

Live and learn

THE ETF MAGAZINE

November 2005, No. 4



***Chair of EP Committee for
Foreign Affairs***

**Education and
training key to
wider democracy**



The European Training Foundation is the European Union's centre of expertise supporting vocational education and training reforms in the context of the European Union's external relations programmes.
www.etf.eu.int

Education is the key to development. Economics, politics, culture and social welfare all depend on education. Good education gives people work, a voice and the ability to make qualified decisions.

HOW TO CONTACT US

Further information on our activities, calls for tender and job opportunities can be found on our web site:
www.etf.eu.int.

For any additional information please contact:

External Communication Unit
 European Training Foundation
 Villa Gualino
 Viale Settimio Severo 65
 I – 10133 Torino
 T +39 011 630 2222
 F +39 011 630 2200
 E info@etf.eu.int

CONTENTS

COVER STORY



Education and training key to wider democracy3

IN FOCUS



The European Qualifications Framework8

The European Agency for Reconstruction and the ETF10

Regional Advisory Forum: The clearing house for VET reform13

Barcelona process produces mixed results for VET15

FEATURES



Arab women: making themselves at home in the workplace5

It takes more than learning to read to reduce poverty19

Skills and work in the informal economy in Albania23

ELMAR BROK, CHAIR OF THE EP COMMITTEE ON FOREIGN AFFAIRS

EDUCATION AND TRAINING KEY TO GREATER DEMOCRACY

The new European Neighbourhood Policy has a high priority for the Foreign Affairs Committee of the European Parliament and in this interview the Chair of the Committee, Elmar Brok, underlines the need for a flexible instrument with a strong focus on education, training and human resource development. "The fewer tensions you have with your neighbours, the fewer problems you have yourself," Elmar Brok states.

European Voice readers voted him Member of the European Parliament (MEP) of the Year 2003. In the same year of apparently extraordinary service he received the Dr Alois Mock prize for European of the Year. Indeed, Elmar Brok is quite a presence in European politics. A German MEP for the Group of the European People's Party (Christian Democrats) and European Democrats since 1980, in 2005 he served, among others, on the Committee on Constitutional Affairs and the Delegation for Relations with the United States.

Our interest in his views, however, stems from what is perhaps his most prominent role in the European Parliament. Elmar Brok is chairman of the European Parliament's Committee on Foreign Affairs. His interventions have earned him a reputation as a man who wants deeds, not just words. Swiftness and flexibility are the two issues that guide his critical views. When he sees an opportunity and faltering speed or flexibility threaten to jeopardise it, Elmar Brok can be found on the Strasbourg soapbox in his full MEP watchdog attire. *Live and Learn* sounded him out about his views on the role of human resources development in European foreign affairs in general and specifically in the European Neighbourhood Policy.

Security

When asked about his take on the priorities for European foreign affairs in the years ahead, his response reflects his general feeling that things simple need not be complicated. 'The Prussian General Clausewitz said that the best security policy is to be a friend of your neighbour and this is of course the general idea behind the neighbourhood policy,' he said.

'It is of the utmost importance to invest in our neighbouring regions and help them develop democracy and the rule of law. The fewer tensions you have with your neighbours, the fewer problems you have yourself. Take one small but quite topical example: migration. People do not move because they simply fancy a change of environment. Moving away from your country and culture is quite a dramatic affair. People feel driven to try their luck abroad because their perspectives at home are bleak. If those perspectives change, they will remain at home.'

'So, yes, the European Neighbourhood Policy is the main priority, but only so long as it can provide different answers for different regions. It should be applied flexibly. The needs in North Africa and the aims of our cooperation with that region are different from the needs and

Photo: EUP-Images



"There is a need for flexibility in the Neighbourhood Policy," states Elmar Brok, Chair of the EP Committee on Foreign Affairs.

aims of our eastern neighbours. This need for flexibility is the main message of the report we have prepared on the neighbourhood policy, which will be discussed in parliament in November.'

Internal development

On the issue of the role of human resources in EU foreign relations, Elmar Brok sets out his views more carefully. 'Human resources development is part of the internal development of sovereign states,' he says. 'We must bear that in mind. It is not always for us to interfere in such affairs. But we can be helpful in strengthening their education and training systems. The improvement of these leads to more democracy and rule of law. That in turn leads to more security, which is one of our main aims.'



Photo: EUP-Images

"We need better feedback on the effectiveness of EU support to neighbouring regions," Elmar Brok says.

Information is a core issue that we are pushing in many of our comments to the Commission.

'But the role of human resources development in European external relations is something we have to discuss as part of the action programmes. Each country has different problems; some may be similar to others but they always have to be seen in the unique context of each country.'

Instruments

These action programmes will be coloured in with the help of the new instruments for external support and as long as these are under scrutiny, Mr Brok is cautious. He is a controller, not a policy maker.

'We are in the middle of negotiations about the new instruments,' he says. 'I personally believe that more needs to be done specifically in the field of human resources development but to be precise here and now about exactly what would be premature.'

'It is not simply a matter of moving away from large

infrastructural projects towards human resources development. It is not an issue of "either or". Seeing these two as opposing entities would be a grave mistake. Both are needed; they are complementary and should be seen as such. We must strike a right balance between the two, bearing in mind our ultimate goals and in each case weighing the benefits and effectiveness of all our activities.'

Information

This leads him to one of his pet subjects: information. On many occasions in the past he has used his voice in the European Parliament to call for better tools for MEPs to perform their roles.

'Information is a core issue that we are pushing in many of our comments to the commission. We want feedback and information to be included as integral parts of the new instruments. If we, whether as

MEPs or as European citizens, want to be able to evaluate the benefits and effectiveness of EU support to our neighbouring regions, we must be provided with reliable feedback on results. We must have the tools to judge how the money is spent. We want proper information about what the commission is doing on the ground; how it is spending our money. In the past, this information has not always been sufficient for us to properly perform our task as parliamentarians.'

'We are not just pushing for such information to be better, giving us good background material for making judgements, we also want it to be provided faster. Speed is an issue both when it comes to effective support and when it comes to swift adjustments. We want to see less time passing between decisions and the money flowing and less time between results becoming available and these being relayed to us.'

The Committee on Foreign Affairs

The Committee on Foreign Affairs is one of the biggest and most influential committees of the European Parliament. The Committee and its 77 members are responsible for the common foreign and security policy and the European security and defence policy, the strengthening of political relations with third countries, particularly those in the immediate vicinity of the Union and for the opening, monitoring and concluding of negotiations concerning the accession of European States to the Union.



European Parliament.

Photo: European Parliament

The chair of the Committee, Elmar Brok, 59, has been Member of the European Parliament since 1980.

More information:

<http://www.europarl.eu.int/activities/expert/committees.do>

ARAB WOMEN: MAKING THEMSELVES AT HOME IN THE WORKPLACE

Fewer Arab women work outside of the home than in any other region of the world. The 2004 UN Arab Human Development Report points to the low participation of women in the labour market as one of the main brakes on development. But the situation is changing. Across the region, Arab women are becoming better educated, marrying later and aiming higher in their personal and their professional lives. With the help of Moroccan MP and veteran women's rights campaigner Nouzha Skalli, *Live and Learn* charts how Arab women are slowly but surely making themselves at home in the workplace.

The number of Arab women in the labour market has been steadily increasing over the past 30 years. In 1975, only 13% of Arab women were employed. By 1995 this figure had risen to 21%. Today the regional average stands at around 25%. The significance of this development should not be overlooked. According to the World Bank, the growing participation of women in the labour force is one of the most important developments affecting the size and composition of the region's supply of labour. Nouzha Skalli believes that a woman's right to work is a question of basic human rights but that there are also broader implications. 'A woman who has an income doesn't only use it to improve the lives of her children, she also contributes to the economy. It is an essential factor in the human development of a country,' she says. However, Arab women still face considerable obstacles to their progress in the workplace.

Western views of Arab women, often obscured by concerns about dress such as whether a woman wears a headscarf, tend to give a lot of

weight to cultural factors which may be holding Arab women back. It is true that traditional Arab society gives men the role of breadwinners in charge of providing for and protecting the family, while women are seen primarily as homemakers. It is also true that women may face a great deal of social pressure and prejudice when they step outside certain narrow parameters. However, when you look at why women started to move outside of their traditional role from the 1970s onwards, it is clear that material factors have been at least as influential in contributing to the changes.

Access to Education

Women have made impressive gains in educational attainment in the region over the past 40 years, supported by generous government spending on education. Starting from very low levels, women have now largely made up the gender gap. In 1970s Syria for instance, 84% of boys went to primary school compared to just 54% of girls, but by 2000, 99% of boys attended compared to 94% of girls. 'There are still disparities in terms of urban/ rural or rich/poor divides and concerns over quality, but to a great extent the question of access has been solved in the last 15 years,' says Ummuhan Bardak, a labour market expert at the ETF. Higher levels of education for women have been accompanied by a drop in fertility. They have also acted to raise women's expectations of playing a more active role in society. Ms Skalli adds another supremely practical reason. Many Arab people are adopting the habits of a modern consumer society at a time when the region's economic growth is faltering. 'People have more



Photo: Remi Boisseau - I.F. Fes - Meknès

Nouzha Skalli: commitment and determination

Nouzha Skalli, Member of the Moroccan Parliament, is not the kind of woman to take no for an answer. A chemist by trade and an activist by choice, she stood as a candidate in ten municipal and general elections in her native Morocco from 1976 onwards, but to no avail. In 2002 her persistence was rewarded when she became one of 35 women in the Moroccan parliament. She is now the first woman to head a parliamentary group, that of the Socialist Alliance coalition.

Ms Skalli has been involved in the struggle for Moroccan women's rights since the mid 1970s. In addition to her grassroots activism, she founded the Democratic Association of Moroccan Women in 1985 and the Centre for Women's Leadership in 1997. She has been one of the driving forces behind the Family Code which became law in spring 2004. This pioneering law raises the minimum marriage age for women from 15 to 18 years and gives them the right to divorce, alimony and inheritance.

needs than they used to for things like health care, computers, mobile phones,' she says. 'So even if there are still people around who think women should stay at home, the reality is stronger. Women are rarely prevented from going out to work because their salaries are badly needed.'

So where are the women working? In countries such as Morocco, Egypt or Yemen, women have always made up a substantial proportion of agricultural workers. However, this kind of work is often unregulated, does not give its workers any social security benefits and, in the case of subsistence farming, may even not provide a wage.

