

CHALLENGES AND DEVELOPMENTS IN VOCATIONAL EDUCATION AND TRAINING SYSTEM REFORM IN THE WESTERN BALKANS AND TURKEY

INTRODUCTION

This regional briefing considers vocational education and training (VET) systems and policies in Turkey and seven countries of the Western Balkans. Three candidate countries - Croatia, the former Yugoslav Republic of Macedonia, and Turkey, which are already part of the Copenhagen Process (enhanced cooperation in VET) - are considered, together with five potential candidate countries: Albania. Bosnia and Herzegovina, Kosovo*, Montenegro (granted candidate country status on 17 December 2010) and Serbia. The sources used were the Torino Process reports for Bosnia and Herzegovina and Kosovo; assessments of Copenhagen Process progress for Croatia, the former Yugoslav Republic of Macedonia and Turkey; ETF reviews of human resource development drafted at the request of the European Commission (Directorate General for Employment, Social Affairs and Equal Opportunities) in 2010 to inform IPA programming and national policy making in Albania, Montenegro and Serbia. The findings have been validated in the countries concerned and at the Torino Process Conference in May 2011.

CONTEXT

These countries are very diverse demographically, historically, economically and in relation to the EU accession process. Turkey, with around 74 million inhabitants, has the 17th largest gross domestic product (GDP) in the world and is expected to match the economic growth rates of China and India over the next decade. The combined populations of all the other

accession countries (excluding Iceland) is around 23 million. The second largest country in the region is Serbia with 7.5 million inhabitants, while Montenegro is the smallest country with a population of 625 000.

Turkey has a young population, with a median age of 28.3 in 2010 and about 26% of its population under 15. It is estimated that 55 million young people will reach working age by 2020. Kosovo has an even younger population, with 32% of its estimated population aged under 15. All the other countries have ageing populations: the ratio between the working age population and the over 65 population in 2009 in Croatia was 4 to 1; in Serbia, Montenegro and Bosnia and Herzegovina it was 5 to 1; in the former Yugoslav Republic of Macedonia it was 6 to 1, while in Turkey it was 11 to 1.

All the countries except Turkey are recovering from the conflicts of the 1990s. Population displacement and war damage were particularly serious in Bosnia and Herzegovina and Kosovo. Bosnia and Herzegovina, Kosovo, Croatia, Serbia, Montenegro and the former Yugoslav Republic of Macedonia were part of

Yugoslavia before the wars. With the possible exception of Kosovo, the contemporary education systems of these countries are similar, inherited from a central planning era, and public institutions in the Western Balkans are still in transition from centrally planned to market economies. Turkey, on the other hand, has a more developed market economy.

These countries are also dealing with the challenge of reforms from the perspective of EU accession. Reforms include the alignment of education, training and employment systems and policies more closely with those of the EU. Generally, there is a discrepancy between economic development, current employment levels and potential skills needs and shortages (Figure 1). For example, employment in the agricultural sectors in Albania, Bosnia and Herzegovina, Serbia and Turkey is disproportionate to the level of value added. There is likely to be a shift away from agriculture in the coming years towards services for which the VET system needs to plan by encouraging key competences. With only 8% formal employment in agriculture in Kosovo producing 12% of GDP, the informal economy is dominant in the country.



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^{*} Kosovo under UNSCR 1244/1999

Rates of participation in the labour market are markedly lower than in the EU. This is linked with very low female participation rates in Bosnia and Herzegovina, Kosovo and Turkey, and with a substantial gender gap in employment in all the countries, with the exception of Croatia. Unemployment is of particularly concern across the Western Balkans, with youth unemployment rates close to 50% in Bosnia and Herzegovina and even higher in the former Yugoslav Republic of Macedonia and Kosovo. Long-term unemployment is also very high, particularly in Bosnia and Herzegovina, Kosovo, Montenegro and the former Yugoslav Republic of Macedonia, where around 80% or more of all unemployed people in 2009 had been unemployed for 12 months or longer (ETF, 2010a). Participation and employment rates are linked to qualification levels, but with some variations from country to country due to the pressures of economic restructuring and the informal economy. Table 2 shows that unskilled individuals are more likely to be inactive in all the countries except Albania whereas unskilled people are more likely to be employed in Albania, Serbia and Turkey (and rates are similar in Croatia), which represents a significant difference between these countries and the EU. The unemployment rate for those with medium qualifications is higher than for people with higher education, except in Albania (Table 2). This indicates an undersupply of people with higher education on the labour market.

