

DEVELOPING OBSERVATORY FUNCTIONS INFORMATION SYSTEMS FOR EDUCATION AND LABOUR MARKET REFORMS

For decision makers, information is crucial to ensuring that citizens are given opportunities to develop skills and competences that are suitable for their specific economic and social environments. Moreover, the variables that define the effectiveness of the education and training systems which develop skills and competences are many, and their definition, collection and preparation for use in analysis and strategy development relies on a range of different actors.

This policy briefing provides an introduction to the observatory function for policymakers embarking on the collection of data and the development of mechanisms for informed decision making in education and training reform. The European Training Foundation (ETF) has accrued several years of experience in assisting EU partner countries – most recently in the Mediterranean region – in the reinforcement of institutional and methodological capacities to harmonise, collect and analyse data to feed education and training planning. This accumulated experience can be tapped by countries that today stand on the brink of undertaking this complicated task.

The observatory function process depends on loose but close interaction between education and labour market institutions from the public and private sectors. It acts as a network that provides government policy planners, social partners and the

private sector with critical information in the form of reports and analyses that can be used for informed decision making. In its own approach, the ETF has built upon the example of education and labour

market observatories in Europe in place since the 1960s. Observatories have since moved on from pure information provision to networking for comprehensive analysis and policy advice ■



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INFORM

FOUR PRINCIPLES OF AN OBSERVATORY FUNCTION

The ETF's experience in the Mediterranean region has demonstrated that whereas some of the basic principles of an observatory function can be generally applied to any setting, others depend entirely on the existing culture and constellation of institutions.

Needless to say, a minimum criterion for the successful development of any observatory function is commitment by the national authorities – in terms not only of the provision of financial and human resources, but also of a willingness to share information with representatives from relevant ministries, the private sector and social partners. The observatory function needs to be an integral part of overall economic reform in the countries concerned and should support it through the provision of high-quality analyses of education, training and the labour market as well as viable recommendations for their development.

An observatory function requires regular networking among public and private institutions, users and providers in order to ensure the development of integrated information and analytical capacities. This implies sharing with and learning from other participants so as to produce quality products and services for decision makers –

typically local, regional and national authorities.

Networking needs to be formalised. It also needs to be coordinated and overseen from a central hub positioned close to the end users of its products (i.e. policymakers) while maintaining links to different policy environments. The toughest challenge facing the hub institution is achieving full and even cooperation among all parties involved in the collection and provision of information. The hub therefore needs to retain some form of independence and, for example, should preferably not be located in a particular ministry. Experience in the region has shown that observatories are either under the umbrella of a government institution (e.g. in Egypt under the Cabinet of the Prime Minister) or are part of a centre of expertise (e.g. in Jordan in the National Centre for Human Resources Development).

In today's globalised economy, another basic principle for any observatory function is compatibility with international practices. For countries neighbouring the EU, the benchmarks used are typically the standards and practices applied in the EU and neighbouring countries or regions. Internationally, observatories seek exchange and cooperation with counterparts, whether in their own broader region or beyond. Points of contact include regular dialogue, meetings on specific topics and study visits to other countries to benefit from the experience of others and to enable comparative analysis in a global context ●

STRUCTURE AND GOVERNANCE

Different countries have different power structures, and differing levels of decentralisation, variations in how responsibilities for education and training are assigned and the influence of the private sector all affect choices in organising the observatory network and its activities. An agreement on roles, responsibilities and work plan is ultimately crucial to ensuring satisfactory outcomes.

A typical observatory function includes a steering committee and one or more technical committees.

The steering committee involves high-level stakeholders from relevant ministries, private

institutions and social partners. This committee is the highest decision-making body in terms of responsibilities for monitoring education and training in the overall country reform process. It has two core responsibilities: (i) to identify the information necessary for decision making and for ensuring regular dialogue among policymakers; and (ii) to promote the use of network products and services by participating institutions. The steering committee endeavours to secure the full support of all the institutions it represents, thereby providing a solid base for the operations and development of the observatory function.

Technical committees are made up of representatives from the different public and private institutions that provide the hub institution with the raw materials for its work: data and statistics. Technical committee members are an essential link between the hub and the institutions that are part of the network. Technical committees also align data with internationally recognised standards.

Specific technical committee responsibilities vary from country to country. Nonetheless, technical committees essentially take charge of collecting information and validating and peer reviewing products that typically include reports that analyse education, training and the labour market as a whole or by sector. Technical committees answer to the steering committee in accordance with a clear work plan that clarifies the expected outputs. Although the data collected can be analysed by the technical committees, this task should preferably be outsourced – for example, to the academic community, as this can imbue the final results with credibility and objectivity ●

FOUR STEPS FOR OBSERVATORY FUNCTION DEVELOPMENT

In accordance with the above principles and accumulated experience, over the past decades a pattern has emerged that is gradually defining best practices in the development of an observatory function in transition countries. Four steps can be identified.

1. Developing the observatory function in cooperation with key partners and



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defining a work plan. This step, which includes a review and harmonisation of available information, should lead to the development of a strategy and implementation plan for the development of a coordinated information system that will collect data on education, training and the labour market.

