GUIDANCE NOTE 1

Analysing the general context to support VET reforms

Topic overview

This guidance note aims to help European Union (EU) staff to plan, conduct and use the analysis that should help to tailor EU support to the **particular dynamics of the vocational education and training (VET) reform at play**, both positive (opportunities for reform, drivers of change) and negative (challenges, risks, etc.).

VET systems in each country should not be considered in isolation from the **external economic and social factors** (see Figure GN1.1). Rather, economic prospects and labour opportunities for each target group should be analysed to understand the underlying social tensions that can arise and exert a major impact on the national VET strategy.

There is no fundamental right or wrong way to analyse the context, nor is there a single appropriate model.

A generic heuristic model may be used as the basis for the context analysis to identify the key factors that **determine the internal efficiency** and the **effectiveness, relevance and impact** of the VET system.

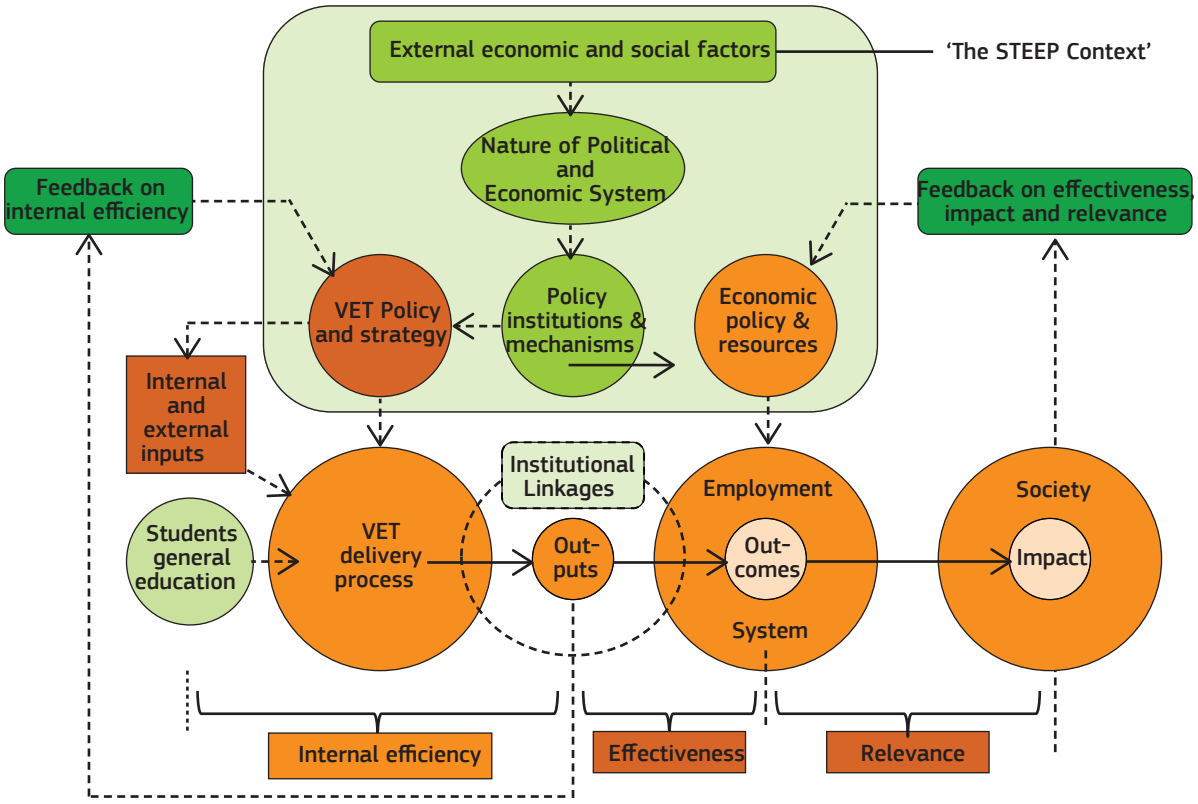
- **Relevance** means the relationship between training outcomes and the requirements of economic and social demand;
- **Effectiveness** means the relationship between training outputs and outcomes, i.e. how well the VET system is achieving its goals and how much it is able to support labour market insertion.
- **Internal efficiency** is the relationship between inputs and outputs.

