

SECTORAL & REGIONAL ASPECTS OF SKILLS DEVELOPMENT AND VET POLICIES

**THE ETF EXPERIENCE FROM EAST
EUROPEAN COUNTRIES**



Contents

Introduction.....	3
Why matching skills supply with labour demand matters?.....	3
Why participatory approach is important for skills development and vet policies?	4
How sectoral approach can contribute to skills development and vet policies?	5
Ways to link the worlds of work and education.....	5
Sector skills councils/committees	5
Eastern European countries' experience.....	6
Skills needs analysis	7
Development of occupational standards.....	8
Why local/regional policy dimension is important for skills development and vet policies?	8
Understanding the demand for skills at regional/local level	9
Local/regional partnerships.....	9
Eastern European countries' experience.....	10
What is need for sectoral & regional approaches to have an impact?.....	11
Issues to be considered before choosing appropriate approach	12
Why would you invest in the development of sectoral approach?.....	12
Why would you invest in the development of regional approach?	12
References	14

INTRODUCTION

Skills development and vocational education and training (VET) reforms are moving higher on the political agendas in the Eastern Europe (EE) countries, as the governments increasingly acknowledge a clear connection between skills and socio-economic strategies and the country's competitiveness. Moreover, social partners from national to local levels show growing interest in participating in the skills dialogues as many employers in the region have started to face significant problems with workforce skills that is becoming a constraint for their business development and overall economic growth.

Skills shortages and surpluses of various types have appeared in the transition economies as a consequence of economic restructuring and transformation of work processes and occupations, as well as introduction of new technologies such as information and communication technologies. While many jobs were destroyed, newly created jobs typically required different types of skills. Other important features of the labour markets of the EE countries are migration and aging population in some countries that will lead to further slowing down of replacement rate and will require people to stay longer in the labour market. Thus, they will need re-training and skills upgrading.

The term 'skills development' indicates a shift in emphasis away from supply-led to demand-driven systems aimed at the acquisition of skills that correspond to labour market needs. In a nutshell, the aim of 'skills development' is to enable people of working age to acquire skills which are needed by the economy currently and in the future. In this respect, there is a growing awareness that VET can be an important transition channel between the education system and the labour market. Therefore several EE countries have started to recognize human capital as a priority of development and, consequently, have initiated reforms to ensure that VET is able to adapt to the demand for advanced vocational skills and is tailored to the regional economic context.

There is no one size fits all and simple solution for better relevance of education and training to labour market, as very few national systems can be transferred directly to another country with the same outcomes. The aim of this paper is to facilitate a debate about the pros and cons of the different approaches to skills development and VET policies, and foster policy dialogue among public and private stakeholders in the EE countries with a view to give countries better insights for choosing their own approach. The discussion paper is based on the recent ETF experience in the development of sector skills councils in the EE countries within the context of the ETF regional project on Continuing Vocational Training (CVT) in Eastern Europe¹ (2011-2014) (ETF project) and on regional experiences in some EE countries.

WHY MATCHING SKILLS SUPPLY WITH LABOUR DEMAND MATTERS?

Skills are a key factor for economic development of countries and prosperity for nations. For workers, skills equate with employability, access to income from work and social rights and mobility; for businesses, skills are a major component in productivity, competitiveness and innovative capacity, and; for society at large, the added value of skills and education in general can be seen in higher living standards, better public services and more active and open societies (ETF 2012). Whilst skills development systems and initiatives vary from country to country, they all have the same goal - to increase employability of the workforce.

However, in many countries the labour market skills needs and the supply of skills from education institutions are often mismatched leading to labour market imbalances. This mismatch often occurs because the education system and the labour market function at different speeds. While the education system is aimed at long-term policies and strategies, and therefore requires a long time period to be

¹ The ETF regional project covered seven EE countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and Ukraine.

changed, the business sector must adapt quickly to changing market demands and technological innovations (ETF, 2011b). Therefore it is necessary to build up a system aimed at ensuring better matching between skills supply and demand in the labour market.