2. **Preparing tools and products to improve the quality of existing information and analysis, and training hub institution staff to apply them.** Some countries have successfully limited these first steps to one or two pilot (priority) themes so as to be able to develop and test the proposed methodologies on a small scale.
3. **Institutionalising a mechanism to coordinate the observatory function by means of budgets and legislative instruments.** This also requires a validation of the tools and methodologies developed and the regular delivery of analytical documents.
4. **Developing a policy advice network.** This builds on regular, formalised dialogue and the provision of policy notes to country authorities as required. Products and services are eventually disseminated to a wider target group for the ultimate benefit of education and training planning in transition economies.

The first two steps can be implemented consecutively or in parallel, depending on the institutional environment. Successful completion of the third step is a necessary precondition for the final step, which fully integrates the observatory function in the overall reform process. It goes without saying that the process needs leadership and



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careful and regular monitoring so as to address risk, problems and challenges on an ongoing basis. The process also needs to be flexible to adjust to complex political environments ●

FIVE LESSONS LEARNT FROM ETF EXPERIENCES IN THE MEDITERRANEAN REGION

Key lessons learnt through ETF support to observatory function development in a number of Mediterranean countries are highlighted below. In the interests of brevity, only five of the major lessons are described. Most are specific to political environments in transition countries that are not completely ready for the kind of open sharing required for an observatory function to work effectively and produce high-quality services and products.

1. The country should first assess its readiness for an observatory function with particular reference to governance structures and decision-making processes. A review or a feasibility study should be carried out by the relevant national authorities (with external assistance if desired) to assess the state of play. This should be the basis for discussions with policymakers and should encourage the commitment of decision

makers from the outset. Jordan is a case in point, as related activities in the country were analysed through the Al Manar project (supported by the Canadian International Development Agency) prior to establishing the observatory. The observatory function was then set up within the National Centre for Human Resources Development as a complementary initiative.

2. The institutional framework should be addressed. Facilitating the process of networking and ensuring clear roles and responsibilities is crucial. The choice of the hub institution, the composition of the steering and technical committees, relationships among policymakers and their sense of ownership are all factors that determine success or failure. An example is provided by Egypt, where, following careful reflection and analysis, the observatory function was established within the Cabinet of the Prime Minister, which allocated the resources necessary to reinforce the country's commitment.
3. The steering committee needs to develop very strong links to top-level policymakers, given that one of its key roles is to regularly feed policymakers with information on activities and results. It should discuss both short- and



long-term strategies and also foster faith in its results and recommendations. In Jordan, the steering committee reports to the Employment and Technical Vocational Education and Training Council, responsible for reforms fed by thoroughly analysed data. In Egypt, the steering committee reports to the Prime

Minister. The steering committee should comprise all major institutions active in the area and at the same time allow for concerted actions.

4. The composition of the technical committee(s) is also of crucial importance because the quantity and quality of the input determines the quality and usefulness of the resulting products and services. The shift from information collection to analysis is a challenge, as is that from analysis to policy advice. Major issues to be addressed are the quality of their products and services and regular dialogue with policymakers. In Egypt, an academic advisory body composed of high-profile education and labour

market experts has recently been set up to improve the quality of steering committee products and services and to provide a link to country authorities.

5. Capacity building measures and financial incentives are crucial for the quality of the network's products and services. Targeting those active in the observatory function network, they can include training workshops, seminars, personal advice in the workplace and study visits or detachments to other institutions. Jordan and Syria, for example, launched a twinning initiative that transfers Jordan's experience with the observatory function to Syria for application there ●

TWO EXAMPLES OF ETF-SUPPORTED OBSERVATORY FUNCTION NETWORKS

Jordan (www.etf.europa.eu)

Work on the observatory function started in 2003 with networking between public and private institutions to support the economic reform process. Today the hub institution is part of the National Centre for Human Resources Development (NCHRD). By now it has a fully functioning human resource information system in place and it is providing support to the government's Employment-Technical Vocational Education and Training reform plan. The observatory has published a handbook on vocational education and training indicators and a profile for the tourism sector that can be transferred to other sectors. Recent discussions have looked into the development of new indicators relevant to the reform process, key stakeholders have been given the opportunity to network and the first analytical reports for decision making have been produced. Discussions are also underway on how to reflect the analysis in mainstream reforms.

Egypt (www.idsc.gov.eg)

The observatory is attached to the Information and Decision Support Centre (IDSC) of the Cabinet of the Prime Minister. Work got into full swing in 2006, with the observatory rapidly developing into a network involving a wide range of institutions from the public and private sectors. The main outputs so far have been a manual on vocational education and training indicators and a labour market information database covering the Delta Region. Work is currently ongoing on methodologies for labour market forecasting aimed at providing advice to the government in regard to the fight against unemployment. In 2008, an academic advisory body was established, composed of high-profile education and labour market experts. The observatory function has earned the full recognition of the authorities, most notably the Ministry of Labour, which has started to accommodate analytical results in its development plans ●



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