Office and the Central Statistical Office are undertaking some statistical research on the labour market and of vocational activation and unemployment rate of graduates. At the regional level, within the issue of regional development and educational planning, market monitoring and prognostic research have been initiated by regional authorities.

4.8. Participation in CVT

Out of school forms of education were attended by 1.2 million people most coming from urban areas (98% of the total number of students). Men are more likely to continue their education (54%) than women (46%). 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%.

The number of unemployed participating in CVT has been increasing during the last 4 years, nevertheless there is a high degree of diversification across the regions.

With regard to education for disabled persons progress was made through the establishment of a National Fund for Rehabilitation of disables (PFRON).
5. **OVERVIEW OF KEY EMPLOYMENT ISSUES**

5.1. Data indicate that during the last four years there has been a decrease in the unemployment rate for persons with secondary vocational education, while a slight increase in unemployment for persons with higher education, with general secondary education and elementary education was noted. Long term unemployment mostly increased among people with secondary general education and decreased among people with secondary vocational education. The overall unemployment rate is 10.2% from 1997. Unemployment rate for the age group 15 - 24 results to be quite constant 23.4% in 1998 while in the age group 25 - 49 the unemployment rate is 9.4% (1998).

5.2. The economic growth supported the exit from unemployment primarily of those who remained unemployed for a relatively short time, insignificantly contributed to shortening unemployment duration for groups that remained unemployed for a year or more, and practically had no effect as regards those who are unemployed for a longer period.

5.3. Very big differences are maintained in unemployment at the regional level. These differences prove low territorial mobility of the manpower, low inflow of capital to regions with high unemployment (also to regions with high hidden unemployment in agriculture) and low effectiveness of labour market policy. Breaking the deep territorial differentiation of the labour market does not seem without an integrated development policy including regional training and labour market aspects.

6. **CONTRIBUTION TO THE PROCESS OF INNOVATION**

6.1. During the last ten years Poland has developed in the field of management training, the knowledge on the most important subjects such as marketing, sales, accounting, finance and project management. There is a need now to move past this level and start developing a more serious attitude towards the issue of staff development. For many senior managers and HRD managers the issue is still not important, however, as the market stabilises, leadership and behavioral issues will become more important.

6.2. Thanks to numerous reform projects, mostly with international or bilateral assistance, VET provision has been upgraded at selected training institutions by introducing new curricula on the basis of broader occupational profiles, upgrading equipment, learning materials and tests and training school managers and teachers.

6.3. Other reform projects have targeted at the introduction of a National Centre for Distance Learning with 15 satellite centres.
6.4. Numerous university-industry co-operation units have been set up within universities which aim at improving co-operation with the private sector. The Tempus programme has contributed to the reinforcement of this co-operation process. Universities also have reoriented their policies to become major providers for continuing education programmes.
Review of progress in vocational education and training reform

1. **OVERALL ASSESSMENT**

In spite of all endeavours of the last years, major crises of economic and social structures as well as the inconsistency of national policy related to different sectors still make difficult a full commitment to education. The central issue in the near future, as far as VET is concerned, will be the extension of the outcomes of the pilot reform introduced by the VET Phare Programme to all vocational and post-secondary schools.

Inter-ministerial co-operation made some steps forward since the new (1999) governmental agencies for VET (The National Centre for VET Development) and CVT (The National Agency for Employment and Vocational Training) have been established on a tripartite basis.

The chronic under-financing of education, which has never reached the legislative commitment of 4% of GDP as announced in 1995, affects the real development of education. The sharp decline of the State budget expenditure on education resulting in a decrease in real terms represents the main institutional concern, since the sector has been under funded since 1970s.

Economic constraints made that the reform process has been often donor driven. At the policy development level, there is still a gap between the administration of the sector, which shows bureaucratic constraints and specific programs aiming at developing internal conceptual capacities. Ministerial administrative services need further training and strengthening for developing and implementing new policies, notably in terms of their preparation for management of European Social Fund operations.

There have been some significant steps in the direction of decentralisation in VET in particular as regards financial, curricula and teachers matters.

There is an alarming increase in the early school leavers; this is likely to be linked with the severe economic crises but also with the general educational policy that has been concentrated for a long time on general education development and has paid little attention to skill development of weaker students. As a reaction to the situation, the recent Government Ordinance (102/1998) aims at addressing in a more integrated way the issues of initial VET and CVT as well as adult education.
Due to the structures created under the Phare funded VET programme at the regional and local levels, the dynamic of social partnership has clearly improved during the last years and has had a positive impact on the social dimension, such as increasing the awareness of the community needs and specific target groups. Further consolidation and effective functioning of the support agencies in the areas of both initial and continuing training, recently established on a tripartite basis would help reinforce the social partnership.

The general framework of regional development in Romania has been set up through the Law no. 151/1998 on regional development, adopted by the Parliament of Romania in July 1998. This law sets up principles, objectives, competencies, instruments, and the institutional structures required by the promotion of the regional development policy. This legal framework will enable to adapt the training offer to the specific regional needs.

A decrease in employment has been registered over the whole transition period, more accelerated during 1991 – 1993 (and also after 1997). The most dramatic reduction of employment has taken place in the industrial sector while the proportion of the population employed in agriculture has increased. Unemployment is likely to increase seriously due to the on-going privatisation and restructuring process. The high share (46.5%) of people with middle level qualifications (upper secondary school graduates) among the total number of unemployed discloses the economic crisis.

According to the figures provided by the National Agency for Employment and Vocational Training, there is a significant need to strengthen the participation of the business side in CVT, as well as the effectiveness of active labour market measures.

2. **Key Priority Areas for Future Assistance**

Support for the generalisation of the Phare funded VET programme, in terms of strengthening the institutional capacity of the system to disseminate and consolidate the reform outcomes.

Development of specific measures in VET to counteract the tendency of school drop-out, in terms of strengthening the community based capacities such as vocational guidance, local curriculum development and co-operation with enterprises.

Increase of active measures at regional and local levels, to assist the professional re-integration of unemployed youth and adults; a good example is the recent Romania Phare 1999 Enterprise Restructuring and Employment Conversion Programme (RICOP) which aims at developing active employment measures in the regions affected by the process of industrial restructuring (mine industry, metal processing industry).
3. INITIAL VOCATIONAL TRAINING

3.1. Legal and conceptual framework

There is no special law regulating VET. A new amendment to the Law on Education (1995) has been recently approved by the Parliament: it foresees the extension of compulsory education from 8 to 9 years with a subsequent reduction of one year in the VET cycle. The students attending the fifth grade in the school year 2000-2001 will represent the first generation with 9 years of compulsory education.

3.2. Administrative and institutional framework

With an emergency ordinance, the Minister of National Education has decided that starting with the school year 1999-2000 the reform of the Phare VET Programme should be extended to the overall VET system in the country. Some resources have been made available to be used in particular for training of teachers. However these resources are not sufficient, given the ambitious implications in terms of both training of the teachers and of equipment which is outdated in most of the schools.

Since autumn 1998 the Ministry of National Education has become very pro-active in promoting the flexibility and decentralisation of the educational system: various Minister's orders have been issued to give autonomy to the schools in the elaboration of 30% of curricula contents in co-operation with the social partners, in allowing schools to generate and administer own income as well as in recruiting teachers.

Starting from the 1st January 1999, a National Centre for the Development of VET has become operational under the Ministry of National Education (MONE) to provide institutional sustainability and to expand the reform process undertaken with the Phare VET Programme (ended in 1998). The Advisory Group to the Phare VET reform programme has become by law a National Council for Initial and Continuing Education, an advisory body which includes social partners, public institutions, enterprises and which gives orientation to the Ministry of National Education for both initial and continuing training.

3.3. Financing

On the basis of a World Bank study, the estimate for 1998 of GDP expenditure on education was of 2.78% (for VET 0.26%). This implies a real negative change in state education expenditure for 1998 of -2.9%, compared to 1997.
3.4. Human resources in initial VET administration

Since the appointment of the actual Minister, the management capacities within the MONE are improved; but, however, there is a need for institution building in particular as far as strategic planning is concerned. To better connect the VET issues to the general reform issues (in particular, for teacher and management training) the VET Directorate of the Ministry of Education has acted since March 1999 as part of the General Directorate of Human Resources.

3.5. Key features in VET delivery

Overall participation in VET has decreased since 1989 (from 91% to 67.2% in 98/99) whereas there has been a substantial growth of enrolment in general high schools which account however for only 32.8% in 98/99. Enrolments in vocational and apprenticeship schools have suffered a sharp reduction. Following a marked decline during the first years of the transition period, participation rates in general and specialised (technical) high schools show a slightly increasing trend since 1993/94. This reflects the preference of students for lycées and a growing scepticism about the recognition of the qualifications provided by the vocational schools in the labour market and a policy to get more students in general education.

The number of students attending post secondary education have grown by over three times since 1991 but at the same time the drop out rate in this pathway is very high (8.4% in 1998/99).

Despite the constant decline in the participation rate in vocational schools the number of schools as well as of teaching staff has grown considerably over the last eight years. The number of teaching staff has remained globally at the level of 1989/90 in technical high schools in which the enrolment rates have also registered a negative trend during the same period.

Since 1990, there has been an increase of private upper secondary education, including VET. This phenomenon is quite relevant for post high schools in the field of health, finance, information technology construction and economics. There are private apprentice schools set up by Handicraft associations.

3.6. Links with labour market and enterprises

At the school level, good relations have sporadically been (re-) established with employers, including practical training in companies, financial contributions, and consultation on the definition of 30% of the curricula content. There is a need to strengthen the links between this new business environment and the VET system.

A one hour/week module on career guidance has been included in the 2nd and 3rd year of VET in the Phare VET Reform Pilot Schools.
In order to improve the effectiveness of resources allocation, a recent order of the Minister of Education launched a pilot initiative which aims at giving responsibility to some General Inspectorates to restructure the training provision and school network according to the requirements of the local labour market.

There are lots of initiatives at the local level, especially developed by small organisations and NGOs. Therefore, there is a strong need within VET administration to improve the synergy of the programs and to integrate the outcomes into the mainstream activities.

### 3.7. National system for qualifications, assessment and certification

Through the assistance of Phare and the World Bank a pilot attempt has been made to set up a national system for the definition of training requirements based on occupational profiles and standards, assessment and certification etc. There is a need to enhance co-operation among the Romanian institutions involved in this exercise, to ensure that these pilot experiments are converted into a consistent and comprehensive systemic reform.

### 3.8. Vocational integration of young people

The transition from school to work is a key concern given:

- the high drop out rate from the secondary/apprenticeship schools. The school drop out rate for the period 1997-1998 was 6.5% in vocational schools and 4.6% in technical high schools;
- high risk of failure and drop-out of roma young people especially girls;
- that 60% of the unemployed fall into the 15-29 age range of which 48% are in the 20-24 age bracket;
- 20% of school leavers in rural areas exit the system with no formal qualifications.

### 4. CONTINUING VOCATIONAL TRAINING

#### 4.1 Legal and conceptual framework

With the Law 1/1991 on social welfare and vocational re-integration, the Ministry of Labour and Social Protection (MoLSP) has become responsible for investing part of the Unemployment Fund for the provision of training to the unemployed.
4.2. Administrative and institutional framework

A National Agency for Employment and Training (NAET) became operational as per 1st January 1999. It is a tripartite institution and its establishment has not been preceded by the formulation of an overall policy as regards the re-qualification of the labour force. The NAET's main objectives are: institutionalisation of social dialogue with regard to employment and training as well as the implementation of passive and active employment measures. Vocational guidance is provided by the 42 County Employment Offices.

4.3. Financing

The active employment measures provided by the MoLSP, which include vocational guidance, job clubs and training, are funded via the Unemployment Fund to which employers and employees pay direct contributions as a percentage of total wage sum (employers: 5% of overall gross payroll cost - employees: 1% of gross salary) Financing of continuing training for employed staff is the responsibility of the employer and the individual.

4.4. Human resources in public administration dealing with CVT

MLSP staff has been involved in managing a considerable amount of external resources, in particular from the WB, for the implementation of active employment measures. Institution building is however required in the fields of strategic planning in particular in relation to the impact that the privatisation process will have on the labour force. No political decision has yet been taken concerning the institution which will be responsible for developing and managing ESF type activities.

4.5. Key features in CVT delivery

The training is provided through a wide range of institutions such as: the 15 training centres which under the responsibility of the MoLSP and cover 42 Counties; training centres set up with donor assistance and which are now partly under the responsibility of the MOLSP; public educational institutions (secondary vocational schools, Universities, etc.); private training institutions, training and consulting companies, NGOs.

4.6. The place of CVT in the labour market policies

In 1998 CVT represented 0.47% of the total funds spent for active employment measures. In 1998 only 1.9% of the total number of unemployed participated in CVT and 10.6% could find a job after the training. During the period 1991-1998 unemployed women and young people under 25 years old participating in CVT represented an average of 58% and 57% respectively of the total number of trainees. No data exist concerning participation in CVT for disadvantaged categories.
Compared with the number of unemployed registered at the end of each year, the rate of participation to re-training and further training has been very low and showed a tendency to decrease even further. This is due from one side to lack of information and to a certain resistance to professional mobility and, on the other side to lack of trust in the system represented by the low level of employment after the training.

4.7. Quality management, monitoring and assessment mechanisms

A new Directorate for Policies and Programmes for Training and Employment has been recently set up in the MoLSP. Among other tasks, this Directorate is planning to establish a system of accreditation and quality control of the training delivery. There is a need to improve the effectiveness, and therefore the quality of CVT provided in order to make it more attractive for the unemployed and an efficient tool to fight against social exclusion.