Skills matching requires various mechanisms, instruments and policies that are in place in a country and its regions or sectors aimed at reducing the gap between skills supply and demand in the labour market, increasing the employability of the workforce and reducing skill shortages (ETF 2012). It is a complex process that requires a set of informed decisions made by various stakeholders from different levels and within different time horizons. In recent years sectoral and regional skills matching approaches have gained particular attention. Each approach has strengths and weaknesses that depend on the circumstances of the particular country. However, both approaches are based on two basic elements: qualitative information on the skills required by the labour market and capacity to transform this information into action in providing adequate education and training.

EE countries are increasingly aware of the growing skills gaps and mismatches that may become a constraint for the modernisation of economy and its innovation capacities. Although countries differ significantly both in the size of economy and the level of reforms achieved, in general, they share a number of systemic weaknesses in their skills matching systems such as a lack of up-to-date and reliable labour market data on which to base decisions on current and future skills needs, a fragmentation of responsibility for skills development between different institutions, out-of-date curricula developed without consultation with business and no/or little opportunity for employers or their representatives to articulate their skill needs (either at national or local levels) or to influence quality of training.

WHY PARTICIPATORY APPROACH IS IMPORTANT FOR SKILLS DEVELOPMENT AND VET POLICIES?

The governments alone without involvement of stakeholders cannot adapt skills development and VET policies to the actual needs of labour market. Therefore there is a need for more structured dialogue between public authorities, private sector and education institutions at both national and sub-national levels to not only improve matching of education outcomes with labour market needs, but also to collaborate to encourage more effective corporate investments in education and training.

For skills development and VET policies, partnerships present an opportunity to develop skills agendas in a targeted, innovative and sustainable way and to include those directly involved in the provision, application and updating of specific skills. Reinforced partnerships can link various policy areas, education and training sub-sectors, public and private actors, and different levels of governance. To be sustainable, they need to be built on clear objectives and should be a systematic part of the policy approach (EC 2012).

In this context there is a growing awareness of the benefits of multilevel governance that is a matter of decision making at the level of the most interested parties through structured and coordinated dialogue, consultation and concerted actions (ETF 2013b). Effective multilevel governance is based on inclusive vertical and horizontal interactions between stakeholders and is linked to the increased effectiveness, efficiency, coherence, transparency, accountability and performance of skills development and VET policies.

Vertical coordination in multilevel governance refers to systems of communication and liaison between higher and lower levels of government, which, according to the context, may be national, regional, local, or other relevant authorities. It requires more proactive strategies and approaches on the part of regional authorities in relation to central governments. Horizontal coordination, on the other hand, refers to the range of both public and private actors functioning at the same level – national, regional or local (ETF 2013b).

The ETF experience shows that good multilevel governance can enhance the role of VET as it contributes to the achievement of national development goals through cooperative and coordinated actions carried out at sub-national level and bringing on board non-stakeholder actors (ETF 2013b).

HOW SECTORAL APPROACH CAN CONTRIBUTE TO SKILLS DEVELOPMENT AND VET POLICIES?

Labour markets are not homogeneous, and skills needs vary from one economic sector to another depending on the activities pursued by each sector and the nature of the associated technologies. Accordingly, sectoral approach looks at changing skill needs from the perspective of a particular sector and ensures that skills development meets the needs of companies in that sector.

The main element of the sectoral approach is development of a sector partnership – the ongoing dialogue between different stakeholders with different interests in skills development, which present an opportunity to develop skills agendas in a targeted, innovative and sustainable way and to include those directly involved in the provision, application and updating of specific skills (ECORYS, 2010). Development of a sectoral partnership is a gradual process of learning and sharing responsibility between government and other stakeholders, most importantly social partners, that needs time to evolve into a mechanism that suits the industry, employment and social cultures of the country in which they operate (CEDEFOP 2009). Therefore development of a sustainable sectoral approach is a long process which requires sufficient time to build trust among participants and resources to be successful.

