

# **IN-DEPTH STUDY OF LABOUR MARKET AND VET CHALLENGES AND PERSPECTIVES FOR COUNTRIES PARTICIPATING IN THE EUROPEAN NEIGHBOURHOOD POLICY**

## **SOUTHERN CAUCASUS - GEORGIA**

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## List of abbreviations

CIS	Commonwealth of Independent States
EBRD	European Bank for Reconstruction and Development
ENP	European Neighbourhood Policy
EQF	European Qualifications Framework
EC	European Commission
EU	European Union
GTZ	Gesellschaft fuer Technische Zusammenarbeit
ILO	International Labour Office
LFS	Labour Force Survey
LLL	Lifelong learning
UNDP	United Nations Development Programme
USD	United States Dollar
VET	Vocational Education and Training
WB	World Bank

## INTRODUCTION

This in-depth study on the challenges and perspectives facing labour markets and vocational education and training in Georgia is intended as a contribution to European Neighbourhood Policy (ENP) programming in regard to human resource development under the future ENP Action Plan. The European Training Foundation (ETF) has already carried out similar studies in the other Southern Caucasus countries (Armenia and Azerbaijan).

A major aim of this study is a comprehensive and forward-looking diagnosis of the vocational education system and its linkages with the labour market, with economic trends and with employment policies already in place. The diagnosis tackles strategic questions (in terms of a medium-term perspective) as well as urgent questions that require prompt action. The study aims to contribute to policy development by making proposals based on a coherent and objective analysis.

Intended users of this study are European Commission (EC) services (for policy programming purposes), national decision-makers, other policy and programming stakeholders, and relevant donors (with a view to coordinating interventions). A team of national and ETF experts carried out the research, analysis and synthesis presented in this final report drafted by the ETF.

ETF thanks all participating experts for their commitment and inputs, and particularly, all the Georgian individuals and organisations that shared their views and experiences in several workshops and debates. Particular thanks are also due to the staff of a number of key institutions that made valuable contributions based on their expertise. These include the Georgian State Department of Statistics, the Ministry of Education and Science, and the Ministry of Health Social Protection and Labour. Finally, the ETF thanks the EC Delegation to Georgia for its support and participation in meetings and discussions in regard to this project.

Georgia lived a particularly unstable transition in 2003 that culminated in the Rose Revolution. By the end of 2003 it entered a new political phase and a new president was elected early in 2004. The ENP, which has become a major foreign policy priority in Georgia, has led to the creation of the position of State Minister for European Integration. At a major donor conference held in Brussels on 16-17 June 2004, the Georgian government presented a paper on its Strategic Vision and Urgent Financing Priorities 2004-2006.<sup>1</sup> The document was well-received by donors, who pledged to provide around €850 million to address urgent needs in energy, governance, poverty reduction, child welfare and development, key infrastructure rehabilitation and food safety. The Georgian authorities aim to establish a national recovery programme to root out corruption and mismanagement, restore stability and secure sustained economic growth. Some positive results have already been obtained in the fight against corruption and in the settlement of substantial arrears in salaries and social subsidies.

According to the Strategic Vision and Urgent Financing Priorities 2004-2006 paper, human resource development occupies a key place among the guiding principles behind national recovery. Education is one of the cornerstones of the overall reform and core objectives are improved access, quality and relevance. The Ministry of Education and Science has been restructured with the aim of better tackling reforms, and new laws on general and higher education were passed in November 2004 and January 2005. Although Georgia has Vocational Education and Training (VET) legislation dating from 1998, a VET strategy has not as yet been designed. It was only at the end of December 2004 that the government specifically included VET as a priority for its 2005 reform actions, and formally requested the EC Delegation for technical assistance with a VET reform strategy. Some proposals are now in preparation aimed at decentralisation, greater autonomy, new funding schemes and improved linkage with enterprises.

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<sup>1</sup> See [http://europa.eu.int/comm/external\\_relations/georgia/intro/ip04\\_749.htm](http://europa.eu.int/comm/external_relations/georgia/intro/ip04_749.htm).



# LABOUR AND EMPLOYMENT TRENDS AND CHALLENGES

## The economy

After a slowdown in the aftermath of the Russian crisis, real annual GDP growth gradually recovered to about 5% during 2002 and accelerated to an estimated 8.6% in 2004. This largely reflected strong growth in construction, most particularly with the commencement of work on the Baku-Tbilisi-Ceyhan (BTC) pipeline. The National Bank's prudent monetary policy has ensured currency stability and achievement of inflation targets (below 6%) in the past two years.<sup>2</sup> Estimated GDP growth for 2004 was 9.5%.

Despite high growth rates, there still remains a gap with respect to 1990; with GDP at the end of 2004 still some 40% below the GDP recorded for 1990. Large gaps were likewise reported for Russia (18%), Ukraine (35%) and Moldova (37%),<sup>3</sup> which underscores the fact that the post-1999 recovery experienced in these countries is largely 'recovery growth', based primarily on the employment of previously idle human and physical capital. According to Milcher and Slay (2005), without inflows of fresh capital and the corresponding technology transfers, such growth may not be sustainable.

Economic collapse, which occurred from 1990, was reflected in all the main economic indicators. The greatest deterioration (both in terms of scale and rates) was in the period 1991-1994. From 1995 the rate of economic development began to accelerate (Table 1).

**Table 1: GDP for the Southern Caucasus countries 1992-2003 (1991=100, in fixed prices)**

Countries	1992	1995	2000	2001	2002	2003
Georgia	55.1	35.8	47.5	49.8	52.5	57.1
Armenia	58.2	59.8	76.8	84.2	95.0	108.2
Azerbaijan	77.4	42.2	59.3	65.1	72.0	80.1

Source: Commonwealth of Independent States 2003. Statistical Manual. Moscow, 2004. pp. 25-26.

Total Georgian manufactured domestic output decreased by 63% in the ten years 1990-2000. For 1999-2003 the annual rate was, on average, 3-4%. GDP output began to increase from 2000, but in 2003, it still represented only 57.1% of GDP for 1991. Since 2000 some improvement in economic indicators has been evident in the country (Table 2), but the economy remains in crisis.

<sup>2</sup> European Bank for Reconstruction and Development (2004).

<sup>3</sup> World Development Indicators Database (adjusted for estimates of 2004 data). Data quoted in Milcher and Slay (2005).

**Table 2: Basic economic indicators (%) 1999-2003**

Indicators	1999	2000	2001	2002	2003
Total domestic product	103.0	101.9	104.5	105.4	108.6
Total industrial product	107.0	106.1	98.9	104.9	110.6
Total agricultural product	108.0	85.0	105.6	99.9	107.0
Investment in fixed capital	48.6	102.0	114.6	118.7	174.3
Consumer goods transport turnover	86.9	59.0	110.3	112.6	108.8
Retail trade turnover	104.4	111.4	113.0	103.7	108.7
Foreign trade turnover	78.3	122.6	102.4	104.6	139.2

Source: Georgian State Department of Statistics and the World Bank.

The process of deindustrialisation has been very evident in Georgia. In the period 1991-1994 total industrial production decreased six-fold, and by 1995, it represented a mere 18% of the 1991 level. Industrial output has been increasing since 2002 but it is still far from the level of the pre-reform period (Table 3).

**Table 3: Industrial production in the Southern Caucasus countries 1992-2003 (1991=100, in fixed prices)**

Countries	1992	1995	2000	2001	2002	2003
Georgia	54	18	24	23	25	27
Armenia	52	50	56	59	67	77
Azerbaijan	70	33	35	37	38	40

Source: Commonwealth of Independent States 2003. Statistical Manual. Moscow, 2004. pp. 25-26.

There have been important changes in the structure of total domestic product in Georgia in the period 1990-2003. Industrial production decreased (41%), as also the share of agricultural production (32.5%). Only the shares for trade (12.8%) and transport (35.6%) increased. There have been no significant changes in this structure in recent years (Table 4 and Figure 1).

**Table 4: Total domestic product (%) 2000-2003**

	2000	2001	2002	2003
Agriculture, forestry, fishing	21.5	19.2	19.2	20.3
Industry	13.3	12.5	13.2	13.3
Manufacturing inner facilities	4.7	4.7	4.4	4.3
Construction	3.5	3.9	5.1	5.2
Trade	11.8	12.8	12.8	13.0
Hotels and restaurants	2.2	3.1	2.9	2.9
Transport	11.5	11.0	11.2	10.1
Communications	2.5	3.3	2.9	3.5
Financial intermediation	1.6	1.8	1.4	1.5
Real estate, rentals and business activities	7.0	6.8	6.0	5.9
Public administration and defence	3.0	3.5	4.0	3.9
Education	3.2	3.8	3.7	3.2
Health and social work	4.9	5.1	4.7	4.3
Other services	3.3	3.0	2.7	3.2

Source: Georgian State Department of Statistics.

Agriculture, which previously was one of the most developed sectors of the economy, has practically been eliminated as a performing economic sector in the past 14 years in Georgia. It is now peasant-based, inefficient, unstable and underdeveloped. This is evident in the fact that only one fifth of GDP is contributed by agriculture, even though this sector accounts for over 54% of employment. Moreover, the bulk of agricultural production is self-consumed, with only a small part (13-15%) reaching the market.

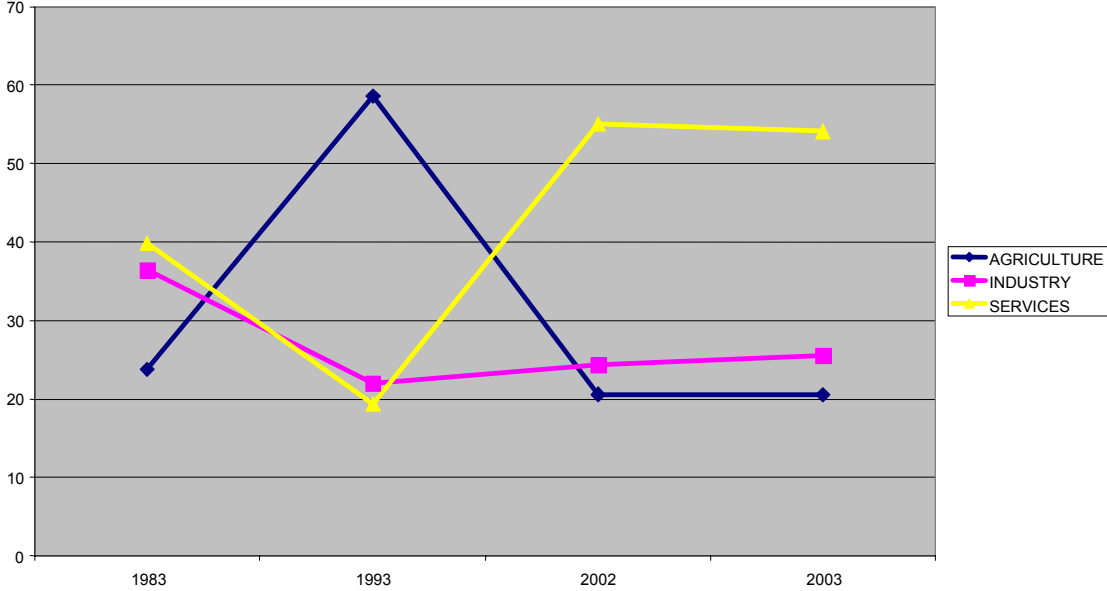
As will be analysed below, the change in the employment structure according to economic sector was even greater, indicating an unproductive and labour-intensive agricultural sector (54.8% of employment but only 20.5% of GDP in 2003), in comparison with the manufacturing sector (13.5% of employment but 25% of GDP) and the services sector (36.6% of employment but 54.1% of GDP) (Figure 2).

Fiscal performance and external debt continue to be major problems. In 2003, tax revenues were just above 16% of GDP (including grants)—among the lowest for the Commonwealth of Independent States (CIS). Tax collection improved by almost 37% in the first half of 2004 compared with the same period in 2003, although it remains to be seen whether this trend will be sustained. Tax collection issues—including corruption among tax and customs officials and smuggling across unsecured borders and conflict zones—have become a focus of attention for the authorities elected after 2003. Previous failures to comply with International Monetary Fund (IMF) conditions under the three-year Poverty Reduction and Growth Facility (PRGF) programme—in particular, with regard to expenditure reduction—resulted in the suspension of this programme in August 2003. The fiscal position deteriorated still further due to the political crisis at the end of 2003, and improved again with the change of government in 2004. External trade performance has suffered as a result of an economic crisis in Turkey, one of Georgia's most important markets.

Georgia relies heavily on International Financing Institution (IFI) funds to cover its large current account deficit. With a debt-to-GDP ratio of around 50%, external debt sustainability remains precarious. Georgia, which is technically in default on its bilateral debt service obligations, accumulated about US\$51 million in repayment arrears during 2003. In February 2004, an IMF mission reached agreement with the new authorities in regard to a new three-year PRGF, which was approved by the IMF Board in early June. This paved the way for Paris Club debt rescheduling in July, aimed at reducing debt servicing to creditors from US\$169.2 million to US\$46.4 million over 2004-2006.

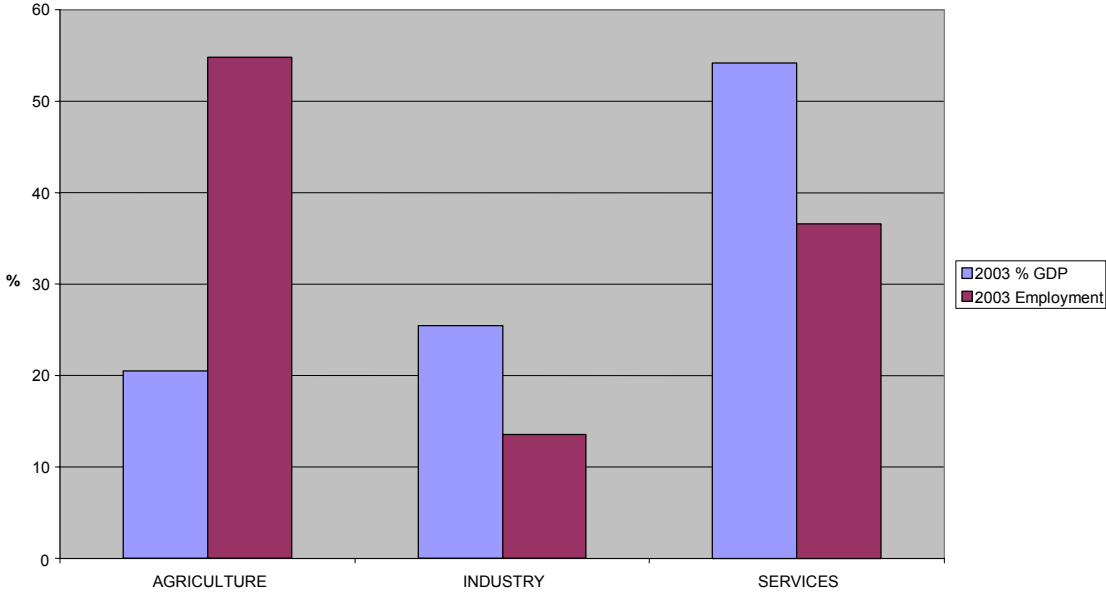


**Figure 1: Distribution of sectoral added value**



Source: Georgian State Department of Statistics and the World Bank.

**Figure 2: Added value and employment by economic sector**



Source: Georgian State Department of Statistics and the World Bank.

Likewise, although fiscal (and in some cases external) surpluses are sometimes interpreted as signs of health in potential European Union (EU) member states, they can also be interpreted as reflecting

underdeveloped financial systems and unfriendly investment climates.<sup>4</sup> While showing the benefits of strong economic growth, budget surpluses also reflect shallow financial systems that are unable to channel domestic savings into government debt at interest rates that are affordable from a budgetary perspective. Fiscal and external surpluses also reflect foreign unwillingness to invest, necessitating either current account surpluses (e.g., Russia, Ukraine) or significant inflows of concessionary lending (e.g., Armenia, Georgia, Moldova) in order to finance current account deficits.<sup>5</sup>

In contrast, the current account deficits reported for most of the new EU member states and accession countries (Bulgaria, Croatia and Romania)—smaller than those recorded for the Caucasus countries and Moldova—have generally been financed by substantial inflows of foreign direct investment (FDI) and equity portfolio investments. The relatively large FDI inflows recorded, however, for Armenia, Georgia and Moldova, are somewhat misleading, as they tend to reflect one-off privatisation sales and debt-for-equity swaps; they are, moreover, small in comparison to the current account deficits.

New member state and accession country inflows are signs of economic health and improved international economic competitiveness. To a large extent, they result from convergence in regulatory, governance and business climates towards EU standards, which in turn is a reflection of their progress in terms of accession to and integration in the EU. Prior to the May 2004 expansion, the EU-15 countries accounted for 70-80% of exports from Poland and Hungary, and for a somewhat smaller proportion of Czech and Slovak exports. Exports to the EU-15 account for more than 50% of total exports from Bulgaria, Croatia and Romania. It remains to be seen whether the ENP can deliver similar benefits to new and potential members of the EU.

As was earlier the case for the central European economies, recovery growth and FDI-led industrial restructuring may lead to improvements in labour productivity. However, when combined with slow or negative labour force growth and (in some cases) declining employment levels, labour productivity growth may be accompanied by high unemployment rates. More generally, despite current high growth rates, the Georgian economy continues to suffer from an inadequate business infrastructure, a difficult regulatory climate, public administration corruption, a relatively high unemployment rate, and a significant degree of insecurity.

## Demographics

Transition period demographics in Georgia were marked by high net migration, decreasing natural growth and clear indications of population ageing. In 1989, the population of Georgia was 5.4 million, while the 2002 census recorded fewer than 4.4 million<sup>6</sup> in the territory controlled by the Georgian government. By 2003, the combination of net migration and declining natural growth represented a loss in population of over 1 million, equivalent to one fifth of the 1989 population. The age structure of the Georgian population reflects these trends, with a relatively large proportion of the population aged over 65 years (13.3% in 2004) and an increasingly smaller proportion of individuals aged less than 14 years (18.6% in 2004).<sup>7</sup> The share of the working-age population has grown slightly since 2003; in 2004 it represented 68% of the population. The female population clearly predominates (53%) (Figures 3 and 4). The increasingly smaller proportion of younger people will lead to a significant reduction in the working-age population in the mid-to-long term. In other (more developed) ageing societies, low natural population growth is being partially compensated for by immigration flows that frequently follow different patterns in fertility terms (at least in the first generation). However it seems unlikely that Georgia will attract immigrants unless the present employment and job creation situation changes for the better.

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<sup>4</sup> With the enlargement of the EU that took place on 1 May 2004 and the accession of 10 new member states, the external borders of the EU moved to the East and a new European Neighbourhood Policy (ENP) was created to develop mutual-benefit partnerships with new neighbours, with the aim of promoting security, stability and prosperity. Following a recommendation of the European Commission, on 14 June 2004, the European Council decided to offer Georgia, Armenia and Azerbaijan the opportunity to participate in the ENP.

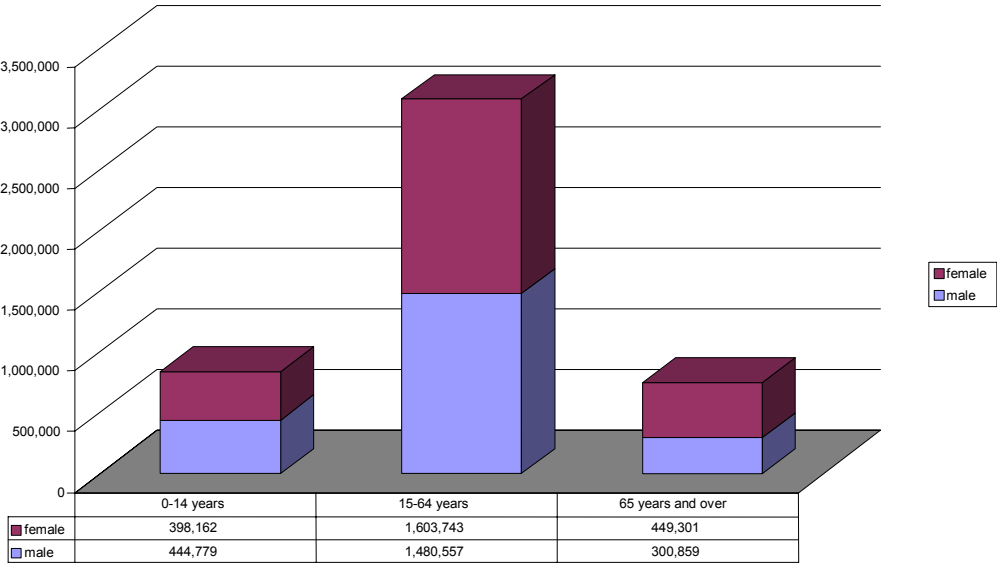
<sup>5</sup> Milcher, S. and Slay, B. (2005)

<sup>6</sup> See <http://www.statistics.ge/index.php?plang=1>. Population and vital statistics / Resident population of Georgia. Three regions split from Georgian control after 1990. The 2004 estimated population for the total territory was 4,543,000 inhabitants.

<sup>7</sup> In the period 1999-2004 the population aged 1-14 years fell on average by 3.3% per annum; in 2004 the fall bottomed out at 9%. See <http://www.statistics.ge/index.php?plang=1>. Population and vital statistics / Resident population of Georgia.

In the period 1992-1996 there was annual net external migration of 120,000 persons; every year, thus, Georgia was losing around 2.2-2.6% of its 1989 population.<sup>8</sup> In the late 1990s emigration slowed down somewhat, reaching around 30,000 in 2003. Migrants were typically urban skilled workers with Russian or Georgian nationality. Young people also tended to migrate, whether to enrol in further studies or to search for work. Although the massive outflow of population has contributed to relaxing some of the pressures on the labour market, it has also eroded the skilled labour force.

**Figure 3: Age structure of the Georgian population**



Source: The World Factbook 2005

Brain drain (defined as emigration of more than 10% of third-level graduates) is not just an issue in reported migration flows in the 1990s and a factor to seriously consider in the present economic and labour context; it also must be considered in the context of closer integration with the EU and liberalisation of labour flows (the promotion of the free movement of persons and full participation in the European Higher Education Area).

