

GEORGIA

COUNTRY STRATEGY PAPER 2017-20

2018 UPDATES



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A. COUNTRY CONTEXT

Political and socio-economic situation

Georgia is a lower middle-income country with a growing GDP per capita (USD 6,323 in 2011 to USD 7,582 in 2014; PPP, current rate). Its economy stabilised after the severe crisis of 2008, when GDP contracted by 6.3% in a single year (2009). From 2010 to 2013, the average GDP growth rate was 5.7%. The recession in Russia and slower growth among other trading partners had an impact on Georgia through lower exports and reduced remittances, particularly from Russia and Greece. The tradable sector suffered the most, with industrial production contracting by 1% in 2015. As a result, growth declined from 4.6% in 2014 to 2.8% in 2015. With Parliamentary elections scheduled for October 2016 and the weakness in external markets likely to persist, growth is projected at 3% in 2016. The government has adopted the Social-economic Development Strategy of Georgia “Georgia 2020” which sets the main priorities and issues to be addressed in the Georgian economy and society.

The **Georgian economy** is dominated by small and medium-sized enterprises (SMEs) that constitute 96% of all active enterprises, 43.6% of employment and 19.3% of GDP value added in 2010. In 2013, the share of SMEs in GDP increased to 20.6%, although the employment share declined to 42.7%. In recent years Georgia has improved the business environment for all enterprises (including SMEs) by simplifying administrative regulations, reducing the tax burden, fighting corruption, facilitating free trade, promoting privatisation and initiating a policy partnership platform to build a national lifelong entrepreneurial learning concept. During the past four years, there have been no significant changes in the relative contribution of the various sectors to GDP. For the period 2011 to 2014, the share of the industrial sector in GDP slightly increased from 23.11% to 24.37%. The agricultural sector remained practically unchanged (9.28% in 2010 to 9.20% in 2014), while the service sector contracted slightly (67.61% in 2011 to 66.43% in 2014). Tourism is one of the fastest growing economic sectors in Georgia – total contributions accounting for 23.5% of GDP and 20.1% of total direct and indirect employment in 2015. The sector also currently provides 36.4% of total export earnings.

The 2014 **population** census revealed that Georgia’s population was 3,729,635 as of January 2015, representing a drop of 14.7% since 2002 (population 4,371,535). The decrease is mainly explained by high emigration in the past 12 years and by exclusion from the census of Georgia’s breakaway regions Abkhazia and Tskhinvali (South Ossetia). 57.4% of population currently lives in urban areas; Tbilisi - where 30% of the population lives - has the highest population density. Men constitute 47.7% and women 52.3% of the total population. Trends in the age structure of the population from 2010 to 2014 show a slight increase in the shares of age group 0-14 years (from 17.05% to 17.13%), 25-34 years (from 14.89% to 15.48%), 35-44 years (from 13.57% to 13.78%) and 55-64 years (from 10.18% to 11.70%).

Agriculture continues to be the largest source of **employment**, with a share of 51.8% in 2014 (down from 53.0% in 2011), followed by services, with a 38.5% share (up from 37.1% in 2011) and finally industry, with around a 9.7% share (down from 9.9% in 2011). Despite steady economic growth and declining unemployment in recent years, the Georgian labour market is still characterised by a large number of self-employed: 60.2% of the workforce were self-employed in 2014 and 38.8% were in wage employment in low value-added and low-paid jobs, primarily in subsistence farming and in agriculture, accounting for a significant share of underemployment in the country. The unemployment rate (aged 15+ years) has been persistently high, at around 15%, in recent years, although it declined in 2014 and 2015 when it reached the lowest level in the past 12 years and equalled 12%.

