



**PEER REVIEW REPORT
FORMER YUGOSLAV REPUBLIC
OF MACEDONIA**



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DECENTRALISATION AS PART OF OVERALL VET REFORM IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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The contents, opinions and recommendations contained in this report are those of the peer review team alone and do not commit the European Union or its agencies in any way.

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PREFACE

In 2002 the European Training Foundation (ETF) launched a new Peer Review Programme in the countries of South Eastern European that are preparing or already running EU funded CARDS¹ projects in the field of vocational education and training (VET). The programme is a follow-up to the thematic reviews of education policy carried out by the OECD in 2000 and 2001, and is funded from the ETF's own budget. In 2002 peer reviews were carried out in Albania, Croatia, Serbia and Montenegro, and Kosovo², while peer reviews in Bosnia and Herzegovina, Bulgaria, the former Yugoslav Republic of Macedonia, Romania and Turkey followed in 2003.

The focus of this peer review programme is to evaluate recent progress in VET policy development and to propose activities that could be undertaken to help accelerate the reform process. The ETF's peer reviews aim at both policy advice and capacity building in the region. They are organised in such a way so as to:

- contribute to an exchange of policy experience and enhance learning processes among national stakeholders;
- contribute to the development of policy analysis capacities in the countries of the region;
- effectively promote regional cooperation between actors involved in similar activities;
- contribute to the CARDS programming and implementation cycle.

The present (and possible future) peer review cycles of the ETF are carried out in the following phases:

- i. a specific review topic is agreed with the country in question;
- ii. national background material is prepared by both the host country and the country manager

¹ CARDS is the European Union's assistance programme for the countries of South Eastern Europe.

² Under international administration in line with United Nations Security Council Resolution 1244 of 10 June 1999.

of the ETF, which includes the drafting of a briefing paper;

- iii. a peer review team is set up and visits the country;
- iv. a public review report is formulated and circulated.

In addition, the ETF organises specific staff development activities as a follow-up to the national reviews, as well as organising regional dissemination events to share experience between experts from different South Eastern European countries in order that they can learn from each other.

Where relevant, the ETF peer reviews put a clear focus on assessing where the country stands in terms of meeting its requirements from the Stabilisation and Association Agreement, as well as preparing for accession to the European Union. Experts from EU Member States are included in the review teams to compare countries against EU good practice in terms of *outcomes (what has to be done)*; and experts from candidate countries are included to share their experience in terms of suitable *reform processes (how should it be done)*.

The aim of the final reports is to give policy advice and to identify short and mid-term actions rather than providing a complete, academic analysis of the VET system and grand reform proposals. The reports contain substantiated and operational conclusions and recommendations that should allow the policymakers of the country in question to design follow-up activities.

The ETF does not see the peer reviews as a one-off event but rather as a permanent cycle during which the ETF provides inputs to the VET reform processes in the given countries. Hence, it is planned to arrange for subsequent review missions with external peers after periods of two to three years. After the completion of the first peer reviews of 2002 and 2003 an evaluation will be undertaken to assess the results achieved.

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EXECUTIVE SUMMARY

Decentralisation of education is a key policy challenge in the former Yugoslav Republic of Macedonia. It is required by the Ohrid Agreement and is a cornerstone of donor cooperation, but it is even more an articulated policy aimed at making vocational education training more responsive to labour market needs, and is seen as a means to improve the quality of education.

Borrowing from the practice of the external peer review of employment policy within the European Union, the Ministry of Education and Science (MoES) commissioned an international team to review the existing policies, structures and measures for supporting decentralisation, with a view to determining how these could be improved. National authorities asked to have a review of decentralisation to be seen within the framework of broader VET reform contexts and implementation strategies. There is a need to know where the country stands now, where it could go next, and what support can be provided by international donors to achieve national goals.

This report is the outcome of the peer review mission which took place in September 2003. The review team visited the country for one week and got an overall impression of the challenges and constraints for VET reform. The review has involved an assessment of key materials and publications, interviews with policymakers and practitioners, site visits and discussions with stakeholders. The team concentrated on a select number of areas considered important by the stakeholders and provided appraisal, constructive critique and recommendations for improvement. Nevertheless, the time was short to fully understand the situation in the country.

The purpose of the report is not to provide the Ministry of Education and Science with a 'recommended' model or alternative models for the decentralisation of the VET system in the former Yugoslav Republic of Macedonia. It is rather: i) to take stock of the different reform initiatives taking place in the country today; ii) to identify the existing potential and limitations in the process towards decentralised VET provision; and (iii) to highlight and recommend future steps towards a decentralised system.

With respect to the broader VET reform environment, the peers conclude that more impact could be achieved by way of better policy and institutional capacities at both national and local levels. In relation to overcoming the challenges and constraints of overall VET reform, the peer team recommends the following steps to be taken by the Ministry of Education and Science:

- i. set up a Strategic Group composed of key policymakers in the Ministry of Education and Science, and elaborate a coherent education and training strategy for the country;
- ii. define and implement a programme to ensure capacity building in the Ministry of Education and Science;
- iii. speed up the generalisation of reform and the dissemination of new methodologies to all vocational schools in the country;
- iv. be proactive and take the initiative to set up structures to involve other government bodies and to mobilise the social partners.

The policy approach of the Ministry of Education and Science to decentralise the VET system sits in a broader national administrative reform framework. The Ministry is faced with external ambiguities and barriers that make decisions on decentralisation difficult. The system of public administration in the former Yugoslav Republic of Macedonia is still not transformed. Decisions on the number, shape and future responsibilities of reorganised municipalities have still not been taken; the question of financing mechanisms for VET is also still undecided. 'Horizontal' decentralisation by involving social partners is hampered by the still very weak representation of employers and workers at all levels of the VET system. Scarce financial means and regional disparities in economic development leave only a narrow scope for policy reform. Under these conditions the Ministry of Education and Science has formulated pragmatic short and medium-term policies, but also more radical decentralisation initiatives.

For the near future, the Ministry of Education and Science has decided to provide further

autonomy to schools and facilitate their relations with the local community. The Ministry would like to take this further but issues of decentralisation to municipality level and local financing of VET schools are in effect blocked by the lack of national administrative reform. For the near future, a 'de-concentrated' model of VET governance is proposed, which would give the state a strong role, a relatively weak but increased role to the municipalities, and the stronger and more dynamic VET schools increased autonomy over school management, curricula and financing.

Within the framework of action to strengthen the policy function as well as the institutional capacity of the Ministry of Education and Science to manage VET reform, as proposed above, the peer review team would like to put forward the following recommendations for decentralisation of the VET system:

Governance

Recommendation 1 – The reform could involve the centralisation and decentralisation of VET at the same time.

Centralisation of 'overall management' responsibility and decentralisation of 'operational' responsibility. The State should be responsible for organising a VET system that provides a geographically well-balanced distribution of vocational schools of equal standard for all students. Only the State can ensure equal access and equity of services. A rationalisation of the VET school network could increase quality as well as efficiency.

Recommendation 2 – Strengthen institutional capacity in the Ministry of Education and Science to govern a dynamic VET system with strong and independent schools.

Decentralisation of operations to school level requires, paradoxically, stronger central instruments for setting targets, allocating resources, measuring flows of money and progress of students, and ensuring quality and relevance.

Recommendation 3 – Develop stronger systemic school governance tools.

The Regional VET Centres are advanced schools with trained principals, administrators and teachers. They could be pilot schools for governance based on more school autonomy

and freer school activities responding to the needs of the market and local communities.

Financing

Recommendation 4 – Study foreign examples of new financing mechanisms under decentralised administration systems.

Essential issues related to the financing of the VET system have been neglected in most foreign donor projects. An analysis of various government economic and administrative interventions is recommended, with a focus on financial schemes and the conditions in which they have proved to be effective.

Recommendation 5 – The implementation of a state model with direct funding on the basis of 'per student' and 'lump-sum' principles combined with a national 'equalisation' fund for weak regions and schools.

Local school districts and regions differ in terms of respective wealth. Certain 'equalisation' schemes are therefore required. This can only be ensured at state level.

Recommendation 6 – Proactively increase the self-financing of schools.

The Ministry of Education and Science could negotiate national 'contracts' with the Ministry of Labour and Social Policy as well as the Employment Service, and lobby for their VET schools to be involved in active labour market policies. The strategic level of schools will have to be strengthened and new professional roles created for teachers to build up and sustain professional training partnerships with private companies and the employment services.

Educational content: curriculum, teacher training and the inspectorate

Recommendation 7 – Create a National Qualifications Framework able to absorb different skills from VET programmes, adult learning and non-formal learning, which can function as the main integrative and unification instrument in the process of decentralisation.

Recommendation 8 – Develop a curriculum ‘standard’ with clear roles and functions for the state, social partners and schools.

Urgently resolve the lack of curriculum philosophy and certification framework, which are under pressure from incompatible curriculum systems introduced by foreign donors (a modular system; a process-based system with social partners; a competence/output-based system separated from process). A regulatory framework for a new curriculum system should specify who does what at which level and under what conditions, and include guidelines with ‘pre-fabs’ for local curriculum innovation. Teaching materials and learning environments in schools require careful attention.

Recommendation 9 – Prepare teachers for VET reform by training in new methodologies for curriculum development, delivery and assessment, and set the focus in teacher training on ‘core skills’.

Pre-service and in-service teacher training systems need innovation and higher volumes.

Recommendation 10 – Balance creativity and control by developing new quality assurance systems, and develop the educational and advisory role of the state inspectorate.

Start an ‘Operation Rule Storm’ in the Ministry of Education and Science to support genuine decentralisation and flexibility.

1. INTRODUCTION

1.1 Context

The former Yugoslav Republic of Macedonia is an ex-Yugoslav country affected by the aftermath of the disintegration of that country, although it was not affected directly by secession wars. While Slovenia, Croatia and even Bosnia and Herzegovina face their future with opportunities and problems whose solutions depend on their own will and ability to develop, the former Yugoslav Republic of Macedonia, Serbia and Montenegro, and Kosovo are still in the clutches of unresolved internal conflicts frequently based along ethnic lines. In all these countries there is a greater or lesser presence of some international force and/or influence, if nothing other than in the shape of substantial funds for various purposes. The foreign factor, however benign and potentially important in the process of modernisation and reform, actually adds to the complexity of the present moment.

The country gained independence in 1991. Turbulence accompanying the emergence of the new independent country caused economic instability during its first five years of existence. The following five years of growth were interrupted by internal crisis caused by ethnic conflict which brought the country to the brink of civil war. Since 1999, maintaining political and economic stability has been a permanent challenge. The country experienced an influx of refugees from Kosovo. Ethnic unrest stopped the promising period of reforms, thus elevating the issue of Slavic and Albanian Macedonian coexistence within one state to the top of the political agenda.

