



POLICIES FOR HUMAN CAPITAL DEVELOPMENT SOUTH EASTERN EUROPE AND TURKEY

AN ETF **TORINO PROCESS**
ASSESSMENT

Disclaimer

This report was prepared in the framework of the Torino Process 2018-20 by Cristina Mereuta, ETF.

The contents of the report are the sole responsibility of the ETF and do not necessarily reflect the views of the EU institutions.

© European Training Foundation, 2019

Reproduction is authorised, provided the source is acknowledged.

PREAMBLE

Economic, social, demographic and technological trends call for agile education systems that are fit to reflect changes in the learning content, education provision and assessment of skills acquisition. Such complex environments also call for regular analysis of information, data, facts and even perceptions aimed at providing decision-makers and practitioners with a good basis for taking steps forward in education reforms or consolidation of promising practices.

The partner countries of the European Training Foundation (ETF), most of them transition and developing countries, are particularly exposed to rapid and deep structural changes. Many are in a catch-up phase of economic development and at the same time are faced with serious challenges such as migration, ageing or technology-driven inequalities. Within a lifelong learning (LLL) context that brings together initial and continuous skills development, Vocational Education and Training (VET) is at the cornerstone of socio-economic transformation. Most changes in technology, services and production influence the demand and supply of medium- and high-level skills, particularly those generated by VET.

To capture and document such changes and VET transformation across countries, since 2010, ETF has been implementing the Torino Process: a periodical review of VET systems in the wider context of human capital development and inclusive economic growth. In this context, human capital is defined as providing opportunities and incentives for people to develop their knowledge, skills, competences and attitudes throughout their lives to help them find employment, realised their potential and contribute to prosperous, innovative and inclusive societies. While providing a quality assessment of VET policy from a LLL perspective, the Torino Process builds on four key principles: ownership, participation, holistic approach and evidence-based analysis.

The present regional report for South Eastern Europe and Turkey (SEET) is the result of the fifth round of the Torino Process (2018–2020). It is designed to support medium- to longer-term strategic thinking in VET, looks into the regional aspects of education outcomes, and discusses commonalities while respecting the differences between the countries of the region. Therefore, the purpose of the regional report is to inform the planning, implementation and monitoring of country policies and regional initiatives for human capital development with focus on education and training. At the same time, its findings and recommendations shall inform the European Union and donor programming in support of these policies and regional cooperation processes. The regional report was prepared by Cristina Mereuta, ETF Labour Market Specialist. Valuable input was provided by Ulrike Damyanovic, Senior Specialist, and Mircea Badescu, Statistician and Data Analyst, ETF. The paper was peer reviewed by Abdelaziz Jaouani, Anastasia Fetsi, Carmo Gomes, Mircea Badescu and Ulrike Damyanovic, ETF. ETF thanks SEET countries for their engagement in the Torino Process 2018–2020, extensive contributions to the collection of policy updates and relevant statistics, and participation in the workshops organised at country level.

CONTENTS

EXECUTIVE SUMMARY	7
1. INTRODUCTION	11
2. REGIONAL CONTEXT	13
3. HUMAN CAPITAL CHALLENGES	17
3.1 Overview of human capital challenges	17
3.2 EU and SEET benchmarking	24
4. VET POLICY RESPONSES: ACHIEVEMENTS AND CHALLENGES	29
4.1 Improving education monitoring and skills intelligence	30
4.2 Modernising VET provision	34
4.3 Ensuring access to learning opportunities and making skills visible for all	39
5. EUROPEAN UNION AND OTHER DONOR SUPPORT TO HUMAN CAPITAL DEVELOPMENT IN THE REGION	45
6. CONCLUSIONS AND PRIORITIES FOR ACTION	49
6.1 Improve the quality and relevance of education outcomes for inclusive and innovative economies	51
6.2 Address the large need for upskilling and reskilling	52
6.3 Develop skills intelligence systems and consolidation of monitoring and evaluation in education	53
ANNEX	55
ACRONYMS	59
BIBLIOGRAPHY	61

EXECUTIVE SUMMARY

The South Eastern Europe and Turkey (SEET) regional report of the Torino Process (2018–2020) provides a summary of key policy updates, data and information on the topics of human capital development and education, with a focus on Vocational Education and Training (VET), lifelong learning (LLL) and elements of skills utilisation. It also includes an overview of countries' progress against key European Union (EU) benchmarks on education, employment and social aspects and a snapshot of EU funding and donor contributions to human capital in the region. Finally, the paper proposes several priorities for action in the next strategy or programme cycle at national and regional level. Given the large variation of socio-economic contexts, developments and policies across SEET, the regional analysis focuses on common denominators only.

Summary of findings on human capital

The analysis of human capital challenges shows that education attainment levels have improved over time in the region. Yet this does not necessarily translate into relevant skills and increased adaptability of the workforce. Reasons for this include the very dynamic socio-economic realities of the region, reflected in sectoral shifts of labour demand, rising use of new technologies, trade and investment opportunities and demographic change, including propensity towards emigration.

While acknowledging the differences across countries (size of population, economy and sectoral structure etc.), three common challenges related to human capital development in the region emerge from the analysis.

Shrinking pool of skills supply

Most countries are characterised by negative demographic change. The proportion of young people in the total population has decreased. Emigration of the youngest and skilled has accelerated ageing issues and skills shortages. Beyond quantitative aspects, shortcomings in skills acquisition add to the picture (e.g. level of foundation-level skills as measured through Programme of International Student Assessment (PISA); relevance of skills at upper and tertiary levels). The worrying outlook of countries' capacity to match economic development with sufficient skilled human resources has become more evident in the region.

Underutilisation of human capital potential

Employment levels are improving overall but unemployment and inactivity remain high and lead to skills depletion and depreciation. Women remain overexposed to such risks, as do young people and groups that accumulate multiple social disadvantages. Education attainment is the key predictor of joblessness or poor employment. While a tertiary level of education may secure faster entry into employment, many university graduates accept jobs below their qualifications (vertical mismatch) or in mismatched jobs compared to their field of study (horizontal mismatch). Where data is available, VET graduates (International Standard Classification of Education (ISCED) level 3–4) show better employment prospects compared to their peers who graduated from general programmes.

Insufficient matching and adaptability to the newer skills demand

Supply of skills is not fully synchronised with labour demand. Beyond insufficient linkages between initial education and economic demand, the risk of limited adaptability to future changes is prominent due to, among other reasons, low participation in LLL.

The countries in SEET are improving their position against key EU education, employment and social benchmarks. In some cases, these countries are progressing towards 2020 targets at a faster pace compared to EU averages, showing stronger performance to narrow the gaps.

Addressing the human capital challenges calls for improved capacity of the education and training systems to adapt to the changing needs of the economies and individuals, in particular to reinforce the link between education and job requirements. It also means holistic policymaking is required, in which education and training is well integrated and synchronised with other policy strands, e.g. economic development, innovation, employment and social protection and inclusion.

Summary of policy responses, achievements and remaining challenges

Over the last decade, the governments in SEET have concentrated on modernising VET, higher education and their labour markets. A common denominator for these efforts is to make education more relevant to the needs of learners, economies and societies. In general, a real change in the delivery of education and training needs to be pursued at a far faster pace to secure relevance of skills in current and future contexts.

The shared aims of VET and overall skills development processes at both country and regional levels centre on the following aspirations: (a) improving education monitoring and skills intelligence; (b) modernising VET provision, in collaboration with the business sector, to better match labour market needs and secure forward-looking VET delivery; (c) ensuring access to learning opportunities and making skills visible for all (i.e. flexible and inclusive learning pathways).

Of the main progress made, achievements and remaining challenges, we note the following:

- Countries have continued their efforts to build up education, skills and labour market information systems to gather relevant and timely information on skills supply and demand. However, longer skills projections have not been consistently implemented in most countries.
- There is evidence of a boosted effort to mainstream dual education in VET systems, practical learning and enhanced school-to-work transition schemes such as internships and apprenticeships.
- There has been further embedding of key competences such as digital and entrepreneurial skills into learning programmes. A further avenue would be to reflect on existing VET learning programmes in relation to the impact of digitalisation on various occupational areas.
- Teachers' participation in general continuous development programmes has been prioritised, but more should be done to increase participation in specialised training to secure quality teaching, adapted to changing skills needs.
- National qualifications frameworks have been established or consolidated, with the principle of strongly embedded social partnerships. However, with the exception of Turkey, the development or updating of qualifications remains strongly dependent on external support.
- Although trusted systems for validation of non-formal and informal learning are essential to securing more dynamic skills acquisition pathways, Western Balkans countries need to upscale such a practice at the system level.

- Countries are engaged in actions to modernise and improve quality assurance in VET and to align with the relevant EU policy, including the Reference Framework. Monitoring and evaluation procedures and (electronic) information management systems in education need a further boost to secure timely and relevant input into quality assurance mechanisms.
- Governance arrangements have progressed towards stronger recognition of social partners' role in education provision and assessment and making policies more sensitive to local and regional specificities. The financing model remains rather centralised. Advancements in decentralisation strategies should be coupled with proper consolidation of capacity at the local/community level.

Summary of recommended priorities for action

The overall recommendation is to continue to prepare for more holistic and results-oriented strategies in the post-2020 timeframe, with clear and achievable goals and targets, detailed costing and responsibilities for implementation.

The report provides a number of avenues for future action clustered around the issues emerging from the analysis of human capital challenges and policy progresses so far:

- *Improve the quality and relevance of VET outcomes for inclusive and innovative economies* by mainstreaming quality assurance principles; ensuring stronger digital and entrepreneurial skills development; continuously updating curricula and qualification standards, equipment and teaching methods; and fostering work-based learning opportunities. Governance and financing should reflect the changing context and evolving roles and responsibilities of various actors and learners' expectations.
- *Address the large need for upskilling and reskilling* through boosted availability of (re)training services, fair coverage of all potential learners, in particular those most in need, and systemic use of sound quality assurance procedures.
- *Develop skills intelligence systems* and consolidate monitoring and evaluation in education as key ingredients of forward-looking education and training policies.

1. INTRODUCTION

The key deliverables of the fifth round of the Torino Process (2018–2020) include country reports and European Training Foundation (ETF) assessments of countries' developments with a focus on human capital development issues and Vocational Education and Training (VET) policy responses from a lifelong learning (LLL) perspective. The country reports and analyses are complemented by regional stocktaking of human capital challenges, policy implications and responses, with a focus on VET. The purpose is to inform policymaking at the country level and the regional policy dialogue, including European Union (EU) and donor support in the ETF partner countries.

South Eastern Europe and Turkey (SEET) was the first region to roll out the Torino Process 2018–2020. The work included the following main phases and outcomes:

First, in a joint process, SEET countries and the ETF gathered data, information and policy updates through country reports, following a standardised reporting template, the National Reference Framework. Through a series of country-level workshops, country-based decision-makers and stakeholders, together with the ETF experts, focused on the main developments and implications for current and future policies in areas of VET and other related policy strands, such as employability and inclusiveness. This process took place from September 2018 to May 2019.

Second, ETF discussed the key findings and recommendations with all the countries involved and developed a series of country assessment reports. The country assessments are a key Torino Process deliverable which offers external, forward-looking analysis of the evidence and findings provided by ETF partner countries in their national Torino Process reports. The assessments identify key challenges related to policy and practice in VET, LLL and other relevant policy fields that prevent full development and use of human capital. The assessments take stock of these challenges and provide recommendations on possible policy avenues or solutions to address them.

Finally, ETF developed a regional review of challenges, progress and future avenues for policy action, captured in the present report. ETF selected the most important issues in the area of human capital development, while acknowledging there are many other shortcomings or bottlenecks that prevent full usage of human capital potential in SEET. The same applies to policy progress and remaining issues. Given the diversity of the region, including the structure of the economy or the starting point and progress in implementation of policy reforms, this report focuses on the major commonalities of VET policy reforms across the seven countries of the region¹.

EU policy priorities are often discussed throughout this paper, in particular via the benchmarking tool, as the Torino Process is inspired by the EU Copenhagen Process which aims to improve VET performance, quality and attractiveness through enhanced cooperation and mutual learning, including periodical monitoring and assessment of policy implementation and progress.

¹ The seven countries are Turkey and the Western Balkans, which stands for a cluster comprising Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia and Serbia.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence – hereinafter 'Kosovo'.

Country codes: AL: Albania; BA: Bosnia and Herzegovina; ME: Montenegro; MK: North Macedonia; RS: Serbia; TR: Turkey; XK: Kosovo.

ETF shared the preliminary findings of the Torino Process in the SEET region in the 8th Ministerial Meeting of the Western Balkans Platform on Education and Training (Belgrade, 3–4 June 2019), the EU–Western Balkans Ministerial Meeting and Stakeholder Conference on employment and social affairs (Luxembourg, 12–13 June 2019) and in the Western Balkans Business Forum event that accompanied the economic ministers' meeting in the Berlin Process Framework (Poznan, Poland, 4 July 2019).

The dissemination of regional findings will continue and ETF hopes this will enable countries of the region and other partner countries to learn from each other and build up multi-country collaboration in policy areas of mutual interest. The findings will also be shared with the European Commission, EU delegations in SEET and major donors and international organisations active in the region.

The report is organised in four main sections. The first captures key human capital development challenges in the region, including a comparative outlook of the EU and SEET position against the education, employment and social inclusion benchmarks. The second provides a summary of policy responses and progress in VET in the overall context of economic, labour market and social developments. A number of concrete examples complement the overall findings and illustrate how different countries are pursuing the reform agenda in VET and other policy aspects related to LLL. The selected policy or practice examples are not exhaustive. The third section looks at the contribution of EU-supported initiatives and projects in the field. Furthermore, the regional report puts forward in its last section a number of skills-related policy avenues to address the challenging future ahead with changing socio-economic and technological contexts and to inspire post-2020 strategies and priority interventions, including EU (Instrument for Pre-Accession Assistance (IPA)) funding, as well as the regional policy dialogue and cooperation with the EU.

2. REGIONAL CONTEXT

Economic and social context

Overall, the economy in SEET has picked up over recent years and looks set to continue in the years ahead. As per the last European Commission's progress assessment in the context of the enlargement strategy, major challenges remain in the macro-economic area and fiscal policies, e.g. reforming economic structures, improving competitiveness and boosting innovation (EC, 2019a).

Economic growth in 2017 ranged from 0.2% in North Macedonia to 4.7% in Montenegro, while the estimated growth for 2018 in the Western Balkans (3.8%) surpasses the EU 28 average (2.1%). Robust growth is also forecast for 2019/2020 with regional averages of 3.5% to 3.8% while the EU performance slows down to averages of 1.7% to 1.8% (World Bank Group, 2019). Turkey is rebalancing after the economic backsliding in 2018 with an expected return to growth in the second half of 2019. However, the overall trend of gross domestic product (GDP) annual change remains negative for the whole year, while for 2020 a positive change (3.9%) is forecast (EC, 2019b).

The EU remains the largest trading partner of the SEET economies in both imports and exports. EU-based companies are the biggest investors with over 70% of foreign direct investments in the Western Balkan countries, while Turkey is well integrated with the EU in terms of investment and trade (EC, 2019a).

Data on gross value added (GVA) by sectors (2017) reveals that, similarly to the EU 28, services provides the biggest contribution to GDP formation with percentages ranging from around 55% in Albania to over 72% in Montenegro; this is followed by industry, with the highest shares in Serbia (26.5%) and Turkey (23.2%). Albania stands out with a share of agriculture in overall GVA of over 21%, while in the remaining countries it ranges from 6.9% in Turkey to 11.4% in Kosovo. Employment distribution by sector confirms the leading role of services in the economy, ranging from around 51% in Bosnia and Herzegovina to over 65% in Kosovo. Albania (~42%) and Montenegro (75%) are the outliers, with the lowest and highest share of people employed in services. Industry attracts one in five workers in Serbia, North Macedonia, Turkey and Bosnia and Herzegovina, and with the exception of Serbia, the industry share in total employment is slightly decreasing in all countries. Deep structural changes are evident in the economy of Albania, where agricultural dominance in total employment was finally over in 2017, and services and construction seem to have increased (EC, 2019a).

Overall job demand is circumscribed around medium-level qualifications and many companies demand a workforce with medium-level skills. Vacancy monitoring shows a demand concentration in manufacturing, electricity, tourism and wholesale and retail trades, and for VET-related occupations such as craft and related tradespeople, plant and machine operators, technicians and associated professionals. In spite of prioritisation, the information and communication technology (ICT) sector still generates just a fraction of labour demand (ETF database on Labour Market Policy Statistics, based on the vacancy monitoring done by SEET countries).

Job attractiveness is one of the key conditions for increasing employment. Wage levels and career development opportunities remain problematic in the region. Improved productivity and value added are at the cornerstone of strategies for sustainably raising wages/work compensation.