Ways to link the worlds of work and education

Around the world both in highly industrialised, developing and transition countries, there are various models of sector partnerships linking the worlds of work and education together. In general, they foster reflection and incorporation of labour market trends in contents of vocational training programmes. Examples of such partnerships include:

- *A network organisation:* for example, in Bulgaria, a network is set up which consists of a group of institutes, comprising Ministries and national level labour market and research institutes. The network provides information to the Ministry of Education and relevant other bodies about trends in the labour market and their implications for VET programmes.
- *Advisory councils:* for example, in Denmark, the Advisory Council for Adult Vocational Training plays an important role in the management, priority setting, development, organisation and quality assurance of adult vocational training programmes.
- *A temporary working group:* for example, in Germany, when there is a need to revise an occupational profile for a specific occupation, a temporary working group is set up in which the social partners and the training system co-operate.
- *Social partner collective bargaining:* for example, in Morocco, VET is a subject to collective bargaining and there is strong and direct social partner involvement in the management of part of the national vocational training system (mostly continuing training).

Sector skills councils/committees

As a means of moving towards sustainable and demand-led skills development many countries have chosen to create sector skills councils as a collaborative nexus between public and private sectors in the area of skills development. The term 'sector skills council' refers to a permanent working structure to identify or analyse skills need or to otherwise contribute to education and training that will prepare the work force for the specific economic sector (ETF, 2013c). Sector skills councils need funding, technical support and expertise to be sustainable. In many countries they are heavily subsidised by public funding which may be important not just for their effective operation but also for encouragement of broader representation and participation of employers.

Sector skill councils can be bipartite (employers and workers), tripartite (employers, workers and government representatives) or multipartite (employers, workers, government representatives, training

institutions, research institutes, etc.). As a rule, sector councils must have the support of employers. However, the nature of employer involvement varies from sector to sector, and across sectoral systems. Some are 'employer-consulted'; some are 'employer-driven', and some are almost 'employer-owned'. The varying nature of employer involvement matters fundamentally to their effectiveness (OECD, 2012). The role of sector councils can be advisory, decision-making or technical, and the nature of each individual council depends on its position in the institutional framework of the country and its relations with institutions in charge of VET and qualifications (ETF, 2013c).

The sector councils may operate at national or regional level, depending on the country context. Many countries with two-tier governance systems have sector councils both at state and regional levels. In this case effective coordination and communication between the two levels of sector bodies is essential to avoid uncoordinated duplication. Some countries have transversal councils that focus either on the labour market as a whole or on groups of sectors and have a coordinating role among sectors. Functions of sector councils also vary from country to country, however, in general, they usually engage in one/or all of the following functions:

- either carry out themselves or commissions analysis of quantitative and qualitative trends in the labour market (monitoring and forecasting);
- provide policy advice on skills needs to support the development of the sector including defining VET priorities (for example, contributing to drafting national strategies);
- participate in the development of occupational profiles, occupational standards, qualifications and curricula;
- promote cooperation between education providers and employers;
- manage a sector-based systems for the certification and validation of learning outcomes;
- organize accreditation of training providers;
- manage collection of contributions and distribution of funds for training;
- provide training.

Eastern European countries' experience

There is a general awareness that the substantial reform of VET systems needs incentives to support stakeholder participation. Although the level of involvement of social partners in the development and implementation of VET policies differs significantly, in recent years, all EE countries have made a substantial effort to develop structured cooperation between public authorities and social partners. Ukraine, for example, has coordinated all legislative acts with its social partners and has established a permanent strategic social dialogue for the further improvement of the VET system. Russia has developed a legal framework which regulates cooperation and allows enterprises to make human resources and equipment available to VET institutions in order to cover business demand for human capital development. However, existing laws and regulations are more driven by the education sector than by business sector (ETF 2011).

All stakeholders involved in the ETF project agreed that unless the social partners play a more prominent role, the VET quality and relevance to labour market needs will not improve any time soon and that partnership platforms must be permanent in order to ensure continuity and accumulation of experience. Consequently, establishment of sector skills councils was recognized as a suitable approach for these countries (ETF, 2013a) and several EE countries have started development of sector skills councils or equivalent organisations (Armenia (15), Azerbaijan (7), Belarus (2), Georgia (14), Moldova (4) and Ukraine (2)). The status and composition of these organizations vary from country to country, for example they are permanent bodies in Moldova and Ukraine, while in Azerbaijan project-based working groups (sector councils) were established in seven sectors with support of the World Bank.