The Ohrid Framework Agreement of 13 August 2001 officially ended armed hostilities and paved the way to the political and economic recovery of the country. Increased representations of ethnic minorities in public administration, reinforcing the minority language rights and transferring public services and executive powers from central government to municipalities are solid steps which strengthen the possibilities for coexistence.

The September 2002 election resulted in a new coalition government. The Minister of Education and Science, Mr Aziz Polozhani, has expressed

a need for advice to support national policy formulation. The immediate policy challenge, and a MoES top priority, is the decentralisation of education. Planning for the decentralisation of education has already started.

Three complex issues will have to be tackled:

- i. How to find a new balance and modern regulatory mechanisms to function between the MoES and local government, as well as institutions;
- ii. How to rebuild the educational infrastructure (teacher training, curriculum, financing, and so on) in a decentralised governance structure;
- iii. How to meet the need for massive human resources development to achieve efficient governance and strengthen the management of change at different levels of the VET (education) system.

A peer review on 'decentralisation in education' organised by the ETF would be helpful if undertaken now to support the MoES in this work. Decentralisation should be viewed in the perspective of broader VET reform contexts, assessing where the country is now, and giving recommendations on what steps to be taken next.

1.2 Peer Review

The practice of 'peer reviews' is a central instrument within the European Union's common employment policy. The reviews allow for EU Member States to provide a constructive assessment and critique of each other's efforts in improving employment.

The ETF peer review concept and methodology aim at empowering national ministries to increase their capacity in formulating clear national policies as a platform on which to meet various donors. Thus it contributes to increasing quality and relevance, and in particular embeddedness of externally financed projects.

This report is the result of a peer review specifically addressing decentralisation of VET

policies, structures and measures in the former Yugoslav Republic of Macedonia. The review was undertaken by international experts from Croatia, Serbia, the Slovak Republic, Slovenia and Sweden between 7 and 13 September 2003, with follow-up meetings with various stakeholders and organisations for further detail and clarifications.

The peer review was funded by the European Training Foundation (ETF) and logistic support, including background literature search and initial intelligence, was provided by the National Observatory.

The peer team met with a broad range of stakeholders (see Annex) in the VET system, and had access to a wide range of reports, papers and data on the economy, labour market, education and training systems, institutions and partners to the VET reform programme in the country.

1.3 Decentralisation – policy dimensions, analytical approach

In this peer review the issue of decentralisation in the decision-making process will be seen within the broader VET reform process. Decentralisation in education must follow the overall administrative reform of government in the former Yugoslav Republic of Macedonia. New policies in the public sector intend to make the sector more competitive, efficient and effective. While education (and VET in particular) is one of the targets for decentralised governance, the sector cannot on its own change administrative practices.

In our analysis of decentralisation we will focus on VET but with a view to broader administrative reform. The measures to hammer out a decentralisation policy are of course interlinked, but here we will concentrate on those centralised control mechanisms of the VET system which hinder schools' ability to respond rapidly to changes in the labour market and provide new answers to emerging qualification needs.

The policy dimensions of the decentralisation of education include a number of elements, such as:

- the learning process itself (including curriculum development and implementation, teaching and learning methods, integration of work and learning techniques, textbooks and other teaching materials);
- the governance of the vocational education and training system (including the management of the system, the establishment and implementation of a sound enrolment policy, and running of the school network);
- the management and administration of the individual training institutions (including recruitment and career development of teachers);
- the funding of the vocational education and training system (including identification of possible funding sources and methods of distributing funds to the training providers);
- the interface (policies, regulatory frameworks and practices) between the education and employment systems.

The questions addressed during the peer review mission were:

- a) Why does the former Yugoslav Republic of Macedonia want to decentralise VET? Is there a reason besides the Ohrid Framework agreement?
- b) What is the model of decentralisation to be followed in Macedonia to ensure equality, democracy, access for all and responsiveness to the needs of the labour market as well as those of young people and adults?
- c) Is there a notion of 'region' between state and municipality?
- d) To which levels can administrative decentralisation be transferred?
- e) Who is to be involved in the decision-making process? The school and/or the local community? What are the specific plans, and how will the redistribution of roles and responsibilities be carried out?

- f) To what extent are employers willing and able to get involved in the decision-making process?
- g) What is the 'road map' towards decentralisation?
- h) To what extent will different stakeholders be able to undertake the future responsibilities to be attributed to them?
- i) What are the possible impediments and obstacles towards a decentralised VET system?
- j) What (good and bad) experience exists with decentralisation from the heritage of the former Republic of Yugoslavia?

1.4 Structure of the report

The structure of the report reflects a number of key concerns expressed by the Macedonian authorities and on which the peer review team concentrated.

Firstly, aware of the broader issues of VET reform implementation and the various interests and inter-dependencies of different players on VET reform, the Macedonian authorities asked for an assessment of where the country stands on VET reform implementation, what steps should be taken next and how reform implementation could be improved. This general assessment is addressed in Chapter 2.

Chapter 3 focuses on national policies for decentralisation of education and training, and discusses policy dimensions and the analytical approach of the peer review.

In Chapter 4 VET policies on decentralisation are analysed. Three interrelated components of education decentralisation are analysed: Governance and regulatory frameworks, Financing, and Educational content (curriculum and teacher training).

Each chapter highlights key strengths and weaknesses and makes a number of recommendations as to how the Macedonian stakeholders could take steps towards decentralisation, with specific reference to policies, institutions and measures.

The report concludes with the overall impressions of the peer review team of VET decentralisation in the former Yugoslav Republic of Macedonia set against the broader VET and education reform context in the country.

2. OVERALL CONTEXT FOR VET REFORM

2.1 Country background

As in other transition countries, the emerging structure of the economy is substantially different from the traditional one. Now, 93% of public enterprises have been privatised while 70% of registered companies are small enterprises with less than ten employees. Labour market change in the last decade has been profound as a consequence of restructuring and privatisation, the economic and political crises, slow reform processes and an expanding 'grey' economy. There are very high levels of unemployment (in 2002 it was 31.9%), particularly amongst young people (56% for 15-24 year olds). Long-term unemployment is also very high.

Since independence successive governments have been pro-Europe, and the signing of the Stabilisation and Association Agreement in 2001 strengthened these links. In the reform process, the government is keen to promote and implement European models and best practice.

The VET system is governed by the State. The legacy of the former Yugoslav 'career-oriented secondary education system' still plays a role; from 1991 the Gymnasium was reintroduced. The Ministry of Education and Science is responsible for education policy and it manages all vocational schools (allocating budgets, authorising payments, appointing school heads, and so on). VET is regulated by the Law for Secondary Education (1995); a new law is being considered by Parliament. Continuing vocational training is not covered by a legal framework and is excluded from the public funding system. The Department for Secondary Education manages vocational and general education (gymnasias) and regulates school enrolment, teacher distribution, financial resources, preparation of laws and regulatory frameworks, and the prioritisation of future development.

Regional education administration is organised through 15 regional branches of the MoES and the Bureau for Development of Education (BDE) which has 12 regional units. Municipalities, which now number 126 (up from 35 in 1990), have only limited links with education.

At school level, principals are appointed by the Minister of Education. However, school boards and education advisors also play an active role. The school board is an advisory body dealing with issues such as the use of the annual budget, collecting funds and obtaining additional resources for their schools. There are nine members representing teachers, parents and the MoES.

VET programmes last two, three or four years. Enrolment trends are 65% in VET and 35% in general secondary education – a decrease in VET of about 20% over the last decade. There are 95 public secondary schools, of which 11 provide only gymnasium education, while the remainder are either vocational (56) or a mixture of both in the same building (28). The VET system covers 15 occupational clusters corresponding to 111 educational profiles. Four-year programmes are the most attractive and prepare for higher education as well as the labour market. The transition rate to tertiary education is about 27%.

2.2 Achievements and problems in VET reform implementation

2.2.1. *The present situation*

A reform of secondary vocational education in Macedonia started in 1998 with the support of the EC Phare programme (1998 to 2000) aiming at preparing school graduates more adequately for the labour market. A curriculum-driven pilot school approach was implemented in 16 pilot schools covering eight clusters. A reform coordinator was selected in each pilot school to give the reform process dynamic involvement at grassroots level. In 2000 an additional 10 VET schools were selected through the Open Society VET project.

The second Phare VET project (March 2002 to February 2004) aims at establishing sustainable cooperation between the schools and enterprises in a lifelong learning perspective by:

- completing the process of modernisation of the initial VET system and providing support for its dissemination and consolidation;

- extending reform to cover pilot actions in the field of continuing training and post-secondary education;
- revising the legal framework regulating the provision of VET, including the tripartite institutional division.
- establishing a regulatory qualification framework to support the integration of initial and continuing training with a view to lifelong learning;
- introducing a regional, decentralised strategy for the VET system.

The number of pilot schools was extended to 32, and the project has established eight Regional VET Centres to become catalysts and disseminators of reform to other schools, and to implement pilot courses for post-secondary and continuing education based on their own labour market scanning.

The reform of the VET system is still not finalised. VET reform has been mainly curriculum-driven – an approach that cannot stand alone. To ensure coherent and consistent systemic reform the national policy, strategic and operational levels need to play a driving role in the change process. A policy-driven VET reform strategy is needed to take the developed 'building blocks' of reform forward.

2.2.2 The team's observations and findings

1. One of the strong impressions that resulted from our review is that the transition process in the country is fully on course. All the institutions are changing, making coordination and regulation activities rather demanding. It is difficult to make decisions about the education system and its decentralisation when, for example the system of public finances and the organisation of territorial units in the country are not yet determined. To some extent this may explain the fact that several valuable proposals made in the development projects, such as Phare I and II, CARDS, World Bank, USAID, German GTZ, Prizma and others have not been developed and implemented yet in terms of coherent policy and institutional solutions.

- In many ways the former Yugoslav Republic of Macedonia is caught between many, not always coherent, donor initiatives and a lack of its own clear VET policies. The country

needs to define its own policies³. In such a situation it seems crucial for the Ministry of Education and Science to act as proactively as possible. The more the dilemmas solved and developed through coherent institutional and policy arrangements, the more the ministry can influence and create a favourable environment for the implementation of its strategies.

2. An observation – and a considerable challenge – is the fact that VET reform elements are only weakly embedded in existing national structures and practices (understood as institutions). VET reform is relatively 'encapsulated' and public awareness about the reform is insufficient. There is a lack of feeling of ownership, and that there is a risk that results will not be sustainable if national capacities to formulate and implement own policies are not strengthened.

- VET policy learning, understood as a collective learning process for a critical mass of actors in the VET system, must therefore now be a high priority. Also intensified public awareness raising is important.

3. Another explanation of the insufficient utilisation of the results generated by development projects and of a rather modest progress in institution building and policy-making and implementation of VET could be found in the low governance capacity of the MoES. This seems to have several dimensions.

