Human Resource Development
Country Analysis
TURKEY

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Working Paper

1. Political and socio-economic background

The Turkish economy has recovered from its crisis in 2001 and is becoming less volatile, private sector led and with productivity driven growth. The economic growth rate in the period of 2002-2006 was on average 7.2%, but real GDP growth fell from 7% in 2006 to 4.5% in 2007. Key achievements have been the substantial downward trend of inflation, reduction of the public debt and a robust growth and performance of the banking sector. Labour productivity growth is consolidating around 2.4%, which is substantially higher than in the EU. This also has contributed to a per capita GDP growth from $ 6,018 in 2002 to $ 8,417 in 2006. The inflow of foreign direct investments has increased from $ 2.0 bln in 2004 to $ 19 bln in 2006.

In 2007 real GDP growth slowed down to 4.5%. In agriculture and tourism the outputs contracted, while construction slowed down from over 20% in 2006 to 11.5% a year later. Industrial production, trade and transport were still growing at a pace of around 5%. Business and consumer confidence is weakening.

Although the impact of the slowdown of the global economy is not fully clear, the medium term outlook for 2008-2010, represented in the Pre-Accession Economic Programme 2007, is optimistic and bases its expectations on a yearly growth of around 5.5%, with further reductions planned of inflation, public debts and government budgets as percentage of GDP. One of the key objectives of the structural reforms of the Programme is to further improve the competitiveness of the Turkish economy which is consistent with EU priorities. On the World Economic Forum’s Competitiveness Index Turkey was the country that made the biggest progress moving from rank 71 in 2005 to 53 in 2007, scoring higher in business and goods market efficiency, but relatively low in innovative capacity, education and in particular in labour market efficiency.

The reforms aim at enhancing the administrative capacity to plan, manage and measure its performance more efficient; at improving competitiveness through market regulatory bodies, restructuring the financial sector and legislation to improve the investment environment and through the development of a strategy and action plan for SMEs. The structural reform agenda includes also major reforms in social security (mainly pensions), coping with the informal sector, labour market, in education and research & development (new law, stimulating technology zones and centres, Turkey Research Area Programme and tax incentives).

Turkey has with its young population a “demographic window of opportunities”. The population will grow from 74 mln now to 84 mln in 2020. The average age in 2004 is 26.6 years, with 29.8% under 15 years and 5.7% above 65 years. However, it also bears risks if the young people will not find their place in labour market and society. Investing in the young generation is therefore crucial.

Although more than 400,000 new jobs were created in the non-agricultural sectors, labour force participation is still decreasing and employment rates remain fairly stable around 46%. Where male employment reaches 68%, the rate for females is with 23.8% well below the lowest EU performers. The low and decreasing participation of women in the labor force is due to cultural barriers preventing women's labour participation, the decline in employment in agriculture in general and migration from rural to urban areas where employment opportunities for women are still limited. The participation in the labour force is positively correlated with education, in particular for women (61.5% of women with higher education are employed contrasted with 20.3% of women with basic education). Unfortunately, the educational attainments of Turkish population are rather low with the majority of the population having basic education or less. With regard to age, Turkey has one of the lowest in

1 Eurostat Structural Indicators, 2008
2 World Bank, World Development Indicators, 2008
3 Republic of Turkey, Pre-Accession Economic Programme 2007, Ankara, December 2007
5 TURKSTAT, National Population Projections, 2005
6 See annex 2 for employment benchmarks, data from Eurostat
Europe labour market participation rates of older people aged 55-64 (30.1 %) which is due to relatively young average age upon retirement.

Employment in the service sector increased to 45.8% in 2006, while at the same time agricultural employment decreased to 29.5%. Turkey experiences also a decline of employment in the public sector, which represents now only 12% of total employment. SMEs represent between 60 and 77% of total employment and the majority of them are micro-enterprises. As a result most of the employment is concentrated in sectors and enterprises with low productivity and low investments in human capital and technology.

