



საქართველოს განათლების,  
მეცნიერების, კულტურისა  
და სპორტის სამინისტრო



ASIAN DEVELOPMENT BANK

## A CONCEPT FOR THE GOVERNANCE OF SKILLS HUB

### Introduction

1. Skills Hubs, also known as centers of excellence are used extensively around the globe as a model to improve the quality and relevance of TVET. A skills hub is a facility or entity that provides sector leadership, develop linkages with national and international VET providers and firms, demonstrate best practice and innovation, and support other VET institutes in curricula development, teacher training and student placement. A Skills Hub offers a mechanism for governments, employers, and VET providers to work together to develop innovative solutions and to fill emerging critical skills gaps. Some of the best examples come from Spain, Germany, Australia, China, and Uzbekistan<sup>1</sup>.

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<sup>1</sup> A recent study by European Training Foundation (ETF. 2020 *Centres of Vocational Excellence - An engine for vocational education and training development. An International Study*) states that “vocational excellence usually refers to a high quality of training and education, but also to relevance to the world of work and to the attractiveness of the educational offer to learners and to employers. Vocational excellence may also imply an enlarged, more comprehensive and inclusive conceptualisation of skills provision – addressing innovation, pedagogy, social justice, lifelong learning, transversal skills, organisational and continuing professional learning and community needs. Sometimes, the term vocational excellence is instrumentalised in policy-making and serves as a euphemism for other reforms: rationalisation, restructuring of governance, cost reduction, heightened accountability or greater competition.” Herewith, centres of excellence (CoEs) are often represented as the institutions that embody vocational excellence. And as the same study found, the purpose, structure and functions of CoEs vary greatly from one context to another. Quite often, CoEs exist in isolation without partnerships with other education institutions at national and international level. Sometimes CoEs are fundamentally skills providers – vocational schools or training centres – but sometimes they are coordination or development centres or networks rather than providers.

Center of Excellence Initiative (2018) of EU aims to establish trans-national collaborative platforms of VET providers, together with relevant stakeholders responsible for economic development, innovation, and competitiveness policies. The latter may include economic development agencies, regional authorities responsible for economic development, innovation clusters, employment services, skills observatories, business support services, business innovation centers, technology transfer agencies, incubators, as well as key companies, social partners and economic sector representatives. The goal is to encourage regional VET institutions or a cluster of regional entities, in collaboration with

2. The Government of Georgia (GoG) with financial and technical support from Asian Development Bank within its Modern Skills for Better Jobs program plans to establish skills hubs that will provide vocational excellence in 7 program priority areas which, though being the backbone of the country's economic development,<sup>2</sup> suffer from critical skills gaps (under-provision and/or underqualification). Skills hubs in question will assume a leading role on central or regional level in skills provision in two or three of the following sectors – electronic engineering, ICT, tourism, wood/furniture production, fashion and design, water engineering, and pharmacological and medical production. Additionally, the Government of Georgia together with KfW plans to establish a center of excellence in construction and logistics in Tbilisi.

3. Skills hubs and CoEs will be instrumental in the GoG reform agenda to upgrade its vocational education to international standards and ensure responsiveness of skills provision to the labour market demand, competitiveness of the Georgian vocational education and herewith economy on the global environment.

### **The objective of the skills hubs**

4. Besides traditional roles of VET to address skills demands on the labour market, the needs of individuals for short to long-term employability and personal development, and the requirement of society for active and inclusive citizenship<sup>3</sup>, there is an increasing need for providing skills meeting international standards and labour requirements. Labour market became globalized, so did the skills provision systems. Some specialised schools in maritime and aeronautics have already obtained international accreditation, driven by the labour markets that they serve.

5. More and more sectors are becoming to be using smart technologies. The most advanced companies are trying to improve productiveness, quality and competitiveness on global market by introducing top technologies. The so-called Fourth Industrial Revolution ('Industry 4.0') is gaining space and putting huge demands on economies and skills provision.

6. The socio-economic development strategies of Georgia are also influenced by global trends. They attempt a) to identify competitive economic niches for the country and by developing the niche sectors, achieve economic and social prosperity, b) to support start-ups and SMEs, especially those oriented at exporting their goods and services to international markets, at the same time, to reach global markets by signing free trade agreements with major global markets, and finally, c) to attract foreign investments and investors, especially in the high productive and human capital intensive sectors. This will require skills providers to equip learners with skills that will enable them to work for inwardly investing companies or in international labour markets.

