

# GOVERNANCE IN VOCATIONAL SKILLS DEVELOPMENT (VSD)

## VSD TYPOLOGY TOOL (TOOL 2/3) – First Draft November 2018

### 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. Governance is a crucial element in VSD focusing on how the VSD system in given partner countries is organised, (e.g. who is responsible, involved and how decisions are made) and how it can be effective and inclusive in responding to different purposes and requirements, The Dispatch stipulates that Governance is a mandatory transversal theme in all SDC thematic priorities. This tool translates the SDC approach for Governance as transversal theme in vocational skills development.

Various public and private sector stakeholders, including different Ministries, contribute to VSD. In different types of VSD, these stakeholders play different roles, they have different vested interests, and they enter different types of cooperation. VSD is also financed from different sources (educational budgets, labour market budgets, social security budgets, private sector contributions, fees, donor contributions, etc.). This tool helps project designers and decision makers to understand the differences between the different roles, interests and cooperation patterns in different types of VSD projects, in order to avoid conflicting objectives, and in order to come up with plausible sustainability expectations.

### RECAPITULATION: VSD PROJECT AND PORTFOLIO TYPOLOGY TOOL (TOOL 1/3)

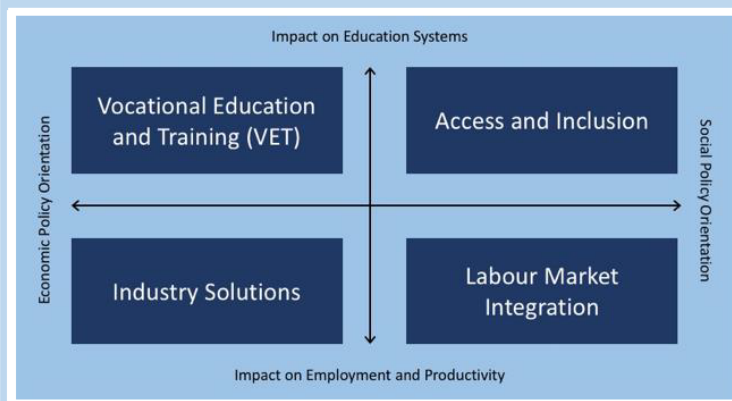


Figure 1: VSD project and portfolio typology tool

In VSD there is no one-size-fits-all approach. Skills development serves different purposes and pursues different, sometimes conflicting objectives. Therefore, different types of VSD projects with different outcomes should find their place in the VSD portfolio of the SDC, according to the context and the specific challenges to be addressed. The project and portfolio typology tool (see Figure 1) structures the landscape of VSD interventions and supports the identification of project types.

### Governance

The SDC approach to governance implies a systemic perspective in analysing and addressing governance gaps in the VSD sector. It starts from the understanding that multiples stakeholders (core state institutions, such as ministries, or training institutions, or parliament committees, and non-state actors, such as private sector enterprises or training providers) at multiple levels are involved in providing and ensuring appropriate VSD. A functioning VSD system requires efficient and clear assignment of roles and responsibilities, secured financing, enabling regulations and adherence to basic principles in exercising respective tasks. Evidently, governing a VSD system always includes political and power dimensions. It is determined by formal as well as informal rules and processes, power (im)balances and it is shaped by the behaviour of involved stakeholders.

The SDC guidelines for governance as transversal theme differentiate between three analytical categories:

- Structural and regulatory framework in a given sector
- Actors behaviour influenced by their respective interests, power and capacities
- Processes and performance with respect to six governance principles

The six governance principles encompass:

1. Participation
2. Equality and non-discrimination
3. Transparency
4. Accountability
5. Rule of Law
6. Effectiveness and efficiency of state obligations

At first, this paper relates the governance principles to VSD in general (page 2). In a second step, the three analytical categories mentioned above are analysed for each quadrant of the VSD typology tool (page 3).