- i. Insufficient staffing of the ministry, mentioned by officials.
- ii. Insufficient delegation of responsibilities to the lower levels, which makes officers in the key positions overburdened with less important daily activities so that they do

⁽³⁾ There are two existing policy documents for education and VET: *Strategic planning of VET Reform in the Republic of Macedonia (1998-2010)*. Phare project VET Reform (1998-2000). Skopje, 1999. *Education Development Strategy 2001-2010*. The Ministry of Education and Science. February 2001. However, both of these policy documents appear to be redundant and have not been replaced by other official statements of VET policy.

not have enough time and energy to focus on development and strategic issues.

- iii. Unclear division of responsibilities among the Ministry's employees so that more people than necessary are dealing with the same issues and advocating different or even opposing solutions, while some issues are left uncovered. It was observed that key officers have substantially different opinions on central policy issues, including decentralisation. Such a situation decreases the effectiveness of work, may block the development activities and causes increasing entropy in the system.
- iv. A lack of continuity in terms of the utilisation of experiences from the past and the utilisation of scarce human resources. It is difficult to justify a loss of investment in, and a waste of, human resources in cases where vocational school reform coordinators do not continue to be involved in development activities in the schools. It is also difficult to believe that all the principals of vocational schools have been replaced because of incompetence or bad results. If the education system is to develop more quickly and continuously the change of government must not bring about the replacement of school principals irrespective of their performance. As was pointed out in one of the schools, it is hoped that the preparation of new legislation on public services will contribute to the de-politicisation of the educational area. We share this opinion.
- v. Opposition to change because some people, for example teachers of general subjects, may be made redundant as a consequence of curricula change.

Three suggestions seem to deserve priority with regard to these observations.

- i. In the Ministry of Education and Science a strategic group should be established composed of key policymakers and led by the Minister. If such a group already exists (a VET Management Group was set up but is invisible), it should become much more active in terms of elaborating a coherent education and training strategy

(including VET) for the country. This could be done to a great extent by considering a number of proposals made within various development projects. However, the dilemmas cannot be solved and proposed alternatives chosen outside the governing policy group. This is especially important because proposals made by different projects are not always compatible and should be modified in order to form a coherent policy. To give just one example, ways could be found so that training offered by the Prizma project is certified as parts/modules of the public VET programmes.

- ii. There is a need for advice and a programme of professionalisation (concise seminars, courses, 'twinning' arrangements, and so on) on governance (management) for the first and second rank policymakers (officers) in the Ministry of Education and Science. This would be very beneficial for their work effectiveness. The programme should focus on issues such as Human Resources Management and personnel policy, time management, delegation of tasks and responsibilities, and teamwork.
- iii. Better use must be made of the existing human resources (school reform coordinators, ex-principals). Here there are untapped resources in the country. If the existing form of their engagement is inadequate, the MoES should find a new one.

4. It was often mentioned in the discussions on VET that an evaluation is needed (preferably external and international) of the proposed solutions that have been implemented in the pilot schools before the innovations are spread throughout the system. While there is no doubt that monitoring and evaluation of the VET reform is needed, a break in the reform process would not be justifiable on this basis. There are at least three reasons for that.

- i. The number of changes in the environment of the VET system (restructuring of the economy, changes in the other segments of the educational system, developments in teaching methods, and so on), to which it must respond, is increasing. That is why the

system must be able to practice a continuous adjustment to the environment, and what is therefore needed is a constant monitoring of the effects, including the elimination of the undesired ones.

- ii. Some effects of curricula and systemic changes of VET will be visible only in the long run. To wait for the evaluation of those would cause increasing inadequacies in VET.
- iii. It is difficult to justify a VET system in which half the students would be involved in the reformed curricula and the other half in the unreformed curricula.

There is a clear need to speed up the dissemination of innovations to all schools and continue with the development of national occupational/qualification standards in the many fields where they have not been developed yet.

5. Turbulent developments in society and the economy have effected the old organisations of social partners, while new ones have not yet been established. Old enterprises have been restructured (privatised, dissolved, turned into slimmer organisations by means of outsourcing, closed down and so on) and several new ones have been established. However, their representative bodies of employers, such as the Chamber of Economy, have weakened and many employers (particularly new and smaller ones) are not represented at all. Trade unions have also gone through a transition process and they focus primarily on the economic issues of their members, such as salaries and working conditions: development issues are seldom on their agenda. The strongest trade unions, such as those in the public sector (education among them), may even oppose the reform if they feel that jobs in schools could be jeopardised. The structure and functions of the local communities have also been transformed. In such a situation it is difficult to lead an active VET reform policy in which social partners are expected to play a crucial role. This is the case for the formation and functioning of national VET bodies, such as the National VET Council, for the development of national occupational standards, and for the development and carrying out of VET programmes to which employers especially should contribute.

- A proactive role of the Ministry of Education and Science is needed to mobilise social partners, for example via other ministries (such as those of Economy, and Labour and Social Policy), or via the Socio-Economic Council.
- One incentive for the employers to take an active part in the VET system can be financial. Employers could be given subsidies for training places and trainees as well as for their investments in education and training. This was a frequently mentioned instrument during our review, especially in the education and economic spheres.
- Due to the fragmented economic structure and a large number of small enterprises the State could promote their self-organisation, for example the formation of a Chamber of Crafts or SMEs.

6. There are preparations for a special law on VET in Macedonia. According to Slovenian experiences this seems reasonable, especially because of the involvement of social partners. However, unlike Slovenia, the VET law could also cover the area of adult education and lifelong learning. The argument for such a solution is that the content of curricula is similar in both cases, and that shorter courses offered within continuous training represent a logical continuation of the initial courses. VET schools would be able to extend their activities to the adult population and thus increase their flexibility.

7. There is a proposal to establish as part of the new VET structure the National and Regional VET Councils. They would be representative bodies of social partners, which would give advice and make decisions on occupational standards, education and training programmes, and so on. It is proposed that their activities would be supported by a new professional administration. Professionalisation of VET and establishing new institutional 'homes' seem reasonable because of the lack of existing appropriate structures. However, if this is also going to happen at regional level, it will multiply the bureaucratic processes, which at the same time are unlikely to be able to deal with the most demanding professional tasks, such as labour market and training needs analyses, development of appropriate methodologies, and

evaluation. In the end it will have to call in professional organisations, such as the Bureau for Development of Education, which would have to restructure in order to cope with the new tasks.

8. In the discussions on VET with policymakers and schools' representatives VET standards were mentioned several times as one of the important instruments for the regulation of education and training. However, the meaning of 'standards' varies, and there is a lack of differentiation between these definitions. The most frequent notion seems to be that of 'quality standards' which are usually included in the systems of education quality control/assessment in schools and wider, as well as in the systems of external examination. With respect to this a criticism was addressed to workers' universities which are blamed for issuing certificates without a good quality of education and training. These kinds of standards will have increasing importance if the education system is decentralised. They seem to be mentioned in relation to the proposed independent quality assessment and certification institution which is to be positioned at national level. Other meanings of 'standards' seem less clear, although equally or even more important for the regulation of VET. We would like to point at 'national occupation/qualification standards', that often play the role of the major integrative and unification instrument, especially in the process of decentralisation of VET. They also represent a point of comparison with VET in other countries.

9. There is a proposal to develop a continuous education and training (CET) system that would offer courses of between one month and two years duration. It would exist within the VET system in order to complement it, would be flexible, based on social partnership, and offered primarily to adults. It is proposed that CET and initial VET must be integrated, for which a close cooperation between the Ministry of Education and Science and the Ministry of Labour and Social Policy is necessary. This intention, however, raises some questions:

- a) Will CET be based on the same or on different occupational standards as initial VET?
- b) Will CET lead to the same qualifications as initial VET, to different or to parallel

ones? (for example, bricklayer in VET and bricklayer in CET)

- c) Will courses and qualifications acquired in CET be transferable to the initial VET system, and how?

10. Another challenge for VET is an extensive informal economy in the country. In spite of high registered unemployment, enterprise representatives and the Employment Service report low interest of the unemployed in the offered jobs (such as in the textiles industry), as well as for preparation for these jobs via training. The question is how to break the vicious circle in which the unemployed earn more in the informal economy than in regular jobs, and because of that decrease the number of regular jobs while they remain unemployed.

- Apart from measures to limit the informal economy, such as a proper tax system, inspection and incentives to bring it into the formal economy, specific measures related to VET are needed. Among them one should consider:
 - certification of qualifications acquired outside the formal VET system (shorter courses, such as those offered by the employment services, and on-the-job training), and
 - overcoming the unwillingness of the unemployed to attend training.

2.3 Recommendations on general VET reform implementation

Recommendation 1 – Set up a Strategic Group composed of key policymakers in the Ministry of Education and Science, and elaborate a coherent education and training strategy for the country.

- The concept of VET needs urgent clarification. The MoES could use international donor support to help clarify the issues and challenges to reform.
- A policy learning initiative should be pursued involving key actors and stakeholders.

Recommendation 2 – Define and implement a programme to ensure capacity building in the Ministry of Education and Science.

- There is an obvious need to strengthen VET policy and governance functions, and a training programme for the first and second layers of administration to professionalise staff is advisable.
- The challenges to institutional capacity increase with decentralisation and require high capabilities in setting targets, defining frameworks, allocating resources and ensuring effective assessment of outcomes in terms of quality and effectiveness.

Recommendation 3 – Speed up the generalisation of reform and the dissemination of innovations to all VET schools in the country.

- The radical changes in the VET system's environment, the dynamic pressures from VET reform activities and the continuous demands to adapt to and cope with change call for 'shaping' of change processes through monitoring, but do not necessitate waiting for results of external evaluations.

- More emphasis should be placed on raising public awareness of aims and activities of ongoing VET reform.

Recommendation 4 – The Ministry of Education and Science must be proactive

- The MoES should mobilise the social partners to take an active part in VET system development.
- It should put more emphasis on the structured involvement of other government bodies at national level (ministries, agencies) and at regional/local level.

3. DECENTRALISATION OF THE VET SYSTEM

3.1 National policy framework – decentralisation a political goal

The dominant education policy in the Ministry of Education and Science is decentralisation. There are three arguments put forward by the ministry for this policy:

- the requirements of the Ohrid Agreement
- the need to make the VET system more responsive to the labour market
- the goal to increase the quality and relevance of education.

1. The Framework Agreement – signed at Ohrid on 13 August 2001 – remains the yardstick of the former Yugoslav Republic of Macedonia's progress towards renewed democratic stability. The agreement has important implications for the process of administrative decentralisation: development of a stronger, more efficient local government equipped with the necessary financial means to exercise its new authorities and responsibilities. This process is a cornerstone for renewed stability and a main focus of EC and other donor assistance.

- Progress has been made in the field of reinforcing minority language rights and giving local communities a greater influence over local policing matters. However, a major component of the Framework Agreement – decentralisation of government – has barely started. The new Law on Local Self-Government essentially provides the framework. Many of the working level details of the new local government system are yet properly defined.

