

# TORINO PROCESS

## GEORGIA

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## **TORINO PROCESS 2010**

Georgia

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## Abbreviations

AEAG	Adult Education Association of Georgia
CEE	Central Entrance Examination
DVV	Deutscher Volkshochschul-Verband
ETF	European Training Foundation
EU	European Union
FDI	Foreign direct investment
GTZ	Gesellschaft für Technische Zusammenarbeit
HRD	Human resource development
ICT	Information and communication technology
MoES	Ministry of Education and Science
PPP	Public–private partnership
SME	Small and medium-sized enterprises
SPSP	Sector Policy Support Programme
TPDC	Teacher Professional Development Centre
US AID	United States Agency for International Development
VET	Vocational education and training

## A. Executive summary

The Government of Georgia is currently developing a new strategy on vocational education and training (VET). The major challenges that remain for Georgia's VET system following the 2005 reform include the variations in quality and the dead-ends that exist in initial VET. All other education subsystems have also been subject to considerable reform efforts with a view to delivering improved educational outcomes. However, a holistic VET reform at secondary and post-secondary levels is still pending. The 2005 VET reform was driven mainly by the emerging skill needs of the post-Soviet economy. Costly and unsuitable VET centres were closed down and others improved. Many VET schools operated too inefficiently for a labour market that required a smaller number of well-trained VET graduates. These graduates had to attain their skills in a reduced number of training centres.

The government considered that the main and most urgent problems of the changing demand for human capital could be solved with improvements to the remaining VET centres: 17 have been improved and the remainder are to undergo the same process. There have been a number of changes in the past two years as regards the attractiveness of VET; these are the result of an increasing demand for labour-market-relevant programmes at secondary level and in adult training.

Georgia has made enormous progress since the end of the Soviet era, though serious problems remain. The diversity of training programmes and their fragmentation from other education subsystems reflects the overall neo-liberal framework and affects nearly all systemic components of VET, including teachers' education and salaries, curricula, the duration of courses, infrastructure and methods of cooperation with the business sector. These components partly follow the specific institutional priorities (generating income, demand from the private sector) of the 38 public centres for initial VET (at higher secondary level) and 4 higher education institutes offering post-secondary training programmes. Commonly agreed new standards or objectives, such as labour market relevance, have resulted in shorter durations for the programmes, which focus exclusively on technical content.

A great deal of experience has been gained in adjusting VET programmes to the specific business requirements of certain economic sectors or to the needs of enterprises, and there is a legal base that permits such cooperation in order to increase the incomes of VET centres. Up to a certain limit, additional income compensates for the modest levels of public investment. A great deal of experience has also been gained in other areas, such as the adaptation of curricula, institutional initiatives in teacher and instructor in-service training, and supplementing public funds with fees from private contributions to educational services delivered by VET centres.

However, Georgia has not managed to set up a mechanism that is driven by social partners, to systematically examine the consequences, experiences, good practice examples and failures of institutional initiatives that contribute to innovations and that include education and business cooperation. This is a precondition for the implementation of substantial reform that takes into account the main problems of the current VET system.

- Secondary and the many short-cycle post-secondary VET options currently represent dead-ends that offer no further educational options for learners.
- The attractiveness of VET remains low, despite an increasing demand for employable skills acquired at secondary level.
- The VET infrastructure is somewhat outdated. The overall system is underfinanced from public funds. Potential private contributions remain modest, and policies that actively and systematically promote private co-funding are currently still at an early stage of being explored by donor experts.
- Relevant elements of the VET system are not updated to reflect emerging skill needs and are used in different ways by different providers. Such elements include curricula, quality enhancement tools, and professional profiles and qualifications.
- Relevant human resources in the system (school managers, teachers and instructors) are not sufficiently motivated by professional status, further training and higher salaries. The human

resource development (HRD) of the entire VET system is underdeveloped and does not follow general standards and agreed policies.

- The social partners are not systematically involved in the process of policy development and implementation, nor in the evaluation of VET outcomes, at either the institutional or the national level. They need assistance in building capacity in order to ensure that social partnerships work well.
- There is no evaluation and monitoring information system (EMIS) that would allow more effective steering of the system.

The ongoing reformulation of a new strategy and the lack of resources have created an environment in which VET providers are 'muddling through' on the basis of local realities, challenges and institutional opportunities rather than nationwide curricula, common quality tools and new professional profiles. The VET system is based to some extent on day-to-day challenges and constraints that promote a survival mentality in a highly competitive environment.

Post-secondary VET is delivered mainly in universities that are using modules of university career programmes as training courses. Four institutions are leading the way in this area, though this number is insufficient considering the emerging skill needs in dynamic sectors of the economy. As a consequence, some representatives from the private sector are acting as the main drivers for education and business cooperation, in an attempt to maintain certain levels of productivity and competitiveness. Post-secondary VET is governed by the Law of Higher Education.

The operational logic of the VET system does not coherently or entirely follow standards such as those listed below.

- Sound and properly implemented rules and regulations in relevant areas create a robust background for decentralised and accountability-driven service delivery.
- The systematic involvement of the social partners at various levels and cooperation with other stakeholders enriches the further development of the Georgian VET system.
- Policies always have two sides. They relate on the one hand to the links with other education subsystems, and on the other to the more functional socioeconomic objectives outside the education system that could be positively influenced through VET-driven HRD.

The following findings are important in respect of several components of the VET system. They are priorities for future action and cornerstones for the elaboration of new policy.

- There is currently very little appetite for a significant quantitative expansion of the VET system. This is partly understandable, because training programmes have higher per capita costs than general secondary education, and the labour market opportunities in many economic sectors are still limited. Nevertheless, some important and dynamic sectors of the economy are demanding more skilled labour.
- It is not known whether decision-makers, in their discussions on the new VET strategy, have taken into account socioeconomic developments that require a well-trained workforce from secondary level in order to attract more foreign direct investment (FDI).
- The higher education system and its graduates do not match exactly the demands of the different labour market segments. High unemployment rates among these graduates and high youth unemployment compared with more modest unemployment rates for the older workforce are an indication that there has been inappropriate educational streaming, which has been further reinforced in the past by VET's lack of appeal.
- Public institutions do not currently communicate the employment problem sufficiently to younger people in order to influence their educational decisions. There is an urgent need to provide more information during secondary VET on suitable professional careers. Such information campaigns

are not part of lower secondary education, but 'secondary schools do not have any tangible information about VET centres' (MoES, 2009).