SUMMARY OF KEY ASPECTS

- A VET reform is set in a specific context that is influenced by social, technological, economic, ecological, political and legal factors. The factors examined in an analysis of the general context are usually outside the immediate action radius of EU staff;
- Field staff of the EU often complains that the tools and methods for general context analysis are available, however, the challenge is that the time to do general context analysis is not available. Nevertheless, a 'quick and dirty' desk review and annual one-day-workshop with participants from various stakeholders might be hugely beneficial in identifying the main trends and opportunities for impact;
- EU-funded VET reforms should be underpinned by a general context analysis in order to have a clear picture and being precise on how the project design should look like to ensure that analysis yield its intended value;
- General context analysis for a VET reform is useful only if it is conducted in a participatory manner, involving EU staff, local counterparts, social partners from business and labour, other donors as well as representative of the civil society speaking for the target groups. Participation of a single champion or as an 'ivory tower' exercise should be avoided.

If the VET system is not closely related to the overall economic and social requirements, and it is therefore **not relevant**, then it does **not matter whether it is effective or efficient**. Similarly, if the VET system is ineffective and does not achieve what it sets out to do, then it matters little whether it is internally efficient.

FIGURE GN1.1 Generic heuristic model of VET systems



Source: Adams and Schwartz, 1988.

It is important to **understand these aspects of the context before considering specific initiatives that support the VET system** with reform measures.

In the development cooperation practice, especially when conducting **feasibility studies**, it has been proved to be useful to analyse the general context through at least the five dimensions of the so-called STEEP model[(1)]:

1. The **social component,** which describes features of the societal context in which the planned VET project is embedded; it compasses factors such as demographics and illiteracy rate;
2. The **technological component**, comprising technological and scientific factors relevant for jobs and VET systems;
3. Analysing the **economic component** involves looking at the distribution and management of resources; this includes factors such as the relevant economic sectors and unemployment rates;
4. The **ecological component** encompasses the physical and biological dimension with a focus on climate impacts, recycling, green jobs and pollution;
5. The **political component** encompasses the basic attitude of people and their government towards the VET system; factors here may include social partners, business associations, regulatory authorities, political stability.

Table GN1.1 shows how the political and economic system of a society, as shaped by external economic and

(1) Foresight Cards is a product of IVTO, a research- and educational institute located in The Netherlands.

TABLE GN1.1 Linkages between the heuristic VET model and the STEEP model

STEEP MODEL	GENERIC HEURISTIC MODEL		
	RELEVANCE	EFFECTIVENESS	INTERNAL EFFICIENCY
Social context	Population dynamics and demographics, immigration and emigration trends	Unemployment rate, gender equity, HIV/AIDS prevention, internal/regional movements	Illiteracy rate, access to employment, teaching and learning
Technological context	Resource-efficient technologies and scientific innovations	Access to information and communication technology (ICT)	Delivery of demand-driven and innovative VET programmes in ICT
Economic context	Employment system and resources for financing VET system	Access of VET graduates to (self)-employment in the formal and informal economy	Delivery of demand-driven learning outcomes, quality assurance
Ecological context	Sustainable development and green economy	Climate change, recycling, pollution and access to green jobs	Delivery of new green qualification profiles for green jobs
Political/legal context	Legislative framework for VET, Public-Private-Partnership	Regulatory authorities, social partners, business associations and political stability	Attitudes of workers, employers and local government towards VET

social factors, functions through its policy institutions and mechanisms to establish basic policy parameters for the VET system.

The **heuristic model for a VET system** (see Figure GN1.1) allows the analysis and tracing of the impact of economic policies on the internal efficiency and effectiveness of VET systems. The model implies that resource and policy parameters are established by a political and economic system and are handed over to representatives of employment and VET systems. In the VET system, for example, delivery of VET programmes is comprised of VET staff, students, facilities and equipment linked through a curriculum and learning activities in vocational secondary schools, training centres or workplaces in companies.

Procedure

The best way to begin an analysis of the general context to the VET system at play is usually for the European Union **staff involved to identify and agree on the boundaries of the VET system described above.** These boundaries should demarcate the breadth, depth and time frame of the general context in question.

STEP 1: Develop an understanding of the general context and identify trends

First of all, it is necessary to develop an **understanding of the general context** to be analysed. This involves analysing the five components of the general context (see table GN1.1) and discussing their relevance. The idea is to ensure that the **general context is well understood,** so that European Union support is highly tailored to it, and therefore has the greatest impact. In other words, the idea is to 'think and act politically' (EC, 2014). For this to happen, it might be useful to clarify the following:

- What kind of **VET context analysis has already been done** or is planned in the near future?
- What are the **current key events and general VET trends** from the perspective of the five components of the general context?
- What obvious events confirm the **existence of these VET trends**?
- How did these **VET trends arise in the past**?
- What is the **nature of these VET trends**, and how volatile are they?

- Where are the **key bottlenecks in the current VET system**?
- What are the **main sources of financing VET services**? How are they evolving over time?
- Who is the **champion or owner** that will ensure that the context analysis translates into VET programming?

