PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT
A GOVERNANCE PERSPECTIVE

Summary note
Public–private partnerships for skills development: A governance perspective from the European Training Foundation (ETF) is the first comparative and evidence-based study of the types, modalities, potential and challenges of state and private-sector joint and co-financed engagements in the field of vocational education and training (VET). This research is timely in the context of a renewed focus on social partnership and public–private partnerships (PPPs) in the European Skills Agenda and VET Recommendation of 2020, in the United Nations’ 2030 Agenda for Sustainable Development, and in the light of new challenges rising from the effects of the Covid-19 pandemic. Using a comparative approach between countries with an established tradition of social partnership and those where such partnerships are recent or evolving, the report sets out to define PPPs for skills development, and to establish whether they could form a bridge between periodic cooperation and institutionalised social partnerships in the VET systems of the ETF partner countries.

The analysis relies on evidence from 23 case studies concerning the purpose of the partnerships, their scope and membership, governance, financing and risk management arrangements, as well as the motivation, roles and capacities of the partners. The evidence was collected through both primary and secondary sources, and great attention has been paid to the voices of actors in the field from all sides of the partnerships concerned.

The case studies show that PPPs in the field of skills development merit support if they focus on outcomes – bringing benefits to the learners, organisations, society – and if they address the potential risks that are inherent to any form of public-private cooperation on a public policy. The ETF analysis also offers policy lessons on VET systems governance, based on country comparison.

The report is divided into two volumes, the second of which contains the detailed case studies.

PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT – A PARADIGM SHIFT

Recent literature on public governance and public policy administration suggests a shift in the conceptualisation of PPPs from the traditional definition that focuses on infrastructure delivery and management to an understanding of PPPs at the level of long-term programme and policy outcomes. This can be framed as a paradigm shift from the New Public Management model that originated in the United Kingdom in the early 1990s to one closer to New Public Governance (Osborne, 2010; Osborne and Strokosch, 2013) and Public Value Creation (Moore, 1995; O’Flynn, 2007).

The focus on outcomes of public expenditure and the fairness of its distribution is appropriate in the policy area of VET and lifelong learning. In specific domains, such as VET, outcome-driven programme partnerships offer an effective means of implementing policies, where states, schools and companies bring in resources to establish training centres, enhancing learning practices in response to technological change and labour-market needs. Public–private boundaries have evolved over the past 30 years and, while the creation of public value is not the sole responsibility of governments, the state exerts leadership by setting the standards of public value delivery at a high level. In order to leverage PPPs and make them work, it is fundamental that the public sector play the role of a catalyst, and nurture the capacities that are consistent with its leadership role and the demands for accountability in social outcomes.
STUDY BACKGROUND AND RATIONALE

The ETF’s progress monitoring of government and social partner cooperation in VET in partner countries found that:

1. Public–private cooperation advanced over the 2010s in the ETF partner countries, in response to growing skill mismatches in the labour market and a reshaping of state-market relations in many of the countries.
2. In only a few countries were these partnerships framed by institutionalised social dialogue in VET, though some mirrored the nascent social dialogue in VET.

From these findings, the study sought to reach a more systematic understanding of the scope and functioning of these partnerships, and of their potential to establish a direction for public–private cooperation in VET.

To this end, and based on a hypothesis that a background of social dialogue and social partnership processes provides fertile ground for PPPs in VET, the study opted for a comparative approach in selecting 23 cases of PPPs in the field of skills development: 10 cases are rooted in countries with a consolidated practice of social dialogue in relation to socio-economic policies, including in VET, while 13 cases are located in four countries with varying practices of social dialogue in VET.

The challenge of defining PPPs

The shortage of literature dedicated to PPPs in the skills development field also played a role in the choice of the case-study approach. In particular, no adequate definition nor a new consensus on the concept of PPPs existed in the skills domain.

- The OECD, World Bank and European Investment Bank definitions all reflect PPPs where the main motivation of the private sector to engage in a partnership is direct financial gain. These definitions, which inform the national laws of both groups of countries in the study, do not fit with PPPs geared to outcomes or long-term benefits for society.
- Partnerships are the focus of the 2030 Agenda’s 17th Sustainable Development Goal (SDG). The SDG17 encourages PPPs as one systemic issue; however, it does not provide a definition of the concept in education or training.
- PPPs can be perceived as a threat to education, which is viewed as a public good and a fundamental human right. The PPP model is seen as a vehicle for privatising education supply, bringing concerns about possible failures in quality, equity, accountability and social cohesion. These critiques chiefly concern the sphere of basic and compulsory education, whereas VET and skills development have their own specificity and history of public–private relationships. Nevertheless, they raise questions of governance that are addressed in the report’s research.