- The various instances of public–private cooperation in VET have created a great deal of experience in the country, though this has not been fully evaluated or researched. These experiences are not currently discussed in the context of the planned reform strategy.
- The existing National VET Council, which was not convened during 2010, has a strategic role in institutionalised cooperation. However, its members (civil servants from ministries and social partners) have not put forward new topics for discussion, nor have they formulated a yearly action plan that recognises that stakeholder cooperation enriches the VET system, since stakeholders have close links with markets, and with economic and technological developments.
- The underfinanced system will not be able to create more educational opportunities and high-quality learning environments in all of the 38 training centres.
- The ongoing discussions have not yet identified co-funding mechanisms for the demand side, particularly for enterprises that contribute to regular and targeted VET programmes. Such measures still contradict the neo-liberal economic policies. Educational investments in a liberal economy are mostly plural and are not made exclusively by public funds.
- The quality of VET performance corresponds strongly to those who are leading the system, such as school managers, teachers and instructors. HRD efforts for teachers and instructors can not currently cope with the challenges. Despite acknowledging this issue, Georgia has not reinforced its efforts in terms of reforming teacher and instructor education and in-service training, and providing higher starting salaries.
- The current VET strategy makes reference to several objectives that should be promoted. The HRD needs of a competitive economy are as relevant as issues for learners that are driven by social demands.

The VET system is still in transition. From 2005 onwards, public expenditure on VET fell considerably as ineffective training centres were closed. However, more needs to be done to develop sound, country-specific HRD strategies. The improvement of VET currently relies mainly on a decision being made on the size and character of the new reform and on the policies that need to be implemented in the system. This has consequences for an updated strategy, which should include the following issues as major steps towards modern VET delivery and a more comprehensive education system:

- the attractiveness of high-quality training programmes and their links with other educational alternatives, particularly the higher education sector;
- educational spending, including per capita financing, tax rebate schemes for private investments, and the further improvement of VET centres (in terms of infrastructure and personnel) for initial and adult training;
- the reform of teacher and instructor education and in-service training, and the transparency of professional qualifications, which still need to be designed for specific professional areas of the Georgian economy;
- institutionalised cooperation with the social partners in VET reform and implementation, and in financing and execution of programmes;
- labour market research as a relevant source of information for further decisions and improved professional guidance.

The government is aware that only a coherent approach based on fundamental decisions about the future of VET will solve the continuing problems. This relates predominantly to improved transition to the labour market in a more diversified VET and general education system. Such a system would avoid the economically inefficient production of too many higher education graduates. The VET system is currently underfinanced by private and public contributions. Hence, innovations should also include more financial resources, and strategies for educational spending and incentive-setting for financial contributions from private stakeholders.

All the above-mentioned components would fit coherently into the new policy approach and implementation strategy for the planned innovations when final decisions have been taken by the



government, hopefully in conjunction with the social partners. The legal opportunity for more entrepreneurship in VET centres has already been implemented, but the introduction of more income-generating activities depends on the attractiveness of VET in the labour market, and hence on a robust performance on the part of the training centres. However, only a few training centres that have developed institution-specific strategies are currently able to offer high-quality programmes that are relevant to the labour market.

## B. Vision and current situation in VET

Georgia's VET system and the future strategy of VET-driven HRD are currently under consideration. The process of outlining a new policy is far from being completed. Consequently, the previous VET strategy paper, which was drafted as a precondition for the Sector Policy Support Programme (SPSP) (2009–2012) financed by the EU, is currently being revised, and has not yet been approved. The new paper could strongly influence the structures, contents and performance of the VET system in the direction of more differentiation in VET levels and better connectivity.

Previous reform attempts began with a number of major changes in 2005. Ten VET centres were improved and the number of initial vocational schools was reduced from 75 to 38 public institutions. The first reform was intended to contribute to meeting the demand for emerging new skills. It was also intended to ensure that training centres should deliver short-term programmes with a maximum duration of two years in order to offer secondary school graduates an alternative to higher education programmes, and to supply the labour market with the skilled labour force that was required in specific emerging economic sectors. 'The VET reform has not been evaluated and has not become the attractive pathway that the Ministry of Education and Science (MoES) envisaged in 2005. The short duration of the new programmes has also been questioned because of its effect on the quality and credibility of learning outcomes and qualifications' (Castel Branco, 2010, p. 89).

The government's efforts led to an agreement with the EU about international cooperation. The still-valid 'Vocational Education Reform Strategy' paper<sup>1</sup> from the MoES, which was the basis for further joint activities with the EU, achieved a good balance between the social and economic objectives to be achieved through reform. These objectives included:

- providing internal and international markets with a competitive workforce;
- creating a process of continuous advancement towards the harmonisation of Georgia's VET system with common European and international educational contexts;
- supporting the self-realisation of individuals;
- supporting the social wellbeing of individuals (MoES, 2009).

VET is seen as an educational option that has the potential to overcome the persistent unemployment problem and more functionally as an instrument for socioeconomic progress. The VET system can only contribute to a reduction of the unemployed workforce if it delivers high-quality education and training that meets the requirements of the labour market in a competitive environment (GTZ, 2010). The contribution of VET to socioeconomic development also includes the issue of sound education as a means of social protection and social inclusion in a neo-liberal economic environment.

Lifelong learning should play a major role in educational development, and a lifelong learning strategy has been drafted in Georgia (AEAG, 2009) in order to better cope with the challenges of the future. Tools for recognition of prior learning are not yet available, but it is envisaged that these will be a major activity in the future in a country that previously had high migration rates and that has a Mobility Partnership Agreement with the EU.

In previous years, after examining its available budget and its priorities, the government has decided to close down those public VET schools that were not performing effectively, in order to concentrate

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<sup>1</sup> The paper was issued, though not published, before the SPSP was launched. The MoES is responsible for the paper ('strategy').

its educational spending on 38 VET centres across the country<sup>2</sup>. Of these, 14 centres have in recent years been improved using government resources. Three others are currently undergoing improvements. From 2009 onwards, additional EU funding through the ongoing SPSP have been used to further improvements in the training centre infrastructure. The government's vision to promote the private funding of VET has led to the development of a legal framework that gives more economic freedom to the training centres. Today, there is a legal basis for the centres to generate income on educational markets in order to improve the teaching services and infrastructure. A few training centres are leading the way by piloting cooperation between education and the business sector.

The government's earlier priority to reduce the number of VET centres and hence public spending on education is an important cornerstone for the further improvement in the quality and labour market relevance of VET programmes. This is combined with a legal framework that permits the delivery of educational services on the market. Aside from this framework, the vision and internal discussions among decision-makers are focused on improving the links between the VET system and the education system as a whole. This would create more educational opportunities for learners, in place of the dead-ends that currently exist. Hence, in recent months an effective connectivity and stronger orientation towards the labour market have become a priority for decision-making on VET reforms.