Socially vulnerable groups at risk of exclusion include long-term unemployed people, very young and very old individuals, women, those living in rural areas, Roma individuals, internally displaced people, refugees and people with disabilities (Oxford Analytica, 2009, p. 5). In addition to poverty, low educational attainment is a risk factor for exclusion. In Kosovo, 80% of inactive women have less than upper secondary education.

Enrolment rates in primary education are high (and similar to those in the EU) at over 98%, with the exception of the former Yugoslav Republic of Macedonia (92.8%). However, enrolment rates are markedly lower than in the EU for upper secondary education in Albania, Bosnia and Herzegovina, Kosovo and Turkey, and even lower in tertiary education. This pattern is accentuated for the most vulnerable groups: Roma people in Montenegro, only 18.0% complete primary education, 3.7% secondary education and 0.7% higher education. Illiteracy is reported among these groups in most of the country reports.

Table 3 shows the educational benchmarks to be achieved by 2020 compared to the current situation, as agreed with the EU-27. Early school leaving is a huge problem in Albania, Bosnia and Herzegovina and Turkey and, to a lesser extent, in Montenegro and the former Yugoslav Republic of Macedonia. It has probably increased as a result of the economic and financial crisis, which has forced many young students to leave school to contribute to income generation for the family (Feiler and Vos, 2009).

Limited priority is given to education and training in terms of public expenditure on education and labour market training (ranging from 2.9% of GDP in Turkey and the former Yugoslav Republic of Macedonia to 4.5% in Serbia), which is significantly below the EU average. This compares unfavourably with the situation for former candidate countries in 2001, three years before accession, when the GDP percentage ranged from 4.2% (Slovakia) to 6.8% (Estonia) in the ten candidate countries (Masson, 2003).

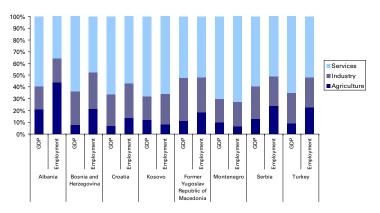
The situation is worse for labour market training spending, which ranges from between 5 and 50 times less than the EU average, except in the former Yugoslav Republic of Macedonia (see Table 4). However, these spending levels are not much different from those in the former candidate countries before accession: in these countries, expenditure on labour market training as a proportion of GDP ranged from 0.01% (Poland) to 0.08% (Slovenia).

The role of VET in the overall education system is changing significantly. Enrolment in higher education is increasing rapidly. In 2008 the gross enrolment rate for higher education reached almost 50% in Croatia and Serbia, and around 40% in Bosnia

and Herzegovina and the former Yugoslav Republic of Macedonia. Moreover, in the countries that have two different VET pathways at upper secondary level (three-year vocational and four-year technical), global enrolment in VET is stable overall but is shifting steadily towards four-year pathways. One of the main reasons is that technical pathways allow the continuation of studies in higher education. This suggests that increased enrolment in higher education is mainly accounted for by graduates from the four-year technical profiles and that most technical VET graduates are now continuing their education after graduation. This pattern has probably been amplified by the economic crisis, and is likely to continue. As a consequence, in all the countries there are increasingly fewer secondary vocational graduates entering the labour market directly.

EU cooperation has been and continues to be a substantial driver for change. All the countries have run EU assistance programmes for more than a decade and these have enhanced the capacities of national actors to modernise VET systems, introduced new approaches to VET reform, improved links between VET and the labour market, and introduced new organisational forms for learning. The fact that all the countries in the region are pre-accession or candidate countries is an additional political incentive for alignment with the principles of EU policies.

Figure 1: GDP and employment structure by economic sector (%) (Source: ETF)



Note: Population refers to 15–64 age group in Albania, Bosnia and Herzegovina and Kosovo and to 15+ age group in Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. Figures do not add up to 100 because of the category 'Others' (Kosovo).

Source: For GDP data: World Bank (2011). For employment data: Albanian Institute of Statistics Labour Force Survey (09); Bosnia and Herzegovina Agency for Statistics Labour Force Survey; Croatian Central Bureau of Statistics (2010) and Croatian Statistical Yearbook; Eurostat for Turkish data and Labour Force Surveys for the rest.