Women have made impressive educational gains in the region over the past 40 years

“Seeing that women can play a role in politics encourages young women to imagine themselves in that position”

The public sector has traditionally been another major employer of women. In some countries, this is very marked – in Algeria in 1990, 85% of female workers were employed in the public sector. In the late 1980s, the total for Egypt was 54%. Women are attracted to the public sector by the better working conditions including job security, maternity benefits and shorter hours. They are also concentrated in sectors seen as somehow acceptable for women such as education and health. In this tightly regulated environment, they also find fewer barriers to entry and experience less wage discrimination.

Relative equality

However, this relative equality does hide some inequities. As in Europe, women tend to occupy the lower ranks and earn less than their male colleagues. ‘In Morocco, women represent 33% of public sector employees but they earn 27.7% of total wages,’ says Ms Skalli. ‘While part of this discrepancy is due to men’s greater seniority, women do earn lower wages.’

Morocco and Tunisia are exceptions to this pattern of female employment in the public sector. Over the past 20 years, both countries have been reasonably successful in developing export-orientated industries such as textiles, garment-making or food-processing. Women

represent a significant proportion of these blue-collar workers. In Morocco, the percentage of women in each sector is as follows: footwear/leather 18%, food-processing 19.3%, textiles 31.9%, ready-to-wear clothes 70%, electronics 75%. A 2004 World Bank report on employment in the Middle East and North Africa suggests that promoting sectors such as textiles, where women have traditionally worked, may over time open up other kinds of employment for women. This seems to be the case in Morocco. Nouzha Skalli reports that women have been making significant inroads in other professions. They now account for 50% of public sector doctors, 36% of those in the private sector, 43% of chemists and 30% of judges. ‘This is not a fact many people know,’ she says.

New family code

Ms Skalli believes that Arab governments are increasingly aware of the need to facilitate a more active role for women in public life, although this does not always translate into action. The past three years have seen good progress in Morocco. Since 2003 the new family code has given women more rights in their personal lives, while changes to the work code, such as penalising sexual harassment or introducing the principle of nondiscrimination, have improved their position in the workplace. Parliament is also getting the feminine touch. A cross-party consensus to put up female candidates in the 2002 elections saw 33 new women MPs elected, bringing the total to 35 or 10.8% of MPs. The impact has been immediate, according to Ms Skalli, who cites the example of the 2003 law against terrorism which proposed confiscating the property of known terrorists. ‘It took a woman to point out that this would mean the wives and children of terrorists, people who are not to blame, could be made homeless,’ she says. The law was amended. Moreover, the new women MPs also act as role

models. ‘Seeing that women can play a role in politics encourages young women to imagine themselves in this position and to get interested in politics,’ says Ms Skalli. Finally, moves are afoot in Morocco and also Egypt to introduce gender budgeting and to put issues of gender at the centre of development planning.

Nevertheless, in spite of the progress, women’s future job prospects across the Arab world may not be so rosy. Together with young people, women already suffer from more than their fair share of unemployment: the World Bank reports that regional unemployment rates are 50% higher for women than for men. Women’s traditional recourse to government jobs is becoming less of an option as Arab governments try to reduce the public sector payroll as part of broader moves towards economic liberalisation. At the same time, the youthful profile of the region’s population means the number of new entrants to the job market every year far outnumber the jobs on offer. This tendency is set to continue until at least 2010 and means competition for work will be fierce.

What is more, with the honourable exception of Morocco and Tunisia, women find it hard to get jobs in the private sector. The private sector tends to have less equitable hiring methods than the state, employers are often reluctant to hire women as they think they will have to pay maternity benefits, and women frequently earn lower wages than men. Low wages can create a disincentive for women to work once the costs of childcare are taken into account. Protective attitudes towards women often translate into concern not to see them exposed to the more precarious conditions common in the private sector.

The extra burden of care shouldered by women at home is another obstacle. Western women will be all too familiar with the problem of the double shift, but in North African and the Middle East, this problem is compounded by stronger



Arab women have made impressive gain in educational attainment over the past years.

patriarchal attitudes and very low levels of nursery provision. It has also produced the care chain phenomenon where working women employ others to substitute for them at home. In Morocco, these are often very young girls from the villages. 'This problem is often raised in terms of children working or not attending school,' says Ms Skalli. 'However, it is rarely looked at in terms of a fairer sharing-out of domestic labour or better preschool provision.'

Obstacles remain

So while Arab women have made real progress in carving out a niche for themselves in the workplace over the past 30 years, plenty of obstacles remain. While social and economic factors have encouraged Arab women to work outside the home, Nouzha Skalli believes much has still to be achieved in the domain of ideas. At a time when the influence of religion is growing in the Arab countries, she believes political Islam singles out women for 'an ideological offensive' aimed at trying to keep them in their narrow traditional roles. 'The kind of ideas they put about are that women are unfair competition for men in the labour market or that women who work cause unemployment,' she says. She believes few Arab governments are making serious attempts to counter this kind of belief and that a more scientific approach is required. 'When women work, they create jobs. Instead of cooking for everyone at home and doing the washing, a working woman may eat at a canteen and use a laundry. This creates salaried work,' she says. 'Not only that but a working woman can use her salary to buy things and thereby stimulate consumer demand. Working women contribute to a country's development by turning domestic work into paid work.'

Find out more:

Democratic Association of Moroccan Women
<http://www.famafrique.org/femafranc/adfm.html>



Photo: ETF

Milena Corradini is head of the new ETF working group on gender issues.

Putting women centre stage

The ETF is stepping up its commitment to equality by placing gender issues at the heart of its activities. 'In future we would like to see special attention paid to gender equality issues in all our work in VET and employment so we can contribute to policy design in the partner countries,' says Milena Corradini, ETF country manager for Turkey and head of the new working group on gender issues. The group will provide guidance to staff on how to make bringing gender issues to the forefront an integral part of their work designing new projects and supporting their implementation in the field.

Milena Corradini was motivated to start this initiative after moving from country manager for Romania and FYR Macedonia to work on other countries. 'Before I had never really thought it a problem to be female as a lot of my colleagues in the ETF and these countries, even ministers, were also women' she says, 'Then suddenly I found myself the only woman in the list of key speakers at conferences and would meet very few women at official meetings. I started to collect complaints from women about the serious obstacles they face in their careers and I thought something had to be done.'

The ETF working group, consisting of one man and five women, will shortly begin a study of the participation of women in VET and the labour market in Morocco, Jordan, Serbia and Turkey. An international expert on gender issues will provide short-term support to the work of this group from November and will help organise a major event in Turin to celebrate International Women's Day next March. In the longer term, the group hopes to build up a fund of knowledge on how VET can contribute to equality between men and women.

Milena Corradini believes the idea of making gender issues part of the mainstream will be well received in partner countries where many NGOs and local organisations are already active. 'In Turkey I found the women very receptive to my idea,' she says. 'The men were less so as some thought the problem of equality did not exist.'

THE EUROPEAN QUALIFICATIONS FRAMEWORK

by Vincent McBride

A major consultation is currently underway about the possibility of a European Qualifications Framework. The European Qualifications Framework (EQF) would be an overarching framework designed to enable national and sectoral qualification frameworks to relate to and communicate with each other. It would promote greater recognition of learning, facilitating the transfer, transparency and recognition of qualifications across Europe. The EQF is a voluntary instrument designed to strengthen mutual trust and cooperation between the different stakeholders involved in lifelong learning.

Once established, it would promote the mobility of learners and enable labour market mobility across borders. It would also foster change by supporting and informing national reform in different sectors.

Consultation over the EQF

Consultation over the EQF is currently underway and is expected to finish by the end of December 2005. The consultation is being carried out among the 32 countries involved in the Education and Training 2010 process, the Bologna follow-up group, European social partner organisations, industry sector groups, as well as NGOs and educational organisations. The results of this consultation will contribute to the drafting of a Council and European Parliament Recommendation in Spring 2006.

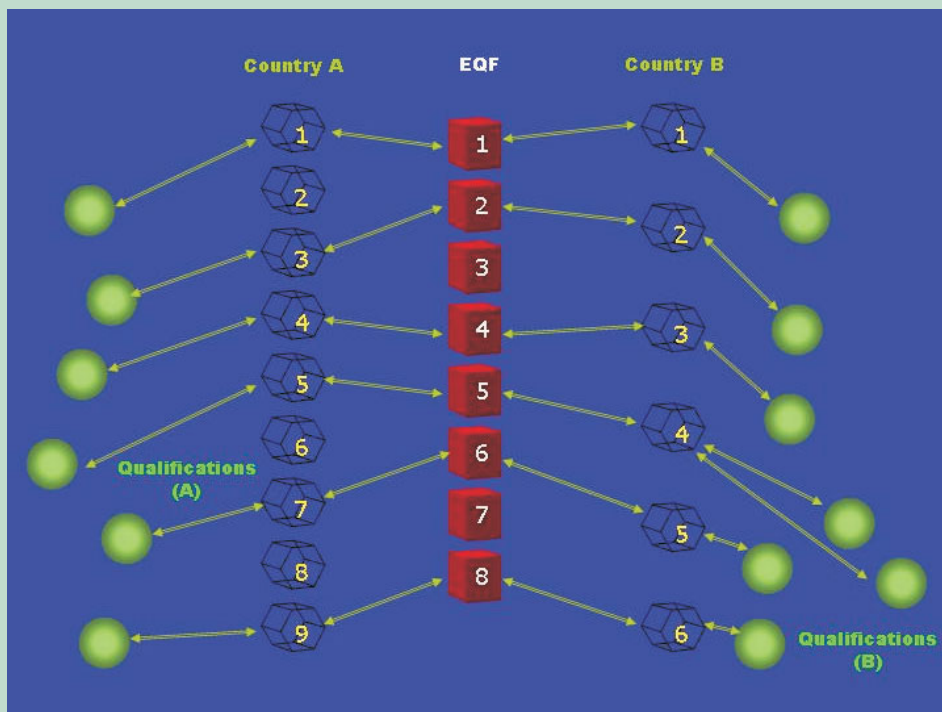
Key features

The EQF contains a number of key features. These are:

- reference levels for qualifications;
- the use of learning outcomes to identify the content of learning in education and training;
- a series of broad voluntary principles at the European level covering quality assurance, key competencies, career guidance, and the validation of nonformal and informal learning;
- the recognition of sector-based qualifications;
- the use of clarification instruments to make the content of qualifications more transparent across national borders.

EQF reference levels for qualifications

The EQF has as its central feature a series of eight reference levels for qualifications.



Each reference level corresponds to a combination of skills, knowledge and wider competency. The levels range from a basic level of learning (at level 1) to the most advanced level of learning (at level 8).