Once the new policies on the future VET system have received final approval, the reforms and innovations will need to be implemented. The VET system is seen as an educational option for many school leavers. The government is likely to encourage greater stakeholder involvement and additional funding from the private sector. Hence, in the future VET could move from a more marginal position in the overall education system to become a real educational option, in terms of both the extent of the demand for VET and its connectivity to other educational careers. This might be an option for students who have previously enrolled in higher education, but who currently have severe difficulties in finding suitable employment opportunities.

## C. External efficiency: addressing economic and labour market needs

Georgia decided to adopt a neo-liberal market orientation for its economy, with the Georgian Labour Code setting low standards in relation to stable employment. This business climate has attracted considerable amounts of FDI, which were focused on selected economic activities such as the financial, service and tourism sectors. Nowadays, many decision-makers are proud of the favourable business rating that the country has been given by international observatories. However, HRD still fails to support Georgia's economic reputation sufficiently by means of an effective VET system.

Overall competitiveness could be enhanced through VET-driven HRD. Increased productivity and improved quality in relation to services and products are directly linked to better human capital endowment on the part of enterprises. However, the country still has problems with the supply of labour-market-relevant skills. This is partly related to problems with the VET system, which is small and does not perform well, but also to the educational policies of the past, which are responsible for an oversized higher education system.

After the economic and financial crisis three basic challenges that are relevant to socioeconomic development remain. These are:

- an existing employment problem in the modern economy for graduates from various educational levels, which has been exacerbated by the economic crisis over the past two years;
- a significant informal sector of so-called independent workers, including those engaged in self-sustaining agricultural activities;
- a structural imbalance in VET delivery that does not deliver appropriate sector-specific skills or improve competitiveness.

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<sup>2</sup> There are 66 private VET centres that hold licences, though not all are currently operating.

Over the past decade, Georgia has experienced a massive concentration of educational demand in the higher education sector. The focus on higher education has produced a profile in the younger labour force that can not respond effectively to the human resource requirements of the economy, which demands more graduates from the secondary and post-secondary VET level. One of the consequences for such educational streaming is a new accreditation policy for higher education institutions, which was introduced a few years ago. The first positive results of this different approach to educational streaming are notable: many of these institutions have been closed down because they did not fulfil the requirements for accreditation. This has led to a decline in the number of students in higher education.

The VET system is not yet making a sufficient contribution to the provision of alternative educational streams. However, its attractiveness has increased slightly as a result of the employment problems experienced by higher education graduates. In the past two years the demand for training programmes at secondary level is increasing after a constant decrease linked to the 2005 reform. VET centre directors state that in professions that are relevant to the labour market, there are three applicants for every one vacancy.

Moreover, Georgia still has a considerable level of unemployment among the labour force, as shown in Table 1.

**Table 1: Unemployment as percentage of the labour force by educational level and gender, for 2006, 2007 and 2008**

Educational level	2006			2007			2008		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Unknown level	0.0	0.0	0.0	0.0	0.0	0.0	2.6	8.1	0.0
Primary (I–IV)	2.2	3.4	1.3	1.0	0.5	1.4	1.4	2.2	0.8
Basic (V–IX)	9.2	11.9	6.3	9.0	11.8	6.4	9.8	13.6	5.8
Secondary (X–XII)	10.7	13.2	7.4	10.9	12.4	9.0	14.5	16.8	11.5
Initial vocational	11.2	9.9	13.2	8.7	7.7	10.1	11.2	9.7	14.0
Secondary vocational	15.7	16.1	15.3	14.2	13.3	14.8	17.4	14.3	20.0
Higher	19.8	21.9	17.5	18.8	19.3	18.2	22.2	21.0	23.6
All levels	13.6	15.2	11.7	13.3	13.9	12.6	16.5	16.8	16.1

Source: National Statistics Office of Georgia

Among the generally increasing unemployment rates in 2008, which are a consequence of the economic crisis, the unemployment rate for higher education graduates is the highest, at 22.2%. This is because of the previously high enrolment rates in Georgia's higher education sector, which caused a structural imbalance between graduates from the different levels. The unemployment rate for graduates of initial vocational training has in all years remained lower than the rate for secondary vocational graduates from the higher education sector, as a result of the more academic approach of post-secondary VET, which is not relevant for the labour markets.

The overall unemployment rate of 16.5% in 2008 only partly reveals the existing employment problem, because the fact that there are a large number of self-employed people, both in rural and urban areas, is an indicator of transition problems. Table 3 indicates that in 2008, 35% of the workforce were self-employed and a further 28% were contributing unpaid family workers.

This is considered to be an indicator of a mismatch between the demand and supply sides. The relatively high and constant economic growth rates before the economic crises revealed a certain shortfall of skilled labour at secondary and post-secondary level. Enterprises have been unable to cover their human resource requirements through recruitment of new workers. The structural imbalance in VET delivery and the distortions on the supply and demand side were recently underlined by a new study. Interviews carried out in 100 enterprises in Gori revealed that 24% of employers were not able to recruit employees with the required qualifications, particularly for professionals at the secondary VET level, such as plumbers, welders and electricians. The report also

states that the absence of suitable programmes in training centres is a strong motivation for employers to organise workplace learning (Danish Refugee Council, 2010).

The combination of structural imbalances in VET delivery and a lack of information and vocational guidance for adults, including in rural areas, does not create a favourable environment for efficient labour market mechanisms. Hence, a considerable portion of the labour force, including in rural regions, is forced to work in self-sustaining activities rather than in modern economic sectors.

Relatively well-performing sectors such as tourism, ICT and other service sectors are cooperating with various VET providers in order to further improve HRD in Georgia in the short and medium term. However, many enterprises are still looking for additional qualified workers who could achieve higher standards of performance in growing economic sectors such as construction, tourism, business services, the maintenance of modern technology, transport and logistics.

Only some training centres have managed to adjust their programmes to the needs of emerging economic sectors. Others in remote areas without donor support, and in the absence of individual efforts on the part of school directors and teaching staff, still have low-quality and outdated programmes. None of the centres can currently contribute to HRD in such areas as pharmaceuticals, logistics, transport and the supply of skilled operators in the harbours (GTZ, 2010).

There are many successful initiatives that have attempted to address the consequences of these economic challenges for HRD. A permissive legal framework for VET centres, which allows flexibility and income-generating activities, has already been introduced. However, there has so far been no systematic discussion of experiences, best practice or failures of the various initiatives, nor have these been incorporated into a coherent strategy in order to reinforce education–business cooperation at both VET levels in Georgia.