The traditional view of brain drain is that the international mobility of skilled workers is a zero-sum game, for the following reasons:

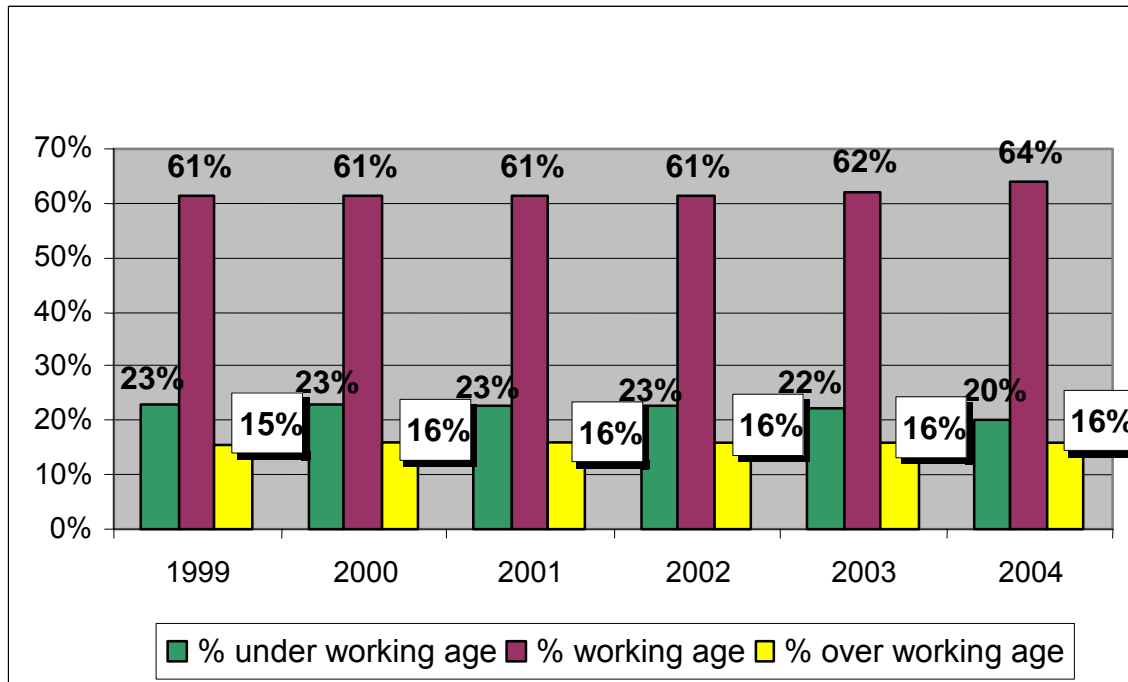
- It seriously compromises long-term economic growth
- It reduces a country's attractiveness for future FDI and R&D expenditures (due to shortages of qualified workers)
- There is no return on the investment (mostly public) in human resource development.

Notwithstanding these risks, more recent literature on the subject has also identified potentially beneficial effects of brain drain, as follows:

- Migrants send remittances from host countries
- Returning migrants have acquired knowledge and skills in more advanced economies that can be applied in their own country
- Trade and business networks are created that link national entrepreneurial initiatives with access to markets in developed economies
- The prospect of migration possibly acts as an incentive in terms of human capital training at home.

<sup>8</sup> See <http://www.statistics.ge/index.php?plang=1>. Social trends in Georgia: 2004, p. 9. In 1993 and 1994 net external migration was 140,000 people.

**Figure 4: Georgian population by age group (%) 1999-2004**



Source: Georgian State Department of Statistics.

These beneficial effects (positive externalities) on labour-exporting countries should be taken into account in any economic analysis. Moreover, despite the problems posed, a realistic response requires abandoning the approach of trying to keep the highly skilled at home.

In regard to the potential role to be played by the education and training system in regard to this novel perspective on brain drain, the following elements need to be considered:

- Properly functioning educational and labour market systems retain qualified people in a country
- An education and training system that promotes the development of key competences in the whole population will equip people with skills that maximise the possibility of successful integration in host countries by potential migrants and that contribute to better economic performance in the home country
- Transparency in and recognition of professional qualifications and diplomas for both emigrants and returning migrants is an important consideration
- Educational systems need to cooperate at the international level in a partnership approach (harmonisation)
- Linkages need to be made between migration and other developmental issues.

## The labour market

According to data from the State Department of Statistics, the activity rate of the Georgian population is around 65%. Economic activity is higher in rural areas (57% of the total) and among the male population. In 2004, just over 2 million citizens were economically active, of whom 87.4% were employed. The unemployment rate in 2004, according to official statistical data, was in the range of 12-15%, whereas the employment rate was 56.6%. (Table 5).

The employed population (aged 15-64 years) decreased in the period 2002-2003. The employment rate was 56.6% in 2004, and average annual growth in the employed rate for the period 1998-2003 was 1%. The oldest age group (over 65 years) represents the largest share of the employed population (ranging from 16-17% in the period 1998-2003)—greater than the share of what is typically

the most active age group (40-44 years).<sup>9</sup> Higher employment rates among the oldest age group indicate that an inadequate social security system and widespread poverty have forced many elderly people to seek additional sources of income. Employment data was compiled using internationally accepted statistical criteria, and what is clear is that the economic conditions of Georgia are such that, in comparison with more developed economies, jobs are precarious and unproductive.

The level of economic activity of the population aged 30 years and younger fell from 48.3% in 1998 to 45.1% in 2003, whereas the level of economic activity of the population aged over 30 increased to 72.7% in 2003 from 70.9% in 1998.

**Table 5: Structure of the labour force and economic activity indicators 1996-2004<sup>+</sup>**

	1996	2000	2001	2002	2003	2004
Total population aged 15+	<b>3273.4</b>	<b>3152</b>	<b>3192.7</b>	<b>3239.5</b>	<b>3104.4</b>	<b>3151.1</b>
Total active population (labour force)*	2123.8	2052.9	2114	2104.2	2050.4	2041
Total active population (labour force)**	2250.4	2170.5	2229.9	2174.6	2112.3	2103.9
Employed	1852.8	1840.7	1878.3	1839.2	1814.5	1783.3
Hired	760.9	684.9	654.6	650.9	618.5	600.9
Self-employed	902.6	1043.5	1136.2	1184.9	1194.7	1180.8
Confused	189.4	112.3	87.3	3.4	1.3	1.6
Unemployed*	270.9	212.2	235.7	265	235.9	257.6
Unemployed**	397.5	329.8	351.6	335.4	297.8	320.5
Registered	21.4	6.9	7.9	25.8	29.9	27.7
Unregistered	219.9	199.1	219.5	231	206.00	230
Population out of the labour force*	1121.5	1098.4	1078.1	1135.3	1048.4	1105.9
Population out of the labour force**	1002.4	980.9	962.1	1064.9	986.5	1043
Unemployment rate (%)*	12.8	10.3	11.1	12.6	11.5	12.6
Unemployment rate (%)**	17.7	15.2	15.8	15.4	14.1	15.2
Activity rate (%)*	64.9	65.1	66.2	65	66.00	64.8
Activity rate (%)**	68.7	68.9	69.8	67.1	68.00	66.8
Employment rate (%)*	56.6	58.4	58.8	56.8	58.4	56.6

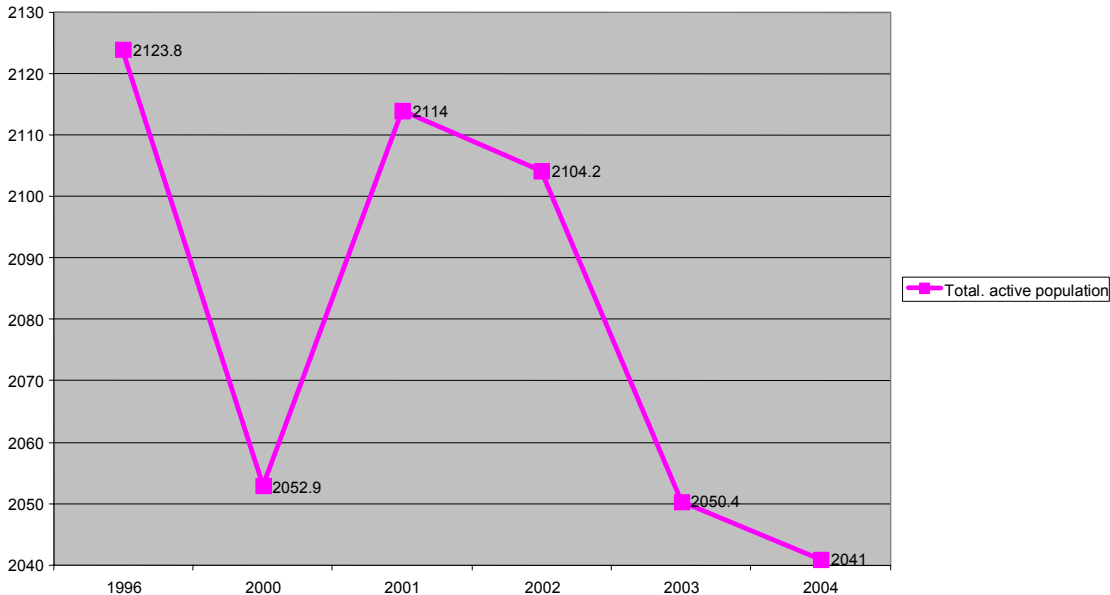
+ Data are given in thousands unless otherwise indicated.

Source: Georgian State Department of Statistics.

According to the LFS, the active population decreased by 82,800 individuals (3.8%) between 1996 and 2004. Almost the same proportional decrease took place in the overall working-age population (3.7%), and the non-active working-age population also decreased by a similar percentage (4%).

<sup>9</sup> See <http://www.statistics.ge/index.php?plang=1>. Labour market in Georgia 1998-2003: collected statistics, 2004, p. 33.

**Figure 5: Total active population**

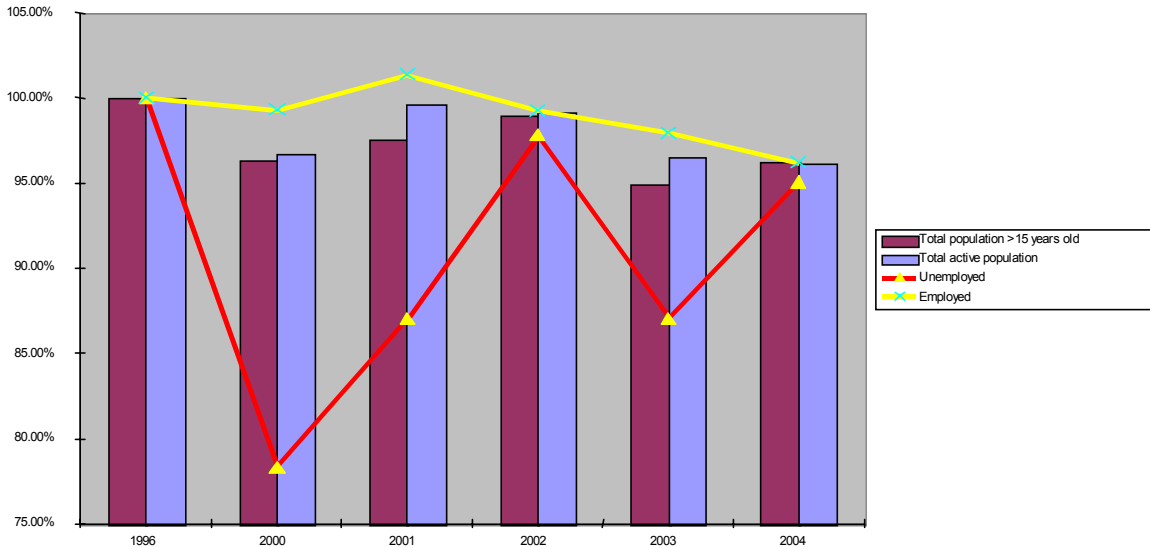


Source: Georgian State Department of Statistics.

The labour market dimensions that follow a different pattern are unemployment and employment rates (Figure 6).

The employment rate rose to a peak in 2001, when it started to descend again, reflecting overall working population and active population trends (a fall of 3.7% in respect to the 1996 figure). However, between 1996 and 2000, while the employment rate remained very much the same, the unemployment rate dropped by 21.6%, but afterwards started to grow again, reaching, in 2004, a rate that was slightly below the fall in the working-age population (4.9%).

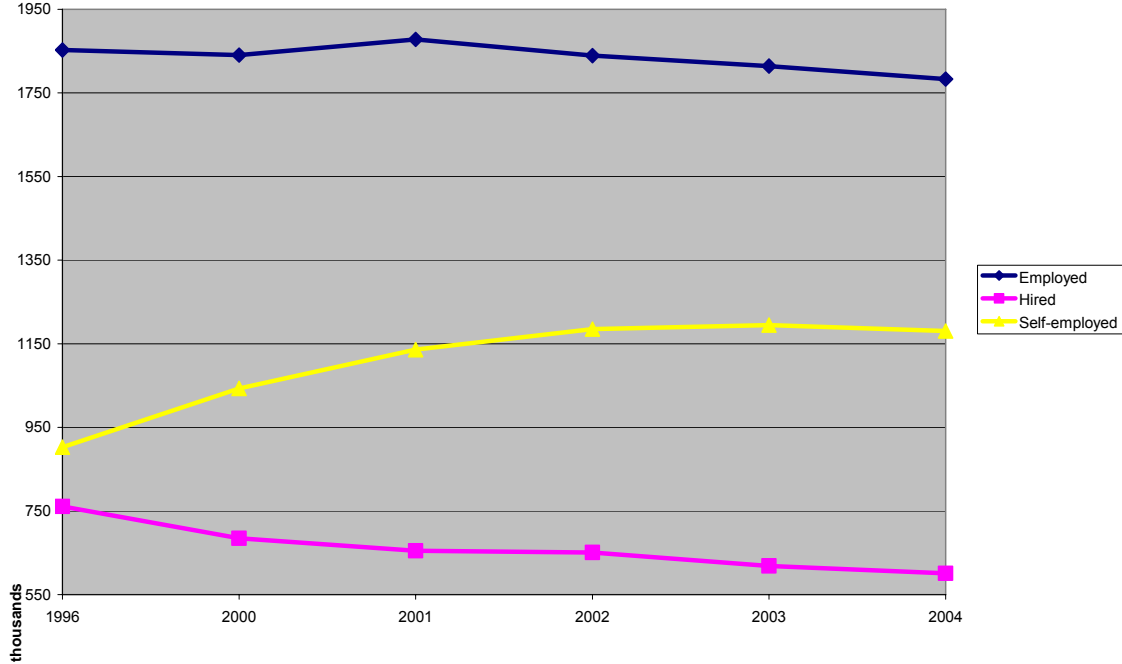
**Figure 6: Employment and unemployment rates 1996-2004**



Source: Georgian State Department of Statistics.

In terms of kinds of employment, the most significant trend is the shift from hired to self-employed status (Figure 7).

**Figure 7: Employment type 1996-2004**



Source: Georgian State Department of Statistics.

Analysis of general employment and unemployment rates fail to provide a true picture unless the data is broken down by regions and in urban-rural terms. The significant role played by agricultural employment affects the overall picture in Georgia. Statistics, moreover, fail to disclose qualitative issues, namely, the fact that jobs (including self-employment) in subsistence agriculture are precarious and unproductive, and unless there is investment in new production and marketing methods and skills, significant progress in the agricultural economy will be very slow, which means, in turn, that progress in terms of poverty reduction will be further delayed.

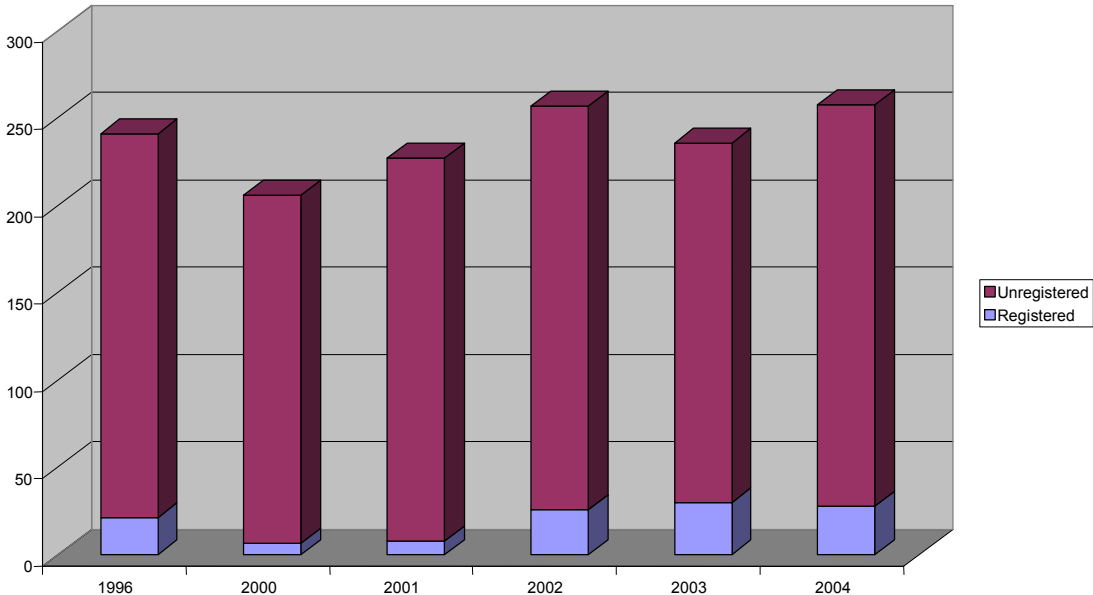
The Georgian economic fabric is such that a disproportionate number of individual enterprises (typically small in size and often sole trader operations) represented 54% of the total of registered private law entities in 2003 (49% in 2000). However, in comparison with other types of business entities, individual enterprises show deteriorating performance indicators; their share of total turnover (5% in 2003, down from 11% in 2000) and of total employment (8-9%) across activity branches is very small.<sup>10</sup> Trade (wholesale and retail), vehicle repair, personal and household goods, and hotels and restaurants are the activities where individual enterprises make the highest contribution to both total turnover (between 10% and 30%) and total employed (between 21% and 72%). However, even these shares declined rapidly in the period 2000 to 2003. If, for example, in 2000, individual enterprises accounted for 50% of employment in hotels and restaurants, by 2003 this figure had halved.

The unemployment rate was between 11.1% and 12.6% in the period 2001-2004.<sup>11</sup> The highest levels of unemployment affected the population in the 20-24 age group (24-30%) and 25-29 age group (20-24%), whereby the 30-34 age group saw a strong rise in unemployment between 2001 and 2004, from 13% to 19%. In 2004 the new authorities implemented a massive downsizing programme in major public structures (ministries, agencies and other institutions) that led to several thousand civil servants being laid off, which contributed to the increase in the unemployment rate in 2004. Very few unemployed people are registered with the employment service (Figure 8)

<sup>10</sup> See <http://www.statistics.ge/index.php?plang=1>. Business in Georgia 2004: individual enterprises (enterprise survey).

<sup>11</sup> Georgian State Department of Statistics. Data based on labour force surveys, not on officially registered unemployed.

**Figure 8: Registered and unregistered unemployment**



Source: Georgian State Department of Statistics.

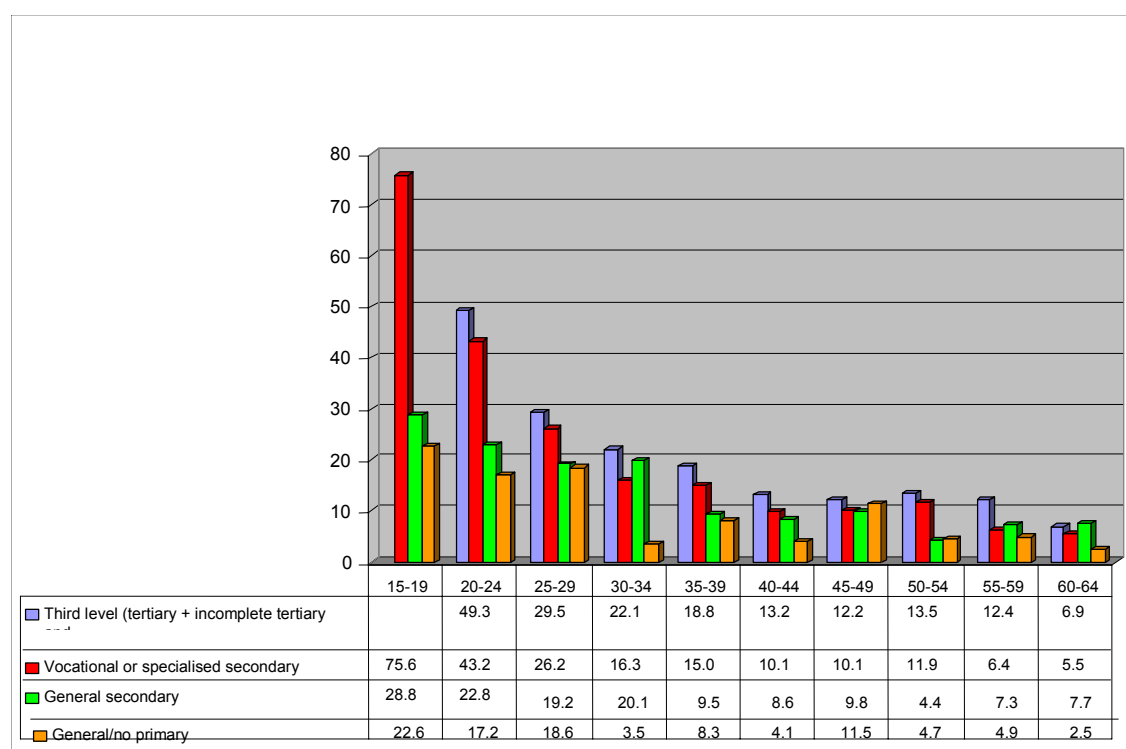
According to an analysis conducted by the Institute of Public Marketing, skill irrelevance is a major problem in the labour force, despite the significant numbers of employed and job seekers with higher education, general secondary education or vocational education. The Institute reports that over 40% of the population is employed in occupations unrelated to their educational profile. This discrepancy between occupation and education is more frequent in the public administration, but is also the case in economic sectors such as construction, trade, and agriculture.

The data reveal that higher education qualifications do not necessarily guarantee suitable employment (Figure 9). For instance, 43.4% of physicists, chemists and similar are employed in fields unrelated to their background, and another 48.2% are simply unemployed. The corresponding figures for architects, engineers and similar professionals are 41.8% and 47.5%, respectively, for medical doctors, 14.5% and 38.3%, respectively, and for general secondary and vocational education teachers, 24.4% and 43.3%, respectively. As for professionals in the economics and humanities fields the indicators are even worse (40.3% and 50.8%, respectively).<sup>12</sup>

<sup>12</sup> See [http://www.statistics.ge/Main/census/Eng\\_ed/Chapter%204%20Eng.htm#IV.%20Education](http://www.statistics.ge/Main/census/Eng_ed/Chapter%204%20Eng.htm#IV.%20Education). 2002 census data. Education of the population, pp. 100-101.



**Figure 9: Unemployment by age group / educational attainment**



Source: ETF calculation based on LFS 2003, Georgian State Department of Statistics.

## The informal sector

According to a recent study on the size and development of world shadow economies, Georgia has the largest shadow economy among the CIS, representing around 68% of GDP in the period 2002-2003 compared to 67.3% in 1999-2000.<sup>13</sup> According to the same study, Georgia surpassed Azerbaijan in the Central/Eastern Europe and CIS groups; Armenia, in contrast, has a rate equivalent to 49% of GDP.

Since the break-up of the Soviet Union over fifteen years ago, the Newly Independent States (NIS) have witnessed a growing informalisation of their labour markets. This informal economy is not new, as there had long been a parallel, private, unregistered and untaxed part of the economy during the Soviet period, referred to as the 'second economy'. The informal economy comprises all production and exchange activity that is for private gain and/or in knowing contravention of existing laws.

Preliminary evidence suggests that Georgia has one of the largest informal economies in the region. The growth in informal employment has largely been the result of a contraction in both private and public incomes. A collapse in production and large-scale privatisation resulted in a severe fiscal crisis, crippling the Government's ability to provide social security, and contributing, amongst other things, to the informalisation of payments for social services. Moreover, there was a contraction in formal employment and a reduction in real wages. Given that there is no state social security net, those with no employment income have had to resort to a variety of informal, low-skilled, precarious activities to survive.