Consequently, the study adopted an operational definition of PPPs for skills development to recognise their commonalities and distinguish them from other instruments and processes.
PUBLIC–PRIVATE PARTNERSHIPS FOR SKILLS DEVELOPMENT

THE STUDY’S OPERATIONAL DEFINITION OF PUBLIC–PRIVATE PARTNERSHIPS

PPPs for skills development are mechanisms for coordinating action and sharing responsibility between public and private stakeholders in VET for formulating, designing, financing, managing and/or sustaining engagements of common interest with a view to producing results at the level of outcomes (impact) in addition to outputs. Public stakeholders in PPPs may include public institutions or semi-public organisations, such as schools, agencies and state enterprises, while private stakeholders may encompass individual businesses as well as associations and chambers of commerce. Furthermore, partnerships may unfold concerning any aspect of skills development within a particular economic sector, at the school/company level, as well as at the national or sub-national scale.

METHODOLOGY AND TYPOLOGY

Methodology

The operational definition was used to identify the case studies under review, while common elements mapped in a study carried out by the EU social partners (ETUC et al., 2017) were used in the analysis of the cases.

In group 1 the selection was made through desk research, with a preference for well-documented examples described as having a positive impact on skills development and/or steering innovation. The study also sought to have the largest possible variety of PPP types. A longlist was reduced to 10 based on availability for an in-depth interview.

In group 2 (Jordan, Kazakhstan, Serbia and Ukraine) national committees composed of public authorities, social partners and experts assisted in the identification of a longlist. During field visits, stakeholder workshops were held to form a common understanding of the purpose and scope of the study, and in-depth interviews were held. A second set of workshops in Serbia and Ukraine considered ways forward for their own PPPs, and informed a second set of interviews in all four countries.

Representatives from the case studies, social partners, EU institutions, and international donors and experts debated the draft report and conclusions in a workshop held in Brussels in December 2019. Their feedback and reflections are integrated into the report.

Typology

A mapping process was used to draw up a three-dimensional typology based on function, scope and membership.

Regarding the PPP function, three main functional families were identified: knowledge-oriented PPPs, resource-oriented PPPs and VET provision-oriented PPPs.

- A typical knowledge-oriented PPP was the Italian case on improving training statistics and data management.
Resource-oriented PPPs were found, for example, in Belgium, Jordan and Kazakhstan.

VET provision was present in most of the cases in the two groups under analysis. For example, Dutch, French, Moroccan and Swedish businesses took initiatives aimed at improving skill provision, meeting companies’ demands at a regional level, whereas Serbia and Ukraine showed the emergence of sectoral and local training initiatives.

In terms of PPP scope, the identified modalities ranged from ‘permeating’ to ‘ad hoc’ based on the integration with the VET system. Finally, membership modalities considered the number of partners, the types of organisations involved, and the openness of the PPP to new partners joining.

**Conditions for and common elements of PPPs in skills development**

The following elements were investigated:

1. legal arrangements,
2. financial arrangements,
3. division of risk and risk-management measures,
4. monitoring, follow-up and sustainability,
5. source of initiative and leadership,
6. tradition of social partnership in VET,
7. capacity of partners and capacity-building mechanisms.

**COMPARISON BETWEEN THE COUNTRY GROUPS**

The study hypothesis that the tradition of social dialogue in VET is a significant factor in the PPPs’ chances of success is partially supported by evidence from the case studies. VET social partnership has a key role in one dimension of the typology, namely the PPP’s scope and integration within the VET system, which was high only in country group 1. When considering the other two typology dimensions – the PPP’s function in skills knowledge, provision and resources, and its openness to new members – the study found similarities between country groups, while the differences may be explained by their different stages of progress. Where social dialogue in VET is already established, other governance dimensions such as institutionalisation, financing and risk management are also well developed.

The elements that mark significant differences between the two groups are listed below.

- The level of institutionalisation is higher in country group 1 and, from group 2, in Ukraine.
- Access to multiple financing mechanisms is typical for projects in country group 1, compared to the few mechanisms in place in group 2.
- Risk-management measures and attention to sustainability are more frequent in the first group.
- The capacity of actors in group 1 has been built up over a long time and is homogeneous in nature, while in country group 2 capacity levels are more various and are currently being developed through practice.

It is worth noting that, whereas formalised mechanisms for cooperation are not always in place, in the countries of group 2 the private sector often compensates by taking the initiative to start a PPP and/or investing its own financial resources. For example, in Serbia, HORES, a business association for hotels and restaurants, created its own academy to counter the permanent shortage of qualified labour force in the hospitality sector, while a group of companies in the fashion and garment
production sector sought out institutional and educational partners to form Cluster FACTS. In Ukraine, private partners first established training and practical centres in the early 2000s; they acquired state funding in 2016. Both countries came in at the higher end of a table showing levels of private-sector ownership among the PPP case studies.