Level of political commitment to establish partnerships for skills development and VET policies also differs among countries. Moldova, for example, has a strong commitment to develop system of sector

skills councils. The country's VET Strategy 2020, launched by the Ministry of Education, aims to create a total of 12 Sector Committees. Currently there are four sector committees established in the sectors of construction and agro-food (2007), transport and ICT (2012). In 2016, it is planned to establish next three councils that will cover light industry, energy and trade sectors, i.e., areas considered as economic priorities. The recently approved Education Code (July 2014) is a first step towards provision of legal status to the sector committees. The Ministry of Labour has also prepared a draft Law on Professions which will better define the role of sector committees in the development of occupational standards, classifications of occupations, qualifications and some other VET-related functions.

As the EE countries often have limited capacity to put in place and then support effective and sustainable functioning of sector skills councils, they have focused work of the newly established organizations on limited number of tasks or limited scope of actions to address the most significant problems. The common problem in the region is that, although labour market surveys are conducted in all countries with different degrees of depth, they are not sufficient to provide comprehensive understanding about education and training needs. Rapid changes in the societies, economies and labour markets of the EE countries are increasing the need for a permanent monitoring of skills demand and supply, and a forward-looking capacity concerning future developments to inform policy decisions. Therefore the stakeholders in the EE countries have put sector skills needs analysis and modernisation of occupational standards as the priorities for their VET reforms.

Skills needs analysis

Information on skills needs in a sector is more than statistics. It requires analysis of various qualitative data. While the employment outlook is more quantitative, the skills or competencies view is more qualitative. Thus, firstly, it requires understanding the strategic future perspectives of the sector including employment, industrial restructuring and changing technologies (quantitative anticipation of long-term demand for labour and educational needs). Secondly, it requires understanding of the current occupational structures (titles and descriptions of professions) and demography of work force in the sector (qualitative anticipation of skills needs). Thirdly, the analysis of data has to produce information about the types of skills needed in labour market and the ways in which this demand can be met through education and training provision (ECORYS, 2010).

Case study - Moldova

Within the framework of the ETF regional project "CVT in Eastern Europe" Moldova has decided that skills needs' assessment is a priority. They intended to develop a methodology on analysing the demand for CVT, and pilot it in two sectors. (- the agro-food sector and construction) First, the Methodology for assessing the demand for CVT was developed to assess the qualitative and quantitative demand for CVT according to continuously changing tendencies in economy in order to adjust CVT to labour market requirements. The main objectives of the Methodology were:

- Qualitative assessment of the needs for CVT in Agro-Food sector;
- Identification of weaknesses of the existing system for CVT for Agro-Food sector;
- Development of the proposals for improvement of the system for CVT;
- Qualitative assessment of the demand for CVT for Agro-Food sector;
- Demand assessment for CVT for the sector, sub-sector, branch and rayon levels;
- Create a methodological basis for assessment of demand for CVT for other sectors.

Elaboration of the Methodology was based on strong involvement of different stakeholders, which included representatives from agro-food Sector Committee; Ministry of Labour, Social Protection and Family; Ministry of Education; Ministry of Economy; Training Providers; Chamber of Commerce and Industry; Sector Committees in Constructions, Transport, and Informational Technologies.

The assessment of CVT needs was carried out at the national level. Data were collected using face-to-face interviews method. For this purpose there were used two questionnaires, one for employers and another for the employees. A total number of 486 companies from Agro-Food Sector were interviewed. Based on the main conclusions formulated as a result of the processing and analysis of the collected data, a number of recommendations were suggested.

Development of occupational standards

The labour market is changing constantly. On the one hand, quantitatively these changes are reflected in changing number of employees needed in different occupations. On the other hand the expected competence profiles in occupations also change. This means that occupational profiles, occupational standards, qualifications and school curricula have to be revised regularly to meet the needs of each specific sector (ETF 2013c). In the EE countries there are visible positive results in development of occupational standards. In Azerbaijan, Georgia, Moldova and Ukraine the main work of sector skills councils is devoted to the development of occupational standards. For example, in Azerbaijan project-based working groups (sector councils) were involved in formulating 200 occupational standards. In Armenia about 90 occupational profiles were developed by the Research Institute of the Ministry of Labour (following their researches in labour market needs for occupations) but the existent 15 Sectorial Committees were not involved in this process.