Moreover, the outstanding reform strategy is currently creating a number of problems both within and outside the VET system, which fall outside measures intended to reduce unemployment rates and create a better balance of VET delivery for more economic activities. Such problems include the following.

- A large number of higher education leavers who have academic skills, though not those that are relevant for the labour market, currently apply for programmes in VET centres. However, they apply only for programmes in certain economic sectors and areas with sound employment opportunities. Many higher education students have realised that secondary and post-secondary VET qualifications are an option for future employability because they fit better into the overall structure of Georgia's economy. Training centres tend to admit such individuals with higher levels of education rather than traditional learners who come from lower classes and social groups.
- The absence of a publicly promoted vocational counselling and guidance system as part of the labour administration prevents students and their parents from taking sound educational decisions on the basis of reliable information regarding the labour market and emerging future employment opportunities. This impedes the well-balanced functioning of the labour markets. One consequence of this is that in many cases recruitment is based on a 'hire and fire' mentality, which is supported by the Georgian Labour Code. Skill-based recruitment plays a minor role in many cases, and is more common in companies that are involved in the global economy, which have robust HRD strategies.
- Employers in all economic sectors do not promote VET-driven HRD. Short-term interests and various technological development and business issues in both stagnant and dynamic economic sectors have produced excellent pilot schemes involving public–private sector cooperation with well-performing VET centres. Public-driven training centres in remote areas, with outdated programmes, have been left behind and can no longer fulfil educational tasks that are relevant for Georgia's HRD effort.
- Adult training and the concept of lifelong learning are at a very early stage of development. They are not well promoted by public policies, and are currently mainly limited to further training for groups of unemployed people. Moreover, there is a lack of information for decision-making because there is no research on the development of the labour market or on specific segments of this market, including VET-relevant research on the growing informal economy.

All these issues are different economic and social facets of the core problem for VET in Georgia: the effects of VET-driven HRD on social and economic development (employment, sustainable growth, competitiveness, social inclusion) are still underestimated. A functional rather than an educational approach to VET could support attempts to address these challenges, including increasing the attractiveness of VET. Sound policies – including those relating to financing – that consider VET to be a viable and attractive option for many students are still absent. Expenditure on VET as a proportion of total expenditure on education<sup>3</sup> has in the past ranged between 2 and 3% (MoES, 2009). The absence of revised policies and effective implementation strategies to address the above-mentioned challenges has produced VET options that are relative underfinanced and publicly neglected, and that are not coherent with the education system as a whole.

The view that VET is a 'second best' educational option does not recognise the fact that transition countries have a future employment perspective that includes the labour-intensive economic segments of modern industry and handicrafts, and these require more practical skills rather than academic qualifications. There is a constant process of industrial outsourcing on the part of Western European countries towards Eastern Europe and other regions, and this predominantly requires a workforce that is skilled at secondary level, as well as robust legal frameworks for FDI.

Moreover, neither the private sector nor the social partners are systematically involved in policy development and implementation aimed at alleviating sector imbalances in VET delivery. On the one hand the government expects the private sector to contribute more to VET in terms of investment and the design and implementation of programmes. On the other, the forum for social partners in VET that was convened in 2005 was abolished again in 2007. There is currently no efficient, systematic and institutionalised dialogue with the private sector or the social partners, despite public-private partnerships (PPP) at secondary and post-secondary level.

The government set out the functions of VET in the current reform strategy: VET should be used to increase productivity, employability and the overall competitiveness of the economy and to address important issues relating to social demand. However, policy formulation has not been accompanied by efficient implementation strategies and systemic regulations to allow the private sector and employee representatives to participate in and influence social-partner-driven VET. Such approaches have not so far been given sufficient consideration, despite the available experience and know-how in public-private VET cooperation.

Diverse, ad hoc cooperation between public training centres and private enterprises are legally possible, and contribute to the improved performance of some VET providers. A definitive and more comprehensive systemic approach has not yet been approved. Many PPP activities currently take place in Georgian VET, yet have no impact on the overall system or on other centres.

This partly impedes the ability of training centres to quickly respond to changing economic and skill needs. Successful cooperation in designing and implementing programmes for initial VET and further training remain at an early stage and are not discussed in the context of policy revisions, which could also have consequences for an increased VET budget for the MoES. However, the limitations are not merely a question of money and other resources. Policy and implementation require capacity development among teachers, school managers and instructors, and this is currently not well developed in Georgia. There is also a need for a common basic agreement on public-private cooperation.

Effective VET must constantly adapt to changes and challenges from the environment. However, such changes and technological developments take place on markets and in enterprises, rather than in school-based VET centres or supervising public institutions such as agencies or ministries (Wallenborn and Heyneman, 2010). Systemic public-private links can communicate such challenges, but they have not yet been systematically developed in Georgia, despite the experience of PPP-driven VET. Furthermore, they are not at the top of the agenda for employers' and trade union organisations.

These weaknesses are acknowledged in the discussions in the MoES on the future VET strategy, though the consequences for further improvements in the secondary and post-secondary system are not currently known.

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<sup>3</sup> Total expenditure as percentage of the MoES budget in 2006 and 2007 was only 2.5% (MoES, 2009). In 2009 the total expenditure on VET was 1.9% of total MoES budget (Ministry of Finance, 2010).

## D. External efficiency: promoting equity and addressing social demands for education and training

In the existing strategy paper the government considered the social dimension of VET to be important for improved employability, higher incomes, individual wellbeing, and hence, social inclusion. Moreover, VET offers educational options for those from lower social classes, rural populations and groups working in the informal sector. Those in the informal sector do not yet receive sufficient support to set up businesses, in the form of training that combines technical skills and entrepreneurial learning in order to run small enterprises successfully. From the social dimension, Georgia still faces the following challenges:

- unequal access to initial and higher VET which is reinforced by the fact that many training centres have not yet been improved;
- a considerable concentration of VET in certain professional areas, a lack of appropriate contents and hence only limited labour-market-relevant training provision that could be considered by economically active groups to be an opportunity to obtain better employment;
- a high proportion of the active population in self-employment, which contributes to a low level of productivity in relation to family incomes (unpaid workers) because individuals do not find employment opportunities in the modern sector of the economy.

Eight of the government-funded and -licensed initial VET centres and most of the higher education institutions offering post-secondary VET are located in and around Tbilisi, as is approximately a third of the country's population. Moreover, the majority of the best-performing training centres – those which cooperate with the private sector on targeted training – are also in Tbilisi, whereas the training centres in the regions have been more reluctant to update their programmes in response to new skill needs. The same applies to the training infrastructure: the largest gap is between the few well-performing urban training centres and those in rural areas. The improvement of some training centres has widened the existing gap with other centres, even in the ongoing funding, with serious consequences for equal educational opportunities.