# The Governance Principles in Vocational Skills Development

## Participation

Multi-stakeholder participation is a core element of VSD systems. Public VSD systems serving a majority of the youth after basic education are hardly affordable for Governments if they are exclusively financed through tax money. The State can only implement selected and politically important elements of VSD on its own. Beyond that, there is a need for private sector participation, including financial contributions. For labour market insertion e.g. of less favoured groups, the necessary cooperation expands to civil society, community organisations or trade unions. The Partners take joint decisions at all levels (national, regional, sectoral, institutional) in respective cooperation platforms, where they often interact as equals.

## Equality and Non-discrimination

The core business of VSD is largely about equality. VSD offers a valid alternative to the academic or higher education career path to young people in transition from education into the world of work, but also to early school leavers, or the unemployed. Thus, VSD as a policy domain is an instrument fostering inclusion. However, to avoid discrimination of less favoured groups, be it for labour market insertion, or be it for participation in the educational system, special programs are required to overcome their limitations. Instruments for positive discrimination include stipends, quota systems, bridging courses, support beyond skills training, individualised counselling and coaching. This usually requires special financing from other sources than educational budgets and private sector contributions.

## Transparency

For VSD programs and instruments, clear selection criteria and career guidance, open and accessible application procedures, criteria based decision making processes and (human and financial) resource allocation are key issues related to transparency. They are crucial for the credibility of VSD. In order to foster transparent information on VSD and its potential, on application procedures and possible support measures for all potential beneficiaries, VSD programs shall promote easily understandable access to relevant information through adequate channels and in understandable language.

## Accountability

Like all public expenses, those for VSD need to be accountable for their efficiency and the expected returns. The accountability dimensions (who is accountable for what to whom) are to be determined in every intervention and system. Mechanisms and institutions ensuring that those in charge inform the public, explain and justify their actions and decisions are important elements. There is also a need for mechanisms and institutions that conduct public oversight and correct, sanction misbehavior.

## Effectiveness and Efficiency of State Obligations

In many countries, VSD is highly fragmented, and different Ministries are responsible for different types of VSD. This requires an effort to avoid duplications, parallel structures, and underutilisation of the available capacities. This can be achieved through inter-ministerial cooperation, shared structures concerning core processes in the training value chain like the definition of skills standards, curriculum development, qualification of teachers and instructors, skills testing, accreditation and certification. In many countries, the structural set-up and the decision making on VSD is highly centralised. Need-responsive VSD requires the flexibility of training providers to adapt their courses to local needs, and the authority and capacities to enter cooperation and contracts with the private sector and civil society, community organisations or labour unions.

In VSD sector management, value for money considerations, management by objectives, data collection, monitoring, measuring and reporting are all elements of effectiveness and efficiency. Depending on the type of VSD, returns can be measured in terms of contributions to productivity, quality or competitiveness, to increased youth employment, to a reduction of the unemployment rate, to fostered labour market participation of specific target groups, or individually to increased income or career advancement.

Effectiveness and Efficiency of state obligations encompasses the definition of respective policy goals, instruments, processes, budgets and human resources to implement the programs, the measurement of success, including the necessary structures for data collection, data processing and their publication.

## Rule of Law

In VSD, there are several potentially sensitive processes with risks for kick-backs and other corrupt practices to circumvent the application of the rule of law. These include enrolment in courses and classes, examinations and skills testing, access to specific support measures like stipends, access to after-training support, access to subsidised temporary employment, access to internship places and the like. In addition, adequate protection of VSD students at training and internship placements are often a challenge. Integrity standards, complaint and redress mechanisms and legal consultancy services are possible measures herein.