4.8. Participation in CVT

Through the Phare Human Resources Development Programme, a fund is being established to provide a financial contribution, on a competitive basis, to companies, which want to improve their human resources management capacities, and to training providers who want to improve the quality of their training services. The high number of applications received has shown how relevant is the market potential for training in the country. The programme is still under implementation therefore it is still difficult to analyse its impact.

5. OVERVIEW OF KEY EMPLOYMENT ISSUES

Registered unemployment rate in 1998 was 10.3% (10.2% for men and 10.5% for women). Unemployment rate of 15-24 has been constantly 2-2.5 times higher than the total average unemployment rate. 46.5% of the total number of unemployed have been unemployed for more than 12 months.

The breakdown of unemployment according to the educational shows a high vulnerability of those have graduated from upper secondary education: 46.5% high school graduates, including technical high schools, 26.1% vocational and apprentice schools, 15% compulsory education, higher education 4.7.

There is a high regional disparity on unemployment level. During the first three months of 1999 the unemployment rate in Valea Jiului reached 45%.

There are no data concerning unemployment rate for ethnic minority groups.
6. **CONTRIBUTION TO THE PROCESS OF INNOVATION**

Curricula developed under the Phare VET Reform programme give emphasis to core skills, foreign languages, problem solving, vocational guidance, entrepreneurship, civic education and team working.

Open and distance learning has been further developed. A National Council on Open Distance Learning is going to be soon set up.

Management training offer is well developed in particular in universities. The Tempus programme has enhanced the co-operation between enterprises and universities in particular in the field of management training.
Review of progress in vocational education and training reform

1. OVERALL ASSESSMENT

The rate of reform of the vocational education and training (VET) system is slow. Political support and an integrated strategy for VET reform in previous years have been lacking. There are, however, indications of the new government's commitment to the reform process. Despite some partial amendments introduced during the last eight years, the legal framework remains to a large extent outdated. One of the priorities of the new government is to pass its own education legislation. Concerning the initial VET system, the spread of competencies between different ministries (Education, Labour and sectoral Ministries) remains unclear. The decentralisation process is still a matter of discussion and its realisation is not expected before 2001.

The Phare VET programme has introduced important VET reforms, particularly concerning a new education and training concept, progression paths and renewal of curricula, with up to ninety-five curricula innovations already prepared or under preparation for the new school year. However, there has not been any substantial progress in the development of work-linked forms of training in the initial VET system. Overall, there is a significant need to improve the cost-effectiveness of the schools network, to introduce a new system of financial management and to accelerate the process of curricula renewal. The Ministry of Education has been slow to develop educational standards. There is no national system for quality management in vocational education and training.

The Act on Employment (1996) is a welcome development, which formulates a modern legal framework to underpin the development of Slovak employment and labour market policies. In spite of the existing legal framework for continuing training (CVT), financial support as well as actual access to CVT is restricted. There is a need, as part of the overall development of active labour market policies, to boost capacity and promote a coordinated, inter-ministerial policy on vocational counselling and guidance.

So far, there has been limited involvement of social partners in the design of VET policies. Since the formation of the new government there are positive indications of an improvement in the development of a national social dialogue. In addition to the resumption of tri-partite dialogue, the government has announced its intention to put social dialogue on a legislative basis.

A limited number of Ministry officials are involved in training actions delivered, presently, via the horizontal SPP-ESF and, in the future, via the national SPP. Further ESF institution-building activities, also at regional and local level, are necessary.
A key feature of the Slovak labour market is high regional segmentation of employment structure with many declining mono-industrial areas suffering from high concentrations of unemployment. Low educational attainment is a key feature of the Slovak unemployed (60% have no secondary level qualification). Particularly in the mono-industrial areas, vocational training actions must be part of future integrated regional economic development programmes, where training supports related actions in fields such as productive investment, business infrastructure and other labour market reforms. These regional training actions must also complement the above necessary national VET reforms.

2. PRIORITIES FOR FUTURE ASSISTANCE

Development of an integrated strategy for VET reform, in particular focusing on reform of VET financing in relation both to tax reform and legislative support for the education non-profit sector.

Reinforcement of institutional capacity building, in particular focusing on school effectiveness and improvement, accreditation processes, input and output analysis, research, and quality assurance for the overall VET system;

Renewal of curricula and teacher training focusing on IT, foreign languages, entrepreneurship and links between education and the world of work, developing coordinated educational and occupational standards;

3. INITIAL VOCATIONAL TRAINING

3.1. Legal and conceptual framework

A new Education Act was prepared during 1996/97 but was not passed by Parliament. There continues to be no legal basis for post-secondary non-university vocational education. There are, however, indications of the new government’s commitment to the reform process, eg work is underway on a new education and training concept, building on the results of the Phare VET 1994 programme.

3.2. Administrative and institutional framework

Concerning the initial VET system, the spread of competencies between different ministries (Education, Labour and sectoral Ministries) remains unclear. The coordination between the Education and Labour ministries has in the past been poor, although there are positive signs emerging of increased cooperation between the two Ministries. If this spread of VET responsibilities across different ministries continues in the long-term, this will make more difficult the future administration of the European Social Fund in Slovak Republic.
The decentralisation process is still a matter of discussion and its realisation is not expected before 2001. First steps in the decentralisation of the financing of VET coincided with the establishment of eight administrative regions in Slovak Republic in 1996. VET schools have the possibility to adapt their curricula up to a limit of 30% to meet local needs. In practice, however, the initial VET system remains centralised with a division of VET responsibilities between different sectoral Ministries.

The State Institute for Vocational Education (SIOV) plays a limited supporting role by developing and testing innovative educational programmes and advising on policy development. The Institute needs to develop its strategic focus. There is no specialised VET research institution in the Slovak Republic. A research capacity at SIOV should be built up and the VET research function at universities should be stimulated.

Despite the existing legal basis allowing for private training, provision remains underdeveloped. A tri-party advisory body to the Council of Government on VET policies was established in 1997 but there is a lack of social partner involvement in the formulation of training programmes. There is a significant need to improve the overall cost-effectiveness of the schools network and to introduce a new system of financial management.

3.3. Financing

Total (public and private) expenditure on education amounts to 4.55% of GDP. Total expenditure on vocational education and training amounts to 0.90% of GDP.

3.4. Human resources in VET administration

The Ministry of Education has limited human resources specifically dedicated for vocational education and training and there is limited capacity for policy development and the management of programmes. New departments in the Ministry of Education have been created for private and church schools and for special needs. Larger numbers of officials are involved in VET administration in the wider network of schools, SIOV, other research institutes, etc. There remains a need to boost capacity throughout the network of VET administration. With regards to future access to the Structural Funds, a limited number of Ministry officials are involved in training actions delivered, presently, via the horizontal SPP-ESF and, in the future, via the national SPP.

3.5. Key features in VET delivery

Vocational education streams are represented by secondary specialised schools (SSS) and secondary vocational schools (SVS), the latter focusing on more basic level training. At present, a key problem is the uncontrolled growth in the number of schools and study branches. The network of SVS and SSS will have to undergo a necessary optimisation. Despite a decline in students' enrolment, the number of SVS schools has increased from 311 in 1989 to 349 in 1998. A significant growth has occurred in SSS schools, from 178 in 1989 to 351 in 1998. However, the number of
students in SSS schools has increased by above one-fourth over the same period. Increasing interest is shown in the study of economics branches, particularly in those leading to qualifications in service sector subjects.

3.6. Links with the labour market/enterprises

The provision of training is school-based, with many schools continuing to provide education and training in obsolete professions. The Research Institute of Labour, Social Affairs and Family is responsible for research into labour market trends. However, although the quality of research is adequate, there is a general lack of funds for research. Labour market analyses and research into links between VET and labour markets should be prioritised. There is little visible involvement of research institutions in the programming process.

3.7. National system for qualifications, assessment and certification

In 1994, the Vocational Information Resource Centre (VIRC) was established as a result of a PHARE project at the Research Institute of Labour, Social Affairs and Family. The initial task of the centre was to gather information on occupations. The need to develop occupational standards was acknowledged by the governmental decree No. 75/1996. The Ministry of Labour, Social Affairs and Family, VIRC and SIOV have jointly established an interdisciplinary working group to tackle this task. 840 occupations were identified, out of which 330 occupational standards have already been developed. Approximately 90 occupational standards are presently with SIOV for the development of educational standards. There is an important need to carry-forward this work on occupational standards and to use this as a basis for urgent work on the development of VET standards.

3.8. Participation in initial VET

According to 1997 data, participation in VET in the 14 – 19 cohort was 46.1% compared to a total participation in education in the 14 – 19 cohort of 70.7%.

Among the key VET goals in Slovak Republic is the prevention of Roma ethnic minority exclusion from the labour market. Among secondary schools the largest share of Roma children (8%) is reported in secondary vocational schools. Here the dropout rates are also relatively high and only a negligible share of Roma students reaches the level of university education. There is an ongoing debate on the suitability of education in Roma language.
3.9. Vocational integration of young people

Drop-out rates in VET at the upper secondary level (ISCED 3) are relatively low (estimate 2.8%). However, the 1998 Labour Force Survey indicates that 34% of those registered as unemployed have no secondary-level or apprenticeship qualification. Approx. 50% of Slovak's Roma population is of school-going age. It is reported that in excess of 60% leave school without obtaining a basic qualification.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

The 1996 Employment Act sets out the activities which make up Slovak active labour market policy, but the granting of financial support for its implementation is restricted (see financing below). The legal context of Further Education/Continuing Vocational Training (386/97) is set by an Act, which was passed in December 1997.

4.2. Administrative and institutional framework

The Ministry of Labour, Social and Family Affairs (MOLSAF) has legal responsibility for the development of pro-active labour market policies, including continuing labour market training. The implementation of such policies is the responsibility of the National Labour Office, (NLO) a tri-partite body, the organisational structure of which mirrors the new regional structure of Slovak Republic - a Directorate General, 8 Regional Labour Offices and 79 District Labour Offices. There has been a lack of coordination and information exchange between the Ministries of Education and Labour and the NLO, which results in a lack of integrated strategic planning. There are positive signs emerging, however, of increased cooperation between the two Ministries, eg in the preparation of a Slovak National Action Plan for Employment. During 1998, a network of seven Information/Counselling Centres was established, attached to many of the Regional Labour Offices. However, there is a shortage of finance to expand this service further and training support is needed for those delivering the service. Increased cooperation is also required between this and other related networks (eg the Slovak Leonardo da Vinci National Coordination Unit has established a National Guidance Resource Centre as part of a transnational Leonardo da Vinci counselling and guidance network).

An Association for Adult Education Institutions was created in 1991 with presently about 60 members. The biggest current providers of continuing education are universities and other higher education institutions and foreign firms or their branches established in Slovak Republic.
4.3. Financing

Re-training programmes are offered for registered unemployed and employees. Active and passive labour market and employment policy measures are funded from unemployment insurance (see para. 4.6 below). There is limited involvement of companies in retraining programmes, although foreign direct investors, such as VW, provide new positive examples in this field.

4.4. Human resources in public administration dealing with CVT

There are a total of 5 officials in the MOLSAF's Department of Training, dealing exclusively with the development of training programmes. MOLSAF has a Foreign Affairs Department with 18 officials, within which a small section manages Phare-financed labour market programmes. The employment service (NLO with its regional and districts' offices) has a total staff of 4400 officials but only a very small percentage of staff is employed in the implementation of CVT programmes. With regards to future access to the Structural Funds, a limited number of Ministry officials are involved in training actions delivered, presently, via the horizontal SPP-ESF and, in the future, via the national SPP.

4.5. Key features in CVT delivery

Since 1989, the CVT system has undergone more significant changes than initial VET. During the transitional economic crisis, CVT in enterprises experienced a similar decline to that of SVS apprentice training. There were no means for training in most enterprises. After the initial recession period, interest in CVT began to increase, as reflected in the establishment of new CVT providers - non-state institutions, such as entrepreneurs, commercial companies, foundations and association of citizens. This wide range of CVT institutions provides both long-term study programmes (lasting from 1 to 4 years) and short- and medium-term programmes and courses (lasting typically 40-120 hours within a few months). Vocational and apprentice schools themselves provide courses, mainly according to their precise school profiles. Their target groups are mostly people wanting to gain "maturita" certificates enabling further studies at higher education institutions. Many schools also provide retraining courses for unemployed in co-operation with and paid by district employment offices.

The most frequent subjects include administration, finance and basic PC-skills. Training providers co-operate with employers and labour offices in also setting up non-standard training programmes. The quality of courses provided is not yet systematically monitored. Educational institutions lacking contacts with similar institutions abroad are short of know-how and experience.
4.6. The place of CVT in labour market policies

Substantial reform of active labour market programmes took place in 1997, putting more emphasis on preventive measures and targeting. The total National Labour Office 1998 budget for active labour interventions was approximately 30% of total, of which, only a small part (around 7%) was spent on retraining for the unemployed. The recent situation shows a marked collapse in active labour market policy. For the first quarter of 1999, the active/passive ratio is 1:14. Large increases in unemployment in 1999 are placing great strains on an already highly stretched budget.

4.7. Quality management, monitoring and assessment mechanisms

The Ministry of Education has established an Accreditation Commission and there is also a system of accreditation for training institutions funded via the National Labour Office. At present, there are about 10,000 mainly private sector institutions acting in the area of CVT. Statistics at central level on these institutions do not yet exist. An information system on CVT is being prepared within the Institute of Information and Prognosis of Education. No surveys on the quality of private sector CVT providers have yet been undertaken.

4.8. Participation in CVT

A positive assessment can be given to the issue of female access to retraining - women accounted for 72.8% of the total number of retrained registered unemployed in 1997. There is a lack of an overall systematic approach to promote access to vocational training for all disadvantaged groups in the labour market: eg unemployed, disabled, Roma minority (estimated 400,000 in Slovak Republic).

