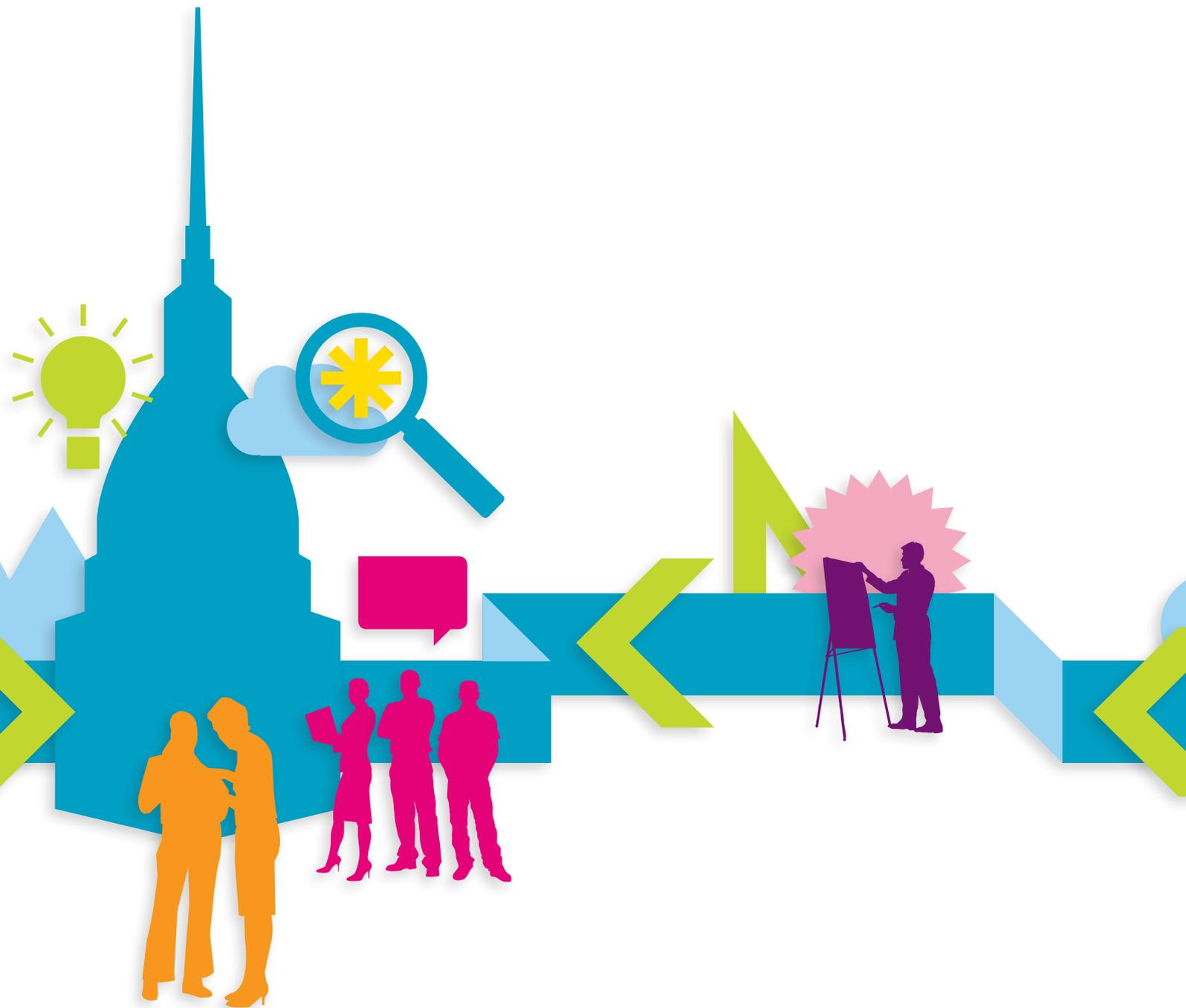


TORINO PROCESS 2012

GEORGIA



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EXECUTIVE SUMMARY

Reforms: mixed effects in the economy and the labour market

Democratic political change took place in early October 2012 in Georgia, resulting in a new parliamentary majority and coalition government that took office ready to implement a programme featuring education and training development and employment promotion as important priorities.

The Georgian programme of economic reform from 2004 has resulted in impressive economic growth and an improved business climate but, despite a decade of robust economic growth, the country continues to face the important challenges of low job creation and persisting high unemployment combined with low productivity self-employment in agriculture, underemployment and high poverty incidence, especially in rural Georgia.

Labour market indicators have not improved during the decade of high economic growth either. The unemployment rate increased by 6 percentage points between 2000 and 2010; from 10.3% in 2000, to 16.3% in 2010 (with a small drop to 15.1 in 2011). Oddly, the increase has been highest among the population with higher education (above 20%), youth (nearly 37%) and the urban population (more than 27%).

Education reforms

Georgia undertook comprehensive education reforms soon after the 2003 Rose Revolution, building on the ambition for a system based on credibility and quality that would be compatible with internationally accepted standards and concepts. Georgia joined the Bologna process in 2005 and initiated VET reforms in 2007 within a context of highly-motivated stakeholder involvement. A schematic diagram of the current structure of the education system is presented in Annex 2.

Vocational education and training: between reforms and new challenges

Key gains of the VET reforms since 2010

Half a decade has elapsed since the adoption of the 2007 VET law and three years since the VET strategy 2009-12. Throughout this period, although much has changed in the VET system, the reform has not been given the benefit of even and coherent political support, with public funding declining in both 2010 and 2011.

Unlike the current 2009-12, strategy the new VET strategy should be widely and adequately disseminated among stakeholders and end users in the country, with the support of the NVETC and MES, social partners, regional authorities and VET providers of all types.

Most of the important gains of the VET reform were built and tested in the period from 2010, most importantly: the substantially amended 2010 VET Law; adoption of the comprehensive national qualifications framework (NQF); implementation of the education quality assurance framework, and; establishment of multi-stakeholder governance (NVETC). These structural elements have given the VET system a new shape and dynamic, moving it closer to the envisioned responsiveness to market demand, diversity and autonomy of providers, and drawing a growing share of private sector providers into alignment with common quality assurance criteria.

This setting is based on a combination of centralisation (the binding legal and regulatory framework) and autonomy (initiative and autonomy devolved to providers). VET programmes are now designed at provider level. This situation ensures a degree of flexibility for authorised entities, all of which must

undergo annual self-assessment, but it also means that programmes are obliged to comply with the legal framework, learning outcomes and credits laid out in the relevant occupational standards.

Between the adoption of the NQF in December 2010 and June 2012, Georgia adopted 247 occupational standards for qualifications under the five-level framework vocational qualifications. All occupational standards are published in the online registry managed by the National Centre for Educational Quality Enhancement (NCEQE, 2012b).

A qualitative revision of the first generation occupational standards (2010-11), initiated in 2012 with the approval of MES and NCEQE, seeks to substantially improve the formulation of learning outcomes and the relevance of qualification levels. Contributions to these developments in 2012 build on critical feedback from employers and VET providers, and the greater involvement of international experts. Improvement of occupational standards should be an ongoing process.

This review of occupational standards was accompanied by official recognition of the need for reform of the VET curriculum and, in the longer term, student assessment processes. Working groups of relevant national stakeholders supported by international expertise began action in 2012 on these issues including training in curriculum design and pilot schemes for curriculum reform in selected occupations of the industry and service sectors. The authorities plan to officially introduce the new curriculum template and guidelines in the coming school year. Work to introduce competence-based assessment will start in 2013.

The quality assurance framework for VET providers came into force in 2011. The practically universal coverage achieved by the public and private formal VET system is commendable, and the lessons from this initial implementation period can now be applied to future endeavours. A challenging phase is expected with the authorisation process for public VET providers announced for 2013. One of the pitfalls of the system is the high cost of the authorisation process for providers¹; an element that is likely to limit the diversity of the VET programmes on offer.

Key challenges in VET

Implementation of the reformed VET policy framework has also highlighted critical aspects linked mainly to the specificity of VET policy, which needs to embrace both shorter-term issues such as employment and longer-term human resource development perspectives. The balance between these two aspects is never easy to manage, but lifelong learning-based VET has the capacity to form a bridge.

The involvement of social partners and the general business sector in VET policy remains weaker and less systemic than expected, despite the establishment of NVETC and state-driven sector committees and the adoption of the social partnership agreement in 2011. Certification and qualifications are not yet an important requisite in recruitment and human resources management in private businesses.

There is a major schism between the government desire for VET to form a rapid path to employment and the current limited permeability of learning pathways and portability of outcomes of VET across education and training experiences — limitations largely due to the separation of VET pathways from general education under the 2007 VET law.

The reformed VET system features barriers to progression at key points of the lifelong learning continuum, notably from VET level III to VET level IV, or from VET level V to first cycle higher

¹ GEL 800 per programme and per level.

education in a way that means credits accumulated in VET cannot be counted toward progression². At this stage of the reform process, the new learning outcomes paradigm laid down in the NQF has yet to be reinforced and quality assured, and increased dialogue and exchange is needed between the various sections of the NQF before trust will be fully established.

The government is seeking solutions to this multiple dead-end problem, ideally aiming to address systemic issues in a systemic manner. One possible solution lies in redesigning post-compulsory education VET programmes for youth (ISCED 2) to offer easy access, free-of-charge combination with secondary general education.

Participation in VET

In 2012, for the first time since the VET reforms began, public VET saw a substantial increase in participation with 12,740 students admitted: more than double the 2011 figure. For this growing participation in public VET to be sustained, the system will need predictable levels of public funding and measures to improve both the quality of providers and the relevance of the programmes on offer. It is difficult to estimate the contribution of the large private VET sector (71 authorised colleges and community colleges) to the objective of increased participation, as the relevant figures were not accessible when writing this report.

Demand for VET and diverse needs

A predominant share of 2011 graduates from VET levels I-III entered the pathway after secondary school (60%) and higher education (15%), while the remainder were younger entrants, coming in after basic education (Fretwell, n.d.). The profile for this sector is likely to show a growing share of post-basic education entrants as the attractiveness of VET colleges increases because of their improved infrastructure and programmes. The trend is likely to accelerate further as the new financing model helps attract more candidates of this type.

Policy makers must come to terms with the diversity of social needs for VET. The current level I to III VET programmes are an attractive option for the population with at least secondary education as they offer a shorter path to qualifications for employment. All youngsters should have equal access to equal opportunities for progression, but current VET programmes of levels I to III offer only a straight line into jobs at the corresponding level. Initial VET programmes for youth directly after compulsory education should provide access to all of the core competences for lifelong learning - including general education – through various forms of integration.

This is both a social right and an economic requisite. Employers seek employees who have agile communication and analytical skills, sufficient general knowledge to research information and solve problems at work, adaptability and the ability to learn; findings that are replicated in studies of employer demand both in Georgia (GIZ, 2012a) and across the world (World Bank, 2012b).

Labour market relevance

In 2012, the first tracer study on the employability and further paths of 2011 VET (I-III) graduates (Fretwell, 2012) found that 43% of the sample, both female and male, was employed in private companies or in government offices, 8% was self-employed, while 15% was continuing studies while holding a job. The unemployed made up a further 24%.

