



SKILLS DEVELOPMENT AND POVERTY REDUCTION IN KYRGYZSTAN

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SKILLS DEVELOPMENT AND POVERTY REDUCTION IN KYRGYZSTAN

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1. Introduction¹

With the Millennium Development Goals (MDG), the international community made commitments to reduce poverty in the world until the year 2015. But there is growing concern that insufficient attention is given to the role that education can play for poverty reduction. An excessive focus on basic literacy and general education, and a lack of attention to employment issues are major issues of concern. However, more recently increased attention has been given to the potential contribution of vocational education and training in the fight against poverty.

The debate is urgent for the countries of Central Asia, where due to shortages of public funds and poor administrative capacities, the opportunity for poverty reduction through economic growth lies, especially in resource poor countries, in more effective development and use of human resources, and in creating the conditions for public and private initiatives at local level.

This chapter presents the results of a study that looked at poverty and skills issues in a number of regions in Kyrgyzstan. It has focused in particular on the role of vocational education and training (both formal and non-formal) in reducing poverty, and on the possibilities for the reform of the vocational education and training system to improve its role.

The next section presents an overview of the overall poverty situation in Kyrgyzstan, with a more detailed analysis of the Issyk-Kul Oblast. It is followed by a section in which the role of formal and non-formal education for poverty reduction is analysed. It also describes major difficulties and problems that the systems of primary and secondary VET are facing. Some examples are given about the positive influence of vocational education and training in a number of village development projects. Section four summarises the outcomes of discussions among principal stakeholders about training needs and the conditions that need to be fulfilled in order for those needs to be properly addressed. The final section contains suggestions for changes in the national vocational education and training system so that it can better contribute to the reduction of poverty in the country.

2. Poverty in Kyrgyzstan

2.1 Overview of the situation

There have been significant social and economic changes in the country following the transition to a market economy in the early 90s. These changes have also directly affected the living standards of the population. Constantly growing inflation, a dramatic loss of employment in many parts of the economy and a sharp decrease in real incomes have, within a relatively short period of time, caused a polarisation in society in terms of incomes and an increase in poverty for many groups. Kyrgyzstan became one of the poorest countries in the region.

Overall, the situation has slightly improved since the early days of transition but poverty levels remain high. Between 1999 and 2003 there was a decrease of overall poverty (from 55.3% in 1999 to 40.8% in 2003) and extreme poverty (from 22.3% to 11.1%). About 70% of the poor population lives in rural regions; however poverty in previously industrial regions has emerged as well due to the collapse of many enterprises. It is in these impoverished industrial regions where much of the new poverty is to be found as families have no opportunities to fall back on the traditional survival strategies of rural populations such as subsistence farming. More than 70% of households with three adults and more than three children live in poverty. About 55% of children under the age of 17, which makes up almost 40% of the total population in the country, live in poor households. Low pensions and social benefits add to the poverty problems of many families especially those who cannot benefit in one way or another from the produce of a piece of land.

¹ This chapter is based on a report prepared for the European Training Foundation in 2005 by Aigul Bakirova (Director, Consultancy Agency "Expert") and Anar Beishembaeva (Team Leader, Forum for Educational Initiatives) The authors would like to thank Farida Ryskulueva (Deputy Head, Department of Higher, Secondary Vocational and Post-university Education, Ministry of Education) and Talaipek Cholponkulov (Head of the Department of Primary VET, Ministry of Labour and Social Protection) for their support and comments on an earlier draft.

Figure 1. General characteristics of Kyrgyzstan

Kyrgyzstan has about 4.8 million inhabitants (according to the First National Population Census of 2001), of whom 66% live in rural areas, 38% are children and teenagers, 52% are of working age and 10% are people over working age.

More than 80 ethnic groups live in the Kyrgyz Republic, among them the most numerous are Kyrgyz, Russians, Uzbeks, Tatars, Ukrainians, Bielorussians, Dunghans, Kazakhs, and Koreans.

Kyrgyzstan is a mountainous country with a predominantly agrarian economy. The share of agriculture in GDP is almost 40%.

In volumes of agricultural production 52% is plant cultivation, mainly grain, (33. 5%), vegetables (16%) and potatoes (14.5%).

Only 54% of all available land is arable with grazing pastures making up about 84.5% of all arable land.

In Kyrgyzstan almost every basic social-demographic group of the population is affected by poverty. But the most vulnerable social groups are women, young children, old people, and the disabled. Both "new" and traditional poverty impact on the highly vulnerable women: loss of jobs in traditional industries and lack of vacancies on the labour market; difficulty of finding suitable jobs for mothers with many children and for single mothers; decreased social support for maternity leave and child care; decreasing real value of social payments and benefits; difference in the payment of men and women (on average women earn 30-40% less), etc. More than half of the unemployed are women. Almost 50% of women with a job are employed in agriculture.

The problems related to youth poverty are particularly urgent for the country because children and young people under 18 make up such a large part of the population. Growing unemployment and an insufficient creation of new jobs are directly related to continuing impoverishment and further complication of youth problems. As of April 2005, out of 59,600 registered unemployed 56% are young people (in 2004: 53%). The lowest employment rate is among school graduates (27.8%) and ex-soldiers (26.1%).

Almost 40% of all pensioners are poor and together they make up 12% of all the poor people in the country. Incomes from pensions make up 15% of all incomes and 7.5% of all public expenditures. Among families that also include pensioners the level of poverty is higher than in other families. More than 60% of poor families and almost 30% of the very poor families include old people on pension.

The 85,000 disabled people are the most vulnerable group in society. They make up 3% of all the poor but more than 70% of all disabled people are poor, basically as a result of very low social benefits. Most are unable to find employment because of their handicaps. Furthermore, the previously existing institutions that provided sheltered employment for the handicapped were all closed down. Growing poverty and the destruction of the "social safety net" also cause obstacles for disabled children to receive education. Access to public health services has generally also deteriorated. Public expenditure for the social protection of families, children, and the disabled have steadily decreased and in 2004 amounted to 2.8% of GDP as compared to 3.1% in 2003.

It is obvious that families that face an accumulation of factors that are related to poverty belong to the most vulnerable in society. A recent UNDP study of the living standard of the population presents some of the main characteristics of extremely poor and poor households². Extremely poor are families with many children, families with one bread-winner, and also young families. In most cases they do not have anything: no house, no cattle, and no opportunity to cultivate the land. Children from the poorest families cannot attend schools in wintertime due to lack of clothes and footwear. Their food is of poor quality and often insufficient, and many consequently suffer health problems as well. The poor have limited access to education and medical services, suffer from malnutrition, and have low incomes. However, as opposed to the very poor, people in this category have at least some assets,

² Pyramid of Poverty. Report on the study of beneficiaries' living standard by the UNDP Poverty Reduction Programme. Bishkek, 2004. In 2001, the monetary value of the extreme poverty line was 4510 Som a year (107 \$) per person, and the general poverty line was defined at the level of 7491 Som (178 \$).

such as houses, even though small and in need of repair; they have cattle, usually a cow and some sheep, and cultivate their own land. Some of them are engaged in petty trade.

Literacy, like in all former Soviet countries, was high in Kyrgyzstan and it remains so but some alarming developments are taking place: the number of children with basic secondary education has somewhat decreased; 1.2% of the population aged of 7 and older are illiterate, more than half are old people, but almost 17% are children between 7-10, who live in poor families and cannot attend schools; more than 30% are children with mental and physical disabilities. In households with low income levels the number of children over 16 receiving education or training is also decreasing. Such signals should not be ignored and the education system in particular should take up its responsibilities as long-term poverty, unemployment, economic and social instability, non-realised hopes and plans, all contribute to marginalisation. There is a growing threat of inherited poverty.