The further challenge for the EE countries will be, firstly, to ensure sustainability and effective functioning of the created sector skills councils and to move from the ad-hoc or project based working groups to permanent organizations and, secondly, to reinforce the functions of the existing councils by turning them into effective forums for dialogue that include discussions about broader issues, such as VET policies, qualifications development and quality improvement strategies, analysis of labour market research findings, financial incentives for employers to cooperate in training provision, organization of work based learning etc.

WHY LOCAL/REGIONAL POLICY DIMENSION IS IMPORTANT FOR SKILLS DEVELOPMENT AND VET POLICIES?

Regions get or take more and more responsibilities, also in Eastern Europe. Regional policies strengthen their contributions to national economic growth. They can provide added value to sectoral approaches as they can help translate sectoral policies into positive results at the local level in terms of policy impact, growth – and, in particular, local job creation, an important limitation of sectoral approach.

It should be noted that the first requirement for subnational policy making relates to the fact that it operates within the framework of the relative margins of autonomy deriving from the institutional architecture of the state, i.e., the degree of centralism or federalism of the state model. Whether the local/regional governments can create independent policymaking procedures, or will merely implement national policies, depends on such characteristics (Federighi 2007). Where local/regional policy making is fostered, the principle of subsidiarity is applied. Regional authorities reconcile and complement central actions and work with national level authorities and, alongside this, create partnerships with local stakeholders. Thus, local/regional authorities often operate in a multiplex environment of governance with vertical and horizontal relations. Moreover, whether regional approaches are formally promoted or not – they often exist in practice.

In general, local and regional authorities play an important role as employers, service providers, and regulators in the promotion of growth and cohesion in their respective regions. It is now also widely recognized that sub-national entities, or regions, are well positioned to identify human capital needs and opportunities as regional approach allows for a more hands-on and responsive engagement between local/regional industries and training bodies than a centralised system can offer. Thus, in recent years, there has been growing interest in regions as the focus for planning and delivery of VET or more broadly for learning and skills development and innovation, and in the processes and formation of national policy to encompass regional needs (Noonan, 2009).

This trend has been driven by a desire to encourage that VET is responsive to local/regional demand by ensuring that decisions are taken as close as possible to the point of delivery and that major stakeholders, at the local/regional level are involved in the decision making processes. In a decentralised governance model, central government retains a crucial role in skills development and VET policy making but it no longer has a monopoly on decision-making power, as, policy-making

responsibility is shared among a variety of actors at national and sub-national levels. Thus, in some countries regions have institutional and legal powers with regard to provision of VET within their territories. They may play a major role in financing education and training measures, making decisions on which type and content of training to be funded and they are instrumental in cooperating with employers and other stakeholders.

Understanding the demand for skills at regional/local level

A major precondition for effective functioning of regional and local labour markets is the availability of adequate information for all actors involved to ensure understanding of the present and future demand for skills at regional/local level, including analysis of the skills required by key economic sectors in a region as well as of the sectors that have a potential for future development. Such information has to be current and if possible future-related, and has to fit the needs of various stakeholders – policy-makers, employers and individuals.

Local/regional labour market monitoring is a tool that local actors, normally regional authorities, use to increase the transparency of the labour market. Regional and local labour market observatories, where available, also have a significant role to play in the provision of local/regional labour market intelligence and in the forecasting of short- to medium-term future skills need. Local/regional labour market analyses leads to an indication of the expected job opportunities in the coming years as well as skills/ qualifications needed. Both the quantitative, i.e. the expected number of jobs, and the qualitative, i.e. the required skills, are included in the local/regional level decision making process.