The unregistered employment is another challenge for Turkey since it constitutes nearly half of the employment and deprives the workers all the protection and many opportunities for better quality jobs. Apart from agriculture where almost all workers are unregistered, informality is widespread in all other sectors. In particular people with low qualifications, low productivity and thus low wages have no alternative but informal employment.

Unemployment rates have decreased to 8.5% in 2007, although youth, urban and female unemployment rates stand at 19.0%, 11.8% and 10.7% respectively. Unemployment is also more widespread in urban than in rural areas but much of the rural unemployment is hidden. The unemployment is also much more remarkable in the Southeast Anatolian region. Higher level of education does not reduce the unemployment risk with highest unemployment of secondary school graduates, in particular girls (22.1%). The transition from school to the labour market is a key policy challenge as well as providing second chances for early school leavers.

The EU IPA programme invests in particular in the NUTS II eastern provinces of Turkey to reduce the regional differences. The Turkish government has recently launched a €8 bln programme to support the south eastern provinces.
2. Employment

Progress made by Turkey in reforming the labour market is speeding up slowly. Progress in the preparation for EU membership in the field of employment is hindered by the ongoing discussions on the Joint Assessment Paper on Employment Policy Priorities (JAP) and Joint Inclusion Memorandum (JIM).

Turkish authorities have initiated the setting up of the structures needed to implement the component on Human Resources Development of the Instrument for Pre-accession Assistance (IPA). The key strategic document has been elaborated - Human Resources Development Operational Plan 2007-2009 tackling women’s and youth employment, the issue of undeclared work and institutional capacity of public employment services. It has been prepared in compliance with Turkey’s 9th National Development Plan (NDP), Medium Term Programme (2007-2009) adopted in 2006 and the Strategic Coherence Framework (SCF). Other key documents such as National Strategy for Human Resources Development and National Action Plan for Employment elaborated within the EU-supported Active Labour Market Programmes Project implemented by ISKUR have not been officially adopted but served as an basis for the development of HRD OP 2007-2009. It is expected that also the infrastructure for implementation of the HRD OP will be in place and approved by the European Commission.

2.1. Achievements

Promoting women and youth employment

In addressing the objective of attracting and retaining more people in employment Turkey made some progress by addressing the problem of low level of women’s participation in the labour force and youth unemployment by prioritising their employment in strategic documents e.g. HRD OP 2007-2009 and in grant schemes of EU funded projects. Besides, there are many smaller projects run by public institutions, social partners and NGOs promoting women employment. As regards reducing youth unemployment, similar smaller projects are carried out to promote youth employment, like a micro-loans programme for young entrepreneurs to be run by Turkish Economy Bank, UNDP, and Young Businessmen Association with a budget of €7.5mn. Turkey has also recently joined ILO’s initiative “Youth Employment Network (YEN)” and ILO prepared in 2007 an analytical report on the current situation of youth unemployment. Within this framework ISKUR is expected to submit its national youth employment action plan.

Modernising social protection system

Progress has been made with modernisation of the social protection system allowing for better retention in employment and longer working lives. The reform package which is discussed in Parliament in spring 2008 tries to address some problem areas like imbalances in the pension system as the average retirement age is 47 and bad coverage of social security since half of the workers are working in the informal economy and not protected. According to the new social security reform, the social protection system in Turkey will consist of four strands: social insurance, general health insurance, social services and social assistance. Social services and social assistance are financed by the general budget, while social insurance and general health insurance are based on contributions. The three tiers are united under one pension scheme (managed by an umbrella organisation called the Social Security Organisation, SGK became operational in 2006). The new law proposes to gradually increase the statutory retirement age to 65 in 2036. The enforcement of the social security reform is expected for August 2008.

Ensuring inclusive labour markets

The Employment Service (ISKUR) is increasingly aware of the need for more targeted measure to promote social inclusion of the disadvantaged. In recent years training and job search support have been given however only to a few thousand disadvantaged out of the estimated 8.5 mln people with disabilities, of which 21.7% are participating in the labour force. The HRD OP has planned measures aiming at providing disadvantaged people with more
efficient and specific active labour market support and social protection services, and to raise awareness for the services available. Other proposed measures include improving the institutional capacity of public service providers in their employment-related services and the functioning of existing mechanisms, ensuring better coordination among them, and better linking between central and regional/local authorities.

