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Background Paper
TVET Governance

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1. Overview on the current status of the international discussion

Governance and Globalization

Over the last quarter century, economic forces of globalization have reshaped the roles of sovereign states, their international relations, interdependencies and integration in supra-national institutional structures. This has yielded unprecedented political and socio-economic challenges, opportunities but also threats.

In many Asian countries, the increasing mobility of private economic actors has boosted unprecedented economic growth. At the same time, it has dramatically altered policy options for governments to balance vital interests of domestic groups as well as their strategic potential to improve the living conditions of their populations.

It is this process where the international discourse about globalization intersects with a highly controversial debate about the question, how globalization systematically changes the way of governance, i.e. the culture-specific forms to coordinate social and economic actions. These are characterized by institutionalized, binding regulations and enduring patterns of interaction (Windzio et al, 2005).

Some Asian countries adopted the 'developmental state' model of governance, which was once pioneered by Japan and "emulated with varying degrees of faithfulness and efficacy elsewhere in the region" (Beeson 2009)¹. Yet, it is highly contested among scholars of economic and political science whether such historical patterns of state intervention and direction, though they were apparently decisive and beneficial in the high-growth period of the respective countries' economies, will remain effective in the future. There are also considerable doubts that the model, if ever, has sustainably worked in other Southeast Asian countries (Zhang 2003).

On the other hand, the recent global financial crisis has shaken the confidence on neoliberal western governance paradigms focusing on presumed benefits of self-regulating markets and reducing governments' roles to sheer administrators of socio-economic transactions. In response to this crisis, most OECD countries have shifted away from free market-based forms of governance and are exploring alternatives that include a bigger role for the state in guiding and managing their socio-economic affairs. Yet the 2009 UNCTAD LCD Report states, "this tendency has been more evident in the advanced countries than in the developing world"² and it demands:

"(N)either the good governance institutional reforms which many LDCs are currently implementing, nor the old developmental State, including successful East Asian cases, are entirely appropriate models now. Addressing the structural problems of LDCs will require a rebalancing of the roles of the state and the market. Discussion on the issue of governance must move beyond unhelpful and false dichotomies. Governments do not face a stark choice

¹ Forming the developmental experiences of South Korea, Taiwan, Singapore as well as China, thus becoming "synonymous with East Asia's rapid economic expansion and emblematic of the region's distinctive approach to economic management". According to Beeson et al. the term 'developmental state' characterizes an ideal type of a socio-economic governance system that has been realized differently in various parts of the region. In its ideal-typical form "a developmental state is distinguished by a developmental elite; relative autonomy for the state apparatus; a competent and insulated economic bureaucracy; a weak and subordinated civil society; the capacity to manage local and foreign economic interests; and a varying balance of repression, legitimacy and performance. Plainly, this complex array of elements will be realized in ways that reflect indigenous circumstances and capacities." A distinctive feature of Asian developmental states is "that policy-making elites prioritize economic development and are prepared to adopt or experiment with policy frameworks and innovations that are not necessarily or even primarily market-oriented. In other words, state interventionism is seen as unproblematic and even necessary in a political logic that privileges economic development (Beeson 2009).

² UNCTAD, The Least Developed Countries Report 2009, The State and Development Governance, Overview p. III



of good versus evil, the “vice” of State dirigisme versus the “virtue” of markets, privatization and deregulation.”

2. Benefits of and key challenges in advancing the issue on national level

TVET governance issues in ASEAN countries

Facing ongoing economic turbulences in the wake of the global financial crisis, while embarking on the challenges of integration into ASEAN’s single common market and production base, the governments of Southeast Asian nations have become aware that human capital building is both, a critical constraint and a key driver for economic resilience and inclusive growth during the next stage of their countries’ development. While prospects and challenges associated with this complex area of structural transition varies for each country’s economy and level of development, many (not only less developed) ASEAN members share common issues regarding their current HRD approaches and TVET governance systems:

- TVET is spreading over a highly fragmented landscape of public and private TVET providers, often with overlapping target group foci, blurred boundaries between formal, non-formal and informal qualification structures and lacking transparent funding, infrastructure management and efficient regulation of delivery mechanisms and quality assurance.
- Though generally there are national skills development policies and corresponding legal provisions for their implementation in place, these are often too vague in guiding effective operational strategies. Broad visions, ambitious goals, indefinite allocations of financial means and ill-defined duties of actors do not enable effective coordination of all elements of TVET delivery, including sufficient and sustained financing, quality management and involvement of relevant stakeholders. This causes delays and results in poor outcomes.
- Strong (partly constitutional) path dependencies in overestimating the role and the capacity of the state as the key supplier of TVET programs persistently impede demand orientation of training provision. Key constraints result from a lack of labour market relevant information for needs oriented curriculum planning, bureaucratic overregulation of training providers, limited opportunities for work based learning experiences, inadequate HR development and recruitment procedures, traditional input rather than performance based monitoring and budgeting processes, and, above all, insufficient awareness of investment needs and aggregate costs correlating with ambitious goals to make TVET spatially inclusive, comprehensive and competitive to general education.
- Public-private partnership agreements, despite being high on the agenda of most countries’ TVET reform policies for a long time, often fail in achieving a sustained and robust institutional manifestation. Core issues relate inter alia to:
 - weak visionary apex leadership in tripartite National Skills Development Councils often dominated by diverging intra-governmental interests/directives of different ministries and weak actual authority of private and civil sector associations;
 - unclear or unrealistic expectations in the vertical and horizontal distribution of roles and responsibilities between public and private stakeholders, often induced by misconceptions regarding capacities required in a complex multilevel TVET governance system;
 - a lack of incentives for the private sector to step into binding commitments and to provide obligatory and sustained contributions to skills development frameworks and HRD services that exceed immediate short term gains in shareholder values;

