



TORINO PROCESS 2016-17

UKRAINE

EXECUTIVE SUMMARY

Executive summary of the Torino Process 2016–17 Ukraine report.

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Acronyms

CVET	Continuing vocational education and training
ETF	European Training Foundation
EU	European Union
EUR	Euro
IVET	Initial vocational education and training
MoES	Ministry of Education and Science
MoSP	Ministry of Social Policy
NQF	National qualifications framework
PPP	Public-private partnership
SMEs	Small and medium-sized enterprises
UAH	Ukrainian hryvnia
UKRSTAT	State Statistics Service of Ukraine
VET	Vocational education and training

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1. Introduction

The Torino Process has proved to be a useful self-assessment exercise for Ukraine, providing the opportunity for systematic dialogue on vocational education and training (VET) in the country. The Torino Process 2016–17 is the fourth such exercise in which Ukraine has participated. It is an evidence-based approach to the analysis of VET, based on country ownership and the broad and open participation of stakeholders from the public and private sectors. The objective is to undertake a biennial monitoring of policy progress that will enable partner countries to monitor the implementation of VET reforms and to assess their progress and impact.

In 2016, in the context of Ukraine's decentralisation, the Torino Process was implemented at two levels: at national level, through self-assessment presented in the Torino Process 2016–17 Ukraine report; and at regional level, through self-assessments and analyses of VET in 24 Ukrainian oblasts (Vinnytsia, Volyn, Dnipropetrovsk, Donetsk, Zhytomyr, Zakarpattia, Zaporizhzhia, Ivano-Frankivsk, Kyiv, Kirovohrad, Luhansk, Lviv, Mykolayiv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Kherson, Khmelnytskyi, Cherkasy, Chernivtsi, Chernihiv) and the City of Kyiv. VET is analysed in terms of how each region sees the VET system and its development prospects; how efficiently the system addresses economic and labour market demands; how well it is adjusted to demographic, social and inclusion demands; the competence of the technical and vocational education and training system; and management and funding aspects.

In terms of progress in VET reforms and achievements, it is important to note that after the Torino Process round in 2014, Ukraine underwent a dramatic transformation linked with the change in its geopolitical course towards integration into the European Union (EU). This is taking place against a background of global challenges, both internal and external: the political crisis, Russia's annexation of Crimea in 2014, and its permanent military aggression in the Donbas are major events that currently determine the development of all areas of Ukrainian life.

Since 2014, the key reform agenda in Ukraine has been associated with the decentralisation of power; the objective is to break away from the centralised model of management, ensure the capacity of local self-governments, and build an efficient system of territorial power. The aforementioned challenges in the country have acted as a catalyst for changes in the education sector aimed at 'Europeanisation' and the approximation to the standards of developed countries under the motto 'Quality Education and Fair Access to It'. In this context, the VET sector is also undergoing extensive changes. This involves not just minor adjustments, but a drastic restructuring of the VET system.

The following priorities have been identified for VET:

- reform of the legislative framework for VET in line with European standards by adopting the laws 'On Education' and 'On Vocational Education';
- decentralisation of VET governance and financing, and optimisation of the network of VET institutions;
- modernisation of VET content through the development of competence-oriented educational standards based on professional standards;
- development of the entire VET system, comprising initial VET (IVET) and continuing VET (CVET) within lifelong learning, enhancing the life opportunities of citizens and increasing their mobility in the labour market;
- implementation of public-private partnerships (PPPs);
- implementation of the national qualifications framework (NQF);
- improvement in the image of blue-collar occupations in society.

Overall, during the past two years, Ukraine has been shifting towards a new focus in VET. It is expected that VET will gradually be transformed to become a driver of growth and development. This motivates a need for the VET system to be aligned (i) with the strategies and plans for development of the regions and cities in the country; (ii) with the strategies and plans for development of its major industrial and economic sectors; and (iii) with the market and economic reality created by the possibility of increased trade with the EU through the Deep and Comprehensive Free Trade Area.

