



# POLICIES FOR HUMAN CAPITAL DEVELOPMENT UKRAINE

AN ETF **TORINO PROCESS**  
ASSESSMENT

## EXECUTIVE SUMMARY

# PREAMBLE

The European Training Foundation (ETF) assessment provides an external, forward-looking analysis of the country's human capital development issues and VET policy responses in a lifelong learning perspective. It identifies challenges related to education and training policy and practice that hinder the development and use of human capital. It takes stock of these challenges and puts forward recommendations on possible solutions to address them.

These assessments are a key deliverable of the Torino Process, an initiative launched by the ETF in 2010 aimed at providing a periodic review of vocational education and training (VET) systems in the wider context of human capital development and inclusive economic growth. In providing a high-quality assessment of VET policy from a lifelong learning perspective, the process builds on four key principles: ownership, participation, holistic and evidence-based analysis.

For the ETF, human capital development is the provision of support to countries for the creation of lifelong learning systems that provide opportunities and incentives for people to develop their skills, competences, knowledge and attitudes throughout their lives for the sake of employment and realisation of their potential, and as a contribution to prosperous, innovative and inclusive societies.

The purpose of the assessments is to provide a reliable source of information for planning and monitoring national education and training policies for human capital development, as well as for programming and policy dialogue in support of these policies by the European Union and other donors.

The ETF assessments rely on evidence from the countries collected through a standardised reporting template (national reporting framework – NRF) through a participatory process involving a wide variety of actors with a high degree of ownership by the country. The findings and recommendations of the ETF assessment have been shared and discussed with national authorities and beneficiaries.

The assessment report starts with a brief description of the Country's strategic plans and national policy priorities (Chapter 1). It then presents an overview of issues related to the development and use of human capital in the country (Chapter 2), before moving on to an in-depth discussion of problems in this area, which in the view of the ETF require immediate attention (Chapter 3). Chapter 4 provides the overall conclusions of the analysis.

The annexes provide additional information: a summary of the recommendations in the report (Annex 1), an overview of the education and training system of the Country (Annex 2). The ETF would like to thank to all members of the Torino Process working group in Ukraine who worked for the preparation of the Torino Process National Report. Particular thanks should be sent to the Ministry of Education and Science which provided valuable support through the whole process. The National Torino Process Report compiled by the country itself can be found here: <https://openspace.etf.europa.eu/trp/torino-process-2018-2020-ukraine-national-report>.

# EXECUTIVE SUMMARY

## Context

The European Training Foundation's (ETF) Torino Process assessment provides an external, forward-looking analysis of the country's human capital development issues and VET policy responses from a lifelong learning perspective. It is based on evidence provided in Ukraine's national Torino Process report, which was compiled in 2019 using a standardised questionnaire (national reporting framework) and additional information sources where relevant<sup>1</sup>.

Ukraine's economy has stabilised following a deep recession after the Maidan revolution in 2014 and 2015. It has gradually returned to growth in the last three years. Household consumption continues to grow, supported by strong remittances from labour migration to European Union (EU) countries and a resumption of consumer lending. At the same time, manufacturing and investment growth remains weak, which hampers strong and sustained economic growth.

The population of Ukraine shrank from 50 million in 1999 to 42 million in 2019. Like many other European countries, Ukraine faces depopulation. However, Ukraine's population is falling on an unparalleled scale and at an unparalleled rate compared to its neighbours and is expected to decline by more than 15% by 2050. The relative size of the young population (aged 15 to 24) decreased from 16.7% in 2013 to 13.2% in 2018 and its share is the smallest among the Eastern Partnership countries.

Ukraine began to actively reform its education system in 2014 when the new Law on Higher Education was adopted. This was followed by the Law on Education in 2017, which provides the strategic framework for the implementation of reforms. Great attention has been paid to modernising primary and secondary general education in which the concept of the New Ukrainian School guides the reform actions and sets the timetable for them. A new Law on Complete General Secondary Education was adopted in January 2020 which underpins the implementation of the New Ukrainian School. A new VET law has been drafted and awaits submission to the parliament at the time of drafting this assessment. The new Concept for Modern VET adopted in June 2019 includes the main strategic elements of VET reform, which Ukraine plans to implement in the years to come. Moreover, in 2019 the country also adopted a Law on Professional Pre-Higher Education which regulates education and training provision in colleges and *technikums*, which were previously part of the higher education system.