Table 2: Labour force participation rates (%) by educational attainment

		Active		Eı	mploy	ed	Unemployed		
	Low	Med	High	Low	Med	High	Low	Med	High
Albania	56	35	9	57	34	9	45	44	11
Bosnia and Herzegovina	23	65	12	22	63	14	25	70	5
Croatia	17	62	20	17	62	21	18	70	12
Former Yugoslav Republic of Macedonia	29	54	17	26	54	20	34	54	11
Montenegro	11	68	21	10	67	23	16	72	12
Serbia	24	58	18	24	55	20	21	69	10
Turkey	63	21	15	64	21	16	61	26	13
EU	24	49	27	23	49	28	39	46	15

Note: Data for the latest available year. Data refer to population aged 15+. Educational attainment: low=ISCED 0-2: medium=ISCED 3-4: high=ISCED 5-6.

Sources: Labour Force Surveys for Albania, Bosnia and Herzegovina, Montenegro and Serbia; Eurostat for the rest.

Table 3: EU benchmarks and educational indicators for the Western Balkans and Turkey (%)

2009	EU-27	EU 2020 goals	Albania	Bosnia and Herzegovina	Croatia	Former Yugoslav Republic of Macedonia	Montenegro	Serbia	Turkey
Early school leavers (1)	14.4	10	39 (08)	65.1 (07)	3.9 (u)	16.2	15.5 (m)	10.7 (07)	44.3
Tertiary educational attainment (2)	32.3	40	17.2 (08)		20.5 (u)	14.3	9.2 (f)		14.7
Lifelong learning (3)	9.3	15	2 (08)		2.3	3.3			2.3

Notes: Abbreviations: (u) = unreliable. (m) = males. (f) = females.

Definitions: (1) % of 18–24 age group with at most lower secondary education and not in further education or training. (2) % of 30–34 age group who have successfully completed university or university-like education. (3) % of 25–64 age group participating in education and training. (4) % of pupils with low performance in the reading scale (level 1 or below). (5) % of pupils with low performance in the mathematics scale (level 1 or below). (6) % of pupils with low performance in the science scale (level 1 or below). Regarding PISA performances, the EU average, referring to the 25 EU countries participating in PISA 2009, was calculated as a weighted average, where the weight was the 15-year-old population. Labour Force Surveys provide a different age range.

Sources: Data for early school leavers for EU-27, Croatia, former Yugloslav Republic of Macedonia, and Turkey from Eurostat; for Albania from the Labour Force Survey; for Bosnia and Herzegovina from the UNDP National Human Development Report 2007; for Serbia from Eurostat Pocketbook on Candidate and Potential Candidate Countries 2010; for Montenegro from the UNDP National Human Development Report 2009. Data for tertiary educational attainment (30–34) and lifelong learning for EU-27, Croatia, former Yugloslav Republic of Macedonia, and Turkey from Eurostat; for Albania from the Labour Force Survey.

Table 4: Public expenditure on education and labour market training (% of GDP)

Expenditure	EU-27	Albania	Bosnia and Herzegovina	Croatia	Former Yugoslav Republic of Macedonia	Montenegro	Serbia	Turkey
Education	5.1	3.5	n/a	4.1	4.6	3.4	4.5	2.9
Labour market training	0.15	0.02	0.004	0.016	0.13	0.03	0.015	0.002

Note. Data for the latest available year.

Sources: UNESCO; Albanian Institute of Statistics; Eurostat for EU 27 and Croatia; TransMONEE (2011) for former Yugoslav Republic of Macedonia and Montenegro.



KEY CHALLENGES FACING VET POLICY MAKERS

The key challenges facing countries in the Western Balkans and Turkey region are:

- All have high ambitions for the role of education and training, including VET, in supporting growth and employment. They have all made efforts to review and adapt governance models, modernise qualifications and curricula, create professional institutions to support the change processes and, overall, to build the capacity of policy makers and professionals to adapt VET to new socioeconomic realities. However, these reforms have not yet had a large-scale impact on the quality of VET delivery. The main scope of reforms has been at the secondary level, where VET still accounts for up to 60–75% of cohorts in former Yugoslav countries. In Albania only 16% are in VET. Little consideration has so far been given to post-secondary or higher VET. Furthermore, VET reforms have not sufficiently addressed the demand side: more needs to be done to analyse the demand for skills and to support the development of adult learning.
- Social inclusion and exclusion are major issues that have not yet received sufficient attention in these countries in the context of VET reform. However, capacity is still insufficient in terms of providing adequate training opportunities that address the learning and employability needs of vulnerable groups.
- Governance has improved as a result of several initiatives from a range of partners that have decentralised decision making while centralising accountability and quality systems. Provided that the right conditions for decentralisation are in place, school autonomy could be further enhanced with a view to upgrading responsiveness to local needs and improving the return from scarce resources. Social partners have been involved in VET developments, though not sufficiently, whether at the policy/ system, regional, sectoral or school level.