Local/regional partnerships

The important aspect for the success of regional approach is the development of local/regional partnerships for innovative solutions to the skills development and VET policies. This requires ensuring relevant and adequate level of representation of all key stakeholders (regional authorities, public administrations, civil society organisations, social partners, education and training institutions, the private sector etc). Local/regional partnerships are particularly important for development of a common vision and/or strategy for region-wide goals and human capital development policies, as well as for building a common understanding of the respective roles and responsibilities of different stakeholders in VET policy implementation. Where such local dialogue consistently exists, they provide a valuable platform for identifying innovative and coordinated solutions to local problems.

There are various types of bodies that engage in skills development at regional level:

- **Regional Development Agencies.** They are usually public bodies with a primary role to provide strategies for regional economic development. However, they also have a role in enhancing development and application of skills relevant to labour market needs in region. Although in some cases they do not have a physical presence at the local level, they have in theory a role in supporting regional partners in the development of a regional skills action plans to ensure that skills training match the needs of labour market of the particular region. In practice however, the regional development agencies sometimes simply replicate the top-down approaches of the central government in heavily centralised countries.
- **Regional skills councils.** They are usually independent bodies with members from different stakeholders, such as employers' associations, trade unions, training providers and the regional government that focus on the developments of the regional labour market. For example, in UK, Local Enterprise Partnership - voluntary partnership between local authorities and businesses – work together on issues such as changing the skills funding and commissioning system to enable education and training provision to better meet the needs of local businesses.
- **Regional and local labour market observatories.** There is growing number of the observatories across Europe. One of their major tasks is skills monitoring and provision of reliable and targeted labour market information and intelligence for regional and local decision-makers. However recently they have started to move beyond the role of being simply data providers into initiating, guiding or, sometimes, leading processes in which relevant local decision makers are drawn in and the data for their region are interpreted.

- **Skills partnership forums.** There are different forums created at local/regional level that bring together all stakeholders involved in skills policies, including public organisations, industry clusters, community organisations and education providers to discuss their skills needs and initiatives, and to integrate their knowledge into strategic plans. For example, in UK the Green Skills Partnership evolved from initial experimentation in East London to successful piloting in South London to a broad based partnership for the whole city that is now extending in to the regions. It brings together unions, employers, local councils, environmental organisations, education providers, community groups and state agencies to deliver green skills training in construction, retrofit, horticulture and waste management.

These bodies may be involved in the implementation of very broad set of activities, such as:

- linking skills strategies to the regional strategy for social and economic growth;
- promoting small-enterprise creation and supporting the (re-) employment of unemployed persons, to reach increased levels of productivity and innovation;
- developing intelligence for strategic intervention in order to identify and permanently monitor the adaptability, needs and quality of the local labour force (e.g. skills' observatories);
- monitoring and optimising the VET (including CVT) provision to the needs of the regional labour market;
- fostering cooperation between training institutions, private sector and other institutions involved in the design, organization, implementation and/or financing of work-based learning and training (e.g. employment offices, local and regional authorities, technology centres, business centres, etc.).

Eastern European countries' experience

In the European Union regionalisation has expanded in the last two-three decades so as to accommodate regional demands for more influence. The EE countries are also increasingly aware of the role of subnational actors and recognise their role in socio-economic development. Ukraine is one of the countries in the region working towards the development of skills policies based on more engagement and cooperative approaches at the national and sub-national levels.

Case study - Ukraine

In 2012, at the request of the Ukrainian government a pilot project was implemented by the ETF and regional authorities in Dnipropetrovsk region. The project's main objective was to focus VET to better meet the demands of the region's labour market. Data on the occupational structures of the regional economy was conducted through a regional survey of enterprises and of the rural and agricultural employment and self-employment. This survey showed that the number of specialists graduating from educational institutions in the region does not well reflect the real demands of the market. The further analysis of the survey resulted in the proposals for the rationalization the provision of the vocational education and training in the region. The pilot project in the Dnipropetrovsk region paved the way for engagement of the regions in the evidence-based policy making, and in a renewed contribution of the regions to the human capital strategy of the entire country.

To further explore the local dimension of partnership for skills, ETF has launched in November 2013 a call to identify entrepreneurial communities in the ETF partner countries. These are local partnerships, bringing together local authorities, private sector, providers, communities, to enable skills development and jobs and ultimately contribute to the welfare of the community. The purpose of the initiative is to (i) to give value to the potential of these local initiatives, (ii) to identify their key elements of success and (iii) to feed into the countries policy agendas on how to tap on the potential of those initiatives to support their skills development actions.

