REVIEW OF VOCATIONAL EDUCATION AND TRAINING AND EMPLOYMENT IN KYRGYZSTAN 2003
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REVIEW OF VOCATIONAL EDUCATION AND TRAINING AND EMPLOYMENT IN KYRGYZSTAN 2003

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# CONTENTS

## ACKNOWLEDGEMENTS 3

## 1. ECONOMY, DEMOGRAPHIC SITUATION AND LABOUR MARKET 7

1.1 General economic development 7

1.2 Demographic developments 8

1.3 Characteristics of the labour market 8

## 2. DEVELOPMENTS IN VOCATIONAL EDUCATION AND TRAINING 13

2.1 General structure of the vocational education and training system 13

2.2 Governance and responsible bodies 15

2.3 Modernisation of the vocational education and training system 17

2.4 Role of education and training in poverty reduction strategies 20

## 3. DEVELOPMENTS IN EMPLOYMENT POLICY 21

3.1 Employment policy objectives, active and passive measures, legal basis 21

3.2 Governance and responsible bodies 22

3.3 Implementation mechanisms of employment promotion policies 22

3.4 Employment services 23

## 4. CONCLUSIONS: RELATIONS BETWEEN VOCATIONAL EDUCATION AND TRAINING AND LABOUR MARKET 25

4.1 Positive developments 25

4.2 Obstacles and constraints 26

4.3 Further modernisation steps needed 26

## REFERENCES 27

## LIST OF ACRONYMS 29
1. ECONOMY, DEMOGRAPHIC SITUATION AND LABOUR MARKET

1.1 GENERAL ECONOMIC DEVELOPMENT

The main parameters of change in the Kyrgyz labour market are structural changes in the economy, the fast growth of small and medium-sized enterprises (SMEs) and the emergence of a large informal sector. This in turn sets the framework within which the vocational education and training system must develop and dictates the need for increased flexibility and responsiveness.

The Kyrgyz economy has been struggling since independence in 1991 and has not yet been able to overcome the aftermath of the transition to a market economy. During the early transition period, gross domestic product (GDP) plummeted and reached its lowest level in 1995 at about 55% of its 1991 level. The following years until 2001 were characterised by average annual economic growth rates of above 5%. However, in 2002 the economy contracted again by 0.5% and GDP still stands at less than 70% of its 1991 level.

The structure of the economy has changed in the last decade. Table 1 shows that the service sector has gained in importance at the expense of industry and construction. The relative importance of the different industrial sub-sectors has also changed, with manufacturing industry being the big loser. In 2001 non-ferrous metallurgy and energy together represented over 58% of total industrial output, compared with less than 10% in 1990. On the other hand, machine building and light industry fell from over 52% in 1990 to only 11% in 2001.

Table 1: Structure of GDP in 1991 and 2002 (percentage)

<table>
<thead>
<tr>
<th>Sector</th>
<th>1991</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and fishery</td>
<td>37.1</td>
<td>38.6</td>
</tr>
<tr>
<td>Industry</td>
<td>28.8</td>
<td>22.0</td>
</tr>
<tr>
<td>Construction</td>
<td>6.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Services</td>
<td>27.4</td>
<td>35.2</td>
</tr>
</tbody>
</table>

The largest increase in economic activities in 2002 was in hotels and restaurants (28%) and in trade and repair of motor vehicles and household goods (9%). Agriculture recorded a moderate growth of 3.3% in 2002 compared with 7.3% the previous year. Construction remained unchanged and industry declined by 13%, primarily because of technical problems at the main gold-mining complex.

Some positive aspects of economic development were a low inflation rate of 2.3% in 2002, a stable exchange rate and a 20% increase in the average nominal monthly wage. However, the trade balance remained negative at US$98.9 million with a 14% rise in overall external trade.

Privatisation of the Kyrgyz economy started in 1992 and in 2002 the private enterprise share of the total number of enterprises was over 97% and the private sector’s share of total industrial output was 94%.

According to the National Statistics Committee of the Kyrgyz Republic, there were 215,000 registered SMEs in 2002, representing 93% of the total number of economic actors in the country and accounting for 44.3% of GDP in 2002. Close to half of all SMEs are active in trade and repair services, with 14.5% in the manufacturing industry and 11.8% in agriculture, hunting and forestry (National Statistics Committee, 2000).

The Kyrgyz Republic has seen a rise in poverty since independence, although in recent years the population living below the national poverty line has decreased steadily from 55% in 1999 to 44% in 2002 (World Bank, 2003). The country has also seen the emergence of a large informal sector, which is estimated to make up 25% to 40% of GDP. Informal sector activities are particularly common in trade, hotels and restaurants, social services and construction.

The government’s short-term economic development priorities are to attract foreign investment in metallurgy mining, processing of agricultural produce, information technology, tourism, services and infrastructure development1.

### 1.2 DEMOGRAPHIC DEVELOPMENTS

As of 1 January 2003, the population of the Kyrgyz Republic was 5,012,0002. The total population increase in 2002 was 0.8%, although the natural population increase was higher at 1.3%. The natural population increase has slowed down since the 1980s, when it was 2%. The population pyramid remains flat, however, and for the foreseeable future large age groups will enter the upper secondary school level (grade 10) and the labour market every year. At the beginning of 2003, there were 1,148,500 youths in the 10 to 19 age group. The number of 16 year-olds is forecast to increase until 2006–07.

The birth rate is highest in rural areas. There has been an increase in the share of the population living in rural areas during the last decade and in 2002 the figure was approximately 64%.