<sup>13</sup> Schneider, F.(2005). *Shadow economies of 145 countries all over the world: estimation results over the period 1999 to 2003*, pp. 18-19. In this study, the shadow economy is defined as market-based legal production of goods and services that are deliberately concealed from public authorities for a number of reasons, namely, avoidance of taxes and social security and of legal labour market standards and certain administrative procedures. It does not include underground and financial crime activities. Available at: <http://www.dur.ac.uk/john.ashworth/EPCS/Papers/Schneider.pdf>.

An International Labour Organisation (ILO) analysis has provided a profile of informal employment in Georgia based on Labour Force Survey (LFS) data for 1998 and 1999.<sup>14</sup> According to this analysis, in transition countries, the term 'informal sector' (or 'informal economy') has been used to describe a wide variety of activities that have very little in common with each other, such as subsistence agriculture, barter, petty trade, corruption, theft of state property, bribery, tax evasion and organised crime. However, the ILO study distinguishes between 'informal' and 'underground' activities in order to provide a structure for the analysis of informal employment. In particular, a distinction is drawn between informal sector employment, which only includes employment in certain types of household enterprises, and all informal employment, regardless of where it occurs.

The conclusion of this study was that the majority of Georgians are informally employed. Moreover, the analysis highlights that there is a dual dimension to employment in Georgia. On the one hand, there are the formally employed employees working for the state in urban centres, who tend to be better educated and who are generally middle-aged. On the other hand, there are the informally employed, largely self-employed and typically living in rural areas; they work in agriculture and in other sectors; have lower levels of education and include significant numbers of elderly and young people. The findings also suggest that informal employment is a rational coping strategy in the absence of formal jobs and social security. More than one quarter of the elderly engage in informal employment, and one third of workers with higher education qualifications are either self-employed agricultural workers or informally employed. The share of informal employment in Georgia's poorer regions, moreover, is higher.

There is the risk that informal employment may be contributing to de-skilling the labour force, as it was found that a significant share of people with higher education qualifications are either unemployed or employed in low-skilled, informal jobs. There is almost no formal, private sector employment in Georgia, and the little there is consists of registered agricultural self-employed workers. These findings seriously question the success of the transition process and of the proposed labour market models, in that it was predicted that privatisation and restructuring would result in the creation of a private sector labour market similar to that of the Western economies.

## Poverty

Georgia's economic collapse and consequent growth in unemployment was followed by sharp deterioration in economic growth, living standards and poverty (Table 5).

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<sup>14</sup> Bernabè, S. (2002). *A profile of informal employment: the case of Georgia*. Working papers on the Informal Economy, Geneva, International Labour Organisation. Available at: <http://www.ilo.org/dyn/infoecon/docs/30/F1492665663/georgia%20mine.pdf>

**Table 5: Poverty indicators (%) 1998–2003**

Indicators	1998	1999	2000	2001	2002	2003
Based on <u>consumption</u>						
<b>1) Poverty Level</b>						
Towards living minimum	50.2	51.4	51.8	51.1	52.1	54.5
Towards 60% of median	23.3	23.3	23.0	21.6	21.8	20.9
Towards 40% of median	10.7	10.2	10.3	8.9	9.7	9.2
<b>2) Poverty Depth</b>						
Towards living minimum	19.5	20.3	20.2	19.3	19.8	21.1
Towards 60% of median	8.1	7.7	7.6	6.8	7.1	6.9
Towards 40% of median	3.6	3.3	3.2	2.8	3.0	3.1
<b>3) Poverty Severity</b>						
Towards living minimum	8.4	10.7	10.7	9.9	10.3	11.2
Towards 60% of median	4.1	3.7	3.7	3.3	3.5	3.5
Towards 40% of median	3.8	1.6	1.6	1.4	1.5	1.6

Source: Georgian State Department of Statistics.

More than half of the population of Georgia lives in poverty and the overall living standard has worsened in recent years. For some years rural areas in Georgia were poorer than urban areas, but the economic crisis of the first half of the 1990s has more directly affected the urban economy (Table 6).

**Table 6: Urban and rural poverty (%)**

Poverty level	1998	1999	2000	2001	2002	2003	2004
Towards living minimum							
Urban areas	54.4	60.5	57.0	54.4	55.4	52.7	51.3
Rural areas	45.3	41.8	46.1	47.6	48.5	56.2	53.4

Source: Georgian State Department of Statistics.

The share of the population living below the official poverty line (i.e. at subsistence level) increased significantly in 2002-2003 (to 54.5%), particularly in rural areas. This indicator improved to 51.3% in 2004 (rural poverty 53.4%). By 2004 extreme poverty had worsened in rural areas, producing an increase (17.4%) in the average indicator. Regional distributions of poverty varied, with the lowest levels recorded for Tbilissi and Imereti (at 44.5% and 39.6%, respectively); the highest level was recorded for Kvemo Kartli, with 78% of its population living below the poverty line and with one third living in extreme poverty.

According to World Bank (WB) research, poverty in Georgia is fundamentally linked to labour market status, with unemployment and lack of adequately remunerated jobs being the main causes.<sup>15</sup>

In 1998-2004, it was estimated that the average monthly household income of Georgians amounted to around US\$75-80 (150-170 GEL), of which 73-78% was monetary income and the rest non-monetary income. Around 33-40% of income was from employment; 12-15% from the sale of farm produce; 5-

<sup>15</sup> World Bank (1999). *Georgia Poverty and Income Distribution*. Two-part Report. Part 1. March, 1999.p.9. Available from: [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1999/09/10/000094946\\_9906260530395/Rendered/PDF/multi\\_page.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/1999/09/10/000094946_9906260530395/Rendered/PDF/multi_page.pdf)

6% from pensions, scholarships and national assistance; and 6-7% from assistance from relatives. Around 10-15% of income was raised by selling property, obtaining cash advances or using savings, all of which point to a worsening of the material conditions of the population.

Most of the household income of Georgians (56-75%) is spent on consumer items, as follows: 41% on provisions, 5% on clothing and footwear, 7-9% on household goods and electricity, 6% on transport, 1.5% on tobacco, and the remaining 2.2% on education, culture and miscellaneous. Health care expenditure on family members is very low (on average, 1.7%).

This kind of domestic economy structure and the associated expenditure patterns are indicators of a low living standard for most of the Georgian population. The Gini Index (an indicator of unequal distributions) for Georgia is 0.54 for total incomes, and 0.43 for total expenses, which would indicate that most families in Georgia are living in poverty.

Elimination of poverty in Georgia is one of the main strategic issues facing Georgia's government. In 2003, with the support of the WB, the government drew up a Poverty Reduction and Economic Growth Program (PREGP). A poverty eradication programme was launched in Georgia in November 2005, with the priority of organising social assistance for poor families. A state Social Assistance and Employment Agency was created which was to be responsible for identifying poor families, establishing their incomes and deciding the social assistance grants to be awarded to each member of a family. An open competition held in May 2006 led to the selection of 400 social workers for special training. The number of beneficiaries of this programme is expected to be in the region of 500,000-600,000 families.

The EDPRP provides a sound analysis of poverty in Georgia, based in part on the Household/Labour Survey, which is considered among the best of the former Soviet Union countries.<sup>16</sup> The EDPRP also analyses the particular vulnerability of children, the unemployed, and internally displaced persons, as also the geographical distribution of poverty. It concluded that although urban poverty is consistently higher than rural poverty, vulnerability is higher among the population living in rural areas.

The EDPRP notes that the 1998 Russia crisis and the 1998 and 2000 droughts increased the Georgian population's vulnerability to poverty. While 14% of Georgians are living in extreme poverty, many more are vulnerable to poverty (the EDPRP estimates overall poverty incidence in 2001 to be 52%).

According to the WB-IMF, future development of the EDPRP should include a greater focus on the links between poverty and economic policy. Although the programme provides an appropriate analysis of the immediate causes of poverty, the relationship between the economic policy choices proposed in the programme and the structure and magnitude of poverty, particularly in public expenditure, requires greater emphasis.

The political changeover in 2004 raised the issue of reconsidering the three-year action plan envisaged in the EDPRP, so as to adapt it to the key principles established by the new authorities. An EDPRP progress report (January 2005) identified priorities related basically to transparency, the quality of public services, a reduction in bureaucracy, improved human rights and eradication of poverty.

According to the National Human Development Report (NHDR) Georgia 2001/2002, which focused on poverty,<sup>17</sup> economic growth as an engine for the creation of employment opportunities and poverty reduction constitutes the major theme of the poverty reduction programme. The document leaves no doubt as to its focus, which is that "the elimination of poverty in the country is directly connected with the economic development, i.e. fast and steady economic growth is the most important goal of the given strategy. This avenue of work makes sense because one cannot share what one does not have. However, in doing so, means should not be confused with ends. Economic growth is worth achieving as long as the general population benefits from it. A programme for poverty reduction should achieve a balance between its efforts to promote increased economic activity and its efforts to ensure that increased economic activity translates into higher levels of human development. Increased levels of human development will not flow naturally from increased levels of economic activity. Access by the

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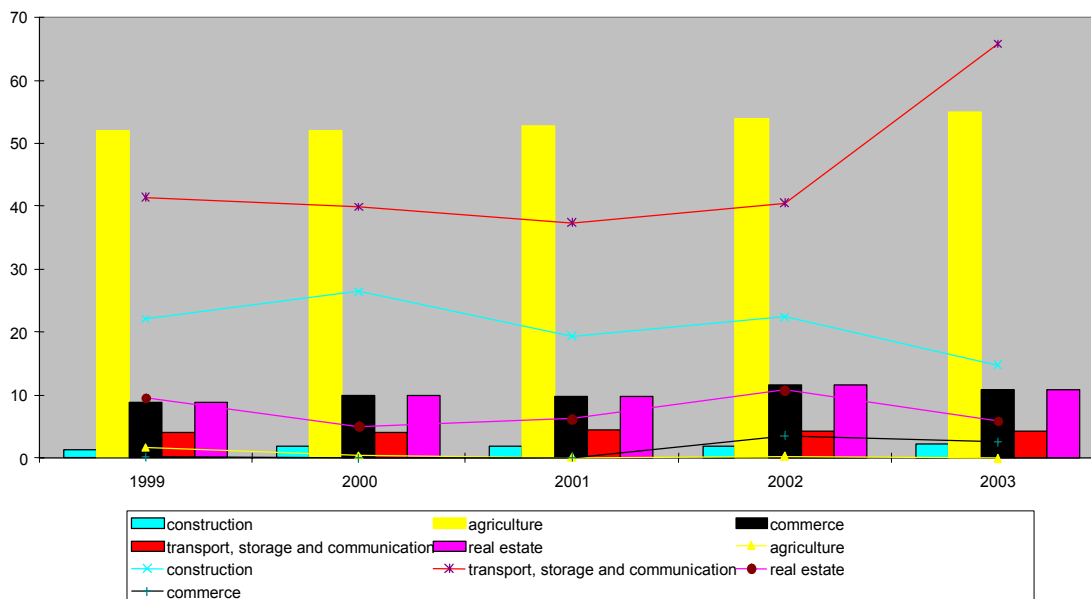
<sup>16</sup> World Bank-International Monetary Fund (2003). *Georgia. Economic Development and Poverty Reduction Programme and Joint WB-IMF Staff Assessment (2003-2005)*.

<sup>17</sup> See <http://www.undp.org/ge/nhdrfrset2002.htm>.

poor to basic social services like health and education or to social goods like civic liberties do not necessarily go hand in hand with economic growth.”<sup>18</sup>

Economic growth that encourages the productive use of labour, the main asset of the poor, usually generates more rapid reduction in poverty than growth in sectors in which the poor have low participation rates. Georgia is an example of economic growth in sectors far away from the reach of the poor. According to the State Department of Statistics, 75% of the increase in the real value added in the Georgian economy in the period 1997-2004 took place in just three sectors—communications, financial intermediation and transportation—whose aggregate share in total employment is below 5% (Figure 10).

**Figure 10: Employment and capital investments by economic sector 1999-2003**



\* The bars represent employment and the lines, investment.

Source: Statistical Yearbook of Georgia 2004. Tbilisi, 2004, pp. 52-55. and pp. 222-223

Despite GDP growth over the period, the State Department of Statistics reports that overall private consumption declined. The lesson here is that in terms of human development, total income says little unless the distribution pattern is specified.

Public spending is an important factor driving the improvement in health status and educational attainment of the poor. In general, governments underspend in these sectors and there is still a long way to go before it would generate trade-offs with economic growth. Georgia does not appear to be an exception to this rule. Its spending on health and education is low. Moreover, the poor appear to benefit more from transfers in the form of greater access to basic social services than from transfers based purely on cash, if and when the intended objective is an increased consumption of health and education services.

There also appears to be important synergies between increases in average income and expanded opportunities for the poor to access social services. There is evidence that increased wealth matters to the extent that it results in both lower ‘income poverty’ and better public services. Although there is a correlation among countries between increased average income and increased life expectancy, this correlation disappears when variables like poverty levels and public spending on health enter the analysis. This result continues to hold even if other indicators of health are used. The message is that the importance of public spending on health is quantitatively significant well beyond the effect of

<sup>18</sup> See <http://www.undp.org.ge/nhdr2001-02/chpt4.htm>.

increased incomes. Specifically, the same evidence suggests that two thirds of the increase in life expectancy because of increased income is attributable to the positive effect of increased income on public health spending. The remaining third is attributed to the decrease in income poverty that typically accompanies higher average incomes.

In summary, evidence and experience show that anti-poverty strategies face the challenging task of not only promoting increases in GDP, but also putting into place mechanisms that allow the poorest sectors of the population to share the benefits by means of greater access to employment, income, education, health care services and civic liberties. This task, as has become apparent in Georgia, is not easy. The successful implementation of anti-poverty policies will demand not only first class technical expertise but also overwhelming political support.

## The business environment and entrepreneurship

Small and medium enterprises (SMEs) account for a large proportion of the private sector in Georgia. A recent Organisation for Economic Cooperation and Development (OECD) report reveals that companies employing fewer than 100 people provide 90% of new jobs. Their development is very important for employment and growth, particularly as the state budget will benefit from their tax contributions. SME development is constrained by the poor business environment, especially by petty corruption, non-transparent tax collection practices, an unpredictable legal, environmental and administrative barriers to registration and obtaining licenses and permits for entrepreneurial activity. SMEs also suffer from poor access to finance. Enhanced collateral legislation and insolvency laws would directly improve the ability of the banks to provide higher levels of credit to SMEs, and in the medium term, this could be expected to lead to a significant reduction in interest rates.

Major challenges for supporting SME development involve designing an adequate legislative framework, improving the consultation process between businesses and the government, and specific efforts to improve SME access to finance (including the development of alternatives to bank lending, such as leasing).

In the WB ranking of business climates in 150 countries for 2005, developed on the basis of an index calculated for 10 topics,<sup>19</sup> Georgia was ranked 100. The biggest obstacles for business corresponded to the items “trading across borders”, “paying taxes” and “dealing with licenses”. The costs and procedures involved in importing and exporting a standardised shipment of goods in Georgia require, for example, every official procedure involved to be recorded—commencing with the final contractual agreement between the two parties and ending with the delivery of the goods. Exporting and importing in 2005 required, respectively, up to 35 signatures and 54 days, and 42 signatures and 52 days (the equivalent figures for OECD countries for exports and imports were 3 signatures and 12 days, and 3 signatures and 14 days, respectively). To pay taxes, a company had to make 49 payments, spend 448 hours and pay 49.7% of gross profit. To complete licensing processes, 29 steps and 282 days were required, for a cost of 144.6% of income per capita (the equivalent figures for the OECD were 14, 150 and 68%, respectively).

These are three issues that are closely related with the potential role of the government and the regulatory environment in removing the obstacles to doing business—although the same can be said in regard to three items for which Georgia was comparatively better placed, namely, “registering property”, “starting a business” and “firing and hiring”. In respect of “hiring and firing”, Georgia appears to have very flexible employment regulations.

During the transition in Georgia, the labour market has shown outstanding flexibility. Despite the catastrophic fall in GDP, employment contracted only marginally. This flexibility has been achieved mainly through the informalisation of employment and through the re-allocation of labour to small-scale agriculture. Informalisation has dampened the impact of the crisis and temporarily protected the poor, by stabilising the extreme poverty rate at a politically and socially acceptable level. However, informalisation has limited the impact of market forces favouring human capital accumulation on the formation of earnings. Today, a large and growing proportion of the Georgian labour force relies on self-employment as the primary means of earning an income. For some, this is an avenue to earnings mobility and growth; for the majority, however, self-employment remains limited to low-productivity agricultural or trading activities, with little stability in earnings and little potential for long-term earnings

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<sup>19</sup> World Bank (2005). See <http://www.doingbusiness.org/>.

growth. Prospects for the future hinge critically on the economy's ability to both generate new private formal sector jobs and to channel labour away from low-productivity activities to higher value-added sectors.<sup>20</sup>

## Labour and employment institutions

Under Georgian employment legislation, a state employment service was established to implement employment policy, which has been functioning under different names and forms since 1991 (e.g. the State Labour House, the State Employment Department, etc). An employment fund and a career guidance centre for the unemployed were also created. In 1998, the state employment service and the employment fund were combined to create the Unified State Fund of Employment, which undertook all the functions to be carried out in the employment sphere. Employed by the fund were 780 people, a number which fell to 440 employees in 2000. In 2001, the Unified State Fund of Employment was renamed the State Employment Service, and employee numbers were further reduced to 260 people (65 of whom work in the central office). On the basis of this new reform, functions were separated as follows: policy and controls became the responsibility of the Ministry of Labour, Health and Social Protection; programme implementation was charged to the State Employment Service; and programme funding and inspection became the responsibility of the Unified State Fund of Social Insurance (also responsible for implementing and inspecting the health, pensions and social assistance programmes). The career guidance service was closed down.

In 2005, another restructuring of the State Employment Service was carried out. A State Agency of Social Assistance and Employment was created in order to implement a poverty eradication programme. In the employment sphere, functions remained as before. In the social assistance sphere, additional functions were the definition and identification of poor families and the granting of social assistance to eligible families. We are of the opinion that joining dissimilar administrative functions in one structure is inappropriate and ineffective.

According to Georgian employment legislation and the regulations governing the State Employment Agency, the main competencies of the latter are as follows:

- a) To collect information on the labour market
- b) To register and monitor job seekers
- c) To obtain information on job vacancies and create a database
- d) To inform the population on the main aims of state employment policy
- e) To participate in preparing and discussing state employment programmes
- f) To organise mediation activities that match job vacancies and job seekers
- g) To provide career guidance to job seekers
- h) To organise social work
- i) To locate unemployed people eligible for allowances and to issue allowances in the framework of the appropriate programme.

The main kinds of employment services offered are:

- Exchange service for the purpose of finding employment for job seekers
- Information provision to job seekers and employers on labour supply and demand conditions
- Career guidance for job seekers

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<sup>20</sup> Ruslan Yemtsov (2001).

- Information provision to the population about the main aims of state employment policy and the state employment programmes
- The provision of temporary community work to the unemployed
- The organisation of professional training and retraining in accordance with labour market requirements, aimed at raising the skill level of the unemployed
- The granting of allowances to the unemployed.

In order to organise the exchange service the agency needs to gather the information about vacancies from employers. Under Georgian employment legislation, an employer is obliged to inform the State Employment Service about vacancies at the risk of being fined. In our opinion, influencing employer actions by means of an administrative regulation is not the best approach to obtaining vacancy information. If a mediation service is effective, the employer will be encouraged to use the service, particularly if the service is free.

State Employment Service information, consultation and other services are free to job seekers. For the purpose of effectively carrying out training or retraining programmes for the unemployed, links have been established with vocational education centres.

According to Georgian employment legislation, social protection of the unemployed is effected by granting allowances from state funds allocated to social protection and employment support.

The State Employment Service is clearly not considered to be a priority of the Georgian government, which seems to be more concerned at present with supporting job creation through economic development. The service has lost over half of its employees due to cutbacks and has processed a declining number of vacancies and job seekers in recent years. We are of the opinion that increased government support to this public employment service is crucial to sustainable development. Its development could contribute to economic growth if it was more directly related with other governmental policies, such as promoting entrepreneurship and attracting foreign direct investment.

## Labour force qualifications and skill mismatches

In 2004 a survey was conducted with the purpose of studying current and future labour force requirements in the city of Tbilisi.<sup>21</sup> Three main branches of the national economy were covered, namely, the food industry, construction, and hotels and restaurants. The survey was carried out in 121 enterprises (26 food, 40 construction, and 55 hotels and restaurants). The focus of the research was on staff professions and skills, employer requirements in regard to professional abilities and skills, problems in attracting qualified staff, expected future changes in employee numbers, and possibilities and prospects for raising skill levels. The surveyed enterprises were profiled according to present requirements, and identified were the professions (specialties) which would be in demand in the next 2-3 years, as well as the problems of retraining existing staff and raising skill levels.

Another survey—of 30 enterprises—was conducted in the framework of the present study in May/June 2005 in Tbilisi. The respondents were business people (owners and managers) operating in developing sectors in Georgia, namely, transport, communications, banking and finance, insurance and services (tourism, computers, etc). Two thirds of the enterprises in this survey declared that profits had increased.

In the 2004 survey most of the respondents (62%) did not expect to experience important changes in their activity or staff in the coming years, while 16.5% of enterprises were uncertain of the changes to expect in the future. In the 2005 survey, 33% expected to experience important increases in production. The majority planned to renew technologies (53%), whereas other expectations were to improve the quality of products or services (33%), carry out new projects (23%) or attract new stockholders (13%). In the first group of enterprises staff turnover was low, while most of the firms in the second group planned to hire new staff (almost half on a temporary basis). Highly qualified and well-prepared staff were identified as one of the main factors upon which to base development and growth in around half of the companies in the 2005 survey, and this was also the overall opinion of the

<sup>21</sup> Scientific Research Institute of Labour and Production Organisation (2004). *Monitoring of Labour Force Requirement and Supply in the City of Tbilisi*, Tbilisi Town Council. This sociological investigation was carried out in July-August 2004 within the framework of the programme for Professional Retraining and Employment of the Unemployed Population.



respondents in the 2004 survey. Around 68% of employers considered their employee qualifications to suit the requirements of the enterprise. However, in the 2005 survey, attracting qualified personnel, lack of experience in business management and the non-existence of an effective recruitment system were indicated as obstacles to growth and improved competitiveness by one third of respondents. In the 2004 survey this problem only referred to managers and private companies.

Major findings in regard to these surveys are as follows:

- Both indicate that the immense majority of companies recruit staff mainly through friends, relatives or recommendations (85.4% in the 2004 survey and 65% in the 2005 survey). In the latter, in particular, contacts (60%), specialists (63%) and managers (70%) were relied on to obtain staff.
- Interviews (68%) and testing were the most commonly used methods for candidate selection; for two thirds of the respondents to the 2004 survey, the most senior manager was involved in selection, at least for middle managers.
- The attributes most in demand were personal qualities (83% of the responses referred to aspects such as responsibility, attitude, and people skills), followed by professional knowledge and skills (77% of the responses). The 2004 survey revealed significant differences between public and private companies, with the latter being more interested in the second category of skills than the former.
- Despite companies generally considering the upgrading of staff skills to be important in improving competitiveness (63% in the 2005 survey), very few companies actually organised training (13% and 19% in the 2005 and 2004 surveys, respectively), but relied, rather, on informal hands-on learning.
- Cooperation with learning centres and employment services was very low, despite the fact that most of the companies considered that more cooperation with training centres was important.

