GUIDANCE NOTE 2

Programming of building blocks and EU support

Topic overview

Unleashing the potential of vocational education and training (VET) reforms will require a **decisive redress and eradication of constraints** that stand in the way of the transformation of VET systems in developing countries (see results from Guidance Note 1). Sustaining the development relevance of VET systems, and ensuring they meet their expected contribution to society as currently understood, requires a serious improvement of the seven building blocks of the VET system. Each building block is an element in the so-called **VET value-added chain** and thus contributes to the value of the VET services. In case of shortcomings in the building blocks, it can be expected that the VET value-added chain will not meet the demand of learners and workplaces. As a result, the new VET project then has to intervene into the non-performing building block with the aim to improve the overall VET output. The necessary project interventions may relate to **one or more building blocks**, depending on the deficits discovered in the VET value-added chain, on the political and economic environment, and on budget available. The visualised relationship between the analysis of the general context, the value-added chain constituted by the six building blocks and the new VET project is shown in Figure GN2.1.

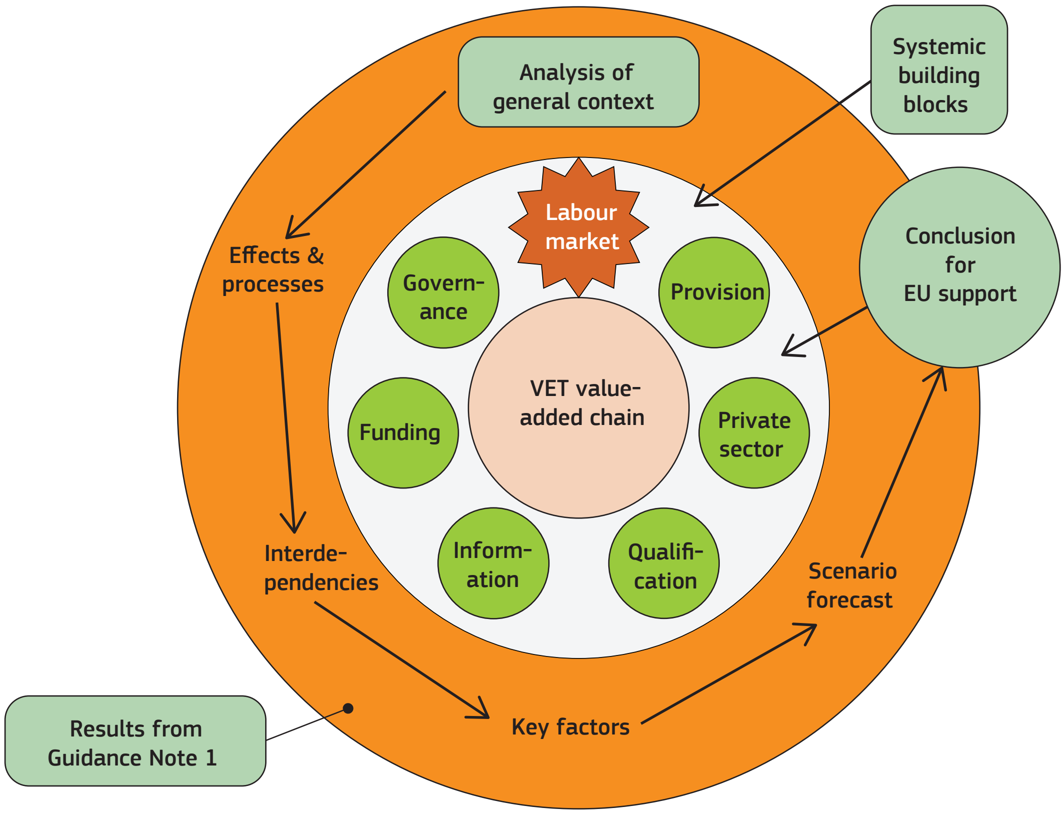
VET VALUE-ADDED CHAIN

The VET value-added chain is a physical representation of the six systemic building blocks involved in creating knowledge, skills and occupational competence, starting with the identification of demand-driven VET needs to be trained for employment and ending finally with the supply of qualified VET graduates into the labour market. The value-added chain approach is

