



COLLABORATING WITH THE PRIVATE SECTOR IN VOCATIONAL SKILLS DEVELOPMENT (VSD)

VSD TYPOLOGY TOOL (TOOL 3/3)

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Purpose of this paper

Vocational skills development (VSD) is a cornerstone of the Swiss development cooperation, with a substantial increase of resources foreseen in the Federal Council's Dispatch 2017-2020. Another key area of this Dispatch concerns partnerships with the private sector and diversifying sources of funding for sustainable development. This paper outlines how the SDC's operations in VSD can intensify their collaboration with the private sector and manage their projects and project portfolio accordingly. It builds on a first VSD Typology Tool and focuses a) on the role of the private sector in VSD, b) on SDC's Engaging with the Private Sector (EPS) modalities and c) on the concept of dual Vocational Education and Training (dual VET).

RECAPITULATION: VSD TYPOLOGY TOOL (TOOL 1/3) As explained in the first VSD Typology Toolⁱ, there Impact on Education Systems is no one-size-fits-all approach in VSD. Skills development serves different purposes and Vocational Education Access and Inclusion Policy Orientation different. sometimes Social Policy Orientation pursues conflicting and Training (VET) into VET objectives. Therefore, different types of VSD activities with different outcomes should find their place in the VSD portfolio of the SDC, according to the context and the specific challenges to be Labour Market addressed. The VSD typology tool (see Figure 1) **Industry Solutions** Integration structures the landscape of VSD interventions and supports the identification of project types. Impact on Employment and Productivity Figure 1: VSD t Education Policy

organise VSD so that it matches labour market needs. This implies that training is provided in respective vocational fields (quantitative match) and that it meets the expectations of qualitative match). An important element to more labour market-oriented VSD lies in the interest of the provided in respective vocational fields (quantitative match) and that it meets the expectations of qualitative match). An important element to more labour market-oriented VSD lies in the interest of the public sector. Such partnerships aim to achieve overarching social, economic and educational goals (e.g. better access to employment and income, increased competitiveness of the national economy, higher educational achievements and social inclusion) in collaboration with individual firms and other private economic actors.

The involvement of the private sector in VSD projects can be structured based on its functional role in the planning and organisation of Vocational Education and Training (VET) systems (for more details cf. Maurer, 2015ⁱⁱ). Key functions of the private sector therefore include:

Private sector as stakeholder in the governance of VET systems

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- Private sector as co-financer
- Private sector as host of training
- Private sector as a client of training (i.e. as future employer of skilled workers)

VSD at

In accordance with each project's focus, very different dimensions of private sector involvment can be identified (figure 2):

Impact on Education Systems

Vocational Education and Training (VET)

Vested interest

In principle, the private sector has a vested interest in an efficient and effective VET system. However, this interest is not always readily visible, as it requires mutual trust and a long-term thinking, which frequently exceeds the planning horizon of private companies.

Private sector as stakeholder in the governance of VET systems

In the long-run, the private sector shall play a key role in developing and steering national VET systems. Councils, boards and committees at the national level, at the level of institutions, for specific industries, or for selected processes (primarily the definition of skills standards and in examinations and skills testing) play a key role.

Private sector as co-financer

VET systems require private sector co-financing in whichever form (payment of training fees, in-kind provision as in workplace-based learning, salaries for trainees, training funds, levy-grant systems and corporate taxes).

Private sector as host of training

Workplace-based learning already takes place in many countries, be it as internships in formal VET programs, or be it as informal on-the-job learning of new employees. Starting from this basis, projects can blend centre-based training with industry internships, or the other way round, in that they blend informal on-the-job learning with school-based elements and gradually develop them into formal apprenticeship programs.

Private sector as a client of training

The private sector (i.e. employers) is the main client of vocational training, getting access to adequately skilled labour. To make it more likely that the skills match with the economy's needs, the private sector may also be involved in operational decision-making, for instance in selecting students or instructors being allocated to the company for workplace-based learning.

Access and Inclusion into VET

Vested interest

In principle, the exclusively profit-oriented segments of the private sector have no directly vested interest in access and inclusion of disadvantaged groups into vocational education and training.