The youth unemployment rate is much higher than the overall unemployment rate, although it decreased from 35.6% in 2011 to 30.8% in 2015. The unemployment rate of young people (15-24 years) with a VET education background has decreased by 11.5% from 47.1% in 2013 to 35.6 in 2015 (Geostat 2015). The unemployment rate with VET education is still higher than with higher education (30.8% in 2015). This can be explained by the vicious cycle of a lack of work-based practical experience and the fact that companies tend to employ individuals with higher levels of education than actually required by the job. Regionally, Tbilisi has the second highest total unemployment rate (29.1%) and the second highest youth unemployment rate (48%, after Samegrelo and Zemo Svaneti region, 52.9%). This is explained mainly by a predominance of subsistence agriculture as the main source of employment in other regions, pointing to severe underemployment.

The ETF analysis in 2014 found that the NEET rate for the 15–24 age group was 30%, rising to 35% for those aged 15-29. This means that one third of young people in Georgia neither work nor study. The NEET rate for females is higher than for males and increases with age: the rate for women in the 15–24 and 15–29 age groups increases from 36% to 43%, while remaining at almost the same rate for males in both these groups (around 26%). Overall, women constitute almost 61% of all NEETs aged 15–29. Less educated people are less likely to become NEETs; rather, it is young people with an intermediate education (and especially VET graduates) and university graduates who face the highest risk of becoming NEETs.

As regards **education**, the country has a low rate of early school leavers (9%) and a high rate of enrolment in upper secondary education (92% in 2014). The educational attainment level of the labour force remains relatively high with 92.4% having at least general secondary education, while 30.4% have higher education. The VET system is small in Georgia accounting for around 3% (2014) of all students enrolled in EMIS Georgia. The majority of providers are private and provide fee-based vocational training courses. One of the government strategic goals is to strengthen public provision and increase enrolment to 10% by 2020.

After a decade of laissez-faire employment policy and following a change in government in 2013, Georgia adopted a number of employment and labour market policy documents in 2014 and 2015 and re-launched (after a lengthy period of suspension) its public employment services, labour market information system and ALMPs. A new Employment and Labour Policy Department was created within the Ministry of Labour, Health and Social Affairs. Following the renewed Labour Market Strategy (2015-18) and the related action plan (Resolution No. 732, December 2014), the government also adopted the development of lifelong vocational counselling and career planning service and action plan for 2015-17 (Resolution No.721, December 2014); development of the labour market informational system and action plan for 2015-2018 (Resolution No.733, December 2014); and the State Strategy on ALMP and Action Plan for 2016-18 (adopted on 21 March 2016).

Relations with the EU

The EU and Georgia signed an **Association Agreement** on 27 June 2014, which includes a **Deep and Comprehensive Free Trade Area** (AA/DCFTA). The AA/DCFTA significantly deepens political and economic ties with the EU and aims to achieve Georgia's gradual economic integration into the EU Internal Market. The agreement includes Chapter 14 on Employment, Social Policy and Equal Opportunities (Articles 348-354) and Chapter 16 on Education, Training and Youth (Articles 358-361).

Chapter 14 stipulates cooperation on decent work, employment policy, active labour market programmes (ALMPs), health and safety at work, social dialogue, social protection, social inclusion of persons with disabilities and minorities, gender equality and anti-discrimination issues between the parties. A special Annex XXX lists EU Directives in these fields for approximation by Georgia.

Chapter 16 stipulates cooperation on issues of lifelong learning, quality relevance and access from early childhood to third-level education, transparency and recognition of qualifications, cooperation in VET, student and teacher mobility and foreign languages. A special Annex XXXII lists EU policies, practices and recommendations in these fields (e.g. Europass, the Bologna process, the European Qualifications Framework, the European credit system for vocational education and training) for approximation by Georgia.

The EU and Georgia signed a Mobility Partnership in 2009 and the EU-Georgia Visa Facilitation Agreement and Readmission Agreement entered into force in March 2011.