2. Main findings

Overview of VET and vision for VET

There are different types of VET providers in Ukraine, and changes in VET provision networks are ongoing. As of 1 September 2016, there were 926 institutions in the network of state-owned VET providers. Of these, 922 are under the jurisdiction of the Ministry of Education and Science (MoES) and 4 are subordinate to other central executive authorities.

The consolidated statistical data provide information on only 809 of the 922 VET institutions subordinate to the MoES, as 53 institutions in the Donetsk region and 60 in the Luhansk region are located in the anti-terrorist operation zone. Of these 809 VET institutions that are under the jurisdiction of the MoES, 23 are divisions of higher educational institutions, 23 are educational institutions of other types that also provide VET, and 71 are training centres within closed penal institutions, vocational schools for social rehabilitation and vocational schools within penal colonies (MoES data, 2016).

The Ministry of Social Policy (MoSP) also has important responsibilities for policies on adult learning and vocational training. Under the State Employment Service, there are 11 vocational training centres – in Dnipropetrovsk, Donetsk, Ivano-Frankivsk, Luhansk, Lviv, Odesa, Poltava, Rivne, Sumy, Kharkiv and Kherson regions. In addition, there are 2 000 private VET providers. Many of these are training centres attached to large companies.

Transformations in Ukraine's social and political life and the change in its geopolitical course towards integration into the EU have brought about major reforms, including the decentralisation of power that was initiated in 2014. The State Strategy for Regional Development for the Period till 2020 (adopted by the Cabinet of Ministers in 2014) envisages the competitive recovery of regions by means of efficient development of regional economies. It puts into practice VET decentralisation within the new

context in the country. As indicated in the joint MoES and European Training Foundation (ETF) Green Paper on 'Decentralisation of VET in Ukraine: Momentum for Action' (2016), the process of VET decentralisation is the first major initiative of the Ukrainian government in the area of education.

The move towards VET decentralisation and systemic reform paved the way for the modernisation of Ukraine's legislative and regulatory framework, thus creating the conditions for policy implementation with plenty of innovative developments. On 6 October 2016, the Verkhovna Rada (parliament) of Ukraine adopted at the first reading the framework Law 'On Education', which embodies new parameters for the functioning of VET, including a new system of governance based on increased responsibilities for the regions, the NQF, sector-specific qualifications frameworks, competence-based professional standards, and PPPs in education.

The draft Law 'On Vocational Education' (submitted by the Cabinet of Ministers for consideration by the Verkhovna Rada of Ukraine in 2016) sets out the VET development strategy and aims to ensure:

- decentralisation of VET governance;
- implementation of multi-channel financing for VET institutions and employer engagement in VET financing;
- modernisation of the VET network in line with actual labour market demand;
- modernisation of the material and technical resources of VET providers and the establishment of modern, industry-specific practical training centres;
- update of the structure, types and content of VET;
- improvement in the social attractiveness of blue-collar occupations and their popularity among young people;
- development of PPPs.

The first steps in the VET decentralisation process, which was started in 2016 following the adoption of the State Budget for 2016, were accompanied by serious challenges resulting from the lack of an appropriate legislative and regulatory framework and the shortage of financial resources of the regions. The State Budget for 2017 closes the gaps within VET financing in the light of the problems that emerged in 2016, guaranteeing subventions to the regional budgets from the state budget for VET schools that are providing secondary education, and also for those that are engaged in VET provision for professions with national significance. At the same time, the regions must ensure VET institutions' financing from regional (oblasts, or cities of oblast significance) budgets using the regional order for skills training. Thus, decentralisation continues to be the key element in VET development in Ukraine, and regions should continue to develop their models of governance and financing.

However, the abovementioned reforms do not affect the VET colleges of higher education at accreditation levels I–II, which provide the same qualifications as VET institutions. This makes the VET reform fragmented and means that it is difficult to implement it in a holistic manner. Although the basis for the integration of higher education institutions at accreditation levels I–II into the entire VET system was envisaged in the Law 'On Higher Education' (2014), the actual implementation of this provision is not taking place, owing to strong lobby groups that are slowing down the process.