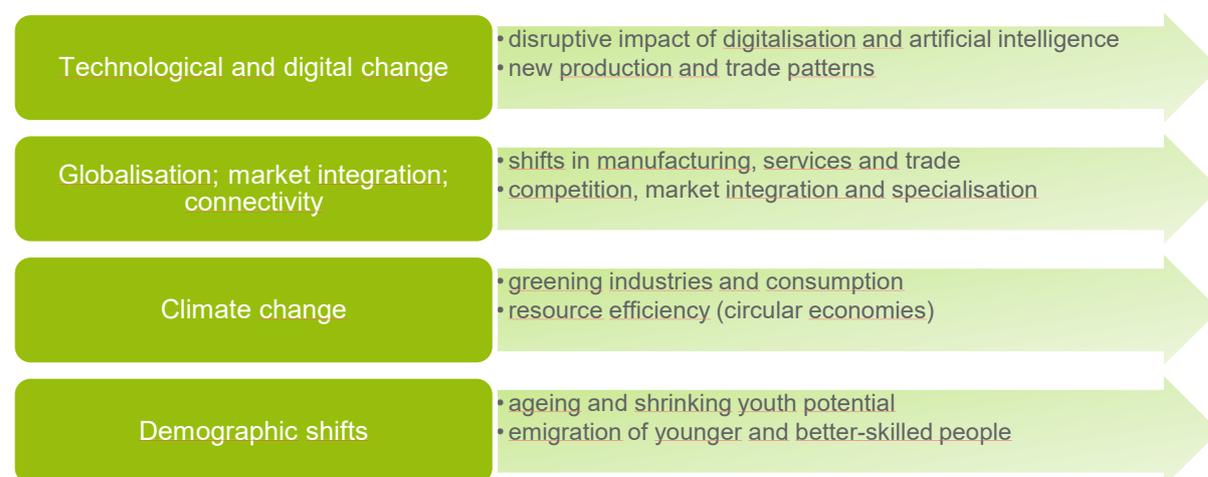
While acknowledging that developments differ from country to country, the number of employed people is increasing and the unemployment rates are generally receding. On average, the gender gap

in activity rate is around 20 percentage points (pp) and in employment around 17 pp. Labour market trends in the region show improving levels of employment among women but still this is far from narrowing the gender gap. Significant gaps remain in labour market participation of certain groups, in particular young people and older workers, women, people with low education attainment or obsolete skill sets and persons facing multiple social risks (see details in section 3).

The economic rise in the region may offer the countries an opportunity to foster inclusive growth fit for sustainably tackling social challenges that continue to persist. Skills level and relevance are strong predictors of being at risk of poverty and social exclusion, becoming unemployed, facing long spells of inactivity or working in informal and/or precarious employment.

Overall, the changing pattern of technology, trade, climate and demography deeply affects the countries of the region. Such changes may become disruptive to citizens and the available pool of jobs in the near future. On top of anticipating and managing the future trends in work, economy and society, the Western Balkans countries have to manage the effects of economic transition, the legacy of the past. A common denominator for SEET remains the challenge of skills mismatch, as recently assessed in the European Commission enlargement package (EC, 2019a). The structural adjustments over the last few decades have resulted in sectoral shifts and significant proportions of people with obsolete skills. Turkey is still posed with the challenge of moving towards production and service patterns based on higher skills levels and value added. Skills upgrading is essential to achieve such goals in SEET.

FIGURE 1: KEY DRIVERS OF CHANGE WORLDWIDE



Source: ETF 2019a, ETF 2019b

The skills demand is set to evolve in the region in line with technological advancement, including digitalisation, new trade paradigms, harmonisation of production standards with the EU as the main trade partner of the region, and the impact of energy efficiency and other environmental protection aspirations over industries and consumption patterns. Such changes will require additional or different skill sets.

These changes are imminent. It is a question of when, not if. The challenge is the capacity of education, in particular VET and LLL systems, to address these issues swiftly in close cooperation with the world of work.

Policy dialogue with the EU and regional cooperation

The latest communication on EU enlargement policy (May 2019) has reconfirmed the merit-based approach to the EU accession process and takes stock of major developments and remaining challenges in the region. The recommendations cluster around issues of stability, security and economic growth and preparation to meet all membership requirements. Turkey remains a key partner for the EU in areas of joint interest, such as migration, energy, transport and trade (EC, 2019a).

At country and regional level, political cooperation prioritises to a large extent competitiveness, inclusive growth and connectivity. The Western Balkans have identified common priorities in the South East Europe 2020 Strategy that mirrors the Europe 2020 Strategy of the EU. This has been followed by priority interventions for the Regional Economic Area (Berlin Process), including trade, investment, digitalisation and mobility of labour force on a wider European scale. The Regional Investment Reform Agenda and the Digital Agenda have been boosted over the last couple of years. The countries are working on mutual recognition of academic qualifications as well (RCC, 2019).

In the area of education and training, since 2012, the European Commission has been supporting high-level dialogue in the Western Balkans through its Platform for Education and Training; a similar initiative in research and innovation has existed since 2007. The European Commission also supports regional dialogue in the field of employment policies through regular ministerial meetings of labour ministers. Since 2016, the IPA has supported the regional project Employment and Social Affairs Platform that helped the Western Balkans to engage in sustained dialogue and mutual learning on employment reforms, improving public employment service capacity, and consolidating the role of social partners in policymaking.

The European Commission is the biggest donor in the employment and skills area and through its renewed commitment to enlargement and flagship initiatives supports the region in this endeavour.

3. HUMAN CAPITAL CHALLENGES

3.1 Overview of human capital challenges

Looking at the socio-economic background and the labour market and skills dynamics in SEET, a number of challenges in the area of human capital development (HCD) emerge (see Figure 2). Rather than an exhaustive list, these challenges should be understood as common denominators at regional level given the diversity of country contexts (size of population, economy/GDP, sectoral structure etc.). Therefore, the ETF-led assessments of HCD challenges at country level differ to some extent depending on the specific context of each country.

FIGURE 2: SNAPSHOT OF HCD CHALLENGES IN SEET



Shrinking pool of skills supply

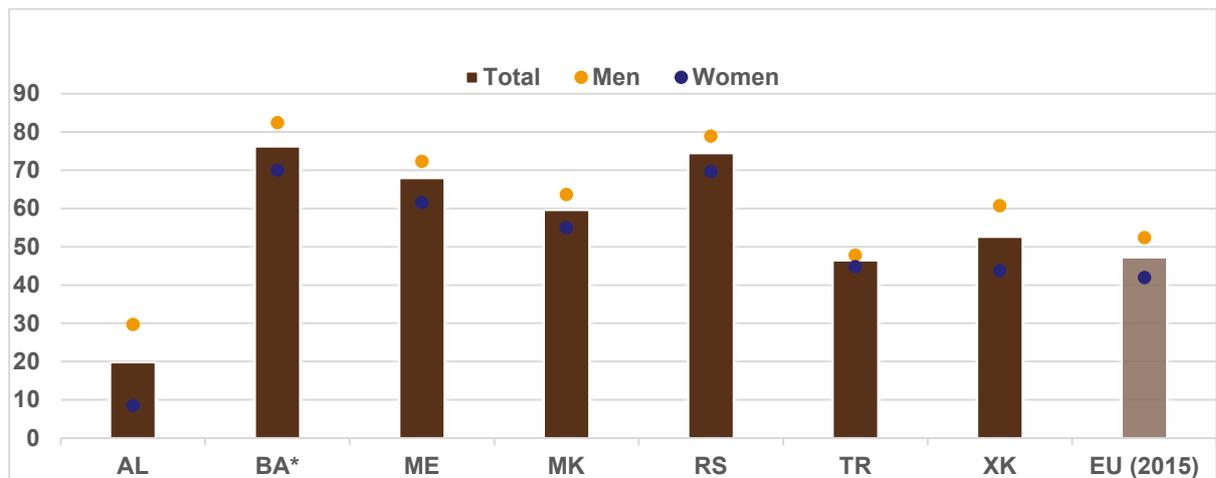
The region is characterised by negative demographic trends due to accelerated ageing and emigration. The proportion of young people in the total population is set to decrease in all countries in SEET due to low fertility rates. The 2025 population projections show a decrease in the population share of young people by an average of 3.7 pp across the region as compared to 2015 levels, with the sharpest drop in Albania (5.8 pp). Combined with emigration, this gives a worrying outlook of countries' capacity to match economic development with sufficient skilled human resources.

The above trends reflect a problem of *quantity*, i.e. insufficient number of young people to replace older workers. However, the education performance in the region, although improving, leads to a *qualitative* type of skills deficits. Namely, shortcomings remain at the level of basic/foundation-level skills (as measured through the Programme of International Student Assessment (PISA)) and relevance of skills at upper secondary and tertiary education levels. Many graduates are not fully equipped with the necessary skills to perform at the workplace or easily adapt to changing demands.

As said above, the education attainment levels of the population are constantly improving in the region and this trend is expected to continue in the future as early school leaving rates are diminishing everywhere; in fact, in Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia, the rate is lower than the EU average (see the detailed discussion in section 3.2). VET can mitigate the risk of early leaving, though the relationship is not always straightforward (ETF, 2019c). For example, VET programmes are sometimes chosen by students who have found it difficult to progress through lower levels of education and are thus more at risk of not completing the upper secondary level of education (ETF, 2018a).

The share of VET students at secondary education level is sizeable in most of the countries in SEET, ranging from around one in two students in Kosovo and Turkey to some three in four students in Bosnia and Herzegovina or Serbia. Albania is an outlier with only around one in five students enrolled in a vocational programme at the upper secondary level of education, but it has made significant progress in this indicator over the past few years. The distribution of secondary students enrolled in vocational versus general programmes has a long tradition and depends mainly on the education programmes available, the labour market outcomes of these programmes and on families' and students' expectations of entering higher education and graduating from bachelor and master's level programmes (ETF, 2018a, 2019d).

FIGURE 3: VET STUDENTS (% AT UPPER SECONDARY LEVEL (2017/18))



Source: National Statistical Offices and Eurostat (ETF database).

Notes: * 2018.

Country codes: AL: Albania; BA: Bosnia and Herzegovina; ME: Montenegro; MK: North Macedonia; RS: Serbia; TR: Turkey; XK: Kosovo.

More and more young people are currently graduating from secondary education, and completing this education level has become the 'entry ticket' to the knowledge society. As the skills that are needed in the labour market are becoming more knowledge-based, workers are progressively required to adapt to a rapidly changing global economy, through upskilling and reskilling opportunities.

At the same time, quality of education faces major challenges. The high share of low achievers² in reading, mathematics and science, as measured by PISA, is a major concern in all countries. When analysing the incidence of low achievement among students aged 15, it is worth noting that in most ETF partner countries, this is the typical age for entering upper secondary education, including VET. Thus, students entering VET are at high risk of low achievement as a result of a lack of foundation skills (i.e. reading, mathematics and science). The VET systems in the ETF partner countries are under pressure not only to provide skills for employment but also to ensure that young people acquire foundation skills and other types of key competences that would secure their future adaptability. Upper secondary education, including VET, can play a remedial role in filling the gaps in foundation skills that

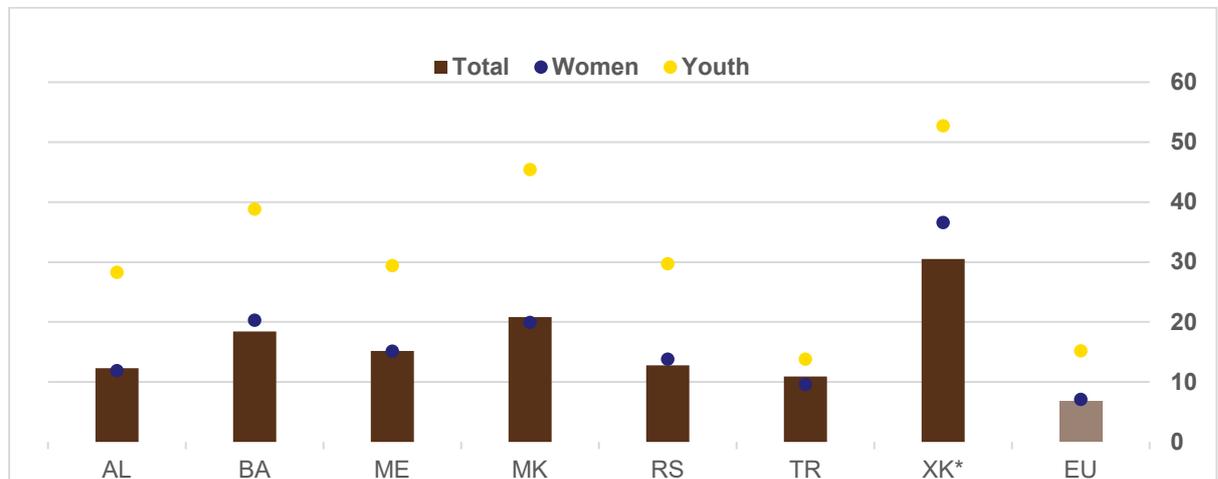
² Low achievers are 15-year-olds who are failing Level 2 on the PISA scale for reading, mathematics and science. The indicator provides a measure of the youth population most at risk through a lack of foundation/basic skills. It is one of the EU targets for 2020 in education and training.

pupils have accumulated at earlier stages in education but this role needs to be carefully reflected in proper school resourcing (ETF, 2018a).

Underutilised human capital potential

The employment rate is constantly improving, but joblessness, as reflected in unemployment and inactivity rates, remains high, leading to the risk of skills depletion and depreciation. Women, young people (15–24) and older people (55–64) are overexposed to unemployment or inactivity. Also, joblessness is positively associated with risks of poverty and social exclusion. There is a clear divide in employment and economic development across municipalities and regions of SEET. Such risks remain high in municipalities/areas hit by economic transition and industry shifts and for population groups that often accumulate a series of social disadvantages, as is the case of the population in rural areas or members of Roma, Ashkali and Egyptian ethnic minorities.

FIGURE 4: UNEMPLOYMENT RATE (2018), %

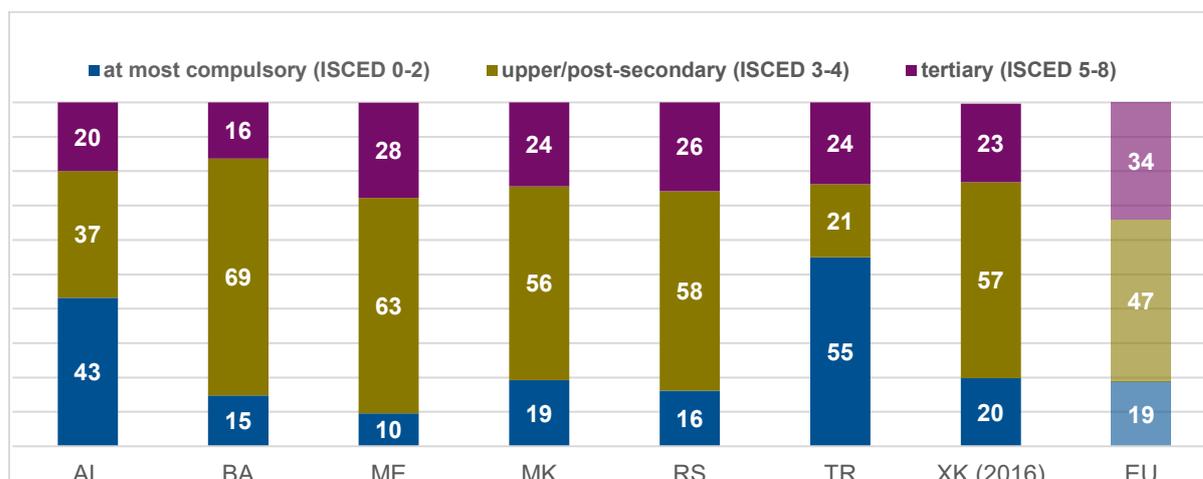


Source: National Statistical Offices and Eurostat (ETF database). Notes: * 2017.

Education level and skills relevance are key predictors of joblessness in the region. The skills profile of the workforce, as proxied by education attainment³, varies across the countries. The gaps between the skills profiles of population by labour market status reveal that the low-skilled are overrepresented in the categories of unemployed and inactive. While employment opportunities still exist for those with lower-level qualifications, the labour market prospects for these individuals are getting worse, or they are often associated with poor working conditions or non-standard forms of employment and very low wages.

³ Education attainment is frequently used as a proxy for human capital development as it provides a measure of the stock of skills that are potentially available to employers.

FIGURE 5: LABOUR FORCE (AGED 15+) BY EDUCATION LEVEL (2018), %



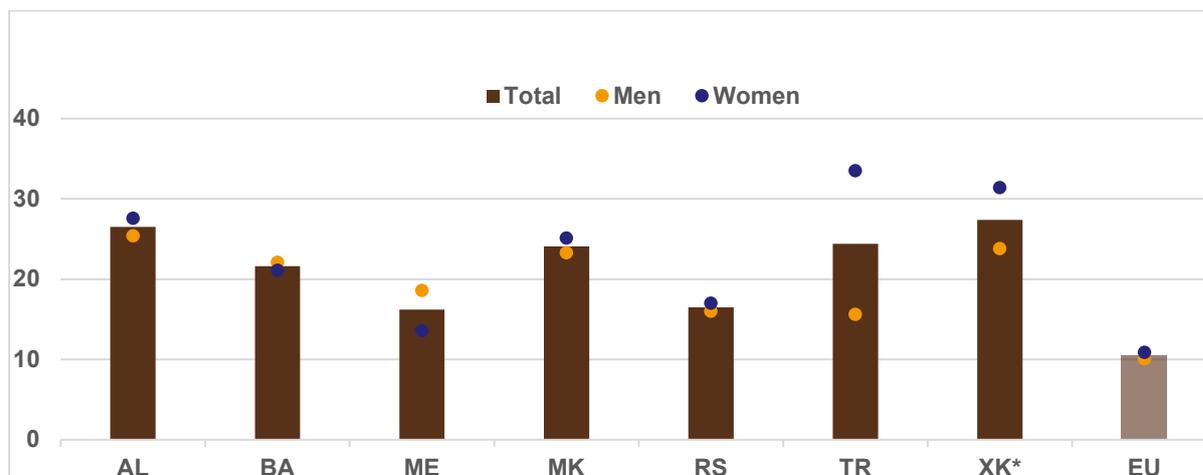
Source: National Statistical Offices and Eurostat (ETF database). Notes: * 2016.