## Conclusions part I

To sum up, most of the employers responding to the two surveys were aware of the importance of human resource development for the growth of their company, yet did not treat this as a priority. Their human resource management practices were quite underdeveloped and based mostly on personal trust and authoritarian control.

Given that the Georgian economy is in a recovery phase and that large numbers of skilled people (unemployed, underemployed or simply inactive) are available, companies rely for their business development on external resources that can be brought into the company informally. They thus do not bother to develop proactive and strategic human resource policies that would enable people to contribute to the success of their business.

As the Georgian economy grows and develops, companies will encounter shortfalls in certain professions and skill areas. More openness to international markets—whether to access larger markets or to import technology via direct foreign investment—will make human capital increasingly important. At this point, investing in people will become as important as investing in other types of capital (technology, assets, etc).

Georgia needs to build on its political and economic potential through specific policies and measures that ensure sound and equitable development of its human resources. It also has to recover from the effects of brain drain in the technical and scientific areas, which has rapidly eroded the quality of its labour force. Another area where ground has to be made up is in terms of the effects of shifts in education choices during the transition, which led to excessive growth in holders of non-marketable higher education qualifications, leaving a shortage of middle-level qualifications (recognised skills).

The competitiveness of the Georgian economy will depend on the following factors:

- The availability of workers with technical skills, key competencies and sound qualifications at various levels, whether for agriculture, industry or services
- The availability of workers with business and management competencies
- The establishment of effective innovation and research linkages between businesses and education and training institutions

- The development of effective cooperation between economic sectors, social partners, relevant players in the training market and educational policymakers.

## Statistical data: comments

Most of the information used in this section was obtained from regular studies and surveys implemented by the Georgian State Department of Statistics. Generally speaking, the Georgian capacity to implement internationally recognised statistical methodologies is widely recognised.

Nonetheless, there are some problems in regard to definitions and methodologies at the international level that possibly produce biased results, despite the more than correct application of these definitions and methodologies by the Georgian State Department of Statistics.

The large number of persons classified as agricultural employees or employers reveals that the Georgian LSF reflects the fact that many people cultivate small private orchards or gardens to produce food, mainly for home consumption. This survival strategy in a period of profound social and economic crisis cannot be understood in terms of the existence of an economic sector comparable with the manufacturing or service sectors. Similarly, the importance of the wholesale and retail trade sector partially reflects the large numbers of unemployed or underemployed people who endeavour to obtain an income in second hand or petty trading.

Strictly applying the international definitions of employment, these activities would be classified as economic activities, but the size of the informal sector, the large number of self-employed people (double the numbers of hired employees), the small size of companies and the high proportion of people in the agricultural sector (which makes a reduced contribution to GDP) indicate that these activities respond to something different from what is internationally considered as formal economic activities. Simple international comparisons of data do not make sense, therefore, unless qualitative information complements the quantitative data.

The ILO establishes certain criteria for considering a person as unemployed or employed, as follows:

Unemployed: Any person aged 15+ years who is able to work, without work, available for work and is looking for work is considered unemployed, if he/she satisfies the following criteria:

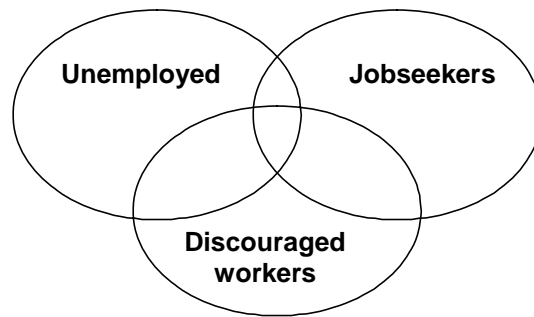
- He/she is without work, has not worked for more than one hour during a reference period, and is not temporarily absent from work.
- He/she is available for work, i.e. ready to receive work within 15 days following the interview.
- He/she is looking for work, i.e. has taken specific steps to search for work in the four weeks prior to the date of interview. These steps may include registration as unemployed, direct application to employers, work searches at certain kinds of worker gatherings or assemblies, placing or answering advertisements in newspapers, seeking the assistance of friends or relatives, etc.
- He/she is currently available for work, but has not looked for work during the four weeks prior to the interview because he/she is waiting to return to a previous job or has found a job to take up at a later date.

Unemployed people are of two types:

- Unemployed people who have ever worked, i.e. any person aged 15+ years who has not worked during the four weeks prior to the interview, but is able to work, available for work and looking for work, and has ever worked in Georgia or abroad.
- Unemployed people who have never worked, i.e. any person aged 15+ years who has not worked during the four weeks prior to the interview, but is able to work, available for work and looking for work, but has never worked in Georgia or abroad.

Although the nature of unemployment in Georgia may be better understood following this study, there is still a need to better define the difference between unemployed people (according to the

international standard definition agreed by the ILO), jobseekers and discouraged workers, who together represent the population excluded from the labour market.



When producing the surveys that calculate unemployed numbers for a country, it might happen that some individuals do not fulfil all the ILO criteria; they are therefore considered to be non-active (i.e. they have not been actively seeking work during the last four weeks). This may be because they have not found an opportunity that matches their qualifications; alternatively, they may have worked for a limited number of hours in a job below their professional potential, or in their own small garden, or may have been involved in petty trading. Obviously, in the absence of a system of unemployment assistance people will still need to generate income for essential expenses.

The ILO definition is convenient for countries where unemployed persons receive social protection and where there are vacancies that are not covered. In such a situation, it is expected that the person who is not working will be actively seeking a job. But if jobs are not available after a certain period of searching, a job seeker may simply stop looking, or may accept work in the informal sector or in professional fields outside his/her profession.

For example, people with small orchards/gardens are registered as employed because they have worked for one hour or more during the reference period. The fact that the Georgian LFS is prepared from data collected during the Household Survey explains the high coverage of this orchard/garden activity (which take places within the household context), and the lower coverage of other informal activities that take place in the street or in small workshops separated from the home.

The Georgian State Department of Statistics attempts to partially reflect this issue by introducing a distinction between strict and relaxed criteria in classifying activity, employment and unemployment. Although this distinction to some extent reflects the notion of the discouraged worker, it does not help to better understand the role of self-employed or survival gardening activities, since these are still registered as economic activities.

It is appropriate, however, for the Georgian authorities to continue using internationally recognised and comparable criteria. The previous analysis reveals that they still manage to reflect particular phenomena and features of the labour market, such as the predominance of self-employment in subsistence agriculture and smallholdings (with some part of production sold in the market). That said, ILO definitions are better applied to more developed labour markets, with unemployment security, social security, and more transparent and functional mechanisms for job seeker-vacancy matching.

Although the usefulness of the ILO criteria and definitions is that they are widely recognised and applied, any data series based on them needs to be further qualified in terms of qualitative issues that address questions such as kinds of employment, levels of precariousness and productivity, comparability of definitions of decent work, etc. According to Bettina Musiolek (2002): "A categorisation that only relies on legal status - neglecting de facto terms - is to be questioned. As stated above, most forms of informal work, including self-employment, are characterised by a high degree of economic and sometimes personal dependency and vulnerability, which makes self-employment, economically, very similar to dependent wage-earning activities. Nevertheless, because of the differing terminology, informal employee self-esteem in CEE/CIS differs from that elsewhere. Most self-employed or dependent home-based workers prefer to call themselves "businesspersons," due in part to the attraction of the term for donor-funded projects and its novelty compared to state socialism. "Worker" has become a negative word. Workers in micro-enterprises prefer to call it a "cooperative" and prefer to work in small groups rather than on their own. They justify this by the necessity of a manufacturing line system that requires more than one worker." The International Labour Organisation definition of decent work is as follows: "Decent work sums up the aspirations of

people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.” See <http://www.ilo.org/public/english/decent.htm>

In Georgia the informal sector is so large that all forms of work and economic activities need to be taken into account. The GDP contribution of the informal economy and informal employment is enormous, as well as fluid and dynamic. For many people, more than one job is necessary to just survive or to earn a better living. The most important source of income (for both the poor and the rich) is not so much the formal economy and formal employment but informal earnings.

Even unemployment is to a degree informal: being unemployed is not the same catastrophe for households in less developed countries as it is in well-structured and more rigid labour markets. In Georgia, which has no public social security net, people survive by making use of informal opportunities for earnings. Officially unemployed people, therefore, are not necessarily the poorest.

These issues represent features of the Georgian labour market that need to be taken into consideration for policy and planning purposes.

# VOCATIONAL EDUCATION AND TRAINING IN THE TRANSITION PERIOD

## Political momentum for reform

According to the Georgian government's paper on Strategic Vision and Urgent Financing Priorities 2004-2006, presented at a donor conference held in Brussels on 16-17 June 2004, human resource development occupies a key place among the principles guiding Georgian national recovery. Education is one of the cornerstones in the overall reform, with improved access, quality and relevance as key objectives. The reform agenda presented in June 2004 highlighted the following principles for the education area: curriculum reform to include education in life skills, the provision of appropriate learning materials free of charge, and decentralisation and optimisation of physical and financial resources. The Ministry of Education and Science has been restructured with the aim of better tackling the reform and in November 2004 and January 2005 new legislation on general education and higher education was passed.

Public expenditure on education in Georgia as a percentage of GDP is one of the lowest in the CIS, at an average 2.2% for the period 2000-2002.<sup>22</sup> The share of vocational education and training (VET) in state expenditure on education is extremely low (3.5% in 2003); expenditure in this area, in fact, was channelled almost exclusively into salaries. Expenditure on schooling and methodological development has therefore been falling in real terms for years.<sup>23</sup>

Around 59% of general education graduates continued their studies in public or private higher education establishments in the period 2000-2004. Only 6-9% opted for public or private vocational training. On average, about one third of secondary education graduates (38% in 2003-2004) either directly enter the labour market or simply drop out of the education and training system. These figures indicate a relatively high proportion of young people who are genuinely unprepared for employment, and whose situation after leaving the general secondary system is precarious. Another disturbing fact is the number of pupils (around 9-12% in the period 2000-2004) leaving the education system after compulsory schooling has ended with no professional training (Table 7).<sup>24</sup>

**Table 7: General education graduates who continued studies\***

	2000-01	2001-02	2002-03	2003-04
Total GE graduates to:	35798	37963	39334	42202
Public higher education	17233	20909	19474	19356
Private higher education	3606	5407	5264	4285
Public professional secondary	1963	2635	1991	1959
Private professional secondary	217	641	683	587
<b>Difference</b>	<b>12779</b>	<b>8371</b>	<b>11922</b>	<b>16015</b>
<b>Difference in %</b>	<b>36%</b>	<b>22%</b>	<b>30%</b>	<b>38%</b>

\* GE = general education; HE = higher education

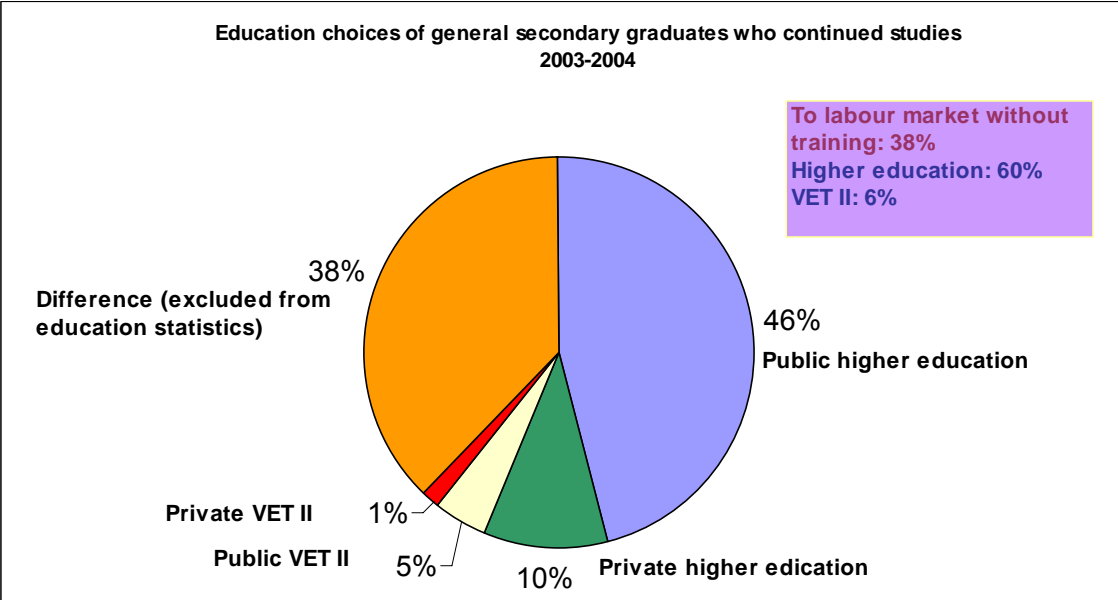
Source: ETF calculations based on data from [www.statistics.ge](http://www.statistics.ge).

<sup>22</sup> Only Armenia had a lower rate in 2002 (1.9%). Azerbaijan spent 3.2% of GDP on education in 2002. Rates for other CIS (ENP countries) vary (Ukraine, 5.6%; Moldova, 5.8%; Belarus, 6.8%).

<sup>23</sup> US\$ 564,000 (approximately 1.3 million GEL). Data from an unpublished report on the situation of VET in Georgia by GTZ. p.13 (Russian version).

<sup>24</sup> Author estimate based on official statistics published in Education, Science and Culture in Georgia. Statistical Abstract. Tbilisi, 2004. pp. 38-39. See [www.statistics.ge](http://www.statistics.ge).

**Figure 11: Education choices of general secondary graduates who continued studies 2003-04**



Source: ETF calculations based on data from [www.statistics.ge](http://www.statistics.ge).

The new Georgian authorities promptly subscribed to the Bologna principles with the purpose of participating in the European Higher Education Area. Measures were adopted to eradicate corruption (especially in student admission regulations), the first phase of accreditation of higher education establishments was completed, and relevant steps were taken to enforce quality assurance mechanisms. The new higher education legislation has made public universities more autonomous and accountable; students, moreover, are given clear roles in administrative and financial supervision and have representation in university bodies. Higher education admission criteria were reformed, and a standardised entrance exam administered by a National Assessment and Examinations Centre was introduced. Funding for education was reformed so as to reduce the role played previously by educational establishments. Students who perform well in the admission exams receive a voucher which they can redeem in tuition at any state or accredited private institution of their choosing; what this means is that instead of students competing for universities, the universities will be competing for students. Of around 240 establishments, only 110 establishments passed the first cycle of the accreditation process, which will be completed in 2006.<sup>25</sup>

The Bologna principles offer a particularly useful opportunity for cooperation with higher education within Europe and in the regions, particularly in terms of exchanges in areas of specialisation that are underdeveloped in a small country like Georgia. Efficiency calls for a focus on higher education in a number of strategically important areas where quality can be ascertained. There is also the need to ensure a reduced non-return rate of students from partner countries universities.

The number of possible enrolments in higher education decreased significantly in the 2005-2006 school year. Of 30,000 secondary school graduates, around 17,000 were admitted to higher education. The issue of new alternative education pathways, namely an attractive VET system offering relevant qualifications at various levels, acquires new importance and urgency in the present situation.

## Education sector reforms

After the Rose Revolution, educational restructuring became one of the major priorities of the Georgian government. The strategy for change is comprehensive and multifaceted; it envisages all

<sup>25</sup> These numbers include subsidiaries and sections of the universities, spread in the various regions.

levels and forms of formal and informal education (pre-primary, primary, secondary, vocational and higher education). Although the changes aim to achieve a certain level of integration with the EU, local needs, strengths and peculiarities are taken into consideration to the maximum.<sup>26</sup>

The mission of the Georgian Ministry of Education and Science is as follows:

- To ensure improved welfare and wellbeing of citizens via education and science reforms To create a solid basis for developing a knowledge-based society
- To ensure equal access to education
- To foster lifelong and life-wide learning opportunities
- To initiate civic integration processes and implement state language policies
- To ensure freedom of choice in education
- To safeguard creativity, innovation, academic freedom and institutional autonomy
- To develop an educational system that meets the needs of local and international labour markets.

In addition, the aims and objectives of the ongoing reforms include:

- To democratise and decentralise the education and science management system
- To introduce a needs- and performance-based financing system
- To double the financial investment in higher education and science between 2005 and 2009.

Radical reform in Georgia has entailed the following substantial changes:

- The passing of a law on higher education (21 December 2004)
- The passing of a law on general education (8 April 2005)
- The payment of arrears of 49 million in salaries and stipends
- Completion of the initial institutional accreditation of higher education institutions wholly financed from the Ministry of Education and Science budget (10 February 2005)
- Adherence to the Bologna Process (19 May 2005).

The following projects are still to be implemented:

- A draft law on deinstitutionalisation
- A draft law on a vocational education concept (to be ready by the end of 2005)
- A draft law on the profession of teacher
- A programme for full computerisation and internet connection of schools (3.3 million GEL for 2005)
- Development of a concept paper for an independent accreditation system.

The criteria for assessing the outcome of the reforms are based on indicators elaborated by the OECD, as follows:

- Quality of education and science
- Accessibility of education
- Student achievements in international assessment systems
- Funding per student and for scientists, researchers and teachers)
- Approximation of material-technical standards to international standards
- Up-to-date information technologies (a coefficient of one computer per student)
- International recognition of higher education, science and research

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<sup>26</sup> Georgian Ministry of Science and Education (2005)

- Inflows of foreign students
- Compatibility of student achievements with educational programme benchmarks
- Numbers of children and adolescents left out of the educational system
- Enrolment ratio of students at vocational institutions
- Brain drain in science and research
- Average age of scientific personnel
- Employability of graduates.

## VET at present (second half of 2005)

Within the formal education system, initial VET training includes secondary and tertiary (post-secondary and higher) vocational education but not secondary general and university level academic education (Table 8). The structure of initial VET training was changed in 1998.

**Table 8: Georgian VET system before reform**

International level		National level	Education programme	Basic general education	Length of study	Age
4	4A	4A (b)	Initial VET on the basis of general education	Secondary education	1-2 years	17-19
3	3B		Initial VET, obtaining general education	Secondary education	2-3 years	16-18
3	3C	3C	Initial VET, without obtaining general secondary education		2 years	16-17
2		2 (c)	Apprenticeship	Basic secondary education	2-3 years	14-15

Source: ETF, VET Review Georgia, 2004

The Ministry of Education and Science is responsible for primary and secondary education, , education policy and vocational education. Retraining unemployed adults is the responsibility of the Ministry of Labour, Health and Social Welfare. VET in the public domain encompasses primary, or initial VET (covering trades) and secondary VET.

Initial VET for many trades is regulated by a Georgian law on initial vocational education adopted by the Georgian parliament in 1998 and aimed at specifying the characteristics of initial VET and equipping it with a legal foundation. As the first vocational education legislation in Georgian history, it represented an important step forward. It established the legal basis for private educational activities in initial VET, regulated paid educational services in state vocational institutes, established a multi-channel model for funding schools, and established a system of vocational education after the 9<sup>th</sup> grade (as an alternative to compulsory secondary education) and after general secondary education.

Secondary VET is regulated by education legislation passed in 1997. In April 2005, the Georgian Parliament adopted new general education legislation which singled out secondary VET in a chapter of its own. According to this law, secondary VET is implemented after the primary level (after the 9<sup>th</sup> grade).

A total of 80 primary and 87 secondary state vocational institutes operate in Georgia (Table 9).



**Table 9: VET institutes - numbers and managing bodies**

Managing body	Primary VET establishments	Secondary VET establishments
Ministry of Education and Science	77	34
Ministry of Labour, Health and Social Welfare		11 (State LTD of Real Estate Agency, self-financed)
Ministry of Culture and Sport		22 (Funded by the government and local authorities)
Ministry of Agriculture		20 (Funded by local authorities)
The Southern Caucasus Railway	2	
Communication	1	1 (State LTD of Real Estate Agency)
Railway Carriage Building Works	1	

Source: Georgian Ministry of Education and Science.

Before 2004, and despite the deterioration in the economy, VET was not seriously taken into consideration as a method for combating unemployment and poverty, nor was its potential contribution to economic progress acknowledged. With limited external support, the public VET system survived due to the mobilisation of its own resources and the efforts of teachers. The combined effects of demographic decline, increasing numbers of private secondary vocational and high schools, and cutbacks in governmental funding created a situation in which many primary VET centres ceased functioning. The number of state primary vocational schools fell from 170 to 80 (either as a consequence of closure or through mergers with other schools) and the number of students fell from 15,000 to 2,000 (Table 10).

**Table 10: Primary VET - school and student numbers**

Year	Schools	Students	Admitted Students	Graduated Students
1989	170		1,500	
1990	158	41,400		
1991	154	40,940		
1992	145	33,470		
1993	139	28,200		
1994	127	21,390		
1995	118	19,400	11,400	13,000
1996	110	18,200	12,800	11,300
1997	99	19,600	11,100	10,100
1998	89	19,170	7,700	8,700

1999	84	17,800	6,400	7,200
2000	82	14300	6000	7400
2001	81	11800	5800	6200
2002	80	10400	6000	5600
2003	80	9300	5000	4600
2004	80	6400		

Source: Georgian Ministry of Education and Science

The number of state secondary VET schools did not change greatly. The number of non-paying students was reduced by 25%, but paying student numbers remained more or less the same (Table 11).

**Table 11: Secondary VET: school and student numbers**

Year	Schools	Students		
		Total	Day School	Correspondence
<b>Students subsidised (pay no tuition)</b>				
2000/2001	87	27,408	24,839	2,569
2001/2002	87	25,219	23,573	1,646
2002/2003	87	22,618	21,511	1,107
2003/2004	87	20,355	19,602	753
2004/2005	87	20,150		
<b>Student paying tuition (not subsidised)</b>	Among them			
2000/2001	24	5,529	5,529	
2001/2002	25	6,827	5,940	887
2002/2003	26	5,682	5,682	290
2003/2004	26	5,299	5,092	207
2004/2005	24	4,900		

Source: Georgian State Department of Statistics and Georgian Ministry of Education and Science

Collapse or contraction of large-scale industrial enterprises has led to a fall in the demand for industrial workers, whereas demand for workers for the services sector is growing. However, public VET has not adapted to the change in demand, not has it reformulated its purpose for a new economy marked by small enterprises, instability and mobility. Most secondary VET schools changed their profiles in the transition period. A large number of secondary vocational schools (especially medical colleges) became an alternative route for entering high schools, despite the poor quality of education offered. After compulsory education, young people graduate from colleges in two or three years and are admitted to higher education establishments in the third course, without having to take any entrance exam or undergo knowledge validation; graduates from upper general secondary education, however, must enter the first course. In prestigious higher education schools (e.g. medical or legal) this situation has contributed to increased corruption, poor educational performance and other complications. In 2005, for the first time a national examinations system was established for entry to tertiary education.