Poverty reduction has now become one of the priority areas of state policy in Kyrgyzstan. One indication of this attention has been the launch of the National Poverty Reduction Strategy of the Kyrgyz Republic for 2003-2005. A number of other important programmes have been adopted as well, including the National Programme "Labour market and employment of the population" (Emgek), the National Programme of support to elderly people "Ardager", the National Programme of support to women "Ayalzat", the National Programme of public health services "Manas", and the National Programme of education "Bilim". All these programmes have components directly aimed at reducing poverty.

The National Poverty Reduction Strategy Paper (PRSP) groups three main objectives:

- Promotion of stable economic growth;
- Formation of effective government;
- Building a fair society that provides protection and human development.

The short-term objective of the PRSP is to increase the employment of the population through the creation of new jobs. The availability and quality of education are highlighted as key priorities. This would require the following priority measures:

- Optimisation of the system of secondary and higher education and training in relation to actual demand on the labour market;
- Development and improvement of active labour market policies;
- Improvement of the quality of human resource management;
- Creation of quality assurance mechanisms in education and training.

At present the government takes measures for fighting poverty in two forms:

- Active measures, which focus on creating conditions for people to escape poverty;
- Passive measures, which provide material aid to the needy population (the most popular are programmes of poverty related benefits and family benefits).

The PRSP argues that under conditions of a market economy when public budgets are limited, and the state simply doesn't have sufficient finances, active forms of poverty reduction should become increasingly important. In addressing the task of poverty reduction, the government sees its basic role in the promotion of macro-economic stability, the creation of conditions for economic growth, social mobilisation of the population, decentralisation of administration, development of businesses, supporting domestic producers and promoting the marketing of products.

As a consequence, activities for reforming the economy and attracting investment for priority economy sectors have been developed and approved. These include measures for the promotion of SME development and liberalisation of the economy. The legal framework for the development of market relations, improvement of investment environment, promotion of agrarian/land reform and the development of a land market are addressed as well. In the framework of the constitutional reform and the reform of public administration, the government has initiated measures for the further improvement of executive power, the development of local self-governance institutions and an increase in their role. In rural areas, Jamaats (rural community initiative groups) are being formed. In total 2139 such

community groups have been created. They are involved in local decision-making and preparing local development plans, and already include more than 5,000 active people.

NGOs play an important role in poverty reduction; often they supplement local development activities with training of community members. Apart from NGOs, public employment services are also engaged in poverty reduction in the framework of active and passive labour market measures. Among the active measures, especially noteworthy are the provision of vocational education and training, job vouchers, and the promotion of business - incubator activities. However, the role of employment services is still rather marginal.

In addressing poverty reduction, international financial organisations and donor countries provide financial and technical assistance in various sectors. Many bilateral donor projects aim at the rehabilitation and development of infrastructures (housing, irrigation, and transport), improvement of local development capacities, support to pre-school children and babies, development of skills and entrepreneurship, and provision of micro credits. International organisations have focused particularly on improving the development capacities of local communities. However, despite many donor activities, few donors actually work in the field of vocational education and training. Most training provided is directly related to other project objectives and of short term nature. These are mostly short courses and no sustainable training capacity is built up.

2.2. Poverty as a regional phenomenon

Whereas, overall, there is relatively high poverty in the country, the situation differs from region to region with some regions characterised by extremely high levels of poverty and others by lower levels. Most poverty is found in rural areas and in particular in the high mountains, as well as in depressed small towns that once depended on a single industrial enterprise that has since closed down. For example the Naryn Oblast, in the mountains, has a rate of more than 80% of rural poor, a general poverty rate of 65% and more than 40% people living in extreme poverty. In contrast, the Chui Oblast and Issyk-Kul Oblast have general poverty levels of 17% and 39%; a relatively high level of poverty of 59% can also be found in the Talas (59%), Jalalabat (58%) and Batken (51%) oblasts.

In rural areas there are practically no functioning enterprises; cattle breeding and agriculture are the main sources of income of the population. That used to be the situation before transition and rural poverty was a largely unsolved problem during Soviet times. After independence, however, collective farms that provided some sort of job and income security were closed and the land has been divided between inhabitants. Each family, depending on the number of family members, received their piece of land, which turned out to be barely enough to support families. Increasing production problems (high production costs, lack of machinery, fertilisers, seeds, cash money, and problems with marketing the produce) are complemented by a lack of experience, skills and knowledge to cultivate land and breed cattle properly. Many families also cannot afford production costs. With a lack of cash and costs often exceeding revenues, people in rural areas easily become trapped in poverty.

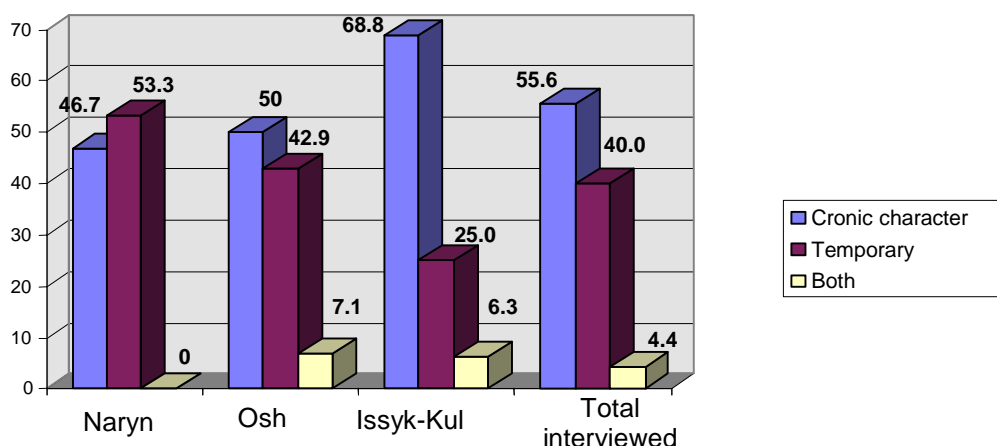
The vicious cycle in which poor families find themselves, has generated apathy among some of the very poor. Many, in fact, have lost any aspirations to improve their lives. Such families have developed dependence attitudes. From 18 families interviewed for this research, only three or four are actively undertaking efforts to overcome poverty and escape from their current situation.

The state puts a lot of effort into overcoming poverty in villages. As mentioned before, several programmes have been adopted. Public credit lines have been opened as well. There are also regional programmes and initiatives available. For example, in 2002, village inhabitants could receive credits from the Issyk-Kul regional administration to the amount of 150,000 Som and 30 of the poorest families each received a credit of 5,000 Som. In other cases, local self-governance institutions in villages have organised actions called "From rich to poor", which aim at encouraging rich families to give aid to the poor. The administration of the Issyk-Kul Oblast has allocated funds to purchase cattle to one of its poorer villages, which have been handed over to particularly poor families on condition that the possible wealth generated would be shared with other poor families. In some villages credit unions were also created to provide financial help for rural people. However, difficulties in getting credits and their untimely delivery continue to pose obstacles which, given the seasonal nature of agricultural work makes life even more difficult for rural people.