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

Reforms in VET are underway according to the National VET Development Strategy (2013-20). Initial radical reform of the upper secondary system led to the closure of 260 vocational schools and a dramatic decline in VET enrolment. Since 2007, Georgia has been reforming its VET system to better align it with the European education area. Important steps were taken in 2010 when the VET legislation of 2007 was substantially amended, a comprehensive national qualifications framework (NQF) was adopted, an education quality assurance framework was implemented and multi-stakeholder governance (National VET Council) was established. The amended VET law (2010) defines levels of vocational education: levels 1-3 at upper secondary level and levels 4-5 at post-secondary level. From 2013, students wishing to enrol in a public vocational school (subsidised by the state) must pass the unified VET admission test (passing an examination is not required for entry to private VET institutions unless defined in their internal regulations). According to Georgian legislation, no differentiation is made between initial VET and continuing VET and there is no age discrimination for studying in vocational schools. The Ministry of Education and Science has drafted a new VET law that is expected to be submitted to Parliament in 2016.

The approval of the VET Development Strategy for 2013-20 reflects VET development as a national priority and a push for a more coherent and holistic approach to VET aims at improving the quality, flexibility, labour market relevance and attractiveness of VET. The National VET Council - the main advisory and consultative body for VET policy - has been operational since 2015 but according to social partners and other experts, there is still a long way to go to make it an efficient platform for exchanging different stakeholder views and opinions regarding VET policies. The National Centre for Education Quality Enhancement (NCEQE) coordinates the work of sector committees, which have developed over 250 occupational standards with the support of international donor community. The committees suffer from an underrepresentation of employers and professional associations and the corresponding predominance of education institutions and experts.

Georgia's VET system suffers from poor attractiveness as VET is considered a second choice vis-à-vis academic pathways leading to higher education. Although enrolment in VET programmes has been increasing, the overall participation rate remains very low. Both public and private providers need an authorisation from the NCEQE but only public providers are eligible for government funding. The number of authorised private providers is substantially higher (around 70 versus 22 public colleges). In the course of implementing the new strategy, the Ministry of Education and Science has doubled the staff of the VET department (from five to 12). Although the overall capacity of staff working with VET and skills policies at the national level has increased, a high turnover of staff and lack of experience and expertise remain a challenge. Even more in the area of labour market and employment where Georgia is taking its first steps to rehabilitate the labour market institutions and policies.

In 2015, the Ministry commissioned a review of institutional arrangements, which analysed the capacity of public bodies to implement the current VET strategy. One of the review recommendations is to establish a “Skills Agency” which will become an operational arm for the Ministry of Education and Science in VET and skills development. In 2016, the EU technical assistance will conduct a feasibility study on the agency including its rational as well as a cost benefit analysis.

The Georgia 2020 strategy pointed to the low level of spending on education as a core problem. In 2013 total expenditure on education represented 2.5% of GDP and total expenditure on VET was 0.05% of GDP. Despite rising education spending in recent years, it remains significantly below the average levels in the region. The physical infrastructure of education has suffered from this low expenditure level while vocational teachers continue to be poorly paid. A new national regulation on teachers is under preparation to make the VET teaching profession more attractive and increase their remuneration. New funding rules came into force in September 2013. Three types of funding for public VET providers were put in place: (1) voucher-based funding (for individual students who successfully pass the unified VET admission test and fulfil minimum standards of competence); (2) programme-based funding (covering administrative expenditure on public vocational schools, including wages, operational expenses, etc.); and (3) targeted funding (particularly needs-based programmes according to individual applications for funds). In 2013 and 2014 the proportion of VET expenditure doubled.

The Programme for Employment Support Services Development and associated Action Plan 2015-18 (Ministerial Order, December 2014) defines the employment support services to be provided by the Social Service Agency, with a role in job counselling/ placement services, ALMPs and labour market intelligence. This Agency has launched a job portal called WorkNet (www.worknet.gov.ge) to register jobseekers and job vacancies. Jobseekers can now access and register online, but the components on vacancies and education and training opportunities are not yet activated. Automatic job matching between jobseekers and employers will be possible through the website but for now there is no tracking of online matches or any analysis of existing registers.

