



**COUNTRY ANALYSIS 2005**  
**KYRGYZSTAN**

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### Summary

For the Kyrgyz Republic, a small, impoverished country in the difficult process of transition, human resources development (HRD) is a major factor in economic growth and improving people's lives. After the most severe years of decline the country has started to develop, but it still needs to strengthen and diversify the economy, finalise restructuring and privatisation, and face up to unemployment, poverty and serious inequalities.

The once well-developed system of public education and training has become obsolete and its infrastructure and capacities have deteriorated during the transition period, resulting in an unbalanced qualification structure without much relevance for the needs of economic and social development. The emerging human resource development policies include most of the critical issues, but much further work is still needed to identify priorities, work out realistic action plans and support implementation.

In response to the key challenges, the ETF recommends that donors should invest in the development of the occupation-related education and training system, in the framework of qualifications, and in developing skills for social inclusion and poverty alleviation, while exploiting the potential for cooperation among the countries in the region.



## 1. Current situation and trends in human resource and labour market development in Kyrgyzstan

### Background

The Kyrgyz Republic is a poor, mountainous country of great natural beauty and proud nomadic traditions. The country gained independence from the former Soviet Union in 1991 and has since been governed by a presidential regime, encountering a severe economic decline in the 1990s due to the transition. The economy is predominantly agricultural, with cotton, tobacco, wool and meat being the main products, while industrial exports include gold, natural gas and electricity. Diversifying the economy, strengthening the private sector and increasing regional cooperation are essential for achieving sustained growth and poverty reduction. Though Kyrgyzstan has been fairly progressive in

carrying out market reforms such as an improved regulatory system, privatisation and land reform, ineffective governance and corruption impede a more rapid development of the country.

## Population

The overall population in Kyrgyzstan is now 5.1 million and is still growing by 1% per year, albeit at half the annual growth rate of the 1980s. More than 90 nationalities reside in the country and the most numerous are Kyrgyz (67%), Uzbek (14%) and Russian (10%). The population pyramid remains flat, and large age groups enter secondary schools and the labour market every year. In 2004, there were 1,160,000 people in the 10-19 age group<sup>1</sup>. The share of urban population decreased slightly during the 1990s and has remained steady at around 35%. The literacy rate is very high (98.7% in 2002). Emigration has more than doubled since 1998. Annually 20,000-30,000 people leave the country, around two-thirds of these to Russia. In the total migration outflow of 16,726 people in 2003, the highest represented were Russians (58%), Ukrainians (7.3%) and Germans (7.0%). "Brain drain" may be an issue, as these nationalities often hold highly qualified jobs in industry and trades.

## Economy

The main features of the Kyrgyz labour market are determined by structural changes in the economy, the fast growth of small enterprises and the emergence of a large informal sector. In the early transition period, due to the loss of Soviet markets and subsidies, GDP decreased, reaching its lowest level in 1995 at about 55% of its 1991 level. The years since have been characterised by average annual economic growth rates of above 5% (with the exception of 2002, when the economy contracted again by 0.5%)<sup>2</sup>, but GDP still stands at around only 70% of its 1991 level<sup>3</sup>.

Although Kyrgyzstan still remains largely an agricultural economy, the structure of the economy has changed since the early 1990s and the service sector has gained more importance at the expense of industry and construction. In 2003, agriculture accounted for 39%, industry 23% (manufacturing only 8%) and services 38% of GDP. Privatisation of the Kyrgyz economy started in 1992, and in 2003 the share of private enterprises out of the total number of enterprises was 98%, while the private sector's share of total industrial and agricultural output was 95%. According to the National Statistics Committee of the Kyrgyz Republic, there were 215,000 registered SMEs in 2002 (representing 93% of the total number of economic actors in the country). SMEs accounted for 44.3% of GDP in 2002.

## Employment and unemployment

The Kyrgyz Republic has a low employment rate of 56% (66% for men and 47% for women)<sup>4</sup>; employment is concentrated in low productivity areas such as agriculture and trade and repair services. Although the total number of employed persons increased between 1999 and 2003, it did so only at the same rate as population growth. The average annual labour force growth rate in the period 1995–2001 was 3.1% and is expected to remain over 3% until 2009.