Current education reforms are trying to address the content of education in order to better prepare young people for the 21st century. A new 12-year education system will be introduced under the

concept of the New Ukrainian School¹. This will consist of a basic nine years of secondary education, followed by a three-year profiled specialisation, and will bring Ukrainian education closer to common practices in industrialised countries. The reason for these changes is that the education system has become disconnected from society and from the economy of the country. The New Ukrainian School will also have an impact on how VET reform at secondary school level evolves, and from a strategic point of view it is an important step towards changing the education and training system from knowledge acquisition and accumulation to a system that can equip young people with the necessary skills and competences to help them to be more successful in life.

In the past two years, the focus of key stakeholders has mainly been on designing and discussing the legislation. Two draft laws, 'On Education' and 'On Vocational Education', are awaiting further improvement and eventual approval by the parliament. VET decentralisation is recognised as a prerequisite for adapting skills, competences and vocational qualifications to the needs of the local economy. However, progress on decentralisation has been slow. This is mainly due to the lack of effective coordination mechanisms between state actors in building a vision for the new system, in implementing new VET policies, and in ensuring the consistency and efficiency of the decentralisation process. The image and reputation of the VET system in Ukraine requires urgent attention. The solution lies in a multi-faceted approach, including adopting an effective performance management system, improving cooperation with employers, adopting a demand-driven approach, and improving conditions for students and teachers.

Addressing economic and labour market demand

The deterioration of the macroeconomic situation in Ukraine in late 2014 and in 2015 translated into the stagnation of domestic industry (particularly metallurgy, as one of the budget revenue-generating sectors of the economy), the deterioration of economic relations between domestic producers, the destruction of the industrial, transport and social infrastructure in the Donetsk and Luhansk regions, etc. The financial and economic crisis, as well as a massive budget deficit, made it challenging to achieve macroeconomic stabilisation and increase economic demand for labour.

Demographic challenges have also hindered the country's economic development over the past two years. Labour force ageing remains an acute problem, especially in rural areas. The number of internally displaced persons has grown significantly as a result of hostilities in Eastern Ukraine. There has been an increase in the number of people with disabilities. The population's health has deteriorated. All of these factors have contributed to a reduction in labour demand in the national economy. In the year from 1 January 2015 to 1 January 2016, the number of vacancies dropped from 35 300 to 25 900 (UKRSTAT, 2015). Further training has taken place on a small scale only owing to the limited financial capacities of enterprises of various forms of ownership, and this has also diminished the prospects of an increasing demand for skills (UKRSTAT, 2016).

Initial signs of macroeconomic recovery in 2016, a rise in domestic business activity (the industrial production index in January–July 2016 constituted 101.7% year-on-year), and a gradual normalisation of Ukraine's current account balance and trade balance have created favourable conditions for increasing the national economy's demand for skills and, in light of the recent demographic issues, for shifting the focus of the VET sector to new occupations (Ibid.).

Another positive shift is the government focus on promoting entrepreneurship among citizens. In the career guidance context, special emphasis is placed on motivating individuals for work and selecting the most efficient ways to ensure employment, and in particular on directing individuals to choose labour-market-relevant occupations, and assisting in professional self-determination. At the same time, Ukraine has achieved some successes in business deregulation and in simplifying administrative

¹ MoES, *The New Ukrainian School: Conceptual Principles of Secondary School Reform*, 2016.

procedures, including reducing the time needed to start a business, extending e-government services and implementing legal reforms in such areas as licensing, insolvency and secured lending; four key laws to upgrade the country's quality infrastructure have recently been adopted². However, according to the conclusions of the *SME Policy Index: Eastern Partner Countries 2016*, Ukrainian small and medium-sized enterprises (SMEs) are experiencing the negative impact of high inflation, credit contradiction, tight capital controls and limited fiscal space for the government to provide them with targeted support.

The mismatch of skills and qualifications with the needs of the economy and with the changing societal and technological environment remains an important cause of the under-utilisation of the labour force and of recruitment bottlenecks for Ukraine. An effective system of forecasting national and regional labour market demand by skills, competences, occupations and qualifications is still absent. The current system for anticipating labour market demand may have had merit in the context of a centrally-planned economy in which all employers were, in effect, companies owned by the state. However, this system is now considered out of date and poorly adapted to the needs of a market-oriented entrepreneurial and innovative economy, the kind of economy that the EU-Ukraine Association Agreement, and the ensuing Deep and Comprehensive Free Trade Area, is intended to consolidate. Since 2014–15, the ETF has supported skills-matching activities with the objective of raising the level of awareness and knowledge of coordinated approaches and systems for skills anticipation and matching among the Ukraine members of the Make It Match network.

