

# BELARUS

**COUNTRY STRATEGY PAPER 2017-20**

**2018 UPDATES**



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## A. COUNTRY CONTEXT

### Political and socio-economic situation

Belarus is classified by the World Bank (WB) as an upper middle income country with a growing GDP per capita from 15,401 in 2010 to 17,661 in 2014 (PPP, current international \$). After a decade of strong economic growth, Belarus has faced persistent macro-economic turmoil since 2009. During most of the 2000s, a combination of favourable external factors and loose macro-economic policies boosted economic growth, with annual growth rates averaging 9% for 2002-08. However, strong growth was associated with increasing macro-economic vulnerabilities and growing external imbalances, which resulted in two crises in 2009 and 2011. The second one led to the loss of control of the exchange rate and sharply accelerating inflation. According to the EBRD Belarus's economy was expected to contract by 2015, reversing the short-lived mild recovery in 2014. Belarus's dependency on Russia with over 50% of GDP exposure to the Russian economy represents a high degree of vulnerability due to a reduction in export demand as well as remittances and investment from Russia. This is exacerbated by Belarus's own external imbalances, liquidity risks, low levels of reserves and structural limitations to economic growth. Contingent liabilities of the government represent another source of vulnerability, given the heavy participation of the state in the economy where a large part of enterprises remain state-owned and are yet to be restructured. GDP per sector has been declining in agriculture from 9.4% (2011) to some 8% (2015), remained relatively stable in industry at some 40% and increased strongly in services from 48% (2011) to 52% (2015). As regards employment by sector the share of agriculture is 9.5%, industry 32.4% and services 58% in 2014.

The employment rate is very high (80% of those aged 15-64 in 2014) with sizeable gender gaps (the rate for women is five percentage points higher than that for men). The activity rate is also high (over 80%) and the same gender patterns can be observed.

While the gradual reform approach has helped Belarus avoid the social costs of economic restructuring, the biggest challenge for the country is to make a transition from economic growth, focused on resources and dependent on low-cost labour and capital, to growth based on high-rate productivity and innovation.

The **Programme of Socio-economic Development** of Belarus for 2016-20 (PSED), which sets operational priorities for the National Strategy for Sustainable Socio-Economic Development of Belarus until 2020, called for new approaches to matching skills supply and demand. The same applied to opening up new business opportunities for small and medium-sized enterprises. One of the strategic objectives of the programme for investing in human capital aimed at improving the effectiveness of labour resources and workforce competitiveness in the labour market. A long-term goal is to change the sectoral structure of economy to reduce proportion of the high energy and material consuming production and replace the inefficient production with new ones, based on high technology, innovations and new materials. The **Programme for Development of Industrial complex** of the Republic of Belarus for the period to 2020, aims at structural adjustments in advanced high-tech and energy-saving industrial sub-sectors, export-oriented and import-substituting industries.

Assessment of the **labour market** situation is difficult since the national accounts do not follow international standards, affecting both understanding and comparability of data within the international context. Information about unemployment relates to people officially registered as unemployed in regional labour, employment and social protection offices. The lack of other evidence, such as from labour force surveys, has limited the scope and reliability of labour market analyses in Belarus. According to the census conducted in 2009, unemployment was 6.1%. The discrepancy between

administrative records and census data led the Belarusian authorities to launch a labour force survey with a view to capturing a more reliable picture on the labour market and employment. Therefore, labour force surveys have been conducted since 2012 but the data is not yet publicly available and access is restricted to official use by the government. Experts estimate the unemployment rate to be around 5-6%. The authorities report that the data will be made public in 2017, which will allow a better overview of labour market developments and make Belarus more comparable with other countries. Activity and employment rates are high reaching over 80% in 2014.

In **education**, gross enrolment rates both in primary and secondary education are close to 100%. One third of the adult population is estimated to have tertiary education, around 40% VET education and 25% upper secondary education. Participation in VET and enrolment rates are the highest (over 40% in upper secondary education) in the Eastern Partnership region in spite of the declining trend in the past years.

## Relations with the EU

Ratification of an EU-Belarus Partnership and Cooperation Agreement (negotiated in 1995) has been frozen since 1997 in response to the political situation in the country: violations of electoral standards in the presidential elections (especially in 2010) and the ensuing crackdown on civil society, political opposition and independent media. Restrictive measures and sanctions have been applied to the political elite and a number of state-owned companies. Until very recently the EU has had limited cooperation with Belarus targeting e.g. human rights issues, civil society, environment and local/regional development.