SUMMARY OF KEY ASPECTS

- Programming is focused on the development of a general intervention strategy for European Union's assistance aligned with the country strategy (whenever possible). The outcome of programming is the outline of a general intervention strategy and an internal budget allocation/funding decision by the European Commission (as defined in Country Strategy Paper and National Indicative Programme);
- Strong coordination and cooperation with and between European Union member states and other donors (including emerging donors, NGOs and private foundations) is essential;
- The VET value-added chain that will be reviewed are grouped into seven generic building blocks;
- During programming, it may be decided, whether all six building blocks should be considered in a systemic sense, or only partly with a specialised focus on less than six building blocks;
- The available financial commitment and the appropriateness of the financing modality of the European Union has a major influence on the scope of the planned VET reform programme;
- Programming should set achievable strategic objectives and keep the level of ambition realistic. Scenario planning is useful in the selection process of strategic options for action.

FIGURE GN2.1 Programming of building blocks and EU support



based on the idea of seeing all **involved stakeholder and VET institutions as a social system**, made up of **six systemic building blocks.** Furthermore, inputs, transformation processes, and outputs involve the acquisition and consumption of resources — funds, materials, teaching staff, equipment and buildings. The costs to operate the value-added chain affects to a great extent the quality of VET programmes.

Programming is the establishment of a **general intervention strategy** for EU's assistance for a VET reform in a developing country. Based on the analysis of the general context (see Guidance Note 1), the problems, needs and opportunities, of other players' actions and of local and EU capacities, the focus of EU aid has to be agreed. The outcome is the outline of a general intervention strategy and an **internal budget allocation/funding decision by the EU**. The European Commission has proposed that the EU should adapt its support (the mix of instruments and aid levels and modalities) to the country's situation.

In order to boost financial resources for growth and development, it also proposed to develop blending mechanisms to allow for the **appropriate mixing of financial instruments**.

It is nonetheless important for the European Union to prioritise jointly with member states, as it is a powerful tool for coordination that can build on the momentum of different actions and can avoid repetition. Strong coordination and cooperation with and between European Union **member states and other donors** (including emerging donors, international non-governmental organisations and private foundations) is essential.

The **general intervention strategy** (see Box GN2.1) identifies all the key options, necessary decisions and activities for **implementing a long-term strategy**. It forms the basis to design the EU-funded VET reform project and serves to **document negotiated activities and priorities**.

BOX GN2.1 Elements of the general intervention strategy

- **Intended impact** of the VET reform project
- Strategy and s**trategic objectives**
- Critical aspects for **project success, risk** and **alternative plans**
- **Indicators** to measure the **achievement of objectives**

The Malawi Growth and Development Strategy, as an example, underpins a number of specific sector strategies on which the EU Delegation has based its project aimed at improving the efficiency and effectiveness of the Technical, Entrepreneurial and Vocational Education and Training system to satisfy the economy's need for skilled artisans and technicians (see Box GN2.2).

BOX GN2.2 The Malawi Growth and Development Strategy

The Malawi Growth and Development Strategy (MGDS II) is the overarching strategy for Malawi for the fiscal years 2012-2016. Despite the stated goals are unrealistic, the strategy underpins a number of specific sector strategies such as the TVET Policy. This policy promotes a demand-driven approach to TVET and proposes the introduction of a decentralised approach to its governance and management. Furthermore, the country has set up a National Export Strategy (NES 2013-2018), which identifies a number of potential growth areas that will support economic diversification and add value to Malawi's commodity base. The three prioritised clusters — oil seed products, sugar cane products and manufacturing — place emphasis on agro-processing. The National Export Strategy also gives emphasis to the existing economic clusters of tobacco, tea, mining and tourism, and to research and technology development.

Source: Checklist for the Project: Skills and Technical Education Programme (STEP), Malawi, CRIS Number: 2014/037-755), Lilongwe/Malawi.