Sector employment trends are marked by an increase in agriculture, which accounts for less than 36% of GDP but provides over half of employment, and continues to increase due to growing individual farming at family plots. Conversely, employment in industry is falling owing to restructuring and now provides for less than 8% of all employment. The services sector is the second largest provider of employment at 37%. Wholesale and retail trade and repair services together with education provide over half of the jobs within this sector. The importance of trade and repair services in employment is even higher as they also provide much of the informal employment available. The highest growth in employment has been in hotels and restaurants, although this still accounts only for around 1% of total employment.

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<sup>1</sup> Kyrgyzstan v cifrah, *Nacionalnyi statisticheskiy komitet Kyrgyzskoy Respubliki*, Bishkek, 2004.

<sup>2</sup> This occurred because of a landslide at the Kumtor gold mine and reduced external demand for power, which shows how vulnerable the small economy is to natural disasters and external shocks (*Kyrgyz Republic country brief 2004*, World Bank, 2004).

<sup>3</sup> *Review of vocational education and training and employment in Kyrgyzstan 2003*, ETF, 2004.

<sup>4</sup> Labour force sample survey in the Kyrgyz Republic, NSCKR and DfID, Bishkek, 2003.

The registered unemployment rate is relatively low in the Kyrgyz Republic, at 3.1% in 2002, and has remained stable during the last few years. Many unemployed or underemployed people do not register because benefits are often very low or nonexistent. Labour force surveys therefore provide a much better indication of the unemployment level. Labour force surveys have shown a gradual increase in unemployment from 5.9% in 1998 to 12.5% in 2002, with a significant gender difference (11.2% for men and 14.3% for women). The situation in the labour market has proved more critical in cities, where unemployment rates reached as high as 19.6%, while in rural areas unemployment rates have reached only 8.3%. Implementation of the land reform programme, whereby practically each family received a plot of land, has helped to a certain extent to resolve the employment problem in rural areas.

Transition from education to the world of work is increasingly difficult and in 2002 18.3% of all graduates – from all levels of education – registered as unemployed. The 1999 census results indicate that the younger a person is, the more likely they are to be unemployed. This was confirmed by the 2002 labour force survey, which showed that among all unemployed individuals 52% are less than 29 years old. The unemployment rate by education level was 9.7% for higher education, 24.1% for incomplete higher education (general upper secondary school graduates aged 18), and around 13% for basic vocational, secondary general and secondary vocational education.

## Poverty

The Kyrgyz Republic is the second poorest country in the former Soviet Union<sup>5</sup>. In 1999, 64% of the population lived under the national poverty line. The current estimate is 41%, which is not necessarily as big an improvement as it may seem, since large segments of the population live just above the poverty line. Almost three-quarters of the poor live in the rural and mountainous regions. Moreover, access to basic public services such as running water, public sewerage, health and education has deteriorated over the past decade.

There are significant regional differences between the relatively less poor north-east part of the country around the capital of Bishkek (the Chui oblast) and Lake Issyk-Kul, and the rest of the country. In 2003, the poverty incidence in the poorest Naryn oblast was 65%, while in the Chui oblast it was 17%<sup>6</sup>. In the Ferghana valley border region with Tajikistan and Uzbekistan (the Batken oblast of Kyrgyzstan, with 400,000 inhabitants), the industrial/mining sector has declined; this has resulted in a poverty level above 50%, average annual income at 30% of the country average, and local unemployment up to 80%. The situation is still aggravated by enclaves and cross-border tensions, and by low agricultural productivity and reduced access to land.

The government and the international financial institutions see poverty reduction as a priority. A Comprehensive Development Framework until 2010 has been adopted with a first implementation phase of the National Poverty Reduction Strategy (NPRS). In the NPRS, economic growth is seen as necessary to create the conditions for reducing poverty. In this context the role of education and training has also been identified as a key tool to enable the poor to improve their livelihoods. Key issues to be addressed are the retraining of adults and broadening of the range of training opportunities in the regions. However, little has happened so far in terms of implementation.

