



POLICIES FOR HUMAN CAPITAL DEVELOPMENT SOUTH EASTERN EUROPE AND TURKEY

AN ETF **TORINO PROCESS**
ASSESSMENT

EXECUTIVE SUMMARY

PREAMBLE

Economic, social, demographic and technological trends call for agile education systems that are fit to reflect changes in the learning content, education provision and assessment of skills acquisition. Such complex environments also call for regular analysis of information, data, facts and even perceptions aimed at providing decision-makers and practitioners with a good basis for taking steps forward in education reforms or consolidation of promising practices.

The partner countries of the European Training Foundation (ETF), most of them transition and developing countries, are particularly exposed to rapid and deep structural changes. Many are in a catch-up phase of economic development and at the same time are faced with serious challenges such as migration, ageing or technology-driven inequalities. Within a lifelong learning (LLL) context that brings together initial and continuous skills development, Vocational Education and Training (VET) is at the cornerstone of socio-economic transformation. Most changes in technology, services and production influence the demand and supply of medium- and high-level skills, particularly those generated by VET.

To capture and document such changes and VET transformation across countries, since 2010, ETF has been implementing the Torino Process: a periodical review of VET systems in the wider context of human capital development and inclusive economic growth. In this context, human capital is defined as providing opportunities and incentives for people to develop their knowledge, skills, competences and attitudes throughout their lives to help them find employment, realised their potential and contribute to prosperous, innovative and inclusive societies. While providing a quality assessment of VET policy from a LLL perspective, the Torino Process builds on four key principles: ownership, participation, holistic approach and evidence-based analysis.

The present regional report for South Eastern Europe and Turkey (SEET) is the result of the fifth round of the Torino Process (2018–2020). It is designed to support medium- to longer-term strategic thinking in VET, looks into the regional aspects of education outcomes, and discusses commonalities while respecting the differences between the countries of the region. Therefore, the purpose of the regional report is to inform the planning, implementation and monitoring of country policies and regional initiatives for human capital development with focus on education and training. At the same time, its findings and recommendations shall inform the European Union and donor programming in support of these policies and regional cooperation processes. The regional report was prepared by Cristina Mereuta, ETF Labour Market Specialist. Valuable input was provided by Ulrike Damyanovic, Senior Specialist, and Mircea Badescu, Statistician and Data Analyst, ETF. The paper was peer reviewed by Abdelaziz Jaouani, Anastasia Fetsi, Carmo Gomes, Mircea Badescu and Ulrike Damyanovic, ETF. ETF thanks SEET countries for their engagement in the Torino Process 2018–2020, extensive contributions to the collection of policy updates and relevant statistics, and participation in the workshops organised at country level.

EXECUTIVE SUMMARY

The South Eastern Europe and Turkey (SEET) regional report of the Torino Process (2018–2020) provides a summary of key policy updates, data and information on the topics of human capital development and education, with a focus on Vocational Education and Training (VET), lifelong learning (LLL) and elements of skills utilisation. It also includes an overview of countries' progress against key European Union (EU) benchmarks on education, employment and social aspects and a snapshot of EU funding and donor contributions to human capital in the region. Finally, the paper proposes several priorities for action in the next strategy or programme cycle at national and regional level. Given the large variation of socio-economic contexts, developments and policies across SEET, the regional analysis focuses on common denominators only.

Summary of findings on human capital

The analysis of human capital challenges shows that education attainment levels have improved over time in the region. Yet this does not necessarily translate into relevant skills and increased adaptability of the workforce. Reasons for this include the very dynamic socio-economic realities of the region, reflected in sectoral shifts of labour demand, rising use of new technologies, trade and investment opportunities and demographic change, including propensity towards emigration.

While acknowledging the differences across countries (size of population, economy and sectoral structure etc.), three common challenges related to human capital development in the region emerge from the analysis.

Shrinking pool of skills supply

Most countries are characterised by negative demographic change. The proportion of young people in the total population has decreased. Emigration of the youngest and skilled has accelerated ageing issues and skills shortages. Beyond quantitative aspects, shortcomings in skills acquisition add to the picture (e.g. level of foundation-level skills as measured through Programme of International Student Assessment (PISA); relevance of skills at upper and tertiary levels). The worrying outlook of countries' capacity to match economic development with sufficient skilled human resources has become more evident in the region.

Underutilisation of human capital potential

Employment levels are improving overall but unemployment and inactivity remain high and lead to skills depletion and depreciation. Women remain overexposed to such risks, as do young people and groups that accumulate multiple social disadvantages. Education attainment is the key predictor of joblessness or poor employment. While a tertiary level of education may secure faster entry into employment, many university graduates accept jobs below their qualifications (vertical mismatch) or in mismatched jobs compared to their field of study (horizontal mismatch). Where data is available, VET graduates (International Standard Classification of Education (ISCED) level 3–4) show better employment prospects compared to their peers who graduated from general programmes.