Procedure

STEP 1: Define the vision, mission and strategic objectives

The starting point for any planning process is **the intended impact** of the VET reform and the defined strategic objectives. Normally, the partner government has already developed and approved a comprehensive national VET strategy. Where this precondition has not been clearly defined, proper planning cannot take place, but support to the development (or strengthening) of the strategy can be one of the preliminary activities of the programme. Questions to be addressed in this context are:

- What kind of **vision and mission** do we expect to achieve through the VET reform?
- What kind of **strategic objectives** do we expect to achieve through the VET reform?
- Which **implicit/explicit mandate** has been given to European Union development cooperation?
- What objectives does that imply and which **strategic objectives** of the partner government have already been formulated as part of a National VET Strategy?

Table GN2.1 provides some strategic options for action, based on the six building blocks. These options are influenced by the country's features determined by its history, traditions, and institutional and legal frameworks.

STEP 2: Outline guiding strategies

The next step is to determine how **each individual strategic objective** can be achieved. The decisions, options for action and priorities required for this can be recorded in the form of **guiding strategies**. Questions to be addressed when formulating the guiding strategies are:

- How can we achieve the **strategic VET objective**?

TABLE GN2.1 Objectives and strategic options for action for VET reforms

OVERALL STRATEGIC OBJECTIVE		STRATEGIC OPTIONS FOR ACTION
Systemic building blocks	Governance structure	• Liberal VET System Model • Statist VET System Model • Segmentalist VET System Model • Cooperative VET System Model
	Funding system	• Budget-based Allocation Model • Programme-based Allocation Model • Contract-based Allocation Model • Target Group-based Allocation Model
	Information system for strategic VET planning	• Employment Placement and Matching • General Information on Occupations • Information on VET Courses • Information for Employers
	Labour market–oriented qualifications and curricula	• Sub-Sector NQF Model • Network NQF Model • Unified NQF Model
	Training partnership with the private sector	• Work-based Apprenticeships Model • Company Internships Model • Workplace Simulation Model
	Quality of provision and quality assurance	• VET Model for Formal Economy • VET Model for Informal Economy • VET Quality Assurance Model

- Which **strategic options for action** are available to us in this context?
- Which **decisions need to be taken**, and under what conditions are which options available?
- How should we **set our priorities** within the list of strategic objectives?

A decision will have to be taken on whether all six building blocks should be considered in a systemic sense, or rather only **partly with a specialised focus on less than six building blocks**. It makes sense from a systemic point of view that all six building blocks should be included in the strategic planning in order to **avoid a fragmented general intervention strategy** for the VET reform. A comprehensive way to support VET sector needs and objectives are a **Sector Policy Support Programme** However, it must be noted that the available European Union **financial commitment** and appropriateness of the financing modality for the given country has a major influence on the scope of the proposed VET programme.

STEP 3: Crucial aspects for success

Before proceeding to the next step, it is important to pause and consider which will be the **crucial aspects** when selecting and implementing the **strategic options for action**. The following questions can be helpful in this context:

- Which critical aspects for **successful selection and implementation** of the strategic options for action can be identified?

- What **risks are inherent in the selection and implementation** of the strategic options for action?

- What **alternative action plans** would be conceivable should certain risks materialise?

STEP 4: Identify performance indicators and define work packages

Once the crucial aspects for success have been identified with sufficient clarity, the next step is to **translate the strategic VET objectives into performance indicators** (see under 3.3, part I). These will be used later on to help determine whether the respective strategic objectives have actually been achieved. It is often already appropriate at this level to **outline the main measures** that appear necessary in order to achieve the strategic objective.

STEP 5: Strategic planning and budgeting

The VET reform project requires appropriate **resource planning and budgeting**. It is not recommended to deal with this step in **any great detail** here, as it forms part of general contract and cooperation management. It may be sufficient for a **rough strategic project overview plan** to implement steps one to five.

References and further reading

EC (European Commission), 2012. 'Instructions for the programming 11th European Development Fund (EDF) and Development Cooperation Instrument (DCI) 2014–2020'. EC, Brussels.

ETF (European Training Foundation), 2015. 'Young people not in employment, education or training (NEET): An overview in ETF partner countries'. Working paper. ETF, Turin.