However, EU-Belarus cooperation evolved throughout 2015. Belarus played an important mediator role in the Ukrainian crisis and military conflict by providing a negotiation platform for all sides recognised by the EU. The majority of sanctions were waived and the EU announced its readiness to engage with Belarus in the reforms needed to modernise the country (including possible EU financial support). Negotiations on visa facilitation and readmission agreements have started and an EU-Belarus mobility partnership is under preparation. The new approach has also enhanced possibilities to strengthen cooperation with European partners in the field of education and training; an example is the formal inclusion of Belarus in the Bologna Process in May 2015. Moreover, in 2014 the European Commission approved substantial financial assistance to Belarus to modernise its vocational education and training (VET) and employment system. Belarus also participates in the Eastern Partnership and Cross-Border Cooperation initiatives as well as in the Erasmus Mundus Programme.

The **EU Country Strategy 2014-20** identifies social inclusion, environment and local/regional development as the priority areas in Belarus. After the review of the strategy for the period 2017-20 the priorities are likely to target environment, economic development and governance.

## B. VET AND SKILLS IN THE COUNTRY: OVERVIEW, PROGRESS AND MID-TERM PRIORITIES

VET is state-regulated, managed by the Ministry of Education (MoE), other ministries and state authorities/organisations at national, regional and local levels. The MoE governs the VET system through six regional departments of education and the Education Committee of Minsk City. The Republican Institute of Vocational Education (RIPO) is responsible for the development of national standards and training materials, research and analyses in VET, VET teacher in-service training and other support and methodological work related to VET. RIPO is the largest VET agency in the post-Soviet countries with a strong institutional and human capacity to support VET policy development

and implementation and it has been appointed as a reference institute on VET by the CIS governments. On one side, by preserving traditions and, on the other, by seeking opportunities to modernise the provision, equipping training providers with new technologies and machinery, retraining teachers and updating national curricula and standards, Belarus has succeeded in reforming its VET system in recent years in spite of limited international assistance and cooperation. The country has actively followed European developments and sought cooperation partners in other countries. In recent years, Belarus used its participation in international skills competitions to improve the image and attractiveness of VET.

A restructuring of the VET school network has led to a decline in the number of schools and participants. In 2015-16, there were 161 TVE schools, 172 SSE schools including 12 private schools, 17 pedagogical learning centres and 41 as structural units of higher education institutions. After general secondary education, about 55% of graduates continue their studies in higher education, 24-25% in secondary specialised (professional) schools and 16-17% in technical vocational schools, which ranks the participation and enrolment in VET among the highest in former Soviet Union. Public expenditure on education declined slightly from 6% (2011) to 5% in 2014. In the same year, the share of VET financing was 9.8% of total education expenditure.

The Belarusian government financed a national innovative project to design an NQF, a model for occupational standards and a proposal on sector skills councils. The project was completed in 2015 and involved two occupational areas for piloting (IT and management). The Ministry of Labour and Social Protection was responsible for this work. The understanding of the implications of the NQF concept and renewal of qualifications system needs to be strengthened by high-level decision makers. The proposals prepared by the project still need the official approval of the government. The ETF and the Council of Europe organised a joint seminar in May 2016 to discuss the implementation considerations of the NQF and governance of the qualifications system, which would involve social partners more actively (also at sector level) and a number of ministries (education, labour and economy). The Belarusian partners stressed the importance of a gradual change and reform, which would build on the national conditions and existing structures.

The scope and structure of VET are defined annually by the “state order” (government financed enrolment plan) for the training of workers and specialists, taking into account the current situation of the labour market, the regional demography and the capacity of the educational establishments. Since the VET system is agreement-based, almost all graduates, distributed according to work profile, get jobs in accordance with their training and the qualifications they have attained. Job retention for young workers is a more difficult and complex issue. On the one hand, poor job retention is caused by the low level of professional guidance of the graduates and sometimes inadequate match between the requirements of employers and the quality of the graduates’ training. On the other, low competitiveness of jobs, low wages and lack of social protection packages are also factors contributing to low job retention. Continuing adult training has become widespread and the majority of VET institutions provide continuing training courses.

Belarus has maintained the placement of graduates for a two-year assignment in public sector or state-owned enterprises. This is compulsory for students, who have studied free of charge in government financed training places in higher education and secondary specialised education. Although such a scheme is not likely to work anymore in a fully privatised economy and when the share of public employment decreases, at the moment the system provides guaranteed first jobs for a large number of young people thus reducing youth unemployment.