The EU provides considerable support to Ukraine to ensure a stable, prosperous and democratic future for all its citizens, and has pledged a EUR 12.8 billion package for the next few years to support the reform process. The EU strategy aimed at supporting Ukraine between 2018 and 2020 identifies human capital development as a priority for cooperation under the objective of economic development and market opportunities. Ukraine has embarked on a comprehensive reform of its education sector. The EU is providing support, notably in the area of VET and minority languages.

In spite of the tremendous progress and achievements of renewed legal and strategic frameworks throughout the entire education sector, this report looks at issues that need to be addressed to align

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<sup>1</sup> All data sources and references are available in the list of references included in this report.

the ongoing secondary VET reforms with other sub-systems of the education system to enhance lifelong learning.

## Summary of findings on human capital

Historically, Ukraine has benefited from a strong education system that has boosted the country's economic and social development. Since independence, Ukraine has been able to sustain many of its comparative advantages in education. This has contributed to high levels of educational attainment and human capital development. However, the skills demanded by the growing economic sectors are different to those supplied by the education system, and, over time, reforms have been slow or delayed. Human capital has therefore been a weak factor in driving economic growth.

### The large supply of tertiary education graduates has switched the focus from skills and qualifications to credentials

Ukraine's level of educational attainment is high. In 2017, only 2% of the active population had primary education or lower, 45.1% had secondary education and 52.9% had completed or were in tertiary education. Gross enrolment rates in primary education are close to 100% (99.88%), and they are also high in secondary education (96.79%). Between 1980 and 2010, the average number of years of schooling for the population aged 15+ increased nearly threefold and amounted to 11.3 years in 2017. The proportion of 30 to 35-year-olds who completed tertiary education reached 63% in Ukraine; the EU average is 40%.

Higher education enrolment rates are among the highest in Europe. This raises concerns about the sustainability and quality of the system, and the employability of graduates. Ukrainians have a strong preference for tertiary education in order to be successful and competitive in the labour market and to satisfy their aspirations to obtain a higher education diploma at any cost. The disconnection between Ukraine's education sector and the needs of the labour market creates the wrong incentives both for students and educational institutions.

While higher education grew rapidly after Ukraine's independence, VET enrolments and enrolments in colleges and *technikums* continued to decline. This gradually led to an imbalance between the supply of skills and labour market demand. The expanded higher education system has produced an increasing number of graduates who have ended up in jobs that do not require a university-level education. Thus, the large supply of tertiary education graduates has inflated the relevance of credentials. Limited labour market relevance and poor governance have reduced public confidence in skills and qualifications and diverted the population's focus towards credentials, which threatens Ukraine's human capital. Low participation and declining enrolment in VET are a consequence of this phenomenon as well as other factors that have led to a deterioration in the quality and attractiveness of VET over the last two decades.

### High spending on education gets lost in operational inefficiencies

Ukraine spends more of its gross domestic product (GDP) on education than most EU and OECD countries: public spending on education amounts to 6.0% of GDP. Between 2013 and 2018 the size of the young population continued decreasing resulting in a shrinking number of students at all levels of education. However, over the same period, the number of schools declined by only 11% and the number of teachers fell by just 5%. This has decreased the student-teacher ratio and resulted in one of the smallest average class sizes in the world.

Although the number of secondary general and vocational schools has been declining in recent years, the school networks require serious optimisation and restructuring in line with demographic developments and student demand to ensure better value for high spending.

### Ageing workforce, emigration and low participation in VET will aggravate skills shortages in the years to come

Ukraine's labour market faces multiple challenges, including an ageing labour force, low internal labour mobility, a high level of informal employment and particularly high levels of over-qualification. The rapidly ageing population, together with a recent trend of growing external labour migration, will result in a shrinking working-age population and will put pressure on economic development and sustained growth.

Vocational education remains undervalued. The International Labour Organization (ILO 2016) transition survey showed that, despite evidence demonstrating that VET graduates earned equal or higher wages, 73.2% of young people who planned to complete higher education were unwilling to enrol in VET. Only as few as 13.7% of the young people surveyed considered VET as a study option, while 84.6% planned to pursue higher education.