## Summary

*The economic and employment situation of the Kyrgyz Republic has the main features typical of a post-Soviet rural transition country, with limited industry based on exploiting natural resources and with growing small trade and maintenance and repair services, largely in the informal sector. Successful land reform and a shift to individual farming have helped to renew growth in agriculture and to develop subsistence farming on family plots, often the main source of food and income. Unemployment is high, especially among young people and women and in former industrial/mining regions. Infrastructure and social service systems inherited from the Soviet era have slowly deteriorated. Poverty is widespread, aggravated by regional disparities, ineffective governance and corruption. However, some improvement has already taken place thanks to recent economic growth and poverty reduction efforts on the part of the government and international donors.*

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<sup>5</sup> In 2003, gross national per capita income was US\$330 (Atlas method) and Kyrgyzstan ranked 178th out of 208 countries and territories. World Development Indicators database, World Bank, July 2004.

<sup>6</sup> ADB country strategy and Programme update 2005–2006 for Kyrgyzstan, July 2004.

## 2. Contribution of HRD to socioeconomic development

### Education and training

Total expenditure on education as a percentage of GDP has fluctuated during the last decade with an average of around 3.6%, between a low of 2.9% in 2000 and a high of 5.1% in 1995, but the proportion of public expenditure on education has gradually declined from 97% in 1991 to 76% in 2002<sup>7</sup>. The downward trend in public funding for education has had its repercussions on education and training institutions where public funding covers only some expenses including salaries, scholarships and meals for students from poor families. This situation has forced schools to seek alternative funding through a combination of budget allocations, tuition and other fees, grants from international donors, and donations.

Vocational education on the whole fails to attract young people and to respond to the growing population of young people and to existing or foreseen demand for qualifications. Enrolment in vocational education has been stagnating at about 52,000 students after a sharp decrease since 1991/92, when enrolment was close to 100,000. General secondary education has a total enrolment of around 270,000, but also the highest registered unemployment rate amongst its graduates. Enrolment in higher education at around 200,000 has more than doubled in the last five years and almost increased fourfold since 1991/92<sup>8</sup>. This implies a decreased quality and overproduction of graduates of higher education, while employers increasingly demand skilled workers at medium qualification levels.

For more than a decade, basic and secondary vocational education and training (VET) has declined or stagnated. There have been several interlinked factors influencing this development: a decrease in capacities due to the impact of transition on enterprise-based training, decreased public funding of education, obsolete training methods and technical equipment, inability to respond to the new labour market and growing mismatch between qualification demand and supply, shifts in education choices in favour of general and academic education, and an absence of education and training policy. The acute requirement to revive vocational education and training in light of Kyrgyzstan's development needs has recently made this issue a policy focus for the national authorities.

In higher education it is expected that aligning with the Bologna process will bring local and European universities closer, develop partnerships in education, and facilitate education reform. The quality of education has depreciated in many universities over the last five years and it is therefore a major area of debate. Universities do not respond to the needs of the economy – in 2003, out of all university graduates only 7.4% graduated with diplomas in engineering. According to the information given by universities the number of employed graduates is about 70–75%, while according to official returns this number is only around 20%<sup>9</sup>. The National Strategy for Higher Education Development assumes the creation of independent accreditation bodies. Government financing of higher education has improved since the introduction of the National Testing System in 2002, funded by USAID.

### Reform of education and training

In the school system, no restructuring has so far been initiated of the “old” basic and secondary vocational education delivery network, which comprises 180 vocational lyceums, schools and teknikums. Some secondary vocational education institutions have been upgraded to universities or colleges. Institutions of higher vocational education have increasingly changed into multi-level educational complexes which offer basic, secondary and higher vocational education as a progression route to higher education in one institution. This may divert applicants away from stand-alone vocational education schools.

Despite a declared commitment to decentralisation, the system retains its rigid and overregulated vertical management structure. On the one hand, schools are encouraged to diversify their sources of income; on the other, they are bound by bureaucratic restrictions that do not allow them to use such

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<sup>7</sup> *Review of vocational education and training and employment in Kyrgyzstan 2003*, ETF, 2004.

<sup>8</sup> *Education and science in the Kyrgyz Republic*, Statistical Bulletin, NSCKR, Bishkek, 2003.

<sup>9</sup> *Update on higher education in Kyrgyzstan*, paper by the National Tempus Office, Bishkek, 2004.

income for their own development. Teaching methods, curricula and equipment are outdated, and links to the labour market and community are insufficient.

