

*Project “Applying the G20 Training Strategy:  
Partnership of the ILO and the Russian Federation” (2nd Phase)*

**GOVERNANCE OF SKILLS DEVELOPMENT  
(Stock-taking technical report)**

by V.Gasskov

(Draft 19 February 2018)

Responsibility for the content and views expressed in the Report are those of the author and do not necessarily reflect the official opinion of the ILO

## CONTENT

### **I. THE CONCEPT OF GOVERNANCE**

- I.1 Definition of governance
- I.2 Governance structures

### **II. ORGANIZATIONAL FORMS OF NATIONAL GOVERNANCE**

- II.1 The Social and Economic Council of the Netherlands (SER)
- II.2 VET advisory councils and their professional committees in Denmark
- II.3 The Industry and Skills Council of the Government of Australia
- II.4 National Human Resource Development Council of South Africa
- II.5 National Skills Council of Ireland
- II.6 Governance of skills development through the Human Resource Development Fund of Malaysia

### **III. GOVERNANCE OF SKILLS DEVELOPMENT IN INDUSTRY SECTORS AND REGIONS**

- III.1 Industry training organizations in Australia
- III.2 Sector skills councils in India
- III.3 Sectoral training bodies in South Africa
- III.4 Professional associations in Canada and Australia as partners in skills development
- III.5 Training clauses of collective labour agreements in the Netherlands
- III.6 Sectoral governance through Industry Training Fund in Denmark
- III.7 Governance of skills development in regions of France, Denmark and Belgium

### **IV. MAJOR RESULTS OF DIALOGUE AND COOPERATION IN SKILLS DEVELOPMENT**

- IV.1 National skills development policies and strategies
- IV.2 Government-industry cooperation for monitoring of demand for skilled workforce in EU
- IV.3 Industry-government cooperation for developing national and sectoral qualifications in France

### **V. GOVERNANCE OF SKILLS DEVELOPMENT IN COUNTRIES BENEFICIARIES OF THE PROJECT**

- V.1 Governance of skills development in Armenia
- V.2 Governance of skills development in Jordan
- V.3 Governance of skills development in Kyrgyzstan
- V.4 Governance of skills development in Russian Federation
- V.5 Governance of skills development in Vietnam

## **CONCLUSIONS**

## **REFERENCES**

## **ABBREVIATIONS**

CEDEFOP	European Centre for the Development of Vocational Training
EU	European Union
ETF	European Training Foundation
G20	International forum for 20 most industrially developed nations founded in 1999
HE	Higher Education
HRD	Human resources development
ILO	International Labour Organization
PES	Public employment service
RSA	Republic of South Africa
TVET	Technical and vocational education and training
VET	Vocational education and training

## I. THE CONCEPT OF GOVERNANCE<sup>1</sup>

### I.1 Definition of governance

#### *The ILO policies supporting governance of labour matters*

The International Labour Organization (ILO) is fundamentally based on the *principle of tri-partism* which assumes dialogue and cooperation between governments, employers, and workers in the formulation and implementation of standards and policies dealing with labour matters.<sup>2</sup> This principle is reinforced in the ILO Convention “Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)”. The issue of governance was emphasized further in the ILO 2008 Declaration on Social Justice for a Fair Globalization which provides support for the governance as a basis for making the goal of productive employment and decent work for all a central objective of national policies. “Social dialogue» remains one of the four strategic objectives of the ILO along with “employment, social protection and rights at work”. The Declaration recognizes that constituents may have different needs to be met through dialogue and technical activities as required. It supports social dialogue and practice of tripartism between governments and organizations of employers and workers which help to align strategic development objectives to national needs and circumstances and facilitate consensus building on employment and training policies. New partnerships with non-state entities to also be encouraged which may have considerable importance for promotion of employment and skills development.

The ILO Convention on “Freedom of Association and Protection of the Right to Organise” (No.87) determined that workers and employers have the right to establish and join organisations of their own choosing, to elect their representatives in full freedom, and to organise the administration and activities of such bodies.<sup>3</sup> The social dialogue and decision making require involvement of the government as soon as the policy matters are concerned. However, the public authorities are not obliged to consult with the social partners’ bodies unless they are recognised under the legislation. Their establishment and recognition may therefore be dependent on the extent to which they are able to contribute to the public goals. Many social partners’ bodies concerned with skills development operate within either the corporate law or the law on not-for-profit organizations while they may not be mentioned in the vocational education and training and employment legislation. In some countries, for instance in Australia and UK, the necessity of industry sector bodies and their functions are recognized and described in the regulations of National Qualifications Frameworks and in the related national rules for the skills assessment towards national vocational qualifications. In some cases, such bodies were created on advice of the government along with the offer to finance their services.

#### *The managerial definition of governance*

Governance is the process of consultation and making decisions. Governance is characterised by two important features. First, it is about *making strategic decisions* regarding direction and roles. It means that governance is not only about where to go, but also about who should be involved in deciding, and in what capacity. In this sense, governance and management are not the same things since the former is about provision of the direction while the latter is about day -to-day implementation of policies and plans. Second, governance is making decisions which are to represent the interests of *stakeholder groups* involving governments at various levels, those who produce and consume

---

<sup>1</sup> This Report is produced within the Output 2.1 “Industry bodies and Sector Skills Councils (SSCs) introduced or improved systems of sectoral TVET governance” of the ILO-executed project “Applying the G20 Training Strategy (2nd Phase)”.

<sup>2</sup> <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/tripartite-consultation/lang--en/index.htm>

<sup>3</sup> Freedom of Association and Protection of the Right to Organise Convention, ILO, 1948 (No. 87)

goods and services, etc. Therefore, the governing structure is, at least in theory, the one which works for the benefit of every group concerned.<sup>4</sup> Systems of governance involve the range of factors on which the process of governance rests - that is, the agreements, procedures, etc. defining who gets power, how decisions are taken and who is accountable for what.<sup>5</sup> Therefore the *public governance* is the process by which public institutions conduct public affairs and manage public resources taking account of the diverse interests of the broad public. The public governance structures involve mechanisms of structured dialogue and cooperation between government ministries and other authorities as well as stakeholders' bodies. Sometimes there can be joint bodies established for conducting such a dialogue and making decisions.

*Corporate governance* mostly refers to decision making of corporate bodies representing the interests of owners/shareholders. Members of the governing structure (further "governing body") do not have individual power or authority, neither does its chairperson. They should confine their activities to their role as "trustees" representing the interests of others, and not allow themselves to drift into the operational management which is to be carried out by a qualified executive and staff. Therefore, a governing structure (which may be called "board" or "council", etc.) is an organized group of people with the authority to collectively direct, control and foster institutions, organizations and processes.<sup>6</sup> General meetings of owners/stakeholders is also an element of the company governance structures.

Decisions made by the governance structures determine responsibilities of the management involving:

- following the policy, strategic objectives and guidelines established by the governing body;
- providing information and reports to the governing body regularly and at request;
- selecting and supervising staff and other resources;
- developing and implementing the budget;
- establishing operating procedures;
- achieving results against the set objectives.

#### *Application of general principles of good governance<sup>7</sup> to skills development*

The governance framework for TVET includes the roles, rights, obligations and accountabilities of its public and private actors, organizational forms of stakeholder participation and of partnerships, related legal and regulatory arrangements, working processes and anticipated results.<sup>8</sup> Given the powerful role of the government, development of inter-ministerial coordination and of related institutional capacities of ministries and agencies for participation in social partnerships is important.

Some common principles of *good governance* have been identified which are applicable to various organizational forms and subject areas of stakeholders' dialogue including the skills development, as follows:

- *compliance* by the dialogue participants with economic and social objectives, requirements of the national legislation and education and training policies established from time to time;

---

<sup>4</sup> This Section is based on: V. Gasskov, Eds. Vocational education and training institutions: A management handbook and CD-ROM. ILO. Geneva, 2006

<sup>5</sup> Graham J., B.Amos and T. Plumptre: Principles for Good Governance in the 21st Century . Policy Brief No.15. The Institute on Governance (IOG). Canada. 2003

<sup>6</sup> Houle C.: Governing Boards: Their Nature and Nurture. Jossey -Bass. 1997

<sup>7</sup> Graham.J., B.Amos and T. Plumptre: Principles for Good Governance in the 21st Century . Policy Brief No.15. The Institute on Governance (IOG). Canada. 2003

<sup>8</sup> ILO Recommendation on human resources development: Education, training and lifelong learning (No. 195). 2004; Conclusions on skills for improved productivity, employment growth and development, ILC, ILO, 2008; UNESCO Recommendation concerning technical and vocational education and training (TVET), 2015

- *information transparency and competence* (sufficient information on relevant processes and institutions is accessible to all stakeholder groups resulting in its competent interpretation against set objectives and related indicators);
- *equitable participation and treatment* of stakeholders (all interest groups, gender groups, etc. should be represented in the dialogue either directly or through legitimate intermediate institutions and benefit equally from education, training and employment);
- *cooperative and open relationship* between participants of governance process in making decisions;
- *consensus orientation* (good governance should mediate differing interests of stakeholders to reach a broad consensus on what is in the best interest of all and in line with adopted policies and procedures);
- *accountability* of participants of the governance process before general public, stakeholder organizations, customers and communities, etc.;
- governance process should result in *provision of clear direction* on overall objectives, policy and strategy to those who manage operations and implementation of skills development;
- *efficiency* (institutions produce results that meet needs of stakeholders while the best use is made of public assets);
- *responsiveness* (the institution's flexibility and commitment to identify and meet demand for services).

#### *The anticipated results of good governance in skills development*

Governments in many countries are concerned with increasing involvement of industries in the implementation of certain functions of skills development systems such as: a) analysis of sectoral and regional demand for skilled workforce, and b) development of occupational standards and qualifications as well as of the qualifications assessment instruments. In the report prepared by the European Employment Policy Observatory for the EU which reviewed 28 countries, the governance is defined as "a system aimed at balancing supply and demand of skills." It includes planning of the national, regional and local offer of education and training and designing mechanisms for assuring the quality of training. It comprises a negotiation enabling to take account of the needs of employers', (future) employees' and the education system goals, etc. This definition recognizes the need for dialogue and coordination of the government, employers and other stakeholders in performing the functions of demand analysis and quality assurance of skills training.<sup>9</sup>

Out of all other functions which skills development systems need to carry out, these two do require a very close cooperation of government with industries. When national training systems do not receive inputs (information and advice) from industry sectors, this results in the supply-driven output of graduates and the quality of graduates being below that what employers are looking for. All other functions of national training systems including the development of curriculum and learning resources, instructor training, etc. are much less demanding on industry involvement.

Therefore, governments and social partners need to enter into partnerships for producing strategic results and implementing strategic functions requiring such partnership. These include:

- producing national skills development policies and monitoring their implementation;
- drafting national skills development strategies and workplans which may involve TVET delivery structures with strong company participation; some of the recent forms of strategies has become "national strategic agreements on skills development" signed by the government and social partners;

---

<sup>9</sup> The definition is abbreviated by the Report writer from the following report: Skills Governance in the EU Member States. Synthesis Report for the EEPO. 2015

- building and implementing mechanisms for analysis of demand for skilled workforce nationally, by industry sector and in regions; these mechanisms involve an organized interaction between a broad range of government agencies at all levels, research institutions, PES, and various industry bodies;
- developing and implementing national qualifications systems.

#### *Difference of objectives of employers and labour unions in skills development<sup>10</sup>*

It may be assumed that employers and trade unions have different interests in skills development. Employers seek competent and productive workforce who are comfortable with working conditions and pay and show commitment to companies where they are employed. Skills development and continuing training is one of the instruments for achieving the above equilibrium. Trade unions defend the rights of their members to be productively employed, receive competitive pay and work in satisfactory and comfortable conditions with dignity. The relevant questions have been raised on the trade unions involvement in skills development:

- why should trade unions be involved in the skills development?
- what are the ways that trade unions can become involved in skills development?
- what benefits are delivered through trade union involvement in skills development?<sup>11</sup>

The ILO comprehensive study on the role of trade unions in skills development has concluded that: at the national level, they provide inputs to the policy and regulatory issues, national policy and strategy, skills standards, curriculum, qualifications and certification; apprenticeship systems; and labour market information systems.

at the sectoral and enterprise levels, labour unions work on collective agreements involving provisions for skills training, and apprenticeship programmes; unions participate in industry skills councils and contribute to the development of skills standards, curriculum and qualifications; lifelong learning and skills-based career pathways; and skills recognition, etc.<sup>12</sup>

It may be concluded that one of the fundamental issues affecting maturity of governance systems is level of technical competence of social partners in the area of policy and practice in question. The concern was raised that social partners' interests in skills development may be subordinated to the government interest because of their inferior level of technical competence in the domain of skills development.<sup>13</sup> It is too common that the staff of ministries and government agencies are much better qualified in policy and technical issues because these are within their direct responsibility and are part of their full-time job. In advanced economies, this problem is addressed through recruitment by the employers' and workers' organizations of professional advisors equally competent in technical issues. This approach benefits social partners who are much better prepared for equal participation in dialogue and coordination of efforts with the competent government authorities nationally, in sectors and regions.

## I.2 Organizational forms of governance

### *Organizational mechanisms*

Governance in skills development is a process of implementing collective leadership, dialogue, cooperation and decision making. Notwithstanding the organizational form of governance, it should involve a regular dialogue and consultation and making decisions agreed by relevant stakeholders' organizations in line with the formally agreed objectives, procedures, schedules, and roles of the participants in such a dialogue. The social dialogue may involve rather simple issues involving informing

<sup>10</sup> These differences of employers and workers organizations have not been studied in this report

<sup>11</sup> Bridgford J. Trade union involvement in skills development: an international review. ILO. 2017

<sup>12</sup> Bridgford J. Trade union involvement in skills development: an international review. ILO. 2017

<sup>13</sup> Bridgford J. Trade union involvement in skills development: an international review. ILO. 2017

each other on certain developments. However, the concept of governance assumes that the partners in the dialogue do make and implement or monitor the implementation of certain decisions. In the area of skills development, the major purpose of governance is identification of the training needs of the industry sector or the regional needs in skilled workforce. This cannot be done without close linkages with companies themselves. This information will be used by education and training providers, and the authorities which finance and supervise the VET sector. This task can be implemented through various forms of governance including setting up permanent industry training bodies (councils or boards). The major thing is to produce benefits of such an engagement to the stakeholders involved.

There are several organizational forms and related processes of governance in skills development involving:

- a) The simplest form is the *dialogue and consultation* conducted, on regular basis and through agreed protocol, between *independent organizations* established by the participants- government bodies and employer-led bodies, labour unions, professional associations, TVET agencies, and any other stakeholders' bodies.<sup>14</sup> Such a dialogue may be conducted nationally, regionally or in sectors;
- b) Consultation and decision making on skills development in *government-based bodies* - between government ministries, or between ministries and regional governor offices, etc. Such bodies aim to take full account of various government levels and jurisdictions to improve coordination and achieve a consensus between regions, communities and the government agencies.<sup>15</sup> Some of the government agencies (for instance, the National Qualifications Authorities) are not governed by multipartite bodies but are technically supported by their committees made of various stakeholders acting in technical capacity.<sup>16</sup>;
- c) Dialogue and decision making in the dedicated *tripartite and multipartite bodies* (councils, committees, etc.) involving governments, employers' and workers' organizations, individual companies, training providers and other stakeholders. Such governance systems may exist at national level, in industry sectors, in regions and organizations. Formation of statutory joint bodies (boards, councils) involving nominations from stakeholder groups may require legislation or formal regulations determining rules of appointment, chairing, roles of participants and decision making.<sup>17</sup>;
- d) governance processes conducted on the basis of *collective labour agreements, national and sectoral employment and training funds and other joint initiatives*<sup>18</sup> which stakeholders (more commonly including employers, employees and, sometimes, governments) are involved in dialogue and make policy and strategic decisions on skills development and employment.

---

<sup>14</sup> For instance, in Latvia and Lithuania, the social partners have not established any formal Sector Skills Councils, but rather prefer some form of a legal process of stakeholder consultation on skills development. See: Lempinen, P. Sector skills councils. What? Why? How? Contributing to better VET relevance to the labour market needs. ETF.2013

<sup>15</sup> See reference to the Industry and Skills Council (CISC) of the Council of Australian Governments (COAG) in this Report.

