

# OPTIONS FOR OPTIMISING THE NETWORK OF VOCATIONAL EDUCATION AND TRAINING PROVIDERS IN UKRAINE

SUMMARY OF EX-ANTE IMPACT ASSESSMENT RESULTS

# PRIME



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## SUMMARY OF EX-ANTE IMPACT ASSESSMENT RESULTS

### Contents

Background .....	2
Problem and starting point .....	2
Assessment process .....	3
Options for action .....	3
Impact assessment results .....	4
Criteria .....	4
Impact .....	5
Actions in the area of legislation .....	6
Actions in the area of provider network .....	6
Actions in the area of funding .....	7
Actions in the area of staff policies .....	7
Summary .....	7
Conclusions .....	8

## BACKGROUND

In July 2014, the Verhovna Rada (Parliament) of Ukraine adopted a new Law on Higher Education that has a significant impact on vocational education and training (VET) provision. According to the new law, the higher education institutions of the first and second accreditation levels (ISCED 4/4B) will need to go through a process of re-accreditation to qualify for the provision of higher education qualifications. If they do not, they must migrate to the VET system. The Parliament and the Ministry of Education and Science (MoES) estimate that the enforcement of the law will lead to the transfer of approximately 200 institutions. In the same year, the Cabinet of Ministers of Ukraine adopted a resolution on delegating powers and financial responsibilities to the sub-national level of governance, kick-starting a decentralisation reform that envisages that VET will be funded from local budgets<sup>1</sup>.

Through a process of consultation between the European Training Foundation (ETF) and the MoES, it was decided that the Projecting Reform Impact in VET (PRIME) methodology could help to identify options for policy action that can maximise the opportunities presented by the legislation, while minimising the inevitable trade-offs.

PRIME in Ukraine was prepared and carried out by the MoES, the regional education authorities of three pilot regions (Dnipropetrovsk, Vinnitsa and the City of Kyiv) and the ETF. The project was based on vertical (MoES and regional education authorities) and horizontal (VET institution heads, employers) consultations, and its deliverables were generated in a series of meetings in Kyiv, Dnipropetrovsk and Vinnitsa, as described in the following sub-sections. Phase 1 of the project was devoted to problem (background) analysis and scenario building, Phase 2 to the assessment of anticipated impact, and Phase 3 to the operationalisation of findings through financial analysis.

## PROBLEM AND STARTING POINT

Ukraine has a large network (almost 900) of publicly financed VET schools providing initial vocational education and training (IVET) qualifications for the skilled workers and middle-level managers who are required by the labour market. The analogous qualifications portfolio is provided by the higher education institutions of the so-called first and second accreditation levels (colleges and *tehnikum*s/*uchilyscha*). There are currently more than 500 such institutions in the country.

To sustain VET provision under the new legislative circumstances, both national and local authorities have a strong incentive to minimise costs and ease the management burden, by reducing the number of VET providers and improving the efficiency of the VET network. However, decisions about closures and mergers of schools and adjustments to their type are difficult because of the implications such actions can have on staff, access to education and training, funding, and other areas of policy and management.

The reorganisation of the provider network and the redefinition of profiles of a number of VET institutions is an opportunity to intervene in a number of important areas. A redefined VET sector needs a deep restructuring in terms of governance, the institutional network of providers, funding and personnel. In particular, this means that the options for action defined and assessed with the help of PRIME in Ukraine aim to establish an appropriate typology of VET institutions to accommodate the new situation; an improved model of funding and managing new VET institutions; social guarantees

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<sup>1</sup> Resolution of the Cabinet of Ministers of Ukraine No 333-p of 1 April 2014 *On approval of the concept of reforming the local self-government and territorial organisation of power in Ukraine*.

for the students and personnel of new VET institutions; and an optimised and more effective teaching and training workforce.

## ASSESSMENT PROCESS

The assessment process was carried out with the help of PRIME consultative analysis – structured consultations in stakeholder groups featuring a representative mix of participation roles in the VET system, including administrators, teachers and trainers, students, parents and researchers. Consultative analysis is the process of transforming their individual knowledge into collective analytical potential through a structured discussion, the outcomes of which are judgements about actions, their impact, and the feasibility of action choices.

