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**Beyond Primary Education:
Challenges of and Approaches to Expanding Learning Opportunities in Africa**

Sub-theme 2

Skills Development
and the World of Work: Challenges
for Education and Training

**Public-Private Partnership Models in TVET
and their Impact on the Role of Government**

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DRAFT**

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ACRONYMS AND ABBREVIATIONS

BMZ	German Federal Ministry of Economic Cooperation and Development
EMTP	Educación Media Técnico-Profesional / Vocational-technical Secondary School
FOPROD	Formación Profesional Dual / Dual Vocational Education
GDP	Gross Domestic Product
GTZ	German Technical Cooperation
HRD-SC/RUDS	Human Resources Development Service Centers / Regional Units for Implementing a Dual System
MDG	Millennium Development Goal
MECE	Mejoramiento de la Equidad y Calidad de la Educación / Improving Quality and Equality in Education
MKI	Mubarak-Kohl Initiative
MoE	Ministry of Education
MoL	Ministry of Labour
NGO	Non-Governmental Organisation
OTIC	Organismo Técnico Intermediario de Capacitación / Intermediate Technical Organisation
PPE	Post-Primary Education
PPIU	Program Policy and Implementation Unit
PPP	Public Private Partnerships
RPL	Recognition of Prior Learning
RUDS	Regional Units for Implementing a Dual System
SEDO	Small Enterprises Development Organisation
SENCE	Servicio Nacional de Capacitación y Empleo / National Agency for Skills Development and Employment
TSS	Technical Secondary Schools
TVET	Technical and Vocational Education and Training
VET	Vocational Education and Training

1 ABSTRACT

1. This paper looks at how public private partnerships (PPP) in Technical and Vocational Education (TVET) have been used in developing countries such as Egypt and Chile with support from the German Development Cooperation. The emphasis is on the gains that can be made from such partnerships and the governance frameworks that need to be in place in order for them to work optimally. The processes through which each of these countries went in order to implement such systems are described in some detail. The PPPs build on the experience of the German dual system of vocational education and encompass the changing focus of donor support as articulated, for example, in the Paris Declaration, to emphasise the need to support the policies of partner countries. The most interesting aspect of the approach is the way in which it combines an educational paradigm and an economic or pro-poor paradigm with the intention of ensuring that traditionally marginalized groupings are able to earn a reasonable income, contribute to economic growth and social cohesion.

2 EXECUTIVE SUMMARY

2. This paper looks at technical and vocational education and training in developing countries, as a form of post-primary education which provides opportunities for governments to meet their obligations both in terms of an educational paradigm that calls for some form of post-primary education for all, and in terms of a pro-poor paradigm that calls for forms of education and training that enable people to earn a living by using relevant skills, learned in both formal and non-formal *education*¹, and contribute to *economic growth* and *social cohesion*.

3. Both the case studies are based on German Technical Cooperation programmes, one in Egypt and one in Chile. Although very different in context and implementation, both examples give a clear picture of the kinds of governance structures that work best for Public Private Partnerships, the potential problems and the potential gains.

4. The paper summarises development approaches to TVET from about 1980 onwards. It notes the specific contributions made by German Development Cooperation on behalf of BMZ (The German Federal Ministry on Economic Cooperation and Development) through GTZ (German Technical Cooperation) and describes how the approach of BMZ/GTZ has developed along with international trends as exemplified in the *Paris Declaration*, so that there is now a commitment to supporting partner country policy, and to harmonising support efforts with those of other donor countries. This process is guided by the principle of alignment and mutual accountability. As a logic consequence, management for results become an issue for TVET approaches, too. Since the end of the 1990s TVET has assumed a much more credible position in the education spectrum as it addresses a number of the social and economic problems that

¹ For the purposes of this paper, the following definitions of the three education/training types are given here although it is best to see them as part of a continuum. Formal education and training take place within a formal institutional framework and curriculum; non-formal education takes place outside of this framework, often within a work or community environment and may be combined with formal education and training; and, informal training takes place everywhere - intentionally and unintentionally - as and when it suits participants. This paper focuses on the nexus between formal and non-formal education and training.

have been highlighted by the Millennium Development Goals. The paper describes the kinds of adjustments that the *new public management* approach requires from governments, including the following, which are useful in understanding PPPs in the field of TVET:

- ◆ Government co-operation with non-governmental bodies, rather than government sovereignty;
- ◆ Government ensuring a favourable framework and system for education and training related services, rather than providing them itself;
- ◆ An emphasis on education and training related services being provided, to the extent possible, on a commercial basis, in order to make them financially viable, and where possible, provided by the private sector;
- ◆ Government ensuring that (e)quality, efficiency, and some degree of articulation, are maintained.

In looking at the Mubarak-Kohl Initiative (MKI) in *Egypt*, the paper concludes that:

- ◆ Such schemes require adequate, flexible, modern management and administration on the part of the government and on the part of the private sector in the dual system.
- ◆ When this is present, public private co-operation and partnership, responsibility sharing and co-financing can be successful in an environment such as the current one in Egypt.
- ◆ TVET can be shifted from a supply-driven orientation to a demand-driven orientation through adopting a PPP approach.

5. The *Chile* scenario is somewhat different as the move to PPP in TVET spans two very different political regimes. The move to decentralization began during the military regime but the democratically elected regime built on some of the changes, while making important more bottom-up adjustments to others. The Chilean case study, in particular, shows the importance of strong ownership on the part of stakeholders and the learnings from it can be summarised as:

- ◆ Assuming that competition in the market place will lead to quality TVET might work in big companies and well-off families but, in a place like Chile, where wealth disparities are great, there is a need for state intervention to create at least a possibility of equality.
- ◆ While the practices introduced during the military regime were, in some instances, at least in quantitative terms promising, in order to improve the overall TVET system from the 1990s, steps taken, or not taken during the preceding period had to be addressed. These included teachers' salaries and career paths, articulation between different parts of the system and the inclusion of marginalized groups.
- ◆ After the military rule, issues such as equal access to quality TVET and the reaffirmation of parts of TVET as a public good, had to be addressed in order to create a good TVET system that balanced government obligations and civil society control mechanisms on the one hand, and free market conditions on the other.
- ◆ There is a need to introduce participatory (learning) structures in formulating policy and improving coherence in order to ensure commitment from the private sector and civil society in investing in TVET. Government funding is needed to facilitate the overall process, as are relatively steady macroeconomic conditions.
- ◆ The degree of continuity between TVET from the military regime, to the democratically elected government, despite the critical change in political framework and the need for some radical adjustments, has been of enormous benefit in Chile.

6. The *types of governance structures* that are helpful in making a TVET PPP work include:

- ◆ An overarching, but manageable, in terms of size, body made up of all stakeholders and chaired by the relevant ministry, to make policy, deal with financial issues, relate the TVET

proposals to the legal framework of the country, and clarify the national economic guidelines in relation to TVET. Trying to insert innovative projects into existing hierarchies within ministries can be problematic. The emphasis needs to be on participative decision-making, particularly when difficult decisions have to be made.

- ◆ The secondary schools from which the students or trainees will come. Their capacity to participate in innovative projects that go beyond the comfort zones people have created may need to be developed.
 - ◆ An intermediary and non-profit structure (such as the HRD-SC/RUDS) which represents the interests of the private sector, and participates in functions such as curricula development, provision of training, examination oversight, and project development is needed. This body needs to be strong and able to negotiate on an equal footing with the government, although with tact as, often, governments are used to a more top-down approach.
 - ◆ The business enterprises on which the whole approach relies in terms of practical training and realistic implementation of the dual system are essential. In most instances they will need to be prepared to pay some sort of training allowances to students or trainees, which will, presumably, be balanced against subsidies and advantages. The enthusiasm of the enterprises for the approach to TVET is a crucial element in its success.
 - ◆ While not as clearly necessary, some kind of body representing the trainers/teachers may also be required as it is not unlikely that there will be tensions between them and the other institutions. Teachers at district level can become part of the problem, rather than part of the solution if they do not feel that they, too, have a vested interest in success.
 - ◆ Finally, in a situation where one is dealing with young people, it may be necessary to have a parent/student body to represent the interests of this grouping. Ultimately, the success of a TVET programme will be judged by whether these young people get jobs. In addition, feedback from these young people and their parents on curricula, testing, training and employment will be an important factor in assessing what constitutes a successful program.
7. Certain *conditions* are more conducive to success in ventures of this kind. They include:
- ◆ An encouraging framework. (The Chilean example shows that, even under less than perfect circumstances, there can be some gains).
 - ◆ A clear articulation of TVET with national economic goals and guidelines.
 - ◆ Willingness on the part of government to relinquish its monopoly on provision of training and enter into PPPs.
 - ◆ A sufficiently buoyant economy to ensure that there are enterprises able to participate.
 - ◆ A commitment from government to address inequities where market forces are not sufficient.
 - ◆ Some kind of qualifications/accreditation framework which allows for articulation between formal and non-formal education and training, of academic and technical training, and of privately and publicly provided training.
 - ◆ A bottom-up approach that brings stakeholders on board on the basis of success stories and then builds the approach into a normative national framework.

3 INTRODUCTION

3.1 The paper in the context of the Biennale

8. The ADEA Biennale 2008 deals with Post-Primary Education (PPE). The specific features of relevance for this background paper to the Biennale are:

- ◆ Post-Primary Education refers to learning opportunities following on from primary education (whether successfully completed or not), for children from 11/12, but, within the perspective of the Biennale, no restrictive upper limit to the age group is applicable.
- ◆ Although the definition of PPE is holistic, the focus for this background paper is on Technical and Vocational Education and Training (TVET) within the context of Post-Primary Education that prepares young people for life, society, work and further learning. Certainly, in Chile, for example, similar issues impacted on general education and school organisation but that is not particular concern here.
- ◆ TVET includes all forms of learning (e.g. non-formal and informal), all modes of delivery (e.g. distance learning, apprenticeship) and all types of settings (e.g. community schools, work sites).
- ◆ Of specific relevance is that it includes multiple providers and resources (the state, civil society, private education/training providers, employers and different forms of partnerships among providers). In using the term “private” in “public private partnerships” we are not looking only at a purist understanding of the term “private” but rather a trend towards involving non-public bodies in the provision, regulation and steering of TVET. In the two specific examples presented here, Chile and Egypt, this is definitely the case².
- ◆ This background paper focuses specifically on developing countries and TVET in the context of developing countries. However, the implications of globalisation bring the concerns of developing and so-called developed countries closer together.
- ◆ TVET is seen in relation to labour markets in urban and rural settings. The paper focuses on forms of partnership that prepare learners for particular occupations and facilitate the transition from education to working life.
- ◆ Post-primary education is seen as resting on a multiplicity of providers and a multiplicity of physical, human and financial resources.
- ◆ The complexity of governance in the context of such a multiplicity is the main focus of the paper. Governance models need to encompass a variety of providers in a coherent manner that facilitates integration of lifelong learning and includes location, curriculum and teaching methods, teacher recruitment and management, financing and accreditation or certification.
- ◆ In public-private partnerships, it is the government that is charged with maintaining respect for principles such as gender equity and equal opportunities for various vulnerable groups. In addition, governments are responsible for
 - the standard or quality of TVET (and how, where it exists, it fits into national qualifications frameworks that ensure lifelong learning and articulation across heterogeneous education and training systems)
 - the sharing of knowledge with regard to TVET

² Both case studies also reflect the change in terms of decentralization (including deconcentration) in both general education and TVE

- integrating the broad agreement on the need to move from supply-driven TVET to demand-driven TVET into a labour market context that encompasses local needs and opportunities and global economies and markets.
- ◆ In such partnerships, there is a need for a balance between exposure to real work and market places (entrepreneurship as a vocational learning principle) and financing of programs which may be beyond the capability of the government alone.