2. The Ministry of Education and Science does not believe that the current VET system adequately supports the needs of the labour market. A policy of decentralisation giving more autonomy to schools and establishing closer links with local communities is seen as a necessary measure to make the system more responsive. To change the focus and open up vocational schools to their local communities

can only be done by giving schools more scope for action. The innovation of education programmes (products and processes) requires the transfer of decision-making power from the MoES to vocational schools, in terms of governance and finance. These measures are discussed in the MoES which, reportedly, is one of the drivers for government decentralisation in the country.

3. A third argument for decentralisation is to increase the quality and relevance of education. A curriculum regime of centrally fixed rules and regulations combined with centralised inspection does not inspire schools and teachers to renew programmes and pedagogic processes. Freeing teachers more from decrees on what and how to teach by giving schools more responsibility is envisaged as a necessary next step.

3.2 Governance and regulatory framework

3.2.1. *The present situation*

The Ministry of Education and Science leads the education reform process (VET included) assisted by expert groups of researchers, methodologists and practitioners in the field.

Today there is a high degree of centralisation in education. According to the Law of Secondary Education of 1995, the Minister of Education is the founder of public schools, and decides about their opening and closure, appoints the school principals, and decides on school enrolment numbers. The MoES is responsible for finance, curricula and textbooks. Through the State Inspectorate, the ministry controls the work of the schools in the classroom. The school has limited freedom. The school principal manages the school, appoints teachers following a competition and is accountable for the quality of teaching. The school board is an administrative organ of the school.

Decentralisation steps have been taken by the MoES. To stimulate the participation of different actors in the management of education, the role of school boards has been increased: today they

consist of nine members (who appoint a Chairman – often a teacher employed by the school): four teachers are elected, three members are appointed by parents and two by the MoES. The school board has links to parents and deals with complaints and so on. It has no formal rights regarding the school programme – curricula are designed by the Bureau for Development of Education (BDE).

The MoES will decentralise further; an amendment to the Secondary Education Law is currently in the pipeline. The intention is to delegate the selection of principals to school boards, leaving the final decision to the municipality; school boards will be expanded to 11 members and include representatives of social partners and municipalities. Through the World Bank project, the BDE and the State Inspectorate will be reformed to support more school autonomy.

The decentralisation of education must take place in accordance with the Law on Local Self-Government (2002), which transfers powers to the municipalities. No agreement has yet been reached on the future number of municipalities or on local government financing of. In the former Yugoslav Republic of Macedonia there is a one-level local government system with 124 municipalities, increased from the former 34. It is expected that there will be 50-70 municipalities in a decentralised administrative system. Limited capacity exists in the municipalities to undertake these responsibilities; they lack skilled personnel and will have to improve their operational efficiency and financing of new tasks. This broader framework is a serious constraint for the MoES' decentralisation policy.

3.2.2. The team's observations and findings

1. Although the decentralisation of VET has been proclaimed, in the discussions with various policymakers and school representatives different understandings of decentralisation have been revealed. The two inter-linked questions are: what and how much to decentralise? It seems clear that the administrative system will be decentralised. This will give more power to local communities (municipalities) in the management of schools. More autonomy for the lower levels of the VET system will also be given

through Regional VET Councils. However, some questions related to this are still unclear.

- i. Will administrative decentralisation be accompanied by adequate financial decentralisation? Local communities can take responsibility for schools only if they have adequate resources at their disposal. On the basis of some comments one can conclude that the financing of education by other partners besides the State and local communities is expected, for example by employers and individuals themselves.
- ii. Will schools be given more autonomy in relation to local communities? For instance, will they receive a lump sum or earmarked financial resources? What kind of restrictions will remain in terms of the use of public money, for example restrictions on spending for salaries and restrictions on wage differences?
- iii. Will the mixed status of schools as public and market institutions be preserved? Or will they be deliberately pushed on to the market, as some people from the economic sector have seriously, although unrealistically, expressed? It should be noted, however, that some schools already earn a substantial share of their budget through market activities (the Traffic School in Skopje is a good example). Therefore, it would be reasonable to continue with these activities, especially in respect of the lack of public resources.
- iv. Will more autonomy also be given to teachers, for example via more participative forms of management and more open curricula, or only to the school principals?
- v. Will autonomy be increased for students in terms of options in the curricula, such as elective subjects and modules?
- vi. Will there be some decentralisation of curricula apart from administrative and financial? This would mean that Regional VET Councils and schools would have certain possibilities to adjust the curricula to regional needs and contribute to the bottom-up creation of a national VET

strategy. While some people see this as an opportunity, there have been some warnings that the new programmes developed within the Phare project provide for less flexibility in education than the older ones. Strong opinions were voiced that the curricula should be national and unitary.

2. The Yugoslav heritage also plays a central role. Macedonia was part of a quite centralised education policy framework in which the Yugoslav Communist Party played a crucial role. The hesitancy of the Macedonian education community over radical decentralising reforms should be seen in this context.

The tradition of the Yugoslav self-management system, which in the 1980s had developed a complex system of so-called self-management institutions with a long tradition of participation by professionals (including individual teachers), and a strong integration of schools (at all levels) in the local community, has resulted in an extremely decentralised structure.

Furthermore, the former Yugoslav Republic of Macedonia – unlike Slovenia and Croatia – does not have a longer tradition of dedicated vocational education (the mixed Austrian model of school-based and apprenticeship). So while companies and educationalists have grown extremely critical of the existing system, there are considerable difficulties in defining a new, coherent upper-secondary education structure.

These larger perspectives explain the predominance of a national reform agenda with a centralised education system of high and equal quality as a priority.

3. This may explain the different views observed in perspectives on decentralisation. It seems that the policymakers of the Ministry of Education and Science are more cautious than school representatives when planning for decentralisation. Based on past and present experiences, schools seem to be eager to face the challenge of decentralisation. In particular they see the possibility of curricula decentralisation and flexibility, which should increase autonomy and enhance creativity in schools, while the representatives of the MoES are much more reserved in this respect. The education system is still highly centralised. The Ministry of Education and Science makes most

decisions – sometimes even small expenditures have to be approved by someone from the ministry⁴. The attitudes in the MoES seem to support the idea of decentralisation but so far only orally. In fact, when issues of decision-making at local level were mentioned, an official opinion seems to be quite far removed from genuine decentralisation in the areas of governance, financing and curriculum.

On the other hand, schools which have participated in the VET reforms I and II, as well as a non-participating school which was visited, voiced the wish for more decentralisation, more autonomy, a more solid, independent financing base, and so on. However, vocational school autonomy is not without its challenges. One of these is that schools may react quite conservatively and defensively if their social partners are weak and if public money comes unconditionally. This means that schools may continue to offer outdated courses, provide qualifications not in demand, and care primarily for the employment of their teachers.

- So many questions have been raised that it is difficult to provide concrete suggestions. In general, it is important to keep roles, responsibilities and resources balanced. This does not only mean that the lower levels must have enough financial resources and equipment at their disposal. They also have to have human resources, people with the knowledge and skills to be able to cope with new responsibilities. It is also important that, along with decentralisation, there are some integrative elements left at central level. According to recent experiences from various other European countries these could be national occupational/qualification standards uniformly defined for the whole country.

4. Macedonian society is multi-ethnic with some visible tensions between the ethnic groups, and all its policies and measures should have integrative mechanisms while at the same time having a degree of autonomy and tolerance of differences. The tendencies for the ethnic groups to stick together are a natural but rather detrimental feature for economic efficiency. The

⁴ Indeed, in a number of cases the Head of Secondary Education in the MoES makes decisions about small purchases of inventory in schools.

mobility of the workforce could be seriously curtailed if movement is only possible within ethnic areas. Therefore, the education system should be designed so that it is an integrative factor while at the same time offering specific cultural and traditional elements. This is a very difficult objective to achieve when entities prefer to minimise mutual interaction, and it needs to be preceded by serious political agreement at national and local levels. The school network should reflect this strategy so that it is not an attractive option to choose schools on the basis of ethnic principles. It is difficult to envisage how decentralisation could prevent this occurrence. It would, quite possibly, motivate further divisions along ethnic lines because any differences in standard in one ethnic group would immediately become a matter of contention in other schools.

Therefore, schools play an important role in establishing trust. According to opinions in multi-ethnic schools the existing model of parallel classes, in which teaching is carried out in different languages, works well. Nevertheless, it seems that the opportunities for common activities and 'mixing up' are more informal than formal.

For the school system to be an integrative social system it may be beneficial to do the following:

- i. The curricula should be designed to reflect the needs of economic but not necessarily ethnic regions. Special care should be taken that schools of certain ethnic dominance do not start serving a certain sector of the economy, in which case the whole economic sector would become ethnically divided. This means that curricula have to be revised and evaluated centrally on the basis of transparent criteria equal for all.
- ii. It would certainly help if all ethnic groups could speak each other's languages. One of the possibilities for achieving this is to give lectures in different languages for the same group, as has been practised for Hungarians and Slovenians in Slovenia.

5. There is obviously a large diversity in the standard being offered in various schools in the former Yugoslav Republic of Macedonia. Some areas of the country are poor, while others are significantly richer. The ethnic homogeneity in some parts of the country necessitates a profoundly thought-out and managed new

system that will not succumb to supporting existing divisions. Decentralisation in such an environment needs to make sure that the basic rationale is not forgotten: in the area of education and the labour market the major concern should be the acquisition of skills and qualifications which are relevant for a larger labour market, not only in the local enclave.

While it is true that decentralisation seems to work in some countries and this movement has been recognised as beneficial in promoting responsibility for employment and development in the local arena, it becomes a huge unknown in a transition country with many extreme regional differences on top of a very precarious ethnic situation.

6. Administrative decentralisation will be based on the increasing autonomy of a rather large number of local communities. On the other hand, the decentralisation of VET appears to envisage only eight regions (RTCs). This may lead to certain dilemmas in terms of which communities will govern and finance regional centres. The principle of association on the basis of common interests sounds good but it does not always work. In addition, various social partners use different 'regional' models, which may not correspond to the VET one. This will complicate the formation of Regional VET Councils. In the light of a lack of decisions on a regional administrative structure, Regional VET Councils become more relevant. Around them regional coalitions of social partners could be established.

7. Decentralisation of education in the former Yugoslav Republic of Macedonia follows similar trends in almost all OECD countries. What can be learned from abroad? Major changes in the governance structures of the education system and the devolution of administrative responsibility from national to regional, local and institutional levels can be observed nearly everywhere. Often, however, it is offset by increased national power and control over other matters, in particular over outputs. More autonomy for schools is often accompanied by the reinforcement of regional or local authorities which have, on the whole, a tighter grip on schools than remote national administrations. Thus, the sum total of a school's autonomy may, in reality, not increase, whereas its responsibilities may do. Equally, the delegation of power from national to regional/local levels is

accompanied by greater regional responsibility, requiring a rise in taxes, while at the same time national monitoring and control are reinforced. In the UK, evolution has been paradoxical. On the one hand, the authority of central administration over the school system has been significantly strengthened, particularly in curriculum and in budgetary matters, at the expense of the previously powerful Local Educational Authorities. On the other hand, school autonomy has been greatly reinforced.