The challenge inherent in increasing the labour market relevance of VET programmes has been addressed through a combination of efforts and instruments, including linking VET programmes with occupational standards and the introduction of an obligatory practical learning component of not less

² See Annex 2: Education system of Georgia.

than 40% of credits per VET level. But improvement of the quality of enterprise-based learning will require teacher training in the enterprise-context; accurate information on companies eligible for the provision of practical training, and; the sharing of good practice on enterprise-based learning.

Assessment and the award of qualifications to VET students have seen limited improvements in this phase of reform. In practice, assessment is still far from competence-based, and the qualifications awarded by the various entities do not have equal credibility as there are no common assessment instruments across providers.

Skills anticipation and mismatch information

Labour market and skills needs analyses have been executed throughout the current VET strategy period at national, regional and sector level.

The typical shortcomings of these studies rest in their inherent discontinuity, and an insufficient coordination of research targets among institutions. Another important problem is that they tend to make a poor contribution to wider skills anticipation as there is neither a structured government approach based on a combined methodology, nor a solid network of responsible institutions around the National Statistics Office. The forecast and analysis function can only operate appropriately where it can rely on a competent institutional setting able to coordinate, network, report and disseminate readable information to the various user groups.

Despite the aforementioned efforts to better link VET programmes with labour market needs, the offer of vocational training only partially corresponds to the profiles and qualifications in demand. According to GIZ (2010b), this gap is especially important in the supply of training leading to qualifications for some branches of growing employment prospects, such as utilities (electricity, gas, water and sewage), mining and processing, chemicals and pharmaceuticals, rail and logistics. This mismatch between VET offer and the qualifications and skills demanded is most serious in Tbilisi and the ports of Poti and Batumi.

Recent labour market indicators show that higher education qualifications continue to be associated with unemployment rates far exceeding the country indicator, as was also the case in previous years.

Involvement of social partners in governance

Issues related to the systematic and relevant engagement of social partners in VET policy have been an ongoing theme of debate at every VET meeting and conference for many years. Two major initiatives have responded to the aspirations of the VET stakeholder community: (i) the creation of the National VET Council (NVETC) as the advisory and consultative body on VET policy by government decree of 18 September 2009; and (ii) the signing of the tripartite social partnership agreement, two years later.

The goal of NVETC is to ensure coordinated activities between governmental institutions, employers, trade unions and the non-governmental sector, as well as VET centres. NVETC should act through the preparation of technical and policy proposals, the formation of working groups to study VET issues and debate on VET reform.

Shortcomings in the operationalisation of the NVETC mandate have been highlighted in various reports (EU, 2011 and 2012), above all in association with a generally weak culture of effective stakeholder involvement in policy- and decision-making. Although established to contribute to higher quality VET policies, NVETC was not duly consulted on several important decisions taken in 2011 and 2012.

Despite these weaknesses, NVETC and its seven thematic working groups constitute one of the most tangible outputs toward more participatory and multi-level governance, and their potentialities should be given greater breadth through support from a highly dependable group of international donors.

The social partnership agreement signed at a special meeting of the NVETC in July 2011, laid out the scope and areas of the tripartite partnership, to some extent responding to the aspirations of VET stakeholders, and met one of the objectives of the 2009-12 VET strategy. However the agreement does not go into detail on how the social partnership will operate with respect to future VET, nor does it propose concrete solutions to deal with the weak involvement of employers and social partners in important aspects of VET policy.

In order to build on the social partnership agreement, the policy institutions must engage more creatively to activate partners through support for the establishment of useful joint projects and initiatives in VET. An action plan including resource allocation should be drawn up to back the social partnership agreement.

Sector committees

A new trend towards reinforcement of sector committees became visible in 2012 as 14 sector committees developed their action plans and NCEQE engaged in qualitative revision of occupational standards, leading the ongoing update of the list of qualifications in the NQF. As elsewhere, effectiveness varies widely across the range of existing sector committees.

The way forward requires reinforcement of the technical capacity and role of the sector committees in ensuring the quality of the occupational standards and their interface with curriculum design. Employers and their organisations need training too.

VET development: further steps

The next steps in VET system reform need to consolidate intermediate outcomes and engage with new objectives by seeking adequate solutions to issues such as:

- ensuring that VET qualifications are organised in terms of vertical progression and horizontal mobility and guaranteeing that learners do not face barriers that devalue the intrinsic value of their learning outcomes in VET pathways;
- attracting the economic branches, through their associations and councils, into partnerships with the state for the provision of high quality, co-financed and attractive VET of all levels and formats (including formal apprenticeships, non-formal learning and short courses for the rural working population);
- stimulating the cooperation of VET providers with business support centres and entrepreneurship projects, in urban and in rural areas, to enhance innovation in learning, youth entrepreneurial initiative and employability;
- stimulating dynamic associations of VET providers, both public and private;
- ensuring the implementation of a professional development framework for teachers, covering a wide set of skills needs, and the introduction of an initial VET teacher education system in relevant higher education institutions;
- enhancing the effectiveness of public financing of VET by widening the range of duly eligible VET institutions and levels and by introducing measurable performance conditions for the allocation of state funding;

- deepening reform in VET governance, by stimulating the role and activities of the NVETC and of sector committees, and by articulating VET policy with policies in agriculture, industry and other sectors of growing strategic importance for growth and employment;
- promoting interest in VET themes, mainly through specific Master's degree modules at education faculties, projects by research teams at higher education institutions and joint-projects between technical universities, VET institutions and enterprises, amongst other formats;
- monitoring progress and effects of the VET reforms on the basis of a result-oriented mid-term strategy at all key levels of the system, based on a combination of indicators for relevant issues and reliable sources.

1. VISION FOR VET SYSTEM DEVELOPMENT

The amended VET law of 2010 (Government of Georgia, 2010b) defines multiple aims for VET in Georgia, combining individual, social and economic dimensions, where employment is defined in a wider perspective that includes entrepreneurial initiative in terms of setting up a business and self-employment. Previous important policy documents highlighting the new direction of VET policy after the Rose Revolution of 2003 include the VET Concept (adopted in 2005) and the VET Law (adopted in 2007 and substantially amended in 2010).

The Georgian VET Strategy for 2009-12 (Government of Georgia, 2011a) was drawn up in 2009 as a combination of stakeholder proposals and substantial adjustments to the wider government political agenda framing education policy. The VET Strategy text was drafted by national experts and staff within the MES. This text was subsequently discussed in a major public debate and then underwent several revisions before being formally adopted in November 2009³.

Changes of leadership at MES in early 2008 provided institutional justification for new strategic directions, especially in terms of downsizing state support to VET, consistent with the general government line toward liberalisation, deregulation and strong reliance on market forces. Intense discussions relating to the announced privatisation of public VET centres in 2008 and 2009 formed a cornerstone of stakeholder debates on the future of VET in Georgia. MES aimed to maintain a core of strong, high-performing VET Centres, and estimated that between 25 and 30 VET colleges should remain under state control. Nobody anticipated at the time that the figure would shrink further, to just 14 (+4) public VET institutions in 2012⁴. This 2008-09 change in tone in VET policy was most clearly illustrated by the sudden liquidation of the National Professional Agency, a core institution of the VET system, barely one year after it was established.

Preparation of the large EU Sector Policy Support Programme in VET (EU SPSP VET) (EU, 2011)⁵, initiated in 2008, provided great impetus to the VET strategy development process; an element considered a key policy condition for EU commitment to this SPSP. The public consultation of the draft VET strategy and in parallel the development of the EU SPSP VET contributed to formulate such important objectives as credibility of the VET system anchored in reinforced participatory governance.

The VET strategy is based on the three major objectives presented in Table 1, and the overarching goal was formulated around the domestic and global dimensions of:

- providing internal and international markets with a competitive workforce;

³ This document, entitled *VET Medium-Term Strategy 2009-2012*, was adopted by Prime Ministerial Order No 342 of 21 November 2009, and amended by Prime Ministerial Order No 356 of 2 August 2011 (justified by substantial amendments to the VET Law, effective from 1 September 2010).

⁴ Fourteen public VET providers (VET colleges and community colleges) and four public VET providers transferred under management of a private University in 2012.

⁵ The Financing Agreement for ENP AAP2009 SPSP to Support the VET Sector of Georgia was signed by the government of Georgia on 3 December 2009. The agreement provides a total grant of EUR 19.0 million, of which up to EUR 17.0 million is to be disbursed as budget support indicatively over three years (2010-12) in three instalments. The balance of EUR 2.0 million is allocated for complementary technical assistance. The policy matrix of the agreement summarises the policy conditions, including sector-wide and sector specific conditions. The sector-wide conditions relate to the overarching framework for VET sector management, while the sector specific ones relate to reforms along the three pillars of: (i) sector governance and social partnership; (ii) quality of VET and its relevance for the labour market; and (iii) participation in VET.

- continuous advancement towards harmonisation of Georgian VET system into common European and international educational space;
- supporting self-realisation of individuals;
- supporting social welfare of individuals (Government of Georgia, 2011a, p. 5).

The analysis of objectives in the VET strategy combines the wider dimensions of social, welfare and democratic development, alongside employment promotion. The strategy underscores its ruling principles, namely: lifelong learning; social partnership; convergence with the European Qualifications Framework (EQF); evidence-based policy making; a participatory and transparent approach to governance; the regional dimension; diversity of learning paths and programmes; decentralisation, autonomy and accountability for better responsiveness to the market; efficiency and effectiveness; quality; accessibility, and; inclusion.

The government identified a key issue in the strategy in terms of ‘a common VET space [...] with a VET system without dead-ends. The system should ensure lifelong learning access to VET for each person’ (Government of Georgia, 2011a, p. 5).

Table 1. VET strategy (2009-12): matrix of objectives and respective priority areas

Objectives	Priority areas (succinct formulation)
1. Increasing access to VET and supporting professional development of individuals	1.1 Fund VET programmes for students at VET centres 1.2 Eliminate dead-ends in VET 1.3 Increase accessibility and involvement of the population 1.4 Establish mechanisms for the recognition of prior learning
2. Ensuring quality in VET	2.1 Develop institutional infrastructure and human resources at VET institutions 2.2 Develop social partnership mechanisms to enhance the labour market relevance of VET 2.3 Develop NQF and occupational standards 2.4 Develop and improve market and student-oriented VET curricula 2.5 Establish VET quality control and quality assurance mechanisms
3. Establishing participatory governance, management and an effective and equitable funding model in VET	3.1 Develop social partnership at all levels of VET governance and management 3.2 Effective and equitable funding of the VET system

Source: Government of Georgia, 2011a

The dynamics of strategy implementation have varied as a function of several factors, especially the: (i) pace of decision taking at MES; (ii) capacity of human resources within the VET department to steer the reform machinery, and of MES agencies dealing with key specific policy areas; (iii) motivation of stakeholders and leadership of technical working groups, particularly those involved in the seven thematic working groups created to support the activity of the NVETC⁶, and; (iv) budget (see Annex 4 for details).

⁶ Chapter 5 of this report. The National VET Council (NVETC) was set up as a consultative and advisory body on VET reform, by government decree No 678 of 18 September 2009. The thematic working groups cover: VET qualification system; quality; partnerships; monitoring; professional development of teachers; VET financing; career planning and guidance.