There has been an increase in the migration of labour to other countries in recent years, the main destinations being Poland, Russia and Italy. Evidence suggests that migrants are less likely to have tertiary education, but more likely to have vocational or upper secondary education. Many migrants end up in low-skilled jobs. According to national statistics, 36.1% of labour migrants work in jobs that do not require any qualification and only 26.8% of migrant workers work in a job requiring their level of qualification. Ukrainian employers have argued that one-third of enterprises are affected by labour migration. Even higher salaries offered by export-oriented industries have not stopped the migration of skilled workers from the country due to the deteriorating quality of life.

### Harmonisation of provision and restructuring of VET institutions

In developing the Law on Education, a few issues arose, which impede the advancement of change in the education system and policy implementation, e.g. ambiguity on what is considered to be vocational education and what is considered to be tertiary education. Although the law stipulates a new structure for the education system, it is still resolutely aligned with old institutional structures and their vested interests. One example of how the reforms have been compromised is the establishment of a sub-system between higher education and VET, which is known as 'professional pre-higher education'.

Until the adoption of the Law on Higher Education, colleges and *technikums* were part of the Ukrainian higher education system although the majority of programmes provided by them led to vocational qualifications such as junior specialists. Over 70% of students in colleges and *technikums* enrolled in non-tertiary vocational programmes after 9th grade and only around 3 to 4% were enrolled in bachelor programmes. Consequently, most programmes provided by these institutions lead to VET qualifications, which are offered in parallel by secondary VET institutions for the same age cohort.

In our view, it would be vital to review the rationale for these institutions and their qualification programmes in the context of the ongoing VET reform process. Such a review is also essential to achieve the ambitious target of increasing participation in VET to 45% (the target set by the new government) and to improve the overall matching of skills supply with labour market demand.

## RECOMMENDATIONS

### 1. Harmonise vocational training provision at upper secondary level



Connect and harmonise provision in vocational schools, colleges and technikums (particularly after 9th grade)

Make better use of human and institutional capacity as well as resources for the benefit of learners.



### 2. Differentiate provision at professional, pre-tertiary level to distinguish it from secondary vocational education



Develop new post-secondary and/or short-cycle qualifications in line with the needs of the labour market and learners.

Actively engage employers and the National Agency for Qualifications to define and accredit new post-secondary and/or short-cycle qualifications.

Allow admission to pre-tertiary level programmes only after completion of upper secondary education (11th/12th grade)

### 3. Optimise school networks fairly and transparently



Set national guidelines for restructuring institutional networks using clear criteria to ensure relevance, efficiency and access

Carry out an organisational audit to appraise all secondary vocational and professional pre-higher education institutions

Prepare restructuring plans in all regions and empower regional VET councils to endorse them.

Amend the legislation on vocational and professional pre-higher education to harmonise provision and institutional networks

### 4. Diversify provision to increase access





## 5. Integrate the provision of vocational and general education at upper secondary level

- Amalgamate secondary vocational education and general secondary (academic) education.

Ensure attractive pathways to both academic and vocational tracks without institutional barriers in line with the New Ukrainian School concept.

Eliminate the negative connotations around old-fashioned types and names of vocational schools and institutions.

Develop an exam or admission route to allow vocational graduates to attain full secondary education and allow them to enrol in higher education

Develop a roadmap for the harmonisation of vocational and general education at upper secondary level



## Diversify vocational training provision Increasingly target adult learners

Increase the autonomy of providers and incentivise them to provide lifelong learning

Enhance the existing capacity of teachers and providers to train and attract adult learners.

Integrate vocational training provision for young people and adults by recognising prior learning, creating individual learning trajectories and modularising new vocational qualifications

## 6. Reform the teaching profession



Deploy qualified general education teachers to also teach learners in vocational trajectories

Integrate theory and practice into the teaching profession for better competence-based skills development

Review the competence requirements of modern vocational teachers by rewarding their work and practical experience in the workplace

Develop a (short-cycle) pedagogical programme to enable professionals to qualify as vocational teachers





## Targeting adult learners is increasingly important for VET providers

With a shrinking workforce and a declining youth population, the upskilling and requalifying of the Ukrainian working-age population becomes increasingly important. VET institutions could play an important role in attracting adult learners to participate in lifelong learning courses. The participation rate of the adult population (aged 25 to 64) in lifelong learning is very low (0.8% in 2019). It is even lower than in Romania, the EU country with the lowest level of adult participation in lifelong learning (0.9% in 2018). Given the institutional capacity and potential of the large network of both secondary VET and professional pre-higher education institutions and resources to be freed up as a result of the restructuring of the networks, VET provision should increasingly target adult learners in addition to secondary school graduates, who are their main clients at the moment. This would require more flexibility and autonomy for providers, new funding schemes and reinforcement of the validation of non-formal and informal learning.