The sum-total of these shifts in the *locus* of decision-making is a drawing together of two models:

- i. In countries with a 'centralist' tradition regional and local bodies have gained power over education. This applies to France, Spain and Sweden, for example;
- ii. In countries with a strong 'regional' tradition, the role of central administration is growing. This is particularly the case in the UK and the USA.

8. A strong argument in favour of VET decentralisation is the policy to make schools more responsive to labour market needs. The starting point for discussions on changed governance structures could therefore be the needs of the 'users' of the VET system rather than the needs of different public institutions or pressure groups articulating views on territorial redistribution. There is currently a vacuum in the decision-making process, which the Ministry of Education and Science should capitalise on. VET must ensure the employability of students and play a strong part in employment policies that can offer companies the necessary manpower with the right mix of competencies. Trends in employment possibilities are determined by labour market 'regions' that are much greater than in the municipality where you live. 'Natural' labour market regions are therefore more important for the VET system configuration than administrative boundaries.

To decentralise VET to the level of municipalities (which may work for gymnasia) could also hamper a highly necessary adaptation of the VET school network, as municipalities may prioritise the rescue of local schools above rational economic and professional considerations. A coherent prioritisation of the VET system is fundamental but has not yet been

done, and it can probably best be done by central government.

- It is worthwhile envisaging a new VET system built on state-financed 'self-owning' institutions (vocational schools) without a direct role for the municipalities. Regional administrative levels are not possible by law in the former Yugoslav Republic of Macedonia. If the schools were changed into self-owning institutions the local and regional 'user' and company influence on VET could be anchored in much stronger school boards which, in turn, would need to take on greater responsibility and influence than today. Decisions on demands and resources would be taken at the same place – parliament and government – in a transparent way, thus avoiding outdated procedures regarding the allocation of resources.

9. However, establishing dynamic links between the education system and the employment system will not be easy. During our visit we had the opportunity to see several VET schools. All, apart from the one in Struga, were involved in the implementation of Phare VET I and II, the first legs of the VET reform financed by the EU. In all the schools a climate of change was easily discernable in the proactive stance of the directors and their teams. Also clearly visible were the first results of investment in infrastructure and an orientation towards important questions – the result of learning from outside influences and recognition of the inadequacy of the system. There is awareness but there are also different interpretations of the importance of fostering the link between the VET schools and the labour market.

The business sector is highly segmented. There are few large, public or mixed enterprises and many small firms which have sprung up over the last decade. With regard to development potential the large entities are perceived as doubtful while the micro firms are on 'weak legs' to create significant job opportunities. It is quite clear that the schools as well as the labour market institutions, such as the Macedonian Employment Service, do not see small firms as their partners in employment development. In fact, there is a pronounced vacuum where the main impetus for reform in the VET system should come from – the regional labour markets. Some of the more agile vocational schools have

tried to ascertain what future labour demand could be, but the focus of their efforts is towards their reliance on old, traditional ties with larger firms rather than the seeds of the new economy.

Most school attitudes in terms of the labour market are rather sceptical about the ability of actors on the labour market to define what their needs will be in the future. Those schools which have connections to the labour market are pursuing and trying to develop existing links⁵ and have very little knowledge about the new economy. The links between schools and the local employment services are tentative; some interaction exists but it is fragmentary and certainly not on the level of partnership. The difficulties appear to depend mainly on the partly reformed Macedonian Employment Service.

10. The intention to organise the network of VET schools around a limited number of Regional VET Centres (eight established) to which the other schools would be linked, seems justified. Regional VET Centres should disseminate the innovations to the other (linked) schools. However, the 'Strategic Group' in the MoES will have to solve the following dilemmas:

- i. Should Regional VET Centres offer a complete range of programmes for the population of the region in question so that there is no need for students to move to places outside the region? Should Regional VET Centres offer only some programmes and therefore be more branch (industry) focused, which assumes higher mobility of students between regions? It seems that due to the small population of the country and its multi-ethnic composition, the first option is less feasible. It is acceptable in the case of programmes that enrol large numbers of students (for example, gymnasia), while more specialised programmes could be offered by only just one or a few schools.
- ii. Is the national distribution of Regional VET Centres optimal? Of a total of eight, three are located in Skopje and two in Bitola. This reflects a principle of 'vocational cluster'

⁽⁵⁾ For example, the VET electro-technical school in Bitola is maintaining links with the energy company in the region, and the medical school has good traditional links with the local hospital.

considerations, and there may good reasons for this. But is the country now adequately covered geographically?

- iii. What should be the relation between the Regional VET Centres and the linked schools? Regional Centres will perhaps have coordination, planning, analytical, development, dissemination, teachers training, marketing and similar functions, such as maintaining links with employers, employment services and other social partners. However, it would be even better to consider Regional VET Centres and the linked schools as a coordinated network where linked schools also take on some common responsibilities, rather than a hierarchical structure with Regional VET Centres at the top. Therefore, 'school coordinators' seem unavoidable.
- iv. How to deal with the initiative of the Ministry of Labour and Social Policy to (re)establish a regional labour market training centre supposed to offer training in areas of high demand?

11. Very often in the meetings it was made plain that social partners and their organisations show no real interest in labour market issues and links with the education system. Yet, all the recommendations from European consultants push in this direction citing the European institutional base, in which social partners play a significant role, as its foundation. In the absence of a tradition for this in transition countries, the degree of representation of social partners is low. The role of these social partners is weakened due to the perception that there is more to lose from taking initiatives for change than to gain from bowing to current power holders. If the representation of social partners is weak at national level, which it is, it is even weaker at regional and local levels. New small enterprises are not interested in social dialogue, while old and larger ones still train for themselves. One way to activate them would be through the Regional VET Councils, as proposed in some policy documents (for example, the proposal for the new VET law). However, such an institution in itself cannot guarantee that social partners would really play an active role. Their participation may remain highly formal and they may be insufficiently engaged in expressing their training needs, as well as in contributing to the training process.

- Either Regional VET Councils or Regional VET Centres themselves should act proactively to mobilise social partners. Past experience based on which schools cooperated directly with local companies, can help. However, new private and public employers and other institutions should be approached directly. If Regional VET Councils were to play this role, they would need to be professionalised. However, it seems that they cannot replace the activities of the schools regarding cooperation with employers over the provision of places for practical training, placements, adjustment of curricula to the employers' needs, participation of employers in the teaching process and of teachers in enterprises. This is being practised in the most advanced schools and can serve as an example for the others.

12. Within a decentralised VET system the requirements of the MoES's management instruments will increase markedly – from detailed, rule-based management and regulation to a principle based on governance by setting targets and frames ('management by objectives'). This goes for financial management and for the curricula of VET courses. Financial self-management and greater degrees of freedom in the planning and execution of VET programmes could be introduced in VET. All detailed decisions could be decentralised to the school level.

3.2.3. Recommendations

Recommendation 1 – *The decentralisation reform in the former Yugoslav Republic of Macedonia could involve centralisation and decentralisation of VET at the same time: centralisation of 'management' responsibility and decentralisation of 'operational' responsibility.*

- Maybe it is a good idea to give local government the responsibility for running vocational schools. But today this option may not be best for construction because:
 - decentralisation is in effect blocked by the lack of decision-making on local government and financing issues;
 - schools must be genuine integrative vehicles for reducing ethnic tensions;

- education policies have increasingly become a national issue, where national politicians are faced with human capital demands as instruments for economic development;
- regional/local anchoring leads to overly large differences in the provision of VET courses, quality and efficiency;
- there is a need for coordination across regions in order to document quality.

- The State should be responsible for organising a VET system that provides a geographically well-balanced vocational school distribution of equal standard for all students. The State can best ensure equal access and equality of services. Huge economic differences exist between regions and vocational schools. A re-balancing of allocations to schools is urgently needed, as is a rationalisation of the vocational school network.

- The problem is not primarily the size and location of local units, whether larger municipalities or regions, but an unclear division of responsibility between state, municipalities and more autonomous school management in existing plans for the former Yugoslav Republic of Macedonia. The problem is the diverse distribution of responsibility between the state and lower levels. There must be a strong coherence between responsibility, decision competence, and overall national coordination, while at the same time there must be a bigger distance between the political and the operational/managerial levels.

- VET schools must have more autonomy and could be organised as individual 'companies' owned by the state. This form of organisation will depoliticise management and operations, and will require a stronger professionalisation of school management capacities.

Recommendation 2 – *Strengthen institutional capacity in the Ministry of Education and Science to govern a dynamic VET system with strong and independent schools.*

- Decentralisation, as far as possible, of operations to school level will require stronger central management instruments.

There is an increased need for setting targets, allocating resources, measuring flows of money and progress of students, as well as ensuring quality and relevance. Institutional capacity building is therefore required.

- Radical decentralisation cannot function without a strong and transparent quality system. A quality system with clear indicators must be developed.

Recommendation 3 – Develop stronger systemic school governance tools.

- The Regional VET Centres are advanced schools with trained principals, administrators and teachers. They could be pilot schools for governance based on more school autonomy with schools responding to the needs of the market and to the local communities.
- Decentralisation of responsibilities from the MoES to the VET schools for governance, financing and education services require local, external control over how well schools are managed. The school boards should be empowered to take on this responsibility from the State. Therefore, their tasks, membership and professionalism have to be improved. Representation of social partners, companies and municipalities must be reinforced, and their task will also be to decide on school policies, budgets and accountability in principle, as in private companies. Also school directors must have a greater capacity to act. And strategic organisational development of schools will be needed to take on enhanced autonomy. This can best be tested in the Regional VET Centres.

3.3 Financing

3.3.1. The present situation

Public education expenditure is around 4.0% of GDP. Secondary education absorbs about 24% of the total state budget for education; 82% of the allocation is spent on staff costs, 6% on running costs, 6% on subsidies, and 6% on capital expenditure. Schools are often able to generate their own income. Low funding

allocations mean that vocational schools suffer from a lack of adequate equipment.

According to the existing law, VET in the former Yugoslav Republic of Macedonia can be financed from different sources. However, almost all sources of finance come from public funds, such as the state budget. Schools are financed from two accounts: 1) state budget – 90% (covering all salaries and boarding facilities), and 2) ‘Economy’ – 10% (deriving from other sources of financing such as donations, sponsorships, lease of facilities, service provision, sale of some assets, sale of products made in school workshops, and student cooperatives).