While progress could be rapidly verified in some policy areas, others underwent lengthier technical and political discussions prior to the adoption of a legal or technical framework. Quality assurance, the qualifications framework and the design of occupational standards progressed quickly and once the legal basis was established, measures to ensure public information, the involvement of stakeholders and action followed on.

However, financing reform and policy monitoring (statistics, indicators and analysis) have not been so successful. These aspects continue to present some of the most challenging aspects of VET reform despite the application of substantial international expertise in the form of studies and recommendations and the outputs of the respective thematic working groups in 2011-12.

VET has consistently been considered, above all, an engine for employment, justifying the primacy of the first goal of the strategy: a competitive workforce for the markets, over all other goals, as is demonstrated by the direction and content of the VET reforms. The total separation of all levels of VET from general education aimed to shorten learning paths to qualifications for employment by focusing on professionally relevant skills. While this concept has merit from a perspective of immediate employment, it should include provisions to avoid the creation of dead-ends or obstacles to progression across the ladders of education as well as across levels of qualifications. These progression mechanisms, based on the VET sub-qualifications framework, learning outcomes and credit system, are in place, but portability of VET credits into general and higher education pathways is not possible as yet.

The ambition for greater compatibility between Georgian VET and the European and international education space was best demonstrated by the introduction of the NQF in 2010 and the legal framework for quality assurance in VET adopted in the same year. These aspects are analysed more closely in Chapters 2 and 4 of this report. However, there is a persisting problem with permeability in the reformed VET system, which has not yet been resolved, even after the NQF was adopted. The fact that VET levels III and V do not provide general direct eligibility for further studies in higher education represents a major discrepancy against trends across most European VET systems. This problem is analysed in Chapter 4 of this report.

The report from second review mission of the EU SPSP VET (EU, 2011) commented on the foreseeable problematic effects of some of the VET reforms in terms of future effective functioning of the system: 'The review recognises the tremendous strides made in the development of the VET sector, both in terms of legislative and regulatory framework, and in terms of building institutional capacity, physically and qualitatively. In some respects, however, the review believes that the speed and commitment to reform is leading to potential future issues in the quality and operation of the system, and the review believes that the government needs to step back and undertake a self-assessment of the reform process and the implications of developments in some areas' (EU, 2011, p. 48).

2. EXTERNAL EFFICIENCY: ADDRESSING DEMOGRAPHIC, SOCIO-ECONOMIC AND LABOUR MARKET NEEDS

Demographic trends

A positive trend began in 2008 and the population grew at annual rates of above 0.6% in 2009 and 0.9% in 2010 (see Annex 1) to reach a total of 4,452,000 in 2010 and 4,497,600 at the beginning of 2012 (GEOSTAT, 2012c).

A steep increase was seen in the 65 years+ age group, up to 17% in 2010, against only a small increase in the 0-14 years, up to 16.1%. At the same time, there was a slight reduction of the prime productive group (25-54 years to 40.7%) and of 15-24 year-olds.

These trends have an immediate expression in declining workforce figures and falling enrolment in education. Between the 2007/08 and 2011/12 academic years, total enrolment in basic and upper-secondary education fell by over 22,500 students (7.4%). The decline was seen disproportionately in 10th grade enrolment, which alone lost over 20,300 students (31%) in the indicated period. Demographic trends combined with social-economic issues also contribute to this decline in enrolment in upper-secondary education (see Annex 3.3).

Economic trends

The economy stabilised after the severe crisis of 2008 and performance in 2011 was stronger than originally expected, with GDP growth at nearly 7%. Foreign direct investment as a share of GDP resumed some growth after the slump in 2008 and increased from 6.1% in 2009 to 6.8 in 2011. Foreign direct investment sector distribution remains diverse, with services attracting more than half of the inflow, while mining, manufacturing, construction and energy account for the remainder. The economic outlook for 2012 remains relatively favourable, with annual projected growth of 6% (IMF, 2012).

Industry and trade share the leading position as proportion of 2011 GDP (17.3%); followed by public administration (11.7%); transport and communication services (10.6%); agriculture, forestry and fishing (9.3%), and; construction (6.2%). Significant real growth was registered in the sectors of financial intermediation (24.3%); manufacturing (14.3%); electricity, gas and water supply (8.9%); hotels and restaurants (8.4%); communication (8.0%); trade (7.4%), and; construction (7.3%) (GEOSTAT, 2011).

Labour market trends

Despite the improvement of indicators in 2011, the Georgian labour market features a number of important limiting factors⁷:

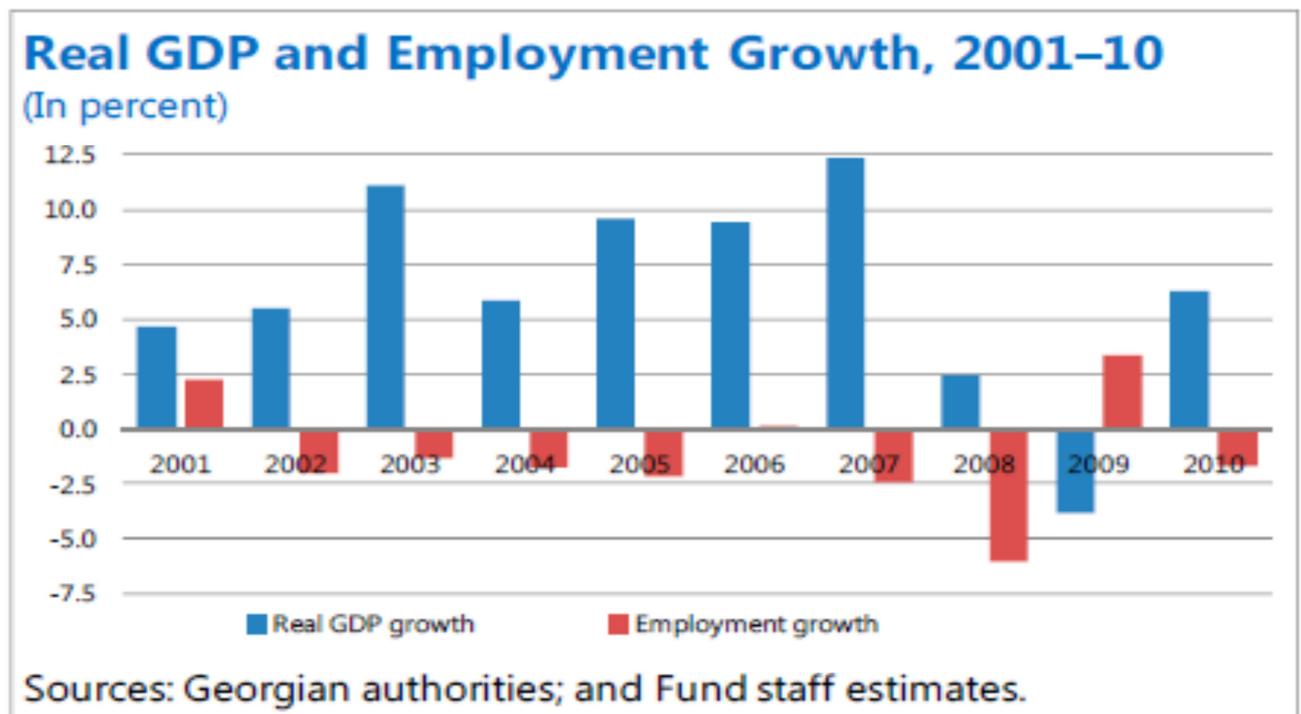
- structural unemployment largely disconnected from high economic growth;
- high urban unemployment rate (26.5% in 2011, down from 28.9 in 2008);

⁷ Labour market indicators provided by GEOSTAT, based on the Integrated Household Survey and ILO definitions of labour market status. Unemployment is defined as 'persons aged 15 years or above, not employed (even for one hour) in the seven days prior to the interview process, who had been looking for a job for the last four weeks and are ready to start working within the next two weeks'.

- large share of self-employment, reaching 62% of total employment in 2011 (down from 66% in 2005), concentrated mainly in low productivity agriculture.

Real growth in Gross Domestic Product (GDP) has resulted mainly from increased labour productivity in certain sectors and related real wage growth. In parallel, large shares of the workforce – in low productivity rural economy, and subsistence farming and the unemployed – have not benefited from productivity growth and the market economy (Figure 1).

Figure 1. Real GDP growth and employment growth, 2001-10 (%)



Source: IMF, 2012, p. 18

Rural economy

In 2011, 47% of the population was resident in rural areas, an indicator that has remained stable over recent years. Georgia is only moderately urbanised and about 65% of the population is employed in rural areas.

The rural economy continues to operate at low productivity, and it has not responded to the improved economic environment to same extent as the urban economy, whereby there is growing inequality between rural and urban incomes. Paid labour in agriculture brings in less than 50% of the average national wage. This is of particular concern given that almost two thirds of all the employed work in the rural economy where the term 'self-employed' for the most part synonymous with 'subsistence farmer' in this category. There are few signs of rural-urban migration (World Bank, 2009).

According to GEOSTAT data, the average monthly income⁸ per capita in urban areas surpasses the indicator in rural areas by 25% (GEL 217.3 against GEL 174.4). This difference was negligible in 2006, but the gap has rapidly widened since 2008.

⁸ Incomes include total cash and non-cash inflows. Last accessed 17 August 2012 at: http://geostat.ge/index.php?action=page&p_id=182&lang=eng

Unemployment

Unemployment appears to be mostly structural rather than cyclical, as evidenced by the steady increase in joblessness in the past decade (10.3% in 2000 to 16.3% in 2010 and a slight decline to 15.1 in 2011) despite high economic growth averaging more than 6% annually in this period. The unemployment rate has been highest among the population with higher education (above 20%), youth (nearly 37%) and the urban population (more than 27%). As the labour force shrank by approximately 5% between 2000 and 2010, the persistence of high unemployment underscores a critical problem in low job creation.

IMF (2012) points to the effect of remittances in increasing the reservation wage of the unemployed. Remittance recipients received USD 166 monthly on average in 2010 (USD 246 when the employee compensation of Georgians working abroad was included), a rate above the USD 142 subsistence income for an average household in December 2010.

Employment

Following a sharp decline during the severe crisis of 2008, employment figures have been gradually growing. The employment rate in 2011 increased by 0.6 percentage point on 2010 figures (to 55.4%) and the activity rate improved by 1 percentage point (to 65.2%). In 2011, 38% (632,000) workers were hired-employed, while the large mass of Georgian employment (62%) was classed as self-employment, mostly subsistence farming. Figures from the National Statistics Office (GEOSTAT) Business Survey of registered non-public enterprises⁹ show the share of wage employment in agriculture was only 1.9% in 2011, an obvious demonstration of the weak development of formal enterprise and employment in agriculture.

The situation amounts to an overall picture of employment with high informality concentrated in agriculture, but also affecting other sectors such as the highly seasonal restaurant and hotel business, and repair services (GIZ, 2010b).

As the majority of the self-employed are in the rural economy, it is not surprising that rural employment rates (67.6% in 2011) are far higher than their urban equivalents (42.4%). Similarly, the unemployment rate is substantially lower in rural than urban areas (6.2% against 26.5% in 2011). Tbilisi topped the 'by region' unemployment rate with 29.3% in 2011 (almost twice the national figure).