There is a positive trend towards an increased role for non-state employment agencies functioning alongside the State Employment Service. However, the current forecasting capabilities are substantially limited owing to the lack of comprehensive statistical data on the occupational and qualification profile of the workforce. The factors impeding the employment of IVET and CVET graduates include:

- high employer expectations on the level of qualifications and work experience of graduates;
- lack of social guarantees (proper working conditions, remuneration, housing provision);
- lack of awareness of labour market demand among VET graduates;
- considerable spare capacity in the labour market;
- lack of employability skills;
- shadow economy;
- informal employment.

There are a number of challenges affecting the efficiency of career guidance:

- lack of in-house career guidance specialists in VET institutions in many regions;
- insufficient career guidance training of teaching staff;
- poor level of material, technical, information and methodology provision;
- lack of clear coordination between different career guidance actors.

² Organisation for Economic Cooperation and Development et al., *SME Policy Index: Eastern Partner Countries 2016: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris, 2015. Last accessed 6 April 2017 at: <http://dx.doi.org/10.1787/9789264246249-en>

When VET is closely aligned with the needs of employers, trainees have excellent employment prospects and quickly find their way into work. Employers are able to hire workers who are immediately productive and do not require years of extra mentoring and training. VET is also of great importance for the development of entrepreneurship, start-ups and SMEs. These play an increasingly important role in economic development. It is therefore no accident that the association agreement specifically encourages cooperation between the EU and Ukraine in the field of VET. It is an important factor for the success of the Deep and Comprehensive Free Trade Area. In the current stage of discussions relating to new legislation, it will be particularly important to ensure clear support for regional development plans. Although good progress has been made in the creation of regional development plans and in the elaboration of the first regional orders for VET, there is a need to approve and finalise the regulation/legislation that will determine the regional order, and it is certainly necessary to improve the system for determining short- and medium-term labour market demand.

Addressing demographic, social and inclusion demand

The VET system in Ukraine has a strong social orientation in that it plays an important role in the protection of vulnerable population groups. Legally, the VET system is entrusted with the social care of vulnerable young people who are entitled to enrol in VET institutions without competition and benefit from preferential treatment. In the 2015/16 academic year, the share of such students in state-owned VET institutions reached levels of between 30% and 50% of enrolments.

The list of factors that have dominated the social protection and inclusion agenda since 2014 includes demographic factors (increased intensity of migration on account of internally displaced persons, sustained population ageing, and a persistently low birth rate) and increased burden on the social budget owing to growing vulnerable populations (the number of social welfare recipients is rising as a result of the increasing number of people with disabilities and anti-terrorist operation fighters in the Donbas), all against a background of limited budget resources.

Ukraine ranks among the top 30 countries of the world with regard to the share of its population aged 60 years and above. Life expectancy at birth is around 70 years, which is among the lowest in Europe³. The old-age dependency ratio was 21.9% at the end of 2015, while the youth population (aged 15–24) accounted for only 16.4% of the population in 2014. The working-age population is expected to decline even further between 2015 and 2020⁴, and the overall population is expected to decline by more than 15% by 2050⁵.

Thousands have been forced to flee their homes as a result of the conflict that started in Eastern Ukraine in April 2014, and these people have become increasingly vulnerable. According to data from the MoSP, 1 785 740 internally displaced persons were registered in Ukraine as of June 2016, almost 1 100 000 women and 700 000 men. Most are concentrated in the Donetsk (724 500), Luhansk (267 000), Zaporizhzhia (126 700), Kharkiv (199 000) and Dnipropetrovsk (73 500) regions and the City of Kyiv (136 000). These numbers include 980 600 pensioners, 71 800 people with a disability and 233 000 children⁶. The EU and its Member States have committed over EUR 268 million in humanitarian and early recovery aid to help the most vulnerable of those affected by the conflict.