The results of our interviews show that more than half of poor people believe that poverty in their region is chronic. This indicates also that they believe in the inter generational character of poverty,

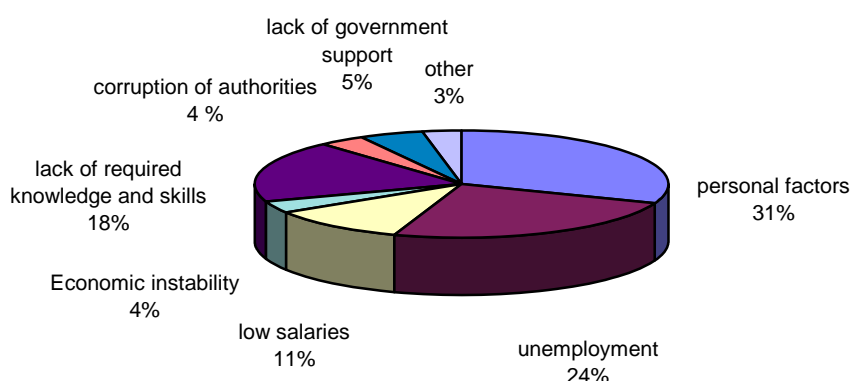
i.e. children born to a poor family that has no opportunity to improve its position, will remain poor and pass poverty on to future generations. Poor people in regions that are doing relatively well are particularly susceptible to this. People in regions characterised by high poverty levels however, seem more optimistic (See Figure 1).

Figure 2. Opinions of participants of the study about the character of poverty in the region (%)



The interviews also indicate that most people see the principal causes of poverty in terms of individual properties: personal factors (31%), unemployment (24%), lack of necessary knowledge and skills (18%) and low salaries (11%) (see Figure 2). Only a few people mentioned other reasons, such as lack of state support, corruption of authorities, economic instability. Reasons such as having many children, special climatic conditions and limited access to financial resources (grants, credits, subsidies, etc.) were included in the category "other".

Figure 3. Principal reasons for poverty in region (for all interviewed%)



Also in terms of what is believed to be the cause of poverty, people living in regions affected differently by poverty have different outlooks. In Issyk-Kul, which has a relatively low level of poverty people interviewed for this study identify unemployment (29%), the weak government (25%), and also lack of knowledge and skills (19%) as the main causes of poverty in their Oblast.

The opinions of the people interviewed in the Naryn Oblast, which is characterised by very high levels of poverty, are quite different. According to them, the main causes of poverty are personal factors (29%), unemployment (25%) and lack of necessary knowledge and skills (23%), which are in turn due to many objective reasons, such as severe climatic conditions, undeveloped infrastructure, remoteness, big distances between settlements, industrial production has always been undeveloped in the region and in fact there are hardly any factories. Cattle breeding is the basic activity here, and the results depend heavily on the families' own capacity to work, its ability to overcome difficulties, and aspirations to withdraw from poverty. People naturally tend to blame poor people (themselves) even though there is also a tendency to depend on the state in this case.

In the Osh Oblast, which also has high poverty rates, a wider range of reasons is mentioned: personal factors (30%), unemployment (20%), low wages (13%), economic instability (13%), lack of necessary knowledge and skills (9%), corruption of authorities (9%) and a lack of state support (6%). Personal factors include lack of self-confidence, lack of creativity, negative attitudes, social vulnerability, and also alcoholism, poor health and unwillingness to work. But also here individual factors dominate in contrast to Issyk-Kul where external factors were emphasised.

Obviously, education and training addresses many individual and external factors mentioned: employment and labour opportunities as well as more attitudinal factors such as self esteem and confidence, initiative, creativity etc. This is why people, also in the villages, attach so much importance to education and training. In terms of concrete education and training programmes, however, the specifics of the regional contexts both in terms of environmental factors and people's belief systems need to be taken into account. We shall return later to these issues. In the next section we will first review the situation of vocational education and training in the context of poverty reduction.

3. Vocational education and training in the context of poverty reduction

3.1 Labour market developments

In the mid-term, about 120,000 young people appear each year on the labour market, for the most part without qualifications and without the right to unemployment benefit. Against the background of what has been presented before, these young people not only face unemployment but also risk falling into the poverty trap.

On the other hand, labour market trends show that the greatest increase of employment in the mid-term can be provided to workers with basic and secondary qualification levels in agriculture and services. More particularly, the strategy for the social and economic development of the Kyrgyz Republic until 2010 identifies priority growth sectors in light industry, production of construction materials and products, food-processing, agriculture, services and tourism. The same rates of growth are predicted in a number of export-oriented sectors (electric power industry), infrastructure and business services (transport, communication, banking and tax services), natural resources (geological prospecting, mineral mining), and environmental activities.

These growth areas in the private sector require not only manual workers; there is an increasing need for mid-level specialists in the fields of marketing, finance and accountancy, human resource management, ICT and services (technical, information, transport-communication, technological, social and cultural services). The need for middle management levels and professionals in the social sector (pension provision, public health care, various forms of social and psychological support to the population, rehabilitation activities, education services - also for people with special needs) is increasing as well.

Given this tremendous need for qualified workers at the basic and middle levels, why are so many young people expected to enter the labour market without any qualifications? There are plenty of national programmes and formal statements that address this situation.

Several state programmes stipulate that young people should be provided with good qualifications to increase their competitiveness on the labour market. These programmes also state that creating opportunities for stable earnings or employment are the principle goals of an education system in the

struggle against poverty. More specifically, the “National Employment Policy of the Kyrgyz Republic until 2010” adopted by the Government in March 2005, is aimed at promoting employment. And the Doctrine of Education regulates the state’s responsibility for education now and in the future, its commitment to promoting i the development of education for the benefit of social, economic and cultural development of Kyrgyzstan, the progressive development towards a free market economy, values of a democratic society, and decent lives for all families and citizens of the Kyrgyz Republic.

The Concept of the Development of Education in Kyrgyzstan until 2010 is even more precise. It gives priority to skills development and education, and pledges to solve the problem of poverty through the creation of equal conditions for vulnerable groups to have access to and a decent education. It acknowledges the need to reform the system of human capital development. Considering the differences in poverty level of towns and rural regions, and the educational opportunities that exist in these regions, priority is given to the modernisation of agricultural educational organisations.

The emphasis on vocational education and training is interesting. Indeed, given that living standards of most people remain low, and that there are a lot of vocational education and training (VET) institutions over the territory of Kyrgyzstan, the availability of relatively short, cheap training programmes, would certainly boost the system of primary and secondary VET in terms of meeting the training needs of people with limited economic opportunities. This would not contradict the basic elements of the reform of vocational education and training, which are to develop a flexible response to the needs of the economy, to take into account the actual situation on the labour market, to build essentially new relations with employers and employment services, and to introduce modern training technologies for improving graduates’ employment opportunities. Against this background, the principal tasks of the vocational education and training system can be summarised as follows:

- Increase flexibility, dynamism and relevance of vocational education and training with respect to labour market needs.
- Improve the system of continuing training, retraining, and skills upgrading.
- Give priority to rural VET institutions that will help to reduce the internal migration of rural youth.
- Develop information and communication technologies (ICT) in education institutions (particularly those located in rural areas), to improve village infrastructure and the prepare highly skilled staff.
- Improve the financing mechanisms for training and employment of children from socially vulnerable layers of the population.

The current situation in the different sub-sectors of education and training is presented in more detail in the following sections. We will look at primary and secondary vocational education and training and at skills development as provided in the formal and informal education systems. There is also an abundance of official programmes and declarations in this area as well.

3.2 Primary vocational education and training (PVET)

A strategic programme of actions for reforming primary vocational education and training has been approved. It was developed on the basis of the “Plan of measures for reforming the basic VET system of the Kyrgyz Republic till 2010”, approved by the government in September 2004. The primary VET system includes the lower vocational schools that provide qualifications for occupations. The system is under the responsibility of the Ministry of Labour and Social Protection³. Other development aspects that can be achieved through vocational training are highlighted in the document “Strategic objectives for the development of VET till 2010”. These include:

- Increase youth employment;
- Reduce poverty and unemployment for socially vulnerable groups of young people and adults;
- Improve labour productivity in both formal and informal sectors of the economy.