## Fragmentation of provision and segregation of young people have diminished the quality and attractiveness of VET

Enrolment in secondary VET has been rapidly declining in the last five years. The drop has been sharper in students who have completed full secondary general education (after 11th grade). This can be explained not only by a decreasing age cohort but also by increasing opportunities to enrol in higher education whereby higher education institutions are competing for a lower number of applicants and trying to fulfil the government-financed enrolment plans.

The current structure of upper secondary education in Ukraine is fragmented, with upper secondary general education offered in general secondary schools as well as in vocational schools, colleges and *technikums*. Students in upper secondary education, including those in various types of VET institutions, are obliged to sit the External Independent Test (EIT) in order to obtain a secondary education diploma. EIT results vary considerably in different types of institutions, leaving the students enrolled in various types of VET institutions in the most disadvantaged position. Their scores are lowest among all students participating in the EIT, with many failing to achieve a pass mark and only around 7% of VET graduates continuing their studies in higher education institutions.

Due to the academically biased EIT (which most VET students fail), selective admission of high and low performers at 9th grade and the generally poor image of VET, the current secondary VET system is practically a dead-end in Ukraine. This reduces the opportunities of VET graduates to continue their studies in higher education and participate in lifelong learning, and further diminishes the attractiveness of VET. The transition to a student-centred and competence-based approach to learning in line with the New Ukrainian School vision will be challenging at the upper secondary level unless resources such as teachers, schools and funding are concentrated and consolidated.

Although the target year for the implementation of a three-year upper secondary education programme is set for 2027, Ukraine should start seriously considering and finding ways to merge and consolidate learning resources and facilities, in both upper secondary general education and secondary vocational education, to combat the segregation of young people's career and study opportunities at an early age.

The horizontal integration of schools at upper secondary level with VET providers and their learning resources could increase operational efficiencies; improve the quality of teaching and learning, particularly in general education subjects; and, more importantly, abolish the stigma attached to VET, which is deeply rooted in Ukrainian mindsets.



## Modernising the VET teaching profession could attract professionals from industry

Ukraine needs to develop the skills and competences of VET teachers and trainers and use them more efficiently to improve the quality of learning and attractiveness of VET and to make the teaching profession appealing. A decline in the enrolment of VET students, the low social status of VET instructors and the lower salaries paid to VET teachers relative to their peers in industry have led to an ageing and declining teacher workforce, low professional mobility and a lack of motivation to master modern technologies. All of this makes the VET teaching profession unattractive to skilled professionals. VET teacher education and requirements need to be revisited. The focus should be on teachers' professional competence and practical work experience and less on pedagogical aspects.

Ukraine continues to follow the old Soviet model, which separates theoretical teaching from work practice. Teachers who teach theory have a higher status and pay while instructors of practical training who are required to have work experience are paid less than teachers who teach theory and their peers working in industry. Regulations for VET teachers should be modernised and a new type of VET teaching profile, combining theory and practice, should be developed which rewards and incentivises teachers who gain practical work experience.

## Skills governance and declining VET participation require immediate actions

The report discusses in-depth two issues related to human capital development in Ukraine:

1. VET and skills governance
2. declining participation and attractiveness of vocational education and training.

These two issues require immediate attention and concrete actions to balance human resource development in Ukraine to make sure that public policies enhance the quality of VET and reverse the declining enrolments in VET as well as the aspirations of young people and the population as a whole.

There is an opportunity now to make a difference regarding VET, given the ongoing reforms and attention to systemic changes in education. With this in mind, the New Ukrainian School aims to profile both the academic and vocational pathways in upper secondary education, which provides an occasion to guide and influence the preferences of students and their parents. The other opportunity is to rethink the role, content and function of the professional pre-higher education and its training provision with a view to embedding the goals of ongoing secondary VET and higher education reforms. To do this, the government can benefit from the continuing support provided by development partners such as the EU and the World Bank to accelerate the progress.