3.2 Impact of the World Bank during the eighties and nineties

9. While the “dual system” of TVET (regulating and steering TVET under PPP principles) has long been a pillar of the German TVET system, bilateral projects of German Development Cooperation have shown the ability to interpret this concept innovatively. In particular, the GTZ approach in consultancy and capacity development measures has shown sensitivity to changing framework conditions in labour markets and macroeconomic fields.

10. The work done by the German Development Cooperation in TVET during the 1980s, 1990s and early part of the 21st Century needs to be seen in the context of the policy framework of the relevant Ministry – the BMZ (see chapter 3.3) which highlighted the importance of PPP in TVET provision – and of the somehow dominant World Bank approach expressed in the World Bank *1991-Paper*. There is a questionable belief in some quarters – especially in Germany - that this 1991-Paper undermined the achievements and potential of TVET. In retrospect, it seems that the World Bank view was misunderstood: In highlighting some of the failures of TVET and the challenges facing it, the World Bank seemed to be denigrating TVET itself and this was how the paper was understood.

11. Among the conditions facing TVET in 1990 and worldwide were:

- ◆ TVET offered was often disconnected to the needs of the labour market economy.
- ◆ The quality of much that was offered as TVET was poor.
- ◆ Facilities used for TVET were under-utilised and there were high drop-out rates.
- ◆ TVET was costly and inadequately financed.
- ◆ The system of public and private provision was fragmented.

12. While these criticisms were understood to malign TVET, according to Adams who co-authored the World Bank 1991-Paper, the intention was to point out the following (Adams, 2006):

- ◆ The importance of a macroeconomic framework for job creation.
- ◆ The need to strengthen primary and secondary education as a foundation for training.
- ◆ The need to rationalise and improve public training provision.
- ◆ The importance of encouraging private training provision.
- ◆ The need to diversify financing sources.
- ◆ The importance of using TVET as a complement to equity strategies.
- ◆ The importance of basing TVET investments on sound economic analysis.

13. Adams insists that the paper did not say that publicly provided TVET does not work, that private training should replace public provision; that the state has no role in skills development; and that training should be paid for by households and businesses as a private good. In fact, according to him, the downward trend in TVET lending started in the 1980s and there was a shift of attention by donors to basic education that preceded the paper. Then, in the nineties, the focus was on policy rather than costly hardware and workshops and many donors did re-examine their support for TVET. TVET lending continued to fall but the relative decline was a result of expansion of spending on basic education. The overall spending on TVET in the nineties was much the same as in the eighties, about \$ 2 billion for the decade.

14. Nevertheless, the World Bank itself was quite constrained in its approach to TVET, with an emphasis on in-service training, a failure to assess the barriers to private training and to measure TVET impact with good monitoring and evaluation. Attention was given to the needs of the informal economy but this did not necessarily mean innovative approaches to training that recognised the need to merge, to some extent, the poverty paradigm with the educational/training paradigm. The German approach took this into account at least from the early nineties, as is evident in its policy framework and in its projects, e.g. in Egypt and Chile. (see chapter 3.3 below).

15. Now, in a sense, TVET, and its relationship to education, seem to be at a crossroad with some sort of recognition of the importance of TVET in terms of post-basic education, but also with the recognition that innovative approaches that create opportunities rather than stifling them, are needed. The World Bank has acknowledged that the state needs to shift to having a strategic role in TVET, with the private sector as a key partner. The role of the state needs to shift to quality assurance and, where necessary, funding, and the key indicator for success will be a reduction in poverty related to employment and self-employment so that education and training focus on ensuring that people have the skills to enable them to overcome extreme poverty.

16. In addition to the more formal building of bridges between school and work, with schemes such as apprenticeship and work experience, there is a reaching out to youth who have dropped out of formal schooling, failed in formal schooling or never even experienced it, with “second chance” programmes. This is likely to lead to a resurgence of interest in TVET and skills development. Even the concept of skills development has not previously received the attention it deserves. Here the emphasis is much less formal and issues such as sources of provision, competency rather than time spent in class, skilled craftspeople as teachers, not only of crafts but also of entrepreneurship, come into their own.

17. Among the key issues is *shared governance* as it is this that will ensure that TVET is demand-driven, and also help to provide the resources needed to finance new approaches: hence, the significance of public private partnerships, of diversification of financing, of decentralisation of decision-making, and of quality assurance mechanisms. The World Bank sees the role of the state as lying in policy development, financing rather than the state necessarily providing training, quality assurance, monitoring and evaluation and research around labour market indicators which can be done by others. It is the *role of the state* to address market failures and imperfections such as wage distortions and inequities, as well as to ensure that the strategic skill needs of countries are met. The *non-state sector*, it is now recognised, has a greater responsibility for actual provision of training, for some level of financing and for participating in shared governance so that the public and private sectors do not function in a silo and, possibly, on a competitive basis. The key question is whether there can be a combination of broad and equal access to TVET as partially a public good, and decentralisation/privatisation of its delivery.

18. In its policy paper (1991) the World Bank chiefly addresses the state’s role in vocational training within varied framework conditions. It underlines the highly important role of the private sector from the viewpoint of needs, efficiency and costs, recommending that more vocational training activities be implemented by private institutions. By establishing systems of incentives and bringing about changes in inadequate legal framework conditions, the state should strengthen and develop the existing training potential of the private sector. These recommendations are a turning point in World Bank policy, in that up to then the Bank had concentrated its support on governmental institutions.

19. However, in countries with only a small potential for private sector vocational training – chiefly countries with a rurally-structured economy and a small modern sector – the state

should continue to implement and finance training. The vocational training systems of these countries are frequently also in need of reform in order to better adapt the state's training system to the needs of the employment and labour market system. For markets of all kinds to work well, there is an important role for the government to play to ensure transparency, law and order, informed consumers, equity (doing the things that are not profitable but necessary) in terms of the modern state.

3.3 Overview of policy guidelines for German Development Cooperation with regard to its involvement in dual vocational education and training

20. The policy guidelines (1992) for Development Cooperation in the field of vocational training (or TVET) - published by the German Federal Ministry of Economic Co-operation and Development - stated that the overall goal of German development policy was to improve the economic and social situation of people in developing countries and developing their creative capabilities. In the field of vocational training the goal of assistance was to improve and expand the performance capability of existing vocational training systems in order to impact efficiently on vocational skills and know-how and social behaviour patterns geared to the changing demand situation in the different fields of the economy and of life in developing countries (BMZ, 1992:11). Two approaches were followed:

- ◆ Co-ordinated, practice-oriented initial training and further education to produce specialists and management manpower in the different sectors and branches of the economy, with a focus from semi-skilled upwards;
- ◆ Special vocational training courses to address the needs of target groups in the informal sector, particularly the neglected groups of the population, in order to help them to improve their earning potentials and life situation. In other words, training that would lead to an effective livelihood in the scope of the subsistence economy.

21. Despite the general dampening of enthusiasm about non-school based, non-formal training and informal learning, the German Development Co-operation³ continued to be involved in innovative ways at looking at how post-primary or post-basic education can be delivered and tap the potential in public private partnerships. This was largely because its project work was showing that there was, indeed, potential in this area and it needed to be explored. So, for example, GTZ has been involved in a number of traditional apprenticeship programmes. In these, attempts have been made to link government educational strategies with the individual attempts of people for whom formal post-primary education is not an option. There have been some important successes in building on the traditional practices and giving people a kick-start in the economy (as, for example, in a project in Zimbabwe where quite a number of participants have managed to survive the recent upheavals and continue to function effectively in the turbulent economy). In addition, GTZ work on PPPs in Chile and Egypt yields interesting learnings and shows that one size does not fit all, that context matters and that there is a wide range of potential forms of PPPs.

22. Experience from Germany had to be adapted in a flexible way to suit both the educational and labour economy needs of developing countries. BMZ followed a sharp learning curve from a commitment to development through formally skilled labour, to a specific pro-poor growth concept which combines both an understanding of an education paradigm and a poverty paradigm, in line with the Millennium Development Goals. Thus, the emphasis on Economic Development and Employment Promotion of 1997 became an emphasis on

³ It was not only BMZ/GTZ that continued to do this kind of project work, however, in this case, it is the BMZ/GTZ with which the writer is most familiar.

Economic Reform and Development of Market Systems in 1999 and today, on Sustainable Economic Development. This has involved an understanding that, in addition to the promotion of the modern, industrial sector, and the skills required for it, there is also a need for a TVET model that can offer those who, for various reasons, were formerly excluded from formal training options and, at the same time, encompass direct poverty reduction. From this understanding has grown the development concept that TVET should contribute to enhanced access to income and work as well as to economic growth, social inclusion and social cohesion. Thus, both formal TVET and non-formal TVET can exist, side-by-side. Moreover, with the appropriate conceptualisation of a national qualifications framework in a developing world context, the formal and non-formal TVET systems could become more integrated.

23. Nevertheless, in the BMZ paper of 1992 (Sector Concept, Vocational Training, BMZ, 1992) BMZ conceded that the potential of TVET was being off-set by some risks generated by the general socio-economic situation and which might make vocational training seem to be an investment with uncertain chances of success for the individual or for private sector involvement. The private sector is likely to be particularly wary of involvement in public sector provision of training if it sees that provision as being below standard or of little use to them or to individuals. During the 1980s and 1990s, TVET experienced a crisis of access (it required too high qualifications as an entry point), a crisis of relevance (formal TVET training colleges offered courses that were too long and often did not produce useful competencies) and a crisis of cost (long training periods, with expensive equipment cost too much for most people who simply needed enough skill to earn a living). The lack of suitable jobs available, the lack of opportunities for independent entrepreneurship, discrimination against specific groups (such as women) which prevented access to employment, were all seen as problematic (BMZ,1992:4).