³ In 2007, primary vocational schools were placed under the responsibility of a special agency outside the Ministry of Labour and Social Protection. Most of the staff of the former department for VET from the ministry were transferred to the Agency.

The effective use of PVET institutions for training adults was given high priority in the strategy. It defined the following tasks to be undertaken:

- Development of national policy and creation of the normative-legal base for training adults in PVET institutions;
- Preparation of teachers and trainers for adult education and training;
- Organisation of marketing services for adult training in PVET institutions;
- Expansion of the network of business-incubators for small and medium enterprises on the basis of PVET institutions.

Primary vocational education and training is delivered in state schools and by private providers. The state system of primary vocational education and training (PVET) includes 112 education institutions and about 3,000 teachers and trainers. Training is provided for 125 officially recognised occupations and specialities. Annually about 26,700 people are trained. As compared to 1990, enrolment of students in public primary VET schools decreased by 50%, from 40,000 to 20,000 people. Nowadays, more young people choose to enter secondary general schools as an entry to the higher education system. Many secondary school graduates however enter the labour market without any qualification and the number of unemployed university graduates is increasing dramatically as well.

Within the vocational education and training system there is a clear shift away from traditional industrial occupations towards service sector occupations. Training of workers for mechanical engineering, metal working, food-processing, production of construction materials and the electric power industry decreased massively. At the same time, VET schools have significantly increased training for the sphere of services. Training for commerce and public catering has increased by 35%, for transport by 48%, for the clothing industry and consumer services by 33%, for the printing industry by 58%.

There are 65 PVET institutions located in rural areas. The total number of students in rural schools (in 2003) was more than 12,000, for about 11,000 of them training is covered from the state budget; 219 people came from the employment services; 338 people paid themselves and 322 people were trained at the expense of companies.

3.3 Secondary vocational education and training (SVET)

A State Programme for the Development of Secondary Vocational Education and Training for 2005-2010 has also been drafted. This programme is still under discussion and donor investment opportunities are being identified. The programme sets the objective of modernising the system of secondary vocational education and training to improve the quality of training and to meet the needs of individuals and society. Secondary vocational schools are under the responsibility of the Ministry of Education, who for a long time has neglected to put any attention to these types of school, giving priority attention to expanding secondary general schools and universities.

Interest among students to enter secondary vocational schools has also seen a sharp decline since the early 1990s. While in 1989, in the 25-29 age group, 22.9% had secondary vocational education, this was only 12.4% in 1999. Since that year numbers are slightly increasing again. Between 1999 and 2003, the number of students in SVET have increased by 2.1, which is nevertheless 32% less than in the 1994/95 academic year. As a result, at present 13% of the total number employed in the private and public sectors are people with secondary VET while only about 11% of the population over 15 have secondary vocational education.

For the last several years the number of secondary VET institutions have been steadily increasing: from 53 in 1998 to 66 in 2003, and from one to four private SVET institutions in the same period. The increase is largely due to the fact that universities, whose numbers have dramatically increased, have started to open up their own facilities to provide secondary vocational education programmes in an attempt to secure future students for their higher education courses. SVET institutions traditionally provide a vocational qualification plus a full secondary education certificate on the basis of which graduates can enter the university. There currently are 75 VET institutions and specialised university units in the country delivering educational programs of secondary vocational education and a total of almost 3000 teachers. There are about 31,000 students, of whom a bit more than 13,000 are

supported from the state budget. Almost 30,000 people are trained in public SVET institutions and the rest in private ones. Private SVET institutions deliver training in a limited number of specialities.

At the beginning of the 2003/2004 academic year SVET schools delivered training in 25 recognised specialisations. Also here a clear shift away from traditional industrial occupations towards the (public and private) service sector is taking place. About 30% of students were following programmes in public health services, almost 22% in economy and management, almost 9% in education, 5% in culture and arts, almost 5% in rural and fish production, and 4.5% in technological machinery and equipment. Increasingly, in order to attract students SVET schools have also started to provide workers qualifications, normally the domain of the primary vocational schools.

The network of SVET institutions is organised well to provide access to students from remote regions; more than 59% of all SVET institutions are located in the regions. Most students can be found in the Osh Oblast-14%, in Chui Oblast -13% and in Jalalabat Oblast -11%.

3.4 Knowledge and skills needs of the population

The shift in interests for particular types of schools or vocational programmes provides indications of education and training needs among the population. Yet, this remains basically in the area of technical knowledge and skills as required for particular occupations and is also largely a response to what largely remains a supply driven system of education and training programmes. From our interviews with poor families in the regions we have learned, however, that people have still other kinds of learning needs some of which are clearly not responded to in the curricula delivered by vocational education and training providers. A summary of these knowledge and skill needs is given in Table 1.

Figure 4. Skills and knowledge needs among the poor

Skills, knowledge, qualities areas	Oblasts		
	Osh	Naryn	Issyk-Kul
<i>Personal qualities and skills</i>			
Independent decision-making	+	+	+
Positive perception	+	+	+
Psychology of dialogue	+	+	+
Communication skills	+		
Teamwork	+		
Power delegation	+		
Transfer of experience	+		
Identification of objectives and ways to achieve them	+		
Diligence, learning skills, responsibility, efficiency, self-confidence	+		
Presentation skills		+	
Self-organisation skills		+	
Leadership skills		+	
<i>Professional and economic knowledge and skills</i>			
Region-specific professional skills	+	+	+
Marketing	+	+	+
Entrepreneurship	+	+	+
Management	+	+	
Financial (financial activity, attraction and management of finance)	+		
Principles of market economy and business		+	+

Strategic planning		+	+
Situation analysis			+
Needs assessment			+
Labour market analysis			+
Adaptation to modern conditions			+
Transition to a new economic system			+
<i>Other knowledge and skills</i>			
Legal competence	+	+	+
Computer literacy	+		
Language skills	+		
Work with international organisations and public bodies	+		
Healthy way of life		+	
Prevention of diseases		+	
Information collection and use			+
Combination of theory and practice			+
Household management			+
Skills acquisition, their transfer and dissemination			+

From Figure 4, one can see some regional features of training needs. Thus, in Issyk-Kul Oblast, the need for development of personal skills is limited to skills that would help people to make independent decisions and be successful. There is demand for economic and entrepreneurial knowledge and skills, and in this oblast there is clearly a need for more advanced knowledge, including analyses and research. Besides, unlike other regions, there is a need here for developing abilities to transfer experience and knowledge to other people, such as trainer or coaching skills.

In Osh Oblast there is a need for the development of personal skills, and in a wide range from such human qualities as diligence, responsibility, learning skills, to independent decision-making. There is also a demand for language skills, not only of foreign languages, but also of Russian. Perhaps, because it is the lack of language skills in this oblast that people experience problems in establishing contacts with various national and international institutions and organisations, and it is because of this that such skills have also been named among required knowledge and skills.

Only in Naryn Oblast, disease prevention and health skills have been mentioned. This Oblast differs from others in terms of more severe climatic conditions and their negative influence on health. Sanitary infrastructures are also less developed. Issyk-Kul is a region where more people are active in business, in particular in the tourist industry, and where hence there is more attention to international standards for quality.

The people that were interviewed also noted that only development of individual skills in isolation is not enough, but that an integrated approach is needed. For example, development of such skills as self-organisation and leadership skills should be complemented with the development of moral human qualities, a correct attitude to life; presentation skills assume language proficiency. An integrated approach also assumes that skills development is better integrated into the overall educational process through proper training methods and technologies.