The deliverables of the PRIME project were generated in a series of meetings in Kyiv, Dnipropetrovsk and Vinnitsa. The assessment process went through the following key stages: definition of categories for action and policy intervention within each category; definition of impact assessment criteria; judgements about impact; and choice of course of action. The stages were implemented in three phases:

- Phase 1: Background analysis and scenario building,
- Phase 2: Impact assessment,
- Phase 3: Operationalisation of findings.

The project helped to consolidate group-owned options for policy action, definitions of impact assessment criteria, and judgements about the impact of actions according to these criteria. The options for action are presented in the next sub-section, followed by the outcomes of impact analysis.

## OPTIONS FOR ACTION

Instead of designing fragmented solutions that would serve one stakeholder group at the expense of another, PRIME participants decided in favour of developing a ‘synthesis’ scenario for action (SSC). This foresees options for coordinated interventions in areas of key importance for the future of an optimised VET system (legislation, provider network, funding and staff policies), and takes on board the perspective of multiple stakeholder groups.

The options for action under each of these categories are described below.

In the area of legislation, the SSC suggests the adoption of a framework Law on Education and a Law on VET as a prerequisite to start and guide deep educational reforms. Actions include the creation of new types of VET institutions with an integrated offer of initial and continuous VET; the definition of rights and responsibilities at all levels of governance and VET management; the simplification of licensing of study programmes; the abolition of VET-type degrees at universities; and the introduction of measures to incentivise teachers and trainers to accept work in disadvantaged locations.

In the area of provider network optimisation, the SSC proposes the migration of a certain group of institutions of the first and second level of accreditation to the VET system. The network of VET institutions could thereby be rationalised according to national and regional needs and the use of existing premises. The rationalisation should be carried out in a way that does not limit the constitutional right of citizens to free IVET. Some VET institutions with a sub-critical number of students might have to be closed down, and others merged. An additional option is to establish new, multi-disciplinary types of VET provider (VET centres, colleges and lyceums).

Regarding financial resources and budgeting, the SSC foresees the introduction of funding from multiple channels, such as the state budget, regional budget, tuition fees, services fees and private donations. To compensate for differences in economic strength between regions, the SSC proposes to introduce a system of differentiated subsidies from the state budget and to grant VET institutions more financial autonomy, including commercial bank accounts through which they can dispose of the so-called ‘money earned by ourselves’.

Finally, the SSC recommends the introduction of transparent criteria for taking difficult decisions about dismissals or profile adjustments of staff. Within reasonable limits, alternative career pathways, or opportunities to retrain or transfer to an administrative position, should be offered to those dismissed. The process should start with external assessment of the profiles of teachers and trainers in the VET system with a view to projecting staffing needs in the long term, and developing a roadmap for the development of the VET teachers’ workforce in Ukraine.

## IMPACT ASSESSMENT RESULTS

### Criteria

The choice of impact assessment criteria was guided by the necessity to find answers to questions that concern the implementation of the SSC in the real-life, professional context of PRIME participants. The two main questions were as follows.

- Are the actions purposeful?
- Are the actions feasible?

Responses to the first question were deemed to be best summarised under the heading of **effectiveness**. As an impact criterion, it is defined as the extent to which, all other things being equal, the proposed policy action will achieve the goals in its action category. Regarding the second question, the PRIME group identified resistance to change by stakeholders as the most significant of the factors that could have an impact on the feasibility of actions. The main criteria for the buy-in to change of both policy-makers and policy beneficiaries groups were **political acceptance**, defined as the likelihood that the intervention under assessment will be accepted and owned by the national and regional authorities, and **social acceptance**, defined as the likelihood that the intervention under assessment will be accepted and owned by VET professionals and beneficiaries (society).

The judgement options for each criterion were limited to three: viable (V), ambivalent (A) and problematic (P) (**TABLE 1**).