5. OVERVIEW OF KEY EMPLOYMENT POLICIES

5.1. Breakdown of employment and unemployment rates

The labour force participation rate, based on Labour Force Survey (LFS) data, for the 15-64 age group was, in 1997, 67.6%. In 1998 the 15-64 participation rate further declined to 66.8%.

The unemployment rate is currently reaching its highest figure since 1991. At the end of 1998 there were 428,000 registered unemployed (16.4%). Comparable unemployment figures according to the LFS were slightly lower (302,000/12.1%).
A key feature of the Slovak labour market is high regional segmentation of employment structure with many declining mono-industrial areas suffering from high concentrations of unemployment. District unemployment rates vary by more than 30% and domestic mobility of labour is low. Low educational attainment is a key feature of the Slovak unemployed (60% have no secondary level qualification). Particularly in the mono-industrial areas, vocational training actions must be part of future integrated regional economic development programmes, where training supports related actions in fields such as productive investment, business infrastructure and other labour market reforms. These regional training actions must also complement the above necessary national VET reforms.

5.2. Short term/long term unemployment

Soon after the beginning of transition, long-term unemployment started to increase until its share of total unemployment, according to LFS data, reached 52%. Comparable Slovak figures were 50% and 54% for males and females respectively. Analysis of the educational structure of the long-term unemployed reveals that the most vulnerable groups are those with the lowest skills and education. According to LFS, at the end of 1998 the group with basic or no education represented 37.5% of long-term unemployment, while their share in total unemployment was 27.4%. The share of people with less than complete secondary education in long-term unemployment was 75%.

5.3. Ethnic minorities

There are two large minorities in Slovak Republic: the Hungarian minority (10.6% of total population) and the Roma ethnic group. The Hungarian group is the largest minority in Slovak Republic and is heavily concentrated in the south-east of the country. These are predominantly agricultural districts, which during the transition have suffered relatively high unemployment rates, mostly due to decline in the agricultural sector. Ethnic issues in Slovak Republic are also strongly connected to the labour market position of the Roma ethnic group. The share of Roma population according to official data is about 1.5% (based on the self-reporting in Population Census of 1991). The estimated share is about 8%. Their share in registered unemployment at the end of 1997 was 19%. Among the main barriers to the successful integration of the group into the labour market are extremely low levels of education and skills.
6. **CONTRIBUTION OF VET TO INNOVATION**

6.1. **Business education and management training**

The VET system is weak in terms of its contribution to the development of new core skills and entrepreneurship. Dissemination of curricula reform concepts has been hampered by a lack of interest at ministry and school level.

6.2. **Links between universities and industry**

In general, universities have had a poor record in the promotion of entrepreneurship through innovative management training programmes.

6.3. **Lessons learnt from the Phare programme as well as participation in the first phase of Leonardo da Vinci programme**

The Phare VET programme has introduced important VET reforms, particularly concerning progression paths and renewal of curricula, with up to ninety-five curricula innovations already prepared or under preparation for the new school year. The Slovak Network for Distance Education, established with Phare support, is contributing to the innovative upgrading of professional skills. A legal basis for Distance Education has been established in the Law on Further Education. There is a lack of full university degree programmes through Distance Education. The Slovak Leonardo da Vinci National Coordination Unit participated very actively in preparatory measures concerning the opening of the Leonardo da Vinci programme to the candidate countries. Subsequently, a wide variety of Slovakian VET organisations have participated in the first Leonardo da Vinci programme.
Review of progress in vocational education and training reform

1. Overall Assessment

Starting from the early 90s priority has been given to VET issues and ministries are highly committed to reforms. A modern education and training policy framework provides for the alignment, in a mid-term perspective, of VET in Slovenia with mainstream developments in Europe.

The 1996 overhaul of legislation provided for new structures of vocational education, including technical gymnasiums and post-secondary professional colleges. An important development is the establishment, on a pilot basis, of a dual (apprenticeship) system in parallel with the school-based system. However, scales of the dual system have so far remained limited due to the low commitment of employers.

VET reforms have largely been introduced by central level institutions. Particular emphasis was laid on initial vocational education. Apart from the extension of reforms in initial VET, efforts are needed for increasing policy development and management capacities at regional and local levels as well as for enhancing initiatives in employment-related continuing training.

The lack of an effective policy aimed at strengthening regional economic development in line with overall policy priorities has become obvious with increasing regional discrepancies and a concentration of problems in certain areas. Regional reform is currently one of the major issues in Slovenia with a new law on regional development.

Institutional capacities for ESF planning and implementation need to be strengthened especially at regional/local level.

With few exceptions, links between schools and enterprises are weak with the latter being only to a marginal extent involved in the planning and delivery of training at a regional/local level. However, the situation is improving.

Social partnership is well established in law but trade unions are not yet in a position to play the part they should. The Chambers of Commerce and Crafts will need greater capacity to fulfil the roles assigned to them.

High drop-out rates from secondary, especially vocational schools (16.2% in 1997). Young people, the low qualified, people above a certain age (45+) and people living in rural areas are especially vulnerable to unemployment. More than 60% of all registered unemployed are long term unemployed. Measures by the ESS start to become effective now. However, they have to be extended and take a more preventive orientation.
2  KEY PRIORITY AREAS FOR FUTURE ASSISTANCE

Further systemic changes in a second phase of VET reform which include the further rationalisation of the school network and review of the system of occupational standards and curricula, a better integration of work and learning, comprehensive teachers’ and trainers’ training, the upgrading of equipment, the diversification and flexibilisation of training provision for both young people and adults and the accreditation of skills.

Integrated regional/local reform initiatives to increase labour market effectiveness of continuing training and other employment promotion measures, especially in sectors/regions undergoing economic restructuring.

Design of specific concepts and programmes tailor-made for special target groups, including school drop-outs, women, unemployed above the age of 40, long-term unemployed and those with low qualification levels.

3.  INITIAL VOCATIONAL TRAINING

3.1. Legal and conceptual framework

Key legislation includes the Organisation and Financing of Education Act (1996) which sets a good institutional framework for publicly approved training, including the apportioning of finance between the state and local authorities. The Vocational and Professional Education Act (1996) allows, amongst others, for a dual system to co-exist with standard school-based vocational education but the financial feasibility of a two-track system has so far been questionable. The new law provides for new structures of vocational education, of which the post-secondary vocational education programme proved to be an important and successful component of the reform process. Vocational courses designed especially for secondary general school graduates, are also an innovation in the VET system.

3.2. Administrative and institutional framework

Reforms have been driven by the national level with the Ministries of Education and Labour keeping overall control over public or donor funding. Involvement of employers’ organisations in VET at national level is good but direct practical involvement in local planning and delivery is weak. Four Regional VET Councils were established on a pilot basis in 1997. Two years later only two of them (Velenje, Maribor) are active. Current possibilities of Regional VET Councils are limited. All in all, while there is awareness and legal provision for the need to decentralise VET management, respective bodies at regional & local levels hardly exist or do not avail of sufficient funds. Decision-making continues to be state-dominated. Good examples for a social partnership are the tripartite school councils, including also representatives from local communities.
3.3. Financing

In 1996 public expenditure on all education accounted for 5.84% (in 1995: 5.68%) of GDP, on VET for 0.64% (VET figure for 1995 not available). Expenditure on all education represents ca. 11% of all public expenses. Enterprises and municipalities are not required to contribute to training, except for the fact that the Local Self Government Act (1996) decrees that infrastructure costs for vocational schools are met by regions and municipalities.

Overall amounts of public funds for schools are determined by type of programme, number of classes and students. Both total amounts as such and the way allocations to vocational schools are disbursed and controlled still do not leave enough room to school management for flexibility and innovation. At the same time there is no link between financing, quality/effectiveness of school performance and labour market relevance. Applications for public funds for new programmes are not always based on actual needs of the Slovenian economy. There is currently no information available on how much employers spend annually on apprenticeships. Employers are presently arguing for special state funds to assist their co-operating in the dual system.

3.4. Human resources in VET administration

Good quality of administration and expertise in the Ministry of Education and Sport (MOES). The “Centre for VET of the Republic of Slovenia” (CPI) as well as the Chambers of Commerce and Industry and of Crafts provide main support for VET administration, modernising existing and developing new VET programmes. Integrated into the CPI - an institution set up jointly by the MOES and the Ministry of Labour, Family and Social Affairs (MOLFSA) – there are the National VET Observatory and the Unit for EU programmes whose staff have got a great deal of experience in liaising with EU institutions, managing EU programmes and carrying out VET research projects. Within the Government, the capacity and necessary links and joint working need augmentation.

3.5. Key features of VET delivery

In the 1998/99 school year, there were 156 secondary schools (general, vocational and technical-professional). Six out of those were private (ca. 4%). New vocational programmes and pathways, such as the new non-university higher professional education strand, allow for a greater choice and flexibility for training.

The ambiguous situation in the labour market has over the past years diminished the interest of young people for VET. Many vocational schools lack students and half of the posts remain empty. In addition, the image of on-the-job training within enterprises and the apprentice’ status are even poorer. Young people prefer to be trained for the same occupation in schools rather than enterprises.
Curriculum development has benefited, in the initial training area, from both the Phare 1994 VET and bilateral aid programmes. Further curriculum review has to put more emphasis on (a) new areas of economic activity and (b) the development of core competencies, such as problem-solving, teamwork, communication skills, etc., amongst others, through a better integration of work and learning. Programmes are still too much education rather than labour market-driven with poor in-company training elements. VET teachers are largely unprepared to deal with new technological and pedagogical challenges. A wider-scale teacher & trainer training programme (both pre and in-service) would be required.

3.6. Links with the labour market/enterprises

An apprenticeship system was re-introduced in the crafts sector where practical training is carried out in crafts workshops and small businesses and the Chamber of Crafts supervises training. There is a dual VET system in place. In 1998/99 12 dual programmes were offered at 21 schools. However, the further extension of the dual system is at risk. Employers’ ultimate (especially financial) commitment is not certain. Operation of five inter-company training centres is hampered by unsettled legal, property and financial issues.

Traditionally, there is a good vocational counselling and guidance system for school students.

Enterprise-school links have, in general, remained weak, but are improving. Chambers are, by law, leading on the design of occupational standards but their input has so far been rather unsystematic and requires both guidance by the national level and contributions from other players, including VET experts inside and outside Government institutions. The whole area of labour market/training needs analysis requires revision as no adequate mechanism is in place to systematically explore qualification needs as a basis for educational planning and programme development, including their adaptation to regional/local requirements. The overall sectoral and occupational foci of schools need revision with the aim to increase relevance of programmes to enhance employability of graduates. Links and complementarity between programme delivery in vocational education institutions and training provision within enterprises need to be improved.

3.7. National system for qualifications, assessment and certification

Slovenia has just started a Phare project aiming at (a) the review of the national qualification system and its adaptation to EU practices and (b) the development of an assessment & certification system that takes account of prior and informal learning.
3.8. Participation in initial VET

Equal opportunities to enrol in VET programmes at secondary level are guaranteed for all pupils finishing elementary schools, although the structure of pupils in vocational education is traditionally gender-biased. Two-and-a-half-year lower vocational programmes are primarily designed for both pupils with weaker learning abilities and those who did not complete compulsory education. In 1995/96, 76.7% of the population aged 15 to 19 years were enrolled in various education programmes. Of all pupils in upper secondary education in 1997/98, 24.9% were enrolled in general secondary and 75.1% in vocational and technical-professional education programmes.

Drop-outs from secondary schools are offered opportunities to complete formal education later on but special programmes aiming at partial (and more practice-related) labour market qualifications do not exist.

For respective minorities, Italian and Hungarian languages are used in schools apart from Slovenian. Training is organised for disabled people in specialised institutions and state-subsidised sheltered workshops.

3.9. Vocational integration of young people

There are high drop-out rates from VET programmes. According to a 5-year tracer study, from the overall cohort starting secondary school in 1992 18.6% dropped out from two and three-year VET programmes and 12.8% from 4-year professional programmes compared to 7% from general secondary schools (total secondary VET 16.2%; total secondary education 14.1% - ESS data). There are no significant differences among regions. However, drop-out rates are highest in more developed regions (Ljubljana, Koper). Currently there is no prevention system or tracking of school drop-outs in place. However, awareness of the problem is rising. Some research is carried out in this respect. It is hard for young people, especially those with narrower vocational qualifications and little or no work experience, to find a job which is illustrated by a high unemployment among those aged below 25.

4. Continuing Vocational Training

4.1. Legal and conceptual framework

Legislation is in place assuring the planning and access to continuing education and training (Adult Education Act 1996, Vocational and Professional Education Act 1996, Financing of Education Act, 1996). The Employment and Unemployment Insurance Act (1990) with amendments (1998) provides for training/retraining for specific groups, e.g. long-term unemployed, reflecting EU employment policy areas. Labour Relations Act, general collective agreements for the commercial and non-commercial sectors and some branch collective agreements stipulate employees' rights to training in their own interest, as well as in the interest of the employer. However, neither the
Labour Relations Act nor collective agreements explicitly oblige employers to establish the necessary conditions for employees to exert these rights.

4.2. Administrative and institutional framework

The traditional state-financed and enterprise-based CVT system has collapsed but concepts of adult and continuous education are still largely determined by these traditions. Young employment services and commercial markets have only partially been able to fill the gaps.