# THE GOVERNANCE PRINCIPLES IN THE FOUR QUADRANTS

Vocational Education and Training (VET) system	Access and Inclusion in VET
<p><b>Regulatory and Structural Framework</b></p> <p>In fragmented VET systems, each Ministry has the tendency to have its own regulatory framework and to establish its own delivery structures. Good governance strives towards an overarching legislative framework, which builds a common ground for the various types of VSD.</p> <p><b>Stakeholders</b></p> <p>Stakeholders in VET systems include various Ministries (typically Education, Labour, Social Welfare, Economy, Youth Affairs) with their respective institutions, chambers and business membership associations, and different types of service and training providers. Good governance requires the establishment of efficient and effective modalities for inter-institutional cooperation and for the cooperation with the private sector at all levels. It also requires the delegation of decision-making authority to the institutional level of service and training providers.</p> <p><b>Core Governance Processes and Principals</b></p> <p><b>Participation</b> requires platforms at all levels (national, regional, institutional) where public and private sector stakeholders interact as equals.</p> <p><b>Effectiveness and Efficiency</b> requires an optimal use of resources by the public and private stakeholders so as to maximize the benefit of the VSD trainings and minimize their costs. This may lead to multi-purpose service and training providers offering different types of VSD, along the needs of different Ministries, the private sector and beneficiaries.</p> <p><b>Transparency</b> implies the publication of benchmarking reports of publicly funded training institutions, the criteria for receiving public subsidies and for employing teachers and other staff.</p> <p><b>Accountability</b> requires the institutionalisation of tracer studies and related instruments to assess the impact of VET programs as well as the justification of actions and decisions taken.</p>	<p><b>Regulatory and Structural Framework</b></p> <p>National education and/or social policies and strategies define the goals for the participation of specific target groups in mainstream educational programs at all qualification levels. The regulatory framework defines the relevant equality and non-discrimination instruments. These may include a selection from:</p> <ul style="list-style-type: none"> <li>• Stipends</li> <li>• Quota system</li> <li>• Relaxed entry qualification</li> <li>• Bridging courses</li> <li>• Decentralised delivery</li> <li>• Targeted information campaign</li> <li>• Disaggregated education statistics</li> </ul> <p><b>Stakeholders</b></p> <p>The Ministry of Education is usually the main stakeholder handling access and inclusion of students into the VET system. Private sector stakeholders may contribute with sponsoring (e.g. stipends or information campaigns) or reserving traineeship posts for specific target groups.</p> <p><b>Core Governance Processes and Principles</b></p> <p><b>Equality and non-discrimination</b> is the primary objective and purpose of all activities and support measures to include students from disadvantaged groups into mainstream vocational education and training at all qualification levels.</p> <p><b>Transparency</b> requires clear criteria for the qualification for support, low-threshold application procedures, and plausible decision-making processes.</p> <p><b>Rule of Law</b> requires that the support reaches the defined target population and is not distorted by other beneficiaries with unlawful means.</p>
<p><b>Regulatory and Structural Framework</b></p> <p>Industry solutions do not require an independent regulatory framework. It is rather the regulatory framework for national VET systems (see above) which should include industry solutions like e.g. dual training approaches or non-standard training programs demanded by the industry as an option and approach among others. The regulatory framework should authorise the delivery structure for public-private cooperation.</p> <p><b>Stakeholders</b></p> <p>Clusters of industries, business membership organisations, chambers and individual leading companies are the main stakeholders on the private side. On the public side, the main stakeholder is the Ministry of Education or individual leading technical colleges, polytechnical institutions, or even Universities.</p> <p><b>Core Governance Processes and Principals</b></p> <p><b>Effectiveness and Efficiency</b> require the delegation of authority to enter cooperation contracts with the private sector to delivery institutions.</p>	<p><b>Regulatory and Structural Framework</b></p> <p>The regulatory framework defines the scope of active labour market policies and the range of instruments like</p> <ul style="list-style-type: none"> <li>• Employment assistance</li> <li>• Temporary employment</li> <li>• Qualification measures (skills training and catch-up education)</li> <li>• Support to self-employment and business creation</li> </ul> <p>It also defines the options for promoting labour market integration.</p> <p><b>Stakeholders</b></p> <p>The leading stakeholder for labour market integration is in many countries a Ministry of Labour who will own and finance labour market integration. However, at delivery level these Ministries usually require cooperation with other Ministries (e.g. Education), National Employment Services, NGOs and community organisations providing services.</p> <p><b>Core Governance Processes and Principles</b></p> <p><b>Equality and non-discrimination</b> is the primary objective and purpose of all activities and support measures to support labour market integration notably for disadvantaged groups.</p> <p><b>Effectiveness and Efficiency of State Obligations:</b> Labour market integration requires flexible and individualised approaches and services, which frequently exceeds the capacities of public structures under Ministries of Labour. Therefore, cooperation for service provision with training centres and with civil society or community organisations and respective financing instruments are needed.</p>
Industry Solutions	Labour Market Integration