Each level contains a general description of the required skill, knowledge and wider competence. Generally, the higher the level the more of these qualities a person is expected to have, for example a person at level 6 will have more skills, knowledge and competence than someone at level 5. Levels 5, 6, 7, and 8 are consistent and compatible with the Bologna cycles developed for qualifications in the higher education sector.

In the EQF reference levels:

- skill is understood as ‘the knowledge and experience needed to perform a specific task or job’;
- knowledge is understood as the ‘the facts, feelings or experiences known by a person or a group of people; wider competence is understood as ‘personal and professional competence involving:
 - (i) autonomy and responsibility;
 - (ii) learning competence;
 - (iii) communication and social competence;
 - (iv) professional and vocational competence.

Learning outcomes

The EQF uses the concept of learning outcomes. A learning outcome is a written statement of what the successful student/learner is expected to be able to do at the end of the course unit or qualification. Learning outcomes can be applied to all forms of learning, covering arts and science, the social sciences and vocational areas of learning.

Examples of learning outcomes

1. From literature

At the end of the period of learning a person will be able to:
'Demonstrate a detailed understanding of the influences of the historical and social context within which the chosen text is set, both from the study of the text itself and from the study of other contemporary literature.'

2. From engineering science

At the end of the period of learning a person will be able to:
'develop a function that can be used to calculate the rate of gas passing through an enclosed medium and the volume of flow in specified periods.'

3. Road transport (lorry driver)

At the end of the period of learning a person will be able to:
'reverse an articulated truck repeatedly in busy and quiet environments, without causing a hazard or congestion.'

4. Radio broadcasting

At the end of the period of learning a person will be able to:
'present sequences of "live" broadcast items under a variety of conditions without any on-air silence.'



Using learning outcomes provides greater precision about what knowledge and skills an individual will acquire when they have successfully completed some learning. Learning outcomes can be formulated for a number of purposes for individual courses, units and programmes.

Training programmes and educational courses leading to a qualification will usually have multiple learning outcomes. The precise number will depend on the nature of the course and qualification.

There are 8 key competencies comprising:

- communication in the mother tongue;
- communication in foreign languages;
- mathematical competence and basic competences in science and technology;
- digital competence;
- learning to learn;
- interpersonal, intercultural and social competences and civic competence;
- entrepreneurship;
- cultural expression.

The development of sector-based qualifications

The EQF consultation document refers to sectoral qualifications. The term sector is used to define either a category of companies on the basis of their main economic activity, product or technology (chemistry, tourism) or an occupational category (ICT, marketing, human resources, financial services).

A sectoral qualification is a qualification implemented by a group of companies belonging to the same sector in order to meet common training needs. These qualifications have often been developed and implemented outside the formal qualification system. However, such qualifications can be highly valued by employers and frequently desired by individuals. In the context of greater European mobility in learning and employment, such qualifications are becoming increasingly important.

The EQF will also be supported by:

- a website portal containing descriptions of learning programmes and courses in different countries. The portal will target students, job seekers, workers, parents, guidance counsellors and teachers;
- a credit transfer system based on learning outcomes;
- the Europass instruments, including the diploma and certificate supplements.

The EQF is a voluntary instrument that provides a comprehensive source of information and materials that can be used at various levels in many different contexts.

Find out more:

http://europa.eu.int/comm/education/policies/2010/consultations_en.html

Vincent McBride is Expertise Development Coordinator at the ETF

Common European principles

The EQF includes a series of common general principles that are intended to support its implementation. As with the EQF itself, these common principles are voluntary and cover:

- the validation of nonformal and informal learning;
- quality assurance;
- career guidance and counselling;
- key competencies.

Validation of nonformal and informal learning provides opportunities for individuals to obtain recognition for skills and knowledge that they have gained outside formal education or training. The principles have been prepared to provide guidance on systems that recognise informal and nonformal learning. There principles relate to individual entitlements, the obligations of stakeholders, the development of confidence and trust, and the creation of legitimacy and credibility within systems.

The **quality assurance principles** provide a general framework of guidance on quality assurance and cover:

- planning for quality assurance;
- implementation of quality assurance arrangements;
- evaluation and assessment of quality in learning and training programmes leading to qualifications;
- the review of processes;
- the methodologies used in ensuring quality in qualifications and learning programmes.

The principles for **career guidance** cover a set of aims designed to support national policy development including transparency, empowerment and responsiveness.

Key competencies cover a set of skills that are intended to be achieved by the end of compulsory education and training.

THE EUROPEAN AGENCY FOR RECONSTRUCTION AND THE ETF

A SUCCESSFUL PARTNERSHIP

by Richard Zink, Director EAR

The creation of the European Agency for Reconstruction (EAR) by the European Commission in the wake of the 1999 Kosovo crisis had its roots in the conflict in Bosnia when the EU faced criticism for being unable to respond to the crisis quickly and efficiently.

When troops arrived in Kosovo in June 1999, the European Commission proposed the establishment of the agency. Its initial mandate was simple in nature but far-reaching in scope: to implement large-scale reconstruction assistance to Kosovo. After Milosevic the commission decided to expand agency activities to Serbia and Montenegro and the mandate was again extended in 2001 to the former Yugoslav Republic of Macedonia.

Over a period of five years the EAR has managed a cumulative €2.5 billion of European Commission funds and has delivered on the EU's promise to respond quickly: by October 2005, 81% has been contracted and 71% disbursed.

Since its creation in 2000 the EAR has worked extensively with the ETF on vocational education and training and labour market development issues. In fact both agencies share the common objective of helping the region and its people help themselves by building up their educational institutions and their economy as part of their integration into Europe.

The ETF has action plans for the different countries of the Western Balkans. Similarly, the EAR, on behalf of the European Commission, develops annual Action Programmes and manages large amounts of assistance funds. This

assistance complements the advice and guidance provided by the ETF. The close cooperation between the ETF and the EAR ensures that an ongoing dialogue results in joint priorities grounded in the wishes and needs of the region.

Cooperation between our two agencies is typified by working relations on programming and project implementation but also through sharing ideas, information, comments and strategies.

Teamwork

This teamwork functions in a practical way in the identification of new programmes and projects, drafting background studies or assisting in project design workshops and terms of reference. The ETF also provides assistance in ongoing programme monitoring.

These common objectives were neatly underlined in the EU's 2003 Thessaloniki Agenda for the Western Balkans, which aims 'to develop and implement a comprehensive strategy to promote employment and combat unemployment, in particular with regard to vocational training'. The EAR and the ETF are working together so that vocational training will bring benefits for the people of the region.

Today the region of the Western Balkans is evolving. Having moved out of a postcrisis emergency reconstruction phase, it faces new challenges as it works to align itself with Europe and prepare for an enlargement process which may be long and difficult. Agencies such as the ETF and EAR are ideally placed to assist the region along that road.



Richard Zink, Director, EAR.

Photo: EAR.

Kosovo

In Kosovo there is a young growing population and a weak economy which at the moment struggles to create new jobs for the thousands of young people who join the job market each year. Vocational education is key and so over the last five years there has been a great deal of cooperation between the EAR and the ETF over Kosovo's reconstruction.

Since November 2002 the EAR has been supporting Kosovo's vocational education and training (VET) and occupational classification systems through the €3 million programme Vocational Education and Training in Kosovo. Its chief aim has been to develop a basis for the transformation of Kosovo's VET system. In order to improve the skills base, assistance has been provided to develop better standards, curricula and assessment arrangements.

The training component of the project has provided nearly 900 places on almost 50 courses. Many teachers from pilot schools and training centres have received more than three weeks of training. Care was taken to ensure the inclusion of minorities.

The second phase of €1 million now supports the development of a legal and institutional framework which will, among other things, help

develop educational strategies and enhance the human resources capacities of selected vocational education institutions. The beneficiary of the programme is the Kosovo Ministry of Education, Science and Technology.

Technical assistance is being provided over a two-year period from September 2004, managed by a core team based in Pristina. The programme's steering committee includes representatives of various ministries and brings together the EAR and the ETF. In addition, a number of technical working groups are being established in order to underline local ownership.

An additional €1 million has been earmarked to cover the cost of building and equipping a new centre in Pristina, which is intended to become a centre of excellence and a focus for developing and piloting new VET programmes, together with providing additional equipment for a number of pilot vocational schools.

Another area of cooperation has been within the Employment Regeneration Programme (designed in cooperation with ETF) of €3 million, which since 2003 has aimed to enhance economic and social stability in Kosovo through support to the development of an employment strategy responsive to local, regional and central needs. It will aim to provide effective employment services to jobseekers and employers and facilitate the development and approval of a National Strategy on Employment. It will pilot an employment fund in three regions of Kosovo – Gjilan, Mitrovica and Pristina – with grants focused on the long-term unemployed, women and minorities.

Serbia

As in the rest of the region the VET system is characterised by a high degree of centralisation and a lack of professional institutions at local level, outdated curricula, teaching and learning methods, a weak

infrastructure, and an inadequate response to labour market needs. Both the EAR and ETF have invested much time and resources in assisting reform in Serbia. This cooperation covers projects which deal both with VET reform and employment/labour market development.

A €2 million employment policy project trained and retrained unemployed and redundant workers in the Sumadija region in central Serbia. This has been followed by a new project with a budget of €7.2 million which will last until late 2006. This new programme focuses on strengthening the capacity of all relevant national and local actors to design and deliver sound and cost effective active labour market policies and programmes. It also aims to improve the capacity of the National Employment Service and its local offices to provide quality services to unemployed and redundant people, including the development and implementation of active labour market measures and employment programmes.

There has been a significant €13 million VET reform project which addresses the issues of policy and strategy, the

development of curricula in five economic sectors in 50 pilot schools, turning five VET schools into regional training centres, establishing an innovation fund for grassroots development schools and upgrading the school infrastructure. This first phase of VET reform will be taken forward with significant additional allocations in future assistance programmes.

Local business and social partners, employers associations, chambers of commerce, municipalities and many small businesses have been closely involved in these projects. Significant changes in Serbian law have also given municipalities more responsibilities for education and training. Vocational training has to be designed to meet the needs of local communities, who have to be involved as much as possible in defining what skills this education should offer.

EAR-managed programmes, funded by the EU and involving the ETF, have shown that change is possible but there are still many weaknesses among providers and the next steps should focus on a improving this locally.

Vocational training has to be designed to meet the needs of local communities



In Serbia, the EU is introducing training courses for the unemployed and school leavers.

Photo: EAR

Photo: EAR



In Montenegro, the EU is helping young people to be trained in new skills that can help them find jobs in the growing tourism industry.

The excellent cooperation between the EAR and the ETF [...] is bound to continue in the coming years.