In spite of the efforts made by the government to reanimate the labour market institutions and their operations, the lack of professionals and limited capacity remain a major concern for implementation and sustainability of reform actions. More support is required for capacity development and institution building in employment and labour market not only in the capital but also throughout the country. Skills development actions should be better linked with the economic development agenda and prospective sectors should be able to create employment opportunities as well as to target vulnerable groups such as young people, the rural population and the long-term unemployed.

Georgia carried out the Torino Process review for the first time in 2014 as a self-assessment exercise. The 2016 Torino Process review builds on this experience and the new national report, drafted in close consultation with all key stakeholders, demonstrated increased capacity and a strong commitment to evidence-based policy analyses. The priorities identified in the 2016 Torino Process Report were as follows:

1. **Support private sector engagement in VET through the development of social partnership at all levels;** this includes a) supporting effective functioning of NVETC (including Thematic Working Groups and the Secretariat), b) reforming sectoral councils in long-term perspective by expanding their functions and investing in their capacity development; c) supporting private sector engagement and partnership at micro level including WBL and development of public-private partnerships.
2. **Increased quality and relevance of VET:** this includes a) development and implementation of updated Quality Assurance Framework (QAF) and improvement of Quality of VET qualifications in

accordance with NQF, b) supporting the implementation of modular VET programmes, investing in continuous professional development of VET teachers both in VET schools and enterprises including teachers from private colleges as well as development of relevant teaching materials, c) supporting informed decision-making process and student employability through labour market information, career guidance and career development.

3. **Increased access and attractiveness of VET:** this includes a) eliminating dead-ends in the VET system and improving mobility to higher level of VET as well as to higher education; b) supporting the development of a unified and nation-wide VET school network including both public and private VET providers, reviewing existing financing and funding model and providing training of teachers and school management. c) establishing a system of validation of non-formal and informal learning, d) improving the status and image of VET by supporting the creation of positive attitude and image towards VET by students and stakeholders and by increasing awareness of students, their parents and other stakeholders about VET opportunities and results of reforms.

C. EU AND OTHER DONORS SUPPORT IN VET AND SKILLS

Since 2013, Georgia has enjoyed generous donor support and international expertise in reforming its VET and labour market systems. The major international donor is the EU with an Employment and VET Support Programme (2014-17) worth €27 million: €20 million in direct budget support and €7 million in technical support (TA, twinning and a grant scheme). This is a follow-up to the previous EU VET Sector Reform programme (€21 million for 2009-12). The technical assistance project includes three main components: effective labour market management (labour market information system, public employment services, ALMPs, occupational health and safety); improved quality for the VET system (curricula for VET occupations, occupational standards, teacher training, the NQF, validation of non-formal/informal learning); and efficient transition from training to employment (career guidance and counselling, tracer studies, work-based learning, EMIS). The current project will run until November 2017 with a possible extension for one year.

Other relevant donor-funded projects include: (1) the Compact Programme funded by the Millennium Challenge Corporation (USA), with a US\$16 million industry-led skills and workforce development component (2014-18); and (2) Modernisation of the VET System and Extension Services in Agriculture, a joint project funded by the Swiss Development Cooperation-UNDP, with a US\$6 million budget (2013-18). GIZ and the German government have been supporting private sector development with a particular focus on the winemaking, construction and tourism sectors. The project will have skills development related activities. Recently the Georgian government signed a memorandum of understanding with the German government, which includes support for the introduction of 'dual education' in Georgia.

There is a well-functioning donor coordination system in VET, in which the major donors meet regularly to monitor the Strategy Implementation Action Plan (SIAP). The SIAP is an online portal and joint initiative of the Ministry of Education and Science with the international donor community to keep all partners informed on implementation plans and progress. Contrary to the relatively well-developed VET sector (thanks to the support of many donors), the labour market sector in Georgia is underdeveloped and the EU's Employment and VET Support Programme (2014-17) is the first donor intervention in this field. Therefore, all labour market related structures and policy processes are starting from scratch with EU support in the context of a very limited number of staff dealing with labour market and employment policies, a limited capacity and continuous high turnover of staff.

