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MUTUAL LEARNING IN EASTERN EUROPE

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CONTINUING VOCATIONAL TRAINING
MUTUAL LEARNING IN EASTERN EUROPE

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Mutual learning on continuing vocational training (CVT) involved seven countries of Eastern Europe and the European Training Foundation (ETF); this report thus owes to the contribution of many people. The seven teams of peers and national experts played a central role in drafting the country self-assessment studies and in preparing the mutual learning visits. These activities – carried out in 2011 and 2012 – generated a rich debate which the report attempts to capture.

The report was written by the ETF project team, consisting of J. Manuel Galvin Arribas, Petri Lempinen and Siria Taurelli. Siria Taurelli, the CVT project team leader, is also the editor of the report.

The authors received valuable support from inside the ETF. Eva Jansová elaborated the statistical figures (except Figure 1.1) and tables. Henrik Faudel, Arjen Vos, Milena Corradini, Pasqualino Mare and Liia Kaarlõp took part in some of the peer visits.

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CONTENTS

INTRODUCTION

This European Training Foundation (ETF) report and the project behind it are an outcome of the 2010 Torino Process in Eastern Europe. The Torino Process is a biennial analysis of vocational education and training (VET) systems and policies implemented by ETF partner countries, and in Eastern Europe it has brought to light differences and common challenges faced by the countries of the region.

The main concern, according to these analyses conducted with VET stakeholders, is improving VET quality and, hence, its attractiveness, in terms of meeting demands and expectations. Shortcomings regarding social partner and stakeholder involvement are also considered a common problem, possibly linked to the difficulty of translating visions and strategies into effective implementation mechanisms.

Manifold actions are needed to improve the quality of VET and were identified in 2010 country by country. Across them, three VET areas of common interest were singled out, namely (in order of priority), continuing vocational training (CVT), post-secondary vocational training and transparency of qualifications. CVT was the area where the commitment of social partners was intrinsically stronger. The importance of a skilled workforce for economic competitiveness is widely recognised and human capital development is most specifically crucial for business success. As for the individuals, learning equips them with new skills and updates existing skills, supports personal realisation and productive employment and facilitates horizontal and vertical mobility in the labour market.

Following the 2010 Torino Process analysis the ETF launched the regional project 'CVT in Eastern Europe' – involving Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova (hereafter 'Moldova'), the Russian Federation (hereafter 'Russia') and Ukraine –, to detect the policy issues affecting CVT, i.e. the elements sustaining CVT and those impeding its development. The seven countries engaged in a mutual learning exercise around these issues, with the modalities described below.

Learning at all ages is high on the agenda of the European Union (EU). The Education and Training 2020 strategic framework states its first objective to be the realisation of lifelong learning; more specifically, the Bruges Communiqué regarding VET highlights the equal importance of initial and continuing VET (European Commission, 2010; Council of the EU, 2009) and calls for the removal of obstacles and the provision of incentives to CVT in the EU.

CVT is defined as education or training after initial education and training or after entry into working life that aims to help individuals to: improve or update their knowledge or skills; acquire new skills for a career move or retraining; and continue their personal or professional development (Cedefop, 2008). CVT can take place in formal, non-formal and informal settings. It can also include training leading to a first qualification in the case of unskilled workers.

This definition was adopted by this project, and for the purposes of mutual learning, the focus was on learning activities financed at least partly by enterprises for their employees or by the employment services for job seekers (EU, 2006). CVT provided by enterprises is at the heart of a continuous adaptation of knowledge, skills and competences for the labour force, which simultaneously helps to raise productivity, modernise work practices and facilitate innovation (Cedefop, 2010).

Mutual learning

The 2010 Torino Process pointed to CVT as a common challenge facing the countries of Eastern Europe. Since 2011, the ETF and the countries have moved from the analysis stage to an action-oriented approach, with a view to addressing the obstacles to CVT and valuing the enabling factors through the CVT in Eastern Europe regional project.

The mutual learning option was discussed at a regional meeting held in Turin in February 2011, where two main considerations were highlighted: the seven countries share part of their history, with institutional settings reflecting this common history, yet the changes they experienced during the transition phase differed. Hence, observation of the impact of different choices was considered important in terms of contributing to each team's assessment of choices made in their own country.

Learning obviously generates individual understanding, but the project aim was to eventually move onto institutional learning to the extent possible. Facilitating this twofold process was an added value that was pursued by involving stakeholders with different roles in the activities. In this, the ETF was inspired by previous experience with the Mutual Learning Project for South-Eastern Europe (Chakroun and Sahlberg, 2008; ETF, 2009). The methodology described below was adopted with both continuity and some changes compared to the previous projects.

Peer teams

National teams of three peers were created for each country, representing education and employment authorities, social partners and, in some cases, training institutions. Their assignment was to self-assess the state-of-art in CVT in their respective countries and to make external assessments through peer visits.

Guidelines

To obtain information on critical aspects and success factors in CVT, the ETF issued a threefold remit: (i) to draw up a national self-assessment document; (ii) to host a peer-learning visit; and (iii) to report on the peer-learning visit. The guidelines provided the framework to allow comparisons between countries. They were ample enough to leave room for subjectivity in reviewing and reporting on CVT in each country, so to avoid excessive constraints on the work of the peers.

Self-assessment

The goal of self-assessment was to analyse CVT in the context of the national labour market and economic conditions. Peers were asked to focus on workplace training and CVT for people seeking employment or better employment. The self-assessment reports were required to furnish information in four areas: (i) the legal frameworks, policies and institutions underpinning CVT policies and practices; (ii) CVT demand/supply and motivations for change and adaptation along with changing circumstances; (iii) funding mechanisms and accessibility and availability of resources; and (iv) strengths and weaknesses.

Peer-learning visits

Countries were divided into two clusters (see table below). During the visits participants met policy makers, social partners and other stakeholders to learn from the CVT policies and practices of each country. The programme also included visits to enterprises and training institutions for direct exposure to different training environments and conditions and to create opportunities for debate and exchange of experiences.

Expert assistance

Each country's peer team was assisted by an expert in producing a coherent document from their assessment and translating it for distribution to the other country teams. The experts also played an important role in preparing the peer-visit programmes for their respective countries.

The report

This report draws on mutual learning on CVT, an approach which was designed for the ETF regional project so that each country team could uncover their country's own strengths and share lessons learned. The views and inputs of peers from the seven countries are directly or indirectly reflected in this report and presented by the ETF along with data from other sources.

Chapter 1 discusses the common challenges faced by the seven countries. Demographic trends and economic restructuring are of particular interest as they have broad implications for CVT. What matters for the purposes of the project and the present report, however, is that the challenges represented by both these factors visibly impact the Eastern European labour markets, calling, among other measures, for expanded CVT.

Chapter 2, which particularly reflects peer contributions, is based on the self-assessment studies performed by the country teams, complemented by subsequent peer-visit reports on the discussions and learning that took place during visits to each country. It discusses enablers and constraints, such as the legislative and institutional setting, policies, CVT supply, quality, governance, social partnership and funding.

Chapter 3 discusses challenges and priorities and analyses the way forward. After the mutual learning exercise concluded, a visit was made to Estonia in 2012, to discuss the role of CVT in the context of demographic challenges, and in supporting competitiveness and social inclusion goals. During the project's second phase (2012-13) applications in small-scale projects are carried out in each country, and additional opportunities for exchange are created at regional level.

CLUSTERS, PEER VISITS AND DATES

Cluster 1	Date of peer visit	Cluster 2	Date of peer visit
Armenia	October 2011	Azerbaijan	March 2012
Georgia	March 2012	Belarus	September 2011
Moldova	February 2012	Russia	September 2011
Ukraine	June 2011		

1. DEMAND FOR CONTINUING VOCATIONAL TRAINING

1.1 BACKGROUND

The current economic and demographic changes being experienced by Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and Ukraine reveal a role that could be played by CVT in accompanying these transformations. Several analyses (ETF, 2011a-c; World Bank and EBRD, 2009 and 2010), however, tend to corroborate the hypothesis that the existing provision has limited coverage and is of questionable relevance. The observable gaps between CVT and current and expected socioeconomic trends are both quantitative and qualitative in nature.

Many employers demonstrate awareness of the importance of skills development, through training provision and/or self-initiated learning, for business growth. Positive examples of companies that stay competitive by investing in CVT are not rare, yet unfold in relative isolation in that the practice does not take hold generally; hence, no impact is generated at the level of the sector or of the broader system.

Despite the limitations, however, CVT provision models have emerged that can be broadly clustered as follows:

- the large and profitable company that has created its own CVT system, with links to a corporate human resources development policy;
- the successful company (large or small) that has established a partnership with a vocational school or other training centre to jointly analyse needs and cooperate in training delivery. This model is similar to that used in the pre-transition period, except for the addition of flexibility and innovation;
- the small or large company belonging to a single brand (e.g. franchises) that receives support from the mother company in the form of training facilities and expertise;
- the company that is able to access public funds, participate in donor projects or obtain non-governmental organisation (NGO) support, whose training is funded, at least in part, by external sources;
- shadowing, practised in most companies, as a way of transferring knowledge and skills from experienced to junior employees. Informal learning possibly represents the most widely followed approach in large companies and even more so in small companies;
- forming a separate category, public employment services that provide training to the unemployed, with training delivery by and large contracted to professional providers (e.g. technical schools and universities). Since the public employment services assess training needs by surveying the labour market, they hold a sector-wide and cross-sector perspective on training needs.

We will label the companies providing CVT as non-formal learning (beside to encouraging informal learning) 'CVT-active companies' and those relying solely on informal learning (in the form of self-learning and shadowing) 'non-CVT-active companies'. This classification is very basic and does not include the public employment services.

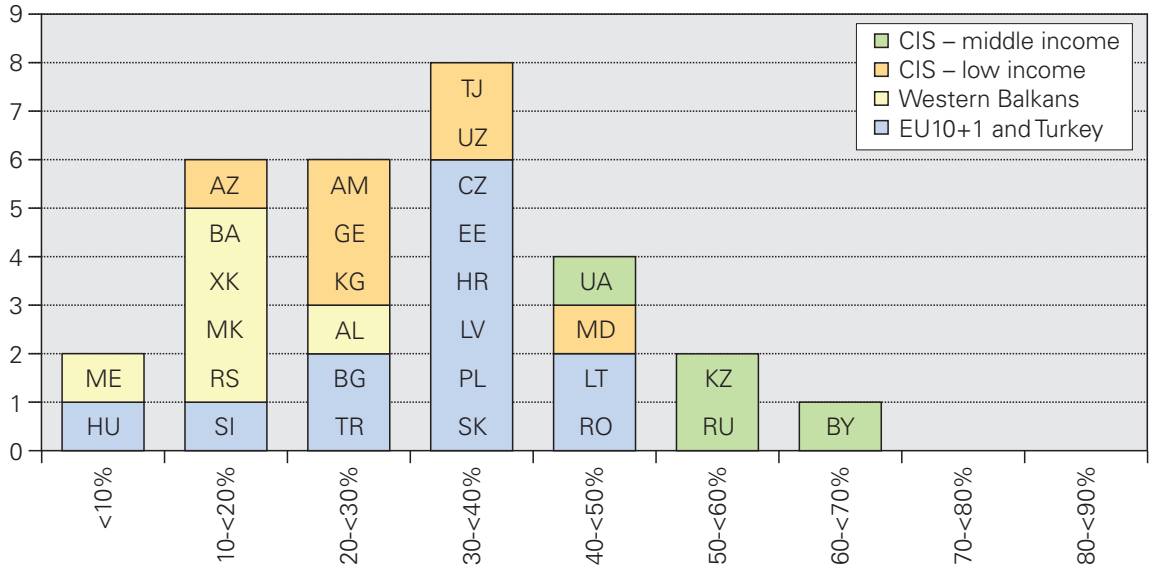
The experiences of the CVT-active companies are widely varied and distilling approaches and lessons from this variation would help generalise and disseminate current practices, in the first place, within countries. As a preliminary step to create stronger awareness among non-CVT-active companies, dissemination should receive support; furthermore, this should be accompanied by incentives, bearing in mind that many companies do not engage in training due to lack of funds, lack of awareness or lack of opportunities. Non-CVT-active companies actually outnumber CVT-active companies, but positive incentives to expand access and provision of quality CVT are at present not available.

A crucial policy question to be addressed and discussed by public and private stakeholders in Eastern Europe with a view to creating an environment for lifelong learning and human capital development is: Who should act and how in order to capture new demands and stimulate CVT for the employed and the unemployed? The answer should pay due consideration to the CVT context in Eastern European countries. This chapter highlights the challenges and the opportunities presented by the context that influence the demand for CVT, whereas the next chapter analyses current CVT strengths and weaknesses and the role played by public and private stakeholders.

1.2 DEMAND FOR CVT

The last decade has seen a significant increase in the demand for skilled workers by enterprises, especially in the private sector. The World Bank-EBRD Business Environment and Enterprise Performance Surveys indicate that by 2008 skills shortages had become the second most cited constraint to company growth in Eastern Europe and Central Asia. Firms pointing to inadequate skills as a major constraint to doing business ranged between Azerbaijan, Armenia and Georgia at the lower end of the difficulty scale (under 27%) to Russia and Belarus at the higher end (over 55%).