³ United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2015 Revision, Key Findings and Advance Tables*, Working Paper No ESA/P/WP.241, 2015. Last accessed 6 April 2017 at: https://esa.un.org/unpd/wpp/Publications/Files/Key_Findings_WPP_2015.pdf

⁴ MoSP, *Ukraine National Progress Report on the Regional Implementation Strategy of the Madrid International Plan of Action on Ageing 2007–2011*, 2012.

⁵ United Nations, op. cit.

⁶ EU-Ukraine Sub-Committee on Economic and Other Sector Cooperation, *Cluster 6 meeting on Employment, Social Policy, Equal Rights and Public Health*, Non-Paper, Kyiv, 10 June 2016. Last accessed 6 April 2017 at: www.kmu.gov.ua/document/249111193/20160606-UA%20Non%20paper_cluster%206.pdf

In March 2016, the European Commission announced the further allocation of EUR 20 million for humanitarian aid⁷.

Citizens in Ukraine are free to choose any educational pathways for further study. There are no constraints affecting access to higher levels of education or training in general, or for specific groups of participants in VET. Under the current legislation, citizens of Ukraine have equal rights to acquire VET in line with their capabilities and talents, and regardless of their nationality, race, gender, social and economic status, world views and political beliefs, religion (and attitude towards religion), state of health, place of residence or other circumstances.

Similarly, there are no legal barriers between VET and higher education. A VET graduate holding a certificate of general secondary education and a skilled worker diploma is eligible to enrol for the second year of studies in a higher education institution based on the results of an interview process. In addition, some VET institutions in Ukraine issue junior specialist diplomas and thus provide initial higher education along with a certificate of general secondary education and skilled worker diploma. However, some constraints do exist in this respect, such as the financial situation and material conditions of learners, and the limited licensed admissions or state orders for certain occupations and specialities.

The VET system in Ukraine remains socially oriented and, as such, performs the function of protecting vulnerable population groups (orphans and children without parental care, children with disabilities, children of military service members who died while on active duty, etc.). These groups are entitled to preferential treatment when enrolling in VET institutions; they receive material assistance from the state during their studies; they are provided with better living conditions in halls of residence; and they are guaranteed employment and, in most cases, housing.

At the same time, the fact that the VET system has to sustain vulnerable VET students at the expense of public expenditure on VET leaves little money for its development, for upgrading material and technical resources, etc. According to the conclusions of the focus group discussions in five regions of Ukraine, conducted within the ETF project 'Working together for governing decentralised VET in Ukraine: Momentum for action' (2016), such an approach greatly displeases the regions that have been given responsibility for the development (and financing) of the regional VET system to respond to regional labour market demands. Regional representatives have suggested that it may be necessary to introduce special social assistance schemes financed from the central budget⁸.

An important issue afflicting VET in Ukraine today is the expectation that it should serve as a panacea for social inclusion and for the social integration of vulnerable groups. Yet VET is not explicitly linked to the global competitiveness of Ukrainian industry, to lifelong learning or to entrepreneurship and innovation. It is important to ask how VET decentralisation should serve as a platform for the development of a system that will contribute to the realisation of broader policy objectives. A critical assessment of what the VET system should be able to achieve and what the main outcome of the system should be might yield a different vision and different policy objectives for the Ukrainian VET system than those that currently seem to apply. While the current education and training system features a degree of fragmentation (mainly because diverse ministries have authority – legal and financial – over VET institutions), the proposed new VET Law refers to implementing the principle of lifelong learning and the right of individuals to choose their own educational trajectory (Article 3). The expectations are that the VET sector will be embedded into the lifelong learning perspective,

⁷ European Commission, Humanitarian Aid and Civil Protection, *ECHO Factsheet: Ukraine*, March 2016.

⁸ ETF and MoES, *Decentralisation of VET in Ukraine: Momentum for Action*, Green Paper, 2016.

according to which individuals should be able to access high-quality learning in multiple settings and formats.