As the general trend is towards increasing the education attainment level of the workforce, the composition of the workforce is constantly changing in all countries. Generally, better-educated young people enter the labour force. This is most often linked to the proportion of young people who continue studying beyond secondary education. An increasing number of people are now completing tertiary education programmes (see data presented in section 3.2.). Some countries with a low proportion of tertiary graduates have seen a sizeable and rapid increase in the size of this group in the past decade. However, this increase has not always led to better employment prospects, and in some countries, holding a university degree does not always mean being employed and/or job-matched (see below the discussion on skills mismatches).

The transition from school to work remains difficult. Overall, the employment rates of young people remain lower than those of the total population. Young women tend to become inactive around the age of 25 to 29, and this is linked to motherhood and increased household care obligations, including caring for family dependants. The evidence on young graduates' integration into the labour market shows a lengthy entrance, as revealed by transition or tracer studies available. The overall employment rate among recent graduates (one to three years since graduation) scores below the EU average in the countries in SEET where data is available. The indicator is further discussed in section 3.2. Where data is available, disaggregated by VET and non-VET, the VET graduates of upper secondary and post-secondary education (International Standard Classification of Education (ISCED) 3–4) show better employment rates compared to their peers who graduated from a general/academic programme at the same ISCED level.

As reflected in Figure 6, many young people remain outside employment or education. All countries have managed to reduce consistently the proportion of young people not in employment, education or training over the last five to six years. However, except for Montenegro, Serbia and Bosnia and Herzegovina, the share remains particularly high, affecting one quarter or even one third of young people aged 15 to 24. The gender divide is particularly high in Kosovo and Turkey, where young girls and women are more exposed to early school disengagement and inactivity. Joblessness is more worrying at young ages (i.e. 15–19) as experiences at this age shape to a great extent someone's employment and social integration over their entire lifetime. Also, the category of young people out of employment, education or training contains a variety of sub-groups and the high heterogeneity needs to be considered when designing targeted policies.

FIGURE 6: YOUTH NOT IN EMPLOYMENT, EDUCATION OR TRAINING (2018) (% OF 15- TO 24-YEAR-OLDS)



Source: National Statistical Offices and Eurostat (ETF database). Notes: * 2017.

The incidence of youth joblessness is closely linked to education performance, labour market conditions and effectiveness of social services. To make significant steps ahead would require a rethinking of how education, employment and social services and benefits are integrated and respond holistically to the real needs of groups exposed to joblessness and poverty, in particular at younger ages. One way would be to enhance the gender sensitivity of all public policies as women are generally overexposed to such risk. Several countries have already started. Education and employment services work closely to address the risk of young people becoming unemployed or inactive as schemes similar to the EU Youth Guarantee are being piloted.

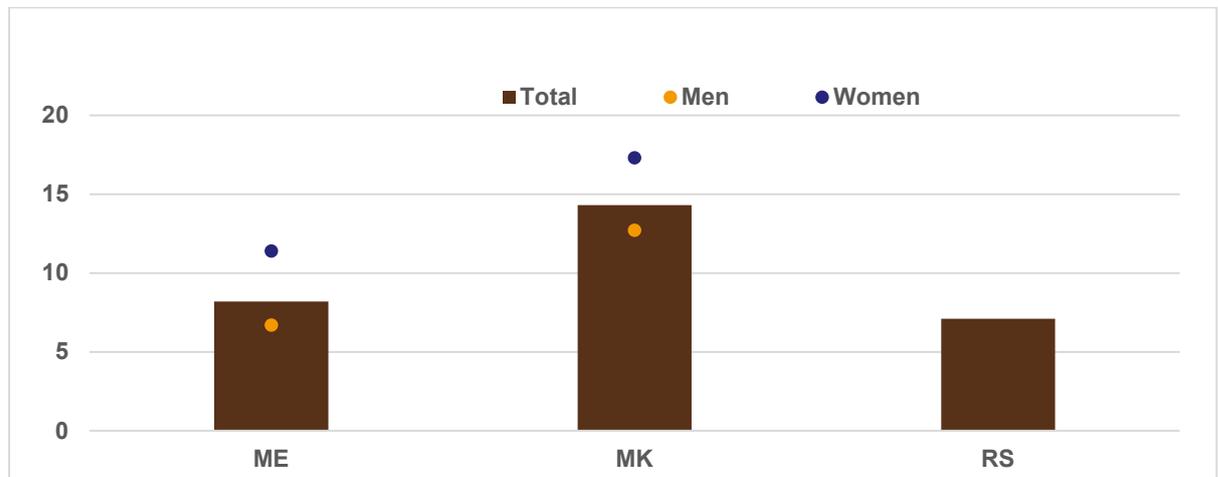
Labour market outcomes are also affected by skills mismatch⁴. Recent ETF evidence (ETF, 2019c) shows a high incidence of occupational mismatch, more pronounced for tertiary graduates than for secondary school graduates. It can suggest that many higher-skilled graduates have to accept positions below their level of formal qualifications. High unemployment levels and limited opportunities on the labour market force higher-educated individuals in particular to accept such positions.

The insufficient level of practical skills gained through education is a recurrent problem in the region. During the (first) school-to-work transition, young people often gain practical experience by accepting jobs requiring lower levels of skills. Together with low labour mobility, this leads to a higher level of over-qualification.

In addition, large proportions of university graduates working in occupations below their level is partly attributable to the strong increase in tertiary graduates over the last ten years and skewed enrolment in certain fields of studies. The real capacity of the labour market to absorb university graduates is somewhat limited. The region still shows a strong pattern of economic activities requiring a medium-level skilled workforce (upper secondary). Graduates from secondary vocational education present better employment rates than those from secondary general education and they are more often employed in occupations corresponding to their level of qualifications and skills.

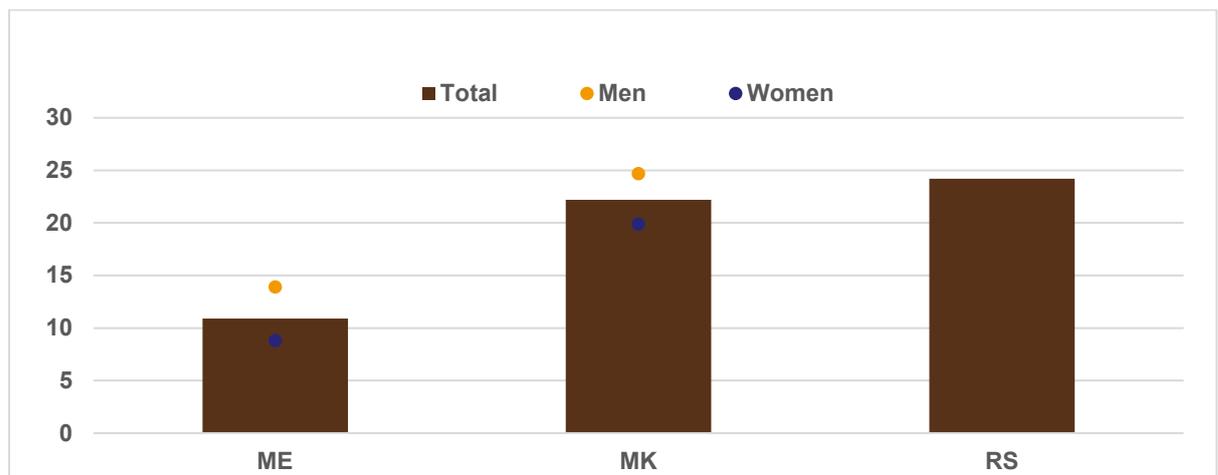
⁴ Skills mismatch is a complex phenomenon, expressed in different types and dimensions of labour market conditions. Measuring and understanding the magnitude and the interrelatedness of the different forms of skills mismatch requires a combination of indicators and analysis of results from different methods (ETF, 2019e).

FIGURE 7: OCCUPATIONAL MISMATCH: MEDIUM LEVEL (2016), UPPER OR POST-SECONDARY EDUCATION GRADUATES WORKING IN LOW-SKILLED JOBS (ISCO - GROUP 9), %



Source: ETF, 2019e

FIGURE 8: OCCUPATIONAL MISMATCH: HIGH LEVEL (2016), TERTIARY EDUCATION GRADUATES WORKING IN SEMI-SKILLED JOBS (ISCO GROUPS 4–9), %



Source: ETF, 2019e

VET programmes can be effective in developing skills and ensuring a smooth and successful transition to the labour market. In all countries for which there is data available, employment rates tend to be higher among young adults who graduated from vocational training than among those who pursued an upper secondary general programme as their highest level of education attainment (according to available data disaggregated by VET and non-VET stemming from labour force surveys or transition and tracer studies). This is positive, especially in countries where large proportions of upper secondary students follow vocational programmes (ETF, 2018a). In countries where VET and non-VET disaggregated data is available (see figure A6 in Annex), the employment gap between the VET upper secondary and tertiary graduates further narrowed in 2018, ranging from only 8 pp in Serbia to 12 pp in Montenegro, indicating, once again, that graduates from vocational programmes are highly employable nowadays in these countries.

Insufficient matching and adaptability to the newer skills demand

The relevance of skills that people possess for the labour market and the economy remains problematic. Regular employer surveys or vacancy monitoring report shortages for skills and qualifications related to VET-specific occupations in manufacturing and service sectors. Among tertiary graduates, skills gaps are reported for analytical and problem-solving skills, adaptability and decision-making skills (EC, 2016). Companies complain about the insufficient capacity of secondary and tertiary education to equip graduates with practical skills. Countries promote dual education, internships and other forms of work-based learning and such initiatives seem to impact positively on the employment prospects of graduates. VET can equip learners with a wider array of key competences (digital, entrepreneurship, multilingual or social competences) as these types of competences are crucial in changing labour, technological and social contexts.

Many adults who currently have no further opportunity to participate in training are trapped in low-skilled jobs, with a negative impact on their adaptability to newer skill sets required by the changing economy and labour markets. Increasing access to training should not be pursued in purely quantitative terms: the content and focus of skills should also match future labour market contexts.

Upskilling through training remains rather limited and adults are often unlikely to participate in further training, with negative consequences for their careers. Insufficient opportunities for skills upgrading and incentives for continuing training score high among the trigger factors of unemployment, subsistence employment or informality. Uneven availability of LLL and employment opportunities remains a challenge in the region. Also, limited employment opportunities or insufficient attractiveness of jobs available inhibit participation in upgrading/reskilling programmes to some extent.

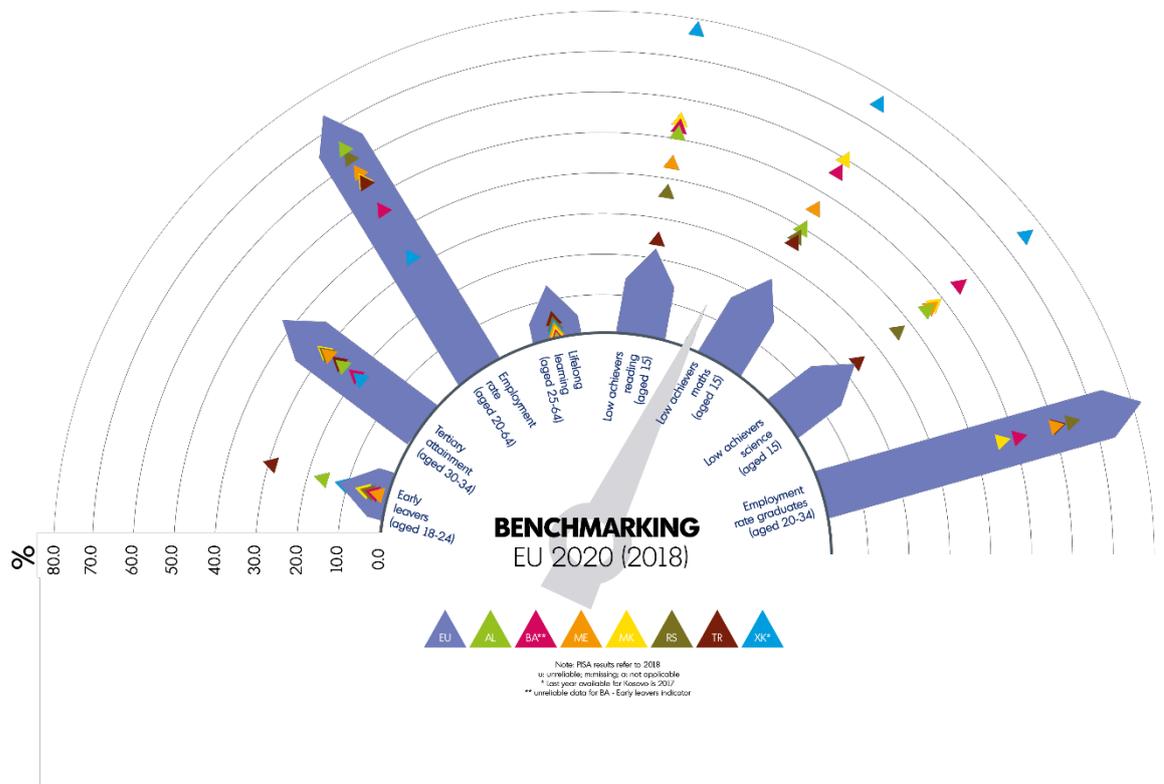
During the reporting period, participation in LLL remained low, as reported through labour force surveys (see the graph in section 3.2.). Another source to explore more detailed patterns of adults' participation in education and training is the Adult Education Survey (AES). The last round was carried out in 2016 and included Albania, Bosnia and Herzegovina, North Macedonia, Serbia and Turkey. The AES covers participation in formal, non-formal and informal learning for adults aged 25 to 64. By type of learning, informal adult learning accounts for training for about 33% of adults in Turkey but 90% in Serbia. Younger adults participate more in training compared to older people: for those aged 25 to 34, the figure goes from 17% in Albania to 29% in Serbia, whereas for adults aged 55 to 64, participation is less than 7% in all countries. In all countries, lower-educated adults engage less with learning (only 1% in Bosnia and Herzegovina and North Macedonia), whereas tertiary (university-type) graduates are most likely to learn throughout their life (from 31% of adults in Bosnia and Herzegovina to 49% in Turkey). The main obstacles to participation in adult learning are related to family responsibilities and the costs of training. Unemployed and inactive adults engage much less than employed adults (some 10% versus 30%). People living in cities are more engaged with learning compared to those living in rural areas (ETF, 2019f).

All these worrying aspects reveal the insufficient opportunities to secure or maintain adaptability of the workforce to newer or evolving skills demands, affecting companies' performance and overall capacity of economies to innovate, raise competitiveness and move towards value added and more sophisticated and knowledge-based sectors.

3.2 EU and SEET benchmarking

As part of the EU enlargement region, the pan-European coordination of policies through mutual learning, joint actions and follow-up of commonly agreed indicators are relevant for the countries in the SEET region. In this sub-section, we analyse the performance of countries in SEET against selected key indicators, i.e. benchmarks or targets, used by the EU to monitor Member States' progression in education, employment and social inclusion. To a great extent, the analysis reconfirms the above findings about key challenges in the development of human capital and utilisation of its full potential in the economy and society.

Overall, the countries in SEET are improving their position against key EU education and employment benchmarks, i.e. selected targets of the Europe 2020 Strategy and Education and Training 2020 Programme. In some cases, these countries are progressing towards 2020 targets at a faster pace compared to EU averages, showing stronger performance and narrowing the gaps in employment and education.