FIGURE 1.1 SKILLS CONSTRAINTS ON FIRM EXPANSION, 2008



Notes: Data show the percentage of firms that consider workers' skills a major or very severe constraint to doing business. CIS – Commonwealth of Independent States; AL – Albania; AM – Armenia; AZ – Azerbaijan; BA – Bosnia and Herzegovina; BG – Bulgaria; BY – Belarus; CZ – Czech Republic; EE – Estonia; GE – Georgia; HR – Croatia; HU – Hungary; KG – Kyrgyzstan; KZ – Kazakhstan; LT – Lithuania; LV – Latvia; MD – Moldova (became a middle-income country in 2009); ME – Montenegro; MK[a] – former Yugoslav Republic of Macedonia; PL – Poland; RO – Romania; RS – Serbia; RU – Russia; SI – Slovenia; SK – Slovakia; TJ – Tajikistan; TR – Turkey; UA – Ukraine; UZ – Uzbekistan; XK[b] – Kosovo[c]. (a) Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place at the United Nations. (b) Provisional code used by Eurostat. (c) So-called without prejudice to position on status, and in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.
Source: Murthi and Sondergaard, 2010.

Enterprises invest in training to develop the skills of both newly recruited and existing employees. In Moldova, expenditure on training in the private sector doubled between 2000 and 2008 (ETF, 2011d) and this increase was not an exception among the countries of Eastern Europe.

The self-assessment documents pointed to a twofold motivation for CVT investment that was further confirmed by the peer visits. First, recruitment is a complex process given that it is often difficult to identify candidates with the desired skills. Existing national company surveys refer to widespread employer dissatisfaction as regards the provision of qualifications by existing education and training systems. Recruited workers therefore usually require training, not only in order to familiarise themselves with the company environment but also to supplement their skills with those required by the employer. Second, training and re-training is offered to stable employees, when additional skills are needed due to changes in technology, changes in the processes, the replacement of equipment and the introduction of new services for the customers. This kind of training can be provided in-company or using training centres and other external providers.

Awareness of the demand side of the skills' needs has certainly increased, although the awareness varies depending on the sector, size and geographical location of companies. Large enterprises are more inclined to train their staff especially in Armenia, Belarus and Russia. In some sectors where needs are pressing, for instance, the tourism sector in Georgia, companies look for on-demand training. Companies making important investments are leaders in setting examples, e.g. high-tech sectors and/or the foreign investors in Moldova, Russia and Ukraine (ETF, 2011a). The variability between companies and sectors is worth noting; one consequence is that overall participation in lifelong learning remains low in Eastern Europe, including in comparison to the EU Member States (ETF, 2011c). Examples of quality CVT provision in enterprises are many but this provision is uneven, including within the same company. Employee qualifications and age are influential factors in the selection of the employees to be trained.

Demand for CVT from individuals

Why do individuals attend continuing training? Better job performance and professional knowledge and skills improvement are stated as the main reasons for participating in adult learning in Russia; this is in line with the fact that employers are the main providers of additional or continuing training (Nikolaev and Chugunov, 2012). Data from Armenia also highlight professional development as a major motivation for attending non-formal training – a motivation which is stronger among people in Yerevan (85%), the main economic hub, than in the regions (56%). Approximately 25% of Armenian respondents mentioned the pleasure of learning as their primary motivation and intellectual and cultural development was also popular as a motivation.

Several data sources reveal that participation in adult learning and continuing training is low. This is partly due to a lack of information on training opportunities, and/or the limited attractiveness of the available offer, but there are also practical obstacles that prevent individuals from participating in training. Data from Azerbaijan reveal that the main obstacle to participating in formal or non-formal education and training is lack of time or distance to an educational institution (44%), followed by a lack of interest in studying (29%), family circumstances or problems with health (18.4%) and the high cost of training (7.5%). Obstacles to CVT will be further explored in the following chapters.

Labour force and household budget surveys reveal that participation in adult learning is uneven. Urban dwellers with high income are more likely to attend training and also women with higher levels of education (Veramejchyk, 2009). There is also evidence that training rates for male workers are higher than for female workers, for skilled individuals as opposed to less skilled workers, for younger people rather than older people, for the employed as opposed to the unemployed/inactive and for large firms as opposed to small firms. These findings are in line with evidence from around the world (Bodewig and Hirshleifer, 2011).

Access to training varies between large cities and peripheral regions. In Georgia, for instance, two thirds of the workforce is employed outside the largest cities but most vocational training centres are based in cities. This kind of constraint to engaging in organised training is one reason for the significant skills gap experienced by most employed Georgians.

Throughout Eastern Europe, labour force literacy and educational attainment rates are good. What employers report are mismatches in skills rather than in educational qualifications. This seems to reflect a more general trend across Europe. According to Cedefop (2008), new skills needs take shape in different occupations, including in low skilled ones. In particular, the use of new technologies, including the information and communication technologies (ICT), is transforming work processes and occupations in many sectors.

In Ukraine there are supply gaps for qualified labour, partially caused by the demographic situation. The employment rate of the population aged 15-64 years old in 2009 was 61%, whereas the official unemployment rate was 9%. CVT provision could help bridge such gaps in supply and demand for skilled workers. The situation in Russia is similar, with migrant workers acting as a source of labour in many sectors.

Government responses

Governments invariably identify human capital as a key asset and a priority for development. For example, Moldova's national development strategy (Moldova 2020) lists human capital development, the quality of education and training and alignment with labour market needs as top priorities. However, such declarations are not always followed up properly by legislation and secondary-level regulation and implementation is negatively affected.

The mechanisms to connect the needs of enterprises and individuals with government policies are yet to take shape. The system for quantifying expected training places for each year and each subject, where it exists, has been largely inherited from the past. While the system is generally applied to plan enrolment in initial VET, in Ukraine and other countries it is also used for CVT. As regards the qualitative side of the needed skills, assessment is left to the initiative of individual enterprises.

Proactive reforms have meanwhile been approved in Ukraine, paving the way to better CVT in future. The 2012 law on continuing professional development is an important stimulus although it leaves funding unaddressed. At the same time, the Public Employment Service was given responsibility for developing the validation of non-formal and informal learning, in line with the new Ukrainian qualifications framework. The law may help to close the gap between companies that are or are not active in CVT. While large companies seem to be well equipped to articulate the range of their skills needs, small companies are less prepared to assess needs and to act on this assessment. Large and small companies alike are not organised in terms of publishing their analyses and voicing their demands to the education and training system, and governments do not compensate for these deficiencies. Occupations requiring higher levels of formal qualifications are possibly easier to forecast, yet are only a fraction of the entire range of skills in demand in the labour market.

Governments use categories to cluster potential participants and to design programmes that address priorities, such as training for the unemployed, for young job seekers or for women entrepreneurs. This may have contradictory results; priorities are indeed useful for resource allocation purposes but clustering causes segmentation that may impede participation in training by those outside the targeted group.

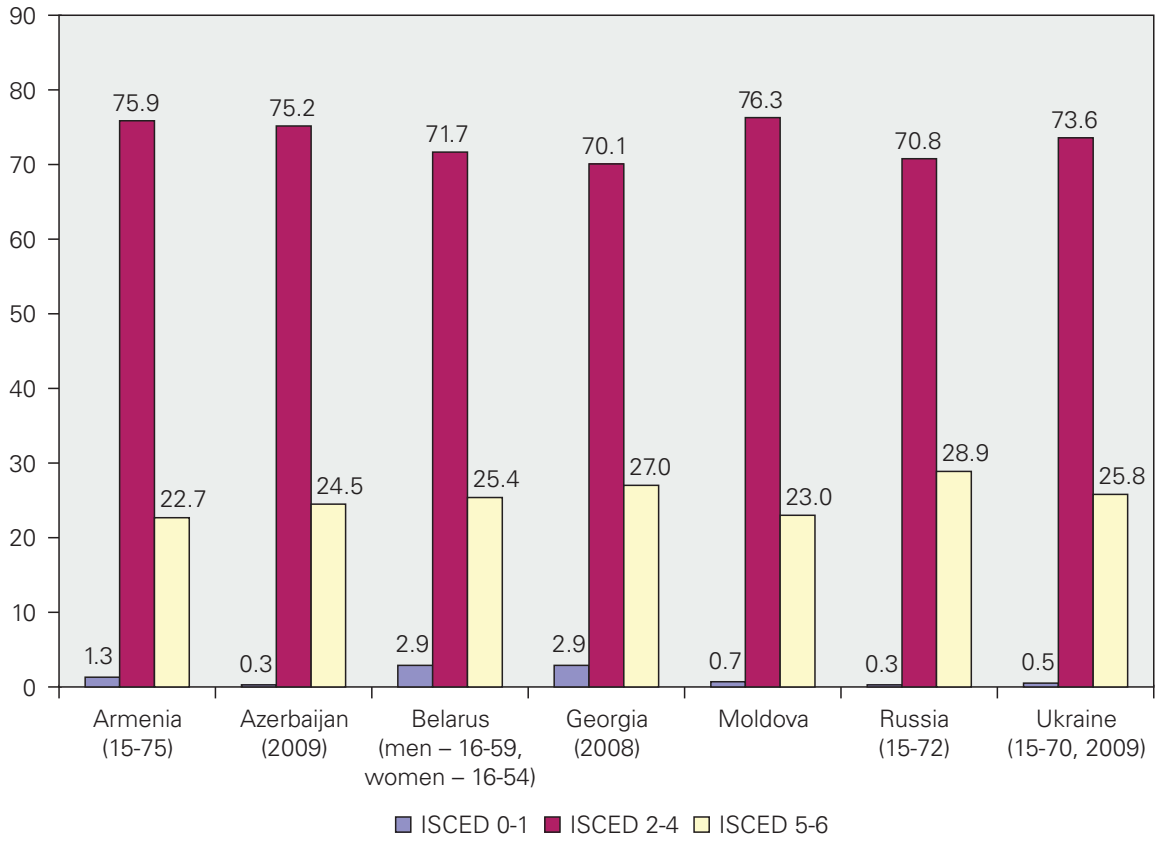
A summary conclusion is therefore that government responses do not meet corporate and individual demands, as mechanisms that assess demand and follow the conclusions up by adapting training provision are not in place.

1.3 EDUCATIONAL ATTAINMENT

Literacy levels are high in Eastern Europe and illiteracy has ceased to represent a constraint in the last 30-40 years.

Most of the employed population in this region has attained secondary or post-secondary non-university levels of education and that nearly three quarters of employed people have qualifications from International Standard Classification of Education (ISCED) levels 2-4 (**FIGURE 1.2**). In Belarus, Georgia, Russia and Ukraine, more than 25% of the employed population are university graduates. Pockets of low educational attainment remain, especially within the older age

FIGURE 1.2 EMPLOYED POPULATION (15+) BY EDUCATION LEVEL, 2010 (%)



Notes: Data for Belarus refer to administrative data.
Source: Authors, based on official statistics as issued by national statistical bodies for Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and Ukraine.

groups and are affecting Belarus and Georgia to a larger extent than the other countries.

The distribution of educational attainment within the labour force is similar to that for people in employment (Table A.1 in annex). In all the countries except Azerbaijan women in the labour force with graduate or post-graduate education exceeded men.

CVT can represent an appropriate response to emerging demands for re-skilling and up-skilling in a context where secondary and post-secondary education levels prevail. The fact that 70-76% of the labour force hold ISCED 2-4 qualifications suggests that the labour market is strongly characterised by medium and medium-to-high vocational and technical skills. In this context, training and re-training is an effective means for adapting people to new occupational profiles and to changes in the organisation of the work and also for supporting job seekers find employment.

Growing primary and lower secondary dropout rates is a relatively new phenomenon that also calls for additional education and training. This problem currently affects rural areas more than urban areas, for instance, in Moldova (ETF, 2011d). Early school leaving is usually associated with poverty, child labour and lack of infrastructure, which all create obstacles and impede access to or completion of education. The distancing from education amplifies over time and access to training opportunities as an adult becomes the exception rather than the rule.

Statistics reveal that people with intermediate and high educational attainment are more likely to participate in CVT. Longer education endows individuals with the ability to learn further and keeps them proactive; conversely, early school leaver demands remain tacit or ill-formulated. Active policy responses do not seem to be in place in Eastern Europe to respond to situations that would require tailored programmes. Other countries' experiences point to the need to mix learning and practice and to integrate different policy measures (education and social measures, social and economic measures, etc.) so as to focus on the individuals who most need human capital development to be able to obtain and keep productive jobs in the labour market.

1.4 DEMOGRAPHICS AND EMPLOYMENT

In order to understand the importance of CVT in Eastern Europe, educational attainment, economic, demographic and employment dynamics need to be examined together. Notwithstanding the existing differences, these dynamics show similarities. Moderate to high economic growth, an ageing population and employment and labour migration patterns shed light on the role that could be played by CVT in addressing the common challenges facing the countries.

Countries in Eastern Europe vary greatly in terms of size, wealth and economic potential (see Table A.2 in annex for population, gross domestic product (GDP) and key employment and unemployment data for the seven countries). Employment rates vary between 38.5% in Moldova and 62.7% in Russia; the rate for Moldova, however, partly reflects differences in recorded statistics. There are also discrepancies in unemployment rates between countries, ranging from 6.0% in Azerbaijan to 19% in Armenia. It should be noted, however, that the same reference age groups are not used in the data compiled by the different countries.