POLICY PRIORITIES FOR POLICY MAKERS

The following policy priority areas have been derived from the comparative analysis of the country reports and from consultations with counterparts in the countries. They are presented here as a contribution to policy dialogue and further consultation and analysis.

Policy vision

- VET must contribute to employability and economic growth, as well as responding to societal challenges, and in particular social cohesion.
- All eight countries need to take forward policy papers and improve access to lifelong learning that provides opportunities for individuals to learn at any stage of life through more open and flexible access to education and training.
- Adult learning, including non-formal and informal learning, needs to become a priority policy area which should also address concerns over the level of basic skills, the retraining of unemployed adults and the inclusion of disadvantaged groups.

Reinforcing VET policy and system links to the labour market

A sharpened focus on demand is required if higher-quality courses providing the right skills for jobs are to be developed. This requires that the system of gathering and processing data from the labour market and from society be improved. It is necessary to have a system of forecasting, in partnership with employers

and employment services, that considers incentives aimed at promoting skills development, adult learning and social inclusion in general. This should include databases on good practice developed in other countries. Support should be provided to NGOs and other institutions with the aim of bringing together the supply and demand sides. The analytical capacity of countries to analyse their own situations and to identify relevant policy options should be strengthened.

Reinforcing the contribution of VET policies and systems to social cohesion

Countries in the region need to encourage more people to take up training, and should ensure greater inclusion and easier access for disadvantaged people in particular terms of minorities, bridging the urban-rural divide in provision and addressing also gender equity.

Improving the quality, efficiency and attractiveness of the VET system

Where appropriate, work should continue on national qualifications frameworks, ensuring that social partners are involved so that greater account can be taken of the qualifications and skills needed in the labour market. The higher education community should be involved with a view to articulating VET and higher education qualifications as a continuum. There should also be a special focus on medium and high-level qualifications and on the development of post-secondary and/or higher VET.



Enhancing the governance and financing of the VET system

Governance needs to be further improved by capacity building aimed at existing VET agencies and centres, promoting the more effective involvement of social partners, and developing adequate evidence-based information systems in order to increase the relevance of policy formulation and implementation and to facilitate monitoring and evaluation.

The development of vocational schools must be encouraged, with the support of local and regional authorities, by giving them and other training providers more financial autonomy. Accountability and quality assurance can be promoted through the more efficient allocation of resources and flexible regulations on income generation from training activities.

The financing system for initial VET and for labour market measures needs to be reviewed in order to address inefficiencies, for example by rationalising the network of vocational schools, reviewing the use of incentives, coordinating public networks more effectively, and activating labour market measures.

Support to social partner involvement in VET at all levels needs to be fostered, and cooperation with business should be increased to ensure that training is relevant.

Enhancing capacity

In general all countries in the region have a deficit in institutional capacity to deal with the challenges of policy and system development, as well as in evidence based policy making.

READINESS FOR EVIDENCE-BASED APPROACHES

As has become clear as a result of the Torino Process, the Copenhagen Process and the HRD reviews, there appears to be a substantial amount of data concerning the labour market in general and social exclusion issues in particular. In fact the region is relatively well documented in this field. The main problem is that too little use is made of the available data for policy making. Another challenge is that there is no culture of evaluating policies and reforms. Thus, many strategies have been adopted without action plans and dedicated targets. Reports also emphasise the poor development of education statistics and the difficulty of establishing transparent

instruments when schools work in highly politicised contexts. Furthermore, pilot initiatives are not systematically monitored and assessed.

However, a great deal of attention has been given recently to quality issues through the introduction of national exams including vocational matura, the development of selfassessment procedures combined with external evaluation for vocational schools, the development of quality management procedures and the introduction of accreditation procedures for training providers, particularly in private higher education. Although such developments have progressed at different rates, student assessment, school evaluation and training provider accreditation have seen substantial progress, in particular through the setting up of national exams. These developments will provide national indicators and will ensure that there is more transparent access to universities. Evaluation and accreditation, meanwhile, will improve quality and promote accountability. Examples of national policies include the development, in Serbia, of a national framework for school quality and evaluation (including indicators of achievement) and, in the former Yugoslav Republic of Macedonia, a collaborative evaluation of the impact of the reform of four-year secondary VET.