Since 2014 when the new EU Programme on Employment and VET became effective, the ETF's work has focused on providing advisory and methodological support to the EU Delegation to Georgia as well as at the level of European Commission in Brussels, so as to ensure that EU interventions in Georgian VET, labour market and employment reforms are of adequate quality and in line with EU policies. The ETF has remained the EU's reference agency and partner for the Georgian government in terms of strategic issues such as progress monitoring for employment and VET reforms (Torino Process review), NQF implementation and VET system governance (review of institutional arrangements and cooperation with social partners). In addition to providing support to the EC services and EU Delegation, the ETF has followed up requests of the government in providing specific expertise in the area of NEETs (for the Ministry of Education and Science) and in developing a training needs analysis survey methodology for SMEs (for the Ministry of Economy and Sustainable Development and Enterprise Georgia).

In 2016 the ETF conducted a mid-term evaluation of the EU technical assistance project for the EU Delegation with a two-fold objective:

- To assess the relevance, efficiency and effectiveness of the project, and in particular, to what extent it has been able to cater for the capacity building needs of the beneficiary institutions and support the design and implementation of the employment and VET policies and strategies in Georgia.
- To identify capacity development needs and gaps of the main beneficiaries and in which further assistance may be considered and further intervention can add value in terms of impacting and sustaining further VET and employment system reform after the end of the project. This will feed into the design and planning of possible follow up interventions.

In addition to the ETF led mid-term evaluation the EU Delegation conducted an overall midterm evaluation of the EU support to VET and employment (incl. twinning and grant scheme) to identify areas and modes of intervention in which the EU support would be most effective and needed in the future.

D. ETF MID-TERM INTERVENTION STRATEGY IN THE COUNTRY

The priority of the **ETF mid-term intervention strategy 2017-20** is to enhance the effectiveness and efficiency of the EU interventions in employment and VET through the provision of expert support and advice to the EU Delegation, EC Headquarters and the Georgian partners in maximizing the EU support in reforming VET and employment/labour market in Georgia.

Specific objective 1: To advise and support the identification and formulation of the EU support in the area of VET, employment/labour market in 2017-20

Rationale: One of the three tentative focal areas of the **EU Single Support Framework 2017-20** is economic resilience (including business development, agriculture and territorial development, and human capital). The EU will continue supporting VET and skills development in a lifelong learning perspective, as well as the re-establishment of labour market institutions and employment policies, and in this context the ETF will provide expertise support to the EU Delegation in identifying and formulating the next EU financed Sector Reform Contract for the Annual Action Programme 2017 which will cover the period of 2018-2020. . This will build on the results of the 2016 round of the Torino Process analysis as well as on the results of the two above-mentioned evaluations and the

ETF thematic and country intelligence. The ETF will pay particular attention to ensure that the EU intervention will support inclusive employment and VET policies addressing the needs of vulnerable groups and increasing their access to lifelong learning and that the proposed actions will be aligned with socio-economic context and development of the country. The future EU intervention will not only address Georgia's VET and labour market policies but will bring also youth and economic development policies together including the respective ministries and government agencies responsible for these policy areas. The ETF will continue to support the Georgian government in their VET and employment/labour market reforms and it will help design the EU intervention keeping in mind the Association Agreement agenda and requirements in the relevant areas of the ETF's mandate.

Expected results by 2020:

- Relevant and well-designed EU intervention in the field of VET and employment/labour market in Georgia under AAP 2017
- Ad-hoc support for the operationalisation of the new EU intervention upon request

Specific objective 2: To strengthen the capacity of government agencies in policy implementation and methodologies to address the country's needs in the area of entrepreneurial learning and SME skills