**Making work pay**

Alternative sources of income, in particular social transfers that are an attractive solution for people with low skills in other countries and reduce the incentives to find a gainful employment, do not seem to be very important in Turkey. Minimum wage, if defined in relation to the average wage that is influenced by remunerations of better educated people, can be a barrier in the employment of people with low skills discouraging employers from recruiting them. The minimum wage is relatively high in Turkey (€302.61 per month on 1 January 2007) and the ratio of the minimum wage to regional GDP per capita peaks at well-above 100 % in the poorest regions. The tax wedge on the labour cost measuring the relative tax burden for an employed person with low earnings stood at 42% in 2006 – slightly higher than average for EU27 but much higher than in many EU countries and irrespective of the family size - and it could be an obstacle for job creation and people's willingness to work. High labour tax wedges and slow formal employment growth have already made labour tax reform an important policy issue in Turkey. The Minister for Labour announced in 2007 a legislation package that aims to reduce employment costs. By 2008, the social security contributions are expected to go down by five percentage points and there are also measures to cover the cost of compulsory employment of ex-convicts and disabled people. No reforms of the minimum wage have been announced. So far, the corporate tax rate has been reduced from 30% to 20% (effective from January 2006). In terms of personal income tax, the top rate has been reduced from 40% to 35% (effective from January 2006). However, no reforms for low earners have been introduced.

**Improving matching of labour market and strengthening labour market institutions, in particular at regional and local levels**

The EU funded Programme on Active Labour Market Strategy has contributed to the strengthening of the Institutional capacity of ISKUR. The project implemented by ISKUR with a budget of €50mln came to an end in 2006. The project not only focussed on the institutional capacity of ISKUR but also approximately 50,000 unemployed were provided with training and 9,000 of them found jobs as a result of the training undertaken. Strengthening of public employment services will be continued by a new EU funded Programme on “Active Employment Measures and Support to Turkish Employment Organization at Local Level” that will be implemented in 2008-2009 with a budget of €20 mln. The project includes an institution building component to assist ISKUR to deliver more effective public employment services at local level and a grant scheme component to deliver active labour market measures for the unemployed (in particular women and youth in selected provinces).

**Better collecting labour market information and monitoring and evaluation of ALMP**

Turkey is collecting labour market information allowing for systematic monitoring of the supply and demand for skills and qualifications on the labour market at national and local level. ISKUR, in cooperation with TUBITAK (Turkish Science and Research Council) and Gazi University, is systematically collecting data and produces labour market surveys every six months, intending to do it every three months in the future. Within the SVET project (Strengthening the Vocational Education and Training System in Turkey) a methodology of an enterprise-based survey of short and medium term qualification demand on the labour market had been developed. The survey held in 2005 in 31 provinces was a joint effort of the SVET project and ISKUR and ISKUR plans to repeat the Labour Market and Skill Needs Survey regularly and widen it to other provinces. Furthermore, a demand for monitoring and evaluation of active labour market programmes has been created. Good coordination between the key institutions could lead to a better and more efficient collection of labour market intelligence.

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7 The tax wedge is the difference between workers' take-home pay and the costs of employing them, including income taxes and social-security contributions.
Increasing the involvement of social partners