<sup>16</sup> For instance, in Denmark, the Ministry of Education is advised by the Advisory Council for Initial Vocational Education and Training and over 120 Trade Committees. The bi-partite Committees provide advice on specific VET qualifications and have a decision- making capacity. See: Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010

<sup>17</sup> Some countries, such as Croatia, in 2009 developed a national legal framework for its currently 13 sector skills councils to ensure uniformity of approach and improve involvement of stakeholders in planning, financing and managing of the VET system. See: P.Lempinen. Sector skills councils. What? Why? How? Contributing to better VET relevance to the labour market needs. ETF.2013

<sup>18</sup> The funds may generate financing from training taxes and receive matching grants from governments

The governance of skills development appeared to be most prominent in continuing education / life-long learning and recognition of prior learning since employers' and workers' organizations understand the needs of industries and companies much better than the processes of initial vocational education. Many countries of the EU do not have multipartite governing bodies (boards and councils) in the initial vocational education, while some have strong participation of industry stakeholders in committees and training providers dealing with continuing vocational educations. Most of countries do have some forms of the governance arrangements in industry training and certification and in analysis of demand for skilled workforce in sectors.<sup>19</sup>

The coordination between the ministries and agencies involved in governing skills development has been studied in the joint ILO and UNESCO research which identified some six patterns of such interaction: coordination lead by either ministry of education or ministry of labour, by a dedicated TVET ministry, by a separate TVET agency, by a high coordinating council, as well as the interaction of line ministries without a permanent centralized coordination. Analysis leads to the conclusion that none of the six types of coordination *per se* had any advantages of delivering superior results. The report has identified several criteria of good TVET governance through inter-ministerial coordination involving the following:

- Responsibility should be underpinned by authority, so that the lead body can require action to be taken rather than rely on the goodwill of other stakeholders. While consultation with stakeholders is always desirable, only one body can be responsible for decision-making and implementation;
- There is a clarity of role and purpose, with all stakeholders sharing a common vision and an understanding of each other's contribution to achieving it;
- The nature of the consultation and coordination mechanisms is understood by all stakeholders;
- The body responsible for TVET also to have authority to implement policy and to have control over TVET funding allowing the lead ministry or agency to influence the actions of other ministries;
- TVET should be part of a larger human resource development (HRD) strategy;
- The role of employers has a positive impact on coordination, resulting in improved quality and relevance of training, employment results and the job-readiness of graduates, etc. The involvement of employers in TVET governance is an important factor but insufficient unless it shows evidence of improved employment results.<sup>20</sup>

As it will be shown in this report, each domain of skills development such as, for instance, primary TVET and lifelong learning would require different systems of governance due to the different roles to be assigned to different stakeholders. It will also be shown that the national level governance mechanisms are applicable to a limited range of skills development decisions, while sectoral industry bodies and the regional governance systems should focus on provision of guidance in their relevant areas of coordination and decision making. It means that the effective national governance system for skills development would require a combination of these three domains of governance.

#### *The power of joint representative bodies*

In many countries, standing national training (or skills development) councils or boards become popular forms of governance. Such bodies and related processes focus on provision of advice to the government ministries on strategic planning of skilled labour force, overall technical guidance to training systems, national qualifications systems and qualifications assessment, national budget allocation to training, linkages between the training system and industries, etc.

---

<sup>19</sup> Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010

<sup>20</sup> Strengthening inter-ministerial coordination on TVET and skills. ILO.UNESCO. Cambridge Education. September 2017. (to be published)



Policy dialogue, coordination and cooperation on industry-based skills development is mostly influenced by employers' and workers' interests in the development and upgrading of the sectoral workforces, sector-specific qualifications, training, and skills assessment. Such interests mostly exist in the economies and industries which, due to technical and security requirements, intense competition, etc., are strongly dependent on availability of skilled workforce and see advantages in collective leadership, participation and close coordination with the skills development systems. Some other factor which prompts industries to act collectively is the size of the on-job training. When skills training, for whatever reasons, is conducted predominantly on the job, companies have no choice but to engage in coordination and cooperation to decide on qualifications specifications and assessment, training duration, joint obligations of employers and trainees and on the role of labour unions, etc. In some countries, like France, industry sector organizations agree on introduction of sector-based qualifications which are developed, assessed and awarded independently of the public training system by designated industry bodies.

#### *Sectoral and regional training bodies*

Many countries have introduced or supported the introduction of industry and regional skills development organizations which may be called bodies, councils, boards, and even committees, etc. The principal features which determine their viability are:

- they should be able to make independent decisions on the issues where they have a capacity and a mandate from the national or regional industry or groups of companies;
- they should be at least bi-partite, depending on the type of their objectives; while many industry training bodies are multi-partite;
- these organizations, their advice and decisions should be recognized by the government or at least, by the companies in the sectors or regions which established them.

Such industry training bodies may be *statutory* (established and recognized under laws or regulations as are, for instance, the Sector Education and Training Authorities of the Republic of South Africa) or *voluntary*, being established at the initiative of industry sectors or regional communities. Depending on national legislation, they may be registered as public limited companies, the not-for-profit organizations, or NGOs (as it is in Romania), or associations, etc. Some of such bodies operate as units of employers' associations, etc. They may have no regular budgets at all or may receive public funding (sometimes on the contract basis as in Australia) or budgets from employers' and/or labour unions. In some countries, such as the Netherlands and Denmark, industry training organizations may receive part of their funding from the industry training and social funds which themselves are important mechanisms of sectoral governance of skills development.

Membership of industry training bodies is important in the sense that members should be influential enough in the areas which are covered by the mandate. Members may involve company directors, representatives of employers' and workers' organizations, chambers of industry and commerce, industry associations, education and training institutions, the government ministry or regional government representatives, PES, professional associations, retired senior company managers and former government staff, etc. For each industry body, there can be representatives of more than one employers' organization and more than one labour union. Members of industry training bodies are not supposed to be technical specialists in the areas of qualifications development or analysis of demand for skilled workforce or skills training. These functions are commonly conducted by permanent or part-time experts recruited by them. However, the structure of membership should ensure dialogue, coordination and decision making on sectoral issues related to skills development and employment, as well as the successful communication of adopted policies to the sector. In this case, individual firms will listen to these decisions and most likely, accept those. It does not exclude,

however, the case that any individual firm may not be interested in what the industry body has decided to do.

The sectoral and regional skills development bodies may be established for conducting certain activities but the range of functions will eventually depend on the availability of funding sources. The source and size of resourcing will influence the mandate of a sectoral body and its activities. In case of the government funding as it is in Australia, industry councils can work as technical bodies involved in the development of qualifications, analysis of demand for skilled workforce and provision of advice on student enrolment planning (see **Section III.1**). Such functions in Australia are, however, written down in the contract concluded between the government and each individual sectoral body and may change depending on the government priorities. The statutory Sector Education and Skills Development Authorities in South Africa have to work along the lines of nationally established skills policies and plans and may have a very little degree of interest for and freedom to identify and represent the actual interests of their sectoral stakeholders.

In 2010, 22 EU countries had some form of industry councils involved in the analysis of demand for skilled workforce or conducting any other training-related activities.<sup>21</sup> Some countries such as Austria, Sweden, etc. do not have any industry skills development bodies, while Czech Republic recently established 20 Sector Councils which are monitored by a “Coordinating Council of SSCs.” There are 11 Sector Councils for Continuing Vocational Training in Denmark, 16 Professional Councils in Estonia, 34 National Education and Training Committees in Finland operating as autonomous industry bodies, a dozen of sectoral Advisory Committees on Occupations associated with ministries and almost a hundred of sector-level Joint collecting organisations in France operating nationally and regionally, 17 Centres of Expertise on VET and the Labour Market covering some 30 industry branches operate as multipartite industry Councils in the Netherlands, 16 industry Councils exist in Portugal, 25 employer-led Sector Skills Councils (SSCs) are in UK etc.<sup>22</sup>

The viability and functionality of industry training bodies depends on their adopted mandate and range of functions, recognition by the national and regional policy making bodies and by companies in their sectors, and, importantly, on the availability of funding. If industry bodies are financed by the training taxes collected from companies, the decision on their functions will mostly depend on the will of contributing companies. The training tax-based funding may well be sufficient for developing and implementing the long-term strategic activities. If industry bodies are financed from the fees collected by employers’ associations of relevant sectors, such funding sources are usually more limited and choices will be made on the functions adopted. Many industry bodies apply mixed funding sources and try to generate income from offering services to companies and other organizations. The size of funding will determine a possibility for maintaining an office, some administrative and technical staff, etc. In the EU Member States, sectoral skills bodies are supported, at the request of their governments, by the European Social Fund.

#### *Employment, training and social funds<sup>23</sup>*

There are several types of training Funds which have been established in a number of industrialized and developing countries due to different reasons and circumstances with the aim to improve funding of continuing training in industries and ensure more equal access to skills retraining and upgrading for different groups of employees. Although the training Funds are commonly viewed as an additional source of training funding they are important forms of governance which affect masses of youth, unemployed and the employed persons. The two major groups of Funds which core activities

---

<sup>21</sup> P.Lempinen. Sector skills councils. What? Why? How? Contributing to better VET relevance to the labour market needs. ETF.2013

<sup>22</sup> Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010

<sup>23</sup> Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010

involve dialogue and coordination between employers, labour, and governments are: a) Employment insurance funds and b) Skills development funds. All of them are financed by levies on company payrolls and exist in more than 40 countries. National and industry training Funds are also involved in making policy decisions and may develop a very considerable policy making and operational capacity in skills training. The most prominent examples of national Funds and related governance processes are found in Japan, Malaysia, Singapore, Hungary, etc. (see **Section II.6** for the National Fund in Malaysia). A considerable influence on skills training is achieved by sectoral Funds in the Netherlands, Denmark, Belgium, France, UK, South Africa, Brazil, etc. In some countries, for instance, in the Netherlands and Denmark, governments offer overall earmarked funding for continuing training or direct matching grants to such training Funds and create supportive legislation and regulations linked to collective labour agreements. Sectoral Funds are commonly guided by bi-partite boards, with equal numbers of employee and employer representatives. They collect funding contributions, agree on industry skills development priorities and allocate resources accordingly. Many sectoral Funds cooperate with sectoral skills training bodies, what enhances the contribution of employers' and workers' organizations to skills development (see **Section III.6** for the major industry training fund in Denmark). A number of Funds for instance in France, Belgium, have their structures operating in regions as well.<sup>24</sup>

#### *Governance of TVET providers*

Principles of governance are well applicable to VET providers, particularly those with considerable degree of autonomy delegated by governments. Governance in TVET institutions involves dialogue between relevant local stakeholders including local governments, communities, labour unions and business associations for supporting work-based learning.<sup>25</sup> Regulations may determine composition of their governing councils, including staff, student, industry, profession and community representation, as well as persons appointed by the relevant minister. The rules and procedures may be applied for appointing a chairperson of the governing council and the chairperson's functional relations with the institution's director/chief executive. The roles, responsibilities and accountabilities of the governing council, its chairperson, council members, the chief executive and the academic board of the autonomous VET institution should all be clearly defined in order to differentiate between governance and management.

## **II. ORGANIZATIONAL FORMS OF NATIONAL GOVERNANCE**

### II.1 The Social and Economic Council of the Netherlands (SER)<sup>26</sup>

There are national economic and social councils and similar institutions in several European countries and outside it- in China, Brazil, etc. These are the national bodies representing a broad range of stakeholder interests on various issues including skills development and employment. For instance, in the Netherlands, employers and employees have the responsibility to consult and negotiate with each other and they do so in many different places. At national level they come together in the Social and Economic Council (SER) and the Labour Foundation. At sector or company level, they get together to negotiate on collective labour agreements and on the boards of some 140 sectoral training and social funds as well as in pension funds, while within companies they negotiate in works councils. About 80% of employers belong to one of the sector-based organisations that represent the interests of employers in a particular sector.

The Social and Economic Council of the Netherlands has a *key policy role* to advise the Dutch Government and Parliament on social and economic policy. Among other issues, SER advises on the

<sup>24</sup> Sectoral training funds in Europe. Cedefop Panorama series; 156. 2008;

<sup>25</sup> Recommendation concerning Technical and Vocational Education and Training. UNESCO, 2015.

<sup>26</sup> The power of consultation. The Dutch consultative economy explained. 2015. <https://www.ser.nl/en/>

medium-term social and economic development and relationships between the labour market and education. The function of SER is to ensure that the government decisions enjoy broad social support. The advice received from the SER, whether unanimous or divided, allows the government to determine whether it has sufficient support among the various stakeholder groups.

The Council consists of Government-appointed members, employers' representatives, and representatives of labour unions, with each of the 3 groups involving 11 members, making up a total of 33 members. This tripartite composition reflects social and economic relations in the Netherlands. Employers' representatives involve seven members from the Confederation of Netherlands Industry and Employers, three nominations from the Association of Small and Medium-sized Enterprises (MKB Nederland), and one representative of the Dutch Organisation for Agriculture and Horticulture (LTO). Workers are represented by 8 nominations from the Federation of Netherlands Trade Unions (FNV), two from the National Federation of Christian Trade Unions (CNV), and one representative of the Trade Union Federation for Professionals (VCP). The 11 government representatives are all independent experts commonly being university professors with a chair in Economics, Finance, Law or Sociology. They are appointed by the Crown, but are not accountable to the government. In appointing a crown member, special care is always taken to maintain a fair balance between the various fields of interest and political views in the country. Government representatives also include appointees from the Central bank and the Netherlands Bureau for Economic Policy Analysis.

Representatives of government agencies and departments are not members of the Council, while it is their responsibility to attend the Council's meetings as observers. Departmental representatives are appointed due to their expertise in certain areas of policymaking. Their attendance improves the flow of information between government departments.

The President of the Council is appointed by the government, on the SER's advice. Only the Council President's post is a full-time job; all other members have other major posts. The SER's secretariat is staffed with 100 employees and is led by a secretary-general. SER is a public-law corporate institution established on the basis of the Social and Economic Council Act. Although established by law, the SER is not a government body; it is funded by industry and is financially independent of the government.

The Council is led by an executive committee, and the full Council meets every month to discuss its advisory reports to the Government. Where the SER's advice is not unanimous on all points, the differences of opinion are set out in the report. The SER has a large number of committees and working parties to carry out its tasks and prepare its advisory reports. Like the SER itself, its committees are made up of employers' representatives, union representatives, and independent experts. Commonly, committees are chaired by a government representative in the Council.

The employers' and employees' federations meet in the Labour Foundation. They aim to agree on certain recommendations for the parties they represent, the unions and sector organisations as well as industry. These recommendations may relate to employment, skills development, pension policy, and so on. Regularly, the Labour Foundation also consults with the government, so that the social partners can discuss and adjust their policies through a mutual exchange of views.

The Cooperation Organisation on Vocational Education, Training and the Labour Market (further, SBB) has a *key technical role* in skills training. The SBB aims to improve linkages between VET and the labour market to deliver skilled workers through maintaining VET qualifications, accrediting and coaching companies offering job placements, and collecting labour market information. SBB is a cooperative organization involving representatives from vocational education and social partners who work together on the VET qualifications system, assessment, job placements, etc. SBB works

through eight 'sector chambers' in each of those VET professionals and social partners are equally represented.<sup>27</sup>

## II.2 VET advisory councils and their professional committees in Denmark<sup>28</sup>

In Denmark, the areas of initial vocational education and of the labour market training apply different instruments of governance. The Ministry of Education in Denmark is responsible for the overall guidance for VET and approval of the new vocational qualifications. In the area of initial VET, it does so on the basis of recommendations from the Advisory Council for Initial Vocational Education and Training as well as on advice from its Trade Committees. The Advisory Council for Initial VET comprises 25 members from the social partners, the school leader and teacher associations as well as a number of members nominated by the Ministry of Education. The aim of the Council is to advise the Ministry of Education on the policy matters concerning the initial VET. For doing so, the Council is involved in monitoring of the labour market trends and of national VET qualifications.

The Council's Trade Committees advise on VET qualifications and on the content, structure, duration and evaluation of programmes. In 2008, there were some 120 Trade Committees on which employers and employees were equally represented. The Committees have secretariats and receive budgets from their sectoral social partners. Their secretariats produce analyses, initiate courses for external examiners, etc. Main products of the Trade Committees are proposals for new qualifications, outlines of training programmes for specific trades, etc. The Trade Committees exist in the following occupational areas: Bricklayer/Mason and Plasterer, Pavers and Roofers, Bakery and Pastry, Agriculture, Horticulture, Insulation, etc.

The Advisory Council for Adult Vocational Training has a different scope of policy advice concerning priority setting, organisation and quality assurance of adult vocational training programmes. The Council advises the Ministry of Education on the following:

- (a) skills/ competence assessment;
- (b) recognition of prior learning;
- (c) assessment of foundation skills: reading, writing, grammar and mathematics, and
- (d) financial subsidies for education programmes.

The eleven Continuing education and training committees, established under the Advisory Council for Adult Vocational Training for specific sectors of the labour market, advise the Ministry of Education and the social partners on the technical issues related to development and implementation of training courses. The Economic Council of the Labour Movement is an independent think-tank financed by a number of trade unions. Their aim is to provide medium and long-term quantitative assessments of the supply and demand for the workforce by qualification level. Forecasts are made at the national and regional level for different educational groups and economic sectors.

## II.3 The Industry and Skills Council of the Government of Australia<sup>29</sup>

Forms of governance in Australia involve:

- The Industry and Skills Council (CISC) of the Council of Australian Governments (COAG)- a purely government body involving ministers of states and territories (in charge of legislation,

<sup>27</sup> Vocational education and training in Europe. Netherlands. Report. CEDEFOP.2016

<sup>28</sup> Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010

<sup>29</sup> <http://www.ivet.com.au/a/183.html> (Accessed on 3.01.2017)

policy and regulatory issues); this body coordinates interests of states and territories in labour force development;

- Industry Skills Councils (ISCs) which are sector-based employer-led *national organizations*, financed by the government and subject, from time to time, to the government review;
- Industry Training Advisory Bodies (ITABs) are state-based organizations that represent industries on training matters and reflect specific industry structures (for industry sector bodies see Section III.1 in this report).

Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia, comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA). Members of COAG Councils are the ministers (of the Commonwealth and each state and territory) with the relevant subject responsibility. The role of COAG is to develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments. There are eight COAG Councils including the *Industry and Skills Council* (CISC) which is the key actor in policy making on skills development.

CISC is responsible for Industry competitiveness, productivity and labour market pressures, skills development and training arrangements. CISC focuses on major policy reforms that require nationwide collaboration. The skills and industry parts of the Council are chaired *separately* to allow the respective ministers to focus exclusively on sector specific issues. The Council may engage directly with selected industry stakeholders to inform discussion. When required CISC will work collaboratively with other COAG councils on matters of shared interest. In 2017, CISC reviewed the report on the work undertaken by Australian Skills Quality Authority (ASQA)- the national VET regulator, over the last 12 months and endorsed the five national training packages (for the Property Services, Defence, Retail Services, etc.). CISC is also responsible for development of the *national partnership agreement* on skills development.<sup>30</sup>

The governance functions implemented by CISC involve dialogue and coordination between governments of states and territories which represent interests associated with the implementation of government mandate. CISC does not involve social partners' and any other permanent stakeholders' representatives but given the specific administrative structure of the country, it serves to coordinate and agree on provision of the level of funding and training services to ensue equality of opportunity to access skills training and develop industries and labour markets in specific economic and social conditions of different states and territories. One of the important results of the Council has been adoption of the "National agreement for skills and workforce development" in Australia, which produced guidelines for directing and financing skills development across the country."<sup>31</sup> The Agreement has been accompanied by the agreed range of monitoring instruments. The Agreement has become a basis for adoption of "The national workforce development strategy" for Australia.<sup>32</sup>

#### II.4 National Human Resource Development Council of South Africa <sup>33</sup>

The Human Resource Development Council (HRDC) of the Republic of South Africa (RSA) is a national, multi-tiered and multi-stakeholder advisory body, which members (some 45 persons) are appointed and the Council is chaired by the Deputy President of RSA. The Council is organizationally supported by the Ministry of Higher Education and Training. The HRDC is established to facilitate

<sup>30</sup> <https://docs.education.gov.au/node/46101> (Accessed on 03.01.18)

<sup>31</sup> National agreement for skills and workforce development. Council of Australian Governments. 2008; National Agreement Performance Information. Commonwealth of Australia 2012

<sup>32</sup> The national workforce development strategy. Commonwealth of Australia. 2013

<sup>33</sup> <http://hrdcsa.org.za>

participation of stakeholders in the planning, monitoring and evaluation of HRD activities in the country. Membership involves a number of ministers, business leaders, organised labour and representatives from academia as well as civil society who sit on the Council with the term of appointment being five years. One of the Council's key responsibilities is development of HRD strategy contributing to a prosperous and inclusive society and economy. The Council is to provide guidance on relevant policies, programmes, projects, and strategies to support attainment of overall HRD objectives rather than merely sectoral initiatives. The core mandate of HRDC is to develop the national HRD Strategy and steer its implementation by government departments and implementing agencies.<sup>34</sup>

The Council is supported by a Technical Working Group (TWG), which provides technical information and advice to and executes decisions on behalf of the Council. Ad-hoc Technical Task Teams (TTT's) are dispatched as and when necessary. These teams cover various areas, involving education, skills development, research, monitoring and surveillance of labour market trends, and communications, etc. In 2017, there were nine Technical Task Teams in operation.

The Council has its Executive Committee and Standing Committees. The latter are established to implement the priority projects set by Council. Apart from the national Council, there are also Provincial Human Resource Development Councils and a Human Resource Development Provincial Coordination Forum (HRDPCF). The HRD Provincial Coordinating Forum was established to encourage provinces to form their own HRD Councils and ensure coordination, alignment, integration, collaboration and communication of the HRD objectives within the Provincial Growth and Development Plans (PGDP). The HRDC's Secretariat carries out its strategic, technical, administrative and logistical functions. It is responsible for supporting the above structures and enabling issues to be taken forward by relevant stakeholders and then reporting on their implementation.

*The National Skills Development Authority of South Africa*<sup>35</sup> (NSDA) is a *public advisory body* in which members are appointed by the Minister of Higher Education and Training and includes: a) a voting chairperson appointed by the Minister; b) 24 voting and three non-voting members appointed by the Minister; and c) its non-voting executive officer. The Director-General of the Higher Education and Training appoints the Executive Officer of the NSDA who will become a civil servant. The Director General provides the Authority with the personnel and financial resources for operations.

The Authority advises the Minister of Higher Education and Training on the:

- National Skills Development Policy (NSDP);
- National Skills Development Strategy (NSDS) and its Implementation guidelines;
- National Skills Fund (NSF) Funding Allocation Strategic Framework and criteria;
- Skills Development Act and Regulations.

In accordance with the Skills Development Act, the NSDA reports to the Minister on the progress of the strategy implementation and liaised with the Sector Education and Training Authorities (SETAs) and the Quality Council for Trades and Occupations (QCTO).

## II.5 National Skills Council of Ireland<sup>36</sup>

In Ireland, a new National Skills Strategy to 2025 (NSS) was published in 2016 and implementation of the Strategy is ongoing. The Strategy has over 125 activities and over 50 different stakeholders and it

<sup>34</sup> Draft strategy for discussion 2010 – 2030. Human Resource Development South Africa (HRDSA).

<sup>35</sup> NSA. PPP presentation to the Parliamentary Portfolio Committee (MHET). RSA. 02 November 2011

<sup>36</sup> <https://www.education.ie> (accessed on 9.01.18)

provides a framework for skills development that will help drive Ireland's growth. One of the key elements of the Strategy is the development of a new skills governance structure, including a National Skills Council and the Regional Skills Fora.<sup>37</sup> This architecture will foster closer collaboration between relevant Government Departments and agencies and develop structures to strengthen engagement between the education and training system and enterprise. The new governance structure builds on the national strengths of the existing arrangements for identification of skills needs in Ireland.

In early 2017, the National Skills Council and nine Regional Skills Fora were launched. The Council is an advisory, non-statutory body under the remit of the Department of Education and Skills. The purpose of the National Skills Council (NSC) is to make Ireland a leader in anticipating and responding to the rapidly changing skills needs across all sectors. The Council will:

- advise on prioritisation of identified skills needs and on how to secure delivery of identified needs;
- have a key role in promoting and reporting on the delivery of responses by education and training providers to those priorities, and
- oversee research.

The key objectives supported by the NSC involve:

- Doubling the number of traineeship and apprenticeship places to 14,000, with 20% of school leavers pursuing this route;
- Providing for 50,000 upskilling and reskilling places over the next 5 years to meet identified skills gaps in the economy;
- Supporting an increase in Lifelong Learning from 6% to 10%;
- Accommodating an expected 25% growth in enrolment in HEIs;
- Increasing the numbers of entrants studying on a flexible basis (online, part-time) by 25%;
- Increasing the number of students undertaking a work placement or work based project as part of their course by 25%, etc.

As part of the new governance structure, a network of 9 Regional Skills Fora<sup>38</sup> each with a manager have been introduced to strengthen co-operation at regional level between education and training providers and regional enterprise. Each Regional Skills Forum will play a key role in delivering economic growth and driving regional development. The Fora and the Managers will provide a local and regional link in the implementation of wider Government initiatives on regional economic development, including the Regional Action Plans for Jobs and Pathways to Work. Each forum will work closely with companies in their region, as well as with IDA, Enterprise Ireland, and the Local Enterprise Offices.

Each Regional Skills Forum and each Forum Manager will work through:

- bringing together the key stakeholders in each region to identify existing and emerging specific skills needs and develop responses to those;
- providing a platform for enterprise, employers and the education and training system to work together in regions to respond to the identified skills needs;
- helping enterprises and employers better understand and access the full range of services available across the education and training system and enhancing links between company and education and training providers in planning and delivery of courses.

The Minister for Education and Skills will chair the National Skills Council, the members of which have been drawn from senior levels in the public and private sector including the SME sector. Out of 18 members of the Council, one-third are drawn from the private sector, one-third represent the

---

<sup>37</sup> Ireland's national skills strategy 2025. Department of Education and Skills. Ireland 2016

<sup>38</sup> [www.regionalskills.ie](http://www.regionalskills.ie)



government including directors and senior staff from relevant departments and education and training agencies. One-third is drawn from professional associations, research organizations and universities.

## II.6 Governance of skills development through the Human Resource Development Fund of Malaysia

Malaysia's Human Resource Development Fund (HRDF) was established in 1993 with a matching grant from government as a private body incorporated under the Companies Act 1965 with the right to collect from companies the human resources development levy (tax).<sup>39</sup> The HRDF's objectives are to: (a) develop and upgrade the skills of employees and trainees including upgrading the training facilities; (b) provide financial assistance to companies for skills training, and (c) carry out training or retraining of retrenched persons or persons to be retrenched.<sup>40</sup>

The HRDF of Malaysia is a private corporation governed by its Board of Directors. Out of 16 members of the Board, only six represent the government with the majority of the Board members being employers. According to the law, the Minister of Human Resources appoints the Chair, approves the Board, the annual plan of the Corporation,<sup>41</sup> the rate of levy and changes thereof resulting in considerable volume of the government control. The reason of the government control over the private corporation is that the training tax is considered as the government money.

The HRDF annual reports demonstrate complexity of its financial performance. HRDF operates a number of revenue generating facilities including the Housing Loan Fund, Training and Consultancy Fund, etc. However, the basis of its performance remains the Employers' Fund which cash position in 2014 amounted to roughly US\$223.0m. The total income received by the HRDF in 2014 from employer levies, bank investments and other receivables was US\$15.0m.<sup>42</sup>

The Fund simultaneously administers the tax-based money collected from companies as well as the public grants. On the one hand, the employer levies are used solely for financing training in companies and for companies. On average, the HRDF reimbursed firms over 70 percent of their training cost. On the other hand, the cost of skills training, which is not directly linked to the contributing companies, are financed by the government grants to HRDF in the form of various dedicated Funds such as, for instance:

- (i) Apprenticeship Fund: to finance course fees charged by training providers for conducting off-the-job training for apprentices;
- (ii) SME Training Incentive Fund: to finance course fees charged by training providers to conduct training programs which will be credited to employers' levy accounts;
- (iii) National Human Resource Centre (NHRC) Development Fund: to strengthen strategic human resources management among SMEs. The NHRC plays the role of HR Department of SMEs by providing strategic HR support and giving advice;
- (iv) Human Resource Certification Body Fund: to initiate the Human Resource Certification programs, etc.;
- (v) SME Skill Upgrading Fund: to finance course fees to the providers delivering training to SMEs to help improve their performance.

Critical success factors in the work of the Fund are: a) the guiding role of the government towards national skills development objectives supported by legislation, b) predominant employer role in the Fund's governance ensuring close linkages to company needs; c) dissemination of information on the

<sup>39</sup> Pembangunan Sumber Manusia Berhad Act. 2001. Laws of Malaysia Act 612

<sup>40</sup> Pembangunan Sumber Manusia Berhad Act.2001. Laws of Malaysia Act 612

<sup>41</sup> Pembangunan Sumber Manusia Berhad Act 612. 2001. Laws of Malaysia

<sup>42</sup> Pembangunan Sumber Manusia Berhad (PSMB). Annual Report 2014

role of skills training for productivity and competitiveness, and d) considerable incentives offered by the Fund for skills training in small and medium companies which are predominant in the country.

While the NHRDF is a successful form of dialogue and cooperation with government it remains focused on the needs of companies which pay the training levy. It is not engaged in a broad range of human resource development issues such as the pre-employment technical and vocational education and training of youth in training centers and colleges and skills training and retraining of the unemployed

### III. GOVERNANCE OF SKILLS DEVELOPMENT IN INDUSTRY SECTORS AND REGIONS

#### III.1 Industry training organizations in Australia

##### *Industry Skills Councils of Australia (ISCs)*<sup>43</sup>

The eleven Industry Skills Councils<sup>44</sup> are independent, not for profit companies limited by guarantee, which are recognised and funded by the government, governed by industry- led boards and managed by Chief Executive Officers (CEOs). The roles of ISCs involve:

- developing and maintaining National Training Packages to secure labour market recognition of national qualifications. The ISC-developed Training packages and accredited courses as a single national framework have received support from businesses and industry;
- conducting researches and producing environmental scans<sup>45</sup> of related industries for understanding of the factors shaping the workforce as well as the existing and emerging issues in relation to workforce development and responses from the training sector;
- providing industry advice to the government (through the Department of Education, Employment & Workplace Relations (DEEWR) and enterprises on workforce development and skills needs;
- supporting the development and implementation of high quality training and workforce development products and services;
- providing advice to enterprises on matching their training demand with appropriate training solutions; working with employment service providers, Registered Training Organisations and government to allocate training places under the Productivity Places Program;
- engaging with State and Territory Governments, State and Territory industry advisory bodies (ITABs) to promote training packages, accredited courses and related qualifications.

ISCs are an important interface ensuring interaction between industry, educators and governments to promote an industry-led agenda on the national skills development. The ISCs have the increasing role in strategic advice, policy formation, and workforce planning. ISCs are required to broker agreement on training packages/qualifications across multiple jurisdictions, between employer and employee representatives, and often within or across industry sectors. ISCs have enabled the unprecedented level of cross-industry collaboration and leadership on skills and workforce development.

<sup>43</sup> <http://www.ivet.com.au/a/35.html> (Accessed on 04.01.18)

<sup>44</sup> ISCs involve, for instance, the Agrifood Skills Australia, Community Services and Health Industry Skills Council, Construction and Property Services Industry Skills Council, Government Skills Australia, Manufacturing Skills Australia, etc.

<sup>45</sup> Environmental scans produced by ISCs in close consultation with industries across regions are a valuable supplement to labour market data produced by government sources. Scans allow providing recommendations to government on occupations in demand as well as solutions to improve productivity and labour force participation outcomes.

ISCs receive funding (some 60-90% of their total budgets) primarily from the national government through the Department of Education, Employment and Workplace Relations (DEEWR). ISCs work on the 3-year strategic plans, receive national funding for general operations as well as specific project funding through DEEWR and other organisations. ISCs have a contractual arrangement with DEEWR which underpins the allocation of funding, and are accountable to the government for the funding received. ISCs' funding agreements with DEEWR contain accountability requirements, a provision of a three-year strategic plan subject to acceptance by DEEWR; the provision of annual business plans, also subject to acceptance; regular reporting to DEEWR against key performance indicators; and provision of audited financial statements. ISCs from time to time, as well as successful open tenders for industry-initiated training projects. DEEWR has ultimate responsibility for the performance of the ISCs. Since ISCs work on government contracts obtained through tendering, report against their key performance indicators and are tasked with specific issues. For instance, arising out of the national Green Skills Agreement (December 2009), ISCs had been requested to review all relevant Training Packages to identify units and qualifications that require the addition of skills for sustainability.

ISCs also accumulate financial resources through the sale of services supporting the core training package qualification and skills sets; the provision of workshops and seminars; contract management fees; and investment. They source additional funding through competitive grants and tenders. Surpluses accumulated from public contracts may not be distributed among the governing boards or members of the ISC company. All activities which generate a surplus must be reported in the annual and financial reports as a condition of the public funding agreement with the government department (DEEWR). The money not spent by the ISC during the contract period or on contract deliverables is returned to the DEEWR as a contractual commitment. It is recommended that ISCs cannot possess physical assets, such as real estate, that are not directly related to the effective performance of their role.<sup>46</sup>

ISCs work closely with their state counterparts- the state industry training advisory bodies (ITABs), where they exist and with the State Training Authorities in order to promote use of Training Packages and nationally accredited training products. For instance, the role of ITABs is concerned with specific range of industry sectors in each state and aims to identify:

- the requirements for employment in the sectors;
- their training interests and provide advice on the skills training solutions;
- the priorities for training projects and product development in the sectors;
- the need for specific communication strategies on skills development which meet the needs of the sector;
- the organizational arrangements for training projects implementation including the project specific steering committees or reference groups;
- endorse proposals and plans for industry sector training projects.

Given the predominantly public funding, the activities and results of ISCs are, from time to time, reviewed by the Parliament of Australia. For instance, in 2010 the Senate Education, Employment and Workplace Relations Committees reviewed and reported on:

- (a) the role and effectiveness of Industry Skills Councils (ISCs) in the operation of the national training system particularly as it relates to states and territories and rural and regional Australia;
- (b) accountability mechanisms in relation to national funding for the general operation and specific projects of each ISC;
- (c) corporate governance arrangements of ISCs and ISC networks and co-operative mechanisms implemented between relevant bodies;

---

<sup>46</sup> ISCs are bound by the Corporations Act 2001 and the Australian Accounting Standards.

- (d) the accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose, etc.

