VET Policy Documents

Matching Vocational Education in Georgia with Labour Market Needs

Private Sector Development Program Georgia
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gtz

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List of Abbreviations

AmCham	American Chamber of Commerce
DfID	British Department for International Development
DIUS	Departments of Universities, Innovation and Skills
DWVG	German Business Association of Georgia
EQA	Estonian Qualifications Authority
ETF	European Training Foundation
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FIZ	Free Industrial Zone
GBP	Great Britain Pound
GDP	Gross Domestic Product
GEA	Georgian Employers' Association
GEL	Georgian Lari
Geostat	National Statistics Office of Georgia
GTUC	Georgian Trade Unions' Confederation
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
GWP	Georgian Water and Power
HR	Human Resources
ICC	International Chamber of Commerce
IDP	Internally Displaced Persons
IHS	Integrated Household Survey
ILO	International Labour Organization
IOM	International Organization for Migration
JCRC	Job Counselling and Referral Centres
LEPL	Legal Entities in Public Law
IHS	Integrated Household Survey
MoED	Ministry of Economic Development
MoES	Ministry of Education and Science
MoHLSA	Ministry of Health, Labour and Social Affairs
MoU	Memorandum of Understanding
NGO	Non-governmental Organisation
NINA	Nabada Improvement Neighbourhood Association
NPA	National Professional Agency
NRC	Norwegian Refugee Council
NVQ	National Vocational Qualifications
OECD	Organisation for Economic Co-operation and Development
SSC	Occupational Sector Skills Council
SSDA	British Sector Skills Development Agency
UK	United Kingdom
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USD	United States Dollar
VEP	Vocational Education Project in Georgia
VET	Vocational Education and Training

Executive Summary

Vocational Education is an essential tool for developing human resources and expanding employment opportunities in every country. However, in a country like Georgia, with high unemployment and even higher levels of under-employment, it is vital. Technically trained staff, with practical skills, are always in demand but knowing how to identify the exact skills that are needed, and provide appropriate levels of training is a considerable challenge.

At the end of last year slightly over twelve thousand people were accepted for training into 42 government-funded institutions that provide vocational education and training across Georgia. The courses focused heavily on a number of key sectors, particularly construction, the hospitality sector, IT and textiles. However, at this time, many sectors that employ large numbers of technical people are hardly covered by the VET system at all. Sectors as diverse as utilities, rail, steel, food-processing and logistics have almost no public training and have to provide almost all of their training in-house. This research study attempts to investigate the reasons for this mismatch and possible corrections to it.

This study forms a central part of the wider *Private Sector Development Program*, that is being undertaken by GTZ, in close collaboration with the Georgian Government, particularly the Ministry of Economic Development (MoED) and the Ministry of Education and Science (MoES). This study is intended to support these efforts to improve the private sector generally by helping the same institutions to make the vocational education system more responsive to labour market needs.

To get a national picture of the VET system primary data from the Ministry of Education and Science have been analysed and major international organisations working on vocational education were consulted. At the same time interviews were conducted with VET centre directors for Tbilisi, Shida-Kartli, Batumi and Poti.

On top of that, as many different social actors were contacted as possible, to assess their involvement with the VET system, their interest in becoming involved and, of course, their assessment of labour market needs in particular sectors. The project reach nearly all of the existing 'social partners' for the VET centers in Tbilisi, as well as the relevant trade unions, the business participants of the government's sector committees and all the major chambers of commerce. Where the research project suggested new industries, businesses in these sectors were contacted in order to evaluate labour market need. In total representatives from around 150 different organizations were consulted and/or their materials reviewed.

The resulting study has two parts. The first part in section 2 and 3 examines the breakdown of VET skill training and compares this to the apparent labour market need in order to identify areas where skills are needed but unsupplied by the current system. This looks at the national picture, but also pays particularly close attention to Tbilisi, Shida Kartli, Batumi and Poti. The second half of the research in section 4 & 5 examines the way in which the MoES and the VET system currently engage with social actors and the ways that might be improved.

Existing Labour Market Mismatch

The analysis of the sectors and skills provided in the current system revealed a heavy concentration of training in five areas: construction, restaurant/hotel/tourism, textiles, IT and transport/automotive. In addition, the current system trains significant numbers in general office skills such as PC use, book-keeper/cashier and secretary/receptionist.

To compare this to skill need primary data from the Georgian national statistics office was scrutinized to identify the most labour-intensive sectors and sub-sectors in the economy. Then, from the combination of existing labour market surveys and interviews by the study team a general sense emerged of skill needs in each

sector. At the current time the following sectors seem to be large employers with little or no VET training directed at them:

- chemicals and pharmaceuticals
- electric production and delivery (electricians are trained but mostly for the construction industry)
- gas transportation and delivery
- water and sewage
- mining and processing
- logistics and rail

In these sectors companies are forced to provide considerable in-house training and tend to recruit people for technical positions with little or little or no formal qualifications. Therefore, there seems to be an opportunity to develop training in these areas. On top of this, there seems to be considerable demand, particularly for general 'mechanical' or 'electrical' training. Mechanical and electrical training exists already but it generally focuses on the automotive and construction sectors. More general training in these areas is needed to provide a baseline of expertise upon which particular industries can build.

Added to this there is, considerable demand to supplement 'accounting/book-keeper' courses, with courses on sales or import/export. Accounting, when combined with sales would service a high demand in service centers (particularly for utilities) and fast-moving consumer goods distributors. Similarly a mix of accounts and training in import/export regulations could be useful for the thriving logistics business.

Mechanisms for Labour Market Matching

The second half of the research study examines the way in which the VET system currently tracks labour market needs and the ways in which this engagement could be improved, particularly through the broader participation of social actors.

To investigate different strategies for improvement, experiences from two countries were considered. First, the UK Vocational Education system was examined and a particular attention was given to its approach to social actor involvement. This offered three lessons. First, it is vital to clearly define what one expects from employers. Second, the involvement should be administratively uncomplicated and include clear benefits to the companies involved. Third, experience from the UK and beyond suggests that employer engagement is most likely if the employer is working with Vocational Education in other ways. In the UK context this means employer involvement in the apprenticeship system.

An overview of recent developments in Estonia highlights two areas of priority that may have relevance for Georgia. In the process of shifting and evolving toward a free market system, the Estonian government has taken measures to ensure flexible learning pathways to as wide a range of social groups as possible. And to afford entry onto the labour market for the varied categories of skilled workers, many different incentives have been created for potential and current employees and employers alike.

Section 5 further built on the first part of the study, which succeeded in illuminating some areas in which technical skill demand may not be currently serviced. Actual attempts at reaching out to social actors served to test different channels that could prove effective. Specifically, three levels were examined where labour market matching could occur: in the analysis of macro supply and demand, the engagement of social actors with the MoES and the engagement at the VET level. Also, different incentives that can be offered were considered. This means in detail:

1. Analysis of Macro-Information

In the analysis of macro information, ways in which the MoES could better gather and analyse macro-data on VET provision and labour market need were highlighted.

The Ministry of Education collects information on VET courses from the individual VET centers, but at the current time that information is provided in a format that makes it hard to see the overall picture. This could be improved if the courses were classified according to skill-based categories and organized according to academic years. As a result, the MoES, or employers, would be able to easily see how many people are being trained in what skills nationwide.

Geostat also collects information on the profile of the labour market but, as the study has revealed it is hard to see where needs exist with the current form of published information. Therefore a list of specific categories of information is provided that the MoES could request, which would not require any more data collection on the part of *Geostat*, but which would make their information more useful for the MoES. Ideally, this process of labour market needs assessment would also be coordinated with the MoED.

It is also worth investigating the inclusion of additional labour need questions in the annual *Geostat* Business Survey. This would involve certain set-up costs, but should not significantly increase their annual data collection costs, and would help to avoid the duplication and wastage that currently occurs when international organizations collect their own labour-market information for development projects.

Better data would provide an improved picture of labour market need, but it will only be useful if the various social actors are able to transform that information into action. One way to act on the information would be for the MoES to identify priority training areas and make this one of their criteria when allocating funds to courses. The current government strategy, however, prefers a more direct approach, driven by student education vouchers. While this does not *necessarily* preclude government prioritizing sectors it generally places the choice in the hands of the students.

There are reasons to believe that relying on vouchers to set skill-training priorities may be problematic. Many geographic areas only have one VET center and so meaningful competition may not be possible in the short-term. Also, potential students may be poorly informed about labour market opportunities.

Nonetheless, even in the extreme *laissez-faire* case, centrally collected information on labour market need may still be extremely useful. If it can be presented in the right format then it could help the VET centers and students overcome imperfect information and make more informed choices. In short, it can make the education market work better.

2. Involvement of social actors directly with the MoES

Following reforms in VET policy last year the MoES set up sector committees to identify the important professions within each sector and develop Occupational Standards for them. These committees seem to have worked fairly well in achieving that end but they have generally found it hard to secure the participation of businesses. They are also organized, in some cases, using broad categories like 'industry' and 'services' which do not allow for very focused discussion.

Securing business participation with government is difficult and, as the UK case study demonstrated, even presents a challenge to well funded institutions. Three steps would seem to help. First, the sector committees need to be restructured so as to reflect categories that are more meaningfully. We suggested a potential list of new categories. Second, members of sector committees seem to be most engaged if they are already involved with VET centers, so working through this existing relationship is a natural starting point. Third, *Geostat* can provide a list of the largest businesses in any particular sector. Since we know that large businesses are more likely to be involved in standing bodies such as sector committees this would seem an obvious way to systematically identify all the viable businesses in a group.

Moving forward, sector committees will probably need to become permanent structures. These could emerge alongside existing professional associations, employers associations or business associations or they could be new bodies formed specifically for this purpose. More permanent institutions, like the UK Sector Councils, would allow for a far wider involvement in the development of the VET system as it would allow some social actors to be more engaged than others. More permanent institutions would also be able to take on greater responsibilities, more actively engaging with sector-oriented VET Centers, providing outreach to potential investors and organizing collaboration on a wider range of issues.

3. Ways for the MoES to help the VET centers

At a VET Center level the main mechanism for interaction with 'social actors' occurs when VET centers try to organize practical experience for their students, the so called 'praktikum'. Beyond that social actor engagement at a VET center level is extremely limited. A few of the VET centers have advisory councils or employment agencies but most do not.

To assess this interaction we contacted businesses that take students. The relationships between companies that take students for practical experience and VET centers is wide ranging, though most companies only engage occasionally and for a short time with a given VET center. In addition, the initial connection is heavily dependent upon the networks of VET centre Directors and teachers. This creates two problems. First, there is little strategy within the VET centers to reach out to companies that might find them interesting but who do not have a personal connection to a VET center director or teacher. Second, if directors change then relationships can be lost.

The research suggested three ways in which the MoES could more effectively help the VET centers themselves to engage with social actors. First, they could help arrange praktikums. If sector committees expand their remit then they could act as a conduit for connecting VET centers to businesses in their sector. Failing that, the MoES could forward lists of prospective businesses to the VET centers in areas that relate to their sectors.

Second, MoES could help VET centers market themselves. At the very least they could provide a comprehensible summary of the different trainings that the individual VET centers provide so that anyone interested in potential partnerships has a clear place from where to start. They could also help the VET centers to connect to sectoral expos. Some of this is already happening but on a largely piecemeal basis.

Third, the MoES could produce central materials to facilitate interactions with businesses. This should aim, primarily, at ensuring that the interaction with a business serves the interest of the business and the student while keeping administrative demands at a minimum. For praktikums, for example, they could provide an administratively minimal set of standards on the rights and responsibilities of those engaging in praktikums.

Incentives for Social Actor Engagement

As a final consideration the different incentives were analysed that could be offered to encourage wider interaction. The most obvious direct financial incentive would be for the government to finance more permanent sector committees or to pay for students gaining work experience. A slightly less direct route would be to offer income tax exemptions for employers for a period of time if they are kept on after they have finished their period of practical experience.

Less direct, the British case suggested that two issues may be paramount. First, it is essential that demands on employers who choose to engage are kept to a minimum. Businesses are particularly resistant to administrative demands so administration and formal responsibilities should only be applied when they are essential. Second, the UK case suggested that it is important to be clear on what to expect from those engaged. Different kinds of social actors may be prepared to engage in different ways, so any engagement policy needs to take that into account and structure the involved institutions accordingly.

Involvement of social actors is also crucially dependant on their belief that engagement can make a difference. Before anything else, the social actors we spoke to wanted to know if the political will exists to fundamentally improve the system. If a serious determination to improve the VET system can be demonstrated either by consistent senior political involvement, or from steadily improving budgets and clear and consistent policy, then securing broad social engagement will almost certainly become easier.

There clearly is demand for the training that VET centers can provide and as long as social actors see benefits from their engagement with the VET system, that engagement should become easier with time. This research certainly highlights how hard it is to secure meaningful social actor engagement. However, it also shows that by building on existing experience then, particularly with clear political will, more engagement is possible.

1 Methodology

1.1 The Concept of Labour Market Matching and Social Partner Involvement

The analysis was intended to evaluate the degree to which the VET system matches, or is synchronised, with labour market needs. The reason for this is obvious. *Vocational* education is so called because it is specifically connected to particular jobs. Vocational education, to help provide employment, needs to prepare people for work in sectors where demand exists.

To understand where demand exists and to connect to that demand requires the VET system to connect with the market. This study will often refer to 'social partner' engagement. Social partners, in this sense, are comprised of all those groups who can help to coordinate policy in order to make that policy better oriented to the labour market.

Employers are the most obvious of social partners, in this sense, because they can provide the most direct information on their business' skill needs. However, interacting directly with businesses may be difficult, particularly if the businesses are small. Therefore other social partners such as business associations, professional associations, employment agencies and trade unions can also act as conduits for labour market information. Finally, social partners may also include government agencies, since they may also act as conduits for particular types of information, as sectoral specialists or as coordinating agencies.

1.2 The Purpose of the Study

This mismatch study was intended to carry two different tasks simultaneously. First, an attempt has been made to assess the degree to which the current VET system reflects the needs of the current labour market in Georgia. Second, ways have been identified by which the MoES and the VET system could be more responsive to the labour market on an on-going basis. As a result, this study can be divided into two parts. The first is a suggestive analysis of the mismatch that occurs in the VET system across the country as a whole and in our target regions. The second is an analysis of the institutional processes that the government has tried to employ to reform the VET system. Bringing these two pieces of analysis together should help to elucidate ways in which those institutions and mechanisms can be improved.

1.2.1 Identifying the Mismatch

Analysis of the existing mismatch in Georgia was intended to achieve two objectives. First, sectors and skills have been highlighted where demand might exist that is not currently being supplied by the existing system. Second, engaging in the process of labour market matching in and of itself facilitates a test of the information sources that the government could use to highlight labour demand.

To identify the mismatch, the current structure of the VET courses taught in Georgia has been examined and compared to that of the varying indicators of sectoral employment and professional need in each sector. The MoES' information on courses taught was re-sorted, to allow for a comparison of current courses to the technical training and employment needs of the country. Discussions with a wide range of multi-lateral and bilateral aid organisations also shed light on what sectors the international community has been prioritising and why.

Assessing employment need was more complicated. Information provided by the Georgian Government's central statistical office, *Geostat*, was analysed in order to evaluate the 'big picture'. Review of the information from the different labour market surveys that *Geostat* undertakes provided a far more detailed breakdown of

their results than is publically available. This suggested a range of different sub-sectors that are not usually considered by VET.

To ascertain whether these sectors could make use of VET trained staff, the skills needs analysis that had already been conducted by various international organizations was reviewed. Employers in the sectors that had not been covered were interviewed. In total, 106 representatives of 96 businesses and 12 representatives of 9 business associations were contacted.

1.2.2 Evaluating Existing Mechanisms for Labour-Market Matching

To identify mechanisms for matching the output of the VET Centres with the demands of the labour market, the various levels where these mechanisms already operate were examined. On the central government level, the vocational education strategy places clear emphasis on the need to engage with a wide range of differing social partners in order to better understand the needs of the labour market. In particular, the MoES has set up Sector Committees, which have membership from the business community, educationalists and experts, precisely to ensure that occupational standards were developed that aligned with labour market needs.

To analyse the system at the ministerial level, Sector Committees' operations and functions were examined. Many of their members were interviewed to gain insights on how the Committees function and suggestions as to how the Committees could be better run. Processes were reviewed, that are used to form the sector committees and to utilise them, so as to identify weaknesses and suggest mechanisms to make more comprehensive outreach easier in the future. This was helped obviously by the wide discussions with businesses but just as insightful were interviews with those responsible for the sector committees and the occupational standards in the MoES, 20 business members of the sector committees and all six of the trade unions that related to covered sectors (whether members or not).

For a look at relationships on the VET Centre level, long lists of 'social partners' provided by the VET Centres themselves were examined. Attempts were made to contact all of the businesses that were listed as social partners. In the end it was possible to interview 41 about the nature of their relationships with the VET Centres. Discussions were also held with all of the public VET Centres in Tbilisi, Shida Kartli, Poti and Batumi to gain an understanding into the way in which they have tried to broaden outreach and the difficulties they have encountered.

On top of this, government representatives from the MoES, the MoED, the Prime Minister's Office and *Geostat* as well as many others were interviewed. Discussions were held with 20 different NGOs and bilateral/multilateral organisations who work on VET in Georgia. Most of the interviews were semi-structured and included standardized elements for purposes of quantifying the answers, and non-standardised elements to ensure opportunities for novel insights to emerge.

1.2.3 Identifying New Mechanisms for Labour Market Matching

Having examined the nature of the existing system for social engagement and labour-market matching, ways have been suggested in which these processes could be developed further, and new mechanisms that could be adopted. Examples from the VET systems in the UK and Estonia, their successes and failures in creating demand-oriented VET, helped inform this process.

The mechanisms analysed operate at three levels; the processes that the government could use to identify the macro-mismatch and the way that information could be used, improvements that could be made in the sector committees and support that could be offered to VET Centres in order to encourage their direct engagement. Finally, the broad issue of incentives was considered, to see if there are lessons to be learned about how to better incentivize social partner involvement more widely.

1.3 Regional Attention

In addition to looking at the national picture, this study focused attention on Shida Kartli as well as the Ports in Poti and Batumi. Shida Kartli is gaining attention from a range of organisations because of the particular challenges it faces. Even before the 2008 war with Russia, Shida Kartli was one of the poorest regions of Georgia. The situation has undoubtedly worsened since then. In addition, as the region most damaged by the war, and as the largest recipient of post-war Internally Displaced Persons, Shida Kartli has become the focus of considerable attention from the international community and was a target region for the wider GTZ project of which this research is part.

The Black Sea Ports of Batumi and Poti warrant attention, as they offer particular opportunities for VET development. First of all, the Free Industrial Zone (FIZ) in Poti aspires to generate considerable employment for the area, and one of the factors facilitating or limiting the effectiveness of the FIZ, and its ability to created employment, is the availability of a technically trained work-force. Secondly, as the main entry point for cargo into Georgia, the ports are a key component in Georgia's transport-oriented economic development strategy. And, it has been decided that the Poti VET Centre will be fully renovated this year, offering an opportunity for the development of the Centre and the enhancement of VET teaching in Poti.

2 The Existing VET System

The first part of this study outlines the structure of vocational education training in Georgia as a whole and in the target regions. The breakdown focuses heavily on the sectors and skills being taught as well as the differences between the various VET Centres. This serves two purposes. First, it is intended to give an overview of current skills provision that can be compared to the labour market analysis of the next section. This shows considerable concentration in construction, restaurant/hotel/tourism, textiles, agriculture, IT and transport (including mechanics and drivers) as well as extensive training in such general office skills as accounting, secretarial and basic PC use.

Second, it provides an overview of VET Centres, and their widely varying situations. While some of the VET Centres, particularly those renovated by the government or receiving significant international support, seem to be evolving rapidly, others are facing an extremely difficult situation with poor infrastructure and limited resources.

2.1 National Picture of VET Programmes

Significant reform to the financing and infrastructure of the Vocational Education system in Georgia began when the new Law of Georgia on Professional Associations was passed in March 2007. This built on a 2005 concept paper that had been developed by an inter-sectoral working group. However, it was the new law that set the groundwork for the consolidation of the existing 17 vocational schools and the 64 elementary vocational education and training centres. Over the space of 2007 and 2008 these were re-organised into 38 VET Centres, each with the status of largely autonomous legal entities in public law (LEPLs).[1]

Figure one shows how Vocational Education financing has changed since the new Government came to power in 2004.

[1] The Ministry of Education and Science (October 2009). *VET Situational Analysis*. Tbilisi, Georgia, p14

Figure 1: Spending on Vocational Education (2004-2010) (Thousand GEL)

Programme title	2004	2005	2006	2007	2008	2009	2010 (planned)
MoES Budget	**89,709**	**80,947**	**358,165**	**410,829**	**458,337**	**519,364**	**550,000**
Vocational Education and Training Support Programme		1,547	1,717	5,846	8,413	9,800	9,000
President's National Programme 'Rehabilitation of Vocational Schools'			3,999	6,754	688	0	2,500
LEPL - National Professional Agency				0	535	0	0
Elementary Vocational Schools Support Programme	3,342						0
Secondary Vocational Schools Support Programme	3,811	2,152	2,063				0
Total Expenditure on VET	**7,153**	**3,699**	**7,779**	**12,600**	**9,636**	**9,800**	**11,500**

Reference: Ministry of Finance, Full Administrative Budget (2010, 2009, 2008, 2007, 2006)

From 2006-2008, GEL 11.4 million was spent on rehabilitating the infrastructure of the system and 10 centres received the bulk of the rehabilitation money. Since that time, significantly more funding has been given to the ten rehabilitated schools than to the others. Figure 2 presents breakdown of financing from 2008 based on whether a school was rehabilitated, judged 'in good condition' or one of the remainder.

Figure 2: Financing Based on the Judged Quality of Infrastructure (2008)

Level of infrastructure	No	Total Financing	Financing per school
Rehabilitated	10	3,871,463	387,146
Judged 'in good condition'	12	2,087,628	173,969
The remainder	16	1, 321,974	85,123

Reference: Ministry of Education and Science, *VET Situational Analysis*, Tbilisi, Georgia p10

As one can see, considerably more funding was given to the rehabilitated VET Centres than to the others. Staff in the rehabilitated VET Centres also enjoy higher salaries. The variation is considerable. In Public VET Centres, basic salary is around GEL 2 (USD 1.10) per teaching hour. In some Centres this can be as high as GEL 15 (USD 8.80) per hour.

2.1.1 Breakdown of VET training by Sector

For the 2009/2010 academic year, 11,995 students were accepted into the 42 institutions that provide Vocational Education and Training. Of these, 38 are VET Centres exclusively and four of them are higher education institutes that also provide some VET courses. Many more students will probably be trained on short courses over the space of the year. The types of courses offered and their length are outlined below.

Figure 3: The Number of Accepted Students in Academic Year 2009/2010 by category and course length

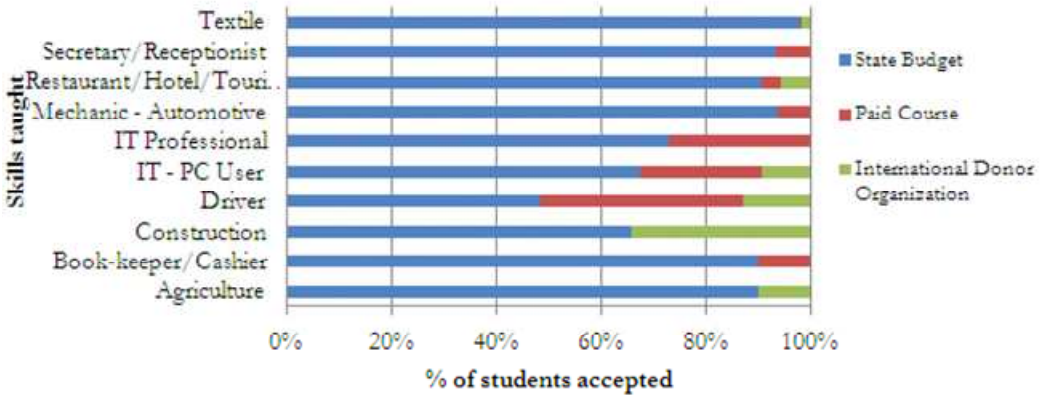
Category of Course	Length of Course					
	0.5-1 year	1 month or less	1-6 months	1-1.5 yrs	2 and over[2]	Total
Construction		709	449	850	251	2259
Restaurant/Hotel/Tourism		76	302	651	296	1325
IT - PC User		90	1023			1113
Textile			180	606	146	932
Agriculture			198	503	207	908
Book-keeper/Cashier	17		26	791		834
IT Professional			170	478	183	831
Driver		8	565	52	86	711
Mechanic – Automotive			71	532	36	639
Secretary/Receptionist			37	432		469
Maritime				422		422
Other			578	683	291	1552
Grand Total	**17**	**883**	**3599**	**6000**	**1496**	**11995**

Reference: Based on information provided by the Ministry of Education and Science[3]

A number of elements stand out from this chart. First, the overwhelming majority of the courses are between 6 months and 18 months in length. Second, the focus is on 6 sectors: construction, restaurant/hotel/tourism, textiles, agriculture, IT and transport (including mechanics and drivers).

The State budget finances 79% of public VET centers' courses, which are free to the student. International organisations finance 11% of the courses and 10% are paid for by the students. The table below shows the source of financing for some of the most popular types of courses.