The Ministry of Education and Science in cooperation with the Ministry of Finance prepares the Annual Finance Plan. Funds provided at national level are part of the republic’s budget adopted by parliament. According to adopted funding formula, a part of the funds provided at municipal level also have to be included into the Annual Finance Plan.

At the beginning of the school year all schools prepare their own annual financial plans. Plans are based on the previous year’s budget supplied by new planned activities approved by the MoES, by calculating the number of students who have enrolled, the number of classes and the number of teaching hours. The average salary of the individual teacher depends on the number of lessons and the number of years of service.

Financing is mostly based on rollover planning that is very much connected to the previous year’s budget. How much an individual school gets for operational expenses and for investments sometimes depends on the personal relations of the headmaster. There is little space for the use of incentives for generating demand for new training courses, for example.

In the former Yugoslav Republic of Macedonia, the collection and distribution of funds for VET is characterised by over-centralisation. Financial autonomy at the municipal level and financial autonomy of schools are minimal. Authorities at the municipal level only dispose of resources allocated from the central level. Financial autonomy of schools is mostly limited to the administration of operating costs. In certain

situations this autonomy is extended to the administration of minor capital investments.

3.3.2. The team's observations and findings

1. It was surprising that the reform of financing principles and measures as a consequence of decentralisation was rarely mentioned in our discussions on regional and territorial reorganisation, governance and curricula. There are major constraints for financial decentralisation. In the recently passed Law on Local Self-Government local governments (municipalities) do not have the right to prescribe and allocate taxes. Quite surprisingly, fiscal decentralisation has not been considered an important issue by the experts encountered during the mission. Future financing schemes are considered as just one point to be addressed by the new legislation. Nevertheless, it appears that financing reform is pending and that financing will remain centralised.

- Innovative public financing arrangements are necessary. As in many other countries, the former Yugoslav Republic of Macedonia suffers from the isolation of its VET system from industry and the influence of market forces. Financing is a management function that should assist in directing education and training systems towards specified requirements and goals. Therefore, well-designed financing schemes mean sound VET management. The important issues in designing VET financing mechanisms are that they should never be neutral but send certain signals to beneficiaries. Institutions and individuals react to such signals.

2. In the former Yugoslav Republic of Macedonia, as in most post-communist countries, publicly financed VET remains the normal model. The challenge is to overcome some weaknesses typical of traditional public financing. These include a supply-driven orientation and a shortage of feedback from employers, low flexibility and quality of training provision, high current costs, and weak orientation towards equity. Public funds are spent in ways that do not always optimise the effectiveness of the VET programmes. Most of the money is used to pay the salaries of teachers and administrators; and too little is allocated for teaching materials, equipment and

other necessities. The role of financing sources other than that of government spending is negligible. Consequently, budget cuts can have a dramatic effect on VET programmes.

However, in a number of EU and acceding countries these problems have recently been addressed by reforming their VET financing systems. These examples are worthwhile studying before taking final decisions on a reformed financing system.

3. A serious barrier for the MoES is the fact that so much is still unclear in the overall administrative reform planned in accordance with the Ohrid Agreement. In meetings in the Ministry of Local Government and the ZELS (the Association of Municipalities) the peer team discussed these issues and it became clear that substantial framework conditions for decentralisation have not yet been decided. The Law on Local Government 2002 lists all the competences of municipalities, and education is an important part. But two main fields have not yet been covered: specification of the local level and financing. Two new laws are in the pipeline, one on territorial reorganisation and another on the financing of municipalities.

The new territorial organisation does not foresee a regional level; the Constitution does not allow two local levels of government. The problem for VET governance is that municipalities (of which there will be 50-70) are not the appropriate governing structure for vocational schools. Therefore, 'free associations' of municipalities will have to be formed as 'founders' around a specific vocational school, with considerable problems for financial resource 'pooling'.

- The lack of a middle-level governance layer between the state and the municipalities was also the reality in Slovenia until recently. But regional governance has now been introduced in Slovenia. This was a necessary condition to prepare for administration of the EU Social Fund. It is advisable that the former Yugoslav Republic of Macedonia already starts to reflect on how to shape regional/local government institutionalisation with a view to future membership of the EU. Having the same point of departure, a lot can be learned immediately from Slovenia.

4. Decentralisation of financing and administration of public VET in favour of being at regional and municipal level has become a useful approach, and will continue to be so provided that it helps to raise training funds locally and brings them closer to training demand. Shifting from a reliance of central funding towards alternate sources requires alternate ways of raising revenues and, usually, power sharing between the central government and local authorities. Decentralisation of public financing is logical in countries with decentralised administration. It raises two important questions: how can financing be secured at each government level?, and how do you balance alternative financing sources? Extensive coordination and regulation are required to bring various inputs together promptly.

5. Where will the money come from? This is still unclear. The greater portion, maybe 90%, will still come from the state budget and will then be allocated at municipal level based on objective criteria, covering most cost elements and probably leaving only buildings and maintenance to be locally financed. The law will specify limits for local taxation; municipalities will be responsible for total property taxes (within a limit). This is to ensure a stable financing base.

However, there is evidence from financing reforms in Europe (and even within post-communist countries) where, for example in the case of the Czech and Slovak Republics, rather negative examples of a purely 'false decentralisation trap' have been provided; the two countries decided to postpone the fiscal decentralisation and to fund decentralised schools from the state budget by a 'decentralisation subsidy'. However, the subsidy is never considered high enough by the municipalities who naturally always claim additional funding. Such a model is accompanied by systemic 'ritual dances' and unclear placing of responsibility.

- Property taxes, which are collected and distributed by local authorities, and income tax, which is collected and distributed by the State, appear to be reliable funding sources for vocational schools. But this will hardly be enough. Ways could be found to shift elements of the costs to the private sector, for instance: by creating a legislative framework to encourage employer

involvement in apprenticeship and job experience; providing tax breaks for employers supporting training activities; or through a payroll levy scheme.

6. How is the money to be spent? Two policy initiatives have been prepared in the MoES: (i) allocation of money to schools based on a given amount of money per full-time equivalent student enrolment, and (ii) giving block grants to schools. The rationale is to use financing measures to send signals to beneficiaries, but the ministry has run into barriers because fiscal reform has not yet been decided. The MoES introduced per capita funding of schools in 2003. It planned to introduce 'block' funding to schools in 2004 but the reaction from other ministries and municipalities was strongly against it. The MoES is tightly bound by contracts with the Ministry of Finance as well as being under pressure from the Trade Union of Teachers (there was a major teachers' strike last year). As a result, the MoES has an allocation problem and will not be able to create incentives for more flexible school use of money until an overall financing reform is in place.

- The policy to increase school creativity and responsibility through more flexible use of state money through 'block' financing should be continued. A successful policy to increase the flexibility of VET schools, which is applied particularly in the northern countries of Europe, has been to reduce constraints under which schools can spend their budgets. In the past, governments imposed rules on how much funding should go on salaries, equipment, supplies and so on. As these rules accumulate they decrease the overall manageability of school funds. The new trend involves setting clear goals for schools and giving them a lump sum amount to be used as they see fit. Principals can have more teaching aids and fewer teachers and vice versa. Obviously, such an approach requires good management skills on the part of principals and school administrators.

For instance, the Netherlands is granting greater autonomy to its VET schools in both financing and personnel management. In Finland, schools receive a block grant reflecting several factors – size, type of course, enrolment figures – to use as they see appropriate. This enables schools to

respond more effectively to regional and local needs. Denmark's 1990 VET reform gives schools a wide measure of autonomy. Each school receives a block grant based on enrolment and type of courses. Schools can use these grants as they see fit and (are forced to) seek additional income through selling services.

7. A central issue is the question whether resources allocated to VET are spent optimally. In many industrialised countries public VET operates on a very large scale, and serious problems of cost inefficiency have developed. All over the former Yugoslavia many institutions continue to be supply driven. In the former Yugoslav Republic of Macedonia vocational graduate skills often fail to meet job requirements. An example is the production of qualifications with no corresponding job possibilities. Efforts to combat inefficiency through new approaches to financing cannot stand alone.

The government regulates the network of schools, that is the number, structure and spatial layout of vocational schools. There is a wide network of approximately 80 VET or combination schools in the country. However, their distribution among different occupational fields, as well as their distribution throughout the country, do not correspond well to the present and future needs of the economy. Many of the schools which specialise in an occupational field (for example trade, catering and tourism, agriculture, and food processing) are often concentrated in a narrow geographical area. Taking into account cost efficiency, some schools providing low or non-demand occupational qualifications, or being located in sparsely populated areas, may need to close down or be transformed.

- Accordingly, the peer review team proposes that a rationalisation of the vocational school network should be considered with a view to ensuring access and quality of provision with less cost. There is also a highly visible hierarchy among schools: at the centre are the eight Regional VET Centres, then there are the 24 Phare pilot schools, the seven GTZ pilot schools, and at the outer edge the ordinary vocational schools, of which there are about 40. Serious efforts must be placed on equalisation schemes; less wealthy schools with lower revenue generating

capacity and with old curricula, equipment and poor facilities, must be provided with additional funding. The modernisation of the school network, as well as a redistribution formula, will probably require keeping forthright governance and financing power at the national MoES level.

8. We found a strong readiness for increased school autonomy in the vocational schools visited during the mission. Most schools want to expand their markets. Pilot school principals have been trained for modern management, and individual schools have, for a long time, been delivering short courses to companies. Two examples of this are the Traffic School in Skopje which generates an additional 75% on top of state income by selling services, and the Technical School in Bitola, which has a long tradition of servicing regional companies and has kept strong links with the social partners. One problem for schools is keeping the earnings from market income. They have to negotiate with the MoES about how to spend earnings and, if successful, they risk getting a lower state allocation. It is obvious that clear rules are needed to give schools better incentives to earn money.

It is also obvious that VET schools, in particular the Regional VET Centres, are in a good position, in principle, to provide courses to the emerging market established by active labour market measures under the CARDS funded active labour market policy project. But we find that existing links between schools and Employment Offices are very weak. Furthermore, the collaboration at national level between the Ministry of Education and Science and the Ministry of Labour and Social Policy needs to be strengthened.

- In spite of efforts carried out in the Phare VET I and II programmes to empower pilot schools to play a role in the market, we find that there is a clear need for additional strategic school development, including the Regional VET Centres. School organisation needs to be changed so that the orientation is geared towards the local community and not only towards MoES programmes.

3.3.3. Recommendations

Recommendation 4 – Study examples of new financing mechanisms under decentralised administration systems from abroad.

- Essential issues related to the financing of the VET system appear to have been neglected in most foreign donor projects. We would recommend that an analysis is carried out to compare various government economic and administrative interventions, with a focus on financial schemes and the conditions in which they have proved effective. Apparently, this is the area in which the need for technical and legislative information and advisory services has increased most rapidly, particularly for transition countries, where governments seek to create new sources of financing for VET.