Social dialogue has a big potential in Turkey in particular in a rapidly developing society. Employers and trade union structures are well developed and are well connected to European sister organisations. There is a progress regarding bipartite social dialogue in certain sectors although tripartite social dialogue mechanisms remain ineffective. There was a highly visible EU funded project - Strengthening Social Dialogue for Change and Innovation – implemented by MoLSS in 2006-2007. The project aimed at assisting the Ministry and the social partners in enhancing their institutional capacities to participate in a social dialogue at all levels. It had a grant scheme to support approximately 30 innovative, bi-partite activities at all levels of social dialogue with the objectives to reduce unemployment and undeclared work, improve productivity, raise awareness of labour regulations, and improve women’s working conditions and labour market participation. Under the ‘Social Dialogue’ project, the Turkish Employers Union Confederation (TISK) has undertaken a project to effectively monitor and analyse local labour markets and facilitate the effective involvement of social partners in forming employment policies. A key challenge for the future is to make social dialogue more effective and in particular at regional and local levels. Social partners can play a key role in making better links between the world of work and the world of education. The government can play an important facilitating role in this respect. In addition, full trade union rights have still to be established in Turkey and the draft legislation aimed at bringing the current laws into line with ILO and EU standards is pending.

2.2. Challenges

Attracting more women in employment and promoting lifecycle approach to work

Despite the fact that the principle of gender equality has been integrated into the law and various projects aimed at promotion of women’s employment are carried on, women’s participation rates in the labour force is very low and still decreasing. The approach to promotion of women’s employment lacks a comprehensive strategy and a consistent set of measures and innovative methods to reach the target group and to avoid the deadweight effect. The evaluation of the grant scheme of the EU funded active labour market project, for example, reveals that too little effort was made to reach women and only traditional methods of announcement were used. Women’s employment is often addressed not within the framework of employment policy but of social inclusion and poverty alleviation with a focus on two major types of measures. The first is the promotion of flexible forms of employment and the second is encouraging self employment and supporting women’s entrepreneurship. However, flexible forms of employment often confines women to informal employment or low paid, occasional jobs, and encouraging self-employment reduces the government tasks of supporting job creation, combating gender discrimination or providing measures and facilities to reconciliation between work and family. A more comprehensive strategy and an action plan with clearly defined targets and measures should be developed and implemented with expanding the scope of public services in child, sick and elderly care, adopting some affirmative action measures to support women’s recruitment, amending income and corporate tax laws in a way to encourage women’s employment, ensuring that women in flexible employment have the same rights with full-time workers and, finally, training of young girls in non-traditional fields and offering women with low skills new educational and training opportunities. The HRD OP will support women employment targeted at women out of employment, women in rural areas and support women employability and entrepreneurship.

Fighting youth unemployment by facilitating school –to–work transition

Some 30% of Turkish youth between 15 and 24 years are employed and unemployment is twice as high as the overall rate. The demographic increase of young people puts pressure on the labour market, which is rather inflexible and creates insufficient (good) jobs. Specific reforms need to address the transition from school to work. More concrete actions are to be

also undertaken to increase youth employability with consolidation of the comprehensive reform in vocational and technical training and more active labour market policies including job search support, career guidance, promotion of entrepreneurship and targeting the disadvantaged groups. A key challenge for Turkey with respect to the employment creation is relaxing its employment protection legislation that would help to decrease the segmentation of the labour market and improve access of youth to jobs.

*Retain more people in employment*

The already undertaken reforms to retain people in employment are too slow. This means that spending on pensions will remain high for many decades and these financial pressures might require short-term adjustments that may cause more hardship than faster reforms would have done.

*Improving flexibility of the labour market and adaptability of enterprises*

When it comes to improving adaptability of workers and enterprises Turkey has still a long way to go. A 2003 labour law has introduced for the first time flexible employment and flexible time regulations. Job security clauses (like advance notice) have also been restricted to establishments employing more than thirty workers. Because 90% of manufacturing establishments in Turkey employ less than ten workers, workers in larger sized enterprises (30 plus) staff enjoy better protection apart from the fact that they are more likely to be unionised. The use of fix-term contracts and operations of temporary work agencies is restricted as well. This leads to high segmentation of the labour market and hampers job creation and combating undeclared work. In addition, only few workers receive the full protection stipulated in the employment protection legislation, like full severance pay or unemployment benefits due to weak compliance. Another issue is to create favourable conditions for companies to invest more in human capital and improve the workers’ productivity and enhance capacities for the absorption of new technologies.