24. The emphasis in BMZ at this time was on qualified manpower and advanced vocational training. Thus issues such as economic policy that stressed improving entrepreneurial competition and promoting technical change, social policy involving more equitable distribution of educational opportunities, alleviating unemployment, structural policy to create a balanced economic structure based on a spectrum of efficient branches and sectors, regional policy to reduce regional economic imbalances, environmental policy for more efficient utilisation of energy and natural resources, and regulative policy took centre stage. While there was recognition that the subsistence economies of the developing world would continue to be the only means of survival for many people, there was also some hesitation about investing in more non-formal training and informal learning as well as an “affection” for the traditional German reference model of apprenticeship training, particularly in-company apprenticeship training.

25. Despite this emphasis on formal TVET, some donors, such as BMZ, also responded to the conditions by looking for alternative routes that avoided the problems and did, indeed, lead to employment or self-employment. (See discussion on traditional apprenticeship programmes above). In its 1992-Paper, the BMZ noted that only co-operative efforts offered a potential towards solving these problems. Successful interaction between the state and the private sector in the field of vocational training required:

- ◆ Generally (i.e. from both the regional and sector related aspects) sufficient companies to exist which were suitable for implementing vocational training;
- ◆ Recognised private-sector organisations (chambers and associations) and possibly also trade-unions, in existence and sufficiently mature so that they could effectively represent the interests of their members;
- ◆ These private sector organisations recognising their responsibility and making the financial commitments involved;

- ◆ The state recognizing the potential training contribution of the private sector and being willing to co-operate and permit a shift of competencies from government to the private sector.

26. The 1992-Paper also recognised the role of non-governmental organisations (NGOs) in providing vocational training activities specifically tailored to neglected target groups and addressing actual learning opportunities and living conditions in the individual's direct local environment. This includes starting conditions, timing and locations and learning opportunities. While these NGOs did not necessarily provide access to the modern labour market but, more probably, to other forms of economic activity, including them as potential providers opened the door further to PPPs and extended the possibilities in the provision of TVET. For BMZ at that time **typical weak points** in vocational training policy included:

- ◆ Defining an independent vocational training policy which addressed basic issues such as the transition from general to vocational education;
- ◆ The political will to raise the status of vocational training compared with academic education and training, and provide the amount of funding needed;
- ◆ The state's willingness to permit a shift of competencies (participation by different groups of society);
- ◆ Private sector associations and trade unions being willing and capable of providing competent inputs and funding for designing vocational training and work with the state in planning and implementing such training (e.g. vocational profiles, curricula, place of learning, place of work, examinations);
- ◆ Sufficient capacity for research and development activities and for effective management and administration;
- ◆ Effective co-ordination and co-operation between the responsible bodies (e.g. in regard to flexible, interdisciplinary training courses, career counselling, recognition of certificates and diplomas);
- ◆ Greater emphasis on qualifications required by the informal sector and neglected groups.

27. At the **more formal level**, there was often a lack of:

- ◆ Training institutions with effective management;
- ◆ Qualified instructors and trainers (sector-specific and teaching qualifications);
- ◆ An adequate budget and the necessary autonomy on budget issues with regard to procurements, income management and expenditure policy;
- ◆ Training contents aligned to the practical work situation, with, for example, a modular structure, geared as necessary to any new technical development in the country;
- ◆ Co-operation with local companies;
- ◆ Methods which promoted motivation and independent learning, problem-solving capabilities and effective use of information;
- ◆ Appropriate infrastructure and maintenance.

28. NGOs doing vocational training had similar weak points coupled with obstacles such as a lack of access to resources available in the public educational systems, staff training, supplies of teaching and learning aids, because they had less support from external donors and were left to represent their own interests.

29. At the **company (off-school) level**, there was often a lack of:

- ◆ Realisation of the economic advantages of self (company)-trained skilled workers;
- ◆ A special budget for systematic, in-company vocational training;
- ◆ Suitable framework conditions for training, for example, suitable production procedures or premises, lack of time;

- ◆ In-company instructors possessing the necessary sector-specific and teaching qualifications;
 - ◆ Willingness to provide trainees with qualifications which exceeded the specific company or product requirements;
 - ◆ Acceptance of regulations and controls from outside sources; and
 - ◆ Parental confidence about the value of what happened “out of school”.
30. At the **level of the individual** (trainee, participant) there were often deficits in regard to:
- ◆ A regulated and secure living environment necessary for continuous and successful participation in training measures;
 - ◆ Employment and income prospects;
 - ◆ Financing (training costs, foregoing income during the period of training);
 - ◆ General basic education, particularly for women and girls;
 - ◆ Identification with the acquired vocation.

4 THE RECENT GERMAN PUBLIC PRIVATE PARTNERSHIP APPROACH

31. It was here that the notion of PPPs needed to be explored. In its paper “Strategies 140: Technical and Vocational Education and Training and the Labour Market in Development Co-operation” of 2005, BMZ took the lead in reconciling the concept of vocational training as being both a public and a private good.

32. PPPs have to address these issues because the private sector, if it is going to be involved in post primary education, wants to see direct benefits from it. Emphasising public sector interest in private sector participation in the design of programme contents or the use of specific know-how is far more conducive to mobilising the private sector to co-operate in a partnership. Moreover, where demand-oriented and employment-linked services are offered, private actors (individuals) have shown themselves willing to pay fees, thus classifying training as a private rather than public good.

33. In its strategy paper of 2005 which replaced the 1992 paper, BMZ focuses far more on the notion of productive employment in reducing poverty. The Strategy Paper 2005 highlights the importance of labour market policy in mediating between demand and supply in the employment market. Technical and vocational education and training and capacity development become an overall relevant in German development co-operation. For the BMZ it offers a thematic basis for policy dialogue with other countries, partner countries, donors, EU institutions and international organisations, in line with the principles of the Paris Declaration. It is also a guide for NGOs with an interest in this field (BMZ, 2005: 6). Crucial elements are labour market information and the matching of supply and demand and youth development policy, as it applies to both skilled and semi-skilled workers and the potential for the private sector to partner with the public sector (PPPs) in provision of training. This in no way devalues the importance of general basic education which is a building block of the process. The relevance of TVET and labour market policy measures for the achievement of the MDGs is made clear in the German government’s Programme of Action 2015.

34. The new strategy paper acknowledges that a growing number of people are working on a self-employed or employed basis in the informal economy with insecure employment conditions, particularly in developing countries. Thus the crises of TVET highlighted above are recognised, as is the importance of lifelong learning for participation in the knowledge society

and for the labour market's changing needs. The "overarching goal of German development co-operation is sustainable poverty reduction and the achievement of the MDGs" (BMZ, 2005: 14). Increasing pro-poor employment in developing, newly industrialised and transition countries becomes a priority and thus impacts directly in broadening the scope of TVET interventions as is visible in a number of the BMZ programmes now taking place. "Improving the employability and income situation of poor social groups and improving their access to formal business cycles are priorities in this context." (BMZ, 2005:14). In addition, the indirect impact of TVET contributing to an enabling business environment by broadening the skilled human resource base, is an attraction to foreign direct investment (TVET as a location factor), thus serving a double purpose.

35. TVET is now recognised as a component of lifelong learning and the involvement of the private sector is seen as a crucial element of TVET implementation. German development co-operation, however, continues to regard both initial vocational (education and) training and some aspects of non-formal vocational (education and) training as (partially) a public good. Thus, it sees the state as retaining the obligation to ensure equity and equality in the provision of TVET. Hence the issues of governance and forms of public funding become crucial.

36. Increasingly, with the conceptualisation of the MDGs, and the emphasis on poverty reduction that encompasses a multi-dimensional understanding of poverty, TVET has come to be seen as a tool for social inclusion, and for the integration of individuals in the labour market economy as well as in a process of lifelong learning – both aspects contributing to social cohesion. BMZ/GTZ has had to find a way to include the full spectrum of delivery models, as well as to ensure that the interface between TVET and general education is retained. In this way TVET and general education do not become parallel streams with no possibility of intersection, but are part of an overall view that interlinks the poverty paradigm and a lifelong-learning paradigm. This allows for considerable flexibility, both in terms of the way in which different elements of education and training relate to one another, and in terms of who is involved in different education/training endeavours as partners.

37. Thus, in projects in the developing world, GTZ has been able to combine an analysis of the needs of the country, with a specific project focus and aspects of TVET, general education and the needs of the labour market economy. The orientation of the work has included strengthening the formal/informal economy linkages, unlocking economic and social potential for the informal economy (e.g. adding value to and modernising traditional apprenticeship), market analysis for the informal economy, addressing weaknesses in the traditional practice of apprenticeship in the informal economy, including understanding of markets and addressing gender imbalances. This includes training for enterprise owners, extending the idea of lifelong learning, and preparing both - them and employees - to deal with the dynamic changes that are now inherent in the economy and the labour market.

38. These experiences have highlighted a number of issues for partner countries and development agencies, among them:

- ◆ The success of training needs to be measured not by the numbers trained but by the number of graduated who get (self) employment – in other words by impact rather than input and output;
- ◆ There is a need to use existing facilities, government and private, in non-formal education and training.

39. After the 1992 paper, Germany's role in the scope of TVET projects was limited to back-up consultancy and assistance for the local implementing organisations. A continuous long-term commitment was seen as absolutely essential. This could take the form of supporting political opinion-making through dialogue, of consultancy activities on legal, procedural or

training aspects, of developing research, planning and management capacities, or participation in Sectoral Adjustment Plans. The new approach built directly on the learnings of GTZ in its pioneer work in this field in the 1980s and 1990s. However, in 2005, the signing of the Paris Declaration by both developing and developed countries reasserted that the effectiveness of aid depends largely on the capacity available in a partner country. Capacity development is the responsibility of the partner countries with donors playing a supportive role.

40. This was in line with the BMZ/GTZ position as articulated since 1992, but went further, with donor countries supporting the plans of the partner countries rather than trying to influence them. Thus, interventions are now in support of strategies articulated by the partner countries and attempts to harmonise with the support offered by other donor countries in the field, guided by the principles of alignment and mutual accountability. The commitment of donors to play a supportive role is delicate as there is often no real consensus between, or within, the donor countries themselves, on exactly how support for TVET should play itself out, particularly given the fact that it straddles the areas of education and labour. However, this recognition, in itself, is conducive to more innovative TVET as compared with the more confined sectoral approach.

5 GOVERNANCE REQUIREMENTS

41. For the revived approach to TVET as a private public partnership (PPP) to work in the way envisaged, it was necessary to move away from the traditionally bureaucratic view of public management as being determined by fixed rules, regulations, directives and approval procedures, centrally managed (Klein, 2005: 7ff) to what has been called “the new public management” approach. The new agenda calls for:

- ◆ Government co-operation with non-governmental bodies, rather than government sovereignty;
- ◆ Government ensuring a favourable framework and system for education and training related services, rather than providing them itself;
- ◆ An emphasis on education and training related services being provided, to the extent possible, on a commercial basis, in order to make them financially viable, and where possible, provided by the private sector;
- ◆ Government ensuring that (e)quality, efficiency, and some degree of articulation, are maintained.