MoLFSA develops employment and training policy and programmes. The Employment Service of Slovenia (ESS) which is led by a tripartite administrative council and reports to MoLFSA, carries out measures for both the unemployed and those threatened by unemployment through a network of regional offices. The MOES is responsible for adult education services. According to the Law, Chambers are in charge of identifying training needs in the area of adult training. This task has, however, not been carried out, yet, due to the lack of an agreed methodology (under preparation). Good co-operation between the key Ministries and ESS assures coherent and complementary training provision for both the unemployed and those threatened by unemployment. However, Ministries need to better respond to regional/local needs, amongst others by devolving more responsibility to bodies at intermediate level.

4.3. Financing

Since 1991 a special amount in the state budget has been earmarked for adult education. The corresponding share of adult education expenditure in GDP rose from 0.01% to 0.08%. However, no stable funds have to date been secured to finance continuing training for employed staff besides general adult education. In general, it is employers and individuals who are the main bearers of costs. No reliable data are available on how much money is spent altogether on CVT and how costs are split among individual bearers. Individual ministries earmark funds in their budgets for the training of their employees.

Funds for labour market training are derived from special employers’ contributions and complemented by the State. In 1998 expenditure on all employment policy programmes accounted for almost 1.3% of GDP (active employment measures 0.4%). Despite the relatively low share of GDP, Slovenia has managed to develop a variety of active employment measures, as are common in Member States.

A Training Fund exists only in the crafts sector to which self-employed crafts people contribute with 1% of their overall wage bill.

In 1995 Slovene companies invested a total amount equal to 0.34% of GDP (= USD 99 per employee) in the training of their staff. According to a 1998 survey, almost 60% of companies plan to invest more in the coming 10 years.
4.4. Human resources in continuing VET administration

The Slovene Adult Education Centre and the CPI provide research support and advice in the area of CVT. ESF planning and management will require the setting up of a co-ordination body, the adaptation of regional infrastructures, the setting up of a regional system of labour market analysis and planning capacities, the stronger involvement of social partners, the organisation of both pre-programming activities and technical assistance, as well as the development of evaluation and auditing mechanisms. Training needs exist with respect to all the above mentioned areas for civil servants/administrators and promoters alike.

4.5. Key features in CVT delivery

The total number of adult education providers was 191 in the 1996/97 school year, out of which 38% were private, 32% ‘folk high schools’ and 29% secondary schools, to name just the biggest types of providers. Regional distribution of training providers is poor with 40% of service providers concentrated in the Ljubljana region. Secondary schools offer education mainly for those adults who dropped out from school and want to complete education (80% of adults in the age group 15-29). The number of private education institutions is growing rapidly. They offer mainly language courses, computer courses, accounting and technical education courses, etc. Some higher education institutions have well-developed study centres for adults.

Efforts need to be stepped up in the counselling of both employed and unemployed adults which requires a more pro-active and target group-specific approach by counsellors.

In general, there is a lack of strategic focus of training on those areas in which employment is expected to grow in the future. Offers take rather account of immediate (centrally determined) needs and currently available training capacities. Learning methodologies are still largely traditional, i.e. classroom-based.

4.6. The place of CVT in labour market policies

In 1998 about one sixth of the overall ESS budget was spent on active employment measures, within which training, as the main instrument of regulating labour force supply, makes up the largest part and has increased constantly (from 12,000 participants in 1991 to over 29,0002 in 1998). Training addresses not only unemployed but also those who are threatened by unemployment. In addition, amongst others local communities are supported by the ESS to foster local initiatives for employing long-term unemployed. Training for both redundant workers and the unemployed takes various forms, including on-the-job training, and covers various subjects, including job application and functional training, the completion of a professional qualification and skills upgrading. There is a need for further extending the scales of such training in

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2 Registered unemployed persons have the right to take part in more than one training programme.
connection with economic restructuring and adaptation processes and for orienting it better towards employable skills.

4.7. Quality management, monitoring and assessment mechanisms

Recognised vocational qualifications can currently be acquired only through taking courses within the formal system. The quality of continuing training courses, e.g. through tracer studies, is not assessed. Concepts from EU countries according to which voluntary associations are formed by continuing training providers to respect self-set high quality standards may inspire Slovenian providers.

4.8. Participation in CVT

There are no legal restrictions as to the access of people to continuing training. However, the choice may be limited due to (a) the availability of full-time (formal) training rather than short-term offers in certain subject areas, (b) the lack of pedagogical and technological prerequisites that would allow for modern forms of adult learning, such as distance or open learning and (c) geographical aspects. Educational leave for participation in formal education at secondary & tertiary education levels is pro forma guaranteed by the general collective agreements for the commercial and non-commercial sectors but not binding for individual employers. Systemic changes had had a negative impact on the amount of investment in education and training of the employed. In general, staff training levels in enterprises and organisational support, through a strategic personnel development approach, have remained low.

Special training programmes and other kinds of support are organised by the ESS for long-term unemployed. In 1998 a joint MOLFSA/MOES programme called 'Project 5000' was carried out aiming at raising the (formal) qualification level of primarily young unemployed without completed secondary education. In addition, both the 'Project learning' and the functional training programmes were targeted at the needs of unqualified young people facing problems in their social environment. However, measures have to be extended to specifically address the needs of this group.

22 Self-Learning Centres mainly for the unemployed were established jointly by the Adult Education Centre and MOES. As regards specific measures for the disabled, Slovenia has managed a programme since 1990 which includes special training measures, as well as subsidising, for up to 80%, employers’ wage costs for disabled persons. A limited number of training (personal development) programmes exists for marginalised groups, including gypsies, drug addicts and adults released from prison.
5. OVERVIEW OF KEY EMPLOYMENT ISSUES

5.1. Breakdown of employment and unemployment rates

While the surveyed\(^3\) overall activity rate compares, with 59.1% (men 65.7%, women 52.9%), to EU average, surveyed unemployment rates (7.8% in 1998) are lower than EU average. Registered unemployment rate is almost double – over 14%. Unemployment is higher amongst people with low educational attainments. 46.9% of registered unemployed persons have no vocational qualifications. The share of women amongst all unemployed has risen from 44.9% in 1994 to 49.9% in 1998. The trend of falling unemployment in Slovenia over the past few years is most evident in the category of young unemployed, i.e. those below 26 (33.5% of all unemployed in 1994 compared to 26.3% in 1998). Unemployed aged 40 years and above (46.7% in 1998) and those being unemployed for more than 12 months (62.4% in 1998) remain, however, key problems. Regional variations in unemployment need to be strategically addressed as structural unemployment takes hold. Podravje and Pomurje are considered the most problematic regions.

Compared to 1995 figures, employment has slightly grown in agriculture, construction, wholesale and retail trade, hotel and catering services, real estate and business support activities. There was a decline in mining and quarrying and manufacturing industries, as well as in the area of public administration and defence. According to ESS, in 1997, 53.6% of all demands for labour were in services, 44.6% in industry and only 1.1% in agriculture. Also in comparison with 1995, the total number of persons in paid employment has decreased as has the number of self-employed. Only 30% of all self-employed are women. The share of persons in employment with fixed-term contracts and both working (non-voluntarily) part-time or in the informal sector has risen since 1993. In 1998 6.8% of all employed people were unpaid family workers (1993: 3.2%).

5.2. Short term/long term unemployment

More than 60% of all registered unemployed belong to the category of long-term unemployed. People with low educational attainment rates, people above 40, women, people living in less industrialised or rural areas and disabled people are more vulnerable to long-term unemployment than other groups of people. Over 18% of registered unemployed are older than 50 who have very bleak employment prospects. Special support programmes (e.g. public works, contribution to employers, job-induction schemes, etc.) to help long-term unemployed reintegrate are currently insufficient - a major area for ESF support.

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\(^3\) To date there have been big differences between surveyed and registered (un-)employment.
5.3. Ethnic minorities

The wave of return of immigrant workers from other parts of former Yugoslavia home, which started in 1988, stopped completely in 1993. The records of work permits for foreigners indicate slow growth in employment of foreigners once again in 1994, which is likely to continue because the Slovenian labour market is too small to make structural adjustments without international labour migration. However, according to the 1991 census, 87.8% of the population living in Slovenia are Slovene.

6. CONTRIBUTION TO THE PROCESS OF INNOVATION

6.1 Business education and management training

In the past few years efforts have been taken to develop formal, largely institution-based business education programmes. Management training courses have largely been based on subjects/modules taken from the business education area. There is a lack of both integration of such subjects and focus on company-specific problems. Most of the companies do not have strategies or formal plans related to HRD, as the area of strategic business management is underdeveloped in general. Training needs are related to both functional, managerial, leadership and generic skills which should be developed particularly through short in-company seminars and workshops drawing on both external professional providers and in-company resources.

6.2. Links between universities and industry

University courses were traditionally over-academic and lacked links with industry. Following the 1993 Higher Education Act, universities have been aiming at becoming outlets in the areas of both basic and applied research. In 1995 and 1996 approx. 40% of research projects financed by the Ministry of Science and Technology were carried out by the two Slovene universities. There has been increasing participation in international research projects fostering quality and international competitiveness. Levels of providing services for local industry, including contract research, the establishment of Technology parks, tailor-made courses for industry or similar, are, however, still low and offer potential for development and support.
6.3. Lessons learnt from Phare and first phase of Leonardo programme

The Phare 1994 VET programme gave a major boost to the design of new curricula and learning materials, teacher and school manager training, as well as the establishment of EU partnerships. Phare pilot activities, including the development of new types of programmes, have been extended to other schools. Under the Phare programme for MOLFSA an HRD Fund was successfully established in Maribor. However, the sustainability of this Fund that ought to be evaluated as a potential machinery for ESF management may be at stake due to a lack of legal and financial support by the central level.

Slovenian institutions were allowed to participate in Leonardo as project promoters only in 1999. In addition to ongoing systemic VET reforms, innovative Leonardo projects represent a good complimentary means for Slovenian partners to position themselves and learn from international experience. Project selection was carefully guided by the Slovene Leonardo NCU by basing proposed contents on international criteria and linking them to national priorities.
Initial review of vocational education and training in Cyprus
in the light of developments in European policy
on vocational training

(This report only covers vocational education and training
in the Government controlled areas)

1. OVERALL ASSESSMENT

- Harmonisation of national legislation with the acquis communautaire for Chapter 18 (Education, Training and Youth) is undertaken in a specialised Working Group co-ordinated by the Planning Bureau as part of the European Commission's screening process. Negotiations on this chapter have not encountered problems. As stated in the Position Paper submitted by the Government of Cyprus, the country has the capacity to implement the acquis in the area of vocational education and training.

- During the bilateral meetings for Chapter 2 (Free Movement of Persons) Cyprus has ensured conformity with Directives on mutual recognition by accession and the necessary institutional arrangements will be in place six months before that date.

- Having said this however, it must be pointed out that Cyprus still has to undertake a number of measures focusing on certain areas within the vocational education and training system in order to better fulfil some of the recent orientations and objectives of EU policy in vocational training. Further efforts in strategic policy making are required especially in order to ensure the development of high quality vocational education and training as part of an open, flexible and transparent lifelong learning system. This may become crucial in order to allow Cyprus to achieve the combined goals of social cohesion, employability and competitiveness.

- Cyprus' educational system has always been international. Traditional links with the UK and Greece combined with limited domestic capacities because of the size of the country (in education and employment) have brought about the tradition of studying abroad. The positive effects of this are obvious and have to be retained and perhaps even strengthened. However, there are also less positive effects that urgently need to be addressed within a coherent and future oriented policy perspective.
Present vocational education and training arrangements have functioned well in an economic context of booming tourism and service industry businesses. Nevertheless, agriculture and traditional manufacturing sectors are facing structural problems, and although the service sector offers good prospects for Cyprus to become a regional centre in this area, the dominant tourism sector is too volatile to build a national economy on. These factors mean that Cyprus must face structural changes in its education and employment systems.

As third level education gradually becomes mass education, the problem of access and financing will become more pressing. There will be a risk that graduate unemployment and underemployment will increase and already existing shortages of semi- and unskilled labour may rise even further. While these issues have already been included in national economic strategy debates, crucial aspects of vocational education and training policies and the roles played by key vocational institutions so far should be reconsidered.

One of the main challenges is the need to radically improve the attractiveness and quality of initial technical and vocational education, especially for new types and forms of employment. A number of steps and measures are currently being prepared by the national authorities (review of the apprenticeship system, of the system of the technical and vocational schools, the Eniaio Lykeio). These reforms should be addressed in globally and in conjunction with others such as increasing the flexibility of vocational institutions and modernising vocational teacher training.

Another major issue is the need to secure a balanced and transparent structure of qualifications within an overall coherent vocational training system (covering both, initial and continuing training). EU Member States have faced similar challenges during recent years and may be able to give valuable assistance in providing their own experience of vocational education and training reform.

While many individual vocational institutions appear to be well adapted to European co-operation, it is still necessary to improve national policy-making capacities (involving public authorities and social partners) in order to secure that participation in various EU programmes becomes and remains supportive to the required restructuring and modernisation of vocational training. It will also be necessary to set up the institutions and procedures for the future use of EU financial instruments relevant for the ongoing improvement of vocational education and training. Cyprus can profit here from its own long experience in strategic development planning.

2. KEY PRIORITY AREAS FOR FUTURE ASSISTANCE (THREE MAIN PRIORITIES)

These priorities are complementary to those identified in the 1997 UNESCO review of the Cyprus education system, the main recommendations of which have recently been adopted by the Ministry of Education and Culture. Concrete projects should obviously take account of the capacities available in the country and acknowledge the open and international character of the Cypriot vocational training system.
The development of a national system of qualification standards for initial and continuing vocational education and training at all levels (including assessment and certification).

Modernisation of vocational teacher training (pre-service and in-service) and vocational education and training provision.

Improvement of the innovative capacities of the vocational education and training system, including strategic policy making, research and development, and flexibility of vocational training institutions.