Montenegro

In the same vein, there is continued cooperation in Montenegro with various ministries, including the Montenegrin Ministry of Education and Sciences, in the project Support to Vocational Education and Training in Montenegro. The objective was to support the government in the implementation of a flexible and integrated vocational education and training system for youth and adults that meets the needs of the labour market.

The purpose of the project is to improve the employability of secondary vocational school leavers and unemployed adults in key sectors that have the potential for economic development in Montenegro (e.g. tourism, agriculture, wood processing). The technical assistance to be provided should mainly enhance the capacity and activities of the Centre for Vocational Education, training centres and social partners.

It was hoped that this project would increase the involvement of all social partners in the vocational and education training system, improve the functioning of the Centre for Vocational Education and the training centres, and produce a labour market analysis and skills and training needs assessment in

key economic sectors. In addition the development of new curricula and training programmes for both initial and continuing education and training in the selected sectors of the economy and the establishment of a certification system were also planned.

The Former Yugoslav Republic of Macedonia

In Skopje, the EAR has cooperated with the ETF in the VET programme with two projects worth €3 million, in the Employment Policy programme of €2 million and in the three phases of the Human Resource Development Fund project, which was specifically targeted at small and medium-sized enterprises and amounted to €2.7 million.

However, as in other parts of the region the EFT has not only given valuable support to the EAR on a project basis but also in the design and development of vocational training and employment projects and in its contributions to monitoring and its comments and suggestions on other related projects.

In Skopje, as in other centres, much extra value came from the activities of ETF's own development projects and analytical work, for example the Peer Review on decentralisation in VET, which the EAR was able to use. The ETF Feasibility study on options for the VET system in FYROM and the Labour Market Review provided policy advice but also provided advice for EAR and European Commission programming.

EFT activities around the national qualifications framework attempted to build on existing projects by assisting the Ministry of Education in creating a comprehensive framework. This framework can be linked to the European Qualifications Framework which is under development. A similar adult learning activity is planned for this year, which aims to bridge the gap until the Lifelong Learning project starts in 2006.

Future cooperation will include preparation of the Lifelong Learning project and in the Employment project, where the ETF has provided much useful advice and suggestions.

What's next in our partnership?

The excellent cooperation between the EAR and ETF, along with the beneficiaries and other donors throughout the region, is bound to continue in the coming years. There is still much to do in vocational education, lifelong learning, training and labour market reform. Some of that will follow on naturally from our ongoing activity, making use of the lessons learnt.

Future initiatives could focus on the implementation of VET and employment policy and strategy, the further development of institutional and legal frameworks, the development of professional institutions, a decentralising strategy and the building of capacity within administrations which will support and sustain reform locally and centrally. Indeed, increased ownership of vocational education by the people of the region must continue to be a key objective.

Ensuring involvement of all stakeholders in VET and employment reform, restructuring of the national employment services, developing national qualification frameworks, and securing a quality assurance system in vocational education based on a real analysis of labour market needs are all realistic ambitions for the region.

As the focus of assistance shifts towards EU integration, we can surely expect much more to be invested in education and other labour issues.

Find out more:
European Agency for Reconstruction
www.ear.eu.int

REGIONAL ADVISORY FORUM: THE CLEARING HOUSE FOR EDUCATION AND TRAINING REFORM

Two days of presentations, intense debate and a half-day visit to a Spanish vocational education and training (VET) school kept the 50 delegates at the ETF's Advisory Forum for the Mediterranean Region extremely busy. The event was held in Madrid from 28 to 30 September with support from the Spanish government.

The meeting gave the ETF the chance to inform members of its activities during 2005 and its plans for 2006. It also allowed the members, a mix of VET experts from partner countries, member states and international organisations, to give the ETF valuable feedback about how it is doing. 'We welcome your constructive criticism because it helps us to improve the quality of the work we do,' said ETF director Muriel Dunbar. 'Please don't be shy!'

Henrik Huitfeldt, a labour market expert at the ETF, opened the proceedings by presenting the first results of an ETF study on how labour markets are functioning in six countries of the MEDA region. Available in English, French and Arabic, the study zooms in on the key features of MEDA labour markets. These are characterised by fast population growth, low but increasing female participation and the fact that the availability of jobs has failed to keep pace with the numbers of job seekers entering the labour market every year. 'Rising unemployment has mainly hit first-time job seekers, especially those with secondary education,' says Huitfeldt. The study examines the links between investment in human resources and economic growth and finds these to be weak. 'While it can still give high returns to individuals through good wages and benefits in the public sector, the region's high investment in education and training has not resulted in fast economic growth,' says Huitfeldt.

New observatory function

Gérard Mayen, the ETF's country manager for Jordan, updated delegates on the progress of the observatory functions during 2005. They aim to provide policy makers with quality information on human resources in six MEDA countries. As the first observatory function only began in 2002, it is still early days to talk of major outcomes. 'The most important thing is that the ETF has facilitated a discussion on how to set up an information system on both the supply and demand side of human resources,' says Mayen. 'This has brought together the information producers and users from the

public and private sector.' Mayen is particularly pleased with the progress made by the Syrian observatory function during its first year of operations, with strong support from Jordan. 'The project has very good visibility and is well supported by most of the decisionmakers,' he says. The observatory functions also play a role in Education and Training for Employment, a major regional project being implemented by the ETF. A MEDA observatory network is being established, whose first task will be to develop a set of common indicators for the region.

Acting head of the ETF's MEDA department Elena Carrero Pérez ran



Elena Carrero Pérez, Acting Head of MEDA department, ETF.

through the ETF's work programme for 2006, including new projects on innovation and learning, dissemination of EU policies and capacity building. She explained how the ETF has to strike a careful balance between national capacity building and regional approaches. 'The ETF is adopting a more regional approach,' she says. 'This doesn't automatically mean regional programmes; it means making regional comparisons to identify the common ground and see where a regional approach is necessary.'

How to finance VET systems is a subject on many people's minds right now. Most MEDA governments are currently looking for ways to diversify the sources of VET funding and take the pressure off state coffers, while at the same time ensuring that money is used more efficiently. Karl-Axel Skjolstrup, country manager for Egypt, Israel and the West Bank and Gaza Strip, presented the ETF's

project on VET financing. It aims to review existing policy in Egypt, Jordan, Algeria and Tunisia and feed into future initiatives for reform. In spite of high spending by MEDA governments, many VET schools in the region are underfunded and can only cover essential recurring costs, leaving precious little for innovation. Skjolstrup believes the private sector should contribute more to VET 'but it is important that any extra resources are channelled into improving quality, raising school autonomy and making funds available at all levels for innovation,' he says.

Private sector

Countries such as Jordan, Morocco or Egypt already collect training levies from companies. Apprenticeship schemes such as Egypt's Mubarak-Kohl initiative allow companies to make a more direct contribution. 'The private sector pays 70% of the cost of the system in the form of training places, remuneration, meals and allocating a trainer to supervise,' says Ali Sayed, director of the initiative. Giving



Ali Sayed, Director of the Mubarak-Kohl initiative.

companies a say has been the key to convincing them to come onboard, he reports. 'We make them feel that the scheme is their baby by making them partners every step of the way.'

Lebanon is also experimenting with new ways of financing its public VET system. The country is unusual in that private sector VET is long established and accounts for almost half of enrolments.



Hisham Kuhail, Palestine's deputy minister for higher education.

Nevertheless, the most expensive kinds of training, such as industrial specialisations, are still provided within the public sector. Last October saw the launch of a new pilot project with the agrofood industry, which hopes to pioneer a model of shared responsibility for VET. 'The government provides staff, buildings and some support; the agrofood syndicate provides the equipment, designs the curricula and makes a commitment to employ the graduates,' says Abdul Ghani, director of planning and development at the Lebanese Ministry of Education. 'The EU is cofinancing the project through the agrofood syndicate not the government and that is a departure for Lebanon. We are playing according to the syndicates' rules.'

Unified NQF system

The need for a unified national qualifications system or NQF was also the subject of a lively debate. Jean-Marc Castejon, country manager for Syria, presented the ETF's regional NQF project looking at what kind of framework can provide the flexibility and clear pathways required for a coherent VET system. 'The objective is to develop national strategies for NQFs, not to create new systems,' he says. Palestine has been introducing a new system 'which provides a single address for all qualifications' as part of its overall VET reform strategy since 1998, according to Hisham Kuhail, Palestine's deputy assistant minister for higher education. The question of internal mobility and pathways has come in for special attention. 'If you limit movement within the education and training cycle, experience has shown us people won't want to go there,' he says. The new system has boosted VET enrolments from just 3% of the total in education in 1995 to 9% today. Kuhail believes national systems should cater for a workforce that is internationally mobile. 'In Palestine we had a debate on whether we are training only to suit Palestinian demand. We said no because the local market is small so we have to train our excess labour force to be relevant to the regional need,' he says.

REGIONAL ADVISORY FORUM: THE CLEARING HOUSE FOR EDUCATION AND TRAINING REFORM

ETF's most regional project ever was next on the bill as Ummuhan Bardak, project coordinator for ETF, outlined the progress of Education and Training for Employment since its official launch in Turin in November 2004. With the preparatory phase almost complete, thematic networks on subjects such as elearning, the transition to work and entrepreneurship for young people have been set up and study visits to Belgium and Portugal scheduled. From 2006, ETE moves into the operational phase, with various activities aimed at building a platform for genuinely regional cooperation in VET and the labour market. This was followed up by a brief presentation of GTZ's Regional Arab-German Network on TVET by project coordinator Willi Karow. Five countries are cooperating on different areas of VET development such as a TVET glossary, curricular design and an Arab occupational classification, aiming to produce 'recognised and accredited TVET products usable throughout the region'.

Delegates were given a chance to update themselves on EU policy when Arjen Vos, head of the department for enlargement and South Eastern Europe at the ETF, outlined the achievements of the Copenhagen Process. Another process, that of Barcelona, then took centre stage as the subject of the afternoon's plenary session. The following morning, people were able to get a taste of how VET works

in practice in the host country. They visited the San Cristobal Workshop School, run on a military base on the outskirts of Madrid, which trains the young unemployed in practical building and gardening trades.

Two and a half days of intense activity left most people with plenty of food for thought. Elena Carrero Pérez thanked the delegates for their input into 'what has been a very rich debate.' She announced that the ETF has decided to write a summary note of the proceedings, 'recording all of your comments and conclusions so that they do not get lost'. For many however, the biggest added value of the advisory forum was the chance to meet colleagues from the region and the ETF and discuss ideas. Palestine's Hisham Kuhail summed this up. 'To me and my colleagues, the ETF is considered as the clearing house of VET, the think tank, the house of expertise that can help you in your work,' he says. 'This is a venue where you can connect to people, explore ideas and common themes. We feel at home here as if we belong. It is not a donor organisation, but a place that can accommodate the needs of all relevant partners.'