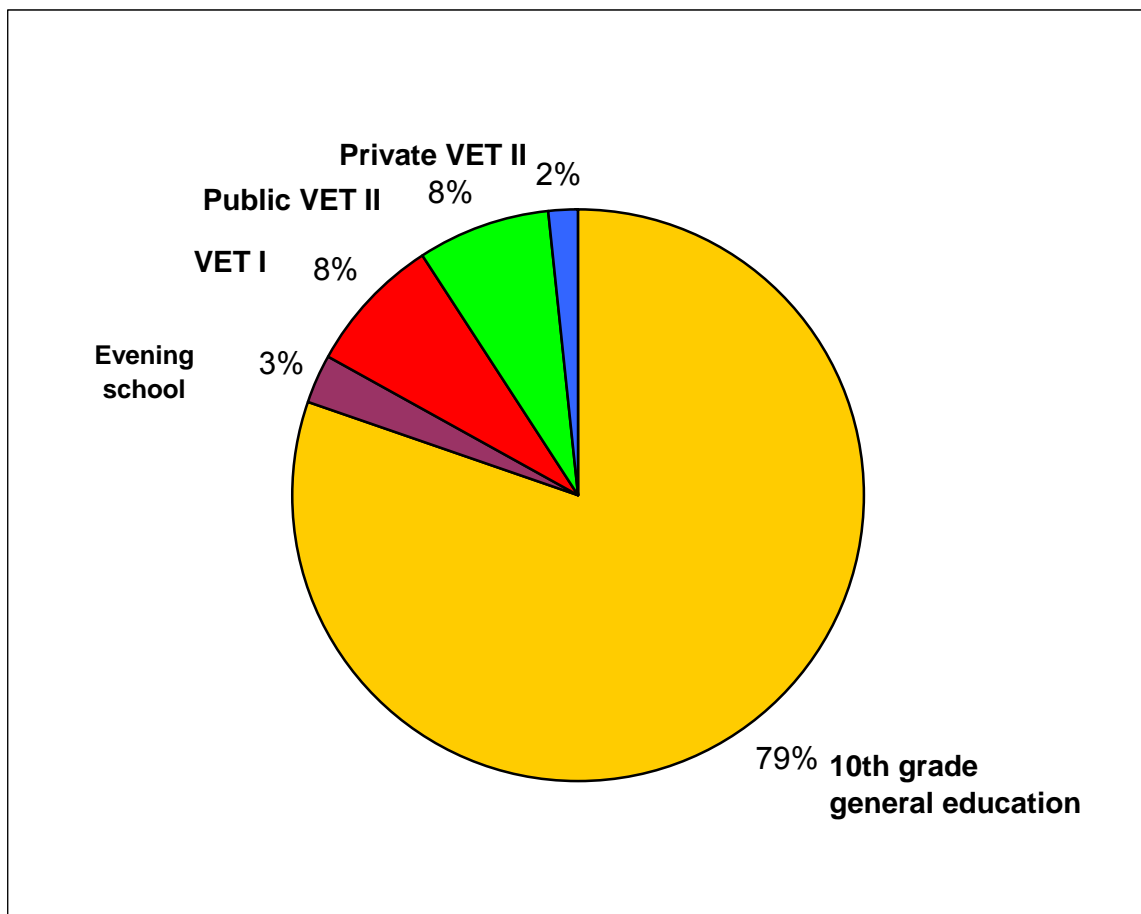
In primary VET developments have been slightly different. In response to falling demand for certain professional profiles, public funding for a number of vocations was reduced or cancelled. As a

consequence, students had to start paying fees for their studies, a factor that further limited the attractiveness of VET for young people. In the current unregulated jobs market, most employers recruit staff without due attention to qualifications (certified competences). In a word, young entrants to the labour market have few incentives to acquiring vocational qualifications through the VET system, since they have little or no advantage when competing for jobs requiring specific qualifications. The fall in primary VET student and graduate numbers is largely linked to the above factors.

By 2005, about 121,000 enterprises were registered in Georgia. Each needs specialists in secretarial aspects of business (secretary-referent, office-referent, office-manager and others). Even in governmental offices these specialists typically do not have suitable knowledge and skills. With the support of the State Branch of the German Public University, an educational standard for these professions was produced and the corresponding textbooks were published. A Vocational Secretarial School in Tbilisi was opened as a specialist school to meet needs in this field. However, since enterprises do not require particular training for these positions (as for nearly all jobs in the initial vocational education field) and since there is no government funding, the number of students is minimal and educational materials are obsolete and irrelevant. Likewise, despite substantial demand for highly skilled staff for commerce, restaurants and catering, the Tbilisi Commercial-Culinary (now Commercial) Vocational School remains small.

VET is clearly the last resort in educational choices for young people, as revealed by the statistics on enrolments in different educational sub-systems after compulsory education. In fact only 18% of the 2003-2004 cohort enrolled in VET (Figure 12).

**Figure 12: Education choices after compulsory education 2003-04**



Source: ETF calculations based on data from [www.statistics.ge](http://www.statistics.ge)

The financing of vocational schools, and decentralization and regionalisation of the system of vocational education have become central issues. The last investments in maintenance and modernisation of school premises and equipment were made in 1986. In such conditions schools

have endeavoured to develop a fee-based educational service for professions in demand in the labour market. In 2000, for example, 12 initial vocational schools were awarded the right of financial self-sustainability. On the whole, those who cannot pay fees enter the initial vocational education system.

Schools are allowed to organise and deliver paid non-formal continuous training for employees in companies, but few schools take advantage of this possibility. Diversification of funding (multi-channel funding) for schools is at present under consideration

## Governance

In the early stages of the transitional period there was an attempt to decentralise the initial vocational schools network. Regional authorities were consulted about the need for a vocational school in their region and their capacity to finance them. The majority responded that vocational schools were certainly needed in their region but that they had no sources to finance them. Only two schools (in Poti and Gardabani) were assigned to local authorities and gradually began to play a role in the regional economy. Nonetheless, many regional authorities do not recognise the potential contribution of VET to economic development.

In many regions there are secondary vocational schools of Soviet origin, whose names have no connection with reality. For example, Chkhorotsku Mechanical Technical School prepares specialists in management and social work. Sagaredgo Polytechnic College offers management, social work and teacher training courses.

Required in order to rationalise, regionalise and decentralise VET are well-grounded data and analyses of regional economies and perspectives, economic sector development and demographic trends. Decentralisation of VET should underpin the main principles behind a new system of vocational education, namely:

- Redistribution of roles between the governmental, the regions and schools
- Improved regional management to ensure planning that responds to demand
- At the governmental and regional levels, the inclusion of a VET component in investments
- High quality training that applies the principles, tools and methods of the EU training area
- Integration of VET in the implementation of regional economic reforms and plans.

At present, vocational schools and all state educational facilities are registered as public law entities controlled by the Ministry of Education and Science, which strengthens their autonomy. Moreover, lifelong learning greatly contributes to validating their function.

## Teachers

In 2003 there were 1,673 vocational teachers and tutors providing initial industrial training in Georgia. Of these, 80% had high school education. About 6% worked in private vocational schools (Buck 2004).

The steep drop in the number of vocational centres and students has resulted in 25% fewer teachers in 2000-2001 compared to the preceding year. The ratio of teachers to students is around 1 to 17 (for industrial subjects, 1 to 11). The number of teachers in private vocational schools is increasing; some 25% of teachers and instructors work in state schools (17% of teachers and 32% of tutors).

In 1998, the Ministry of Education and Science granted teaching accreditations, and 8.5% of teachers in initial training were placed in the first category, 44.1% in the second category and 11.4% in the third category. The accreditation process, however, was poorly conceived, with many shortcomings that need to be rectified.

Vocational institutions find it difficult to recruit new/young teachers because of the low wages, which means that there will be a problem of continuity when existing teachers retire. The problem is compounded by highly skilled specialists being siphoned off from vocational institutions to better paid jobs in other sectors.

There are several state and private secondary teacher training schools in the country. These schools operate autonomously, although they follow curricula developed by the Ministry of Education and Science.

Although a centre for upgrading skills for teachers and managers of initial and secondary education and training is theoretically operative, in practice, specific programmes for skills upgrading and management have not been introduced due to a lack of financial resources.

Teacher roles have broadened in the new economic environment, as they not only have to teach professional skills but professional culture as well. They need to work in close cooperation with students, develop entrepreneurial skills and evaluate professional knowledge. In other words, teachers need to teach the students how to access data autonomously, analyse information, solve problems and show initiative. However, these aspects of teaching are not part of the teacher training curricula, and teacher training is not linked to the current demands of the labour market. Part of the problem is a lack of financial resources, which leads to a lack of equipment such as computers. As education reforms are implemented, it is expected that teaching content and quality will improve, although results cannot be expected immediately. UNICEF has implemented a teacher-training programme on interactive teaching methods for private and state schools in Georgia, but, again because of financial problems, the country has been unable to introduce the new training methods in the initial training schools.

## Classification

An updated list of the professions/trades to be taught in secondary vocational schools was approved in 1995. As for the catalogue of professions for initial vocational education, in 2002-2003, a list of professional groups was developed based on an analysis of the demand for particular kinds of vocational training. This includes agriculture, machine building, industry, transport, computer technologies, household services, trade, commerce and tourism. Vocational standards have been developed for the majority of the specialties, each of which includes several professions. For instance, the construction speciality comprises the modules of carpenter-roofer, plasterer, floor-tile layer, painter and carpenter.

## Qualifications

A project has recently been launched to create a unified national qualifications system in Georgia. In addition to the Ministry of Education and Science, the project involves the Ministry of Labour, Health and Social Protection, the Ministry of Economic Development, the Employers Association of Georgia, the State Department of Statistics and the Adult Education Association. The regulations governing vocational councils have been jointly elaborated by the Georgian Ministry of Education and Science and the Ministry of Labour, Health and Social Protection. These regulations, as also the issue of the legal status of the vocational councils, are due for discussion by the Government Commission on Social Partnership.

The tasks of the vocational councils are as follows:

1. Formation of a national system of vocational qualifications
2. Elaboration of vocational standards
3. Formation of a national system for the evaluation, confirmation and granting of vocational qualifications
4. Establishment of a system for recognition of non-formal vocational education
5. Development of achievement mechanisms for vocational standards on the basis of labour market demands
6. Ensuring that the national system of vocational training is in line with international and European standards.

The project of drafting the list of professions to be taught at higher schools has already been completed. Once the branch vocational councils and commissions have been established, work will commence on the formation of a national system of qualifications that incorporates the core principles of the European qualifications system.

## Curricula

The traditional curricula for secondary schools include an important element of general education and academic theoretical subjects. For example, 45% of the time in the first year of the general education cycle for a 3-year speciality (such as sewing) is taken up with subjects such as Georgian language and literature, English, information technology, Georgian history, world history, mathematics, physics and chemistry. A second more focused group of subjects (representing 12% of class time) focuses on drawing and descriptive geometry, technical mechanics, computer-assisted simulation, economics and management. The vocationally oriented profile subjects only represent 43% of the time. Furthermore, more than 1 in 5 hours of class time is dedicated to physical training, initial military training, civil defence and first-aid medicine. A similar distribution of subjects and time occurs in initial VET courses on motor vehicle mechanics.

These curricula were typically supply-driven and organised around inputs. The inclusion of general subjects in VET courses theoretically has the advantage of making them more attractive; however, it also makes the courses overly long, and reproduces school-type education instead of focusing on skills development and specific applications relevant to jobs. The Ministry of Education and Science has been developing curricula for secondary schools within the framework of the Ilia Chavchavadze Project. A national curriculum for secondary schools has also been elaborated.

During the last 10 years the curricula for vocational education have been substantially changed. The changes have resulted from attempts to develop a learning outcome approach, and the curricula also take account of entrepreneurial education. If earlier training served as preparation for employed labour, training now also stressed the acquisition of knowledge and skills for independent activities. On the basis of ETF recommendations and with the support of the Georgian National Observatory, a model set of standards for vocational education was developed in 2000. This activity has also been supported by German Technical Cooperation (GTZ), which organised seminars involving German experts in the Caucasus and Middle Asian countries within the framework of a project for supporting vocational education.

With the support of the Georgian National Observatory and the Caucasus Branch of the German People's Universities, educational standards were drawn up for 17 professions. The standard includes the following:

1. A description of the profession
2. A description of the qualification
3. The medical side-effects of the profession
4. The desired personal and psychophysiological features of candidates
5. Opportunities for entrepreneurial and individual activity offered by the profession
6. A functional map of the profession
7. Teacher qualification requirements
8. Typical study plans
9. Curricula
10. Student knowledge and skills assessment
11. Evaluation criteria
12. Examples of tests.

Qualified specialists from the respective professions, vocational pedagogues, entrepreneurs (employers) and scientists participated in the creation of study plans. Entrepreneurial training was

considered to be a particularly important element in the study plans, and an experimental programme for teaching entrepreneurship was drafted that comprised material on entrepreneurial law, the market economy and entrepreneurial activity. In vocational school study plans, entrepreneurial training is integrated into vocational training, but the results indicate that the curriculum needs to be rethought and so has been included for consideration in the action plan for the implementation of the new concept of vocational education.

Several subjects are considered in the study plans for most of the professions, aimed at developing communication skills in vocational schools graduates. These include personal relationships, professional ethics and psychology. The study plans also provide for training in the information and communication technologies.

In a number of cases, schools have taken the initiative in developing their curricula. For example, the Tbilisi Vocational Lyceum, with the support of two construction companies (Axis and Alioni), has developed a training programme—based on the vocational education standard—for several construction-related professions within the framework of an adult learning programme.

In line with the current reorganisation of the Ministry of Education and Science and the Department of Strategic Planning, a new Department of Quality Assurance and Planning has been established, which has been preparing materials on the issues of quality assurance in education. Vocational education quality principles are also being developed within the framework of the overall quality assurance policy.

## VET reforms

In 2005 the Ministry of Education and Science took the initial steps to launch a new phase of reform of the VET system. A concept paper for the reform process was approved in August 2005, after consultation with various stakeholders. In early 2005 the Ministry of Education and Science addressed a request to the EC Delegation for a policy advisor to assist with VET reform. The project was finally launched in August 2005.

The concept paper introduces a number of innovations aimed at building an education and training system that is coherent with a lifelong learning perspective and that is coherent with the Bologna process. It recognises the role of non-formal learning and aims to boost the attractiveness of vocational education choices for young people. It also proposes shorter vocational pathways at the initial and tertiary levels, offering professional qualifications that lead to more rapid entry to the labour market. The current institutional formal VET structure, based on two traditional non-tertiary non-communicating channels (initial and medium-level specialisation) will be replaced by a scheme recognising an initial level (with two branches) and a tertiary level. The concept paper addresses issues of quality assurance, school management, decentralisation and the importance of investing in VET as part of regional development planning.

The main principles underlying this new concept of Georgian vocational education are that it should be:

1. Attractive (i.e. VET must be interesting to people of all age groups)
2. Relevant (i.e. qualifications should match the requirements of local and international labour markets and should make people professionally competitive throughout their entire lifetime)
3. Diverse (in terms of school types, training spheres and curricula)
4. Accessible (i.e. individuals should be able to grow professionally throughout their lifetime)
5. Efficient and high-quality (i.e. VET should create a pool of professionals, achieve the objectives set, and ensure a competitive workforce for local and international labour markets)
6. Up-to-date (i.e. the best local and international experiences should be drawn on to create the new VET system).

The stated goals for vocational education in Georgia are as follows:

1. To satisfy the vocational education needs of the population by supporting professional development, career growth and social security

2. To supply the economy with qualified professionals that will be competitive in both local and international labour markets
3. To sustain the competitiveness of workers already in employment through professional training and retraining
4. To adapt the population to new socioeconomic conditions and to encourage self-employment and the creation of businesses.

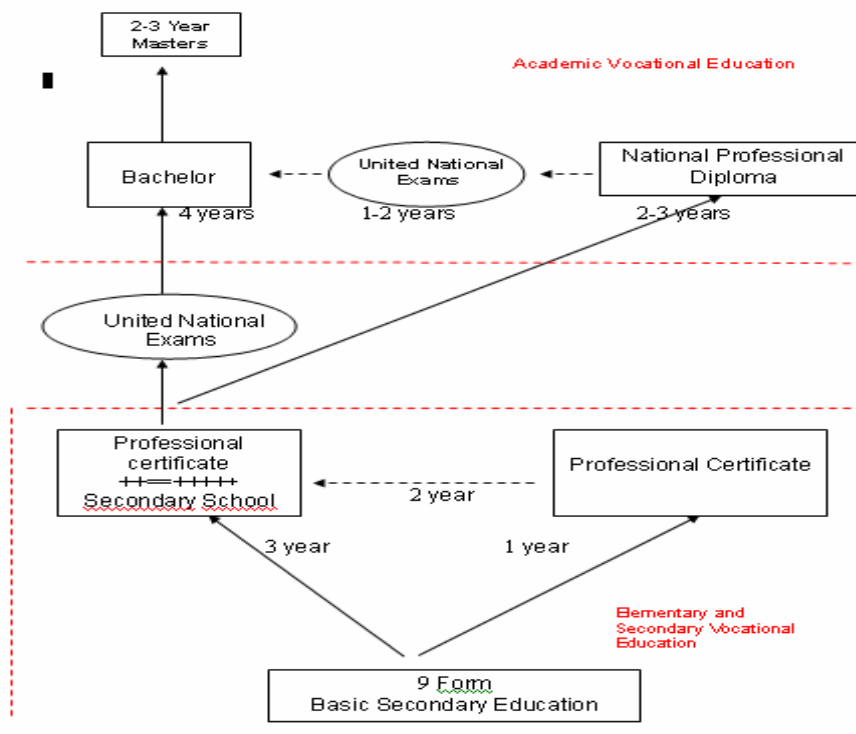
The means for achieving these goals are as follows:

- To develop a unified vocational education space in Georgia, based on the principles of continuity, multistaging and diversity, by creating a public VET system that is open and dynamic
- To approximate and integrate Georgian professional education in the European education area
- To link vocational education to local and regional needs and to optimise the VET network by taking into consideration ongoing and anticipated future regional development needs
- To establish a new model of VET institutions (colleges and professional training centres) that implement non-academic programmes and that provide vocational education to both young people and adults
- To implement a unified credit transfer system for planning studies and evaluating students
- To disseminate new professional training practices among teachers and trainers based on the development of these professions in line with the latest advances in pedagogical science
- To develop relevant educational standards and training programmes for each profession based on professional standards and qualification requirements.

The concept paper describes the goals, objectives, duration and requirements for three levels of VET: elementary, intermediate and advanced. It has also been proposed to use the European Credit Transfer System (ECTS) in order to create linkages between the various levels of education.

It should be noted that professional training schools cannot be expected to provide a complete intermediate-level education in combination with vocational education. General education schools will thus be given possibility, should the resource be available, to arrange vocational education of their own.





**Figure 13: Academic vocational education**

The first two VET levels (elementary and intermediate) are constructed on the basis of obligatory schooling to the 9<sup>th</sup> grade and represent training for professions or crafts. Course length depends on targeted (desirable) qualification level and/or difficulty of the profession. The concept paper proposal is to carry out training for these kinds of programmes at professional training centres which will operate on the principle of continuous vocational education and which will provide varying types of professional education (for adults, particular professions, etc). . Apart from this, a practical educational element will be provided for intermediate school students who wish to combine intermediate education with a professional qualification.

Programmes at the advanced VET level will be based on completed intermediate education. It should be noted that different requirements as to the educational basis are conditioned by the fact that groups of professionals can be viewed as either performers (doers) or decision-makers. Elementary and intermediate school leavers are doers, whereas specialists trained in advanced areas are decision-makers. It is natural that such a division generates different requirements, both in terms of knowledge and skills and the kind of training they receive. Nonetheless, this dichotomy between “doing” and “decision-making” is simplistic and does not necessarily respond to current organisational trends in enterprise and production.

The precondition for implementing the proposal is to differentiate between the intermediate-professional schools (Technikums) based on their material-resources and intellectual-educational potential by means of accreditation. Technikums that receive relevant accreditation will be

transformed into colleges, to be structurally tied to relevant university faculties or to remain independent. These schools will teach advanced education programmes aimed at certifying specialists. The other professional training schools, will be incorporated into professional training centres together with modern elementary vocational education.

According to the concept paper, obtaining a vocational education will be possible only after completing obligatory basic education to the 9<sup>th</sup> grade. The student then has two options (Figure 13): one or two years of training to complete either elementary or intermediate vocational education. The graduate will receive a state vocational education certificate to confirm his/her professional qualification.

It should be emphasised that obtaining certain qualifications simultaneously is possible once general education has been completed (i.e. in parallel to studying at school), on the basis that, in the unified learning plan, choosing to undergo complete education will include professional training as one of the options. Graduates of professional training centres with only a professional certificate will not be able to continue studying at a higher education institution unless they make up their general education level to the level of intermediate education.

Advanced vocational education contains three stages. After the first stage trained specialists will be awarded a professional diploma or bachelor's degree. The second and third stages (master's and doctoral degrees) are not relevant to this study and so are not discussed here.

The aim of professional diploma training is to prepare practising professionals for immediate entry to the labour market. Therefore, the duration of the relevant programs will be comparatively short (2-3 years) and will cover only a required minimum of theoretical and general education topics. It should be noted that students admitted to such programmes will not be required to pass a unified national examination. Where places are limited, student intermediate schooling grades will be taken into account and/or institutions will establish their own prerequisites.

Transfer programmes will enable students will be able to switch from one programme to another; these will be linked in terms of content and methodology with relevant bachelor degree programmes. In accordance with ECTS recommendations, successful completion of a two-year transfer programme will earn 120 credits for a student. This will give him/her opportunity to continue education from the third or fourth year of a bachelor's degree course.

Holders of national professional diplomas will not be able to access master's degree courses, as these will be restricted to bachelor degree holders who have performed an in-depth study of the theoretical bases of the relevant subjects.

## Outstanding VET reform issues

The concept paper referred to above leaves a number of technical and institutional issues open, which require solutions to ensure proper implementation of the new VET system. These are issues linked with the conceptual view of the role played by the various VET levels in society and in terms of the economic perspectives of the country. Furthermore, clarification is needed in regard to horizontal and vertical linkages within the education system, access criteria and appropriate integration with the general education system. Further work is required on the development of new vocational curricula based on skills/outcomes, clarification of the mechanisms that are key to ensuring an operational lifelong learning framework (recognition, validation, information, guidance and the qualifications framework), teacher development, and the development of new learning methods.

Any reform in the VET system - even more so when underpinned by a lifelong learning principle - needs to be closely linked to an analysis on the trends and structure of the labour market and society.

The concept paper combines different levels of conceptualisation of VET and its reform. It underpins a number of principles and strategy options that are coherent with the aspiration of integrating in the European education area. These principles, which are coherent with the overall perspective of the ENP, should guide the development of the system in the coming years. Other sections of the concept paper go into great detail in regard to specifications that are not always fully coherent with the generally stated principles. In these cases, there is a doubt as to extent to which proposed changes (for instance, the three levels of VET) respond to the same strategy or to the need to find solutions to urgent problems. Similarly, it should be clarified whether the solutions proposed respond more to problems from the demand or from the supply side of the VET system.