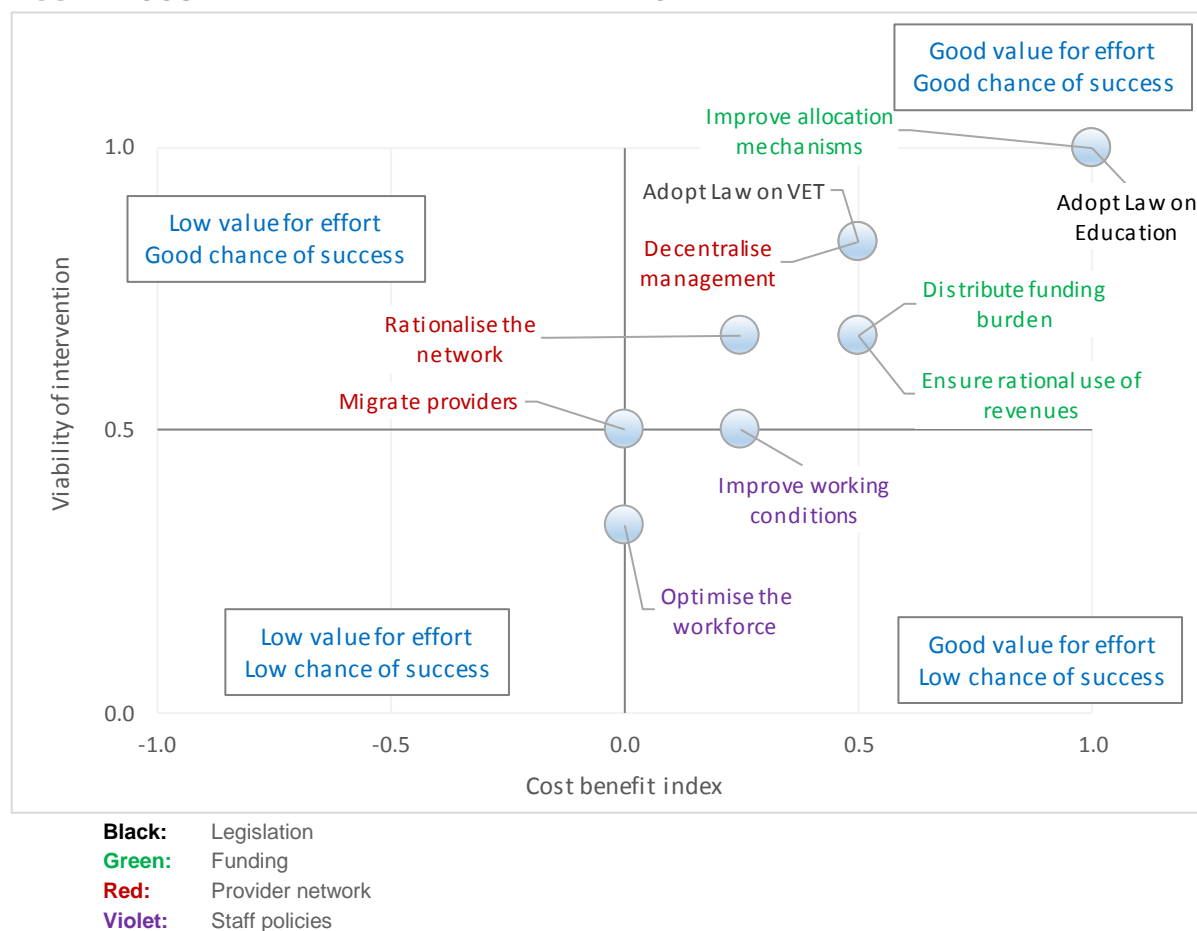
TABLE 1 OVERVIEW OF IMPACT ASSESSMENT CRITERIA, LEAD QUESTIONS AND JUDGEMENT OPTIONS

Criteria	Lead question	Judgement options
1. Effectiveness	If carried out, how will the proposed intervention fare in terms of effectiveness?	V, A, P
2. Political acceptance	If carried out, how will the proposed intervention fare in terms of political acceptance?	V, A, P
3. Social acceptance	If carried out, how will the proposed intervention fare in terms of social acceptance?	V, A, P

## Impact

A good compromise between feasibility and effectiveness is one of the features of successful policies. Compared to other SSC categories for policy action, interventions proposed in the category **legislative framework** hold the best prospect of success while requiring the least compromise by those concerned (**FIGURE 1**). The high overall level of acceptance of actions in this category reflects a certain propensity of authorities and stakeholders alike to address problems by creating new legislation.