AN ASSESSMENT OF POLICY LEARNING AND PUBLIC–PRIVATE PARTNERSHIPS EFFECTIVENESS

The goal of the case study approach is to provide sufficient analytical depth so that clear policy lessons can be drawn from current experiences. Specifically, the aim is to provide detailed information on how and why the PPPs in these cases work as they do, and to identify the contextual factors that have shaped their outcomes.

Three key governance issues were identified: the cooperation dilemmas of the actors involved, the requirements and conditions of government legislation and coordination, and the nature of experimental governance, including the assessment of PPP results.

An analysis of the case studies in countries with a tradition of social partnership (group 1) gave rise to a stepwise model of how PPPs for skills development become institutionalised.

■ Stage 1. Start-up: specification and conceptualisation
  Political entrepreneurs create awareness, specify goals and conceptualise ambitions of a PPP. They secure funding and share their analysis of the risk distribution. Broker organisations or individuals may pave the way. Memoranda of understanding can be developed. Incentives may be provided, such as subsidies for pilot programmes.

■ Stage 2. Institutionalisation of the cooperation: designing and building the PPP model
  Formulating the exact project targets, work processes and division of labour. Includes the design of training programmes, recruitment of students and implementation of instruction. The first year’s results are monitored with a view to further development of the project.

■ Stage 3. Consolidation: operating and sustaining the initiative
  Further monitoring, assessment and evaluation, and finding new financial resources. Identification of any potential valorisation of projects, including intellectual property, educational results, learning analytics, benchmarking and networking.

■ Stage 4. Scaling-up and evolution for further cooperation
  A new cycle of specification and conceptualisation begins. May prompt the start-up of new projects, including the empowerment of staff and students to secure the project’s sustainability, undertake innovation and forge new partnerships. Project evaluation may indicate whether the joint experience is strong enough to carry on, or whether new forms of public–private entrepreneurship are needed to initiate new practices.

Not all of these policy learning and public value dimensions can be transferred from one policy context to another. The comparison between country groups has shown that the initial PPPs developed in Jordan, Kazakhstan, Serbia and Ukraine have more differences than similarities with the PPPs in the countries that have a long-standing tradition of public–private cooperation in VET. Policy learning can be powerful if differences are taken into account, together with a meaningful identification of the stakeholders and their motivations.
CONCLUSIONS AND RECOMMENDATIONS

Revisiting the definition of PPPs in VET

The empirical analysis enriched the study’s operational definition of PPPs for skills development, identifying the following characteristics:

- The actors’ awareness and motivation to improve skills and employment levels is the main driver of the partnership, beyond return on investment.
- The partnership is open to new members, who integrate activities horizontally and vertically.
- The partnership can emerge and operate within the framework of the VET law rather than the PPP legislation, and its administrative basis can be a memorandum rather than a formal contract.
- The co-financing arrangements cover multiple options, and often a PPP for skills development combines various financial resources.
- The risks in the training domain primarily involve the quality of skills in relation to the evolving demands of the labour market. These risks are mitigated through quality assurance, monitoring mechanisms and capacity building.
- The public partner role covers more than that of a neutral regulator or service procurer, since it has the ultimate responsibility for the quality of the public good being delivered.

Three general conclusions and areas for further research

1. Policy learning is crucial to gaining a deeper understanding of the stages of PPP inception, growth and evolution. Political entrepreneurship is pivotal in cooperation dilemmas, legislative processes and experimental governance. Some PPPs lead to improvement from within the VET system, whereas others lead to refreshing it from the outside in.

2. A dedicated research methodology is needed to delve deeper into learning outcomes. It would need to evaluate whether PPPs bring VET training closer to the innovation frontier of companies, assess the role played by pedagogy and didactics, and identify how the effort can be organised, who benefits, and the implications of underinvestment.

3. The emergence of PPPs has fuelled the debate on governance. The paradigm shift from New Public Management to New Public Governance and Public Value Creation seeks to rethink how political entrepreneurs and the public and private sectors take part in the delivery of public services and create long-term benefits for society.