42. In order for a government to manage PPPs effectively, it needs, in a sense, to curtail its direct activity along a continuum from devolution of functions to detachment of functions. It also needs to reduce bureaucracy and introduce appropriate management measures as applied, ideally, in the private sector. Financially, governments need to recognise the commercial implications of a PPP, by relinquishing exclusive finance through tax revenue, and either by charging fees themselves or recognising the right of private providers to do this. It is important to remember that we are talking here about TVET and not general education which generally (although not exclusively) remains fully a government responsibility – at least at primary and secondary as well partially at tertiary level.

43. Indeed, although a PPP in TVET requires the government to relinquish direct provision of certain services, overall it remains politically responsible for ensuring that TVET options are available, that they are fair and effective. The government is still responsible for ensuring that there is an optimal range of services, that they are provided effectively, and that there is quality assurance and a pathway to articulation between different forms of education and training. The degree to which the government gives up its direct provision function varies along a continuum

that includes provision by state-owned organisations, through government authorised non-governmental organisations (e.g. chambers of industry) to provision of public goods and services by non-governmental bodies on a contractual basis. The modes in which such arrangements can be organised are numerous. For our purposes, in looking at TVET, and PPPs in TVET, we need to understand that partnerships are based on joint action and embody co-operative relations (Klein, 2005:26). Klein (2005:27) provides the following criteria which are useful in understanding TVET PPPs:

- ◆ Public and private bodies co-operate on an equal basis in a project, scheme, institution or agency or other arrangement to jointly perform an agreed task;
- ◆ Along with the above, the main and complementary objectives are jointly pursued;
- ◆ Possible synergies in performing the aims and objectives are harnessed by both parties;
- ◆ The identities of the bodies involved remain intact;
- ◆ The bodies involved bear joint responsibility for the undertaking as a whole, but also bear separate partial responsibility for agreed functions distributed among them.

44. The relationship can be formalised by contract or other such legal provision, but need not be. Verbal agreements and informal interaction may also constitute PPPs. This is, perhaps, of particular importance when one looks at the full range of PPPs that might be involved in TVET. At the one end, and most likely to be formalised, would be an agreement with a particular sector institution to carry out training in a specific sector. At the other might be an agreement between a learning group (of the type currently being tested in the context of the German-Uganda Development Cooperation TVET-programme⁴) and a provincial government providing learning facilitators⁵.

45. Why would government prefer to have a PPP? There are a number of reasons (Klein, 2005: 28, 29):

- ◆ The participation of private bodies may lessen the financial burden to government and money thus freed up can be used for other tasks;
- ◆ Participation of private bodies may mobilise societal groups and business institutions and raise efficiency in the performance of tasks because of the technical expertise of the partner involved (sector training institutions are an example of this);
- ◆ Involvement of private bodies enhances the acceptance of decisions and measures in which they are involved;
- ◆ By involving private sector, government may, in certain cases hold the relevant private sector bodies co-responsible for problems and deficits;
- ◆ Participation of private bodies inevitably entails time-consuming procedures and government may then be able to mitigate responsibility for quick decisions and measures.
- ◆ Private bodies may engage appropriately qualified expertise and develop expertise on their part.

46. In addition, the involvement of the private sector is likely to ensure that training is relevant to the actual needs in the workplace.

On the side of the private sector, there are also advantages such as financial savings (e.g. by using public facilities for training of staff), PPPs may afford the opportunity to close the gap between the private sector and government which is important not only in developing countries. The collaboration may also afford greater opportunities to increase self-determination and self-

⁴ Promotion of Employment Oriented Vocational and Technical Training (PEVOT) in Uganda

⁵ Refer to: Grunwald, E; Nell, M.; Shapiro, J. (2004): Work in Progress: LearnNet - The Learning Network Approach; GTZ

administration on the part of the private sector in certain areas and bring about changes in the regulatory policy framework for business and other activities.

47. However, one cannot simply assume a private sector willingness to take on co-financing or governance of (perceived) public-sector tasks. In many countries the constitution of the country concerned or other relevant legal statutes state that “education” is free at all levels and in all areas as well as “training” is not clearly separated from “education”, but is seen as part of it. At issue here is whether “training” is, in fact a public good or a private good. Where the private sector sees some advantage to itself in accepting that training beyond basic primary level has at least an element of private good, it is more likely to be willing to involve itself in the process. This is something that needs to be negotiated in different national contexts, making TVET systems a unique expression of the result of a negotiation process in each country.

48. In TVET, collaboration between government and the private sector may either be for the whole package of measures or for individual aspects. The areas include (Klein, 2005:28):

- ◆ Identifying training needs, and, in some cases, providers;
- ◆ Setting standards;
- ◆ Developing training programmes/syllabi;
- ◆ Developing teaching and learning materials;
- ◆ Qualifying and supplying teachers and instructors;
- ◆ Planning and implementing training measures;
- ◆ Setting up and implementing testing and examination systems;
- ◆ Evaluating the relevance, significance, effectiveness and efficiency as well as impact of training measures and related activities;
- ◆ Financing activities.

49. In addition, as a consequence of the BMZ 2005 paper quoted below, and not necessarily listed by Klein, other areas have to be added, with a particular emphasis on integration into the labour market.

50. The clearer the specification of the different responsibilities of the partners, the smoother joint implementation is likely to be. In addition, the government may put out an invitation to tender in order to have a choice of PPP partner. There is some flexibility in carrying out responsibilities, based on an ethos of co-operation.

51. Implicit in all of this is an acceptance by government of the decentralisation of TVET. As articulated in the new strategy, the best practices that have been learned through experience include, in particular (BMZ, 2005: 17):

- ◆ A comprehensive multi-level approach;
- ◆ Integrated i.e. joined up, service provision (advisory and employment services, etc);
- ◆ Target group – oriented and situated in – specific approaches such as job fairs/brokerages, youth employment services, mobile advisory services;
- ◆ A combination of employment programmes;
- ◆ Regional employment dialogues with representatives of the local authorities, labour administration, vocational training providers and private companies in the region.

52. A comprehensive approach assigns an intermediary function to labour market policy measures, through TVET and the private sector, in order to safeguard employment impacts, especially in the light of previous experience.

53. Model projects serve as a platform on which to base decision-making and reforms in vocational training policy. The current Criteria for Appraisal are (BMZ, 2005: 20):

- ◆ Stocktaking on unemployment, under-employment and labour laws and regulations (with special attention to gender issues);
- ◆ Labour supply/skills level;
- ◆ Functionality of “matching” between supply and demand;
- ◆ Demand of enterprises for skilled workers;
- ◆ Assessment of institutional potential (unless already covered);
- ◆ Strengths/weaknesses of existing TVET systems/components;
- ◆ Relevant information from these processes, industry/actor specific if appropriate.

54. This creates space for both technical and vocational education and training for the formal sector and vocational training for the informal labour market, as well as TVET for specific segments of the labour market. So, German development co-operation takes account of the strengths and the needs arising from their integration into the regional context.

55. Priorities for German development co-operation are (BMZ, 2005: 23):

- ◆ Linkage of policy formulation with the establishment of frameworks at the meso level, with the results of pilot projects feeding into the policy and normative levels;
- ◆ Partnership between the state, the private sector and civil society;
- ◆ Supporting decentralisation and privatisation (including state withdrawal from practical delivery);
- ◆ Strengthening newly emerging industries;
- ◆ Training and further training for teaching and management staff;
- ◆ Promoting international networks for knowledge transfer.

56. In this way, the training market is seen as an adjustment mechanism between labour market supply and demand (BMZ, 2005: Annex 3). And there is potential to overcome the previous weaknesses in TVET provision that led to its being out of kilter with labour market needs.

6 EXAMPLES OF BILATERAL GERMAN DEVELOPMENT COOPERATION IN TVET, USING THE PPP APPROACH

6.1 Chile

57. There is a questionable belief in some quarters that Chile presents an impelling example for leaving TVET implementation to market mechanisms while introducing a macroeconomic liberalisation policy, as was done in Chile in the 1980s – especially after 1983. After the military government in the 1970s overthrew the socialist government the overall situation in Chile changed considerably so it is possible to look at the TVET policy and its impacts under very different value systems adopted by different governments, and to see where or whether leaving things to market mechanisms alone is successful or unsuccessful.

58. During the time following the military coup, the so called Chicago Boys – young Chilean economists, trained at the University of Chicago under Milton Friedmann and Arnold Harberger - attempted to create a free market economy and decentralize the economy in Chile. In this context, the Chilean government brought in broad educational sector reforms as part of a comprehensive structural adjustment in response to triple-digit inflation, unsustainable budget deficits and sluggish economic growth. The new, decentralised approach to the funding of

social sectors, including education and training, was part of the effort to reduce the public sector deficit and untenable levels of inflation. The expansion of education was regarded as necessary for economic and social progress, but public expenditure had to be reduced.

59. The main components of the educational reform were the decentralization of management at the primary and secondary levels, the removal of barriers to new providers - especially at the post-secondary level but at primary and secondary level, too - and changed rules for allocating public educational funds at all levels. In primary and secondary schools (including vocational schools) the reformed system emphasized funding on a per student subsidy basis, expansion of the private subsidized sector and the administration of public managed schools by local governments (decentralization). The government retained control over a coarsely meshed curriculum in vocational schools, which did not really function as a quality management mechanism. Despite some level of privatization, the first two years would have a common curriculum for all students, with specialization taking place in the third year, and the possibility of schools extending their programs to five years without specific articulation. The period of military government saw reforms taking largely the form of legal mandates and political coercion.

60. This was top-down reform. From 1990, with the change to a democratic government, efforts have been made to change this to a more bottom-up reform – although top-down dialogs still take place in the society to balance neo-liberal extremes for social equity: However, certain steps were set in motion during the seventies and eighties which did not necessarily impact negatively and these have been retained. Others created problems with which the new government had to deal.

The overall education and training system in Chile – a historic review

61. In fact, the basic design of the Chilean education system remains the same. Basic (and compulsory) education lasts for eight years and falls under the Ministry of Education (MoE). From there, students either follow the formal education system, going on to four years of secondary education, or they go into a non-formal education channel under the auspices of the Ministry of Labour and Social Welfare (Bähr, 2005:2). This kind of education is seen as being for drop-outs from the basic education period, and from the secondary education period, and leads either directly to the labour force, or, in exceptional circumstances, back into the formal system through technical training centres. Secondary education falling under the MoE, can lead either to tertiary education at the universities, or to post-secondary education in Technical Training Centres and then to the labour force. Once in the labour force, people have the opportunity for further non-formal training, organised by the company for which they work or privately. Once someone is no longer part of the formal MoE education system, the National Agency for Skills Development and Employment (SENCE - Servicio Nacional de Capacitación y Empleo) acts as a facilitator between training demands and training offers. Both primary and secondary education can be privately provided, and by 2000, 500 000 workers per annum were being trained through the non-formal sector (in other words, privately).⁶

62. The situation in Chile breaks itself down naturally into two periods:

- ◆ The early 1970s to 1990s when it was a militaristic state;
- ◆ The 1990s onwards when it was once again under the control of a democratically elected government.