Find out more:

Muburak-Kohl initiative

<http://www.ntvet.com/>

SPANISH VET: IF IT IS NOT VALID FOR EMPLOYERS AND UNIONS, IT IS NO USE TO US

Back in the mid 1990s, Spain set out to totally overhaul its VET system. The problems will sound all too familiar – an antiquated system which was out of touch with the labour market and which had a high level of drop-outs and failures. 'Our aim was to tackle these issues, achieve more of a gender balance, attract more students and modernise the system in line with the principles of lifelong learning,' says Maria José Muniozguren, technical advisor for VET at the Spanish Ministry of Education and a member of the ETF Governing Board. One of the solutions they found was to introduce a dual system which put practical training at the heart of Spanish VET. All students are now obliged to complete a minimum of 380 hours of in-company training in order to graduate.

Sharing decisionmaking with social partners was seen as essential. Muniozguren describes the guiding principle of the reform as 'if it is not valid for an employer and not accepted by the unions, then it is of no use to us'. Continuing education, the most recent sector to develop, shows how this works in practice. Decisions are taken by the Tripartite Foundation, with representatives from central and regional governments, employers and trades unions. Funding, which in 2005 amounted to €1,226 million, comes 80% from a levy on pay roll and 20% from the European Social Fund. The upgrade of Spanish VET seems to be paying off; the number of VET students is currently increasing by 10–12% per year.

But all is not plain sailing. In continuing education, 'the biggest problems we have is measuring the impact on industry and making sure smaller companies get access,' says José García, director of communication at the Tripartite Foundation. Over 90% of Spanish companies are small and medium-sized enterprises, a feature the Spanish economy shares with most Mediterranean countries. Perhaps it was this sense of familiarity that caught the interest of delegates at the Advisory Forum. The session on Spanish VET ran well over its allotted time as the speakers fielded a stream of questions from delegates on the nuts and bolts of their system, such as tax incentives for companies, budgets, management and the impact of VET.

10TH ANNIVERSARY OF THE EURO-MEDITERRANEAN PARTNERSHIP: BARCELONA PROCESS PRODUCES MIXED RESULTS

Ten years ago in November 1995, the Barcelona process was launched at a high profile meeting in the city of the same name. The initiative set out to bring about a gentle revolution in north-south relations by building a common space of peace, security and shared prosperity around the Mediterranean. Ten years on is a convenient point to pause and take stock of what has been achieved so far and what still needs to be done.

The ETF took the opportunity to ask participants from the Mediterranean countries to reflect on the contribution of Barcelona to VET and labour market reform at its regional advisory forum held recently in Madrid. The plenary session and ensuing debate also looked at which elements of MEDA should be taken forward as part of the new European Neighbourhood Policy (ENP) due to take over from 2007.

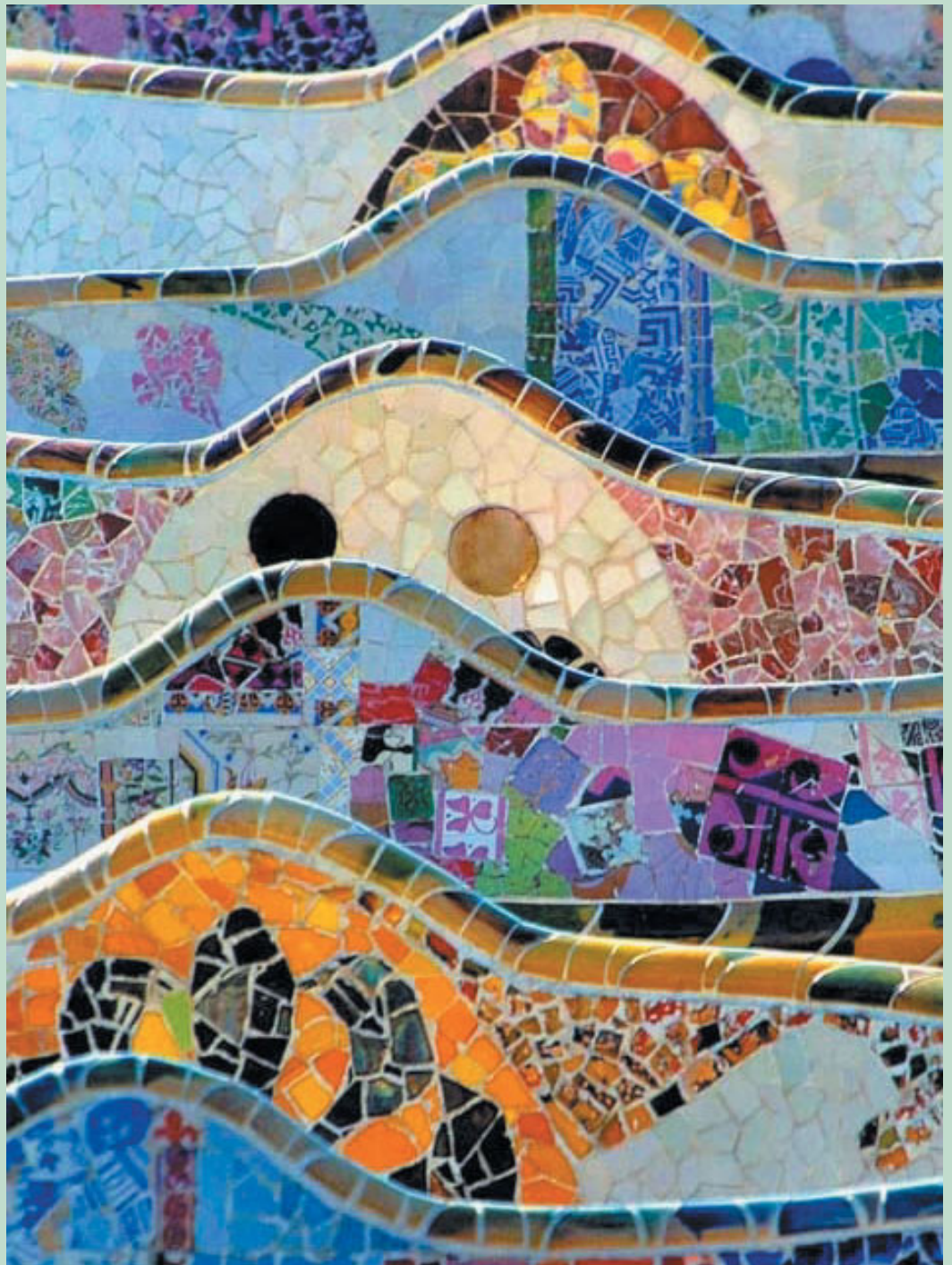
Comprehensive reform

Facilitating dialogue has always been an important part of Barcelona and for Belhassen Thameur, director of the management unit of Tunisia's MANFORME project, this is definitely true for education and training. 'In the case of Tunisia, the process has allowed us to have a permanent dialogue with the European Commission on training policy,' he says. 'This dialogue and sharing of viewpoints was then turned into technical and financial support for MANFORME via the MEDA I programme.'

MANFORME is the Tunisian government's far-reaching programme which, since 1996, has set about totally overhauling Tunisia's vocational training and

labour market in preparation for free trade with Europe from 2008. The European Commission has contributed €45 million. 'This support has allowed us to reorient our system and to build the key elements for

successful reform such as a shared approach with social partners, quality assurance, apprenticeship and a dual system scheme,' says Mr Thameur.



“When countries start reforming their economies [...] they find that HR development is an important factor for competitiveness.”

Sector by sector approach

While Tunisia has adopted a comprehensive approach to VET reform, Morocco has decided to concentrate on specific sectors of its economy. The country has been involved in two MEDA programmes since 1996. MEDA I, with a budget of €38 million, aimed to upgrade Morocco's VET system and make it more responsive to the needs of industry. A second aim was to boost the role of industry federations and help them identify their skills needs. With a budget of €50 million, MEDA II recently began work on three priority sectors suggested by the Moroccan government: textiles/ready-made clothes, tourism and information technology.

El Hassane Benmoussa, secretary general at the Ministry of Vocational Training and Employment, has noted real progress in various sectors of the Moroccan economy as a result of MEDA I although he believes it is too early to evaluate long-term benefits. ‘What is really original about this programme is that it is the industry federations who have implemented it; the government is there, but they take most of the decisions and that is something really new in Morocco,’ he says. The new programme is introducing apprenticeships, a **dual system scheme** and a competence-based approach. It is also aimed at the country's large private VET sector, which accounts for roughly one-third of VET enrolments.



Photo: ETF

Borhene Chakroun, ETF country manager for Morocco and Lebanon.

Several people at the regional advisory forum cite problems and delays with MEDA I. However, since responsibility for projects was devolved to the EC delegations in partner countries in 2002, the situation has notably improved and people are finding MEDA II easier to implement. Mr Benmoussa appreciates the flexibility of MEDA II. ‘For newcomers, the mechanisms of the EU can seem laborious and limiting but once you master them, you become part of a very rigorous system,’ he says.

Low visibility or uneven results?

Since Barcelona began, there have been six major MEDA programmes in Algeria, Egypt, Morocco, Syria and Tunisia. MEDA is seen in the region as the most tangible fruit of the Barcelona process but this view is mainly confined to people in those countries that have hosted a large programme. VET experts and stakeholders in other countries do not tend to make a direct link between MEDA and the Barcelona Process and may not even see their countries as having benefited from it. So the Barcelona Process, with its very broad agenda and lofty aims, would seem either to be delivering its benefits of improving VET systems unevenly across the region or, at the very least, to be suffering from a problem of visibility. Thus, at the ETF's regional advisory forum, Egyptian and Syrian delegates listed several positive changes in their VET systems due to the Barcelona Process, but some delegates from other countries were hard pushed to name any.

Trigger for reform

Borhene Chakroun, the ETF's country manager for Morocco and Lebanon, believes the Barcelona Process has helped to trigger VET reform in all of the Mediterranean countries, whether its contribution is explicitly

recognised or not. In this respect, the prospect of free trade with Europe has been fundamental. ‘When countries start reforming their economies and upgrading their industries, they find that human resources development is an important factor for competitiveness. This has pushed governments to start thinking about the reform of their education and training systems,’ he says. During the 1990s, all governments in the region embarked upon some form of VET reform but, in the absence of comprehensive evaluations of the results, it is hard to measure the impact of MEDA so far.