Policy pointers for countries that are shaping cooperation in VET

In such a context, emerging PPPs are developing step-by-step, driven by the needs for skills and the motivation of the partners, rather than by legislation or institutional arrangements. The more these PPPs are recognised as part of a legitimate modality for enhancing VET knowledge, provision and resources, the more impact they will have. The institutionalisation of PPP practice will depend on both the acceptance of experimenting with new forms of VET management and delivery, and active trust building between the public and private partners. Trust takes time to establish but will do so if quick wins in collaborative practice, and long-term successes, with learning from failures, are given a chance. Attention should be paid to:

- trust-enhancement measures;
- monitoring and evaluation frameworks;
- mapping of expertise of the involved parties;
- action-learning to develop partnership-steering capacity;
- local-level partnerships in countries with a large informal economy.

**Recommendations for stakeholders**

National governments can:
- engage public and private partners;
- mobilise and allocate financial resources;
- foster approaches to risk management.

Regional governments can:
- organise dedicated learning infrastructures;
- enable networks of companies and schools, and promote clusters;
- develop joint action plans with local business and their associations and social partners.

Companies and their branch organisations can:
- initiate and nurture a learning culture within companies;
- invest in equipment and educate internal staff on new pedagogical developments;
- contribute to evaluating progress.

VET, higher professional education and adult-learning providers can:
- promote work-based learning, lifelong learning and life-course training routes;
- create niches for innovative education programmes and invest in educational leadership;
- advance meta-cognitive, pedagogical and didactic approaches for workplace learning.

The EU, international organisations and bilateral donor agencies can:
- promote outcome-oriented PPPs and enhance policy learning;
- connect the VET systems with macro-economic, technological, demographic, digital and environmental trends, and with the findings of research;
- encourage national and international learning for all the actors involved in PPPs.

**THE 23 CASE STUDIES**

The functional family of each case is provided after its name, according to the classification derived from the mapping process in the study.

**PPPs in countries with a tradition of public-private cooperation**

**Italy: Excelsior – sound statistics gathered with the Chambers of Commerce**

Knowledge-oriented, closed, permeating the system

In existence for 20 years. First annual, national, compulsory sample survey of the recruitment and skills needs of companies. The survey is publicly funded and implemented by the Chambers of Commerce.
The Netherlands: 160 PPP centres in VET and higher professional education schools
VET provision- and resource-oriented, with elements of knowledge-oriented, open, permeating the system
Aims to innovate and accelerate the mutual exchange between the labour market and VET and higher professional education schools. Continues to evolve from technical sectors to the economy at large. Monitoring and cooperation between VET and higher professional education sectors need further improvement.

Norway: The National Training Office for Oil-Related Trades (OOF)
VET provision-oriented, semi-open, ad hoc
Private sectoral organisation supported by state grant coordinates apprenticeships, improves training and provides accurate labour-market forecasts. Tripartite dialogue between oil companies, VET schools and regional governments. Low drop-out rate for apprentices.

Morocco: Training Institutes for Professionals in the Automotive Sector (IFMIAs)
VET provision- and resource-oriented, open, some elements permeating the system
Part of a government-led strategy for delegated management of VET institutes in partnership with professionals from the sector concerned. Accountability and financial autonomy are key principles. Employment rate of 97–100% of students from two of the institutes.

Israel: Amal Educational Network (AEN) and the entrepreneurial centre in Hadera
VET provision-oriented, open, ad hoc
VET network established by the federation of trade unions in 1928. 80% public funding, 20% donations and profit, employers contribute in kind. Entrepreneurial centres provide extracurricular learning for schoolchildren to become business and social leaders.

Australia: Australian Qualifications Framework (AQF) and school-industry partnerships
VET provision-oriented with some elements of resource-oriented, closed, ad hoc
The nationwide AQF smooths the pathway to traineeships, apprenticeships, employment and further education. School–industry partnership models in Queensland include one for at-risk and disengaged young people who have dropped out of school.

France: Campuses of Professions and Qualifications
VET provision-oriented with strong elements of resource- and knowledge-oriented, open, some elements permeating the system
Label awarded to regional networks of training bodies within an economic sector that bring together educational institutions, research laboratories and companies. Can act in synergy with competitiveness clusters. Address the skills needs of the whole sector, including SMEs.

Sweden: Teknikcollege – a network of advanced training providers
VET provision-oriented with elements of resource- and knowledge-oriented, open, some elements permeating the system
Launched in 2004 in the engineering sector; now covers the whole industrial sector. Flexible model that moves away from traditional apprenticeship schemes. Public and private funding. Municipal and regional steering groups ensure all aspects of performance.
Germany: Gesamtmetall – skills development in metal and electrical engineering

**VET provision-, resource- and knowledge-oriented, open, permeating the system**

Gesamtmetall is a federation of employers’ associations, representing the whole metal and electrical engineering sector. Identifies new skills needs and negotiates with government and social partners to apply new standards, which are implemented by Germany’s dual VET system.