Reform of education and training is still at a preparation phase. Governmental responsibility is split between the Ministry of Education, which is in charge of secondary and higher vocational education, and the Ministry of Labour and Social Protection (MLSP), responsible for basic vocational education. The MLSP has planned VET reform since 2003 and in 2004 the government endorsed a reform programme<sup>10</sup>, recently complemented by a draft action plan with six priority goals:

- modernisation of the legal and normative base;
- decentralisation and democratisation of governance;
- ensuring human, material and financial resources;
- raising the quality of the learning process and results;
- modernisation of agricultural schools;
- increasing the effectiveness and efficiency of adult training.

This year the Ministry of Education also refocused its attention on vocational education and drafted its Development Programme and a Plan of Measures to Reform the Secondary VET System in 2005–2010, by and large with similar key directions of development as the MLSP plans.

The contribution of VET to tackling poverty and to participation in civic society and democracy has not been made very explicit by either ministry. A wider stakeholder consultation has not yet taken place. For both sets of the above strategic papers there have been no financial allocations made and sources of funding have not been identified, except non-quantified references to the state budget and international technical assistance.

## **Employment policy, continuing training and social partnership**

The Kyrgyz government has prepared a new concept of an efficient employment policy and elaborated the national employment programme for 2004–2010. The main goals are employment development and creation of new jobs for the unemployed, particularly young people, women and handicapped people; creation of a favourable environment in which to develop entrepreneurial skills, self-employment and assistance to small enterprises, primarily in those regions with a critical labour market situation; and streamlining of social services in the labour market to enhance labour motivation and develop a proactive approach among the unemployed.

The State Employment Service has established a network of centres, but these cater only for registered unemployed and thus do not reach the majority of its potential client group in need of assistance, including those making a living in the informal sector. The use of training as an active measure is limited and not very effective. Adult training supported by the state has targeted so far only around 6,000 unemployed a year, which represents less than 10% of those who registered. The quality of information, counselling and guidance services is low, due to lack of funds and an inefficient labour market information system.

Furthermore, the role of the private sector and social partners in education and training still needs to develop, as examples of the effective involvement of these actors are rare. At the national level, attempts have recently been made to establish bodies such as a Council of Social Partners for VET or Employer Federation Council. In some localities partnerships for development are created by or with the local self-government institutions, including guidance and training activities offered by private providers or NGOs and geared to local needs. However, such pilot projects and local developments have not been linked with the national policies necessary for making these initiatives more widespread.

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<sup>10</sup> Plan for Reforming the Basic Vocational Education and Training System by 2010, September 2004.

## Summary

*The Kyrgyz Republic, while having a long tradition of public education and training, has seen the system become obsolete and infrastructures and capacities deteriorate during the transition period. A major problem now is that initiatives are left to single education institutions and to individual choices, which on the whole favours universities as the strongest institutions with perceived high status. The result is an unbalanced qualification structure without much relevance for economic and social development.*

*However, human resource development policies to support the economy and society do emerge and are officially declared as part of comprehensive development plans in Kyrgyzstan. Education and training of young people and adults is increasingly seen as a key to providing a balanced, high-quality supply of qualifications for the needs of the restructured economy and its further diversification, for entrepreneurship and SME development, for new ways of farming, and for rural development, both agricultural and non-agricultural, in the short and mid-term horizons. It also has great potential for improving livelihoods and reducing poverty if schools can respond to local needs and contribute to developing appropriate skills at the local level.*

*The emerging education and training policies include most of the critical issues, but much effort and further work is needed to identify priorities, work out realistic action plans and support implementation. Real commitment to reform and the capacity to plan and implement changes are still weak in public authorities. New ideas are often in conflict with the existing or past approaches, at both the institutional and individual levels, which results in a prevalence of rhetoric and inaction. There are problems of high turnover among policy makers, poor cooperation between governmental bodies, lack of partnership and participatory approaches, and severe shortage of funds to implement HRD reforms.*

## 3. Current EU human resource development programmes

### The Tacis Programme

The Tacis Programme has financed several human resource development projects in Kyrgyzstan since 1999. Initially, Tacis and ETF support was project-based and only gradually developed into capacity building and support for policy development.

The project "Support to the training and retraining of unemployed and disadvantaged groups through the establishment of a training fund", implemented in 2001–2003, was aimed at training for jobs and basic vocational guidance. The objective of the 2004–2005 project "Support to civil service reform" is to provide technical support to the Kyrgyz government's ongoing activities in the field of civil service and public administration reform. The planned project "Strengthening of local governance" will support the process of political decentralisation by building the capacity of local governments in 2005–2006.