The period of 1970s to 1990

⁶ All figures from Bähr, *Exposing technical and Vocational Education and Training to Market Mechanisms*, 2005:2

63. Between 1976 and 1990, the military government initiated a structural adjustment programme. This included – especially after 1983 - measures outlined above. In particular, it included the move from a highly centralised system to a decentralised one. In the centralised system, the government had a monopoly in regulating, financing, implementing and evaluating TVET and the teachers' unions played a strong role in designing the training to be provided. The decentralised system, however, was one in which:

- ◆ the decentralised and private provision of education and training services, the transfer of the formerly public secondary TVET schools to local authorities and corporate bodies, and the giving of access to public subsidies to emerging and existing private training providers;
- ◆ the deregulation of formal education and non-formal, mostly further, training so that enterprises could apply for tax rebates in implementing their in-company training, the creation of SENCE under the Ministry of Labour (MoL) to facilitate arrangements between organisations demanding specialised training and training providers by inviting tenders for training courses;
- ◆ the reduction of the government's role to some sorts of normative functions and to financing as well as to some limited forms of evaluation, leading to a considerable cutback in size of the MoL and the MoE, and a deconcentration, with branches acting on regional and district level;
- ◆ teachers being stripped of their special civil service status and made subject to private sector labour laws in terms of wages and labour action. This led to the sidelining of teachers as traditionally powerful stakeholders in the system and replacing them with municipal governments which were institutionally weak partners, compliant with government and the changes brought about by central technocrats, and with little input from the implementers;
- ◆ an intention to increase the relevance of work-related education and training through the closer involvement of enterprises in the provision of these services at the operational level.

64. While the military government framework was not in itself desirable, the structures created had a potential for making possible “real” decentralisation and compliance with the subsidiarity principle, which would, in the long run, have positive consequences. The reform meant that the MoE gave up its role as a direct provider of (formal) TVET and transferred the management of 159 TVET schools to local authorities – including proprietorship - and private corporations. It continued to exercise, through its deconcentrated structures, responsibility for setting standards and allocating subsidies.

65. In addition, new types of technical schools were created by private initiatives at the post secondary level, such as “Technical Education Centres” and “Professional Institutes”. It was not “real” privatisation because the MoE reserved the right to take schools handed over to private corporations back under central government administration.

66. Financing systems for schools under corporate ownership were different, leading to corporate schools reducing the numbers of students or changing their course set-up in favour of less costly training areas. Community schools were not allowed to raise money from students or parents and as many of them were located far from strong industrial environments, opportunities to raise money from the enterprise community were few.

67. Teachers ceased to be public employees and so were subject to local market conditions. Curricula were deregulated so that schools were free to decide the contents of their curricula and their teaching methods within a very general framework established by the MoE, with the result that programmes and careers were uncoordinated and unarticulated.

68. A quality measure system was established and still operates in some areas in secondary education. The administration of school affairs was entirely left to the operators of schools.

Most corporate schools and some communal schools established an advisory committee composed of a group of local enterprises.

69. While there was much that was positive about the degree of autonomy, it did not come with the necessary capacity building programmes. This affected especially the quality of management, as well as of education and training programmes, of schools depending on poorer communities. At the same time, it seems, the schools with a high standard of infrastructure as well as of education and training quality were “sold off” to corporations, while not-so-well-off schools were handed on to communities which, in many cases, could not cope with the responsibility. However, in some quarters of the Chilean society there is questionable belief that the deconcentration of control led to a better infrastructure even for the poorer schools as every minor repair job no longer had to be approved and acted on by central government. However, whereas, in general, access to education and training opportunities increased, quality, and especially equality of opportunities, became more of an issue. At the level of post-secondary TVET, deregulation led to a rising number of “technical education centres” and “professional institutes” which were below the university level but which catered for the many young people who either failed to pass the university entrance examinations or who needed a less costly alternative – (i.e. shorter) or a more flexible one.

70. At non-formal level, there were changes, such as the creation of SENCE under the MoL which initiated the development of a decentralized and highly privatised market-oriented non-formal training system. Instead of providing free training services, as before, the government subsidized the training demands of enterprises and monitored the overall performance of the system. A range of service providers were competing to sell their services to more than 13,000 private enterprises and the government-sponsored training programmes. There were tax rebates (up to a certain limit) for providing such training, with the government sponsored training targeted at unemployed and under-employed adults, young labour entrants and workers displaced by industrial restructuring.

71. The company schemes focused on upgrading management and highly skilled personnel and, recognizing this, the government linked the percentage of tax rebates to the remuneration levels of the staff receiving training. During the 1980s, the OTICS (Organismo Técnico Intermediario de Capacitación - Intermediate Technical Organisations) were established on a sectoral or regional basis with the aim of improving access to training for small business enterprises (not unlike the HRD-SC/RUDS in Egypt). Each OTIC pools resources from its affiliates and operates as a buying agent for training services for a group of enterprises that are not large enough to operate their own training department or for a group of large enterprises that do not claim the benefits of tax exemption for training up to their entitlement. OTICS are not-for-profit organisations registered with SENCE. What we see here is an important shift from financing supply-driven training to financing demand-driven training. This shift was never reversed. Thus the Chilean system of non-formal training is one with the longest experiences in rebate-based financing mechanisms.

72. From this period there were real gains, largely in terms of the belief in market mechanisms as the most effective factor regulating quality and guaranteeing employment-relevant training. There was also recognition that government had a role to play in terms of regulating the market in the interests of those who were less affluent. However, true decentralisation did not take place. Especially in the case of the subsidiarity principle, it was followed, at best, half-heartedly, with the MoE still playing a key role, particularly in poorer schools. The argument for self-regulating markets was compromised by the general lack of markets in the country, and, where markets existed, the lack of information about them for “consumers” of training. The lack of an accreditation system for training providers was a further aggravating circumstance. There was no real understanding of government policy and,

given the military government, suspicion of any moves which were interpreted as “making the country easier to control” through a deconcentration policy around teachers who were now higher profile.

73. Yet, despite this, and despite the reservations about a military dictatorship, the new structures held potential for creating a flexible, efficient, effective overall TVET system (formal and non-formal) where the subsidiarity principle could play a guiding role. Nevertheless, 15 years of military rule were not conducive to changing the attitudes of Chileans, historically accustomed to strong government leadership and to a high degree of centralisation.⁷

The period of 1990s onwards

74. Once the democratically elected government came to power in the early 1990s, there was a policy to reconcile the inherited market policies which had been successful in extracting the country from the mid-1988 fiscal crisis with a concern for quality, equality, participation and other democratic decision-making principles. Processes became more important, rather than only results, and, instead of orders and bureaucratic rules, government incentives, support and information took centre-stage. Implementation models were no longer top-down blueprints only, but included bottom-up dialog mechanisms, experimental processes, and responses to local needs. More true decentralisation took place and developments started to be driven by local pressure. Issues of equality of access, quality and subsidiarity were now taken more seriously. The issue of articulation between various forms of education and training, teacher capacity and competence in innovative thinking and practice, quality management, were all given consideration.

75. Despite reservations about the past, there was a general recognition that the changes that had taken place held high potential for introducing and consolidating civil society’s participation in TVET and education in general, and for working towards a highly flexible and employment relevant system. It was at this point, that the German government, through BMZ charging GTZ with the responsibility, began investing in the Chilean TVET system reform, with reference to a dual vocational approach. At the same time there was support from the World Bank and Inter-American Development Bank investing into the Chilean overall education system.

76. After 17 years of dictatorship, the biggest challenge for the first democratic government was to democratize institutions and to establish ways of dealing with abuse against human rights and improving economic participation of the poor population. Not surprisingly, vocational education was given a high priority in this mix. With the co-operation of the Chilean government and World Bank, the MECE program (Mejoramiento de la Equidad y Calidad de la Educación) was designed to improve quality and equality in education (MoE). There was another program (called “Young Chile / Chile Joven”, funded by the Inter-American Development Bank), which aimed at achieving fast results in providing job opportunities in an otherwise thriving and diversified economy for the youth from particularly poor parts of the population, and for drop outs.

The German–Chilean development cooperation to support the (formal) TVET-system reform

77. The problem identified was the lack of congruence of the secondary education diplomas with the actual job market. The vocational-technical secondary schools (EMTP – Educación

⁷ The above section owes its content to Elisabeth Bähr, *Exposing Technical and Vocational Education and Training to Market Mechanisms*, 2005:3-8.

Media Técnico-Profesional) (also known as the “secondary schools for the poor”) did not have a curriculum which met the demands of a dynamic economy: subjects were outdated, there was very little practical training; teaching methods were also outdated, let alone a shortage of teaching staff and appropriate school equipment. Still, the basis that existed offered a good starting point for testing innovative approaches.

78. It became clear that it was unrealistic to stick to the original German-Chilean project agreement to replace the EMTP with a dual vocational educational system, but rather to strengthen institutions of EMTP, introducing enterprise-based learning. The key was to enhance co-operation between enterprises and schools. The German-Chilean project sponsored on the German side by BMZ and implemented by GTZ started in 1992 and was successfully completed in 2002. It was divided into three consecutive but conceptually different phases. Project implementation was assigned to an organization called FOPROD (Formación Profesional Dual or Dual Vocational Education) to accommodate GTZ and national experts. FOPROD was designed as a consulting agency and financed through Chilean and German sources. Its task was to strengthen the EMTP institutions to fulfil new functions and integrate new mechanisms as regular procedures, fitting with a Dual Vocational Education approach.

79. The emphasis in the first phase was on introducing the new paradigm to stakeholders, with successful pilot projects at the micro level. Three schools were chosen as pilots. Together with the heads of the schools and the teaching staff, a modified model of dual vocational education was developed and implemented. This model was administered according to the legal framework, as well as socio-economic and cultural aspects. It was constantly adjusted, based on experience, through feedback loops. All relevant stakeholders were involved and value added was monitored and communicated. Entrepreneurs and employees, trainees as well as the teaching staff and the school management boards, became aware that they could gain from changes in the way vocational education was delivered.

80. Before the graduation of the first trainees, all the stakeholders were aware of the advantages and regional secretariats, as well as schools and businesses from the regions, applied for participation in the program. Soon, FOPROD did not have sufficient capacity to deliver its services to individual schools directly and so - during the second phase - it shifted to the meso level where the learning experiences were systematically analysed and incorporated into a continuously updated training program. Nationwide units were set up in each regional secretariat of EMTP to be responsible for the multiplying of the model of dual vocational education. They selected schools, co-ordinated the teacher training and assured the quality. They used senior teachers who had already successfully introduced the model at their schools.