### 1.3 CHARACTERISTICS OF THE LABOUR MARKET

A large part of employment in the Kyrgyz Republic is concentrated in low-productivity areas such as small-scale farming or trade and repair services in the informal sector. Although registered unemployment has remained at the same relative level during the last five years, the Labour Force Survey (LFS) shows an increase in unemployment. The transfer from school to work is becoming increasingly difficult for young people and the labour market will face serious problems in the years to come trying to absorb the increasing number of young people adding to the labour force every year.

---

1 Chairman’s closing remarks at Kyrgyz Republic donor consultative meeting, Bishkek, 10 October 2002. Data provided by the National Statistics Committee of the Kyrgyz Republic; Ministry of Labour and Social Protection (2002); Barnett and Knobloch (2003).

2 Preliminary data.
Table 2 provides an overview of developments in employment and unemployment between 1998 and 2002. The figures are based on the official figures from the National Statistics Committee, but must be interpreted with caution. The number of employed people is based on working one hour per week and includes informal sector activities. The employment rate therefore does not indicate the number of people in employment able to maintain an acceptable level of income. Estimates based on alternative methods of calculation quote employment and labour force participation rates below 40% each. The average annual labour force growth rate between 1995 and 2001 was 3.1% and is expected to remain over 3% until 2009.

Table 3 shows sectoral employment trends between 1999 and 2002. Although agriculture accounts for less than 36% of GDP, it provides over half the number of jobs and continues to increase. On the other hand, employment in industry is falling and now provides for less than 8% of all jobs. The relative increase in the importance of mining in the Kyrgyz economy is not reflected in increased employment. The sector cannot be expected to provide new jobs on a large scale. The services sector is the second largest provider of employment, at 37%. Within this sector, wholesale and retail trade and repair services, together with education, provide over half of the jobs. It is interesting to note that trade and repair services, together with agriculture, are the main areas for self-employment. The importance of these two sectors is even higher as they also provide a lot of informal employment.

Table 2: Kyrgyz labour market and employment performance measures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Calculation method</th>
<th>1998</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 15–64</td>
<td></td>
<td>2,518,200</td>
<td>2,764,300</td>
</tr>
<tr>
<td>Employed 15–64</td>
<td></td>
<td>1,704,900</td>
<td>1,807,100</td>
</tr>
<tr>
<td>Registered unemployed 15–64</td>
<td></td>
<td>70,000</td>
<td>86,500</td>
</tr>
<tr>
<td>Unemployed (ILO method) 15–64</td>
<td></td>
<td>106,400</td>
<td>169,500</td>
</tr>
<tr>
<td>Labour force employed 15–64</td>
<td>employed 15–64</td>
<td>1,811,300</td>
<td>1,976,600</td>
</tr>
<tr>
<td>Percentage</td>
<td>Labour force/population</td>
<td>72.9</td>
<td>71.5</td>
</tr>
<tr>
<td>Employment rate</td>
<td>employed/population</td>
<td>67.7</td>
<td>68.4</td>
</tr>
<tr>
<td>Registered unemployment rate</td>
<td>registered unemployed/labour force (registered)</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Unemployment rate (ILO method)</td>
<td>unemployed/labour force</td>
<td>5.9</td>
<td>8.6</td>
</tr>
<tr>
<td>Long-term unemployment rate</td>
<td>long-term unemployed</td>
<td>21.7*</td>
<td>33.7*</td>
</tr>
<tr>
<td>Youth long-term unemployment rate</td>
<td>long-term unemployed 15–24/long-term unemployed 15–64</td>
<td>29.8*</td>
<td>50.0*</td>
</tr>
</tbody>
</table>

Source: National Statistics Committee
* Data from state employment services based on registered unemployed
** Long-term unemployment: more than 12 months
The highest growth rate in employment has been in hotels and restaurants, with about 50% increase. However, this sector still counts for less than 1% of total employment.

The registered unemployment rate is relatively low in the Kyrgyz Republic, at 3.1% in 2002, and has remained stable during the last five years. However, Labour Force Surveys (LFS) have shown a gradual increase in unemployment from 5.9% in 1998 to 8.6% in 2002. Also these figures have to be taken with caution. Other sources quote higher unemployment rates.

The transfer from education to the world of work is increasingly difficult and in 2002 18.3% of all graduates – from all levels of education – registered unemployed. The average duration of unemployment among youths (16 to 29 year-olds) was 10 months in 2002.

Educational attainment influences the likelihood of becoming unemployed. According to the State Employment Department in 2002, the highest registered unemployment rate is among those having completed general secondary education at about 18% compared to 6% amongst those having completed vocational education. The lowest registered unemployment rates were found amongst those having completed higher education or less than secondary education at 2 and 3%, respectively.