Internal efficiency of the VET system

Since the previous Torino Process round in 2014, there has been an improvement in the internal efficiency of the VET system at both national and regional level as part of decentralisation. At the national level, this work has been carried out in a number of areas, including:

- improving teacher performance;
- standardising VET content;
- implementing innovative educational technologies and methods;
- enhancing the flexibility of the VET system through the recognition of non-formal learning outcomes.

Since 2014, there has been a trend towards improving the system of further training for VET teachers and trainers through the drafting of relevant legislation. The MoES has approved the 'Procedure for Further Training of VET Teachers and Trainers' (2014), and the MoSP 'On Approving the List of VET Institutions for Internships of Workshop Trainers, Teachers of Vocational Training, and Teachers of Special Vocational Subjects' (2016). Significant efforts to ensure continuing professional development of VET teachers and trainers have been made by the VET training and methodology centres that are located in every region. These centres provide course-based further training and internship services.

With the introduction of the New Ukrainian School concept, all secondary school graduates need to develop 10 key competences:

1. communication in the national language;
2. communication in foreign languages;
3. mathematical literacy;
4. competences in science and technology;
5. digital competences;
6. the ability to learn and adapt;
7. entrepreneurship;
8. social and civic competences for effective and constructive participation in society;
9. general cultural literacy to understand works of art, express ideas artistically, and help to understand cultural diversity;
10. environmental and health competences.

The following skills are seen as indispensable for developing the key competences: reading abilities, oral and written expression, critical thinking, the ability to express an opinion logically, the ability to constructively manage one's emotions, initiative, creativity, problem-solving skills, evaluating risks and decision making, and the ability to work in teams. These will have a significant impact on the VET curriculum, enabling it to produce a labour force that is better adapted to the changing realities of society.

The draft Law of Ukraine 'On Vocational Education' (sent by the government to the Verkhovna Rada of Ukraine in October 2016) provides a new approach to evaluating the qualification level of VET teachers and trainers, namely certification, i.e. an external evaluation of teaching employees' professional and personal competences, acquired by them to improve their own qualification level and to upgrade their teaching (pedagogical excellence). Certification of teachers and trainers will be carried out voluntarily, solely at their own initiative. As a result of successful certification, teachers and trainers will be awarded a certificate that is valid for five years.

In the period since the previous Torino Process round, the number of teaching staff has contracted from 47 500 (as of September 2014) to 37 900 (as of September 2016), including 16 900 workshop trainers and 13 600 teachers. This downward trend can be explained by the reduction in the VET student population owing to the demographic crisis, but the key contributing factor is poor social protection for this category of employee. As a result, the current average teacher supply rate is 86.2% of the demand (MoES data, 2016). The shortage of workshop trainers for some occupations is particularly acute owing to the lower salaries in VET institutions than those in industry. The VET teaching profession remains unattractive to young people. This creates problems such as an ageing teacher workforce, a low level of professional mobility, and poor motivation to master innovative teaching and production technologies.

Since 2014, an increasing trend has been observed in the use of information and communication technologies, problem-solving techniques, project work, non-standard lessons, binary lessons, summary reference schemes, didactic games, discussions, role and business play, working in pairs, working in small groups, and interactive technologies. Centre of excellence schools, authors' schools and pedagogical workshops are efficient ways of implementing methodologies on a regional basis.

The work on VET standardisation is ongoing. New national competence-based VET standards are being developed, including on the basis of occupational standards elaborated by employers. In 2015, the Procedure for the Development, Approval and Review of Occupational Standards was developed and recommended for application by the Joint Representative Body of Employers. In 2015 and 2016, 27 and 25 occupational standards, respectively, were approved under the procedure.

Further development of the graduate knowledge assessment system has been driven by the principles of flexibility and customer orientation:

- Order of the MoES 'On Approval of the Procedure for the Entry-Level Assessment of Knowledge, Skills and Abilities of Individuals Being Admitted to VET Institutions for Training under the Retraining or Further Training Programmes' (2014);
- Order No 256 of the MoSP 'On Approval of the List of Entities Entitled to Validate Non-Formal Vocational Learning Outcomes under Blue-Collar Occupations' (2016);
- Methodology Guidelines on the Criteria for Evaluation of Occupational Knowledge, Skills and Abilities, the List of Tools for Measuring Occupational Knowledge, Skills and Abilities, and Self-Assessment Questionnaires for Non-Formal Vocational Learning (MoSP, 2015).