Belgium: ‘Duo for a Job’ – integration and employment of young immigrants

**Resource-oriented with elements of provision- and knowledge-oriented, closed, ad hoc**

NGO-managed programme sponsored by the Brussels regional employment agency. Matches young immigrants with local retirees for mentoring and networking. Implemented via a social impact bond: payment-for-results contract that leverages private social investment to pay for welfare services (impact investing).

**PPPs in countries with a recent tradition of public–private cooperation**

Though, with one exception, none of the cases could formally be categorised as PPPs in the countries’ national legislation, they can be considered ‘through the prism of PPP’. In all cases the capacity element remains to be built. Results reveal that even in the circumstance of recently institutionalised social partnerships, effective cooperation, if not a formal PPP, between the public VET system and the private sector is possible if there are clearly perceived interests and proper motivation of the parties.

In **Jordan**, sector skills councils (knowledge-oriented, open, ad hoc) have been set up in order to improve labour-market intelligence, match demand and supply, raise productivity, and monitor and evaluate the progress and results of training. VET centres of excellence (resource- and VET provision-oriented, semi-open, ad hoc) have been developed. And Jordan’s Chamber of Commerce is now responsible for the delegated management of workshops (resource- and VET provision-oriented, closed, ad hoc) in public VET centres. None of these were found to meet the ETF’s research criteria for PPPs. However, various organisational forms are perceived to have been successful. In each case, the focus is on whether labour-market needs are being met, whether there is enough input from participating stakeholders, and whether the training is relevant, efficient and is supported with sufficient equipment, training material and resources. Also crucial is whether the governance structure provides for quality assurance and flexible mechanisms to carry out additional adaptation of the skills provision.

**Kazakhstan** has a top-down governance structure, and its PPPs tend to be commercially oriented. Social partnerships legislation on education is promising but there is no role in technical VET governance for employers. Of the case studies, the provision of dormitories and catering (resource-oriented, open, ad hoc) to VET institutions resembles a traditional type of PPP. Dual VET (VET provision-oriented, closed, ad hoc) was launched in 2012, and in 2018 it involved 460 colleges and 3,055 enterprises. Examples include a private college established by a copper producer with agreements with more than 40 companies, and a cement company partnership for training students at its plant. Trust management (resource-oriented, closed, ad hoc) is subject of the third case study, where publicly-owned VET institutions are entrusted to private companies, with regional authorities (akimats) as trust managers. A lack of transparency, failure to meet obligations and being driven by financial interests were identified as potential pitfalls in the trust management examples.

In **Serbia**, there is a firm legal basis for PPP development, but social dialogue in the field of skills development is not well developed. The PPP cases, which are mainly VET provision-oriented, have developed at the local level in response to labour-force demand. One case, the Institute of Field and Vegetable Crops (resource-oriented with elements of knowledge- and provision-oriented, open,
ad hoc), has production as its main focus, with the development of skills an associated need. Two of
the cases – Cluster FACTS (VET provision-oriented, with elements of resource- and knowledge-
oriented, semi-open, ad hoc), which is related to the preparation of specialists for the fashion industry,
and Education to Employment ‘E2E’ (knowledge- and VET provision-oriented, open, some elements
permeating system), an innovative scheme for the transition from education to employment – have
proceeded in accordance with the Law on Dual Education. The other case, HORES Academy (VET
 provision-, knowledge- and resource-oriented, semi-open, some elements permeating system),
training specialists in the hospitality sector, is based on the Law on Adult Education. The motivation of
both parties – private and public – is strong in all of the PPPs and their level of sustainability is high.

**Ukraine** requires legislation for PPPs in the education field. Regional VET councils have been
established but their scope of responsibilities is limited. At the same time, there are many examples of
well-established, formalised partnerships. These include the internship programme for VET students
in enterprises (VET provision-oriented with elements of resource- and knowledge-oriented, open,
permeating the system) and training and practical centres (resource- and VET-provision-oriented,
open, some elements permeating the system) in VET institutions (not all of which qualify as PPPs).
The private sector is strongly motivated to develop partnerships, either because of labour-force
demand (in the first case) or to promote their own product (in the second case). A third type of PPP
involves the participation of employers in the development of education content (knowledge-oriented,
open, some elements permeating the system) through formally established working groups in which
the private sector invests time and knowledge without remuneration.

**Volume II** of the study concludes with policy recommendations, including that the four most interesting
cases should be examined across all four partner countries. The case studies suggested are Jordan –
sector skill councils; Kazakhstan – trust management of VET colleges; Serbia – Cluster FACTS; and
Ukraine – training and practical centres.
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