Rationale: In its SME strategy the Georgian government has identified promoting entrepreneurship and entrepreneurial learning as priority given the specificity of the Georgian labour market with a high number of self-employed and the lack of jobs and labour market demand. The ETF will therefore support the Ministry of Education and Science and the Ministry of Economy and Sustainable Development in developing lifelong entrepreneurial learning (through e.g. policy advice on teacher training and curriculum development and introduction of entrepreneurship competence and peer learning). To strengthen the commitment of companies and of the sector committees in addressing SME skills, the ETF will continue supporting the Georgian partners in SME skills identification through the replication of sectoral training needs analysis methodology in two to three other sectors. This follows up the training needs analysis results received through the surveys with training policy measures to help SMEs (in growing and priority sectors) invest in skills of their workforce. The key partners in this activity are Enterprise Georgia (Entrepreneurship Development Agency), Ministry of Economy and Sustainable Development, the Ministry of Education and Science and social partners.

Expected results by 2020:

Georgian partners are able to regularly run the training needs analysis survey methodology in various sectors/sub-sectors, analyse the key results and communicate them to all relevant stakeholders informing on the skills needs of the sectoral workforce

In addition to activities related to the specific objectives of the ETF mid-term intervention strategy 2017-20 in Georgia, the ETF will support EU external assistance-related bilateral policy dialogue:

- Annual country fiche to DG Employment
- ENP Action Plan Progress assessment for the education and skills components upon request
- Regular information to the Delegation and the Commission on the developments and progress of the employment/labour and VET reforms in Georgia and their consistency and alignment as agreed in the Association Agreement
- Input to the Mobility Partnership dialogue and monitoring upon request

In the context of **corporate initiatives**, the ETF will continue involving Georgia 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 the policy dialogue with all countries on policy analysis and system wide progress monitoring through VET monitoring forums at regional and international levels.

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 set against an Association Agreement between the EU and Georgia, and includes provisions for a Deep and Comprehensive Free Trade Area (DCFTA), making entrepreneurship development, and especially the entrepreneurial human capital agenda the core factor of EU-Georgia economic and social cooperation.

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 Framework¹. Follow-up, customised support to the partner country on human capital areas will depend on the specific requests from the government, the European Commission and according to available resources.

Georgia 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 and youth employability issues at regional level. Furthermore, the **regional project 'Skills Connexion'** aiming to strengthen work-based learning (WBL) actions in the Eastern Partnership (EaP) countries 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.

E. 2017 ACTION PLAN

Specific objective 1: To support the identification and formulation of the EU support in the area of VET, employment/labour market in 2017-20

Upon request from the EU Delegation, the ETF will identify and formulate the new EU intervention and support the policy dialogue, discussions and agreement on the policy matrix. The ETF will also support the operationalisation of the complementary activities of the budget support programme. The ETF will pay particular attention to ensure that the EU interventions support inclusive employment and VET policies addressing the needs of vulnerable groups including youth, women and aging workforce and increasing their access to lifelong learning as well as identifying sustainable solutions to

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

strengthen Georgia's capacity and intelligence in labour market and employment policy implementation.

Specific objective 2: To support the capacity of high level policy makers and experts on understanding and further development of NQF as a lifelong learning framework.

Upon request of the National Centre for Education Quality Enhancement responsible for quality assurance in education and training and operational issues related to the NQF implementation the ETF will provide expert guidance and capacity building of the Centre, the Ministry of Education and Science and other key stakeholders on systemic issues related to legal framework, procedures and institutions supporting the further development and implementation of the NQF as a lifelong learning framework. The ETF will identify the specific issues of interest and needs of the Georgian partners through a fact-finding mission and online coaching and will organise a national capacity-building event. This activity will be implemented in a close cooperation with other international partners currently active in different aspects of the NQF implementation. The results and the follow up of the ETF work will be taken into account in the design of the complementary measures of the EU Sector Reform Contract under the AAP 2017.

Specific objective 3: To strengthen the capacity of government agencies in policy implementation and methodologies to address the country needs in the area of entrepreneurial learning and SME skills

This is a follow-up to the 2016 training needs analysis results of the employer survey carried out by Enterprise Georgia (EDA) in hospitality and printing sectors to help SMEs invest in skills of their workforce. The two pilot surveys were completed and disseminated in 2016. Based on the request of EDA, the ETF support will continue with (i) consolidation of the survey implementation and its replication in two to three other sectors; (ii) development of a proposal in meeting the skills and training needs of SMEs based on the survey results.