**Table 2: Funding based on the quality of the infrastructure of 38 VET centres**

Level of infrastructure	Number	Total funds	Amount per school
Improved	10	3 871 463	387 146
Judged to be in 'good condition'	12	2 087 628	173 969
Others	16	1 321 974	85 123

Source: MoES (2009b).

Table 2 shows that the improved training centres are still absorbing most of the resources allocated by the MoES for initial VET. The remaining centres ('others') currently receive four times less per school than the rehabilitated centres. This has serious consequences for equity. The country as a whole can not cope with these challenges and must address them in the near future. There are no opportunities for individual educational choices in many rural regions because the VET centres are spread widely across the country.

Equality of access is a major issue in Georgia. Access to training programmes varies widely across the regions, and many providers offer low-quality programmes in economically stagnant rural zones or in economic areas with only modest development (agriculture, traditional handicrafts). The huge structural differences between urban areas such as Tbilisi and the rural regions are enhanced by the absence of policies for regional development. These factors have forced better-trained workers to migrate to urban areas or abroad. Hence, many VET centres have lost qualified instructors and teachers who have sought employment in better-paid jobs. One consequence is that students in many rural regions are prepared for national examinations by teachers from private teaching services, which entails additional expenditure for these learners.

Currently, institutions do not systematically implement VET strategies or capacity-development initiatives that are aimed at creating better links between training providers and regional or local

business opportunities. Decentralisation is envisaged in the existing policy, though it is not actively promoted. In 2008, after the conflict with Russia, a number of programmes were launched to address the training needs of internally displaced persons. However, there are no systematic approaches to addressing vulnerable groups through VET programmes.

The notable increase in the demand for VET programmes from higher education graduates has negative consequences for the demands of traditional learners. Nowadays, centres tend to select applicants with a better education profile for the programmes. Hence, the social groups in which there has traditionally been a high demand for training programmes are in a worse position as regards applying.

However, the MoES is working intensively on three issues that could contribute to greater equity and access in the initial VET system, as follows.

- One initiative examines, in cooperation with a donor (GTZ), the current situation in relation to the financing of VET and the options for future policy in terms of efficiency and equity. Until now there has been no clear information about the cost structures in the VET centres. Moreover, the study should provide operational options for financing VET.
- The internal discussions also focus on the dead-ends in the initial VET system and try to identify more flexibility and connectivity between VET and other educational routes. The availability of more differentiated VET qualifications, which are currently being discussed, might lead to more educational options for future graduates.
- Funds are being made available through targeted educational spending using SPSP disbursements to further improve the infrastructure in training centres.

These activities and processes have not yet been completed, though they might have significant consequences for the new general strategy and positive impacts on equity issues.

Support for small and medium-sized enterprises (SMEs) through VET is not sufficiently well-promoted to enable this part of the economy to absorb more workers in labour-intensive economic activities at higher levels of productivity. Very few programmes that combine technical skills and entrepreneurial learning are currently offered. Many national VET experts state that there is also a lack of information about the dynamics of local and regional markets and corresponding business opportunities, which is a relevant framework for SMEs. The reasons for such information gaps include the systemic restrictions of VET and VET centres, which do not cooperate with business promotion agencies, extension services and similar bodies.

So far, the VET system has contributed in economically dynamic sectors (ICT, tourism, construction and to some extent the financial sector) to an improved human capital endowment in the private sector. Close and targeted cooperation between enterprises and the public training centres has helped to address the emerging training needs and the future supply of skilled workers for the private sector. However, such cases are limited to the above-mentioned sectors and to certain training centres.

Other employment-intensive sectors such as handicrafts and agriculture remain in a precarious situation because their needs have not been met by market-relevant VET provision. The training centres have not yet updated their programmes for the target groups of initial VET and further training. Moreover, programmes for the rural population must cover issues such as marketing, cost and price calculation, and book-keeping, as well as technical subject knowledge. The SMEs in such sectors are not very well organised and are unable to articulate their training needs in a systematic way. Hence, there is little reliable information available about local business development and business opportunities.

In many training centres the fact that training programmes lack relevance to the labour market is an unsolved problem. High unemployment rates are not addressed through HRD, because many VET centres do not effectively adapt their programme contents to new technological and economic developments. This does currently happen in some VET centres, namely those that have developed close cooperation with enterprises, or in which the private sector is claimed to be the main driver for targeted educational services. Labour market relevance for learners has improved considerably in such training centres, and this has reduced transition problems.

It is still not clear to what extent VET centres are responsible for collecting relevant local and regional labour market information to enable them to adapt their educational services in response to emerging needs and to strengthen equality of educational choices and access to the centres. The best-performing VET centres are proactive in undertaking relevant labour market research for the sectors in which they offer programmes. In addition to active cooperation with the private sector, such information is essential for increasing employment opportunities through the supply of labour-market-relevant training<sup>4</sup>.

As shown in Table 3, Georgia has a high proportion of self-employment and contributing family workers.

**Table 3: Employment status as a proportion of all economically active persons, 2008 (%)**

Employment status	Total	Male	Female
Wage employee	36	37	35
Employer	1	1	1
Self-employed worker	35	42	27
Contributing family worker	28	20	38
Total	100	100	100

The high proportions of both self-employment and unpaid and contributing family workers are strong indicators of a stagnant economy (in terms of increasing employment opportunities) in many sectors. These groups are not supported through labour-market-relevant VET programmes. This includes high-priority programmes for adults in a wide range of (rural and commercial) activities. There is also a need to combine programmes for technical skills with those that develop entrepreneurial competences, so that businesses are supported within the framework of regional development concepts. The recently formulated strategy for adult training is a step in the right direction, because adult education programmes for specific groups are explicitly identified (AEAG, 2009, p. 57). However, VET is still far from being able to cover the skill requirements of different adult target groups in various economic sectors. There is still too little information available about adult training. Some pilot programmes have been implemented, and there is a need to expand these.

The demand for practical and labour-market-relevant skills in more professional areas will not be met by the provision of a wider range of VET programmes and better-performing training centres. Following the closure of many higher education institutions as a result of the new accreditation policy, there has been an increasing demand for programmes in the VET centres because those offered by the higher education sector have limited labour market perspectives. Effective training programmes with short transition periods to employment are demanded, even from higher education graduates with qualifications that are irrelevant for the labour market.