Employment by sector

The Business Survey 2012, Quarter I (GEOSTAT, 2012d) indicates increasing employment in registered active enterprises, with total employment in the segment totalling 470,041 employees in quarter I of 2012, against 360,398 in 2011.

According to the Business Survey, larger employers are mostly found in the sectors of: industry (with a share of 24.9% of total employed, 2011); trade and repair services (17.9%); health and social work (13.7%); transport and communications (13.1%), and; construction (8.7%). Despite its strategic appeal for the government, the hotels and restaurants sector (largely linked with tourism) had only a small share in employment (3.8% in 2011, down from 4% in 2010).

Within the industry sector, manufacturing is the lead employer (with 73.7% of the employed in registered industrial enterprises), especially in the manufacture of food products, beverages and tobacco. Enterprises in the electricity, gas and water supply branch are also important employers.

⁹ Excluding the financial intermediation and public administration sectors.

Gender and wages

Substantial gender discrepancies persist in wages. In Quarter I of 2012 the average monthly wage of employed women (GEL 488.7) was only 60% of the average monthly wage of men (GEL 828.4). Women are more frequently employed in functions with lower status and in sectors offering less attractive pay. This situation could contribute to the growing migration of women.

Mismatch

Employment and unemployment by level of education

Labour market indicators by levels of education (Table 2) show a remarkably low performance of higher education, which could be partly justified by the fact that only a small share of the type of productive employment likely to employ the highly-educated is available in the formal economy and registered enterprises of Georgia. The unemployment rate for the active population with higher education increased to 20.5% in 2011 from 15.8 in 2010, exceeding rates for other levels of education and the overall country indicator (15.3% in 2011).

Table 2. Employment and unemployment rates by level of education¹⁰ (%)

	Primary	Basic	Secondary	Primary vocational	Secondary vocational	Higher	No education/ unknown level	All levels
Employment rates by level of education								
2010	38.2	32.4	54.3	69.3	60.0	58.9	27.5	53.8
2011	38.4	29.7	56.8	74.5	61.4	59.2	47.1	55.4
	Primary	Basic	Secondary	Primary vocational	Secondary vocational	Higher	No education/ unknown level	All levels
Unemployment rates by level of education								
2010	2.7	11.4	15.2	12.3	15.3	20.9	1.2	16.3
2011	3.5	10.4	13.7	10.3	13.4	20.5	0.8	15.1

Source: GEOSTAT, August 2012 (at ETF request)

Policy makers are faced by a significant challenge in the continually growing share of highly-educated among the unemployed, with 41.9% out of work in 2011, against less than 29% in employment. The measure of mismatch¹¹ demonstrated by the figures in Table 3 points to an over-supply of highly educated workers in the current labour market context that is unparalleled in other levels of education.

Similarly, people with secondary education make up a large slice of the total unemployed (35.2% in 2011), although the specific unemployment rate (13.1%, 2011) is lower than the country average.

¹⁰ GEOSTAT maintained definitions of VET (primary and secondary) that no longer correspond to the VET law (2007, amended in 2010).

¹¹ Calculation: share of those in employment subtracted from share of those in unemployment (by level of education). Positive results at particular education levels indicates that the share of those in unemployment exceeds the share of those in employment, corresponding to a situation of over-supply in the labour market context.

Table 3. Mismatch by level of education: share of those in employment subtracted from share of those unemployed (%)

	Primary	Basic	Secondary	Primary vocational	Secondary vocational	Higher	No education/unknown level
2005	-3.4	-3.2	-8.2	-1.1	2.0	14.3	-0.4
2006	-3.0	-2.6	-9.7	-1.7	2.5	14.6	0.0
2007	-2.3	-2.7	-7.9	-2.4	1.2	14.3	-0.2
2008	-2.3	-3.6	-5.6	-1.6	1.1	12.2	-0.3
2009	-1.8	-3.3	-2.9	-1.4	1.1	8.6	-0.2
2010	-2.1	-2.1	-3.0	-1.3	-1.4	10.6	-0.7
2011	-1.9	-1.8	-4.2	-1.4	-2.4	13.1	-1.5

Source: GEOSTAT, August 2012 (at ETF request) – ETF calculation

Mismatch: skills demand by sector and supply of training

The International Organisation for Migration (several surveys since 2007) and the MESD with GIZ support (2012) have studied job and skills demand in Georgia. Their reports, based on employer perceptions (IOM, 2007, 2012 and n.d.) and a combination of data sources (GIZ, 2010 and 2012), have provided analyses of short-term prospective demand and give indications of gaps between training supply and the occupations and skills demanded. The use of such analyses in defining priorities and designing relevant programmes at the level of policy institutions and VET providers remains problematic due to shortages in capacity and weak coordination.

As a result, there are gaps in the training offer for in-demand qualifications, despite efforts to link VET programmes more closely with labour market needs.

GIZ (2010b) identified this gap as particularly significant for qualifications in branches with growing employment prospects, such as: utilities (electricity, gas, water and sewage), mining and processing, chemicals and pharmaceuticals, rail and logistics. The mismatch between VET offer and the qualifications and skills in demand is especially important in Tbilisi and the ports of Poti and Batumi.

The list of voucher-financed VET courses (2012) gives clear priority to occupations in construction, ICT, tourism and hotels-restaurants, with only a limited number of programmes in agriculture (5), and business (1).

In 2012, student registration with public VET providers was high in ICT, tourism-hotels-restaurants and construction, while agricultural occupations registered very low shares of students. Private providers tend to offer programmes in the medical, maritime and services sectors.

Employability of VET graduates

The first tracer study on the employability and further paths of VET graduates was financed and supervised by the World Bank office in Tbilisi and implemented by the NCEQE in 2012. The sample included 1,000 graduates of the class of 2011 from 12 public colleges, 2 universities and 2 private colleges.

The study shows that 43% of graduates (female and male) are employed in private companies or in government offices, 8% are self-employed and 15% continued to study while also working. Firms and public offices employed 47% of female graduates, against 40% of their male peers, while 27% of

surveyed graduates were unemployed, mainly due to failed attempts to find jobs compatible with their skills.

Employment in firms and public office was highest among graduates of the: audiovisual arts (67%), tourism (66%), food processing (64%), telecom (60%), design (51%), accounting (48%) and construction (46%). Lower shares of employment in firms and public service were seen among graduates from health sector occupations (dentistry, nursing), veterinary, marine sciences and animal husbandry.

These results should be interpreted as indicative initial suggestions and similar studies following comparable parameters should be regularly conducted to cover more representative samples and trace graduate progression over a longer period of time. The importance of an operational monitoring system for VET is, again, an essential element.

Responsiveness of the VET system

The building blocks outlined below provide a structure for the reformed formal VET system in line with the amendments to the 2010 VET Law and the NQF (see Table 4). The central aims of this reformed structure are to achieve responsiveness to labour market needs and to provide relevant preparation for employment. A strong element of common quality assurance principles and procedures has also marked the reform.

Table 4. Reformed VET system: building blocks

Building blocks	Main elements	Explanation
Levels: defined in the NQF (see Annex 2)	a) I, II and III b) IV and V	a) Lower level, access from complete basic education Credit points: 20-30 by level, depending on occupational standard b) Higher level, access from secondary education and passing of general skills test The reference learning outcomes laid out in the NQF legal act for level V are fully identical to the learning outcomes for short-cycle higher education (however, permeability is difficult) Credit points: 60 per level
Occupational standards (OS): published in the NCEQE online register	247 standards, distributed in nine groups: <ul style="list-style-type: none"> • agriculture (26 OS) • business administration (22) • engineering (133) • natural sciences (3) • interdisciplinary fields (4) • law (1) • social sciences (3) • fine arts (47) • healthcare (8) 	The nine groups come from the NQF list of qualifications ¹² . Each OS is identified by the same code as in the list of qualifications, and is published in the NCEQE online register. Each OS describes the learning outcomes for the various levels in one profession. An OS may run through all five levels, or only a few, depending on requirements. For example: the OS for dental technician covers levels III-V.
Network of providers	The current network of authorised VET providers: <ul style="list-style-type: none"> • 14 public institutions (5 colleges and 9 community colleges) • 71 private institutions (35 colleges and 36 community colleges) • 24 higher education institutions providing VET courses • 6 general education schools Several NGOs provide innovative forms of vocational education linked with social inclusion projects (street children, supported by the Norwegian government) or poverty reduction (Association Life Chance). Enterprise-based training exists in large companies.	Public VET providers are spread over most regions of country with only three in the capital. However, two regions have no public VET provision, and the second largest region by population (Imereti, 706,000) has only one public VET provider. Many municipalities with large populations (over 70,000) are not served (e.g. Ozurgeti, Zestaponi, Telavi, Akhalkalaki, Gardabani and Zugdidi). Over half of the private providers (36 institutions) are located in Tbilisi, 7 in Kutaisi, 3 in Batumi, 4 in Zugdidi and 2 in Telavi. The harbour city of Poti has only one VET provider, despite having high activity in construction and logistics. Association Life Chance established a training centre for car mechanics, which uses a dual approach learned in cooperation with German partners.
Public financing for students	The list of priority VET programmes open to student enrolment with state voucher (2012) gives clear predominance to occupations in the area of construction; followed by ICT, tourism, hotel and restaurants. Limited number of programmes in the area of agriculture (5) and business (1).	The state influences VET supply and student choices through a voucher-system targeted at specific priority occupational areas.

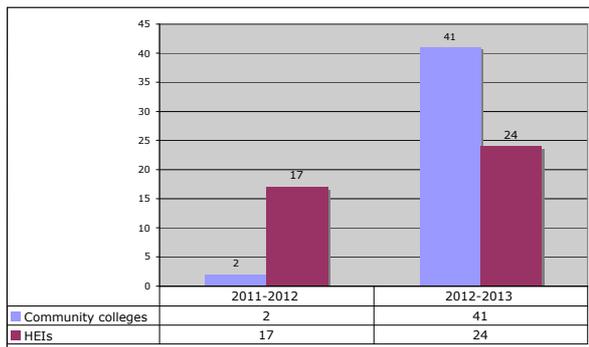
¹² Full designation available in NQF list of directions, field and specialties, sub-fields and specialisations and professional specialisations (MES, 2010d).

VET levels IV and V

Enrolment in VET levels IV to V has increased substantially in 2012 to reach over 8,000 students, according to MES. Financing of VET IV to V is either based on state grants under the system in place for higher education candidates achieving the requisite grades at unified entrance examinations or on private funding in the case for most students at levels IV to V.

Community colleges and higher education institutions have provided VET IV and V programmes since the 2011/12 academic year and according to the NCEQE analysis (NCEQE, 2011) student demand for these programmes has been surprisingly high from the outset. Not surprisingly, the number of authorised providers increased visibly in the following year (Figure 2).