However, caution has to be exerted when interpreting such figures. The registered unemployed are not necessarily representative of the population at large. The only available survey results, shown in Table 4, go back to the 1999 census. Unfortunately, the census results were not given separately for secondary general education and initial vocational education and cannot therefore confirm the

### Table 3: Sectoral employment trends, 1999–2002 (thousands)

<table>
<thead>
<tr>
<th>Sector of the economy</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,764.3</td>
<td>1,768.4</td>
<td>1,787.0</td>
<td>1,807.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>924.3</td>
<td>938.5</td>
<td>945.7</td>
<td>951.9</td>
</tr>
<tr>
<td>Agriculture, hunting, forestry</td>
<td>923.8</td>
<td>938.4</td>
<td>944.5</td>
<td>950.8</td>
</tr>
<tr>
<td>Fishery</td>
<td>0.5</td>
<td>0.1</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Industry</td>
<td>158.6</td>
<td>141.9</td>
<td>141.3</td>
<td>140.2</td>
</tr>
<tr>
<td>Mining, quarrying</td>
<td>9.5</td>
<td>8.5</td>
<td>8.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>127.0</td>
<td>113.0</td>
<td>111.5</td>
<td>111.9</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>22.2</td>
<td>20.4</td>
<td>21.4</td>
<td>21.8</td>
</tr>
<tr>
<td>Construction</td>
<td>45.3</td>
<td>43.4</td>
<td>43.5</td>
<td>45.6</td>
</tr>
<tr>
<td>Services</td>
<td>636.2</td>
<td>644.5</td>
<td>656.5</td>
<td>669.4</td>
</tr>
<tr>
<td>Trade, repair of vehicles and goods</td>
<td>183.7</td>
<td>188.0</td>
<td>194.3</td>
<td>200.1</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>11.5</td>
<td>13.1</td>
<td>14.5</td>
<td>16.9</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>65.8</td>
<td>63.4</td>
<td>64.5</td>
<td>68.0</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>7.1</td>
<td>7.4</td>
<td>8.2</td>
<td>8.1</td>
</tr>
<tr>
<td>Real estate, renting, business activities</td>
<td>28.7</td>
<td>29.0</td>
<td>30.3</td>
<td>30.2</td>
</tr>
<tr>
<td>Public administration</td>
<td>65.7</td>
<td>65.2</td>
<td>64.2</td>
<td>66.3</td>
</tr>
<tr>
<td>Education</td>
<td>140.7</td>
<td>144.9</td>
<td>146.0</td>
<td>149.2</td>
</tr>
<tr>
<td>Health care and social security</td>
<td>85.2</td>
<td>84.7</td>
<td>82.1</td>
<td>76.7</td>
</tr>
<tr>
<td>Other community, social and personal service activities</td>
<td>43.0</td>
<td>44.0</td>
<td>47.0</td>
<td>46.3</td>
</tr>
<tr>
<td>Household services</td>
<td>4.8</td>
<td>4.8</td>
<td>5.4</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Source: Labour force balance sheet
The census results indicate that there is a higher likelihood of unemployment among younger age groups. They also show a higher unemployment rate among women in all age groups and educational attainment levels. More research is needed in this area to gain a better understanding of the effect of education on a person’s employment situation.
2. DEVELOPMENTS IN VOCATIONAL EDUCATION AND TRAINING

2.1 GENERAL STRUCTURE OF THE VOCATIONAL EDUCATION AND TRAINING SYSTEM

The general structure of the Kyrgyz vocational education and training system and its place within the overall education system is described in detail below (box 1).

Box 1: Obtaining a vocational qualification in the Kyrgyz education and training system

The Kyrgyz education and training system offers students and adults several alternative routes to obtaining a vocational qualification, the most common of which are described here.

At the end of lower secondary education, after nine years of schooling, a student can opt for:

- a one or two-year programme (grades 10 and/or 11) in a vocational school or a vocational lycéeum: such programmes aim to prepare the student for the labour market in one or more specialisations and do not allow for further progression to higher levels of education (‘initial vocational education’);
- a three-year programme (grades 10–12) in the same institutions which combines complete general secondary education with one or more vocational qualifications: this programme allows the student to progress to higher levels of education or enter the labour market (‘initial vocational education’);
- a three-year programme (grades 10–12) provided by technical schools or colleges offering complete general secondary education and a post-secondary vocational qualification: this programme allows the student to progress to higher levels of education or to enter the labour market (‘secondary vocational education’).

At the end of general secondary education, after 11 years of schooling, a student can opt for:

- a one-year programme (grade 12) in a vocational school or a vocational lycéeum which prepares the student to enter the labour market (‘initial vocational education’);
- a two-year programme (grade 12–13) in a technical school or college providing the student with a post-secondary vocational qualification ready to enter the labour market (‘secondary vocational education’).
No restructuring has been initiated of the initial vocational education delivery network, which comprises 80 vocational lyceums and 34 vocational schools. There are 51 institutions in the system of secondary vocational education. Some former secondary vocational education institutions have been upgraded to universities and the remaining are reorganising into colleges or technicums. Institutions of higher vocational education have increasingly changed into multilevel complexes which offer both initial, secondary and higher vocational education. Examples of such institutions are the International University of Kyrgyzstan, the Slavonic University and Issy-Kul State University.

Since 1997/98, enrolment in initial vocational education has remained unchanged at about 26,000 students. However, there has been a sharp decrease since 1991/92 when enrolment was close to 50,000. Table 5 shows the difficulty that initial and secondary vocational education has in attracting young people. Enrolment in higher education has more than doubled in the last five years and increased almost four times since 1991/92, when there was little difference in enrolment in initial vocational education and higher education.