In order to advance education sector reform, Ukraine needs to take a holistic view and develop a new lifelong learning system. Different sectors of the education system need to be well integrated with fair and, wherever possible, harmonised rules and principles to guide policy implementation for the benefit of learners, the economy and society.

In this context, the ETF assessment has made an attempt to identify a number of priority actions which Ukraine should undertake to restructure VET institutions, their training provision and programmes in the context of ongoing education reform.

## Recommendations for action

### 1. Harmonise VET provision at upper secondary level after 9<sup>th</sup> grade

- Connect and harmonise VET provision and programmes and merge institutions (VET schools, colleges and *technikums*) within upper secondary VET, particularly in the fields of studies in which the majority of students enrol after 9th grade.

### 2. Differentiate education provision at professional pre-tertiary level to distinguish it from secondary VET

- Differentiate between more complex programmes, such as in healthcare and technical fields by developing new post-secondary and/or short-cycle qualifications, for example at level 5 in the national qualifications framework (NQF) where there is evidence of clear demand in the labour market and among learners.
- Actively engage employers and the National Agency for Qualifications to define and accredit new post-secondary and/or short-cycle qualifications to ensure their labour market relevance.
- Allow admission to pre-tertiary level programmes only after completion of upper secondary education (11th/12th grade).

### 3. Manage the optimisation of school networks in a fair and transparent way

- Set national guidelines for the optimisation and restructuring of institutional networks using clear criteria to ensure a) the labour market relevance of qualifications awarded by institutions; b) efficiency in the use of teaching and learning resources; c) access of learners in line with their residential distribution across the country and the regions.
- Carry out an organisational audit to appraise all secondary VET and professional pre-higher education institutions in relation to their capacity, provision and resources. Prepare restructuring plans in all regions based on the institutional appraisals and stakeholder consultations and empower regional VET councils to endorse them.
- Amend the current and upcoming legislation on VET and professional pre-higher education to harmonise provision and institutional networks.

### 4. Diversify VET provision to increasingly target adult learners

- Increase the autonomy of providers and incentivise them to provide lifelong learning courses. Build on and enhance the existing capacity of teachers and providers as a whole to train and attract adult learners.
- Integrate VET provision gradually for young people and adults by recognising prior learning, creating individual learning trajectories and modularising new VET qualifications while allowing partial qualifications.

### 5. Integrate the provision of VET and general education at upper secondary level

- Harmonise education and training provision at upper secondary level after 9th grade by horizontally amalgamating secondary VET and general secondary (academic) education with a view to ensuring attractive pathways to both academic and vocational tracks without institutional barriers in line with the New Ukrainian School concept.
- Rename the providers, particularly the VET providers, to get rid of the negative connotations of old-fashioned names and types of VET schools and institutions. For example, many countries

have renamed all providers as (vocational) colleges that can combine VET programmes at different levels.

- Develop an alternative matriculation exam or admission route to replace the academically biased EIT as an obligation for VET graduates to attain full secondary education and allow them to enrol in higher education.
- Develop a roadmap for the harmonisation of VET and general education reform at upper secondary level with the support of the development partners, namely the EU and the World Bank.

## 6. Reform the VET teaching profession

- Integrate general and vocational education at upper secondary level by deploying qualified teachers who work in general education to also teach learners in VET trajectories.
- Abolish the Soviet legacy of separating the teaching of theory by VET teachers (in the case of special subjects) and the provision of instruction by practical trainers or instructors. Integrate theory and practice within the teaching profession as it is increasingly essential in competence-based skills development.
- Review the competence requirements of modern VET teachers by rewarding their work and practical experience in the workplace or in industry (at least three years) and making it compulsory.
- Develop a (short-cycle) pedagogical programme that will enable professionals to qualify as VET teachers with attractive remuneration, career prospects and social status. Facilitate skilled professionals in obtaining their VET teacher qualification through distance and on-the-job training schemes while working in VET institutions.

The ETF launched the Torino Process in 2010 as a periodical review of vocational education and training (VET) systems in the wider context of human capital development and inclusive economic growth. While providing a quality assessment of VET policy from lifelong learning (LLL) perspective, the process builds on four key principles: ownership, participation, holistic and evidence-based analysis.



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