Figure 4: Levels of Financing for Different Categories of Courses (2009)



Reference: Based on information provided by the MoES (January 2010)

[2] Courses in publicly funded VET Centre run no more than 24 months, but a few private vocational training schools offer courses of study that extend beyond 2 years.

[3] The original information collected by the Statistical Department of the MoES, and provided to us, was problematic in a range of ways. We will suggest strategies for correcting these points in Section 5.

As the table illustrates, students are more likely to be charged for courses in some subjects than in others. For example, students have paid tuition for 39% of vocational driver courses, 27% of IT professional courses and 23% of PC-user courses. Construction courses receive the greatest support from international organisations with 34% financing for students, followed by 13% international support for vocational driving instruction. Agriculture follows at 10%, PC user/operators at 9% and restaurant-hotel and tourism at 6%.

2.1.2 International Involvement

The overall level of international involvement in these Centres is hard to quantify. In the summary information provided by the MoES, 11 of the VET Centres list 'international organisations' as financing their courses and together show 1,500 students to have enrolled on these classes, but probably many more of the VET Centres simply may not have presented accurate information.

Over the past five years considerable technical assistance from the European Union and bilateral donors has been provided to the Government of Georgia in support of interventions designed to modernise and rationalise the VET system. VET Centre directors have participated in trainings and study tours[4] abroad. Faculty and administrative staff have received trainings in teaching methodologies, career counselling, job placement and outreach to the private sector.[5] Some VET Centres have received textbooks or other forms of current literature in support of their training courses.[6] Modern equipment, tools, and technical infrastructure have been put in place in several Centres. As a result, the VET Centres have moved at a steady but uneven pace toward modernisation, as some Centres have benefited more than others from internationally funded capacity building projects.

At the current time a few of the larger projects stand out, including projects funded by USAID, EU/UNDP, NRC, the Estonian Government and British Council.

The USAID project has focused on the development of VET training in construction and tourism, working with 6 VET Centres in Tbilisi, Shida Kartli, Kutaisi and Kobuleti. In support of these particular courses the project has introduced nascent systems in several VET Centres where the process of establishing career counselling and guidance offices has been initiated. Additionally, a handful of VET Centres now have set up fledgling business advisory councils. Members of each council include representatives of businesses which are relevant to the teaching profile of the VET Centre.

UNDP is working with Vocational Education under three different projects. The first project, with a focus entirely on vocational education development, has included technical assistance to the MoES, as well as curricula development support, support of particular programmes and some equipment provision in five different VET Centres across the country.[7] The project has concentrated largely on the development of construction, agriculture and tourism. In the most recent phase of the project UNDP have put much emphasis on developing financial sustainability of the Kutaisi and Kachreti VET Centres, by developing a business development centre in Kutaisi and trying to connect Kachreti to rural extension centres.

[4] Examples include: Government of Estonia Project, "Let's Help to Develop VET in Georgia – vocational training and school management today," 2007-2009, included a study tour to Estonia for, among others, seven VET Centre directors, in June 2009; GTZ Project, "Private Sector Development Georgia" included a study tour to Frankfurt, Germany for, among others, one VET Centre director from Shida-Kartli in March 2010 and four Directors on a study tour to Serbia in November, 2009.

[5] E.g. IOM/Czech Government has provided career counselling trainings. USAID-funded VEP in Georgia has conducted trainings for VET Centres in teaching methodologies, career counselling, and business outreach. British Council's "Skills@Work: Policy Dialogue" has included training seminars for VET Centre directors on how to build cooperation with private sector partners.

[6] E.g. USAID-funded projects have produced texts for Gori VET Centre, Icarus and Spectri VET Centres in Tbilisi, and VET Centres in Kobuleti, Kutaisi, and Khidistavi; UNDP-funded projects have produced texts for Gori VET Centre.

[7] This particular project has focused on Ambrolauri, Kachreti, Telavi, Akhalsikhe and Kutaisi.

The second main project undertaken by UNDP is the development of an entirely new VET Centre in Gori, as part of an EU Development Project focused on Shida Kartli. This Centre, connected to Gori University, will look to train as many as 600 students in 24 various professions. It has also sought a fairly direct form of outreach by connecting with (and financing) a milk processing plant. Finally, UNDP have worked extensively with two VET Centres in Batumi under the Adjara Regional Development Project.[8]

The Norwegian Refugee Council (funded by the Danish Refugee Council) has also been using VET Centres as a focal point for the funding of their Youth Education Project. The project as a whole combines vocational education with life-skills training and literacy. They have trained students in 11 different VET Centres.[9]

Under their "Skills@Work: Policy Dialogue" the British Council has been involved with vocational education from 2008-2010. The programme's goal has been to assist VET Centres and employers in establishing improved forms of cooperation.

2.2 Tbilisi's VET Centres

In addition to the national overview, the research investigated the situation in Tbilisi's VET Centres in considerable detail. This was valuable in itself, because as Georgia's capital city and with about a third of the country's population, what happens in Tbilisi is important. However, we also used Tbilisi as a general indicator of the state of VET Centres in the country as a whole.

Currently Tbilisi has eight government-licensed and funded VET Centres, following the most recent "optimization" when in autumn 2009 the Polytechnical VET Centre on Uznadze Street began the process of moving classrooms and some staff to the Spectri VET Centre, in Tbilisi's Samgori district.

Figure 5: Number of Students Enrolled in VET Centres, public and private, in Tbilisi 2009/2010

	Length of Course				
Category of Course	**1 month or less**	**1-6 months**	**1-1.5 yrs**	**2 and over**	**Grand Total**
Book-keeper/Cashier			288		288
Construction		20	211	191	422
Driver		44			44
IT - PC User		128			128
IT Professional		122	304	162	588
Mechanic – Automotive			74		74
Restaurant/Hotel/Tourism	76	53	207	170	506
Secretary/Receptionist			125		125
Textile		98	317	34	449
Other		87	308	19	419
Grand Total	**76**	**552**	**1834**	**603**	**3038**

Reference: Based on information provided by the Ministry of Education and Science (January 2010)

Three of the Centres are fairly specialized. The M. Toidze Centre provides trainings in sewing/clothing design and handicrafts, including skills required for making traditional Georgian hand-made crafts and souvenirs. Icarus trains young people for work in hotels, restaurants, travel and tourist agencies. The IT VET

[8] Interview with George Nanobashvili, UNDP (January 2010)
[9] Interview with Manana Gabashvili, Deputy Project Manager, Vocational Education Projects

Centre trains only for IT-related technical professions. Spectri has a high concentration of courses in construction, though it also teaches many other trade skills.

All of the Tbilisi VET Centres save for Icarus, Spectri, and the IT Centre offer courses in sewing, clothing design, and felting (called "*teka*" in Georgian). Three provide driver's education and/or auto mechanics theory, if not hands-on practice. There are also courses which are unique to each Centre. Examples include shoe-making in Isani (the director's speciality), off-set press and printing and machine operated knitting in Didube, remote controlled airplane and vehicle building/operation in Avlabar (director's passion), and Spectri plans soon to begin trainings for nursing assistants (director is a medical doctor).

The five non-specialized, non-rehabilitated VET Centres offer a fairly wide choice of vocational skills trainings, and each is located in large districts where sizeable segments of the populations live: Gldani, Isani, Didube, Samgori and Avlabar. Margi's location in Avlabar is distinctive because Avlabar, historically, has always been heavily populated by ethnically Armenian families. As a result Margi attracts many students who are more comfortable using Russian than Georgian and who therefore have some difficulties following classroom instruction, delivered in Georgian.

In general, each of the non-specialized Centres offers something for nearly everyone in their districts. This is an advantage, as the cost of travel across the city to another VET Centre would be a major disincentive to large numbers of students who live in these sections of Tbilisi.

2.2.1 Physical Facilities

Three VET Centres in Tbilisi have been rehabilitated. Spectri, Icarus and the IT VET Centre have modern facilities. Capital repairs have been made to the building structures and classrooms have been renovated and outfitted with modern furniture and equipment. Of the five remaining VET Centres, each copes as best it can with poor or very poor physical and material conditions, in buildings that are not energy efficient, with classrooms poorly lit, under-heated in winter, too hot in summer, and lacking standard modern classroom furniture and equipment (though, M. Toidze now has modern sewing machines).

In terms of square meters, Spectri has the largest territory and number of buildings. Icarus and the Gldani VET Centre occupy large buildings where there is potential for expansion. The IT VET Centre grounds includes a building which could be transformed into a dormitory. Margi is cramped, and the director has been considering an option to move his Centre to a much larger territory in another district.

All but Icarus and M. Toidze either now have or plan to have wheelchair accessible classrooms. The VET Centres in Didube, Isani and Spectri in Samgori have IDPs living in their buildings. Wheelchair ramps have been installed at Spectri and Isani. The Didube Centre director has expressed concern for disabled IDPs living in one wing, who are unable to reach his classrooms, but has been unable to secure funds (as of this writing) for installing an elevator.

The building which houses M. Toidze Centre, it is interesting to note, is on the city's list of protected architectural monuments. But as with the other non-rehabilitated Centres, it is in a terrible state of disrepair. To some extent the management, administrative and teaching staff in these Centres also suffer from low morale, as their salaries are much lower than those of their peers who work in rehabilitated VET Centres.

2.2.2 Human Capital - Capacity of Management and Teaching Staff

Each VET Centre director brings fifteen or more years of management experience to his/her position. Teachers and instructors also range from 10 to as many as 30 years of experience. Most of them began their careers in the Soviet era. To address the need for more modern teaching and management methods, many bi-lateral donors (ie foreign governments) have sponsored trainings over the past three years. These trainings

have been sponsored by, among others, Czech Republic and Poland (through the International Organization for Migration), Estonia, United Kingdom (British Council), United States (USAID), Germany (Inwent) or by international organisations including the International Labour Organization (ILO), UNDP and others.[10]

Unfortunately, these capacity building trainings do not always target each and every VET Centre. As a result, there is an uneven mix of know-how among VET Centre directors and staff. Some directors have benefited from travel and study tours abroad. A few have established ties with now current or potential partners in Europe and beyond. Each brings his/her own unique set of personal contacts and ties to the job, domestic and international.

2.2.3 Latest Innovations in VET Services and Management

Efforts on behalf of several foreign governments, over the past few years, have contributed toward the development of new forms of services, teaching materials, methodologies and activities which have helped VET Centres to modernise their operations, to make them more relevant to the students' needs, and the country's needs. As mentioned above, assistance has been provided by the British Council (*Skills@Work: Policy Dialogue Programme*), by the Estonian government (technical exchanges), by IOM with Czech and Polish funding (career counselling and job placement trainings and services), by UNDP (trainings and training manuals) and by USAID (purchase of new technical equipment, trainings of trainers, manuals, creation of Business Advisory Councils, establishing Career Counselling and Guidance Centres).

However, not every VET Centre has benefited from these trainings equally. In Tbilisi, for example, USAID-supported assistance is directed at two of the rehabilitated Centres- Icarus and Spectri. These were selected on the basis of earlier labour market studies which identified tourism and construction as sectors for which vocational training should play a significant role. The British Council engaged a much wider selection of VET Centres in its trainings though they still did not include everyone. The Canadian Executive Service Organisation and Netherland's PUM have engaged with a handful of VET Centres. For example, a Canadian pastry chef has provided trainings at the Kobuleti Vet Centre (where focus is on tourism), but not at Icarus in Tbilisi. Icarus Director Tabidze was not aware of this expert pastry chef's visits to Georgia over a four-year period.[11] Thus, each VET Centre has benefited from a different mix of internationally-funded capacity building activities.

2.3 VET Centres in Shida Kartli, Poti and Batumi

In addition to examining the VET Centres in Tbilisi, VET Centres in Shida Kartli, Poti and Batumi were analysed. Again, this was intended to highlight the range of skills trained, but also helped to provide a more complete picture of the VET system overall. Generally in all three regions the VET Centres have received and are receiving notable support from the international community. VET Centres in Shida Kartli have benefited from considerable attention since the war. VET Centres in Batumi as well have received significant support, also under UNDP projects. Finally, the Norwegian Refugee Council sponsors trainings at the VET Centre in Poti, which is the most recently selected Centre for renovation.

2.3.1 VET Centres in Shida Kartli

Currently there are four government funded VET Centres in Shida-Kartli. Three are Centres which emerged from the process of optimization and re-organisation; in Kaspi, Kareli and Khidistavi. A fourth has been established quite recently in Gori. Of these, the Khidistavi and Gori VET Centres have benefited the most from international or bi-lateral donor support. The EU, with implementation by UNDP, entirely financed the creation and establishment of the Gori VET Centre. The Khidistavi VET Centre has benefited from

[10] Norwegian Refugee Council has subsidized trainings at many of these VET Centres for targeted IDP populations, but these trainings were not designed to impart new teaching methodologies or management know how.
[11] Telephone interview with Tamar Tabidze, Feb. 11, 2010

participation in USAID's Vocational Education Project, as well as various programmes and study tours financed by UNHCR, NRC, GTZ and Estonia.

To date, the MoES has not targeted any of the three older VET Centres for rehabilitation. These Centres face challenges and hurdles associated with the physical conditions of buildings and grounds, as well as needs for updating management strategies, teaching methodologies and course content.

Figure 6: Number of Students Enrolled in VET Centres (public and private) in Shida Kartli in 2009/2010

	Length of Course				
Sector	**1 month or less**	**1-6 months**	**1-1.5 yrs**	**2 and over**	**Total**
Agriculture		109	94		203
Book-keeper/Cashier			54		54
Construction		240	164		404
Driver		97			97
IT - PC User	90	43			133
Restaurant/Hotel/Tourism		17			17
Secretary/Receptionist			15		15
Textile				38	38
Other		241	48		289
Grand Total	**90**	**747**	**375**	**38**	**1250**

Reference: Based on information provided by the Ministry of Education and Science (January 2010)

Following the 2008 war, when IDPs moved into the Kareli VET Centre building, VET classrooms and administrative offices were relocated to one wing of a public school where some courses take place in a damp unfinished basement. The Kaspi Centre building is in a deplorable state. Classrooms are poorly furnished, equipment is outdated, and the physical structure of the building poses safety and health hazards. Khidistavi's main building needs capital repairs though, by comparison to the Kareli and Kaspi VET Centres, its condition could be considered passable. A separate building on its grounds has been entirely renovated and equipped for construction related trainings, including a newly installed transformer for electric arc welding classes.

Khidistavi has ample space on its grounds for driving instruction or farm machinery operation, as well as for demonstration plots (hands-on agriculture related instruction). There is also a large warehouse where construction trades instruction takes place. Several cottages on the grounds could serve, potentially, as guest houses for trainees from distant regions. One building on the territory, recently renovated, houses IDPs.

Of the four VET Centres, Gori and Khidistavi have begun to put organised processes in place for outreach to the private sector, including business councils or committees, and administrative staff dedicated to student placement counselling, tracking, and maintaining information on current or prospective private sector partners. Engagement with intermediary social partners, such as trade unions, business associations or chambers of commerce is only beginning to develop. The GTZ funded business roundtable discussions for stakeholders, hosted by Gori Municipality, have contributed to building sustainable networks and ties that should prove useful to the VET Centres in Shida Kartli.

For the two struggling VET Centres (Kareli and Kaspi) to play a significant role in the development of their regions, they will require not only complete physical renovation or relocation, but also significant investment in their human capital, so that they will have the capacity to provide quality trainings in accordance with genuine labour market demands.

In addition to the international technical expertise described above that is having an impact on the VET Centres, many other international and bilateral assistance programmes have brought technical assistance to Shida Kartli's communities. However, this know-how and expertise have not been transferred to the VET Centres. This is largely due to the fact that agriculture-related programmes fall under the aegis of the Ministry of Agriculture. A mechanism is needed to ensure transfer and sharing of this expertise, for the benefit of not only targeted communities but also the VET Centres that serve those communities

2.3.2 VET in Poti

There is only one government funded VET Centre in Poti, currently unrenovated. However, the MoES plans to fully renovate the Centre this year. It is currently unclear the extent to which this will change the profile of the courses on offer. As of November 2009, the Poti Vet Centre had accepted 230 students for the 2009/2010 academic year.

Figure 7: Number of Students Enrolled in VET Centres, public and private, in Poti in 2009/2010

Sum of Accepted Students (all)	Column Labels			
Row Labels	**1-6 months**	**1yr**	**2 and over**	**Grand Total**
Agriculture		16		16
Book-keeper/Cashier		45		45
IT - PC User	45			45
IT Professional			21	21
Mechanic		46		46
Secretary/Receptionist		35		35
Ship construction and repair			23	23
Grand Total	**45**	**142**	**44**	**231**

Reference: Based on information provided by the Ministry of Education and Science (January 2010)

As one can see from the list above, the courses are oriented towards office skills with 120 places that cover general IT, accountant/cashier and secretary/receptionist. In addition the Centre trained 46 mechanics, 28 of whom are ship mechanics and 18 auto-mechanics. Together with the ship mechanics roughly 50 people have been trained in ship repair and maintenance. Before the war, about 40% of the students found employment and around ten per year expected to be working in the port.

As of April 2010, the Norwegian Refugee Council initiated 5 month courses in hair-dressing and retail. A 5 month course in auto-repair or construction has also been under consideration. Additionally, NRC has been cooperating with NINA, a Dutch organisation that receives support from the Georgian diaspora in the Netherlands, and IOM on the development of courses in construction trades.

The Poti VET Centre director described the difficulties he faces continuously, in developing relations with local businesses for praktikums or employment promotion. The war weakened the Centre's relations with the Port. More recently, the Centre has attempted to cultivate relations with Rakia Free Industrial Zone (particularly in connection with the Dutch-funded construction trainings) but so far there have been no results.[12]

[12] Telephone interview with Nino Bakuradze, April 7, 2010.

2.3.3 VET in Batumi

Batumi has two public VET Centres that receive finance from the central government. These are often referred to as 'Batumi VET Centre' and 'Batumi #2 VET Centre'. However, in addition to these there are three other institutions which provide technical and professional training: Batumi Navigation Institute, the Maritime Education and Training Centre 'Anri' and the Batumi Maritime Education and Training Center. All three charge fees for courses, though the last one will receive government finance for around fifty students from September 2010. These institutions have not, until now, been financed by the MoES. However, they do provide considerably more places than the centrally financed institutions so it is worth keeping them in mind.

Figure 8: Breakdown of Batumi Vocational and Professional Training by Course Subject[13]

Type of course	Non-MoES Financed (2008/2009)	MoES Financed (2009/2010)
Book-keeper/Cashier		79
Construction	9	
Industry	6	
Maritime Cook	146	
Maritime Electrician	17	
Maritime Mechanic	1413	
Maritime Navigator	52	
Maritime Sailor	1780	
Mechanic – Automotive		20
Mechanic - Home Appliances		64
Medicine		70
Restaurant/Hotel/Tourism		58
Service		33
Textile		49
Grand Total	**3423**	**373**

Reference: Based on information provided by the Ministry of Education and Science (January 2010)

The most obvious fact that stands out from Figure 8is that almost ten times as many places are available in fee-paying institutions which offer maritime training, than are offered in centrally financed institutions. Clearly this demonstrates considerable demand for these skill-sets and would suggest that more government scholarships should be offered in this area for students who can't afford the fees. This is already happening with the MoES supporting around 50 places, but given the apparently enormous demand even more could be done. That said, the rest of this section will consider the work of the centrally funded VET centers.

Batumi VET Centre

The Batumi VET Centre, the larger of the two public VET centers, initiated operations in 2008. For the 2009/2010 academic year, 199 students were accepted into full-time VET courses. Additionally, this Batumi VET Centre has also conducted many short-term re-training programmes.

The short-term programmes were and are supported by three principle donors: the National Professional Agency (NPA), UNDP, and the City Municipality. The NPA supported 9 week English and computer classes

[13] The information in these columns relates to different academic years because information from private VET institutions was not available for 2009/2010.

through May, 2009. UNDP also funded 2-month courses from 2008-2009 in eight specialties connected with construction and food-processing. Three of the construction related courses continued in autumn 2009. In January 2010, UNDP funded tourism-related specialties: cook, bartenders, city guide, waiter, and hotel specialist. Each of these courses offered 15 enrollment places.

The city municipality also supports short-term courses. One programme that runs January-December, 2010, targets large families. Via this programme, 150 beneficiaries will be trained in book-keeping, computer skills, cooking, and hotel business. The duration of these training projects will be 3 months.

In terms of employment, the VET Centre conducts regular surveys. The most recent one, completed in early 2010, revealed that 191 out of 399 former students were employed (roughly 48%), mainly in construction. The survey did not include those who graduated from short-term computer or English language courses.

To support employment, IOM have established a Job Counselling and Referral Centre (JCRC) in the VET Centre building. The JCRC supports job-seeking activities such as help with writing CVs and cover letters.

Relations with social partners have developed based on the director's personal ties. One problematic area is the medical sector, as hospitals commonly request money for taking students on praktikums. They also have difficulty finding places for accounting/book-keeping students because companies do not want outsiders to see their records. Cooks and hotel specialists also find it challenging to locate praktikums off season.

Batumi # 2 VET Centre

Batumi #2 VET Centre, also known as the Cisco Centre[14], opened its doors in autumn 2009 and accepted 142 students on four different specialties. Guide, book-keeper, and secretary/receptionist courses will finish in July, 2010, while the home repair course will conclude in June, 2011.

In the beginning of 2010, UNDP assisted this VET Centre with initiation of IT related courses. Instructors were trained and programmes were developed at the IT VET Centre in Tbilisi. As a result, 1-month, 3-month, and 10-month IT courses are on offer in classrooms that have been renovated by UNDP. A total of 90 students (60 on the 10-month vocational IT programme, the remainder on training courses) started their studies on March 29, 2010. One-month courses are intended to teach basic computer/operator skills, while graduates of 3-month courses will learn network-related skills and will receive official CISCO certificates. The Centre also conducts 10-month IT courses that are part of the regular vocational programmes, designed to teach a higher level of IT skills.

[14] This VET Centre participates in the Cisco Networking Academy (http://www.cisco.com/web/learning/netacad/index.html), coordinated by the IT VET Centre in Tbilisi.

3 Existing Labour Market Mismatch

This section presents an assessment of labour market demand by sector and compares that to the provision of government-funded vocational education just discussed. In the absence of a nationwide labour-market survey the research relies on a two step approach. The first step uses a range of national statistics to highlight sectors that appear to be large employers. This involves the analysis of several different kinds of national employment data and is supplemented by specific information provided directly from the national statistical office, *Geostat,* in more or less raw form.

The second step uses different approaches to assess the skills demands for each sector. Where available, fairly recent labour market surveys were used. However, little attention has been given to several under-considered sectors and sub-sectors, and so labour market surveys for these have not been conducted. In order to evaluate the skills these sectors need and to see if VET could potentially provide for them, individual semi-structured interviews were conducted and, where possible, sectorally oriented focus groups were convened.

As one can tell from the methodology, these results are intended to be suggestive and illustrative rather than representative. The macro-data used is problematic and is subject to potentially contradictory interpretation. In addition, the labour market surveys reviewed nearly all pre-dated the war and the financial crisis. The companies interviewed were selected generally because they were the biggest in a given sector, or because they were located in one of the regions of interest.

That said, while it is not possible to quantify demand, research did consistently show that considerable demand exists in areas that are currently not considered by the VET system. In terms of sectors there is no VET training in the following sectors, in spite of considerable demand: utilities (electricity, gas and water/sewerage), mining and processing, chemicals and pharmaceuticals, rail and logistics. As for skills, there is a high demand, in a wide range of industries, for general mechanical and electrical skills and welding. In terms of services there also seems to be considerable demand for accounting skills, particularly when combined with other skill-sets, such as sales or import/export.

In addition to the national picture, mismatching has been examined in Tbilisi, in Shida Kartli and in the ports of Poti and Batumi. In Tbilisi, as one would expect, the labour market is quite broad, so the missed sectors and skills in Tbilisi are the same as the rest of the country (except that agriculture is less important). In Shida Kartli the picture is more challenging. Manufacturing and construction are the largest sectors with a number of fairly sizeable employers. 'Trade' is also a big employer but the employment is generally disbursed amongst many different employers. Also, the region as a whole is very poor relative to the rest of the country and formal employment is an even smaller part of overall employment than elsewhere. The focus on construction at the Gori and Khidistavi VET Centres is, therefore, a good idea and the desire to promote agribusiness in connection to the same institutions will also be helpful. As in the other areas, however, a better understanding of the region's manufacturing industry could help the VET Centres better target that one sector that is currently largely missed.

Labour market needs in the ports of Poti and Batumi seem fairly limited although companies in both ports expressed a strong desire for crane drivers. Beyond that, the transportation and logistics fields seem to have some potential for growth. However at the current time employees in these fields generally are required to have university skills. That said, particularly in transportation administration and logistics there seems to be some potential need for VET training since these depend upon a combination of accounting (that is already provided by VET) and an understanding of import/export legislation.

Finally, in Poti, the Rakia FIZ appears to have potential for creating employment opportunities. In the short-term, FIZ plans call for considerable construction. For the long-term it is difficult to predict what skills will

be needed as it is not yet known which companies will rent facilities in the FIZ. However, traditionally Free Industrial Zones orient themselves towards light manufacturing such as textiles and electronic assembly. Thus, trainings for these skills sets would seem logical areas for the Poti VET Centre to consider.