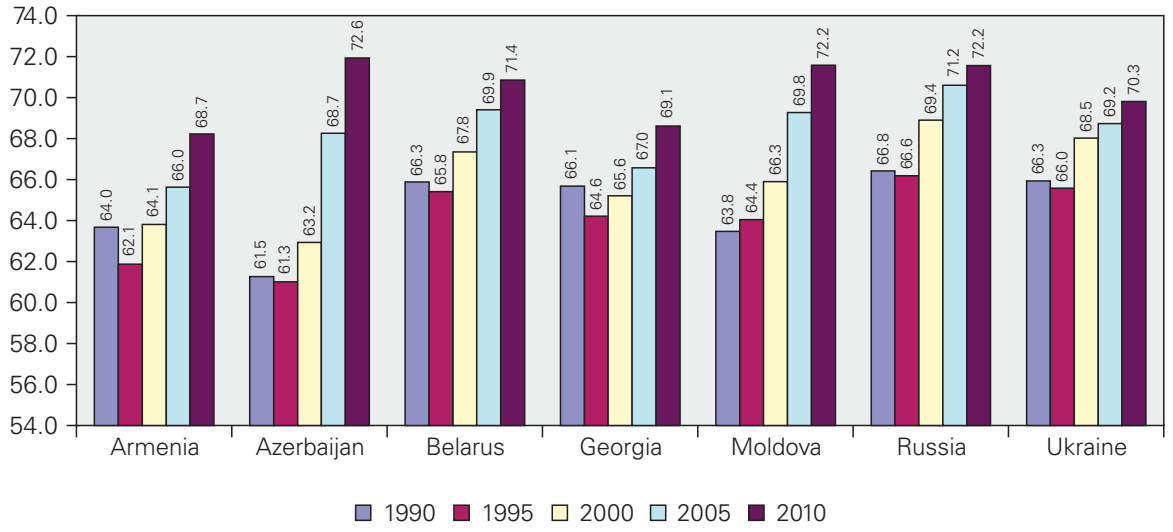
The demographic situation is challenging in the seven Eastern European countries. Working age populations have increased relative to total populations, standing at around 70% in 2010 (**FIGURE 1.3**). The size of the 0-14 age group fell sharply in the two decades 1990-2010 (Figure A.1 in annex) due to declining birth rates, which dropped by as much as a third or more in all countries. It is consequently expected that the labour market replacement rate will slow down further and people will stay longer in the labour market. Thus opportunities for CVT need to be created, as the number of those with more years in work than in education and who remain active is likely to grow. Learning aptitude in itself will be necessary and will moreover be a relevant skill for obtaining access to new CVT opportunities.

Mirroring the growing proportion of working age people in the total population are broadly declining activity rates (**TABLE 1.1**). Over the period 1995 to 2010 labour market participation rates (range, 68.8% to 73.4%) fell to well below 70% (range, 46.4% to 69.2%) except in Russia, which showed a slight increase of 1.8 percentage points over the same period. Emigration explains the activity rate trend for some countries; the dramatic drop reported for Moldova (71.4% to 46.4%) results from large emigration flows in the 15 years to 2010, bearing in mind that the national statistical office counts emigrants among the inactive population.

Migration is not the only explanation for the declining activity rates. Other reasons are that job seekers become discouraged, have a reservation wage that is higher than the wage on offer or do not satisfy employer preferences. The activity rate of women in all the countries is consistently lower than that of men. Russia and Azerbaijan are the only countries where women's participation in the labour market has been climbing, while still remaining below the total activity rate.

Can CVT address these imbalances? This question is important as labour market matching depends on many different factors and continuing training may appear to be of secondary importance. Some factors are linked to the labour market itself and to employment conditions, including wage dynamics, and others are external to the labour market and linked to future expectations. Those who do not find the desired working conditions in the local labour market and have no expectations that these conditions may be met in the near future find an alternative by emigrating.

FIGURE 1.3 WORKING-AGE POPULATION (15-64) AS % OF TOTAL POPULATION, 1990-2010



Source: Authors, based on World Bank population data, 2013a.

TABLE 1.1 ACTIVITY RATES (15-64) BY GENDER, 1995-2010

	1995		2000		2005		2010	
	Total	Female	Total	Female	Total	Female	Total	Female
Armenia	72.0	65.2	71.5	64.9	67.0	59.3	63.7	54.8
Azerbaijan	67.2	60.1	68.4	61.9	68.8	64.8	69.2	66.4
Belarus	73.4	68.9	69.4	65.8	67.4	64.2	65.5	62.0
Georgia	68.8	61.5	66.3	57.4	67.2	58.7	67.7	59.1
Moldova	71.4	67.2	65.4	62.8	53.9	53.3	46.4	44.3
Russia	71.1	65.7	71.1	66.8	70.9	67.2	72.9	68.2
Ukraine	71.0	66.4	66.8	62.6	66.7	61.9	67.2	62.1

Source: Authors, based on data from the ILO KILM database.

CVT can play a role in attracting inactive people to the labour market, but it needs to be combined with other labour market policies. Wages and general working conditions are in need of improvement in Eastern Europe, and stimuli from the government could bring national bargaining to new levels. Most of the countries aim at diversifying their economic activities, with a view to good quality employment. Policies should thus consistently support entrepreneurship, create a favourable environment for the development of small and medium-sized enterprises (SMEs), facilitate the application of research results and simplify the administrative requirements for doing business. Legal instruments, awareness raising, targeted training programmes and social policies should enhance gender equality in employment e.g. by creating favourable conditions for working mothers.

Given that situations are different where inactivity is concerned, CVT should be tailored and responsive to needs. Thus, labour migrants and returned migrants are interested in recognition of experiential learning; discouraged jobseekers need orientation and guidance before CVT is provided; low skilled may need to acquire a first qualification. Potential migrants may need language and vocational training prior to departure. Immigrants may need training upon arrival before they become employed.

1.5 ECONOMIC AND BUSINESS ENVIRONMENT

Although the significance of CVT for social development is strong, in Eastern Europe the economic rationale seems to prevail, as discussed earlier in this chapter. This section establishes a link between the enterprise demand for CVT and the wider economic environment. The economic context varies greatly between the seven countries. The World Bank has classified Russia, Azerbaijan and Belarus as upper-middle-income countries and Armenia, Georgia, Moldova and Ukraine as lower-middle-income economies. In 2010, Russian GDP per capita was more than six times higher than in Moldova, almost four times higher than in Georgia, three times higher than in Ukraine and double that of Azerbaijan. However, there are considerable regional differences within the countries, with the macro picture failing to reflect unevenly distributed economic growth and employment opportunities internally.

Despite these differences, the countries are experiencing comparable structural transformations (Table A.3 in annex). The manufacturing sector has undergone systemic adjustments and the decline in agriculture and the growth of the services sector in the national economies have been remarkable. Services contribute between half and almost three quarters of GDP (except in Azerbaijan, where the oil sector is predominant). The share of employment indicates agricultural productivity to be below that of the other sectors. Job shedding in agriculture has been partly compensated by job creation in services. Domestic migration also partly accounts for reallocation of the employment between sectors. Countries like Russia and Ukraine have also experienced considerable growth in international immigration.

The transformations in the national economies have brought new skills requirements to the surface to underpin and respond to these changes. The 2010 Torino Process country reports (ETF, 2011a) highlighted national specificities and common features across Eastern Europe. In Belarus and Russia, technological progress is part of the governments' strategies to promote innovation. In Belarus, denationalisation and privatisation processes are accompanying the push towards technological development. In Georgia, Moldova and Ukraine, government measures support enterprises in positioning themselves in competitive market environments. Azerbaijan and Russia are diversifying their economies to reduce their excessive dependence on the oil sector. Armenia and Belarus are confronting

the challenge of identifying paths for sustainable economic development.

By and large, the first decade of this century has represented a period of GDP growth in Eastern Europe (Table A.4 in annex). Notwithstanding country differences and fluctuations influenced by the global crisis, 2011 showed an improvement over 2010 in all seven economies. Economic growth has however generated contrasting outcomes in the labour markets. While new professional profiles and new skills within existing profiles have been created in some sectors, the productive sectors have generally been featured by jobless growth, with little absorption of new employees.

Young graduates in search of their first job have found themselves less than prepared to meet changing labour market requirements; those in the labour market have had to adapt to new tasks and functions, whereas others have lost their jobs and face difficulties in finding new work. The fact that the feedback mechanism between market demand and the supply of skills and qualifications is defective explains why a lack of skills is a major constraint to company development in Eastern Europe.

Skills shortages are the outcome of multiple labour market transformations, combined with poorly responsive education and training and somehow slow pace of labour market policies implementation. Jobless growth in some sectors is impeding turnover and mobility in the labour market. If it lasts, it is a factor that will keep people out of the labour market. Discouraged unemployed people become inactive temporarily or permanently, thus stunting the individual's potential for further development and depriving the labour market of human capital.

Skills shortages lead to labour market imbalances, with job seekers and vacancies simultaneously available but mismatched. One kind of mismatch is between the skills learned for and within a sector and those demanded by newly emerging sectors and businesses; another kind of mismatch concerns educational attainment, with, for instance, tertiary education more in demand in the service sector as opposed to agriculture, handicrafts and traditional manufacturing; and yet another kind of skills mismatch touches upon the content and quality of the skills acquired at any education level and through any type of non-formal and informal learning.

Besides the reallocation of jobs between sectors, the small size of most enterprises and the relevance of informal employment in Eastern Europe create an environment where access to CVT is pre-empted by failures on both demand and supply sides. The small or very small size of over 90% of enterprises is an obstacle to planning and organising CVT for employees (Table A.5 in annex). In smaller companies, the demand for training is limited by information and funding issues, arranging free time for training and re-retraining is more difficult and the need for just-in-time skills development is more urgent. Supply side issues affecting the delivery of CVT to small companies include understanding needs, small numbers of trainees and funding. The informal economy is estimated to be at least a quarter of total employment, with very high rates in agriculture for all countries (Table A.6 in annex). This makes it even harder to reach those employed informally, and to support business sector and individual development through CVT.

The problems faced are relatively unprecedented. In the Soviet period one third of the labour force was annually trained/retrained (Bodewig and Hirshleifer, 2011), but the centrally planned approach has demonstrated its rigidity and could not cater for the contemporary socioeconomic reality. Unemployment was officially non-existent (although underemployment was rooted in the system) and minimal attention paid to first-job training and training for the unemployed. In the new economic set-up certain enterprises have created their own CVT models by investing in training for employees, as reported at the beginning of this chapter. CVT mechanisms at country or sector level that are capable of assessing the diverse needs and meeting demands are, as yet, not in place however.

1.6 CONCLUSIONS

The significance attached to CVT in Eastern Europe is undoubtedly growing, given that skills shortages in Eastern European enterprises have become a strong constraint for the demand side. There are at least two structural reasons. First, economic transformation and growth have both led to severe skills shortages and to the development of short-term needs that cannot be addressed by initial education. In particular, the type of growth and the educational background of employed and unemployed people point to a need for skills development at the medium-to-high vocational and technical levels. Second, the fact that populations are ageing means that people can be expected to stay longer in the labour market.

The growing demand for CVT is demonstrated by increasing private sector enterprise expenditure, which mirrors employer dissatisfaction with the skills currently available. Thus models of CVT provision have emerged in CVT-active companies and public employment services. Good examples in all countries do demonstrate the feasibility of achieving quality in CVT and the interest of many employers. Yet there are obstacles to the expansion of the good models and practice between companies and across sectors. The small size of companies and the volume of the informal economy are part of the picture and as a result, non-CVT-active companies are the majority.

While demand is rooted in the economic structure and demographics, the obstacles to CVT originate in the design of education and training policies that poorly match demand; the institutional arrangements in place; the lack of incentives; the small size of most companies; the volume of the informal economy; and the difficulty to reach discouraged unemployed people.

The following chapters focus on these issues, with a view to shaping a profile for continuing learning systems that benefit individuals, the economy and society. Although there is some CVT activity in the real economy, systematisation on a wider scale is lagging behind. Missing are mechanisms for increasing the transparency of supply, for consistently and steadily enhancing quality, for motivating and providing incentives to employers and for ensuring open access to opportunities and funding, and active participation by social partners to initiate public-private policy partnerships.

One purpose of the peer visits within this project was to study the positive examples that could potentially inspire operational and policy changes. Mutual learning is not a matter of imitating others' solutions. Copy-paste approaches are not applicable to human capital development as they fail to account for differences between individuals, institutions and countries. The project fostered peer visits so that the solutions implemented could be appreciated within the respective contexts. Chapter 2 illustrates how mutual learning unfolded and provides an account of the picture composed from multiple observations and reflections.

2. MUTUAL LEARNING AND CONTINUING VOCATIONAL TRAINING

An overview of the CVT systems in the seven countries is provided below, based on each team's self-assessment of CVT in their own country and on the peer-learning visits carried out under the CVT in Eastern Europe project. Other sources are quoted where relevant.

All the countries have developed VET and CVT systems, but a key finding of mutual learning was that CVT design and resources have proven insufficient to provide adequate and relevant training. Access to CVT is mostly for employees of large enterprises and unemployed people; thus large sectors of the population remain excluded from the formal or non-formal CVT offer. Whereas large enterprises have become the most important providers of CVT – naturally focusing mainly on their own skill and recruitment needs – the possibilities of providing training in smaller enterprises are more limited. In all seven countries public employment services offer training to the unemployed; besides private demand exists for fee-based courses on e.g. languages, ICT or business management, and these are provided by a host of private organisations.

Another finding was that skills development is not restricted to participation in formal and non-formal CVT. Informal learning is more frequent than organised training but it is seldom documented, recognised or validated. Mentoring by colleagues, transfer of tacit knowledge, practice on new machinery and software are usual in the workplace. People also learn through other activities in their life. Formal, non-formal and informal learning are all relevant in the CVT definition that guided the peer visits in Eastern Europe (see Introduction).