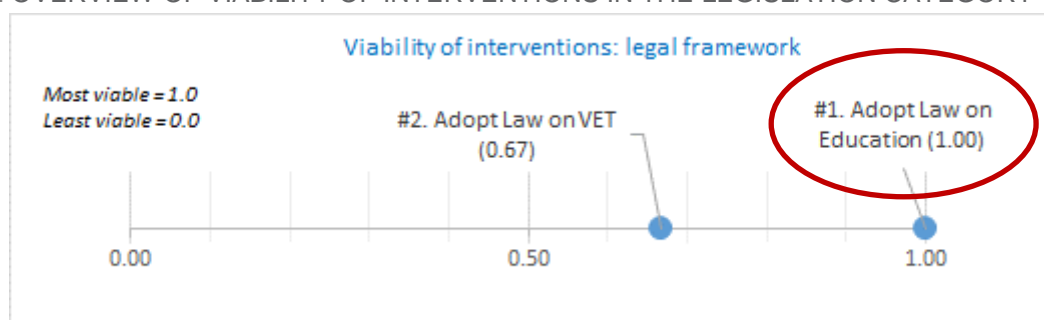
FIGURE 1 COST-BENEFIT INDEX PER INTERVENTION



However, isolated action in the area of legislation is unlikely to have the desired long-term effect if it is not accompanied by meaningful change in the remaining three categories – provider network, funding and staff policies. The following sections provide an overview of the anticipated impact of interventions in each category. In all of them, there is at least one intervention that stands out as the optimal one in terms of viable compromise between political and social cost, and effectiveness.

## Actions in the area of legislation

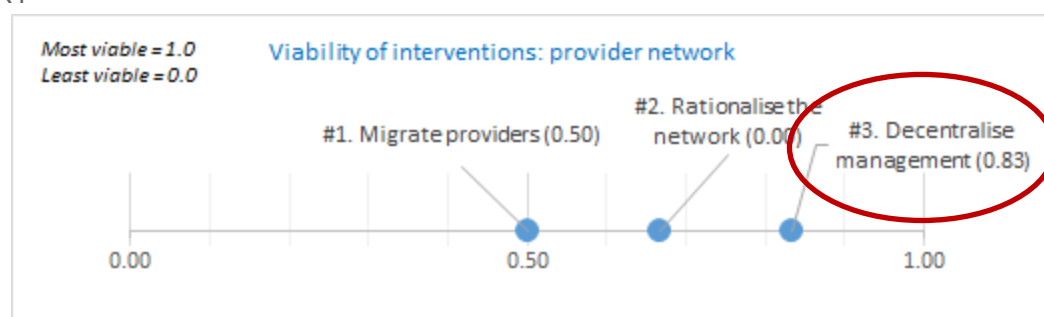
FIGURE 2 OVERVIEW OF VIABILITY OF INTERVENTIONS IN THE LEGISLATION CATEGORY



The adoption of a new Law on Education is expected to be a more viable option than the adoption of a Law on VET, because the latter might trigger considerable resistance from the staff of VET and higher education institutions who perceive that changes enshrined in the VET Law could decrease their status. At the same time, their ability to effectively block or undermine the changes is very limited, and their buy-in could be secured through secondary legislation that addresses their concerns. In terms of choice of policy action, the results of the assessment suggest that, instead of a trade-off between two fundamental pieces of primary legislation, it is better to implement all actions in this category, but in the right sequence. It is necessary to start with the Law on Education and then move on to adopting a Law on VET. As a framework law, the Law on Education will create the preconditions for VET reform by ensuring coherence between VET and other sub-segments of the education system, introduce a contemporary understanding of VET and establish a qualifications structure enabling the development and implementation of study programmes that meet the requirements of the labour market, particularly vocationally (professionally) oriented study programmes and qualifications. The PRIME consultation group reached a consensus that, on that basis, it will be easier (and more desirable) to introduce a new Law on VET.