3.1 National Statistics on Labour

The principle source of national statistics on employment is the national statistical office, *Geostat*. Some concerns have been expressed about the reliability of *Geostat* data[15], mainly as a result of weaknesses in human resources[16] and financing.[17] That said, *Geostat* does engage in a regular and systematic data collection exercise at both a household and a company level and as a result it is the only source of its kind in Georgia

Therefore, the study's research relies on *Geostat* information, though attempts were made to gain a sufficiently detailed understanding of the way in which different data are produced, to hold it up to proper scrutiny.[18] In particular, questionnaires that have been used were reviewed, a detailed understanding was gained of the methodology with which the data was sampled, collected and aggregated, and where possible, gained access to source data.

3.1.1 The Integrated Household Survey

Information from the Department of Statistics on labour and employment originates from a number of different sources. The source of national statistics on overall unemployment is the Integrated Household Survey (IHS). The IHS was reformulated from 2001-2004 under the guidance of the British Department for International Development (DfID). It is conducted every quarter across the country with about 3,500 randomly selected households. The survey has sections that cover land-use and assets, demographic and educational background of the household, weekly and quarterly expenses and income and employment.

The picture of the economy that is usually offered by these statistics is fairly well known. In 2008, according to the 2009 Statistical Yearbook, out of USD 1.9 million 'economically active', over 1 million are 'self-employed', while 572,000 are 'hired' and 315 thousand are unemployed.[19]

[15] The central source of national information on employment is *Geostat*. Following a review by the World Bank, the Department of Statistics, that used to operate under the Ministry of Economic Development, was re-launched in February 2010 as an autonomous entity, directly answerable to the parliament, and renamed as *Geostat*. This re-organisation was a reaction to the widely perceived need to strengthen statistical information provision in Georgia.

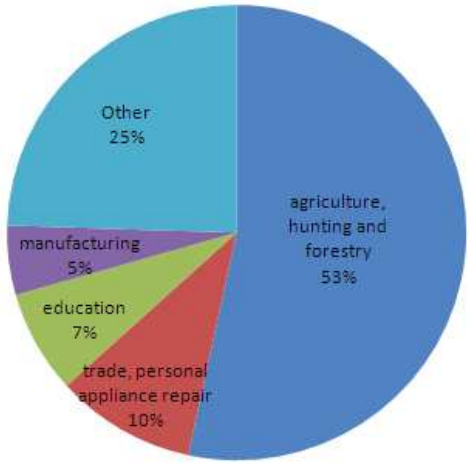
[16] Since 2004, the Department of Statistics has decreased staffing significantly and has lost many of its most highly trained staff. For this reason the 2007 DfID assessment of its own technical assistance in the Department of Statistics largely considered that project to be unsuccessful. See Hart Group (January 2007). *Assistance to the Department of Statistics, Georgia: Project Summary Report*, British Government, Department for International Development. p1

[17] Funding has continued to be cut and in 2010 is projected to be just over GEL 3 million, which is down from GEL 4.3 million for 2009 (Ministry of Finance [2010], *Administrative Budget of Georgia*).

[18] In this regard we were helped enormously by the efforts of *Geostat* staff who made every effort to explain their methodologies and provide data at the level of detail we needed.

[19] Department of Statistics under the MoED (2009). *Statistical Yearbook of Georgia*. Tbilisi, Georgia, p42

Figure 9: 2007 Breakdown of Employment by Activity[20]



Reference: Department of Statistics under the Ministry of Economic Development (2009), Statistical Yearbook of Georgia, p 43

However, this data has limited application for the study at hand. First, the definition of employment is 'over 1hr of economic activity in the previous week'.[21] As a result, these figures represent significant under-employment. *Geostat* provided a breakdown of level of employment; they suggested that of those who are 'employed,' 19% state that they worked fewer than 20hrs per week and another 21% say that the level of their work depends on the season.[22] As a result, these figures almost certainly over-emphasize the importance of agriculture, because agriculture provides very low value added and probably has very high levels of under-employment.

The second limitation with this breakdown is that the employment categories are too broad. The sub-category that represents the most employed people after agriculture and 10% of employment covers everything from car mechanics to general retail. To facilitate better informed decisions about vocational education needs, and to allow for more precise identification of technical skill needs, a much more detailed breakdown of these employment categories is needed.

Third, this data includes government employees and the education sector, which also, in combination overwhelm any other breakdown and are not relevant to those being trained in the VET system.

These concerns should not entirely exclude consideration of the Integrated Household Survey. Its usefulness can be found in pointing out certain key elements of the Georgian employment market. However, to understand the formal sector a more detailed division of the different categories of employment is needed.

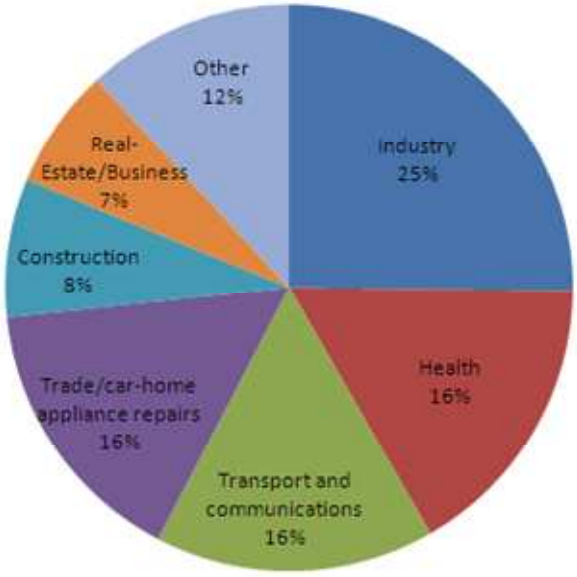
3.1.2 The Business Survey

The second major survey carried out by *Geostat* that is relevant to this study is the Business Survey. Every three months the Business Division of *Geostat* samples from a list of 'registered and active' businesses in

[20] In the 2009 statistical Yearbook, 2008 information was not released by sector. The 2009 information will be released by sector when the new Yearbook comes out later this year.
[21] This is consistent with the International Labour Organization definition of employed. See Thirteenth International Conference of Labour Statisticians (1982), *Resolution Concerning Statistics of the Economically Active Population, Employment, Unemployment and Underemployment*, Geneva, Switzerland. This information was provided following email exchange with Zsolt Dudas, Chief Technical Officer, Project Office Caucasus, International Labour Organization (February 2010)
[22] Provided by *Geostat* by email, April 2010

Georgia. Of approximately 36,000 such businesses on the list, *Geostat* surveys 8,500 in total, which includes the full list of 1,500 large businesses, and about 3,500 medium and 3,500 small businesses.[23]

Figure 10: Employment of Formally Employed (Excluding government and finance)[24]; First Half of 2009



Reference: Department of Statistics (2010), Quarterly Bulletin III, p27-28

As one can see, this gives a very different picture of the employment sector. In addition to focusing on formally registered businesses this survey explicitly excludes the financial sector, foreign firms (unless they have locally registered subsidiaries), NGOs and public administration. As a result it leaves us with one-quarter of the population working in industry. It is also worth noting that neither hotels/restaurants/tourism nor agriculture figure significantly.[25]

This has two main weaknesses. First, since the survey is entirely based on 'registered' businesses it very much focuses on *formal* employment (and the registered self-employed). As a result, this survey only covers a fairly small proportion (around 22%) of those considered 'employed' by the standard economic definition (those working more than one hour per week).

However, this is not entirely bad since, as suggested, the standard list of 'employed' certainly includes massive under-employment. This scheme on the other hand allows for no under-employment since the 350,000 'employed' are not the number of people working in these companies, but the 'equivalent to full-time employees'. So if someone is employed 20 hrs per week they only count as one-half a person.

Second, because of the focus on registered businesses, this almost certainly has an in-built bias towards large businesses and, therefore, over-emphasizes sectors where large firms predominate. A recent UNDP report highlighted this difficulty. In 2008, working with the Department of Statistics, they estimated that while the observed (registered and recorded) level of activity in construction was probably almost 100%, in the restaurant and hotel business about three-quarters was unobserved, and in the repair services business it is

[23] Businesses with over 100 employees or turnover of more than GEL 1.5 million
[24] This is an average for the first two sectors and covers a total of 313,000 employed people from this period.
[25] In this survey only 8-9,000 people (less than 3%) of the formally employed work-force are employed in hotel/restaurants/tourism and 2-3,000 are formally employed in agriculture (around 1% of the formal work-force). This probably results from a large level of under-reporting in these sectors.

almost totally unobserved. This should be taken into account in national statistics (since that was the point of the UNDP survey) but it does mean that we would expect any poll based on registered businesses would significantly under-represent these sectors.[26]

Those concerns notwithstanding, the most interesting suggestion of this survey is that the current focal areas for VET may be too limited. While this analysis may support the importance of construction, and transportation, and cannot rule out the long-term importance of tourism it also shows that industry, utilities, communication and other service providers such as repair are receiving little attention from the VET sector.

To investigate this further we obtained a list from the business department of *Geostat* that showed the most detailed breakdown their figures would allow. From this list we identified an impressionistic list of specific business types that seemed to be big employers and may need to make use of vocational education.

Figure 11: Formal Employment Levels for Sub-Categories, provided by the 2008 Business Survey Data

Category name	Code	No. Employed	Larger grouping	No. Employed
Meat products	15.13	1,145		
Fruit and vegetable manufacture and canning (not included in other groups)	15.33	1,035		
Wheat products	15.61	1,766		
Bread baking, pastry cooks	15.81	3,915		
Wine producing	15.93	2,590		
Beer producing	15.96	1,440		
Mineral waters and soft drinks producing	15.98	2,755	Food and Drink	14,645
Basic chemical substances (producing)	24.1	3,084		
Metal manufacturing	27	9,685		
Metal construction materials and products	28.1	1,421	Chemical and Metallurgical	14,190
Electricity producing	40.11	7,642		
Electricity transmission	40.12	1,669		
Electricity distribution and sales	40.13	2,794		
Electric works	45.31	1,379		
Electricity connection	64.2	10,609	Electricity Production and Transmission	24,093
Gas heating distribution with pipelines and sales	40.22	4,186	Gas	4,186

[26] United Nations Development Programme (2008). *The Non-Observed Economy in the Sectors of Construction, Restaurant and Repair Services* Tbilisi, Georgia, p10

Water reservoirs, cleaning and distribution	41.00	6,218	Water	6,218
Construction (buildings)	45.21	25,836		
Construction of roads, airports and sport buildings	45.23	8,290	Construction	34,126
Retail trade with engine heaters	50.5	5,092		
Wholesale trade with pharmaceutical products	51.46	2,221		
Hotels	55.1	3,717		
Restaurants	55.30.1	2,902		
Cafes	55.30.2	1,515		
Diners	55.51	1,674	Hospitality	9,808
Cargo preserving (transport manufacturing)	63.1	5,502		
Transport agencies	63.4	2,154	Transport	7,656
Security	74.6	4,744	Security	4,744
Solid waste recycling	90.02	1,492		
Sanitary services	90.03	4,766	Sanitation	6,258

Reference: Initial data provided by Business Division of *Geostat*, February 2010[27]

These categories together represent around 125,000 people, which is only about one-third of the formally employed and only about 7% of the economically active population (based on the IHS data). However, these figures remain interesting for two reasons.

First, they clearly show the importance of sectors that require some technical skills, most of which are hardly considered by the VET system. Second, while they may be unusual categories for casual observers, they are consistent with the sections of the economy that are large contributors to GDP.

[27] Note that this information needs to be treated with extreme caution since the more detailed the sector information becomes the less reliable the information is (since *Geostat* are extrapolating from a smaller and smaller sample). However, while it is best not to rely heavily on this data, sub-category information is vital for identifying professional groups from macro-economic information. The point here is that this information is used to indicate important industries since it demonstrates that many have been missed by the current system.

Figure 12: GDP in GEL at current prices for 2009[28]

Trade and repair	2,224
Agriculture	1,486
Manufacturing	1,306
Transport	1,188
Real estate, Renting	1,166
Construction	947
Communication	653
Social and personal services	636
Home processing	483
Utilities	462
Hotels/restaurants	360
Mining	104

Reference: *Geostat*, (Downloaded April 7, 2009), *Gross Domestic Product, at Current Prices.* (http://www.*Geostat*.ge/index.php?action=page&p_id=119&lang=eng)

Finally, while these numbers may look small, they represent significant industries where it is known that full time employment exists now.

3.1.3 Existing Labour Market Mismatch: The National Picture

The overall structure of the labour market suggests that some elements of the VET system are oriented in the right direction, but significant omissions exist. Comparing the profile of training that exists at the moment, to the employment patterns of those who are employed by companies, highlights one very clear omission: industry.

Figure 13: Potential Sectors of Interest and their Current Training Levels

	Public VET training 2009/2010	
Sectors in demand suggested by preceding analysis	**Number Specialized trainees**	**Skill need summary (discussed in 3.3)**
Agriculture	728	To impact the most people, needs basic horticulture and animal husbandry training to improve productivity of small farmers
Chemical and Pharmaceutical	0	Specialist mechanics and processing experts as well as general technicians
Construction	1985	Welder, painter, plasterer, asphalt layer, labourers and many others
Electricity production and transmission	Unclear[29]	High voltage electricity transmission engineers, basic electricians
Fast Moving Consumer Goods	0	Accounting, sales, marketing and management
Food and Drink Processing	101	Food technicians, general mechanics

[28] Sectors relevant for VET

[29] Where it is marked 'unclear' is because one cannot really quantify whether skill-sets provided are of the composition required for the sector. For example, while there are many electricians trained, most have basic electrical skills that would not prepare them for working with high-power cables. Similarly, while there are many people trained in welding, it is unclear if construction-type welding would provide the skills needed in sanitation or gas distribution.

Gas distribution	Unclear	Welders, pipe fitters and gas mechanics
Mining and Processing	Unclear	Mine engineers, mine workers, mine engine drivers
Repair	191	Mostly domestic appliance repair
Telecoms	0	Sales and book-keeping (for service centers). Tower instillation and repair specialists.
Textiles	932	Sewing machine operators, repair mechanics and electricians
IT	801	Demand mostly serviced by university but IT and Network engineers
Transport and logistics	1335	In logistics, a combination of accounting, customs procedure and languages
Tourism/Hotel and Restaurants	1325	Management training and customer care
Water and Sanitation	Unclear	Meter installers, welders, large scale plumbers and pipe fitters

Reference: Categories are ours based on preceding analysis. Aggregate national VET numbers for 2009/2010 based on information from the MoES.

Of these sectors, agriculture, tourism and construction have gained particular attention in recent years. This is understandable, to a limited extent. Agriculture is by far the biggest 'employer'. Construction has been a very large employer (relatively speaking) and has expanded dramatically since 2004. Finally, tourism is considered to be one of the government's greatest hopes for development.

Each of these components is certainly important, however, as we have seen, other industries are important as well. Also, while construction is a big employer by any standard, the importance of agriculture and tourism is hard to assess from a VET point of view. While agriculture provides economic activity for a huge number of people, it does not formally employ many skilled labourers or technicians. Increasing farmers' productivity is strategically important, as this leads quickly to increased growth, employment and poverty alleviation. However, training for agricultural businesses will generate relatively little formal employment. Thus, from a statistical standpoint there may be some justification for shifting numbers of VET trainees out of agriculture and into courses focused on industries where significant workforce needs have yet to be met. From a strategical point of view, more emphasis may be needed on quality and relevance of agriculture related training delivered to proscribed numbers of students determined locally and regionally on the basis of careful statistical analysis.

VET training for tourism, if taken to include the entire restaurant and hotel trade, faces similar challenges in terms of balancing political and economic strategies against statistically indicated numbers for current and potential employment numbers. The government has ambitious plans for further development of tourism, as can be seen clearly in Batumi, as well as in other key tourist destinations. But at the moment the share of jobs created in the formal economy is still fairly small. As a source of informal employment, tourism is highly seasonal and currently includes considerable under-employment.

Clearly, MoES and the VET system face the challenge of how to adopt and apply an assessment mechanism by which to determine rationally what would be the best application of VET resources for such sectors as tourism and agriculture which may not hold promise for significant numbers of jobs but are nevertheless strategically important sectors and therefore remain priorities for the country.

3.2 Labour Market Mismatch in the Geographic Areas of Interest

Identifying the labour market mismatch is dependent upon the quality of information on employment needs. This is particularly crucial at the regional level because any problems with national statistics are amplified when one goes to a smaller scale. In the analysis of the regions we are, therefore, hampered by the weakness

of the data collection. With the exception of Shida Kartli we are forced to depend upon data that has weaknesses at the regional level. However, where possible in the following analysis we have tried to supplement quantitative analysis with a general understanding of the business environment in any given place.

3.2.1 Tbilisi

The picture of business in Tbilisi shows a wide mix of enterprises that is fairly consistent with the national picture, except that agriculture plays almost no role and other services such as finance have some role to play. Also, in Tbilisi, as in all of the cities of Georgia, there is a higher concentration of formal employment than in rural communities.

Figure 14: Gross Valued Added (Mln GEL)

Sector	2003	2004	2005	2006	2007	2008
Agriculture, hunting and forestry; fishing	4.0	5.1	6.1	5.5	4.3	5.3
Industry	359.2	348.4	502.7	643.5	722.8	698.2
Processing of products by households	45.8	49.0	51.2	43.3	65.5	65.6
Construction	190.1	256.9	254.4	282.5	438.1	350.3
Trade; repair of motor vehicles and personal and household goods	389.2	400.8	427.9	619.4	828.8	1009.7
Transport and Communication	362.4	332.2	364.1	401.0	483.3	540.5
Public administration	115.8	171.0	232.8	386.8	837.3	1019.1
Education	81.8	109.9	115.3	157.0	151.7	167.9
Health and social work	101.5	96.1	140.2	200.4	270.3	351.4
Other types of services	471.8	462.9	649.2	789.5	1187.9	1311.2
Gross Value Added, total	**2121.5**	**2232.5**	**2743.8**	**3528.9**	**4989.9**	**5519.1**

Reference: Georgian Department of Statistics (reviewed March 2010),
http://*Geostat*.ge/index.php?action=page&p_id=119(=eng

Since Tbilisi is so wide-ranging in its needs and in the different forms of vocational education it can provide, the mismatch in Tbilisi is probably more or less the same as the national picture, with the caveats that in Tbilisi there is considerably less demand for agriculture and more demand for office related training.

3.2.2 Shida Kartli

According to the World Bank Poverty Assessment, Shida Kartli has a 59% poverty headcount (compared to a national average of 24%) which makes it the poorest region in Georgia.[30] This is particularly significant since the World Bank research was conducted before the war and the situation has probably grown worse since then. In addition, as the most immediate neighbor to South Ossetia, Shida Kartli bore the brunt of the 2008 war and has received more new-settlement Internally Displaced Persons (IDPs) than any other region.

[30] World Bank (April 2009). *Georgia Poverty Assessment*. Note that this assessment does not include Racha-Lechkhumi and Kvemo Svaneti which was not included because these regions are so small, and probably poorer.

Assessment of Shida Kartli's economy has been based largely on a survey completed in March 2010 by the International Organization for Migration, funded by GTZ, in the context of the same Private Sector Development Programme that financed this study. IOM covered 931 businesses in the Shida Kartli region. Of these companies, 20 have more than 100 employees. The two largest companies, with more than 500 employees each, are Heidelberg Cement and Agara Sugar. Manufacturing and construction industries are the biggest employers in the region – with six large companies in each sector. Healthcare/social service sector comes next with five large companies, four of them hospitals. The three remaining big companies are from agriculture, transport, and water-supply sectors. Figure 15 presents a break-down of sectors by employees:

Figure 15: List of Employers by Sector Based on IOM Survey[31]

Sector	Number of employees	Number of businesses
Manufacturing industry	4129	223
Construction	2042	41
Trade	1821	293
Health care and social service	1680	48
Agriculture	741	44
Education	716	27
Transport, warehousing and storage	554	19
Public Utility services	552	80
Electrical energy, gas and water-supply system	498	11
Hotels and restaurants	461	58
Other	726	87
Total	13920	931

Reference: Figures from the IOM Survey of Businesses in Shida Kartli, 2010

As the table shows, manufacturing industry has the largest portion of employees, covering roughly 30%. The next biggest employing sectors are construction, trade, and healthcare and social services. Following that, the sectors are significantly smaller in terms of employability. The table also suggests that although there are relatively few businesses in the construction and healthcare sectors, employers are generally large. Trade and manufacturing, in contrast, have the largest concentration of companies.

This data corresponds to *Geostat*'s data on active businesses. *Geostat* counts businesses as large if the number of employees exceeds 100 or when the annual turn-over is over GEL 1 million. By this standard 47 companies are considered large.

[31] These employment numbers are approximations. The IOM survey asked questions that classified employees into different ranges, for example - 'up to 5', '5-10', '10-20' etc. To calculate an average we simply assumed that each company employed the mid-point number. So, if a company said 'up to 5' we assumed it had 2.5, if it said 5-10 we assumed 7.5 and so on. This probably slightly exaggerates the importance of sectors that employ small numbers of people since the biggest category by far was 0-5 and many of those will be registered individuals. However, we felt that rough estimates on sector importance in terms of employees were vitally important for this survey.

Figure 16: List of Large Companies by Sector According to *Geostat*

Sector	Total
Trade	13
Construction	12
Manufacturing	10
Healthcare and social services	6
Electrical energy, gas and water-supply system	3
Real estate	2
Transport	1
Total	**47**

Reference: Based on the *Geostat* 2009 Database of Registered and Active Enterprises

Interestingly, 'trade' tops the list here, although none of the businesses from this list were represented in top 20 companies when we merely looked at the number of employees. In the case of Shida Kartli this data does, of course, significantly underestimate the role of agriculture. Many organisations, particularly the internationals supporting VET development in Shida Kartli, have emphasized the role of agricultural development, food processing, and construction.

The Gori and Khidistavi VET Centres both prioritise construction and agriculture, which appears logical since by any standard construction is one of the largest and most concentrated employers and agriculture almost certainly covers the largest segment of the non-formal economy. However, having two VET Centres in close proximity to one another (10 km), each with similar teaching profiles, presents a challenge to the MoES for determining how these Centres might shift and adjust their curricula for greater complementarity and for improved response to Shida Kartli's limited labour market needs. The fact that each VET Centre has received significant support from separate international sources also points to another challenge for the MoES – how best to coordinate donor activity (see Section 4.4.6).

The Kaspi and Kareli VET Centres find themselves in regions where opportunities for income-generation are limited mostly to agriculture. Kaspi's economy rests upon one industry (cement production, ceramic bricks and cement blocks) and cultivation of fruit, vegetables, and raspberries - all under threat from industrial air pollution. Economic activity in Kareli and surrounding villages rests mostly upon fruit orchards, fruit processing, and small and subsistence-level farms, plus the usual compliment of shops and services (banks, pharmacies, auto repair shops, small supermarkets, barber shops and beauty salons, small health clinics, and so on).

However, this information does highlight the importance of other industries too. In Shida Kartli it seems an attempt would be worthwhile to identify the general mechanical and electrical skills that are commonly needed in many different areas of industry, as well as identify the skills sets needed for trade.

3.2.3 Poti Port

There is little information on the overall employment picture in Poti. *Geostat*'s Value Added data on the region that contains Poti provides as close to a comprehensive picture as can be found currently.

Figure 17: Gross Value Added (GEL Mln) for Samegrelo and Zemo Svaneti

	2003	2004	2005	2006	2007	2008
Agriculture, hunting and forestry; fishing	211.5	213.8	222.4	205.4	221.3	231.6
Industry	63.9	63.1	53.9	109.3	148.9	146.2
Processing of products by households	43.3	45.6	44.6	38.6	53.7	59.4
Construction	30.5	40.0	64.6	77.4	52.7	73.3
Trade; repair of motor vehicles and personal and household goods	86.2	124.6	111.7	147.8	160.8	238.0
Transport and Communication	107.9	148.3	103.2	142.0	209.2	257.7
Public administration	20.7	39.6	57.7	93.1	153.6	285.0
Education	26.7	22.2	32.1	48.8	54.2	67.9
Health and social work	34.1	47.5	49.7	60.5	71.7	53.4
Other types of services	89.6	101.3	73.6	147.5	133.1	143.9
Gross Value Added, total	**714.5**	**846.0**	**813.4**	**1070.4**	**1259.1**	**1556.3**

Reference: Georgian Department of Statistics (reviewed March 2010),
http://*Geostat*.ge/index.php?action=page&p_id=119(=eng

A recent survey of Poti labour market needs conducted by NINA offered some insights into the perceptions of business managers. Of polled commercial organisations, 25% said that their own company had a shortage of skilled labour.[32]

In addition to the town as a whole and demands in the Port, a Free Industrial Zone is being set up and should be open for business in the summer of 2010. The zone, which was purchased by the Emirate State of Ras Al Khaimah, is aiming to develop new berths on the port, and office space for businesses to operate free of import, corporation or sales tax.

At the current time it is difficult to predict the profile of the companies that will settle in the Rakia FIZ. According to Joseph Nibladze, the Marketing Director for Rakia, nine companies have so far signed up, representing the following sectors: manufacturing of paint, steel and concrete, wood processing, electronic products assembly, cold storage and trading.[33]

A clear picture of the labour demands does not emerge from this profile. However, these first nine clients do seem to be largely consistent with the type of company we would expect. The financial benefits of the port are particularly pronounced for companies that will not sell into the Georgian market. So, this would seem to heavily encourage two main kinds of firms, transportation/logistics/trading and assembly or export oriented manufacturing.[34] That said, clearly the Poti VET Centre and other VET Centres that are close enough to service the free zone should be encouraged to play close attention to the profile of businesses that ultimately

[32] Nabada Improvement Neighbourhood Association (NINA) and Georgian Diaspora in the Netherlands (2010). *Most Wanted Professions at the Labour Market of the City of Poti*. Poti, Georgia
[33] Email exchange with Joseph Nibladze, Marketing Director, Rakia Free Industrial Zone (March 2010)
[34] A quick review of the tax benefits to the free zone suggests that the largest benefit may be on VAT and import tax (there is also a profit tax benefit but this is likely to be smaller). Both of VAT and import tax benefits are lost once the company sells into Georgia.

begin to work there. This is certainly an area where the MoES or the National Investment Agency could act as a conduit for information.