Work-based learning is still a problematic area as it is provided only by leading enterprises. The following obstacles have been identified:

- lack of motivation and financial support/tax incentives for employers implementing work-based learning practices (0.2% of the overall payroll on average);
- lack of relevant teaching and methodological tools (in the past 10 years, only 30% of the planned textbooks have actually been published, and in the last four years, textbook publishing has been suspended completely as a result of limited financing).

Ukraine joined partner states of the European Qualifications Framework, having approved the NQF in 2011. However, the country failed to fulfil the action plan for the implementation of the NQF (2012) for a number of reasons, both objective (lack of coordination, financing, understanding of benefits and advantages, etc.) and subjective (lack of executive discipline, poor preparation of events and low professional level of those charged with their preparation, etc.). Thus, the NQF has not been broadly applied in either VET or higher education. Following the dramatic transformation of the VET system and the integration of Ukrainian education into the European Education Area, NQF implementation has once again become relevant. The draft Law 'On Education' provides for the establishment of an inter-agency forum (the National Qualifications Agency) that is intended to be a bridge connecting the education system and the labour market. In December 2016, the Cabinet of Ministers of Ukraine approved the Action Plan for the Implementation of the National Qualifications Framework for 2016–2020. The plan is a result of long-standing cooperation of the Ukrainian government, the Joint Representative Body, the Federation of Employers of Ukraine and the ETF. The plan was developed as an activity within the first 100 days of the new government. Its implementation is one of the key priorities in the education and training sector.

In the context of VET modernisation and the transfer of VET governance and financing functions to the regional level, the internal efficiency of the VET system has become a priority issue. As indicated in the 25 Torino Process 2016–17 regional reports based on regional strategies, many regions have approved or are in the process of elaborating their educational development programmes for the purpose of adjusting their medium- and long-term visions. Most regions have approved regional VET development plans aimed at optimising the network of VET institutions and increasing their performance.

Governance and policy practices in the VET system

Ukraine continues its long-standing practice of involving all stakeholders in VET policy and in strategy development and implementation. The drafting of the Laws of Ukraine 'On Education' and 'On Vocational Education' during the period 2014–16 is a further proof of such cooperation.

Liaison and communication between the VET system and employers in Ukraine revolve around such issues as the development of the NQF and National Qualifications System, the elaboration of national VET standards, the recognition of non-formal learning outcomes, and work-based learning. Active and regular cooperation in these areas has been continuing for many years. However, although some successful practices exist with regard to industry support for VET in the form of direct contracts with VET institutions, employers are not yet ready for systematic financial involvement, and this can be explained by the lack of the relevant legislative framework.

At present, PPP in VET is realised in the form of councils, which are elected collegial bodies. The primary result of PPP is the creation of sector-specific practical training centres (in the form of structural units, i.e. workshops or production facilities) at state-owned VET institutions aimed at improving the quality of skills training, enhancing graduate competitiveness, and boosting graduates' professional mobility on the labour market.

A significant trend in the context of VET decentralisation is the establishment of regional VET councils comprising local executive authorities and local self-government bodies, employers and their associations, trade unions and professional associations, educational institutions and VET providers, parent self-governing bodies, and international and domestic experts. Skills councils have been assigned the important function of promoting skills training for regional labour markets and regional development. However, decisions of VET councils are only recommendations, and it is not common practice for them to participate in decision making. This does not enhance their efficiency.

The draft Law of Ukraine 'On Vocational Education' envisages increased autonomy for VET providers. This means independence, self-sufficiency and responsibility for VET institutions in making decisions

concerning the development of academic freedoms, the organisation of the educational process, the content of educational activity, internal governance, economic and other activities, and independent staff selection and placement.

Financing remains the key challenge of the VET system. The VET sector has been under-financed during the whole period of Ukraine's independence, and this has resulted in a decline in quality. According to State Statistics Service data (2016), allocations for VET over the past five years in Ukraine amounted to 0.4% of gross domestic product, representing an average of 6.2–6.4% of all education allocations.