3. INITIAL VOCATIONAL EDUCATION AND TRAINING

3.1. Legal and conceptual framework

Since Cyprus gained independence in 1960, government policy has consistently paid great attention to the development of its human resources, which as the Cypriots generally acknowledge, is the major resource available to the country. A complete school system had to be built up for the secondary and higher levels culminating in the opening of the University of Cyprus in September 1992. The loss of almost 40% of its territory (including a major part of the school infrastructure) following the Turkish invasion of 1974 and the forced displacement of some 200,000 citizens (of a total population of 700,000) have created additional burdens to the development of a comprehensive education system. What has been achieved, in spite of these difficulties, can therefore only be admired. However, certain problems and contradictions are becoming increasingly noticeable and concern for the need to introduce structural changes and modernisation in the vocational training system, and - indeed in education at large - is growing.

Due to the size of the country and the limited resources available, the education system can understandably not cover all possible areas and levels of study and there are still insufficient opportunities for access to higher education. This has made secondary education very selective, and vocational and technical schools unpopular, amongst other reasons because they do not provide access to higher education. It has also favoured the development of private colleges at post-secondary (or third) level, and has forced many students to prepare for higher studies abroad placing considerable study loads on themselves and financial burdens on their families. Educational aspirations among the population remain high, however, and even more so after 1974.
Against this background, the status and role of initial vocational education and training are facing significant challenges. At secondary level vocational training is generally regarded as being of lower value and attracts only 15% of students, mainly from less well-to-do working class families. While formally school certificates are equivalent to those of the secondary general Lykeion (in the sense that they provide equal opportunities for participating in entrance exams), in reality there are not too many possibilities to proceed to higher education (although some public colleges have a number of places reserved for graduates from technical and vocational schools). The existing programmes prepare for a limited number of traditional and basic occupations and have not seen major innovations since the end of the eighties.

At post-secondary or third education level, the quality of education is generally high but there is a continuous tension between educating for middle level positions on the labour market and preparing for higher education. Access to university education in the country is severely limited and a large number of students have to continue their studies abroad (in 1996/97: almost 10,000 students mainly in Greece, UK and USA). Entry to the University of Cyprus (in 1996: 2,097 students) is determined by passing an entry examination (which also gives access to Greek universities; in 1996, 4,200 students were enrolled at Greek universities). Most public and private colleges have agreements with foreign universities to have their years of study recognised. Increasingly, students who fail university entrance exams, therefore choose such colleges as an alternative route towards a university degree. Without disregarding the positive effects that studying abroad and exposure to other cultures have, this situation still creates a degree of pressure.

Recent policy initiatives are aimed at preparing a flexible workforce by integrating secondary general and vocational/technical education and by postponing professional specialisation until after secondary education. A proposal to introduce an integrated Lykeio has now been presented to the Council of Ministers and some initiatives to better support mixed ability teaching in primary and secondary general schools have been started as well. However, there is still little discussion about the possible implications upstream, such as an increased pressure on higher education (by students and colleges) and an expansion of the continuing training capacities that will be forced to provide opportunities for vocational qualifications. While the development of a flexible workforce is no doubt a relevant aim, merely integrating general and technical schools may not be sufficient. It will also be necessary to put this objective more explicitly in the perspective of lifelong learning for all in order to avoid the emergence of social exclusion in the near future.

Discussions are also being held on introducing new media in education, expanding the higher education system (through the establishment of a technical university), accreditation of private colleges as non-academic higher education institutions, clarification of the value of post-secondary vocational training diplomas and the possible future of Cyprus as a regional centre of education. The Industrial Training Authority is presently promoting a discussion about a national system of qualification standards. The development of a high quality system of initial vocational education for young people should be included in that discussion.
Contrary to the situation in most of the other accession countries, the Cypriot economy has always operated on the basis of market principles. Therefore, there are no systemic vocational training reform needs and only few harmonisation issues to be solved. However, in order to be able to adopt and implement some crucial aspects of EU vocational training policy, such as the development of high-quality training as part of a transparent, flexible and open lifelong learning system, more strategic policy making, on the basis of international experiences, may be required. This will have to include an internal restructuring and modernisation of both initial and continuing vocational education and training sectors. While most of the individual institutions are of excellent quality, the time may now have come to agree on a more coherent and transparent institutional structure for the whole vocational training system.

3.2. Administrative and institutional framework

The public education system is highly centralised. School headmasters, deputies and teachers are appointed, transferred and promoted by the Educational Service Commission, an independent five member body appointed for a six year period by the President of the Republic. Each school director reports directly to the assigned inspector in the Department for Technical and Vocational Education at the Ministry of Education and Culture (6 inspectors supervised by one Head inspector). The Director of the Department reports to the Director General of the Ministry. The Ministry is responsible for the enforcement of educational laws and the preparation of education bills. It prescribes syllabuses, curricula and textbooks. Construction, maintenance and equipment of school buildings are the responsibility of school commissions under the supervision of the Technical Services of the Ministry of Education.

The Planning Bureau is the prime strategic policy maker but has to rely heavily on implementation by ministries. Since 1960, the Bureau has prepared five-year national development plans, which also provide the strategic guidelines and priorities for education. Human resources development constitutes an integral part of national socio-economic development policy. It is generally agreed that this procedure has worked very well. However, although the Ministry of Education gives its own input to the Development Plan, it acts largely as an administration with traditional input oriented control functions. It does not avail of a proper professional support structure, apart from the small curriculum development units that have been created in each department. Schools have little autonomy to adapt to local needs. The Ministry of Labour who is administering most post secondary vocational training institutions has been more or less in charge of vocational education and training policy since the 1960s, whereas the Ministry of Education’s main responsibility has always been in general education.

The involvement of UN organisations in the establishment of vocational education and training institutions during the early sixties introduced a strong social partnership dimension from the beginning, at least at national level. Social partners are represented in the Advisory Body for Technical and Vocational Education of the Ministry of Education, in the management boards of most public vocational education and training institutions and of the Apprenticeship Scheme, the Board of Directors of the ITA and
also in the Labour Advisory Board of the Ministry of Labour and Social Insurance, chaired by the Minister. They also participate in sector committees that develop curricula for particular occupations. The same group of people meets in these different councils and boards and this obviously supports a consensual approach. However, social partners argue that co-ordination between the Ministry of Education and the Ministry of Labour could be very much improved and that the council meetings, including the contribution of social partners, could be better and more systematically used for strategic policy development.

3.3. Financing

Government expenditure on both public and private education amounted to 12.9% of the country's budget in 1996 with secondary general and technical/vocational education absorbing 36.4% and public colleges almost 8%. Public and private expenditure on education stood at 7% of GNP, public expenditure alone at 4.6% of GNP. Private expenditure on education and training comes largely through the payment of tuition fees in private schools and colleges and the 0.5% training levy charged from the wage sum in all private enterprises. Public schools are mainly financed from the public budget while private schools are financed from tuition fees. Only secondary level private schools receive a small state subsidy. All costs of technical/vocational schools are covered by the state. The cost per student in vocational schools amount to 2,541 C£ compared to 1,514 C£ in secondary general schools and 2,398 C£ in public colleges.

The educational sector has so far been exempt from budgetary cuts introduced by the Government to reduce public spending but it is likely that budgetary considerations will play a larger role in policy decisions concerning the nature of future investments in education. This may imply a restructuring of state expenditure on education in favour of primary and first cycle secondary (Gymnasion) education so as to improve the foundations for lifelong learning and to follow up on the recommendations from the UNESCO review. It may also lead to increased reliance on family budgets, especially for the financing of third level and higher education, and to a transfer of certain expenditures for initial training (such as investments in training infrastructure, apprenticeship training or the development and maintenance of a national qualification system) to the Training Fund administered by the Industrial Training Authority.

But while Government budgetary problems may become more serious, many family budgets are already strained by the costs of education. Furthermore, it does not seem likely that employers will easily agree with an increase of the training levy. An overall review of costs and funding sources of vocational training may be useful. Whatever the outcomes of these debates, it will be necessary to set up the institutions and procedures for the future use of EU financial instruments relevant for ongoing improvement of vocational education and training. Cyprus can profit here from its own long experience in strategic development planning.
3.4. Human resources in VET administration

Most of the key vocational training institutions are administered by experienced professionals who have often been in these (or similar) positions since the establishment of the organisations. Many, if not all, of the leading persons have studied abroad, are fluent in at least one foreign language (English in most cases) and have been actively involved for many years in various international co-operation programmes, most notably of course those initiated by the various UN organisations. This is also the case for the professional staff of vocational training institutions. Chambers, employers' organisations and trade unions have all been longstanding members of their respective European and international organisations.

The tradition of five-year Strategic Development Plans has introduced accepted procedures of programme development, implementation and monitoring both at the national level and within individual semi-governmental institutions. The subsidising policy of the Industrial Training Authority has also accustomed training providers and companies to bureaucratic funding application procedures. Some institutions have been assigned co-ordinating roles in Cyprus' own international assistance programmes, especially in the area of management training and for the implementation of EU programmes.

While institutional and personal capacities to develop, take part and monitor transnational co-operation programmes are undoubtedly available, it will be necessary to secure that participation in EU activities is not merely an end in itself but becomes useful for the restructuring and modernising the overall vocational education and training system.

3.5. Key features in vocational training delivery

Secondary level education

The secondary vocational education system is by all measures very small. It also shows some features that indicate a lack of flexibility: there are 10 technical and vocational schools administered by the Ministry of Education and Culture, providing education for a total of 4,268 students in 1999. The schools are run by 10 Directors, 93 Deputy Head masters and 640 teachers and trainers. Some of the Lykeio also have a strong vocational oriented programme. Appointments and promotions are made by the Education Service Committee, which selects candidates from a list in rank order for each specialisation on the basis of year of graduation. According to the UNESCO report, the average waiting time for teachers of general subjects to become permanently appointed is 15 years; for teachers of technical subjects 73 years and there can be little doubt that this effects the quality of education negatively. The student/teacher ratio is relatively low in technical/vocational schools (6.7 students per teacher), compared to 11.1 in public secondary general schools and 12 in private secondary schools, which may also reflect the attempts to reduce the long waiting lists.
Until last year, teachers only needed to follow a two-week pedagogical course prior to entering the education service, followed by two days per week in-service training during the first year of employment. The system of teacher training and appointment has long been criticised (most recently in the 1997 UNESCO report) but no fundamental changes have been introduced, mainly due to resistance from the teachers unions. As from 1999, pre-service teacher training is more systematic. Teachers now need to follow a seven-month teacher-training course at the Pedagogical Institute of Cyprus before they can be appointed at a secondary school. Despite meagre employment prospects in the profession, large numbers of young people still apply for university studies with the aim of becoming a teacher. Only primary school teachers find easy employment after graduation.

Programmes last three years and are of two types: technician level courses and craft level courses. Both types lead to school leaving certificates, which are in theory equivalent to secondary general certificates (Lykeion). However, in practice they do not offer many chances to enter third level or higher education, as access is only possible after passing entrance exams where academic subjects, including the English language, dominate. In fact, failure and drop-out rates in technical/vocational schools are relatively high, especially among boys and in the first grades. It is also difficult to shift from one vocational stream to another, or from vocational to technical streams.

Programmes are subject based and are taught in traditional ways on the basis of centrally approved curricula and textbooks. The debate about training for core skills is focused only in the context of the integrated Lykeio. Technical and vocational schools offer a fairly restricted number of specialisations for traditional worker and technician occupations in engineering, construction, car repair, maintenance, and hotel and catering sectors. Schools also train manual labour for the clothing and shoemaking industry, which have in recent years largely collapsed. The only agricultural and trade schools in Cyprus were located in the northern part of the country, which since the Turkish invasion, is no longer under Government control. Since then no such schools have been established. However, the commercial/secretarial stream of the Lykeion can be considered to be largely vocationally oriented and discussions about the establishment of an agricultural school have started. The last time new programmes (graphical and fashion design, computer studies) were introduced was in the late eighties. There is insufficient attention to teaching for self-employment, even at the third education level. However, many continuing training courses address the areas of entrepreneurship and management of small enterprises.

Students who drop out from secondary school can enter the 'apprenticeship scheme', a joint project of the Ministry of Education and the Ministry of Labour and Social Insurance, initiated in 1963 (in 1996/97: 764 apprentices). This scheme was successful for many years but has faced problems in recent years as it tends to attract the least academically able students. This is why it is currently under review with the aim of bringing it up to date. Furthermore, it caters only for some 50% of all drop-outs resulting in a considerable number of young people entering the labour market without any qualification. Some of them, however, after finding employment may be able to acquire a qualification through the so-called accelerated vocational training courses financed by the Training Authority, which have been created largely to
respond quickly to priority training needs (in 1996/97: 690 students). Drop-outs can also attend evening Technical classes run by the Ministry of Education (in 1996/97: 802 students, of whom 362 were of secondary schooling age).

There appears to be a significant need to improve the quality and status of secondary technical/vocational education (including apprenticeship) and also to open up horizontal and vertical pathways for its students. Education policy-makers argue that this will require a great change in the opinions of the young people of Cyprus. However, present policies aimed at integrating general and technical/vocational education run the risk of further devaluing the value of vocational education and training both in the minds of young people and their parents and also for employers. Teaching methods and approaches also need improvement in order to avoid potential increases in school failure and drop out. Therefore, the innovative capacity of vocational schools should be improved as well.

**Third-level education**

There are 27 private colleges (or third level education institutions), established during the time when there was no university in Cyprus and the country was affiliated with British or American Polytechnics and Universities. Graduates can have their college years of study in Cyprus recognised when moving to the affiliated university abroad and large numbers of students choose colleges exactly for that reason. Fields of study include business administration, secretarial studies, electrical, mechanical and civil engineering, wireless communications, hotel and catering, banking, accountancy and computer programming. They cater for about 50% of all students in third level education (university students included).