The increasing demand for labour-market-relevant VET is highlighted by directors of schools that offer training programmes in dynamic sectors such as construction, ICT and welding. Some programmes have been outsourced to general secondary education institutions in order to cope with the increasing demand. This is only feasible in professional areas, where the contents of VET are highly academic and/or if general secondary education institutions improve their existing infrastructure. However, this is not a solution for all sectors with emerging skill demands, particular not in the areas of modern manufacturing or the modern handicraft sector, which are based on high technological standards.

Some larger enterprises have developed proper VET programmes for their staff. They do this for two reasons: the existing training centres do not offer the required training programmes, and/or the quality of the labour force they employ does not meet the specific expectations of the enterprises. In a few cases, VET centres have developed PPP activities with such enterprises, and the supply of skilled labour has improved as a result.

However, in the past the overall attractiveness of VET has remained limited, and in the school year 2007/08 reached a record low (see Table 4). There has traditionally been a strong inclination towards

<sup>4</sup> A careers resource centre was established in Tbilisi in 2007 and promoted by OIM. This is the only centre in the country that has developed leaflets and hand-outs for vocational guidance purposes in schools. However, no efficient guidance and orientation system exists.



higher education, and this remains vital. However, the labour markets and the skill requirements are changing, and many well-trained secondary VET students are at lower risk of being unemployed than higher education graduates. They are employed in sectors that are relevant for the country, such as tourism, financial services and the ICT sector, and have prospects for further individual development and reliable career paths.

**Table 4: Enrolment in different education levels (in thousands), by gender, 2005/06, 2006/07 and 2007/08<sup>5</sup>**

Educational level (ISCED)	2005/06			2006/07			2007/08		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Public pre-school	76.4	41.2	35.2	77.9			78.6		
Public general education schools	601.4	303.7	297.7	599.7	309.8	289.9	576.7	299.2	277.5
Private general education schools	33.4	17.0	16.4	36.3	20.2	16.1	39.0	21.4	16.6
Primary vocational schools	6.3			7.4			0.0		
Public professional secondary schools	20.9	7.6	13.3	18.2	7.0	11.2	9.4	3.5	5.9
Private professional secondary schools	7.5	1.5	6.0	10.6	2.8	7.8	7.7	1.7	6.0
Public higher educational institutions	113.8	55.9	57.9	110.8	54.9	55.9	81.2	39.0	42.2
Private higher educational institutions	30.5	13.1	17.4	30.0	12.6	17.4	30.9	12.6	18.3
Post-graduate institutions	1.1			0.5			0.8	0.3	0.5
<b>All levels</b>	<b>891.3</b>	<b>440.4</b>	<b>443.9</b>	<b>891.4</b>	<b>407.4</b>	<b>398.2</b>	<b>823.3</b>	<b>376.6</b>	<b>368.0</b>

The data available for before 2007/08 reveal the imbalance between higher education and secondary VET. Despite the significant decline in enrolment numbers for public higher education, secondary VET attendance also declined as a consequence of the previous closure of training centres and the restructuring of the VET sector as a whole. But the overall imbalance of higher education and the secondary sector still prevails.

In the past two years the national experts have highlighted an increasing demand for VET programmes that have good employability prospects. This is one indicator that suggests that the image of VET is improving. However, there is still a great deal to do, and not all sectors are covered by training programmes that offer sound educational alternatives and a smooth transition to employment. Moreover, sociocultural factors impede the improvement of the image of VET in Georgia; such factors strongly link higher education achievements to the social status of the individual concerned.

VET qualifications are not even part of a transparent qualification framework. Hence, educational decisions on whether to enrol in VET or in alternative programmes are still negatively influenced by the restricted VET options for future professional careers. A draft qualification framework for higher education has been developed and is awaiting approval; the VET framework is still under development.

The government is aware of the constraints and recognises the importance of VET for both HRD and socioeconomic progress. The above-mentioned problems form the basis of the ongoing discussions in the MoES and the government. One remaining issue is increasing the connectivity of the education system, which would also open new alternatives after VET careers have been restructured.

<sup>5</sup> Slight inconsistencies in the totals are the result of rounding errors, but do not affect the overall trends.

## E. Internal efficiency, quality, governance and financing

Compulsory education for Georgian students covers nine years (see Figure 1 in the Annex). The vast majority of students opt for three years of additional upper secondary education, and a minority for enrolment in initial VET, which has a maximum duration of two years. Having passed the Central Entrance Examination (CEE) after general secondary education, most students enrol in higher education and only a small number in post-secondary training courses, which are also delivered by universities and specialised institutes. After the 2007/08 school year 15 444 of the 38 000 secondary school graduates enrolled in higher education at university level, but only 3 441 (9.05%) in higher VET (DVV, 2008)<sup>6</sup>.

Internal efficiency in the initial VET system is very uneven, and varies between the training centres that have been improved and those that have not; these centres all perform at different quality levels. There are a number of reasons for this, but there is also a certain trend, highlighted by the following main problems and characteristics.

- The available infrastructure and the socioeconomic context in which VET centres operate need to be taken into account.
- The performance of teachers, instructors and school managers needs to be considerably improved in many training centres in order to increase the quality of initial and further VET programmes.
- The management and governance of the entire VET system are clearly stipulated in laws and decrees, but there are problems with implementation. Consequently, social partners are not systematically involved at relevant functional levels of the system.

Those training centres that cooperate with the private sector and that have managed to raise additional funds through donor contributions or on the educational markets are in a better financial position than other centres. The diversification of income has led to substantial improvements, despite the fact that the amounts spent on initial VET by the MoES are small. Their educational infrastructure has been partially refurbished and supplemented by donors, who have also offered programmes within Georgia and abroad to improve the performance of teachers and school directors. New textbooks and modern methodological approaches in teaching and learning are also available in the rehabilitated training centres.

However, the major issue is the need for robust quality standards for the overall VET system, for the institutional performance of the training centres and for the structure and contents of the training programmes, to enable them to cope with the diversity of the existing training offers. Moreover, the rehabilitation of the centres' infrastructure is a persisting problem that also receives some recurrent funding from the MoES (see Section D). Additional training activities for teaching staff and school managers are needed, and have not currently been developed sufficiently.

The increasing demand for VET in recent years will in the near future require additional instruments to be implemented to assess the efficiency of the system. Two issues are relevant for the improved analysis of the efficiency of VET delivery.

- Instruments and tools are required in all VET centres to determine the unit costs of different training programmes. These tools have recently been developed with assistance from GTZ with a view to piloting a per capita funding scheme.
- There is a need for basic research in the local economy and regional environment to obtain feedback about the employability of former VET graduates.

Concise information about these two issues is necessary if Georgia's VET efficiency is to be improved.

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<sup>6</sup> These 38 000 students took the national examinations for entering higher education institutions. The total age cohort leaving secondary level was approximately 60 000.