The predominant role of large enterprises and the diluted role of the state are two sides of the same coin, and this was a third finding. The downside is that the training needs of SMEs, the inactive population, migrants and workers in the informal economy remain unmet. The government has a more visible, yet different role to play. Where they exist, national strategies on CVT and/or adult learning should be turned into practical policy actions. Legislative support for quality-assured provision, public funding, incentives to individuals and enterprises could become more consistent. The established support mechanisms should be re-assessed based on the actual outcomes that they have generated.

Overall, the inadequate volume and quality were seen as major problems related to CVT in all its forms. This chapter further illustrates and elaborates on the quantitative and qualitative mismatches in supply and demand for CVT. As revealed in the mutual learning exercise, despite similarities in the institutional setting, the countries have differences deriving from policy choices that have been made over the years in response to the respective economic and social challenges.

2.1 LEGISLATIVE FRAMEWORKS: ENABLING OR IMPEDING CVT?

Most key policy documents of the countries, including national strategies and development plans, are aligned with international or European definitions of lifelong learning and accept the idea that continuing learning creates the conditions for a person's development and self-realisation. Policy implementation, however, has largely been oriented to the education system, i.e., the formal and school-based education of children and young people (Veramejchyk, 2009).

One common denominator in the Eastern European countries is the lack of coherent legislative frameworks for CVT from strategy formulation down to secondary level legislation. While constitutions and framework laws in Eastern Europe declare the universal right to lifelong education, CVT is neither covered nor supported by specific legislation. Public provision of CVT is mostly targeted at the registered unemployed. There is limited provision of training for adults or support to SMEs to train their staff in general. Outside the labour market, CVT provision is left either to for-profit companies or to NGOs catering for the most vulnerable sectors of the population. Individuals who participate in CVT outside work pay tuition fees to cover the cost of training. People who are neither employed nor unemployed encounter even more obstacles in accessing CVT.

The definitions adopted by the legislation of the different countries tend to be limited to formal education and training supply, with levels that reflect school-based education up to university post-graduate level. Important aspects of CVT such as work-based learning, distance learning, self-study and non-formal and informal learning and its validation are not considered. This inevitably has an impact on the form of the CVT offered, impeding flexibility of access, and favours a fragmented rather than a systemic approach, where the training delivered by enterprises is not recognised as noted, for instance, for Ukraine.

Adult learning and continuing training tend to feature in legislative acts that relate to employment and unemployment, and only in a scattered way in education and training strategies and legislation. Since there appears to be both overlapping and uncovered areas between the two sets of legislations, ensuring coherence in the policy approach to CVT proves to be difficult. This kind of overlap is also found in the EU where CVT and active labour market policies complement each other.

Gaps exist between the statements in the legislation and the actual provisions for implementation. Training for the unemployed is envisaged but only for those officially registered. Incentives, funding and provisions for training people in need of re-skilling, people moving to a new job and for other categories of job seekers are usually insufficient. CVT promotion is also deficient; no self-assessment reported the existence of awareness campaigns and the provision of information to the public.

Last but not least, when it comes to specific education and training legislation, a lifelong learning perspective is absent. Although lifelong learning concepts are in general terms integrated in policy formulation in the Eastern Europe countries, their education and training systems are still disconnected between levels, lack transparent pathways and fail to recognise non-formal and informal learning. Lessons could be learned from other countries with lifelong-oriented policies, measures and tools that motivate people to acquire knowledge, skills and competences at any stage of their lives.

2.2 NATIONAL POLICY DEVELOPMENTS

How can policy makers support skills development for adults when CVT initiatives are in the hands of enterprises and public provision is minimal or unsatisfactory? Many public authorities have, in theory, established policies via legislation but implementation has been weak.

An example of demand-oriented policy implementation is given by Georgia, whose VET reform strategy paper for 2009-2012 is based on the principles of lifelong learning endorsed by the EU (European Commission, 2000; Council of the EU, 2002). Unlike other countries, Georgia does not have a system of 'state orders' in VET, so supply is more dependent on labour market demand. The government has taken on the role of creator of conditions, leaving employers and their organisations to bear the responsibility to implement CVT in enterprises.

Belarus has a strong CVT-equivalent system, called additional adult education. It is regulated by the law on education (last changed in 2011) which includes articles regarding structure, institutions, educational process, validation of learning and scientific and methodological provision of additional adult education (and applying also to CVT). This provision is supported by the labour code which views the organisation of CVT as the responsibility of the employers. Other legislation covers vocational training for the unemployed, placing CVT together with initial VET in a lifelong learning context. The list of professions, the duration of courses and framework requirements regarding content are regulated at the national level, with little flexibility. In the case of employee skill upgrading, training duration ranges from one week to three months; for retraining, two weeks to 11 months; and for training, from one to 12 months depending on the occupation. The weak aspect of the Belarus training system is that the list of professions and the occupational standards are outdated; hence the resulting CVT is not always relevant as many employers have reported. Moreover, the demographic decline and the enterprise restructuring mentioned in Chapter 1 are prominent in Belarus; whilst the state is interested in creating new employment, little is done to create new skills.

In Russia the role of central government is limited as VET, including CVT, is decentralised to the regions. A federal law on education regulates CVT, which is linked to up-skilling and professional development of the workforce. Plans are afoot to reform this legislation and it is expected to place more emphasis on skill development of the adult workforce. Russia has adopted several policy papers (including Russia 2020 strategies) that highlight the links between CVT, lifelong learning and economic development. These documents often highlight the role of higher education while neglecting manual or practical skills. Russia defined sound CVT concepts as far back as 2001 but these failed to make an impact in practice. Consequently Russia has not adopted a lifelong learning strategy or concept, often seen as a synonym of continuing training (Umarov et al., 2011).

In January 2012, Ukraine approved a law on professional development for employees which provides guidelines for in-service training and skills upgrading and introduces the concept of recognition of prior learning (validation of non-formal and informal learning), making Ukraine a striking exception in the whole of Eastern Europe. Ukrainian education legislation, however, is mainly oriented on formal education of youth. The Ministry of Education, with central and local authorities including employment services, has developed a CVT concept for the working-age population. Some NGOs and employer organisations also participated in the consultation process. There are also regional initiatives like the lifelong learning strategy launched in the Donetsk region, an approach which could serve as an example to be disseminated.

The Moldovan legislation on CVT was reviewed in 2011 to introduce improvements and new human resources development concepts. Social partners have greatly contributed to elaborating a national format for occupational standards, which was eventually approved and adopted by the government in December 2011. The format, which builds on the concept of assessing the needed competence for any given occupation, is expected to have a long-term impact on both initial education and continuing training. The SME sector development strategy 2012-20 sets human capital development as one of its six priorities. In 2013 the

approved VET strategy proposes an enhanced status for work-based learning, however the place of CVT is not particularly emphasised. The draft law on professions envisages the entire revision of the classification of occupations and a role for social partners in analysing skills needs.

The situation is similar in Armenia where legislation and regulations cover the formal education system and very little reference is made to CVT in non-formal or informal settings. A common position on the role of the state and the extent of its involvement in CVT is absent, although in Armenia, the United Nations Development Programme has supported the formulation of a strategy that might eventually be adopted by the government. More generally there is not a shared position on the need for training standards and common methodologies. The linkage between CVT supply and demand is weak and the education and training providers identify their market niche through trial and error.

Azerbaijan is developing strategies which aim to diversify its economy. Education is seen as an important tool but large-scale efforts to improve the education system and to increase investments in CVT are not evident.

None of the seven countries implements evidence-based policy making and lack of data on CVT was a common feature of all of the countries. This fact raised questions among peers about instruments for monitoring CVT implementation and about the baseline knowledge needed to formulate proposals for improvements. The collection and use of statistics to support policy making and implementation is an issue that needs to be tackled at the national level, led by national statistical offices in collaboration with authorities, training providers, enterprises and associations. Regular and reliable data would also permit comparisons between countries.

2.3 CVT SUPPLY

In-company training

Company based continuing training is nowadays the predominant form of training provision in the seven countries, which in the past 20 years have seen the education landscape change considerably. In the 1990s a large number of training centres serving state-owned companies closed down, significantly reducing training provision for instance in Russia, Ukraine and Azerbaijan; only Belarus has been able to maintain high levels of CVT provision. A large share of CVT in Belarus in key sectors like machine-building and construction is provided by the training centres of enterprises (Umarov and Oleynikova, 2011).

A main motivation for the activism of enterprises is that the market fails to meet their short-term training needs. Another problem they face is the poor supply of properly skilled workers at the recruitment stage, given that VET leading to skilled and technical occupations is out of date. The peer-learning visits showed that CVT-active companies do not focus only on technical skills but also on developing competences in organisational culture and new technological processes. The fact that these are not present in outdated curricula or educational standards is yet another reason for the enterprises to take the initiative.

TABLE 2.1 CVT POLICIES IN A LIFELONG LEARNING PERSPECTIVE

	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Russia	Ukraine
CVT/adult learning principles outlined in labour codes			X		X		
CVT/adult learning principles outlined in general education laws	X	X		X		X	
CVT definition under discussion/elaboration	X	X			X	X	X
Specific lifelong learning concept/ principles outlined in legislative acts	X			X			X
Specific policy framework for CVT/ adult education							X*

Source: Authors, compiled from the CVT in Eastern Europe project self-assessment reports and peer visits (*) except for the Ukraine Law on professional development, approved after the peer visit.

The training delivered by the CVT-active enterprises, however, is not recognised and not certified by the education and training system. Although the quality of this training has a value in the labour market, with a ranking factor deriving from the credibility of the provider, the public system is not equipped to assess the quality and recognise training that does not comply with formal curricula.

Large Russian and Ukrainian enterprises systematically offer human capital development and CVT programmes to support skills development and qualifications upgrading. They usually have their own in-service training system, and are open to working with external providers to cover the whole range of training needs. Some of the biggest companies have established corporate universities as tools for strategic management and an inherent part of business processes. These companies are able to build alliances with training institutions at the level of strategic partnerships. Their expertise means that they can participate in the development of curricula and content. Peers have visited medium-sized companies in Georgia and Ukraine that have capacity for in-house training and in some instances offer programmes to other companies too.

Belarus has adopted a systematic approach to training which includes upgrading of qualifications of employees every three to five years. The alignment with the formal system is stronger than in the other countries and the quantitative gap is less significant. The relevance of the training however is not guaranteed, given that the programmes follow outdated standards according to employers. Trainers play an important role in large state-owned industrial companies and have a clear system of course delivery and learning assessment. Practical studies are 70% of the total and CVT supports professional growth for employees. Training emphasis is more on upgrading of technical skills than on core competences. Although there is some cooperation with training institutions, big enterprises organise most training themselves. Several companies even have their own training institutes, vocational schools or lyceums. Enterprises are more flexible in the training provision than formal institutions, which are bound by state regulation in a stricter manner.

Armenian businesses provide training themselves or outsource it to local training providers. Almost one third of the companies provide organised training to their staff. This is largely done on their own initiative and funding, without a systemic approach even if large companies can cooperate with technical and vocational schools. Enterprises also purchase training from private consulting or training companies (Umarov and Oleynikova, 2011). In 2010, around 10% of the Moldovan workforce was trained and almost 85% of the cost was borne by the enterprise.

Big enterprises tend to prefer to use international consultants in order to ensure the most up-to-date training; small and medium-sized businesses typically train staff in-house. However, neither small nor larger companies are ready to actively participate in the development of vocational training criteria. In the three countries of the Caucasus, government participation and public funding are not prominent in CVT provision (Kvatchadze, 2009).

In Azerbaijan, enterprises pay for in-company training, which is sometimes organised with NGOs. A good Azerbaijan example of a private provider of fee-paid training is GRBS, based in Baku, which annually runs some 220 courses applying international standards and mainly focusing on white-collar skills such as language learning, ICT, business management and accountancy. The provision is targeted both to corporate customers and individual learners.

Even though large enterprises are leading CVT provision in Eastern Europe, the share of companies that train their employees is lower in countries of the Commonwealth of Independent States (CIS) than in EU Member States. In 2005 Belarus and Ukraine were the best performing countries in this respect. Enterprise surveys conducted in 2008 and 2009 in Eastern Europe show that the share of companies who claim to provide training varies from 10% in Azerbaijan to 52% in Russia. Besides, the share of workers offered training is below 30% in all seven countries. The lowest attendance rates (under 20%) are reported in Azerbaijan, Belarus and Ukraine (World Bank and EBRD, 2008 and 2009). In 2008, Ukrainian employers provided training to 11.6% of all officially registered full-time employees. On average, however, training was provided to an employee once every 11 years, despite regulations that promise access to retraining every five years. Several country studies also show that while the share of firms that train may be relatively high, the share of actual workers in training is low. An enterprise survey in Russia revealed that while 58% of firms conducted training, only 7.7% of skilled and 1.4% of unskilled workers actually participated in training (Bodewig and Hirshleifer, 2011).

Despite some variation in figures the overall picture is quite clear. How non-formal training provided by enterprises is distributed is uneven. Statistical data concerning training provision by enterprises and worker access to training suggest that most CVT-active companies train only selected categories of employees. In industrialised countries this kind of training offer usually concentrates on better educated (often white collar) workers. There are signs that this is also the case in Eastern European countries (ETF, 2011d). More analytical data and different types of indicator are needed to develop intelligent information on CVT inside and outside the labour market. Without accurate data it is difficult to develop well-targeted policies to serve the interests of individuals and the economy.