However, even in the absence of a clear picture of what will happen in the FIZ, the port is certainly likely to require skilled and semi-skilled workers as any version of their plans calls for considerable construction, both in the zone and in the adjacent port.[35]

3.2.4 Batumi

Detailed local information on Batumi's economy is difficult to find. The lowest level information provided by *Geostat* relates to regional value added. This highlights five main sectors in terms of regional importance.

Figure 18: Gross Value Added (Mln GEL) in Adjara

	2003	2004	2005	2006	2007	2008
Agriculture, hunting and forestry; fishing	156.4	132.9	138.4	96.8	99.6	107.9
Industry	55.9	86.6	113.7	121.1	143.3	125.7
Processing of products by households	33.3	34.9	34.6	26.9	37.3	38.8
Construction	47.4	47.6	47.3	103.9	113.9	71.5
Trade and repair	93.9	107.7	108.4	148.7	177.4	196.6
Transport and Communication	103.2	158.0	222.3	289.2	286.1	239.5
Other types of services	93.7	92.7	112.7	119.1	137.0	188.2
Gross Value Added, total	**656.1**	**765.4**	**895.1**	**1085.5**	**1263.0**	**1407.4**

Reference: Georgian Department of Statistics (reviewed March 2010),
http://*Geostat*.ge/index.php?action=page&p_id=119(=eng

Clearly, from this breakdown, 'transport and communication' is the biggest priority to the local economy. In terms of value-added this is almost twice as big as its next biggest economic category. After that 'trade and repair' is followed by 'industry' with 'construction' in fourth place.

The International Organization for Migration analysed this information in 2008 and suggested that within industry, textile, food-processing and building materials production were priority areas. They also suggested that tourism was important since, although it has little impact on regional value-added, it has provided considerable impetus for construction growth and continues to be a government priority for the future.[36]

Following on the IOM's 2008 findings, a large number of employers in Batumi were interviewed for the mismatch study, with focus on the needs of businesses engaged in storage, transport and logistics. Clearly these areas are under-serviced by the public VET system, although the private VET system does offer trainings relevant to these business categories. Also they offer some courses particularly aimed at maritime business. Overall, the technical demands for the port itself are fairly limited. There is considerable demand for crane drivers, however. The port even considered cooperation with a VET Centre to organise a training for crane drivers, but the course did not materialise.[37] There also seemed to be some demand for logistics and transportation skills, which (apart from drivers and mechanics) are largely administrative and require an understanding of import procedures as well as organisation of transportation.

[35] Interview with Joseph Nibladze (February 2010), Marketing Director, Rakia Free Industrial Zone.
[36] International Organization for Migration: Job Counselling and Referral Centre (2009). *Regional Labour Market Survey in Adjara: Report on the Research Conducted in Sept-Oct 2008*. Tbilisi, Georgia p9-11
[37] Interview with Ketevan Oragvelidze, HR Manager, Batumi International Oil Terminal (April 2010)

3.3 Identifying VET Skills Training within Sectors

3.3.1 Skill Needs as Demonstrated from Labour Market Surveys

Identifying the sectors where there is considerable demand is clearly only the first step in identifying the labour market needs. Once sectors have been identified it is important to investigate the kind of skill sets they will need. This needs to be done, first, in order to identify whether the VET Centre will be appropriate for providing the skills and second what skill sets they should train.

Identifying the skill-sets of the most demanded professions has been the principle task of the government supported sector committees, which will be discussed further in Section 4.2. For our research purposes we were mainly concerned to be sure that the sectors we identified had labour market needs that could be met by the VET Centres.

Over the last few years there has been considerable research, intended to identify the most demanded skills in several particular sectors. This research, which has been undertaken by a range of different programmes can be useful for highlighting the most demanded professions.

Figure 19: List of Recent Country-Wide Labour Market Surveys

2007 IOM[38]	2008 IOM[39]	NPA 2008[40]	UNDP 2008[41]	British Council 2010[42]
-Processing industry -Construction -Tourism and Hospitality -Service Sector -Port, Freight Handling and Logistics	-Transport and Communication -Public Healthcare and Pharmaceutical Services -Banking -Insurance	-Construction -Agriculture -Tourism and Catering	-Construction -Restaurants -Repair	-Hospitality and Tourism

Reference: See footnotes for each column's specific references

Clearly these surveys are all dated and, in particular, they mostly predate the financial crisis. However, while the relative importance of certain sectors may have changed (for example, construction of hotels and apartment complexes has slowed) there seems reason to believe that within sectors the pattern of demand is likely to remain the same. For this reason demand priorities that were highlighted by the two IOM polls by sector have been summarized below.

[38] International Organization of Migration (July, 2007). *A Survey of Employer Demand for Workforce in Georgia*. Tbilisi, Georgia
[39] International Organization for Migration (February 2008). *Employer Workforce Demand Report*. Tbilisi, Georgia
[40] National Professional Agency (2008). *Labour Market Research, Research Report*. Tbilisi, Georgia
[41] This list does not include surveys carried out for a different purpose, for example, the UNDP Business Survey that was intended to identify the level of grey economy in different sectors.
[42] British Council (2010). *Matching Needs: Employer and Learning Perceptions of Vocational Education and Training in the Hotel Sector*. Tbilisi, Georgia

Figure 20: Professions Highlighted as Important by the 2007 and 2008 IOM Polls

IOM 2007[43]					**IOM 2008**[44]		
Processing	**Construction**	**Tourism**	**Port**	**Service sector**	**Transport**	**Communication**	**Pharm**
Food technologist	Worker	Waiter	Accountant	Auto mechanic	Driver	Radio Engineer	Pharmacist
Electrician	Painter	Cook	Crane Operator	Metal Worker	Rail freight specialist	IT specialist	
Metalworker	Electric Welder	Receptionist	Dock worker	Croupier	Driver-distributor	Communication engineer	
Electric Welder	Cabinet maker	Cleaner	Ship engineer	Slot machine technician	Logistics	Network specialist	
Dressmaker	Bricklayer	Manager		Waiter	Lawyer	Operator	
Mechanic	Electrician			Tinsmith	Finance	Marketing	
Salesman	Civil Engineer			Hairdresser			
Manager	Asphalt layer			Manager			
	Concrete layer						

Reference: See footnote for column specific references

A number of other labour market surveys have been conducted by different organisations. In 2007 USAID commissioned a poll on tourism and construction. In August 2008 ACT Research, on behalf of the National Professional Agency,[45] carried out a similar exercise, but was particularly interested to identify the need for certain 'core' skills such as IT, management and communication.

None of these other polls differed significantly in their findings from the results above. Below follows a list the priorities that the IOM surveys did not prioritise.

[43] International Organization for Migration (July, 2007). *A Survey of Employer Demand for Workforce in Georgia.* Tbilisi, Georgia

[44] International Organization for Migration (February 2008). *Employer Workforce Demand Report*. Tbilisi, Georgia

[45] An autonomous Legal Entity in Public Law, connected to the Ministry of Education and Science, which is no longer in operation.

Figure 21: Professions added by National Professional Agency and USAID Surveys

Construction[46]	Tourism[47]	Agriculture[48]
Plumber	Bartenders	Land worker
Crane Driver		Herdsman
Steel man		
Stuccoer		
Moulder		

References: See footnotes for column specific references

3.3.2 Skill Needs in Other Sectors

For the mismatch study, a wide range of representatives of businesses participated in interviews or focus groups. These were usually either existing social partners of VET Centres, large Tbilisi based employers, members of business associations or simply large sector representatives that might be interested in the vocational education sector.

This was not done with the intention of identifying the exact skills that any particular sector might need. However, in all discussions participants responded to questions about the need each organization has for mid-level technically trained staff. Based on these discussions several interesting insights emerged.

The sectors listed below in Figure 22 represent those which remain after excluding areas already extensively researched (agriculture, construction, tourism), and those already highlighted as potential recipients of VET trained staff.

Figure 22: List of Sectors not Fully Covered by Existing Labour Market Surveys

Sectors in demand suggested by preceding analysis	Covered by existing labour market surveys
Chemical, Pharmaceutical	Partly covered by IOM 2007
Electricity production and transmission	
Fast Moving Consumer Goods	
Food and Drink Processing	Partly covered IOM 2007
Gas distribution	
Mining and Processing	
Repair	
Telecoms	Partly covered by IOM 2007
Textiles	
IT	
Transport and logistics	
Water and Sanitation	

Reference: Based on list of demanded sectors in Figure 13

To investigate the needs in these sectors, several representatives of mostly big businesses in each sector engaged in discussions with the Mismatch research team. These discussions covered a range of common

[46] National Professional Agency (2008). *Labour Market Research, Research Report*. Tbilisi, Georgia, p11-14 and USAID Mission in Georgia (August, 2007). *Work Force Demand and the Capacity for Training in Georgia's Growing Tourism and Construction Sectors*. Newton, MA, USA, p48

[47] USAID Mission in Georgia (August, 2007). *Work Force Demand and the Capacity for Training in Georgia's Growing Tourism and Construction Sectors*. Education Development Center, Newton, MA, USA, p18

[48] National Professional Agency (2008). *Labour Market Research, Research Report*. Tbilisi, Georgia, p286

themes about employment needs (particularly for mid-level technical skills) as well as recruitment and training strategy. However, the point of the discussion was to assess, in very general terms, whether these industries are or could be serviced by the VET system and whether they might be interested in becoming involved in VET reform.

General Skills

While most of the labour market matching under consideration was sectorally oriented it is worth noting that in the wide discussions with various social partners a number of different professions were consistently mentioned that were not sectoral in their orientation.

Two main categories emerged. First, sales and accounting were often mentioned either apart or together. The many utilities and telecoms companies all have considerable demand for sales/accounting staff and there seems to be considerable demand for the 'book-keeping' or 'cashier' level training that the VET Centres currently offer. In addition, the head of the International Chamber of Commerce's HR Committee suggested that in the field of Fast Moving Consumer Goods[49] there is considerable demand for 'distributors' who are both sales representatives and delivery people.[50]

Second, almost every sector seemed to have some demand for general technical skills, particularly in relation to machinery and electrical skills. Anyone with demonstrable skills in these areas (even without particular qualifications) seemed to have many opportunities for on-the-job training and specialization. As we highlight in the different sectors described in the next few pages, this training is often provided by companies in-house. However, there does seem to be an opportunity for general training in these fields that would serve as the basis for specialization. Whether the specialized training was then provided in a particular VET Centre or in an industry-oriented VET training programme, certain basic skills would form a good starting point. Another general skill that seems to be very widely in demand is welder.

Chemical, Pharmaceutical and Materials Processing

In mining and material processing industries, where technical skills exist, they are currently trained by the producers directly. For example, a representative of Georgian Steel who sits on the 'industry' sector committee described how he has helped to develop a range of occupational standards that connect to the steel business (though only one of them has been currently developed by the MoES). Georgia Steel has a work-force of around 1,500 and has its own study centre. They teach students for two to three months and pay the students while they are being trained**.** They have trained 250 employees in the last two years.[51]

Georgian Industrial Group, active in the mining industry, has around 2,000 employees. Of those, 1,500 are in some way considered 'technical'. Georgian Industrial Group has significant problems hiring mining engineers and mine workers and so, along with Tkibuli VET Centre they have developed a course for mine-engine drivers.[52] The HR manager had not heard of the sector committees but seemed enthusiastic about getting involved.

As discussed in Section 3.1.2, chemical production and pharmaceutical retail came to light as large industries worthy of consideration. Pharmaceutical businesses in Georgia generally have three major components to their work: pharmaceutical retail, medical care and pharmaceutical production. The 2007 IOM poll included

[49] Fast Moving Consumer Goods is a category that refers to quickly consumed branded goods like confectionary, soft-drinks, household products, grooming products etc
[50] Interview with Michael Lelashvili, Head of HR Sector Committee (March 2010)
[51] Interview with Zurab Korbaia, Head of Study Centre, Georgian Steel (March 2010)
[52] Interview with Mari Manjavidze, HR Manager, Georgian Industrial Group (March 2010)

pharmaceutical amongst its 'Services' and, as this clearly has its focus on retail, the demand is apparently for pharmacists and pharmacist assistants.

The HR Manager for the pharmaceutical company Aversi,[53] sits on the medical sector committee. Aversi has 3,500 staff across the three pharmaceutical sectors. However, these are generally positions which require a medical education and thus are recruited largely from the State Medical University or factory workers who do not have particular skill requirements.

Nurses and pharmacists are also hired by pharmaceutical companies from medical institutes. One private vocational training school, "Panacea," offers trainings that lead to employment for nursing assistants, pharmacy assistants, and dental assistants. A newly established vocational training programme will offer modern trainings for nurses. Spectri VET Centre (whose director previously was engaged with Aversi) will include a training course for nursing assistants for the 2010/2011 academic year.[54]

Utilities (Gas, Electricity Production and Transmission, Water and Sanitation)

Utilities are one of the biggest employers in Georgia and are distributed across the country. Therefore this seems to be a likely sector that would benefit from VET training. It appears that no such relevant trainings are yet offered by VET Centres. HR managers of EnergoPro, Georgian Oil and Gas Corporation, KazTransGaz and Georgian Water and Power shared information and insights with the mismatch study team.[55]

EnergoPro is the main electricity provider for the whole country, with the exception of Tbilisi and Khaketi. They have 6,000 employees in total, and around half of those are technical, mostly electricians and engineers. With such a large work-force they are continually recruiting.

One particular category of worker that seems logical for VET Centre training is service electrician. The service electrician installs meters, makes minor repairs and turns the electricity on and off in particular buildings. EnergoPro recruit about 300 of these workers every year.

Of those 300, some are graduates of the Georgian Technical University, but most have no formal qualifications. Usually recruits who apply claim some relevant experience. The company then tests their general skills as very basic electricians. Those who pass the test are put on a waiting list for jobs to become available. Once accepted, the bulk of the training occurs in-house and on-the-job. An initial training is provided by EnergoPro that focuses on health and safety issues but following that new recruits are usually partnered with an experienced electrician to learn the basics of the job.

EnergoPro seems to offer particular nationwide opportunities (they have 50 service centres across the country) for any VET Centre that trains in general electrical skills. These opportunities are most pronounced in the regions, where EnergoPro say they consistently have difficulty recruiting (they have no problem, they say, recruiting in the city). EnergoPro HR representatives stated that they had not been approached by any VET Centres and had no contact or any formal relationship with them. However, Spectri's Director confirmed that negotiations are underway with EnergoPro top management and an MoU for cooperation will

[53] Separate interviews with Natia Chochua, HR Manager, Aversi and Tatiana Davidova, Chief Nurse, Aversi Medical Centre (March 2010) and with Dr. Maia Chikhladze, Director, "Panacea," Training Centre (she is also a member of the Georgian Employers' Association) (April 2010)
[54] Telephone interview with Dr. Zaza Avaliani, (May 7, 2010)
[55] Interviews with Eka Zedalashvili, HR Manager, Georgian Water and Power, Irina Janighava, HR Manager, KazTransGaz and Natia Janezashvili, EnergoPro, (March 2010)

be signed in 2010. Negotiations are underway as well between Spectri and Telasi for cooperation and coordination on delivery of trainings and student placement.[56]

A similar opportunity seems to exist with both gas and the water service providers. KazTransGaz is the main gas provider in Tbilisi, has 11 service centres and employs 1,200 people. In total about 800-850 people are technical. Those who carry out more basic day-to-day repairs work out of the service centres where there is a high turnover of staff. These centres have considerable demand for people with knowledge of gas and heating systems. Georgian Water and Power, by comparison, have 2,000 employees who are about 70% technical. In addition to their demand for industry specific groups such as laboratory technicians, they also need a large number of skilled and experienced welders for the daunting task of on-going pipe repair.

All of these companies, as with EnergoPro, will recruit from the Georgian Technical University, where possible, but often recruit people who have no formal qualifications, after testing them to see if they have basic knowledge. After that much of the training occurs on the job.

All of these industries seem ideal VET partners (though GWP said they are currently downsizing their staff so are not currently recruiting). They have large demand for exactly the kind of skills that VET Centres should be able to provide. In particular, both EnergoPro and KazTransGaz suggested that they would be very interested in a reliable source of 'general technical' labour (particularly with basic electrician skills and basic pipe/gas skills) and they would take the responsibility for developing the more specialized elements of their skills. This seems to offer the opportunity for the development of formal apprenticeships.

Telecoms and Communication

One area that is not given consideration and is not discussed in the VET sector is telecoms and internet providers (who differ from general IT). This seemed to be an area where VET provision might be useful, thus meetings were held with a range of IT and internet companies.

Magti, the mobile phone operator, currently holds a contract from the Government of Georgia for connecting all public schools and educational resource centres (a total of 2,280 educational institutions) to the internet by September 2011.[57] As one of the most successful mobile phone service/internet provider companies in Georgia, Magti may provide some opportunities for cooperation with VET Centres, particularly in connection with the skills required for the installation and maintenance of mobile phone towers. There are two types of demand in this area: generator maintenance and tower maintenance. Tower maintenance is fairly specific since it requires both technical knowledge and training in how to safely scale towers and work at altitude. However, staff employed by Magti, and nearly all of those who work for a competitor company, Caucasus Online, are either sales/accounts or people with IT skills. Neither of these firms reported any difficulty recruiting from universities.

Transport and Logistics

Transport and logistics are two sectors that are large 'value-added' contributors to GDP at a national level and in the two port towns of Poti and Batumi in particular.

Georgian Rail, Georgia Post as well as several transport and logistics companies at Batumi and Poti Ports provided useful background information, which has helped form an overall impression of the transport/logistics sector. Georgian Rail may be the most interesting prospect for the long-term, though currently it offers few opportunities. Georgian Rail is a huge employer, with around 14,500 employees, 10,000

[56] Interview with Dr Zaza Avaliani, Director, Spectri (April 2010)
[57] http://www.magticom.ge/index.php?section=27&lang=eng&info_id=361, (reviewed May 7, 2010)

of whom are technical. However, in the short-term this is unlikely to offer opportunities to new entrants as their current business-plan calls for down-sizing to about 9,000 staff.

In the longer term, it is hoped, opportunities will emerge. While their current plan is to expand their internal training for rail-specific skills, Georgian Rail will maintain a considerable demand for general electricians, welders and mechanics. And, though they are downsizing they also face a significantly ageing work-force.

For the ports themselves the number of employees used in each location is fairly low. The one skill-set that each port felt truly deficient was 'crane-drivers', though welders were also regularly in demand. Both Batumi and Poti, for example, said that they had sent staff abroad to train as crane drivers and a former manager of Batumi Port said that they still had to bring engineers from the Ukraine to fix problems. They both suggested that if technical training could also be provided then they would be interested in developing crane driver courses as this will be a continuing demand if the port expands.[58]

Beyond that, transportation and logistics more generally create a demand for auto-mechanics and drivers and as has been seen, these are already a focal point for VET Centres. That said, many of the 'transport and logistics' firms have few vehicles but act as administrative coordinators for shipping and transportation. These companies need 'logistics' staff, who are responsible for completing documentation and legal requirements for imports/exports, and office administrative staff. They generally expect these groups to have university degrees. However, there seems to be a considerable opportunity to build on the book-keeping training that many of the VET Centres already provide, so that they include a specialist component on the procedures for import/export. The biggest hurdle VET Centres may face, in this regard, is that international transportation staff usually need to have good foreign language skills, particularly English.

From the Georgian Post it became clear that, though they are a large employer, their staff are extremely poorly paid and rarely need to be qualified.[59] This situation might change, should the Georgian Post begin to upgrade and modernise its services, thought there are no immediate signs that this is imminent.

Gas and Oil Transportation

Gas and oil transportation is also a large source of income for the country and so seemed of potential importance for VET, particularly with regard to the coastal region, where the transportation usually terminates. BP and the management team that is planning for (potentially) the Supsa oil terminal expansion agreed that while there are always some limited demands for technical staff in the operation phase of a project, the significant demand in their sector is in the project development phase. At the current time all of BPs' projects are in the operation phase and plans for expansion to Supsa's operation are still under consideration.

From these discussions it also became clear that general demand always exists for welders. For other operations, good personnel may be fairly hard to find but there is very little turnover.

It is most interesting to note that the period between a large construction project gaining approval and the commencement of work can be quite long (over 18 months). This suggests that while VET Centres might not focus on developing skills for this sector right now, they could remain aware of developments in the field since new developments would have a sufficient lead-time to allow courses to be developed and training to be provided before work commences. There is also, apparently, no need to worry that these categories of jobs are short-term since new projects are often multi-year and because the skill sets, once developed, are always in demand in the construction industry. Electric arc welders trained in Tbilisi, Kutaisi and Khidistavi VET

[58] Interview with Nugsa Katamadze, former General Director, Batumi Port (February 2010) and with Ketevan Oragvelidze, Human Resource Manager, Batumi International Container Terminal (April 2010)
[59] Interview with Lasha Loladze, Marketing Director, Georgia Post (February 2010)

Centres have a high rate of employment. Country-wide there is a shortage of qualified, experienced gas welders.

Food and Beverages Processing

Food and beverages processing as a sector employs a fairly large number Georgians and has been a target for growth by the government for some time. Discussions with representatives of two large food processing companies, Nikora and HIPP, and one large poultry producer revealed that there is no significant need for technical staff, though there is some demand for people with basic electrical and mechanical skills. Managers of Natural Products and Bagrationi, who produce alcoholic beverages and who are members of the 'industry' sector committee, concurred with these observations.

Nikora suggested that of its 1,700 staff only about 5% were considered 'technical' and comprise mechanics, electricians, plumbers and food hygienists. All employees have basic training on sanitation but this is not considered 'technical'.[60] A similar picture was offered with Poultry Georgia who source their staff locally and say they need little technical training.[61]

HIPP also suggested that it has a very small technical staff of mechanics who would probably not need much additional training. However, HIPP suggested that vocational training might be useful for some of the few thousand farmers who supply apples, to further their understanding of organic farming techniques.[62] It is interesting to note that one step has been taken in this direction. A 4-day seminar held on the grounds of the Khidistavi VET Centre in February 2010 introduced Shida Kartli farmers to a new apple variety (disease resistant, faster tree maturation). This was a direct outcome of one of the first round-table meetings convened by Gori Municipality, with support from the GTZ "Private Sector Development Georgia" Programme.[63]

Automotive

In discussions on the automotive sector, representatives from Tegeta and Omega Motors shared their insights. Tegeta Motors is by far the larger of the two, with around 550 employees covering 6 service sectors across the country. Tegeta Motors is also a member of the transportation sector committee. Representatives of Subaru and Toyota provided information via telephone interviews and e-mail correspondence.

As with so many mechanically-oriented sectors it became clear that the considerable demand for auto-mechanics was generally met by people who could demonstrate skills, but who did not have formal qualifications. The mechanics may develop specialised skills while working for Tegeta but are not expected to have them when they start employment. Omega Motors, authorized dealer of BMW in Georgia, invests considerably in mechanics by sending them abroad for training. The Omega Motors representative agreed that such company costs could be significantly reduced should VET Centres eventually be in a position to offer relevant trainings of suitable quality.

Both companies expressed willingness to provide in-kind assistance to the VET Centres, in the form of training of trainers or master classes led by their senior mechanics, and donations of manuals and other relevant literature, but pointed out that none of the VET Centres has come to them with such ideas for cooperation. Toyota's regional representative for the Caucasus pointed out that the company may be in a position in a few years time to initiate cooperation with VET Centres in the context of T-TEP (Toyota Technical Education Program). This form of cooperation is currently on-going with the Tartu Vocational Education Centre in Estonia, which several VET Centre directors from Georgia visited in June 2009.

[60] Interview with Lili Bibilashvili, Head of HR, Nikora (March 2010)
[61] Interview with Eliso Uchashvili, Head of HR, *Poultry Georgia* (February 2010)
[62] Interview with Archil Jvania, General Director, HIPP Georgia (February 2010)
[63] Interview with Helmut Grossman, Advisor GTZ, Gori, (February 2010)

Given the number of VET Centres that offer automotive mechanical training it could be expected that these companies would have connections to VET Centres, but even with a representative on the sector committee, this has not materialised in a systematic way.[64] Therefore the opportunity here is not simply for training more people as automotive mechanics, but ensuring that relationships are developed so that, where such training is offered, the local auto-repair companies know about it and make use of it. This would seem to be a classic example of a situation where centralized coordination would be useful since the service sectors are located across the country and it would be far more efficient for a central agency to coordinate with the company head-office (providing information to the local VET Centres and service centres) rather than relying on each VET Centre to develop its own separate relationship with a company.

3.4 Mismatch in Knowledge

Generally, we found that there is little knowledge of the VET Centres amongst the groups with whom we talked. Although knowledge mismatch of this kind was not the main focal point of our research it seemed clear that this should be an area of attention for the MoES.

The first element to this was simple lack of awareness. A large number of companies expressed surprise that the vocational training schools were still in operation at all. Many businesses assumed they had closed down many years ago. The second problem was that, excluding those who worked as social partners, or those who worked with the MoES, most people had no idea that there had been reform and renovation and thus hold prejudices against the system that date back to Soviet times.