*Broadening access to social protection and employability measures and strengthening of labour market institutions at regional level*

Improving adaptability of workers while promoting flexibility of employment requires strengthening of labour market institutions and more investments in human capital, in particular taking into account the low educational attainments of the Turkish population. The access of unemployed and job seekers to public employment services remains currently limited. Unemployment coverage is low as only employees duly registered and fulfilling certain conditions are entitled to unemployment benefits and they constitute some 4% of unemployed. As of July 2007, 766,000 persons - only one third of the unemployed were registered at ISKUR. The placement rate was only 15%. The services offered by ISKUR to unemployed are still too limited and they include job brokering, providing training and administering the unemployment insurance programme. More workers should have access to the unemployment insurance. The participation in active labour market measures, like training, is very low and ISKUR invests still insufficiently in active labour market measures. Other programmes for self-employed or small bussinesses are implemented by other agencies but have little coverage as well. Development of institutional capacity of public employment services and ALMPs is a key challenge. Furthermore, with growing role of active labour market measures, the Management Information System of ISKUR has to be improved in order to better monitor the efficiency and impact of ALMPs. Another remaining item is to license private employment agencies to provide wider scope of services to unemployed and job seekers.

*Creating more and better quality jobs and decreasing the share of informal sector in employment*

Employment targets cannot be reached without a coherent set of reforms aimed at creation of more and better quality jobs. To meet this goal reducing of bureaucratic red tape is needed along with putting reasonable tax burdens on employment and relaxation of labour market rigidities. Creation of better quality jobs with improved productivity and higher investment in human capital requires also that undeclared work remains a government priority. While the current regulation based on work protection and relatively high labour costs remains
unchanged, the efforts are currently being made to ensure the compliance with the labour law. The Ministry of Labour and Social Security and the social security institutions have inspection functions and structures, but the mechanisms are still insufficiently effective. As a result the compliance with labour law is weak. However, improving law enforcement alone would be no solution in the present tax and regulatory environment, as many firms could not cope with the additional costs that formalisation would entail. Enlargement of the formal sector will require a carefully planned combination of reforms in various areas such as significant cut in the labour tax wedge, easing labour market regulations and facilitating access to bank and financing.
3. Education and training

“Once we provide our youth with vocational training, Turkey will reach its goal of becoming one of the world’s most developed 10 nations”, Prime Minister Erdogan stated in January 2008. This phrase confirms a growing awareness of the need to invest in education and training in recent years. The ninth Development Plan 2007-2013 considers education and training as vital for improving Turkey’s competitiveness, but at the same time it contributes to social ‘solidarity’. Although Turkey is far from achieving the EU Lisbon targets for education and training, progress has been made in several areas.

3.1. Achievements

More investments in education and training

In 1995 Turkey spent 2.2% of GDP on education. In 2000 public expenditure had increased to 3.5% and in 2004, which is the last official Eurostat year, to 4.05%. In 2007 the government has indicated an expenditure of 4.2%, which is still well below the EU average of 5.2%. Traditionally expenditure in particular on primary education (2.02% in 2004) and on higher education (1.13%) is relatively high; however the biggest part of the additional funding has been invested in secondary education in order to finance its expansion.

Increased access to education

Increasing participation in education is a key priority. Enrolment rates in pre-primary education have grown to 20%, with slightly more boys (52%) than girls. However this is still well below the 85% average in the EU. Net enrolment rates in primary education have increased in particular in the end of the 1990s, but have stagnated to a level of around 90% in 2006-2007 (boys 92%, girls 88%) in spite of campaigns to support girls going to school. More successful is the steady increase in net enrolments in secondary education from around 40% in 2000 to 56.51% in 2006-2007 (boys 60%, girls 52%). More girls than boys are leaving school at an early stage (19 vs 10%). General secondary education is more in demand than VET (64% vs 36%).