The evolution of student flows in the education system seems to point towards the need to develop a higher tertiary level of VET, given the significant number of graduates from general secondary education who cannot access university and of graduates from university who cannot find a job related to their studies. This new type of VET could offer an alternative to students, including those seeking a more applied focus in higher education. Nonetheless, as a supply-driven approach, it is important to assess whether this type of higher VET responds to the needs of the economy and of society.

**Figure 14a.**



The classical qualifications structure in an industrial economy is a pyramid (Figure 14a). At the top of the pyramid is a relatively small number of university graduates employed in the top management positions or in highly specialised fields of knowledge. In between are the middle managers, specialised technicians and skilled workers. At the lower levels are workers performing repetitive, easy and standardised tasks, which do not require intensive training. The bulk of the population (with no skills or few skills) remains at the lower levels, while the number of managers and technicians is relatively low. This is the typical Taylorist-type organisation, but the present post-industrial, knowledge-driven society needs a very different qualifications structure.<sup>27</sup>

Some authors have defined this alternative structure (Figure 14b) as adopting the shape of an apple, with small top and bottom levels and with the majority of workers and professionals concentrated in the middle. This requires most of the working population in the labour market to have secondary education and many to have vocational training. The new type of work organisation requires shorter, more applied courses of studies, even at a higher education level. Profile content for most jobs and professions have been enriched and the skills required to successfully fulfill the requirements of a job are broader. This is a consequence of the evolution in products, the automation of formerly repetitive processes, the importance of marketing and customer-driven approaches, and the importance of knowledge as the main source of added-value, among other complex processes.

Problem-solving, analytical thinking, team-working aptitudes and polyvalence of knowledge and skills are some of the features of most jobs, and these require more and longer education and training. The result is a different role for workers that requires changes in the type of education required to fit people for employment. Consequently, despite the many low-skilled jobs that continue to exist, particularly in the personal services and manufacturing sectors (where the automation of production processes is more expensive than wages), the bulk of the working population is concentrated at the intermediate qualification levels. VET acts as the main lever for these jobs. Similarly, many of those who have received a general education find it useful to take up tertiary level studies to enhance their employability before entering the labour market. Figure 15 shows the distribution of qualifications in three education groups for several OECD countries:

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<sup>27</sup> See European Work Organisation Network (2001). *New Forms of Work Organisation: The Benefit and Impact on Performance*. Available from:

[http://europa.eu.int/comm/employment\\_social/labour\\_law/docs/wonewformsofwo\\_en.pdf](http://europa.eu.int/comm/employment_social/labour_law/docs/wonewformsofwo_en.pdf).

See also the website of the European Work Organisation Network: [http://europa.eu.int/comm/employment\\_social/social/workorg/ewon/index\\_en.htm](http://europa.eu.int/comm/employment_social/social/workorg/ewon/index_en.htm).

Figure 14b

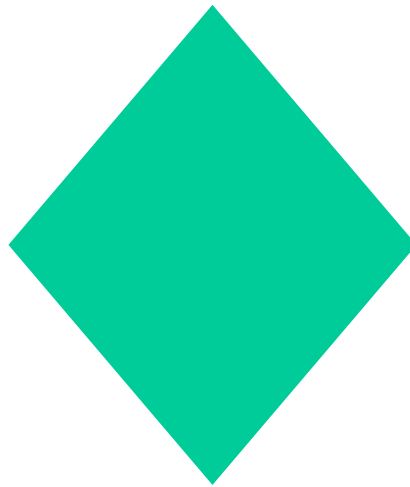
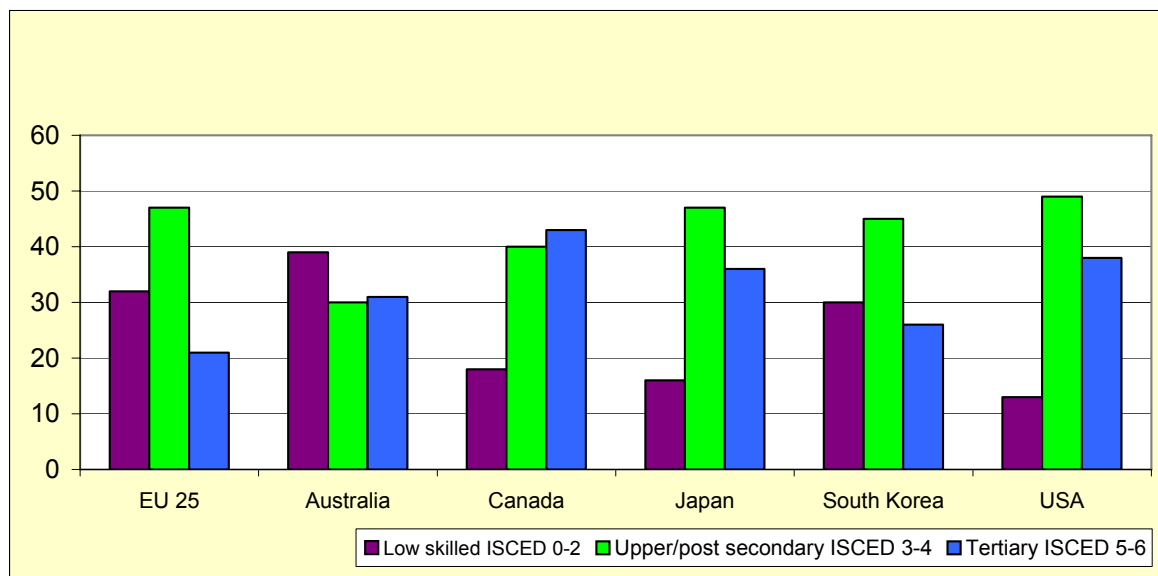


Figure 15: Educational attainment in selected OECD countries 2002-03



\*ISCED = International Standard Classification of Education

Source: OECD 2004.

From the perspective of a lifelong learning approach, it is important to stress that individuals do not study just once, but will be combining learning periods with working periods—sometimes consecutively, but most likely simultaneously. The concept paper underlines (on a number of occasions) the fact that individuals will be given the possibility to use learning centres to update and upgrade their skills. It might be useful to note at this point that not all individuals have the same learning styles. Some people learn by induction, meaning that they develop new conceptual skills when these are relevant to a practical problem. Such individuals would probably prefer to combine working with shorter learning periods in which they reflect on their experience and absorb new theoretical knowledge. Other individuals have a more deductive method of learning; they first need to abstractly understand the rationale of a concept before applying the theory to practice. Such individuals might prefer a more classical school-based approach to learning.

The consequences of this for the conceptual basis of the future VET system is that a diversity of pathways needs to be planned, which raises the question of accessibility to different educational and

training levels. There is a certain rigidity in the concept paper in terms of possibilities for individuals to move through different branches and levels of the new system. For example, students who enter the VET system at elementary or intermediate level and who afterwards want to continue into higher education must return to mainstream general education to study for the entrance exam. Students from VET can take school exams as external exams, but not the unified examination that permits entry to university. For admission to unified exams, students need a secondary education certificate, and to obtain this they must pass school exams.

Similarly, there is no direct connection between intermediate and advanced VET. The only possibility is to obtain a general education and do the entrance exam. The concept paper certainly proposes that graduates from general secondary should be able to continue to the advanced VET level in order to develop their employability further before entering the labour market. But there is some rigidity in regard to those who have previously entered the labour market and who afterwards wish to return to studying. Finally, the more applied approach of higher VET should not mean that the main subjects at bachelor degree level are not studied at all. They might be learned though a different approach, but this should not mean that the final qualification is inferior to that obtained through a more classical academic subject-oriented approach.

If more individuals need to be encouraged to follow vocational studies before entering the labour market, then this option needs to be attractive (as stated in the concept paper) and one way of ensuring this is by avoiding one-way pathways and offering the possibility of reaching similar levels of qualifications through different pathways. Although the concept paper recognises the need to develop a system for validating qualifications obtained in non-formal or informal systems, a number of obstacles make this task difficult to implement. These obstacles seem to respond to abuses that existed in the previous system, when some individuals were able to use VET to enter into university without taking the national entrance exam. The solution to this kind of problem should not be one that prevents honest individuals from following a pathway more coherent with their learning styles. The key issue is to resolve the method for validating and recognising learning outputs, rather than establish a rigid system that fails to take into account individual learning strategies.

Learning outcomes is probably the cornerstone for facilitating links between the different stages and branches of the system (including formal, non-formal and informal types of learning). The idea is to define exit levels at the different qualification stages, rather than base assessment on inputs and processes. Learning outcomes are the set of knowledge, skills and/or competences an individual has acquired and/or is able to demonstrate after completion of a learning process. They are statements of what a learner is expected to know, understand and/or be able to do at the end of a period of learning. If through an objective and standardised method an individual can produce evidence of having produced these outputs, irrespective of the pathway or process undertaken to do so, then this should be recognised and a qualification should be issued.

The more diverse and complex the system becomes (a natural consequence if featured by lifelong learning, diversity of learning styles, attractiveness and relevance of VET) the more imperative it will be to develop a guidance and counselling system that will help individuals and employers participate in and move throughout the system.

One important conclusion in the concept paper is the need to review curricula at the different stages and levels, to redefine them in terms of learning outcomes and to define the knowledge, skills and competences expected at the end of the different qualification levels. Leaving an important level of autonomy to schools in the methods and processes on how to achieve these learning outcomes is consistent with a decentralisation strategy. Authorities will therefore need to develop quality assurance mechanisms, accreditation procedures and inspection services that ensure that schools remain accountable, that they use their autonomy within certain limits, and that the principle of equal access to quality education for all citizens is applied.

Decentralisation opens the door to schools to develop close links with local employers and the community so as to maximise the resources of a region and make VET delivery as relevant as possible to local conditions and needs. But it also requires the development of a radically new school management culture and capacity in which entrepreneurial initiative and accountability do not negate the core business of the school.

In renewing curricula, social partners have much to say in systemically analysing, at the sectoral or transversal level, qualification needs for coming years. Employers can advise on the most suitable occupational profiles, on the basis of their knowledge of markets, technology and competitiveness.

Experts and education specialists can identify a suitable educational response that lays the basis for the learning outcomes to be developed at the different stages of the education and training system.

Social partnership within an economic sector is a pragmatic option for developing a national qualifications system that is based on the reality and perspectives of different areas of the economy. The future European Qualifications Framework (EQF) can be used as a reference and as a tool for advancing the recognition of certificates and qualifications at the international level, and would also make the system coherent with other national frameworks .

Training and learning methods need to be improved in line with updated and newly developed learning concepts. It is obvious that, no matter what shape the reform takes, it will sooner or later reach the school, workshop, laboratory or classroom, where trainees, teachers and trainers are the real protagonists of the VET system. Active involvement of teachers and trainers as change agents might not be sufficient to conduct VET reform to a successful conclusion, but what is certain is that, without them, success is impossible.

The traditional view of competence in education has emphasised subject-based skills and knowledge. In contemporary education systems, it is important to take into account individual attitudes to work and colleagues, the acquisition of insight from experience, their ability to learn, and their ability to use other people's skills and insights through cooperation and teamwork. The question is how to equip students with cooperation and teamwork skills if schools are organised in a hierarchical way that rewards individual work and abilities alone. Learning at most levels has typically been organised in terms of one room, one class, one lesson, one teacher and one subject. The focus has seldom been across subjects and learning. The organisation of a learning process is decisive to how much pupils learn. In order to stimulate learning, the focus must be on how the school is organised and how it is structured, in terms of architecture, organisation of teachers and classes, and information technology. Just as an increasing number of international companies use team organisation, so too can schools be organised in teams. Teams of three to four teachers or trainers can make cross-curricular surveys that aim to integrate the teaching process for different subjects, so as to give students a better opportunity to see the connection between different subjects/facts/abilities. It is also important to restructure the classrooms and to create spaces where different kinds of student activities can take place (individual work, group activities, project work, computer work, etc). The teacher needs to act more as a guide, supervisor and mentor. Mentoring can be used as a tool to follow up and guide the students. The mentor system can be modelled on the tutor system that many universities already use, with the focus on the development of character and social skills and on coping with group activities, cooperation, conflicts, and life at school in general.

## Governance

In 2004-05, public VET establishments received the status of legal entity and, since then, have acted with managerial independence under the overall control of the authorities. As legal entities, VET schools receive property and real estate, are accountable for resource management, and are encouraged to improve their financial sustainability. Although the share of paying students in VET schools has increased, the development of market-oriented training and related services has been largely insufficient. A multi-channel financing model is currently being assessed by the authorities.

Governance of the VET system remained strongly centralised up to 2005, despite a number of attempts at regional decentralisation. The VET concept adopted in 2005 represents a new step forward in the recognition of the importance of autonomy and accountability, effective management based on a division of functions between the state, regions and social partners, the establishment of supervisory boards in the schools, and the creation of a regional management model that takes into consideration local socioeconomic conditions.

The VET reform concept promotes social partnership, decentralisation, school autonomy, student-centered methodologies, schools as competence centers for local development, and the upgrading of skills for local industry. In May 2005, a social partnership commission was created on the initiative of the Ministry of Education and Science, with a consultative and advisory mandate. This commission includes representatives from relevant ministries, employers, and adult learning experts and training associations.

As their status of independent legal entities has only been recently acquired, VET schools face difficulties in putting sound management principles into practice. This problem is largely due to a lack of the required skills and of financial management experience in directors and teachers. The broader involvement of students and teachers in decision-making is another element that is still in the early development stage.

However, the idea of decentralising the different types and levels of VET (including non-formal types of training) in the form of integrated learning centres that respond to the changing needs of education and training provision has potential. It also raises operational issues that cannot be overlooked.

VET schools are constantly subject to dynamic transformation processes because society, students and expectations change. VET providers must learn to live with this constant pressure of change. Pushed to its logical conclusion, it may be said the schools need to work professionally with change—anticipate it and create an organisation that is ready to meet it—and develop a pedagogical-didactic way of thinking that is flexible enough to be able to take this pressure.

In a decentralised structure it becomes easier to network the different stakeholders working in a specific sector and cluster their initiatives. This sectoral approach commences with an intensive effort to assess needs, identify gaps in capacity, set programme priorities, and develop work plans for cluster development in close consultation with key stakeholders—including employers in specific sectors, education and labour ministry officials (as also other officials), students, parents and community leaders, education officials and business clusters.

Training improvement activities should be diversified both vertically and horizontally, take place at different levels of the current system of vocational education and training (Technikums, Lycees and Colleges of Technology) and be linked to one or more of the new Educational Resource Centres being developed with donor support (e.g. in Batumi, Uzurgeti and Telavi). This approach should provide support for content and information sharing and innovative educational programmes for young people and adults inside and outside the formal education system. It should also support the creation of online learning portals for developing employment-related skills and for providing information on employment, career development and career guidance in specific sectors. The experience could then be extended to other sectors.

In a decentralised structure, the different stakeholders involved—deconcentrated administrative units of the Ministry of Education and Science, regional administration, local administration, employment services, employers, trade unions, local non-government organisations (NGOs)—can more easily meet and develop a partnership approach that contributes to both effective coordination between actors and a common response to shared challenges. Innovation is also more easily promoted at the local and decentralised level.

In order to maximise the possibilities of success, any strategy to implement the positive aspects of the concept paper should combine the top-down approach initiated by the government with a bottom-up and transversal coordination of stakeholders.

Another important tool for the governance of the VET system is a national qualifications framework (NQF) (Coles, 2005). The notion of a qualifications framework that shows how qualifications relate to one another is not new. For centuries, trade organisations in many countries have exercised control over the right to practise a trade and the definition and management of skills progression. Universities have also established common systems for recognising progress in higher academic learning. What is new is the interest of governments in developing an overarching framework of qualifications that represent the outcomes of learning at school, at work and in higher education. These overarching frameworks demonstrate a national coherence in terms of qualifications and qualification levels in a country. An NQF<sup>28</sup> may exclude qualifications from different parts of the world of work or learning or may be inclusive of all qualifications that can be obtained in a country. Sometimes it is not clear if a country has an NQF. However, it is possible—even where no explicit diagram of qualifications is published, or when there is no explicit relationship between qualifications at different levels of achievement or between qualifications awarded in different parts of the education and training system—that there still exists a kind of framework based on common understandings and customs

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<sup>28</sup> A National Qualifications Framework is a classification system that has its governance located at the national level, and which is often, directly or indirectly, designed, financed, monitored and managed by the government. Employment sectors may be dominant contributors to this NQF or may play a more independent peripheral role.  
[http://www.etf.europa.eu/pubmgmt.nsf/\(getAttachment\)/4B4A9080175821D1C12571540054B4AF/\\$File/SCAO6NYL38.pdf](http://www.etf.europa.eu/pubmgmt.nsf/(getAttachment)/4B4A9080175821D1C12571540054B4AF/$File/SCAO6NYL38.pdf)

developed over time. Even given this diversity in types of NQFs, it is still possible to summarise the aims of national frameworks, as follows.

- “1. **To establish national standards of knowledge, skills and wider competences.** This could include: defining the outcomes of a national curriculum; the process by which skills needs of sectors and the national economy are identified and classified; the description of national levels of education and training. It could also cover, albeit slightly distanced from the NQF, the introduction of competence based standards for occupations and with this the development of competence based training and qualifications.
2. **To promote the quality of education and training provision.** By regulating the approval of qualifications to the framework it is possible to define acceptable national standards. These quality standards might reference the capacity of the body issuing the qualification to deliver learning, assess achievements and issue certificates. Sometimes these 'approved' qualifications are favoured in national funding regimes.
3. **To provide a system of coordination and for comparing qualifications by relating qualifications to each other.** By creating a means by which qualifications can be assigned to a national level of qualification users (individuals, providers of learning and those recruiting for jobs and learning programmes) are expected have increased confidence in the national qualification system. Under this aim the framework is used to harmonise or rationalise qualifications systems that are sometimes overlapping and compete for the attention of providers and learners.
4. **To promote and maintain procedures for access to learning, transfer of learning and progression in learning.** A framework of qualifications can make clear the entry points for learning for qualification and where a qualification could lead in terms of higher or wider learning. Transfer of learning from one qualification to another is also possible, especially if some kind of convention for recognising units of learning (or credits) is in place. Some NQFs have a credit-based system as an integral part of the framework. Through achieving this aim a qualifications framework supports lifelong learning.

These four aims suggest that the introduction of an NQF represents a new and innovative departure in the qualifications system.

**Qualifications** are the basis of frameworks and should be understood as a property of a person when a competent body determines that they have learned knowledge and skills and wider competences to specified standards. This standard of learning is confirmed by means of an assessment process or the successful completion of a course of study. Learning and assessment for a qualification can take place during a programme of study and/or work place experience. A qualification confers official recognition of value in the labour market and in further education and training. It can also be a legal entitlement for a person to practice a trade.

The process of **assessment** that leads to a qualification is also usefully expanded. Learning is usually assessed against standards or criteria by an expert, or a group of experts, who follow established procedures. Achievement in learning is validated when the assessment of learning is approved or confirmed by relevant legislative and professional authorities as having met predetermined criteria and that a standard assessment procedure was followed. Qualification is a formal outcome of an accreditation or validation process. A qualification confers official recognition of value in the labour market and in further education and training. A certificate is official document that records qualification and the validation of learning.

Having established the form of a qualification it is clear that the **qualifications system** is complex and can involve standards, criteria for assessment and assessment processes, official bodies, institutional infrastructure, curricula and programme design, funding regimes and many more contextual features dependent on the country and cultural setting. This broad panoply of policies, procedures and institutions is part of a qualifications system. We can define a qualifications system as all aspects of a country's activity that result in the recognition of learning. These systems include the means of developing and operationalising national or regional policy on qualifications, institutional arrangements, quality assurance processes, assessment and awarding processes, skills recognition and other mechanisms that link education and training to the labour market and civil society. Qualifications systems may be more or less integrated and coherent.

A **qualifications framework** is just one feature of a qualifications system although it is often a clear and prominent statement of the way qualifications systems interface with learners, providers and



recruiters. A qualifications framework is an instrument for the development and classification of qualifications according to a set of criteria for levels of learning achieved. This set of criteria may be implicit in the qualifications descriptors themselves or made explicit in the form of a set of level descriptors. The scope of frameworks may be comprehensive of all learning achievement and pathways or may be confined to a particular sector for example initial education, adult education and training or an occupational area. Some frameworks may have more design elements and a tighter structure than others; some may have a legal basis whereas others represent a consensus of views of social partners. All qualifications frameworks, however, establish a basis for improving the quality, accessibility, linkages and public or labour market recognition of qualifications within a country and internationally.”<sup>29</sup>

The basic architecture of NQFs can be described in terms of a series of design characteristics. Table 12 illustrates these as dimensions depicting the full range of these characteristics.

**Table 12: The design characteristics of NQFs**

Main advantages	Design characteristic		Main advantages	
	from.....	.....to		
Coherence across qualifications Genuine national system	inclusive of all qualifications	↔	partial coverage of qualifications	Implementation easier Piloting possible Staged development strategy
System wide reform possible Linkage with other national policies	designed and managed by central agency		organic development by stakeholders	Encourages harmonisation Stakeholder buy-in Allows regional development
Policy coordination Quality assurance	regulatory framework for assuring quality		classification of all qualifications	Communication with stakeholders
Powerful authority for framework Sanctions for non compliance	legal basis		voluntary basis	Ownership secured Stakeholders work together
Builds on existing learning infrastructure	descriptors composed of learning inputs		descriptors composed of learning outputs	Independent of institutional structure Linkage with external frameworks
Relevance across all parts of education and training possible Linkage with external frameworks	level defined by descriptor		level defined by national reference qualifications	Builds on existing infrastructure Confidence in new framework higher
Close relationship to labour market Linkage better between education and work	qualifications based on competency standards		qualifications based on units of learning or achievement	Continues traditions of skills supply Builds on existing infrastructure

Source: ETF (2006). A review of international and national developments in the use of qualifications frameworks.

It is possible to locate existing NQFs at a point from right to left along the continuum of each dimension. It is also possible to combine these dimensions in the design of an NQF. The location of points on each of these dimensions should ideally be rationalised with the country's declared purposes of the NQF. For example, in the case of Ireland the NQF was intended to transform the

<sup>29</sup> ETF, [http://www.etf.europa.eu/pubmgmt.nsf/\(getAttachment\)/4B4A9080175821D1C12571540054B4AF/\\$File/SCAO6NYL38.pdf](http://www.etf.europa.eu/pubmgmt.nsf/(getAttachment)/4B4A9080175821D1C12571540054B4AF/$File/SCAO6NYL38.pdf)

qualifications structures in the different education and training sectors into one coordinated framework with new quality assurance arrangements and a new institutional structure for manage the framework. The goal was to put in place the Irish NQF quickly—within 2 to 3 years. The position of the Irish NQF on each dimension corresponds with these aims. The Irish framework was always intended to be inclusive of the main types of qualification. The management of the implementation and ongoing maintenance is a central function laid down in law. The two newly created qualifications institutions (one for further education and one for higher education) have a regulatory function where they are accrediting awards based on descriptors defined in the framework. The framework itself is based on learning outcomes that are standards of knowledge, skill and wider competence. Qualifications admitted to the framework do not need to be competency-based but they do have to relate to the criteria for qualification types at specific levels.

