

KAZAKHSTAN

ETF COUNTRY PLAN 2009

Summary

ETF activities contribute to the government VET reform programme for the period 2008-2012. This is the main guide for interventions in VET up to 2012. The ETF will contribute to improving the quality of VET and its relevance to the needs of the labour market by promoting curriculum development, teacher training, school management, social partnership, decentralisation and adult learning. The ETF will contribute to achieving quality in education by piloting innovative approaches at schools and in regional VET centres and offering capacity building opportunities involving a variety of stakeholders. ETF activities will directly improve local opportunities especially in the poorest areas, hence contributing to development through learning.

It is expected that the work done by the ETF at school level will feed into national policy planning and will provide concrete examples, best practice and lessons learned for wider capacity building initiatives. The ETF will promote the development of human capital in Kazakhstan by implementing activities within the framework of the European Education Initiative for Central Asia and EC external assistance. The ETF will contribute to the establishment of knowledge platforms for the development of human capital in Kazakhstan by providing analytical studies, and contributing to increased participation and coordination among stakeholders including donors in the education, labour market and migration sectors.

1. Socio-economic background¹

Kazakhstan's positive growth trend started towards the end of the 90s after a period of adjustment following its independence from the Soviet Union. The growth rate, driven mainly by the oil and gas sectors, reached an average of 10% between 2000 and 2006, with a peak of 14% in 2001. This successful economic performance was coupled with continuous macroeconomic reforms which have helped the country attain controlled inflation while, at the same time, the per capita GDP² has doubled in 20 years.

While continuing the positive trend, 2007 saw a period of economic contraction for Kazakhstan due to the volatility of the international financial market and the exposure of national banks. The contraction has had an impact especially on local businesses in the construction and services sectors, and has led to a crisis in the housing market and banking system, with the resulting impact on the population. The country managed nevertheless to keep the crisis under control in particular thanks to the intervention of the national bank of Kazakhstan, and to ad hoc measures to prevent high increases in food prices and commodities. Inflation for 2007 was 10.8%, the highest level of the last 10 years and economic growth for 2007 has been estimated at 8.5%, 2 points lower than in 2006, and it was expected to reach a new low in 2008.

Kazakhstan has embarked on a diversified industrial policy, promoting the development of other industrial sectors and services and moving away from an overdependence on exporting crude oil. Institutional and human development reforms, together with a reform of macroeconomic management, will provide the basis for ensuring stable growth. Although Kazakhstan has experienced high growth in the last decade, income and social disparities still persist, with an

¹ Data for the section are from the World Bank World Development Indicators 2007, the Asian Development Bank Asian Development Outlook 2008, the UNESCO, UNDP and ILO online databases.

² GDP per capita PPP (current international \$) was 4553 in 1992 and 9832 in 2006. Source: World Bank Development Indicators 2007.

estimated 16% of the population living below the international poverty line in 2004, with high disparities between urban and rural areas.

The population of Kazakhstan is currently estimated at 15.3 million, of which 57% live in urban and 43% in rural areas. Demographic trends showed a negative population growth before 1999 and zero growth then between 2000 and 2003. As of 2003 positive growth has returned with an average annual increase of 1%. The under 14s represented 31% of the population in 1991 but this figure had fallen to just 24% in 2006. The 15 to 64 years age group grew from 63% to 68% of the population over the same period, and the elderly increased from 6% to 8%.

In 2006 the labour force amounted to 8.1 million people, with a participation rate of 77% (55% of the labour force were employed as wage and salary workers, 36% as self-employed). The Female labour force made up 49% of the total labour force in the same year, with a participation rate of 74% of working age women. The service sector is the leading employment sector, with almost 50% of the labour force, followed by the agricultural sector with 32% and the industrial sector with 18%. The official unemployment rate was 8% in 2006, but the real figure may be much higher due to unregistered unemployment. In 2004, 50% of the labour force had completed tertiary education, however the percentage of unemployed people with higher education was high representing some 44% of the total unemployed while 49% had secondary education and just 7% had completed only primary education. The high level of the unemployed, educated labour force poses questions about the quality of education, its relevance to labour market needs and the absorption capacity of the domestic market. Rural unemployment is widespread and families tend to vacate rural settlements to move to urban areas to find more opportunities. Small enterprises (up to 50 employees) play an increasingly important role in the nation's economy. It is estimated that "unregistered" employment covers more than 38% of the economically active population and the shadow economy accounts for 20–28% of GDP.