THE ETF IN THE REGION

In the light of the findings of the Torino Process, the assessments of Copenhagen Process and the HRD reviews, and developments in the EU and enlargement priorities and policies, the ETF is supporting the Western Balkans and Turkey countries in the following policy areas:

Overall VET policy and vision development

 Policy learning with all Enlargement countries for well informed HR development through capacity building and sharing of experience, benefiting of examples from the region and EU countries;

Reinforcing VET policy and system links to the labour market

- activation policies in employment in the Enlargement Region;
- labour market foresight and evidence creation in Croatia;
- vocational education and training for the labour market in the former Yugoslav Republic of Macedonia;

- education and business cooperation in Montenegro;
- capacity development for the employment services in Kosovo.

Reinforcing the contribution of VET policies and systems to social cohesion

 Policy assessment of trends in the development of social inclusion in education in the region;

Improving the quality, efficiency and attractiveness of the VET system

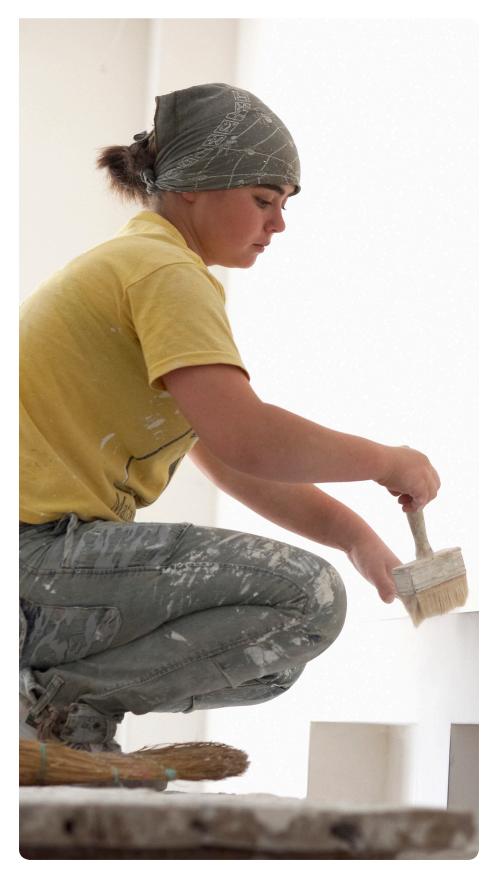
- post-secondary vocational education and training in the Enlargement region;
- the development of basic skills for adults in the Enlargement region;
- qualification frameworks in Croatia, Kosovo, Bosnia and Herzegovina, Serbia and Turkey;
- career guidance in Serbia;
- entrepreneurial learning in Bosnia and Herzegovina;

Enhancing the governance and financing of the VET system

- quality assurance in vocational education and training systems in the Enlargement region;
- social partnership in vocational teaching and learning in the region;
- school development and decentralisation in Turkey;
- teacher training in Turkey, Kosovo and Montenegro;

Enhancing capacity and evidence based policy making approaches

- supporting a network of VET centres on evidence-based policy; the creation and use of evidence for policy development and implementation;
- evidence creation in HR in Kosovo and Croatia and Serbia through TORINET