Clearly the national context influences the selection of a position on each dimension with some choices being untenable and others being an automatic choice. For example in countries with federal governance the buy-in from regions is essential and development of a legal basis through negotiation and consensus building can be a fundamental requirement. States where social partners have a strong role in qualification design, management and evaluation will be guided towards voluntary arrangements rather than centralist imposition.<sup>30</sup> Some other factors influencing the choice of NQF characteristics are expanded in Table 13.

**Table 13. Factors influencing decisions on NQF dimensions**

Factor	Reason
Scale of reform policy	The potential reach of large-scale reforms enables the building blocks of qualifications systems (such as providing institutions, needs analysis processes, assessment practices and the basic structure of qualifications) to be laid as part of a programme of change. A large-scale reform does not necessarily need to be centralist or top-down.
Breadth of reform policy	The introduction or reform of an NQF can be viewed as one part of a much broader set of reforms (systemic change). More importantly these reforms are often, by design, interdependent in terms of bringing about the goals of reform. The blend of the set of reforms will, at least to some extent, determine the shape and role of the NQF.
Financing	The scale of financing and the period of guaranteed funding influences the extent of what might be achieved.
Timescale of reform	Reforms in qualifications systems suffer a significant time lag where change has to be managed in a way that preserves the rights and status of those who are in the process of having competences recognised. Changes also work their way through the system linearly (e.g. curriculum reform, qualification reform, recognition process reform and, finally, use of the qualification for advancement).

<sup>30</sup> [http://www.ef.europa.eu/pubmgmt.nsf/\(getAttachment\)/4B4A9080175821D1C12571540054B4AF/\\$File/SCAO6NYL38.pdf](http://www.ef.europa.eu/pubmgmt.nsf/(getAttachment)/4B4A9080175821D1C12571540054B4AF/$File/SCAO6NYL38.pdf)

The status of stakeholders	In societies where social partners are responsible for supporting management of the bodies involved in the qualification system, a process of consultation and adaptation will be required.
The diversity of existing high-currency qualifications	Finding common ground for establishing a framework will be more difficult if there is a great diversity of qualifications on offer and little chance of consensus on benchmarks for standards. Equally, the existence of a highly valued qualification can reduce the scope for qualification reform (i.e. there is a reluctance to change something that works well).
Status of quality assurance processes	In credentialist countries where the question of standards is a high-profile policy matter, the selection of a framework design will be dominated by the definition of quality assurance procedures.
The need to relate to external developments	Where inward or outward mobility of labour is commonplace, the need to use structures that can articulate with different kinds of frameworks will be important. Using learning outcomes in qualification design and level descriptors is an example. The Bologna process has resulted in international agreement about the three cycles of higher education. For many countries this is a structure that will be preserved in a new NQF.
The capacity of central agencies to manage change processes	The reform of a qualifications system through the introduction of an NQF will require support from central bodies. Where responsible bodies have legal status, the response to change may be slowed down by necessary legal procedures.
The clarity of the image of the framework	Policy-makers need a positive public perception of the framework. The image needs to be clear, easily understood, and effective, so as to reflect good management of development processes. The simplicity of the image can reduce the sensitivity of the framework to the complexities of the qualifications system.

Source: ETF (2006). A review of international and national developments in the use of qualifications frameworks.

The exercise of choice in NQF design is therefore often limited in scope. Having looked at the architecture of qualifications frameworks from a broad policy perspective, it may be useful to look at some of the technical design features that form part of any overarching NQF.<sup>31</sup>

<sup>31</sup> [http://www.etf.europa.eu/pubmgmt.nsf/\(getAttachment\)/4B4A9080175821D1C12571540054B4AF/\\$File/SCAO6NYL38.pdf](http://www.etf.europa.eu/pubmgmt.nsf/(getAttachment)/4B4A9080175821D1C12571540054B4AF/$File/SCAO6NYL38.pdf)

## Private training provision

Georgian legislation on the licensing of enterprises regulates private VET institutions. In March 2005, the Georgian parliament passed legislation governing the licensing of educational and pedagogical centres that significantly simplified licensing conditions.

New legislation on the licensing of industrial activities is currently in the process of elaboration, and this law will further simplify licensing conditions and create more opportunities. A total of 184 licenses have been issued for initial vocational education (in the form of basic short-time vocational training) and 223 licenses for secondary vocational education.

The private VET offer is as listed as follows:

1.	Drivers, all categories
2.	Motor mechanics
3.	Hairdresser's and cosmeticians
4.	Computer system operators and technicians
5.	Oil production and marketing personnel
6.	Masseurs
7.	Sailing and navigation workers (sailors, harbour masters, navigators, boatswains)
8.	Photographers
11.	Office workers
12.	Electrical welders
13.	Agricultural electricians
14.	Fashion show models
15.	Tourism and restaurant staff
16.	Folk arts, crafts and fine art workers
17.	Accountants
18.	Gas-related service workers
19.	Social workers

This list is misleading, since it does not reflect the real offer, and the large majority of these courses are, in fact, not active. Private VET focuses on the training and retraining of drivers, computer skills, hairdressing and cosmetic services; around 46% of all secondary vocational schools having the status of a legal entity are specialised in medical studies. A number of private schools could not withstand competition and closed down.

A number of private providers have organised their operations with particular success; for example, the private vocational school, KEBAI, has a quite interesting approach to apprenticeships, and many computer, hairdressing and photography training courses also work successfully.

The transition clauses of the new legislation obliges private providers to observe the law in their activities. The pending new law on vocational education will regulate accreditation rules and conditions for vocational educational institutions, which should ensure the development of high-quality private education.

In the adult learning area, training providers face difficulties in developing sustainable operations. Their interaction with VET institutions is only sporadic, and the available training mostly focuses on general skills (management and accounting, languages, information and communication technologies,

and social skills), while there is a clear shortage of training in technical skills for agriculture and industry.

Despite recent policy developments that recognise the important role of lifelong and adult learning in education reform, the agenda remains open to further change, including the development of a regulatory framework, the development of conditions for adult training and learning, the development of mechanisms for recognising and validating prior learning and the outcomes of non-formal learning, the provision of lifelong information and guidance, and the development of quality assurance, linkages with the education system at various levels, and learning methods and financing.

## The European dimension

Since the Rose Revolution, Georgian determination to move towards integration with the EU has been highly evident. In March 2005, the EC decided to intensify relations with Georgia through the development of an Action Plan under the ENP. This decision was based on an EC country report (March 2005), which provided a comprehensive overview of the political and economic situation in Georgia and the state of its bilateral relations with the EU.<sup>32</sup> The ENP, which goes beyond the existing Partnership and Cooperation Agreement, offers the prospect of an increasingly close relationship with the EU, involving a significant degree of economic integration and a deepening of political cooperation.

Although ENP Action Plan programming is as yet incomplete, the government of Georgia has already presented its priority areas, which include education. The Action Plan could therefore include the objective of reforming and upgrading education and training systems, and work towards convergence with EU standards and practices. To this extent the principles, working groups, and tools developed in the Bologna and Copenhagen processes could be extremely useful both in supporting the reform process in Georgia in the education and training field and in contributing to improved integration with Europe.<sup>33</sup>

In regard to the comparability of Georgian qualifications with the EQF being developed for Europe, it is a matter for national authorities to determine how qualifications within Georgia would be linked to the EQF. From the point of view of the EQF, the optimal approach would be for each country to set up a single NQF and to link their NQF to the EQF. However, given the rich diversity of national education and training systems and their stages of development, each country should at least put in place a process whereby existing qualifications structures and systems (whether single national qualifications or various systems of qualifications) are linked to the EQF. Such a process would facilitate a flexible implementation that depended on the circumstances in each country.

The following criteria could be helpful for verification of the process:

- The national ministry or ministries responsible for qualifications should define and decide the scope of the framework (which systems, sub-systems and responsible bodies to include).
- A clear and demonstrable link should be established between the qualifications in a national system or framework and the level descriptors of the EQF.
- The procedures for the inclusion of qualifications in a national system or framework should be transparent.
- The arrangements for quality assurance for qualifications in a national system or framework should be consistent with quality assurance developments in the Bologna and Copenhagen processes.
- A national system or framework and its linkage with the EQF should be referenced in the Europass portfolio of documents.
- A national system for validation of non-formal and informal learning should be compatible with common principles agreed at the European level.

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<sup>32</sup> See [http://ec.europa.eu/world/enp/pdf/country/georgia\\_country\\_report\\_2005\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/georgia_country_report_2005_en.pdf).

<sup>33</sup> See Annex 2 for a description of the main features of developments in the field of education and training in the EU.

- National authorities should make full use of the opportunities provided by credit transfer and accumulation systems by supporting the development and implementation of an integrated credit transfer and accumulation mechanism for lifelong learning.
- The responsibility of the domestic parties in the national systems or frameworks should be clearly demonstrated and published.

It is important to consider the process by which each country will certify the compatibility of its own qualifications with the EQF. Furthermore, it would be appropriate for each country to publish a description of the manner in which it does this.

The EQF proposes that the procedures for establishing compatibility would apply to self-certification by each country, with the competent national body or bodies overseeing this process. While the process should mainly be a national one, however, international experts must be involved. It is also important that the evidence supporting the self-certification process should identify each of the criteria used and that these should be published. It is envisaged that there would be a formal record of the decisions and arrangements put in place in relation to the national system or framework.

A further key element would be, for the relevant European networks involved in ensuring the transparency of qualifications, to maintain a public listing of states that have completed the self-certification process.

## Conclusions part II

The main question to be answered regarding the education and training reform being undertaken at present in Georgia is in relation to the skills required for each qualification. The push for reform is largely marking the current situation in the existing educational system. Firstly, there is a flow of the population towards general education (secondary and higher), irrespective of the quality and market value of the awarded diplomas. Secondly, the side effects of higher education reform, including the accreditation process, has already resulted in a reduction in the number of places available for 2005-2006. The country faces a situation where almost half of the 30,000 graduates from secondary education cannot be admitted to higher education, and this poses a huge problem of what to do with these graduates—who are destined to enter the labour market without employment skills or who must find alternative learning options. Here a reformed and open VET system could be an adequate alternative. Finally, the performance of existing VET schools, after years of deterioration during the transition period, makes VET a largely unattractive option for students and parents. In order to make vocational options more attractive to students by matching training with the skills and qualifications required by the economy, important reforms need to be implemented on this side of the educational system.

Reform should not be pegged solely on the present system (the supply side). Stakeholders in the education and training system need to start by understanding the competences (knowledge, skills, personal characteristics) needed by industry and services (the demand side), and from this, to deduce the learning outcomes to be achieved by different types of schools. Prospective sectoral studies need to be implemented and employers and other stakeholders need to be involved in order to define learning outcomes. Educationalists will make their input at a subsequent stage, by linking these learning outcomes to learning processes in terms of curricula, learning methods and types of schools. They will also take into account individual development needs and the contribution of education to citizenship.

Given the Georgian determination to integrate with Europe, the principles, tools and methods developed in the Copenhagen process can be useful in supporting reform efforts and relating the development of education and training to developments in the EU Member States. The practical impact of these principles, tools and frameworks on lifelong learning depends on the extent to which they can inform, inspire and guide national and sectoral education, training and learning policies, as also their implementation. The operational aim would be that, through national systems or frameworks, qualifications would be linked with the learning outcomes for one of the levels in the EQF.

# OVERALL CONCLUSIONS

## Human resource development and labour market reform challenges

The new political options and social priorities set for Georgia in 2004-2005 were favourably received by important international partners. However, recovery from the deep economic recession, particularly in rural areas, will need serious efforts in terms of the implementation of consistent strategies.

Georgia needs to build on its political and economic potentialities by developing policies and implementing measures that ensure sound and equitable development of its human resources. It needs to recover from the effects of the technical and scientific brain drain that quickly eroded the quality of its labour force. It also needs to address the effects of the shift in education choices during the transition period that led to excessive numbers of holders of higher education diplomas devoid of effective market value, while leaving a shortage in the numbers of holders of intermediate level qualifications (recognised skills).

The competitiveness of the Georgian economy will depend on the following:

- The availability of workers with up-to-date technical skills and core competencies and with sound qualifications across various levels
- The availability of workers with business and management skills
- Effective innovation and research linkages between the business sector and education and training institutions
- Effective collaboration by social partners and within economic sectors with education policy-makers and relevant players in the training market.

Active policies are required to further reduce the numbers of young people entering higher education to study for qualifications whose quality and market value are questionable. This objective has been accorded high priority in the reform of higher education. With the completion of the first phase of the accreditation process, by 2005-2006 almost half of the 30,000 secondary education graduates have been refused admission to higher education; yet vocational education is still considered a last-resort alternative.

VET reform has only just commenced. It still suffers from a poor reputation as the last-resort option in the education and training system, due to an irrelevant offer in terms of vocational profiles, outdated curricula, low-quality learning, and a lack of methodological developments in line with international practices. These are partly the result of inconsistent and superficial reform attempts in the 1990s, which focused more on the legal framework than on a rethink and review of the concepts and aims that would underlie a new VET for a new kind of economy. The challenge facing VET reform is to strategically meet the new skill needs of predominantly small employers while remaining flexible enough to respond to skill requirements for new economic activities and organisational cultures. The new VET should be based on sound information and analysis and should incorporate alternative training forms.

The VET reform processes underway will not yield the expected overarching effects (improved employability and better job-skills matching) without appropriate complementary measures in terms of employment policies, investment in new economic options and more dynamic job creation in non-agricultural sectors. Dominated by self-employment and small individual firms, the Georgian economic fabric has evolved towards low productivity, a subsistence culture and informality. Employment and enterprise promotion policies need to address the issues of upgrading informal enterprise and self-employment through multi-level instruments, including the provision of finance, regulatory simplification, the provision of access to relevant training and to technology, and the provision of incentives for cooperation among rural enterprises. The rural economy will remain tied to a subsistence culture as long as industrial processing and marketing fail to offer incentives for higher productivity. Notwithstanding these needs, however, employment promotion is not as yet a major government priority and employment bodies and public agencies do not deliver adequate labour

market services. Measures linked to targeted social assistance are considered a more immediate priority than active labour market policies, as revealed by the lower resource allocation and the understaffing of employment offices in 2004-2005.

## Human resource development and sustainable labour market reform

### 1. Employment and enterprise development

The level of technical assistance provided to the state employment agency by donors needs to be improved and continued, in order to enhance the policy and technical capacity areas governing job creation and employment improvement. Government priorities need to include a revised employment agenda that will contribute to poverty reduction with new tools and policies. This much-needed reorientation requires donor support via technical assistance that takes a medium-term perspective. Measures to build the capacity of the state employment agency and its regional offices are needed to improve the effectiveness of active labour market policies and to introduce new and creative forms of cooperation with education and training institutions. Measures that support partnerships with education and training institutions and aimed at providing labour market information and inputs to vocational training programmes and career guidance are likely to be attractive and effective for both sides, and will, moreover, contribute to a much-needed institutional and inter-sectoral dialogue.

### 2. VET reform

The debate has only just commenced, prompted by the immediate need to enhance educational alternatives to higher education. The consistency and credibility of further development of the reform strategy, its planning and implementation, and the acquisition of support and funding from various international and domestic sources, will all determine the success of the reform. The failure of the 1990s momentum for change has eroded the credibility of the system. Consequently, the same mistakes should not be made again.

International assistance for VET reform needs to go beyond work on legal instruments and investments in new equipment and premises to embrace the much-needed debate on the conceptual basis of the new VET. The new VET system should offer broader profiles and should be better integrated with the education system and more responsive to economic developments. Essential elements in donor support are the enhancement of local practitioner knowledge of international developments in VET and of European dimensions (Copenhagen process tools and principles, EQF debate, etc.).

Georgia needs to develop a new generation of education researchers and practitioners with solid and up-to-date knowledge of VET and lifelong learning developments and practices. At present the Ministry of Education and Science is experiencing a shortage of knowledgeable staff in VET-related areas. Exchanges between and with people and institutions, and participation in international projects would contribute to building a national VET capacity. VET fields where technical assistance is necessary should be clarified in line with the development of the VET reform strategy. Likely areas for donor technical assistance include the following:

- Preparation of a priority plan for VET reform and modernisation that adopts a sector-wide approach
- Development of lifelong learning mechanisms supporting attractive and flexible education options that provide incentives for enrolment in a more open VET system
- Revamping of VET learning content and methods
- Review of the qualifications system and adoption of a new conceptual basis in line with international developments (and leading ultimately to the development of an NQF)



- A methodologically sound elaboration of broad occupational and educational profiles and a review of the catalogue of occupations
- Improvement of curriculum development and assessment
- Development of quality assurance policy and mechanisms
- Provision of reliable and accessible information and guidance in support of education choices
- Provision of workers with modern technical skills and core competencies and with sound qualifications across various levels
- Development of observation, information and analysis systems to support policy-making and programming.

Technical assistance and institution-to-institution contacts are needed to support further development at the education policy and programming level (capacity building) and at the individual school level (partnerships with local networks and with networks in partner countries, exchanges with local training and employment networks, management capacity-building, etc).

### **3. Adult learning development**

Adequate policies, training offers, renewed curricula, new learning methods, quality assurance and recognition are all key to ascertaining that the education reform embraces an effective and operational lifelong learning framework. To respond to the short- and medium-term challenges of an economy whose main resource is human capital, adult learning needs to be awarded a strategic position in future development plans. Technical assistance and exchanges on international practices are needed to develop measures that support the development of policies, the design of curricula, the effective combination of training methods (structured and non-structured, formal and informal) and the development of quality assurance concepts. Financing, recognition and validation are important aspects where technical assistance is necessary.

# ANNEXES

## Annex 1. VET development issues – debate in the EU

Education and training is a field where, in accordance with the principle of subsidiarity and with existing treaties and unlike the internal market or other chapters governed by the *acquis communautaire*, member states have legal competence.<sup>34</sup>

At the European Council meeting in Lisbon, March 2000, member states made a commitment to the aim of developing the EU, by 2010, into the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, providing more and better jobs and ensuring greater social cohesion. To achieve this ambitious goal, heads of states and governments have proposed a radical transformation of the European economy and a modernisation of social welfare systems, but have also advocated a challenging programme to convert the EU education system into a world leader in terms of the quality by 2010.

Achieving this aim requires a fundamental transformation of education and training systems throughout Europe. It was agreed that although the process of change would be implemented in individual countries in accordance with national contexts and traditions, member states would cooperate at the European level through the establishment of common goals and by sharing experiences and learning from what works best elsewhere, via the Open Method of Cooperation (OMC).

While respecting the allocation of responsibilities envisaged in the corresponding treaties, the OMC provides a new cooperation framework for member states, aimed at a convergence of national policies and the attainment of certain objectives shared by all the states. It is based essentially on:

1. Joint identification and definition of the objectives to be attained
2. Commonly-defined yardsticks (statistics, indicators, etc) that enable member states to know where they stand and to assess progress towards objectives
3. Comparative cooperation tools that stimulate innovation and enhance the quality and relevance of teaching and training programmes (dissemination of best practices, pilot projects, etc).

To ensure their contribution to the Lisbon strategy, the Education Council and the EC endorsed a 10-year work programme (Education and Training 2010) to be implemented through the OMC. Ministers of education agreed on three major goals to be achieved by 2010 for the benefit of the citizens and the EU as a whole:

- to improve the quality and effectiveness of EU education and training systems
- to ensure that they are accessible to all
- to open up education and training to the wider world.

To achieve these ambitious but realistic goals, they agreed on thirteen specific objectives covering the various types and levels of education and training (formal, non-formal and informal) aimed at making a reality of lifelong learning. Systems have to improve on all fronts: teacher training; basic skills; integration of information and communication technologies; efficiency of investments; language learning; lifelong guidance; flexibility of the systems to make learning accessible to all, mobility, citizenship education, etc.

Education and Training 2010 integrates all actions in the fields of education and training at European level, including vocational education and training (the Copenhagen process). As well, the Bologna process, initiated in 1999 is crucial in the development of the European Higher Education Area (EHEA). Both could contribute actively to the achievement of the Lisbon objectives and are therefore closely linked to the Education and Training 2010 work programme.<sup>35</sup>

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<sup>34</sup> See [http://europa.eu.int/scadplus/glossary/community\\_acquis\\_en.htm](http://europa.eu.int/scadplus/glossary/community_acquis_en.htm).

<sup>35</sup> <http://ec.europa.eu/education/policies/2010/doc/info2004.pdf> and [http://ec.europa.eu/education/policies/2010/et\\_2010\\_en.html](http://ec.europa.eu/education/policies/2010/et_2010_en.html)

The main difference between both processes is that while the Copenhagen process is voluntary for the participating states, the Bologna process (in which Georgia participates) entails a number of commitments.

The Bologna Declaration of 19 June 1999 involves six actions relating to:

1. A system of academic grades which are easy to read and compare, including the introduction of the diploma supplement (designed to improve international transparency and facilitate academic and professional recognition of qualifications)
2. A system essentially based on two cycles, i.e. a first cycle geared to the employment market and lasting at least three years and a second cycle (master) conditional upon the completion of the first cycle
3. A system of accumulation and transfer of credits (of the ECTS type already used successfully under Socrates-Erasmus)
4. Mobility of students, teachers and researchers
5. Cooperation with regard to quality assurance
6. The European dimension of higher education<sup>36</sup>.

The aim of the process is a convergence between European higher education systems towards a more transparent system with a common framework based on three cycles, namely, bachelor's degree, master's degree and doctorate.

The priority actions of the Copenhagen process are:

- A single framework for transparency
- Quality assurance in VET
- A credit transfer system for VET
- Common principles for the validation of non-formal learning;
- Strengthening lifelong guidance policies, systems and practices
- Addressing the learning needs of teachers and trainers.

The EQF (a proposal at present in the consultative stages) is one of the tools that draws together both processes.

## **The European Qualifications Framework (EQF)**

The EQF, at present in the consultation phase,<sup>37</sup> has as its aim to create a system that will enable qualifications at the national and sectoral levels to be related to each other (Figure 14). This reference structure, which is to be used on a voluntary basis, will facilitate the transfer and recognition of qualifications held by individual citizens.

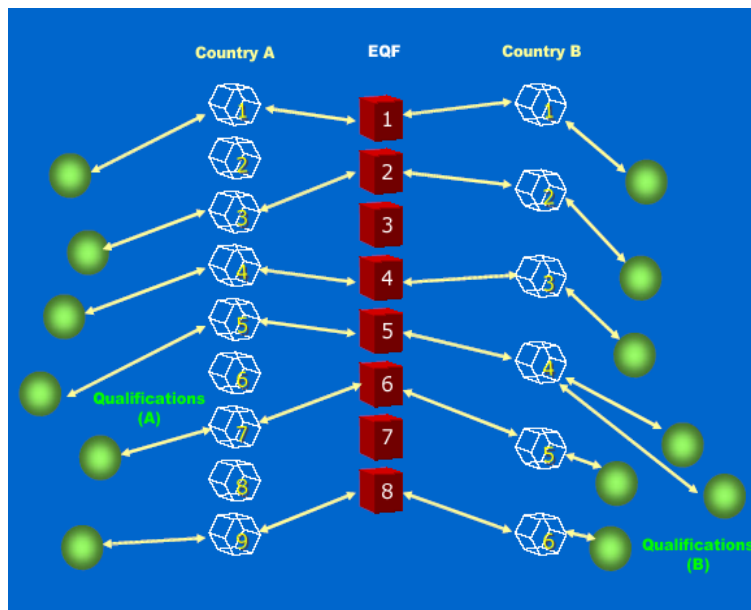
The EC is at present consulting representatives of the 32 countries participating in the Education and Training 2010 work programme, including social partners, relevant European associations, NGOs, education and training networks and European industry associations (e.g. information and communication technologies, construction, marketing etc). Their responses will be taken into account in determining the final content and structure of the EQF, prior to the presentation of a formal proposal in 2006. The consultation phase will terminate at the end of December 2005.