Table 5: Total enrolment in different types of education, 1997/98 and 2002/03

<table>
<thead>
<tr>
<th>Educational level/institution</th>
<th>1997/98</th>
<th>2002/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial vocational education (vocational schools and lyceums)</td>
<td>25,500</td>
<td>26,000</td>
</tr>
<tr>
<td>Secondary specialised vocational education (technical schools/colleges)</td>
<td>27,100</td>
<td>26,000</td>
</tr>
<tr>
<td>Secondary general education (grade 9)</td>
<td>86,400</td>
<td>106,300</td>
</tr>
<tr>
<td>Secondary general education (grades 10–11)</td>
<td>121,100</td>
<td>164,500</td>
</tr>
<tr>
<td>Higher education (universities, academies, institutes, etc.)</td>
<td>97,800</td>
<td>199,100</td>
</tr>
</tbody>
</table>

Source: National Statistics Committee, 2003
The marked decrease in participation in initial vocational education mirrors the limited attraction of this type of education, indicating a system in difficulty and unable to provide young people with relevant skills for the labour market. The system needs reform in order to provide the Kyrgyz labour market with a skilled labour force as well as to justify its survival.

The main participants in initial vocational training courses with a duration of less than one year are registered unemployed. Since the mid-1990s, participation has been about 10% of the registered unemployed. More than half of these are trained in vocational education and training institutions.

In 2002, 6,113 people participated in vocational training and retraining programmes to upgrade their knowledge and skills. An unaccounted number of people also received further skills development in different types of project promoting community and local development, poverty reduction, etc.

2.2 GOVERNANCE AND RESPONSIBLE BODIES

The vocational education and training system is regulated by the law on education of 25 April 2003. This legislation defines government education policy and related institutional arrangements as well as the principles of implementation and delivery. It provides the legal basis for the continuing development of the education system. Vocational training is defined as the acquisition of knowledge and skills necessary to perform an occupation or a group of occupations. Vocational training in itself, if not combined with complete general secondary education, does not allow for progression to higher levels of education.

The underlying principles for the future development of education, including vocational education, are:

- the priority status of education in government policy;
- consistency and progression in the educational process;
- institutional diversity, including creation of a favourable environment for non-public education and training providers;
- support for society in moving towards democratic reforms.

The law on initial vocational education of 27 October 1999 defines the content, national standards, programmes, levels and types of initial vocational education. It also defines the structure of the initial vocational education system. Other levels of the vocational education and training system are regulated through the law on education and by-laws. A law on higher education is currently being drafted which, if adopted, will regulate the system of higher vocational education.

Governance of the vocational education system is split between different public authorities. Responsibility for the initial vocational education and training system and related institutions lies with the Ministry of Labour and Social Protection. Responsibility for secondary specialised vocational education lies primarily with the Ministry of Education and Culture. However, parts of the system are governed

Table 6: Vocational training for registered unemployed, 1996–2002

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered unemployed</td>
<td>77,200</td>
<td>55,900</td>
<td>58,300</td>
<td>60,243</td>
</tr>
<tr>
<td>Total in training</td>
<td>8,101</td>
<td>5,648</td>
<td>8,700</td>
<td>6,113</td>
</tr>
<tr>
<td>In vocational and technical schools</td>
<td>4,877</td>
<td>3,697</td>
<td>4,788</td>
<td>3,782</td>
</tr>
<tr>
<td>Employed after retraining in vocational and technical schools (%)</td>
<td>64</td>
<td>70</td>
<td>75</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: State Employment Department
by such bodies as the Ministry of the Interior and the Government Committee on Architecture and Construction. The supervision of higher vocational education is primarily carried out by the Ministry of Education and Culture. Other authorities involved are the Ministry of the Interior through its Academy, and the Ministry of Healthcare through the Medical Academy.

The Ministry of Education and Culture retains exclusive responsibility for the general educational components in all levels of vocational education.

Despite a declared commitment to decentralisation, the system of initial vocational education retains its rigid vertical management structure. The decentralisation process is often hindered by a lack of authority and/or resources. Supervision of primary and general secondary education takes place at regional and local level. This level of governance was eliminated in initial vocational education and the only regional function remaining is the provision of methodological support. The system therefore remains top-down with inherent negative effects on responsiveness to local circumstances at school level.

Social partnership in vocational education and training is not well developed. After the collapse of the Soviet system, trade unions have had to adapt themselves to the new economic order and have so far shown little interest in issues concerning vocational education and training of their members. Participation of enterprises and employers’ organisations in the development of the system is also limited and sporadic. Finally, there is little activity on the part of non-profit NGOs. Currently, there are no legal obligations, financial or other incentives to encourage the involvement of social partners in vocational education and training. One result of the absence of social partners is the lack of relevance of vocational education and training to the labour market. During 2003, a small group of interested parties has established itself with the aim of setting up a council of social partners.

Expenditure on education as a percentage of GDP has fluctuated during the last decade between a low of 2.9% in 2000 and a high of 5.1% in 1995. Public expenditure on education has also fluctuated but in recent years has been at a lower level than in the first eight years of independence.

The relative downward trend in public funding for education has had repercussions on initial vocational education where public funding covers only some expenses including salaries, scholarships and meals. This situation has forced schools to seek alternative income and the main funding sources are now (i) budget allocations; (ii) tuition and other fees; (iii) grants from international donors; and (iv) donations.

The lack of adequate public funding and systematic funding from employers in the initial vocational education system means that it will be difficult to introduce major reform initiatives, including the upgrading of school infrastructure and equipment, without a decision to increase funding, change funding mechanisms and look for ways to improve internal efficiency.