7. Last but not least, integrated regional development strategies<sup>4</sup> and Smart Specialization Strategies<sup>5</sup> are gaining their momentum in Georgia trying to boost regional socio-economic hubs and, through them, national economies and societies.

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local/regional stakeholders, to go "far beyond the simple provision of a quality vocational qualification" (European Commission, 2018, p. 6).

<sup>2</sup> Ministry of Economy and Sustainable Development of Georgia. 2019. *Investment Strategy of Georgia*. Tbilisi

<sup>3</sup> European Training Foundation. 2013.

<sup>4</sup> The Ministry of Regional Development and Infrastructure of Georgia. *Regional Development Program of Georgia 2018-2021*.

<sup>5</sup> <https://www.euneighbours.eu/en/east/stay-informed/news/georgia-hosts-annual-conference-research-and-innovation-eastern>

8. Skills hubs will provide an instrument to Georgian government to meet the need of providing globally competitive advanced skills by focusing investments, capacity building and quality assurance measures on a few highly qualified VET institutions, that will serve the training needs of sectors, regions, and/or particular companies.

**Skills hubs roles and functions:**

9. Skills Hubs will actively engage with local and international partners, specifically government entities responsible for economic development, employment and education, employers and employer associations, other educational institutions, field experts, to achieve the educational objectives and be the effective human capital development pillar in regional and sectoral development strategies.

10. Skills Hubs will:

- In line with regional, sectoral, national strategies, provide programs and services that meet international quality standards in one or several priority sectors in the region, involving work-based learning, distance learning and E-learning, student and faculty exchanges, national and international internships;
- Provide tailor-made training and other services to particular representatives of the private sector in their regions/sectors;
- Serve as knowledge resource center in new technologies and innovation, inclusive and innovative learning methods, for the regional community and regional businesses;
- Function as train-the-trainer provider for public and private VET institutions (teacher and trainer development);
- In partnership with SSOs / Ministry of Economy, be involved in identification of skills gaps in the regions, collecting data about local businesses, brokering and coordinating work placements, internships.

11. Taking on new functions usually implies new capabilities and investment, so there are costs as well as benefits. To deliver the objectives above, the policy, the funding, the regulative framework and current capability of existing institutions must be aligned

**Governance of skills hubs:**

12. According to the ETF 2020 publication on Centers of Excellence<sup>6</sup>, it is argued that centers of excellence are policy reform instruments, meaning that governments use this concept to improve quality, access, and so on of their systems. Which means, that they are not in theory different from other institutions, they are just pioneers in some way or pilots to lead the process of reform. The same argument is valid for Skills Hubs. The Hub concept could be an approach for the GoG to transit colleges from the status quo, to the new realities, that are requested through the authorization standards and the law.

13. The Skills Hub is considered either a sectoral or regional development instrument, thus GoG could have one or several hubs per sector(s), in order to respond in an adequate way to emerging regional, sectoral and national needs.

14. The GoG can choose to have all colleges functioning as CoE or Skills Hub, or to apply a single college development, but in parallel to cover all sectors and / or regions through hubs. The concept can be supported in other regions. This could make the reform plan consistent,

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<sup>6</sup> [https://www.etf.europa.eu/sites/default/files/2020-07/centres\\_of\\_vocational\\_excellence.pdf](https://www.etf.europa.eu/sites/default/files/2020-07/centres_of_vocational_excellence.pdf)

sustainable and effective. However, the TA team is recommending a regional approach with a multi-sectoral Skills Hub, in order to meet the needs of the region, and to concentrate skills supply and coordination of skills supply in a few providing institutes.

15. Furthermore, GoG can choose, if they want Skills Hubs with different functionality or just higher quality standards for the same functions. Which means, that Hubs could have the same functions as regular colleges, but at a higher standard. e.g. if colleges are expected to have international partnerships, Skills hubs will be required to have such; if colleges are expected to partner with private sector, Skills Hubs will be required to do so. The achievement of these increased standards should be then rewarded by the Ministry with increased autonomy and financing.