ISCs have been criticized by the Senate Committee for the lack of consultation with the private developers and providers of learning resources. ISCs were found to be developing training and assessment materials that duplicate and directly compete with quality training materials produced by training organisations. It was also noted that ISCs are publicly subsidised, and they compete unfairly in the market with subsidised products. All this resulted in the oversupply of training materials in popular subject areas. Another criticism referred to that some ISCs went outside their major statutory focus on a) developing and maintaining the national training packages and b) working on strategic issues of skills development in relevant industry sectors.<sup>47</sup>

#### *Industry Training Advisory Bodies (ITABS) in Australia*

ISCs working in the states through Industry Training Advisory Bodies (ITABs) which are state-based organizations that represent industries on training matters and reflect specific industry structures. ITABs operate on contract with the Industry Skills Councils, State Training Authorities, individual enterprises and any other clients. The ITABs, the State Training Authorities and Industry Skills Councils address deficiencies in training in same industries, although they do so from different perspectives. The dialogue and cooperation with ITABs allow the ISCs take account of the different approaches and different level of resources allocated to industry training by each State. Some ISCs, being national organizations, have commissioned provision of services to the states via the state-based ITABs. The data collected by ISCs and their advice on skills development in sectors cannot be sufficiently region-specific without cooperation with the state-based ITABs.

Different numbers of ITABs with different names exist in each State in line with the regional economic and labour force structures. For instance, there are 16 ITABs in Victoria<sup>48</sup>, 6 ITABs in Northern Territory, and 11 ITABs in the New South Wales (NSW), covering specific industry groups and operate through industry networks. For instance, in NSW, the 11 ITABs are a key source of industry advice for the State Government department on the training and skill needs of their industry sectors to facilitate workforce development. ITABs work collaboratively with other relevant state, territory and national stakeholders in the sharing of information on industry training and skills needs. ITABs are contracted by the State Department of Industry to provide core services in the following areas:

- to identify industry skill needs, and skills development issues for publicly-funded training;
- promote training to industry and provide brokerage services to assist in the take-up of funded training, including school based apprenticeships and traineeships, in collaboration with the State Training Services;
- advise the Department on apprenticeship and traineeship arrangements in the State;
- advise on the implementation of Training Packages and Training Products<sup>49</sup>.

The activities implemented by ITABs involve the skills training development initiatives reflecting actual changes in industries. For instance, the NSW Manufacturing Skills Australia (MSA) ITAB covers qualifications, training pathways and other NSW training issues in the following industry sectors: metal, engineering and boating; aerospace; process manufacturing, including chemicals, hydrocarbons, mineral products, plastics and rubber; laboratory operation; recreational vehicles; textiles,

<sup>47</sup> The Senate Education, Employment and Workplace Relations References Committee. Industry Skills Councils. Report. Australia. 2011

[http://www.aph.gov.au/Senate/committee/eet\\_ctte/industry\\_skills\\_councils/](http://www.aph.gov.au/Senate/committee/eet_ctte/industry_skills_councils/)

<sup>48</sup> For instance, Automotive Training Victoria, Building Industry Consultative Council Industry Advisory Body, Business Skills Victoria, Forest Works, Furnishing Industry Training Advisory Committee, Victoria Water Industry Association, etc.

<sup>49</sup> [https://www.training.nsw.gov.au/forms\\_documents/itabs/itab\\_fact\\_sheet.pdf](https://www.training.nsw.gov.au/forms_documents/itabs/itab_fact_sheet.pdf)

clothing and footwear; competitive systems and practices; environmental monitoring and sustainable operations. The AgriFood NSW ITAB maintains a database of over 1300 industry stakeholders. The ITAB was the key developer of the Certificate III in Agriculture as a school based traineeship under a pilot program. This was the result of negotiations between the ITAB, industry, the NSW Department of Industry and school authorities. In 2017, the Certificate was piloted with the current trainees have graduated.

### III.2 Sector skills councils in India<sup>50</sup>

The National Skills Development Corporation (NSDC) of India is a not-for-profit company set up by the Ministry of Finance<sup>51</sup>. NSDC is a Public Private Partnership organization with the mandate to promote skill development.<sup>52</sup> The Board of Directors of NSDC comprises 13 members - 4 from the government and 9 from the private sector. The company is managed by the Chief Executive Officer and six members of the management team. The capital of this company involves Rs.10 crore, of which the Government of India through Ministry of Skill Development & Entrepreneurship (MSDE) holds 49%, while the private sector has the balance of 51%.

NSDC's major functions involve:

- promotion of skill development by supporting creation of larger, quality and for-profit vocational institutions and provides funding for implementing profitable vocational training initiatives;
- supporting quality assurance of skills training through establishing the trainer academies either directly or through partnerships;
- provision of incentives for company training through offering funding to enterprises, companies and organizations that conduct skill training.

NSDC has led establishment of 37 Sector skills councils (SSCs) in India which are autonomous industry-led bodies. The Governing Councils of SSCs have broad membership involving over 450 company representatives (managers and professionals) as well as skills training managers and government representatives. Ministry of Skill Development and Entrepreneurship of India is in close contact with SSCs to encourage them establish close coordination with the plans and objectives of relevant line ministries. The Ministry also leads work in key areas common for all SSCs such as development of occupational standards and qualifications as well as skills assessment. The Ministry also supports enlisting SSCs as non-statutory bodies which are allowed to issue nationally recognised skills certificates

For instance, the Construction Skill Development Council of India (CSDCI) is a Non-Profit Organization, registered under the Indian Companies Act, 2013.<sup>53</sup> CSDCI is promoted by major stakeholder organizations and professional associations in the field of construction: Construction Federation of India (CFI), Builders' Association of India (BAI), National Highways Builders Federation (NHBF) and Confederation of Real Estate Developers Association of India (CREDAI). The Governing Council of CSDCI involves 16 company Directors from construction sector and the Chief Executive Officer (CE).

The basic objective behind the formation of CSDCI is to support skills development for and in the construction industry and meet the current and future skill needs of the construction industry. Functions of the Council include: To develop and introduce competency standards and qualifications in

<sup>50</sup> Based on: Gasskov. V: National Human Resource Development Fund (NHRDF), Bangladesh: Policy Challenges and International Experience of Training Funds. ILO, Dhaka. March 2016

<sup>51</sup> Established under the Companies Act, 1956 and the Companies Act, 2013.

<sup>52</sup> <https://www.nsdcindia.org/> (Accessed on 12.01.18)

<sup>53</sup> <http://www.csdcindia.org/>

the construction industry sector, participation in the development of learning resources as well as the Trainer & Assessor Guides. The Council has established the National Occupational Standards Committee of nine persons involving construction site managers/engineers, former directors/staff of training institutions, researchers on construction, and a representative of the training department of the government. Qualifications and skills assessment requirements have been developed for 17 construction occupations involving, for instance, 12 qualifications for NQF levels 1-6 for masons. The Council is affiliated with two construction training centres, 21 skills assessment centres and 114 training partners which are mostly companies and training institutions with the mandate received from the Council to train and assess in specific qualifications. Some of them are mandated to deliver only one qualification (for instance "Assistant electrician-Level 3), other affiliated providers deliver up to ten qualifications.<sup>54</sup> The duration of the affiliation with the Council is not unlimited. The affiliated providers go through the Council's scrutiny before receiving the extension of their mandate.

### III.3 Sectoral training bodies in South Africa

The 21 Sector Education and Training Authorities (SETA) have been established as statutory bodies in terms of the Skills Development Act of RSA, 1998 (see also **Section II.4**). SETAs are financed by the training levies and have the role to facilitate, coordinate and monitor the implementation of the national skills standards in the Sector. They also identify skills shortages in the relevant sector, support the development of skills of employees and improve their employability, and are responsible for the productivity and quality of the training services it provides to its stakeholders. SETAs are corporate public entities accountable to the Minister of Higher Education and are therefore required to produce a Strategic Plan and Annual Performance Plan (APP) in accordance with the Treasury Regulations emanating from the Public Finance Management Act (PFMA). The law requires the Executive Committees of SETAs to involve equal representation of "organised labour and organised employers." Executive Committees are responsible for overseeing the management of these public corporations. SETAs are required to operate in liaison with employers in respect of skills development programmes and with employment services in order to assist the retrenched workers to re-enter the labour market.<sup>55</sup>

Being public bodies, SETAs are also required to comply with the broad government policy and strategy frameworks such as:

- National Skills Development Strategy (NSDS);
- New Growth Path (NGP);
- Industrial Policy Action Plan (IPAP);
- National Skills Accord;
- Medium Term Strategic Framework of Government (MTSF);
- Human Resource Development Strategy;
- Youth Development Strategy;
- Rural Growth and Development Strategy.

SETAs submit their annual reports to the Minister for Higher Education and Training and their financial activities are audited by the Auditor-General of South Africa (AGSA).<sup>56</sup> The performance of the SETAs has varied considerably; several had some difficulty in spending the funds allocated to them.

---

<sup>54</sup> <http://www.csdindia.org/qualification-packs-model-curriculums/>

<sup>55</sup> Schedule standard constitution regulations as contemplated in Section 13(1) of the Skills Development Act, 26 Of 2011) of Sector Education and Training Authority. Government Gazette, 11 May 2012

<sup>56</sup> Services SETA. Annual Report. South Africa. 2014/2015

Each SETA is made responsible for a specific cluster of occupations registered as a set of Standard Industry Classification (SIC) codes as determined by the Minister of Higher Education and Training. For instance, the *Services SETA* is responsible for 70 such codes which are grouped into six Chambers, as follows:<sup>57</sup>

1. Cleaning and hiring services;
2. Communication and marketing services;
3. Labour and collective services;
4. Management and business services;
5. Personal care services;
6. Real estate and related services.

For instance, the funds administered by the "Services SETA" are utilized for financing of apprenticeships, skills programs, training of artisans, recognition of prior learning, etc. Out of 7,969 persons trained in 2014/2015 (a considerable decrease against 10,622 trained in 2013/14), 46% were enrolments in learnership programs<sup>58</sup>, about 10% were youth in pre-employment skills training, 32% were internships, etc. The participation of the following target groups in levy-financed training is controlled in line with requirements of NSDS - the unemployed (32% of all trained), females (36%), people with disability (2% against the national target of 4%), youth (81%), rural populations (26%), etc.<sup>59</sup> The data show that in the Services Sector of South Africa, the levy-financed training was mostly on job.

#### III.4 Professional associations in Canada and Australia as partners in skills development

One of the important actors in the governance systems, which still has an untapped potential, are *professional organizations of individuals (professionals<sup>60</sup> and/or trades persons) and associations of companies*. Professional associations may also be national and regional. Such bodies act as partners in the governance systems and can provide important policy and technical signals to skills development systems.

##### *The Canadian Welding Association (CWA)<sup>61</sup>*

The Canadian Welding Association (CWA) is a national non-profit association, mandated to advance the welding profession, its products and practices and provide the country with qualified welding professionals, fabricators and welding-products suppliers. CWA works through developing and sharing knowledge resources, exchange of information, and interaction with government and regulatory agencies nationally and in provinces. CWA involves over 500 corporate members and over 50,000 individual members - welding professionals and workers, fabricators, manufacturers, students, educators, and career seekers. Its members are drawn from a wide range of industries – construction, transportation, mining, oil & gas, and shipbuilding.

CWA works with technical education and skills training providers, companies and other organizations to develop the next generation of welders with adequate education and job opportunities they will

<sup>57</sup> Services SETA. Annual Report. South Africa. 2014/2015

<sup>58</sup> A learnership is a work based learning programme that leads to an NQF registered qualification

<sup>59</sup> Services SETA. Annual Report. South Africa. 2014/2015

<sup>60</sup> Amongst almost a hundred of professional bodies in Australia, only in the area of Engineering, there are five of them such as the Association of Consulting Engineers Australia, Engineers Australia, The Society for Engineering in Agriculture, etc. The Engineers Australia alone unites over 100,000 members.

<https://www.engineersaustralia.org.au/> (Accessed on 02.01.2018)

<sup>61</sup> <https://www.cwa-acs.org>

need to succeed. CWA provide forums for technical education and industries through the free welding educators conferences and regular supplier committee meetings to provide a coordinated position on issues that directly impact the national and global welding industry.

CWA has a very considerable involvement in partnerships with education and training organizations producing professionals and crafts persons as well as with companies which train apprentices. The Association is involved in development of: occupational standards taking full account of ISO quality standards,<sup>62</sup> apprentice weld tests and sophisticated methods of assessment of high-skill qualifications, as well as requirements for training instructors and technical educators.

In each of the ten provinces and territories of Canada, CWA is engaged in partnerships with the public training systems. For instance, in Northwest Territories, the Department of Education, Culture and Employment (ECE), through its Advanced Education division, administers the Apprenticeship, Trades and Occupation Certification (AOC) Program which is the industry-driven partnership that produces skilled workforce in 53 designated trades. The Minister of Education, Culture and Employment appoints members to the Apprenticeship, Trade and Occupation Certification Board (ATOCB) for the Northwest Territories. The ATOCB maintains the link between the department and industry, facilitating their strong partnership. There are also five Trades Advisory Committees for the carpentry, plumbing, electrical, heavy equipment technician and housing maintainer trades. The Trades Advisory Committees are made up of representatives from industry and assist ECE to ensure that industry standards are embedded and met in technical education and training.<sup>63</sup>

#### *Professional associations and bodies in Australia*<sup>64</sup>

There are many national associations in the country established in 18 subject areas, which are also involved in the provision of policy advice on skills training.<sup>65</sup> In technical education alone, there are 18 professional associations. Professional associations are linked to the national Industry Skills Councils and relevant ITABs in the States where they exist. For instance, the Manufacturing Skills association is closely linked to the above-mentioned NSW Manufacturing Skills Australia (MSA) ITAB as well as to the relevant ITABs in other states and territories.

Amongst almost a hundred of professional bodies in Australia<sup>66</sup>, in the area of Engineering alone, there are five of them such as the Association of Consulting Engineers Australia, Engineers Australia, the Society for Engineering in Agriculture, etc. The Engineers Australia unites over 100,000 members. The Institution of Engineers Australia is a professional corporate body and not-for-profit organisation dedicated to being the national forum for the advancement of the engineering field within Australia. As of 2013, it has over 100,000 members in nine geographic Divisions from all engineering disciplines, including 41,000 Students, 4,400 Engineering Technologists and Engineering Associates, 55,600 Professional Engineers. The members all belong to one or more of nine Colleges covering the different fields of engineering practice. 20,000 members are Chartered Engineers.

### III.5 Training clauses of collective labour agreements in the Netherlands

<sup>62</sup> For instance, the ISO 3834 "Quality requirements for fusion welding of metallic materials" is an internationally recognized quality system standard developed specifically for companies that weld

<sup>63</sup> <https://www.ece.gov.nt.ca/en/services/apprenticeship-and-trades> (Accessed on 2.01.18)

<sup>64</sup> <https://www.engineersaustralia.org.au/> (Accessed on 02.01.2018)

<sup>65</sup> The associations involve, for instance, Vocational Education association, the Business Council of Australia, the Australian Chamber of Commerce and Industry (ACCI), the Australian Council of Trade Unions (ACTU), etc.

<sup>66</sup> [www.journoz.com/ausproforgs](http://www.journoz.com/ausproforgs)



### *Training clauses*<sup>67</sup>

In some European countries, the practice of the social dialogue and joint responsibility for VET has been supported by the collective labour agreements at the company, sector and state levels. This has resulted in the introduction of training clauses in collective agreements. The collective training arrangements usually cover only part of the total national workforce. In 2009, in the Netherlands, there were some 200 sectoral and 800 company collective agreements, with around 84% of all employees covered by one of them. Following the introduction of the training clauses involving obligations to finance skills development of employees, a large number of industry training and social funds (further, Funds) was established by industry sectors themselves. These Funds are financed by employers' and sometimes employees' contributions and commonly receive matching grants from the State. Funds have become a very important instrument of governance of skills development with a considerable involvement of workers and employers. The Government encourages the Funds and helps financing training. The Funds are voluntary and their sources, capital size, structure and objectives are entirely decided through collective bargaining. The Government, however, has the power to determine that collective labour agreements are compulsory for all firms. The State also provides public grants to the Funds when they offer training services of the unemployed.

In the Netherlands, in 2009, 135 sectoral training funds were in operation with 92 of them declaring training and human capital development as a goal. The source of funding was a percentage of company payrolls being, on average, 0.43% paid by employers into their sectoral Funds. As a result of collective bargaining, in some sectors, the rate of contribution to the Fund was less, in some it was much higher than the average. The size of the capital of such Funds can be substantial. In 2009, the average fund reserve was €10.2 million. The randomly selected sample of 50 Funds, in 2009, had a joint income of €461.1 million, and €571.3 million in expenses, and €540.3 million in reserves. Some funds have large reserves, others are very small. On average, the funds' reserves were decreasing.

Representatives of trade unions and employers constitute the management of the Funds and the training policies to pursue. The way employers and employees use these tools in the individual sectors varies greatly. Training clauses may have detailed agreements on the type of skills training to be financed as well as on the priority target groups which will receive training. The agreements commonly include provisions for financing training of apprentices, personal development plans, training leave of one or more days for every employee per year, leave to take qualifications exams, accreditation of prior learning, etc. Training clauses may distinguish between compulsory or necessary training and relevant training or training at the employee's own initiative. In about one third of all collective agreements (36 cases), provisions were made to finance cost of exams or a leave for qualifications assessment. In the green sector, for instance, the main task of the sector Fund was to finance training courses relevant to the industry, whereas the sector Fund in the technology sector 'installation technology' supported acquisition of the sector-specific knowledge.