Figure 2. Number of institutions providing VET levels IV and V



Source: NCEQE, 2011 and 2012f; data on higher education institutions providing VET IV and V (at ETF request)

The Georgian Technical University (GTU), in Tbilisi, has been active in delivering post-secondary VET since the introduction of higher professional education outlined in the 2007 VET Law that was later reformed into VET levels IV and V. In 2011/12, over 850 students enrolled in VET IV courses, in 35 professions. Almost half of the students aimed to continue to level V. Within three months from the start of the academic year, only 435 students remained. GTU states that the high dropout rate is due to the obligatory military service that exclusively applies to vocational students. Additionally, GTU indicates that many level IV VET students are discouraged by the fact that there are many obstacles and uncertainties in progression to bachelor level after level V VET.

The national qualifications framework: role and issues

Legal basis and objectives

The Georgian NQF (adopted by order of MES of 10th December 2010) represents a compromise with the existing education structure (cycles and principles for progression) and provides a new paradigm based on learning outcomes defined in reference to the level descriptors in the annexes describing the sub-frameworks of the NQF: general, vocational and higher (academic).

The NQF acts as a driving force for change in making VET more responsive to labour market players and skills requirements. This process occurs alongside the application of VET law prescriptions on links between VET programmes and the relevant occupational standards, and the implementation of internal and external quality assurance mechanisms for VET providers. In addition, the NQF helps promote the education received in Georgia and contributes toward integration in the European Higher Education Area. It also sets the foundations for mechanisms to recognise and validate non-formal and informal learning and informs users and the wider public of the opportunities offered, mainly via the online registry of occupational standards (NCEQE, 2012b).

Levels

The NQF comprehensively systematises existing qualifications into the three sub-frameworks of general, vocational and higher education brackets. The vocational sub-framework contains five levels and the higher section has a further three. The architecture of the NQF is, however, not entirely clear. Although the system appears implicitly to have eight levels in total, the legal act does not refer to eight levels in explicit terms. For instance; although in practical common understanding the secondary education diploma corresponds to an NQF level III, the general education sub-framework is not explicitly related to the eight-level structure. Table 5 provides a graphic summary of the current NQF architecture.

The NQF clearly specifies that enrolment in each cycle (level) of vocational education is conditional to 'completion of the educational programme of the previous cycle or recognition of the knowledge, skills and values envisaged by the educational programme of the previous cycle' (MES, 2010b, Annex 2, Article 2, 5) and the learning outcomes of each level cover the learning outcomes of the previous level while adding higher levels of professional knowledge, advanced skills and values. Table 5 synthesises the linkages and key points where barriers to progression currently exist (represented by red circles).

Table 5. The NQF and permeability issues

Levels	General education	Vocational education	Higher education
VIII			PhD
VII			Master
VI			First cycle Short cycle
V		V	
IV		IV	
III	Secondary education	III	
II		II	
I		I	
	Basic education		

Source: NQF; VET Law; clarifications from the NCEQE for this review; Scheme: ETF

Occupational standards

From the adoption of the NQF (December 2010) until June 2012, Georgia adopted 247 occupational standards for qualifications in accordance with the five-level vocational qualifications sub-framework. The occupational standards are published in the online registry across nine areas. This registry is

managed by the relevant specialised agency: the National Centre for Educational Quality Enhancement (NCEQE, 2012b).

Recognition of non-formal and informal vocational learning

The amended VET Law of 2010 acknowledges the possible recognition of non-formal and informal vocational learning (Art.10), but limits this possibility to levels I to III

The legal basis adopted (order of MES, February 2011) concerns the conditions and procedure for the recognition of informal (non-formal) professional education in the form of a short regulatory document specifying authorised bodies, required documents, conditions for submission, decision-making processes and specific features for recognition at VET level III. In 2012, NCEQE proposed complementary recommendations for educational institutions (NCEQE, 2012e).

In 2012, MES expressed interest in receiving international assistance to define an operational policy and regulatory basis for putting the recognition of non-formal learning. Policy and regulatory bodies should be aware that the introduction of procedures and tools for the validation of non-formal learning alone cannot solve the current problems of permeability in the formal education system.

Important problems

Practical implementation of the NQF reveals a number of important issues that require greater policy debate and technical analysis in the country. These can be summed-up as follows:

- *Relevance for VET curricula of learning outcomes defined in occupational standards:* many of the current generation of 247 occupational standards developed over a short period of two years (2011-12) have characteristic weaknesses in terms of the formulation of occupational profiles and learning outcomes that are considered too generic in many cases. Qualitative revision of occupation standards is underway with the objective to improve the formulation of learning outcomes and the relevance of levels.
- *The current concept of the OS mixes the aspects of occupational and educational standards.* This leads to confusion in understanding of levels of qualification as against level of training.
- *Levels of vocational qualifications:* many occupational standards and respective qualifications contain all five possible levels of vocational qualification, although in many occupations the lower levels (I and II) offer limited or no value for the labour market given the skills requirements of employers. It is important to review occupational standards together with relevant industry representatives to redefine the minimum necessary levels of qualification for each occupation.
- *Permeability:* the NQF has been in place for less than two years in Georgia and implementation is largely a matter of compromise with existing legislation on access to key cycles (notably tertiary). Despite the ambition of the NQF authors to minimise dead-ends and strengthen learning outcomes as a cornerstone for qualifications, the legislation poses barriers to the portability of credits accumulated in vocational education of VET level I-III (pre-tertiary level) to VET level IV (tertiary); similarly, progression from VET level V to first cycle higher education does not take into consideration the credits accumulated in VET levels IV and V. Although the legislation officially allows a level III qualification to be awarded via the recognition of prior non-formal and informal learning, the practical mechanisms for implementation of this process are not yet in place. The above barriers in progression discourage learners and may contribute to inefficiencies such as dropouts from key levels (notably from level IV to V) as progression to first cycle higher education is linked with a further barrier. Incomplete and inconsistent statistical data on factors of VET such as enrolments, graduations and dropout that do not provide disaggregated figures on social and other necessary bases cloud

the true impact of the dead-end problem for learners. Data is urgently needed on the completion, horizontal and vertical transitions, performance and dropouts of VET students at key points of the vocational qualifications framework (level III, levels IV and V).

- *Trust*: the new paradigm of learning outcomes laid down in the NQF has yet to be reinforced and quality assured in this phase of the VET reforms; greater dialogue and exchange is to be promoted between the segments of the NQF before trust will settle in.

3. EXTERNAL EFFICIENCY: ADDRESSING SOCIAL DEMANDS FOR VET AND PROMOTING SOCIAL INCLUSION

In the current Georgian context, the following are the main policy issues in addressing social demands for VET and promoting social inclusion:

- VET for different human capital development needs: younger versus adult learners;
- VET network capacity to provide learners with quality and affordable learning;
- students with special needs;
- attractiveness and capacity of VET to solve the problem of early school leaving and dropout.

VET for different human capital development needs

A predominant share of 2011 graduates from VET levels I-III entered after secondary (60%) and higher education (15%), while the remainder were younger entrants after basic education (Fretwell, n.d.).

This profile could change in favour of a growing share of younger entrants (after basic school), as the improved infrastructure and programmes of VET colleges increases their attractiveness, particularly if the financing model helps attract more candidates of this category. Moreover, the demand for high quality VET could become substantial among youngsters leaving general schooling at basic education level; a phenomenon that has become increasingly common in the last 3 years. For this group in particular, VET policy must strengthen appropriate information and guidance tools and ensure free access to relevant programmes without barriers to lifelong progression. The needs of younger learners, those with only basic education, cannot be reduced exclusively to access to immediate employment. VET policies should also contribute to social inclusion and cohesion.

Policy makers must come to terms with the diversity of social needs for VET. Current VET programmes (levels I to III) are an attractive option for the population with at least secondary education as they offer a shorter path to qualifications for employment. Initial programmes for youth after compulsory education ought to provide access to all core competences for lifelong learning via varied forms of integration. This is both a social right and an economic requisite.

Capacity of VET providers and access to VET

MES announced a dramatic increase of enrolment in public VET (levels I to III) after completion of the third round of student admissions in 2012. Preliminary results of admissions in April and July confirmed the trends of previous years with an average of approximately 6,000 students, but the last round of admissions finalised in September 2012 saw enrolment figures soar to an unprecedented 12,740 students.

Despite the success in 2012/13, access is one of the leading problems in VET policy in Georgia and most of the previous solutions have concentrated on the two key issues of: (i) availability of authorised provision, and (ii) financing. As highlighted elsewhere in this report, policies have been designed and implemented within changing contexts as regards the priority of VET and of state investment and not all of the decisions made have enjoyed an even share of the type of stakeholder consultation needed.

The policy towards the limitation of public provision in VET has been raising criticism and concerns over the future of VET in Georgia since 2009. The government attempted improvements to the infrastructure of the remaining public VET colleges as part of plans for a better quality but smaller public network, in efforts to counter the effects of the shrinking public VET sector. In 2011 and, more particularly, in 2012, the State invested in VET infrastructure through repairs, fundamental renovation and the equipment of certain VET colleges along with the construction of an attractive new college in Tbilisi. While such investment is unarguably indispensable to strengthen the quality of VET, the suitability of the location raises some questions (Tbilisi, rather than other cities and regions in greater need) as does the employment relevance of the programmes receiving this investment. It is not clear whether these investment decisions were backed by a reliable analysis of all the options.

In parallel, the government opted to promote the expansion of private VET provision, which resulted in the authorisation of 71 private colleges and community colleges, according to official data from September 2012. VET system capacity has also expanded in quantitative terms due to the purposeful diversification of VET provision as stipulated in the amended 2010 VET Law, with more than 22 higher education institutions initiating the provision of VET programmes of all levels.

It is not currently possible to accurately calculate the contribution of the large private sector in VET to the objective of increased participation as the relevant figures were not accessible when writing of this report.

Financing of VET provision is the other key driver of increased participation. Both systems of state financing for VET students feature partial (not universal) coverage of the target population as both systems operate through a set of eligibility and selection conditions. State financing for VET students is organised through both: (i) vouchers introduced in May 2012 (full and partial, for levels I to III, in public colleges and community colleges), and (ii) the higher education grant system for levels IV and V, for students achieving the required grades at the Unified Examination.

In 2012, the state budget allocation for vouchers (VET levels I to III) is likely to have been almost fully utilised, considering the results of the three rounds of the admission campaign. According to partial figures on the first two rounds received from MES (almost two thirds of total admissions 2012), 39% of students received the full voucher and 48.3% had the partial voucher, while the remaining 13.2% were self-funding students.

The vast majority of current providers are private institutions that operate by charging tuition fees; this, in principle, excludes students from the many households in situations close to poverty. However, from another perspective, private providers provide a 'niche' in levels IV and V for those students who perform below the threshold required for state grants (or for admission in renowned higher education institutions). Certain socially important professional areas – namely occupations in public health (levels IV and V) – are dominated by private community colleges. According to information collected for this report from the directors of some of these institutions, the overwhelming majority of their students do not benefit from state grants.

At the Technical University in Tbilisi, the annual tuition fee for VET IV courses (60 credits per year) is GEL 2,250, which corresponded to more than three average nominal monthly salaries of GEL 676 for employees in Quarter I of 2012 (GEOSTAT, 2012e).

Limited coverage of the small network of 14 public VET providers across the country has access implications for students in rural areas and cities across Georgia. The vast majority of all VET providers, both private and public, are located in Tbilisi and many municipalities with large populations are poorly served. The indispensable up-skilling of the rural population needed to improve agricultural

productivity will require substantial and coordinated efforts from the pertinent authorities in cooperation with business support services to expand the offer of relevant training and information services.