81. Funds from the German-Chilean development co-operation were used to finance the materials for instructors and participants, the initial teachers in a region and for the multiplier training of senior teachers. Other costs were covered by the school boards and the participating enterprises, or through the MECE, financed by budget and the World Bank. Once the model was expanded across the country, Phase 3 was entered, and the pilot status changed to a normative mode. The issues now became macro level:

- ◆ Feeding experience back to national boards in charge of EMTP curriculum reform;
- ◆ Supporting communication of changes to the public through the regional offices;
- ◆ Advising on adjustments to the normative model such as accident insurance during enterprise-based training.

82. This bottom-up approach led to sustainable and broad-based impact at all levels. This was found to be an improvement in vocational education, recognised by all stakeholders; an increased demand for dual vocational education; a decrease in drop-out rates and increased perspectives for salary and job opportunities of the graduates. One surprising impact was that

opportunities for graduates of the dual vocational education to access university increased. At the end of the German-Chilean co-operation project, all multipliers who had co-operated with FOPROD joined a non-profit public corporation. This was a legal precondition to bid for the ministry's call for tenders. Overall, the process was seen as contributing to the reform process in Chile and influenced orientation and quality of the results. The stakeholders all felt that the way in which the German advisors were involved, and the respect they showed for their Chilean colleagues, contributed to the success. The bi-national expert team at FOPROD had a key role as a catalyst of change. It seems likely that the German involvement triggered a paradigm shift with regard to co-operation between schools and enterprises. Without the secondment of long-term experts working together with national expert staff there would not have been such a successful paradigm shift in the co-operation between the public education and business sector. Gradually building up a governance structure that allowed for micro, meso and macro incorporation, allowed for a meaningful impact at all these levels and on the normative framework that regulates dual vocational education in Chile.

Local level (schools, boards) (micro or most immediate level)	Regional secretariats - provincial authorities (meso or intermediate level; usually includes institutions)	National level (macro level; includes policy making & the creation of an enabling environment)
Decision-making power for administering pilot projects and changes	Control adherence to norms and initiate and foster reforms	Formulation of guidelines and defining financial framework

83. Key change agents of the overall TVET system reform under the auspices of MoE were:

- ◆ The teaching staff at the vocational-technical secondary schools. Teachers at secondary schools are well-organised and were worried that dual training could result in job cuts, so it was important to win them over. This was assisted by a 1991 statute in which the government and teachers' union agreed that teachers in formal education and TVET systems were assured of tenure and centrally negotiated wages. It did, however, jeopardise the financial viability of poorer communal schools and limited their ability, again, to compete with private and corporate government-subsidised schools. Nevertheless, a number of poorer communal schools mastered this challenge.
- ◆ EMTP management of the MECE.
- ◆ EMTP staff of the regional secretariats.

84. The Chilean partners generally showed strong ownership (and the budget for education, including formal TVET, grew from 2.5% to 3.1% of Gross Domestic Product or GDP), probably because of the way in which the changes were introduced, taking Chilean understandings into account throughout. As a result, this approach influenced other educational reforms, too, increasing the impact. Co-ordination between the GTZ, charged by the BMZ to implement the German contribution, and other donors or implementing agencies was limited to operational implementation within a framework that was defined under the auspices of the Chilean partners. The MECE was set up parallel to the established ministerial structure and benefited from a high degree of autonomy which was a major success factor. The way in which FOPROD was set up was also useful. It helped to set the process in motion but was designed to make itself redundant by strengthening and adding to the established institutions to take over the necessary functions and responsibilities as quickly as possible. The growing private sector participation (accounting for 53% of total enrolments in technical education) was another important result.

85. The phase approach used in Chile, enhanced by a corresponding knowledge management process (the development of appropriate materials for sharing) which communicated in a bottom-up manner, initiated active policy learning; enabled an over-all system to be established - with a bottom-up process that ensured acceptability. The five modules for knowledge management assisted in the multiplier process and in capacity building. They consisted of:

- ◆ Introducing dual vocational education for decision-makers (thus government officials were introduced to the changes needed in their roles if the system was to work)
- ◆ Introducing dual vocational education for teaching staff (again ensuring that they understood what was now expected of them)
- ◆ Needs assessment (local labour market, functional analysis) (this expanded on the understanding of how governance could support such processes effectively)
- ◆ Curriculum (adjustments of content and methods according to demand) (this required government engagement and approval)
- ◆ Co-operation with enterprises (this required a change in government mindset).

The non-formal TVET system in Chile

86. Overall, the institutional structure for the vocational training system is made up of:

- ◆ the government subsidises firm-based training programs by means of a tax rebate incentive, and finances public training programs for workers not covered by the enterprises' programs, such as young labour force entrants; workers employed in small firms not eligible for rebates; and, unemployed or under-employed adult workers⁸;
- ◆ the National Agency for Skills Development and Employment (SENCE) is the public institution in charge of the overall audit of the training system, the accreditation of training institutions, the approval of tax rebate applications from enterprises and the financing and supervision of public training programs. It administers the National Training Fund intended to finance public training programs.⁹ It also provides technical support to the national network of municipal employment services, called Labour Information Offices. There is also a National Training Council which is a tripartite institution made up of government, employers and workers, which acts as an advisory body to the Ministry of Labour and Social Security;
- ◆ enterprises which organise training programs for their workers and can deduct training expenditures from their annual income tax bill up to the equivalent of 1 % of their payroll;
- ◆ authorized training agencies of which there are about 2,000 authorized by SENCE;
- ◆ intermediate technical organizations which are not-for-profit agencies that plan and organize (but do not execute) training programs for groups of enterprises too small for tax rebates on their own, but whose financial contributions to the intermediate technical organizations are deductible up to the equivalent of 1 % of their payroll (with a ceiling of around \$ 300). There are presently about 12 of these organizations, mostly organized on a sectoral or regional basis;
- ◆ public training programs for workers not covered in enterprises programs (see above), and including retraining programs, apprenticeship programs, short-term programs for specific target groups, usually less affluent and more marginalised, youth training programs, full-time skilled training programs in terms of the 1977 reform of the Training and Employment

⁸ "Firm-based" means that part, at least of the training is done in company and fits a more non-formal approach. The "public training programs" are more classroom-based and theoretical so that the formal and non-formal elements are covered.

⁹ National Training Funds are designed to concentrate and co-ordinate different funding flows in the training system and, apart from training delivery, they can also be used to provide supportive services such as assessment and certification, standards and curriculum setting, and TVET governance.

Statute. These programs address issues of social equity because their target market is disadvantaged categories of the population.

87. Mechanisms to improve participation by all relevant stakeholders in the non-formal training market have been introduced. These include the creation of a public register of all providers of non-formal training under SENCE and the formalisation of intermediate organisations for non-formal training, as well as the establishment of the national council and of regional councils for non-formal training, all of them with participation of government, private sector and workers. These councils have a mandate to intervene in national and regional policy formation. A regulation has also been introduced that enterprises, from a certain number of employees upwards, need to install bipartite councils for non-formal training in order to provide an opportunity for staff to participate in decision-making on further training programmes.

Recent development within the overall TVET system in Chile

88. Overall, in the mid-nineties there were almost 300,000 school drop-outs below the tertiary level. Only 80,000 of them had some level of vocational education and training. The rest abandoned school, lacking any specific work-related education.

89. But secondary technical education and training has been the fastest growing educational sector in more recent times, especially among students from low-income families because of the better employment prospects enjoyed by graduates. In effect, official surveys show that the average monthly income of a technical education and training graduate, under 50 years of age, is higher than the income of an academic graduate in almost every age bracket (Martinez, Rösch, 2001: 6).

90. Recently, a new curriculum framework, also covering secondary TVET (MoE/EMTP), has been developed. It sets objectives for about 70 % of what students are supposed to learn and leaves autonomy to the schools for the remaining 30 %. The framework is considered to be of high quality (Bähr, 2005:11) and has gained acceptance among teachers and other stakeholders. The new curricula emphasise core competencies like critical thinking, abstract reasoning, problem-solving, information processing, communication and negotiation. The communal schools struggle a bit to make use of the “30 % autonomy” because of a lack of resources. These schools have fewer available businesses, especially larger enterprises which spend more on training. They are also less well-informed about the possibilities in terms of tax rebate schemes and procedures. Almost all schools with corporate links have an advisory committee composed of a group of local enterprises, but only a few of the communal schools have this type of mechanism which gives them access to information about labour market needs, and placements.¹⁰ The centrally prescribed framework seems, however, to have laid a sound basis for quality TVET. A number of government programmes (largely MECE) lead to a certain levelling of infrastructure at schools e.g. libraries, text books, didactic materials and computers. Since 1992 there has been a process of developing an accreditation system for “Technical Education Centres” and “Professional Institutes”, but there is still a lack of an efficient system of co-ordination and articulation to link the MoE, the MoL, and private sector providers. This would facilitate more efficient pathways for learning.

91. In 2002, a programme of education and lifelong learning to facilitate more efficient pathways for learning was initiated under the joint steering of the MoL, MoE and Ministry of Economic Affairs. Funding is shared between the Chilean government and the World Bank. One of the goals of this programme is to integrate the formal and non-formal TVET system to

¹⁰ Espinoza, E. M. Chile: Experiences in a market-oriented training system, 1997

reduce duplication in the development of human resources and improve the use of schools, workshops and teaching personnel. Agreement has been reached on:

- ◆ improving adult education and articulating it with further training for employees and workers;
- ◆ striving for vertical articulation between different levels of education including TVET;
- ◆ creating incentives for adult education and further training for small and medium enterprises;
- ◆ establishing a national qualifications framework and complementing it with a certification scheme;
- ◆ creating a quality assurance system for training providers under SENCE.

Lessons learnt and conclusions

92. The Chilean experience which, in all, has spanned over 30 years, reflects both positive and negative learning:

- ◆ Assuming that competition in the market place will lead to quality TVET might work in big companies and well-off families, but, in a place like Chile, where wealth disparities are great, there is a need for state intervention to create at least a possibility of equality of quality.
- ◆ While the practices introduced during the military regime were, in some instances, at least in quantitative terms promising, in order to improve the overall TVET system from the 1990s, steps taken, or not taken, during the preceding period had to be addressed. These included attention to teachers' salaries and career paths, articulation between different parts of the system and the inclusion of marginalized groups.
- ◆ After the military rule, issues such as equal access to quality TVET and the reaffirmation of parts of TVET as a public good, had to be addressed in order to create a good TVET system that balanced government obligations and civil society control mechanisms on the one hand, and free market conditions on the other.
- ◆ There is a need to introduce participatory (learning) structures in formulating policy and improving coherence in order to ensure commitment from the private sector and civil society in investing in TVET. Government funding is needed to facilitate the overall process, as are relatively steady macroeconomic conditions.
- ◆ The degree of continuity between TVET from the military regime, to the democratically elected government, despite the critical change in political framework and the need for some radical adjustments, has been of benefit in Chile.