WHAT IS NEED FOR SECTORAL & REGIONAL APPROACHES TO HAVE AN IMPACT?

The fundamental precondition for successful skills development and VET policies is a strong engagement of the relevant stakeholders. In this regard, strong partnership is an important element for both approaches. In many countries, the public authorities play a leading role in VET and private sector often lacks the incentives or opportunities to contribute to VET reforms. Therefore shortcomings in stakeholders' capacities to effectively participate can occur at both sectoral and regional levels and they vary from one economic sector or region to another. Also the question of the legitimacy of stakeholders' organisations, particularly those representing employers' interests may appear as they often cover only limited number of companies or they are dominated by the large companies. Therefore proper involvement and cooperation with SMSs is particularly important.

At sectoral level involvement of employers is important to ensure that skills requirements for the particular sector are identified and more relevant learning content and more accurate assessment of the competences are developed. At regional level partnerships provide a platform for employer focused local growth and imply the ability to build on local synergies. They also provide a platform for regions to actively work towards retaining and attracting innovative creative talents and serve, as a fora, for employers to express their infrastructure needs to foster an attractive local ecosystem e.g. public transportation, housing, cultural/entertainment activities etc.

Also a good understanding of the present and future demand for skills in the labour market is necessary for the development of demand-driven education and training. Sectoral approach is based on sector specific knowledge and expertise including a common language used by the actors involved, thus, it can provide better and more current insight in the changing demands of the particular sector. In terms of data requirements, since sectoral studies are more narrowly focused they may be less demanding and often place more emphasis on qualitative rather than quantitative methods. As a consequence sectoral studies can be conducted without a huge amount of prior investment in data and, thus, could be suitable for transition countries. However, as sectors do not exist in isolation but operate as a part of a larger economic system, thus, focusing on a single sector may provide only a partial view of the labour market needs for training, whereas a broader perspective is needed for many purposes, such as the development of the education system (Wilson et al., 2013).

Moreover a strategic approach to skills development policies often needs to take into consideration local differences particularly in big economies where these differences can be large. Therefore the sub-national level is often where the most accurate and timely information on local/regional labour markets can be sourced and where local and regional authorities can play a significant role in identifying skills mismatch providing appropriate re-training and vocational training programmes and incentivising investment in response to local demand (CoR 2013). The underlying factor is that local stakeholders know their own needs best and can foster active participation of regional and local actors in skills development processes. Moreover, regional development policies may strongly influence growth of some sectors thus affecting future skills demand at regional level.

An important aspect that requires deliberation is a coexistence of national and regional VET policies that is particularly complex in two tier governmental systems where more than one level of government has responsibility for VET. There can be a competition of powers between the central and regional authorities even if the regional and local dimensions become increasingly important due to the imperative of training delivery fitting with local needs. Overall, as it is important to ensure that qualifications are recognized nationally, and not only within particular regions, qualifications and certification of VET is the one area where national approach with a sectoral dimension appears to have the most important role to play (Noonan, 2009).

ISSUES TO BE CONSIDERED BEFORE CHOOSING APPROPRIATE APPROACH

In between the two poles of over-centralisation and extended autonomy different cooperation and partnership platforms to deal with skills development and VET policies can be created at national or sub-national levels fitting a particular national context. A number of factors are conducive to their establishment, including the size of the country, the level of organisation of industry, the tradition of social dialogue, the strength of regions, and the tiers of government (central, federal, provincial etc.).