Students with special needs

The VET strategy 2009-12 aimed to increase access to VET for all social groups, especially individuals from disadvantaged socio-economic backgrounds and those with special needs. The draft Vocational Education Strategy for Students with Special Needs (2012-15) foresees reinforcement of teaching capacities and physical adaptations to VET colleges. Stakeholders, teachers and experts all agree with the principle of inclusive education and all public VET colleges have teachers trained in inclusive education. However, the figures show that demand for VET from students with special needs is low: only 22 students in 9 public VET colleges in 2011 (IEPPM, 2012).

Mixed results of the education system: enrolment rates

In the decade from 1999 to 2009, Georgia made visible progress in enrolment rates at the lower ISCED 0 and 1 levels of education (see Table 6) while it underperformed in comparison neighbouring Caucasus States and states in Central Asia (Kazakhstan, Tajikistan) in ISCED levels 2 and 3 (UNESCO, 2011)¹³.

Table 6. Gross enrolment rates by ISCED level (%)

	ISCED 0			ISCED 1			ISCED 2+3			ISCED 2			ISCED 3		
	Total	M	F	Total	M	F	Total	M	F	Total	M	F	Total	M	F
1999	35	35	34	96	96	96	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
2009	63	56	70	108	108	108	88	n.a	n.a	95	98	93	81	n.a	n.a
							81*								

Source: UNESCO, 2011

(*) Net enrolment rate

One burning question in need of assessment is whether Georgia is affected by a growing phenomenon of early school leaving and whether VET is capable of playing a meaningful role in solving this problem. Enrolment figures in upper secondary education have visibly fallen much faster than enrolment in basic education (Annex 3.3). Between 2007/08 and 2011/12, enrolment in tenth grade fell by over 20,300 students (down 31%), while the reduction in ninth grade was 7,500 students (down 12.4%). Until 2009/10, total enrolment in tenth grade was higher than in ninth grade. Although there has been no analysis of these trends, the immediate message for VET policy appears to be that there is increasing social demand for quality VET among the many youngsters leaving school at basic education level. VET policy must develop appropriate information and guidance tools, free access and relevant programmes aimed at lifelong development (combined with general education where possible) for this growing group.

¹³ Gross enrolment rate (GER) ISCED 0 (2009) in Georgia ranks substantially higher than in other CIS (39% in Kazakhstan; Azerbaijan has 24% and Armenia 33%) (UNESCO, 2011, pp. 92-94).

GER in ISCED 1 (2009) Georgia is one the highest among CIS countries, comparable to Kazakhstan and higher than Armenia (99%) and Azerbaijan (95%) (UNESCO, 2011, pp. 112-114).

GER in ISCED 2+3 is one of the lowest in the CIS (only Kyrgyzstan and Tajikistan have lower GER at 84%). Armenia has 93%, Azerbaijan 99% and Kazakhstan 98%. Net enrolment rate (NER) ISCED 2+3 is the second lowest among CIS countries (only Kyrgyzstan has lower with 79%). The highest NER are in Azerbaijan (93%) and in Kazakstan (90%) (UNESCO, 2011, p. 146).

4. INTERNAL QUALITY AND EFFICIENCY IN DELIVERY OF INITIAL AND CONTINUING VET

External and internal quality assurance

New education quality assurance legislation came into force in 2010 and the implementation in VET has been considered largely successful, covering all VET providers, public and private alike. NCEQE reviewed the outline of self-assessment and analysed messages from the first round of self-assessment in 2012. Training programmes and information meetings on the new legislative framework were organised by NCEQE for various user groups.

All authorised public and private VET providers are compelled to deliver annual self-assessment reports as part of the authorisation or accreditation processes, but NCEQE also encourages providers to work on constant self-assessment as part of a move toward a culture of quality improvement.

The NCEQE report (2011) analysing self-assessment in colleges reports warns that the areas of 'teachers and students' and 'cooperation with labour market players and social partners' have made slow progress.

At a thematic working group meeting on quality assurance in March 2012, NCEQE presented recommendations based on a review of results from the authorisation and accreditation processes for VET providers. The report underscored the gaps and weaknesses identified at provider level in terms of the quality and relevance of programmes, stating that: (i) adoption of the new quality assurance mechanisms is in progress, but much remains to be improved in provider practices before they can smoothly withstand competition; (ii) cooperation with employers remains a serious challenge for VET providers; (iii) implementation of credible practical training requires improvement of premises and equipment in many VET colleges.

The same meeting report recommended: (i) improved assessment of VET programmes by VET providers; (ii) the introduction of peer review among teachers; (iii) use of the plan-implement-monitor-review quality cycle; (iv) introduction of the quality manager function in VET colleges; (v) whole staff involvement in quality management; and (vi) greater emphasis than ever on teacher training in VET due to extensive reforms in so many areas.

VET providers point to several shortcomings in the functioning of the quality assurance framework, especially:

- unclear and indistinct definitions of *authorisation* and *accreditation* that contribute to misinterpretation of legal requirements;
- high cost of the authorisation process – GEL 800 per programme and per level – which discourages VET providers from opening new programmes and may consequently hamper the responsiveness of VET offer to changing skills demands;
- unpredictability and frequency of changes in the regulatory framework affecting management decisions at VET colleges.

Labour market relevance

By establishing a mandatory self-assessment mechanism for all providers and linking it with authorisation and accreditation by the NCEQE, the new system of quality assurance enforces a

number of standard requirements that contribute to the labour market relevance of VET programmes. One such requirement is the obligation to demonstrate market demand for the programmes on offer.

Curriculum design is the responsibility of VET providers, which in principle gives room for flexibility and adjustment to local realities and local market demands. However, the shortcomings of this approach result in undesirable variations of programmes across VET providers and a difference in the quality and credibility of qualifications acquired through very different programmes across the country.

VET colleges have started to request more collaborative approaches to curriculum design in order to achieve greater national comparability and coherence of training and qualifications within occupational groups. Some colleges suggest adopting common national curricula coupled with better-designed student assessment policy and tools abiding to national standards. VET colleges recognised for their leading experience in given occupational areas are likely to become sources of recognised VET curricula.

In early 2012, MES and the NCEQE prioritised review of the curriculum design. With ETF support, assessment of important issues relating to curriculum and occupational standards was performed in the two pilot areas of electrical engineering and accountancy. The project teams combined action for the development of a new curriculum with training and coaching, to produce a revised curriculum outline, new curricula for the two occupations and a comprehensive methodology package. Consolidation of these outputs, covering new occupational profiles, is underway with financing from the EU.

Although the amended VET Law (2010) envisages the use of modular programmes, the regulator is not ready to engage in immediate transition to this approach, although reflections on the best way to start are underway in the NCEQE

VET colleges may not all have the necessary capacity and methodology to assess labour market demand for new profiles and qualifications. Most VET colleges simply rely on the information gathered through personal contact with enterprises, which is the most accessible and practicable method in the current phase of development. As the quality assurance framework develops, it will require more reliable systematised information on demand for skills and training.

Current student assessment policy and practice do not guarantee that the qualifications awarded reflect identical performance against the national standards across VET providers in the country, as there are wide variations in the assessment instruments used. The EU will assist the authorities in improving regulation, instruments and practice in student assessment (2012-13).

Practical training

The Law requires that 40% of the curriculum of each VET level be dedicated to practical training in enterprises or in a work-like context, and the capacity to implement practical training is one of the criteria for the authorisation of providers. The reality of how practical training is organised to meet the learning outcomes (quality of VET) varies dependent on many factors, especially management initiative and the reliability of partner companies.

Public VET colleges have developed memoranda of cooperation with employers and enterprises in the sectors relating to their training offer. For example, textile companies actively and eagerly take students onto their production lines. A number of difficulties prevent VET teachers from supervising all aspects of the quality and relevance of practical training in the enterprise context.

The Association Life Chance established a training centre for car mechanics in Tbilisi that uses a dual approach learned from cooperation with German partners. Some large companies in the utilities (energy, water and sewage) and telecommunications sectors provide initial training to newly recruited staff, both on-the-job and in corporate training centres. More concrete information on this form of enterprise-based training could be useful, but the issue is not currently analysed.

A common framework is needed to regulate practical training in the enterprise context to lay down employer obligations and the quality assurance and learner assessment requirements of the training process. Participating enterprises could be listed in a central VET register accessible to both learners and providers.

Teachers

The structural reform of public VET sparked a trend toward wide variation in the level of trade-specific competence and salaries of VET teachers. Some of the iconic modern VET centres (2007-09) contracted experienced professionals from industry, while outdated centres could not afford such innovations. A third of all VET teachers are aged 50 to 60 years, and 27 % are between 39 and 49 years old. Younger professionals (17 to 38 years) represent about a quarter of all VET teachers although they are not easily attracted to the teaching profession in VET or any other level of education in Georgia.

The situation is compounded by the fact that there is no initial VET teacher education offered at education faculties in Georgia. As a result, VET teacher training is generally handled as in-service professional development for teachers. In 2011/12, the National Teacher Professional Development Centre (NTPDC) provided training to every teacher of public VET institutions in at least one of the two areas of IT skills (350 teachers) and interactive teaching methods (462 teachers). The NTPDC developed professional standards for VET teachers in consultation with several professional organisations and the VET teacher trade union. The NTPDC 2012 training report stated that, until recently, a third of VET teachers were unaware of the existence of the standards or their content, although teachers in public VET institutions underwent training in 2011 and claim to be more closely acquainted with the standards.

The UNDP assessment of capacity gaps of VET teachers clearly identified areas for development that largely lie beyond the focus of current VET teacher training programmes (UNDP, 2011):

- competences and skills necessary to facilitate learning of diverse student groups;
- knowledge and skills to ensure the quality of learning outcomes as defined in occupational standards;
- skills to participate in professional development and contribute to the quality assurance of their institutions;
- core skills: communication, foreign languages, ICT skills and intercultural skills.