Nevertheless, Mr Chakroun does distinguish between two categories of country, the first being those with an established national reform agenda such as Tunisia, Morocco or Jordan. These countries were usually among the first to sign association agreements with the EU and so tend to have a heightened awareness of the implications of a free trade zone. ‘Here the government has built a development strategy which is anchored in the Barcelona Process and we can see clear links with its HRD strategy,’ says Mr Chakroun. In this case, EU support has focused on implementation, capacity-building and helping clarify the long-term objectives of reform. The second group is made up of those countries with a limited reform agenda where change is happening, but in a more piecemeal and gradual way. Here EU support takes a different shape. In Syria, the idea is to use the outcomes of pilot projects to stimulate the design of a national reform strategy, followed by institution-building. In Algeria, pilots are being used to enhance capacities for strategic management. ‘The Barcelona Process remains a very general framework which they do subscribe to but which does not have operational links to national policy,’ he says. It is perhaps no coincidence that Algeria is the most recent country to sign an association agreement in May 2005, while Syria has yet to sign one.



Photo: ETF

There is a need for stronger regional cooperation on topics such as the labour market, youth unemployment and the situation of enterprises.

From MEDA to ENP

Looking to the future, the delegates from Mediterranean countries have several suggestions for the next stage of the Barcelona Process as well as the transition from MEDA to the new Neighbourhood Instrument. Many express the hope that the flexibility of MEDA will be maintained in the new Neighbourhood Instrument from 2007. People approved of the attention paid by MEDA to social partners, in particular in helping companies to identify the kinds of skills they need and encouraging VET systems to produce them. El Hassane Benmoussa calls for the ENP to provide even more support to industry associations 'as they are the real protagonists in developing our VET systems.'

There have been calls for the ETF to get more involved in employment by designing and evaluating labour market interventions. Evaluation in general was seen as a key field of action for the ETF in future. The changeover to the ENP will see governments in partner countries taking on even more responsibility for managing programme resources and implementing reforms. EU delegations will adopt

the more hands-off approach of ensuring interventions meet a series of performance indicators. So the ETF could have a key role in evaluating whether funds have been properly spent, providing constructive criticism and channelling feedback. ETF director Muriel Dunbar says that any official request will certainly be considered.

Calls for regional cooperation

Finally, the need for stronger regional cooperation comes up time and time again. This means not only cooperation with Europe but also south-south cooperation between the countries of North Africa and the Middle East. Tunisia's Belhassen Thameur is hopeful that the new regional Education and training for employment project being run by the ETF will help consolidate these kinds of links. 'Each country has its specific issues, but when you look at the bigger picture – the labour market, youth unemployment, the pyramid of qualifications, the situation of companies – you will find our countries have a lot in common,' he says. 'We don't need to reinvent the wheel; we

should benefit from others' experiences.'

Hisham Kuhail, assistant deputy minister at the Palestinian Ministry of Education, calls for a more rational use of resources. 'Why do we have to use EC money in Palestine to design a new curriculum when it is already available in other countries in the region?' he says. Abdul Ghani, director of planning and development at Lebanon's Ministry of Education, goes even further. 'In 30 years time, I think that curricula will be the same all over the world because if the knowledge society becomes the norm, we will all need to learn the same things,' he says, 'so why not start now?' Mr Ghani believes that establishing basic benchmarks as starting points for all countries in the region would facilitate regional cooperation.

In general, the wisdom of using a regional or a country-by-country approach to reform in MEDA countries remains a hot topic. For Ali Sayed, director of Egypt's Mubarak Kohl Initiative, each country has to adapt a system for its own specific conditions. 'So we should aim rather to reach minimum standards that still facilitate contact and comparison with others,' he said.

"In 30 years time, I think that curricula will be the same all over the world"

Photo: ETF



The Barcelona process has acted as a driver for change in MEDA countries.

...the view from North Africa and the Middle East of the success and failures of the Barcelona Process is a mixed one.

What everyone does agree on is that a regional approach should figure prominently in the new kind of cooperation ushered in by the ENP. It does not have to be based on mere geographical proximity, but could instead be built around shared interests in the same topic. People see the need for a kind of bilateral cooperation with EU support and many believe the ETF could play a role in facilitating this.

So the view from North Africa and the Middle East of the successes and failings of the Barcelona Process is a mixed one. Everyone agrees with its guiding principles of equal partnership and using dialogue as a means of change. In terms of vocational education and training, MEDA has clearly launched a healthy process of reform in those countries where it has had a chance to act. In all countries without exception, the Barcelona Process has acted as a driver for change. However, ten years down the road, it is still too early to say what the long-term benefits will be for the region's VET systems and labour markets.

Find out more:
Manforme project
http://www.logos-net.net/ilo/195_base/en/init/tun_3.htm

EDUCATION AND TRAINING TAKE PRIDE OF PLACE IN THE ENP

On its tenth birthday, the Barcelona Process has every reason to celebrate, according to Sergio Piccolo, EC member of the ETF Advisory Forum and head of labour market and vocational training at DG AIDCO's Office of European Cooperation. 'The Barcelona process has managed to establish a solid strategic partnership between the European Union and the Mediterranean partner countries,' he says. Since 1996, substantial financial contributions have been channelled into vocational education and training via MEDA programmes I and II, thereby supporting ongoing VET reform or helping setting up new reforms in countries such as Algeria, Egypt, Morocco, Syria and Tunisia.

Moreover the European Commission's methodological approach has developed over time from classical ad hoc projects to wider sector support, thus improving bilateral sectoral dialogue and the partners' sense of ownership. 'So long as some basic requirements are met, such as a stable macroeconomic setting and transparent management of state finances, partners' implementation procedures apply,' says Mr Piccolo. The ENP will further boost bilateral sectoral dialogue within agreed ENP Action Plans.

From 2007 onwards, there are proposals to unify the current vehicles of European cooperation such as TACIS, MEDA and PHARE in a single Neighbourhood Instrument. Nevertheless, the council is still discussing the financial perspectives for 2007-13 and so it is not yet possible to speak of detailed bilateral financial allocations. What is clear is that education and training will remain at the top of the EC agenda. The EC believes in a

decentralised partnership and therefore responds to the needs and priorities of its partners. 'Partnership and dialogue means that we definitely support goals such as wiping out illiteracy or developing VET systems. Our cooperation is not donor driven, it is highly respectful of the needs of partners,' says Mr Piccolo.



Sergio Piccolo, head of labour market and vocational training, Office of European Cooperation, DG AIDCO

Photo: ETF

IT TAKES MORE THAN LEARNING TO READ TO REDUCE POVERTY

by Peter Grootings



Photo: ETF

Poverty is a problem that persistently affects an unacceptably large part of the world population. Education and training are widely agreed to be among the most powerful weapons in the fight against it. Universal literacy, though never achieved, was once almost considered a panacea, but this is no longer the case. Today, there is increasing agreement that basic education for poverty reduction must constitute more than teaching people to read a book. But what precisely is the most important teaching and training matter is still an issue of urgent debate. In 2006, the ETF will offer its contribution to this debate by dedicating some of its key activities and publications to education and training for poverty reduction.

According to UNICEF's *The State of the World's Children 2005*, more than one billion children are denied the healthy and protected upbringing promised by the world's most widely adopted human rights treaty, the 1989 Convention on the Rights of the Child. Of these children, the same document says, 140 million have never been to school.

Through the UN's Millennium Development Goals, in 1990 the international community vowed to address the needs of the poorest in the world. The Millennium Development Goals are a set of ambitious targets that must be achieved by 2015. The first of these eight goals is to eradicate extreme hunger and poverty; the second is universal primary education. The inclusion

of education among the Millennium Goals is remarkable given the fact that development funding for education and training has decreased dramatically during the 1990s in the context of structural adjustment policies and liberalisation.

Basic literacy [...] is not sufficient to guarantee people a sustainable source of income through employment.

Policy support

The most commonly used tools to assess progress towards the Millennium Development Goals are Poverty Reduction Strategy Papers, which are jointly prepared by national authorities and international financial organisations such as the World Bank and the International Monetary Fund. These have become the overall framework for assistance and cooperation in countries where high levels of poverty exist. The papers define both short- and long-term policy priorities. Since one of the millennium goals concerns education these papers often also pay attention to improving the access to and quality of education. There is, however, increasing concern that the papers do not sufficiently recognise the role of education and training in poverty reduction. One point of criticism is their persistent focus on basic literacy and primary education. Another one is the complete absence of employment issues in the papers.

Basic consensus

There is increasing support to broaden the concept of basic education to include basic vocational education. Basic literacy, it is generally argued, is not sufficient to guarantee people a sustainable source of

Photo: ETF



Technical education and training are necessary to provide a skilled workforce.

Photo: ETF



Many poverty reduction strategy papers do not recognise the role of education and training.

income through employment. Basic education needs to include basic skills and competences. Recent work of international organisations reflects this.

One of the six Dakar Education for All (EFA)¹ goals is to ensure that the learning needs of all young people and adults are met through equitable access to appropriate learning and life skills programmes. UNESCO has taken several initiatives to support the integration of a vocational skills training component in EFA National Action Plans. It is also paying great attention to skills development in connection with migration, which in many parts of the world is the traditional escape from poverty. Together with the Food and Agriculture Organisation (FAO) it has launched major support to skills for rural development aimed at fighting poverty in rural areas.

The ILO's *Strategy for Decent Work*² recognises that appropriate education and training enhance both economic and social integration by offering opportunities to many groups who would otherwise be excluded from the labour market.

The European Commission, through its 2002 *Communication on education and training in the context of poverty reduction in developing countries* (COM 116)³ stresses the vital importance of training in reducing poverty and in development and mentions that 'technical education and vocational training are necessary for the establishment of an education system that offers an alternative to students leaving the system who will ultimately provide a skilled workforce for the formal and informal sectors'.

The World Bank, one of the leading institutions in developing

Poverty Reduction Strategy Papers, has refocused its initial attention on basic literacy and is increasingly including skills development in national poverty reduction strategies.

Several bilateral donors, such as DFID, GTZ and SDC, are currently undertaking reviews of the links between basic education and skills development in development projects. Within NORRAG⁴ a special working group has been set up with representatives of all major donors to address the issue of skills development for poverty reduction. The ETF plays an active role in this working group.

Finally, countries with high levels of poverty themselves have become concerned about skills and skills development, in particular within their large informal sectors.