3.5 Conditions and measures to better meet people's training needs

At present, when the existing system of education and training does not make it possible to meet neither the needs of the state, nor of enterprises and individuals, the question arises under which conditions educational institutions would be better able to identify and respond to existing and emerging training needs. To find out how local stakeholders think about this issue a series of regional

workshops were organised during which representatives of local authorities, employers and (public and private) training providers jointly discussed options for policy measures and support.⁴

In terms of conditions that could contribute to improving the situation it was interesting to see that the discussions did not isolate education and training from other policy domains but instead looked for integrated approaches and stressed the need for cooperation between various stakeholders. Overall, they saw a prominent role for the state to play and not only in terms of providing the required legislative framework but also through creating opportunities for obtaining credits and entering foreign markets; coordinating key players and stakeholders; creating demand for acquired knowledge and skills through creation of jobs; motivating people to actively improve their situation; develop further and retraining and provide counselling and guidance.

In terms of concrete measures from which in particular rural populations would profit the discussions during the various workshops also lead to the understanding that coherent action was needed in different but related fields (such as local development, employment and vocational education and training), both at national and regional/local level (combining national VET reform with a differentiated approach allowing to flexibly respond to local and regional contexts), and in cooperation between state and social partners (including employers and NGOs that are active at the local level). As to this last point, it is worth to mention that there are some 7000 NGOs registered in the country of which perhaps half are active; all NGOs in one way or another include training in their projects for local communities. The sector of non-formal education and training therefore is an important one in Kyrgyzstan and we will return to this area in the next section.

Non-formal education

In many villages non-governmental and community-based organisations often deliver non-formal forms of education within the training component of donor projects. These projects are usually aimed at improvement of existing management skills and at social mobilisation of local communities.

The Swiss Helvetas Project "Support of community-based tourism" has helped individuals to start tourism businesses, also through training. In the framework of the project, from June 1995 to December 2002, 125 business - seminars and 113 seminars on tourism were organised for almost 2000 people each. Advice is provided on the development of business plans, on business management, evaluation of services, marketing planning, registration, investment strategy, and international cuisine.

In the village of Saruu in Issyk-Kul Oblast, the Swiss training programme "Larc" aimed at providing basic knowledge in agronomy. This training has helped many people to increase the yield of their land. Moreover, once trained in the basics of agronomy many people got interested and motivated to receive further training and consultancy, thus entering a virtuous cycle of learning and improvements of productivity. In Saruu, Helvetas also organises training for women in agronomy and plant cultivation, housekeeping, sewing skills, and also provides micro-credits and teaches women how to correctly use them. Within the framework of the Swiss ARIS project financial and methodical help has been given to three private enterprises: a car service station, to a sewing shop and "Vetservice", a private veterinarian enterprise.

In general, training in the framework of these and similar donor projects is aimed at solving projects tasks, and there is no strategic approach to skills training as such. As mentioned earlier, these projects do not include the development of a sustainable training capacity or infrastructure.

Formal vocational education and training

In principle, obviously, public education and training institutions can provide sustainability of training and also training that is aimed at poverty reduction and local development. However only some of them do so and the basic problem here is the lack of flexibility and possibility for decision-making as schools are still part of a largely centralised and standardised system which itself has become increasingly impoverished. Nevertheless, individual schools, often with assistance of international donor projects, have taken interesting and innovative initiatives although their experiences have so far not become part of the national strategy for reform of vocational education and training. Whereas

⁴ Regional workshops were organised in Naryn (25 participants), Issyk-Kul (21) and Osh (31). In addition, a national workshop was organised as well in Bishkek which attracted 41 participants. The participants of the regional workshops also completed questionnaires on the basis of which the information in Table 1 on learning needs has been put together.

individual schools have been allowed to profit from international assistance and experience, they have so far not been enabled nor motivated to contribute to the overall reform of the system.

Officially, public VET institutions are assigned the task of training with the purpose of improving employment opportunities for youth and adults, and of giving direct social support, especially to children from poor families. Formally, they should also be working on increasing the relevance of education to learners and employers needs, such as by introducing new occupations and qualifications, or by concluding contracts with enterprises.

Indeed, currently, training and retraining of adults is carried out in more than hundred primary vocational education and training schools. More than 2000 people wishing to get a new occupation or to upgrade qualification are annually trained financed from sources outside the schools budget. However, this is in most cases because employment services contract schools for the retraining of the unemployed and in many cases no special approach to adult training has been developed. The system of primary vocational education and training is also actively involved in solving social problems, by organising training for orphans, disabled, children from poor families, and refugees. By a decision of the Government 13 schools have been turned into rehabilitation centres with a total of 630 students. For all these students there is a system of social privileges in place providing favourable conditions for getting a qualification. Currently, also 540 children who have lost both parents are trained in PVET institutions with state support. This social role, and the one of retraining unemployed, is of course facilitated by the fact that the schools are under the responsibility of the Ministry of Labour and Social Protection.

The Belovodskoe vocational school is the only school specialised in education and training of potential juvenile offenders. Teenagers exempt from criminal liability because of their age or difficult children who have not committed criminal offences at all and street children all requiring special pedagogical attention, are directed to this school. The school is known for its many innovative teaching and learning approaches. The Ministry of Internal Affairs has a special department that runs primary VET schools for people that have been convicted by the courts. Some 1.6 thousand students, of which 300 teenagers and 60 are women, are given the opportunity to achieve a qualification (joiner, carpenter, mechanic, electrician, builder and other) which will allow them to reintegrate in society after they leave prison..

PVET schools have also become the basis for a network of business incubators, again with support from the employment services. From the planned twenty business-incubators in the system of primary vocational education and training, ten are presently operational. They assist school graduates in establishing their own companies.

Most of the innovations in schools are however introduced through cooperation with international donor projects. Such innovations aim at making graduates more competitive on the labour market and thus also contribute to poverty reduction. Several of these projects can be mentioned.

The German GTZ project component «Support of improving training in the Tokmok industrial-pedagogical technicum has started already in 1994. Training has been delivered in sewing business, maintenance service and car repair, and mechanisation of agriculture. New curricula and programmes have been developed, courses were organised for upgrading qualification, rooms have been equipped with modern equipment, training facilities, machinery and vehicles have been repaired, and educational premises have been rehabilitated and reconstructed. Within the project also training of unemployed was organised in cooperation with employment services.

Based on a tripartite agreement between the Ministries of Education and Labour and Social Protection of the Kyrgyz Republic and the Ministry of Public Education of Turkey, the Kyrgyz-Turkish women's vocational lyceum has been established in 1994. Here mainly girls from rural regions are trained to the occupations of seamstress and master of national crafts. The number of students is 140 people annually.

Since 2001, a agricultural and rural vocational education and training project has been implemented the Swiss Helvetas in Naryn Oblast. The purpose of the project is to provide assistance in the adaptation of vocational education and training for agriculture to the conditions of market economy. The innovative approach includes: involvement of farmers, students, parents, teachers, local authorities and vocational education and training in the implementation of the programme. The project assumes a three-level system of farmer training: farm worker, farmer, and master farmer. A third of the training time is allocated to practical training in farms. A total of 300 people have so far been

trained. Since 2002, another Swiss project has developed and provided modern vocational education and training in forestry and wood processing.

The European Union, through its European Training Foundation, has focused on reforming the wider system of vocational education and training. The ETF projects since 1995 have focused on

the place and role of the VET system in the transition processes, in particular with respect to enterprise development, local development, and poverty reduction. ETF objective has been strengthening of the capacities in the VET system to address such new issues. Thus, since 1995 more than 20 publications on employment and vocational education and training have been prepared in English, Russian and Kyrgyz languages. These have been widely disseminated in the country. About 50 conferences, seminars and training events for representatives of administrative structures of the national, regional and local levels, social partners, private and public training providers and individuals have been organised. Representatives of various ministries and departments, universities, NGOs, employers associations, private institutions have been involved in these discussions in the capacity of experts.