Although gross and net enrolment in higher education has been growing at an annual rate of 8% in the last five years, only 1 out of 6 students pass the university entrance examination. The net enrolment rate in higher education in 2005-2006 was 18.8% (boys 20%, girls 17%). Around 18% attends post-secondary VET programmes, 47% university and 35% distance education. The growing participation in secondary education will put a strong pressure in the future to further expand higher education.

New content and ways of teaching have been introduced in basic education

New curricula for pre-school and primary education have been developed through the EU SBEP project. Reforms have included teacher and school principal training aiming at introducing new teaching methodologies and content and school development practice. Specific attention has been paid to literacy teaching materials for adults and to approaching for engaging children at risk in schools.

VET reforms have been well developed and disseminated

The Ministry of National Education (MoNE) has actively orchestrated the VET reforms with the support of the EU SVET project. A platform for policy dialogue and consultations between ministries, school representatives and social partners has arisen at national level, which has contributed to the raised awareness and visibility of the VET reforms. Labour market needs analyses have driven the curricula reforms in VET and 530 new curricula for the years 9-11 are available for all VET schools. A modular approach has been introduced and over 5,000 training modules are developed under the SVET project. In general, the teachers accept the

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10 The New Anatolian, Monday 14 January 2008, p.6
11 Eurostat database, 2008
modular approach; however a number of issues on its implementation need to be decided at national level. MoNE has actively supported the dissemination of materials and experience from pilot schools to non-pilot schools throughout the country. More training however is needed for teachers and school leaders of non-pilot schools to effectively use the new materials and methodologies.

**The Vocational Qualification Authority can sustain reforms and develop national qualification system**

With support of the SVET project the law on the Vocational Qualification Authority (VQA) was passed through Parliament in October 2006. In 2007 the VQA institution secured its budget, housing and hired around 35 staff. VQA has a tripartite governing board chaired by the Ministry of Labour and Social Security. All partners contribute to the VQA budget. The key task of VQA is to establish a national qualification system based on agreed occupational standards with an appropriate system for licensing, accreditation, assessment and certification procedures. The intention is to link the national system to the European Qualification Framework. In 2008 VQA is developing an implementation strategy for the national qualification system up to level 6 of the EQF. A key challenge will be to engage the social partners at sector levels in the process of development and assessment of qualifications. Also the cooperation with the Commission for the NQF for Higher Education and the inclusion of the ‘higher education level’ in the national qualification system remains a source of concern.

**Turkey scores well in Bologna process**

Turkey has introduced the two-cycle degree structure agreed in the Bologna process and implements the credit transfer system (ECTS). Also the third cycle Doctorate programmes are introduced at universities. In 2005 a new set of regulations for quality assurance was adopted. A Commission for Academic Assessment of Quality improvements (YÖDEK) issued standards and guidelines for the quality assurance process which are in line with European practice.

**Active participation in EU international mobility programmes**

More than 42,000 Turkish students and teachers have been participating in EU mobility programmes in the last three years, since the programmes became accessible. Turkish institutions have been involved in over 3,000 projects.

### 3.2. Challenges

Although reforms have progressed, there are still a lot of challenges to be tackled. Without being exhaustive the most important challenges are the following:

**Create attractive opportunities in higher education in order to increase access**

With the steady increase of student flows into secondary education the pressure on the labour market and higher education to provide opportunity for the graduates will increase. At present there is a bottleneck in the capacities at universities and at the same time the post-secondary VET (MYOs) are in most cases not proving an attractive opportunity. There are around 1 million full-time students in MYOs and around 750,000 distance education students. Many students choose for MYOs after having failed the university entrance examinations for entering universities. The number of MYOs has increase from 177 in 1992 to 466 in 2002 and 612 in 2005-06, of which almost half are small with less than 500 students\(^\text{13}\). According to a YÖK report only 10% of the schools have adequate resources. On average there are around 60 students per teacher.