Some 29 collective agreements allocated resources to the training of priority groups which may involve employees with disabilities, young workers, those switching from other sectors, first-time job seekers and older workers. Such training agreements are commonly valid for a specified time periods, usually one or two years. The training agreements are implemented by the administration of these sector Funds. Only the recognized Funds can apply for the European Social Fund's subsidies via the department of Social Affairs and Employment.

---

<sup>67</sup> Based on: V.Gasskov. Managing vocational training systems. A handbook for senior administrators. ILO. Geneva. 2000; M. van der Meer and A. van der Meijden: Sectoral training and education funds in the Netherlands – a case of institutional innovation? ILERA-conference, Amsterdam. June 2013.

On average, 80 per cent of the Funds' budgets are generated through levies paid by the branch of industry itself. Nevertheless, only about 14 per cent of the overall training operations in industries are financed from the levy-based money and public grants through the Funds. The total volume of training in companies is increasing, due to the increase of individual employers' expenditure on training. The role of industry training Funds is changing from being sort of 'banks' to 'centres of accumulated knowledge' enabling to speed up innovation of sectoral industrial relations.

#### *Payback clauses*<sup>68</sup>

Another important regulatory measure which can be agreed through collective bargaining and which supports the company investment in training of employees is the so-called "payback clauses". Payback clauses apply to the cases when an employee who terminated the employment relationship within a contractual period, is to reimburse (part of the) training costs borne by the employer. In many countries of Europe, the conditions of such a training cost reimbursement are regulated. These regulations are:

- national in 14 countries (Belgium, Bulgaria, Czech Republic, Estonia, France, Lithuania, Luxemburg, Hungary, Austria, Poland, Portugal, Romania, Slovenia and Slovakia);
- based on collective agreements between social partners (and are not determined legally) in Macedonia [FYROM], the Netherlands and Norway;
- agreed at company level either in company agreements between management and trade unions, work councils or individually in 10 countries (Croatia, Germany, Italy, Ireland, Latvia, Malta, Spain, Sweden, Turkey, and the UK).

Payback clauses are usually applicable to almost all employees without a distinction being made between permanent, full-time or part-time employment. Exceptions exist in some countries: in Germany, payback clauses cannot be applied to training contracts for initial vocational education and training. In Luxembourg apprentices cannot be a subject of payback clauses. Usually labour codes allow the use of payback clauses for general (transferable) training. For firm-specific training that is directly related to current or future work tasks within the company, the employer usually bears 100% of the cost of training and no reimbursement is enforceable if the employee leaves the company (shortly) after training.

A mixed form, where reimbursement of training costs can be requested for both general and firm-specific training, exists in the Netherlands. In 2010, the payback training clauses were found in 47% of employment contracts in this country. In the financial and the ICT sectors almost 60% of employment contracts involved the payback clauses, while only one third of the contracts in the cultural and the construction sectors apply payback clauses for some kind of training.

#### III.6 Sectoral governance through Industry Sector Training Fund in Denmark<sup>69</sup>

The Industry Sector Training Fund supports workers, technical and administrative staff employed in Danish industry, both full- or part-time. This Fund was introduced within the collective agreement signed by the central organisation of industrial employees in Denmark and the Confederation of Danish Industries, an employer representative organisation. The Fund covers the whole sector which employs over 290,000 employees in Danish industry. The Fund is managed by a bipartite board of 10 members (five are appointed by the organization of employees and five - by the employers). The board holds two or three meetings each year, where policy and resource allocation decisions are taken. A wide range of organisations and individuals are entitled to apply for resources from the

<sup>68</sup> Payback clauses in Europe: supporting company investment in training. Final report. Luxembourg: Publications Office of the European Union, 2012; k

<sup>69</sup> Sectoral training funds in Europe, Cedefop Panorama series, 156, 2008

Fund, e.g. enterprises contributing to the Fund, educational institutions or individuals affiliated to the Danish industry sector. The Fund issue grants for about EUR 2.7 million yearly. The resources are spent or saved for larger future projects. The main goals pursued by the Fund can be summarised as follows:

- develop an appropriate training supply for Danish industry and improve the educational and skill level of its employees;
- provide financial support to the development of pilot skills upgrading courses for employees;
- organize conferences and other activities on the future educational needs of Danish industry, etc.

Because of the well-financed public training system, the main role of the Fund is not financing training courses but rather financing training-related developments and research. The Fund helps developing new courses meeting the changing demand of specific industry sectors. It is also engaged in funding the labour-market research and development of new methods for training provision and planning skills development activities at enterprises. The Fund helps to undertake development and research work later used for updating and fine tuning public training supply. The Fund also contributes to strengthening the cooperation and dialogue between social partners at both central and company level. The Fund is based on voluntary agreement, in line with the general consensus approach prevailing in the Danish labour-market system.

### III.7 Governance of skills development in regions of France, Denmark and Belgium<sup>70</sup>

Regional partnerships and cooperation in skills and employability development are very important particularly in technical and vocational education. The reason is that the trained workers and technicians make their education and career choices mostly on the basis of regional and local training and employment opportunities. A mismatch between the structure of the regional labour force and the supply of graduates by occupation and qualification may force graduates out of their regions or they may need to change the occupation. The regional partnerships between social partners and education and training providers and PES should be able to reduce the risk of mismatch through research, surveying, and making local VET enrolment decisions. Unfortunately, the national and sectoral forms of partnerships commonly outweigh in comparison with the regional cooperation. Some examples of successful regional partnerships are described below.

#### *Regional cooperation on skills development in France*

In the Regions of France, there are Regional coordination committees on employment and vocational training (CCREFP). There are 22 CCREFPs involving representatives of the state, the region, the social partners; the regional chambers of agriculture, commerce, industry and trades, and the Académies (government bodies in charge of education). Governing boards of CCREFPs involve seven members from each of the parties (state, region, employers, trade unions) plus a chair person, making overall 29 members. CCREFPs themselves receive advice from a wide range of bodies including the Regional observatories of employment and vocational training (OREFs).

The CCREFPs are regional policy-making and advisory bodies. They draft working documents on trends in the regional economy, on suggested regional priorities for continuing training; they foster implementation of their proposals and evaluate outcomes of these policies. The main aim of the CCREFP is to balance the initial training of apprenticeships and courses for unskilled school leavers and the unemployed with the continuing training for the employed. CCREFP is therefore involved in planning of continuing vocational training through taking account of the regional and local sectoral demand. Although some CCREFPs play only a consultative role where partners exchange

<sup>70</sup> Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010

information, a majority of the CCREFPs discuss, agree and stimulate skills development activities. Some CCREFPs appeared to be successful in improving matching employment and training activities to the regional needs.

in France, there are around 100 of bilateral professional organizations (OPCAs) (approved joint collecting organisations), which represent all professional branches and operate as skills development funds following a national agreement signed by all trade unions in 2003. OPCAs have their 26 regional extensions in each of the regions. OPCAs are financed by the training levies on companies, possess very considerable resources and play an important role in financing and promotion of skills assessment and qualifications attainment through continuing training.<sup>71</sup> Half of the members of each OPCA board come from employers' organisations, the other half come from the trade unions. Each OPCA defines its own priorities in allocating industry resources to training options for workers. Within the overall national guidelines for OPCAs' activities, their Regional joint interprofessional committees for employment (COPIRE) also advise the CCREFP on issues of continuing training.

#### *Regional governance of skills development in Belgium*

Provincial Council in the province of Limburg of Belgium is a regional consultation platform on labour market and skills development matters. It has representatives of education and training institutes, trade unions, and employers (cross-sectoral). Its focus is on matching skills supply and demand in the province through identification of regional and/or sectoral needs and to find ways to meet those needs. The platform meets every three months. As the stakeholders include public authorities, the platform provides support to regional policy making in skills development. The role of governance in skills development in regions and sectors is also supported by the presence in the country of 25 skills centres which are managed through participation of the government (FOREM), employers, etc. and financed by employers by 25%. Skills Centres are related to specific professions and sectors (e.g., industrial maintenance, automation, printing industry, ICT, transport and logistics). Skills Centres are run independently, including their management and finances, but the Skills Centres network is coordinated by the Walloon Public Employment and Vocational Training Service (FOREM).

#### *Regional stakeholder bodies in Denmark*

In Denmark, the regional bodies in charge of economic and social development are called "Regional Growth Fora". They bring together in six regions the representatives of the Ministry of Economics and Business Affairs, the Danish Enterprise and Construction Authority, knowledge and education establishments and regional and local authorities and other stakeholders. One task of the Regional Fora is improving linkages between the educational providers and local employers in order to improve competitiveness of companies. The Regional Growth have set up a number of regional level working groups on economic development issues relevant for the region. The Regional Growth Fora do not implement activities themselves but rather help to identify economic growth opportunities, develop regional development plans, establish linkages between industry and the education system. As a result, Danish regions possess the effective cooperative structure in the area of human resources development and employment.

## **IV. MAJOR RESULTS OF DIALOGUE AND COOPERATION IN SKILLS DEVELOPMENT**

### **IV.1 National skills development policies and strategies**

#### *Anticipated results of the governance processes*

This Report has documented various organizational forms of the dialogue and cooperation between the governments at various levels, social partners, professional associations, training organizations

---

<sup>71</sup> Sectoral training funds in Europe. Cedefop Panorama series; 156. 2008

and other multiple stakeholders in skills development systems. These forms range from the organized consultations on skills training policies and practices to setting-up joint national, sectoral or regional training bodies (councils, committees, etc.) with multi-partite participation. The major issue, however, is, to ensure that these forms of partnership have been effective in producing the anticipated results.

International practice suggests that the major anticipated results of the social dialogue and cooperation of partners in skills development should include, at least, the following:

- a) mutually agreed national skills development *policies* and mechanisms of their monitoring;
- b) national skills development strategies and workplans which should involve a clear range of national strategic objectives for skills development, principle structures of initial and continuing VET, funding commitments by the government and industry, incentives for training, etc.;
- c) mechanisms for analysis of demand for skilled workforce nationally, by industry sector and in regions involving an interaction between relevant government agencies at all levels, industry bodies, research institutions, PES, etc.;
- d) national VET qualifications systems and mechanisms of assessment and certification.

#### *Skills development policies*

A "policy" is a set of high-level principles which are intended to guide the strategic objectives and related strategies (operational and resource allocation decisions). National policies are expected to be supported by laws and regulations. The HRD Conventions and Recommendations of the ILO and the UNESCO Recommendation on TVET<sup>72</sup> promote certain skills development policies which are supposed to be adopted nationally and put to work through organizational structures, strategic planning, funding, etc. mechanisms. Such policies involve:

- increase of participation of population in technical education and training;
- monitoring of equality of opportunity to access and successfully complete training;
- monitoring employability of graduates enabling their successful job placement;
- monitoring relevance of skills acquired to the needs of trainees and the economy;
- ensuring quality of education and training;
- promotion of social partnerships in skills and employability development;
- ensuring access to lifelong learning.

The above principles should be embedded in major policy documents on TVET and skills development and they should be implemented through dialogue and cooperation of the government and social partners.

#### *Skills development strategies*

A "strategy" can be defined in a common managerial sense as "a broad course of action and a specific way to combine and deploy strategic resources of all kinds – funds, institutions, partnerships, time, staff, laws and regulations, etc. - to implement strategic objectives."<sup>73</sup> The ILO and UNESCO HRD instruments promote certain generic strategies for attaining skills development objectives. One of such strategies is development of effective mechanisms of governance in skills and employability development. This Report provides evidence that the mechanisms of governance at national level, in industry sectors, regions and communities if complimented by adequate technical support and fund-

---

<sup>72</sup> ILO Convention 142 on Human Resources Development (1975); ILO Recommendation on human resources development: Education, training and lifelong learning (No. 195), 2004.

<sup>73</sup> See: G. Steiner: Strategic Planning. Free Press, 1979; H. Mintzberg: The Rise and Fall of Strategic Planning. Basic Books, 1994; K. Andrews: The Concept of Corporate Strategy, 2nd Edition. Dow Jones Irwin. 1980; M. Porter: "What is Strategy?" In: Harvard Business Review (Nov-Dec 1996).

ing, are able to improve focus and increase effectiveness of skills development systems. The dialogue and cooperation can penetrate various functions of skills development systems and is most indispensable in the analysis of demand for skilled workforce and in the development of national VET qualifications. These are the functions which cannot be implemented successfully with full cooperation of all the stakeholders. It is, for instance, stated in the “National agreement for skills and workforce development” in Australia, that “partnership between industry, business and government provides leadership in national, state and territory policy development, priority setting and delivery of skills.”<sup>74</sup>

The most recent national workforce development strategy adopted in Australia, developed in cooperation with multiple stakeholders, set out the strategic objectives most of which aim to improve the labour force participation and labour force utilization rates through improved skills training policies and the training system capacity. The strategic objectives involve:

- To position the country as a knowledge economy through *targeted planning* of skills development;
- To *improve workplace productivity* through increased skills development and improved *skills utilisation*;
- To increase *labour force participation* to meet the needs of industry and individuals, and to promote social inclusion;
- To equip citizens with the *language, literacy and numeracy* (LLN) skills needed for meeting *industry needs* and for their *full participation* in the community, education and at work;
- To ensure individuals have the *adaptive capacity* to embrace the opportunities available in the future world of work;
- To ensure that the tertiary system has the *capability and responsiveness* to meet changing industry and individual needs;
- To support *the lifelong learning* of individuals<sup>75</sup>.

Development of the coordinated policy and strategy of skills development with participation of all the partners concerned is a foundation for dialogue and cooperation in the implementation of related functions which are described below.

#### IV.2 Government-industry cooperation for monitoring of demand for skilled workforce in EU<sup>76</sup>

In the EU member states, governments increasingly involve stakeholders in the analysis of demand for skilled workforce. The analysis of demand cannot be analysed accurately without a commitment of industries. Social partners get involved in this area through:

- regular consultations held in the relevant national, regional and local committees;
- participation in the collection of data for identification of needs for skilled workforce in companies;
- validation of the forecasts of the future demand for labour produced by dedicated institutions and training providers.

Some countries have established national advisory bodies which are concerned with the analysis of demand for skilled workforce. Examples of the national bodies which involve stakeholders are the Standing Committee for New Skills in Austria, the Permanent Committee for Labour and Employment in Luxembourg; the latter has a legally determined function to analyse skills mismatch in the

---

<sup>74</sup> National agreement for skills and workforce development. Council of Australian Governments. 2008

<sup>75</sup> The objectives revised by the Report writer to reduce overlap. See: The national workforce development strategy. Commonwealth of Australia. 2013

<sup>76</sup> Skills Governance in the EU Member States. Synthesis report for the EEPO. 2015.

labour market. The broad range of stakeholders involved in the analysis of demand for skilled workforce encompasses research institutes, ministries, public employment services (PES) and career guidance services, industries, TVET providers, their graduates, etc. Examples of EU member states using solid participatory systems for labour market analysis include Denmark, Finland, Italy, France, Belgium and Portugal.

For instance, in Italy, a variety of labour force forecasting tools have been applied with participation of stakeholders. The Union of the Chambers of Commerce runs an annual survey of business needs; the recently established Information System of Occupations (led by the Ministry of Labour and implemented by the Institute for the Development of Vocational Training of Workers (ISFOL)) conduct national surveys of occupational profiles to identify the skills needs; a consortium of Universities produces annual studies on employment outcomes of HE graduates in short and medium term; ISTAT (the Italian National Institute of Statistics) surveys annually the graduates of upper secondary school and the HE graduates to generate the school-to-work transition data. Forecasting tools and observatories exist also in regions under the support of regional governments.

In France, a wide range of stakeholders at all levels (local, regional and national) participate in the analysis of skills needs via three main mechanisms. At the national level, two research institutions - the Centre for Strategic Analysis (*Centre d'Analyse Stratégique*) and the Centre for Research on Qualifications' (Centre D'Etudes et de Recherches sur les Qualifications - Céreq)- regularly conduct studies on anticipated demand for occupations and skills. France also operates a wide network of sectoral and regional observatories involved in occupational forecasting. The mechanisms of labour market data collection involve legal obligations and incentives. All companies with more than 300 employees are legally required to implement a GPEC<sup>77</sup> process (Prospective Management of Jobs and Skills), which involves agreements between social partners in companies to anticipate the impact of external and internal changes on their future skill needs. Such an exercise typically produces a three-to-five year strategy for meeting the company future needs. The combined framework – public research institutes, PES, observatories and industries– facilitates inclusion of the government and major stakeholders in the dialogue and cooperation on anticipation of national, sectoral, regional and enterprise skill needs.

In Portugal, the Anticipation System of Skills Needs (SANQ) is the main forecasting instrument of the National Agency for Qualifications and Vocational Education (ANQEP). The SANQ is monitored by a “Coordinating Council” composed of representatives of the three public institutions and the social partners. The results of skills anticipation produced by SANQ are used by the Ministry of Education and Science for drafting the government order for student enrolment by occupation and region. The skills anticipation results are also discussed at currently four of 25 Inter-Municipal Communities (CIMs) where the local stakeholders in each CIM may accept, review or reject the proposed forecast and related plans for student enrolments. In Portugal, national committees is also a popular form of engaging stakeholders in steering of VET provision. The main focus of their work is ensuring that the education and training supply meets the needs of the labour market. Such committees involve representatives of social partners, education and training providers, relevant ministries and other state institutions. A broad range of stakeholders participate in the General Council established by the ANQEP involving representatives of several ministries (education, employment and social affairs, regional development), of the national PES, other two bodies linked to the Ministry of Economy, as well as the associations of employers and unions, national association of municipalities, the association of polytechnic institutes and of the National Association of Vocational Schools (ANESPO).