In 2007, with and ADB grant technical assistance and investment will be provided to rehabilitate and modernise the primary vocational education and training system. The project will also include steps towards rationalising the network of schools and make each of them more responsive to local labour market training needs. The European Union will also provide limited funds for the rehabilitation of vocational schools in rural areas.

The basic problem in education in the context of poverty reduction is having access to quality education, which to a big extent depends on the level of incomes of families. The system of vocational education and training itself, however, has also become impoverished mainly as a result of declining investments. As a result the quality of education has deteriorated considerably. The decrease in financing (from 6.1% of GDP in 1991 to 4.2% in 2001) has affected the budget of schools and has made it increasingly difficult to provide students with such social services as hostels, clothing, and training equipment and study materials. The available funds for scholarships and meals are insufficient and especially children from poor families suffer from this. But there are also other problems that negatively affect the quality of education and training.

Salaries of teachers and trainers remain very low and the social prestige of pedagogical occupations has decreased accordingly. Lack of finances is also the main cause of existing problems with retraining teachers in innovative approaches and technologies or with updating their domain knowledge or developing their management skills. An ageing pedagogical staff and the low innovative potential of teachers result in poor quality training. There are no mechanisms and institutions for adequate quality assurance and there is therefore no regular monitoring and evaluation of educational processes, no updating of curricula and no evaluation studies.

Improvement of these issues would require the involvement of employers, but in practice there is nearly no cooperation between local VET institutions and employers. If this does exist it is limited to employers providing practical training opportunities to students in their companies, or by employing graduates. Employers from their side are reluctant to develop partnerships with schools. At present most are not interested in training their own staff as there are abundant numbers of unemployed higher education graduates. In fact most rural employers simply have no financial means to do so and many employers fear that trained staff can find better jobs and would leave their company. More seriously, however, employers generally believe that vocational school graduates do not have modern skills, lack responsibility and proper correct attitudes to work. Students and graduates are more of trouble than of benefit for employers.

In rural areas and villages there are a number of additional factors that hinder the development of quality vocational education and training. First of all there is a lack of jobs. In fact there are generally no functioning enterprises in villages and no real opportunities either for people to start their own business because there is no access to funding, no methodological support to new businesses, and no business support infrastructure. As a result, school graduates cannot apply their education and most young people leave the villages and do not come back after finishing their studies, even though not many find jobs in their speciality in town, and most are hired to do unqualified or semi-qualified work. This then leads to young people aspiring by all means to get the highest possible level of education, irrespective of employment opportunities and of possible needs for qualified people in villages. The drive to higher education is also compounded by the general view that primary and secondary VET schools are basically for those students that are not able or have failed to enter secondary general and higher education.

Apart from such external factors, problems in the VET system itself also have a negative impact on quality and image. Programmes, curricula and qualifications have not yet been adapted to the new market conditions and are still largely based on employment conditions from before the transition. The system remains excessively centralised which leads to increasing alienation from development processes in the regions and, as a consequence, reinforces non-participation of local authorities and employers in developing the contents of vocational education and training. It also remains much standardised giving little space for local authorities or school directors to flexibly respond to local needs. There is no real assessment of efficiency or effectiveness of the system, nor indeed of the quality of knowledge, skills and competences of graduates. There exists therefore a severe mismatch between the actual contents of educational programmes and the objectives officially declared in the various reform concepts of education. These general characteristics are valid for both subsystems of vocational education and training. Each of them has still a number of additional challenges to cope with.

Primary vocational education and training

The system of primary vocational education and training (PVET) is the main supplier of qualified workers and despite of all transition difficulties has preserved its main characteristics until today. However, the difficulties of transition period and a decreasing attention from the side of the state to this sector have resulted in poor quality services, weak organisational-administrative structures, and inefficient mobilisation, allocation and use of resources. The factors that have lead to this situation are well known.

Poor quality of services basically result from the fact that there is no clear state policy and legislation related to assuring the quality of process and outcomes of training qualified workers; there is no planning and monitoring of the quality of educational services; State educational standards in PVET have only been developed for several occupations and do not meet modern requirements; educational institutions do not receive adequate scientific-methodological support; the current system of licensing and state accreditation of curricula and educational institutions is inefficient; procedures for certification of administrative and teaching staff are outdated; there are limited opportunities of skills upgrading for staff in schools; and overall, the available human, material and financial resources are inadequate for the delivery of quality educational services.

Weak organisational and administrative structures are the result of outdated legislation which is not adapted to the changed conditions inside schools and outside on the labour market. There is no clear division in the administrative system between such important functions as the definition of the policy and strategy for PVET development, their implementation through the definition of quality standards, and the monitoring of progress and quality of training processes and outcomes. Administrative and management at the regional level has been liquidated, adding further to centralisation and obscuring boundaries between policy development and implementation. Schools have no real autonomy in terms of curriculum decisions, financing or economic management. There are no support structures that help schools to become and remain innovative and responsive nor are there any formalised and institutionalised partnerships with related and relevant other institutions.

An inefficient system of mobilisation, allocation and use of resources also is the result of a series of related factors. Qualifications of most employees of the VET system do not meet modern requirements and low salaries hinder the inflow of young staff. Though the absolute size of budget allocations to PVET has been growing these do not provide funds for investing in the development and improvement of this sector of education. Financing mechanisms based on itemised funding do not stimulate effective disbursement of these funds by educational institutions. The system remains supply driven providing courses for which existing schools have capacities instead of courses for which there is demand from learners and the labour market. Schools therefore hardly contribute to strategic and economic development of the communities and regions where they are located. Schools are also restricted and limited in the nature of off budget activities that they can develop.

Secondary vocational education and training

Secondary vocational education and training is a specific level of the VET system, occupying a significant place in meeting educational needs of individuals and the society and allowing the preparation of mid-level specialist qualifications. But also this sub system is facing serious problems and challenges. Obviously, many problems are shared with primary vocational education and training such as insufficient funding, impoverishment, outdated legislation, teaching and training materials and approaches, and the absence of a quality assurance system.

In addition, given the instability of the social and economic situation and the absence of long-term forecasts for economic development, the identification of profiles of mid-level specialists is a complicated business. The situation is further complicated by the loss of traditional links between educational institutions and enterprises that used to employ graduates with mid-level qualifications. The weak influence of professional associations on the development of the education programmes and low cooperation between education authorities and local employment services also add to problems in developing relevant education and training programmes.

The review of primary and secondary vocational education and training leads to the conclusion that both sub systems are in urgent need of modernisation if the formal education and training system wishes to take serious its claim to address the priority issue of poverty reduction. But apparently the need for reform goes much beyond their potential contribution to poverty reduction. Moreover, improving the contribution of vocational education and training to the reduction of poverty is not just something that the VET system can achieve all on its own. All the major stakeholders will have to play an important role. In the next section we will present a review of the challenges that stakeholders are facing today.

4. Challenges for stakeholders in improving VET for poverty reduction

The way how key stakeholders define their roles and organise their cooperation during the whole cycle of the education and training process, from needs assessment to assessment of learning outcomes, profoundly influences the contribution that vocational education and training can play in poverty reduction. We will summarise the views of employers, local authorities and training providers on the potential role that they could play, their current and actual activities in this respect and the challenges that they are facing in addressing the problems of different target groups.⁵

4.1 Potential roles of key stakeholders in poverty reduction

In terms of poverty reduction, employers, training providers and local authorities have clear roles to play. Employers provide jobs for people in search for employment as a source of income, training providers help people to develop the knowledge and skills they need to find and stay in work, and local authorities create the infrastructures and environments for social and economic development so that regions and local communities can prosper. Stakeholders can only achieve their own objectives in partnership with the others and dialogue and consultations need to be organised and maintained. Often, however, this is exactly what is not being done.