In Eastern Europe the dominant role of enterprises and the minor role of the public sector in CVT provision result in excluding large numbers of potential beneficiaries from training. International comparisons show that worker training decreases in line with decreases in per capita income. CVT provision is actually less in CIS countries than in EU Member States, including Central European countries that joined in 2004 (Bodewig and Hirshleifer, 2011).

New and old training institutions

Weak public provision of continuing training for adults has created a niche for commercial training providers. Since the 1990s training provided by enterprises to their staff has been complemented by private institutions, which emerged as the role played by public institutions in CVT and adult learning declined (Bodewig and Hirshleifer, 2011). New institutions offer mostly non-formal programmes related to business management, ICT or language learning. Part of this provision in all seven countries is commercial. At the same time the services offered by higher education institutions are expanding to meet the needs of adults on a commercial basis. These play an especially important role in large cities (Veramejchyk, 2009).

All the countries have public institutions distributed throughout their regions which provide higher education and vocational training addressed mainly to young people. Training is thus potentially available but many VET and CVT institutions are small and most lack resources and/or capacity. In Russia, given that cohorts of young people are decreasing in number, vocational institutions are turning to continuing training provision to survive.

Donors play a role in sustaining the extension of CVT to geographical areas where national investments are less likely. Donor projects help raise the awareness of regional authorities as regards the role that good quality can play in poverty alleviation in economically disadvantaged regions. In Armenia, the Adult Education Centre of Tavush aims to enhance employability and create start-ups through vocational training. It was established by Dvv International, partnered by the Chamber of Commerce and Industry and the Adult Education and Lifelong Learning Association of Armenia, which work in dialogue with regional authorities.

In many countries private training providers need a licence if they want to deliver CVT. In Russia, for instance, all institutions that provide training lasting longer than 72 hours need to be licensed. In general, formal training curricula vary in duration from 72 to more than 1 000 hours. Every licensed training programme leads to a nationally recognised certificate and retraining programmes lasting over 500 hours are awarded a national diploma.

Training for the unemployed

CVT is recognised as a way to combat unemployment, given that unemployment is often linked to a lack of qualifications or skills. Participating countries reported on their successes in improving employment possibilities through training.

CVT for the unemployed is usually the task of ministries of labour or social affairs via the public employment services. The training is very often delivered by public institutions through the mediation and resources of the public employment services. This supports the idea that the state and public policies play a significant role in mitigating labour market mismatch between skill supply and demand that can hinder economic development and employment growth. Georgia is an exception in that it has a higher than average number of private employment agencies.

Armenia has very high unemployment yet has an undersupply of skilled professionals. The unemployed however may face constraints that limit their possibilities for participating in training and retraining; e.g. in Moldova, domestic migrants are not always entitled to register at employment services.

Azerbaijan, with an official unemployment rate of 6.0%, has a relatively successful programme of training for young unemployed adults. Three training centres under the employment services have managed to train some 20% of unemployed job seekers. Learning opportunities within the public employment services are offered in 130 courses which last between one and seven months. Some of the programmes have been developed in cooperation between the employment services and the Ministry of Education.

Moldova's National Employment Agency has had contracts with under half of the vocational institutions for training the unemployed. Annually, around 10% of the registered unemployed population receive training, with women accounting for more than half of trainees. Approximately 72% of trainees have succeeded in finding employment (Umarov and Oleynikova, 2011). For Russia it is reported that around half of registered unemployed people acquire new occupations after completing CVT courses and about 90% of trainees find employment on completion of training. Azerbaijan has reported a 70% employment rate after training. In Belarus, about half of the 28 000 unemployed who participated in state-funded CVT programmes in 2010 acquired training for a first profession.

2.4 QUALITY CONCERNS

Peers were unanimous in their opinions regarding the quality of CVT provision, both in terms of quality assurance and of the relevance of learning outcomes. The situation of the seven countries in regard to CVT quality appeared to fall short of expectations, highlighting the importance of reworking quality concepts and procedures. The peers concluded that quality should be valued according to multiple parameters, including among others: quality content, a suitable theory–practice balance, and relevance for users. Some institutions, for instance, quoted trainee numbers as an indicator of success, thus focusing on attendance rather than on multiple qualitative aspects.

There was a general consensus that raising quality in CVT and in VET in general posed a major challenge and particularly required moving away from a merely quantitative approach. Again the need to develop data collection and information systems was highlighted. Changes and improvements regarding the definition of quality, new measurement parameters and the use

of information and data to monitor and assess quality must build on awareness, time resources and technical expertise.

One aspect underlined by peers was the lack of systematic training needs analysis, which they associated with the lack of quality from as early as the training design stage. It was clear that, in the eyes of employers, public training institutions were not responding to the needs of enterprises, thereby pushing companies to concentrate on supplying their own training. The low quality of CVT provided by public institutions was perceived to be in line with the poor quality of initial VET.

Once again good practices exist. The quality system in place in Georgia, according to peers, was the most advanced example of what a quality system for CVT and VET should be. Both institutions (public and private alike) and courses have to be licensed, quality criteria apply and institutions perform self-assessment before being evaluated externally. This process, if successful, concludes with the award of a licence and/or with accreditation for courses for five years. Teacher training and retraining is implemented by Teachers' House (one establishment has already opened in Tbilisi and three further ones were due for opening in 2012) and by a variety of non-profit organisations that benefit from state- or donor-supported programmes.

Quality was felt to be a priority at least in Moldova and Ukraine, as a means of improving the mutual confidence between the worlds of work and training institutions. Enterprises are providers but also the main beneficiaries of CVT; they want to see occupational and educational standards updated, needs analysed, and their role recognised. Engaging both employer and employee representatives in defining shared criteria for assessing CVT quality and building agreed quality frameworks could improve trust. There was a clear understanding of the impact that overhauling quality could have on VET governance, namely, by involving different stakeholders in establishing quality criteria and systems, creating an independent quality agency, and awarding greater autonomy to training institutions.

CVT teachers and instructors play an important role in terms of responding to the needs of the labour market. Teacher preparedness varies from school to school and from the public to the private sectors. Learning in the workplace, for instance, is often facilitated by trainers who are skilled workers or supervisors but with little actual background in pedagogical skills. The standards for trainers in public institutions are strict, even though the qualifications obtained for the courses they teach may not be in demand; therefore, the relevance of their teaching is often questioned by employers and employees.

In Belarus, VET teachers are quite well qualified and enterprises frequently offer them practical placements so they can keep their knowledge of the business environment up to date. Where the same teachers work in initial and continuing VET they may lack the active learning methods that adult people demand. The situation is quite the opposite in Russia where a particularly acute problem is that poorly qualified VET teachers are not prepared to deal with technological changes. Under the present circumstances, however, there is little consideration of staff development.

2.5 RESOURCES AND FUNDING

Public investment in CVT is small and training remains the responsibility of individuals and enterprises, with enterprises funding the training they organise or purchase for their employees. Individuals pay tuition fees when they participate in courses or programmes provided by private institutions. Public training provision is significant only for training of the unemployed. The deduction of the costs of training from taxes is one of the most common incentives for in-company training and has been implemented in many member countries of the Organisation for Economic Cooperation and Development (OECD). Enterprises in most of the Eastern European countries, however, do not benefit in full from this fiscal incentive. Training cost deduction from taxes is possible in Belarus and in Russia companies can deduct the cost of compulsory VET, up-skilling and re-skilling programmes. Individuals can deduct tuition fees for general and VET programmes and for up-skilling and re-training programmes from income taxes.

Financial contributions from businesses are needed to ensure sufficient resources to develop training provision and meet emerging needs. Collective arrangements to fund training do not as yet exist, however. Although Armenia has established a training fund, it is not yet operational as employers have not contributed to it; nonetheless, it marks the advent of a possible model for the future.

The Moldovan labour code requires employers to allocate at least 2% of the company's payroll to staff training. Stipulations concerning training are included in collective agreements and, according to the labour code, employers need to create the necessary conditions for promoting vocational and technical training for employees. Labour code requirement are not always enforced however: companies are not properly informed and training-related expenses are only partly tax-exempt. The Moldovan Ministry of Economy is aware of this contradiction, so the VAT (value added tax) exemption agreed on by the Ministry of Finance in 2012 is an important step forward, although it is too early to judge the efficiency of this measure.

Georgia has developed a system of VET vouchers for implementation from mid-2012. How the voucher system will affect the provision of CVT was not clear at the time this report was written.

Belarus and Russia have both used public funding for, among other things, the creation of resource centres to improve the material basis for CVT and VET. Well-equipped resource centres can serve the needs of

several training institutions. Such centres are usually sector-based or thematic. In Russia resource centres are inter-regional and, in practice, they can take the form of networks of education institutions. The existence of resource centres can be interpreted as a sign of efficiency and commitment or as a sign of too many small schools. The major difference between the two countries is Russia's lack of practical policy support to CVT provision. It is unclear, in fact, if its resource centres will be financially supported in the future.

Ukraine has taken another approach as enterprises have funded some 40 innovation centres in vocational and technical schools. Several businesses have created also joint centres for apprenticeship training together with vocational schools. In Azerbaijan there are some resource centres funded and supported by enterprises. Education business cooperation is another way for companies to fund and support CVT.

Funding of CVT seems to rely on the capacities of enterprises to contribute. This means that the provision of training to employees depends mostly on their employer. Public money plays a role mainly in education and training for the unemployed via the public employment services. The state is also active in the provision of CVT to its own employees. In general there is a lack of information on the financial structures or expenditure in CVT in the seven countries.

2.6 VET AND CVT GOVERNANCE

Eastern European countries are experiencing the positive and negative effects of globalisation in a similar way to all other European countries. They are also affected by the lack of a skilled workforce and by a demographic challenge due to population ageing. The changing environment is making new demands regarding CVT provision.

Ministries of education and labour share policy responsibilities for CVT even if most such training is a result of private initiatives not guided by public policies. The seven countries have launched different initiatives that can form the basis of a more efficient governance of CVT.

In Belarus, the Republican Institute for Vocational Training is a central actor in VET and CVT. It develops VET strategies, standards and provides teacher training. At a time when the autonomy of individual institutions is growing, this body provides a policy and normative framework. Sector ministries have a role in CVT for the enterprises of their sector. The Belarus economic system has provided a suitable environment for cooperation between institutions and enterprises, although most large companies have their own training centres. The emerging economic situation, with the need to speed up the restructuring of state companies and support the development of SMEs and their innovative potential clearly identified, is leading to an increased demand for CVT along with different models of provision.

In Russia the picture is more complex. The Federal Institute for Education Development plays only a limited role due to the decentralisation of decision making regarding VET, including CVT. This decentralisation has led to growing inequalities between the regions. As the resources of training providers have become increasingly limited, large companies have taken over the lead.

The city of Moscow has gone through a restructuring of its vocational institutions and now has 76 multilevel and multidisciplinary colleges that also offer training for adults. As part of this process also established were ten districts and five sector councils (construction, engineering and metalworking, business and services, small and medium-sized businesses and urban development) as well as a state and city public board. The main purpose of these structures, staffed by representatives of Moscow authorities, employers, trade unions and vocational institutions, is to harmonise the positions of the social partners in implementing personnel policies. The coordination board deals with areas and volumes of training, employer participation in the development of the material-technical base for colleges and VET content development.

Georgia and Ukraine have VET councils at the national level that also cover CVT whose members include social partners.

Azerbaijan is establishing a national Workforce Agency to support CVT. The proposed tasks of the Agency cover identification of training needs and quality assurance of CVT. The country has an interesting example of an NGO representing adult education interests and cooperating intensively with European organisations, namely the Adult Education Association. Its activities include research, publication of training manuals, training of trainers, management courses and curriculum training for teachers.

In Moldova, the National Employment Agency provides skills assessment and training for the unemployed and young first-job seekers. The Agency for Small Business Development provides training mostly to start-ups under government-funded and donor programmes.

Several countries have started to develop sector skills councils or equivalent organisations. Armenia (15), Azerbaijan (7), Georgia (14), Moldova (4) and Ukraine (1) represent the most advanced experiences. Their status and composition vary from country to country; for instance these are permanent bodies in Moldova and Ukraine, but only project-based in Azerbaijan. The tasks of the councils are mainly linked to developing occupational standards and/or identifying training needs in the sector.

TABLE 2.2 VET, CVT AND ADULT LEARNING POLICY MAKING AND IMPLEMENTATION: INSTITUTIONAL OVERVIEW

Country	Institutional leadership	Other institutions
Armenia	Ministry of Education and Science	National Institute of Education National Centre for VET Development National Council for VET Development Adult Education and Lifelong Learning Association* Republican Union of Employers of Armenia Chamber of Commerce and Industry Trade Union Confederation of Armenia Professional University and College Rector Associations
Azerbaijan	Ministry of Education	Ministry of Labour and Social Protection of the Population Ministry of Justice Ministry of Taxation Ministry of Finance Adult Education Association*
Belarus	Republican Institute for Vocational Education	Research Institute for Labour (Ministry of Labour and Social Protection) Research Institute for the Economy (forecasting production, skills needs and demand for vocational education) Structural subdivisions of sectoral ministries facilitating CVT
Georgia	Government of Georgia National Vocational Education and Training Council (under the Prime Minister and Minister of Education and Science)	Ministries representing priority sectors (agriculture, tourism, etc.)
Moldova	Ministry of Education Ministry of Labour, Social Protection and Family National Employment Agency	Sector councils (agri-food/construction/transport/ICT) Agency for SME Development (ODIMM) under the Ministry for the Economy
Russia	Ministry of Education and Science	Ministry of Labour and Social Affairs Institute of Labour and Social Security Federal Institute for Education Development Regional executive and education authorities Regional VET development institutions Regional labour and employment services Employer and entrepreneur associations and unions (national and regional) Various sectoral and cross-sectoral advisory bodies on VET at the regional level
Ukraine	Cabinet of Ministers of Ukraine Ministry of Social Policy Advisory Council for Human Resource Development in the Production Sector Ministry of Education, Science, Youth and Sport Employer organisations	Inter-Branch VET Council Employer organisations and associations VET Council

Note: (*) NGOs.
Source: Authors, compiled from self-assessment reports and peer-visits.