In the area of entrepreneurial learning the SBA assessment (in 2014) recognised substantial developments and the leadership role of the Ministry of Economy in raising policy awareness and moving entrepreneurial learning up the national policy agenda. Recommendations from the previous

round (2012) were taken into account and reflected in several national policy documents. The 2014 assessment recommended integrating the entrepreneurship key competence and learning outcomes into the education system through the review of curricula, development of the learning process, teacher training, and promotion of active learning in the formal education environment. It also advised developing national policy guidelines on entrepreneurial learning and the key competence approach, promoting entrepreneurial learning in the context of NQF development and strengthening the connection between SME and employment policies.

In 2014 the Torino Process report outlined the main medium-term priorities of VET as follows:

- to improve its quality, which is the main resource in the innovative development of the country. In creating the innovative economy and its competitive environment, the professional education and training system should ensure conformity of the acquired knowledge and skills with the rapidly changing requirements of society and technology, development of personal initiatives and adaptability, which allow people to expand their possibilities to integrate ideas and innovations;
- to give the social partnership new momentum to ensure coordination of the labour and educational services markets, to eliminate disproportion in training by levels of education, professions and specialisations, to optimise the educational space, to ensure quality of professional education and training and its conformity with the requirements of the labour market, to increase the competitiveness of graduates and their maximum adaptation to the labour market;
- to promote vocational and college education among young people, their parents and society in general;
- to accelerate the improvement of the national qualifications system, which will lead to qualification transparency, trust among employers and society in the qualifications and quality of professional education, and training that meets the demands of the labour market;
- to integrate the professional education system into the global educational space while preserving national achievements and traditions.

## C. EU AND OTHER DONORS SUPPORT IN VET AND SKILLS

Even though Belarus benefits from the EU higher education initiatives and programmes, the EU and the Member States have provided limited support to the VET sector in Belarus in recent years. The situation changed in the 2014 Action Programme when the EU approved a large scale employment and VET project for Belarus.

The new EU project on Employment and VET is considered as an important platform to increase interinstitutional cooperation and involvement of employers and private sector for piloting and implementation. The government plans to issue a special decree to formalise interinstitutional cooperation and to create the conditions for the experiments and innovations to be developed and implemented in the project.

The main objective of the project is to enhance the employment prospects of youth and adults by: 1) ensuring greater synergy between the vocational education and training system supply and the needs of the modern labour market; 2) improving the quality and attractiveness of VET; and 3) improving the labour market information system. The total value of the EU funding of the project

amounts to €11.5 million of which 6 million will be allocated to technical assistance in 2017-20. The project is expected to start at the beginning of 2017.

Since 2008, the ETF and national stakeholders started a discussion on possible future scenarios for the modernisation of the VET system. The ETF activities have included:

- Analysis of the VET system under the Torino Process (2010, 2012, 2014, 2016);
- Thematic expert support and involvement of the Belarusian partners e.g. in the area of qualifications, work-based learning, VET provision and quality and social partnership & sector skills councils and involvement of the Belarusian stakeholders (government and social partners) in regional networks and initiatives particularly under the auspices of the Eastern Partnership.

In 2014-15, Belarus participated for the second time in the Small Business Act (SBA) policy assessment in the Eastern Partnership region. The ETF covered the human capital dimensions (entrepreneurial learning and SME skills) in the assessment.

The ETF has also carried out bridging activities in 2015 and 2016 in the relevant areas of the upcoming EU project: a) labour market study on current practice, data availability and coverage and institutional and legal framework related to skills anticipation, b) thematic expertise seminars and studies to support the modernisation of the qualifications system and the NQF development and c) stocktaking of the Quality Assurance in VET.

In September 2015, the **World Bank** approved a US\$50 million loan to Belarus for a new Education Modernisation Project aimed to improve access to quality learning environment in 120 general secondary schools, and strengthen student assessment and education management information systems (EMIS) of the country. The project will support e.g. rehabilitation of school facilities and equipment in general education, improve the collection and use of evidence to inform education policy makers as well as allow Belarus to participate in PISA for the first time in 2018.

## D. ETF MID-TERM INTERVENTION STRATEGY IN THE COUNTRY

The **priority of the ETF's mid-term intervention strategy 2017-20** in Belarus is to support the EU external assistance in VET and employment.

**Specific objective1:** To enhance the effectiveness and efficiency of the EU Employment and VET project through the provision of expert support and advice to the EU Delegation and the Belarusian partners in maximizing the project contribution to the modernisation of the Belarusian VET system.

