

PRIORITY FOR ACTION N°1

Build strong skills partnerships, a must for socioeconomic prosperity and agile and resilient systems

This recommendation means to address the challenges related to the centralised governance and the state-based financing of skills systems. These two issues have significant impact on the relevance and effectiveness of education and training systems in the region.

New technologies, new business models, digitalisation, climate change and the COVID crisis call for fast and flexible responses from VET systems. An agile and resilient skills development system is able to adjust to disruptions and to turn threats into opportunities. Effective partnerships and shared responsibility among different actors, could be key aspects of the solution.

1.1 Foster the establishment of a multilevel and multistakeholder governance ecosystem at national, sectoral and local levels

This priority for action calls for a comprehensive and coherent approach to addressing this urgent issue by fostering a conducive environment for a multilevel and multistakeholder governance ecosystem that can steer skills development to respond efficiently to real socioeconomic needs.

At national level, the central authorities in charge of skills development should consider the social partners as full actors in the policy cycle and not as hosts to be consulted casually on specific issues. Tripartite partnerships enhance the possibility of achieving a consensus on national development goals and the means to achieve them. These partnerships, in whatever form, should ensure and guarantee the strategic orientations and related legislation and financing, as well as their implementation and monitoring.

At sectoral level, The sectoral skills councils (SSCs) in strategic sectors could be an effective way to involve employers directly in policy design and enable them to play a role in influencing policy. Where there are issues of skills identification and/or skills intelligence and data collection, which is the case in most countries in the region, this may be a way for the private sector to engage in skills planning and policy dialogue. The SSCs will seek to build a skills system that is driven by employers' demand.

At regional and local level, the reinforcement of schools' autonomy and their integration into their environment is becoming urgent in terms of responding to diverse challenges and changes. Without local partnerships with the private sector and a certain level of human and financial autonomy for schools, it will be difficult to ensure agility and resilience. A second phase would be the setting up of consolidated school networks to optimise teaching and learning resources and increase efficiency.

These national networks could open their cooperation relationships to other regional and international schools' networks to foster peer learning and future development.

1.2 Diversify and sustain the financial mechanisms of VET to address the various needs and ensure budget sustainability

In most countries, VET system financing is ensured mainly through the state budget. Shared governance to address policy priorities should also cover VET financing and the diversification of its sources. The ETF recommends initiating this reform through a review of the current budget formation and allocation and its efficiency in covering different needs and providing the right skills.

Develop a costing methodology to ensure accurate and sustainable budget planning and execution. Simulating the financial implications of policy options allows checks to be made that choices are realistic and sustainable over time. It is important that the skills strategies include estimations of the costs in relation to the outcomes and to the activities to be planned. This will give better predictability in terms of the resources needed over the implementation period.

Diversify the sources of funding and increase the share of non-state resources for implementing the skills and labour market strategies and concretely engaging the private sector. The diversification of financing sources assumes an economically fair cost–benefit approach, making those who benefit from public policies also contribute to them. This contribution, or funding formula and conditions, could take many forms, such as a training levy and related incentives, income generation by schools, tuition fees, etc.

Move towards more performance-oriented approaches for resource allocation. Currently, in most countries, resources are determined by a simple percentage increase (or decrease) on the previous year's budget (historical incremental approach), which does not take into account the performance of providers or the achievement of VET policy objectives. Policy makers should consider establishing basic criteria for the allocation of funds based on performance and policy priorities (i.e. enrolments, placements, continuing training, WBL, etc.) to bridge the gap between strategies and actual achievements, and make the policy more credible and transparent.

Questions for the working groups

1. *Do you consider this priority relevant for the region? Do you think this priority is also applicable in the context of your own country?*
2. *Based on the recommendations provided, which action do you consider most relevant and appropriate to implement at regional level: (Please precise under which form: Regional projects, Networks, CoP, Peer learning etc.)*
3. *Do you have a good practice in your country, to share with other participants, on the implementation of one or more actions in the area of governance and financing?*