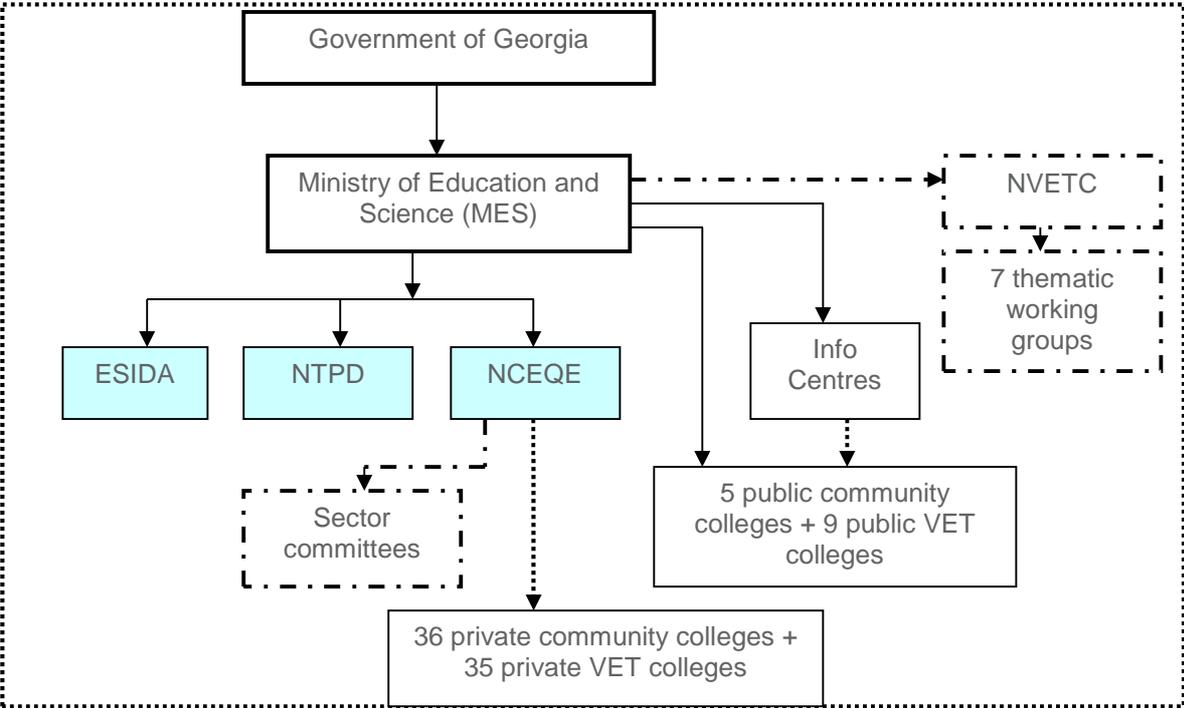
5. GOVERNANCE AND FINANCING OF THE INITIAL AND CONTINUING VET SYSTEM AND INSTITUTIONAL CAPACITIES FOR CHANGE

VET governance in Georgia rests on a combination of powers within government structures, under the mandate and activities of a few relatively new instances for policy dialogue and thematic expertise (Figure 3). Some key stakeholders report that leadership in VET policy appears at times to fluctuate between MES and the agencies (particularly the Educational and Scientific Infrastructure Development Agency (ESIDA) and the NCEQE).

Several important aspects of VET governance have changed since 2009 through the establishment of participatory governance instances at various levels, such as the higher level NVETC with its thematic working groups. The tripartite social partnership agreement signed in 2011 has the potential to bring social dialogue to the forefront in VET policy making. MES, the leading government body responsible for VET policy and strategy (through the department for VET and inclusive education), is supported in its functions by a small number of specialised agencies (legal entities under public law).

Amongst other functions, the MES VET department coordinates state VET policy, drafts annual reports on VET strategy implementation, ensures the functions of the NVETC secretariat and maintains communication with several international organisations cooperating on VET policy. The VET department staff is relatively small for the breadth of tasks allocated.

Figure 3. VET policy: governance



Participatory governance

National VET Council

The main advisory and consultative body for VET policy (NVETC) was established by government decree No 678 of 18 September 2009. According to the statute, 'the Council goal is to ensure coordinated activities between governmental institutions, employers, trade unions and non-governmental sector, as well as VET centres'. The secretariat functions are ensured by the VET department (MES) that prepares agendas and minutes of meetings.

The main activities of the NVETC include:

- developing proposals and resolutions related to the VET strategy and its action plan;
- forming working groups and inviting independent experts to study VET issues and frame recommendations.

Membership of the NVETC was revised to increase the participation of social partners under a government decree of 10 August 2011. It now includes 27 members: 14 government representatives, two state VET college representatives, one member of the Parliamentary Committee, one independent expert, four employers, three labour union representatives and two NGOs. Despite the amendments to membership, government influence still outweighs that of other stakeholders in a way that hampers equality.

Another amendment was introduced in May 2011 to stimulate the activity of the NVETC, replacing the Prime Minister as chair with the Minister of Education and Science in order to increase the frequency of NVETC meetings and to avoid repetition of the long periods of inactivity registered in 2010.

A key shortcoming of the current participative governance relates to final policy decision making, which bypassed or largely overlooked the proposals developed by experts and thematic working groups in several important areas. Although established to contribute to policies on improving quality, the NVETC was not duly consulted on important decisions such as: the merger and liquidation of public VET colleges in 2011-12; the transfer of four public VET centres into a joint venture managed by the private Agricultural University in 2012, and; the content of the decree on terms for student financing in VET levels I to III in public VET colleges (voucher financing decree of March 2012), especially in terms of the modalities and the list priority courses awarded state funding. The NVETC was informed of all these important decisions a posteriori, with its advisory and consultative function sidestepped.

Social partnership

The government and social partners signed the 'Agreement on the determination of the policy of social partnership in vocational education' (2011). The agreement lays out the roles and responsibilities of each partner, referring back to the VET Strategy, the recently adopted VET Law and the EU Memorandum on Lifelong Learning and stresses the reliance on joint efforts with social partners in: the development of new educational programmes, occupational standards and mechanisms for school-business partnership; knowledge of vocational skills, and; social advertising or dissemination. This will be achieved through the creation of cooperation mechanisms for the management, implementation and funding of vocational education and training at all levels.

The potentialities of this initiative must be recognised despite the shortcomings of the agreement and implementation process.

To build on the social partnership agreement, the policy institutions must engage in more creative ways to activate employers and social partners, supporting useful joint projects and initiatives in VET. An action plan with resource allocation should back the social partnership agreement.

The Georgian Employers' Association (GEA) supports the association of private VET providers in efforts toward more effective development of a part of the VET system that does not benefit from public resources. GEA expressed interest in supporting the development of employer-driven sector councils as alternatives to the current sector committees.

The Georgian Trade Unions Confederation (GTUC) is an active participant in VET policy debate. It is one of most consistent advocates of the need to improve permeability of pathways in education and training as a key social inclusion policy.

Sector committees

The National Professional Agency was the first entity created to attempt this, supporting the establishment of 13 sector committees with a main mission to discuss and elaborate occupational standards. A slowdown of activities in 2010 was followed by a phase of renewed activity with 14 sector committees established in 2011 under the coordination of NCEQE. The committees aim to contribute systematically to the design and further development of the qualifications system (catalogue of qualifications, occupational standards) aligned with labour market requirements.

EMIS

As the present report was being finalised, progress was reported toward building the monitoring system, although no data is yet available for public use. GIZ is supporting EMIS and MES in designing and building the components of the monitoring system in terms of the software and data clusters. According to information shared by GIZ for this review¹⁴, the VET monitoring software was up and running by the end of 2012 collecting data on students, programmes, teachers and college administration from public VET colleges, alongside general college information. By the first enrolment phase in March 2013, the monitoring system should be operational with complete data from public providers. To date, 35 individuals have been trained in use of the software.

Data on authorised and accredited public and private VET providers from NCEQE show the private sector to be undergoing a rapid expansion but figures on enrolment for private providers were not submitted in time for this report. Private VET colleges are also expected to submit their data into the system from the new enrolment phase in 2013.

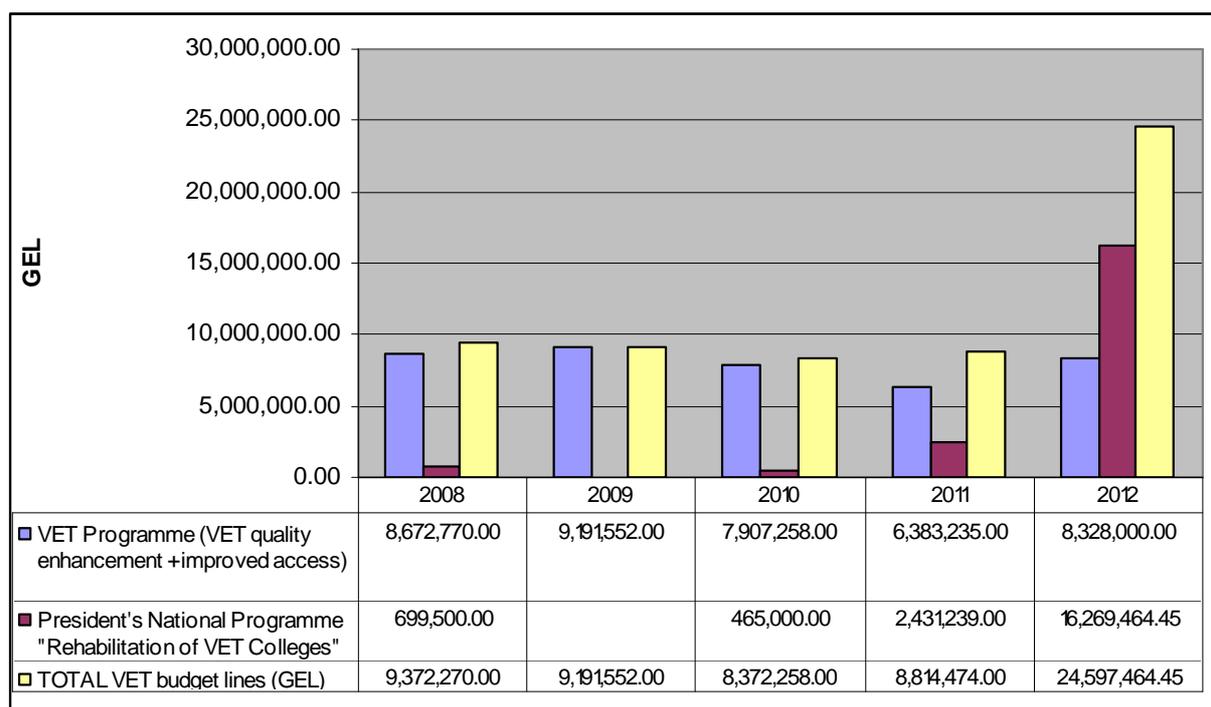
Financing

State expenditure on VET has been unstable over recent years. Data presented in Annex 4 shows that expenditure on VET has declined substantially as a share of the MES budget, reaching an all time low of less than 2% from 2009 to 2011.

In 2012, the total state VET budget rose substantially as an outcome of the budget line allocated for VET infrastructure, at almost seven times the 2011 figure (see Figure 4). The budget for student vouchers will total GEL 7 million in 2012.

¹⁴ Personal communication by e-mail, 21 November 2012.

Figure 4. State VET budget by component, 2008-12 (GEL)



Source: MES; graph: ETF

The adoption of new legislation on voucher financing for VET levels I to III (Prime Ministerial Decree, 15 March 2012) was preceded by several years of studies and contributions of expertise supported by credible international organisations (GIZ).

State funding has been provided for students in VET levels I to III since May 2012 via a system of vouchers that eligible students can use 'at the vocational educational institutions established with the participation of the state or accredited vocational institutions implementing the priority programmes of vocational education' (Government Decree No 96, 2012). In practice, during the initial phase of implementation of the decree, VET vouchers were channelled exclusively through the network of public VET colleges and community colleges¹⁵. Eligibility to the full voucher (worth GEL 1,000) is conditional on the socio-economic characteristics and educational situation of candidates. A partial voucher worth GEL 700 is available for candidates who do not fulfil the social and educational parameters for a full voucher but who are interested in enrolment on priority VET programmes in the listed public VET colleges. Eligible citizens are entitled to only one VET voucher in their lifetime.