**Rationale:** Due to the scale and duration (4 years) of the new EU project, the ETF will refrain from setting up other thematic projects and focus on supporting the EU Delegation and the Belarusian beneficiaries in providing thematic expertise and policy advice in the areas covered by the EU Employment and VET project:

1. reform of the qualifications system including the introduction, piloting and governance of NQF;
2. modernising VET provision and quality assurance and;
3. strengthening the labour market information system.

In 2015-16 the Belarusian government (particularly the Ministries of Education, Labour and Economy) engaged in an active consultation process with social partners, research institutes and VET providers to design the terms of reference of the EU project. The process was facilitated by the EU Delegation and the ETF. A large number of round table meetings and discussions were held to identify concrete results and activities with a view to synchronizing the project inputs with the plans of the government in terms of VET development in coming years. Moreover, the ETF conducted a baseline study at the request of the EU Delegation in 2016, prior to the start of the project, to identify a number of key indicators, which will be used for monitoring the project progress and outcomes throughout the project implementation and evaluation of project achievements and impact. The results of the analysis were made available to the Contractor and the project implementation team.

The role of the ETF will be to accompany the implementation of the project by providing guidance on thematic issues, reviewing major policy documents and legal acts to be developed in the course of the project and making sure that EU investment will provide the highest possible value for modernising the employment and VET system in Belarus. The ETF will participate in the Project Steering Committee as an observer and ETF staff will provide thematic expertise in strategically important phases of the project implementation. By doing so, the ETF's objective in Belarus is to help the country align with latest EU developments in VET by adapting good practice and experience to modernise the VET and skills provision in Belarus to meet the current and future labour market demand.

**Expected** results by 2020:

1. The Delegation is regularly advised and updated on technical issues and challenges covered by the EU employment and VET project;
2. Developments and progress of the employment and VET reform supported by the EU project are consistent with original objectives of the project;

In addition to the above specific objective of the ETF mid-term intervention strategy 2017-20 in Belarus, the ETF will support **EU external assistance related bilateral policy dialogue**:

- Deliver an annual country fiche to DG Employment
- Reply to ad hoc requests coming from EU Delegation or EC Headquarters in the ETF areas of expertise

In the context of **corporate initiatives**, the ETF will continue to involve Belarus in the Torino Process: the system wide policy analysis and monitoring progress exercise implemented by the ETF on a periodic basis. The 2017-20 period will cover the closure of the 2016 round and the implementation of the fifth round in 2019. The specific modalities for national implementation in 2019 will be agreed according to the 2016 results and the specific development of the monitoring processes in the country. In between the two rounds, the ETF will continue its policy dialogue with all countries on policy analysis and system wide progress monitoring through VET monitoring Forums at regional and international levels.

Belarus will also participate in other regional transversal actions. Under EaP Platform 2 the **Make-it-Match network** will feed into the Youth Employment Panel from 2017 and aims at strengthening a coordinated approach to skills anticipation and matching. Furthermore, the **regional project 'Skills Connexion'** aiming to strengthen work-based learning (WBL) actions in the Eastern Partnership and Kazakhstan will finish in 2017 by providing WBL policy recommendations and developing capacities. Follow-up actions will include a regional WBL Platform and targeted country actions to support WBL implementation in selected countries.

In the employment field, Belarus will be included in an Eastern European regional initiative on 'mapping youth employment policies and activation measures to support efficient transition to work'. Under this initiative, a national report on the profile of youth and youth policies will be produced through national expertise, while an exchange of information and experiences on this topic with other EaP and EU countries will be ensured, mainly through the EaP youth employment panel which will be established in 2017 under the Platform 2 Work programme.

In the period 2017-20, the ETF will continue to support the Commission (DG GROW) with analysis and reporting on the country's progress on the human capital pillars of the Small Business Act for Europe (SBA). The ETF's SBA work forms an integral part of the wider EU support to the country in the framework of the Eastern Partnership.

The SBA assessments are run bi-annually and focus on entrepreneurial learning, women's entrepreneurship and SME skills. The next assessment will take place in 2018. The entrepreneurial learning dimension will be assessed in line with the new European Entrepreneurship Competence Reference Framework<sup>1</sup>. Follow-up and customised support to the country on human capital areas will depend on the specific requests from the government, the European Commission and according to available resources.

## E. 2017 ACTION PLAN

**Specific objective1:** To enhance the effectiveness and efficiency of the EU Employment and VET project through the provision of expert support and advice to the EU Delegation and the Belarusian partners in maximizing the project contribution to the modernisation of the Belarusian VET system.

The ETF will support the operationalisation of the EU VET and Employment project in 2017 with thematic inputs and advice on its different components. Once the project is up and running, the ETF support will focus on monitoring of the project progress depending on the specific requests of the EU Delegation.