# Policy Dialogue, Systemic Change and Systems Development

Effectiveness and efficiency of an agency like SDC depends on its policies, strategies and concepts, on the design of its programs, on the selection of the adequate approaches, and on the alignment with national policies and strategies. From a donor perspective, development cooperation needs to lead to tangible benefits for individuals, but also to the establishment of a performing, responsive, inclusive, transparent, and sustainable national VSD system. Therefore, SDC works both to support VSD delivery operations and adaptations in the related systems, and as such applies a systemic approach, working aligned to national systems. . Policy dialogue, systemic change and systems development are important instruments therein.

## Policy Dialogue

Common and non-conflicting objectives of cooperation partners are a pre-condition for success of any project and intervention. The process to get there is demanding. Donor agencies and other international organisations have their own development policies depending on the political priorities of their respective constituencies, whereas partner countries have their educational, employment and social policies, depending on the political priorities of their respective Governments. SDC needs to be careful to be aligned with high level policy goals such as e.g. the implementation of compulsory education, and not divert scarce resources. Policy dialogue is the process to identify the intersections between the development policy objectives of a donor agency like SDC, and the priorities of national policies in selected domains. Such processes and negotiations also attempt to influence the respective policy goals. The policy dialogue is less a technical, but rather a political process led by SDC, ideally in coordination with other donors.

## Systemic Change

Systemic change is a working philosophy and a problem-solving approach at project level. It is based on the perception, that problems usually have multiple causes and rarely linear solutions. Accordingly, the multiple causes of specific problems are linked to different systems. Thus, a problem like e.g. labour market exclusion of a specific target group might have its roots in a lack of skills, education, information, self-confidence, and resources for acquiring the necessary competences. But it may also depend on social barriers for commuting and participating in courses, prejudices of employers, lack of accessible skills acquisition facilities and opportunities, lacking quality and relevance of skills development offer, etc. Thus, a project for labour market insertion of specific target groups needs to address the multiple causes of the problem adequately, and stimulate relevant adaptations and changes in the various related systems. However, in order to be successful, this systemic change approach requires that the concerned systems function sufficiently to change and to adapt. In a context, where e.g. VET institutions are so weak that they do not even serve their primary clients, it will be difficult to achieve the inclusion of vulnerable groups as a first step. Similar holistic reflections shall be conducted in case of other challenges affecting the VSD system.

## Systems Development

Sustainable development and functioning states require functioning systems and institutions. Systems development is based on the principles of institutional and organisational development, and it neither focuses on a specific problem, nor on selected target groups, nor on short-term and measurable outputs, but rather on the architecture, the set-up, the governance, and the operational structures and processes of national and subnational systems and its institutions, and on the range and quality of their services. Systems development interventions feature policy advice, support to legislative processes, institutional and organisational development, development of delivery capacities, portfolio development, support to the establishment of complete building blocks or institutions of national systems. Organisational, institutional and systems development always starts from the core functions of systems or institutions. Systems development usually requires either specific projects or project components with high-level expertise. A typical systems development intervention relates to the establishment of a VET system building blocks or legal frameworks such as national qualification framework that creates links between both the academic education path and VSD.