The state budget allocation for VET levels I-III vouchers is likely to have been almost fully committed for 2012, given the highly positive results of the three rounds of student admissions that recruited unprecedented high enrolment of 12,740 students. According to partial figures received from MES, for the first two rounds (almost two thirds of total admissions 2012), 39 % of students received the full voucher and 48.3 % had a partial voucher; the remaining share (13.2 %) is self-funding students.

However, the new voucher-based VET financing system raised the concern of experts, VET providers and international organisations that the non-differentiated nature and low face value of the voucher is likely to affect the quality of training. The problem is likely to be more severe in training for technical

¹⁵ Fourteen public VET colleges and community colleges and four public VET colleges participating in the 2012 agreement between MES and the Agricultural University.

than service-based occupations, as the former commonly require more costly inputs and processes in terms of equipment and materials.

The VET costing study (GIZ, 2010a) showed that only four or five of the 24 VET courses analysed had a total cost per student below or commensurate with the current GEL 1,000 face value of the full voucher. In fact, the large majority of courses had a cost per student of well above GEL 1,000. The cost per student varied widely both between VET courses in the analysed sectors and between providers.

In these circumstances, public VET colleges are likely to try to accommodate their actual training costs within the resource bracket made available by the vouchers, probably by sacrificing those training inputs considered of lower priority for the occupational profile. Key competences, such as English proficiency, could be given superficial coverage or even dropped by VET providers in difficulties.

Current rules exclude any possibility of transferring the voucher to a different VET provider in the case of student mobility, whereby application of the VET voucher decree is likely to hamper student mobility between institutions and regions.

In August 2012, MES decided to review the voucher decree and its application, whereupon technical discussions were initiated on the issues for revision with the participation of GIZ and other international experts.

ANNEXES

Annex 1. Population

Total population (last five years)

Total population	2006	2007	2008	2009	2010	2011
Total	4,398,000	4,388,400	4,383,700	4,410,800	4,452,800	4,486,000

Note: The values shown are midyear estimates.

Source: World Bank (last accessed 16 August 2012 at: <http://data.worldbank.org/indicator/SP.POP.TOTL>)

Population growth (last five years)

Annual population growth (%)	2006	2007	2008	2009	2010	2011
Total	0.8	-0.2	-0.1	0.6	1.0	0.7

Note: The values shown are exponential rates of growth of midyear population from year $t-1$ to t .

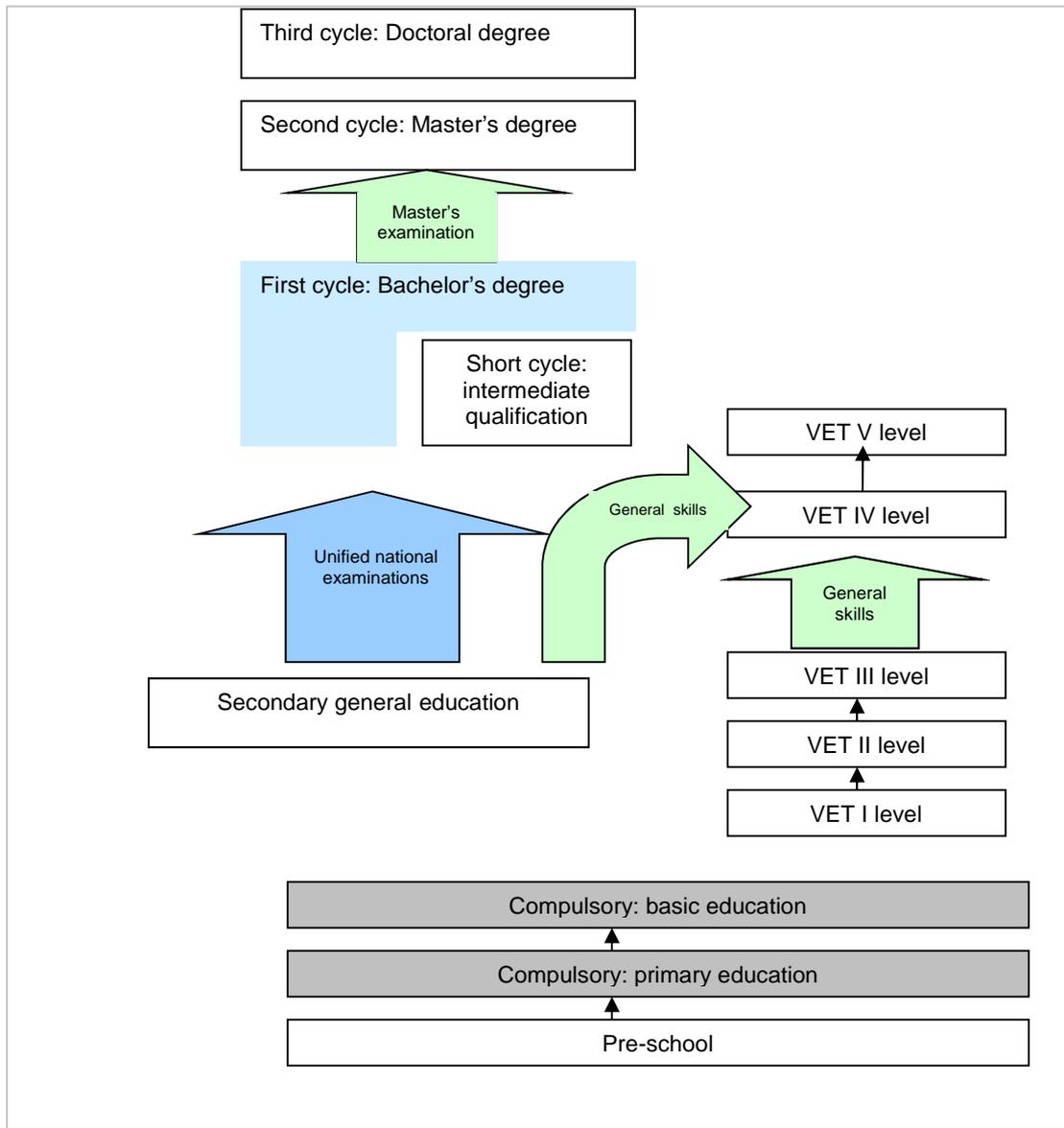
Source: World Bank (last accessed 16 August 2012 at: <http://data.worldbank.org/indicator/SP.POP.GROW>)

Population by age group (last available year)

Population by age group (%) – estimates	2010	2003
0-14	16.1	15.9
15-24	15.7	15.9
25-54	40.7	41.5
55-64	10.5	9.0
65+	17.0	13

Source: UNDP, United Nations Population Division, World Population Prospects: The 2010 Revision – ETF calculation

Annex 2. Education system of Georgia (reformed in 2004, 2007 and 2010)



Source: <http://eqe.ge/eng/education>

Annex 3. Enrolment in education

3.1 Enrolment in VET

	2003/04		2004/05		2005/06*	2006/07*	2007/08*	2008/09*	2009/10**	2010/11**	2011/12***	2012/13****
	Primary VET	Secondary VET	Primary VET	Secondary VET	Reformed VET programmes of varied duration							
Public	9,300	25,654	6,400	25,050	20,904	18,242	9,377	2,177	5,504	4,652	2,945	12,746
Private					7,491	10,578	7,658	434	n.a.	n.a.	n.a.	n.a.
Total					28,395	28,820	17,035	2,611				

(*) Source: GEOSTAT; (**) Graduated students only – source: MES; (***) Enrolled students – source: MES; (****) Enrolled students – source: Info centres

3.2 Students in public VET

2010	2011	2012	Total
5,300	6,500	12,746	24,546

Source: MES (approximate data for 2010-11; 2012: final estimates after three admission rounds: April, July and September)

3.3 Enrolment in education – declining figures

		2007/08	2008/09	2009/10	2010/11	2011/12
Level of education	Grade	Students				
Basic	9	60,590	55,968	56,404	54,821	53,088
Upper Secondary	10	65,343	57,333	52,395	50,486	44,995
Upper Secondary	11	64,609	63,500	55,212	48,286	44,481
Upper Secondary	12	93	51,412	61,196	50,084	40,257
Total 7-12 grades		303,808	341,393	335,389	310,165	281,241
Total 10-12 grades		130,045	172,245	168,803	148,856	129,733
Change total 7-12 grades (2007-11)		-7,43%				
Change 10 grade (2007-11)		-31,14%				
Change 10-12 grade (2008-11)		-24,68%				

Source: EMIS, at ETF request – ETF calculation

Annex 4. Budget

4.1 MES budget by main sub-sector of education, 2003-12 (GEL thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Budget MES	14,966.7	67,676.7	80,941.1	358,165.1	410,828.8	458,177.5	519,852.6	550,424.4	556,231.9	596,500.0
Expenditure on general education	958.4	14,157.4	21,827.6	281,319.4	314,633.0	340,580.1	397,635.1			
Expenditure on higher education	5,036.5	26,151.3	22,061.0	33,840.8	43,746.6	51,891.5	66,030.9			
Expenditure on VET (all components)	2,778.1	7,152.5	3,699.7	7,779.1	12,960.0	9,372.3	9,191.6	8,372.3	8,814.5	2,4597.5
Share of VET (all components) in total MES budget (%)	18.6	10.6	4.6	2.2	3.2	2.0	1.8	1.5	1.6	4.1

4.2 VET budget by main component, 2008-12 (GEL)

Budget code	Budget line	2008	2009	2010	2011	2012
32 00	Ministry of Education and Science	465,61,190	519,852,626	550,424,368	556,231,856	596,500,000.00
32 11	VET programme (VET quality enhancement + improved access)	8,672,770	9,191,552	7,907,258	6,383,235	8,328,000.00
32140103	President's National Programme 'Rehabilitation of VET Colleges'	699,500		465,000	2,431,239	16,269,464.45
	Total VET budget lines (3211+32140103)	9,372,270	9,191,552	8,372,258	8,814,474	24,597,464.45
	Share of VET (line 3211) in MES budget	1.9	1.8	1.4	1.1	1.4
	Share of VET (total) in MES budget	2.0	1.8	1.5	1.6	4.1

Source: MES

ACRONYMS

EMIS	Education management information system
ESIDA	Educational and Scientific Infrastructure Development Agency
ETF	European Training Foundation
EU	European Union
EUR	Euro
GDP	Gross domestic product
GEA	Georgian Employers' Association
GEL	Georgian lari (GEL 1 = EUR 0.49 21 August 2012)
GEOSTAT	National Statistics Office of Georgia
GER	Gross enrolment rate
GIZ	Gesellschaft für Internationale Zusammenarbeit
GTU	Georgian Technical University
ICT	Information and communication technology
ILO	International Labour Organisation
ISCED	International Standard Classification of Education
MES	Ministry of Education and Science
MESD	Ministry of Economy and Sustainable Development
NCEQE	National Centre for Educational Quality Enhancement
NER	Net enrolment rate
NGO	Non-governmental organisation
NQF	National qualifications framework
NTPDC	National Teacher Professional Development Centre
NVETC	National VET Council
SPSP	Sector Policy Support Programme
UNDP	United Nations Development Programme
USD	United States dollar
VET	Vocational education and training

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