Besides the above specific objectives Georgia will benefit from the ETF thematic expertise and regional cooperation particularly in the framework of the Eastern Partnership initiatives. Ad hoc expert advice may be provided upon request of the government (such as on WBL funding or skills mismatch) as a follow up of the regional initiatives of 2017.

F. 2018 UPDATES

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

After the parliamentary elections (October 2016) the new government has been implementing the four-point strategy where education and VET in particular are among the priorities. The new law on VET has been drafted and widely consulted and it is expected to go to parliament at the end of 2017. The Ministry of Education and Science has revised the authorisation procedure for VET providers, to include a compulsory reporting requirement also for private providers, which is an important step to have a comprehensive overview on VET provision. So far, for example, enrolments in private VET providers have not been known. Institutional re-arrangements have been postponed and will be linked to the overall optimisation of government agencies and civil service reform.

As regards labour market and employment issues, the labour market information system function was transferred in June 2017 from the Ministry of Health, Labour and Social Affairs to the Ministry of Economy and Sustainable Development. This decision is expected to improve the connection between labour market demand and economic development, as well as to improve the capacity of the Ministry to carry out regular labour market monitoring and disseminate relevant information to stakeholders. A new Employment Service Act has been drafted, but it has been much criticised, in particular by social partners. The new occupational safety and health (OSH) framework law is being discussed in the Parliament and, once adopted, it will help transpose the EU legislation on OSH in Georgia.

As regards donor support in the field of education, training and employment, GIZ has started a new project in 2016 on the introduction of dual VET, which will run until 2020. In addition, the Danish government is currently discussing a new \$5 million grant on labour market and employment, which will be implemented by the ILO. The MCA and UNDP projects continue according to their plans.

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

Specific objective 1: To support the identification and formulation of the EU support in the area of VET, employment/labour market in 2017-20

The ETF conducted the identification and formulation of the new EU Programme for the EU Delegation. The Sector Reform Contract, entitled Skills Development and Matching for Labour Market Needs, covers four policy areas: VET & LLL, labour market and employment, SME development and youth policy, and will have a regional focus. The Programme has a substantial budget support component and a number of complementary measures. The ETF carried out the review of the sector policies and cross-cutting issues, as well as a large evidence collection exercise and stakeholder consultations for the formulation of the Programme. The ETF has also supported the EU Delegation in policy dialogue with the government, which included detailed comments on the draft VET law and other legal initiatives. The work and development on the policy matrix and performance indicators are underway and expected to continue in 2018.

Specific objective 2: To support the capacity of high-level policy makers and experts on understanding and further development of NQF as a lifelong learning framework

The ETF has been supporting Georgia in revising and updating its qualifications framework (GQF) in 2017. The draft of the revised NQF was developed in 2015 by a national working group, with expert support, but was not formally adopted. In May 2017, the draft text was reintroduced in consultation

with national stakeholders from various sub-sectors of education and training. In July 2017, the ETF provided detailed comments and recommendations on the new draft legal basis of the reformed NQF. The ETF has organised a stakeholder workshop and consultations in Georgia, as well as carrying out a baseline analysis of the NQF implementation. This included an inventory of qualifications in both VET and HE with a view to recommending how they can be linked to the revised GQF. The ETF has used an adapted referencing methodology to guide the Georgian partners in assessing the relevance of the GQF. This has included capacity building on new trends and demands on frameworks, approaches to levelling and inclusion of qualifications in the NQF as well as a register and quality assurance of qualifications. Later in 2017, the ETF will organise a stakeholder workshop to discuss the findings of the expert analyses and a possible content, structure and objectives of an NQF handbook to be developed in the course of 2018. Moreover, the ETF advises aligning the GQF with the EQF. ETF work on NQF development is complementary to the current EU TA and other donor activities, which have provided only very limited support in 2016 and 2017 to the GQF development. The EU TA has drafted a concept note on NQF guidelines, which will be discussed in a joint event with the ETF. This cooperation will lead in 2017 to an agreement on the specific modules of the handbook and division of responsibilities for follow up.

