

## **RUSSIA**

### **ETF COUNTRY PLAN 2009**

#### **Summary**

Russia is an important reference country for the entire CIS community and its reforms are often more advanced. The ETF will follow the developments in the education and training sector and will analyse them with a view to understanding if they can be applied in the other neighbouring countries. This will mean supporting policy developments in the modernisation of the education and training system through sharing experience and information and reviewing Russian initiatives, in particular in relation to a national qualifications framework and, eventually, other systemic issues.

#### **1. Socio-economic background**

The Russian economy continues to grow at a rapid pace and high energy prices have generated the substantial revenues necessary to enable the government to stabilise the fiscal situation and implement much-needed socioeconomic reforms. Unemployment has continued to fall and investments in education and human resources in general are increasing. Diversification of the economy and stimulation of growth outside the fuel and energy sectors require effective government interventions, but also a new skilled labour force.

The country faces an ongoing demographic decline in the years to come that will affect the education system in particular, but also the labour market. Poverty and inequality are still major issues. Structural reforms are taking place in health, education, housing, social areas and public administration. Furthermore, the government set an ambitious target to cut poverty by half by 2007. Russia has implemented several education reforms since the beginning of the 1990s. However, major restructuring and the efficient use of the overcapacity across the education system remain challenges for the coming years. Improving access to and raising the quality of education, developing continuing vocational education, and making the education sector more investment-attractive are current government priorities. The active participation of social partners and the public in education and training requires appropriate legal provisions and the development of incentives to make it institutional and operational.

The future of Russia depends on its capacity to support rapid economic growth at the same time as its valuable human resources are facing a serious demographic dip. The situation calls for increased efficiency and restructuring of the education system to serve lifelong learning needs, redeployment of unemployed people and those at risk of being laid off, development of appropriate labour market and immigration policies and an increase in the quality and competitiveness of human resources. The ongoing devolvement of the financing and management responsibilities of training institutions from the federal to regional level challenges the overall quality assurance system at all levels of education.

## 2. Key policy issues and strategies in human capital development

### i) Key policy issues and strategies in education and training

#### **Support to education reforms**

The objectives of the National Priority Project on Education established in 2005 are to ensure system changes in the main trends of Russian education development and to contribute effectively to the formation of civil society institutes and up-to-date education management. The main components of the project are:

- the stimulation of higher and secondary education institutions which actively introduce innovative education programmes;
- the computerisation of education,
- support for talented young people,
- greater opportunities for initial vocational education for conscripted military personnel,
- the establishment of a network of national universities and business schools,
- additional compensation to increase the number of practical training instructors, and
- financial incentives for the best teachers.

In October 2006 the federal government expanded the National Priority Project on Education to support innovation in vocational education and training (VET). In the future, tens of millions of dollars will be granted to vocational schools for upgrading their equipment and facilities, and modernising their training programmes. It will be important to analyse and learn from the experience accumulated in international projects and in the regions in order to ensure that these new investments complement what the regions are already doing and that the beneficiary institutions have incentives to network with other institutions and share the results of their support with others. Past experience suggests that equipping and supporting individual schools does not represent a sustainable long-term solution to the problems of the vocational training system. Before moving ahead with this initiative the government needs to develop a long-term vision for the development of the VET sector that takes into account the rapid changes taking place in the workplace as a result of the introduction of more sophisticated technologies and the demands of enterprises for graduates with flexible skills and the capacity to learn fast.

#### **Decentralisation and new financing mechanisms**

The federal policy on the decentralisation of VET governance aims to better address the regional and local needs of the economy and the population. It also aims to involve regional administrations in VET development and to activate the participation of employers and professional associations in VET governance. Decentralisation presupposes the transfer of vocational schools into regional jurisdiction, with a redistribution of powers between the federal and regional authorities. It also requires new financial mechanisms. As of January 2005 the responsibilities of VET management and financing for most initial vocational education and training (IVET) schools were devolved from federal to regional level. The secondary vocational education and training (SVET) schools are also being gradually transferred to regional jurisdiction. To date, around 92% of IVET schools and an increasing share of SVET schools have been transferred to regional jurisdiction. These have not yet fully taken shape. In spite of the fact that decentralisation as such is a very positive development, the situation of VET schools may worsen substantially, primarily due to the financial constraints resulting from the

very different standings of the regions. The transfer of IVET and SVET schools to regional jurisdiction would also require the development of a legal framework that empowered the federal ministry to control the quality of VET after they have passed it to regional jurisdiction. Thus, a model of VET governance must be created to delineate the powers and competences, functions and responsibilities of schools and local governments, and regional and federal authorities.

In preparation the regions within Russia are modernising their VET infrastructure by setting up regional centres for labour market monitoring and quality assurance, as well as integrated systems of up-skilling (continuing vocational training). Some have also started to improve vocational guidance and counselling systems. In certain regions (for example, Samara Oblast) stipends and additional benefits have been introduced for students in occupational training for which there is low demand. Some regions have started to establish regional centres for the certification of qualifications using international experience. Without the coordination and guidance of federal authorities, issues such as the portability of certificates across regions and the lack of nationally agreed standards may bring the viability of centres into question and thus affect their sustainability.

Regional VET systems are also involved in maximising the regional component of VET standards to improve the labour market relevance of education and training. To this end, various forms of council have been set up with the participation of social partners. In some regions vocational schools are granted certification only if their training profiles address regional labour market needs and if employers, regional employment service agencies and students give positive feedback about the school.