In Finland, VATTAGE -the model used in the Institute for Economic Research (VATT) which is steered by a consortium of key ministries) and MITENNA - the model applied in the Ministry of Education

---

<sup>77</sup> Gestion Prévisionnelle des Emplois et des Compétences (GPEC)

and Culture) are the two key forecast tools used to analyse and forecast labour force. Sector-specific long-term forecasts from VATTAGE form the basis for education design. The MITENNA translates the results of VATTAGE scenarios (sector-specific labour needs) into educational provisions which are discussed by multipartite Councils at different levels (national, regional and local) in order to take account of stakeholder views. Proposals on the education and training targets are formed through the dialogue in the working group consisting of representatives of the Ministry of Education and Culture (MEC), the National Board of Education (FNBE), education research institutions, provincial governments, Regional Councils, the Finnish Association of Local Government and Ministry of Employment and Economy (MEE). The main trade unions also participate. The results of the dialogue ensure: a) availability of skilled labour according to sectorial and occupational structure forecasts, and b) access to skills development for all youth. Regions are obligated to take account of national and regional forecasts in their planning. The Centre for Employment, Transport and Environment is the main agency responsible for processing and interpreting different data to support regional and local forecasts and actions. The 26 tri-partite national and sector-specific Education and Training Committees, covering different occupational fields, prepare once in every three years proposals for improving the programs of upper secondary VET and higher education. In the process of forecasting and planning, the municipalities, educational institutions, PES, and other stakeholders also have possibilities to influence the labour force anticipation results and make proposals.

#### IV.3 Industry-government cooperation for developing national and sectoral qualifications in France

Development of occupational standards and qualifications is the area which combines the national policy guidelines with continuous technical inputs from industries and professional associations. The designated bodies decide on the national qualifications policy and how the quality of qualifications should be assured. The industry sector's role is to contribute to the development of the National Qualifications Framework and produce occupational standards and related qualifications. Industry advisers also work very closely with education and training providers to improve interpretation of competency standards and qualifications specifications in VET programs. The whole process is unavoidably multi-partite. The national body in charge of qualifications policies is to be multi-partite as well.

In France, the National Commission for Professional Qualifications (Commission Nationale de la Certification Professionnelle (CNPC) is administered by the Minister responsible for professional education. CNPC consists of 43 members (2015) representing ministries, regions, social partners, and professional associations.<sup>78</sup> CNPC members are appointed by the order of the Prime Minister for 5 years<sup>79</sup>. CNPC's major responsibilities involve:

- developing a framework for national qualifications, their types and levels;
- providing clearance to the qualifications developed by ministries and industry bodies;
- providing guidance on the recognition of national qualifications in France and the countries of the EU;
- developing procedures for recognition of qualifications and progression between qualifications in France.

CNPC conducts its work through the specialized committee, a permanent secretariat and a regional network of correspondents. The total staff of CNPC Secretariat involves only 15 persons. The modest size of CNPC staff has been possible because the development and awarding of qualifications has been delegated to certain Ministries (for sector-specific qualifications), universities (concerning the HE qualifications) and industry-led professional bodies. Therefore, operationally, CNPC is involved mostly in clearance of requests for the national registration of the qualifications developed by the

<sup>78</sup> <http://www.cnpc.gouv.fr/commission>

<sup>79</sup> Order of the Prime Minister. Official Journal. France



above organizations and industry bodies, and for management and review of the registered qualifications which may need to be temporarily invalidated, or improved, etc.

The higher-level professional qualifications (Degrees and Diplomas) are developed and issued by the Ministry of Education, Ministry of Health, Ministry of Agriculture, Ministry of Youth and Sports, as well as the Ministry of Labour. In the development of higher-level professional awards, the key actors are the Professional Consultative Committees (CPCs). They bring together representatives of employers' organisations, workers' organisations, the government and technical experts. While CPC working groups are fundamentally expert bodies that ministries heavily rely on, they are also the platforms where different opinions are discussed.

The vocational qualifications called «Certificats de qualification professionnelle» (CQPs) enable jobseekers and the young people who are still in general education or training to acquire skills for entering jobs. CQPs are created and awarded by joint industry bodies called "Commission Paritaire Nationale Emploi Formation" (CPNEF) (National Joint Committees for Employment and Training) composed of the social partners. In comparison with CPCs, the industry sector bodies apply their specific rules of memberships and processes. These sectoral qualifications can be obtained through training offered by the training bodies established by related industry branches. Such qualifications are recognised in the relevant industries on the basis of the sector agreements.<sup>80</sup> CPNEFs can also agree to issue vocational awards called "Certificat de Qualification Professionnelle Inter Branches" (CQPIs) recognized by several sectors. In 2006, there were only seven such qualifications recognized in 12 branches.<sup>81</sup> The private training organizations and the training centres of Chambers of Industry and Commerce can also issue Certificates of Competency at Enterprises (Certificats de Competence en Entreprise (CCEs)). Each of those bodies have their own processes of receiving applications, forming the assessment panels and making decisions on awarding qualifications. In 2012, out of 558 requests received by the National Commission for Professional Qualifications (CNPC) for recognition of new qualifications, 353 requests were made by private institutions and only 84-by public institutions, while 60 requests were made by National Joint Commissions for Employment and Training (CPNEs).<sup>82</sup>

## V. GOVERNANCE OF SKILLS DEVELOPMENT IN COUNTRIES BENEFICIARIES OF THE PROJECT

### V.1 Governance of skills development in Armenia<sup>83</sup>

#### *National level*

The program of activities of the Armenian Government adopted in 2014 by the National Assembly, defined provision of high quality education, matching of skills of labour force to the job market requirements and facilitating employment among graduates as one of its main objectives.<sup>84</sup> Ministry of Education and Ministry of Social and Labour Affairs are the main actors in charge of converting these objectives into policies and plans. Armenia's development strategy (2014-2015) cites human

<sup>80</sup> Skills Governance in the EU Member States. Synthesis Report for the EEPO. 2015; <http://www.rncp.cncp.gouv.fr>; Commission nationale de la certification professionnelle. Rapport au Premier ministre 2012. ([http://www.cncp.gouv.fr/sites/default/files/media/ra\\_cncp\\_2013.pdf](http://www.cncp.gouv.fr/sites/default/files/media/ra_cncp_2013.pdf))

<sup>81</sup> Mise en place d'un demarche CQP / CQPI au sein d'une branche. Guide méthodologique à usage des CPNE. 2012 (<http://www.fpspp.org/portail/resource/filecenter/document/042-00001c-021/>)

<sup>82</sup> Such Certificates of Professional Qualification (CQP) are not attributed to any qualifications level in France. (Conformément à l'article R.335-6 du Code de l'éducation, les CQP enregistrés au RNCP ne possèdent pas de niveau).

<sup>83</sup> Based on the report written by H. Manasyan for the ILO Project

<sup>84</sup> Government of Armenia. Development strategic program of Republic of Armenia for 2014-2015. Government of Armenia decree n° 442-N, point 623.3. 2014

capital as one of the major four priority areas of the country. It states the vision of industrial policy as to make Armenia a country producing high value and knowledge-based goods and services, anchored on the creative human capital. Implementation of this vision requires gradual transition from resource-intensive industry to the one based on knowledge and competencies.

The Government has adopted the Export-Led Industrial Policy targeting export growth and diversification in 2011–2020. It has been recognized that the creation of a skilled workforce would be a challenge and the action plans have been developed for the sectors involving vocational education and training activities to meet their current and future needs.<sup>85</sup> The priority industries have been identified involving the services sector and small enterprises, the IT industry, tourism, etc. One of the goals of the national ICT Development Strategy is to form an E-society in Armenia, specifically through significant expansion of computer usage and Internet access.<sup>86</sup>

#### *Lack of capacity for identification of demand for skilled labour force*

One of the pressing issues requiring dialogue and coordination between government bodies and industry stakeholders is identification of demand for skilled and talented workforce and ensuring the matching supply of VET graduates. To date, several difficulties in anticipating of skills demand in Armenia have been observed due to the instability of macro-economic situation that creates risks for enterprise investment. Lack of capacity of staff in state entities in the area of anticipation and matching of skilled workforce has also been observed. Policy declarations on importance of promoting strong links between VET and job market are being very slowly translated into the framework and action plans with measurable outcomes. No fiscal incentives have been offered to employers by the government to encourage enterprises to invest in training of their employees and the educational institutions.

Since 2015, the Ministry of Education and Science (MoES) has been developing a model and implementation plan for a sector-wide VET planning and management system. Data from the National Statistical Office (2015) showed that 67% of those with a VET qualification in Armenia felt that their training met their needs at work. However, according to the Union for Information Technology Enterprises (UITE), out of 1,500 young people graduating from universities with diplomas in technology, only 20% were found fit for relevant jobs.<sup>87</sup> In 2012, the MoES has reformed the structure of the training supply side, by taking over responsibility for VET schools which had previously belonged to the ministries of Agriculture, Culture and Health.<sup>88</sup> This has allowed to improve guidance and monitoring of VET.

#### *Partnerships in the development of sectoral skills*

Social partnership approach in sectoral skills development in Armenia was adopted in 2009 when the Government approved “The concept of social partnership in VET”. The concept was intended to equally involve the social partners (government, businesses and trade unions/associations) in skills development so that to join efforts, be collectively responsible for and benefit from the VET reform.

---

<sup>85</sup> Improving Conditions for Developing Future-Oriented Vocational Qualifications in Armenia. 2014. [[http://www.crrc.am/hosting/file/\\_static\\_content/projects/VET-GIZ/CRRC\\_GIZ\\_Report\\_Final.pdf](http://www.crrc.am/hosting/file/_static_content/projects/VET-GIZ/CRRC_GIZ_Report_Final.pdf) [Accessed 07.02.2018].

<sup>86</sup> EIF, 2015. Armenian ICT Sector 2015 State of The Industry Report: Information and Telecommunication Technologies Sector in Armenia, Enterprise Incubator Foundation, December 2015 [http://www.eif.am/files/1958/Armenian-IT-Industry-Report-/2015-ICT-Industry-Report\\_eng.pdf](http://www.eif.am/files/1958/Armenian-IT-Industry-Report-/2015-ICT-Industry-Report_eng.pdf)

<sup>87</sup> USAID. Country Development Cooperation Strategy FY 2013-2017. 2013. <https://www.usaid.gov/sites/default/files/documents/1863/Armenia-CDCS.pdf>. [Accessed 05.02.2018].

<sup>88</sup> ETF Torino Process 2016-2017 Eastern Partnership and Russia. 2017. [http://www.etf.europa.eu/webatt.nsf/0/C6FF1AFBBE090773C12581FE004D0751/\\$file/TRP%202016-17%20Eastern%20Europe.pdf](http://www.etf.europa.eu/webatt.nsf/0/C6FF1AFBBE090773C12581FE004D0751/$file/TRP%202016-17%20Eastern%20Europe.pdf) [Accessed 04.02.2018].

A tripartite Memorandum of Understanding was signed in 2009 between the Ministry of Education and Science, Republican Union of Employers and the Chamber of Commerce of Armenia. The reforms implemented during the recent years aimed at responding to the identified industrial development priorities through developing the skilled workforce in line with requirements. The Sectoral Policy Support Programmes (SPSP) have been developed for supporting priority sectors. In 2008, the National Council for Vocational Education and Training Development (VET Council) was established with equal representation of the Government and the social partner organizations.<sup>89</sup> VET Council comprises 21 members (seven from each party). The VET Council members are not, however, specialists in vocational education and training and need considerable professional support from VET experts.

To a certain extent, technical support for VET Council is provided by the National Centre for VET Development (NCVTED) established under the umbrella of the National Institute of Education (NIE). Its main responsibility is development of the national qualification framework as well as development and monitoring of occupational and education standards. NCVTED cooperates with 14 permanently acting Sectoral Committees (established in 2009 and re-established in 2012). The SCs are responsible mainly for reviewing and endorsing draft educational standards developed by the working groups operating on contractual basis. Identification and anticipation of sector-specific skills remain beyond the SC's mandate. SCs do not participate in the development of occupational profiles carried out by the staff of the Ministry of Labour and Social Affairs. The need for review of the mandate and improving professionalism in the operation of SCs is now evident.

The case of EVN wine academy might be considered as one example of the successful industry-academia collaboration worth adopting. The EVN wine academy is implemented by the International Center for Agribusiness Research and Education (ICARE) Foundation in 2014. Its establishment followed the study conducted by ICARE team in 2013 which revealed clear lack of skills in wine technologies.<sup>90</sup> The study was prepared for the German Agency for International Cooperation (GIZ). The participants of the research were managers of 27 wineries across the country, who recognized the demand for well-trained specialists in the field. Many of them were employing international consultants that was difficult to afford. The situation in existence led to the urgent need of preparing local professionals to develop the wine sector in Armenia. Based on the gap in skills reported by the wineries the vocational study program for Enology and Wine Business was developed by the professionals from German Geisenheim University and ICARE Foundation on one side, and Semina Consulting, as a representative of wine industry, on the other side<sup>91</sup>. The 18- months study program involves in-class teaching at the ICARE and hands-on learning in wineries that employ the students of the program right after the graduation. As a result of this collaboration the wine sector in Armenia is experiencing a new renaissance<sup>92</sup>.

## V.2 Governance of skills development in Jordan<sup>93</sup>

<sup>89</sup> RA Government (2012-2016). Programme of Vocational Education and Training Reforms for 2012-2016, Annex N 1 to the Protocol decision of RA Government on July 4, 2012 Session N 27.

[http://www.gdf.am/images/VET\\_Reforms\\_2012-2016\\_eng.pdf](http://www.gdf.am/images/VET_Reforms_2012-2016_eng.pdf) [Accessed 04.02.2018].

<sup>90</sup> Assessment of Training Needs and Skill Development of the Armenian Winemakers, ICARE, 2013, 31p.

[http://www.icare.am/uploaded\\_files/Final%20Report%20-%20Assessment%20of%20winemakers%20skills%20-%20ENG.pdf](http://www.icare.am/uploaded_files/Final%20Report%20-%20Assessment%20of%20winemakers%20skills%20-%20ENG.pdf) [Accessed 14.02.2018].

<sup>91</sup> <https://icare.am/evn>

<sup>92</sup> To popularize this case a short video is also prepared, see <https://www.youtube.com/watch?v=FzNHL7nZuJE>

<sup>93</sup> Based on the report written by Rama Erekat for the ILO Project

### *Strategic plans on skills development and employment*

Jordan has been slowly moving towards a tripartite system of industrial relations as part of a reform to develop a knowledge-based economy and society with improved education, training and skills. The Jordan Vision 2025, the Jordan National Employment Strategy (NES 2011-2020), the Jordan National Employment-Technical and Vocational Education and Training strategy (ETVET 2014-2020) and the most recent and important one - the National Strategy for HRD (HRD 2016-2025) - have been developed through a consultation with private and social stakeholders. The ETVET 2014-2020 Strategy targets several objectives: governance of TVET sector, improving impact of education and training on employability, focus on participation of women and people with disabilities (PWDs), etc. The National Employment Strategy (NES) 2011-2020 was developed through consultation with social partners and other stakeholders and reflects a consensus on how to reshape employment policies in line with the labour market needs and challenges. The National HRD Strategy (NSHRD) 2016-2025 has outlined the programs for meeting national sustainable development goals through developing the skills, capabilities, and patterns of behaviour for achieving national economic and social ambitions. One of the objectives of the HRD strategy is "By 2025, to substantially increase the number of youth and adults with technical and vocational skills for employment, decent work, and entrepreneurship".<sup>94</sup>

The Economic Growth Stimulation Plan (EGSP) 2018-2022 promotes the sector policy focusing on expanding the number of training centers of excellence in coordination with the private sector, spreading the culture of entrepreneurship and self-reliance in coordination with the private sector. The Jordan Vision 2025 seeks to expand the industry clusters that perform well involving construction and engineering, transport and logistics, tourism, health care, life sciences, digital and business services, educational services and financial services. Jordan's National Competitiveness and Innovation Committee will establish cluster coordination committees to support the selected sectors; committees will promote networking between emerging clusters to ensure that they receive adequately skilled graduates from educational institutions. The reform of the TVET sector governance is initiated to ensure that a cross ministerial approach to TVET is led by the private sector.

### *High-level bodies and their impact on coordination*

National professional education is supervised by the three high-level bodies: E-TVET Council, Education Council and the HE Council. There is also a National HRD Council (NCHRD) set-up to improve linkages between labor supply and demand. It reports to the Higher Council for Science and Technology (HCST). The president of the NCHRD is a board member of the E-TVET Council. The ministries and operational agencies concerned with skills development involve MoL; the Ministry of HE and Scientific Research (MoHESR) and Al Balquaa' Applied University (BAU); the Vocational Training Corporation (VTC), the HE Accreditation Commission (HEAC), the Centre for Accreditation and Quality Assurance (CAQA), the Employment, Technical and Vocational Training (E-TVET) Fund, and NGOs. These councils, however, do not cooperate enough to improve national supply of competent workforce. The same is true for the training providers belonging to these agencies such as vocational schools, community colleges and vocational training institutes.