This creates a dual problem, recruitment of students and employment for graduates. Some of the individual VET Centres (for example those supported by USAID VEP) have finance for advertising and participation in expos, but generally the government budgets for VET Centres provide very limited funding for marketing and advertising. In some ways, advertising at the national level seems a natural option since it avoids duplication and allows those who know little about the VET Centres to see the available terrain. To this end, the IT VET Centre has taken the lead on developing a web portal for all VET Centres and individual VET Centre web pages. Similarly, the National Investment Agency has agreed to provide information on VET Centres on its website and in the package of materials the Agency provides to foreign investors.[65] The Agency might also wish to follow the example of the Estonian Investment and Trade Agency – a talent map featured on their website[66] provides detailed information to attract investors on the categories and distribution of talent, or labour pools, regionally and nationally.

However, because the VET infrastructure, nature of the courses and quality of teaching staff are widely divergent, the creation of a common advertising mechanism can be problematic. It is essential for the success of VET in Georgia that the MoES quickly establishes a means for assessing and raising the quality of different VET Centres to at least a minimum standard. This will be discussed in Section 5.

[64] Meeting with Zaza Karchava, Sales Manager, Tegeta Motors and Suliko Pridonashvili, Marketing Manager, BMW. This was also confirmed with telephone conversations with Subaru and Toyota (February 2010).
[65] Interview with Giorgi Matkava (March 2010), Head of National Investment Agency
[66] www.investinestonia.com (reviewed April 12, 2010)

4 Existing Mechanisms for Labour Market Matching

The first objective of this study was to determine where VET provision may be divergent from labour market needs. As detailed above in Section 3 the process of analysis has revealed some sectors of the economy that are underserved by the current system. At the same time, it has become apparent from discussions with a wide range of social partners that there are resources and sources of information available to the MoES which could prove highly useful for an on-going process of adjusting the VET systems' curricula to match meet the ever changing workforce needs.

Before suggesting modifications to the labour market matching strategy currently employed by the MoES, it is important to understand the mechanisms that already exist. The desire to engage with social partners in the development of VET policy is a fundamental part of an already existing VET policy in Georgia. Considerable efforts have been made to engage social partners at both the ministerial and VET level. Therefore, the key is not simply to insist that labour-market matching is essential, but rather to identify how to build on current practice to make it more effective.

All labour market matching involves some form of engagement with employers, direct or indirect. Indirect engagement can include discussion with different social partners such as business associations/employer's associations, professional associations and trade unions.

At the current time the Georgian Government engages with employers in three ways that are significant for our purposes. First, as has already been discussed, *Geostat* conducts a large business survey. However, at the moment little of that information is utilised by the MoES. This under-use can be explained, for now, by lack of a clear policy on the role of the MoES in setting sectoral priorities in Vocational Education. The general sense in the (still emerging) policy is that when vouchers are introduced, student choice will provide the only 'matching' necessary.

Concerns are common-place in the literature about this kind of extreme *laissez-faire* reasoning, particularly with limited competition between educational institutions and imperfect information on the labour market. However, even in the extreme *laissez-faire* case, it could still prove useful for the MoES to act as a resource for VET-specific skill needs analysis, and to provide a national picture of VET training. Even when relying on the market choices of students and employers to provide the central mechanism for the labour-market matching, both groups will be helped by information on supply and demand.

The second form of government engagement with employers is found in 'sector committees' that the MoES took over from the National Professional Agency in May 2009. These have been involved in helping the MoES develop new standards for professions that could be trained at the VET Centres. As the provider of occupational standards and as an agent of curricula development, the MoES needs to maintain and extend this relationship with sector committees.

Finally, social partners have an on-going involvement alongside the VET Centres themselves. The principle means of interaction is through internships provided by businesses, also known as praktikums, that VET trainees must complete before they graduate. Additionally, in some of the VET Centres private sector employees work as instructors and examiners. There have also been a few cases where individual VET Centres have set up other mechanisms in order to facilitate social partner involvement. Business advisory councils exist for some VET Centres, to provide input on labour market needs. Also, some of the VET Centres provide job counseling services which also facilitate outreach to the business community.

In this section we will review the nature and effectiveness of the different kinds of engagement that currently take place, before assessing ways in which they could be built upon and improved. Since macro-analysis does not really take place we focus on the operation of the sector committees and the VET Centres themselves.

In general, the sector committees have produced 65 new occupational standards for which curricula will now be developed. These cover some of the areas that we have already highlighted and, if adopted, will represent a considerable improvement in the range, market orientation and consistency of VET courses. However, the sector committees have seen fairly limited 'social partner' involvement, particularly from businesses and this needs to be expanded. In addition, some of the sectors, like 'industry' and 'services' have little coherence as the categories of business they include are too broad.

For the VET Centres, the engagement with businesses particularly on praktikums offers a clear opportunity for students to improve their practical skills and for VET Centres to reach out to businesses. If organised well, this outreach could be the first step in far wider engagement with the labour market. However, current engagement, with a few notable exceptions, seems to be idiosyncratic and highly dependent on the personal contacts of directors and instructors. There needs to be far more effort to ensure the praktikums are better managed and to facilitate more systematic outreach.

Altogether, the existing policy aspires to wide social partner engagement, but is hampered by idiosyncratic application. This section will lay out the current strategies in detail, and section 5 will highlight particular strategies for how the system as a whole can be strengthened.

4.1 Existing Georgia Government Policy

Georgian Government Policy on vocational education finds its legal basis in the Georgian Law on Professional Education, which was approved by Parliament on March 28, 2007. Article 5, "Goals and tasks of the professional education," refers in two sub-sections to the importance of matching labour supply to demand and the role of the private sector in the VET system:

> "b) supply the economy with the competitive cadres on the internal and international labor markets, adjust the education system towards the demands of rapidly changeable labor market."
>
> "m) private sector support in financing professional education."

Article 33 of the law concerns the Board of Supervisors that should be established, to provide oversight on VET Centre management. These Boards, though still not in place at all VET Centres, will be comprised of employers, local governance bodies, social organizations, teachers and parents (of students). Responsibilities of Board members as set out in the Law do not refer specifically to any facilitation of contacts between the VET Centre and the private sector, though this could be understood as "other responsibilities defined by the Georgian legislation in force."

The most recently articulated policies, which have their legal basis in the Georgian Law on Professional Education, have been set forth in the *VET Reform Strategy for 2009-2012*. This Strategy sets out a range of elements designed for more effective creation of a demand-oriented VET system. The Strategy starts by highlighting four major weaknesses in the existing system:

- Provides no training opportunities for a number of professions
- Lacks a system for studying the labour market on a regular basis
- Has weak (or no) link between educational programmes of VET schools and regional demand

- Has weak social partnership generally[67]

The recognition of these limitations then leads into a number of social-partnership related priorities. Priority 2.2 of the Strategy highlights the importance of 'Creating social partnership with the view of developing relevant VET curricula' and this follows into assistance to sectoral committees (2.2.1) and development of systems to coordinate praktikums (2.2.2).[68]

The Strategy also emphasizes the importance of developing a market research plan (2.3.1)[69] and the importance of incentives for making VET curricula more market oriented (2.4). Of particular note are the development of modular curricula (2.4.1.2), convening a seminar on public private partnership (2.4.3.1), holding thematic expos to promote VET Centres and their students (2.4.3.3) and developing VET advisory boards (2.4.3.4).[70]

Beyond this document there are also a number of other elements which are commonly understood to be government policy, but which are currently still under discussion within the MoES and the government more broadly. There is a general consensus that more consolidation and privatisation of the VET system will take place. It is unclear how many publicly funded VET Centres are envisaged for the future. Discussions with the MoES suggest that more VET Centres will be renovated, though the number has not been confirmed.

Current discussions about accreditation and financing suggest a desire to pluralise the system with a wide range of institutions providing different types of training. However, it still seems unclear whether the government will pursue across the board privatisations or a mix of public and private ownership. Either way, as explained below in Section 5, there is likely to be a role for labour market-matching at the ministerial level.

4.2 Sector Committees

Sector Committees were originally formed by the National Professional Agency in 2008 and became the responsibility of the MoES directly in May 2009. Their main responsibility has been to ensure wide involvement of stakeholders in the development of occupational standards. The current sector committees represent the same categories that economists use to structure economic accounts. They involve members from a range of different categories including business, government and education.

The logic behind the current mix of members was that it would bring various brands of sectoral experience together in order to identify the different professions that each sector most needed and to develop and then to elaborate exactly what skill set that profession required.

[67] Ministry of Education and Science (2009). *VET Medium Term Strategy 2009-2012*. Tbilisi, Georgia, pp7-9
[68] Ibid., pp16-17
[69] Ibid., p17
[70] Ibid., p18

Figure 23: Breakdown of Sector Committee Membership by Type of Member

	Type of Member						
Sector Committee	**Prof. Assoc.**	**Business**	**Education**	**Government**	**Trade Union**	**Other**	**Grand Total**
Agriculture		1	15	7		2	25
Construction	1	4	11	2	4		22
Electrical power, Natural gas, oil, water		3	8	1			12
Finance	4		5				9
Industry	1	6	7	2			16
IT		2	10	2	2		16
Medicine	2	2	5	3		1	13
Mining		5	6	3			14
Service	3	2	5	2	2		14
Tourism	1	4	7	2	6	2	22
Transport	2	5	7	4	4		22
Grand Total	**14**	**34**	**86**	**28**	**18**	**5**	**185**

Reference: Based on information provided by the Ministry of Education and Science

From the chart above, it can be seen that members from 'education' are the most well represented with 86 participants. This includes 10 VET Centres, but is mostly made up of academics from technical training institutions such as Georgian Technical University or the Agrarian University.

From the start, the MoES experienced difficulties in effectively engaging with a wide enough pool of employers. They sent letters out to a broad range of large employers, but when this did not elicit the level of reaction hoped for, they took to calling through the Yellow-Pages. As a result the involvement of employers generally has been quite partial and has varied considerably across committees.

The MoES is currently re-organising the sector committees and will prioritise involvement of business representatives. To assess the experience of businesses the Mismatch research team contacted business members who currently serve on the committees to discuss their experiences.[71] They had attended an average of 5 meetings in the 11 months since they started. They were also queried about their level of engagement and the effectiveness of the meetings. Below is a summary of the results.

Figure 24: Discussions with Individual Business Members of the Sector Committees

Question	Yes	Neutral	No
Was the committee effective?	11	9	0
Did you have existing engagement with VET Centres?	9	0	11
Do you want to continue working with the committee in the future?	15	4	1

Reference: Individual Interviews conducted in March 2010

[71] 20 of 34 members of the committees could be reached. For the remainder, contact information was either unavailable or members were unresponsive.

As one can see, generally speaking the assessment of the committees was extremely positive. They suggested that meetings had been well run and organized. For the most part members of the sector committees felt they had been productive and planned to continue involvement when they were reconstituted.

However, there was a consistent feeling that the committees could be more effectively structured. In particular, the industrial sector was seen as too big. One member suggested that there should be a sub-division in the industrial sector between the food industry, heavy industry and the mechanical engineering industry.[72]

Similarly, 'services' was considered to be too wide ranging. The 'service sector committee' should at least be divided into 'health and beauty', 'plumbing' and 'other'.[73] A number of the members of the transport committee also believe that their committee should be sub-divided.[74]

At the other end of the scale it seemed from the discussions as though some sectors may be too small. For example, a Chief Nurse at Ghudushauri National Medical Centre, suggested that the reason they had only put forward the profession of 'Nurses Assistant' is that this is the only medical profession that would gain license to be taught in a VET centre (the rest will go through higher education).[75] This begs the question whether a whole committee is need for one standard.

Beyond comments about the structure of sector committees, the most consistent complaints voiced focused on financing (that there was none) and inconsistent attendance. These two concerns were connected in the minds of the different groups. Clearly there is a perception that without financing it is hard to convince people to attend sector committee meetings. Currently just one member of each committee receives a modest honorarium from MoES to compensate for time and funds expended in the process of calling committee members and then conducting meetings.

An assessment of the sector committees would not be complete without analysis of their contributions to the development of occupational standards. This has been their primary responsibility. New occupational standards developed over the last two years (2008-09) represent a range of vocational professions that the MoES and the sector committees have deemed a priority. By categorising them in terms of the existing sector committee categories one can see where the reform has been moving fastest.

[72] Interview with Tamaz Sadunishvili, Head of Commercial Service, Natural Products (March 2010)
[73] Interview with Milena Kharbedia, Manager of the Beauty Academy for Beauty Centre Natali (March 2010). This view was also supported by Dato Mekvilishvili, Deputy Head of Wella Study Centre.
[74] Interview with Mamuka Mumladze, Director, Rustavtrans (March 2010) and Interview with Vasil Kanashvili, Engineer/mechanic with Sakekspertzia (March 2010).
[75] Interview with Ketevan Garsevanishvili, Chief Nurse, Ghudushauri National Medical Centre (March 2010), and with Tatiana Davidova, Chief Nurse, Aversi Clinic (March 2010)

Figure 25: Number of Occupational Standards Developed (by Sector)

Sector	Number of Occupational Standards Developed	Sector	Number of Occupational Standards Developed
Construction	22	Electric Energy, Gas and Oil	2
Agriculture	10	Finances	2
Tourism and hospitality	8	Medicine	1
Transport and transport service	7	Public Service	1
Industry	6	Information Technology	0
Natural Resource Mining	3	Art, Culture and Sport	0

Reference: Based on information provided by the Ministry of Education and Science (MoES)

Almost half of the standards have been developed so far for the construction, agriculture, tourism and hospitality sectors. These cover the areas that the MoES and the international organisations have consistently chosen to prioritise and, as a result, where the different labour market surveys (discussed above) identified demand. 'Transport and transport service' also seem to be a priority with 7 occupations developed. However, this has heavily focused on ship and car repair professions. Goods transportation (with the connected specialisations in logistics, administration and accounting) have not been developed yet. 'Industry' has two standards developed for the steel industry and a number of others for wide-ranging businesses.

The occupational standards that have been developed so far need to be passed into law and will form the basis for new curricula that will be developed by the Curriculum Development Centre (itself part of the MoES). Additional occupational standards will also be developed.

Therefore, it seems as though the sector committees have created some good results. However, as will be discussed in Section 5.2.2, reforming them may require a re-organisation of their structure and responsibilities.

4.3 Social Partner Involvement and Labour Market Responsiveness at the Level of VET Centres

For an examination of the existing mechanisms of social partnership in the vocational education system of Georgia, this section presents a general discussion of the meaning, forms, and key actors and will be followed by analysis of a survey conducted for this study among the existing social partners of VET Centres in Georgia. The survey suggests that mechanisms for social partnership do not work effectively and to a great extent remain dependent on the personal ties of VET Centre directors and instructors. In addition, the businesses providing the placements for students generally do not see it as a mutually beneficial relationship. Instead they consider the opportunities they provide as a form of social good they are providing for the VET Centres.

The definition of the principle of social partnership and recognition of its role in Georgia's vocational educational system find expression in the new strategy on vocational education adopted by the MoES in 2009. While 'social partnerships' may be defined extremely broadly[76] in the strategy, social partners are

[76] See, for example, Copenhagen Centre definition in Seddon and Billet (2004), *Social Partnership in Vocational Education,* p.10 available online at http://eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/27/fe/61.pdf - accessed 28th March, 2010

considered employers, professional associations or trade unions.[77] In the list provided by the MoES there are 327 social partners for 36 VET Centres across the country. The list includes businesses, professional associations, trade unions, and international donors.

The issue of social partnership has been a major hurdle for the vocational educational system for years. All VET Centres find it challenging to interest the relevant businesses and establish stable relations with them. One apparent indication of the difficulty is that, although a state commission on social partnership was established in 2005 by government decree, its work stopped two years later due to insufficient progress. Moreover, the composition of sector committees suggests that the government still encounters serious problems in attracting businesses to the vocational system.

All public VET Centres in Tbilisi, Shida Kartli, Poti and Batumi were contacted to discuss their social partnerships. Also contacted were as many of the businesses listed by the Tbilisi VET Centres as possible. From that list it became clear that social partners were understood differently by the VET Centres; this was confirmed in discussions with VET Centre directors. Most of the VET Centres only include businesses (and not other categories of social partners) on their lists. Since businesses are the priority group to the VET Centres discussions focused on them too.

In the majority of cases VET Centres manage to establish only one-time relations with businesses. Deputy Director of the Spectri VET Centre, Mr. Giorgi Kadagidze, explained that they pay about GEL 150 to companies so that they agree to take students on praktikum for a short period of time.[78] Icarus and the IT VET Centre in Tbilisi stand out as the most successful VET Centres in Georgia in terms of establishing and maintaining relations with businesses. This can partly be explained by the fact that these two VET Centres have very specific profiles. Icarus focuses solely on tourism-related activities, while the IT VET Centre offers only courses related to IT specialties.

The VET Centres interact with business in a number of different ways. The most common practice is praktikum, or short-term internship for students. Other forms of cooperation include business participation in students' evaluation, advisory council membership, and in-kind contributions. Many VET Centres also hire their instructors from the companies in the field. The Tbilisi VET Centre in Didube has a distinct form of cooperation with its social partners. It has set up a kind of business incubator for which the Centre rents out its premises to private companies for a relatively small fee. These small enterprises, in exchange, ensure that students receive practical experience at these companies.

Many VET Centres sell products and services to businesses. These sales help to generate funds that can contribute toward operational costs, but they also serve a promotional purpose. The Didube Centre regularly takes orders for articles of clothing and printed materials. Spectri plans to set up a service center for repair of cell phones. The M. Toidze Centre sells Georgian handicrafts and art in a souvenir shop located on its premises, and participates in arts and crafts exhibitions abroad. The VET Centre in Isani also produces high quality artistic items, articles of clothing featuring Georgian traditional style or motif, crafts and furniture. Items of this nature could potentially be ordered by governmental bodies or international organisations for distribution to guests at various fora, such as conferences, seminars, expos. InvestGeorgia, for example, could procure such items, to include among its promotional gifts for visiting delegations. Chambers of Commerce, both local and foreign, could likewise purchase items from these VET Centres for purposes of promoting Georgia. However, lines of communication and linkages between the VET Centres, governmental bodies, businesses and chambers of commerce are generally quite weak and vary widely, depending to a large extent on the directors' personal contacts.

[77] National Professional Agency (2008), *Situational analysis* p. 10, available online at http://www.cegstar.ge/files/4.profesiuliganatlebissistema.pdf - accessed March 26, 2010
[78] Interview with Giorgi Kadagidze, Deputy Director of Spectri (March 2010)

4.3.1 Survey of Existing Social Partners

Preparing to conduct a survey of existing social partners involved a process of collecting, sorting and updating lists and information provided by the MoES and by the VET Centres themselves. As described in the preceding section, social partners range widely in terms of the nature of their organisations. The lists included mostly private businesses, but also one trade union and even international organisations and donors. In Tbilisi, from the list of 139 companies contacted, responses were received from senior management representatives of 43 businesses; the overwhelming majority of those were connected to Spectri and the IT VET Centre.

A substantial number of the social partners were impossible to reach. Many could not or would not provide the details of their partnerships with the VET Centres. It seemed clear that the lists provided by VET Centres to the MoES were largely out of date. It is recommended to renew the list, cluster the social partner by functions and make an actual copy of the list at least twice a year.

Since 40 out of the 43 companies reached were social partners connected either with the IT VET Centre or Icarus, the survey results cannot be considered representative. If anything, these organisations should be seen as outliers in terms of resources, international support and training as well as general activity. Therefore, the feed-back received about them should be seen as an example of the best relationships that exist in the VET system.

Nevertheless the survey results have some validity in that they reflect opinions on what may be considered the more advanced VET Centres in Georgia. Social partners contacted had an average of 55 employees. Icarus has several large social partners such as GMC and M|Group. As a result, Icarus is able to organise praktikum opportunities for 8-10 students, on average, at a single place. The IT VET Centre deals with smaller firms who can take fewer interns and so places 3-4 students in a given company. On average, the duration of the praktikum for Icarus students is from 6 to 8 weeks a year and in the IT VET Centre it is 5-7 weeks. The share of students employed after the internship is also higher for Icarus, with 41 Icarus students a year. For the IT VET Centre only 4 students were retained in total from the companies polled. It is worth noting here that the majority of IT VET Centre students are already employed while taking their courses, hence fewer students would need to find new jobs following their praktikum.

Social partners were asked to assess the Centres on a five point scale. On average, IT VET Centre and Icarus students were both considered to have good theoretical knowledge (4 out of 5). However students' practical preparedness scored lower at an average of 3.

In conversation, businesses often said that theoretical knowledge and novelty are great student strengths. A representative for ITDC, a website design company, noted that a student from the IT VET Centre brought a new way of thinking to the company and became a very valuable employee.[79] Similar assessments were made by several companies in relation to Icarus. According to Mr. Januashvili from Mtskheta restaurant, students are often able to bring new recipes to the restaurant and so offer a great contribution.[80] Most however, note that although theoretical preparation is satisfactory, in practice students are rarely able to start work. They need to undergo on-the-job training which takes up additional company resources. Ms. Maglakelidze from the Tsiskvili restaurant, for example, noted that although Icarus students have useful formal education, they still need extensive practical trainings.

While on their praktikum, students are supervised by the VET Centre. Generally the VET Centres call the business regularly and at the end of the praktikum, evaluation sheets are usually distributed to companies

[79] Interview with Sergo Karakozov, ITDC Project Manager (February 2010)
[80] Telephone interview with Zurab Januashvili, Mtskheta Restaurant Director (February 2010)

where they can assess the students' work. Some businesses have complained, however, that they are less involved in evaluation of students than they would ideally expect.[81]

In most cases, businesses assess that having extra students at the company is an additional burden for them. When asked about the reason why they chose to take students, around 55% of companies respond that they just wanted to help the VET Centre or the students. VET Centre representatives note that this connection is largely dependent on personal contacts. For example, the change of management at the Cruise Hotel/Restaurant radically shifted the cooperation between Cruise and Icarus.

4.3.2 Business Advisory Councils

In the framework of the USAID-supported Vocational Education Project in Georgia, four VET Centres have established Business Advisory Councils: Spectri, Icarus, Khidistavi and Kutaisi. Members of these Councils include representatives from the private sector; mostly from the construction industry. Councils meet on a quarterly basis and MoES representatives are invited to participate in the meetings. Topics discussed include curriculum content, range of courses offered and relevance, placements for students into praktikum, internships and jobs.

Of the four, probably the more highly developed Councils can be found at Icarus and Spectri. Mrs. Tamar Tabidze, Icarus Director, has enjoyed some success in attracting business men and women from the private sector to teach at her Centre. Thanks to her wide network of contacts she has also managed to invite well known businesses onto the Icarus Business Advisory Council. Spectri has also had the good fortune to involve a handful of construction companies onto its Business Advisory Council whose representatives demonstrate a sound understanding of the purpose of the council and its role. Both of these Councils have already begun to have a positive impact on the VET Centres in the short time since they were created (January 2009). Spectri Business Advisory Council has been working steadily toward putting strategies in place for increased student placements. Most recently Spectri signed an MoU with the Georgian Employers' Association which will put in motion several forms of cooperation that will facilitate placements. Spectri's director anticipates signing additional MoUs or other forms of agreements, both with private sector entities and with Ministries (e.g. Agriculture and Energy).

For Icarus, long discussions at two successive business advisory council meetings resulted in a decision to pilot three short-term intensive training modules for waiters, cooks and bar-tenders. These courses represent a departure from the regular curriculum which consists of one and two-year courses of study. They also represent a step in the direction which MoES has considered for all VET Centres – a shorter, modular design for most courses of study.

The Business Advisory Councils in Kutaisi and Khidistavi are evolving at a slower pace, mostly due to a smaller potential pool of business representatives who have a good grasp of how their participation is mutually helpful, for businesses and the VET Centres. The GTZ-supported round table meetings convened by Gori Municipality could play an important role in enhancing business interest in and engagement with the Khidistavi VET Centre's Business Advisory Council, provided the Centre director begins to participate actively in the round tables. Also, it is worth noting that the Kutaisi VET Centre has benefited from the active involvement of the Kutaisi Chamber of Commerce.

Should the MoES wish to encourage all public VET Centres to replicate these four pilot business advisory councils, consideration might also be given to possible linkages or formalised relationships with VET Supervisory Boards, once they are in place. The Supervisory Boards, which will have responsibility for oversight of the VET Centres, will include employers. Some thought might be given to establishing

[81] Interview with Mzia Maghlakelidze, General Director of Tsiskvili Restaurant (February 2010)

mechanisms for ensuring productive relationships between the Boards and Councils, and for avoiding possible conflicts (ie in the case that competing businesses sit on a VET Centre's Board and Council).

4.4 Intermediary Social Partners

In order to match the Vocational Education sector in Georgia with labour market needs, it is necessary to connect to the market and to other significant agents of social change in a country which may be in a position to provide insights on future training needs and opportunities. This does not simply mean connecting with businesses, but may also mean connecting to other organisations who can be conduits for market information or who may help provide resources. In the process of preparing this study government agencies, business associations, trade unions, employment agencies, professional associations and international organizations were considered.

4.4.1 Government Actors

Government Agencies are key partners for the development of the VET system. Coordination is essential because it is the government as a whole that will shape the VET policy in line with overall government priorities and within the context of resource constraints. However, specific ministries and agencies have particular roles to play providing resources and functionalities.