STEP 2: Identify effects and processes

The next step has to shed light on the **identified VET trends** by asking the following questions:

- Who are the **key VET stakeholders** in the public and private sector?
- What **negative effects** are to be expected?
- What **positive effects** are to be expected?
- What **neutral, stabilising or irrelevant factors** are also in play?
- Is the region, the country, a district, an economic sector or a specific problem the **focus of the VET context analysis**?
- To what extent should the VET context analysis involve relevant European Union **member states and other donors?** There is much benefit to derive from analysis conducted jointly across development partners. Joint analysis can lead to a common understanding and agreement on the positive and negative effects on VET reforms and on the appropriate response.
- To what extent should the analysis process involve national counterparts, civil society, social partners, etc.? Take into account that the process is more robust if it is **participatory**, and makes a special effort to have a good sample of stakeholder across target groups. The level of participation of the stakeholders in the preparation of the action and their commitment and in relation to the thematic issue are crucial elements for success.
- Is the **application of the SWOT** (Strengths, Weaknesses, Threats and Opportunities) part of the VET analysis process?

STEP 3: Understand interdependencies

The next step is to explore the possible **links between the identified VET trends**. Questions to be raised here are:

- How are the **VET trends linked**? For instance, at the core of the Republic of Korea's sustained economic growth pattern lies a **government-led skills development strategy**. Investment in a well-educated and highly skilled workforce was an integral part of encouraging **adoption of new technologies**. A current challenge is to avert shortages in the more highly skilled vocational occupations by increasing the attractiveness of non-academic skills development paths (ILO, 2010:22).
- Do any of the **VET trends conflict with**/reinforce each other? In Egypt for instance, both the internal efficiency and effectiveness of VET can be considered low. Improvements are necessary in the responsiveness to labour market needs and in the attractiveness and quality of VET programmes. The status of various strategic documents on VET that have been developed in recent years must be clarified, and a number of pending policy decisions need to be tackled with greater determination (ETF, 2015:3).

STEP 4: Localise relevant factors

Not all the VET trends identified will affect the planned VET project. It is therefore important to obtain a clear picture of the **key factors that will influence the VET trends**. Those trends of factors identified as being the most relevant form the issues that need to be considered further.

STEP 5: Forecast how the issues will develop

To be able to forecast the trajectory of the relevant issues it is necessary to **analyse the driving forces**

that underlie them. Here too it must be remembered that **driving forces may reinforce or weaken each other**. It is often helpful to also run through alternative scenarios of how the issue will develop.

STEP 6: Draw conclusions to shape EU support

Once a picture is obtained of the **assumed trajectory of the key VET issues**, the next step is to identify the possible consequences. Conducting the context analysis is only half the challenge. Many context analyses are shelved and subsequently only marginally influence project design and implementation. Questions to be raised here are:

- Which **factors were identified through the analysis** of the general context of the planned VET project? For example, the strong presence of the informal economy in Ghana with around 86 % of the economically active people operating in the informal economy has implications on the approach to VET reforms. Does it mean a need to shift the focus from VET services for the formal economy towards more to the informal economy?
- What **positive/negative implications** are evident?
- What are the **options for action** that would be most appropriate in light of the insights gained?
- **Validating underlying assumptions**, making them as explicit and precise as possible. Are they still reasonable and part of the most possible scenario, given the newly gathered evidence?
- Has the context analysis identified **new areas of risk**, as well as **new opportunities** on which to build?
- Who is likely to **resist a VET reform** and why?

References and further reading

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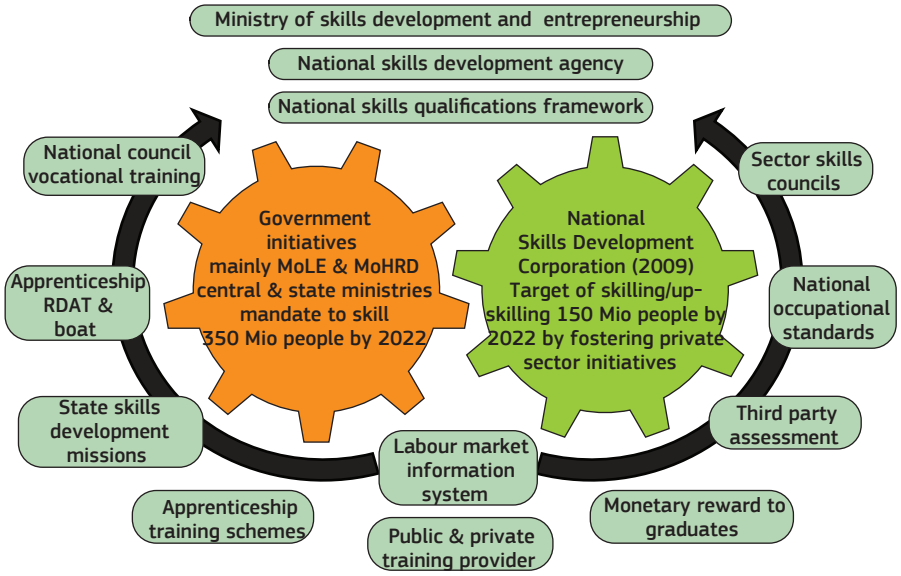
Case study: General context analysis of VET in India