The envisaged reform of teacher and instructor education has not been completed. There are currently no teacher-education programmes being offered at university level, though information about the qualifications of employed teachers and instructors is currently updated and monitored. In 2007 there were 530 teachers and 270 instructors working at the 38 VET centres (MoES, 2009). Standards for teachers and instructors have been established by the Teacher Professional Development Centre (TPDC), an agency of the MoES. The definitions of VET teacher and instructor at secondary level are as follows:

- VET teacher: a person who teaches theoretical subjects. The requirements for becoming a teacher are to have relevant higher education, to have passed an accredited pedagogic education course and gained the number of credits specified by the MoES, and to be certified as a teacher of vocational education by the public legal entity, the TPDC.
- Instructor: a person who teaches practical skills. An instructor should have at least three years' work experience in the relevant field, have passed an accredited pedagogic education course and gained the number of credits specified by the MoES, and should be certified as an instructor of occupational education (initial VET) by the public legal entity, the TPDC.

The reduced number of VET centres and the relatively low salaries of teachers do not currently provide strong motivation for individuals to work as teachers. Estimates from national VET experts rank teachers' salaries considerably lower than the average salary. Teachers' salaries are usually agreed between the training centres and teaching staff. Moreover, the reduced number of training centres is one reason for a low level of demand from students wishing to be trained as VET teachers. Consequently, all universities have stopped educating VET teachers in university career programmes. These career programmes must be reformed in order to achieve the required levels of quality. The internal discussions in the MoES concerning the reform of teacher education in Georgia have not yet been completed.

However, VET teacher education and further training and the design of new qualifications could be two suitable components for the Technical Assistance offered by the EU Delegation within the existing SPSP. It is not only new technical skills that teachers need; they must also have sound knowledge in new methodological approaches to enable them to design and implement effective learning scenarios and to use supporting media efficiently.

A combination of increased and improved resources for effective staff development strategies is a precondition for capacity development in VET centres and for enhanced quality in the training programmes. As data from DVV (2008) reveal, the quality issue in the education system is not related to an imbalance in the ratio of students to teachers. Like other transition countries, in recent years Georgia has continued to follow the Soviet tradition of having ratios that are favourable for effective learning.

**Table 5: Student : teacher ratios in vocational centres (secondary level)**

	Public education institutions		Private education institutions	
	2006	2007	2006	2007
<b>Number of students</b>	20 904	18 242	7 491	10 578
<b>Number of teachers</b>	3 463	3 158	1 211	1 646
<b>Student : teacher ratio</b>	6.0	5.8	6.2	6.4

By 2009 this situation had changed. The MoES stated that the ratio in 2008/09 was 12.0, which is still favourable in relation to the teaching staff. Training for VET centre managers is also required. Their role has changed from a formerly bureaucratic one to management, marketing, supervision/quality control, leadership and staff development strategies, and cooperation with stakeholders, the business community and parent associations. School directors are key individuals for cooperation with the local business environment and are responsible for calculating reasonable prices for the educational services demanded by markets. So far, they have not been sufficiently involved in further training activities.

The current system and training programmes:

- are not fully in line with educational quality standards and updated curricula;
- are not implemented and conducted by well-trained instructors and teachers;
- are not sufficiently funded from public revenues combined with private and partly incentive-driven contributions.

Training centres do not follow coherent standards, despite an awareness that common quality standards are an important cornerstone for further improvement of the system. In order to increase the level of financial contributions from the private sector, VET centres offer a huge number of uncoordinated programmes with a wide range of contents and various time horizons, addressed to a variety of target groups, including adults and fee-paying employees from enterprises. Despite the formulation of a quality concept, the training centres do not use common tools for quality control, monitoring and assessment at the operational level.

Quality indicators have not yet been defined in the Georgian VET context, at either the system or institution level. Elements such as high demand, a smooth transition to the labour market for graduates, and modern equipment would be indicators for the performance of VET institutions. However, there is still no final agreement on, nor institutional capacity for, the systematic use of quality assurance tools. The system level is currently characterised by a *laissez faire* style of supervision and assessment. Efforts to steer the system tend to be a largely bureaucratic exercise (the justification of expenses). Control rather than advice impedes the implementation of an improved quality assurance approach.

Another issue that affects the quality of VET delivery and reinforces the dead-ends of the secondary VET system relates to the contents and duration of training programmes. Such programmes focus exclusively on technical content rather than on a well-balanced mixture of technical skills and general education, which would allow the students to achieve a wider range of competences. Even in VET, too narrow a focus on skills makes it difficult for students to cope with future technological challenges, and does not provide a solid basis for the CEE to higher education.

Most of the initial VET programmes are no longer than 1–1.5 years and do not use the maximum duration of 2 years for providing both technical skills and general competences. Table 6 illustrates the underuse of time allocated to initial training.

**Table 6: Number of students accepted in the 2009/10 academic year, by course length**

1 month or less	1–6 months	1–1.5 years	2 years and over <sup>7</sup>
883	3 599	6 000	1 496

There is no effective governance of the VET system because some standards are not in place and there are no approved regulations relating to VET financing and incentive schemes for contributors from the private sector. Moreover, the social partners (mostly employers) are involved in VET activities and decision-making on a sporadic basis rather than systematically. The trade unions are not involved at the training centre level. The social partner committee that previously existed (State Commission for Social Partnership in Vocational Education) was abolished in May 2007. This sent a negative message to the social partners in terms of their future motivation to participate in future activities and take on more responsibility. The National VET Council, established last year as a voice for all relevant stakeholders, was not convened during 2010 as a platform for social dialogue and a forum for discussion on future strategy. Despite the various initiatives at the centre level, the government and some MoES agencies are currently the only drivers in the VET system.

The National Professional Agency, which was abolished in 2008, combined managerial functions and supported the governance of the system by determining the VET sector's strategic policy development. The formulation of new VET reform strategies is now exclusively the task of the government.

Tripartite councils are also envisaged for the training centres. However, only some advisory councils are functioning. The members are representatives of employers and business associations. Only a

<sup>7</sup> Figures are based on information provided by the MoES. Publicly funded VET centres have a maximum programme duration of two years. Some privately funded providers offer a small number of longer courses.

small number of these councils are really effective, namely those driven by the strong interests of particular employers. There are no common rules for such boards. Moreover, there is a need to build capacity on both the public and private sides. This is a precondition for better cooperation on defined tasks and with defined competences.

Apart from the need to update the competences of school managers, teachers and instructors, there are other reasons for quality improvements in relation to both the system as a whole and the individual institutions. The fragmentation of the VET system has resulted in variations in quality standards and the current state of the curricula. However, such regulations only make sense if the country has the institutional implementation capacity and the physical resources and infrastructure in all training centres to cope with new standards.