Knowledge or competences

Current discussions about the role of education and training in poverty reduction have a parallel in debates about the importance of competences for economic development and social cohesion in the EU member states. The Lisbon summit, for example, explicitly referred to this. The concept of competences is replacing traditional notions such as knowledge and skills. This is in part due to the changing nature of work in the employment system, which requires new applied knowledge and broader skill requirements. But also new findings about how people learn and can make use of what they have learned play a role. Indeed, the very notion of skills development, as traditionally used by economists, has now come under strain.

Such debates pose tremendous challenges for the reform of vocational education and training systems, in particular in ETF partner countries now struck by high poverty levels. While they may have a long tradition of public initial and vocational education and training, many have seen their systems become obsolete

and their infrastructures and capacities deteriorate during the transition period. In such countries, the poverty reduction context can provide a policy framework for boosting the relevance of vocational education and training for both individual learners and the emerging employment system.

Partner countries

Though not all ETF partner countries have high poverty levels and not all have developed Poverty Reduction Strategy Papers for national policy definition and international donor assistance, many have. All have gone through a period of dramatic impoverishment. All ought to be as much concerned about social cohesion as EU member states are. With the support of the international community, policy makers in these countries need to create the capacity to develop and implement comprehensive strategies with skills development fully integrated as a key instrument for poverty reduction and social cohesion.

Many countries in south-east Europe, the former Soviet Union and the Mediterranean area have severely limited state budgets and administrative capacity. Their macro-economic context suggests that the potential for poverty reduction through economic growth lies, among others, in developing and utilising existing human resources more efficiently and in setting appropriate conditions for the development of skills in support of local public and private initiatives. This asks for well-balanced and dynamic VET systems that can flexibly cover the learning and qualification needs of very divergent groups of the population, both young and adult. Many countries are torn between a high-tech/high-skills and a low-tech/low-skills national strategy. In fact, preferential treatment for higher education has had many adverse effects on the quality of both higher and secondary vocational education. A focus on poverty and social

cohesion may contribute to better balanced and more effective national vocational education and training and higher education reform policies. Importantly, however, further research and policy evidence are needed to substantiate this positive correlation between training and poverty reduction in transition economies.

In the past, the ETF has initiated several projects in partner countries that are directly or indirectly linked to poverty alleviation and social cohesion. There were early projects on experience with the European Social Fund, disadvantaged groups, social integration, small and medium enterprise development, local development.

...countries with high levels of poverty themselves have become concerned about skills and skills development.

Photo: ETF



ETF has initiated several projects in partner countries linked to poverty alleviation and social cohesion.

More recently there have also been projects specifically on skills for poverty reduction and migration. Several ongoing EU projects in which ETF staff are involved focus on decentralisation and making vocational education and training more responsive to the local needs of learners and companies. This rich source of experience will be tapped in the 2006 edition of the *ETF Yearbook*, which will be dedicated to the theme of skills development for poverty

reduction. ETF experience in transition countries will make a unique contribution to the international discussions about skills development and poverty reduction.

Find out more:

Millennium Development Goals

<http://www.un.org/millenniumgoals/>

Peter Grootings is an ETF expert working in the Eastern Europe and Central Asia department

Footnotes

- 1 See: <http://www.unesco.org/education/efa/>
- 2 See: <http://www.ilo.org/public/english/decent.htm>
- 3 See: <http://europa.eu.int/scadplus/leg/en/lvb/r12511.htm>
- 4 See: <http://norrag.org/wg>

Poverty: Key theme for the ETF Yearbook 2006

The *ETF Yearbook 2006* will be entirely devoted to the theme of poverty reduction. Editors Peter Grootings and Søren Nielsen want it to be a view of the topic from the broad variety of angles that ETF experts can offer. Some chapters will discuss conceptual issues, while others will describe practical experience with ETF projects on the ground.

'The main idea behind devoting the 2006 edition of the *ETF Yearbook* to the topic of skills development and poverty reduction is to develop our own understanding in ETF of the key issues in the context of our partner countries,' says Peter Grootings. 'Most of the international debate so far has been based on experiences in developing countries. ETF partner countries are different but we don't really know what these differences imply for policies in the area of poverty reduction. At this stage, we as the editors do not ourselves have a detailed conceptual framework that we could present to ETF and our partner countries. It is precisely by engaging so many of our colleagues that we hope to be able to gather together our joint experience to develop a shared understanding of these issues. To achieve coherence, the yearbook will focus on three main concepts.'

'The first concerns the concept of skills development. In international discussions this concept has broadened. Today, it goes far beyond the classical notions of manual skills and skills training. In fact it is almost a metaphor for lifelong learning and covers behavioural skills, cognitive skills and also metacognitive skills such as, for example, the ability to learn. Our angle is that we want to find *what* broad skills are most relevant for poverty reduction and *how* the development of those skills can be supported through formal, nonformal and informal education and training.'

'The second concept is that of poverty. This has also evolved quite radically in recent years. It no longer simply refers only to income. Poverty is a multidimensional concept and refers more generally to a lack of access to fundamental resources. One of these resources is knowledge in its broadest sense. Another resource is decent work and yet another is health. Sometimes poverty is measured in terms of human development in order to take account of its complexity. Without losing sight of the broad picture, we must single out specific dimensions to which we can actively and meaningfully contribute. Some people would argue that learning is *the* crucial dimension of sustainable poverty reduction. They would argue that skills development should therefore aim at helping people to help themselves. This would again touch the *what* and *how* questions of education and training that I raised in the first point.'

'The third concept that will be important for the 2006 yearbook is the context of our partner countries. These are transition countries and as such typically qualified as 'impoverished' to offset them against what we traditionally consider developing countries. In addition, in our context the issue of skills development needs to be related to the systemic VET reforms with which the ETF is assisting its partner countries. Here we will link the yearbook into our ongoing discussions about policy learning, the ETF's role as policy learning facilitator and the policy facilitating roles of ETF staff.'

SKILLS AND WORK IN THE INFORMAL ECONOMY IN ALBANIA A CASE STUDY FROM TIRANA

by *Eduarda Castel Branco*

In previous issues of the magazine we have reflected on the issues raised by the informal economy and labour markets in transition economies – the countries that are the partners of the ETF. This article aims to present the key findings of a recent field study carried out by the ETF in Albania. This pioneering study of human resource issues in the widespread informal economy was based on a survey in Albania started in the last quarter of 2004. The final draft report is available.

The study analysed the skills and qualifications of informal sector operators, identified why they worked in the informal sector and highlighted the role of skills and qualifications. The results of the study shed some light on the policies and measures that might create routes out of informal working and its associated vulnerability.

Transition countries are not so much poor as impoverished, following the collapse of their centrally administered economies and their complex and generally slow recovery as new market-based economies. Different degrees and types of informal working quickly overwhelmed labour relations and economic activities. The rapid adoption of

informal market behaviour was partly meant to fill the void left by the disruption of institutions and social safety nets and inadequate governance. During the last decade or so all the transition economies have seen a steep growth in the informal economy's share in GDP and employment.

Method

The ETF contracted the Institute of Contemporary Studies, an Albanian organisation, to carry out the survey of informal businesses in the Greater Tirana area, including Tirana municipality, and the neighbouring communes of Kamez and Sauk. The survey covered a sample of 526 entrepreneurs, who met the following criteria: units with some market production, which are not incorporated, and/or which do not fully comply with the national legislative-regulatory framework, but are not illegal through the nature of the production or income they generate. The sample was selected from ten business categories whose operations require a certain level of skills (that is why street merchants and petty traders were

excluded), and where informal activities were known to predominate: construction; production of construction materials; small manufacturing (furniture production, food production); transportation; small restaurants; cafés and small hotels; leisure services; repair services; other services (tailors, hairdressers, photographers); and vehicle mechanics. The agricultural sector was not included. The sample was not chosen from conventional data sources (a business register, INSTAT or other registers), as none of these provide an accurate list of businesses, type of activity and addresses. And in particular, the typical informal business is obviously not captured in official registers.

Changes in the Albanian economy and labour market

In 2003, the Albanian economy showed clear signs of recovery, with growth rates accelerating to over 5% per annum. Albania is the only country in south-east Europe to have exceeded its pretransition level of GDP. However, it remains one of the least developed in the region, with a GDP per capita of US\$2,585. Agriculture maintains a strong share of GDP (over 25%), the highest in the region. Agriculture's share of employment is particularly high. Industrial output contracted sharply in the first half of the 1990s. The industrial growth rate has been high but unstable for the last eight years, with construction showing the most dynamic growth rate.

A comparison of the results of the 1989 and 2001 INSAT Population and Housing Censuses seems to indicate a sharp decline in employment rates during the decade. This reduction was largely caused by falling public sector employment – the number of jobs in the sector fell from 850,000 in 1991 to 189,000 in 2001. The industrial sector – extraction of minerals, metallurgy, equipment, chemicals, paper and textiles – was hit the worst.

Labour force participation is relatively high, but large numbers of the active population are engaged in low-productive agricultural self-employment. Less than one-third of the total number of employed people are in paid employment; part-time work is widespread.



Photo: ETF

During the transition period the informal sector in Albania grew rapidly in response to a lack of new jobs.

Unemployment is high, although the statistical figures are controversial, varying from approximately 22.7% (Census, 2001) to 10% (LSMS, 2002). Urban areas are more affected by growing unemployment. The entry of younger people into the labour market is difficult, with the risk of unemployment being highest for men aged 15 to 34 and women aged 15 to 24.

The informal economy grew rapidly in the transition period, in response to the emerging private sector's inability to generate new jobs to compensate for the collapse of large state-owned enterprises. With inadequate safety nets and poor unemployment benefit schemes, the working population adopted flexible (informal) behaviour, characterised by the holding of multiple jobs; rapid shifts from formal to informal jobs; and mobility across jobs with varied skills requirements. Even unemployment acquired an informal aspect.

Informal business activity is high, and official estimates put the size of informal output at up to 38% of GDP (2001), although international sources suggest much higher figures. The factors that push entrepreneurs into various degrees of informality can be summed up as: institutional confusion in the transition period. Doing business means facing a series of non-market related obstacles, i.e. those produced by bureaucracy and poor governance. Businesses spend significant resources (time, money and effort) circumventing these barriers and pressures, resources that could be better invested in quality, innovation, better service and better jobs.

Although the informal economy offers a parallel space for new entrepreneurs to gain practical experience, and thus contributes to creating new work and entrepreneurial skills, its extensive development brings major adverse consequences for tax revenues, competition for registered businesses and in general for the transparent functioning of the market economy.

Key findings

In Albania the informal economy was very small, almost negligible, before the collapse of state-owned enterprises in the early 1990s. Measures to support redundant workers were either nonexistent or not implemented, so many found refuge in the informal economy as the only immediately affordable alternative to inactivity.