There are also 8 public colleges belonging to different ministries, such as the Ministry of Labour and Social Insurance (engineering, hotel and catering, management) the Ministry of Agriculture, the Ministry of Health and the Ministry of Justice and Public Order. Since the Pedagogical Academy has become integrated into the University of Cyprus, the Ministry of Education does not run any third level type of education of its own. The fact that these colleges were established under the auspices of technical ministries indicates their original destination as providers of middle level qualifications. However, increasingly, as the result of student's aspirations, competition with private colleges and aspirations of teaching staff, they have also become considered as alternative paths towards higher education.

The situation has led to a lack of clarity in the worth of college certificates and, indeed, in the very identity of colleges as some try to become accredited as higher education institutions. Furthermore, at labour market level (in both the private and public sectors) the value of these certificates is not always clear. There will be a need to clarify the role of colleges, in collaboration with social partners, in order to secure a balanced output of people with all the levels of qualification needed on the domestic labour market. A transparent qualification structure is a necessary condition for the mobility of students and workers at international level. The Cyprus Council on Academic Recognition and Equivalence of Tertiary Education Diplomas and Degrees and the Council of Educational Accreditation have recently been established to address these issues.
3.6. Links with the labour market/enterprises

Secondary vocational training and most third level colleges include internships and practical work periods in their study programmes. Moreover, with assistance of the Industrial Training Authority, which also undertakes a degree of quality control, a good network of companies providing training places has been developed. The Ministry of Education has also introduced a generous scheme through which teachers and trainers can be seconded to companies to become acquainted with developments in industry. Occasionally, teachers and trainers also take part in courses organised for and by companies. Representatives of social partners, on the other hand, participate in sector committees for the updating of vocational curricula.

All in all, at the level of relations between schools and companies, an elaborate system of co-operation has been established. However, it should be noted that there is a general shortage of skilled labour, even in the tourist industry, and that the costs of practical training are largely covered from the Training Fund. In this respect the situation in Cyprus does not differ substantially from that in most EU countries.

3.7. National system for qualifications, assessment and certification

As has been described above, there is a lack of clarity as to the worth of diplomas, especially at the third education level. Discussions concerning the development of a national system of qualification standards have been going on since the early nineties and have been largely inspired by the UK NVQ system.

The need for such a national system covering not only continuing training but also initial training remains unquestionable. This is particularly relevant when issues of the quality of the continuing training sector are taken into account (there can be no external transparency without internal transparency). Decisive initiatives need to be taken urgently, although whether the classic NVQ approach, based on work-based learning assessment, is entirely appropriate in the case of Cyprus is questionable. A national system should include diplomas and certificates from the formal and the non-formal education system as much as possible. Many EU countries have developed national qualification systems – or are in the process of doing so – within the combined perspective of transparency and lifelong learning. As Cyprus will not have the resources to develop its own unique system a careful review of the experience of different EU countries may therefore be useful. Again, the EU may offer its assistance here.
3.8. Participation in initial training and integration in the labour market

Vocational schools are predominantly attended by boys (3,433 against 737 girls in 1996/97). However, it can easily be assumed that a large proportion of female students in the economics and secretarial Lykeio (respectively 4,347 and 2,589) go on to office jobs. The problem is almost certainly not one of equal access but rather of low popularity and status. The gender distribution with respect to the type of education does not differ much from patterns in EU countries.

With overall unemployment rates relatively low (3.4% in 1998), most school leavers are able to find employment although, in the case of higher education graduates, not necessarily at the acquired level of education. In fact, unemployment among graduates of secondary and higher education is relatively high (40% and 19% respectively). There is reason for growing concern about the under-employment of university graduates and an inflation of qualification requirements that normally goes along with this phenomenon. Such developments always hit those at the bottom of the line hard. Similarly, to date, the continuing training sector has been able to provide those who enter the labour market without required qualifications (at all levels) with training relatively easily. However, conditions are likely to change soon with the continuing restructuring of the economy.

4. CONTINUING VOCATIONAL TRAINING

4.1. Legal, institutional and conceptual framework

The continuing training sector is in Cyprus considered as part of the non-formal education sector in which public and private training providers catered (on an almost 50/50 basis) for some 108,000 students in 1996/97. About 17,000 adults are enrolled in public Adult Education Centres where they take courses in a variety of personal development subjects. However, the vast majority of students are young people trying to improve their chances for various entrance examinations, especially in foreign languages (about 40,000 study English), which is the area where almost all private providers are active. In 1996/97 almost 20,000 primary school students, 30,000 secondary school students and 3,000 adults followed tuition courses in private part-time institutions. In addition, another 3,200 primary school students, 19,000 secondary school students, and 1,300 adults took tuition courses in public evening gymnasiums and State Institutes for Further Education. This situation clearly illustrates the competition for higher education.

Compared to the large numbers of young people involved in what the UNESCO report described as “an educational inferno” of part-time tuition, only some 26,000 (25%) of those enrolled in non-formal education are in the continuing training sector. The vast majority takes courses sponsored by the Industrial Training Authority (22,600, 2/3 males and 1/3 females); 1,770 were fee-paying students at the Cyprus Productivity Centre and 565 part-time students at the Cyprus Academy of Public Administration.
Thus, less than 10% of the gainfully employed (282,000 people in 1996) were involved in continuing training activities. This represents 8.5% of the total economically active population (308,000). This figure is most likely to be considerably increased in the near future in view of the expected restructuring of the Cypriot economy and this may have to imply to a review of subsidising priorities and criteria.

4.2. Administrative and institutional framework

The main player in the field of continuing training is the Industrial Training Authority of Cyprus, a semi-governmental institution attached to the Ministry of Labour with a tri-partite Governing Board. The ITA was established in 1974, under the Industrial Training law, and became operational in 1979. The law also provided for the introduction of a training levy as a means of financing the organisation. The levy was set at 0.5% of the payroll of all private enterprises and has not changed since. The ITA is the national agency responsible for promoting human resource development in Cyprus but its responsibilities do not cover public service, nor the self-employed and also formally exclude international work. The ITA is not a training provider itself but funds training applications within an overall training policy based on priorities from the strategic plan. It undertakes training needs analysis, assists companies in developing training plans and invests in improvements of training infrastructures and public vocational training institutions at the third level. Since the early nineties, the ITA has also been involved in the development of national qualification standards. However, little progress has been made in this important area so far, amongst others because of problems in existing legislation and uncertainties about the organisational, staff and financial implications.

The Board of the ITA not only decides on the organisation's activities but also functions as an informal vocational education and training policy development platform with all the main stakeholders (including the Planning Bureau) represented. Social partners argue that the second function of the Board should be more developed and eventually also separated from the narrower governing function. This illustrates the concern that the challenges to the Cyprus economy ask for more strategic policy development. The Planning Bureau would also like to see the ITA to act less ad-hoc and short term responsive and to become more future oriented with a stronger steering role. In general, however, the ITA is largely praised for its role and contribution to human resource development. An amendment to the Industrial Training Law, which would enlarge the responsibilities of the ITA, also internationally, is now under discussion in Parliament.
4.3 Key features in continuing training delivery

In contrast to initial training, the area of continuing vocational training has developed rather successfully undoubtedly thanks to the strong co-ordinating role of the Industrial Training Authority. Well-funded by the Training Fund, continuing training has so far been responsive to labour market training needs, although rather short term and ad-hoc. It has favoured the development of a professional private training market through its control over funding and through other supportive measures and it also seems to have managed to avoid excessive competition to develop. Moreover, semi-public institutions (public colleges, the Cyprus Productivity Centre, the Mediterranean Institute for Management), trade unions, employers' organisations and the Chamber benefit from ITA training subsidies and equipment investments for the courses that they organise.

According to demand, the ITA has significantly increased its activities in company based re- and further training of the employed (almost 21,000 people) while initial training activities have remained stable (in 1996: 440 apprentices, 292 young people in accelerated secondary level training, and the practical training component of 514 third level students). This is the result of increasing demand for continuing training, which has also had to cope with the shortcomings of the initial vocational education system and this role is likely to increase even more. A further expansion, including taking up more future-oriented and strategic roles serving the expected transformation of the Cypriot economy, may therefore lead to funding and quality control problems. Although there is no doubt that the ITA is capable of managing international programmes, it may not have sufficient capacities for extended international cooperation. One of the challenges for the organisation will nevertheless be to combine its growing domestic role with increasing participation in international networks. The latter may well become indispensable for a satisfactorily fulfilment of its initial functions at home.

It is primarily the ITA that is responsible for promoting human resource development policies within the context of government's socio-economic policy. With the Training Fund, it certainly has a considerable source of funding at its disposal. In doing so it must increasingly strike a balance between the policies of the respective ministries, views of the social partners and its own professional orientations. The ITA itself clearly has become a fourth force in policy making. It promotes training to become part of overall human resource development in companies, has shifted attention to assisting small and micro (family) businesses, and has increasingly become concerned about quality standards in continuing training. This is in part a reaction to its present largely co-ordinating role in what is basically a training market in which training providers (on the basis of 6-month programmes) and companies (with at least two weeks notice) can present funding applications. There is a strong drive inside ITA to go for competence-based (output) standards. It should be stressed, however, that continuing training qualification standards form part of an overall national qualification system that also includes qualifications from secondary and third level initial vocational education. The system should fulfil quality control and transparency functions.
5. **OVERVIEW OF KEY EMPLOYMENT ISSUES**

Apart from increasing contradictions and tensions within the education system the drive towards higher education has also led to a rather unbalanced qualification structure of the workforce especially across the generations. Cyprus is now among the countries with the highest ratio of university graduates but at the same time almost 31% of the workforce has completed only primary school or less. As EU countries have experienced, one of the big challenges for the future will be to ensure that also the less educated workforce can participate in continuing training measures.

While registered unemployment is low at 3.4% (10,424 people in 1997; 2.7% males and 4.5% females), a considerable number of jobs in agriculture and traditional manufacturing (clothing and shoemaking) have been lost over recent years. However, most of those concerned could be absorbed by the tourist and service sector, which now employ about 67% (against 24% in manufacturing and 10% in agriculture; in 1970 the distribution was 33.5%, 24.7% and 41.8% respectively). Statistics show that 52% of the unemployed have secondary education and 20% higher education.

There are about 19,000 foreigners employed in the country, more than a quarter as domestic servants, 14% in the tourist industry, 14% in trade, 11% in manufacture and 9% in agriculture. Following increasing protests from the trade unions, the government has recently introduced a temporary block on immigrant labour (with the exception of domestic servants) though most people would argue that they occupy positions for which no Cypriot workers can be found. While 14,460 vacancies were registered, only 3,763 placements could be made. With a relatively low (39.4%) share of female employment the country does have untapped human resources provided more specially targeted vocational training schemes are developed.

6. **CONTRIBUTION OF VOCATIONAL TRAINING TO INNOVATION**

6.1. Business education and management training

Business education and management training appear to be well developed both at college and university level, and in the continuing training sector. The Employers Federation and the Chamber both have their own management development programmes. Since the early nineties there is also an Institute for Public Management. However, the places at university for the full degree courses are limited and most students have to go abroad for their bachelor and master degree. The Mediterranean Institute for Management only provides a one-year course for university graduates (about 25 students annually) and a part-time programme for graduates who have found employment (35 people annually). Several Cypriot institutions (Higher Hotel Institute, Cyprus Productivity Centre and the Mediterranean Institute for Management), however, are involved in the delivery of management development programmes abroad and accept foreign students onto their programmes.
A considerable part of the Training Fund is devoted to management training and development. Vast attention is also given to small and medium-sized enterprises, and more recently to micro enterprises, and with 99% of Cypriot companies being of medium and micro size, this is not surprising. However, initiatives in the field of training for self-employment, both in initial training and continuing training appear to be lacking. The responsibilities of the ITA explicitly exclude this area from subventions. Initial training institutions pay little attention to topics related to enterprise creation, or for that matter to running one's own business. Management training is still focused on managers of larger organisations but, as mentioned above, many continuing training programmes are focussed on small business management. Enterprise creation may be a key area for future employment development and would therefore merit more attention from vocational training policymakers.

6.2. Lessons learnt from participation in the first phase of the Leonardo programme

The management of Leonardo requires considerable local capacities (of staff and funding) which places a particularly heavy burden on a small country. As a result of its project approach, the immediate spin off for vocational or continuing training at large is not great. However, participation in the programme is seen to provide a valuable tool for international networking and the possible benefits for improving the innovative capacity of the Cypriot vocational education and training system should therefore rather be seen in a mid- and long-term perspective.
1. **OVERALL ASSESSMENT**

- In 1999 Malta renewed its application for membership of the European Union. The screening process started immediately and led to the revision of the nine chapters by mid-July, including the one referring to education and training. In principle no major problems are expected in this chapter. However, the need for Malta to strengthen its vocational education and training system has already been identified. The Maltese government has already launched the design of a comprehensive reform of the vocational training system, which is intended to match not only the accession requirements but also the socio-economic demands of the country.

- The Republic of Malta is a small country, consisting of three inhabited islands, Gozo, Comino and Malta of which the latter is the most important. In its unique location 93 km from Sicily and 288 km from Tunis, it enjoys interesting conditions for specific economic activities. The island has limited natural resources, so the focus on human capital should be maximal. The strongest and most important economic areas are tourism (resulting in a strong service sector) and various branches of industry. Tourism is by far the most important sector in its contribution to employment and extensive links to other sectors of the economy.