Table 7: Total and public expenditure on education, 1991–2002

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure on education (million som)</td>
<td>3.7</td>
<td>24.6</td>
<td>149.5</td>
<td>555.5</td>
<td>821.6</td>
<td>881.4</td>
<td>1,084.9</td>
<td>1,388.1</td>
<td>1,591.8</td>
<td>1,891.5</td>
<td>2,219.1</td>
<td>2,535.1</td>
</tr>
<tr>
<td>% of GDP</td>
<td>4.0</td>
<td>3.3</td>
<td>2.8</td>
<td>4.6</td>
<td>5.1</td>
<td>3.8</td>
<td>3.5</td>
<td>4.1</td>
<td>3.3</td>
<td>2.9</td>
<td>3.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Expenditure on education from public budget and extra-budgetary funds (million som)</td>
<td>3.6</td>
<td>24.3</td>
<td>145.7</td>
<td>542.7</td>
<td>781.6</td>
<td>808.1</td>
<td>943.7</td>
<td>1,175.6</td>
<td>1,314.2</td>
<td>1,505.0</td>
<td>1,735.4</td>
<td>1,919.2</td>
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<tr>
<td>% of GDP</td>
<td>3.9</td>
<td>3.3</td>
<td>2.7</td>
<td>4.5</td>
<td>4.8</td>
<td>3.5</td>
<td>3.1</td>
<td>3.4</td>
<td>2.7</td>
<td>2.3</td>
<td>2.4</td>
<td>2.6</td>
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Source: National Statistics Committee, 2003
2. DEVELOPMENTS IN VOCATIONAL EDUCATION AND TRAINING

2.3 MODERNISATION OF THE VOCATIONAL EDUCATION AND TRAINING SYSTEM

The main ideas underpinning the future development of the vocational education and training system are reflected in the ‘Concept of Education Development in the Kyrgyz Republic up to the year 2010’. This defines the main stages and areas of education reforms. In line with the concept and other governmental development frameworks, in 2003 the Ministry of Labour and Social Protection initiated a policy document defining the future initial vocational education system (see box 2).

A series of projects has been initiated to align vocational education more closely with the needs of the emerging labour market. Most modernisation initiatives concern the revision of standards, programmes and curricula at school level and frequently with the assistance of international donors. Agencies such as GTZ, Helvetas, Unesco, CIDA and the ETF are key players in the area of vocational education. The donor-supported projects

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**Box 2: New initiatives to reform initial vocational education policy**

In 2003, the Ministry of Labour and Social Protection, with the support of the Soros Foundation Kyrgyzstan, the National Observatory and the European Training Foundation (ETF), orchestrated a working group to start outlining possible choices for future development of the initial vocational education and training system in the Kyrgyz Republic.

A working group was established on the basis of a partnership agreement representing different stakeholders and interest groups including the Ministry of Labour, social partner organisations, NGOs, schools and individual enterprises. A series of workshops and round tables was organised, in which almost 900 people participated, to come to a better understanding of how the present system is perceived and to collect ideas for the basis of a future system. The preliminary outcome of the work is a draft Green Paper on ‘Problems in the development of initial vocational education and training in the Kyrgyz Republic’.

The main questions around which discussions were organised and which the Green Paper attempts to answer are:

- what is the current system of initial vocational education and training and how adequate is it today;
- what changes are needed and where should the point of departure be for reform;
- how fast must changes be introduced: evolutionary or shock therapy.

The main findings in the first analytical phase were that the initial vocational education system has not been able to adapt itself at the pace required by the emerging market economy and external influences. It was concluded that the system is therefore not in a position to meet the needs of the labour market and the expectations of employers, parents and students in terms of relevance and quality of education and access to it. This situation is further aggravated by the fact that vocational education does not have a clearly defined place and role at both national and regional/local levels nor within the overall education system.

The Green Paper was presented at a round table in September 2003 and gained further support and commitment to take the initiative forward within the framework of the Comprehensive Development Framework and the National Poverty Reduction Strategy. The work will continue during the second part of 2003 and early 2004 under the direct leadership of the Ministry of Labour and Social Protection to outline a draft initial vocational education reform policy with a related implementation strategy and costing. The threefold role of initial vocational education as part of the education system, as a contributor to skills development, and as having a social function, will be considered in the reform policy.

The document will concentrate on answering four key questions:

- how to improve responsiveness to the labour market;
- how to improve the quality of education provided;
- how to improve access to initial vocational education;
- which priority areas to choose for action.

**Source:** National Observatory
also contribute to the training of teachers through exposure to innovative approaches. Regrettably they also often present the only type of continuing staff development accessible to teachers.

Donor-driven projects provide the main access to innovation in vocational education, but most initiatives remain at the project level and are not mainstreamed into the entire system. Rural vocational education institutions lag farthest behind in terms of modernisation due to their limited access to information and opportunities to share experience.

The experience accumulated is fragmented and overlapping, due partly to different approaches among donors and partly to the lack of mechanisms integrating project experience into an education development strategy. A more sustainable use of project outcomes is hindered by restrictions imposed by the inflexible legal basis combined with a lack of drive and inflexibility of the authorities together with a lack of resources and a basic resistance to change. Furthermore, top-down initiatives often do not consider the needs of the schools involved nor their institutional capacity to implement new approaches. Bottom-up approaches often fail because of a lack of support from the central level.

Modernisation of organisation

Modernisation of the organisation of vocational education and training includes adaptation of curricula, standards, and teaching and learning methodologies, as well as upgrading of assessment, accreditation and certification procedures. It also includes the development of links between initial and continuing education and formal and non-formal training. Modernisation of the organisation is aimed at ensuring the relevance and quality of education and training.

Development of national educational standards as a form of quality control is a declared priority objective for the vocational education system. The implementation of national standards for the main education programmes is obligatory for all education institutions.