First, since the VET programme is intended to facilitate labour market needs, its development needs to be coordinated with Georgia's overall development strategy. Though the government does not currently have one policy document on economic development, the MoED could be a key partner in this role, possibly also the Ministry of Health, Labour and Social Affairs. Though at the same time, the Prime Minister's Office and the Ministry of Regional Development and Infrastructure and Ministry of Agriculture also have important roles to play in the economy's development.

Second, government bodies can be invaluable for providing information. Obviously, *Geostat* will be the central agency for economic data, but particular sector-responsible institutions, such as the Ministry of Agriculture, may be able to highlight or clarify particular issues in some sectors as well as share information with the MoES on internationally funded technical assistance of relevance to the development and modernization of targeted VET Centres. For example, technical know-how delivered via international donor assistance to farmers and communities (e.g. artificial insemination, milk collection centers, new agro-chemicals, new varieties of fruits, vegetables and seeds, new fisheries technologies, and so on) may also be transferred to relevant VET Centres so they may act as repositories of this knowledge and can serve the communities as a base from which new generations of farmers and agro-businessmen/women can be educated.

Finally, government agencies may be able to highlight opportunities that arise from significant investments in the economy, whether these come from foreign investment or from international donors. Organisations such as the National Investment Agency can identify and flag particular investments which may create certain kinds of employment needs to which VET Centres can respond. These can then be used to market the VET system generally, as a tool of investment promotion. Other government agencies may be well placed to inform the MoES about international development projects which could benefit potentially from a connection with the VET system. For example, when the Department of Roads or the Municipal Development Fund plan to tender and contract out infrastructure projects such as roads, water and sewage systems, they may wish to explore ideas with MoES and seek measures for ensuring the VET system can supply labour for these works. In a similar fashion, government agencies have the potential to exert pressure on international donors to utilise the VET system, where possible, to create sustainable effects from development projects.

4.4.2 Business Associations

Georgia has a range of different business associations. In the course of this study many were contacted in an effort to gauge their knowledge of vocational education, their interest in engaging with the MoES or with the VET Centres, and to determine what resources they could to apply toward improving the VET system.

The original assumption was that business associations could act as agents for connecting the VET system to many different businesses in one step. Detailed discussions took place with the largest business associations, including the Georgian Chamber of Commerce and Industry, the Business Association of Georgia, the Georgian Employers' Association, the International Chamber of Commerce (ICC) and the American Chamber of Commerce (AmCham). A number of smaller national business associations, such as the German Business Association of Georgia (DWVG), also provided valuable insights.

Surprisingly, the results were generally not as promising as anticipated (with the exception of the Georgian Employers' Association, discussed below). The local business associations showed little interest in engaging with VET reform. One general problem is that these business associations do not have active sector committees that could engage with the MoES sector committees or with the VET Centres directly. That said, DWVG did arrange a focus group for their automotive members which provided useful and informative feedback to the MoES.

In the absence of sector committees, HR committees were contacted, though it turned out that only American Chamber of Commerce and International Chamber of Commerce have active HR committees. Focus groups took place with the AmCham HR committee, and a meeting was convened with Michael Lelashvili, Head of ICC's HR committee, who provided a list of his committee members.

In addition, while AmCham and ICC expressed interest in the on-going VET system reform they did not have a clear idea as to how they would engage with MoES on a more permanent basis. In the discussion with AmCham HR committee members, it became apparent that there was little need for the skill sets that the VET Centres provide, except in hotels where demand was clear and relationships already well established. Though there was a strong feeling that if the VET Centres focused more on service and sales industries then there would be a strong connection for AmCham members.

One final possibility is that, even with little direct engagement, the Chambers might be able to provide a structure for marketing and communication of VET information to their members. However, even on this front the relationship between MoES, sector committees and the Chambers would require careful management to facilitate succinct and relevant information flow between the parties.

The Georgian Employers' Association appears to be emerging as one social partner with significant potential to contribute toward the process of closing gaps between labour supply and demand. The Association, with affiliates in several regions of Georgia, has played an active role in delivering useful trainings, with support from International Labour Organization. The module, "Know Your Business," was delivered in Autumn 2009 to 23 teachers from VET Centres. GEA has also facilitated trainings provided by ILO experts on teaching methodologies to instructors from 22 VET Centres. A training designed for potential entrepreneurs and new business owners, "Improve Your Business," was conducted by ILO trainers for GEA current and potential new members.

The Association has prepared training manuals and course content and has conducted labour market studies. It participates in the MoES Sector Committee work. In addition to support from ILO, the Association has been the recipient of technical assistance from Germany, and has engaged in UNDP-supported activities. The GEA may well have the potential to play a useful role in galvanizing social partner support toward further modernisation of the VET system, by strengthening and rationalising the exchange of information between

intermediary social partners (ie trade unions, chambers of commerce, professional associations), the VET Centres, the sectoral committees and the MoES.

Chambers of Commerce in the regions may offer good prospects for direct involvement with VET Centres. The head of the Poti Chamber of Commerce explained that, while he has no engagement currently with the VET Centre in Poti, there may be opportunities to explore, as his Chamber represents a mix of 100 businesses that are all locally oriented. The Chamber of Commerce in Kutaisi is already actively engaged with a VET Centre, participates on the Business Advisory Council of the Centre, and hosted a construction skills expo for that Centre in November 2009.[82] Clearly it would be useful for VET Centres located in larger cities to cultivate ties with the regional Georgian Chambers of Commerce present in their cities.

4.4.3 Sectoral Business Associations and Professional Associations

Business associations that focus on a specific sector, or groups of professionals who benefit from a connection to an institutional college, could be obvious partners for both the MoES and the VET Centres themselves because they have clearly defined knowledge and expertise on a given industry. However, this category of business association ranges from the more highly professional and active organisations to weaker groups, many of which are hold-overs from the Soviet era. All of them are struggling, in the current financial environment, to maintain active rosters of paying members. Some have sustainable strategies in place, such as trainings they offer members and non-members (e.g. The Association of Accountants), or conduct research (e.g. Association of Young Economists), or conduct fee-based qualifying exams (e.g. Federation of Beauticians and Cosmetologists).

The greatest challenge many of these associations face is the need to provide services that their members will value. And, not all businesses find the strength in numbers that an association can offer. For example, Icarus does not actively engage with the hotel association because this association does not have an active membership base. Georgian hoteliers see competition, not value, in joining an association.

A different case is the Georgian Bar Tenders Association, which has a relationship with Icarus because its president teaches at that VET Centre. Another example is the Association of In-Coming Tour Operators, which is a member of the Icarus Business Advisory Council, largely due to the fact that the Association's president and the Icarus director know each other well.

It will take some time before mutually beneficial relationships can begin to form between VET Centres and professional or business associations on the basis of something of value they can offer each other, and not merely due to friendship or loyalty between individuals.

4.4.4 Trade Unions

Trade unions would seem to be an obvious social partner for facilitating labour-market matching in vocational education. They can potentially bring a range of benefits. First, day-to-day interaction with employees and employers puts trade unions in a good position to have up-to-date information on trends in the job market – where specific professions are needed, which companies have openings, etc. Second, trade unions have intensive interactions with companies in their sector and so they can serve as an additional mechanism for VET Centres to identify and establish relations with relevant businesses. Third, trade unions also can play a role as experts, providing insights into industry trends and potentially even training at VET Centres. Fourth and perhaps most importantly, trade unions unify significant proportions of specialists in their respective sector and can provide input from the employees' perspective.

[82] Interview with Gega Gigiberia, Head of Poti Chamber of Commerce (April 2010)

In Georgia, trade union membership totals 270,000. To assess the potential of trade unions in the vocational education system, interviews were conducted with the six most relevant trade union leaders, where questions were asked about their organisation, the level of their involvement in VET system reform, and potential cooperation with MoES on VET issues.

Members of the Georgian Trade Unions' Confederation (GTUC) vary widely in size, capacity, human resources, finances and other factors. Therefore, effectiveness of trade unions in their respective sectors will differ. For example, the teachers' trade union has 100,000 members, is represented in all municipalities of Georgia, has properties and facilities in Tbilisi and other towns of Georgia, and is headed by an energetic leader who is actively involved in international ventures and also serves as the deputy head of the European Trade Unions' Confederation.

However, in sectors where demand for vocational and technical education is relatively high such as agriculture, transport, construction, energy, telecoms, IT, tourism, FMS goods, chemical and pharmaceutical, trade unions are not strongly represented in Georgia. For example, the construction workers trade union has only 3,500 members, though the sector is huge.[83] Another trade union, which unites transport related industries and roads construction workers, has 8,500 members but only collects GEL 2,000-3,000 in monthly membership fees, and so far misses most of the big players in the sector.[84] Although the agriculture trade union is one of the few who cover all municipalities in Georgia, they only include a few relatively large companies and have 7,150 individuals in total.[85]

Tourism, banking, and communal services' employees have one trade union, with roughly 8,000 members. However, there are no hotels or restaurants associated with this trade union, as these organisations have little interest in trade union activities in general. The only bank which has employees with this trade union is the Bank of Georgia, with only 40 bank specialists being members. Hence, most members of the trade union are from the communal service companies, such as Telasi and Tbilisi Water and Power.[86]

Nevertheless, the trade unions may still be well positioned to give general insights into the sectors with which they are connected. All trade union leaders stressed that they have pools of experts in their respective fields and that these should be invited by the government to provide advice. However, the MoES needs an effective mechanism to facilitate outreach to and participation of the trade unions, and all other categories of social partners. Perhaps that mechanism can be found in, or tied to, the tripartite agreement for dialogue which the Confederation of Trade Unions signed in 2008 with the Government of Georgia and the Georgian Employers' Association.[87]

The larger concern that became apparent during discussions with trade unions was not capacity but level of interest. Generally, trade unions are interested in any skill developments that lead to an expansion of the workforce and more members. This suggests that trade unions should be interested in establishing relations with VET Centres. Currently, however, trade unions have very limited contact with VET Centres. Only three trade unions participate in MoES sector committees. Two have attended just one meeting.

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[83] Interview with Murtaz Giorgadze, Chair of the Trade Union of Workers in Architecture, Construction and Construction Materials Industry (March 2010)
[84] Interview with Lavrenti Alania, Chair of the Trade Union of Workers in Transport and Roads Sector (March 2010)
[85] In addition these companies are generally more food and beverage production, like Coca-cola, Santé and Agara Sugar Factory. Interview with Gela Dzebilashvili, Chair of the Trade Union of Workers of Agriculture, Food and Processing Industry (March 2010)
[86] Interview with Malkhaz Ghoniashvili, Chair of the Trade Union of Workers in Service, Communal, and Banking Sector (March 2010)
[87] http://www.gtuc.ge/cms/index.php?option=com_content&view=article&id=88&Itemid=7&lang=en (referenced May 7, 2010)

Just one trade union demonstrated interest in participating in sector committee meetings and was aware of the activities being implemented in the VET education system. Most trade unions were not aware of reforms that are taking place in the vocational education field at all. In the end, trade unions' low capacities and very limited interest and involvement to date in VET sector reform suggest that there will not be much input of significance from their side. However, trade unions which specialise on the educational system, including vocational education, have stressed their desire to be included in policy consulting work.

4.4.5 Employment Agencies

Research for the Mismatch study also included a brief review of 18 employment agencies. All of these were private apart from IOM's Job Counselling and Referral Centre and the Georgian Business Development Centre. The private companies provide a range of (usually online) sites for advertising/applying for jobs. Most of these are somewhat biased towards higher-level positions; three of the 18 companies focus almost exclusively on this segment of the population. Nevertheless, these agencies could help facilitate employment for VET students. In 2009 Red Star approached Spectri seeking men trained in construction trades on behalf of a client in Poland. Another agency offered to place masons onto contracts for work in Uzbekistan.

Most agencies have a general profile, and so recruit for companies in all sectors. A few companies stand out for their areas of specialty. First, there two companies that exclusively recruit for the service sector, particularly providing hospitality services including hotel and restaurant staff and home-help such as cleaners, nannies and drivers.[88] Two other companies focus on maritime-related employment opportunities.[89]

Three public, non-profit employment organisations came to our attention. The Job Counselling and Referral Centres (JCRC) have been set up recently by the International Organization for Migration (IOM), with funding from the Czech and Polish Governments. The JCRCs are located in two VET Centres (in Tbilisi and Batumi), where they offer services both to VET trainees and to vulnerable segments of the public at large. Plans are in place to open additional JCRCs in several more cities. Though the JCRCs provide job-matching services as well as some forms of vocational training, they are not equipped or designed to solicit and process input from the private sector for purposes of shaping and informing VET Centre curricula. However, this does not rule out potential for developing some form of systematic feedback from the JCRC networks of employers to the VET Centres and the MoES.

With support from the Centre for International Migration and Development (a joint operation of GTZ and the German Federal Employment Agency), the Returning Experts Programme was established to facilitate re-entry onto the Georgian labour market for citizens of Georgia who have completed their education in Germany and who are planning to return, or may already have returned home. The Programme, only just established in 2007, primarily targets individuals who have achieved a higher level of education, not those who have completed some form of vocational training and trade-related employment in Germany. A slightly wider application of the Programme might potentially benefit the Georgian VET system.

Georgians who have completed vocational training in Germany and have either the status of journeyman or who have attained the level of master craftsman (Meister) in a particular trade could be encouraged and supported in returning home to Georgia where they could take teaching positions with VET Centres. Of course, VET Centre salaries do not compete with the level of compensation a German-trained tradesman could demand on the labour market, hence some form of salary subsidization might be needed, to promote and facilitate job placement at a VET Centre for a period of time sufficient for transfer of know-how from the "guest" teacher to the permanent teaching staff.

[88] Gadia (www.gadia.ge) and Red Star (www.redstar.ge).
[89] Baltic Group International, Georgia (http://www.bgicrew.com) and Ocean Shipping Company (www.occ.ge).

Within the framework of USAID's VEP in Georgia, several VET Centres have been receiving technical assistance and training in support of nascent employment counseling services. Additionally two VET Centres (Spectri and Kutaisi) organised construction trades' fairs in the autumn of 2009. These events provided platforms from which to showcase the skills of VET Centre graduates to potential employers, who were given opportunities to test and select them for their construction projects. The majority of employers who visited VET Centre stands at these expos had not been aware of the Centres and expressed surprise at the quality of work on display.

These organizations and programmes, particularly those that deal regularly with employers, may well have insights into labour market demand. The biggest challenge, in terms of tapping them for this information would be, of course, that they each have a very partial view of the market. However, this should not exclude them from consideration in the future.

4.4.6 Multilateral and Bilateral Organisations

During the planning phase of this research study, Multilateral and Bilateral Organisations were not included in the analysis. However, as research progressed it became clear that the impact of these organisations on the VET Centres generally and within certain sectors of the economy is quite profound and bears examination.

There are two kinds of Multilateral and Bilateral Organisations which are important for the VET system - those that work with the VET system directly, and those that work on economic development by providing training. The first group has already been extensively discussed. They have also affected VET policy by providing technical assistance, material support and encouraging particular kinds of structural change.

On top of the funds directed at VET Centres, the EU sector policy support programme, for example, consists of Euro 17 million of budgetary support for 2010-2012. While the money is not allocated for vocational education, it is connected to the fulfillment of VET related reform targets. It also comes along with Euro 2 million that will be spent on technical assistance for the development of capacity in the VET system. This Euro 2 million is mainly directed at training of trainers and the development of standards, in coordination with the European Training Foundation (ETF).

A second group of international organisations also has potential to play a very important role in VET system development. While the MoES and VET system have benefited from many and varied forms of international and bilateral donor assistance, they have missed opportunities for capturing additional international technical assistance and know-how that have been delivered over the years by donors directly to communities, businesses and individuals.

Of particular note are donor funded projects designed to modernise and improve the agricultural sector. Milk collection centres have been set up, bio-gas digesters installed on dairy farms, new fruit and vegetable varieties introduced that are disease resistant and more productive, artificial insemination centres have been established, animal husbandry know-how among farmers has been updated, modern fishery techniques have been taught to individuals, modern agro-chemicals (fertilizers, pesticides) have been put on the market, ecological/bio-friendly farming techniques have been made available to farmers and their communities.[90] Three hundred New Holland tractors were donated generously in 2010. Trainings in tractor operation, maintenance and repair were provided.[91] FAO funded delivery of trainings in May 2009 to veterinarians in the

[90] Technical assistance provided by, among others: CARE International in the Caucasus, CHF, Elkana (BP-funded), GRM International, Mercy Corps, United Methodist Committee on Relief and World Vision

[91] "GT Group, New Holland makes modern agricultural machinery available for farmers," Nino Edilashvili, Georgia Today, Feb. 26, 2010

context of its project, 'Strengthening of Prevention Measures of Foot and Mouth Disease and Assistance in Implementation of Urgent Actions in South Caucasus Countries'.[92]

None of this knowledge has been captured and integrated into the curricula of those VET Centres which offer education and training related to farms, orchards, and livestock. These Centres have the potential to play an important role for the agricultural sector. They can serve as repositories and providers of up-to-date technical expertise and know how. They can and should prepare the next generation of farmers and agro-business labour by ensuring their students acquire skills and knowledge that are relevant to the domestic agriculture sector and according to international standards and requirements that are essential for agricultural exports. At present, there does not appear to be any mechanism in place that can ensure that this form of international technical expertise will be shared with or transferred to the VET system, in spite of the fact that the Ministry of Agriculture is a member of the National VET Council.

By capturing this know-how and expertise within the VET system, the MoES can ensure that the impact of international or bilateral donor support to various economically significant sectors will be far more sustainable than one-off projects which benefit one or another individual or community.

Several multilateral and unilateral donors are finalising plans for continued or new forms of development assistance to Georgia, much of which may involve some form of involvement with the VET system. If these resources could be used not just to develop trainings, but also to develop the system for training delivery in the VET system then the impact could be broader and more sustained. Ensuring that these opportunities are identified and utilised makes unilateral and multilateral actors essential social partners. The Georgian government and MoES may wish to consider means to strengthen policies and practice on ownership of donor assistance, as put forth in the 2005 Paris Declaration on Aid Effectiveness and further enhanced by the 2008 Accra Agenda for Action, which emphasize, among other priorities, the need for recipient countries to lead and manage donor activity.[93]

5 Improving the Strategies for Labour Market Matching in Georgia

The preceding in-depth review and description of the current situation within the VET Centres, on the labour market, and in regard to VET labour market matching strategies together provide the background and basis from which to explore strategies for the future. As demonstrated above (Sections 2 and 3), a mismatch appears to exist between provision of VET and labour market needs. Section 5 presents a discussion on how existing strategies for labour market matching (discussed in Section 4) can be strengthened and new mechanisms can be put in place. These will hopefully contribute to closing gaps between labour supply and demand in Georgia. The British VET system and Estonia's VET system will be examined, in an effort to identify useful lessons or practices that may prove applicable to the Georgian context.

The study's final recommendations operate on three levels: the strategies that can be utilised to facilitate matching at a national level, those that will engage greater social partner engagement with the MoES and those that can help VET Centres engage with social partners themselves.

At the macro-level, labour-market matching will involve the use of statistical information about the VET system and labour market needs nationally and regionally. Information is already collected that gives indications for both of these areas. However, there seem to be clear options for improving data collection

[92] Georgia's Progress Report on Implementation of the ENP Action Plan in 2009, Office of the State Minister of Georgia on European and Euro-Atlantic Integration, February 2010, page 29
[93] For further information see *Accra High Level Forum* (www.accrahlf.net) reviewed April 2010

without instituting new and expensive surveys. More refined data collection will help to identify the sectors that are currently under-considered (as this study has done).

Understanding the current mismatch is only half the picture. Gathering and sorting this information will only be useful if it is clear how the information is to be used and how it is to help fill the gap. Therefore, in addition to providing concrete recommendations on how to improve data-gathering, the study also suggests ways in which this information can be utilised.

At a ministerial level there is also potential for expanding the involvement of social partners, particularly employers. The current sector committees are a useful institution for this. As research presented above suggests, in general terms they have worked well. However, the MoES has experienced difficulties attracting business representatives to these committees. This comes as no surprise. Much of the literature on vocational education confirms that sustained dialogue with social partners is fundamentally difficult to achieve.

A more targeted approach is recommended toward identifying businesses that might be interested in the VET system. A few different ways are proposed by which the system could be re-organised to make engagement more attractive to businesses.

At the level of VET Centres, it is commonly accepted that synchronizing vocational education and ensuring that it facilitates the greatest employment improvements will require that the social partners, and particularly employers, are more effectively engaged in the system.

These recommendations are primarily directed at the government, particularly the MoES and the MoED. However, they will also significantly depend upon the active participation of other government institutions that are involved in economic development, most notably the office of the Prime Minister, the Ministry of Regional Development and Infrastructure, Ministry of Health, Labour and Social Affairs, Ministry of Agriculture and *Geostat*.

The following section reflects on the analysis of the British example to highlight ways in which the different existing mechanisms for engaging social partners can be improved, and to see if any entirely new mechanisms should be developed.

5.1 Experience of the United Kingdom

At first glance the UK seems an odd choice for case-study to inform Georgian Vocational Education reform. The British Vocational Education system is extremely complicated in its institutional detail, vocational training products and financing and this complication makes analysis difficult.[94] At the same time the differences between Georgia and the UK are dramatic. The UK is the 6th largest economy in the world, has a GDP per capita of about 10x and a population of about 15x that of Georgia.[95]

However, in spite of the differences, the UK system has certain similarities to the Georgian system that make comparisons interesting and useful. First, the British model for Vocational Education is extremely pluralized, offering vocational training through numerous channels that include schools and colleges as well as 10,000 private educational institutions and even accredited in-house training. To facilitate that, the UK system is

[94] The VET system is devolved to the governments in Wales and Scotland. In England several ministries are currently responsible for VET. In 2007 the former Department for Education and Skills was split into the Departments of Universities, Innovation and Skills (DIUS) and the Department of Children, Schools and Families. These Ministries divide some responsibility for VET dependant on the target age of the recipients. Funding is also divided.
[95] US Central Intelligence Agency (reviewed April 2010), *The World Factbook*, (https://www.cia.gov/library/publications/the-world-factbook).

modularized. All of this seems to be in-line with the direction that the current Georgian Government wants to take the system.[96]

Second, at the national level the British system uses a set of 'Occupational Sector Skills Councils' as their principle mechanism for engaging with employers and other social partners. These are similar, at least superficially, to the Sector Committees that the Georgian Government has used to engage employers in the development of occupational standards.

Third, and perhaps most importantly, while the UK has placed 'employer engagement' at the centre of its Vocational Education development strategy, the UK lacks a tradition of three-way (employer, employee and government) social engagement and planning. As a result, the UK has faced difficulties keeping employers meaningfully engaged. The way these problems have emerged and the way the Skills Councils have sought to tackle them can be instructive for the Georgian case.

The UK VET system has also been in a state of flux for the last few years. When Lord Leitch published a report in 2006 aimed at identifying the skill priorities for the UK up to 2020, this set the terms of a new wave of reforms in Vocational Education. Amongst the Leitch recommendations was the desire to make the existing system more demand driven and to incorporate employer based education into nationally accredited qualifications.[97]

Overall, the UK system may offer three major lessons to the Georgian system when it comes to employer engagement:

i. Clearly define what one expects from employers.
ii. Involvement should be administratively uncomplicated and include clear benefits to the companies involved.
iii. Employer engagement is most likely if the employer is working with Vocational Education in other ways. In the UK context this particularly means employer involvement in the apprenticeship system.

5.1.1 UK Engagement with Employers

General responsibility for ensuring the economic relevance of vocational education falls to the UK Commission for Employment and Skills.[98] To facilitate doing this, the Commission is responsible for licensing the 25 Occupational Sector Skills Councils that form the focal point for employer engagement with the system.

These 25 Occupational Sector Skills Councils are different to sector committees in Georgia in a number of ways. First, as one can see in Figure 26 they are organised in terms of categories that reflect similar professional skill.

Figure 26: List of Occupational Sector Skills Councils in the UK

Asset Management	Facilities management, housing, property, planning, cleaning and parking.
Automotive	Combines automotive retail industry and automotive technician (but not drivers)

[96] Kathryn Hoeckel, Mark Cully, et al. (2009). *Learning for Jobs: OECD Review of Vocational Education and Training in England and Wales*, OECD.
[97] Leitch Review of Skills (2006). *Prosperity for All in the Global Economy - World Class Skills*. London, UK
[98] The British Council (Reviewed 2010). *Training and Skills in the UK: Meeting the Global Skills Challenge*. London, UK, p8

Chemical	Pharmaceutical, nuclear, oil, gas, petrol and polymers
Construction	Construction
Creative and Cultural	Advertising, craft, cultural heritage and the performing arts
Energy and Utility	Electricity, gas, waste management and water
IT	Information technology and communication
Financial	Insurance, banking, credit and accountancy
Passenger transit	Aviation, bus, coach, taxi, rail, driver
Government	Human resources and management for public sector institutions
Agriculture and Environment	Agriculture, fisheries and land management
Education	Education
Leisure	Hospitality, leisure, travel and tourism
Materials manufacturing	Process and manufacturing sector including materials process and supply extractives, print, building products, glass, coatings, glazed ceramics, paper, furniture, wood
Mechanical Manufacturing	Science, engineering and manufacturing technology, including aerospace, automotive, electrical, electronics, marine, mechanical, metals, science and bioscience
Textiles	Fashion and textile sector
Social work	Social care and care for the disabled
Social protection	Courts, police, prisons, fire and rescue, social workers
Logistics	Freight and logistics industry
Sport	Active leisure and learning sector
Media	Creative media
Retail	Retail
Health	Health
Food	Food and drink production
Building services	Building service engineering

Reference: Information retrieved from individual websites. For list of sites see British Council (reviewed 2010), *Training and Skills in the UK*, (http://www.britishcouncil.org/training_and_skills_in_the_uk-2.pdf), p9

It is worth noting that this list of categories does not include any of the extremely broad economic categories, such as 'industry' or 'services' that are included in the Georgian list. Similarly, agriculture is packaged with 'land management' and not 'food production' because of way the skills are considered to overlap in the UK.