Internal migration from rural to urban areas is a growing phenomenon which is linked to opportunities. In 2006 the urban population growth was 2% as compared to zero for the rural population, while national population growth was 1%. International migration is also a growing phenomenon in the country, which still has a negative net migration with an outflow of professionals. However this is balanced by a growing influx of migrants especially from other CIS countries; Uzbekistan, the Kyrgyz Republic and Tajikistan being the three most important countries of origin. Illegal migration of low skilled workers has also been growing in recent years pushing the government to adopt legal frameworks to manage migration and recognise the rights of migrant workers.

2. Key policy issues and strategies in human capital development

The development of competitive human capital is a top strategic priority for the government of Kazakhstan, which recognizes education as a key component of its growth. Investments in all sub-sectors of education and the improvement of links between education and the labour market are among the challenging actions foreseen by the government in the next few years. The complexity of human capital in the country, including the need for renovated curricula, investments in all sub-sectors of education, and labour opportunities, call for a more attentive analysis of links between employment creation, especially in rural areas, management of migration flows, both of skilled and unskilled labour force, and investment in quality education from primary through to higher education levels.

While past efforts concentrated on basic and higher education, with an ambitious National Programme of Education Development for 2005-2010 (NPED) which included the transition to a 12 year education system, the VET system has suffered in the past from a lack of attention and low investment, resulting in a lack of quality and reduced relevance to labour market needs.

In recent years, however, attention VET has increased and the country has recognised its strategic importance for the education of youth and life long learning. As a result, in 2007 the government developed a new VET reform program in cooperation with the World Bank, covering the modernisation of content, management and finance, and the infrastructure and

equipment of VET schools. The programme approved by the parliament in May 2008 and by the President in July 2008 will be driving the reform agenda in the years ahead.

Beneath the development of the national programme for VET reform in the Kazakhstan lies a good analysis of the problems which recognises the low quality and the lack of relevance of VET with regards to labour market needs and the country's growing economy.

The reform programme has three main components (i) improving the quality of the VET system, (ii) modernizing the management and financing of VET, and (iii) modernizing schools and laboratories and equipment. The government is committed to the development of occupational profiles and the introduction of a national qualifications framework.

While major financial resources are being allocated to the third component which foresees the construction of new schools and the rehabilitation of VET schools, including the procurement of new laboratories, equipment and new technologies, attention is being paid to reforming the content of VET and the management of the system. This includes increasing social participation, strengthening links with the labour market and moving from a centralised approach for financing VET to a per-capita and merit based resources allocation.

The high commitment level of the government is well sustained by donor interventions (see next section) which will directly support the reform programme. Among the planned innovations under the new reform program for VET, is the creation of a National Council for the Development of Technical and Vocational Education, which will work as a coordinating body between the education and labour market system, facilitating social partnership in VET and the life long learning process.

National, regional and school management capacity to implement the ambitious reform programme represents a challenge for the country. With the creation of new regional VET centres and new institutions dealing with VET at the national level, the investment in capacity development, planning and VET management will be a priority area. At the same time the Kazakh VET policy needs to further develop the necessary stakeholder consultation process, the ability to strategically implement VET reform and fully benefit from successful experience and pilot projects in the sector. Donor coordination and a mechanism for scaling up successful experience is a key for the implementation of the reform programme in the years ahead.

Despite government commitment to improving the links between the world of education and the labour market, the platforms for communication between VET institutions and employers are still rather weak and new mechanisms are needed to ensure that the VET system leads to qualifications that are required by the labour market. The newly approved reform agenda foresees the adoption of professional profiles, the development of new curricula and training programmes, the recognition and certification of qualifications and the development of a system for life-long learning. However all these areas need to be reviewed in a modernisation framework. Pilot projects need to be implemented to test innovative approaches and capacity needs to be developed at all levels in the system.

3. EU and other donor interventions in the country

While becoming a priority for the country development agenda, VET has also attracted more donors to the country, including the World Bank which has engaged in supporting the government in designing the VET reform programme and is in the process of approving an investment loan to directly support the programme for the period 2008-2012.

As regards EC assistance, interventions from the final phase of the Tacis programme continue in the country and a first project under the DCI instrument will be starting in 2008. The latter will directly support the reform programme approved by the government. The overall objective of the project will be to support the economic development and human capital potential of the cities and regions of the Republic of Kazakhstan by making vocational education and training more responsive to the needs of the labour market and improving access to qualifications.