National standards for initial vocational education are developed by the Republican Scientific Methodological Centre under the Department for Vocational and Technical Education and submitted for approval to the Ministry of Labour and Social Protection. National standards for secondary vocational education are developed by the Kyrgyz Academy of Education, groups of authors and individual authors and submitted for approval to the Ministry of Education and Culture.

Approaches to the development of vocational standards are being revised, particularly in initial vocational education. The basic change proposed is a move away from emphasising educational requirements towards emphasising labour market requirements. Different donors have supported the process. However, very few new standards have been prepared to date. Furthermore, it appears that the inevitable drain on human and financial resources which mainstreaming of the new approaches would lead to has not yet been addressed nor compared with the actual benefits of introducing the new approach. Finally, there are no links yet between the approach taken to national occupational standards by the Ministry of Education and Culture for secondary specialised vocational education and the Ministry of Labour and Social Protection for initial vocational education. This means not only that the work carried out under the auspices of both institutions overlaps, but also that the declared principle of progression in education is not inherent in the standards.

The adaptation and development of new curricula to better meet the reality of the labour market is gradually happening at both school and central levels. However, much of this has to be done with donor support and the available resources do not allow the process to accelerate. The introduction of new programmes, including related teaching and learning methodologies, appears to a large extent to depend on personal drive in individual schools and at central level, as well as on donor priorities. Different approaches to modular curricula have been introduced via pilot projects and the Department of...
Vocational Education and Training appears to favour modular curricula. Nevertheless, modular curricula have not yet been introduced on a system-wide basis.

The availability of up-to-date textbooks and learning materials is unsatisfactory, more so in vocational than in general subjects. Although the lack of financial resources is the main problem, authors are not helped by the lack of clarity to approaches to curricula and teaching/learning methodologies. The situation is even worse for textbooks in the Kyrgyz language.

A topic that has attracted recent interest is the changes in requirements and criteria for quality assessment. In 2002–03, three conferences on this issue were organised by the government in association with NGOs. In the public initial vocational education system there is only a rudimentary system of quality assessment, partly in the form of final examinations and partly in quality control at institutional level. However, the latter primarily concerns input and the criteria are not transparent.

Issues relating to such concepts as continuing education and lifelong learning are under discussion. Nevertheless, links between different levels of vocational education and training and among providers are either non-existent or purely formal. Assessment practices that acknowledge learners’ competencies have not been introduced so far. This may be one of the limiting factors for the introduction of a system of recognition of informal and non-formal learning. However, although developments towards that end are often promoted, it is important to avoid setting up any resource-heavy mechanisms.

**Modernisation of delivery**

In the majority of institutions, vocational education and training is provided through traditional teaching and learning methods and technologies. Although some innovations requiring different approaches to teaching and learning have been made, such as modular training, they tend to be theoretical because of the general preference for theoretical knowledge, obsolete infrastructure, lack of necessary equipment and disrupted links with enterprises. The latter results in limited practical training opportunities and reduces the efficiency and quality of training.

Kyrgyz vocational education and training is seen as a tool which can help to solve problems of social exclusion, partly by ensuring wider access to training for disadvantaged groups in rural areas, partly by using training institutions as retraining centres for the unemployed. However, the formal vocational education system is not geared towards the large informal sector and thus partly fails in its goal of promoting social inclusion.

The increasing importance given to training of adults has prompted the Ministry of Education and Culture to set up a special Adult Education Unit in 2003. The tasks of the unit are to:

- develop and implement state policy in adult education and training;
- prepare the legal basis for the development of adult education and training;
- promote the involvement of social partners in adult education and training;
- support new approaches to teaching of adults;
- develop open and distance education and learning for adults;
- ensure quality control through the introduction of a certification system.

These tasks appear daunting and it may be necessary for the unit to define priorities and develop a clear action plan at medium term. It will also be essential to establish a regular dialogue with the Ministry of Labour and Social Protection in order to avoid overlap between the two ministries.

Recently, some enterprises, primarily in the private sector of the economy, have become involved in in-company training. This has favoured the gradual emergence of such training methods.

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3 These functions of education institutions are reflected in the following government resolutions: No 556, On measures ensuring access to institutions of vocational education and training for orphans, 10 October 1999; No 658, On measures ensuring social and employment rehabilitation for minors, orphans, low-income and disadvantaged young people, 2 December 1999.
of a market for training and consultancy services and a number of providers have come forward. However, at the same time, the size and financial capacity of most enterprises do not encourage in-company training. Business associations have limited organisation resources and do not consider the provision of training services to their members to be of high importance. Also, education institutions rarely engage in assessing enterprise training needs nor in the development of target-oriented training programmes. Finally, there is no government strategy to encourage enterprises to train their employees.

2.4 ROLE OF EDUCATION AND TRAINING IN POVERTY REDUCTION STRATEGIES

As previously mentioned, a high proportion of the population lives below the national poverty line and the government sees poverty reduction as a main priority. The Comprehensive Development Framework until 2010 has been adopted with the National Poverty Reduction Strategy as its initial implementation phase. Economic growth is necessary to create the conditions for reducing poverty. In this context, the role of vocational education and training has also been identified as a key tool to allow the poor to improve their livelihoods. Key issues to be addressed are retraining adults and broadening the range of training opportunities in the regions. However, although the secretariat of the Comprehensive Development Framework has been set up and the National Poverty Reduction Strategy elaborated, little has happened in terms of implementation.