Alongside the decentralisation and optimisation processes, new financing mechanisms have been devised, including per capita financing of initial and secondary vocational schools differentiated according to the profile of the training (in terms of its relevance to the economy) and costs of the programme. The development of per capita financing (often referred to as norm-based financing) has been underway for several years, though no final model has yet been approved. The decentralisation process has also engendered a model of co-shared financing of vocational schools under medium-term target programmes from federal and regional budgets. The regional VET authorities have to cope with the different levels of funding available in each region, as well as with different levels of demand for VET services and the need for such resources. As a result, regional VET authorities have developed their funding models based mainly on accounting for the cost of inputs, and are therefore input-based funding models. These funding models have a number of inherent weaknesses, such as the absence of links to performance mechanisms.

The management and leadership skills of VET administrators and managers at all levels must be developed further in order to cope with all the challenges of decentralisation. Schools should become more autonomous in an economic sense. This would imply a radical change of existing itemised funding principles. It would also require increased accountability for the results that schools achieve, and therefore the financing of VET schools should be based on outcomes that have been clearly identified and formulated. In order to enhance the overall efficiency of financial schemes it is proposed that new mechanisms be introduced, including target figures, education credits and medium-term programmes. Under these programmes, priority financing will be provided for developing up-to-date teaching and learning infrastructures, such as computer networks, education databases, e-libraries, teaching and learning materials, quality assessment systems and a system of certification and accreditation of curricula, as well as software packages in education management and governance.

## **Qualifications**

Russian employers are increasingly aware of and interested in contributing to the reform of qualifications. The most recent initiative was the establishment of the National Qualifications Agency (NARK) in July 2007 under the auspices of the leading employers association, the Russian Union of Industrialists and Entrepreneurs.

The NARK coordinates the development of new occupational standards and provides methodological support and guidelines for the interested sectors of the economy to carry out

this task. The outdated occupational standards and profiles are still the basis of most programmes provided by vocational schools. New jobs in the labour market requiring different or higher qualifications in new market segments (such as finance) remain vacant because of the lack of school graduates who have the required knowledge and skills. The rigid dependence on awarding diplomas and qualifications on the basis of duration and type of programmes in formal education is paralleled by the absence of mechanisms and instruments to recognise prior learning from non- and informal settings.

In the decentralisation context previously described, there is a danger of regional disparity. The development of a national framework to ensure quality, transparency and comparability at national level becomes even more important.

**ii) key policy issues and strategies in employment and active labour market policies**

**iii) cross-cutting government strategies to address human capital development: equity, social inclusion, poverty, gender**

**iv) cross-cutting government strategies to address human capital development: competitiveness and the role of human capital development in national competitiveness, innovation and/or economic growth strategies, structures and systems**

### **3. EU and other donor interventions in the country**

The EU and Russia reshaped and improved their relations in 2005 by agreeing on Four Common Spaces and adopting a Road Map towards their realisation at the EU–Russia summit of 10 May 2005. 2005 thus marked a new phase in EU–Russia relations, in which there is a strategic goal identified through a consensus process.

EU financed interventions are generally limited and low due to the economic standing and wealth of Russia and mainly target different partnership initiatives where the Russians are often expected to cover their participation costs.

Russia is currently becoming an international donor and provider of technical assistance to the poorest countries regionally and globally, while continuing to implement an ambitious national poverty reduction programme, focused around the four national priority projects, with improved life expectancy and quality of life as two overarching priorities. Hence, donor activities in general are being phased out. The major external contributors to the Russian education sector were the World Bank, the EU and some bilateral donors such as Finland and the Netherlands.

The ETF might bring added value by cooperating with other international agencies and interested and active Russian partners for example in various autonomous regions and help develop their education and training systems.

### **4. ETF intervention strategy 2009-2011**

As in previous years, the key objectives of the ETF 2009 Work Programme for Eastern Europe and the Caucasus will focus on increasing the impact of EU investment in human resources development in the partner countries, and on building capacity in reviewing, designing and implementing education and training reforms based on information and analysis. Expertise will be provided to the Commission concerning on-going and planned assistance in the field of education and training, as well as ad hoc expertise in relation to the European Neighbourhood and Partnership Instrument (ENPI). Although a decrease in demand is expected as a result of the lower priority given to VET in the education Common Space, the ETF will also promote the

further dissemination of and access to information on EU policy developments in the education and training field in line with the Lisbon Strategy. With regard to stakeholders' capacities in designing and implementing national VET reform programmes, in order to maintain continuity, the focus will be on the decentralisation of VET system management and financing. Moreover, the provision of policy advice on the issue of national qualification frameworks will continue.

The Russian reform initiatives and experience are of interest and relevance for many other countries in the Commonwealth of Independent States (CIS). The ETF will facilitate the exchange and dissemination of Russian experience and developments through peer learning and joint activities with other countries. The issue of decentralisation is high on the agenda in Ukraine, and some of the ETF products developed in the context of cooperation with Russia could be of relevance for the Ukrainian experience.

The ETF will continue to follow the progress of education and training reforms in Russia through established networks and ongoing country intelligence. The ETF will also continue to build on established networks of relevant partners, including public institutions, social partner organisations, international agencies and NGOs in Russia, and will seek new ways to relate to its environment in the country in line with its evolving mandate (new Council Regulation expected to come into force in 2008) and functions (more focus on policy and system development in the broader field of HRD).

The ETF will explore with the Russian government its level of interest and commitment to carrying out a policy review of past and ongoing reform initiatives. The exercise could also be carried out in cooperation with other international agencies and could include benchmarking against European and international developments with a view to enabling capacity building and policy learning among the Russian education community. Ad hoc policy advice on education and training issues may be provided upon the request and interest of the Russian government. The ETF will also explore the possibility of engaging Russia more closely in the Copenhagen process in which it has shown a continuous interest.

Although the NQF project will come to an end, the ETF might consider modest support to continue the development of national qualifications system perhaps together with other interested European partners.

The competitiveness project will probably involve Russia in 2009 in partnership with Finland.