Recommendation 5 – The state model of direct funding through per student and lump sum principles in combination with a national equalisation fund for weak regions and schools should be implemented.

- Decentralisation is strongly linked to the problem of maintaining equity among territories. Local school districts and regions differ in terms of their respective wealth. Certain equalisation schemes are therefore required. This can best be ensured through the state.
- The proposed financing formula with 'ear-marked' state funding covering all salaries and municipality funding of building maintenance, hardly gives school management sufficient budgetary freedom. Schools should be financed by lump sums and be free to make their own priorities irrespective of where the money comes from.

Recommendation 6 – Prepare proactively increased self-financing of schools.

- The MoES could do more by negotiating national 'contracts' with the Ministry of Labour and Social Policy and the Employment Service, and thus lobby for their vocational schools to become suppliers

of short courses under the emerging active labour market policies.

- The strategic level of the school has to be strengthened. New professional roles need to be created for teachers so that training will include identification, sales promotion and tailor-made, just-in-time course development responding to company needs.
- The existing structure with school principal, deputy principal, VET pilot school coordinator, school pedagogue and psychologist, is too weak to build up and sustain professional training partnerships with companies of the private sector as well as with the employment services.

3.4 Educational content: Curriculum, teacher training and the Inspectorate

3.4.1. The present situation

The Bureau for Development of Education (BDE), the State Inspectorate, and the regional representative offices are formally part of the MoES. The BDE is responsible for curriculum development, in-service teacher training, didactic material, criteria for student evaluation, and research and development for all levels of education except higher education.

The BDE develops new curricula in a centralised process, although selected teachers do take part. In the traditional structure outside the Phare and GTZ projects, schools have no rights. They get the developed BDE curricula and their job is mainly correct implementation. A unified curriculum standard for programmes does not exist, and at the moment there are huge differences between different schools. Pilot schools follow new curricula developed under the Phare I and II projects. Others follow a German principle delivered by GTZ, while most schools follow unrevised and now outdated curricula. The country is hesitant to generalise the new pilot school curricula as they are only partly satisfactory; the Phare and GTZ curricula are not directly comparable.

The State Inspectorate is separate from the BDE but functions are very close. The role of the State Inspectorate is to supervise (i) the legality

of school activities, and (ii) the content and input/output of the educational process. The BDE develops curricula and therefore monitors the school implementation of curricula; their role is subject specific, combined with the monitoring of teaching methods.

Under the Phare and GTZ projects, curriculum development has been radically accelerated. All curricula must be developed and continuously updated by the BDE, which is very low staffed considering it has to also cope with the different foreign projects: between five and six experts are allocated to VET.

3.4.2. The team's observations and findings

1. The definition of 'curriculum' is relatively complicated. There are two poles, which lead to quite different approaches to an assessment of curriculum reform: (i) The broad definition: 'The totality of what a student experiences during a course as a consequence of intended as well as unintended learning processes'; (ii) the narrow definition: 'The whole set of documents which regulates the organisation of teaching and learning processes'. In our meeting in the BDE 'curriculum' was defined by BDE staff as: 'all the subjects, goals, knowledge, topics, content, and lessons in education at a given level, including methodology'.

We are not able to base our observations on the first, broad definition, as no teaching was observed and we have no clear idea of how learning processes are implemented in classrooms and laboratories/workshops. Therefore, the observations and findings are based on the second definition, and here also there are some limitations due to the fact that we only have short, translated papers on the modernised curriculum system. In our review the main emphasis will therefore focus on curriculum design. 'Delivery' – teaching and learning – was not observed, and 'assessment' was only briefly discussed, in particular in relation to the transformed role of the State Inspectorate. However, these limitations make a review neither impossible nor invalid.

2. A lot of curriculum development work has been done over recent years. The capacity and methodologies for carrying out studies enabling definition of occupational sector priorities have

been tested during the Phare projects, including the establishment of a modular continuing training system, post-secondary VET pilot courses and two-year courses. The capacity to translate occupational sector competencies and skills into curricular profiles and programmes (although not harnessed by transparent standards) has been developed, but there is still a considerable lack of clarity on curriculum principles. A decision to establish conceptual clarity will have to be taken; this will depend on serious discussion in a group of key policy and strategy actors. It is not a 'technical' but a policy problem.

3. A coherent system to ensure the transferability, visibility and portability of qualifications (as well as the assessment, recognition and certification of skills) through the phasing in of a national qualification system is still not agreed upon, although preparatory work has been done. There is a need to create a framework to optimise the structure of the VET system through the establishment of a national qualification framework.

4. Making the organisation of learning processes more attractive to students and improving working conditions for teachers has still not been fully achieved by the ongoing reform. The innovation of VET teacher training through a combined Phare and Tempus initiative has not been successful, and more efforts will have to be invested in initial teacher training and continuing teacher training. Too little has changed in the daily life of the schools, and here reforms are assessed immediately by students and parents. Therefore, we advise that more focus be put on making visible change in how learning is organised in vocational schools. A training of trainers programme, in which teachers from pilot schools teach colleagues in the ordinary schools, would upgrade the qualification of teachers.

- A specific problem is the transformation of new job profiles into relevant learning paths in schools. There are two 'translations' from occupational skills to curriculum delivery in schools. The first one is from job profiles to curricula, which to some extent has been covered already. The second one is from curricula to education/teaching plans in the classroom. Is it unclear how teachers in classrooms and workshops cope with the new curricula or how this second

'translation' takes place. There has been considerable teacher training preparation for new the curricula in the eight Regional VET Centres ('demonstration' schools), but definitely not enough in the other 24 pilot schools. A substantial challenge now is to strengthen the capacity of transfer from pilot schools to system level. Nothing has happened in the 40 non-pilot schools since 1998. The next phase must concentrate on system-wide and system-deep familiarisation with the new curricula and on training teachers for new teaching methods, in particular preparing teachers in non-pilot schools for the use of the new pedagogical equipment needed to run the new curricula.

6. Effective feedback systems are not yet in place. Quality assurance systems combining self-evaluation and external evaluation of schools are under discussion in the MoES, in the State Inspectorate and the BDE as part of the upcoming World Bank project on (among other things) strengthening educational management, including setting up a dedicated Centre for Evaluation and Certification. Evaluation, monitoring, quality control and tracer studies of school-leavers are functions of the overall education system. Establishing effective feedback systems is a precondition for a decentralised VET system.

7. Centralised curriculum development is not easy to replace by school-based curriculum development. Usually it is recommended to develop the curricular frame at the central level and leave it to the schools to develop a detailed school level curriculum. However, a formal recognition of the right to adjust part of curricula to the specific needs of the school might be insufficient. The crucial problem of all post-communist countries is the lack of means to enrich the learning environment. Lack of alternative materials (such as sets of textbooks), and methods (for example less developed computer assisted instruction and less experience-based but more theoretical instruction), are all consequences of limited resources. Although it is costly to replace outdated textbooks and/or to provide alternative sets of books, survival of the state monopoly is a barrier for further development. It undermines the activity of innovators in and around schools and prevents teachers from taking full responsibility for education.

8. During the meetings with school coordinators, teachers and headmasters, we found a pool of talented and a not yet fully tapped resource of motivated teachers. As in other post-communist countries the strong, innovative potential of teachers is available. Nevertheless, and again in similarity to these countries, financial incentives must be offered to provide both new alternative materials for classrooms and to stimulate self-confident professionals to cooperate in the development of innovative practice. Networking teachers and assisting experts are the most suitable teams for development of class-ready materials. Dedicated websites and CD-Roms offer a cheap alternative to traditional hard-copy textbooks. 'Top down' curricular reforms achieve limited success at best.

- Especially for countries with limited financial resources, a minor grants scheme dedicated exclusively to teachers and led by teacher-teams with a focus on development of class-ready materials is almost a 'must'. The former Yugoslav Republic of Macedonia should, in cooperation with international donors, check this opportunity to discover the innovative potential of the country, as well as support real curricular reform. An 'Innovation fund' aimed at the promotion of innovation in vocational schools (for example, through the creation of digital information resources for self study, and encouraging adjustment of international experience by learning from Macedonian pilot schools, other experiments in progress, and from abroad), is a constructive step towards the individualisation of schools.

- Decentralised education should also promote a variety of 'prefabs' available for curriculum development, which creative teachers could easily use in order to adjust the course to the identified needs of students and/or the labour market. Decentralised education means the freedom of schools to create appropriate learning environments in terms of content, aids and tools, and to compete for resources without bureaucratic barriers. The BDE should provide the State offered 'curriculum standard', but at the same time 'bottom-up' innovation must be promoted.

9. The goal of educational decentralisation is usually simple – dismantle the uniformity, thereby opening space for the individualisation

of schools; support innovations and encourage grassroots initiatives; and adjust curricula to local/regional needs. In all post-communist countries freedom of the teacher in the classroom has been hailed, and the idea of educational 'standards' is considered a tool for placing the stress on educational output instead of the process of instruction. Putting the stress on the learning student instead of the teaching teacher opens the door to the vision of the student-centred learning approach, with teachers acting as facilitators and advisors, and no longer as transmitters of the required 'content'. This change requires supportive measures.

Some of the reforming countries have introduced curriculum development at schools by explicit administrative measures, for example 20% of the content is left to the discretion of schools in Slovenia, and in Slovakia it is 30% of weekly hours. However, such a measure in itself is insufficient. De-motivated teachers might leave this opened door unattended, and teachers inspected in a conventional way and/or confronted with traditional testing might ignore the opportunity to try something new in order to reduce the risk of conflict with the supervising body.

- The current model, with highly-centralised curricula, a monopolised supply of textbooks and teaching aids, and administratively managed 'inspection', risks creating conflict between the State and the self-governing bodies, between central and sub-central levels of government, and between educational administrators and innovative teachers. How should quality in education be identified and assessed? Who, if anyone, should be empowered to supervise it?

10. In all post-communist countries, traditional inspectorates were marked by a unification of contradictory functions within one body. This ambiguous role – many education inspectors attempt to adopt both an inspectorial and an advisory role – is found in many countries, and this is also the case in the former Yugoslav Republic of Macedonia. But the roles urgently need clarification. Inspection is making an assessment for purposes of management and control. Advice is giving a service that can be ignored. Therefore, the tasks of the Inspectorate at all levels are being re-defined everywhere in the OECD countries; its administrative and

control role is being reduced and altered. Its new role is best described as that of evaluating and monitoring the education system. Evaluation of schools or groups of schools and evaluation of programmes has increasingly replaced the traditional task of supervising individual teachers. This adaptation of the Inspectorate to a new school policy is not yet completed and the new role is not always clear. Adaptation from a supervisory to a primarily educational and advisory role is now starting under the new World Bank project.