Presence of the above high-level Councils failed to improve the dialogue and coordination within the professional education sector and between the TVET and the social partners. The social partners currently have considerable representation only in E-TVET Council which is chaired by the Minister for Labour and has nominations at the level of General Secretaries of relevant ministries. Out of 16 members, seven seats are taken by industry stakeholders with the three permanent seats belonging to the private sector, two seats are with the Chambers of trade and commerce (CTC) and one is for

---

<sup>94</sup> Education for prosperity: Delivering results. A National Strategy for Human Resource Development 2016 – 2025 <http://www.mohe.gov.jo/en/Documents/National%20HRD%20Strategy-en.pdf>

the trade unions. Four seats are allocated for the leading sectors of the economy.<sup>95</sup> Employers are however not on boards of technical agencies such as, for instance, the Centre for Accreditation and Quality Assurance (CAQA). The General Federation of Jordanian Trade Unions (GFJTU), Jordan Chamber of Commerce (JCC); the Jordan Chamber of Industry (JCI), and independent trade unions need to be offered roles in national TVET policy and strategy making and in governance of skills development in sectors and governorates. Given the large number of central bodies which work on skills training and HRD, there is a continued need to clarify the roles and responsibilities of various stakeholders in these bodies.

*The revised law on TVET should support governance*

The new law on the Higher Council for Vocational Education and Training (HCVET) 2018 will soon be adopted to become a reference law for all ETVT activities delivered in vocational schools and technical colleges. The new HCVET Council will be chaired by the Minister for Labor and involve Minister of Education, Minister of Higher Education and Scientific Research, the Employment Fund Chairperson, and the chairperson of the Vocational Training Corporation. Ten members from industries will be nominated including: two - from Jordan Chamber of Industry (JCI), and by one member from the following organizations: Jordan Chamber of Commerce (JCC), Jordan Farmers Union (JFU), Tourism Societies Union (TSU), Jordan Construction Contractors Association (JCCA), Medical sector, Communication and Information Technology Sector, professional Union, and from TVET Training providers. TVET-HC will have a very broad mandate to oversee the following: sector councils, unified standards through CAQA, national apprenticeship framework, functional occupational licensing, skills anticipation, accreditation of training providers through CAQA, standardized testing and recognition of prior learning, etc.

This law is also a legal foundation for the employer-led “Skills Development Corporation” (SDC) and aims to promote public-private partnerships in the field of TVET. VTC currently owns and operates a network of 10 specialized institutes and 35 vocational training institutes all over Jordan with some 10,000 of annual enrolments. Eleven of those are specialized centers of excellence (in the tourism sector) and 31 are multidisciplinary training institutes. VTC offers vocational training and apprenticeship programs at the semi-skilled, skilled and craftsman levels.<sup>96</sup> A unit called “TVET Public and Private Partnership” will be established in MoL, subordinated directly to the Minister, with the tasks and responsibilities outlined by a specific bylaw to be issued by the HCVET.

*Moderate impact of strategic planning and legal reform in TVET on governance*

Currently it is felt, however, that the above TVET and HRD strategies lack an integrated framework for implementation. There was no progress in bringing together government agencies, social partners, local industries and training providers to ensure that the adequate supply of competent people meets the needs of expanding industries. This deficiency reflects the lack of sound governance arrangements in skills development as well as the traditional over-reliance on migrant workers. So far, the dialogue and cooperation between the government and industries has been mostly in the development of the above HRD strategic documents.

The over-centralization of the government structures clearly impacted on the way the TVET system operates. The TVET sector is centralized with vocational education, vocational training and technical education operating in isolation from each other and failing to address the national concerns of relevance, quality or efficiency. As a result, the social partners’ involvement in governing the skills development system, planning the supply of graduates, setting occupational standards, designing and testing qualifications remains very limited.<sup>97</sup> The problem of dialogue and cooperation also

---

<sup>95</sup> Jordan-VET governance ETF partner Country Profile. 2017

<sup>96</sup> <http://vtc.gov.jo/vtcar/#>

<sup>97</sup> Jordan- VET Governance- ETF partner Country Profile. 2017

resulted in the inferior quality of labour force which persists due to the lack of national occupational standards and qualifications and their application at jobs and in skills training. This is what should be introduced and enforced by the national government and implemented with full participation of industry experts and their dedicated organizations. The consensus has been reached between the government agencies and the social partners on the need to focus on sectoral approach rather than on the whole national labour market.

#### *Sectoral and regional governance of TVET*

The HRD strategy 2016-2025 aims to put in place sector-based mechanisms for ensuring relevance of TVET provision to industry priorities. It is envisaged that employer-led Sector Skills Councils (SSCs), acting as advisory bodies, will be introduced. For this to happen, the capacity of the private sector bodies, including the Jordan Chambers of Industry and Commerce, in identifying sectoral skills needs and providing guidance to training institutions should be strengthened. So far, no organized dialogue and coordination between government and stakeholders has been taking place in industry sectors and governorates. Employers and workers in sectors have not yet established any dedicated bodies capable to deal with sectoral skills development activities. In some governorates and economic development zones, the government initiatives have been undertaken to generate economic growth and jobs. These initiatives, however, have not brought together government agencies, social partners, local industry and training providers to ensure that the supply of skilled graduates meets the needs of expanding industries. Government and its agencies tend to remain centralized at the national level; the social partners have some experience of engaging in projects at the local level, but lack experience of coordinating with governments in governorates.<sup>98</sup> The opportunity to empower governorates and local authorities to form an effective social dialogue, public-private partnerships, including training providers in urban areas, and in economic development zones remains untapped. This potential can be exploited through the planned decentralization of TVET system.

### V.3 Governance of skills development in Kyrgyzstan<sup>99</sup>

#### *Legal provisions*

In Kyrgyzstan, the national legislation on state-private partnerships defines a broad range of domains where such partnerships can take place. This law however only confirms that such partnerships are legal but it does not make partnerships compulsory in certain areas of practice. This means that many government decisions can, in principle, be carried out without any consultation with social partners. This legislation does not specifically refer to the HRD-related decisions and may have a little impact on governance of skills development. The legislation offers a generic organizational form of “councils” for running partnerships which are viewed as “consultative” bodies. However, whether or not government bodies are obliged to take account of social partners’ opinions is not determined in the law.<sup>100</sup> The Law “On Social Partnership in Labour Relations in the Kyrgyz Republic” has established a legal framework for interaction between the government and social partners on labour issues. It does not, however, specifically focus on HRD issues and has not been applied to this subject on practice.<sup>101</sup>

#### *The National Skills Development Council*

<sup>98</sup> Mapping vocational education and training governance in Jordan. ETF. 2014

<sup>99</sup> Based on the national report by Bolot Dyikanov produced for the ILO project

<sup>100</sup> Закон КР “О государственно-частном партнерстве в Кыргызской Республике» от 22 февраля 2012 года, № 7 (в редакции Закона КР от 22 июня 2016 года, № 88), <http://cbd.minjust.gov.kg/act/view/ru-ru/203607?cl=ru-ru>

<sup>101</sup> Закон КР «О социальном партнерстве в области трудовых отношений в Кыргызской Республике» от 23 июля 2003 года, №154.

The National Skills Development Council (NSDC) was recently instituted in Kyrgyzstan as the only high-ranking governing body at ministerial level responsible for skills development.<sup>102</sup> Its membership involves several ministers, Chamber of Industry and Commerce, several large employers and representatives of labour unions, etc. It is chaired by the Deputy Prime Minister. The SDC's functions involve:

- coordination of government bodies, employers, public and private providers and NGOs in planning and monitoring of skills development;
- setting priorities on skills training and making proposals on skills policy implementation;
- planning and forecasting of demand for skilled workforce, etc.

However, NSDC has convened only several meetings since its establishment and did not make any really important policy and strategy decisions in skills development. The national Agency for Primary and Secondary Vocational Education (APSVE) acts as its secretariat. The Council is mostly involved in information-sharing. The significant capabilities associated with creation of such a high-level Council have not been realized. As it is a practice in other countries, the NSDC being under the chairmanship of the Deputy Prime Minister and having membership at ministerial level was not supposed to be an advisory and coordinating body but rather a decision-making body with the focus on national policy and strategic decisions on skills development. Such a body should be able to issue enquiries and orders to other ministries and submit proposals to the Parliament and the government.

#### *The role of social partners in development of skills strategy*

Kyrgyzstan has adopted a national education strategy for 2012-2020 which is being implemented by the Ministry of Education and Science (MoES). Since the education strategy touches upon the interests of all stakeholder groups it was supposed to be developed through a consultation process with the involvement of social partners and adopted by the NSDC. The working group was established by the MoES for drafting this Strategy and its component on VET which involved representatives from the Agency for Primary and Secondary VET, the ministry itself, VET providers, and some representatives from business and experts. Certain strategic initiatives on education and skills have also been worked out in 2017 by the ad-hoc committees of National Council for Sustainable Development. However, given the mandate of the NSDC, it is logical to suggest that it should be a permanent function of the latter body.

#### *Industry skills councils*

In 2012, seven industry councils have been established under the NSDC in the following branches of the economy: agriculture, energy, tourism and service, mining, garments, transport, and construction. Legally, the councils are voluntary associations of companies and people created for coordination or companies and organizations. They are defined as associations with consultative and advisory capacity. Members of Councils involve nominations from companies, labour unions and training providers. Their major purpose is however "provision of support to ensure satisfaction of employers with the quality of labour force", etc. Apparently, that such a purpose is more suitable for employers' bodies, does not assume broad partnerships with labour unions and has little to do with the development of industry sector strategies for skills development.

Industry Councils are supposed to:

- identify knowledge and skills required for building competencies;
- forecast future demand for labour force;
- coordinate demand and supply of skilled labour force;
- develop policies of lifelong learning;
- participate in the development of occupational standards, etc.<sup>103</sup>.

<sup>102</sup> Government Decree: 23 March 2012. № 193

<sup>103</sup> The mandate of industry councils is defined by the APSVE in the decision: №1/235 of 04.11.2013

While they do not receive any public funding, the above functions are very demanding on expert staff, time and money. For this reason, these industry councils so far have been inactive and failed to bring about any significant results. Over five years the seven Councils held 22 meetings only.

*Other skills-related initiatives implemented by social partner bodies*

Apart from the above formal governance structures, there are some other coordinating activities implemented by other groups of stakeholders without coordination with the government. For instance, the Chamber of Industry and Commerce has been implementing a scheme of independent skills assessment and certification by sector. It is envisaged that sectoral assessment centres will be introduced with the functions such as the development of occupational specifications and assessment instruments which overlap with the designations of Industry Councils. A Coordination Committee has been established on the basis of the Chamber of Industry and Commerce enabling to organize and bring together the interests of some government institutions, large companies and social partner organizations in the area of independent skills assessment and certification. The Coordination Committee has managed to form 35 certification bodies, trained assessors and did some other technical work. Some small business associations have also been active in partnering with individual training providers. However, the above activities implemented by active stakeholders outside the formal TVET system have not been reported to the NSDC and remain unrecognized by this high Council. The new organizations and processes involved in the independent qualifications assessment require their adaptation to the national VET system and they should become eventually recognized. This problem is a demonstration of lack of national and sectoral coordination between the national VET authorities and the activities of other stakeholder groups. If no agreement will be concluded between the formal VET and the above stakeholders' initiative, the new centres of independent assessment will offer assessment services in the market with the risk that their certificates will not be formally recognized.

Finally, there is a necessity to organize local governance processes in the area of skills development involving regional governments and their education departments, major local employers, regional extensions of the Chamber of Industry and Commerce and of National Confederation of Employers, of small business associations and other stakeholders. This would support dialogue and cooperation in identification of the regional demand for skilled workshop and provide guidance to regional VET.

V.4 Governance of skills development in Russian Federation<sup>104</sup>

*Legal and regulatory support for the social dialogue in skills development*

In the Russian Federation, there is no legislation which requires practicing governance in the area of skills training with participation of the government bodies at various levels as well as the social partners and other stakeholders. Nevertheless, in all major areas of public policy, the participation of representatives of employers, workers, non-for-profit sector, experts at different levels of government (federal, sectoral, regional) and at various stages of policy formulation- from identifying problems to formulating ways of addressing those,- such a joint action is generally accepted. Social partners participate in the formulation of policies and laws and monitor their implementation. The interaction is taking place through participation of various stakeholders in permanent or temporary advisory bodies, working groups, which are set up by the authorities. Dialogues and consultations are the most common format of "collective leadership".

In some cases, national legislation makes it compulsory for the executive bodies to take account of the opinions of employers' and workers' organizations. As a rule, representatives of employers, workers, and other interested parties have the authority to communicate their position in high-level

---

<sup>104</sup> Based on the national report produced by Dr.Feodor Prokopov for the ILO project



dialogues. In line with requirements of the Labour Code, the National Tripartite Commission on social and labour issues has been established. The coordinators of the parties of employers and trade unions of the National Commission participate in meetings of the Government. When considering issues previously examined by the National Commission, their opinions are to be heard before the decision is taken by the Government. In the Parliament (Duma), in the hearings on the matters which had been examined by the National Commission, its opinions are reported at the session. However, so far, no significant skills development policy issues have been on the agenda of the National Commission. The central task of the National Commission is drafting of a General Agreement between labour unions, employers' organizations and the government of the Russian Federation on labour issues as well as conducting consultations between these bodies on the issues related to introduction of the new legislation. The current General Agreement maintains that development of concerted proposals on improvement of the national qualifications system, improvement of quality system for technical and vocational education, etc. are key national priorities.

In line with the Labour Code, the tripartite committees on social and labour issues have also been formed at regional, sectoral and local levels of the country. Committees involve representatives of employers, labour organizations and the government bodies. They aim to ensure that the dialogue and coordination in the domain of labour issues is taking place. In companies, such committees are established for developing collective agreements. The Labour Code determines that skills training and upgrading of employees could be included in collective labour agreements. In principle, the regional tripartite agreements may also involve requirements established by the social partners regarding the functions which the regional government has to carry out in the area of vocational education and training including analysis of demand for skilled graduates, formulation of the regional government order for enrolments of vocational students, etc.

#### *National Council for Qualifications Development*

A considerable impact on the governance of the national skills development has been made by the introduction in 2014 of the National Council for Qualifications Development under the President of the Russian Federation. This body involves membership from several ministries (ministerial level), Russian Union of Industrialists and Entrepreneurs, other employers' and labour unions' bodies and other stakeholders. The Council is chaired by the President of the Russian Union of Industrialists and Entrepreneurs and aims to provide guidance on the general policy issues in skills development and, more specifically, on the national qualifications policy. Working groups of the Council cooperate with the staff of the Ministry of Education and Science in drafting pieces of legislation and regulations, for instance, on the development of federal educational standards which are to be linked to occupational standards. In the same way, the law on independent assessment of qualifications has been jointly developed by experts of the Council and the staff of the Ministry of Labour and Social Protection of Russia. The role of this multipartite Council is reinforced by the legislation which requires approval by this body of any draft law and regulations involving occupational standards, educational standards and national qualifications.

The National Council for Qualifications Development also decides on the establishment of Qualifications Councils and defines their powers. Some of such Councils are sectoral (for instance, the Council for Qualifications of the Financial Markets) while some are based on certain occupations (for instance the Council for Welding Qualifications). Since 2014 some 30 Councils have been formed. Such Councils are multipartite with overweight of employers' representatives. Members also involve labour unions, staff of relevant ministries, vocational education professionals, etc. The Qualifications Councils are self-financed and receive government grants for bringing about certain outcomes and, first and foremost, the occupational standards, qualifications and skills assessment instruments. The responsibility for domains of occupational standards is divided between the

Councils by the National Council for Qualifications Development. Qualifications Councils involve representatives of relevant companies as well as technical education and the HE organizations, representatives of trade unions, etc. Some Qualifications Councils have formed committees on monitoring the labour markets, development of occupational standards, their application in programs of technical education, etc. Some of the Councils (for instance, the Council for Machining Qualifications) participate in the enrolment planning decisions for relevant occupations in the vocational education institutions. For instance, the Council for Welding Qualifications has developed standards and qualifications for several welding qualifications, conducted analysis of occupational structures in the domain of welding and identified priority occupational titles as well as those occupations for which growth of labour market demand is anticipated.<sup>105</sup> The Council for Qualifications in Oil and Gas Sector has developed occupational standards and qualifications, has worked on analysis of demand for sector-specific skilled occupations and participated in the accreditation of technical education programs offered by selected providers.<sup>106</sup>

The Qualifications Councils are responsible for setting up the qualifications assessment centres. Almost 150 of assessment centres are operational which can carry out assessment of almost 1,000 qualifications. Qualifications Councils are also involved in screening of educational standards applied by the vocational education programs to improve relevance of vocational education to the labour market occupational requirements. In 2017, over 400 draft educational standards for HE and over 230 educational standards for technical education were reviewed by Qualifications Councils. Representatives of Councils participate in over 40 committees which draft educational standards.