Institutions of local self-governance see their role in particular in implementation of the reform of the state education system and the improvement of working conditions in VET institutions, including the further training of teachers and trainers. They also see a role for themselves in analysing labour market developments, training needs and in monitoring progress in poverty reduction. This work should include vocational guidance and counselling and provide special assistance to the poor in terms of improving access to employment services and education and training opportunities. Local authorities see a clear role in coordinating the activities of different agencies and organisations involved in local development issues. Often, the latter work in complete isolation from each other.

Employers see their possible involvement particularly in terms of paying more attention to human resource development as part of mid and long term strategies of their businesses. One way of doing so would be through closer cooperation and partnerships with education and training providers, both public and private and for different levels of qualifications. This could be done by offering practical training opportunities or engaging experienced staff in training activities or more generally by entering into networks with relevant organisations and institutions that are active in the area of human resource development. In addition, enterprises have a role to play in motivating their own staff to improve their existing knowledge and skills both for the sake of being able to adapt to changing conditions but also to develop innovation potentials for further enterprise development through technological, organisational or product changes.

⁵ The review is based on outcomes of discussions during a number of stakeholder workshops.

One can see, from these discussions that representatives of local self-governance and employers have a rather broad view of their possible roles, which speaks of their big potential capacity in solving the tasks of poverty reduction through education and training. However, in practice there are considerable gaps between this potential and the actual contribution that each of the stakeholders give to poverty reduction.

4.2 Present and actual contribution of the key stakeholders

Training providers, including public schools, surprisingly undertake a whole series of initiatives to adjust to changing conditions and to respond better to training needs of learners and enterprises. However, much of these activities are ad hoc, not systematic and without having the real capacities to do them available. For example some organise labour market and training needs analysis but not in a very rigorous manner and often solely by drawing on opinions of individual employers from the region or by organising some kind of public opinion poll among the members of the local community. The final picture risks being a distorted one and may do more harm than good.

Several training providers are also trying to adjust training programmes to local conditions but they do so in isolation from each other, and without having common qualification requirements. The adaptation thus is rather superficial and also remains uncoordinated with adaptations from other schools or programmes. They also initiate the organisation of training events, seminars or round tables on various topics for the representatives of local communities. But these actions are not of a systemic and regular character either, and do not take place in every educational establishment.

Increasingly schools are also becoming active in their local communities. Traditionally they do so during student enrolment campaigns when they all try to get sufficient numbers of students to fill their available capacities. They also take part in social and political actions organised by local authorities, provide humanitarian and social support to students and others in the community, and contribute with delivering services of rehabilitation centres. Some schools cooperate with international donors or NGOs in the framework of projects from which they receive financial or methodological support. Some schools have established cooperation with local employers for the provision of practical training facilities.

Significant cuts in public financing of public VET schools have often threatened their daily operations, and practically all VET institutions have taken initiatives to generate additional incomes. Often, these are basically aimed at delivering all kinds of services to the local population. The profits obtained from such activities are spent for internal –maintenance and investment - needs and for financing social support to students and staff. These activities in most cases are purely considered as survival attempts and hardly contribute to improving the quality of education and training on offer. At most they prevent further worsening.

At present the activities of local self-governance institutions are for many reasons extremely limited. Insufficient financing, weakening of powers, bad coordination of actions and many other factors do not allow the local authorities to fully perform their potential roles. Many are currently only busy with identifying the poverty level in the region, limited to drawing up the social passport of inhabitants, registering unemployed people and directing them to training or retraining. At most they provide as far as possible available state social assistance and help with creating social help groups, Jamaats and credit unions.

The present activities of employers are basically limited to admitting students to practical training and employing graduates. In some regions employers participate in entrance and final examinations or organise meetings of their workers with secondary school students.

The existing gap between possible roles of institutions of local self-governance and employers and their real contribution to poverty reduction through training indicates that there exist problems and obstacles preventing them to fully realise their potential capacity.

4.3 Challenges and obstacles

During the discussions at the seminars participants have identified various factors which pose serious obstacles for the work of vocational education and training institutions, local authorities and employers and which prevent them to improve their joint activities in the context of poverty reduction.

One of the basic factors is a weak public administration system, which is expressed in the lack of understanding of and state support for the VET system. As a result, all educational establishments have insufficient financing and impoverished facilities. Such situation makes it difficult to match the content and the structure of education with the training needs of learners and enterprises, or even just to organise practical training of students. An out-dated material base is an important cause for poor quality educational processes, the difficulty to start new programmes and qualifications, or to introduce new training technologies and methods. The quality of teaching and training staff is negatively affected by low salaries leading to high turn over and the most experienced and qualified people leaving the system.

But there is also a problem of interaction and coordination between schools and employers, between establishments of formal and non-formal education, and between schools of different levels. This lack of cohesion also negatively influences the activity of the VET system. Because of this primary and secondary vocational education and training is developed without considering the realities of the market economy, regional development processes, changes in sphere of employment, changes in the structure of labour demand, or changing requirements of the society for quality and competitiveness of human resources.

Finally, a serious obstacle is the lack of links between vocational schools and their local community. In many villages there is a lack of information about what vocational schools can offer, there is passivity of the population, a lack of interest among adults for education and training and a negative VET image which prevents parents from sending their children to vocational schools. Training providers themselves often lack serious interest in establishing these links; there is reluctance to take up extra work, an underestimation of the role of information and public awareness, and little effort to publishing the services of schools to the population. Schools also lack capacities to investigate possible demand for services and simply stick to what they have always offered.

Among the basic causes that hinder the work of institutions of local self-governance special mention was made of weak administrative structures and capacities, weak economic development of regions, distant location of educational institutions from settlements, lack of in-depth understanding of the reasons of poverty and possible tools to reduce it, and also persisting corruption in all structures of power. However, local self governments are also confronted with a negative attitude among the population versus vocational schools. This is a strong image that has been inherited from the past. Many young people in rural areas prefer to get higher education, thus ignoring the system of vocational education and training. VET schools then become the only educational opportunity for families who cannot afford to send their children elsewhere which again reinforces their negative image as being schools for poor people. Local authorities have little leverage to promote in a positive manner people to attend vocational schools that have become dramatically impoverished. Overall, there is very little communication between local authorities, employers and schools on issues such as the quality of education and training and their contribution to poverty reduction.

Among the problems and obstacles that employers face, and which hinder their activity in the context of poverty reduction the instability of economic situation takes first place. Because of this business in rural areas is not developing as rapidly as in cities. In addition, high taxes and duplicating fiscal bodies often become a serious obstacle for enterprise development, as do imperfect legislation and corruption. Enterprises have too little resources and no incentives to invest in staff training.

Moreover, lack of co-ordination of key players' activities in education, bureaucratic and personal barriers in establishing contacts with VET institutions, the lack of initiative from the side of educational establishments, and the absence of information about their activities and training services, create serious obstacles as well. Personnel policies in general and human resource development in particular are not yet well developed inside enterprises. Apart from these factors, the remoteness of many rural areas, the absence of basic infrastructures for transport and communication have always presented structural obstacles for investment and enterprise development and without extra attention from the state the employment situation will remain weak and the risk of poverty for many families high.

5. Conclusions and recommendations

There is no question that education and training in many different ways can contribute to poverty reduction. Educational needs of the population are extensive, also among the poor. They include not

only concrete knowledge and skills for a specific occupation but also personal competences. Moreover, people's needs for knowledge and skills differ depending on where they live. At the same time, we also know that poor and extremely poor people have often limited access to education of good quality and this is particular the case for the most vulnerable groups of the population such as women, youth, elderly, and the disabled.