11. In curriculum reforms the Inspectorate plays an important role, and inspectors can effectively foster or hinder creativity. It was surprising to learn in a meeting with inspectors that they have been excluded from Phare VET I and II. They also supervise teachers in (pilot) schools but they cannot supervise teachers in pilot programmes because they are not familiar with the content and new learning methodologies. Their monitoring function is undermined – and inspectors are supposed to be 'connoisseurs' and ahead of ordinary teacher levels. In fact, the peer review meeting was reportedly their first meeting ever with foreign experts.

- The State Inspectorate should always be fully involved in curriculum reform processes. The achievement of good results and system-wide dissemination are hindered if inspectors are kept out. Projects will also be missing important knowledge of legal, institutional and practical aspects of the national education system. Undermining their function puts decentralisation to the school level at risk – 'the empire will strike back.'

12. In all our discussions the lack of teacher training was highlighted. Only teachers from pilot schools have been trained and even then, insufficiently. Preparing teachers for VET reform, decentralisation and local curriculum development requires an efficient system of in-service training of teachers (INSET). The lack of a formal INSET system is a weakness. No informal activities can compensate for this. An INSET system should be established and be

independent of the inspection and the central curriculum development institution.⁶

Teacher trainers need a free and undistorted interaction with teachers. Curriculum developers are useful instructors within INSET but they cannot be responsible for teacher training as a whole. Curriculum developers are systemically biased towards the 'content' of education. They prefer to focus on subject matter and not competencies to be acquired by students, and they tend to find it difficult to accept changes in content they have developed as a result of hard work. Teacher trainers at universities are best suited for academic studies, but the educational studies and school practice expertise provided by universities risk being too theoretical. On the other hand, it is problematic to continue the current isolation of initial teacher education from the experience of practitioners. No doubt, teacher trainers at universities should be involved in INSET in order to receive feedback on the initial education of teachers.

3.4.3. Recommendations

Recommendation 7 – Create an over-arching national qualification framework to be able to absorb different skills from VET programmes, adult learning and non-formal learning.

- A national occupational/qualification standard could play the role of the major integrative and unifying instrument in the process of decentralisation. Standards also establish a reference point for comparison with other countries.
- As soon as possible review, take a policy decision on, and then take forward existing policy documents on standards: (i) the NQS policy proposal developed under Phare VET II, and (ii) the NQF proposal developed under the ETF project on Vocational Qualification Frameworks.

⁶ In the former Czechoslovakia, after the fall of communism, it was a crucial requirement of the Teacher Forum to separate 'methodologists' (territorial in-service teacher trainers) from 'inspectors'.

Recommendation 8 – Develop a curriculum standard with clear roles, responsibilities and functions between the State, social partners and schools.

- The MoES and the BDE must urgently resolve the question of curriculum philosophy and certification framework to be able to manage parallel curriculum systems with a view to ensuring sustainability.
- Issues of certification and qualification must be solved in the short-term under the pressure of incompatible curriculum systems introduced by foreign donors (a modular system; a process-based system with social partner cooperation; and a competence/output-based system separated from process).
- The MoES must establish a regulatory framework for a modernised curriculum system to support decentralised curriculum development. This needs to specify who does what at which level and under what conditions. And guidelines with 'pre-fabs' for local curriculum innovation should be disseminated to vocational schools.
- The challenge of textbooks, learning aids and broader learning environments in schools needs careful attention.

Recommendation 9 – Prepare teachers systematically for VET reform with a focus on new methodologies in curriculum development, delivery and assessment, and on new ways of organising learning.

- Put more focus on 'core skills'/key competencies in vocational teacher training. As in all other countries of the former Yugoslavia, there is still too much WHAT and WHY but much too little on HOW in terms of organisation of teaching and learning processes in schools.
- The former Yugoslav Republic of Macedonia could make a choice from three models of INSET:
 - i. INSET could be functionally or even institutionally affiliated to universities
 - ii. INSET could be provided by territorial INSET institutions

- iii. INSET could be school-based with a financial contribution guaranteed through legislation (for example by a subsidy per teacher).

A mixed approach that makes use of models 1 and 3 and is complemented by training of experienced teachers as teacher trainers might be the best suitable starting point.

Running specialised INSET institutions might be more costly and supply-driven instead of school and teacher demand-driven and, furthermore, inexperienced INSET staff may be more interested in traditional provision of training than on complex services based on identification and delivery of tailor-made training.

- The specific feature of initial training that teachers are just one-subject specialists could also be re-thought. One subject specialisation of teachers favours large schools, where one-subject teachers may easily find employment. A less narrow specialisation of teachers could help to maintain smaller schools whenever it is appropriate and, particularly important in the former Yugoslav Republic of Macedonia, the integration of minority groups could be facilitated. Schools that offer instruction in two languages under a common roof are an important tool to advance the future co-existence of the two nationalities within a common state.

Recommendation 10 – *Balance creativity and control by developing new quality assurance systems, and take onboard the State Inspectorate.*

To achieve the genuine decentralisation of education there is a need to start an 'Operation Rule Storm' in the Ministry of Education and Science. Ministerial staff is formulating rules, schools are forwarding questions about rules, and a whole body of well-qualified staff is checking whether the rules are complied with. This is a serious constraint for giving more autonomy to schools and will make it difficult to sign 'contracts' with schools with regard to taking over real governance responsibilities.

Give inspectors a well-defined functional role in VET reform and reduce their contradictory roles by developing the educational and advisory role.

4. CONCLUDING REMARKS

The Ministry of Education and Science has made serious efforts to develop a strategy for reforming the education system, not least in secondary vocational education. There are problems in the national implementation of the mainly donor-driven VET reform processes, which is quite understandable. Projects have more or less acquired the nature of policy, but projects and programmes are not policy until national policymakers take decisions. In an analysis of where the country stands, what the next steps could be and how to get there, we have pointed out the need now to strengthen national policymaking, institutional capacity building and public awareness raising about VET reform as the immediate next steps for the country.

Decentralisation is one of the main objectives of the national reform agenda and actions have already been taken to increase school autonomy. However, a number of internal factors related to the education system and the reform process, as well as external ones, put constraints on developing a decentralised model of vocational education and training provision. Internal factors include i) limited institutional capacity (in terms of both expertise and availability of institutions) at central level to provide professional support to schools in the implementation of the reform process, and ii) the low level of participation of social partners. External factors include i) a sub-national public administration system in transformation and still without definition, and ii) limited resources made available from both the central budget and from the social partners.

Although the Ministry of Education and Science cannot on its own influence the external factors, it is essential to tackle the internal ones. Priority actions need to focus on i) the development of a strong central-level capacity, which can provide guidance and professional support to schools and intermediary institutions, and ii) the structured involvement of the Regional VET Centres as well as the social partners in the reform process and its implementation. A promising next step could be the creation of 'institutional homes' for VET reform by implementing available policy proposals (developed under Phare VET II) to set up a VET centre as a professional institution as well as a National Council for VET to function as a policy advisory body.

The upcoming CARDS 2003 VET project will tackle many aspects of national VET reform policy and strategy. Properly managed it could act as a catalyst to the relationship between different stakeholders, and provide the necessary resources – human (expertise) as well as financial – to take forward the modernisation of the VET system. However, the implementation of the CARDS project (and the discussion with donors on other projects) will be very much helped and its effectiveness and impact augmented if the Ministry of Education and Science has already agreed on a national VET policy platform.

ANNEX: LIST OF INDIVIDUALS/INSTITUTIONS CONSULTED

Name	Title	Organisation
Tale Geramitchioski	Deputy Minister	Ministry of Education and Science
Zoran T. Popovski	State Secretary	Ministry of Education and Science
Bardhyl Tushi	Chief of the Minister's Cabinet	Ministry of Education and Science
Agim Fazliu	Head of Secondary Education	Ministry of Education and Science
Kiril Risevski	Head of Primary Education	Ministry of Education and Science
Agim Rushiti	Councillor	Ministry of Education and Science
Margareta Nikolovska	VET Councillor	Ministry of Education and Science
Herman Sonneveld	International Team Leader (GOPA)	Phare VET Reform Team
Lewis Kerr	International Policy Advisor (GOPA)	Phare VET Reform Team
Nikolina Trajanoska	Ministry of Economy (WG 6 member)	Phare VET Reform Team
Valbona Toska	National Expert	Phare VET Reform Team
Tanja Altandzieva	Deputy Minister	Ministry of Local Self-Government
Sefadin Elezi	Head of Inspectors' Surveillance	State Inspectorate for Education
Ljuchko Spasovski	Inspector for Secondary Education	State Inspectorate for Education
Stojan Trajanov	State Advisor	Ministry of Labour and Social Policy
Kamil Dzeladini	Director	Bureau for Development of Education

Konstantin Petkovski	Deputy Director	Bureau for Development of Education
Ammy Ram	Project Manager	Prizma Project Office
Romela Popovic	Project Manager	Prizma Project Office
Dushica Perishic	Deputy Director	Association of Unions of Self-Government (ZELS)
Jutta Bulling	Programme Manager for Social Cohesion	European Agency for Reconstruction
Gjorgji Petrushev	Social Partner Representative	VET Conference for Social Partners
Goce Miloshevski	Deputy Director	Bureau for Employment
Dobrina Cabukovska	Advisor	Bureau for Employment
Veljka Juran	Advisor	Bureau for Employment
Violetta Stojanovic	Advisor (Employment Projects/Centres)	Bureau for Employment
Irena Popovska	Expert (coordinator Prizma)	Bureau for Employment
Silvana Trajkovska	IT specialist	Bureau for Employment
Sonja Gosevska Ivanovic	School Coordinator for VET Reform	Traffic School, Skopje
Jane Natev	Principal	Medical Secondary School, Bitola
Kiril Siljanovski	Vice-Principal	Medical Secondary School, Bitola
Elizabeta Dukovska	School Coordinator for VET Reform	Medical Secondary School, Bitola
Cvetanka Hristovska	School Psychologist	Medical Secondary School, Bitola
Dr. Victor Jankovski	Social Partner	Medical Secondary School, Bitola
Ilcho Spirovski	School Coordinator for VET Reform	Technical Secondary School, Bitola
Mirjana Jankovska	Vice-Principal	Technical Secondary School, Bitola
Miroslav Stojanovic	School Pedagogue	Technical Secondary School, Bitola

Dragi Tiricovski	Social Partner (equipment factory)	Technical Secondary School, Bitola
Stojan Pecakov	Social Partner (mining factory)	Technical Secondary School, Bitola
Mirjana Dokoska	Principal	Construction High School, Struga
Kreka Urim	Vice-Principal	Construction High School, Struga
Cvetan Stankoski	Vice-Principal	Construction High School, Struga
Mile Poposki	Vice-Principal	Construction High School, Struga
Nusteba Bektesi	Vice-Principal	Construction High School, Struga
Irena Risteska	School Psychologist	Construction High School, Struga