Following the EC Tacis project "VET linked to the development of SMEs in Kazakhstan" which finished in 2005, two other projects focused on "Methodology and capacity for developing competence based VET curricula in Kazakhstan" (May 2006 - April 2007), and "Support to the

development and monitoring of a quality assurance system for higher education in Kazakhstan” (May 2006 – September 2007). The Action Programme AP 2006 Tacis project “Social Partnership in Vocational Education and Training in Kazakhstan” which started in May 2008 supports policies in the framework of the planned national programme of vocational education development as well as supporting capacity building in VET.

Among other donors the Korean International Cooperation Agency provides assistance under the project “Implementing the system of independent quality assessment of vocational training, awarding and verifying qualifications in technical and service professions in Kazakhstan” (2006-2007) and the ongoing Kazakhstan-Norwegian project “Development of the system of vocational education and training for the oil and gas sector 2006-2008” deals with modernising VET in the key industrial sector of the country. The German organisations GTZ and InWent have been implementing several projects modernising VET school during the last decade.

In March 2008 the government organised a conference on VET with the participation of all donors in the sector. The conference was the first opportunity to share experience and lessons learned on VET and highlighted the need to further improve donor coordination. At the same time a mechanism to fully benefit from successful experiences needs to be established within the government so as to streamline pilot projects and hence achieve the objectives of a modern VET system.

The European Training Foundation, in collaboration with national partners, has implemented two projects in Kazakhstan over the last four years: the National Qualifications Framework (NQF) in Central Asia, and Skills Development for Poverty Reduction (SDPR).

The NQF project supported the identification of occupational profiles in the tourism sector and developed an NQF policy paper. The NQF approach has become one pillar of the new reform programme launched by the government in 2008 and has helped the country to focus more attention on the link between schools and the world of work, including strengthening social partnerships in VET. The final event and publication from this multi-country project are part of the ETF Work Programme 2009.

The SDPR project promoted policy thinking on how to enable VET schools to provide skills development opportunities for poor people and become partners in poverty reduction activities. The pilot VET school achieved very good results in ‘opening up’ to the needs of the community and taking initiatives in skills development partnerships. The government has actively monitored the results of the SDPR and incorporated the lessons learned in the reform programme. Dissemination events have seen the active participation of the government and other schools in the country.

Both NQF and SDPR approaches proved to be very relevant for the country’s needs and yielded good results that will become a basis for the continuous involvement of the ETF in the country’s activities.

4. ETF intervention strategy 2009-2011

The ETF will support the delivery of EC assistance and the overall government reform programme with the objective of contributing to increasing the quality of VET and its relevance for the needs of the labour market, by providing (1) pilot based experiences linked with the reform programme in the area of curriculum development based on learning outcomes, teacher training, school management, social partnership, and adult learning for local development, (2) analytical support on issues related to the improvement and management of VET, (3) capacity building opportunities for stakeholders, and finally (4) contributions to the participation of stakeholders in VET, including donors, by supporting knowledge sharing.

ETF interventions will directly influence schools and stakeholders involved in pilot school activities and capacity building events, and will contribute to the improvement of the quality and relevance of education for the labour market at the local level. At the same time the pilot experiences will feed into capacity building programmes at national level. Regional platforms on specific VET issues aimed at exchanging experience, peer learning and capacity building and involving all Central Asian republics, will be promoted, as foreseen under the Central Asia Education Initiative approved by the European Union in 2007.

The experience of the NQF and SDPR projects will be the basis for the creation of an enhanced set of activities at local level. These will see an increase in the central role of schools and local authorities as far as the relevance of VET to local labour market demands in poor areas is concerned.

The ETF will offer continuous support to the EC in designing, reviewing and evaluating VET projects in the country, and by facilitating the mainstreaming of positive outcomes under EC funded activities. At the end of the programming period the ETF will have

- implemented activities contributing to an increase in the quality of VET by supporting curriculum development, teacher training, social partnership in VET and adult learning, especially in poor areas.
- applied pilot experiences and lessons learned in capacity building programmes at national level to increase and facilitate policy discussion on VET specific issues.
- used pilot experience to sustain analytical and sector work for enhanced knowledge sharing within the EC and with other VET donors.
- contributed to increased regional cooperation in VET between Kazakhstan and its neighbours through regional projects, peer learning activities and a policy advice approach coordinated across Central Asia.
- contributed to the effectiveness of EC interventions by supporting the alignment of the EC aid flow in human capital development to national priorities.
- contributed to more effective donor coordination and knowledge sharing among stakeholders in human capital by promoting dialogue and cooperation among stakeholders and donors.