Private sector as co-financer

Reputed or locally rooted private companies might be attracted for sponsoring events or stipends for example as part of their Corporate Social Responsibility (CSR) activities. As well they may commit to providing work-based training for disadvantaged groups.

Vested interest

Industry solutions is the dimension with the most obvious vested interest of the private sector and readiness for cooperation. Promising industry clusters, business associations or large firms are the main stakeholder (and beneficiaries) of interventions in this quadrant. It is however important to understand that the primary interest of the private sector frequently focuses on specialists and expert workers.

Private sector as stakeholder in the governance of VET systems

Businesses involved in industry solutions participate in the definition of skill standards and curricula that respond to their needs, in examination and certification. They might even be catalysts and owners of respective programs.

Private sector as co-financer

Businesses are potentially ready to finance or co-finance training delivery that responds to their immediate skills needs. This includes in-kind contributions, such as the provision of on-the-job training, including substantial costs for trainers, infrastructure, consumables and teaching material.

Private sector as host of training

Training in these kind of interventions can take place directly at the private partners' workshops or at special facilities put in place by the companies involved.

Private sector as a client of training

The main motivation for associations or large firms to engage in industry solutions is gaining immediate access to specialised skilled labour. The more they are involved in the training governance, the definition of standards and the selection of trainees, the more likely the trainees will be hired afterwards.

Industry Solutions

Vested interest

In principle, the private sector has no directly vested interest in labour market integration of specific target groups, except in cases of shortage of labour. Social Businesses (including religious entrepreneurs) may be a partner in this component, as are enterprises committed to support such activities from their CSR budget

Private sector as host of training

When labour market integration of the unemployed or selected target groups is a project focus , the private sector may act as service provider for on-the-job learning, internships, or skills training where there are no competent public training providers. For such services, private sector companies may expect payment.

Private sector as a client of training

The private sector may also be involved as employer and contract participants from labour market integration programs. Temporary wage subsidies or tax reductions are sometimes used in such programs as incentive to attract the private sector.

Labour Market Integration

Impact on Employment and Productivity

Social Policy Orientation

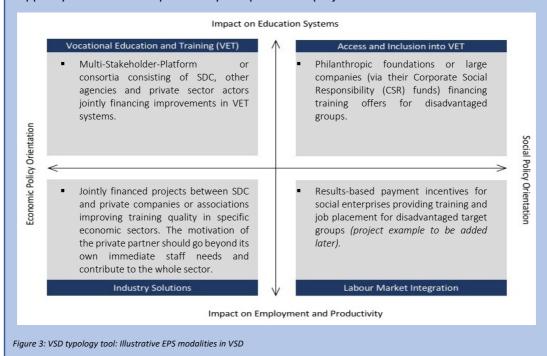
THE SDC'S ENGAGEMENT WITH THE PRIVATE SECTOR (EPS) MODALITY

Engaging with the Private Sector (EPS) is the SDC's modality to develop partnerships at eye level with Swiss, international and domestic companies, social enterprises, impact investors and grant-giving foundations. The definition of EPS refers to joint activities of the SDC and the enterprise sector with a formal collaborative arrangement, based on a set of shared values where both partners are held accountable for their delivery related to the agreed results. Both partners (SDC and the private sector partner) share financial risks and costs and contribute substantially (in-kind and financially).

Therefore, even if the private sector is involved in most VSD projects of SDC, only few of them fulfil the abovementioned criteria to be considered as EPS projects. EPS projects in the field of VSD refer to interventions where both partners are involved in the steering and financing on an equal footing, aiming at the achievement of defined development goals.

A good example for EPS in skills development is the *Public Private Partnership to Improved Sanitary Education in Ukraine*ⁱⁱⁱ. This partnership, based on a contract between the Swiss Cooperation Office in Ukraine and the Swiss company *Geberit*, aims to improve vocational training in the field of sanitary technology in Ukraine. *Geberit's* main motivation is to promote better quality standards in the sector and to ensure that its products can be installed properly. Therefore, a new training model, curricula and teaching material have been developed, based more on practical training. This model shall now be enlarged to include other companies and sectors and is being rolled out across the country with support from the Ministry of Education.