Note: PISA results (Low achievers Reading) refers to 2015

u: unreliable; m: missing; a: not applicable

* Last year available for Kosovo is 2017

** unreliable data for BA - Early leavers indicator

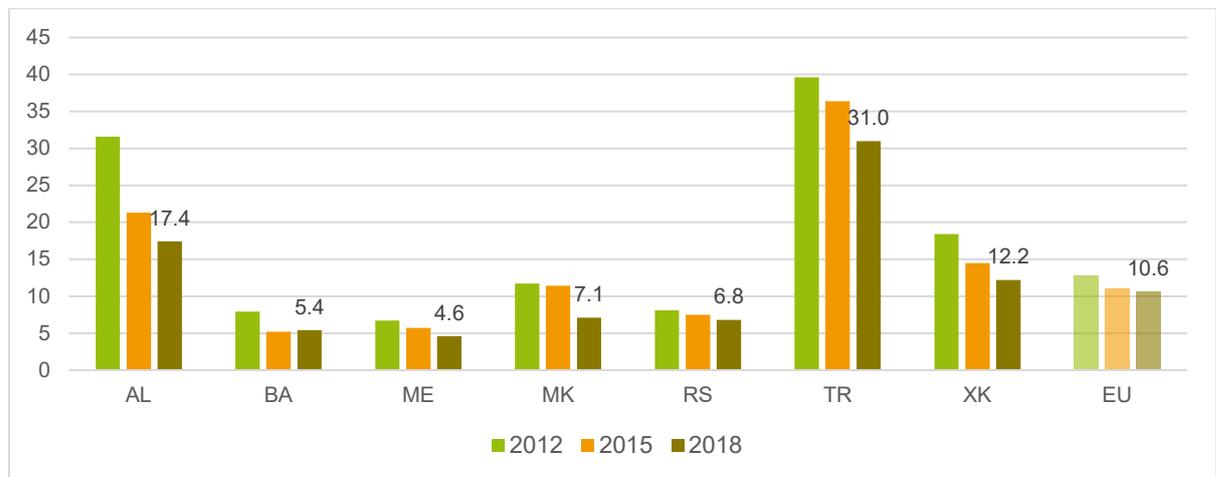
One should acknowledge the extremely different starting points across the countries in relation to the socio-economic background and resources available to address the challenges. This is particularly reflected in education performance indicators such as PISA results and participation in LLL. For

reasons of data comparability⁵, the data analysis below takes three points in time – 2012, 2015 and 2018 (or last year available) – to showcase the trends for all benchmarks.

Early school leavers

Five countries score under or close to the EU average of early school leavers. Even though Albania and Turkey still face a high incidence of early school leavers, to some extent linked to the urban–rural divide, the progress over the last seven years has been outstanding. While this is a welcome trend, countries could pay more attention to the assessment of pupils’ performance over various education cycles and address the underperforming cases, as revealed by PISA scoring, to make sure all students acquire the expected level of knowledge and skills corresponding to each level of education.

FIGURE 9: EARLY SCHOOL LEAVERS (% AGED 18–24)



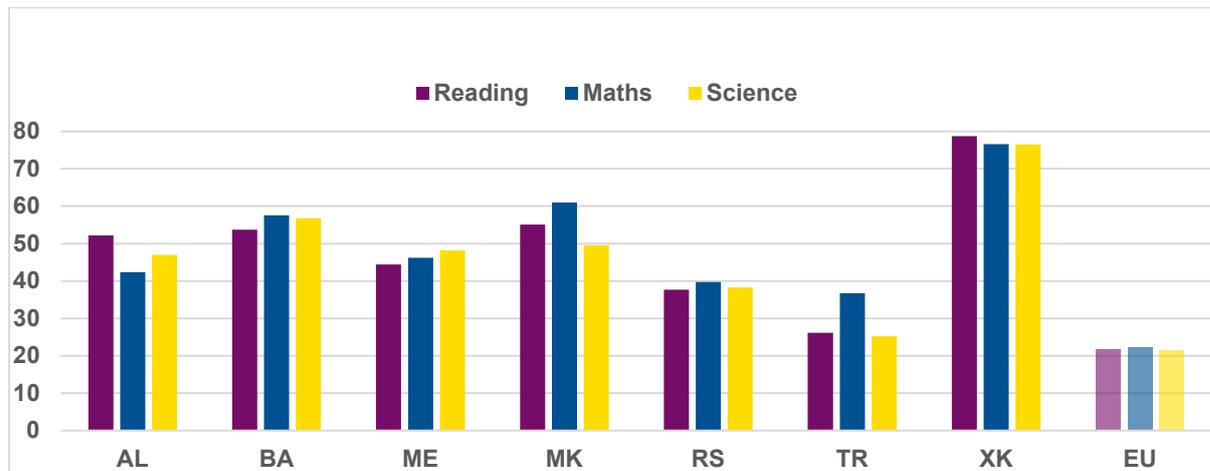
Source: National Statistical Offices and Eurostat (ETF database). Notes: 2017 for Kosovo.

Underachievement in education

Countries in SEET lag behind achievement levels in education as measured by PISA. Not all these countries have engaged in all PISA rounds since 2012, and therefore a straightforward comparison across years is somewhat limited. Last PISA round (2018) reveals limited progress and even worsening trends in all Western Balkans countries, with around 37% to 78% of 15-year-olds underperforming in reading, maths and science. Average performance of EU Member States has also declined in 2018 compared to 2015. Turkey has made the strongest strides in reducing the incidence of underachievement (strongest progress in science), followed by North Macedonia (strongest improvement in reading). Kosovo* stands at the opposite with staggering proportions of 15 year olds underperforming in reading (78.7%), math (76.6%) and science (76.5%). Countries should continue addressing the stringent quality and inclusiveness aspects at lower stages of education. This also calls for special attention and resourcing of upper levels of education, including VET, which need to address the educational gaps accumulated at lower stages while delivering skills and competences specific to upper levels of education and prepare students for the world of work.

⁵ In many countries, data from 2010/2011 is not fully comparable to that collated after 2012 due to methodological changes and the effects of census results.

FIGURE 10: UNDERACHIEVEMENT IN READING, MATHS AND SCIENCE (2018) (% OF 15-YEAR-OLDS)



Source: Organisation for Economic Co-operation and Development, PISA. Notes: * 2012.

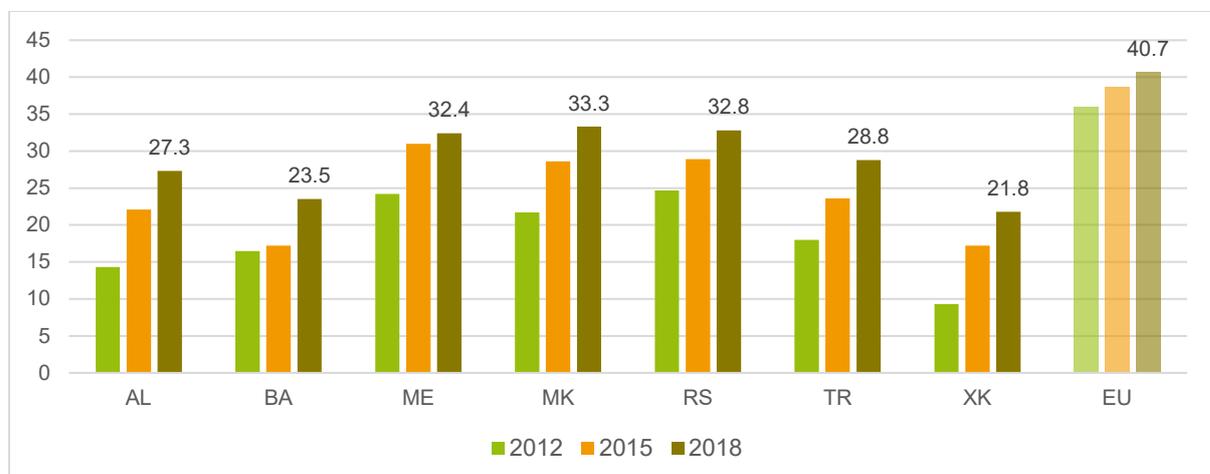
Explanatory note: The share of 15 year-olds failing to reach level 2 in the OECD's PISA for reading, mathematics and science

Tertiary education attainment

The proportion of people with a tertiary education has increased over the last decade in the SEET region, like in many other EU Member States. One third of people aged 30 to 34 now hold a tertiary degree in almost all countries in SEET. With increases ranging from 7 to over 12 pp, SEET outperforms the EU average increases (only 4.7 pp higher in 2018 compared to 2012).

While this is welcome and highlights the overall improvement in education attainment across countries, the positive trend has not been accompanied by strong labour demand in occupational profiles specific for university graduates. For this reason (and many others), the mismatch indicators show that significant proportions of university graduates work in jobs below their qualification level. Also, university enrolment is rather limited in future-proofed subjects such as science, technology, engineering and mathematics.

FIGURE 11: TERTIARY EDUCATION ATTAINMENT (% AGED 30–34)



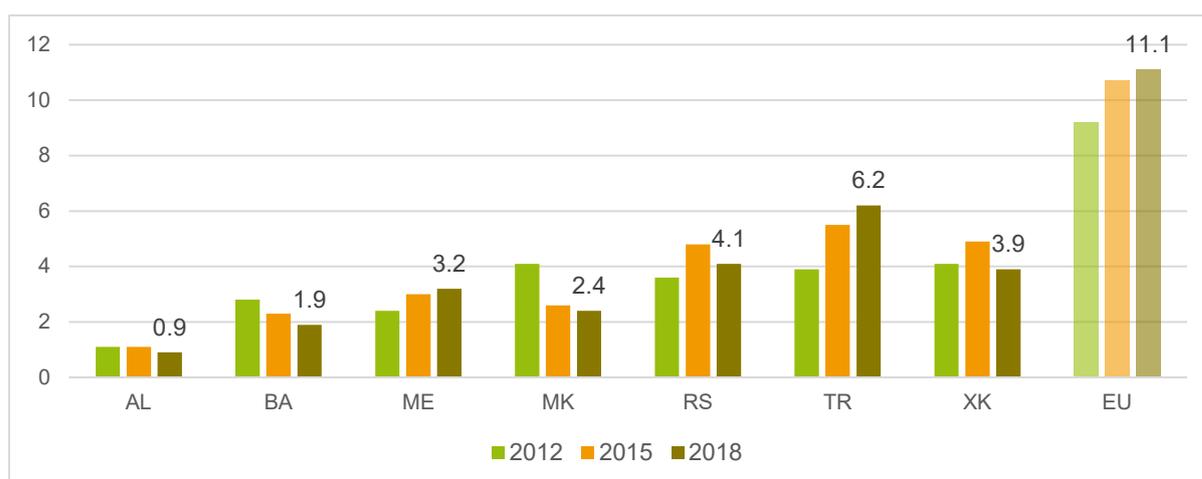
Source: National Statistical Offices and Eurostat (ETF database). Notes: 2017 for Kosovo.

Adult participation in education and training

As in the case of education outcomes related to foundation-level skills (PISA), the countries in SEET lag significantly behind the EU average in participation levels in LLL. Turkey registered the biggest increase in LLL participation, but a worrying signal is the decreasing trend of this indicator in the Western Balkans countries (2015 vs 2018 comparison).

To some extent, participation in adult education and training is influenced by the structure of the economy (i.e. relatively small proportions of knowledge-intensive sectors or sectors requiring continuous update of skills), the overall rate of employment and its distribution, including incidence of informal work, and limited public and private resources available to invest in workforce skills development. Lower levels of adults participating in education and training are typically seen in countries featuring economic characteristics as described above, including most of the eastern and southern EU Member States and SEET. Also, data shows that better-educated people living in urban areas and those employed tend to benefit extensively from LLL opportunities. Countries need to raise participation in LLL and also address the quality and inclusiveness aspects.

FIGURE 12: PARTICIPATION IN EDUCATION AND TRAINING (% AGED 25–64)



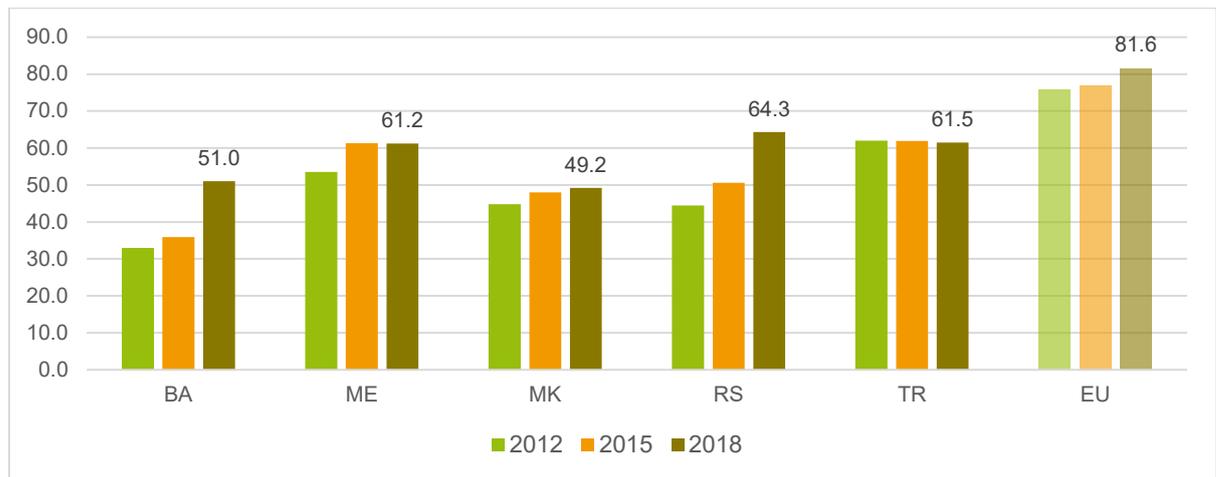
Source: National Statistical Offices and Eurostat (ETF KIESE database). Notes: 2017 for Kosovo.

Employment rate of recent graduates

The employment rate of recent graduates (ERG) – an important benchmark for measuring education outcomes – is showing slight improvements, against the backdrop of a very challenging transition from school to work for young people. Countries in SEET have constantly improved in this regard, reaching employment rates of 50% to 60%, though this is still well behind the EU average of over 80% in 2018. Data should be interpreted carefully. Indeed, it reflects an improving situation for young people but the ERG takes into account young people who completed upper secondary and tertiary levels of education (ISCED 3–8) one to three years before the survey (i.e. Labour Force Survey). ISCED 3–8 graduates typically enjoy better employment prospects. Young people failing to complete a minimum level of education (ISCED 3) or who experience longer spells of job-seeking after graduation remain overrepresented in unemployment and inactivity statistics.

Data on the ERG benchmark is missing in some countries or is not disaggregated by VET and non-VET graduates when measuring the labour market entry of ISCED 3–4 graduates (see figure A6 in the Annex). It is advisable to address the remaining data gaps as the ERG provides crucial input into policymaking, in particular for setting the enrolment policies and designing career guidance, internships, start-up schemes and other accompanying measures to help young graduates get employed.

FIGURE 13: EMPLOYMENT RATE OF RECENT GRADUATES (% AGED 20–34)



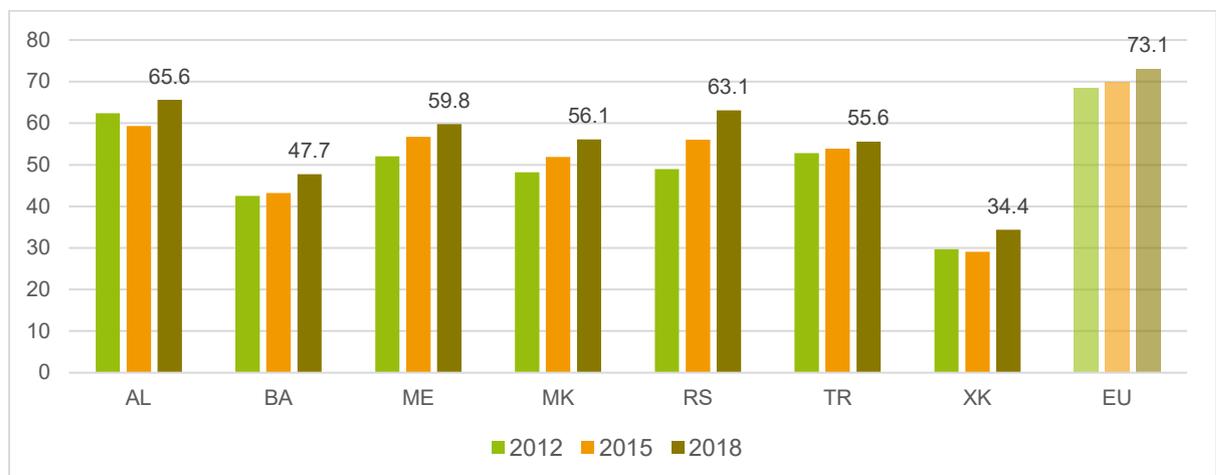
Source: National Statistical Offices and Eurostat (ETF KIESE database).

Notes: no data available for Albania and Kosovo.

Overall employment rate

The employment level of those aged 20 to 64 is improving at various speeds but constantly in SEET. All countries in SEET have shown a strong positive employment rate since 2015 although the starting points and current levels are indeed far from EU averages. Albania and Serbia are closest to the EU average and are close to or outperformed EU Member States like Greece, Italy, Croatia and Spain. Although the 2015 to 2018 increases are quite significant in the remaining countries, a major drawback is the level of employment for women, in particular in Kosovo and Turkey.

FIGURE 14: EMPLOYMENT RATE (% AGED 20–64)



Source: National Statistical Offices and Eurostat (ETF database). Notes: 2017 for Kosovo.

Poverty and social exclusion

Social goals feature prominently in EU benchmarking. The Europe 2020 specific target of lifting at least 20 million people out of risk of poverty and social exclusion⁶ reflects the commitment to tangibly improving well-being and inclusion of European citizens in the aftermath of the 2008–2010 economic crisis. Beyond economic shocks, key determinants of poverty are lower education attainment, irrelevant skills and joblessness. It is also a sign of difficult economic transition in central, eastern and south eastern European countries (EU and non-EU members).