93. In looking at governance, as practised in Chile, one can see that decentralisation needs to be looked at critically and, in certain cases, there needs to be acknowledgement that some things must remain centrally governed. These include standardisation, accreditation, certification, articulation, quality assurance and questions around teachers' training. Recentralising the production of teaching and training materials is an example of how economies of scale in administrative tasks and general purpose activities are a positive form of centralisation. Decentralisation can have unintended consequences, even when ownership is increased. If one is going to decentralise control of TVET schools to communities or corporations, then adequate resources must be made available for those in poor urban and rural communities where sustainable technical and management capacities do not exist. However, there is ample evidence that decentralisation does bring education and training closer to the needs of local labour demand and increases the flexibility of the system to respond to local demands. Thus, governance structures and resource availability need to address the problems, rather than retreating to a more centralised model.

94. The Chilean example shows that both equity and efficiency can be served through relatively simple financing mechanisms, provided that government does not lose sight of the demands of equality. Thus, while the military regime did address issues of subsidies, communal schools had fewer resources to draw on and were left behind. The democratically elected government separated out education finance from education provision and this led to an effective combination of state and private forces, mobilizing private sector resources (including parents) and making use of deconcentrated government resources at district and municipal levels. The new regime also did not underestimate the importance of capacity building, as had the pre 1990s regime, to the detriment of communal TVET schools.

95. In all, the learning from Chile, particularly because of the continuity and contrast between the 1970s and 1980s, and the 1990s onward, are considerable in looking at how best to organise the governance of TVET.

6.2 Egypt

96. Egypt is one of those countries that does, indeed, have a free education clause in its constitution but, on the whole, this is applied to formal education and the involvement of the private sector is seen in a different light. In the early 1990s, there was a very small private sector in Egypt which was moving from a state-controlled to a market economy. One of the significant factors in the Mubarak-Kohl Initiative (MKI) – a bilateral development cooperation program - between the German government and the Egyptian government was that it was able to provide a model of how a PPP could work in TVET. It was initiated in 1991 in the context of the Nahanal Project for Developing Education, an Egyptian government initiative. The intention was for the MKI to develop technical and vocational education and training in Egypt through applying the so-called dual system approach at the level of those who finished their basic education successfully and were admitted to Technical Secondary Schools (TSS). The MKI involves carrying out theoretical instruction in the TSS-MKI for two days a week and practical training in companies for four days a week. A three year diploma is granted by the Ministry of Education (MoE) and the business sector provides a certificate for successful practical training. The Diploma creates an opportunity for graduates to continue their education at a higher level within the formal education system. In addition, short-term courses for the existing workforce are organised and the professional private sector staff involved in the practical training are used as advisors and consultants on curriculum for the more theoretical areas. The system ensures that theoretical training is relevant and has the added advantage of improving the quality of the existing workforce.

97. The scheme is implemented on the basis of a specific form of governance: namely public private co-operation and partnership, responsibility sharing and co-financing (Klein, 2003:4). The purpose is to make available well-trained skilled labour according to the demands of the labour market and industry, thus enhancing the overall competitiveness of Egyptian industry. The scheme was initiated in three cities in 1995 and the quantitative results by 2003 indicated some success. However, of more importance was that the scheme tested the feasibility of the implementing approach (PPP) under divergent operating parameters. It also addressed problems familiar from other countries in relation to TVET, namely the fact that, despite education and training, there were high numbers of educated and trained unemployed graduates in Egypt and complaints from end users about the quality of the TVET system output. This project was attempting to make TVET more demand driven.

98. In the MKI, public private co-operation meant that the content of training programs and curricula were jointly designed by joint theoretical/practical committees and only then approved by the MoE. In addition, those involved in organising the practical training of the TSS students in companies, also organised courses for teachers and instructors to ensure that

the theoretical work had an effective practical bias. Despite the fact that many of the students did not then go into employment but continued education at a higher level, very few companies withdrew from the scheme. This indicated that those graduates it was getting were favourably comparable with those produced by purely public initiatives. However, in order to ensure continued involvement of companies, their interests had to be considered, through, for example, organising upgrading courses for the existing workforce, for which the companies paid. In the context of PPPs, it is important that all participating parties feel that they are benefiting from the process. By 2004 (Bähr, 2004), the Egyptian dual system was established in 28 trades, and in 24 (out of 26) governorates. In total, around 15,000 trainees and 1,500 companies were participating. This had resulted already in 7,200 graduates of which close to 15% were women. While the real success lay in the introduction of a TVET approach that was demand-led and quality efficient, the numbers do give an indication of the fact that the approach was working and that the governance procedures, which combined the concerns of both the public and the private sectors, were functioning adequately.

99. There was also an imperative to improve the status of poor and marginalised members of the society. MKI worked with SEDO (the Small Enterprises Development Organisation) to offer courses on “how to start a business” and a number of the working graduates (around 5% of those who did not go on with higher education) were self-employed, mostly in the fields in which they were trained. A relatively high percentage of women (as high as 31% in one area) were involved, despite the fact that most of the training options were in traditionally male fields. Balancing the private/public concerns, the project had also decided to introduce more occupations that were acceptable to women. In general, the indication was that, where participating bodies were ready to support such efforts jointly, it was possible to introduce innovations and reforms. Governance within the project emphasised the following:

- ◆ The right of the state to exercise economic, political and administrative authority to manage the affairs of the country;
- ◆ The inclusion of private sector institutions, represented by companies in the formal sectors of the economy, as well as civil society as represented by business organizations, cultural and religious groups, charitable institutions, professional associations, community development organisations, etc.

100. In the MKI, training of the existing workforce is organised by the so-called Regional Units for Implementing a Dual System (RUDS). Some of them are now being transformed into Human Resource Development and Service Centres (HRD-SC) of their respective business organisations. While they make use of the TSS-MKI system, they can also call on other service providers. So, at a steering level, those included are:

- ◆ Government representatives (MoE excluded);
- ◆ Members of parliament or councils;
- ◆ Business sector representatives;
- ◆ Business organisations with HRD-SC / RUDS;
- ◆ Representatives of the MoE who head the overall structure known as the Supreme Steering Committee (MKI).

101. At the implementation level, the partners include:

- ◆ The Ministry of Education under which falls the TSS Department and Directorates in the Governorates and at District level, through the TSS-MKI institutions;
- ◆ The business organisations with the RUDS and companies.

102. The implementation process has been co-ordinated by the Program Policy and Implementation Unit (PPIU).

103. In some cases, participation is in the form of representation, in others there is a guiding and steering function, with or without a line of command (in other words, the link could be co-operative rather than directive), and sometimes just in the form of institutional or administrative line functions.

104. The MKI works on the basis of equal footing of the main participating bodies. The roles and functions are described by Klein (2003:12) as:

Ministry of Education	Business organisations	Companies	GTZ
<p>Establishing / running the MKI-PPIU at the MoE, allocating staff and a separate budget for it.</p> <p>Endorsing the required political framework and approving the required regulations and legal provisions (still in progress).</p> <p>Allocating the needed TSS; equipping them with the necessary facilities; making available the required staff; financing the due investment / recurrent expenses.</p> <p>Participating, in co-operation with the business sector, in planning / implementation at new locations.</p> <p>Participating, in co-operation with the business sector, in curriculum development/ implementing practical/ theoretical examinations.</p> <p>Approving specially developed curricula and corresponding books / teaching materials.</p> <p>Approving final examinations and issuing TSS-MKI diplomas for successful students.</p>	<p>Establishing and running the HRD-SC / RUDS.</p> <p>Making available the required staff and other resources for running the HRD-SC / RUDS.</p> <p>Financing the HRD-SC / RUDS to the extent that contributions are not being made available by others, or are being financed by the HRD-SC / RUDS on the basis of service delivery against payment.</p> <p>Participating through HRD-SC / RUDS in joint activities such as planning / preparation of activities; developing curricula; implementing practical and theoretical examinations; monitoring and evaluation of activities; etc.</p>	<p>Making available training places for MoE students, and involving company staff in the training.</p> <p>Paying fees to respective HRD-SC / RUDS for the services delivered by the HRD-SC / RUDS.</p> <p>Paying a training allowance to MoE students being trained in the company.</p>	<p>Seconding long-term / short-term experts as required to providing consultancy services.</p> <p>Supplying limited equipment / materials.</p> <p>Offering training for staff involved in the MKI program (teachers, trainers, administrative / other technical staff).</p> <p>Supporting the activities of the MKI-PPIU and of RUDS.</p> <p>Supporting the dissemination of the MKI program to new locations, sectors etc.</p> <p>The German participation is now advisory and consultative with a limited and limiting focus on institutional sustainability, especially within the MoE.</p> <p>With regard to the sustainability of the RUDS, selected consultative support tackles the issue that they need to be stronger and to play an equal role, in terms of influence and power, with the state bodies.</p> <p>In general, civil society needs to overcome its reluctance to voice their interest</p>

105. The MKI co-operates with different types of business organisations: federations, business associations, investor associations and so on.

Lessons learnt and conclusions

106. For a project like MKI to work on a large scale, certain **conditions** need to be present and/or encouraged:

- 1 Readiness and willingness of government and private sector to cooperate at an equal level.
- 2 Selection of adequate sites/sectors/participating bodies. This means:
 - ◆ Existence of a business organisation in the reference area; willingness to participate in the MKI and to establish a training management unit (e.g. HRD-SC / RUDS);
 - ◆ Existence of companies in the reference area and willingness to participate in the training system of MKI, and to fulfil the financial obligations;
 - ◆ Existence of Primary Schools as the source of future participation in the MKI at school level;
 - ◆ Existence of suitable TSS to function as TSS-MKI.
- 3 Co-financing of activities from the beginning. The donor involvement should not include financing but contributing only in selected areas, in particular development activities.
- 4 Creating ownership of the bodies through involvement of participating bodies in all activities at their respective levels.
- 5 Monitoring and evaluation of activities as an on-going process at the levels of the PPIU / the ministry in charge and HRD-SC / RUDS, and the bodies working together as a team when undertaking monitoring and evaluation activities.
- 6 Institutionalisation of the MKI in terms of converting the time-bound “project” into regular, permanent functions and units, which is a challenge on the side of the government as well as of the private sector organisations.
- 7 Broadening the institutional coverage of the MKI scheme and networking with similar activities taking place under other ministries/institutions.

107. The MKI has shown that:

- ◆ Such schemes require adequate, flexible, modern management and administration on the part of the government and on the part of the private sector in the dual system.
- ◆ When this is present, public private co-operation and partnership, responsibility sharing and co-financing can be successful in an environment such as the current one in Egypt.
- ◆ TVET can be shifted from a supply-driven orientation to a demand-driven orientation through adopting a PPP approach.