Reforms at **incipiente** stage; limited impact on vocational training quality and delivery



Vocational training placed within **lifelong learning**



Equitable access and participation

Insufficient

labour market relevance



2010

2012

2013



Developing policy **vision;** building capacities

Progress with internal quality



No full integration with **economic and social policies**

Vocational educating and training receiving more policy attention



2014

2016-17

2018-20



Need for systematic
monitoring
and
evaluation



Vocational
education
and training
within overall
human capital
development
policy



Focus on
work-based
learning



Internal and
external
efficiency
prioritized



Prepare for
the future
while closing
the gaps

Insufficient matching and adaptability to the newer skills demand

Supply of skills is not fully synchronised with labour demand. Beyond insufficient linkages between initial education and economic demand, the risk of limited adaptability to future changes is prominent due to, among other reasons, low participation in LLL.

The countries in SEET are improving their position against key EU education, employment and social benchmarks. In some cases, these countries are progressing towards 2020 targets at a faster pace compared to EU averages, showing stronger performance to narrow the gaps.

Addressing the human capital challenges calls for improved capacity of the education and training systems to adapt to the changing needs of the economies and individuals, in particular to reinforce the link between education and job requirements. It also means holistic policymaking is required, in which education and training is well integrated and synchronised with other policy strands, e.g. economic development, innovation, employment and social protection and inclusion.

Summary of policy responses, achievements and remaining challenges

Over the last decade, the governments in SEET have concentrated on modernising VET, higher education and their labour markets. A common denominator for these efforts is to make education more relevant to the needs of learners, economies and societies. In general, a real change in the delivery of education and training needs to be pursued at a far faster pace to secure relevance of skills in current and future contexts.

The shared aims of VET and overall skills development processes at both country and regional levels centre on the following aspirations: (a) improving education monitoring and skills intelligence; (b) modernising VET provision, in collaboration with the business sector, to better match labour market needs and secure forward-looking VET delivery; (c) ensuring access to learning opportunities and making skills visible for all (i.e. flexible and inclusive learning pathways).

Of the main progress made, achievements and remaining challenges, we note the following:

- Countries have continued their efforts to build up education, skills and labour market information systems to gather relevant and timely information on skills supply and demand. However, longer skills projections have not been consistently implemented in most countries.
- There is evidence of a boosted effort to mainstream dual education in VET systems, practical learning and enhanced school-to-work transition schemes such as internships and apprenticeships.
- There has been further embedding of key competences such as digital and entrepreneurial skills into learning programmes. A further avenue would be to reflect on existing VET learning programmes in relation to the impact of digitalisation on various occupational areas.
- Teachers' participation in general continuous development programmes has been prioritised, but more should be done to increase participation in specialised training to secure quality teaching, adapted to changing skills needs.
- National qualifications frameworks have been established or consolidated, with the principle of strongly embedded social partnerships. However, with the exception of Turkey, the development or updating of qualifications remains strongly dependent on external support.
- Although trusted systems for validation of non-formal and informal learning are essential to securing more dynamic skills acquisition pathways, Western Balkans countries need to upscale such a practice at the system level.

- Countries are engaged in actions to modernise and improve quality assurance in VET and to align with the relevant EU policy, including the Reference Framework. Monitoring and evaluation procedures and (electronic) information management systems in education need a further boost to secure timely and relevant input into quality assurance mechanisms.
- Governance arrangements have progressed towards stronger recognition of social partners' role in education provision and assessment and making policies more sensitive to local and regional specificities. The financing model remains rather centralised. Advancements in decentralisation strategies should be coupled with proper consolidation of capacity at the local/community level.

Summary of recommended priorities for action

The overall recommendation is to continue to prepare for more holistic and results-oriented strategies in the post-2020 timeframe, with clear and achievable goals and targets, detailed costing and responsibilities for implementation.

The report provides a number of avenues for future action clustered around the issues emerging from the analysis of human capital challenges and policy progresses so far:

- *Improve the quality and relevance of VET outcomes for inclusive and innovative economies* by mainstreaming quality assurance principles; ensuring stronger digital and entrepreneurial skills development; continuously updating curricula and qualification standards, equipment and teaching methods; and fostering work-based learning opportunities. Governance and financing should reflect the changing context and evolving roles and responsibilities of various actors and learners' expectations.
- *Address the large need for upskilling and reskilling* through boosted availability of (re)training services, fair coverage of all potential learners, in particular those most in need, and systemic use of sound quality assurance procedures.
- *Develop skills intelligence systems* and consolidate monitoring and evaluation in education as key ingredients of forward-looking education and training policies.

The ETF launched the Torino Process in 2010 as a periodical review of vocational education and training (VET) systems in the wider context of human capital development and inclusive economic growth. While providing a quality assessment of VET policy from lifelong learning (LLL) perspective, the process builds on four key principles: ownership, participation, holistic and evidence-based analysis.



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