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<sup>1</sup> Joint Research Centre, EntreComp: The Entrepreneurship Competence Framework, JRC Science for Policy Report, European Union, 2016.

## F. 2018 UPDATES

### 1. Short update on key country developments in the field of VET and skills and on EU and donor cooperation

A new Minister of Education was appointed in December 2016. He was the leader of the Communist Party and deputy mayor of the Minsk City before his appointment. In March 2017, a new minister of Labour and Social Protection (MoLSP) was appointed. She used to work as Deputy Minister of the Economy responsible amongst other things for SME policy and skills anticipation. After her appointment, she suggested to transfer the labour market information system function from the Ministry of Economy to the MoLSP.

In 2017, the National Statistical Committee released for the first time a labour force survey based unemployment rate of 5.8%. Other labour market indicators are reported to be announced gradually although the authorities continue treating them with caution.

The Swedish Public Employment Service is implementing a project in three regions of Belarus: Grodno, Minsk and Vitebsk. The project introduces modern service approaches for the regional employment authorities through thematic seminars and visits and helps them develop an information and communication strategy. The project will run until mid-2019. In addition, German Adult Education Association DVV International financed by the German government implements small scale adult learning projects in different regions of Belarus.

### 2. Assessment of the progress towards achievement of ETF mid-term objectives and results with horizon 2020

**Specific objective 1:** To enhance the effectiveness and efficiency of the EU Employment and VET project through the provision of expert support and advice to the EU Delegation and the Belarusian partners in maximizing the project contribution to the modernisation of the Belarusian VET system.

The EU financed TA project started in May 2017 and the ETF contributed to the briefing of the TA team and clarified the tasks specified in the TORs. The ETF was requested to comment the inception phase report and in October a specific mission to discuss the contractor's proposal vis-à-vis the specifications set in the TORs. The project implementation has been delayed due to a lengthy registration process. Therefore the first Steering Committee and official start of the project is expected to take place later in 2017.

In addition, the ETF has been consulted to identify possible areas for the design of a future EU intervention which is expected in 2018.

### 3. 2018 Action Plan

#### **Specific objective 1: Support to the EU**

The ETF will continue supporting the operationalisation of the EU VET and Employment project in 2018 with thematic inputs and advice on its different components. Once the project is up and running after the completion of the registration process, the ETF support will focus content and methodological advice to the EU Delegation on the project developments, main deliverables, the progress of the implementation in terms of quality and relevance of the processes and outputs as well as the intervention's contribution to the overall national sector strategies, depending on the specific requests of the EU Delegation.

In addition, the ETF is expected to support the EC services and the EU Delegation in the identification and formulation of a new EU project which is likely going to focus on the regional level implementation.

The new EU project will be part of the bilateral Annual Action Programme 2018. Arrangements and timetable for the Action Document and TAPs will be set with the EU Delegation in the last quarter of 2017. Moreover, the ETF may be called to support the design of a twinning project with the new Agency on Education Quality which is expected to be established in 2018.

In addition to activities related to the specific objective of the ETF mid-term intervention strategy, the ETF provides **implements regular transversal and regional activities**:

- Follow-up of Mobility Partnership upon request
- Delivery of annual country fiches to DG Employment

The ETF will continue its support in the area of **evidence based policy analysis and system wide progress monitoring**. All countries will be invited in early 2018 to kick off preparations for the **5<sup>th</sup> Round of the Torino process**, with the scope of agreeing on terms of implementation by end of 2018. The preparation phase will involve countries primarily through online consultations and capacity building activities involving appointed national coordinators and key working group members. All countries will be invited to join the kick-off meeting which will take place in Q4 of 2018 in Turin. Countries aiming at implementing the Torino process at sub-national level too will be followed by specific activities in 2018 in view of preparing regions and cities for the round of analysis. A **new national data collection exercise** aimed at acquiring more in depth data, mapping gaps, mapping sources and recurrence of data collection in the area of VET and Skills will be launched in 2018.

Also as part of evidence based policy analysis in the second half of 2018, a next round of **SBA assessments** will kick off with national launch meetings followed by country-based assessments in 2019.

Belarus will also participate in other regional transversal actions: the ETF will continue supporting **Make-it-Match network** aiming at strengthening a coordinated approach to skills anticipation and matching. Furthermore, the follow-up action to the **regional project 'Skills Connexion'** aiming to strengthen work-based learning (WBL) in the Eastern Partnership and Kazakhstan will focus on capacity building through a modular blended learning course and a regional WBL Platform.