The Tacis Poverty Alleviation Programme (Track 3) and UNDP have started the project "Addressing the social consequences of transition in the Ferghana Valley", to be implemented in both Kyrgyzstan and Tajikistan. The aim is to alleviate poverty in the region by training for employment, encouraging equal access to employment and educational opportunities, and increasing the involvement of civil society.

In 2005, the two-year project "Support to the development of an employment policy in Kyrgyzstan" will begin, aimed at strengthening the MLSP's capacity to implement a national employment programme, develop a labour market information system, and support the Employment Services in targeting effective employment measures at a broader share of the population.

Recent, smaller Tacis interventions relevant to the sector included projects in support of computerised management of training resources for the unemployed, increasing the income of households in pilot rural communities through enhancing local employment and self-employment opportunities, and the introduction of a new social partnership model and elements of dual education in vocational training, management training, tourism and hospitality studies.

The Tempus programme for higher education in Kyrgyzstan has focused in recent years on curriculum development in priority subject areas such as business administration, engineering, the environment, and agricultural and rural development. Other priorities have included university management, training

courses in institution building, the introduction of quality management and assessment systems, facilitating international recognition, and the introduction of the two-level higher education system based on credit accumulation.

## **The European Training Foundation**

The ETF has been active in assisting the European Commission in Tacis project identification and quality monitoring, and in implementing the ETF's own projects supporting HRD policy learning. These include the two recently initiated regional projects "National qualification frameworks" and "Skills development for poverty reduction" in the four countries of Central Asia.

Since 2003, the Kyrgyz MLSP has received ETF assistance in developing policy papers and strategic plans for reforming initial vocational education and training. At the request of the Ministry of Education, the ETF has now extended its support to secondary and higher vocational education and works with both ministries together.

Other significant ETF projects during the last five years were "Training strategies for local development in a poverty alleviation context", "Local enterprise development" and "Management toolkit dissemination". The National Observatory established by the ETF in 1996 has supported the development of VET and employment through sector studies, information dissemination and training.

### **Summary**

*The key focus of the EU HRD-related programmes has so far been to assist the Kyrgyz Republic in employment policy development and related institutional capacity building at the national level, in higher education through the Tempus programme, and, to some extent, in supporting locally based activities of employment, income generation and training in the context of poverty alleviation. Less has been done in support of developing the education and training systems, which have substantial capacities and potential but need to be revived and modernised, as described in the previous section, in order to be able to provide a balanced, high-quality supply of qualifications.*

*Similar to other countries, the sustainability and mainstreaming of results of technical assistance projects in the field of human resource development have been problematic; this is even more pronounced in Kyrgyzstan due to a severe lack of national funding. In addition, donor coordination, often left only to national authorities, has been very weak.*

## **4. Significant investments by other donors in the field of HRD**

Other donors that have been active in the field of vocational education, training and labour market policies include the ILO, assisting in the development of the National Employment Programme; UNESCO, supporting the establishment of community learning centres; Swiss bilateral support through NGOs for new methods of training for farmers, forestry and small businesses in tourism; and the German-funded GTZ, focusing recently on the training of teachers for VET, identifying labour market skills needs and designing a new strategy for the training of adults.

Kyrgyzstan's general education has benefited from assistance from a number of donors during the transition. Donors include the Asian Development Bank (ADB), USAID, UNICEF, UNESCO, the Islamic Development Bank, the OPEC Fund, and the Soros Foundation. The ADB focused on teacher education, textbook provision, education planning and school rehabilitation. USAID finances the US\$3 million project "Participation, education, and knowledge strengthening" supporting teacher training, curricula reform, parental and community involvement in schools, school rehabilitation, and education finance and management reform.

More significant larger investments are planned for the coming years by the international financial institutions. The ADB will provide US\$10–12 million for the development of basic vocational education and training in the Kyrgyz Republic. The loan preparatory project is to be carried out this year, while the loan itself will become available in 2006. The approach of the ADB appears to be system-wide, planning



the loan so that basic Kyrgyz VET is improved and rationalised by selective investment in the key components of the system (physical infrastructure, management, curriculum, teacher training).