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<sup>36</sup> <http://europa.eu/scadplus/leg/en/cha/c11088.htm>

<sup>37</sup> European Commission, SEC (2005) 957. *Towards a European Qualifications Framework for Lifelong Learning*. Available from: [http://europa.eu.int/comm/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://europa.eu.int/comm/education/policies/2010/doc/consultation_eqf_en.pdf).

**Figure 1: A meta-framework for relating NQFs**



Source: European Commission, SEC (2005) 957

The consultation will close at the end of December 2005. EQF is a meta-framework, meaning a means of enabling one framework of qualifications to relate to others and subsequently for one qualification to relate to others that are normally located in another framework. The meta-framework aims to create confidence and trust in relating qualifications across countries and sectors by defining principles for the ways quality assurance processes, guidance and information and mechanisms for credit transfer and accumulation can operate so that the transparency necessary at national and sectoral levels can also be available internationally.<sup>38</sup>

A national or sectoral qualifications framework is an instrument for the development and classification of qualifications according to a set of criteria for levels of learning achieved. This set of criteria may be implicit in the qualifications descriptors themselves or made explicit in the form of a set of level descriptors. The scope of frameworks may be comprehensive of all learning achievement and pathways or may be confined to a particular sector, for example initial education, adult education and training or an occupational area. Some frameworks may have more design elements and a tighter structure than others; some may have a legal basis whereas others represent a consensus of views of social partners. All qualifications frameworks, however, establish a basis for improving the quality, accessibility, linkages and public or labour market recognition of qualifications within a country and internationally.<sup>39</sup>

A qualification is achieved when a competent body determines that an individual's learning has reached a specified standard of knowledge, skills and wider competences. The standard of learning outcomes is confirmed by means of an assessment process or the successful completion of a course of study. Learning and assessment for a qualification can take place through a programme of study and/or work place experience. A qualification confers official recognition of value in the labour market and in further education and training. A qualification can be a legal entitlement to practice a trade.<sup>40</sup>

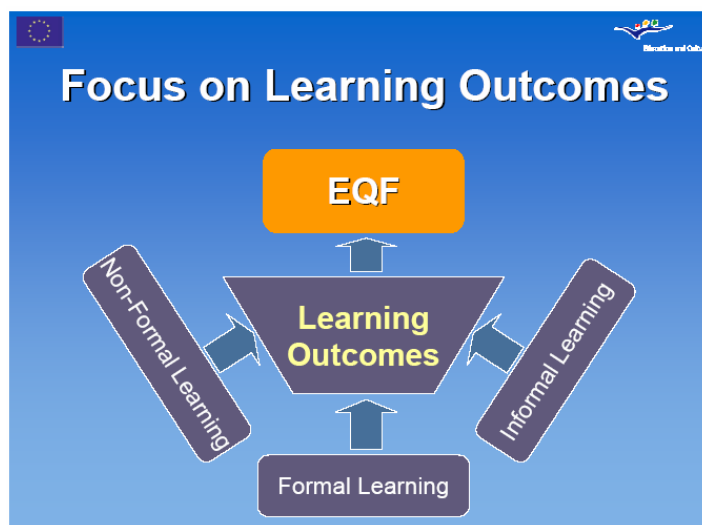
In the EQF context, learning outcomes are the set of knowledge, skills and/or competences an individual has acquired and/or is able to demonstrate after completion of a learning process. They are statements of what a learner is expected to know, understand and/or be able to do at the end of a period of learning (Figure 15).

<sup>38</sup> [http://ec.europa.eu/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/consultation_eqf_en.pdf)

<sup>39</sup> [http://ec.europa.eu/education/policies/2010/doc/twg\\_on\\_credit\\_transfer\\_progress\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/twg_on_credit_transfer_progress_en.pdf)

<sup>40</sup> [http://ec.europa.eu/education/policies/2010/doc/ecvt2005an\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/ecvt2005an_en.pdf)

**Figure 2: The EQF and leaning outcomes**



Source: European Commission, SEC (2005) 957

Competence includes: i) cognitive competence involving the use of theory and concepts, as well as informal tacit knowledge gained experientially; ii) functional competence (skills or know-how), i.e. those things that a person should be able to do when they are functioning in a given area of work, learning or social activity; iii) personal competence involving knowing how to conduct oneself in a specific situation; and iv) ethical competence involving the possession of certain personal and professional values.

The EQF is envisaged to consist of three main elements (Figure 16):

- The core would be a set of common reference points referring to learning outcomes, located in a structure of 8 levels.
- These reference levels would be supported by a range of tools and instruments addressing the need of individual citizens (e.g. an integrated European credit transfer and accumulation system for lifelong learning, the Europass instrument, the Ploteus database on learning opportunities).
- The EQF would also include a set of common principles and procedures providing guidelines for cooperation between stakeholders at different levels, and focusing, in particular, on quality assurance, validation, guidance and key competences.

At the core of an EQF would be a set of reference points defined by learning outcomes that will relate to qualifications through qualification frameworks (national and sectoral) that are in use across Europe. These reference points would be located in a hierarchy of levels that span the full range of qualifications from compulsory educational schools to the most advanced qualification for senior professionals including qualifications acquired through non formal and informal learning and through lifelong learning opportunities. Table 9 presents a summary of the 8 proposed reference levels.

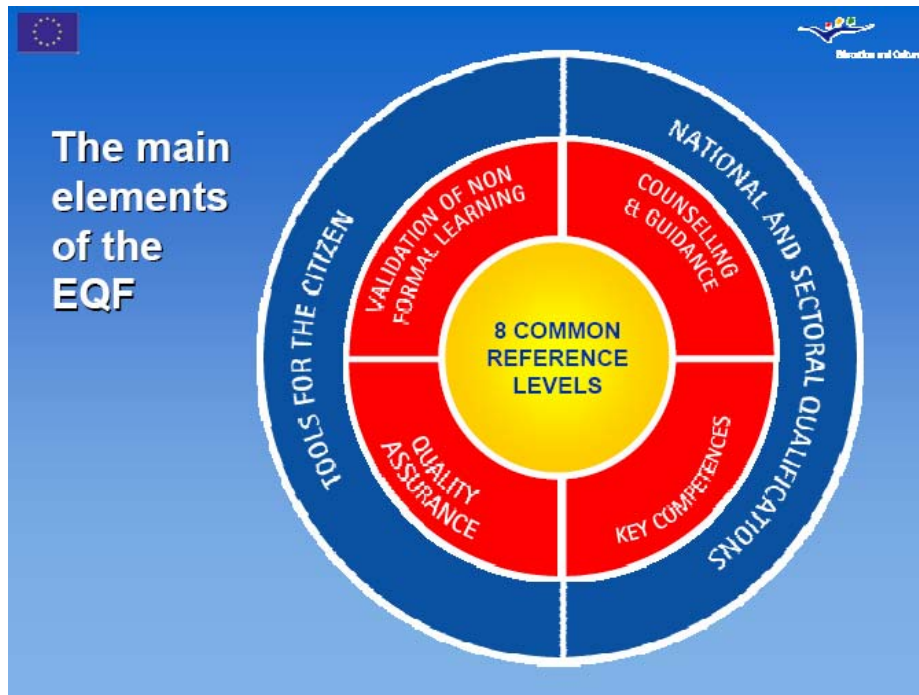
Each of the reference levels in an EQF requires a description of what is distinctive about qualifications that are classified at that level. Qualifications at each level in the EQF are described in terms of three types of learning outcomes:

- knowledge
- skills
- wider competences described as personal and professional outcomes.

These three types of outcomes can be described at each level of the framework in a way that facilitates amplification and exemplification by national and sectoral bodies. In consequence, each level of an EQF can be described in terms of typical learning outcomes that might be expected and should not include details of specific qualifications or systems that operate in countries and sectors. By approaching the design of the EQF this way each national or sectoral qualification or level can be matched by national and sectoral experts and competent bodies to a particular level in an EQF.

The three types of learning outcome (knowledge, skills and personal and professional competences) develop from the lowest level of qualification to the highest. It is important to attempt to define this progression in learning outcomes so that EQF levels are clearly progressive and can be defined consistently when all three types of learning outcome are combined to form a level descriptor.

**Figure 3: The main elements of the EQF**



Source: European Commission, SEC (2005) 957

The eight levels with descriptors that focus on learning outcomes represent the core of a possible EQF: the levels are the reference points that will be the tools of articulation between different national and sectoral systems. A summary of the proposed EQF levels is reproduced in Table 9. This broad overview of qualification levels lacks the specificity of the set of learning outcomes in the main table but has the advantage of being a concise generalised statement for each level to provide a useful quick reference tool. These broad indicators of level are not considered part of an EQF but are a guideline to the learning outcome descriptors for the three types of competence.<sup>41</sup>

The development of supporting and explanatory information relating inputs and systems to the EQF will be the responsibility of each member state.

The success of an EQF depends on its ability to promote voluntary and committed cooperation between stakeholders involved in education, training and learning at all relevant levels. While the common level descriptors would have a key role to play, this co-operation must also rest on a set of common principles and procedures. Common principles and procedures could be developed in many areas but particular attention would be given to quality assurance, validation of non-formal and informal learning, guidance and counselling, and promotion of key competences. Important work has already been carried out at European level in these four areas.

Quality assurance systems are set up at national level in order to ensure improvement and accountability of education and training. Quality assurance and development in VET is a key instrument in supporting the transition to a knowledge-based society, namely by increasing the effectiveness of VET outcomes in terms of improving the match between demand and supply, employability, and access to training. Furthermore, its role is crucial in increasing mutual trust in training provision in the EU, and thereby supporting mobility and lifelong learning.<sup>42</sup> Given the diversity and complexity of the VET systems and the quality approaches within and across Member

<sup>41</sup> [http://ec.europa.eu/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/consultation_eqf_en.pdf)

<sup>42</sup> [http://bulgaria.naric.org.uk/documents/presentations/PPP\\_QA\\_September\\_October\\_seminars\\_def.ppt](http://bulgaria.naric.org.uk/documents/presentations/PPP_QA_September_October_seminars_def.ppt)

States, there is need to improve the transparency and consistency of policy and practical developments in the field of quality assurance in order to increase mutual trust. As an outcome of subsequent cooperative work on quality assurance between the Commission, the member states, social partners, the EEA – EFTA and the candidate countries, a Common Quality Assurance Framework (CQAF)<sup>43</sup> has been developed through consensus building and stock taking from the experiences of member states. This framework is designed to support the development and, where necessary, the reform of quality systems in VET, in member states. It provides a common reference system and concrete reference tools to help member states and participating countries to improve, monitor and evaluate their own policies and practices in the field of quality assurance.<sup>44</sup>

**Table 1 : Indicative summary of EQF levels**

**Indicative summary of EQF-levels**

EQF Level	Brief indicator of level of qualification
1	Qualifications at level 1 recognise basic general knowledge and skills and the capacity to undertake simple tasks under direct supervision in a structured environment. The development of learning skills requires structured support. These qualifications are not occupation specific and are often sought by those with no qualification.
2	Qualifications at level 2 recognise a limited range of knowledge, skills and wider competences that are mainly concrete and general in nature. Skills are applied under supervision in a controlled environment. Learners take limited responsibility for their own learning. Some of these qualifications are occupation specific but most recognise a general preparation for work and study.
3	Qualifications at level 3 recognise broad general knowledge and field-specific practical and basic theoretical knowledge, they also recognise the capacity to carry out tasks under direction. Learners take responsibility for their own learning and have limited experience of practice in a particular aspect of work or study.
4	Qualifications at level 4 recognise significant field-specific practical and theoretical knowledge and skills. They also recognise the capacity to apply specialist knowledge, skills and competences and to solve problems independently and supervise others. Learners show self-direction in learning and have experience of practice in work or study in both common and exceptional situations.
5	Qualifications at level 5 recognise broad theoretical and practical knowledge, including knowledge relevant to a particular field of learning or occupation. They also recognise the capacity to apply knowledge and skill in developing strategic solutions to well-defined abstract and concrete problems. Learning skills provide a basis for autonomous learning and the qualifications drawn on experience of operational interaction in work or study including management of people and projects.
6	Qualifications at level 6 recognise detailed theoretical and practical knowledge, skill and competence associated with a field of learning or work, some of which is at the forefront of the field. These qualifications also recognise the application of knowledge in devising and sustaining arguments, in solving problems and in making judgements that take into account social or ethical issues. Qualifications at this level include outcomes appropriate for a professional approach to operating in a complex environment.
7	Qualifications at level 7 recognise self-directed, theoretical and practical learning, some of which is at the forefront of knowledge in a specialised field that provides a basis for originality in developing and/or applying ideas, often within a research context. These qualifications also recognise an ability to integrate knowledge and formulate judgements taking account of social and ethical issues and responsibilities and also reflect experience of managing change in a complex environment.
8	Qualifications at level 8 recognise systematic mastery of a highly specialised field of knowledge and a capacity for critical analysis, evaluation and synthesis of new and complex ideas. They also recognise an ability to conceive, design, implement and adapt substantial research processes. The qualifications also recognise leadership experience in the development of new and creative approaches that extend or redefine existing knowledge or professional practice.

Source: European Commission, SEC (2005) 957.

Most European countries are in the process of developing and implementing methods and systems for validation of non-formal and informal learning. This makes it possible for an individual to acquire a qualification on the basis of learning taking place outside formal education and training-contributing in an important way to the objective of lifelong learning.

<sup>43</sup>See [http://libserver.cedefop.eu.int/vetelib/eu/pub/commission/dgeac/2004\\_0011\\_en.doc](http://libserver.cedefop.eu.int/vetelib/eu/pub/commission/dgeac/2004_0011_en.doc).

<sup>44</sup> [http://ec.europa.eu/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/consultation_eqf_en.pdf)

A set of common European principles on identification and validation of non-formal and informal learning have already (May 2004) been endorsed by the (Education) Council in the form of a Council conclusion<sup>45</sup>. Reflecting the experimental character of many validation approaches, the main objective of this conclusion was to stimulate an increased exchange of experiences, to strengthen compatibility between systems and to improve overall quality and credibility.

These principles are directly relevant to an EQF and can guide co-operation between stakeholders at different levels. The principles cover four main aspects considered to be of particular relevance:

- Individual entitlements. The identification and validation of non-formal and informal learning should, in principle, be a voluntary matter for the individual. There should be equal access and equal and fair treatment for all individuals. The privacy and rights of the individual are to be respected.
- Obligations of stakeholders. Stakeholders should establish, in accordance with their rights, responsibilities and competences, systems and approaches for the identification and validation of non-formal and informal learning. These should include appropriate quality assurance mechanisms. Stakeholders should provide guidance, counselling and information about these systems and approaches to individuals.
- Confidence and trust. The processes, procedures and criteria for the identification and validation of non-formal and informal learning must be fair, transparent and underpinned by quality assurance mechanisms.
- Credibility and legitimacy. Systems and approaches for the identification and validation of non-formal and informal learning should respect the legitimate interests and ensure the balanced participation of the relevant stakeholders. The process of assessment should be impartial and mechanisms should be put in place to avoid any conflict of interest. The professional competence of those who carry out assessment should also be assured.

While formulated at a general level, these principles provide important guidelines for the future development of European validation methods and systems.<sup>46</sup>

Guidance refers to a range of activities that enables citizens of any age and at any point in their lives (lifelong) to identify their capacities, competences and interests, to make meaningful educational, training and occupational decisions and to manage their individual life paths in learning, work and other settings in which these capacities and competences are learned and/or used (life-wide). Guidance is provided in a range of settings: education, training, employment, community, and private. Draft common reference points for quality assurance models for guidance provision in Europe are intended as a first step towards building a common framework for quality in guidance services and products<sup>47</sup>. Such a framework would serve as a transversal appraisal instrument, providing common references to policymakers and service providers to enable them to understand how quality assurance systems for guidance services and products work and to identify and develop areas of existing models requiring improvement. The criteria which have been endorsed by the expert group will be subject to further testing and refinement to ensure that they are context free, internally consistent, and can form part of any quality assurance model (planning, methodology, implementation, evaluation, review). They are currently structured into five blocks: citizen/user involvement, professional practice/competence, service improvement, coherence and coverage of sectors.

In their present form the draft common reference points can be used for self-development of quality assurance systems for guidance services and products at national, regional and local levels in the next phase of the Education and Training 2010 programme. They will form an annex to the joint EC-OECD handbook on guidance policy development for policymakers.

Finally, a framework of key competences has been developed as a first European-level attempt to provide a comprehensive and well-balanced list of the key competences that are needed for personal fulfilment, social inclusion and employment in a knowledge society. It aims to serve as a reference tool for policy-makers and for those responsible for creating learning opportunities for people at all stages of lifelong learning, allowing them to adapt the framework as appropriate to learners' needs and contexts. Key competences should be transferable, and therefore applicable in many situations and

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<sup>45</sup> See [http://europa.eu.int/comm/education/policies/2010/doc/validation2004\\_en.pdf](http://europa.eu.int/comm/education/policies/2010/doc/validation2004_en.pdf).

<sup>46</sup> [http://ec.europa.eu/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/consultation_eqf_en.pdf)

<sup>47</sup> See <http://europa.eu.int/comm/education/policies/2010/doc/reform2004.pdf>.



contexts, and multifunctional, in that they can be used to achieve several objectives, to solve different kinds of problems and to accomplish different kinds of tasks. Key competences are a prerequisite for adequate personal performance in life, work and subsequent learning.<sup>48</sup>

It is proposed to apply the framework for key competences across the full range of education and training contexts throughout lifelong learning, as appropriate to national education and training frameworks. Table 10 provides an overview of the eight key competences.<sup>49</sup>

**Table 2: Overview of key competences**

Competence	Definition
Communication in the mother tongue	Communication is the ability to express and interpret thoughts, feelings and facts in both oral and written form (listening, speaking, reading and writing), and to interact linguistically in an appropriate way in the full range of societal and cultural contexts education and training, work, home and leisure.
Communication in a foreign language	Communication in foreign languages broadly shares the main skill dimensions of communication in the mother tongue: it is based on the ability to understand, express and interpret thoughts, feelings and facts in both oral and written form (listening, speaking, reading and writing) in an appropriate range of societal contexts — work, home, leisure, education and training — according to one's wants or needs. Communication in foreign languages also calls for skills such as mediation and intercultural understanding. The degree of proficiency will vary between the four dimensions, between the different languages and according to the individual's linguistic environment and heritage.
Mathematical literacy and basic competences in science and technology	Mathematical literacy is the ability to use addition, subtraction, multiplication, division and ratios in mental and written computation to solve a range of problems in everyday situations. The emphasis is on process rather than output, on activity rather than knowledge. Scientific literacy refers to the ability and willingness to use the body of knowledge and methodology employed to explain the natural world. Competence in technology is viewed as the understanding and application of that Knowledge and methodology in order to modify the natural environment in response to perceived human wants or needs.
Digital competence	Digital competence involves the confident and critical use of electronic media for work, leisure and communication. These competences are related to logical and critical thinking, to high-level information management skills, and to well-developed communication skills. At the most basic level, ICT skills comprise the use of multi-media technology to retrieve, assess, store, produce, present and exchange information, and to communicate and participate in networks via the Internet.
Learning-to-learn	Learning-to-learn comprises the disposition and ability to organise and regulate one's own learning, both individually and in groups. It includes the ability to manage one's time effectively, to solve problems, to acquire, process, evaluate and assimilate new knowledge, and to apply new knowledge and skills in a variety of contexts—at home, at work, in education and in training. In more general terms, learning-to-learn contributes strongly to managing one's own career path.
Interpersonal and civic competences	Interpersonal competences comprise all forms of behaviour that must be mastered in order for an individual to be able to participate in an efficient and constructive way in social life, and to resolve conflict where necessary. Interpersonal skills are necessary for effective interaction on a one-to-one basis or in groups, and are employed in both the public and private domains.
Entrepreneurship	Entrepreneurship has an active and a passive component: it comprises both the propensity to induce changes oneself and the ability to welcome, support and adapt to innovation brought about by external factors. Entrepreneurship involves taking responsibility for one's actions, positive or negative, developing a strategic vision, setting objectives and meeting them, and being motivated to succeed.
Cultural expression	Cultural expression comprises an appreciation of the importance of the creative expression of ideas, experiences and emotions in a range of media, including music, corporal expression, literature and plastic arts.

Source: European Commission Directorate-General for Education and Culture.

<sup>48</sup> See <http://europa.eu.int/comm/education/policies/2010/doc/basicframe.pdf>.

<sup>49</sup> A full description is available from <http://ec.europa.eu/education/policies/2010/doc/basicframe.pdf>.

Introduced in January 2005, the Europass framework brings together all European documents supporting transparency of qualifications.<sup>50</sup> This portfolio approach makes it possible for individual citizens to present their learning outcomes in a simple, clear and flexible way to educational institutions, employers or others. Two documents, the Europass curriculum vitae (CV) and the Europass Language Passport can be completed by the individual himself; three other documents, the Europass Certificate Supplement, the Europass Diploma Supplement and the Europass Mobility must be filled in and issued by competent organisations. These documents will gradually (during 2005) be made available in more than 20 languages.<sup>51</sup>

The European Credit System for VET (ECVET) is another instrument that could be of interest for Georgia with a view to international integration of its VET system and qualifications.<sup>52</sup> ECVET is a European system of accumulation (capitalisation) and transfer of credits designed for vocational education and training in Europe. It enables the attesting and recording of the learning achievement/learning outcomes of an individual engaged in a learning pathway leading to a qualification, a vocational diploma or certificate. It enables the documentation, validation and recognition of achieved learning outcomes acquired abroad, in both formal VET or in non-formal contexts. It is centred on the individual, based on the validation and the accumulation of his/her learning outcomes, defined in terms of the knowledge, skills and competences necessary for achieving a qualification. ECVET is a system designed to operate at the European level, interfacing with national systems and arrangements for credit accumulation and transfer.<sup>53</sup>

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<sup>50</sup> See [http://europa.eu.int/comm/education/programmes/europass/index\\_en.html](http://europa.eu.int/comm/education/programmes/europass/index_en.html).

<sup>51</sup> [http://ec.europa.eu/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/consultation_eqf_en.pdf)

<sup>52</sup> See <http://europa.eu.int/comm/education/policies/2010/doc/ecvt2005.pdf> and [http://ec.europa.eu/education/policies/2010/doc/consultation\\_eqf\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/consultation_eqf_en.pdf).

<sup>53</sup> [http://ec.europa.eu/education/policies/2010/doc/ecvt2005\\_en.pdf](http://ec.europa.eu/education/policies/2010/doc/ecvt2005_en.pdf)

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