- The working population is around 145,500 (May 1999). The percentage of unemployment is currently around 5% and the economic growth rate has been substantial over the past few years. Over 66% of all men (age 16-61) are gainfully employed. This figure is lower for women of the same age group (27.8 %). Government projections on sectoral employment for 2005 show a decline in employment in agriculture and fisheries, quarrying and construction and the public sector. Areas of growth are in private market services such as insurance and real estate, transport services and communications, and hotels and catering.

- Although the islands have some large-scale industries, the average size of companies is small. The vast majority have under 10 employees. This of course makes it more difficult to assess required skills for the future and to discuss the intended direction of the economy, other than through regular contacts with social partners and branch organisations. The Maltese education system is in essence comparable to that in many Western European countries. Of a population of 366,000, there are around 90,000 full time students benefitting from free education, who are served by around 6,000 teachers in the various layers of the system. As mentioned above, the whole vocational training system is currently being discussed and plans are being drawn up for the creation of a new institute.
(Malta College of Technology, Applied Art and Science) that should come into force in the academic year 2000-2001. The creation of College is perceived as the most important step (but not the only one) in the reform process. Other parallel measures would have to be undertaken, however, in order to guarantee the success of the changes.

- The need to set up a transparent national qualification system is one of the issues that has to be addressed by the vocational training reform plans in Malta and it is one of the key pending questions regarding the acquis
- The formal role of social partners in the dialogue on the future of vocational education and training has to be further developed
- A third element of tension with the acquis is the present level of funding for vocational education and training. Although Malta spends the highest level of GDP on education of the group of candidate countries, expenditure on vocational education and training is by far the lowest. It is unlikely that all the ambitions of the new College can be achieved within the present level of funding, which could have a negative impact on the closing of the Acquis gap.

2. **KEY PRIORITIES FOR ASSISTANCE**

The basic need in Malta is specific expertise and the sharing of experience. The very small scale of the islands does not allow a reinvention of the wheel, and the number of experts in particular disciplines is limited. Foreign experience is highly appreciated and everything that has been invented already abroad could be the starting point for tailor-made application in Malta.

Three areas for developing this type of assistance would be:

- Design of the national qualification structure (including curriculum design and testing methods)
- Teacher training and retraining – setting up of a new system
- Support to the development of a more active role for social partners within the vocational education and training system

3. **GENERAL INFORMATION ON INITIAL VOCATIONAL TRAINING**

3.1. **The structure of vocational education and training**

The diagram of the Maltese education system (see annex 2), is in essence comparable to that in many Western European countries. One strong element is the early start that pupils can make at nurseries and day care centres (under the political supervision of the Ministry of Social Policy) and the start of Kindergarten at the age of three years. Primary education is split into three-year first and second cycles. For those who want
to enter the Lyceum stream of secondary education, an 11+ examination is required, for those who go on to "secondary schools" this examination is not required. The teacher pupil ratio for the whole education system is 14.68 (primary and secondary education 15.17; upper secondary education 15.67 and upper secondary vocational 6.54).

The first element of vocational oriented training in the education diagram is for those who leave the streams of general vocational education 14/15 and enter the "Trade schools". There are three cycles in "Trade school education":

- A two-year full time course providing general education and basic technology education for students aged 14/16;
- A one year full time broad-banded foundation course in technology education and general education;
- A one to three year apprenticeship in a chosen vocation.

The concept of "Trade schools" is currently under discussion and one of the options being considered is to abolish the first cycle and restructure the second and third cycle.

The vocational training system starts at the age of 16, and caters for a number of courses provided by (mainly small-scale) institutions. In the education diagram, four streams can be distinguished: the post-secondary courses "vocational"; the post-secondary courses "technological"; the third cycle of the trade schools and two apprenticeship schemes.

Due to their differences in subjects, traditions as well as the relatively small-scale of the whole operation, the various streams have limited links.

At present the vocational education and training system includes a number of apprenticeship schemes:

- The Technical Apprenticeship System (TAS) for students following technician courses. Over 1,000 students are enrolled in this scheme and are studying at the Fellenberg Training Centre for Electronics; Mikkeleng Saplono Technical Institute Paola, the Technical Institute in Gozo (various technical studies), the College of Agriculture (Veterinary assistant and commercial horticulture) and the Emvin Cremona Art and Design Centre (Industrial Design).
- The extended skills training scheme (ESTS), for students following courses at craft level, catering for close to 700 students. Courses offered through this scheme vary from hairdressing, electrical installation to graphic design, tailoring, printing trades and auto electricians.
- Nautical School Trainees Allowance Scheme, for students following full time courses in Nautical Studies. The course includes one year at sea.
The Institute of Tourism Studies Allowance Scheme for students in various aspects of tourism studies. The scheme includes work placements in Malta and abroad.

Various schemes organised by the Institute of Health Care and the Health Care Department.

Various actors are responsible for the apprenticeship schemes.

As mentioned above, plans are drawn for a major reorganisation of the vocational education and training system, particularly with the setting up of the Malta College of Technology, Applied Art and Science. During the feasibility study, all partners involved in the discussion referred to this initiative as the most important step for the future, which should solve many of the existing problems.

The highest level of the education system is the University of Malta. This is one of the oldest universities in Western Europe and has reached, for certain disciplines, international recognition.

There is no vocational education at tertiary level other than courses provided by the university. Post secondary schools offer courses up to level 4. Students wishing to proceed with their study normally join a university course where available or proceed to study abroad. A form of “polytechnic” was abolished in the seventies.

3.2. Legal and conceptual framework

The legal framework for the education structure is set out in the Education Act (1988). It amplifies the Constitutional provisions and is the main legal instrument governing education provision in Malta. The Maltese Constitution devotes much attention to education. The Ministry of Education is primarily responsible for education.

The apprenticeship systems have a different legal framework. The Technician Apprenticeship Scheme (1990) is based on the Industrial Training Act and the minister responsible is the Minister for Social Policy. The other scheme, The Extended Skill Training Scheme (1980), was founded by the Employment and Training Services Act, and the Minister responsible is the Minister for Social Policy. Both schemes are run in full cooperation with the Department of Further and Adult Education, Education Division.

3.3. Administrative and institutional framework

The existing vocational training institutions are governed predominantly in the tradition of the secondary education institutions. For most managerial decisions, some form of approval by the Ministry is required. This reflects the post-secondary history of the vocational education and training system.

Most institutions have a relative small and in the plan for a new college, models are discussed to enhance economies of scale.
3.4. Financing

Financing runs along the lines of the number of students. The present budget allocation mechanism is fully input oriented. There are no plans yet to introduce forms of more performance oriented budget mechanisms. The present spending for vocational education and training is the following (figures 1998, presented by the Ministry of Education).

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Costs (Maltese Lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salaries</td>
<td>1,393,000</td>
</tr>
<tr>
<td>Materials and equipment</td>
<td>698,000</td>
</tr>
<tr>
<td>Capital</td>
<td>41,000</td>
</tr>
<tr>
<td>ETC</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Student allowances</td>
<td>715,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,938,000</strong></td>
</tr>
</tbody>
</table>

Compared to the GDP figures of ten of the other candidate EU countries, the GDP percentage for educational spending is the highest. However, the specific spending on vocational education and training, calculated as part of GDP, is the lowest of all.

3.5. Human resources in vocational education and training

The number of students that continue their study after secondary education is lower if compared to the EU standards. Among the proportion that continues after secondary education, a substantial number goes on to university. This creates a significant unbalance in the number of students and actual economical need for university graduates. Any other study, such as a choice for vocational education and training, will be in many cases a negative one. The present vocational education and training system is not an attractive alternative to the university. Its public statute is low, as well as the level of funding. Such an alternative to university is necessary for the further development of the country, not only because the influx of university students is slowly but surely leading to academic unemployment, but moreover because there is an increasing shortage of vocational education and training graduates on the various levels.

This mismatch is strongly criticised by the social partners and is increasingly recognised by government. Social partners are urging government to present its views on the future of the economy of Malta. Government has announced that this issue will be given a high priority. It could lead to better view of future skill requirements and thus provide an important input into the discussion on the direction of the educational system.
3.6. Links with the labour market and enterprise

Links between the vocational education and training schools and the labour market are not well developed. Most important direct connections are constituted by the two apprenticeship schemes.

One legal basis for apprenticeship schemes is the Employment and Training Services Act (1998). Responsibility for this Act is with the Minister for Social Policy. In the Act, the basis for the “Extended Skill Training Scheme” is set out, including the study and labour conditions for apprentices. The ESTS contains courses in 10 different areas:

<table>
<thead>
<tr>
<th>General description</th>
<th>Profession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical engineering and allied trades</td>
<td>Mechanical fitter, plan maintenance fitter, vehicle body repair, motor vehicle mechanic, motor vehicle electrician, welder/burner, sheetmetal worker</td>
</tr>
<tr>
<td>Woodworking trades</td>
<td>Woodworker</td>
</tr>
<tr>
<td>Electrical engineering</td>
<td>Electrical maintenance fitter, electrical installer, electronic servicing fitter, power cable jointer, linesman</td>
</tr>
<tr>
<td>Handicraft</td>
<td>Ceramist, jeweller, woodcarver, stonemason, metal craftsman, graphic designer, stained glass manufacturer</td>
</tr>
<tr>
<td>Agricultural trades</td>
<td>Horticulturist, stockman</td>
</tr>
<tr>
<td>Builder trades</td>
<td>Stone mason, stone dresser, wall builder, tile layer, plasterer</td>
</tr>
<tr>
<td>Printing trades</td>
<td>Pre-press printer, offset printer, letterpress printer, print finisher</td>
</tr>
<tr>
<td>Personal Services trades</td>
<td>Hairdresser</td>
</tr>
<tr>
<td>Hospitality trades</td>
<td>Assistant cook, kitchen porter, assistant waiter, room attendant, house porter, telephone operator, assistant store keeper</td>
</tr>
<tr>
<td>Tailoring trade</td>
<td>Tailor</td>
</tr>
</tbody>
</table>

The ESTS can lead to a “Craft Level Journeyman’s Certificate”
The other apprenticeship system is based on the Industrial Training Act. The Technical Apprenticeship Scheme caters for the following studies:

<table>
<thead>
<tr>
<th>General description</th>
<th>Profession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical engineering</td>
<td>Mechanical technician, motor vehicle technician, tool maker and die maker, refrigeration technician.</td>
</tr>
<tr>
<td>Electrical engineering</td>
<td>Electrical technician</td>
</tr>
<tr>
<td>Electronics</td>
<td>Industrial electronics technician and micro-computer technician</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Telecommunications technician</td>
</tr>
<tr>
<td>Draughtsmanship</td>
<td>Electrical draughtsman, mechanical draughtsman, civil engineering draughtsman</td>
</tr>
<tr>
<td>Industrial design</td>
<td>Industrial design</td>
</tr>
</tbody>
</table>

The TAS leads to the "Technician Level".

Malta’s legislation does not provide for any form of financial compensation for the companies. This may be one of the reasons why the supply of apprenticeship positions in some disciplines is lower than the demand. Tax benefits could be considered in future.

Government however spends a significant amount on the direct cost of apprentices. During the apprenticeship, apprentices receive a wage which is subsidised by government. The wage level is tied to the wages of tradesmen and technicians in government employment. The wage for the first year of the apprenticeship is fully borne by government as during the first year, apprentices attend full-time for theoretical tuition. It is from the second year onwards that apprentices start rotating theory and practice.

The statistics show that out of the over 6 000 enterprises in Malta (among which 70 % are SMEs) only 500 take part in the scheme.

The responsibility on the apprenticeship is divided. Both the ETC as well as the Ministry of Education are responsible. In general terms, it could be said that ETC is responsible for the organisation and monitoring of training at the place of work whilst the Department of Further and Adult Education within the Ministry of Education for the formal education and training is responsible for the payment of grants to students and to their employers.
<table>
<thead>
<tr>
<th>Issue</th>
<th>ETC</th>
<th>Min. of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Find suitable training placements</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Prepare apprentice contracts (as well as requests for transfer or resignation)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Maintain a data base of apprentices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitor on the job training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensuring sponsor abides by the conditions of apprenticeship</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Coordinate practice tests</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Issue subsidies to sponsors of apprentices</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Provide practical and theoretical tuition</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>To examine academic progress of students</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>To lead students to sit for exams of local or foreign awarding bodies</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Payment of grants to students and their employees</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

Speaking more generally about the vocational education and training relations, social partners are only modestly involved in arrangements and/or structural involvement in the decision making process for the major decisions on vocational education and training policies. Social partners expressed during the interviews a clear willingness to take a more active role in the future.

The links with continuing vocational training are weak, cooperation being more an exception than a rule. Basically, a number of schemes are working in juxtaposition, while more cohesion and a holistic approach between education and training, would be a more attractive option.

3.7. National system for qualifications, assessment and certification

The national system for qualification, assessment and for certification is being reviewed. In fact, all parties involved hereof consider the absence of a national system as one of the flaws in the present system. This is considered to be a major problem for both initial vocational education as well as continuing vocational training. The problem is amplified by the fact that:

- a number of “bodies” (and ministries) is responsible for parts of the certification of graduates,
- clearly defined standards do not exist for all courses,
- the names of the bodies and/or certificates are based on the old-fashioned wording and are somewhat confusing (a Journeyman’s certificate versus a certificate of achievement etc.)
Many of the problems mentioned above could be solved if the Legal Notice 117 (1997) was implemented. It caters for the establishment of a National Council of Occupational Qualifications (NCOQ) that should take the role of:

- setting a national vocational qualification strategy;
- approving vocational qualifications
- accrediting the professional bodies that award vocational qualifications
- set national targets for the attainment of vocational qualifications
- acting as an advisory body to government and the ETC on issues concerning vocational qualifications.