KEY INDICATORS IN WESTERN BALKANS AND TURKEY	Year	ALBANIA	BOSNIA AND HERZEGOVINA	CROATIA	KOSOVO	FORMER YUGOSLAV REPUBLIC OF MACEDONIA	MONTENEGRO	SERBIA	TURKEY	EU 27
Population, total (million)	2008	3.1	3.8	4.4	1.8	2.0	9.0	7.4	73.9	497.7
Dependency rates (% of working age population)	2008	50.5	41.7	48.1	55.8	42.9	47.9	47.9	49.4	48.7
Dependency rates (aged 0-14 as % of working age population)	2008	36.4	22.2	22.7	44.7	26.3	28.9	26.4	40.7	23.3
Dependency rates (aged 65+ as % of working age population)	2008	14.0	19.5	25.4	11.0	16.6	19.0	21.5	8.7	25.4
Life expectancy, years	2008	76.6	75.1	75.9	69.4	74.2	74.1	73.6	71.9	79.2(2)
GDP per capita, PPP (current international \$,000)	2008	7.3	8.1	17.7	:	9.3	13.4	10.6	13.4	i
GDP by economic sector, value added (% of GDP)										
Agriculture	2008	20.8	9.1	6.4	12.0	12.0	8.8	13.0 (2)	8.6	1.8
Industry	2008	19.6	28.5	28.4	20.0	20.0	17.8	28.4 (2)	27.6	26.4
Services, etc.	2008	9.69	62.4	65.1	0.89	68.0	73.4	58.6 (2)	63.7	71.8
Global Competitiveness Index (rank, out of 133)	2009/2010	96	109	72	:	:	62	93	61	:
Employment rates (%, total aged 15-64)	2009	53.8 (1)	40.1	9.99	21.8 (1)	21.8 (1)	48.4	20.0	44.3	64.6
Employment rates (%, female aged 15-64)	2009	45.6 (1)	29.3	51.0	9.4 (1)	9.4 (1)	41.6	39.3	33.5	58.6
Youth unemployment rates (%, total aged 15-24)	5002	27.2 (1)	48.7	25.9	73.0 (1)	73.0 (1)	35.6	42.5	22.2	19.8
Youth unemployment rates (%, female aged 15-24)	2009	27.2 (1)	52.7	31.1	81.8 (1)	26.3	35.6	48.3 (2)	6.9	18.5
Unemployment rates (%, total aged 15+)	2009	13.0 (5)	24.1	9.3	47.5 (5)	32.4	19.1	19.7	11.8	8.9 (10)
Unemployment rates (%, female aged 15+)	2009	13.7 (5)	25.6	10.8	59.6 (5)	32.1	20.5	18.4	11.8	8.9 (10)
Participation in lifelong learning (%, total aged 25-64)	5002	2.0 (1)		2.3		3.3			2.3	9.4
Completion of at least upper secondary education (%, total aged 25-64)	2008	47.5		75.9		59.2	0.89	74.2 (7)	26.6	71.4
Gross enrolment rate - primary (ISCED 1)	2008	102.1 (4)	109.3	98.6 (2)		92.8	•••	98.3 (e)	89.3	:
Gross enrolment rate - lower secondary (ISCED 2)	2008	98.9 (4)	105.1	99.8 (2)		91.9	•••	96.7 (e)	91.1	
Gross enrolment rate - upper secondary (ISCED 3)	2008	56.2 (4)	77.5	87.6 (2)		76.0	•••	80.9 (e)	72.5	104.5
Gross enrolment rate - higher (ISCED 5+6)	2008	19.3 (4)	33.5 (2)	47.0 (2)		40.4	***	47.8 (e)	38.4	:
Participation in VET (% of upper secondary)	2008	16.3	75.1	72.4	56.9	59.8	•••	76.1	40.4	48.9
Student/teacher ratio in VET (%) (ISCED 3)	2008	14.7 (3)		7.3 (2)	17.4 (6)	14.5	•••	9.8	14.3 (3)	
Student/teacher ratio in general education (ISCED 3)	2008	19.7 (3)		10.2 (2)	20.9 (6)	14.6	•••	12.4	20.2 (3)	:
Private VET (% of total VET - ISCED 3)	2008	8.4	:	7.2 (2)	:	1.9		1.1	5.3	25.2
Private general education (% of total general education - ISCED 3)	2008	8.9	:	0.6 (2)	:	0.5	:	0.3	0.1	13.9
Public expenditure on education (% of GDP)	2008	3.5	:	4.1 (2)	:	2.9 (3)	3.4 (2)	4.5 (2)	2.9 (3)	5.0 (2)

Notes: ...= missing data. (1) 2009. (2) Age group 15-64. (3) 2000. (4) 2008/09. (6) 2006/07 (6) Age group 15+. (7) Total/VET. (8) Age group 25-29. (9) 2007. (10) 1999. Educational levels included are 'higher', 'secondary vocational', 'primary vocational' and 'secondary general' education. (11) 2007. (12) 2007/08; total ISCED 3 considered. (14) 2007; total ISCED 3 considered. (14) 2007; total ISCED 3 considered. (14) 2007; total ISCED 3 considered. (15) Age group 15-70. (16) 2006. (17) Age group 15-70. (18) Age group 15-70.

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