Where the technical discussions and activities focus predominantly on regulations, without taking into account the supply side of VET (infrastructure, and human and financial resources), there is a high risk that good intentions will fail. New regulations require know-how and the ability to conceptualise, but implementation requires considerable resources to develop the capacity of both staff and the institution, and to ensure that the appropriate infrastructure is in place. This is a task for an improved governance structure of the system. Innovations at system level are more likely to be sustainable if they can combine new conceptual outlines with the resources required for successful implementation. Otherwise there is a relatively high risk that innovation and reform will fail, and as long as the financing of VET remains an unresolved issue in Georgia, reform intentions must be realistic, because the government spends only a small portion of the MoES budget on VET.

There were high expectations that the private sector would contribute substantially to VET financing, but the current situation is disappointing. Other educational subsectors receive per capita funding, but this instrument has not yet been introduced in the VET system because the cost structure in VET centres remains unclear. Moreover, there is no policy on incentives for the financing of VET through private sector contributions. Levy systems and tax rebate systems are not currently taken into consideration by policymakers.

Until now the economic freedom granted to VET institutions by the Law on Professional Education has been seen as a clear advantage in terms of the financial stability of these centres. The financial autonomy regulation stipulates that public VET institutions can use generated income for improvements in VET centres. There are no cuts in MoES budgetary allocations if institutions are successful in generating additional income. The law also stipulates that training centres must be accredited in order to obtain state recognition and public funding, but there is a need to improve continuing supervision following accreditation to ensure that quality is maintained.

Unless the new strategy is approved, and unless implementation of new ideas and reform are accompanied by commitment and sound resources, the situation for VET will not change considerably. VET is still in transition in Georgia.

There is no information available about the returns on education for the different educational levels. Currently the only signals for the education system come from the above-mentioned statistics on labour market issues. There is no additional evidence available on the economics of education.

## F. Innovation, partnership and entrepreneurship

In 2005 the government was confronted with a large number of problems in the VET system that required substantial changes to be made. The main thrust of MoES policy has been the closure of almost 50% of the VET schools that existed previously, the aim being to reduce costs and to enhance labour market efficiency through the substantial ongoing rehabilitation of the remaining VET centres. A new law on VET in 2007, which encouraged the private sector by setting up institutional mechanisms to enable social partners to influence the design and implementation of policies and programmes, was unable to avoid the problems of implementation that typically accompany innovation and reform.

These problems relate to a complex environment of conflicting variables such as funding; teacher/trainer and school manager performance; standards/curricula and assessment; educational streaming and applied research on human resource development and labour markets; macro and micro management of the VET system; and sociocultural perceptions from the demand and supply side. Moreover, the strong influence of economic and technological developments make the

formulation, implementation and delivery of VET policy more complicated than in other education subsystems.

Although the reform began in 2005, there is still much to be done. This outstanding issue is well recognised in the MoES, which is currently working on a new strategy for VET that should build on the good practice that exists within the country. The successful examples and useful experiences of public–private cooperation have not led to the role of the private sector in VET being over-emphasised. However, private contributions should in the future be based on clear roles and tasks, and on viable institutional arrangements. There is a great deal of potential for pilots to be conducted in this area.

The political decisions and activities of the past achieved a great deal. However, progress today requires further decisions and sound strategies in relation to VET. There can be no further progress without a new strategy and improved accountability on the part of VET experts and social partners. VET reform should therefore be given greater political priority, and it will also be important to undertake capacity development for experts and institutions involved in the process of modernisation, an issue that was not sufficiently covered when the reforms began in 2005. Moreover, external support from donors needs to be better coordinated so that it will be more effective and integrated into national ownership.

Innovations in the VET system continue to be supported by various donors. The EU is currently the most significant player, supporting the country through an SPSP. The EUR 19 million that is to be spent between 2009 and 2012 on improving the infrastructure of VET centres is necessary to support labour-market-relevant programmes, and initiatives to make VET more attractive. This amount includes funds for Technical Assistance, which is likely to cover the reform of teacher and instructor education and further in-service training. Another component that could be covered by Technical Assistance is the design of new qualifications in a selected professional area.

The EU has also contributed EUR 1.15 million to an UNDP project to promote VET capacities in the Shida Kartli region. This region has been seriously affected by the economic crisis, and many internally displaced persons have been living here since the conflict with Russia in 2008.

USAID has given direct support to the performance of VET centres through programmes for further teacher training and new equipment, which is still an ongoing issue for quality improvement. GTZ is undertaking labour market studies in selected regions as a precondition for improved matching and is working on educational spending policies in VET, because there are still strong intentions to introduce per capita financing in VET.

The ETF has carried out a labour market study in the Black Sea countries, including Georgia, and supports the design and implementation of quality instruments and tools for VET centres and programmes. This has included, as a first step, support for a VET quality policy, to be outlined through cooperation between the stakeholders. These stakeholders are discussing the further development of VET reform in the country.

It will be for the government to decide in which direction the VET system should be developed in the near future. This necessarily requires a better coordination of donor activities and a new VET strategy that takes into account the development of other relevant sectors in modern Georgian society. One example has already been mentioned, namely the fact that the small enterprise and business sector has enormous potential to create additional employment opportunities, even in the context of regional and local development efforts. Entrepreneurship and entrepreneurial learning could be promoted in VET centres, because these are suitable venues in which technical and business skills can be linked for the benefit of SMEs (European Commission et al., 2008).

## Annex: VET system scope, legal and institutional frameworks, additional data

**Figure 1: Structure of the education system in Georgia**

Age	Type of education			
25	Doctoral studies			
24				
23				
22	Master's studies			
21				
20	Bachelor's studies	Higher VET		
19				
18				
	Central Entrance Examination (CEE)	Simple CEE		
17	Secondary education	Secondary VET		
16				
15				
14	Basic education			
13				
12				
11	Elementary education			
10				
9				
8				
7				
6				
5			Pre-school education	
4				
3				
2				
1				

Elementary and basic secondary education is compulsory. This equates to nine years of education.

Primary VET is a dead-end and requires students to take entrance examinations in order to pursue further studies. Those who have studied in primary VET will find it hard to cope with the General Entrance Examination, because primary VET includes no general education subjects. Higher VET is in many cases also a dead-end, and is covered by the Law of Higher Education. Many offers at tertiary level have a duration of less than three years. Shorter courses are intended to increase employability, but many such courses are designed with only academic contents because they are offered by

universities. With a maximum duration of two years at secondary level, there exists no opportunity to re-enter general education or higher education.

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