The national occupational qualifications as proposed are very much like qualification structure models applied in other countries.

3.8. Early school leavers

There are hardly any early school leavers in Malta. The island has a tradition of maintaining strong social control, and illegal absence from school is prosecuted almost immediately. The dropout figures of Malta are the envy of all European Union countries.

However, the level of continuation of studies after secondary education (towards vocational education and training and/or university) is less than 50% and that figure is one of the great worries of government. The policy question in Malta is therefore not how to keep students in the schools but how to attract a substantial larger proportion to continue their education.

3.9. Quality management, monitoring and assessment mechanisms

In the present vocational education and training system only “passive” measures for quality assessment are applied. An Inspectorate body overviews the institutions and defines entry qualifications for teachers (in the form of a warrant). The fact that many of the vocational education and training students successfully apply for UK examinations too can be considered as some form of positive benchmark.

It is one of the options of the policy design of the newly proposed college to introduce more active quality assessment methods. However, final decisions in this respect have not yet been taken.
4. CONTINUING VOCATIONAL TRAINING

4.1. Legal and conceptual framework

The Employment Training Corporation (ETC) as defined in the Employment and Training Services Act 1990 is the major actor in the field of continuing vocational training. In addition to this Act, the work of ETC is regulated in the Industrial Training Act (1990) and by the Legal notice 117 of 1997 in the establishment of a National Council of Occupational Qualifications.

The ETC thus has a dual position, with tasks both in the initial vocational system (through the apprenticeship system) as well as in continuing vocational training. The fact that the initial vocational system is not well connected to continuing vocational training is a handicap which could be a burden for the future.

Continuing education is also offered by the Department of Further and Adult education. This Department offers over ninety different subjects ranging from purely vocational and academic courses leading to a certificate, to craft and literacy courses. Around 7000 students participate in these courses. In addition, the Education TV channel inaugurated in 1998, will be starting its first distance learning programmes in 1999. Education Television is under auspices of the Department of Further and Adult education.

4.2. Administrative and institutional framework

As mentioned above, continuing vocational training is predominantly carried out by the Employment and Training Corporation. This is a independently run body with a complex mixture of tasks ranging from the administration and the schooling of the unemployed, the collection of data and the prediction of future (un)employment developments as well as the operation of parts of the apprenticeship system. The organisation seems to be the centre of a web of a triangle (economy – education – training) and thus plays an important role in the human resource management. However the strong position that the ETC has in the world of work is also a handicap for the regular vocational education and training system (operated by the Ministry of Education) to limit the gap between theory and practice. In that respect (as in many European countries with an apprenticeship system), an organisation other than the regular vocational education and training schools is in charge of maintaining the contacts with social partners and enterprise, because schools are not sufficiently equipped to maintain these contacts. If regular vocational education and training schools are not allowed to perform tasks where –by default- they should be expert in, they will never pick up a real entrepreneurial mood and learn about the world of work. It is important to find a way of breaking this circle.
4.3 Human resources in continuing vocational education and training administration

The Employment and Training Corporation has, as part of it many functions, the role of a forecast bureau of labour market trends. In March 1999, the most recent trend document was published. It is an impressive collection of data, much more complete than existing ones in other European Union Member States. It is used for the schooling schemes that are provided by the ETC in addition to the already mentioned apprenticeship systems and the recognition of occupational qualifications (see below):

- Training courses (1997-1998, 36 courses offered, 3800 trainees) distinguished in non-trade courses (for instance basic computer skills, literacy, typing) and trade courses (basic electronics, handyman, welding and woodwork)
- Night Institute for Further Technical education (various modules e.g. electronic engineering principles)
- IDA Training Grants (trainees in various economic sectors).

The use of the (un)employment statistics should be a major inspiration for the vocational education and training sector as a whole in Malta. But despite good cooperation on the ministerial and managerial level, as mentioned before, the worlds of education and training on the basic level remain too little influenced by this valuable data. As in so many countries in the European Union, closing the gap between these two worlds should be the future direction. For Malta this can – in reality - be considered as a restoration of the past: not so long ago both sectors were under the political responsibility of one Ministry.

The ETC arranges the occupational qualifications in Malta, for those who have not been through an apprenticeship. They can apply to ETC to be assessed and certified. Their application will be passed to one of the Trade Testing Boards, which will execute a test and determine the competence of the applicant. Persons who are successful will be awarded a Certificate of Achievement, indicating the level of competence.

5. Contribution to the process of innovation

In Malta, the main educational debate is now focussing on the innovation of the vocational education and training system. Through the creation of a new college, a substantial number of problems should be solved. Although many political decisions regarding the precise organisation of this “College 2000” still have to be taken, the outline of the various reports and the additional information presented by the Ministry shows a more modern and more resistant vocational education and training model than the present set of institutions and schemes. The concept of “College 2000” has the potential to solve many of the present problems and challenges. It may very well be the start of a revision of all the different parts of the present vocational education and training system. It may be recommended to extend the breadth of change to “all parts” of the vocational education and training system. “All parts” here means all institutions that are under the hospices of the Ministry of Education, the Ministry of Social Policy,
the Employment Training Corporation as well as other schemes drawn up, maintained or executed by other bodies and/or private educational institutes.

The new institution aims at the introduction of a qualification structure. This could be the start of a more integrative approach in which all forms of vocational education and training for all groups (secondary school leavers as well as unemployed and employed with specific educational needs). Modern education with a modular curriculum structure is under discussion.

As mentioned before, the highest level of the educational system is the University of Malta. This is one of the oldest universities in Western Europe and has reached, for certain disciplines, international recognition. Malta is proud of its university, and for good reasons. Unfortunately this success is has resulted in the university having a very dominant position, attracts political attention and receives the bulk of funds for education. The Maltese population is very much directed towards university education: it is generally considered to be the route to success. Universities are however (with the possible exception of lawyers, medical profession and research) not training institutions for specific professions. While there is a desperate need for vocationally trained graduates of different skill levels on the island, more and more students are entering the university. This will widen the present mismatch between supply and demand of trained workforce. In other words: the university is too successful in attracting students. The poor image of the present vocational education and training system is no alternative to a university study and (once again) the plans for the new college should play a key role in the reverse of the university dominance.

Annex 1. Conclusions with regard to the Acquis Communautaire

The conclusions are divided into three columns. In the column on the left, the indicators are mentioned in short, in the middle column a brief conclusion is drawn of the present situation, and in the right column the potential situation is pointed out, when the reorganisations that are now in discussion as presently discussed are carried out.
<table>
<thead>
<tr>
<th>Nr</th>
<th>Indicator</th>
<th>Brief conclusion of present situation</th>
<th>Possible situation after implementation of future reform measures (including College 2000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Adaptability to changing circumstances</td>
<td>Timing is at present too slow</td>
<td>Higher, if a qualification structure is implemented for all vocational education and training and training elements</td>
</tr>
<tr>
<td>2</td>
<td>Awareness of the importance of vocational education and training</td>
<td>Strong and leading to concrete steps for the near future. Present investment in vocational education and training is low.</td>
<td>Should remain high, vocational education and training should grow into a serious and positive alternative for the University</td>
</tr>
<tr>
<td>3</td>
<td>Political commitment</td>
<td>Strong; important steps are underway and should be executed</td>
<td>Should remain high</td>
</tr>
<tr>
<td>4</td>
<td>Move towards Life-Long-learning</td>
<td>In the right direction, but the present system does not give much room for improvement</td>
<td>Favourable grounds for further development if all elements of vocational education and training and training of the unemployed as well as workers are combined in one future system</td>
</tr>
<tr>
<td>5</td>
<td>Structural activities to modernise vocational education and training</td>
<td>Many commissions and reports, however implementation is lagging behind</td>
<td>In progress: a much better infrastructure and cooperation than at present will lead to better performance and stature</td>
</tr>
<tr>
<td>6</td>
<td>Visible actions in upgrading skills</td>
<td>Limited. The system does not provide much room for manoeuvre</td>
<td>Much more favourable infrastructure</td>
</tr>
<tr>
<td>7</td>
<td>Access to vocational education and training</td>
<td>Theoretically very strong, but far too few people use the opportunities</td>
<td>College 2000 should enhance vocational education and training participation considerably. Fees should also be avoided in the future</td>
</tr>
<tr>
<td>8</td>
<td>Employment-training-social aspects integrated</td>
<td>Weak</td>
<td>Should be included in the plans in the C2000 scheme</td>
</tr>
<tr>
<td>9</td>
<td>Institutional ability to implement changes strengthened</td>
<td>Not strong</td>
<td>Far better development opportunities</td>
</tr>
<tr>
<td>10</td>
<td>Transparent educational structure with national qualifications</td>
<td>Absent, but high on the agenda in the plans for College 2000.</td>
<td>Should definitively be an element of C2000</td>
</tr>
</tbody>
</table>
### Annex 2. Statistics

- **Rates in Education for 14-19 year olds and those over 19 in total and vocational education and training**

<table>
<thead>
<tr>
<th>Age</th>
<th>Total</th>
<th>VET</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>5 525</td>
<td>575</td>
</tr>
<tr>
<td>15</td>
<td>5 336</td>
<td>968</td>
</tr>
<tr>
<td>16</td>
<td>4 000</td>
<td>939</td>
</tr>
<tr>
<td>17</td>
<td>2 673</td>
<td>874</td>
</tr>
<tr>
<td>18</td>
<td>1 045</td>
<td>633</td>
</tr>
<tr>
<td>19</td>
<td>1 336</td>
<td>393</td>
</tr>
<tr>
<td>19+</td>
<td>6 727</td>
<td>367</td>
</tr>
</tbody>
</table>

Total age groups include University students (ISCED 5,6).
Source: Ministry of Education

- **Dropout rates from Vocational Training /General Education programme at secondary level**

The dropout rates before the age of 16 are negligible due to the enforcement of school attendance. (Source: Ministry of Education)

**Expenditure on education:**

- Public expenditure in 1998 on education was 7.98% to GDP. (GDP: 896,400,000)
- Public expenditure in 1998 on vocational education and training was 0.44% to GDP.
Public expenditure on Education in 1998:

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Costs (Malt. Pound)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Education</td>
<td>22,299,000</td>
</tr>
<tr>
<td>Education Division</td>
<td>38,064,000</td>
</tr>
<tr>
<td>Ministry of Tourism</td>
<td>880,000</td>
</tr>
<tr>
<td>Ministry of Social Policy ETC</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Ministry for Gozo</td>
<td>90,000</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,089,000</td>
</tr>
<tr>
<td>Total</td>
<td>71,522,000</td>
</tr>
</tbody>
</table>

Public expenditure on vocational education and training in 1998:

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Costs (Malt. Pound)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salaries education division</td>
<td>1,393,000</td>
</tr>
<tr>
<td>Materials and Supplies, Education Division</td>
<td>698,000</td>
</tr>
<tr>
<td>Capital education Division</td>
<td>41,000</td>
</tr>
<tr>
<td>ETC</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Student allowances education division</td>
<td>715,000</td>
</tr>
<tr>
<td>Total</td>
<td>3,938,000</td>
</tr>
</tbody>
</table>

Educational level of the population (25-59 age group):

Education Levels of the Population (age group 25-59) detail from the National Census. Total Response in national census: 97.2% (provided by the Ministry of Education)

<table>
<thead>
<tr>
<th>Age</th>
<th>Number</th>
<th>Completed level 2</th>
<th>Started level 3 (incompleted)</th>
<th>Completed level 3</th>
<th>Completed level 3, started level 5</th>
<th>Completed level 5-7</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-29</td>
<td>23,195</td>
<td>14,721</td>
<td>760</td>
<td>3175</td>
<td>967</td>
<td>3142</td>
</tr>
<tr>
<td>30-34</td>
<td>29,876</td>
<td>18,595</td>
<td>890</td>
<td>3216</td>
<td>711</td>
<td>2851</td>
</tr>
<tr>
<td>35-39</td>
<td>29,925</td>
<td>23,073</td>
<td>871</td>
<td>2230</td>
<td>849</td>
<td>2301</td>
</tr>
<tr>
<td>40-44</td>
<td>28,311</td>
<td>23,407</td>
<td>393</td>
<td>1266</td>
<td>551</td>
<td>1954</td>
</tr>
<tr>
<td>45-49</td>
<td>30,729</td>
<td>26,014</td>
<td>326</td>
<td>1126</td>
<td>387</td>
<td>1981</td>
</tr>
<tr>
<td>50-54</td>
<td>21,724</td>
<td>18,344</td>
<td>193</td>
<td>848</td>
<td>221</td>
<td>1319</td>
</tr>
<tr>
<td>55-59</td>
<td>18,624</td>
<td>15,615</td>
<td>148</td>
<td>654</td>
<td>195</td>
<td>972</td>
</tr>
<tr>
<td>Total</td>
<td>179,384</td>
<td>139,769</td>
<td>3581</td>
<td>12,515</td>
<td>3,881</td>
<td>14,520</td>
</tr>
<tr>
<td>%</td>
<td>77.9%</td>
<td>2%</td>
<td>7%</td>
<td>2.2%</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>No schooling</td>
<td>Percentage for group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>--------------</td>
<td>----------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-29</td>
<td>165</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-34</td>
<td>276</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35-39</td>
<td>317</td>
<td>1.1%</td>
<td></td>
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</tr>
<tr>
<td>40-44</td>
<td>449</td>
<td>1.6%</td>
<td></td>
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</tr>
<tr>
<td>45-49</td>
<td>583</td>
<td>1.9%</td>
<td></td>
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<tr>
<td>50-54</td>
<td>588</td>
<td>2.7%</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>55-59</td>
<td>879</td>
<td>4.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3257</td>
<td>1.8%</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
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