In 2003, the ETF supported a study on ‘Training strategies for local development in the context of poverty reduction’ in Kazakhstan, Kyrgyzstan and Uzbekistan. The main purpose of the project was to come to a better understanding of how training is integrated in different initiatives promoting local development and to learn from the experience gained. The main lessons learned were:

- training is important for capacity building;
- training contributes to social mobilisation of community members and enhancement of entrepreneurial skills;
- non-formal training is a key tool;
- training policies and strategies are not yet linked to economic development in a consistent way.
3. DEVELOPMENTS IN EMPLOYMENT POLICY

3.1 EMPLOYMENT POLICY OBJECTIVES, ACTIVE AND PASSIVE MEASURES, LEGAL BASIS

The main provisions of the national employment policy are reflected in the law on promotion of employment and in different government programmes addressing the social problems of economic reform.

The national programme ‘Labour Market and Employment Promotion in the Kyrgyz Republic in 1998–2005’ is now being implemented. The main guidelines of this programme have been used in the development of the Comprehensive Development Framework and the related National Poverty Reduction Strategy. Increasing attention has been paid to active labour market measures and further amendments to the promotion of employment legislation in this respect are currently under consideration by Parliament.

However, although employment policy is mentioned and different active labour market measures are beginning to be implemented, the main conclusion of a recently finalised Tacis project was that there is in fact no planned and comprehensive employment policy in place with the necessary resources to implement it (see also box 3). In response, the government has set up an Interministerial Commission on Employment Policy Development to prepare a new concept for an efficient employment policy.

The concept will become the basis upon which the national employment programme 2004–10 will be elaborated. The main goals are to:

- identify the main areas and priorities of employment policy;
- identify the scale and coverage of measures, including identifying target groups;

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Box 3: Policy – Declarations versus objectives, analysis and appraisal

A major weakness is the discrepancy between declarations and intentions on one side and actual implementation of change on the other. Currently, declarations often take the form of wish lists of all the aspects of the system, which ideally could be improved. However, they are rarely based on:

- the setting of clear objectives for the reform;
- an analysis and preparation of alternative implementation strategies;
- an appraisal and costing of the alternative implementation strategies; and
- the setting of priority areas for action.

An example of such a declaration relates to the employment policy as a priority area within the Comprehensive Development Framework and the National Poverty Reduction Strategy. There is limited evidence that the listed aims and activities are based on policy appraisal and neither plans nor resources are in place to achieve the aims. In fact the State Employment Department does not have the resources to effectively manage and evaluate the programmes it presently undertakes.

In view of the availability of resources, it is clear that the Kyrgyz Republic will not be able to address all areas of the vocational education and training system nor of employment policy, which ideally could be improved. Therefore it is vital that realistic priorities are set and careful costing of the implementation plan is carried out.

- ensure the development of employment policy in close coordination with social and economic policies;
- define implementation steps and possible financing mechanisms.

The focus will be on measures promoting the following areas:

- employment development and creation of new jobs;
- creation of a favourable environment to develop entrepreneurial skills, self-employment, assistance to small enterprises, particularly in regions with a critical labour market situation, creation of business incubators, business centres, etc.;
- support to employers to create new jobs and offer work to the unemployed, particularly young people, women and physically and mentally disabled people;
- popularisation of temporary public works, improvement of the institutional and financial environment;
- streamlining of social services in the labour market to enhance labour motivation and develop a proactive approach among the unemployed;
- streamlining of social insurance payments system.

The European Commission is also supporting the development of an employment policy through the BISTRO programme and the Tacis Action Programme 2003.

3.2 GOVERNANCE AND RESPONSIBLE BODIES

The Ministry of Labour and Social Protection is responsible for the development of employment promotion policies and their implementation through the state employment services.

The State Employment Department (31 staff), under the Ministry of Labour and Social Protection, is responsible for employment issues and disbursement of resources from the Employment Promotion Fund.

The State Employment Department organises and supervises the work of regional employment offices and district and municipal employment centres.

3.3 IMPLEMENTATION MECHANISMS OF EMPLOYMENT PROMOTION POLICIES

Regional programmes are used to promote employment at the local level. These
programmes envisage active measures aimed at increasing opportunities to find employment, including:

- programmes to promote job search including self-help (job-seekers clubs, jobs and training course ‘fairs’, etc.), as well as vocational orientation programmes;
- training and retraining programmes;
- job creation programmes, including the creation of temporary jobs, such as public works programmes to repair and restore social infrastructure, promotion of self-employment through micro-loans, subsidised wages for young workers.

Regional employment offices are also in charge of registering the unemployed and paying unemployment benefit.

3.4 EMPLOYMENT SERVICES

Under the State Employment Department there are eight regional employment offices (each with four to nine staff apart from Bishkek with 16 to 18 staff) and 57 district and municipal employment centres (407 staff), youth labour exchanges, information and consultation centres and business centres for the unemployed.

Funding comes from the Employment Promotion Fund, which accumulates funds from different sources (employers’ insurance contributions5 – 0.5% of payroll plus another 0.5% from employees’ contributions – as well as state and local budget financing, voluntary contributions, grants, etc.). This funding mechanism presents a problem, as the Employment Promotion Fund often does not collect the forecast amount. Furthermore, payments to the fund will be reduced in times of high unemployment when more funds are required.

In 2002, the state employment services provided (temporary) employment for a total of 38,881 people. This includes people with special needs such as the disabled (93), demobilised soldiers (114) and former inmates (36) as well as 15,500 long-term unemployed.

The special employment promotion programmes involved, among others, over 20,000 people in paid public works and 3,300 received micro-credits to set up their own businesses.