## Actions in the area of provider network

FIGURE 3 OVERVIEW OF VIABILITY OF INTERVENTIONS IN THE PROVIDER NETWORK CATEGORY



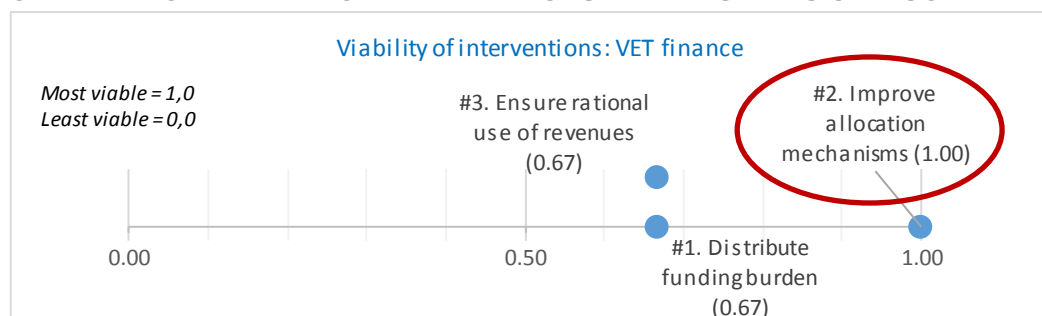
As far as the provider network is concerned, of all interventions the one with the best chance of sustainable impact, with manageable 'side-effects', is the decentralisation of management of the VET provider network. Certainly, there are some risks, such as the lack of readiness on the part of the regions to carry out the necessary decentralisation reforms, and unpreparedness on the part of Ukrainian civil society to be an active player in adopting decentralisation ideas. Furthermore, education authorities at both central and regional levels note the need for a transition period that could save the VET provider network from what participants call 'destruction'. However, the decentralisation of the management of VET institutions is a component of the wider decentralisation movement in the country and, despite some concerns, the regional authorities strongly support the full transition of ownership and management to the regional level. The decentralisation of the management of VET institutions is an arrangement to which both VET providers and the regional level of governance



aspire, as they hope that in this way the provision of VET can be brought closer to the needs of the regions.

## Actions in the area of funding

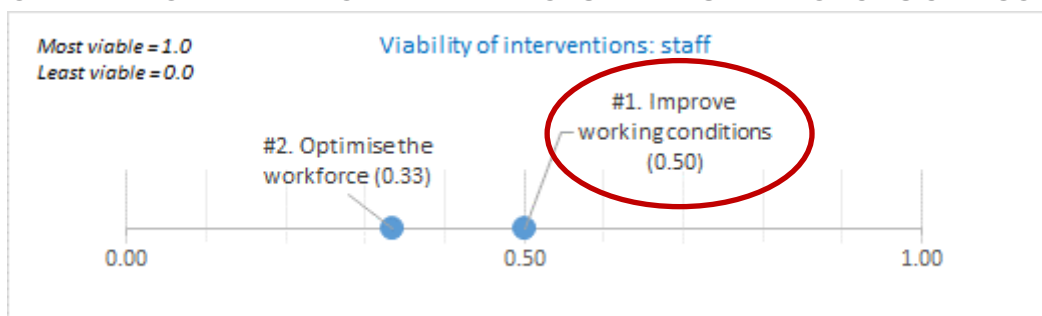
FIGURE 4 OVERVIEW OF VIABILITY OF INTERVENTIONS IN THE FUNDING CATEGORY



The highest-scoring policy option is the one with interventions aimed at improving the mechanisms for allocating the budget for VET. It features important but challenging elements such as the development and implementation of per-capita funding, the improvement of tendering procedures for communal expenses, and the introduction of correction coefficients for funding to be based on the complexity of study fields/programmes. This is expected to result in a better system of funding – better to the extent that it allows the regions and the VET providers to meet the needs of learners more effectively, while rewarding those VET institutions that are already operating in a commercially and socially successful way.

## Actions in the area of staff policies

FIGURE 5 OVERVIEW OF VIABILITY OF INTERVENTIONS IN THE STAFF POLICIES CATEGORY



In the challenging area of staff policy adjustments, it was judged that a focus on improving the working and employment conditions of teachers and trainers would have the optimal impact. A combination of increased autonomy, additional incentives and opportunities for professional development for teachers is likely to become a driver of improvement on various levels. There are certain trade-offs. The financial implications associated with this intervention, as well as the need to devolve responsibility for content and implementation of the curriculum to providers and individual teachers/trainers, are likely to meet resistance from authorities on national and sub-national levels. However, the improvements in working conditions of teachers and trainers are likely to be positively perceived by both VET professionals and society, and the changes will benefit learners. In sum, in the current atmosphere of openness and civic engagement in Ukraine, the buy-in by the broader public and the education professionals is likely to help overcome the resistance.