108. Today, there are still a number of **challenges** including:

- institutionalisation of MKI in an appropriate way – especially within MoE
- extending the industries/economic sectors covered by PPP
- integration of small and medium-sized businesses into the PPP process; including the cooperation with companies which are not fully formalised
- up-scaling: to become a really broad based VET-approach which guarantees social inclusion and social cohesion
- integration of graduates into the labour-market: to be a bridge from school to (decent) work and,
- having an overall plan that facilitates lifelong learning within an overall educational framework and career development within the labour market.

109. On the whole, however, the MKI has proved to be a good example of how a PPP can enhance the lives of ordinary people and the economy of a country. This has been done by gradually involving increasing numbers of relevant stakeholders at a decentralised level,

creating and fostering co-operative management structures and showing how they work to improve the demand-driven nature of TVET and the quality of production.

7 CONCLUSIONS

110. The foregoing discussion and, in particular, the outline of how TVET has assumed an important role in post primary education in both Egypt and Chile, suggest that PPPs are, indeed, an effective mechanism for involving the private sector in TVET in a positive manner.

Ownership by all stakeholders

111. Essentially, where governments recognise that the involvement of the private sector benefits both the government and the private sector, and “sell” the concept in this way to the private sector, emphasising the opportunities created for the private sector in such partnerships, PPPs are more likely to be successful. Subsidisation of education and training, involvement in curriculum development, increased influence over quality, and meaningful involvement in decision-making are all major selling points. The fact is that PPPs, on the whole, and where governance issues are clear, increases the contribution of education and training to improving the economy of the country and it contributes to the social integration and cohesion emerging in both case studies. In addition to making an understanding of the labour market central to analysis of training needs, the shift from a supply-oriented TVET to a demand-driven one has far reaching and generally positive implications for the economy as well as for individual private sector partners and workers. However, given that there has been some negative bias towards TVET, it is important that knowledge sharing takes place.

112. The Chilean experience, in the 1990s and thereafter, shows how a bottom-up transition, backed by senior decision-makers, accompanied by clear information and knowledge sharing, can win support for TVET as both an acceptable form of education and an access point to employment. At the same time, given the aspiration of people for lifelong learning, there does need to be some way of articulating TVET with the general education stream and this is being looked at in Chile through a national qualifications framework.

113. Both the Chilean and Egyptian experiences show how governments persuaded the private sector to “buy into” the notion of PPP in TVET through involving them in the governance structures of TVET. However, what they also did was to make it clear what the different responsibilities of the stakeholders were and that the state retained the right to exercise its function of ensuring equality of access, providing an adequate legal framework, ensuring quality and articulating TVET with the rest of the education system. Other stakeholders (such as the HRD-SC / RUDS in Egypt) were given specific roles which showed that they could and would influence curricula, influence the quality of theory and practice taught, and, where necessary, initiate reforms and innovations. Companies were given subsidies to encourage them to participate in training but, perhaps more importantly, they could see how their involvement both improved the quality of graduates, and created the opportunity to improve the quality of the existing workforce. The relation between state subsidies and the firms’ contribution to bearing the costs of training needs to be carefully balanced and appropriately targeted. If they are provided at all, subsidies should provide an incentive for the private sector to actively engage and invest in initial and further training. Too ‘generous’ subsidies may attract rent seekers rather than innovative champions wishing to engage in developing a sound TVET system.

114. Important in both instances, but particularly in Chile, was the low key role played by the development agent which limited its funding to development initiatives and its role to advisory and consultancy services. Thus, ownership of the approach vested in the governments and other stakeholders. Once the stakeholders, particularly the enterprises and their intermediaries, had a

vested interest in the outcomes of the PPPs, they wanted to make a contribution to the curricula and to ensure that the graduates had the skills to make a positive impact on their enterprises.

Status and attractiveness of TVET

115. For the individuals, the ability to earn a decent salary, plus the possibility, for some, of re-entering the more academic stream through articulation of the TVET with other forms of learning, is an important incentive.

116. These are the factors that help to change the poor public perception of TVET and enhance its attractiveness to prospective students/trainees. However, both government and training providers need to “sell” these advantages and make them generally known. The more graduates there are of successful TVET programmes (measured in terms of employment and self-employment, as well as status within the overall education spectrum), the more status TVET as a whole will gain. The more PPPs in TVET that produce results that enhance the economy and show that issues of equity are addressed through the system so that there are not “second class” schools, the more potential students and their families are likely to regard TVET as a desirable option. And, the willingness of governments to spend money on TVET programmes will also add to their status.

Equity

117. Both, the Chilean and the Egyptian examples have shown that governments can use their role in the PPP to rectify the imbalances in society that disadvantage marginalized groups. This may require changing the “menu” of curricula offered but it can also mean greater subsidisation and input and recognition that in less affluent and central areas opportunities are more limited. Special government schemes, including costs and incentives, that link relatively isolated TVET schools with their nearest enterprises, possibly through internships, would encourage participation and expose students to future opportunities.

Relevance

118. Relevance is at the heart of useful TVET and the PPP approach makes this even more so. Countries are unlikely to invest in TVET schemes that are not in line with the national economic development goals, specifically in terms of pro-poor approaches and industrial growth. In addition, the intermediary bodies which represent civil society in negotiations around PPPs are likely to use the national economic development goals as guidelines. The government retains the right to look at issues of where subsidies can best be applied and this means that those companies which can show their relevance to the national economic guidelines are most likely to be partners in public private alliances. One of the countries’ overriding concerns is to address poverty and it is likely, therefore, that they will use their role in the PPPs to encourage industries that impact on the national economic goals.

Quality

119. As both the examples above show, quality assurance is a concern for the public and the private sector. The improvement of TVET and its linking of theoretical and practical work, as well as the way in which governments give accreditation to courses, is likely to have an impact on quality assurance. In Egypt, for example, both the TSS-MKI and the enterprise give certification on completion of a TVET course. As the status of TVET rises, so will the value of such certificates. The joint development of curricula will also improve the quality and standards of TVET courses and integration through a National Qualifications Framework (NQF) will provide opportunities for those who excel to proceed to higher levels. It is this kind of framework which will also provide coherence and articulation of TVET and points of crossover

from in-formal and non-formal to formal systems. The use of Recognition of Prior Learning (RPL), a mechanism still largely in its embryonic stages, will also mean that those who have been deprived of formal education are able to enter the overall system with recognition at a level commensurate with what they know. An NQF, used properly, levels the playing field between public and private providers and puts the emphasis on the quality of teaching to enable students to reach pre-determined standards.

Role of government

120. In terms of the role of government, as both case studies clearly show, the strengths of government lie in providing an encouraging framework for TVET to flourish, through developing and monitoring a system, providing for accreditation and certification, and providing incentives to the other stakeholders, in the form of subsidies, inclusion in decision-making, and support for the values that lie outside immediate gain such as equity. There is nothing to suggest that governments are better equipped to train people for the private sector than private sector enterprises themselves. In fact, in some circumstances, the situation is quite the opposite. On the other hand, there is nothing in the forms of governance suggested by the case studies which excludes government from playing a facilitative and quality assurance role, and from ensuring that, to the extent possible, the playing fields remain equal even for more marginalized groups. By bringing in private partners, government is able to reduce its financial role to some extent but, more importantly, it places the onus for ensuring relevant quality on its partners.

Capacity building

121. However, it would be foolish for government to make assumptions about the capacity of partners, from schools, teachers, trainers to specific institutions, without ensuring that some capacity building was done to enable them to fulfil their roles. In addition to ensuring that relevant materials and equipment are available, government needs to ensure that those, to whom it entrusts the role of representing the public sector, and the private sector, are qualified to do so and that they understand the overriding importance of the national economic guidelines. A new approach requires a different mind-set and the ministries involved need to ensure that this exists, as well as personnel to carry it forward. Change processes that lead to more autonomy of VET institutions require that all parties are clear about their roles and about the common direction. In general, it is best if agreements are written down as, within the suggested approaches, government is, in fact, entering into contractual arrangements with other players to produce deliverables – in this case successful TVET (as commonly defined), joint monitoring, and, where this does not take place, some form of sanction.

Institutions and partners

122. While neither of the examples in the case studies had all the institutions listed below, both had most and the additional ones are added for consideration. Even with the full complement of institutions in place, and, possibly, because they are in place, one should not expect immediate results and a degree of patience is required. Forcing people out of their comfort zones too quickly may halt an entire process. Necessary institutions include:

- ◆ An overarching, but manageable, in terms of size, body made up of all stakeholders and chaired by the relevant ministry, to make policy, deal with financial issues, relate the TVET proposals to the legal framework of the country, and clarify the national economic guidelines in relation to TVET. Trying to insert innovative projects into existing hierarchies within ministries can be problematic. The emphasis needs to be on participative decision-making, particularly when difficult decisions have to be made.

- ◆ The secondary schools from which the students will come and in which the capacity to participate in innovative projects that go beyond the comfort zones people have created may need to be developed.
- ◆ An intermediary and non-profit structure (such as the HRD-SC/RUDS) which represents the interests of the private sector, and participates in functions such as curricula development, examination oversight, and project development. This body needs to be strong and able to negotiate on an equal footing with the government, although with tact, as, often, governments are used to a more top-down approach.
- ◆ The business enterprises on which the whole approach relies in terms of practical training and realistic implementation of the dual system are essential. In most instances they will need to be prepared to pay some sort of training allowances to students or trainees, which will, presumably, be balanced against subsidies and advantages. The enthusiasm of the enterprises for the approach to TVET is a crucial element in its success.
- ◆ While not as clearly necessary, some kind of body representing the trainers/teachers may also be required as it is not unlikely that there will be tensions between them and the other institutions. Teachers at district level can become part of the problem, rather than part of the solution if they do not feel that they, too, have a vested interest in success.
- ◆ Finally, in a situation where one is dealing with young people, it may be necessary to have a parent/student body to represent the interests of this grouping. Ultimately, the success of a TVET programme will be judged by whether these young people get jobs and on feedback from them on curricula, testing, training and employment.

Articulation and certification

123. In addition to these institutions, which relate directly to the TVET schemes, the NQF, or some similar body, seems to be a necessary adjunct for articulation and moderated certification of the processes, as well as creating a pathway to lifelong learning.

Conditions for replicability

124. What the case studies have shown is that there is no direct replicability of dual system TVET and that context defines detail. However, certain conditions do need to apply:

- ◆ An encouraging framework (the Chilean example shows that, even under less than perfect circumstances, there can be some gains).
- ◆ A clear articulation of TVET with national economic goals and guidelines.
- ◆ Willingness on the part of government to relinquish its monopoly on provision of training and enter into PPPs.
- ◆ A sufficiently buoyant economy to ensure that there are enterprises able to participate.
- ◆ A commitment from government to address inequities where market forces are not sufficient.
- ◆ Some kind of qualifications/accreditation framework which allows for articulation between formal and non-formal training, academic and technical training and privately and publicly provided training.
- ◆ A bottom-up approach that brings stakeholders on board on the basis of success stories and then builds the approach into a normative national framework.

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