The situation worsened in 2016 and almost led to the collapse of the VET system. The process of VET decentralisation commenced as part of the nationwide decentralisation of power initiated in 2014. Its focus area is the transfer of VET financing and property to the local level. According to the Law of Ukraine 'On the State Budget of Ukraine for 2016' from 1 January 2016, the responsibility for financing skills training in VET institutions was assigned to local budgets. VET institutions located in cities of regional significance were to be financed from the budgets of those cities, while other institutions would be financed from regional (oblast) budgets and Kyiv City budget.

In addition, pursuant to Article 27 of the Law of Ukraine 'On the State Budget of Ukraine for 2016', the Cabinet of Ministers must ensure that the corresponding institutions, establishments and organisations are transferred from state into communal ownership. These changes had an adverse effect on the existing mechanism of VET governance: vertical governance was disrupted not only on the central–region dimension but also within the region, and no new mechanisms were developed as a replacement. In addition, in cases where VET institutions in cities of regional significance are financed from those cities' budgets, it appears that some local authorities are not interested in financing skills training for the whole region, and are even more reluctant to do this for several regions or for the country as a whole.

As a result, the resources received by smaller towns of regional significance do not cover all the expenditure of VET providers. In order to resolve the VET financing issues, the MoES has been taking measures during 2016, and the Cabinet of Ministers has eventually allocated stabilisation subsidies. The State Budget for 2017 closes the gaps within VET financing in the light of the problems that emerged in 2016. It guarantees subvention from the state budget (an amount of UAH 2 billion) for delivering full secondary education to students, and subvention (an amount of UAH 119.6 million) to students training for occupations of national significance (which are defined by the Resolution of the Cabinet of Ministers of Ukraine as of 16 November 2016 No 818, where 19 such occupations are listed).

In addition, the MoES of Ukraine is launching a pilot project for the modernisation of skills training in the occupations of which there is a shortage, to be funded from the state budget. The project involves three occupations of national significance, and there are plans to allocate state funding for these occupations:

- agricultural industry tractor operator and machinist;
- assembler of sanitary installations and equipment;
- seamstress/tailor/cutter.

UAH 50 million has been allocated in the State Budget 2017 for creating practical training centres within this initiative. At the same time, the regions must ensure the financing of VET institutions from regional (oblasts, or cities of oblast significance) budgets and thus define trends in regional VET development using the regional order for skills training.

3. Recommendations for action

In the context of the transformations and challenges described above, the modernisation of VET is defined as one of the priorities of the Ukrainian government. The following steps have been set out for the short- and medium-term perspective:

- adoption of the Laws of Ukraine 'On Education' and 'On Vocational Education' by the Verkhovna Rada;
- modernisation of the network of VET schools to meet the needs of the state economy and regional labour markets, including:
 - reorganising VET schools according to the regional development plans for VET development;
 - increasing the average number of teaching staff in VET schools to create optimal conditions for good-quality training;
- implementation of PPP in education:
 - creating modern practical training centres for the different sectors, with investment from employers and from the state budget;
 - creating at least one modernised multi-functional VET centre in every region;
 - strengthening the material-technical base of VET schools, and introducing new technologies;
 - introducing elements of the dual system in VET;
 - training teaching staff (internship) through sectoral practical training centres;
- development of normative-legal provision for the regional order for training the labour force, including amendments to the Law 'On the formation and placement of state order for training professionals, scientific, educational and work force, further training and training of personnel', and the Resolution 'On approval of the procedure of placement of state order for training professionals, scientific, educational and workforce, further training and training of personnel';
- modernisation of the content and improvement in the quality of VET:
 - developing 15 national standards each year for vocational education in specific occupations based on a competence approach and on professional standards;
 - creating centres for evaluating professional qualifications for at least five occupations of national importance;
- introduction of efficient vocational orientation programmes for young people:
 - conducting regional, sectoral and national competitions of professional skills among VET school students and young workers;
 - participating in international professional competitions, in particular, WorldSkills;
 - organising career guidance activities.

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