In 2002, the employment services had a total of 44,596 vacancies. Over 6,000 people participated in vocational training and retraining programmes to upgrade their knowledge and skills, and over 6,300 people received vocational guidance services. About 70,000 people were advised on labour legislation, retraining opportunities and related issues.

One of the priority areas of the State Employment Department’s activities is collection and analysis of labour market statistics. A first Annual Labour Market Review was carried out in 2002, partly based on information from an enterprise survey carried out by the department6.

In spite of these activities, the state employment services face a number of challenges for improvement.

- The employment services cater only for the registered unemployed and thus do not reach the majority of the potential client group in need of assistance. The Labour Force Survey unemployment rate is over twice that of registered unemployment and the employment services fail to reach out to those making a living in the informal sector.

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5 The insurance contribution rate is fixed annually by Parliament.

6 The indicators in statistical reporting are grouped as follows: employment placement assistance for job seekers; number of unemployed; distribution of unemployed according to duration of unemployment; data on redundant workers; vocational training of unemployed; implementation of employment placement programmes; number of people receiving vocational orientation and counselling services; composition of unemployed; distribution of former unemployed according to duration of unemployment; participation in public works; composition of unemployed according to educational attainment level; distribution of job placement for unemployed according to sector of economy and field of activity.
The use of vocational training is not optimal, partly because of the funding mechanism, which pays training providers for the number of students, partly because of a lack of understanding of labour market needs, and partly due to a somewhat unrealistic view of the role of training in the creation of entrepreneurs.

The use of training as an active measure is further hampered by the lack of co-ordination between vocational education and training and the State Employment Department.

The employment services offer counselling, but the actual approach to interviewing and counselling the unemployed is an area in need of improvement.

The design and implementation of a temporary job-creation scheme at community level is necessary.

A research and evaluation culture in relation to measures actively implemented is lacking. Although a new Annual Labour Market Review has been developed, assistance is required to make use of the data.
4. CONCLUSIONS: RELATIONS BETWEEN VOCATIONAL EDUCATION AND TRAINING AND LABOUR MARKET

The problems and difficulties that the Kyrgyz Republic is experiencing in the transition from a planned to a market economy are reflected in and weigh heavily on the vocational education and training system. With a changing labour market, demand for vocational education and training has also changed and the system is still trying to come to terms with the new challenges.

4.1 POSITIVE DEVELOPMENTS

The approach to policy development has seen changes in recent years with the aim of taking account of the experience and needs of different interest groups. One example of this is the development of the National Poverty Reduction Strategy. The elaboration of the vocational education and training/labour market component involved different ministries, with the Ministry of Labour and Social Protection in the lead, local authorities, enterprises, civil society organisations and international organisations. The process included five round tables and public hearings.

Another example is the preparation of a Green Paper on public initial vocational education during 2003. This process has produced an analysis of the vocational education and training system with possible future scenarios and related recommendations. The aim of the new approach has been to increase transparency and to reduce the relative isolation within which sector policies have been prepared.

A first Labour Force Survey and Annual Labour Market Review have been carried out with the aim of providing a better basis for decision-making on vocational education and training and employment issues.
4.2 OBSTACLES AND CONSTRAINTS

In spite of the above, policies still tend to be wish lists without clearly set objectives, appraisal and costing of alternative implementation schemes that would set realistic priorities for action.

The vocational education and training system has not yet been able to adapt from a situation where demand for graduates is no longer centrally planned towards a situation where private enterprises represent demand. Furthermore, it has not been possible to attract sufficient interest and involvement of social partners in the definition and delivery of vocational education.

Vocational training plans often have no direct links with current labour market developments.

Although much experience has been gained through a number of donor-supported pilot initiatives, little has been done to analyse and learn from the experience. Therefore the results of most pilot projects have not been mainstreamed into the vocational education and training system.

The level of public funding, which covers only current expenses, and the lack of mechanisms for attracting private sector resources to support and further develop vocational education and training, are constraints which any future reform initiatives will have to consider. The current funding and allocation mechanisms through the Social Fund, the non-fulfilment of planned financial commitments and lack of capacity, prevent a better service for the unemployed. The reluctance of the public administration to introduce change hampers the development of vocational education and training and is a challenge that must be met.

Skills upgrading remains a serious problem for teachers and trainers at all levels of the education system. In vocational education, it is almost completely restricted to the schools that are participating in various projects. This problem is even more acute for teachers in remote areas.

Although vocational schools are allowed to generate income, existing regulations prevent the efficient use of funds, such as investment in equipment and infrastructure.

4.3 FURTHER MODERNISATION STEPS NEEDED

Priorities include:

- (re-)definition of the role of initial vocational education in the education system, in skills development and as a social protection tool;
- determination of priorities, key tasks and activities to implement reform of the vocational education and training system as well as identification of the necessary resources;
- continuation of the development of a balanced reform policy for vocational education and training aimed at improving relevance and quality in relation to the labour market;
- development of tools to forecast demand for vocational education graduates in the labour market;
- improved learning from donor-supported projects at both policy and school levels, as well as the coordination of reform initiatives at all levels of vocational education irrespective of which institution is responsible for a given level.
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**LIST OF ACRONYMS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit (German Association for Technical Cooperation)</td>
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<td>LFS</td>
<td>Labour Force Survey</td>
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<td>NGO</td>
<td>Non-governmental organisation</td>
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<td>SME</td>
<td>Small and medium-sized enterprise</td>
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<td>Unesco</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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EUROPEAN TRAINING FOUNDATION

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