Education and training policies need to take into account the incidence of social risks but cross-country comparable data is limited. An indication of people exposed to poverty or the risk of social exclusion, as per Europe 2020 target's definition, is currently only available for three countries in SEET: North Macedonia, Serbia and Turkey (Eurostat). The gap is still wide between the EU average percentage of people at risk of poverty or social exclusion (22.4% in 2017) and the three countries with available figures, ranging from 36.7% in Serbia to 41.6% North Macedonia and 41.3% in Turkey. However, the countries for which data is available have made great strides since 2013 and reduced the poverty incidence by 10 pp in Turkey and around 6 pp in North Macedonia and Serbia.

4. VET POLICY RESPONSES: ACHIEVEMENTS AND CHALLENGES

The analysis of human capital challenges shows that education attainment levels have improved over time, yet this does not necessarily ensure the quality and relevance of skills or an increased adaptability in the future workforce. This is partly linked to the very dynamic socio-economic realities in the SEET region, in particular the sectoral shifts in labour demand, the downsizing of underperforming/obsolete economic units, the rising use of new technologies, changing trade and investment opportunities, and demographic change, including a strong propensity towards emigration, particularly among the young and skilled workforce. But it is also due to the capacity of the education and training system to adapt to the changing needs of the economies and individuals. This chapter focuses on the major strides countries in SEET have made since the last Torino Process (2016–2017) in making skills development processes, particularly VET, better fit the economy and learners' needs in the overall socio-demographic and labour market context.

Over the last decade, the governments of SEET have concentrated on and made progress in modernising VET, higher education and their labour markets with substantial support from the EU and the international community. However, real change in the delivery of education and training needs to be pursued at a far faster pace. The timeline on pages 32 and 33 captures the main challenges and priorities in VET as reflected by the five Torino Process rounds.

⁶ This indicator corresponds to the sum of persons who are at risk of poverty or severely materially deprived or living in households with very low work intensity (Eurostat).

The Torino Process 2018–20 takes stock of VET developments in the wider context of LLL, employment and social inclusiveness, from 2016/17 until mid-2019. When analysing the reform priorities, a continuation of objectives and interventions that started years ago can be noted (depending on the timeline of each country's relevant strategies). The common denominator is making education more relevant to the needs of learners, economies and societies. As in the EU, most countries in SEET are coming to the end of their strategic cycles, with 2020 being the final year in many VET, skills and employment-related strategies. This is the same for human resource development actions funded through IPA.

The shared aims of VET and overall skills development reforms at both country and regional levels centre on the following aspirations: (a) improve education monitoring and skills intelligence; (b) modernise VET provision (in collaboration with the business sector to better match labour market needs and secure forward-looking VET delivery); (c) ensure access to learning opportunities and make skills visible for all (flexible and inclusive learning pathways). In addition to these specific strands covering various components of VET systems, a number of elements that play a rather transversal role are also discussed at the end of this chapter, namely quality assurance, governance and financing.

A summary of the main progress made is presented below, although developments differ from country to country.

4.1 Improving education monitoring and skills intelligence

Since the last Torino Process cycle, countries in the region have continued to build their education, skills and labour market information systems in order to gather relevant and timely information on skills supply and demand, make the right decisions in education and inform learners and workers about their skills and job prospects. Tracking graduates into the labour market continued in a number of countries. Such instruments are essential for quality assurance in education. A particular priority is the expansion and refinement of education information management systems and their interconnection with other administrative sources (employment, social security, tax). Still, countries in SEET rely on rather short-term trends in demand and supply when planning education. Longer-term skills projections are not yet consistently implemented, despite encouraging IPA-supported initiatives being introduced some years ago.

Monitoring of education outcomes

Progress has been made in monitoring and evaluating education outcomes and skills deployment through consolidation of education management information systems and an expanded set of indicators and data sources, such as graduate tracking, participation in international evaluation programmes (e.g. PISA and Trends in International Mathematics and Science Study (TIMSS)), or trials to interconnect various administrative data sources to ensure timely data input into education policy planning.

Despite overall efforts, some challenges remain in the area of monitoring key performance indicators in VET, such as completion and graduation rates, graduates' placement rates, participation of pupils/students in work-based learning, participation of teachers in continuing professional development programmes, and expenditure disaggregated by programme orientation. Some countries still have to fully embed the latest version of ISCED into regular statistical surveys, such as labour force surveys. This limits the availability of fully comparable data across countries or the ability to distinguish between VET and non-VET dimensions that may prove essential in measuring the demand and supply of skills in the region.

Several countries have made progress with institutionalising VET graduate tracking, for example Albania, Montenegro and Turkey (ETF, 2018b). North Macedonia has piloted a national tracer study but this is still to be upscaled and implemented on a regular basis. With ETF support, Kosovo has recently piloted a tracer study in around one third of its vocational schools and it is expected to upscale the tracer studies with future IPA-supported projects.

Monitoring demand and building up skills intelligence

When it comes to the skills demand, SEET need to engage more regularly in medium- to long-term skills needs projections. All countries have labour market information systems in place but with varied degrees of sophistication. Monitoring short-term vacancies still provides the strongest input into education policy planning and hence limits the projection horizon and overlooks the longer-term relevance of skills. Capturing the skills demand of micro and small companies is very costly and therefore analytics and research focusing on this side of the economy are rather ad hoc in nature. Connecting up and being able to interrogate various sources of administrative data (e.g. education, tax, employment/unemployment rates and social benefits) may provide an affordable means to look at demand and supply aspects. All countries are exploring such solutions. The potential of big data could be explored in future as rapid changes in jobs and occupational profiles of different sectors limit the usefulness of classic research methods.

Institutional capacity for developing and sharing information on skills needs, i.e. skills intelligence, should be reinforced in most countries as roles and responsibilities are scattered across different institutions and inter-institutional collaboration is sometimes inadequate. Countries are striving to develop skills observatory functions as platforms to generate, exchange and disseminate information on education, skills and occupational trends.

In North Macedonia, the 2018–2025 Education Strategy includes a wide range of actions focused on raising the quality of education through better tracking of labour market outcomes of graduates (regular tracer studies), further development of the Skills Observatory, and consolidation of the links between education programmes and the demands of economic sectors. The Ministry of Labour and Social Protection is also working on helping young people to make better career choices. A set of occupational outlooks are under development (to reach around 65 by 2020) and will provide learners, jobseekers and workers with information on employment and wage prospects, working conditions, and descriptions of tasks and skills of the most in-demand occupations in the country.



Reforms at **incipiente** stage; limited impact on vocational training quality and delivery



Vocational training placed within **lifelong learning**



Equitable access and participation

Insufficient labour market relevance



2010

2012

2013



Developing policy **vision;** building capacities

Progress with internal quality



No full integration with **economic and social policies**

Vocational educating and training receiving more policy attention



2014

2016-17

2018-20



Need for systematic
monitoring
and
evaluation



Vocational
education
and training
within overall
human capital
development
policy



Focus on
work-based
learning



Internal and
external
efficiency
prioritized



Prepare for
the future
while closing
the gaps

Career guidance and orientation

Labour market and skills intelligence initiatives should feature stronger ties to career orientation and guidance to ensure that updates on skills and in-demand occupations reach current and future learners, parents, jobseekers and the general public. The provision of career guidance and orientation in schools is prioritised in strategies, but in many countries no consistent information is available on the provision and performance of career guidance services, e.g. how many pupils and students have benefited from such services or how education and career decisions are made. Countries need to boost the provision of career guidance and counselling in school in a more consistent way.

Job and career information services are also provided outside school as part of what the employment services offer. Most unemployed people receive career counselling as part of basic job-matching services. While for regular jobseekers this is sufficient, more intensive and tailored counselling is needed for the more vulnerable in society, such as young jobseekers and the long-term unemployed. Public employment services in the region are testing cooperation agreements with non-public actors, such as non-government organisations or local stakeholders, to reach and service these groups better. Such initiatives should be upscaled in future.

In Turkey, the Ministry of National Education included in the 2023 Education Vision the objective of making the vocational guidance system fit to enable students to choose professions in line with their skills, interests and abilities. The overall career guidance services will be structured to enable children at all levels to have access to specific career information support, such as to create a career profile, learn about jobs and professions, and link career development to a student's e-portfolio. The reform includes changes in the role of career counsellors (to respond better to specific learners' needs) and developing specific tools for measuring talent, interests, professional values, personality, etc. As the career system requires properly trained staff, professional development of career counsellors will be supported through postgraduate education, certificates and similar training at national and international levels (Torino Process (TRP) Turkey report, 2019).

4.2 Modernising VET provision

Since the last Torino Process, countries have boosted efforts to mainstream dual education in their VET systems, increase practical learning and enhance school-to-work transition schemes such as internships and apprenticeships. Exposure to the EU initiative of the European Alliance for Apprenticeships has encouraged the countries to engage more companies in providing on-the-job learning opportunities. Changes in the labour market call for embedding key competences such as digital and entrepreneurial skills into learning programmes. Countries are prioritising digital skills mainly as transversal competence. A further avenue would be to reflect in existing VET learning programmes the impact of digitalisation on various occupational areas. While countries prioritised teachers' participation in general continuous development programmes, more should be done to increase participation in specialised training in the subjects they teach. The teaching staff in VET schools in the region is ageing. Increasing rates of younger entrants into the teaching workforce is recommended, as well as boosting specialised continuous professional development to secure quality teaching, adapted to changing skills needs.

Enhance school–business cooperation, dual education and practical learning in education programmes

Employers complain about the lack of relevant skills of newly hired/graduates, in particular insufficient practical skills. To some extent, this is due to outdated curricula and teaching and weak collaboration between schools and the business sector. Countries are trying to address such shortcomings through dual education initiatives, postgraduate internships and traineeship schemes.

Countries are highly aware of the importance of work-based learning for equipping young people with skills that are relevant to the labour market but also facilitating the transition from school to work. As part of the EU cooperation process in VET (i.e. Copenhagen/Bruges/Riga), all candidate countries have identified work-based learning as a priority for policy development and implementation, and follow-up actions have been set in place.

In 2017, Serbia started to implement a dual education system as a new education model in secondary vocational education that combines school teaching with work-based learning in companies. Students acquire skills and competences in line with qualification standards and the relevant curriculum. The governance model of dual education relies on joint steering of the process by the Ministry of Education, Science and Technology Development and the Chamber of Commerce and Industry of Serbia, an excellent example of close cooperation between the education system and the business sector. Data on the 2018/19 school year shows a number of 32 dual profiles which are being offered in 84 schools, accounting for 23% of all vocational schools (TRP Serbia report, 2019).

In Montenegro, since 2017, the Ministry of Education, in cooperation with the Chamber of Economy, has been encouraging dual education, which is currently implemented in three-year VET programmes, whereby students spend one day per week in a company in the first year, two days in the second year and three in the third year. The Ministry of Education subsidises the pay of the students during the first two years, while employers have to cover the third year. In school year 2018/19, 579 students attended a dual form of education at 189 companies from 26 schools and 18 municipalities. A review of this first experience is planned for 2019 to inform the next phase (TRP Montenegro report, 2019).

Incentivising companies to provide work-based learning arrangements for vocational students, in particular young persons under the age of 18, remains a major challenge in the region. Accepting and hosting under-aged and inexperienced individuals in companies, mainly small enterprises, requires burdensome administrative procedures and associated costs (human, material and financial).

Albania is prioritising the introduction of work-based learning in VET and is boosting cooperation between schools and the business sector. A new secondary legal act regulates the participation of business representatives on school boards. In addition, a draft sublegal act defines the roles, functions and competence profile of school–business liaison staff. A number of donor-supported pilot initiatives (e.g. with support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and SwissContact) are helping vocational institutions to build staff capacity and enhance cooperation with companies to provide increased opportunities for practical learning and internships. A regulation on work-based learning has also been drafted (TRP Albania report, 2019).

Countries are testing or mainstreaming on-the-job training through apprenticeships, internships and in-company training in secondary and higher education. Candidate countries are participating in the European Alliance for Apprenticeships. Such engagement in European partnerships can lead to increased innovation and scope of apprenticeship delivery.

Internship schemes and employment subsidising for graduates continues in a number of countries. Nevertheless, there is still some way to go to develop quality assured apprenticeships and other types of work-based learning with a wide involvement of employers as an integral part of skills development for young people (and others). The coverage of such schemes supporting the transition from school to work remains limited, and appears to give higher priority to those with higher education attainment. Good cooperation between schools and companies is an essential ingredient of successful school-to-work transition for VET graduates.

Kosovo implements a model of 'practice firms' (virtual companies) to provide students with job-related skills and improve practical training in vocational schools. Virtual companies mirror the profile of real companies, their organisational structure, products and services. The Ministry of Education, Science and Technology has organised a Service Centre for Practice Firms, which provides advice to teachers and students and monitors around 130 virtual companies. Donor support ended some years ago but the practice continues, which demonstrates commitment and sustainability. Students use work procedures and best practice applicable in the Kosovo business community. There are examples of graduates who are now running successful businesses thanks to the experience they gained in virtual companies during their VET studies (TRP Kosovo report, 2019).

Turkey has continued its model of school–business cooperation for adapting VET provision to industry needs. Over recent years, the number of private vocational and technical high schools in the Organised Industrial Zones (OIZs) has increased. Sectors are fully involved in designing, planning and delivering VET, leading to better employability of graduates. To reflect innovation and technological change in education, specific cooperation protocols have been concluded with techno-cities and techno-parks. As of academic year 2016/17, the Government of Turkey extended such school–business cooperation models outside the OIZs. A specific incentive is granted (education and training support) to students enrolled in private vocational and technical education schools inside and outside OIZs. Almost 55 000 students benefited from such support in academic year 2018/19 (TRP Turkey report, 2019).

Reinforcing key competences in VET

Another requirement for VET to match future needs is to equip vocational students with broader skills that will improve their employability and adaptability in changing labour markets. Countries actively promote key competences in VET, using curricula as the main tool for this. Given the PISA results and the national Matura exams of vocational graduates, more attention is required in relation to the translation of the key competences into VET curricula design and the capacity development of teachers and school management actions. Furthermore, the acquisition of key competences is not monitored in a comprehensive and systematic manner. As regards entrepreneurship, the most recent Small Business Act assessment in the region underlines that the readiness and capacity of teachers and schools to accommodate an entrepreneurial ethos and practice is a challenge. More work is still needed to build an understanding that entrepreneurial education goes beyond business competences.

Countries are moving towards internalising digitalisation into the access and delivery of education and training in a LLL context. We note two reform priorities: building up digital skills as a transversal competence (starting early and across the entire course of education) and developing ICT-related education programmes (linked to specific ICT professions or to reflect the impact of digitalisation on professions and sectors in general) to support a shift towards a digital economy.

For example, in Bosnia and Herzegovina, in 2018, the education authorities created a priorities paper to bring forward entrepreneurship and digital competences. The paper specifically borrows from the European Entrepreneurship Competence Framework (EntreComp) and the European Digital Competence Framework (DigComp). A common core curriculum that includes both competences already provides a head-start for pedagogic institutes to determine how teaching and learning, including school–business cooperation, can be adapted to ensure that young people are better prepared for a more entrepreneurial and digital economy (TRP Bosnia and Herzegovina report, 2019).

Challenges ahead in the region are as follows: (a) many education units do not have stable broadband internet or up-to-date IT equipment; (b) there are questions over the readiness of teaching staff to embrace digital education content and delivery modalities; and (c) there is insufficient education content fit for digital delivery formats in national languages.

In line with the EU Digital Agenda for the Western Balkans, the Joint Research Centre of the European Commission (JRC) and the ETF support schools in the Western Balkans to self-assess their digital readiness through the so-called 'SELFIE' tool (ETF, 2018c). The aim is to support the innovative use of digital resources and technologies in teaching, learning and assessment in primary and secondary education, including vocational schools, and support the development of digital competences among learners. The results of the self-reflection process can help schools to assess their digital progress and, through anonymous aggregate data, can inform policymakers in the process of modernisation of education and training systems. A SELFIE pilot was implemented in May 2019 in a set of primary and secondary schools from Montenegro, North Macedonia and Kosovo, with a plan to proceed in Albania and Bosnia and Herzegovina in October 2019, thus covering all the Western Balkan region (Serbia has been on-board since 2017). The pilot will inform relevant ministries on the validity of the SELFIE tool in specific country contexts, and ETF/JRC will support eventual scale-up and integration in national education and training systems.

In addition, in 2019, ETF will conclude a stocktake exercise of collecting progress updates in digital skills and learning in VET in all the Western Balkans countries, including good practice examples in initial and continuing VET. The stocktaking will result in a series of country factsheets featuring the main progress and illustrative practices⁷.

Beyond changes in education delivery, e.g. teaching methods and tools, the impact of digitalisation and automation is felt at the level of industries and occupations. As the pace and intensity of change differ across countries, sectors and occupational areas, there is a need to explore more closely in what way the skills demand is changing.