## Summary

A key message of PRIME in Ukraine is that the optimisation reforms are necessary, but also that they are likely to have implications in sensitive areas such as staff policies and funding. This means that for

some of the sides (providers) involved in the process, the changes will require adjustment and imply difficult trade-offs.

Instead of designing fragmented solutions that would serve one stakeholder group at the expense of another, PRIME participants decided in favour of developing a 'synthesis' scenario for action (SSC). It foresees options for coordinated interventions in areas of key importance for the future of an optimised VET system (legislation, provider network, funding and staff policies), and takes on board the perspective of multiple stakeholder groups.

In the area of legislation, the preferred option suggested in the SSC is to adopt a framework Law on Education as a basis for any subsequent legislative work. In the area of provider network optimisation, the suggested option is to modernise and decentralise the management of the VET provider network as a priority. This should be done as a prerequisite for sustainable optimisation of the VET network. Regarding financial resources and budgeting, the SSC impact assessment rates highly the option of introducing a better, fairer and more accountable funding mechanism, preferably based on a per-capita funding formula. Finally, in the area of staff policies, it is necessary to develop a roadmap for the development of the VET teachers' workforce in Ukraine and the improvement of their working and employment conditions.

## CONCLUSIONS

The Ukrainian VET system, like other VET systems that emerged from the Soviet era, had to redefine itself in a new and ever-changing socioeconomic context. Faced with the rapid dismantling of well-established relationships, not least the close links between VET schools and enterprises, the Ukrainian VET system needed to focus on core VET objectives. To meet these objectives, a system-wide and system-deep reform is needed that addresses the overall systemic challenges.

Viewing VET as a separate policy area is misleading because any VET challenge is closely linked to other policy areas. In particular, when options are being considered it will become apparent that solutions overlap with other policy areas. The National Tripartite Economic and Social Council could serve as a model for policy integration between VET and interlinked policy areas, including higher education.

A policy-learning approach will facilitate the establishment of policy-learning opportunities, such as continuous forums, enabling the formation of a critical mass of key VET stakeholders who gain additional competences in the art of VET policy reform. It is not a question of applying the VET approach taken by other countries, but a question of learning which VET approach the stakeholders can agree to by reflecting on the relevance of VET systems in other countries.

In Ukraine, the legal framework is now ready for a major review. However, the legal framework established in the early years of independence very much frames not only the direction taken by VET but also the current discussion of a modernised VET system. The preparation of a draft VET Law needs to be based on an effective policy-making process that clearly establishes stakeholders' commitment, especially in areas where stakeholders are seen to play a new and/or major role. The first step is the adoption of a Law on Education.

Decentralisation of VET cannot be separated from, and should be considered in the context of, public management and the decentralisation of public services in general. Decentralisation implies sufficient capacity for autonomous and accountable management by VET institutions and regional authorities – an area of development that should be given priority, for instance by activities to raise the capacity for independent management and administration on an institutional level.

As a result of the special VET funding system applied (the state ordering system), solutions to some of the key challenges lie outside the jurisdiction of the MoES. This means that the Ministry of Economy and Trade and the Ministry of Finance need to be directly involved. However, key to a meaningful dialogue is to establish a mechanism for effective and efficient allocation of resources, for instance through per-capita funding.

Finally, at the core of any change and improvement are the professionals working in the VET system, whose potential, working conditions and professional development needs have been neglected for far too long. A meaningful improvement should start with an investment in determining and then investing in the professional potential of teachers and trainers, which, in turn, calls for targeted improvements in their working and employment conditions. What is meant is not investment in infrastructure, but more autonomy to design and implement the curriculum in a way that best serves the needs of learners who come from diverse and often challenging backgrounds, with different expectations and potential for development.

Further information on ETF activities can be found on the website:

[www.etf.europa.eu](http://www.etf.europa.eu)

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