The World Bank has approved a US\$15.5 million project for rural education in Kyrgyzstan, to be implemented in the next five years. The project aims to improve learning and learning conditions in primary and secondary schools, with priority attention to rural areas. It will provide a performance management system for teachers and principals, finance the provision of textbooks and learning materials, and improve techniques of student assessment.

In summary, there have been extensive donor investments, including those by the European Union, in human resource development in Kyrgyzstan. So far, however, they have not been targeted enough towards developing appropriate education and training policies, and from the various projects implemented, hardly any were effectively connected to national policy making at the crucial interface between education, training and the labour market. A clear gap remains in the area of secondary and post-secondary vocational education and training, which until recently has been neglected by national authorities and international donors.

## **5. Main challenges for HRD and labour market-related reform and modernisation processes**

### **Development of a comprehensive education and training system that can respond to emerging qualifications needs at all levels**

An overall policy for developing the system of education and training will need to be defined, discussed and adopted by the government. Based on such a policy, strategies for the different parts of the system can be worked out and can steer the development of basic, secondary and tertiary vocational education, so that these educational areas are interconnected and can each contribute to the balanced provision of qualifications needed to diversify Kyrgyzstan's industry and services, support entrepreneurship and small business development, and serve the needs of the rural economy.

At this stage, more attention needs to be focused on the new role of vocational education and training in the education system, including adult retraining and further training. The rationale for this, as argued in previous sections, is the current disproportion between the content and levels of qualifications on the supply side, and those required by the demand side. With a view to the growing young population and already high youth and female unemployment, the roles of education and training in skills development and as a social protection tool have to be defined more clearly for all sectors of VET.

This includes the key multiple challenge of quality, relevance and attractiveness of vocational education and training, which has already been stressed in all VET and employment policy attempts in the Kyrgyz Republic so far. There are no mechanisms in place yet that could identify new competence or skills levels and needs across the different sectors of the economy, leading to a system of qualification profiles that could be translated into new curricula and appropriate teacher training. These processes will require the ongoing involvement of the government and social partners, together with the VET community, and can be implemented only gradually, given their complexity and the scarcity of resources. Clear frameworks for development will need to be defined, however, in order to steer initiatives and manage the processes of change.

A sustainable long-term strategy needs to be developed and priorities clarified for necessary changes in the short and mid-term perspective. Good initial progress has already been made by the MLSP in basic VET, but this effort has to continue towards a realistic implementation plan, and to include also secondary and higher components of the system under the responsibility of the Ministry of Education. Transparent links and pathways both within the VET system and to other parts of the education system need to be established, as does an interface between VET and the labour market. In the mid-term perspective, this could lead to a lifelong learning system based on the human resource development context of the Kyrgyz Republic.

## **Improving the contribution of vocational education and training to the reduction of poverty**

Poverty reduction strategies do not give proper attention to the importance of education and training for poverty reduction; they focus on primary education and do not take into account the issues of vocational education, training and employment. Improving the contribution of skills development to economic prosperity and social cohesion poses tremendous challenges for the reform of vocational education and training systems. The conditions necessary for education in general to contribute to poverty reduction in the context of Kyrgyzstan's transition, and the potential contribution of vocational education and training (including formal and non-formal skills development) to reducing poverty, should become a focus of reform policy design and implementation.

The aim is to develop comprehensive skills leading to gainful economic activities linked to the rural and urban formal and informal economies, as part of local development strategies and institutional context. Participatory skills needs analysis and skills development mapping at the local level would serve to create more gender-balanced, short-term, community-based skill development programmes with low entry requirements, combined with job placement and after-training support.

Skills development for poverty reduction can be built in the form of training and career pathways, recognising previous experience and enabling links with formal education and training. It would target the poor, particularly young people, women, dropouts from formal education, "informal" micro-entrepreneurs and ethnic minorities. Civil society organisations, decentralised governments and private businesses, as well as sectors such as agriculture, rural development, housing, health and social protection, and public sector management, would be the key partners in skills development for reducing poverty.

## **Utilising the potential of the regional space of education and employment to improve cooperation and mobility**

Despite some attempts by the countries of Central Asia supported by international donors in several regional projects, the space for wider cooperation in education, training and employment across borders in the region is still largely unused. In the case of countries with comparable histories and legacies from the last century, speaking a common language and challenged by similar problems in developing their education, training and employment, this is an opportunity from which all might benefit. Improvement in this area would also help to address some of the key issues of extensive migration in the region.