Stakeholders involved are governmental authorities, employers or business associations; and in some countries also trade unions and VET providers. The four Moldovan councils are in the sectors of construction and agri-food (established in 2007), transport and ICT (established in 2012). The leadership comes from the unions or the employers or the government, depending on each council's history. The formulation of the national format for occupational standards has been a remarkable achievement, recognised through government approval in 2011. Skills needs' assessment is a high priority and they also strive to contribute to overall VET system improvement. They are partly under the auspices of the Social Dialogue Commission although a new legal basis is being drafted in 2013. Other industry sectors have such councils in the pipeline.

Azerbaijan has used sector committees to prepare occupational standards. Sector committees act as cooperation platforms and can ensure coherence in VET/CVT system governance. They can also be used to anticipate skill needs and to develop training provision. In Azerbaijan the sector committees, with representatives from universities, sector associations, companies, trade unions and the different relevant ministries, were established as a project rather than as permanent councils.

2.7 SOCIAL PARTNERSHIP

The above mentioned examples reveal that structured cooperation between public authorities and social partners is not yet fully developed in any of the countries. Consequently, the role played by employer organisations and trade unions is quite limited in terms of the development and promotion of continuing learning.

According to social partners, the role of employers and trade unions can be enhanced by delegating functions to them. Furthermore, their involvement could be supported by government, training institutions and by the ETF, especially once they recognise the importance of skills development and can launch their own initiatives.

In countries where there are national VET councils or sector councils are being piloted, employers in particular are being engaged in dialogue on CVT issues. Almost all the countries are discussing or developing new occupational standards to replace existing ones and are also creating qualification frameworks. Trade unions in many cases have not yet seen the added value of actively participating in this kind of work and continue to provide training in their own academies or universities.

In almost all the participating countries collective agreements stipulate CVT for employees but nowadays agreements cover only part of the labour market. In Belarus collective agreements recognise the right of workers to be trained every three to five years. Ukrainian agreements provide for training for employees at least once every five years. In Belarus these stipulations are important as they seem to be respected by companies but in Ukraine and Russia they have lost part of their meaning. In Russia collective bargaining procedures and conditions are determined by federal legislation and may include mutual obligations of employers and employees, including training and retraining; however, to date this mechanism has not been used effectively.

Agreements also provide for training at workplaces to take place during paid working hours and for the cost of training to be assumed by the employers. Upgrading of qualifications is normally a pre-requirement for higher salaries. Further information on impact and follow-up of such agreements regarding training provision and/or worker coverage might be relevant.

In Azerbaijan, a general collective agreement signed by employer and trade union confederations and government includes training for employees. The practical impact of this agreement is not evident, mainly because social partners are poorly involved in processes for improving the education system and the vocational training.

In Georgia the Ministry of Education and Science and trade union and employer organisations signed an agreement on social partnership in VET in 2011, emphasising the importance of international cooperation and fostering learning partnership mechanisms. Both trade unions and employers have an obligation to participate in the preparation and development of occupational standards and new educational programmes. This agreement could form the basis for a joint work programme as the three parties have agreed to report on activities to a national council every six months.

At the company level, the most important organisational document is usually a collective agreement between employer representatives and trade unions. In large enterprises in particular, a collective agreement can serve as a tool for human resource management and also skills development.

The above examples illustrate that tri- or bipartite structures are playing no role in addressing key issues such as needs assessment to convey inputs for relevant training provision, the design of new quality frameworks, preparing legislative improvements or discussing innovative funding mechanisms.

2.8 POLICIES TO SUPPORT CVT DEVELOPMENT

Despite the problems, there are visible positive results in the partner countries, mainly linked to the development of occupational standards and qualifications frameworks, to the emerging focus on demands, and to the recognition and validation of non-formal and informal learning.

These developments may bring about fresh support and increased attention for CVT. By strategically linking the different initiatives, each country can open opportunities for more and better quality CVT. The specificity of non-formal and informal learning is to be taken on board in the re-design of qualifications and quality systems. The accreditation of courses and institutions, the quality-proof assessment and certification should cater for the variety of learning settings – formal, non-formal and informal.

The seven countries are all moving towards setting up national qualifications frameworks, where both initial VET and CVT should have their place. In Ukraine, for instance, a 10-level qualifications framework was adopted by decree in November 2011. It represents a

significant step towards shifting the Ukrainian education and training system towards learning outcomes and labour market demands. Azerbaijan is in the process of establishing a national qualifications framework for lifelong learning and defining occupational standards, according to the International Standard Classification of Occupations (ISCO) 88/08. It needs to develop about 200 occupational standards to provide clarity regarding the occupations needed by employers and 50 have been already defined. The Ministry of Labour is leading the process and national stakeholders have positive expectations regarding improved interconnectedness between the education and labour worlds. This work is complemented by a proposal to establish a Workforce Development Agency.

The recognition of non-formal and informal learning was central to debates among the peers, many of whom associated the possibility of recognition with the necessary quality assurance. The large companies that deliver training to their employees cannot offer a validated certificate to trainees, even if training is partially or fully compliant with an existing qualification. A worker with relevant experience has few possibilities of having their learning validated. During the peer visits the CVT-active companies voiced concern for not being considered. A medium size company in Ukraine and two large companies in Moldova and in Georgia regretted that their training was valued by the labour market, but had no recognition from the education and training system.

In Moldova, a concept paper on validation of non-formal and informal learning is paving the way to a more CVT-friendly system. In 2012 the concept paper was under discussion by stakeholders and relevant authorities and will be subject to revision in view of its eventual approval in the form of a legal act in 2013. In Armenia the validation of different forms of learning appears to be of interest, but it is not clear who could take the lead. The Russian Ministry of Education and Science gave grants to regions in 2011 in order to test suitable validation methodologies. Ukraine has assigned the State Employment Service to develop a system for validating non-formal and informal learning. The aim of this ongoing endeavour is to enable individuals and employers to benefit from skills development during their careers.

In Georgia the legislative framework envisages the validation of prior learning and the granting of a diploma or certificate for people who return to education and who can prove their knowledge and competences. Peers considered this approach more suitable, however, for people in education than for adults in employment who are not likely to return to formal education in large numbers. They therefore suggested improving the mechanisms to make them more accessible to people in the labour market.

Whilst first steps are being taken with the development of qualifications and validation systems, one important element is missing, namely career or vocational guidance. Career guidance covers information, guidance and counselling to assist people in making education, training and occupational choices. If the education and training of the adult workforce is to be a priority, it needs to be supported by appropriate information, guidance and counselling services. A variety of actors can play a role: trade unions can assist their members, employer organisations and business associations can provide information to enterprises and employment services, and education institutions can guide individuals through the services on offer and provide information on public CVT services in general.

Authorities and peers have highlighted the importance of vocational guidance for individuals, either employed or unemployed. This issue emerged in Azerbaijan, Belarus, Moldova and Russia. Guidance would help orient potential trainees in the landscape of offered courses and regarding the reliability of available offers, help identify the strengths and weaknesses of alternative choices and point to options and processes for learning validation.

There are several reasons why none of the countries could present good practices in this field. One possible reason is the unsystematic nature of supply. Because catalogues of training opportunities are not organised or easily accessible, it is difficult to guide potential trainees, advise them in line with their needs and aspirations and guide them in validating their non-formal and informal learning. There may also be an issue of expertise shortage and of lack of recognition of the advisor profile as a credible profession.

Nonetheless some of the pre-conditions for putting orientation and guidance in place are realised. Labour market surveys are conducted in all countries with different degrees of depth, and relevant information is accessible e.g. which the growing and declining sectors are, where most of the new jobs are created. Although not sufficient to give full transparency about what training is needed for what, this however represents a remarkable starting point.

CVT would benefit significantly from cooperation among stakeholders. These outlined policy fields are designed to stimulate the contribution of multiple stakeholders with respective roles and responsibility. As the peers have underlined, CVT policy leadership might be a matter of further discussion at national levels; but all stakeholders should support new policies focusing on open opportunities for people to develop skills at any age.

3. CHALLENGES AND POLICY PRIORITIES

The self-assessment exercise and lessons learned during the seven peer visits have confirmed that CVT is not awarded great priority in the political agenda of the countries of Eastern Europe.

This contrasts with the emerging need for CVT. The structural reasons that motivate CVT (see Chapter 1) include the demographic profiles of the countries, with ageing populations that tend to stay longer in the labour market and the multiple economic transformations bringing about changes in sectors and a demand for new, upgraded skills. In this context CVT is an instrument to ensure that active and, where possible, inactive workers remain employable, especially the fraction that are inactive because discouraged.

Despite the need for CVT and despite the reported skills shortages, participation in CVT is both insufficient and uneven across all the countries. Among small enterprises CVT provision is particularly problematic and is never an option in the informal economy.

The peer visits have added a qualitative assessment of the CVT state of play by elaborating on the key issues underlying the facts (see Chapter 2). The resulting picture shows that there is room for improvement in the policies, the funding mechanisms and the quality of CVT.

A second tier in the analysis identified additional issues, linked to the three main ones above but more specific in nature, that can pave the way to more and better CVT. Thus, needs assessment and occupational standards would lay the basis for the relevance of provision, provided labour market actors are involved in defining these standards; mechanisms for the validation of non-formal and informal learning would facilitate access to CVT; and vocational guidance would support individuals in their choices and transmit expert information and feedback to organisations.

Peers are unanimous in agreeing that unless the social partners play a more prominent role, the situation will not improve any time soon. The fact that CVT was not part of the political agenda was considered to be a consequence of a lack of dialogue and partnership. Policy partnership is therefore the overriding theme encapsulating the issues that emerged from the analysis. We use this term to indicate the need for active cooperation between the public and private sectors and for a move from the analysis of challenges to policy priorities. Policy partnership will enhance the decision-making process regarding new policies, funding mechanisms and the quality of CVT.

3.1 CVT POLICY PARTNERSHIPS

Partnerships between public and private actors are not yet effective although discussion about the respective roles and responsibilities has started in the countries, representing a significant step in the right direction. Shaping partnerships will allow interests and concerns about education and training to be voiced within an agreed framework and should lead to business-education cooperation in acting on identified needs and striking a balance between needs and available resources.

Designing CVT policies as part of lifelong learning strategies

In a few Eastern European countries human capital has become part of national or regional development strategies since 2011. Even where countries have adopted policy statements on CVT within lifelong learning, the operational consequences are not always manifest. As an example, private and public sector enterprises receive limited or no support for CVT, despite showing initiative in providing training for their employees.

To ensure progress, dedicated strategies and policies – necessary to guide quality improvement in CVT supply (public and private alike) and to design incentives that bring additional funding to CVT –, should follow from the above-mentioned general statements. Public strategies and regulations are also needed to underpin what we call second-tier priorities, namely the needs assessment and updating of occupational standards, the promotion and recognition of non-formal and informal learning and the launching of orientation and guidance systems.

CVT and initial VET are positioned at the intersection of social and economic policies and so are of interest to a range of stakeholders, public and private. Renewed strategies and policies will have relevance if all stakeholders are involved in their design, to replace the existing policy frameworks, which were intended to match a different context with different demands.

Stakeholder participation will add credibility to the debate on CVT and subsequent policy making. During the peer visits, preliminary debates took the form of round-table meetings (with ministries of labour, economy and education, with social partner representatives and with trainers) during which the peers presented their self-assessment study conclusions. These meetings have contributed to identifying the barriers to CVT entrenched in the existing national legislation, as summarised in this report. They also showed however that more efforts

need to be made on all sides until a common language is found.

A visit to Tallinn (Estonia) in June 2012 aided comparison with a well-formed system where lifelong learning is equally supported by the government and labour market actors. Ukraine is setting an example for the region, as it has tackled the development of a national qualifications framework, developed legislation to promote CVT and validation of non-formal and informal learning, and laid the legal basis for a more systematic involvement of social partners in VET. This opens the opportunity to cover initial and continuing education and training, formal, non-formal and informal learning in an integrated manner.

The state's role in CVT governance

The improvement of legislative frameworks on lifelong learning including CVT is a challenge. Overregulation of training provision may hinder opportunities in some Eastern European countries, whereas others have no regulations that directly target training provision. However, it is common to find obstacles that unintentionally hinder CVT. One example is the restriction regarding training institutions marketing their training services to enterprises and retaining the corresponding earnings. Another is the lack of fiscal incentives to enterprises in the form of tax deductions for training costs.

In Georgia, peers learned about the role of regulating frameworks offering flexible implementation. The Georgian Ministry of Education delineates key principles and intermediate-level agencies implement the agreed provisions in dialogue with stakeholders and VET providers. In Estonia the Ministry of Education is responsible for legislation, the quality system and funding, whereas implementation is devolved to VET providers, awarded with a high degree of autonomy including in managing expenditure.

An eye-opener for the peers was state provision of a framework and implementation devolved to lower level bodies and institutions. In between the two poles of over-centralisation and extended autonomy, different models can be developed that fit a particular national context and its particular dilemmas.