That said, it is clear, the list also reflects the dynamics of the UK economy and it seems likely that not all of these categories would be needed in the Georgian case. For example, 'active leisure and learning' as well as 'social care' would all seem to fit under the broad category of 'health' in the Georgian context. Similarly, while the category of 'transport' may benefit from sub-division in Georgia, it is unlikely to justify three categories in the way we seen here.

The second major difference between the UKs Occupational Sector Skills Councils and Georgia's Sector Committees is that in the UK they are run by employers and, though they are largely financed by the government, maintain a permanent staff and operate as separate institutions. The Councils have three major roles. First, they are supposed to help the maintenance and modernization of the occupational standards. Second, through their involvement with the Young People's Learning Agency and the Skills Funding Agency they are able to influence government funding priorities by highlighting particular professional priority needs within sectors. Finally, as representatives of employers, who are one of the main 'consumers' of government training policy, they can provide continual feed-back on how the system is operating and what reform is needed.

On top of this they provide sectoral insights into the development of apprenticeships, Job Centre Plus, and Funding and National Skills Academies.[99]

Apart from the Occupational Sector Skills Councils (SSC), the British VET system directly interacts with employers in the apprenticeship system. The system of apprenticeships was rebranded as 'Modern Apprenticeships' in 1994 when the apprenticeship system was attached to the National Vocational Qualifications (NVQ). In the last decade or so the numbers of people involved in apprenticeships has increased significantly, with around 100,000 completing their apprenticeships in 2008/2009 up from around 40 000 in 2001/2002.[100]

Modern apprenticeships are defined by a number of characteristics. First, they are sponsored by a particular employer. Second, the majority of training is 'on-the-job' with support from a training provider that is usually paid for by the state. Third, the apprentice is paid a salary, though this may be relatively low. In the UK case this is not usually paid by the state.[101]

Employer engagement is central to the apprenticeship system, since apprenticeships cannot happen unless employers are prepared to accept and pay for them. In the UK, there were around 130,000 companies providing apprenticeship places in 2007.[102]

Finally, the government has also tried to encourage the development of formalization in employer based training schemes. The 'Train to Gain' programme has aimed at accrediting in-house training so that employees can translate their training into nationally acknowledged qualifications.

5.1.2 Problems with Employer Engagement in the British System

The differences between the Georgian and the UK VET methods for engaging with employers can certainly provide food for thought. However, probably the most useful insights into employer engagement can be learned from the difficulties the British system has experienced and the way they have responded to them.

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[99] Alliance of Sector Skills Councils (Viewed 2010). *Sector Skills Councils: Speaking for UK Employers* London, UK, p6

[100] UK Government, Department for Innovation, Universities and Skills (2008). *World Class Apprenticeships: Unlocking Talent, Building Skill for All* London, UK p3

[101] The minimum wage for an apprentice is GBP 96 per week. Tamar Tabidze and Maia Tsereteli (2010). *Employer Engagement Manual.* Tbilisi, Georgia, British Council. p37

[102] UK Government, Department for Innovation, Universities and Skills (2008). *World Class Apprenticeships: Unlocking Talent, Building Skill for All* London, UK p12

As in the Georgian case, the main problem with sector councils has been that they have found that even with funding and a wider remit, employer engagement is hard to attain. One obvious signal of this fact is financing. While it was hoped that the sector skill councils would become self-financing, they still receive the bulk of their financing from the government.[103]

Another signal of their limited ability to engage is that surveys have suggested that knowledge and trust in these councils remains extremely limited, particularly amongst small and medium-size enterprises.[104] This may reflect a historical failure of British business to organise collectively and engage with Government. As Jonathan Payne, a prominent analyst of UK VET highlights,

> Compared to Northern Europe, where employer associative behaviour has strong legal underpinnings, many UK employer organisations have relatively low membership and remain poorly resourced, with many large multi-national firms opting not to join … Consequently, the state has been forced to step in and try to create sectoral bodies that can represent, concert and mobilise employer interests around skills and training.[105]

It has also been suggested that another possible reason why they have found it hard to engage employers is that they have found it hard to identify what exactly employer engagements means, in particular, what is expected from the employer and what the employer hopes to gain. One response to this problem has been to suggest that the general idea of 'employer engagement' has little value in the generic but different types of employer engagement need to be clearly distinguished from one another. The British Sector Skills Development Agency (SSDA) outlines 5 different types of employer engagement, each one requiring progressively less intensive involvement.

1. Employers engaged in Sector Skills Councils (SSC) strategy and organisational development directly, r example, through participation in the SSC Board, working groups, focus groups, consultations, or the making of financial contributions.
2. Employers engaged in the design and delivery of initiatives and provision, for example, helping to ensure qualifications are employer-led.
3. Employers utilise initiatives and provision -for example, where employers take up grants, subsidies, skills brokerage services, apprenticeships or purchase FE provision.
4. Research and intelligence where employers are surveyed by post, telephone, face-to-face or focus groups in order to understand their competitiveness and skills issues.
5. Mass communications, employers are targeted with web-sites, newsletters, advertisements etc.[106]

Note that the first two levels are generally related to active involvement with relatively few businesses while the lower levels involve less active involvement but with a wider range of businesses.

A number of recommendations and strategies have been suggested to improve employer engagement in the SSCs. First, it has been suggested that employers are usually most engaged with the development of VET Centre policies, training standards and providing feed-back on sector needs if they are already actively involved in the system. One suggestion from an OECD analysis of the VET system is that a stronger connection should be made between SSCs and the apprenticeship system. As they say,

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[103] According to an OECD review, in 2006 they were only 7% self-financing. Kathryn Hoeckel, Mark Cully, et al. (2009). *Learning for Jobs: OECD Review of Vocational Education and Training in England and Wales*, OECD, p18

[104] Steve Johnson, Fiona Walton, et al. (2006). *Skills for Business Network: Phase 3 Evaluation Main Report*. South Yorkshire, UK, Sector Skills Development Agency.

[105] Jonathan Payne (2007). 'Sector Skills Councils and Employer Engagement: Delivering the 'Employer-Led' Skills Agenda in England', *Skope Research Paper* 78. p11

[106] Ibid. p15

> If employers take apprentices, they will not only be concerned with the day-to-day management of those apprentices, but also by the broader competencies which apprentices are expected to acquire. As a result, they have a big stake in numerous features of the VET system, such as the curriculum and the qualification framework. This will encourage employers to engage in different aspects of VET.[107]

Second, a persistent reason for business resistance to involvement is the concern that involvement with government often involves considerable time demands and onerous administrative hurdles. In-order to ensure engagement in the VET system, through apprenticeships, work placements or involvement in SSCs it is essential that the demands on companies, particularly the administrative demands, are kept to a minimum.

Third, the OECD report highlights that given the different kinds of 'employer engagement' that are possible, a general call to 'greater engagement' is less useful than a structured approach to engaging different kinds of businesses at different levels. In the British case it was also accepted that it is generally easier to engage with larger firms as direct partners in the SSC.[108] In response some of the SSCs have developed a tiered approach which identified different kinds of engagement that different types of firms might find interesting.[109] In practical terms this means that one develops different lists of potential partners based on the level of involvement they are likely to want. A tiered system of engagement would allow broader outreach.

5.2 Experience of Estonia

A brief analysis of Estonia's VET system and comparisons with Georgia are useful because both have faced similar hurdles over the past several years. It highlights two areas of priority that may have relevance for Georgia. In the process of shifting and evolving toward a free market system, the Estonian government has taken measures to ensure flexible learning pathways to as wide a range of social groups as possible. And to afford entry onto the labour market for the varied categories of skilled workers, many different incentives have been created for potential and current employees and employers alike.

The similarities in the problems the two countries face are considerable. After decades of Soviet centralised government Estonia's VET system has had to shift from a system where VET graduates were guaranteed employment to an emerging market economy where VET curricula were no longer relevant to actual labour market needs and VET students could not count on automatic employment upon graduation. The Estonian government has reduced the number of VET Centres, in this case, from 79 in 2002 down to 45 in 2008 (of these, 31 state funded, 3 are managed by municipalities and 11 are privately owned).[110]

Also, similar to the Georgian experience, VET education has always been viewed unfavourably. Traditionally, Estonians have placed more value on higher education. And, both countries have sizeable groups of ethnic minorities who are unable to take VET classes that are taught in the official state language.

Estonia's coalition government has proclaimed its will to

> introduce a policy which would ensure the availability of competitive education for the people of Estonia, providing them with equal opportunities and also ensure the development of research in

[107] Kathryn Hoeckel, Mark Cully, et al. (2009). *Learning for Jobs: OECD Review of Vocational Education and Training in England and Wales*, OECD, p28
[108] Jonathan Payne (2007). 'Sector Skills Councils and Employer Engagement: Delivering the 'Employer-Led' Skills Agenda in England', *Skope Research Paper* 78. p18
[109] Ibid. p24
[110] Ministry of Education and Research (2008). *Vocational Education in Estonia*, (brochure), p4

> Estonia and, through this, the skills and knowledge for successful management in the environment of globalisation.[111]

Though top priority has been placed on research and development, there also appears to be a recognition of the economically and socially important role an educated and trained workforce can play in Estonia's further development. In support of the government's policies, the EU has made significant contributions since the mid-90s toward the development of Estonia's VET system.

In a small country with limited resources and negative demographic trends, measures for building a workforce that is aligned to market needs can be crucial to the country's further development.[112] In Estonia, the VET system has become more flexible, to accommodate a wide range of population segments population. To facilitate access, some courses have been shortened, courses have been modularised and e-learning now provides more options and thus more access to prospective students. This has expanded access amongst school-leavers,[113] adults who return for additional training, young mothers raising small children,[114] citizens who need assistance in learning the state language,[115] persons with disabilities, prisoners, companies and their employees who seek in-service training, or who need new kinds of skills. At the same time participation in European and international skills competitions, as well as promotion of exchange or study abroad opportunities for VET students serve to change the public's image of VET education.

Mechanisms for implementation of these new approaches and programmes find expression in three main policy documents: The Development Plan for Estonian Vocational Education and Training System, 2009-2013; the National Lifelong Learning Strategies of 2005-2008 and 2009-2013; The Estonian Strategy for Competitiveness 2009-2011.

5.2.1 Development Plan for the Estonian Vocational Education and Training System 2009-2013

The Development Plan, the main policy document of the Estonian Ministry of Education and Research, focuses on measures to align vocational training with labour markets needs. These include teacher training, development of modern curricula and recognition of prior learning. It also includes involvement with social partners through broader cooperation with companies and the creation of professional trade councils. The Estonian National Qualifications Authority (established with European Training Foundation support) coordinates sixteen professional trades councils, comprised of representatives from sector companies, educational institutions, Ministries, governmental bodies and trade unions.

These councils, just as Georgia's sector committees, determine the professional standards for each sector. They are not engaged, however, in deciding upon actual curricular content. In the process of determining the number of study places in state funded courses, the Ministry of Education and Research consults regularly with such social partners as employers' and employees' organizations.[116]

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[111] Innove: Foundation for Lifelong Learning Development, CEDEFOP. European Centre for the Development of Vocational Training (2009). *Estonia Country Report: Overview of the VET System*. p2

[112] Due to negative birthrates and migration, the population decreased by 0.11% in 2009, a trend that began in 1999. The birth rate has been increasing but numbers of young people are in decline. (Ibid, p.3)

[113] Including those who, up to 2007, dropped out of vocational education to take jobs when the economy was growing

[114] 'as one of its measures promoting the national birth rate, the state partially annuls the study loans of graduates of vocational and higher education institutions who are raising small children'. (Ibid, p4)

[115] In vocational education, there were Russian-medium groups for 26.2% of all pupils in 2008/09 academic years. (European Commission: Education Audiovisual & Culture Executive Agency. *National summary sheets on education systems in Europe and ongoing reforms*. Estonia, September 2009. p3)

[116] Kalle Toom, Head, Vocational Division, Vocational and Adult Education Department, Ministry of Education and Research of Estonia. E-mail correspondence, May 4, 2010.

While businesses may be involved in the development of standards and curricula, there seems to be insufficient effort to target particular skill sets using existing macro data. As Epp Kallaste, CEO, Estonian Centre for Applied Research, has pointed out,

> There is a missing link in Estonia between assessment of skills needs and forecasts of specific occupations, since there is no connection between economic and labour needs forecasts conducted by the Ministry of Economic Affairs and Communications and the Estonian Qualifications Authority.[117]

However, Kalle Toom of the Estonian Ministry of Education and Research explains that a link between the labour market forecasts and the Estonian Qualifications Authority (EQA) is not crucial, as it is the EQA, together with the trades councils, that determine the content of professions or skills sets to be taught. Forecasts for the different occupations, however, only provide information on numbers of jobs and labour market trends, with no details on job content or skill sets required for the job places identified. This apparent data mismatch, or lack of relevant data that can be useful and informative, clearly mirrors the same dilemma facing Georgia's MoES.

Also worth noting from the Development Plan are incentives aimed at higher VET enrollments which target various population segments. Examples include refresher courses (financed by the European Social Fund), Estonian language instruction, opportunities for adult learners (ie lifelong learning) and skills competitions.[118]

5.2.2 National Lifelong Learning Strategy

The National Lifelong Learning Strategy is yet another policy instrument designed to promote maximum engagement of working age Estonians in VET. Improved access to formal and non-formal learning is recognized as an important means for increasing the overall educational level of the entire population. Objectives outlined to meet the Strategy's goals include 'better access to formal and non-formal learning….[and] increase the level of education rate of 25-64 year old participants in lifelong learning to 12% by 2013'.[119]

Measures to reach this goal include trainings that more effectively match labour market needs. For the unemployed or for those at risk of unemployment a wider range of training opportunities are offered. For those returning to education there has been a push to increase the relevance of trainings. The Strategy also calls for non-formal training at the workplace, by which to increase not only the workers' competitiveness but also to stimulate creativity, and cultivate social responsibility.[120]

5.2.3 The Estonian Strategy for Competitiveness 2009-2011

In September 2008, Estonia adopted the 'Strategy for Growth and Jobs 2008-2011'. Less than one year later, as a result of significant changes due to the global economic downturn, an updated strategy was prepared in 2009. Though the new strategy identifies research and development as needing the most attention and development, the document nevertheless confirms the validity and importance of a VET system that can

[117] Estonian Centre for Applied Research (2007). *Improving the match between training provisions and labour market needs: an assessment of applicability of Welsh Approach in Estonia*. Epp Kallaste, p5
[118] Siim Soovere, 3rd place, EuroSkills 2008 - floor and wall tile-setting. Ministry of Education and Research: Vocational Education in Estonia, 2008 (brochure), p3
[119] Innove: Foundation for Lifelong Learning Development. CEDEFOP. European Centre for the Development of Vocational Training, *Estonia Country Report: Overview of the VET System*, 2009. p17
[120] Republic of Estonia, State Chancellery (5 November 2009). *Estonian Strategy for Competitiveness 2009-2011*. Tallinn, Estonia, November 5, 2009, p12

meet the labour needs of the private sector. Several mechanisms and measures presented in the Strategy, outlined below, have direct relevance to Estonian VET students and graduates.[121]

On the basis of the Strategy, a wage subsidy scheme has been extended, to promote creation of 5000 new jobs.[122] Another initiative is provision of demand based trainings, to provide a work force based on a company's or investor's needs.[123] An apprenticeship scheme has been proposed, by which students would take vocational education courses and also benefit from job work experience.[124] The Strategy envisions continued modernisation of vocational education curricula, capital improvement of buildings, new classroom/instructional equipment and materials, and higher qualifications for instructors through needs-based in-serviced trainings. The Strategy introduces a training voucher scheme for the unemployed (to find and enroll in relevant trainings that can lead to employment) and for employers (to raise skill levels of managers and employees).

A talent programme, similar to the German-funded Returning Experts Programme in Georgia, is designed to attract Estonians back home after completing an education abroad. There are incentives for dropouts or early school leavers to return back to vocational education. In the context of this Strategy, job clubs and career information centers have been launched, business start-up packages are offered, and e-services and mobile counseling have been planned, to make career information more widely available.

Several additional mechanisms and programmes offer incentives to private companies for either engaging directly with the VET system or for their employees' further training in VET. For example, employees may request a training leave of absence (paid); and they receive tax exemptions by which study costs can be deducted from personal income. Companies who provide in-service trainings may participate in annual competitions for best human resources projects. The Estonian government promotes and finances trainings for small and medium-sized enterprises through Enterprise Estonia.[125]

5.2.4 Estonia's Experience – Applicable Lessons for Georgia?

Both Estonia and Georgia are still in the process of overcoming a common legacy of VET systems and economies that were centrally controlled for decades in the Soviet era. In many cases, each country has taken similar approaches to adapting and modernising their VET systems, so as to meet the challenges of educating their workforces and developing their free market economics.

However there are some practices and mechanisms in place which are yet lacking in Georgia. It could be argued that much of Estonia's progress is due to EU membership and assistance from neighbouring Nordic countries. Nonetheless, it may be possible for Georgia to replicate or adapt some of these mechanisms. For example, increased access to VET education for all of the various segments of society, and incentives to encourage private sector engagement with various forms of VET education might be worthy of serious consideration. Perhaps most important is the Estonian government's recognition of the value of its citizenry and their conviction that every citizen capable of work can contribute to the country's economic and social development.

[121] Ibid. p3
[122] Ibid. p17
[123] Ibid, p15
[124] Kalle Toom, Ministry of Education and Research, Estonia. E-mail correspondence, May 5, 2010.
[125] http://www.investinestonia.com/en/about-the-agency/enterprise-estonia (consulted May 6, 2010)

5.3 Labour Market Matching in Georgia: Recommendations and Strategies

Following on the description of practices in the UK and in Estonia, the discussion in the next section focuses on the ways in which labour market matching can be improved in Georgia, through better use of macro-analysis, better coordination of government departments, the further development of sector committees and more support for VET Centres in their interaction with social partners.

5.3.1 Understanding the Macro Picture – Using Existing Information Better

Overall, the mismatch study has led to one general conclusion - restructuring already existing information could make analysis of existing supply and demand and outreach far easier.

The first simple step is to identify the most meaningful categories for the analysis of existing VET courses and labour-market needs. Once these categories have been identified, the macro-level picture of mismatch will become much clearer. Beyond that, improving data collection and analysis in the MoES involves a number of fairly easy steps.

How information from *Geostat* can be used to better estimate labour market demand, and who should be responsible for doing this, is more complicated. There seem to be a number of specific forms of information that they could provide, any of which would be more useful than published data, and which would require no additional data collection. Additionally it might be useful to supplement one of the existing business surveys that *Geostat* currently conducts, and this could be done for little cost.

Of course, no amount of data collection will improve policy unless the MoES has a clear sense of how it will use that information. Most obviously, the data could provide a guideline for prioritizing courses to be funded. However, the voucher plan currently under consideration would make such prioritising difficult (since the vouchers allow the students to set the priorities). However, even in a situation that is highly market based, the provision of targeted information to students and VET Centres on labour demand and skills supply would seem to be a highly useful service that may help the education market work more efficiently.

Information about Supply: MoES Department of Statistics

Macro-analysis of the VET system requires an understanding of the overall breakdown of different courses that are offered currently. Summary information is needed nationally, regionally and by school on the subjects that are studied, the length and location of the courses, etc. To that end the MoES statistical department sent a questionnaire to the VET Centres and collated the final information into a spreadsheet that is intended to give an overview of all courses taught. This is clearly a good strategy and provides quite useful information. Much of the analysis conducted in this study would have been impossible without this survey.

However, the data provided is very difficult to analyse in its current form. The VET system overview in Section 1 resulted from several weeks spent re-organising, cleaning and recoding the spreadsheet that the MoES provided. There are three main problems with the current approach to collecting and organizing data.

First, the 'sector' classification is consistent with economic statistical methodology but is unsuitable for providing information on the courses currently taught. The original summary that was given by the sector categories was:

Figure 27: List of Courses from Original Ministry of Education and Science Classification

Sector (provided)	Total accepted students	Includes
Agriculture	1240	Farmers, veterinary, agricultural machinery mechanics
Art	1422	Textiles, enamel and metal-craft
Construction	2082	Electrician, plumber, painter, welder, brick-layer, tiler
Finances	1866	Book-keeper and receptionist/secretary
Industry	668	Felting, lathe operator, laboratory technician, sewer, metal-worker, food-safety
IT	2975	General computer user, network specialist
Medicine	187	Nurse assistant, dental assistant, massage
Public Service	1085	Hair-dresser, shoe, nurse, radio-mechanic
Services	360	Hair-dresser
Tourism	1825	Restaurants, hotels, guides
Transport	2223	Drivers and mechanics
(blank)	59	
Grand Total	**15992**	

Reference: Ministry of Education and Science (January 2010)

As can be seen from the sector categories discussed throughout the study, some of the sectors make sense, such as agriculture, construction, tourism (though 'tourism' also includes hospitality) and transport (though this combines mechanics and drivers). However, others like 'services', 'public-service' and 'industry' seem to have no particular coherence. Also, areas such as 'IT' are misrepresented. Most of the students classified under 'IT' are in fact only just learning basic computer skills; these are more akin to general office skills than IT-industry skills.

To understand the general profile of the VET system, for a broad analysis or for macro-marketing, a meaningful set of categories should be defined and applied. The categories used at the beginning of this study (Figure 3) could serve as a possible option, but the exact categories would probably benefit from further discussion and will change over time.

As discussed in Section 3.3.2, it could be useful to treat some general skills separately and not include them as part of a sector. Those with mechanical or electrical skills, welders, accountants, sales persons and office workers (ie those with computer training and secretarial skills) are in demand across most sectors and so cannot be attached to one group unless they are highly specialised.

These divisions are important not just because they allow better analysis of course structure, but also because they simplify marketing of the VET Centres. Interviews conducted with employers for this study often revealed that businesses are in need of workers with particular skills. Because data was organised in a meaningful way, it was possible to send these potential employers lists of VET Centres that offer trainings in the areas of need. It is important that the MoES, as well as any other government agencies involved in employment and economic development, have access to the same kind of information.[126]

[126] For example, detailed information was transmitted to Batumi Terminal about crane operator courses, to Georgian Post about Information Technology, to EnergoPro Georgia about electricians and mechanics and Georgian Railway about mechanics.

Figure 27 (based on original data) also causes confusion, because it mixes academic years. Some of the VET Centres include 2008/2009 courses as well (since they were part of 2009) and, as a result, the number of students listed is higher than the number that we give for 2009/2010.

In reformulating the questionnaire, clear guidance should be given on how to classify courses by academic year (this is not entirely straight-forward). Other consistency problems also plague analysis. For example, the format of dates should be uniform (some appear in the US format of month/day/year and some are day/month/year). Confusions arise over how to classify a year-long course. Is it '9 months' because only 9 months is classroom training or is it 12 months because it takes a year to graduate? More detailed requirements about the form of information provided might help, but whoever takes responsibility for inputting this information into a spreadsheet also needs to be responsible for standardized coding.

It will be more likely to receive full information is the process of filling out forms is simplified. The questionnaire can probably be shortened, to make it more likely that VET Centres will complete it fully and accurately. In the current form, the questionnaire asks for considerable demographic information on the student body. This information, however, is incomplete, which makes analysis impossible. To simplify matters for the VET Centres these questions could probably be excluded.

Information and Demand: Using *Geostat*

The most regular and wide-ranging form of social partner interaction undertaken by any part of the government are the quarterly surveys conducted by *Geostat*. While these may present a range of various problems, they do offer the one regular attempt to collect information that is representative and national. However, labour-force information in its current form has limited value because it is over-aggregated. In particular, there are two categories which are of little use for professional skills analysis until they are disaggregated:

- Trade; repair of motor vehicles and personal and household goods
- Industry

This study's research and findings would suggest that the Division for Vocational Education of the Ministry of Education and Science might be particularly interested to seek and collect employment information according to the following sectoral breakdown:

Figure 28: Suggested List of Labour Market Categories of Interest

Agriculture
Chemical and Pharmaceutical Production
Construction
Electricity Production and Transmission
Food and Drink Processing
Gas Distribution
Mining and Processing
Repair
Telecoms
Textiles
IT
Transport and Logistics
Tourism/Hotel and Restaurants
Water and Sanitation

Reference: Based on the list of identified large potential VET employers (Section 3.1.3 above)

The list intentionally excludes a number of sectors such as public services, education, healthcare and finance. In the case of public service and education this is because those sectors are not usually covered by vocational education training. Financial services, as a sector, is not covered by VET either because, though the VET system trains book-keepers, these are not generally trained to the level necessary to join accountancy firms or banks, but instead work as book-keepers inside firms in different sectors. Finally, while VET does provide training for the healthcare sector, the type of training they offer is a tiny part of the overall sector and so aggregate 'healthcare' information would be of little use to VET decision making.