In order to address this challenge it would be vital for YÖK and MoNE to develop a common strategy for diversification of higher education opportunities which would meet the needs of the labour market. On the basis of a labour market needs analysis options for a variety of

\(^{13}\text{Mikhail.S., 2006 The New Tertiary Education Institutions in Turkey, World Bank,}\)
short-cycle and degree programmes, including the option for ‘applied science/technology faculties’ could be considered. Financing the expansion needs to be analysed. Substantially reducing the number of MYOs could support a more efficient way of funding. Search for other funds from private sector, from fees or from local governments and the development of performance indicators would be required. The institutions would need to tie up closely with local or regional socio-economic structures and be adequately resourced with staff and equipment. New curricula would need to be shaped on the basis of newly defined occupational profiles and on the basis of secondary education curricula. The use of entrance examinations would need rethinking and be incentives for student to continue studying.

*Increase the status and attractiveness of VET by focussing on quality and facilitation the transition to work*

Providing a perspective at higher education level can boost the status of secondary VET and leading to a higher participation than the current 35% of all secondary education students. Another factor for making VET more attractive is to raise the quality. Quality improvement is a long term and continuous process. Although the infrastructure is an important quality element, the key factor is the quality of the teachers and instructors. The EU Modernisation of VET project has invested in delivery of modern pre-service and in-service curricula for VET teacher training. However, a restructuring of the teacher training faculties is envisaged by YÖK, because only very few graduates end up as VET teachers. Building on these achievements a more flexible system of teacher training could better address the changing demands for VET teachers, instructors and school principals.

*Make potential links between schools and business more productive*

The awareness of social partners of the need to invest in education and training is a very important asset of the country. The challenge is to transform this awareness into concrete actions of cooperation. Social partners are actively engaged at national level in discussions about education strategies and their implementation, like with the development of the national qualification system. Cooperation between schools and enterprises at local levels can and should be improved. Mostly at secondary VET level these links are developed, though mostly the result of individual contacts more than of institutional strategies. The key challenges are in particular in developing a qualitatively attractive work placement/apprenticeship system closely related to the formal education systems, and in building up assessment and certification practice. Institutionalised partnerships can be stimulated through better information provision, appointment of training coordinators in schools and companies and financial stimuli, for example tax reductions.

*Develop lifelong career guidance mechanisms to facilitate better career choices of students*

Turkey has a tradition in general and vocational guidance, but is focussed on personal and social counselling. Career guidance at universities is limited and lacks a communication network. The Employment Service provides services to immediate job seekers. A better coordination between guidance activities at different levels with in a coordinated lifelong guidance framework could enhance the information and skills of students and workers to have a better view on career options for further studying or for the labour market. It also could lead to efficiency and effectiveness gains in the education and training system.

*Promote continuing vocational training within a lifelong learning strategy framework*

In spite of the growing awareness among companies to invest in education and training the participation rate in adult learning is very low with around 2% compared to the EU. The bigger companies with exposure to international competition are more likely to invest in staff development than the numerous SMEs who normally have other priorities than training. Within the rapidly growing economy or to mitigate effects of the shifts in sectoral and rural-urban and formal-informal employment it is important to stimulate the demand for CVT through tax reductions for investments in training. It will be essential to develop a comprehensive lifelong learning strategy among the stakeholders from government and social partners, in which particular attention is given to the transitions between education sectors and between education and work.
Decentralisation needs a thorough analysis and discussion on added value of the different levels of responsibility

In modern administrations national ministries focus on strategic policy development, coordination, monitoring and evaluation and delegate implementation responsibilities to (semi-) public institutions. The upcoming EU project will support MoNE to develop new management philosophies and to train its staff for the reviewed responsibilities. This will be helpful for developing a strategy for decentralisation of responsibilities to regional and local authorities and for enhancing the autonomy and accountability of schools. The VET strategy paper of the ministry prepared under the SVET project has identified VET development and planning, school mapping and planning, teacher recruitments and in-service teacher training as key areas for delegating to provincial levels. Implementation strategies would require a thorough analysis and discussion with all relevant stakeholders.