Having the tools to influence the development of CVT, governments should build desirable quality frameworks, fiscal incentives and funding mechanisms in consultations, and have responsibility for finalisation and approval. Areas that require steering on the part of the policy makers include the promotion of a culture of learning, the valuing of non-formal and informal learning, the collection of data for monitoring participation in CVT and its outcomes, and many others.

Social partners' role in CVT governance

While the role of the state is recognised as crucial, CVT will work if various forms of partnership with the private sector are made real. The positive aspect is that employers take the initiative based on their own needs as they can. They are aware that adapting to changing technology and production processes, and market competition require skills development. However the demand for training often originates from short-term needs, whereas many suppliers find it challenging to meet requests for just-in-time training services.

The type of CVT governance that applies in the seven countries does not reflect the reality that the world of work is presently in the lead. This situation may be due to the legislation, which does not attribute CVT with a clear role and status, or it may be the effect of the broken model of social partnership which existed before transition.

Meaningful relations between public and private bodies and between governments and social partners need new terrain in which to take shape. In the EU and candidate countries, a variety of sector skills councils or committees are the collaborative nexus between the public and private sectors, demand and supply and experts. Their members launch skills needs analyses, define occupational standards, discuss co-funding, contribute to drafting national strategies, quality and qualifications frameworks, and make proposals to address problems. The sectoral dimension is prominent in aspects related to needs analysis and occupational standards, but other forums intervene in policies of broader socioeconomic relevance e.g. national human resources development councils and economic and social committees.

Sector skills councils or sector committees exist in some form in Eastern Europe, but it appears that their role within CVT and initial VET is ill-defined, with members often unaware of their potential contribution and capacity for initiative. The greater involvement of employers and employees would be beneficial for CVT, so dissatisfaction could translate into concrete proposals for change. This requires a clearer conceptualisation of purposes and tasks and concrete mechanisms through which social partners can convene needs and requests.

Needs assessment, a typical function of long-standing sector committees, could receive more attention in Eastern Europe, particularly qualitative aspects. In countries where the state-order approach is in force, ministries of labour determine quantities and locations of education and training on a yearly basis; numbers for CVT are based on a survey of enterprises. Although the logic is to allocate resources according to needs, the focus is on quantifications more than on content.

Peers and visited institutions have underlined, as key issues, recognition for skill development platforms (sector committees, skill councils, human resources development agencies, etc.), knowledge of possible implementation mechanisms and increased capacity. Relevant capacity in Eastern Europe is often confined to collective bargaining mechanisms with parties more experienced and knowledgeable regarding hard factors (such as wages) than regarding the language of skills needs and non-formal and informal

learning. Furthermore, training provision is linked to the existence of collective agreements. However, collective agreements usually do not cater for quality improvements, the assessment of skills gaps, and the establishment of training funds or other funding mechanisms.

According to the corresponding peers, Armenia, Azerbaijan, Belarus, Russia and Ukraine need permanent platforms to deal with labour market skills, for the purposes of continuity and accumulation of experience. Instead consultation of the existing sector committees or stakeholder participation in school boards is sporadic at present. In large countries, there could be platforms at both national and regional levels, established in sectors and wherever else is relevant, e.g. ICT, transversally across sectors.

3.2 QUALITY ENHANCEMENT

Quality enhancement was considered a key issue by the demand and supply sides alike. The peer visits registered aspects such as the insufficient responsiveness and the obsolescence of programmes offered by training institutions (especially public ones) and the excess of theoretical versus practical learning. Enterprises capable of organising staff training/retraining often preferred to recruit professionals and teachers for their own in-house courses. Better quality would generate trust for the supply side, whereas a lack of trust leads to little use of training services and poor collaboration between enterprises and training institutions in a vicious circle that is detrimental for all sides.

Georgia offered the example of a convincing quality framework that, despite being predominantly focused on initial education (at the time of the peer visit), could be taken as a benchmark for the region. Peers on their visit to Estonia could observe a well-established quality framework and quality process that was more directly correlated with the EU approach to quality as fit-for-purpose. In both countries, new private and public providers can enter the training market but are subject to the same quality system governing the existing providers. A mix of self-assessment and external assessment forms the basis for accreditation of institutions and courses in both cases.

The peers mainly retained three key principles from Georgia and Estonia. In the first place, quality was a strategic function part of the policy attributions of the ministries of education of both Georgia and Estonia, not merely a part of the daily running of the system. Although the design of the quality framework was discussed with the whole range of stakeholders, the ministry was responsible for its approval and for subsequently supervising its implementation by the quality agency and public and private institutions.

Secondly, quality frameworks in Georgia and Estonia were aimed at cyclically improving VET content, teaching and learning methods, the approximation to needs, etc., on the basis of regular reviews. The approach was built on accumulating know-how regarding best practices and accompanying improvements rather than finding fault. The idea of creating environments of trust permeated the approach in these two countries. Thirdly, quality and quality enhancement require resources. Teacher and trainer capacity play a central role in quality-oriented approaches, and the improvements will not be achieved without up-skilling teachers and without enhancing learning processes and environments.

For the peers, both the centrality of quality assurance processes and a strong political will regarding quality in education and training reveal experience. While for all countries quality was a priority for CVT development, activities such as robust awareness campaigns were seen as a necessary first step for informing stakeholders and bolstering political will.

3.3 FUNDING AND CONDITIONS FOR ACCESS

It was not surprising that questions of funding were central in the self-assessment and peer-visit reports. However, although the importance of funding was acknowledged, the difficulty was to propose viable mechanisms and, more crucially, to implement them.

In Armenia an inter-sectoral training fund to be created in 2011 was never activated due to unclear governance and employer reluctance. Georgia introduced a voucher system in 2012 and piloted it at the school level, but there has been no application as yet to continuing training. The Moldovan labour code stipulates that companies participating in collective agreements should earmark the equivalent of 2% of the payroll to training, but this stipulation is largely ignored by companies.

Large companies in growing sectors, located in industrial areas more than rural areas typically contribute to training costs. Many of these companies do not use public training institutions but cover the entirety of their training costs themselves. In Belarus costs tend to be shared and this is also true in certain regions and sectors in Russia.

Funding is therefore an important discriminator in the dividing line between CVT-active and non-CVT-active companies, the basic clustering where the former offer formal and non-formal CVT and the latter rely on informal learning alone. Scarcity of public funds, outside of training for unemployed people, combined with little or no fund allocation from companies means reduced access to CVT.

While human capital in Eastern Europe is acknowledged as a key factor for social and economic improvements, viable mechanisms for effective CVT funding are the exception rather than the rule in the seven countries. The low rate of participation in CVT (not exceeding 10% and in most of the countries below 5% according to national statistics) is also a consequence of this lack of resources.

Training-friendly fiscal incentives and the pooling of resources by sector and/or geographical proximity are pointed to as leverage measures that could be applied in Eastern Europe. There is a vast pool of experience and lessons to be drawn on worldwide as regards both models for fiscal leverage and the nature and composition of training funds, sector funds and state funds matching employer funds, etc.

Bringing up these questions made a concrete contribution to the mutual learning process. There was consensus among the peers that, with a view to enlarging coverage and access to organised and quality-assured forms of learning, strategies for increasing the financial resources available to CVT needed to be prioritised. Exploring in detail how individuals, companies and the state can benefit from cost-sharing mechanisms that aim to expand CVT is a key issue that deserves more attention in the years to come.

3.4 TRAINING FOR SME GROWTH

The low incidence of CVT in SMEs is a major challenge for the countries of Eastern Europe. Uneven access to CVT, further confirmed by self-assessment and peer visit evidence, owes a great deal to the high percentage of SMEs in the economies of the seven countries, at over 90% of the total number of enterprises in 2011 (even considering the different definitions adopted by national statistical bodies). SMEs tend to mainly resort to informal learning, using their own more experienced employees to provide coaching to less experienced employees. Considering that the micro and small companies are the largest fraction of all SMEs, it is very common to see obstacles of a different nature – related to funding, limited awareness and a lack of human resources development strategies – reinforcing each other and limiting access to organised CVT. Although viable funding mechanisms for CVT is not exclusively a problem for micro and small companies, it is understandable how this problem may be more restrictive for them.

A review of progress in SME development policies conducted in 2011, inspired by the Small Business Act for Europe, has unveiled the absence of systematic assessment of training needs (OECD et al., 2012), making it difficult to organise demand, pool resources and claim support from the state. Training needs assessment is typically a service performed by an expert organisation outside the SMEs, as each small company does not have the critical mass that would enable the analysis to be done in-house.

Six out of seven of the Eastern European countries participated in the SME review and, as a result, Moldova, as one example, designed and approved in 2012 a new SME Sector Development Strategy 2012-20, featuring, as one of six strategic priorities, the development of human capital through the promotion of competences and entrepreneurial culture.

Partnership in training needs assessment requires cooperation between the SMEs and the training institutions. Despite the minimal mutual trust, experience shows that establishing collaboration with schools and other institutions is not impossible. Partnerships at this level are facilitated by affinities such as sector knowledge or proximity and can evolve from needs analysis to joint applications for funding for training delivery.

A powerful reason for taking action and supporting CVT in SMEs is the latter's tendency to create and maintain employment (e.g. European Commission, 2008). Business start-up has become less cumbersome in Eastern Europe, as shown by the Doing Business indicators (World Bank, 2013b), but the growth challenges facing both older and newer small businesses remain. The acute skills shortage is one such challenge that precludes sustained growth.

The threefold aims of supporting SME growth, promoting employment and developing human capital through quality education and training are therefore intertwined. Seen from this angle, SMEs in Eastern Europe have the potential to become major users of CVT in many sectors and regions, provided policy design is coherent and converges towards the same objectives.

3.5 OTHER ISSUES: COMMUNICATION AND DATA

Dissemination and awareness raising

All seven countries can demonstrate examples of good practice in CVT, and these examples should be promoted. The country visits offered the opportunity to meet the CVT champions. The peers mapped good CVT examples in private enterprises in particular, where employees are trained in cooperation with private trainers or with local centres. Peers who work for government bodies acknowledged that this information was new for them, even in their own countries. Thus, non-CVT-active companies are not hearing from CVT-active companies and the public sector is not tuned in to ongoing CVT developments.

There is ample scope for intermediate-level bodies – such as business development agencies, employment services, sector organisations, think-tanks and human resources councils – to learn from practical experience in their own and other countries and to subsequently feed intelligent information back to CVT stakeholders.

Distilled examples and information may motivate non-CVT-active companies to take steps in a new direction. Public initiatives to reward CVT-friendly enterprises and a communication strategy (e.g. through sector organisations) would reinforce awareness regarding why some enterprises are CVT-active. Although it is not the responsibility of individual enterprises to export their approach and share experiences with other companies,

from Armenia to Ukraine, from the food processing to the mining sectors, there are companies willing to present and explain the reasons underlying success.

As observed by the peers, middle-level managers and civil servants in relevant ministries (education, labour and the economy) are in a position to influence policy formulation and policy measures. Hence, awareness on their part of the state-of-art in CVT, including excellence and deficiencies, would have positive effects. Skills development platforms in different forms and training organisations are the link with the world of work and have an interest in raising the level of debate around the skills shortage issue.

Who should take the initiative? Both the government and the private sector have a role to play, and dissemination of good practices can represent the common ground when it comes to implementing the policy partnerships needed to promote CVT.

Data, statistics and research

Data need to be available to support decision making. The collection and use of statistics to support decision making and policy implementation is of national relevance. Countries can use various strategies to collect data from training institutions, enterprises and individuals. Surveys, in particular, can be effective, including labour force surveys and employer surveys, provided that CVT-dedicated modules are included at regular intervals. Data concerning tax reductions could be used when available. The relevant data collection institutions would in most cases be national statistical offices and employment and education authorities.

Harmonisation of data collected on CVT is a parallel issue. Reliable data are essential to both steer decisions within a policy cycle and to allow comparison of trends at the international level. This becomes very relevant if the countries of Eastern Europe opt for opening a policy dialogue on CVT, as they benchmark the effects of their policies against others.

3.6 CONCLUSIONS AND THE WAY FORWARD

Summary of lessons and conclusions

By illustrating the main challenges facing CVT in Eastern Europe, this last chapter has given an account of the level of analysis reached in the mutual learning process. It has also pointed to policy area priorities for improving CVT, as proposed by the ETF from the perspective of its work with different countries and contexts and discussed with peers and other stakeholders.

The challenges and proposed priorities do not apply in a similar way to all the Eastern European countries, as the situation regarding CVT is far from homogeneous. Each country is different and the ranking of priorities may well differ from one to the other. Approaches to CVT may vary depending on each country's educational and labour traditions; however, prior experience shows that taking an all-inclusive approach helps ensure greater recognition of CVT.

In summary, in this context of comparable differences, a few key factors seem to underlie the identified challenges and priorities of CVT and are therefore of interest to all.

- Creating policy partnerships in CVT, notably between the public and private sector. Both the state and actors in the labour market have a fundamental role to play in more and better CVT, at the national and local levels and between enterprises and training providers. Policy partnerships should build on agreed objectives, formats and functional procedures. The peers consider consolidation of sector skills councils to be the most appropriate approach to making progress with priorities.
- Enhancing the policy and legal framework so as to embed CVT in lifelong learning strategies and policy instruments and design incentives for organisations and society at large and that motivate individuals to continue learning.
- Addressing the quality of CVT provision, working on principles, criteria and methods that would encourage providers to continuously reflect on quality aspects. The ultimate aim would be to generate trust in CVT content.
- Establishing CVT funding mechanisms that effectively increase individual and enterprise access to CVT. Mixed measures – such as fiscal incentives, budget allocations, school autonomy to encourage public institutions to diversify their offer and meet demand – should be considered with a view to mobilising both public and private resources.