Improved regional cooperation has great potential to bring benefits in different areas of policy and practice. Mutual exchange of information and experience on policies for developing education and training systems in support of employment, social inclusion and poverty alleviation would increase compatibility of approaches and the overall effects of changes.

## **6. Levers in HRD and related labour market policies through which sustainable system reform can be triggered**

The following three levers are proposed as a response to the key challenges involved. One is aimed at selected segments of the education and training system, taking into account interventions by major international donors, while the other two address the cross-cutting issues of an overall qualification system and of developing skills for social inclusion and poverty alleviation, taking the Kyrgyzstan context as the point of departure but exploiting the potential for cooperation among the countries in the region.

### **Support for national reform efforts in vocational education and training**

The Kyrgyz government has recognised the importance of human resources for the development of the economy and society. The emerging HRD policies tackle most of the critical issues, but further

assistance is still needed to identify priorities, work out realistic action plans, and support implementation. This is particularly urgent for the reform of initial, secondary and higher vocational education and training, which now receive increased attention from the government and international donors. The VET reform policy and sustainable implementation strategy will require coordinated support from major donors in the coming years.

While the Asian Development Bank will obviously invest from 2006 onwards in initial VET under the responsibility of the MLSP, and the World Bank in rural primary and (general) secondary education, the ETF recommends that other donors focus on secondary and higher vocational education and training.

Such support will need to address policy development and its implementation for all the key components of this segment of vocational education and training: governance and involvement of social partners, curriculum development, training of teachers, and continuing vocational training. Special attention should be given to higher post-secondary VET as a more labour market-oriented alternative to attract students aiming at higher education and partly redirect the excessive enrolment in universities.

## **Support for the development of a national qualification framework**

A national qualification framework (NQF) will define levels of qualifications, quality assurance principles and guidelines, and methods for recognising learning gained in different programmes and contexts. An NQF will necessarily touch all major VET reform policy issues, bring all stakeholders together in the development and application of systems, and provide incentives and opportunities for vocational education and training providers to develop appropriate learning processes. An overall coherent national framework will accommodate all levels of qualifications and corresponding VET programmes across all sectors, and offer a way of developing learning pathways that people can follow throughout their lifetime. It will facilitate recognition of qualifications and promote mobility in the region.

The existing national education and training development plans already include the reform of current classifiers of occupations and programmes, because these classifiers no longer correspond to the realities of the labour market. Such reform would be a first step towards a national qualification framework. Kyrgyzstan is also participating in the ETF regional project "National qualification frameworks in Central Asia" and is undertaking a pilot NQF development in the sector of tourism. If an NQF becomes national policy, it may become a priority for donor support.

## **Support for skills development for poverty reduction**

The macroeconomic context of the Kyrgyz Republic, particularly the severe limits on state budgets and administrative capacity, suggests that the potential for poverty reduction through economic growth lies, among other factors, in developing and utilising existing human resources more efficiently and in setting appropriate conditions for the development of skills in support of public and private initiatives at the local level.

The ETF therefore suggests that donors support national, regional and local governments, and possibly also NGOs, in those aspects of reforming education and training that will enable schools, teachers and trainers to reach out to groups and individuals affected by poverty and develop their skills in a way that will reduce poverty. Local partnerships and training networks will be facilitated for skills development geared towards poverty alleviation, aiming also at skills in the informal economy, and at a level of skills and competence that would make it possible for people to move out of the low-skill informal sector where most of the poor seek their livelihoods.

This will also enhance the capacities of key stakeholders in designing and implementing human resource development measures coherently integrated into poverty reduction strategies and policies, and will help disseminate good practices among policy makers and donors on skills development for poverty reduction.

Coordination among international and bilateral donors will be an important issue for this lever as well as for the others, as it will guarantee a more efficient and effective investment in human resource development in the Kyrgyz Republic.

This and the preceding lever will allow for regional and local approaches or programmes. National qualification frameworks also make sense when they are compatible between countries, and migration flows in Central Asia present a strong case in favour of such approaches. At the same time, skills

development in support of employment, social inclusion and poverty reduction is often most needed in cross-border areas and cannot be effectively implemented solely on a country-by-country basis.

## **HOW TO CONTACT US**

Further information can be found on the  
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