In Turkey, assessing the impact of Industry 4.0 on the skills demand, VET programmes and qualifications has become a priority. The Turkish Qualification Authority, in close collaboration with social partners (members of sectoral committees), analysed the automation and digitalisation-driven changes to occupations. A number of key occupational areas or specific occupations have been identified as being most exposed to technological advancement. The occupations belong to sectors ranging from manufacturing to energy, construction and transport. Such changes require a revision of occupational and qualification standards and adaptation of the educational offering. A number of ICT-related professions are expected to arise as well as increasing demand in initial and continuous training places. As all over the world, the technological advancement will lead to larger proportions of

⁷ For example, the Montenegro factsheet: <https://www.etf.europa.eu/en/publications-and-resources/publications/digital-skills-and-online-learning-montenegro>

workers with obsolete skills or whose qualifications are not required in the future labour market. A 2017 research paper by the Economic Policy Research Foundation of Turkey (TEPAV) revealed that around 60% of current jobs in Turkey are at risk of automation (Nas Özen, 2017). Office staff, unqualified agricultural workers and sales service workers are at particular risk.

Artificial intelligence, robotics and other technological advancements and transformations that are already happening in certain economic activities call for a sound reflection on VET and the overall LLL system. They also call for improved matching services (counselling, job orientation, retraining) for current workers and jobseekers to make them fit for the changing nature of work and required skill sets.

Improving the teacher workforce

The participation of teachers and trainers in continuous professional development programmes is essential to ensuring the education system's adaptability to changing labour or learner requirements. The ETF report on continuing professional development of vocational teachers and trainers in the Western Balkans and Turkey (ETF, 2018d) shows that 66% of vocational teachers participated in some kind of in-service training (e.g. conferences and seminars, observation visits to other schools, training in companies) over the past 12 months at the time of survey. However, only around 38% attended continuing professional development that addressed their vocational specialisation. Teachers were most likely to report unmet training needs in relation to special needs education, multicultural education, cross-occupational competences, new technologies and careers teaching. Also, it seems most teachers in the Western Balkans enjoy very few opportunities to visit companies/actual workplaces relevant for the vocational fields they teach, thus limiting their chances to keep abreast with technological and occupational changes.

In summary⁸, all SEET countries pushed forward new strategic priorities or actions aimed at improving the quality and availability of pre- and in-service training for VET teachers. For example, in the new Comprehensive Education Strategy covering the period 2018-2025, North Macedonia looks more systematically at the issue of teaching quality, in particular the challenge of raising VET teachers' knowledge of modern technologies and improving school principals' management competences. Policy reforms will entail introduction of a system for teachers' professional development and career advancement, improving the licensing system of VET school principals and establishing support service profiles/specialists in VET schools, e.g. IT administrator, career guidance specialist, etc. In Turkey, as per strategic and legal documents, teachers' training is organised in both classical and distance training formats. Turkey developed a School Based Professional Development Model to support personal and professional development of teachers. The model comprises a number of processes leading to development of professional knowledge, skills, values and attitudes of teachers and support teachers in creating effective learning and teaching environments. Bosnia and Herzegovina advanced in the field of setting relevant standards for teachers' training programmes. With ETF support, the Agency for Pre-primary, Primary and Secondary Education developed a set of Guidelines for Development of Standards for the Accreditation of Training Programmes for VET Teachers in Bosnia and Herzegovina. EU initiatives, such as the Electronic Platform for Adult Learning in Europe funded by the Erasmus+ programme, supported Montenegro to assess the education needs for professional development of teachers in vocational schools and adult education providers. The research done in Montenegro revealed major priority areas for training and led to the development of a

⁸ Information retrieved from SEET countries TRP reports, 2019

training plan for teachers. To implement the dual education reform, Serbia issued new regulations and procedures for the training of in-company instructors and their licencing. Serbia's Institute for Improvement of Education developed a specific training programme for instructors covering all areas of organisation and evaluation of work based learning. Another measure Serbia implemented to raise the quality of VET schools, including teaching and learning, was to stimulate training, exchange of expertise and networking amongst VET schools. 11 VET schools with top performances in various fields of education acted as resource centres for the other schools. In Albania, the number of teachers and trainers participating in in-service professional development has constantly increased; also the average duration of in-service training participation has gone up; the same for continuous professional development involving business and observation in other schools.

The above examples are of course not exhaustive but reveal a conjugated effort to support continuous professional development and improvement of teaching workforce through standards' setting, training or practical experience programmes, often done in cooperation with the private sector. What countries often mention in their TRP reporting is a need to further search for adequate incentives to boost teachers' participation in continuous professional development. This would not only entail more opportunities to attend in-service training, but also mechanisms to reward participation and enhanced performance. Quite often, better performance in teaching does not translate in better career prospective and advancement or financial compensations/bonuses.

At the same time, the teaching staff in VET schools in the region is ageing. Limited career prospects, relatively low status and tight fiscal conditions in the public sector deter younger entrants, particularly graduates of science, technology, engineering and mathematics subjects. This is certainly a policy area in which countries have more work to do.

4.3 Ensuring access to learning opportunities and making skills visible for all

Since 2016, SEET have established or continued to consolidate their national qualifications frameworks with the principle of strongly embedded social partnerships. However, the continuous development or updating of qualifications has been strongly dependent on external support, except for in Turkey. Trusted systems for validation of non-formal and informal learning are essential to a brand new world of work which will be based more and more on dynamic learning pathways, labour relations and work experience. Turkey already has advanced legislation and institutional set-up for validation of non-formal and informal learning (VNFIL). Several Western Balkans countries have also started or tested the potential VNFIL but the systems are yet to be fully upscaled.

Skills transparency and relevance

Countries' efforts to modernise their education offering focus on skills transparency and relevance and help mutual recognition in the region and EU-wide. National qualifications frameworks have been established over the last decade in all countries, building on social partner involvement (e.g. sector skills councils). Standard descriptions of occupations and qualifications have helped countries to start moving towards curricula based on learning outcomes and consistent assessment of education and

skills acquisition. Although the essential components of qualification systems are in place, the implementation and sustainability of updates of qualifications is challenging in all countries, and as such, updates are mainly done with EU/donor support. This hints at the limited capacity of public institutions and social partner organisations to engage regularly in qualifications framework development.

In Serbia, the adoption of the National Qualifications Framework Law in April 2018 was a long expected and important step towards a more relevant qualification and education system. With the establishment of the Council of National Qualification Framework of Serbia as an advisory body in the field of LLL, employment and career guidance and the establishment of the Qualification Agency, the first steps have been taken to ensure the implementation of the National Qualification Framework. With EU support, Serbia is continuing to work on the establishment of sector skills councils. It will start the referencing process with the European Qualification Framework and will continue working on other elements in order to implement the national framework. The achievements and the energy around the new project show the willingness to make it work.

The socio-economic context of the region and worldwide requires more flexible pathways to acquire, validate and recognise skills. The VNFIL is one solution, though it still has to be implemented at system level. The Western Balkans countries are in various phases of preparation, while Turkey already has a systematic approach to VNFIL. Measurement, assessment and certification are done in Turkey in line with national qualifications and are carried out by certification bodies accredited by the Turkish Quality Assurance Authority and the Turkish Qualification Authority. In the beginning of 2019, there were almost 190 accredited certification bodies and almost half a million people had obtained a qualification certification.

Kosovo plans to start wider implementation of the Recognition of Prior Learning (RPL). The legal framework determines the general principles, responsibilities and procedures for the implementation of the mechanisms for RPL within the scope of the National Qualifications Framework. Based on pilots, the National Qualification Authority has also created a set of guidelines on RPL policies and procedures and prepared a draft procedure for the accreditation of RPL providers, expected to be adopted soon. Moreover, cooperation with the National Employment Agency has led to a discussion as to whether RPL can be considered a potential active labour market measure, as a way of supporting the labour market integration of unemployed people registered at the employment offices.

Provision of flexible pathways to acquire certified skills in the region should be further prioritised, taking into account the high incidence of working in informal contexts or working abroad. Larger groups should have access to quality assured certification procedures of skills acquired in non-formal and informal contexts, such as through previous work experience or informal learning. This is also to reflect the changing learning and working patterns (of younger generations in particular) that increasingly take place in less formalised environments.

Upskilling opportunities for all

Inclusiveness of VET and overall skills development processes have become a strict priority in the region. Countries have allocated additional teaching resources to help integrate and retain learners with special needs. Though data is limited, the upward education progression of pupils with a disability seems very modest (i.e. moving from lower to upper secondary education). Improving this progression requires special and comprehensive attention, both from a social and infrastructure perspective.

Recent technological advancements may help teachers and schools better serve learners with disabilities.

Education systems still fail to fully address the needs of learners exposed to poverty and social exclusion. Pupils from rural areas or Roma, Ashkali and Egyptian communities are more exposed to early school disengagement. Countries are trying to address such challenges through better monitoring and early warning on the risks of dropping out. They are also trying to set up links with social benefit systems. Given the challenging social context, efforts should continue and pull together the various policy and action strands to help the significant proportions of children and young people to get out of poverty and social exclusion. Where data is available from surveys on income and living standards, it proves that it is mainly younger cohorts that are exposed to such risks.

A particular challenge for education and training systems and many other policy strands in Turkey is the integration of Syrian refugees. As of January 2019, around 3.6 million Syrian refugees in Turkey were included in temporary protection measures (around 4.5% of the total population of Turkey) with higher concentrations in Istanbul and southern and south-eastern provinces. Over recent years, national, EU and donor initiatives/projects have moved from humanitarian relief towards provision of income sources through enrolment in education, training for work and employment. The main obstacles to employment remain the language barrier and lack of documents proving skills/education. The skills profile of Syrian refugees is quite diverse: many are unqualified but many possess higher qualifications/tertiary-level degrees. Legal provisions prevent foreigners, including refugees, from working in certain regulated professions reserved for Turkish citizens only (e.g. dentistry, veterinary services and law). Skills recognition services and VET programmes are offered to migrants and refugees. Awareness campaigns and counselling provided to young refugees aim to attract them into VET programmes with clear employment opportunities, such as metal technology, installation technology and air conditioning, furniture and interior design, clothing production technology, accounting and finance, handcraft and textile technology, marketing and retail, beauty and hair care services, and paediatric development and education (TRP Turkey report, 2019).

Linked to flexible solutions to upgrading the skills base, the continuous development of human capital is ensured through upskilling and reskilling. However, the participation of adults in such programmes is very limited in many parts of SEET. There is a causal relationship between low employment rates and modest participation in LLL. Adult participation in education and training is mainly associated with working lives and career activities. Public programmes do not compensate such shortcomings and sometimes exacerbate imbalances. For example, younger and better-educated groups tend to be overrepresented in publicly funded LLL programmes at the expense of older workers, the long-term unemployed or vulnerable groups. Incomplete upper secondary education is the main barrier to accessing reskilling opportunities in all countries in SEET. Furthermore, remedial education (second-chance programmes) covers only a fraction of those who need such compensatory measures.

Montenegro prioritises the participation of adults in education and training. Emphasis has been put on increasing the number of licensed providers for adult learning with a view to making such providers and services available in all municipalities. Improvement in the quality of adult education has been ensured through andragogic training for teaching staff and expansion of the education information system of the Ministry of Education to include data on adult education. The education information system includes a module with all information on adult education providers, the programmes on offer, the participants and graduates, and it is linked to the employment agency's database of training programmes to ensure holistic monitoring of all skills development programmes offered to various

categories, including jobseekers. This will allow robust monitoring of planning, delivery and outcomes of adult education (TRP Montenegro report, 2019).

*

Progress and challenges described above look at various specific aspects of VET and LLL policy and systems. However, there are a couple of essential ingredients that are relevant for all the above strands: quality assurance, governance and financing. Progress of these elements in SEET is summarised below.

Quality assurance in education and training

Overall transformations of VET and skills development systems need to rely on robust quality assurance mechanisms to secure similar outcomes, regardless of the path followed to acquire skills (formal, non-formal and informal contexts) and the wide array of providers. Sound quality assurance principles and procedures in education can help providers to reflect swiftly the changing nature of labour and social conditions and learners' needs.

All countries in SEET are engaged in actions to modernise and improve quality assurance in VET and to align with the relevant EU policy, including the Reference Framework. Two years ago, ETF launched a Forum for Quality Assurance in VET with a view to steering a transnational learning and networking process in the area of quality assurance. The Forum brings together representatives of ministries and agencies from 16 ETF partner countries, including the countries in SEET, and ensures links to the network of European Quality Assurance in Vocational Education and Training (EQAVET), boosting opportunities to exchange with EU Member States.

Over recent years, developments at country level have mainly included quality assurance in the development of vocational qualifications, accreditation of vocational provider institutions and, to a lesser extent, the refinement of data collection to inform the improvement of vocational training (as discussed in the previous section). Monitoring and evaluation procedures and (electronic) information management systems in education would need a further boost to secure timely and relevant input into quality assurance mechanisms.

Governance and financing

Emphasis has been put on the development of policies for modernising education and training systems as well as on developing governance arrangements to reflect the contribution of social actors to education and training provision and the assessment of its outcomes.

Progress in multilevel governance in VET can be reported with consolidated mechanisms of policy coordination at central, regional and local level. Policymaking has become more sensitive to local and regional specificities thanks to enhanced collaboration between schools and local actors such as municipalities/local administrations, companies, social partners and non-government organisations. Countries are developing or have already upscaled at system level regional and local partnerships for planning and monitoring of skills development programmes, such as the Provincial Education Boards in Turkey, or for planning continuous learning programmes for job insertion, like the local employment councils in Serbia that are guiding, among others, the delivery of (re)training programmes for jobseekers and other target groups (e.g. hard-to-employ people).

Cooperation with social partners is mainly reflected in VET policy formulation and the functioning of sector skills councils/committees as part of the development of qualification frameworks (although the progress at country level is uneven). Turkey, partly thanks to a very strong and resourced business sector, developed its qualifications system based on full social partnership principles, showing steady progress in updating qualifications standards, assessment criteria and expanding alternative routes for skills acquisition and recognition, such as validation of informal and non-formal learning.

Promoting arrangements for work-based learning is another area requiring strong cooperation mechanisms among public institutions, including schools, and non-public actors, particularly companies. Countries like Montenegro and Serbia have recently consolidated or expanded their dual education systems, relying extensively on the engagement of the private sector. Cooperation with companies is also important for providing VET teachers and trainers with opportunities to update or upscale their skills and competencies in companies, and to gain exposure to the latest technologies and machinery. This has been tested and mainstreamed in several countries in SEET, including with ETF and EU support.

The ETF overview of VET governance arrangements in ETF partner countries confirms the transformations of VET governance systems in partner countries, moving from quite centralised approaches towards models that ensure a more balanced participation of non-state stakeholders in policy setting and a bigger role for schools in engaging in partnerships at local/community level (ETF, 2019g).

In relation to financing in VET, currently, in most countries in SEET, the model remains rather centralised with ministries of education in the lead for deciding the budget allocation and rather limited autonomy of VET schools for attracting additional (private) resources. As most countries are faced with limited margins for budget manoeuvring, investments in equipment and teaching materials/consumables is somewhat limited and the learning process is affected, in particular in the most expensive or technology-reliant VET specialisations (such as health, manufacturing and ICT).

As mentioned in the previous chapters, learning and skills developed at lower levels of education (primary and lower secondary) are in many cases insufficient. VET schools and teachers need to address these shortcomings and often take care of significant proportions of pupils facing socio-economic difficulties. Such VET specificities should be well reflected in planning of funding/budget and also in creating complementary routes for attracting or generating resources.

Costing and resource distribution to VET providers remain areas for further consolidation and improvement in the region, in particular to properly reflect the specific needs of certain VET profiles (e.g. those that are more costly to run) and learners.

Finally, decentralisation strategies are already quite advanced in certain countries and this requires a rethinking of governance and financing models, consolidation of capacities at all levels and clarification of roles and responsibilities.

5. EUROPEAN UNION AND OTHER DONOR SUPPORT TO HUMAN CAPITAL DEVELOPMENT IN THE REGION

EU and donor support has been instrumental in pushing forward the reform agenda in education, including VET and adult learning, and in helping countries address the challenges in HCD. The EU has continued to support the countries and the region to improve education and training outcomes and raise employment and social inclusion levels. The bulk of funding comes from the Instrument of Pre-Accession Assistance financial envelope for human resource development. EU financial support coupled with enhanced policy dialogue and monitoring has led to a number of essential changes in the fields of education, training, employment and social inclusion and protection.

Priorities, implementation modalities and challenges

EU policy dialogue and IPA programming has stimulated a cross-sectoral collaboration and joint policy envisioning and planning of all human capital related actions. This is essential to achieving a sustainable impact and addressing holistically the needs of target groups.

The IPA has supported countries to pioneer a number of innovations in the way education programmes are planned and delivered, in particular through collaborative arrangements with the business sector. In many countries, improvement of education access and conditions for students with special needs would not have been possible, at the system level, without IPA investment. The same is true for developing skills intelligence instruments and practices (e.g. scanning of labour market needs and sectoral skills analyses).

ETF, at the request of the European Commission and the EU Delegations, has supported the design of IPA country and regional interventions. ETF has also complemented Pre-Accession Assistance with policy guidance, advice and implementation of initiatives in the areas of education, training and labour markets.