The “e-school budget” project attempts to prepare a management information system that would support an increase of autonomy of schools. However, increased school autonomy requires a different management philosophy and management information systems need to serve monitoring and accountability more than direct control of schools. The institutionalisation of school boards involving provincial authorities, teachers, parents and social partners is essential.
## ANNEX 1

### Turkey and the EU benchmarks in education and training

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<thead>
<tr>
<th>EU Benchmarks Education and Training</th>
<th>EU 27</th>
<th>EU 2010</th>
<th>Recent EU members and CCs</th>
<th>SEE W. Balkans</th>
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<tbody>
<tr>
<td>Early school leavers (2006) % of 18-24 with at most lower secondary educ.(ISCED 2) and not in further education</td>
<td>15.3%</td>
<td>10%</td>
<td>BG 22.4%, RO 19.0%</td>
<td>AL* 61.2%</td>
</tr>
<tr>
<td>Youth educational attainment % of 20-24 having completed at least ISCED 3 level (2006)</td>
<td>77.8%</td>
<td>85%</td>
<td>BG 76%, RO 74.8%</td>
<td></td>
</tr>
<tr>
<td>Yearly growth in tertiary education graduates in maths, science and technology (2000-2005)</td>
<td>4.7%</td>
<td>746 000 Increase by 15%</td>
<td>BG 3.8%, RO 6.7%</td>
<td></td>
</tr>
<tr>
<td>% of pupils with low reading literacy Level 1 or below (PISA 2003)</td>
<td>19.8%</td>
<td>Decrease by 20%</td>
<td>BG* 40.3%</td>
<td>SR* 3.8%</td>
</tr>
<tr>
<td>Lifelong learning (2006) % of 25-64 participating in education and training</td>
<td>9.6%</td>
<td>12.5%</td>
<td>BG 1.3%, RO 1.6%</td>
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Sources: Eurostat (Structural Indicators), OECD, (PISA database), ETF (Key indicators database) (*) most recent year for which data is available

### THE EU benchmarks in employment

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<tr>
<td>Employment rate</td>
<td>65.4%</td>
<td>70%</td>
<td>HR* 55.6% MK* 40.7%</td>
<td>AL* 53.7% BIH 36.8% KOS 26.7% MON<em>50.2% SR</em> 41.8%</td>
</tr>
<tr>
<td>Female employment rate</td>
<td>58.3%</td>
<td>60%</td>
<td>HR* 49.4% MK* 32.3%</td>
<td>AL* 40.1% BIH 25.0% KOS 11.8% MON 42.5% SR* 33.8%</td>
</tr>
<tr>
<td>Employment rate of older workers</td>
<td>43.5%</td>
<td>50%</td>
<td>HR* 34.3% MK* 27.7%</td>
<td>AL* 27.5%</td>
</tr>
<tr>
<td>Employment in agriculture (% of total)</td>
<td>5.2%[*]</td>
<td>HR* 17.3% MK 19.5%</td>
<td>AL* 58.4% MON* 21.4% SR* 25%</td>
<td></td>
</tr>
<tr>
<td>Employment in services (% of total)</td>
<td>69.2%[*]</td>
<td>HR* 54% MK 48%</td>
<td>AL* 27.8% MON* 62.2% SR* 46%</td>
<td></td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>7.1%</td>
<td>3.6%</td>
<td>HR* 9.1% MK 37.28%</td>
<td>AL* 15.8% BIH 29.6% KOS 44.6% MON<em>19.4% SR</em> 18.8%</td>
</tr>
<tr>
<td>Youth unemployment rate</td>
<td>15.4%[*]</td>
<td>HR* 22.9% MK 62.6%</td>
<td>AL* 35.5% MON*51.3%</td>
<td></td>
</tr>
<tr>
<td>Long-term unemployment **</td>
<td>3.7%</td>
<td>0.9%</td>
<td>CRO 6.7%*</td>
<td>BIH 25.1% KOS 91.5%</td>
</tr>
</tbody>
</table>
Sources: Eurostat (Structural Indicators Webpage), ETF (Key indicators database) * data for 2006 ** expressed as a % of the total active population
**BIBLIOGRAPHY / FURTHER READING**