Figure 3 below outlines some illustrative EPS modalities in VSD. However, there are many more and the SDC's Competence Centre for Engaging with the Private Sector (CEP) is ready to support you in the development of your specific EPS project.



In Switzerland and other countries such as Austria, Germany and Liechtenstein, VET is predominantly based on the so-called dual system. This system is characterised amongst others by a strong collaboration with the private sector – through individual companies and professional organisations. The dual VET system has always been an inspiration for the SDC's activities in VSD. The Donor Committee for dual Vocational Education and Training (DC dVET) with SDC as one of its founding members highlights three dimensions of dual VET (the dimensions are explained in the first quadrant of Figure 4 below):

- The Organisational Institutional Dimension (dual VET system)
- The Pedagogic Dimension (the dual concept)
- The Societal Dimension (the professional concept)

In the projects of SDC, the concepts of dual VET are adapted to the conditions in the partner country, taking existing structures into account – without wanting to transfer the Swiss dual system one to one. Depending on a projects focus, this may take very different forms. Some approaches are shown in Figure 4 below⁶⁹.

Impact on Education Systems

Vocational Education and Training (VET)

Organisational - Institutional Dimension of dual VET

This includes the learning venues school and business (with theory provided at schools and hands-on knowledge and skills on the job), shared ownership between the public and the private sector and the status of trainees as apprentices with a proper contract and small salary. In dual VET systems, financial incentives for private sector participation should preferably not take the form of direct payments, but be given through institutional arrangements (e.g. tax relaxations or levy- grant systems).

Pedagogic Dimension of dual VET

The alternation between classroom and practical learning lies at the heart of the dual concept. Depending on the context, hands-on practical training can also take place at training workshops, labs, simulated businesses, or project work.

Societal Dimension of dual VET

The professional concept of a comprehensive qualification (profession) and pride therein is essential in order to contribute to a recognised and sustainable dual VET system.

Access and Inclusion into VET

When promoting access and inclusion of disadvantaged groups into the formal VET system, the key question is how the different elements of the system need to be adapted/specified so that they support the inclusion of specific target group into the formal VET system.

Access and Inclusion projects may often not be suitable as a starting point to promote dual VET, as the exclusively profit-oriented segments of the private sector have very limited interests in disadvantaged target groups.

Pedagogic Dimension of dual VET

Economic Policy Orientation

In the development of tailor-made, high-quality solutions for particular industries or firms, the alternation between classroom and practical learning is promoted. Practical learning may take place directly at the workplace or in training workshops, labs or business simulations.

Organisational - Institutional Dimension of dual VET

Dual models developed as part of industry solutions can serve as role models and catalysts. At a later stage, these trainings can be integrated into the formal VET system with shared ownership between the public and the private sector, particularly if a strong business sector is in the driving seat.

Industry Solutions

Pedagogic Dimension of dual VET

Active labour market policies (ALMP) and measures aim at the labour market integration of beneficiaries. Short courses and other activities shall provide hands-on skills needed by future employers. Such courses can generally also refer to the pedagogical dimension of dual VET by combining trainings in existing businesses (or in training workshops) with theory-oriented modules in training centres.

However, the logic, roles and responsibilities (including financing) in ALMP are usually different. This needs to be carefully considered when applying dual VET elements outside the core education system.

Labour Market Integration

Figure 4: VSD typology tool: Dual Elements and Principles

Impact on Employment and Productivity

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More information https://www.shareweb.ch/site/EI

i https://www.shareweb.ch/site/El/Documents/ VSD/Tools/SDC VSD Project typology tool V2 2018-5 (en).pdf

i https://www.shareweb.ch/site/El/Documents/VSD/Topics/Engagement%20with%20the%20private%20sector/SDC-Paper-The%20role%20of%20the%20private%20sector-2015(en).pdf

[&]quot;https://www.eda.admin.ch/dam/deza/en/documents/aktivitaeten-projekte/projekte/factsheet-ukraine-public-private-partnership-to-improved-sanitary-education_EN.pdf

^w A study commissioned by the DC dVET further elaborates on how the private sector can be addressed and motivated to engage in dual VET: https://www.dcdualvet.org/wp-content/uploads/DCdualVET-STUDY-Working-Tool-Engaging-the-Business-Sector-EN.pdf