Specific objective 3: To strengthen the capacity of government agencies in policy implementation and methodologies to address the country needs in the area of entrepreneurial learning and SME skills

ETF support to follow up the sector studies and surveys was delayed due to the restructuring of the EDA (Enterprise Georgia) and a change in the main counterpart in their office, and has started only in September. The expert work will help the EDA link the sector skills survey results (in hospitality/accommodation sector) with skills supply and training providers, assess the relevance of the programme as well as develop an interface to help SMEs identify suitable training courses and providers to meet their needs. The follow up work includes also how the survey methodology can be improved and systematized should the EDA decide to continue this work in years to come. Support for this activity may be provided by the upcoming EU-financed TA.

3. 2018 Action Plan

Specific objective 1: Support to the EU

The ETF will continue supporting the development and finalisation of the EU Sector Reform Contract on Skills Development and Matching for the Labour Market needs. The further development and refinement of performance indicators and policy matrix are expected to continue in 2018. In addition, the ETF will develop the terms of reference for technical assistance (TA), two twinning fiches (one on quality assurance of provision and qualifications and the other one on labour market legislation and policies) as well as a grant scheme proposal. The exact timelines on their delivery will be defined by the end of 2017 subject to the timetable of the financing agreement.

Upon requests from the European Commission or the EU Delegation, ETF will provide support to the EU – Georgia bilateral policy dialogue:

- Support to the monitoring of the Association Agreements through inputs to the relevant sub-committee meetings and Cluster matrixes
- Follow-up of Mobility Partnership
- Delivery of annual country fiches to DG Employment

Specific objective 2: Support to the implementation of Georgian Qualifications Framework

The ETF will follow up the outcomes of the 2017 expert analyses and discussions by guiding authorities in producing a new NQF Handbook, leading to greater stakeholder awareness and a shared understanding among actors of the aims and uses of the NQF and how it can be implemented. The ETF will assist the NQF working group in developing and drafting the new NQF Handbook. Depending on the scope and complexity of the Handbook, expertise and support to drafting specific components/modules will be shared by the ETF and the EU TA.

The lessons learned and follow up activities of this exercise will be integrated in the upcoming Twinning on quality assurance of provision and qualifications which is part of the complementary measures of the new SRC and which is expected to start in 2019.

Specific objective 3: Support to entrepreneurial learning and entrepreneurship competence development

The EU Delegation and the Ministry and Education and Science requested the ETF expertise in entrepreneurial learning and entrepreneurship key competence development which are included in the Georgian SME strategy. The government is expected to develop a lifelong entrepreneurial learning (ELLL) strategy for years to come. The topic will be also an integral part of the upcoming EU financed Sector Reform Contract. The ETF will advise the Georgian government and key stakeholders on practical measures on the development of entrepreneurship key competence in upper secondary general education and VET. This will have a particular focus on curricula and teacher training. The ETF will facilitate this process also through a peer learning with Ukraine which has started similar work earlier and made progress in it. Moreover, the ETF will help the Georgian partners shape and review the ELLL action plan, which paves the way for the implementation of the new EU programme. This activity will be followed up by the upcoming EU financed TA project (in 2019) which will focus on supporting the implementation of the ELLL strategy in Georgia.

Georgia will also take part to the next round of **SBA assessments** in the second half of 2018, and will kick off with national launch meetings followed by country-based assessments in 2019.

Other areas of intervention

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 **5th Round of the Torino process**, with the scope of agreeing on terms of implementation by the 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 in Q4 of 2018 in Turin. Countries aiming at implementing the Torino process also at sub-national level will be the focus of specific activities in 2018 with a view to 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.

Georgia will also participate in other regional transversal actions: the ETF will continue supporting the **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.