For example, in the case of some smaller countries, there might not be an overriding need for a regional approach because of the small size of the country, while in the big economies a strategic approach to skills development and VET policies often needs to take into consideration local differences that can be large. This can be a limitation of sectoral approach, as it would be very difficult for relatively small sector councils with limited resources to engage all stakeholders across a large politically and socially diverse country. Coexistence and collaboration of sectoral and regional approaches may be an option in some countries, while other countries may focus on one or none of the options. Most of the reforms that have taken place in the EE countries in recent years have sought a more equitable sharing of responsibilities among different actors and a shift towards more participatory approaches. Countries have been increasingly recognising the need for more openness and the increased involvement of different actors in the skills development and VET policymaking process. In this regard finding the right level of decision making is required and a good balance needs to be found between facilitating conditions for the participation of both state and non-state actors. Moreover, the chosen approach should be very closely linked to values, visions, behaviours and processes that are endemic to countries' cultures and emerging political and socioeconomic challenges. ***Therefore the crucial policy question to be answered is who should act and how in order to effectively respond to new labour market demands and stimulate skills development and matching?***

Why would you invest in the development of sectoral approach?

To answer this question it is worth considering the following aspects in the context of the particular situation in the country:

1. Is there a clear and recognized need to establish a sector council in a particular economic sector? In which economic sectors the councils should be established? Which sector may be used as a pilot?
2. Is there a legal framework establishing social partners role and responsibilities with regards to skills development?
3. Is there sufficient transparency in governance to ensure trust and active participation of social partners? Is there a broad stakeholder support for establishment of sector councils?
4. Is there appropriate funding mechanism to ensure the functioning and sustainability of sectors skills councils?
5. Is there a sufficient expertise within a sector to perform functions regarding skills development? Which stakeholders should be involved in the work of sectors council?
6. Is there labour market analysis of the present and future demand for skills at sectoral level?

Why would you invest in the development of regional approach?

1. Is there a legal framework establishing local/regional authorities' role and responsibilities with regards to skills development and VET policies? What is the status of subnational entities in the institutional architecture of the state?
2. Is there a common vision/strategy for skills development and VET policies at local/regional level? Are they consistent with national policy?

3. Is there a necessity to establish institution responsible for skills development at local/regional level? Which organisations should be involved in the development of local/regional human capital policies?
4. Is there a coordination mechanism for stakeholder involvement already present? What role stakeholders currently play in skills development processes?
5. Is there labour market analysis of the present and future demand for skills at local/regional level?

REFERENCES

Bartlett W., *Skills anticipation and matching systems in transition and developing countries*, Working paper prepared for ETF, European Institute, London School of Economics and Political Science, 2012

Cedefop, *Sectoral partnerships*, Office of Official Publications of the European Communities, Luxembourg, 2009.

ECORYS, *Sector councils on employment and skills at EU level: A study into their feasibility and potential impact*, Rotterdam, 2010.

ETF, *Education and business cooperation*, ETF, 2011.

ETF, *Anticipating and matching demand and supply of skills in ETF partner countries*, ETF Position Paper, ETF, 2012.

ETF, *Continuing vocational training: Mutual learning in Eastern Europe*, ETF, 2013a.

ETF, *Good multilevel governance for vocational education and training*, ETF, 2013b.

ETF, *Sector skills councils: What? Why? How? Contributing to better VET relevance to the labour market*, ETF, 2013c.

European Commission, *Rethinking education: Investing in skills for better socio-economic outcomes*, 2012 http://www.cedefop.europa.eu/EN/Files/com669_en.pdf

EU Committee of Regions (CoR), *Rethinking education*, Opinion, EDUC-V-030, 2013.

Federighi P., *Policy learning and transfer in regional lifelong learning policies*, at Learning among regional governments, Prevalet project, Bielefeld, 2007.

Federighi P., *Regional Governance and Lifelong Learning Policies: building a broad strategy for the next European planning period*, Firenze University Press, 2010.

ILO, *A skilled workforce for strong, sustainable and balanced growth, A G20 Training strategy*, Geneva, 2010.

Noonan P., *National versus regional policy dimensions of TVET*, International Handbook of Education for the Changing World of Work (vol. 3), UNEVOC, Springer, 2009.

OECD, *Better Skills, Better Jobs, Better Lives: A strategic approach to skills policies*, Paris, 2012.

Wilson, R.A., Tarjáni, H. and Rihova, H., *Matching supply and demand of skills on the labour markets in transition and developing countries: A Practical Guide on Anticipation and Matching of Skills at Sector Level*, draft June 2013, forthcoming publication.