This list is, of course, only suggestive and discussions with *Geostat* and with other businesses may elicit additions/modifications. However, once the sector/sub-sector mix has been identified then it should be fairly easy to obtain a list of 'employed' from each of the polls that *Geostat* conducts according to these categories. Given the difficulties in data collection, this will only provide a suggestive start to analysis but it will be better than the information currently provided. This will also be further strengthened if the sector committees are reformed according to the same structure.

Additionally, *Geostat* should consider conducting a labour-market-needs poll alongside their annual business survey. This would take time to develop but once completed it should not increase the cost of the annual poll by much.[127] Also, the international community may have an interest in supporting the development of such a poll and may also provide operational funding for the first few years.

This would not only provide a resource for MoES, it could also help to reduce the current duplication of polling and surveying. Labour market surveys are routinely undertaken by international NGOs as part of their project work. However, relying on labour market needs assessments conducted by different international organizations presents a number of problems. First, the surveys are occasional and rarely allow for easy comparison over times or across sectors. Second, these different surveys generate results that are not always accessible to all, either because they are not made public or, even where they are, few organisations know about them. Third, they offer little insight into the national picture. These kinds of surveys are generally sectoral and the initial sector choice is based upon extremely limited data and a general 'feeling' for the sections of the economy that are important. As a result, less high-profile and less talked-about industries gain little attention.

Making Use of Macro Data

Better information would provide the MoES with a clearer picture of where VET Centres are failing to provide for labour market need. However, this information is only useful if it can transform into action. One way to act on the information would be for the MoES to identify priority training areas and make this one of their criteria when allocating funds to courses. However, the current reform strategy is more interested in direct market involvement where students are allocated vouchers by which they can force changes in the course offerings by making choices and allocating their funds to whichever course they believe is most likely to secure them employment.

In the current environment there are problems with taking this strategy to an extreme and there seems good reason for some priority-setting centrally. In particular, since many geographic areas only have one VET Centre, and because there are no travel stipends available (as in Estonia's case) to enable students to enroll in VET Centre trainings outside of their region, meaningful competition may not be possible in the short-term. Another problem is that the current network of VET Centres is fairly new and still evolving, in terms of standards, modern curricula and teaching methodologies. It is difficult to imagine how students or employers could make meaningful choices about which courses are best suited to their needs. Over time no doubt

[127] This would not be very expensive since the bulk of these surveys are completed by post, on-line or at a Government Office and do not involve labour to collect the data. Therefore, increasing the questionnaire slightly would increase processing costs (for example data entry) but not collection costs.

Centres will gain reputations but this will not help students who have to choose their courses in the immediate future.

Furthermore, both students and VET Centres may be poorly informed about labour market opportunities, especially outside of a particular geographic area. Even if students have a rough idea which sectors offer what opportunities this will not necessarily help them identify the skills that they need to find employment. While students may know that 'construction' seems to offer good job opportunities, they may not be aware that welders, plasterers and brick-layers are in heaviest demand. This lack of information becomes even more problematic when one considers less well known industries such as logistics, distribution or food-processing.

In the short term, at least, information could be used to help influence funding priorities. Courses that produce much-demanded skills should probably receive government support ahead of those that do not. The information could also be used to help prioritize which occupational standards and curricula to develop first. Limited resources mean that a certain amount of selection is being made on which occupational standards to adopt first, and which standards should have training curricula developed for them by the curricula development agency. Again, the order in which these standards are developed should clearly match labour market need.

Should a voucher system be put in place, as a mechanism for allocating finances, the information could be provided to VET Centres and even tailored to fit particular geographic locations. This may allow the VET Centres to make forward-looking choices about which courses they prioritise. The process of collecting the information can also be a useful mechanism for communicating about the very existence of the VET Centres.

In the process of conducting the Mismatch study, effects of this kind of communication and information exchange already began to make an impact. Many producers who had no idea that the VET system could provide them with much-needed staff expressed interest in learning more about the Centres and engaging with them. For example, a textile company has made plans to contact VET Centres that train textile workers. Three automotive companies will investigate potential ties to VET Centres where auto-mechanics and computerized diagnostics can be taught. These are, of course, specific individual cases but they do highlight how correcting the lack of knowledge about employment demand can stimulate entrepreneurial VET Centre directors and HR managers to take some initiative.

Information on labour market demand could also be made available on-line and through schools and is likely to stimulate particular interest if earning potential of particular jobs is also identified. In addition, it seems as though this information would probably get wide exposure in the media if it was presented in a comprehensible fashion.

5.3.2 At the Ministerial Level

Reforming the Sector Committees

As we have seen, the sector committees were set up to form the focal point for social partner, and particularly, employer involvement at the national level. These have certainly achieved some success, by developing occupational standards. These new standards continue to be developed, but the 65 that have already been produced will now be used to help develop new courses that should considerably widen the range and relevance of courses that VET Centres teach.

In addition, it should be acknowledged that this kind of business engagement is difficult. Unlike praktikums or internships, which should have obvious and immediate benefits to the participants, any benefits that will accrue to the members of these committees are fairly long-term and so business people are understandably

resistant to becoming involved. As the UK case study showed, even in Britain, where considerable resources are behind it, sustained business involvement at this level is hard to achieve.

The MoES takes a fairly good approach by, in the first instance, approaching companies that already have some kind of connection to the VET Centres. As the UK research clearly showed, institutions are far more likely to actively engage in the development of occupational standards and curricula at a national level if they see themselves as likely VET-Centre partners or as likely employers of VET students.

That said, there are two key steps that seem necessary to make the VET Centres, in more or less their current form, more responsive to labour market needs. First, the sector committees need to be re-arranged to reflect the likely categories of employers already identified above in section 3.1.3 (which also formed the basis of the information we suggested that the MoES asks from *Geostat*). This seems to be a good starting point for the discussion on the new structure of the sector committees. Second, since many of these categories involve skills that are currently not provided by the VET Centre we cannot expect the businesses that use them to already have a relationship with VET. Therefore, it will be necessary to establish a more systematic methodology for approaching a wider range of businesses.

A few steps may make this easier. Many individuals who were interviewed in the course of this study expressed interest in having their organizations or businesses represented on sector committees. Their contact information has been passed on to the MoES.

It should be possible to target likely businesses using better organised information from *Geostat*. The MoES already has a list of 'registered and active' businesses from *Geostat*, on the basis of which they have been simply sending out letters of invitation. This strategy has not proven very successful, because it is impersonal and generic. The MoES could use the information provided by *Geostat* to develop a full list of potentially interested businesses based on size, sector and location. The large businesses known to have considerable technical skill needs could then be approached individually.

Also, it may be possible to find intermediaries for smaller businesses. In discussions with business associations, the most common problem that emerged was lack of a sectoral focus. Organisations such as the American Chamber of Commerce, International Chamber of Commerce and Georgian Chamber of Commerce and Industry may provide useful connections to the business world, but their involvement in sector committees will probably only be effective where they have sectorally specific sub-committees. Professional associations seem a more likely conduit since they are inherently sectoral. Unfortunately, professional associations in Georgia appear to be under-developed. Perhaps the organisation with greatest potential for serving as an intermediary for small and medium businesses, and which holds promise for active engagement on the sector committees is the Georgian Employers' Association.

In approaching businesses it is also clear that the more senior the ministerial representative to make the initial approach, the more likely that approach is to elicit a positive response. It is also clear that initial approaches are more effective if made by telephone rather than e-mail or letter. A standard letter from the MoES is far less likely to generate business involvement than an initial call from the MoES, followed up by an explanatory call (for those who may be interested) from a Deputy Minister.

Moving forward it is clear that while sector committees are a useful first step for engaging social partners in VET development, a more active involvement with far broader participation would require a more institutionalized and autonomous sector council system comparable to that found in the UK.

More permanent sector committees could help to facilitate the development of professional/employers' associations and would be likely to gain international financing, at least in the medium term. More permanent sector committees/councils could provide a range of different services:

- Provide on-going input on the occupational standards even after these have been formed. And they could ask for input from their members on the developed standards.
- Engage with the curriculum development agency to ensure that the occupational standards develop into practical VET courses
- By knowing the particular VET Centres that provide courses in their sector, they could act as a facilitator offering introductions between VET Centres and prominent employers in the sector. This could help the VET Centres to find:
    - Praktikums for their students
    - Employment for their students
    - Participants for examination boards
    - Business Advisory Councils members
- General marketing of VET in the sector
- Highlight developments, key investors, new employers and new international projects that are emerging in the particular sector which have an opportunity for vocational education engagement

In short, more permanent sector committees could allow for a more 'tiered' involvement so that at the core of the committees would be (probably large) employers who provide direct input and engagement with the MoES. However, they could also provide outreach to a wider pool of employers who may not be interested in that degree of engagement but who may be interested in giving particularly targeted input and feed-back.

Coordination between Government Agencies and International Organisations

The Mismatch study has focused primarily on the way in which the MoES and the VET Centres can assess labour market need and engage better with businesses, and with social partners having business and sector knowledge, such as business associations, professional associations and trade unions. However, as the research has progressed it has become clear that the effective development of the VET system will also require involvement of a wider range of government agencies.

While Section 5.3.1 highlighted ways in which the MoES could better engage with *Geostat*, the development of employment needs analysis is probably not best undertaken by the MoES but rather by the MoED or by *Geostat* directly. Whoever ultimately takes responsibility, clearly it will be essential for these governmental bodies to communicate clearly with one another and on a regular basis. If the MoES takes responsibility for organising VET specific data then the person responsible will have to understand the statistics produced by *Geostat* well enough to identify the exact information that is useful. If the MoED or *Geostat* take responsibility then they will have to understand the priorities and likely businesses that the VET Centres will prioritise. For such a dialogue to prove truly effective, systematic practices and an agreed policy would be needed, to ensure that this form of coordination and information exchange becomes institutionalised.

Other government ministries may be in a position to provide information on labour market opportunities that are emerging from large investments. Clearly and precisely presented information on the VET system (i.e. all that it offers, in terms of trainings), could be used effectively by the Investment Development Agency, as it would then be prepared to give a clear picture to any potential investor on the skills of the modern work-force trained by the Georgian VET Centres. Conversely, the same agency should be able to alert the MoES as to new investments which could bring greater demands for particular skills, for which VET Centres may need to adapt or introduce new forms of trainings.

Similarly, the study has suggested that considerable opportunities for VET development are being missed because the VET system is not being included in discussions of development projects and private investments. For example, as has been mentioned, many agricultural development programmes have considerable training needs, for example within agricultural service centres, or offer considerable opportunity

for VET students, for example in the maintenance of new tractors, or could transfer new knowledge to VET Centres by which to modernise curricula. These opportunities are routinely missed.

These oversights might be avoided by adjusting or adapting current channels for information exchange. First, the VET Division needs to widen its range of contacts with international donors beyond those which have programmes or projects for technical assistance to the VET system. Further outreach is needed to liaise with international donors who are funding technical assistance and know-how that could be transferred to the VET Centres, but for which other ministries might have oversight (e.g. Ministry of Agriculture). Second, sector committee members could also take responsibility for liaising with relevant government departments. This should be fairly easy, as the sector committees often include representatives from the relevant ministries. Remaining alert for these opportunities could become a key role for them. However, their role in this form of information exchange needs to be explained, discussed and managed by the MoES. Also, mechanisms need to be established for facilitating contacts between appropriate VET Centres and national or international development programme implementers when opportunities emerge.

5.3.3 Helping with Engagement at the VET Level

As discussed previously, there is already some engagement with social partners at the VET level. This operates through the praktikum system, through teachers from businesses working at the Centre, through business advisory councils and various mechanisms for facilitating outreach to help students find employment. Most of this, at the current time, is based on the relationships that exist between individual VET directors, or teachers and the surrounding businesses and communities.

The current VET strategy explicitly mentions the need to assist in the cultivation of relations between VET Centres. In particular, 'development of systems to coordinate praktikums' is stated in goal 2.2.2.[128] This could be accomplished in a range of ways. First, a central body could help the VET Centres to find relevant business connections. This would be most effective if carried out by re-invigorated sector committees, as they should have the sectoral knowledge to connect particular courses with businesses.

Failing that, the MoES could simply process the list of registered and active businesses in order to highlight the businesses that are located close to the VET Centres that operate in the relevant sectors. The VET Centres would then, at least, have a place to start. In addition, some of the potential partners for the VET Centres will be large organisations with regional representation. The MoES or the sector committees, would then be well placed to approach the central organisation and the central organisation could provide information about local representation to the particular service centres. For example, EnergoPro's head office could discuss their interest in praktikums with the MoES and, if interested, could send contact information to the local VET Centre and EnergoPro service centre so that they could contact each other directly.

In connection with this, the sector committees or the MoES could take more responsibility for helping to coordinate certain elements of VET marketing. A central VET website already exists (www.vet.ge) and this allows students to look-up courses in their area but it cannot easily be used to gain a national picture of a particular needed skill. The website needs to service the needs of the students and the employers so that anyone interested in investigating potential partnerships has a clear national place from where to start.

VET Centres should be involved in both regional and thematic expos. The VET strategy already includes the idea of holding thematic expos to highlight VET students (Goal 2.4.3.3).[129] This is certainly a good idea and worthy of investigation. The MoES could take steps as well to include VET Centres in already existing Georgia expo events, similar to the sponsorship provided by USAID for Icarus VET Centre participation in the Caucasus Tourism Fairs (2009 and 2010) and Spectri VET Centre participation in Caucasus Build 2009. A

[128] Ministry of Education and Science (2009). *VET Medium Term Strategy 2009-2012*. Tbilisi, Georgia, pp16-17
[129] Ibid., p18

range of different expo events take place throughout the year in Georgia, in Batumi, Telavi, Tbilisi (an exposition centre is planned for Kutaisi). Some of these expos may prove suitable platforms for demonstrating the values and benefits of vocational education to both potential students and employers.

In addition to expos, another good example of how VET education may be promoted can be found in country-wide or regional competitions. The skills@work challenge competitions, piloted in 2009, were organized by British Council and Junior Achievement Georgia, with support from GTZ[130]. Over 200 students from 7 VET Centres participated in activities designed to enhance entrepreneurial skills. While the skills@work challenge emphasizes business plans and solutions, the European Skills and World Skills Competitions in which Estonian VET students participate, focus on mastery of trade skills. Participation of Georgian VET students in both forms of competitions on an annual basis would provide an important stimulus to students and teachers, and would greatly improve the image of VET education.

The MoES could produce central materials to facilitate interactions with businesses. This should aim, primarily, at ensuring that the interaction with a business serves the interest of the business and the student while keeping administrative demands at a minimum. For praktikums, for example, they could provide an administratively minimal set of standards on the rights and responsibilities of those engaging in praktikums.

However, for these marketing strategies or expos to work, the MoES has to move quickly to develop a realistic assessment of the quality of the VET development. No matter how decentralised the management and training in VET Centres becomes, standards need to be evaluated by some central body. As a 2007 USAID work-force assessment states,

> Without reliable standards and the degree of competence that attaining them signals to employers, graduates from Georgian education establishments will continue to be at a major disadvantage, finding their skills systematically devalued in the market place, both locally and abroad.[131]

The existing VET strategy also has other suggestions for developing VET market responsiveness. The development of modular curricula (goal 2.4.1.2) could be useful in helping to distinguish between sector specific and non-sector specific skills.[132] Many different industries need general mechanics or electricians so general training in these skills could be usefully separated from the later specialization. Similarly, sales, basic accounting, computer and language skills are all skills that can be combined with others (in different ways producing, logistics, distribution or service centre employees) so should be trained as modules that connect to other courses as part of an overall qualification rather than simply as courses in themselves.

Also, the VET strategy highlights the importance of establishing advisory boards (2.4.3.4)[133] Thus the MoES could look at the experience of the four pilot business advisory councils currently in place, on the basis of which to replicate these councils at the remaining VET Centres, country-wide. There is also room for more development, particularly for involving more intermediary social partners. Trade union representatives could be drawn in to the work of the Councils, perhaps initially as guests and in the longer term as full members, once the trade unions begin to see the useful role they can play. Along the same lines, VET centres, in consultation with the MoES, could identify active relevant business associations and gradually incorporate their participation and contributions, in the framework of these Councils.

[130] http://www.britishcouncil.org/science-and-society-skills_work-challenge.htm (consulted June 9, 2010)
[131] Malcolm McPherson and Clare Ignatowski (2007), *Work Assessment in Georgia (Draft)*, USAID, EGAT, Education, p4
[132] Ministry of Education and Science (2009). *VET Medium Term Strategy 2009-2012*. Tbilisi, Georgia, p18
[133] Ibid., p18

Extending VET engagement: The Example of Apprenticeships

Beyond the existing structure it also seems as though the training/praktikum mix warrants re-evaluation to determine if there is value in developing apprenticeships or in altering the internship/training mix to allow for more meaningful 'on-the-job' training. In the British context, as we have seen, the same push has materialised around 'apprenticeships'.

The apprenticeship model is fundamentally different to a standard training model because an apprentice has an employment contract and is paid by an employer (though the pay can be low). This brings with it benefits and challenges.

The clearest benefit is that employer financial 'buy-in' creates two pressures for better market orientation in the training of apprentices generally. First, there is considerable incentive for the experience to be useful from the start. An employer is unlikely to allow an apprentice to sit idly by, since the apprentice costs money. In addition, since the 'experience' component is considerably longer, the trainee is more likely to be integrated into the company's normal business.

Second, the employer is motivated to ensure that the training the apprentice receives is useful. Since the employer is paying for the apprentice, the greatest benefit that they receive is the free training of their new staff member. But this incentive will not really count for much if the training does not translate into practical improvements in the quality of the staff member. As a result, in the British case, they have found that companies which are heavily involved in apprenticeships have been far more likely to be active participants in Sector Councils.

Both of these elements would, of course, be welcome improvements to the existing VET system. But, at the same time, the current hurdles and difficulties in the VET system would make this enhanced commitment from companies even more difficult to achieve. If this idea is investigated further it is clear that it should only be considered in areas that are already well developed (such as construction or tourism) and where quality of apprentices and training can be assured.

5.3.4 Incentives for Social Partner Involvement

The difficulties in engaging with social partners generally are well documented. The British case is highly instructive because even with considerable resources and a full-time staff, the Occupational Sector Councils found it very hard to develop broad-ranging dialogue and engagement with a wide range of social partners. The process of researching this subject also underscores the difficulties. Attempts at convening multiple thematic focus-groups rarely proved successful. Most businesses did not have the time to send a representative. Those who expressed an interest in the subject simply could not find time to attend the focus groups. The majority of business representatives who indicated readiness to participate were, in the end, unable to attend.

Business people usually operate under considerable time constraints and are extremely goal oriented, so they are often resistant to activities that do not bring clear material benefits. Attempts to engage businesses on the basis that they are providing some public good may be effective in the short-term, but as we have seen in the case of praktikums, this is not a viable basis for long-term engagement with a wide range of organisations.

Therefore, it is worth considering the ways in which incentives could be offered to encourage social partner involvement at different levels. The most obvious incentive is a cash inducement. One of the biggest complaints of Sector Committee members is that it was not financed. And certainly, if the Sector Committees were to be more formally institutionalized, either through an institution like the Georgian Employers' Association, through particular professional associations, or as new organisations, they would need funding

from government or international organisations and it seems unlikely, in the Georgian context, that they would be able to become self-sustaining anytime soon.

In terms of praktikums, as we have seen there are some VET Centres that pay companies in order for their students to gain on-the-job experience. This is particularly necessary in areas where students are unlikely to engage in economically beneficial activity by themselves, but where a great deal of oversight may be required. There is also a precedent for the government funding internships in Georgia. Under two separate 'state internship programmes' the government has paid the salary of large numbers of interns in the hope that it will generate long-term employment.

The Estonian model might also be worth considering, that is, a salary subsidy programme to encourage companies to hire VET graduates (and others) who have been unemployed for three or more months. However, until Georgia emerges from the current economic crisis and completes post-conflict recovery, the government may not be ready to institutionalize these forms of incentives.

As an alternative to cash payments, the government could choose to offer tax-incentives to companies who employ VET trainees. For example, companies could benefit from income-tax exemptions based on the number of VET students they hire, either upon successfully completion of a praktikum or as a direct hire from the VET Centre.

Another way to reduce the 'cost' of engaging with either the MoES or the VET Centres is to ensure that the time demands placed on participants and any administrative requirements are kept to a minimum. In the praktikums, for example, the demands placed on employers in terms of contracts or paperwork should be kept to the lowest level consistent with student care.

Finally, as the British example suggested, it may be useful to acknowledge the different levels of engagement that different social partners are likely to offer and to adopt a 'tiered' approach with key social partners at the VET Centre connecting to a wider pool of less engaged partners. However, as already suggested, managing this kind of hierarchical social partner involvement would seem to require a more formalised institutional framework than currently exists. This could include a rejuvenated set of sector committees, or possibly one dedicated MoES VET Division officer, or through some form of already existing professional/employers' association.

The best encouragement to social partner involvement, particularly for businesses, is a realization that it will produce more effective employees. Therefore, the more companies can become involved in individual VET Centres and use them as a source for employees, the more they are likely to see benefits to involving themselves in the shaping of occupational standards and curricula. However, this creates something of a Catch-22 as social partner involvement will help make the system better, but the social partner involvement gets more likely the better the system becomes. Fortunately, there do seem to be an increasingly large number of examples of companies that have benefited from wider involvement, particularly in the hospitality and construction industries and should help in making the argument to new businesses.

But, of course, all the recommendations need clear political ownership on the highest political level about the importance of VET for both Georgia's economy and society.

Annex 1: Bibliography

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Annex 2: List of Interviewees

Businesses

Adjara Music Hall	Georgian Industrial Group	Omega Motors
Agronovatsia	Georgian Post	Palitra L
Ambassador Hotel	Georgian Railway	Pikolo Felicita Restaurant
Apetiti Restaurant	Georgian Steel	Pixel
Aradani	Georgian Trans Expedition Poti	Poti Star
Aversi	Georgian Water and Power	Poultry Georgia
Bagrationi 1882	Georgian Wines and Spirits Company	Prime Systems
Bakur Sulakauri Publishing Georgian Ethnographic Center	Ghudushauri National Medical Center	Rakeen Development
Batumi International Container Terminal	Group "GMC"	Rcheuli Vila Hotel
Batumi Oil Terminal	Heidelberg Cement Georgia	Redinet
Batumi Water	HiPP Georgia	Rustavtrans
Bazaleti Hotel	Iberia Refreshments	Saktransport Railway Transportation Dept. (Railtrans group)
Block Georgia	ITDC	Sasko
Brain Source	Kaberne Restaurant	Seaf Management
British American Tobacco	KazTransGaz	Siesta
British Petroleum	Key Management Solutions	Silk Road Group
BTM-Textile	Komagi	Sympatia Hotel
Buneba Print	Kopala Hotel	TbilAviaMsheni TAM
Caucasus Online	LNG Fitkafe	Tbilisi Marriott Hotel & Courtyard
Chiatura Mountain Processing Factory	M|Group	Tegeta Motors
Cruise	Madneuli	Terasa Restaurant
Demi Hotel	Maersk Georgia	Tevri Restaurant
Dghe	Magti	Tourism Center
Didi Dighomi	Megalaini Café	Toyota, South Caucasus
Dila	Miller and Company	Tsiskvili Restaurant
Dimitri Studio	Natali Beauty Center	UGT

DLA Piper Georgia	Naturalproduct	Unit
Elkana	New Building Company	Vera Steakhouse Restaurant
Elmavalmshenebeli	Nika+	Visit Georgia Tourism Agency
EnergoPro	Okros Lomi Restaurant	Wella Beauty Training Center
Georgian Gas and Oil Corporation	Old Metekhi Hotel	

Business Associations

American Chamber of Commerce	Georgian Chamber of Commerce and Industry	International Chamber of Commerce
Business Association of Georgia	Georgian Employers' Association	Poti Chamber of Commerce
Georgian Association of Women in Business	German Business Association Georgia (DWVG)	

Education Institutions/Vocational Education and Training Centres

Batumi Maritime Academy	Kareli VET Centre	Tbilisi Multi-profile VET Centre
Batumi No 1 VET Centre	Kaspi VET Centre	Tbilisi Toidze VET Centre of Arts
Batumi No 2 VET Centre	Khidistavi Vocational Education and Training Centre	Tbilisi VET Centre
Gori University - Training Centre	Poti VET Centre	Tbilisi VET Centre "Margi"
Gori VET Centre	Shota Meskhia Zugdidi State Educational University	VET Centre "Icarus"
IT VET Centre	Tbilisi Multi-discipline VET Centre	VET Centre "Spektri"

Government Institutions

Geostat	Ministry of Economic Development	National Curriculum and Assessment Center
Invest Georgia	Ministry of Education and Science	Office of the Prime Minister

International Organizations and Non-Governmental Organisations

Adult Education Association of Georgia	European Bank for Reconstruction and Development	NINA
British Council	European Training Foundation	Norwegian Refugee Council
Career Service Georgia	Georgian Business Development Center	Première Urgence
Centrum für internationale Migration und Entwicklung	GTZ	UNDP

Community College for International Development	International Labour Organization	United Methodist Committee on Relief
Delegation of the European Commission to Georgia	International Organization of Migration	USAID, Vocational Education Project
Employment and Skills Development Services	Netherlands Senior Experts – PUM	

Trade Unions

Agriculture, light food and processing industry workers' independent trade-union	Georgian teachers and scientists independent trade-union	Transport Trade Union
Architecture, construction and building materials industry workers' trade Union	Georgian Trade Unions Confederation	
Georgian Professional Educational and Qualification Staff Trade Union of Workers and Students	Service Trade Union	

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