12. The table below provides an insight into the structural and governance aspects of skills hubs

<b>Structure / management / financial arrangements of hubs</b>	<b>Remarks</b>
<ul style="list-style-type: none"> <li>• A Skill Hub is a college, as defined by the VET law, which has a network of different international and national partners, including:                             <ul style="list-style-type: none"> <li>– Public and private colleges / VET providers</li> <li>– Public and private secondary schools</li> <li>– Public and private Universities</li> <li>– Other public entities, e.g. municipalities</li> <li>– Private firms</li> <li>– Professional associations;</li> <li>– Universities and colleges abroad</li> <li>– Private firms abroad</li> <li>– Etc.</li> </ul> </li> <li>• Partners with a formalized relationship (contract) with the Hub will provide complimentary service(s) (e.g. delivery of a program, teacher training, etc.).</li> </ul>	<p>Legally, a Skills Hub is a public college, operating under the Georgian VET Law.</p> <p>A Skills Hub differ from other colleges by several features such as:</p> <ul style="list-style-type: none"> <li>- Extensive network with public and private partners to implement various mutually beneficial projects</li> <li>- A Skills Hub has close links to public schools and serves as a resource center for the VET component in the public school system</li> <li>- A Skills Hub is connected to international TVET colleges and thus has access to international teaching staff who can be brought in on a regular basis.</li> <li>- A Skills Hub has close links to employers in the region and helps graduates in job placement.</li> <li>- A Skills Hub Is a designated front-desk for employers. To this end, it develops and maintains a database for employers and job seekers</li> <li>- Thus, a hub will offer higher quality, and will provide more services within designated priority sectors than regular colleges<sup>7</sup></li> </ul>
<p>Departments of the hub will function highly autonomously: as being an IT school, and electronic engineering school, etc.</p>	<p>For each department a private partner or university will be attracted to run the department and to achieve the targets of the hub (high quality, competency and work based training in priority sectors, with a focus on innovation, entrepreneurship)</p>

<sup>7</sup> We refer to the annex, in which the overlapping and different functions between a Skills Hub and a regular college will be shown.

High level of autonomous strategic, operational, and financial management, which should guarantee flexible and timely response to emerging skills needs on the labor market	Skills Hubs will fully utilize the governance and management autonomy granted by the VET Law
To build an extensive network of public and private partners, a Skills Hub enters into business/legal relationship with a partner through a contract on a project/program basis.	
<ul style="list-style-type: none"> <li>• Industry, as well as government representatives and international partners should be part of the governance structure, and thus a member in the management board.</li> <li>• The management board is responsible for strategic decisions.</li> <li>• The daily management is delegated to the management team of the skills hub (director and deputy director).</li> <li>• The management team of the hub coordinates and monitors the work of the different departments for facilitating that the principles and objectives of the Skills hubs will be respected and achieved.</li> <li>• Each department has its own management team.</li> </ul>	<ul style="list-style-type: none"> <li>• International representation on the management board is envisioned to ensure high quality teaching standards are upheld and the right strategic directions are set.</li> <li>• It is envisioned that private partners through a PPP framework will participate in the management of selected programs/department(s) of a Skills Hub to boost relevance of them, and employability of graduates.</li> <li>• Furthermore, the private management will be responsible for tailor-made courses under this department, and will be able to apply income-generating activities</li> </ul>
<ul style="list-style-type: none"> <li>• Recruitment of excellent teachers / trainers, from public and private sector.</li> <li>• Attractive payments</li> </ul>	<ul style="list-style-type: none"> <li>• Need for additional (GoG) funding to attract high-level highly qualified teachers and trainers.</li> <li>• Policy action 2021 needed, e.g. policy / regulations on skills hubs</li> </ul>
Industry can provide co-financing, design training courses and/or provide equipment, facilities, and trainers, ultimately ensuring the relevance and quality of the provided VET programs	An arrangement of various revenue/funding streams for the Skills Hubs will be considered to ensure long-term sustainability.
Entrepreneurial and income-generating activities (IGA)	IGA will support practical and entrepreneurial learning, and will provide additional funding

### Implementation of the Skills Hub

16. Two Skills Hubs will be implemented under the ADB project loan, with support of the PIU and international and national consultants (See Annex 1 and 2 for specifics of Iberia Skills Hub and Prestige Skills Hub).

17. At the start of the project, the concept should be elaborated, a management board will be established. Recruitment of management and staff will take place. The focus of support of the project will be on the priority sector programs that are envisaged to be implemented under the loan. Already existing programs in the colleges will continue, but not with the level of intense development and support as the priority sector programs.

18. In the Mid-term, the GoG will allow piloting of the skills hub, and will prepare a draft regulatory framework for the skills hubs / centers of excellence. Existing older programs (that are not upgraded through the project) will either phase out or turn to become excellent. Related

legislation will be adapted to provide a legal framework for the hub's increased functions, and increased funding.

19. In the longer term, based on the assessment of the pilot, the Hub in consultation with MOESCS can decide to upgrade the longer existing programs as well, to high quality TVET provision (additional equipment, adaptation of the curricula, etc.). MOESCS will make a decision if it will be beneficial that additional hubs will be established within the new legislation.