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WDA of Rwanda, GIZ and KfW, 2013. 'Technical and Vocational Education and Training (TVET) Programme — Joint Feasibility Study'. Kigali.

Case study: Reform of VET system in Rwanda

CONTEXT	The total labour force in Rwanda is 4.96 million people. Overall, the **informal economy accounted for about 94 % of the labour force**. The availability of sufficient numbers of skilled workers is a limiting factor on economic growth. The VET system operates under the mandate of the Ministry of Education and its executing agency Workforce Development Authority (WDA), which was established with regulatory responsibilities for VET and has **administrative autonomy**. Its responsibilities include the development of national occupational standards and curricula and the establishment of a **National VET Qualifications Framework (RTQF).**
CHALLENGES AND OPPORTUNITIES	The establishment of further Integrated Polytechnic Regional Centres (IPRCs) shall contribute to rationalise the VET system, and incorporation of different levels of VET providers into an **integrated and flexible VET system** allowing for movement between the various levels. Despite the visible efforts made by the government recently to improve the VET system, **weaknesses are apparent**. An **evidence-based sector analysis** identified a **number of challenges** within the systemic building blocks of the Rwandan VET system. The **financing of VET system is facing several constraints**. A sound financial framework for the financing of VET reforms is not yet in place. Private investment in VET is promoted by announcements but there is **not clear incentive structure or cost-sharing strategy in place**, which would encourage private VET providers to become innovative. Funding for the VET system comes mainly from **government revenues**. There is a lack of proper **labour market information** about skills demand and graduate absorption into the labour market. There are only a **few VET providers** that cater to **training for the informal economy**. A standardised national system of **enterprise-based training** does not exist. Any discussion regarding the VET system has to include **consultation with the private sector,** namely the Private Sector Federation (PSF). **Insufficient linkages** exist **between VET providers and companies**.
ACTIONS TAKEN	The **VET Strategy Paper 2015** has been developed and aspires to develop an accessible VET system that produces graduates with employability skills that respond to the changing demands of employers and self-employment and the country's labour market. The VET strategy identified the following needs: • improve the understanding of skill needs in economic sectors; • improve horizontal and vertical pathways; • develop the human capacity within the VET system; • improve coordination of VET-initiatives; • improve VET facilities and its sourcing; • expand the availability of responsive curricula in VET; • improve the attractiveness of VET; • increase employer engagement in VET; • increase equitable and inclusive VET; • establish sustainable Innovative financing mechanisms in VET.

LESSONS LEARNED	• The new **National VET Strategy** of 2015 reflects an important paradigm shift that has been taking place in Rwanda over the last years which places access, quality and relevance of VET as its priority. However, the VET strategy 2015 is **silent on the skills needs of the informal economy** which accounts for 94 % of the labour force with skills needs very different to the formal economy. Informal apprenticeship systems have the potential to meet the needs of substantial numbers of Rwandan youth. • The capacity of formal VET system in Rwanda is limited due to inadequate training infrastructure and the relatively high costs of full-time, centre-based training. Hence, growing numbers of youth are learning and then working in the informal economy. VET programmes such as **work-based apprenticeships for the informal economy are missing**. Apprentices in micro- and small businesses learn technical skills from master crafts persons and practitioners at the workplace and are inducted into a business culture and a business network which makes it easier for them to find employment or start their own businesses. • Upgrading of traditional/informal apprenticeships would create major opportunities to **improve skills provision in the informal economy** in Rwanda and means the gradual improvement of a VET system embedded in the culture and traditions of the Rwandan society. It aims at making the informal apprenticeship system more dynamic to respond to current and future changes. • A **platform for consultations with formal employers** has been established through eight employer-led councils called Sector Skills Councils (SSCs). SSCs are national partnership organisations that bring together all the stakeholders — Industry, labour and the VET&D providers, for the purpose of VET development of particular industry sectors. **SSCs are largely formal employer led** and the aim is to boost the skills and productivity in the formal sector's workforce. 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: WDA of Rwanda, GIZ and KfW, 2013.