The current system of primary and secondary vocational education and training experiences a number of serious problems, in particular in rural areas, which result in a impoverishment of this sector of education and has contributed to a decreasing interest for it.

Although key stakeholders potentially have a big role to play in promoting vocational education and training for poverty reduction, in practice their role is very limited. Among the main causes that currently prevent stakeholders such as employers, schools and local authorities to unfold their full potential, the following appear to be the most crucial:

- Poor public administration and economic instability;
- Financial problems;
- Lack of partnership and coordination between key stakeholders;
- Weak links between schools and their local community.

But is also understood that none of the main stakeholders alone will be able to improve the role of vocational education for poverty reduction and that it is most urgent for all to better communicate, consult and cooperate.

These are the priority areas, which the national policy of reforming vocational education and training should consider. But again, a reformed vocational education and training system alone will not lead to sustained improvement of poverty. Education and training need to be embedded and complemented by other policies that contribute to employment generation and economic and social development.

Annex

Key economic indicators of the Kyrgyz Republic, 2000-2005

	2000	2001	2002	2003	2004	2005
GDP, real growth (%)	5.4	5.3	0.0	7.0	7.0	-0.6
Inflation (%)	18.7	6.9	2.0	3.1	4.1	4.3
Unemployment (%)		7.8	8.6	8.9	9.0	8.7
Current transitions account (% to GDP)	-5.7	-1.6	-3.1	-4.2	-3.4	
Wide moneys growth (%)	12.1	12.2	35.1	34.5	33.6	
Primary budget deficit (% to GDP)	-6.9	-4.4	-5.1	-4.3	-3.4	
Foreign debt (% to GDP)	102	94.15	114.5	104.2	95.5	82.4

Source: NSC, NBKR, Ministry of Finance, IMF.

Selected development indicators (1996-2002)

	1996	1997	1998	1999	2000	2001	2002
GDP growth rates (%)	107.1	109.9	102.1	103.7	105.4	105.3	100
Poverty level (%)	43.5	42.9	54.9	55.3	52.0	47.6	44.4
Level of extreme poverty (%)	19.1	14.8	23.0	23.3	17.8	13.5	13.8
Depth of poverty (%)	15.9	13.9	19.5	19.8	17.7	13.9	13.2
Unemployment rate							

general (%)	7.8	5.7	5.9	7.2	7.5	7.8	8.6
official (%)	4.3	3.1	3.1	2.9	3.0	3.1	3.1
Public expenditure on education as share of GDP (%)	5.2	4.9	4.9	4.1	3.5	3.9	4.4

Poverty level in 2000 in relation to education of the household head

	Higher	Incomplete higher	Secondary special	Secondary general	Basic	Primary
Total	18.3	1.9	30.7	37.6	5.4	8.1
<i>Including</i>						
Non-poor	74.2	68.1	63.1	44.9	59.5	55.7
Poor	25.8	31.9	36.9	55.1	40.5	44.3
Out of them very poor	3.8	8.7	8.5	21.2	12.0	15.0
Depth of poverty*	9.2	12.9	14.3	22.5	18.4	23.5
Degree of impoverishment	3.4	4.8	5.6	10.2	8.4	11.7

* For one individual, the depth of poverty is the proportion by which that individual is below the poverty line (it has a value of 0 for all individuals above the poverty line).

Key indicators for poverty in Kyrgyzstan

1. A stable growth of nominal funding of key social development areas. Education sector had the highest funding level. Compared to 2000-2002 amount of state funding for education increased from 3.5% to GDP to 4.6% in 2003-2005.
2. However despite the nominal growth level of expenditures on health care in relative values in fact hasn't changed and amounted to 2.0% to GDP in average.
3. Significant growth of expenditures in the social sphere in 2002-2003 up to 3.1% to GDP; to 2.8% to GDP in 2004-2005.
4. Average amount of social benefits makes 20% of minimal consumption budget (MCB) and average monthly salary of teachers and physicians makes 74.5% and 63.6% to MCB respectively.
5. According to the old poverty threshold poverty level on consumption per capita dropped from 62.5% in 2000 to 46.5% in 2003, whereas according to new poverty threshold level of poverty amounted to 49.9% in 2003 and 43.1% in 2005.
6. According to expenditure-based estimates the poverty level in 2000 amounted to 52% and by 2003 reduced to 39.3%. According to new poverty threshold the poverty level amounted to 47.9% in 2003 and 37.5% in 2005.
7. Extreme poverty level notably reduced, poverty level on consumption per capita dropped from 32.9% in 2000 to 17.2% in 2003 and to 11.1% in 2005.
8. After adoption of the new poverty threshold the urban poverty level reduced from 35.7% in 2003 to 28.3% in 2004; whereas in the villages these indicators amounted to 57.4% in 2003 and 55.5% in 2004.
9. There are significant regional differences in poverty level. e.g. Batken oblast has the worst situation with poverty, its level in 2005 amounted to 59.1%. Djalal-Abad and Osh oblasts – 55.9%. Almost in all oblasts except Talas and Djalal-Abad rural poverty level exceeds the urban one. Poverty level in the villages of Issyk-Kul oblast amounted to 62.9%, in Osh oblast – 59.7%, in Batken – 59.4%. The largest gap between poverty level in urban and rural areas is in Issyk-Kul oblast – 23.1% and 62.9% respectively.

10. Literacy rate is 98.7% at the moment. In 2003-2005 the level of primary education coverage (from 7 to 15 years) amounted to 95%. The quality of education has been worsening, in particular in the countryside. Maintenance and development of school infrastructure aggravates from year to year.
11. Up until 2003 there was a tendency for reduction of child mortality, however in 2003-2005 after new methodology and evaluation criteria have been adopted the child mortality rate increased and amounted to 29.7 pro million.
12. The average maternal mortality amounted to 48.2% kilo mil⁶ in 2000-2001. 58.4 kilo mil in 2002. 53.1 kilo mil in 2003. 46.4 kilo mil in 2004. but 61 kilo mil in 2005.
13. 98.7% of immunisation coverage reduces the threat of rubella and measles, and there is no natural poliovirus in the republic. Tuberculosis control stabilized over the past three years. Malaria and echinococcus⁷ cases reduced. However rapid growth of brucellosis cases is alarming (22% in 2003-2005). Lately there have been outbreaks of typhoid, acute intestinal infections; a number of virus hepatitis cases do not tend to decrease.
14. The share of the population with no access to health care services reduced in 2000-2004 from 11.4% to 7.8%, but the cost of medical services and remoteness of medical outlets from some settlements is a serious obstacle for access to medical services especially in rural areas.
15. Due to support from WB and ADB public managed access to tap water at the level of 84.4% in 2005, public access to sanitary-hygienic conditions indicator dropped from 32.8% in 2000 to 23.9% in 2005.
16. In 2003-2005 nominal value of the volume of insurance contributions had an annual growth of 11%. Low size of pensions remains a problem, and it has to be addressed.
17. There are over 10,000 unsupervised children according to various estimates. 23,000 children work and over 20,000 do not attend school. Child support issue must be given more attention since insufficient child support can lead to “de-capitalisation” of human potential of the country.

⁶ Number of cases per 100,000 births.

⁷ Echinococcosis, also known as hydatid disease or hydatid cyst, is a potentially fatal parasitic disease that can affect many animals, including wildlife, commercial livestock and humans.

HOW TO CONTACT US

Further information on our activities, calls for tender and job opportunities can be found on our website: www.etf.europa.eu.

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