#### *Council on Strategic Development and Priority Projects*

The Council on Strategic Development and Priority Projects under the President of Russian Federation is another high-level body which involves consultation, coordination, and decision making by the federal and regional executive powers, social partners' organizations, professional associations and research bodies. Representatives of employers' and workers' organizations are permanent members of this Council. This Council has been involved in examination and approval of strategic projects on skills development. In 2017, it approved the project «Development of priority cadres for advanced technologies». The purpose of this project is to improve capability of secondary technical education to deliver graduate technicians in line with the new occupational standards and requirements of advanced technologies. The Council has commissioned the Ministry of Education and Science to set-up a Centre for Coordination of Training of 50 of the advanced occupations and specialisations at technician Diploma level. Four representatives of employers have been appointed to this centre. This Council has also approved the national program on “digitalization of the economy” which involves a wide range of skills development activities.

The above suggests that in Russia, the area of development of occupational standards and qualifications assessment is the key domain in which collective dialogue and coordination of the government and a broad range of stakeholders are taking place nationally, by industry sector and occupation. Some important policy issues in skills development seem to remain outside of the dialogue at the national level. Governance of skills training in regions and localities remains under developed and is potentially very important for monitoring the demand and supply of skilled workforce.

#### V.5 Governance of skills development in Vietnam<sup>107</sup>

<sup>105</sup> <http://spks.naks.ru/monitoring/>

<sup>106</sup> <http://www.spkngk.ru/about/activity/monitoring/>

<sup>107</sup> Based on the national report by Nguyen Q. Viet written for the ILO project.

### *The National Council for Education and Manpower Development*

The National Council for Education and Manpower Development is chaired by the Prime Minister with the Deputy Prime Minister being the Vice Chair. In 2016-21, the Council will have 28 persons with five government officials, ten representatives from HE, two persons from research, two members of Parliament, three representatives from corporations, two representatives from professional associations (the Viet Nam Journalists Association, and Vietnam Association for Promoting Education), etc. The Council is to advise the Prime Minister on: reforming education and training; implementation of educational legislation and the National Qualifications Framework; education and VET strategies and plans. The Council is also supposed to initiate research in line with its main mandate.<sup>108</sup> The Council is supported by six sub-committees covering VET, and Continuing Education and Lifelong Learning along with other domains of education. Ministry of Education and Training (MOET) is Standing Body for the Council and is required to consult with experts, business community, and competent organizations before submitting proposals to the Council. The Standing Body is assisted by the Council's Office established by the Minister of MOET. The Office of the Council is staffed with one full-time employee.

### *Legal provisions on industry involvement in skills development*

The government has confirmed that developing the quality human resources is strategically important and that it is crucial to establish a mechanism assuring close linkages between businesses and training institutions.<sup>109</sup> The Labor Code has a chapter on "Apprenticeship, vocational training and up-skilling" which describes responsibilities of enterprises in training and skills upgrading through securing:

- (i) conditions for workers to obtain low-interest loans for paying for skills development courses;
- (ii) provision of on-site training in companies for their employees and the opportunity for businesses to transfer the training cost on the price of products and services;
- (iii) provision of the free of charge occupational training through projects to several categories of underprivileged workers.

The VET Act stated that:

- Socio-political, social, and socio-professional organizations, within their mandates, are responsible for participating along with the government in developing VET policies, strategies, plans and supervision of their implementation;
- the Viet Nam Chamber of Commerce and Industry (VCCI), business associations and professional associations are invited to contribute to formulation and appraisal of the national VET framework.

It is thought that the major weakness of skills development in the country concerns the lack of enterprise-based training. Notwithstanding the above legal provisions and recognition of skills shortages in the country, the engagement of employers in VET remains low and is mostly taking place in large and foreign companies. Although apprenticeship is recognized in the VET Law, it is not practiced in companies actively. Although the law permits deduction of training expenses from gross operational profits before taxes, it has not become a strong incentive for companies to train.

### *The role of industry and professional associations*

Industry sectors in Vietnam remain unprepared for the development of sectoral policies and strategies in the area of skills training. No industry sector-wide bodies or separate employers' and workers' bodies with the mandate in skills development have been established to date. One of

---

<sup>108</sup> Decision 337/QĐ-TTg on Setting up The National Council for Education and Human Resources for period 2016-2021.

<sup>109</sup> The Strategy of Human Resource Development. Vietnam. 2011-2020

reasons quoted is that such dedicated skills development bodies have not been mentioned in any policy or regulation. By contrast, there are legal provisions for setting-up national, regional or local business or professional associations.<sup>110</sup> There are many such associations which can, in principle, act as stakeholder organizations in the dialogue on skills development. Some of them may have been invited to cooperate in the development of national skills standards, or in the development of VET policies and strategies (such as for instance, the Association of Viet Nam VET and Social Works, Association of Viet Nam Universities and Colleges). Some of the industry associations such as the Viet Nam Tourism Association and the Can Tho Aquaculture Association participated actively in the development of national occupational standards. Both associations also contributed to the curriculum development and offered training to workers in relevant sectors. It is argued, however, that the legal provisions for the operation of professional associations contained in the above Decree are very limited.<sup>111</sup> It is suggested that strengthening the role and obligations of the professional associations in the law would have improved their operational capabilities in the social dialogue with the government in relevant areas including skills development.<sup>112</sup> In fact, the law on professional associations had been drafted years back but failed to pass the approval.

#### *Social dialogue in the development of national occupational standards and skills assessment*

The Government has initiated the introduction of national occupational standards and related skills assessment and certification system. The lead agency in this area is Ministry of Labour, Invalids and Social Affairs (MOLISA).<sup>113</sup> The development of occupational standards is implemented by ministries in collaboration with relevant occupational agencies and associations. Groups of occupations are assigned to ministries and industries which are affiliated to these fields. Some 190 skills standards development committees have been established by the Ministries, one for each occupation. The constitution of the committees is based on the rule that the number of its members from the ministry should not exceed one-half while the rest should involve nominations from employers, employees, and relevant professional associations, experts, and researchers. So far skills standards have been developed for some 190 occupations. In producing standards for each of them, on average, some 30 industry experts have been involved in occupational analysis, assessment and the final compilation of standards for the following sectors: Construction, Transport, Industry and Commerce, Agriculture, and Tourism.

According to the Employment Act, the appointees from ministries and government agencies should chair the standards development committees and submit drafts to MOLISA for assessment and approval. Given that industries have not established joint bodies on skills development and that the mandate of business and professional associations is thought to be very limited, the government takes the lead in the development of occupational standards. Another implication of the low role of industries in skills training and qualifications assessment is that the National Occupational Skills Assessment Service Providers (NOSASP) who have the right to assess and certify workers are to be selected by the VET Directorate of MOLISA. 39 NOSASPs in charge of 32 skills assessment centres have been recognized so far. The scope of industries' and workers' involvement in assessment and certification remains limited also due to absence of regulations on compulsory certification for certain occupations or jobs. The only major example of compulsory certification is employment in the National Coal and Mineral Industries Group (VINACOMIN). The overall practice of developing occupational

---

<sup>110</sup> Decree No. 45/2010/ND-CP OF APRIL 21, 2010: On the organization, operation and management of associations.

<sup>111</sup> Decree No. 45/2010/ND-CP OF APRIL 21, 2010: On the organization, operation and management of associations.

<sup>112</sup> <http://www.vusta.vn/vi/news/Lien-hiep-hoi-1733/Nghi-dinh-45-2010-Thuc-tien-trien-khai-va-nhung-van-de-dat-ra-61323.html> 19/12/2017 15:32

<sup>113</sup> Circular 56/2015/TT-BLDTBXH: Guiding development, appraisal and publication of national occupational skills standards.

standards and conducting qualifications assessment in the labour markets in Viet Nam is very different from many other countries where it is the responsibility of industry bodies.

It is recognized that the national skills development in Viet Nam requires improvement of the dialogue and coordination between government ministries and industry sectors. For instance, development of national VET policies and strategies suffers from shortage of information which cannot be collected without adequate involvement of companies. Another considerable potential exists in development of cooperation between governments and the local stakeholders in skills training and employment promotion in provinces and districts. Professional and industry associations can and should do more in skills training and employment promotion. The discussion continues on the establishment of industry skills councils which can be assigned responsibilities for development of occupational standards in their respective sectors.

## CONCLUSIONS

The need for recognition of different interests and mandates of various government bodies and a broad range of stakeholders and for agreeing on a coordinated decision on the matters of common interest is the core sense of governance. The scope for dialogue, coordination and decision making will depend on the range of stakeholders concerned as well as the nature of issues at stake in skills and employability development. This report has identified three levels of interaction between stakeholders which may take various forms, result in different types of arrangements and involve broad groups of stakeholders.

### *National governance arrangements*

The *general issues* of national importance involving the skills development and employment legislation, national policies and strategies, skills development initiatives for export growth, etc. as well as the technical issues of national importance and essentially, the national qualifications systems. This has been the area of dialogue and coordination between relevant ministries and dedicated agencies, national employers' organizations and national labour unions. In most cases, but not always, the national dialogue on skills development has been organized within highly placed national councils involving the minister level participation. Some countries have introduced several such councils, one-for primary VET, one -for adult education. In some countries, the national councils' mandates combined both, the labour force planning and skills training matters. In some countries, such councils are statutory bodies established by laws which empower them to participate in the sessions of national parliaments and make formal submission of their opinions and proposals to the government. In some other countries, the established bodies kept low profile and failed to make any impact on skills development.

### *Sectoral coordination of governments and stakeholders*

Sectoral skills training and employment issues are mostly relevant for companies and employees engaged in individual sectors and industries. The extent to which sectoral employers and unions are active and willing to discuss and coordinate the skills development activities within a certain national framework established by national economic and HRD strategies will be the driving force for sector-based governance arrangements. The attempts to support governance of skills development in industry sectors have been seen everywhere with however different results. Sectoral skills-related concerns of stakeholders were also different because of the nature of their industries. The sector-specific qualifications and the qualifications assessment procedures in, for instance, construction sector will obviously be different from the same in the chemical processing industry which employs large numbers of operators with technician Diplomas. In many cases, industry stakeholders agreed to set-up sectoral skills development councils what would confirm their long-term interests in this domain. The availability of funding for sectoral councils was, however, a considerable factor determining scope of their activities. Industry stakeholders may dialogue and coordinate activities with or

without a Council and without any funding in case they limit scope of their coordination to the policy-making area on skills and employment. If industry Councils are expected to deliver technical activities such as the analysis for demand for skilled graduates and the development of occupational standards and qualifications, etc., the availability of funding is indispensable. In some industrialized countries, it was governments who offer funding to industry bodies for conducting mostly these technical functions since it is in the national interests. One of solutions is the introduction of contractual relations between government (through a dedicated ministry) and industry training bodies. In this case, industry bodies were supposed to provide services to the government such as collection of information, development of qualifications, consulting with companies etc. in line with the requirements of formal contracts. A better model is when companies also finance their sectoral councils by their own contributions enabling them to also act in the interests of employers and labour unions. Establishment of sectoral skills development funds involving close cooperation of stakeholders and, sometimes, governments allowed to improve the competence of sectoral workforce considerably.

#### *Regional and community levels*

The development and integration of regional/local economic and HRD development policies, identification of the current demand for skilled workforce in the local labour markets and monitoring the risk of labour market mismatch for vocational education graduates - these are the concerns for regional governments, employers' and workers' groups, local professional associations, communities, and their education and training providers. In some industrialized countries, the regional and local coordination between governments and stakeholders has been very active and fruitful. The spread of regional governance in employment promotion and skills development is dependent on the degree of decentralization of governments. In the countries with highly centralized skills development systems, local VET providers continue reporting to ministries and national agencies what makes the local governance arrangements on skills and employability development almost impossible. This impedes information sharing, coordination and joint action of local governments and stakeholders in the areas of assessment of demand for skilled workforce and aligning student enrolments to the regional needs. Such a coordination is the only way to reduce the risks of local occupational mismatch and improve employability of graduates.

Finally, the mature governance systems on skills and employability development involve multipartite governing bodies at all the above levels which cooperate with dedicated government ministries, institutions and VET systems in collecting information, drafting strategic plans, making coordinated proposals and promoting HRD and employment policies in their industry sectors and regions. The councils and boards involved in governance of skills development are not, however, a substitute for ministries, specialist agencies, and VET providers who are the implementing bodies accountable for the results.

## REFERENCES

### *ILO and UNESCO instruments*

1. Freedom of Association and Protection of the Right to Organise Convention, ILO, 1948 (No. 87)
2. ILO Declaration on Social Justice for a Fair Globalization. Geneva, 2008
3. ILO Recommendation on human resources development: Education, training and lifelong learning (No. 195). 2004;
4. Conclusions on skills for improved productivity, employment growth and development, ILC, ILO, 2008;
5. UNESCO Recommendation concerning technical and vocational education and training (TVET), 2015

### *Books and Reports*

6. Bridgford J. Trade union involvement in skills development: an international review. ILO. 2017
7. Draft strategy for discussion 2010 – 2030. Human Resource Development South Africa (HRDSA).
8. Good Multilevel Governance for Vocational Education and Training. ETF, 2013.
9. Graham J., B.Amos and T. Plumtre: Principles for Good Governance in the 21st Century . Policy Brief No.15. The Institute on Governance (IOG). Canada. 2003
10. Gasskov. V.: Government interventions in private financing of training. ILO, 2001Gasskov, V. Eds. Vocational education and training institutions: A management handbook and CD-ROM. ILO. Geneva, 2006
11. Gasskov. V: National Human Resource Development Fund (NHRDF), Bangladesh: Policy Challenges and International Experience of Training Funds. ILO, Dhaka. March 2016
12. Guide méthodologique à usage des CPNE. 2012  
(<http://www.fpspp.org/portail/resource/filecenter/document/042-00001c-021/>)
13. Graham J., B.Amos and T. Plumtre: Principles for Good Governance in the 21st Century . Policy Brief No.15. The Institute on Governance (IOG). Canada. 2003
14. Houle C.: Governing Boards: Their Nature and Nurture. Jossey -Bass. 1997
15. Ireland's national skills strategy 2025. Department of Education and Skills. Ireland 2016  
([www.regionalskills.ie](http://www.regionalskills.ie))
16. Johansson R. A. Review of National Training Funds. SP Discussion paper 0922. 2009
17. Lempinen, P. Sector skills councils. What? Why? How? Contributing to better VET relevance to the labour market needs. ETF.2013
18. Lempinen, P. Social partners in VET. Position paper. ETF. 2012
19. Mapping vocational education and training governance in Jordan. GEMM Governance for employability in the Mediterranean. ETF.2014
20. Meer.M. van der r and A. van der Meijden: Sectoral training and education funds in the Netherlands – a case of institutional innovation? ILERA-conference, Amsterdam. June 2013.
21. National agreement for skills and workforce development. Council of Australian Governments. 2008
22. NSA. PPP presentation to the Parliamentary Portfolio Committee (MHET). RSA. 02 November 2011
23. Payback clauses in Europe: supporting company investment in training. Final report. Luxembourg. 2012;
24. Pembangunan Sumber Manusia Berhad Act. 2001. Laws of Malaysia Act 612
25. Skills Governance in the EU Member States. Synthesis Report for the EEPO. European Employment Policy Observatory. 2015

26. Sector Councils on Employment and Skills at EU level: Country reports. ECORYS. Rotterdam. 2010
27. Sector Councils on Employment and Skills at EU level: A study into their feasibility and potential impact. ECORYS. Rotterdam. 2010
28. Sectoral training funds in Europe. Cedefop Panorama series; 156. 2008;
29. Services SETA. Annual Report. South Africa. 2014/2015
30. Schedule standard constitution regulations as contemplated in Section 13(1) of the Skills Development Act, 26 Of 2011) of Sector Education and Training Authority. Government Gazette, 11 May 2012
31. Skill needs anticipation: Systems and approaches. Analysis of stakeholder survey on skill needs assessment and anticipation. ILO. Geneva, 2017.
32. Strengthening inter-ministerial coordination on TVET and skills. ILO.UNESCO. Cambridge Education. September 2017.
33. The national workforce development strategy. Commonwealth of Australia. 2013
34. The power of consultation. The Dutch consultative economy explained. 2015. ([www.ser.nl/en/](http://www.ser.nl/en/))
35. The Senate Education, Employment and Workplace Relations References Committee. Industry Skills Councils. Report. Australia. 2011 ([http://www.aph.gov.au/Senate/committee/eet\\_ctte/industry\\_skills\\_councils/](http://www.aph.gov.au/Senate/committee/eet_ctte/industry_skills_councils/))
36. Vocational education and training in Europe. Netherlands. Report. CEDEFOP.2016

#### *Websites*

37. <https://www.education.ie> (accessed on 9.01.18)
38. <http://hrdcsa.org.za>
39. <http://www.ivet.com.au/a/183.html> (Accessed on 3.01.2017)
40. <https://docs.education.gov.au/node/46101> (Accessed on 03.01.18)
41. <https://www.education.ie> (accessed on 9.01.18)
42. <http://www.ivet.com.au/a/35.html> (Accessed on 04.01.18)
43. <https://www.engineersaustralia.org.au/> (Accessed on 02.01.2018)