CONTEXT	Since the economic liberalisation in the 1990s India has experienced sustained economic growth. India's own vision for development as outlined in the Twelfth Five-Year Plan (2012–17), which calls for faster, sustainable, and more inclusive growth. India could face considerable **stress if employment opportunities are not commensurate with expectations**. India has a unique 20–25 years' window of opportunity with a large and expanding workforce and relatively few people in the dependent age bracket and can reap the so-called **'demographic dividend'.** While the formal (organised) sector employs about 10 % of the workforce, the remaining 90 % of the workforce spread over informal (unorganised) micro, small and medium enterprises (MSMEs).
CHALLENGES AND OPPORTUNITIES	India is expected, optimistically, to **grow economically at a rate of up to 8 %,** on an average, in the next 10 years. India's Twelfth Five-Year-Plan (2012–17) aims to increase the percentage of **workforce with formal skills to 25** % at the end of the plan. It is estimated that 50–70 million jobs will be created in India over the next five years and about 75 %–90 % of these additional jobs will require some training in VET schemes. Comparing the size and rate of growth of economy of India, the performance of the present Apprenticeship Training Schemes (ATS) are not satisfactory and a **large number of training facilities available in the industry are being unutilised**. Employers are of the opinion that provisions of the Apprenticeship Act 1961 are too rigid to encourage them to engage apprentices. There is an urgent need to mainstream VET into the formal education system. Since over 90 % of India's labour force is engaged in the unorganised sector, the **most important challenge** would be to reach out to this sector. A future approach would need to be worked out such as a **work-based oriented apprenticeship scheme** to cater to the skills needs of this very large section of the workforce. India has to make necessary changes to the regulatory framework governing the employment of apprentices. To achieve this, **industry needs to be made an active partner**.
ACTIONS TAKEN	VET system development has been addressed during the past with the introduction of the Eleventh Five-Year-Plan (2007-12) pushed by a prediction that India will need 500 million skilled people to sustain its economic growth. This wake-up call lead to the development of the **National Skill Development Policy** (NSDP). The Eleventh Five-Year-Plan (2007–12) has seen a paradigm shift in the VET implementation strategy wherein a **public-private-partnership model has been established**. An institutional structure called National Skill Development Corporation (NSDC) has been put in place to catalyse the private sector efforts. To bring together all stakeholders, namely industry, VET providers and the academia, NSDC has been setting up of **private sector led Sector Skill Councils** (SSCs) for identified priority sectors.

LESSONS LEARNED

- Already one day after taking office in May 2014, Prime Minister Narendra Modi has created a **new Ministry of Skill Development and Entrepreneurship** (MoSDE) with a vision of creating a 'Skilled India'. However, it is **still unclear how the new MoSDE is going to conduct the political leadership for the VET sector** responsible for coordinating and harmonising the implementation of all VET efforts on the central level, the **'private sector-driven' National Skills Development Corporation** (NSDC) as well as the **'government-driven' Directorate General for Employment and Training** (DGE&T) in the Ministry of Labour and Employment (MOLE). The competition of the two contra rotating steering structures can be seen in Figure GN1.2.

FIGURE GN1.2 Government- versus private sector–driven VET system in India



Source: MoSDE India and GIZ, 2014.

- The complexity and duplication of the regulatory and governance framework surrounding VET in India means that **initiatives and schemes are still occurring in silos and creating confusion** which leads to inefficient and incoherent outcomes in implementation. Government (49 % stake) and Indian industry (51 % stake) bodies such as CII, FICCI, ASSOCHAM teamed together to set up the **National Skills Development Corporation (NSDC)** in 2009.
- On the meso level under the NSDC, SSCs are designed to be led voluntarily by private sector actors and **develop national occupational standards** (NOS). Private sector involvement can greatly enhance what is offered by the state, but this needs to be done in partnership with the state, with clearly delineated responsibilities which recognise each other's strengths, rather than state and private provision working independently of each other.

Source: MoSDE of India and GIZ, 2014.