Based on ETF experience, the absorption capacity and the time span between design and implementation and related relevance of actions has always been of concern to all parties involved. Another challenge has been the move from pilot interventions to system wide reforms. The countries have also strived for a holistic approach to HCD, and integrated policy and action planning in the areas of education, training, employment and social inclusion and protection. To some extent, such holistic and interconnected policymaking is still a goal, including donor coordination.

Experience from the field suggests that linking education and the labour market has been one of the most important priorities of IPA II interventions in the countries in SEET. Many interventions have tackled the issue of education relevance, and promoted business–school cooperation and the joint development of qualification standards. The effectiveness and impact of such investments upon the overall education and training system could be improved through a less ad hoc approach to implementation and post-project roll-out.

Recent changes in the way IPA-funded actions are prioritised might counter some of these shortcomings, namely by creating a clear link to longer-term development and reform strategies such as the economic reform programmes and the outcomes of policy dialogue with the EU, in particular the assessment of progress in relation to accession preparations and/or negotiations.

Complementary to large-scale IPA interventions, the European Commission, through the Technical Assistance and Information Exchange instrument (TAIEX), has supported countries to prepare for harmonisation with the acquis. Proposals in the area of education and training have been submitted by the different country authorities. Although these proposals have been more flexible and there has been a shorter time lag between proposal and approval, the feedback and evaluations have suggested that these initiatives have been somewhat ad hoc with little input to overall reform processes. The European Commission has already changed the procedure for obtaining TAIEX support and has put emphasis on continuity in reform/change processes.

The involvement of all countries in SEET in the EU ERASMUS+ programme has been an important priority for the European Commission. Challenges remain in ensuring the national co-financing of various measures and how to best link bottom-up reforms and capacity building to the overall education and training reform process. It goes without saying that ERASMUS has been and will remain a prized opportunity for school-level cooperation, involving practitioners, learners and bottom-up initiatives to consolidate and ensure relevant education processes. The upcoming IPA pilot VET mobility scheme for teachers and learners will add to such opportunities.

Many donors are active in the field of education and training in the region, in particular development agencies or organisations in European countries, e.g. Austria, Germany, Switzerland and Luxembourg. A number of international organisations also play an important role in supporting countries to improve the education outcomes, governance and better service to beneficiaries, such as UNICEF, the United Nations Development Programme and the International Labour Organization.

Regional cooperation and EU support

It is widely accepted that regional cooperation processes, such as the South East Europe 2020 (SEE 2020) Strategy, the Berlin Process and the Regional Economic Area, and the Renewed Enlargement Agenda 2018, have boosted financial allocations, implementation speed and cross-country exchanges through regional projects in education and labour market reforms.

Regional cooperation initiatives, such as the Education Reform Initiative of South Eastern Europe (ERISEE), have gained ground over the last two years, fully involving all Western Balkans countries and focusing on essential reforms in education and training, such as work-based learning, quality assurance, teacher training and mutual recognition of qualifications. The Regional Cooperation Council (RCC) continued its monitoring process of the SEE 2020 Strategy, taking stock of efforts to attain country and regional targets mirroring the EU Europe 2020 Strategy and the Education and Training 2020 targets. Renewed regional cooperation to build up a common economic area (modelled on the EU principles of free movement of capital, goods, services and people) recognises the essential role of mutual recognition of qualifications to help citizens exercise such freedoms in reality. The RCC and ERISEE are engaged in a negotiation and support process to help countries agree on modalities for automatic recognition of academic qualifications.

As of 2016, a regional IPA project – the Employment and Social Affairs Platform – aimed to build capacity in the labour and employment services and also in social partnership and dialogue. Though focused on employment aspects, skills development issues were discussed in the context of reviewing the effectiveness of active labour market policies and programmes in the region, including elements of successful planning, implementation and evaluation of internships, apprenticeships and (re)training measures for jobseekers and other categories exposed to labour market exclusion.

Lessons learned

Although advances with external support can be reported across all policy strands for making education more relevant to the needs of learners, economy and society, a number of challenges or underperforming areas remain. It would be advisable to reflect such priority areas in future country strategies (almost all countries are in the phase of preparing strategic outlooks post-2020) and upcoming EU and donor support. The issue of fragmentation of the skills agenda in different strategies and programmes could be addressed through closer inter-institutional cooperation and synchronisation of priorities across various policy strands that include skills development dimensions.

Countries in SEET will continue to receive important support, in particular from the EU, for delivering their policy commitments in the field of HCD. Looking at the past, we outline the following lessons:

- Rather limited sustainability of interventions seems to restrict long-term and deep impact of reforms and improvements in provision of skills and employment services.
- Though cross-sectoral cooperation has been pushed for, risks of silo approaches remain during programming and execution phases.
- Countries could further innovate the way interventions are designed and complement each other to serve accurately the target groups' needs.
- Investments targeting skills supply and demand should go hand in hand.
- Incentives for economic growth, development and innovation could be more efficiently combined with HCD measures.
- Institutional capacities remain a point of concern, in particular in relation to absorption. The significant time span between design and implementation of (IPA-funded) actions points to the need to improve capacities of both IPA units and line (policy) departments in the ministries, central agencies and, most importantly, the capacities of direct beneficiaries (e.g. municipalities, employment services, schools, social partners and civil society organisations).
- Donor coordination could be enhanced in some countries. Ministries in charge of education, labour and social policies should play a stronger role in steering various interventions to maximise effects and reduce duplication.

A good example for counteracting some of these challenges and shortcomings is the change in the way IPA-funded actions are prioritised, namely setting a clear link to longer-term and holistic policy priorities as spelled out in economic reform programmes or national development strategies and the results of the policy dialogue and EU assessment of country progress and recommendations.

6. CONCLUSIONS AND PRIORITIES FOR ACTION

Since its launch in 2010, the Torino Process has shown the steady progress of countries in SEET towards matching skills to the emerging needs of the economy, modernisation of the VET offering, including expanded cooperation with the business sector, making more accessible education and training opportunities and to a limited extent also making it more inclusive. Over the last decade, the countries have made progress in focusing on priorities in education and training in response to EU developments and benchmarks and devising consolidated strategies (partly covering the whole spectrum of education and training), linked to budget resources (national, EU, donors) and referring to a clearer set of indicators and targets.

Alongside EU financial support, pan-European agreed policies acted as anchors and inspiration for reforms, as for example the Europe 2020 Strategy, the Framework for European Cooperation in Education and Training, or enhanced policy priorities and cooperation in the field of key competences for LLL, digital skills and entrepreneurship. The EU Bruges/Copenhagen cooperation process in VET, renewed through the Riga Conclusions, has already guided policy planning in the candidate countries with a selection of key medium-term deliverables to boost VET in terms of relevance and outreach. Constant progress monitoring and assessment through the Annual Enlargement Package and the economic reform programmes have allowed countries to further develop their own systems and learn from each other and the EU. The EU Pillar of Social Rights has renewed Europe's commitment to leave no one behind when it comes to access and participation in relevant education. Such principles will become key in countries aspiring to become EU members.

A number of EU policy orientations, tools and instruments have been devised and several countries in SEET have been inspired to follow the same action principles, such as Youth Guarantee, digital online education or referencing qualifications to the European Qualifications Framework. Governments and social partners from the candidate countries have also joined the European Alliance for Apprenticeships, boosting transnational cooperation and mutual learning with positive effects on the readiness of the public and private sector to devise new opportunities for work-based learning in the region. The EU initiative on VET Centres of Excellence is also inspiring the potential of VET schools to support competitiveness, innovation, entrepreneurship and inclusiveness. The EU Recommendation on Upskilling Pathways is another policy approach that SEET may consider to mainstream in the future to address the needs of large proportions of adults with low levels of skills. This would include remedial measures to acquire or improve their foundation-level (literacy and numeracy) and digital skills, and to make progress towards a set of skills equal to upper secondary qualifications (level 3 or 4 of the European Qualifications Framework).

While there are common denominators of interventions, the Torino Process 2018–2020 has revealed that priorities and developments differ from country to country. All countries strived to embed work-based learning in education and expand internships and apprenticeships for learners and young graduates (for example, the dual education reforms), reinforcing key competences in education such as entrepreneurial and digital skills or enhancing teachers' training. Skills transparency and mutual recognition of qualifications has also been improved through adoption or further development of national qualifications frameworks and relevant institutional settings based on social partnership principles.

Quality assurance and consolidated practices of monitoring and evaluation in education have been followed up, although progress is rather modest overall. Opportunities for training and retraining reach

just a fraction of the adults in need. While acknowledging that multiple factors favour or limit participation in continuing training, e.g. family obligations, costs, employment or the value employers attach to career and skills development, better outreach, diversity and territorial coverage of LLL have moved up the policy agenda, albeit with limited results so far. Skills forecast and monitoring of policy impact have only been partially addressed to date and reflected in countries' actions.

Despite progress achieved in SEET, reforms need to continue as VET becomes attractive and relevant for inclusive societies. This is in a context where economic and social conditions are more challenging and labour markets are set to change fast. Changing jobs, economies and societies call for agile education and training systems, able to adjust rapidly and consistently while preserving quality and inclusiveness. The potential of VET is still insufficiently tapped in the region, where demand remains highly concentrated around mid-level qualifications in (sub-)sectors requiring VET profiles. As such, VET modalities play a crucial role in the HCD strategies for the economies of the region and of each country.

For VET to support HCD, it should therefore focus on better system outreach and monitoring to inform change processes. Indeed, quality and inclusiveness should be prioritised at all levels of education and training in a LLL context. Now and in the future, upper secondary including VET can play a vital role in addressing the shortcomings and insufficient foundation-level skills acquired at lower education levels (see PISA results) or incomplete upper secondary studies through remedial education or individualised learning pathways and most importantly through better resourcing of VET schools and teachers to support learners with specific needs and/or at social risk. At the same time, innovative and attractive secondary vocational education has to build skill sets linked to present and future economic requirements for skills while preparing learners to permanently adapt to changing labour markets.

VET can be successful in equipping young adults with the skills required by the labour market, ensuring a smooth transition to and better integration into the world of work. Nevertheless, efforts should be made to equip vocational graduates with the skills needed in the knowledge economy, and to foster their key competences, in particular their entrepreneurial and digital skills. A boost in continuous training and skills upgrading is necessary to address the fact of ageing staff in education, employment and social services. Online/digitalised service delivery should be consolidated to shorten the time needed for service delivery and focus resources on those most in need or difficult to reach. This andragogic contribution should be recognised through, among other things, properly resourcing VET provision systems in order to reach more diverse target groups (different ages) and across the spectrum of qualification levels/systems.

As mentioned before, many countries are preparing for the post-2020 strategy framework in the areas of skills development and employment, including IPA funding opportunities and other donor support. The overall recommendation is to prepare the ground for holistic and results-oriented strategies, with clear and achievable goals and targets, detailed costing and responsibilities for delivery.

In summary and based on this analysis, ETF identifies the following avenues for further reflection and action in the next country strategy cycle, including IPA and donor support in SEET:

6.1 Improve the quality and relevance of education outcomes for inclusive and innovative economies

Countries could mainstream quality assurance principles in all education programmes with adequate capacity building and the development of quality monitoring tools. Digital and entrepreneurial skills need to be fully embedded in curricula and standards. Qualification standards, learning programmes, equipment and teaching methods should be continuously updated to reflect occupational changes and foster work-based learning opportunities. The potential of post-secondary VET should also be explored.

Countries need to ensure that governance mechanisms in education and training continue to be built on sound cooperation between education and the world of work. School–business partnerships in education provision and skills acquisition are key ingredients for ensuring the increased employability and adaptability of graduates. Beyond centrally led statutory forms of cooperation, countries need to consolidate business liaison roles at school level and foster effective cooperation at grassroots levels, at the same time increasing the autonomy of the VET providers and optimisation of the resources (human, technical and physical infrastructure). Schools, companies and other local actors, such as employment offices, are the first in line to support a smooth transition from school to work and to help adult learners (re)integrate into employment, and therefore higher levels of flexibility and autonomy would allow faster adaptation to the needs of beneficiaries.



Qualifications systems and flexible pathways to acquire skills (e.g. skills validation, recognition and certification) rely on strong social partnerships. Nevertheless, effective and constant contributions to system development are somewhat constrained by limited resources. Such limitations affect, for

example, the establishment and consistent functioning of sector skills committees/councils. Public institutions and social partners need to further reflect on and find solutions for effective and continuous partnerships in qualification systems development and in the delivery of modern and aligned qualifications to the labour market.

Sustainable financing mechanisms also have to reflect the changing roles and needs in education and training (e.g. stronger role of companies and individual learning needs over the course of one's life). This would entail further diversification of financing mechanisms for initial and continuous VET and overall skills development initiatives, in particular of those learning programmes requiring stronger involvement of the private sector, such as work-based learning. There is also a need to address the issue of costs in education and training to ensure better visibility of funding gaps and improve the policy planning and execution from financial/budget perspectives. This can help optimisation of possible contributions of enterprises and other contributors, including EU and donor support and coordination.

As economies and societies are changing, VET and overall skills formation systems need to reflect newer demand and sectoral structures, including priorities to boost competitiveness, innovation, smart specialisation and sustainable development.

6.2 Address the large need for upskilling and reskilling

A boost in service availability for continuing education and training is necessary to build effective and countrywide LLL systems. Most adult learning providers are concentrated in the capitals and larger cities. Poor coverage in rural or less developed areas limits the reach, and often those who actually need the services the most are not within range of them.



Adults lacking minimum/compulsory education are top priority since they are the most exposed to poverty and exclusion, and this can lead to intergenerational transmission/perpetuation of such risks. Another look at remedial education programmes, in particular their length, is also advisable as the risk of dropping out is rather high among (vulnerable) adults. Moreover, schools, employment offices and social services have to consolidate their cooperation in addressing the needs of such groups. Innovative approaches such as validation of skills or RPL can help to customise individual and flexible pathways for successful upskilling routes for adults.

An expansion of the networks of adult learning providers would need to follow sound quality assurance principles. Foreseeable demographic decline leading to shrinking cohorts of pupils is an opportunity for existing vocational schools to take up stronger functions and responsibilities in providing upskilling and reskilling services to adults (employees, jobseekers or other categories of learners).

6.3 Develop skills intelligence systems and consolidation of monitoring and evaluation in education

Boosting anticipation of medium- to long-term skills needs is required to help education decision-makers make the right choices in education planning and guide future learners, parents and companies. Tested forecasting, foresight and tracer study tools, as well as the potential of big data, can help countries to consolidate their labour market and skills information systems. Nevertheless, countries still need to upscale and ensure continuity and proper resourcing of such practices coupled with sound interpretation and dissemination capacities. Despite inherent bias, interconnected administrative registries on education, employment, tax, etc. may prove to be affordable and real-time investigation solutions for the analysis of education outcomes, skills utilisation, matching, etc.



Quality and availability of data is key to any advancement in the area of skills intelligence. Countries need to prioritise the consolidation of datasets in the area of education and training, in a LLL context. This includes, for example, full disaggregation by VET and non-VET of education and labour market indicators, reliable data on the adult learning offering and participation, addressing any remaining issues related to harmonisation with international standards (classification of survey instruments), monitoring of work-based learning provision in initial VET, and follow-up participation of teachers or trainers in continuing professional development.

*

Lessons from past projects and reform initiatives supported through IPA and other donors should be taken into account, in particular to secure sustainability of interventions, relevance for target groups' needs, combine investments in skills supply with economic demand stimulus and address the capacity challenges at all levels (central and local, direct beneficiaries etc.).

While fostering specific reform priorities in education and training, closer coordination with ministerial agendas in employment and social affairs is recommended. These policy strands could include stronger skills development components to tackle gender disparities and risks of social exclusion. The skills dimension within growth, competitiveness and innovation agendas could also be emphasised.

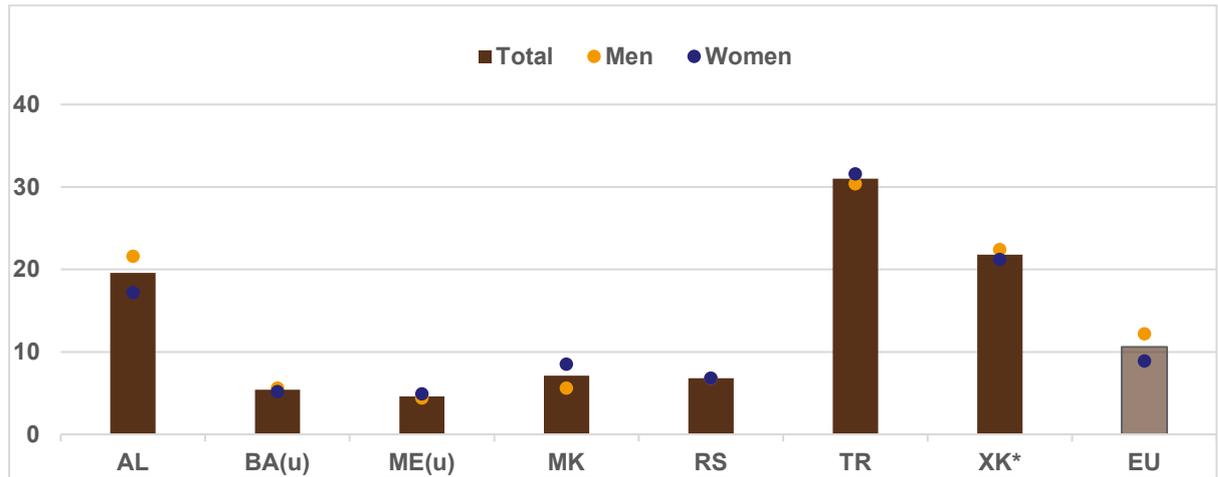
Such integrated policy measures for upgrading skills to keep pace with technological, environmental and social advances should be coupled with proper resource allocations and linked to sound public administration and public finance management reforms that foster performance-based policymaking. Continuity for policy implementation and sustainable policy goals is also a must in this regard.