The survey showed that most informal businesses are very small, with an average of 1.8 employees. Only one-third

of employees have no kinship link with the owner. With an average age of over seven years, these businesses are anything but temporary. In contrast to the generally accepted idea that tax evasion constitutes the main characteristic of informal businesses, the study found that tax evasion is not the main feature, at least not for micro and small businesses. It is not this segment that produces major fiscal evasion and noncompliance with social security legislation.

Women represent less than one in five of the sample, which is partially explained by the fact that they work mainly in

home-based informal production (footwear and clothes for foreign companies; bakery; care services), which the survey did not address.

The average age of the sample is 40 years, although a significant 34% is below the age of 35, showing that for many young people informal work is clearly a way to enter the job market. Young informal entrepreneurs predominate in leisure services (internet cafés, gambling, billiards, video shops), where approximately 29% are under 25 years (64% under 35). In contrast, repair services show an older age structure, with



Official estimates put the size of informal output up to 38% of GDP (2001).

60% of the respondents being over 41 years.

The average length of education is 12.1 years; almost half have received professional training. The small share with higher education may be explained by the fact that this level of qualification offers greater employability in the formal economy. The highest percentage of respondents with full basic and upper secondary education is found among those up to 30 years old. Those over 31 account for most of the respondents with professional education. Higher education

qualifications are most prevalent in the age group over 41 years.

The survey shows that 46% of the respondents (mainly the owners) have received professional training. The average length of training was around 20 weeks, although there is a large variation in the range: 36% had 1–10 weeks, while 45% had 12–24 weeks.

Training providers were private, profit-making organisations (47.3% of respondents) and the government sector (33.7%). Only half the respondents paid at least in part for their training. The average payment is calculated to be 46,384 leks

(€365.80 – at the current exchange rate). More than half of the training was in the form of lectures and hands-on activities, followed by visiting specialists and workplace training.

The study identified visible differences in training participation across the sectors. The only two sectors with high levels of professional training are transport (92.5%) and other services (73.8%). Employment in the informal transport sector requires compulsory training to obtain a driving licence, which is the main reason for this high level of participation. Relatively low training participation scores were found in construction (28% of the respondents), small manufacturing (28.1%) and small restaurants (26.9%).

Differences were also noted between men and women. More than half of the surveyed women have participated in professional training and this level increases in some of the sectors in which women are well represented (e.g. other services). If we exclude the obligatory training for a driving licence, participation in training among men is relatively low compared to women.

Apprenticeship is common, with 40.7% of the respondents having participated for approximately 14 months in apprenticeship schemes. Distribution across the sectors of those with apprenticeship experience is varied: car mechanics, production of construction materials and construction and repair services show the highest concentration.

A larger share of the younger respondents participated in training (55% of those under 25 years, against 36% of those over 50 years). This difference is partly explained by the fact that older respondents are less likely to acknowledge their own skills and training needs: some 80% of the respondents over 41 years who had not received training justified this by saying they had no training needs. However, this indicator is much smaller among respondents below the age of 30 (only 40%). On top of the majority that do not acknowledge their own training needs (64% of the total sample), 12% said they had a lack of information about training and 8% simply said they had no time to participate in training. Older workers with adequate education and training levels in the past feel comfortable about their qualifications or skill levels. Analysis of the respondents' interest in doing training clearly shows that younger entrepreneurs are more likely to enrol and participate in learning activities that reskill or upskill them.



Photo: ETF

Apprenticeships together with work, vocational training and technical education were all similarly appreciated as effective ways to develop skills, with slight differences depending on the type of business activity. For example vocational training seems more important in the transportation and other services, while work appears to be more valued for jobs in construction, small manufacturing and small restaurants and cafés.

Interestingly, 34% of the sample had worked abroad, a rate much higher than the official figure for long-term migration in the total population (16%). Experience from migration was considered, across business categories, as very useful and important for gaining new work skills, as well as experience of work cultures and ethics. Approximately 40% of those who had worked abroad continued in a similar business once back in Albania.

Key features of the informal businesses: type of business, age, employment, performance

Only half of the businesses in the study are registered with all the appropriate authorities, such as the tax office, courts, social security and labour offices, in compliance with the Albanian regulatory framework. Nonregistration is highest with the labour office and social security, and lowest – with the tax authorities. By sector, construction, transportation¹ and other repair services are the most informal. Within each business category, the levels of registration with courts and the tax office and the making of social security contributions seems to be almost equally distributed. On the other hand, only one in three of the businesses interviewed reported keeping accounts for tax purpose. On average, 70% of businesses do not keep accounts for tax purposes.

The survey revealed both very young and very old businesses. The establishment of new businesses depends on several factors, but the economic performance of the country seems to be particularly important. Thus, while the private sector grew during 1992–96, the crisis of 1997 discouraged the establishment of new businesses. From 1999 onwards, the private sector started to grow again and new businesses appeared.

Founders and owners/operators represented the large majority of those interviewed. Half of them run individual enterprise (self-employment). Only 26.6% employ one additional person and another 14.3% employ two additional people. Most employed people (71.4%) are relatives. In total, 93% of the businesses employ one to three people (including the owner



More than half of those active in the informal sector in Albania use only hand tools.

himself). This observation matches with results of other studies on microbusinesses. In transport and repair and other services the owner predominantly works alone. While in small manufacturing, construction, production of construction materials and small restaurants and cafés, there are typically more than two people (including the owner).

Workers (including the owner) have a relatively high level of education: 74%

have a high school or professional school qualification or a mature diploma: 8.8% of the sample respondents had a university degree, the majority of these being employed in leisure services, small manufacturing, small restaurants and cafés, etc. Again, sectoral differences are high. High tech repair services have the highest level of education, where 63% have a professional diploma and 12% have a university degree.

The survey looked at skills and training needs: of those requiring training, 82% need it to improve technical skills, while there is less need for training in management, accounting and finance and marketing. The training centres are thought to be the most appropriate place for training by 64.4% of all those who need training for their workers.

The study classified the businesses as 'high performance' and 'low performance'. The definition of 'performance' based on what the information collected showed about their productivity and turnover. There were larger numbers of high performance businesses working in production of construction materials, small manufacturing and other services, while repair services, high tech repair services and construction show larger numbers of low performance businesses.

The performance of the business is affected by a number of variables, such as: size as measured by number of employees; type of technology used; skills possessed by the staff; and the regulatory changes that reduce the opportunities for informal businesses to compete.

The high performing businesses are those which employ two to three people (including the owner) rather than the individual self-employed. The use of machinery and equipment increases the probability of a business being a high performer. The high performers are to some extent more familiar with registration procedures than are low performance businesses or, to put it another way, being 'more formal' seems to positively correlate with performance.

On average, 63% of the businesses have a turnover of less than 300,000 leks per quarter (about €2,400). Only 28% of the sample has a turnover between 300,000 leks and 900,000 leks per quarter (€2,400–€7,150). The best turnover levels are in production of construction materials, where 71.2% of the sample reports a turnover of more than 300,000 leks per quarter. In that range fall 57.7% of small cafés and restaurants and 56.1% of small manufacturers.

Main conclusions

The survey found that an overwhelming 92% of the respondents fully depend on their businesses for their income, and only a few engage in additional activities. This makes them vulnerable to regulatory changes aimed at the informal sector if they are implemented without a balanced support policy. Besides the impact on household income, any policy needs to take into account the

potential of this sector, since it provides services and products important for the Albanian consumer and the urban economic fabric.

These businesses use very simple production processes because of their limited access to adequate financing, to business support organisations, and newer market information. Fifty-four per cent of employees use only hand tools and there is almost no use of even simple modern production technologies.

Success factors were clearly identified, in particular the improved quality of products and services, an adequate working space, modern equipment and improved skills for both owners and employees. Training and modern equipment appear to be equally important.

Of the key problems threatening their operation, the businesses highlighted competition, a lack of customers, high prices for raw materials, equipment and spare parts, and inadequate working space. Informal businesses depend mostly on themselves and the state to solve problems and improve their productivity. They have fewer expectations of support from business organisations, training and consulting agencies and donors.

The study concludes that over one-third of the sample are ready and interested in participating in professional training. A key reason for their low participation is lack of information about the various training programmes. And this problem is, of course, partially a consequence of their informal status: training and business support programmes are mostly promoted or channelled through business interest groups (chambers of commerce, business associations) to which informal businesses, as a rule, do not have access.

Another interesting finding relates to the variables that seem to affect positive attitudes towards training and skills development. As a rule, younger entrepreneurs, higher levels of education, better business performance and a lower degree of informality are associated with a greater willingness to be trained and/or to train employees.

Respondents saw the need to strengthen first their technical skills and then their managerial skills, for example, first to use machines and repair tools, followed by negotiation skills with suppliers and clients, and the selling of products and services.

In addition to the needs recognised by the respondents themselves, the study identified training gaps by analysing the discrepancy between important skills by area and topic and those already acquired. The results demonstrate that training is

mainly needed in areas such as credit application, using IT, repairing tools, accounting, product development and the skills for training staff. Sector specific training needs were identified, for example only small restaurants and cafés have a skill gap in accounting, probably because they are more exposed to fiscal controls, while in the small manufacturing sector machine skills are not well developed.

To address the skills needs of the informal sector in a way that would improve productivity and incorporate the sector more into the mainstream economy, any policy needs to take a number of factors into account:

- There is a certain resistance to training, which is linked to a lack of adequate information.
- Entrepreneurs need to become aware of the value of building collaboration.
- Entrepreneurship needs to be part of adult learning, but also on the regular school curriculum.

Despite the reasonably good average educational attainment of their employees, entrepreneurs said that 82.3% of them did not have any training relevant to their job. This clearly shows the mismatch between the skills acquired in regular education and those needed for employment.

This study is a first attempt by the ETF to look at the human factors in the informal economy of a transition society. The study's findings need to be explored further, for they provide, numerous signals of relevance to education and training, as well as employment policies.

Eduarda Castel Branco works in the Eastern Europe and Central Asia department of the ETF.

Footnote

1 The interviewers were told to concentrate on informal transport businesses (taxi, mini-bus and mini-van).

Photo: ETF



HOW TO CONTACT US

Further information can be found
on the ETF website: www.ETF.eu.int.

For any additional information, please contact:

External Communication Unit
European Training Foundation
Villa Gualino
Viale Settimio Severo, 65
I – 10133 Torino
T +39 011 630 2222
F +39 011 630 2200
E info@ETF.eu.int



Publications Office

Publications.eu.int

ISSN 1725-9479



9 771725 947000