In all these major priority areas to be addressed, SMEs deserve additional attention considering that they are crucial in terms of sustained and long-term economic development, yet their level of participation in CVT is minimal in comparison with the large companies. Needs assessment and occupational standards, validation of non-formal and informal learning, and vocational orientation and guidance are identified as second tier priorities. The active dissemination of good practices in order to raise awareness about CVT, and the production of quantitative and qualitative information on CVT have an important role in supporting the major issues.

Lessons learned by others

The above ideas were discussed and fine-tuned at the meeting of peers organised by the ETF in June 2012 in Tallinn with a view to moving ahead to the second phase of the CVT project. The three-day meeting was organised with the Estonian Ministry of Education, which facilitated visits and discussions with their qualification authority, social partners and training institutions. The peers saw an example of a systemic approach, built on tight partnership between the public and private sectors, put into practice.

In Estonia, social partners are involved in VET at the national, sector and company level and are engaged in the governance and management of the national qualifications framework. At sectoral level social partners have contributed to elaborating national curricula, accreditation of schools and certification of VET graduates. At company level, employers contribute with scholarships for students, work-based training placements and inputs to the elaboration of occupational standards. Entrepreneurial learning is of special interest to Estonian employer organisations. Vocational institutions are increasingly providing CVT, with adult learners representing almost 20% of learners. The state intervenes by contributing from its budget to CVT and, together with the European Social Fund, has progressively replaced the contributions of enterprises.

The challenges facing CVT in Estonia include attracting low-qualified people to CVT, adapting training provision to better respond to real labour market and learner needs and, finally, raising the quality of non-formal adult learning activities. The Ministry of Education has set targets to overcome the existing inequalities in participation in CVT, affecting, in particular, the unskilled and elderly people. The Estonian Plan for Adult Education (2009-13) has the following objectives:

- to enable better access to formal and non-formal education by adults so as to improve the knowledge and overall level of education of the population;
- to increase participation in lifelong learning to 13.5% by 2013 (from 12% in 2011) among people aged 25-64;
- to reduce the proportion of people aged 25-64 with general education (general secondary, basic or a lower level of education) but without professional or vocational training to 32% (the target was met by the end of 2010).

Phase II: from analysis to implementation

Mutual learning was beneficial in clarifying the links between different problems, identifying key underlying issues and opening the discussion about the role of public authorities, social partners and other stakeholders. The Tallinn meeting allowed the achievements and diversity of countries to be recognised. Consequently, the perspective moved from a long list of issues to a more focused definition of problems that can be tackled, given the circumstances of each case.

Overall, negotiating and implementing new roles and responsibility for social partners with respect to skills development was singled out as the most critical change that should take place to improve CVT in Eastern Europe. Social partner involvement, channelled for instance through skills development platforms with a transparent mandate, was expected to contribute to the identified priorities.

In the light of this, it was decided in Tallinn that a central activity in the project's second phase will be to explore the purpose and functions of sector skills councils (sector committees). In the EU and acceding countries these bi- or tripartite structures support skills development by analysing needs, sharing the results of their analysis and providing inputs for better VET. Their inputs include the regular update of occupational standards, the proposal of new qualifications and the review of existing ones, specific advice on new legislation, etc.

The ETF has started a series of workshops addressed at tripartite representations of the seven countries of Eastern Europe, so they can share experiences from the EU and from countries like Croatia and Turkey. The workshop, held in Kiev (Ukraine) in October 2012, focused on the 'why' of sector skills councils, and it was followed by individual country workshops. A second regional workshop, held in Chisinau (Moldova) in September 2013, tackled the issue of 'how' sector skills councils deal with their core business, through an exchange of practice. The basic pre-conditions needed to either create a new sector skills council or upgrade an existing council with only limited functions were at the centre of the debates. In early 2014 the new regional workshop will emphasise the expertise and competences needed by the sector skills councils.

Micro-projects have started in each country with ETF support. Azerbaijan, Belarus, Moldova and Russia are tackling the establishment or consolidation of sector skills councils at the national level, in dialogue with the state and private sector representatives. In addition, Moldova is implementing a survey of CVT demand in the agri-food sector. Armenia, Georgia and Ukraine have created their national working group to discuss a methodology for validating non-formal and informal learning, where social partners from selected sectors play a significant role.

CVT receives less attention than initial VET, as was revealed in the 2010 round of the Torino Process and confirmed in the 2012 round. For this reason the mutual learning project and subsequent country micro-projects will help to bring CVT higher up the agenda in Eastern Europe.

The approach and devised mechanisms for accessible and good quality CVT will be shaped differently from one country to the other. Setting up effective CVT models calls for dialogue and collaboration between policy makers, social partners, training providers, other specialists and non-governmental actors, and depends on the context. As the seven countries are willing to learn from regional and international trends, the ETF will continue to offer its facilitation role, to reinforce the move towards implementation.

STATISTICAL ANNEX

TABLE A.1 LABOUR FORCE (15+) EDUCATIONAL ATTAINMENT, 2010 (% OF TOTAL POPULATION)

	ISCED 0-1			ISCED 2-4			ISCED 5-6		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Armenia (15-75)	1.1	1.0	1.3	76.0	78.0	73.8	22.9	21.0	24.9
Azerbaijan (2009)	0.3	0.2	0.4	75.3	74.9	75.7	24.4	24.9	23.9
Belarus	MD	MD	MD	MD	MD	MD	MD	MD	MD
Georgia (2008)	2.4	1.8	3.0	68.5	70.0	66.8	29.0	28.1	30.1
Moldova	0.7	0.8	0.6	76.6	79.1	73.8	22.8	20.0	25.6
Russia (15-72)	0.4	0.5	0.3	71.8	74.9	68.5	27.8	24.6	31.2
Ukraine (15-70; 2009)	0.5	0.4	0.6	73.6	76.3	70.8	25.8	23.2	28.6

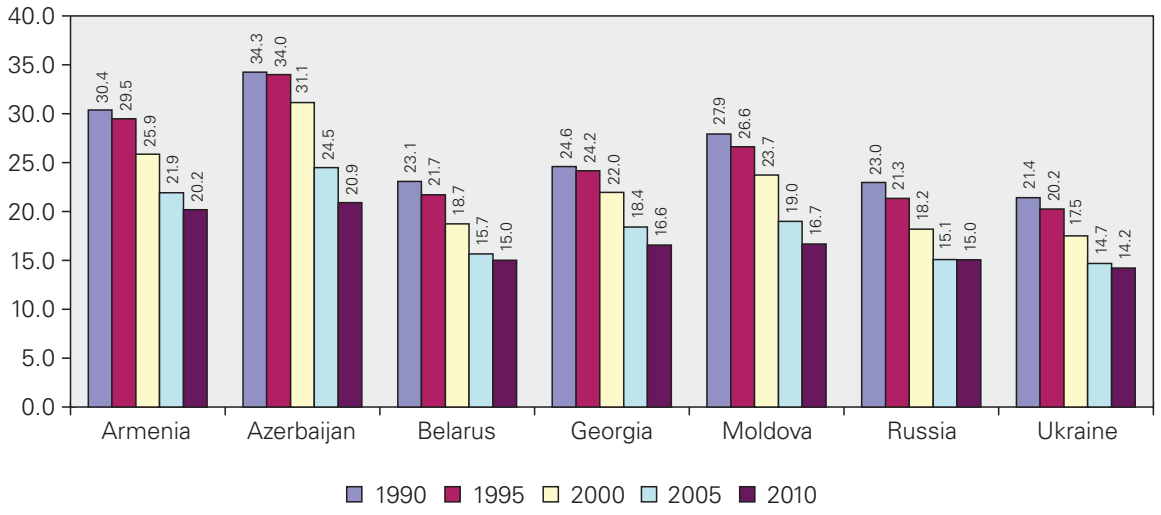
Notes: MD – missing data (comparable data not available).
Source: Authors, based on official statistics as issued by national statistical bodies for Armenia, Azerbaijan, Georgia, Moldova, Russia and Ukraine.

TABLE A.2 POPULATION, GDP AND SELECTED LABOUR MARKET INDICATORS, 2010

	Population	GDP per capita (PPP, current international USD)	Employment rate, 15+ (%)	Unemployment rate, 15+ (%)
Azerbaijan	9 054 000	9 935.9	60.3	6.0*
Armenia	3 092 000	5 463.2	49.6**	19.0**
Belarus	9 490 000	13 928.8	50.1	0.7†
Georgia	4 452 000	5 074.2	53.8	16.3
Moldova	3 562 000	3 109.8	38.5	7.4
Russia	141 750 000	19 891.4	62.7‡	7.5‡
Ukraine	45 871 000	6 721.0	58.5^	8.1^

Notes: (*) Data for 2009; (**) age group 15-75; (†) men – age group 16-59, women – age group 16-54; (‡) age group 15-72; (^) age group 15-70; unemployment data for Belarus refer to administrative data measured at the end of the year.
Source: Authors, based on World Bank population data, ILO labour market data and official statistics as issued by national statistical bodies for Armenia, Georgia, Moldova, Russia and Ukraine.

FIGURE A.1 AGE GROUP 0-14 AS % OF TOTAL POPULATION, 1990-2010



Source: Authors, based on World Bank population data, 2013a.

TABLE A.3 ECONOMIC SECTORS BY CONTRIBUTION TO GDP AND EMPLOYMENT (%)

	Agriculture		Industry		Services	
	GDP	Employment (15+)	GDP	Employment (15+)	GDP	Employment (15+)
Armenia*	19.6	38.6	36.0	17.4	44.5	44.0
Azerbaijan	5.8	38.6	64.7	12.9	29.5	48.5
Belarus**	9.2	10.3	43.9	34.8	46.9	54.9
Georgia	8.4	53.4	23.2	10.5	68.4	36.2
Moldova	14.3	27.5	13.2	18.7	72.5	53.7
Russia†	4.0	7.9	36.7	27.7	59.3	64.4
Ukraine‡	8.2	15.3	30.9	21.7	60.9	63.0

Notes: All data refer to 2010, except Azerbaijan (2009) and Georgia (2007); unemployment data for Belarus refer to administrative data measured at the end of the year; (*) age group 15-75; (**) men – age group 16-59, women – age group 16-54; (†) age group 15-72; (‡) age group 15-70.
Source: Authors, based on World Bank population data, ILO labour market data and official statistics as issued by national statistical bodies for Armenia, Belarus, Georgia, Moldova, Russia and Ukraine.

TABLE A.4 CHANGE IN MACROECONOMIC INDICATORS, 2010-11

	GDP	Industrial production	Agricultural production	Capital investment in fixed capital	Retail turnover	Exports	Imports
Armenia	104.4	113.0	115.3	80.0	103.0	133.5	112.0
Azerbaijan	100.5	96.8	107.6	121.9	109.9	126.0	151.2
Belarus	107.9	110.6	104.0	114.9	111.4	168.0	142.8
Moldova	106.7	110.0	103.7	111.3	119.6**	156.9	140.1
Russia	104.1	105.2	115.9	104.8	106.2	131.3	139.6
Ukraine	106.6*	108.6	113.7	121.2	115.2	137.8	142.7

Notes: Data refer to January-September 2011 as percentage of January-September 2010; (*) third quarter 2011 as percentage of third quarter 2010; (**) revenue from sales of enterprises with retail trade as their main activity.
Source: Authors, based on data from CIS-STAT database, 2013.

TABLE A.5 BUSINESSES BY SIZE, NUMBER AND CONTRIBUTION TO EMPLOYMENT, 2007 & 2010

	Georgia		Moldova		Ukraine	
	Number	Employment (%)	Number	Employment (%)	Number	Employment (%)
2007						
Small/micro	MD	15.7	93.9	35.3	93.2	24.4
Medium	MD	26.2	4.4	24.5	6.4	38.0
Large	MD	58.1	1.7	40.2	0.4	37.6
2010						
Small/micro	MD	17.4	94.3	38.1	92.9	26.3
Medium	MD	23.8	3.4	20.7	6.5	31.8
Large	MD	58.8	2.3	41.2	0.6	41.9

Note: MD – missing data.
Source: Authors, based on official statistics as issued by national statistical bodies for Georgia, Moldova and Ukraine.

TABLE A.6 INFORMAL SECTOR PROFILES

Country	Date	Size and features
Armenia	2002-07	Undeclared work: 23-25% of non-agricultural employment; 98% of agricultural employment; 50% of total economy
Azerbaijan	2007	66% of employment (but broader definition); 44% of manufacturing; 75% of 15-24 year-olds
Belarus	2007	33% of employment; 28-43% of GDP (official figure around 10%)
Georgia	1999-2007	Up to 70% of salaried workers; 26% of total employment (60% with higher education)
Moldova	2007	One-third of employment, mostly in agriculture (45.7%); 11% of informal work is for formal firms (legislation allows for non-declaration of small activities in trade)
Ukraine	2002 2007	36% of GDP 32% of GDP; 22.3% of total employment (71% in agriculture) – frequent under-declaration of wages

Source: Bardak, 2011.

ACRONYMS

CIS	Commonwealth of Independent States
CVT	Continuing vocational training
EBRD	European Bank for Reconstruction and Development
ETF	European Training Foundation
EU	European Union
GDP	Gross domestic product
ICT	Information and communication technology
ISCED	International Standard Classification of Education
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PPP	Purchasing power parity
SME	Small and medium-sized enterprise
USD	US dollar
VET	Vocational education and training

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