ANNEX

Additional graphs and tables

Country codes: AL: Albania; BA: Bosnia and Herzegovina; ME: Montenegro; MK: North Macedonia; RS: Serbia; TR: Turkey; XK: Kosovo.

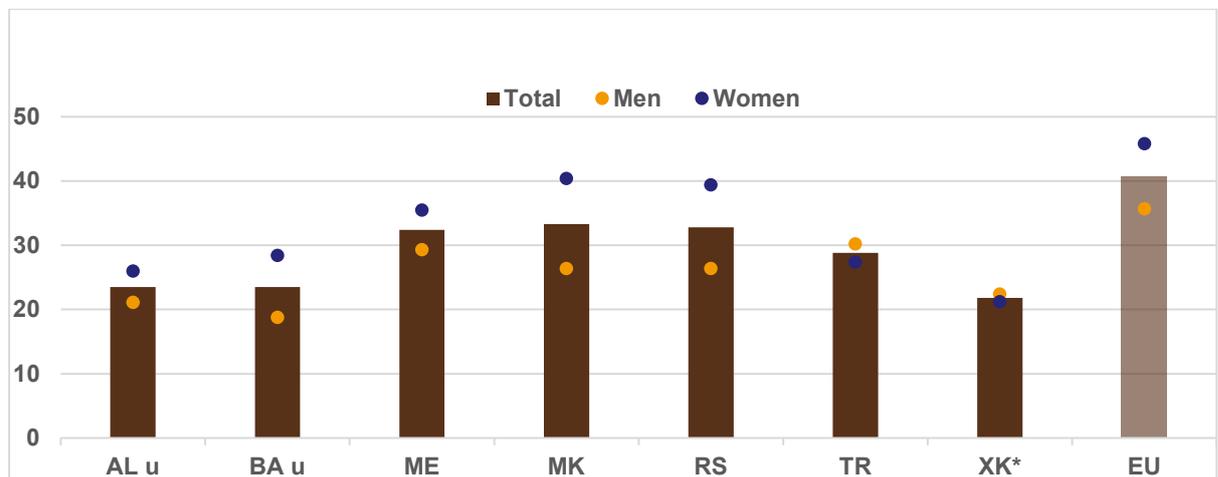
FIGURE A1: EARLY LEAVERS FROM EDUCATION (2018) (% OF 18- TO 24-YEAR-OLDS)



Source: ETF database, Eurostat.

Notes: BA: unreliable due to small sample size; ME: unreliable for men and women; * 2017.

FIGURE A2: TERTIARY EDUCATION ATTAINMENT (2018) (% OF 30- TO 34-YEAR-OLDS)

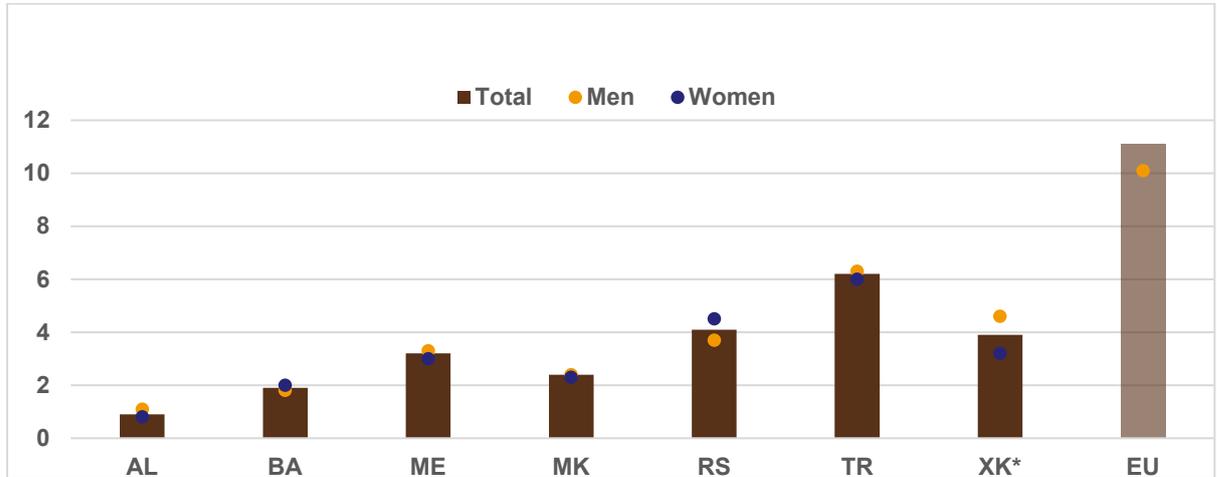


Source: ETF database, Eurostat.

Notes: (u) unreliable; BA: unreliable data for women; * 2017.

Explanatory note: The share of 30 to 34 year olds having successfully completed ISCED level 5-8

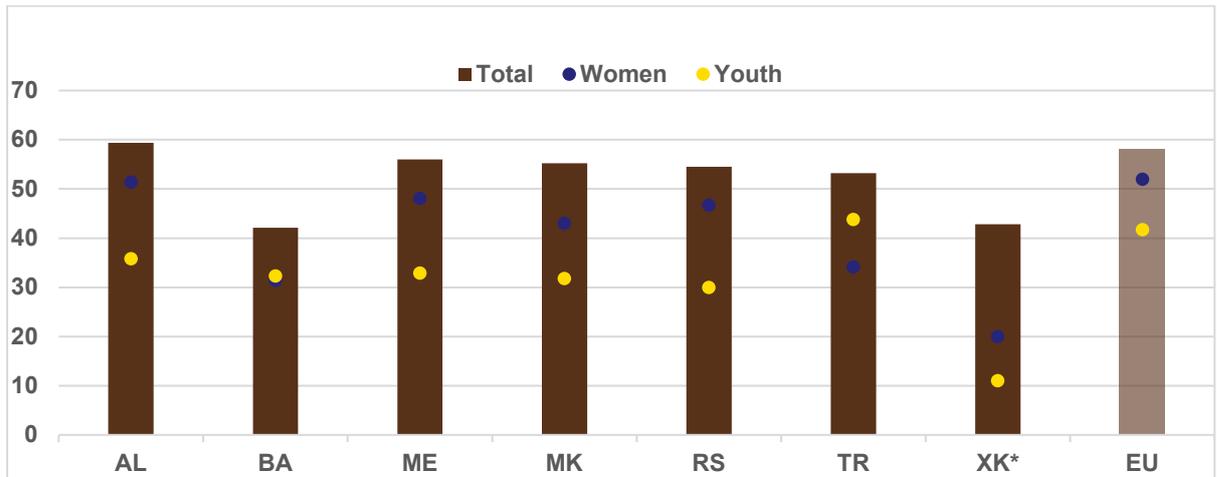
FIGURE A3: ADULT PARTICIPATION IN LIFELONG LEARNING (2018) (% OF 25- TO 64-YEAR-OLDS)



Source: ETF database, Eurostat. Notes: * 2017.

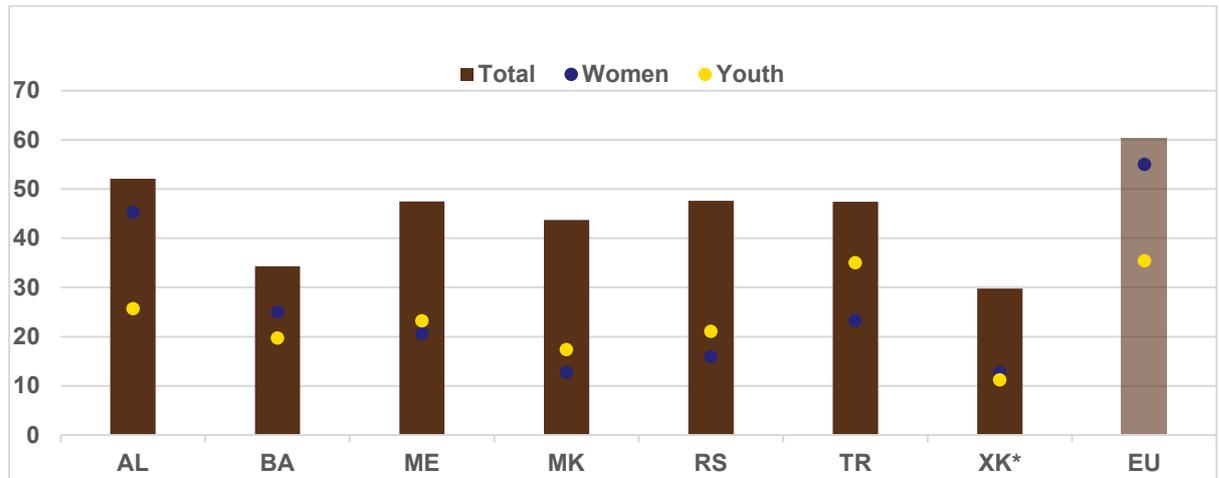
Explanatory note: The share of 25 to 64 year olds who received formal or non-formal education or training in the four weeks preceding the survey

FIGURE A4: ACTIVITY RATE (2018), %



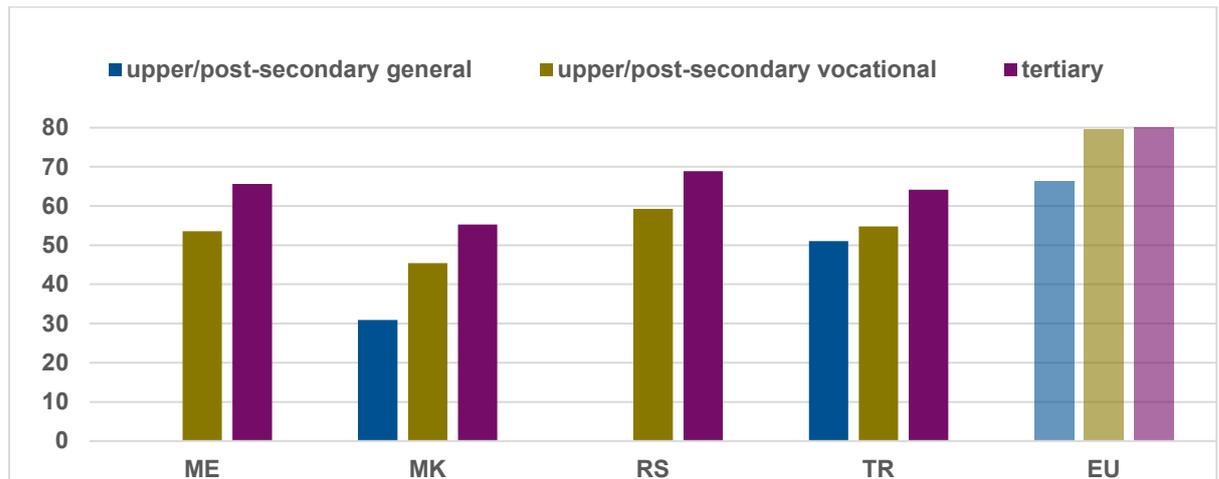
Source: ETF database, Eurostat. Notes: * 2017.

FIGURE A5: EMPLOYMENT RATE (2018)



Source: ETF database, Eurostat. Notes: * 2017.

FIGURE A6: EMPLOYMENT RATE OF RECENT GRADUATES (2017) (% OF 20- TO 34-YEAR-OLDS)



Source: ETF database, Eurostat.

Explanatory note: The share of employed 20 to 34 year-olds having successfully completed ISCED 3-8 one to three years preceding the survey and who are no longer in education or training

ACRONYMS

Country codes: AL: Albania; BA: Bosnia and Herzegovina; ME: Montenegro; MK: North Macedonia; RS: Serbia; TR: Turkey; XK: Kosovo.

AES	Adult Education Survey
ALMP	Active Labour Market Policy
ERG	Employment rate of recent graduates
ERISEE	Education Reform Initiative of South Eastern Europe
ETF	European Training Foundation
EU	European Union
GDP	Gross Domestic Product
GVA	Gross Value Added
HCD	Human Capital Development
ICT	Information and Communication Technology
IPA	Instrument for Pre-Accession Assistance
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
LFS	Labour Force Survey
LLL	Lifelong Learning
NEETs	(Young people) Not in Education, Employment or Training
NQF	National Qualification Framework
NRF	National Reporting Framework
PISA	Programme of International Student Assessment
RCC	Regional Cooperation Council
RPL	Recognition of Prior Learning
SEET	South Eastern Europe and Turkey
VET	Vocational Education and Training
VNFIL	Validation of Non-formal and Informal Learning

BIBLIOGRAPHY

- ETF (European Training Foundation), *Torino Process - Challenges and developments in vocational education and training system reform in the Western Balkans and Turkey*. Summary notes, ETF, 2011
- ETF (European Training Foundation), *Torino Process 2012: Western Balkans and Turkey*. Report, ETF, 2013
- ETF (European Training Foundation), *Torino Process 2014: South Eastern Europe and Turkey*. Report, ETF, 2015
- ETF (European Training Foundation), *Torino Process 2016-17: South Eastern Europe and Turkey*. Report. ETF, 2017
- ETF (European Training Foundation), *Key indicators on education, skills and employment – KIESE*. ETF, 2018a
- ETF (European Training Foundation), *Tracking vocational graduates in the EU candidate countries, 2018b*
- ETF (European Training Foundation), *Digital skills and competence, and digital and online learning*, ETF, 2018c.
- ETF (European Training Foundation), *Continuing professional development of vocational teachers and trainers in the Western Balkans and Turkey*. ETF, 2018d
- ETF (European Training Foundation), *Skills for the future – 2018 conference conclusions*, ETF, 2019a
- ETF (European Training Foundation). *The Future of Work and Skills in ETF Partner Countries*. *ETF Issue Paper*. ETF, 2019b
- ETF (European Training Foundation), 'From school drop-out to a rewarding job: vocational education counts', News announcement, ETF, 2019c ; available at <https://www.etf.europa.eu/en/news-and-events/news/school-drop-out-rewarding-job-vocational-education-counts>
- ETF (European Training Foundation), '5 things you didn't know about vocational education around the EU', News announcement, ETF, 2019d ; available at <https://www.etf.europa.eu/en/news-and-events/news/5-things-you-didnt-know-about-vocational-education-around-eu>
- ETF (European Training Foundation), *Skills mismatch measurement in ETF partner countries*. ETF, 2019e
- ETF (European Training Foundation), '*Being under construction: the challenges of lifelong learning*', News announcement, ETF, 2019f ; available at <https://www.etf.europa.eu/en/news-and-events/news/being-under-construction-challenges-lifelong-learning>
- ETF (European Training Foundation), *Governance arrangements for vocational education and training in ETF partner countries. Analytical overview 2012–2017*. ETF, 2019g
- ETF (European Training Foundation) Cedefop (European Centre for the Development of Vocational Training) *European cooperation in VET: one process, many stops. Developments in vocational education and training policy 2015–17*. ETF, 2018
- European Commission (2016), *From university to employment: higher education provision and labour market needs in the Western Balkans*, DG EAC Synthesis Report. EC, 2016

EC (European Commission), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Region, 2019 *Communication on EU Enlargement Policy* COM(2019) 260 final, Brussels. EC, 2019a

EC (European Commission), *European Economic Forecast. Spring 2019*. Institutional Paper 102. May 2019. Luxembourg: Publications Office of the European Union, EC, 2019b

EC (European Commission), 2019 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo*: The Commission's overview and country assessments. Institutional Paper 107. July 2019. Brussels. EC, 2019c

Nas Özen, E. (2017), *Bilgisayarlı Otomasyon ve Türkiye İşgücü Piyasasının Geleceği*. TEPAV Değerlendirme Notu No. 201712. In Turkish, available at https://www.tepav.org.tr/upload/files/1490690332-8.Bilgisayarli_Otomasyon_Ve_Turkiye___de_Isgucu_Piyasasinin_Gelecegi.pdf

RCC (Regional Cooperation Council), *South East Europe 2020: Annual Report on Implementation for 2019*. Sarajevo. RCC, 2019

World Bank Group, Western Balkans Regular Economic Report No. 15. *Reform Momentum Needed*. Washington DC. World Bank Group, 2019

Where to find out more

Website

www.etf.europa.eu

Online platform

<https://openspace.etf.europa.eu>

Twitter

[@etfeuropa](https://twitter.com/etfeuropa)

Facebook

facebook.com/etfeuropa

YouTube

www.youtube.com/user/etfeuropa

Live&Learn

<https://issuu.com/etfeuropa/>

Instagram

instagram.com/etfeuropa/

LinkedIn

linkedin.com/company/european-training-foundation

E-mail

info@etf.europa.eu



European Training Foundation