- mutual distrust among public and private partners concerning their interests, capacity and accountability to follow joint normative rules and agreements including the enforcement of corrections and sanctions in cases of systemic malfunction.
- Challenges in terms of time, resources and capacity required for developing, implementing and maintaining comprehensive National Qualification Frameworks and corresponding TVET Quality Assurance Systems are often underestimated, while their impact on solving generic system malfunctions are overestimated (ILO 2010).

Benefits and challenges of private sector involvement in TVET governance

There is an increasing awareness in countries around the globe that the government alone cannot provide sufficient access to high-quality training. Sometimes private training provision by employers and non-governmental organisations fills the gap. However, while private involvement in TVET can greatly enhance the spectrum of offers, these are often based on rather narrow and short-term economic objectives. Often they provide no or just marginal spill-over effects for a country's social and economic development. On the other hand, public sector engagement in TVET is often highly structured through legislation and hampered in its effectiveness by rigid top-down directives and bureaucratic rules. This makes it difficult for TVET providers to adapt their services flexibly to the local demand.

Making TVET an effective driver for a country's economic and social development in the dynamic environment of global, regional and interregional interdependencies needs concerted efforts and actions of all stakeholders. It requires not only policy solutions that meet the multiple objectives of a multitude of stakeholders but also the establishment of a well-functioning governance framework that incorporates, balances and leverages the different interests, expectations and potentials through sustained synergetic collaboration of public and private actors at all three levels of a national TVET system: A multi-level governance system covering and linking policy making (macro), institutional administration (meso), as well as training delivery and assessment (micro) of TVET.

As is well known, the term 'Public-Private-Partnership' (PPP) in TVET has a wide scope. It ranges from employer-worker participation in shaping national training policies to an enterprise's donation of materials or giving of advice to a local training institution. Systemically, the collaboration can be vertical, between national institutions and local entities, and horizontal, between local or national partners and institutions.

At the macro level, PPPs include the representation of partners on national training boards and committees providing advice and consulting on policy issues, planning, standards and curriculum development, performance evaluation, quality control, and not least also financing. At the micro level, partnerships may emerge between individual firms and public training institutions involving local government, public and private training providers and also non-governmental organisations. Public training institutions may seek advice and assistance of enterprises on training design, the implementation of quality standards and performance assessments, as well as the provision of information on skills training needs, provision of equipment, vocational guidance and counselling, recruitment of successful trainees, and the organisation of work based learning scenarios to give trainees and trainers practical experience (Mitchell 1998).

However, in most developing countries, forms and modalities of such partnerships vary considerably. While some may be established through laws and formal agreements others may widely rely on goodwill and more or less informal commitment. Particularly, at the level of institutional governance (meso), which requires intermediary institutional mechanisms through

which e.g. enterprises are contracted to deliver training services in accordance with relevant standards or training institutions are supervised by 'competent bodies', collaborative functions are highly complex and require trustful multilateral arrangements that may grow and prosper only over a longer period of time.

Comparative studies around the globe show that size and strength of the private sector is a determining factor in the emergence and consolidation of successful governance reform initiatives for national TVET systems. In low-income countries with a weak private sector representation, the strong role of the government in financing and delivering training suggests that partnerships first needs to be negotiated in order to balance the diverging interests, while in middle-income countries with an emerging industrial sector the private sector can assume a more active role, which can be fuelled by incentives (e.g. to increase workforce productivity). In economies with strong industry and service sectors, employers and workers are interested and able to take on a more institutionalised role in sharing strategic and operational responsibility for TVET with the state (Mitchell 1998; Dunbar 2013).

Nevertheless, the government plays an important governance role in all of these stages. Above and beyond its increasing role as a facilitator and regulator, a clear awareness of the overall economic situation and a sound policy environment are of major importance in sending signals and influencing HRD investment decisions by enterprises, in promoting the decisions of individuals to acquire relevant skills, as well as in enabling training providers to deliver their services in line with endorsed quality standards, which influences the formation of sustained partnerships.

Establishing national TVET agencies

A widely used indicator to measure the stage of a country's HRD reform initiatives is the degree by which tripartite agencies such as National Skills Development Councils are becoming institutionalised and how they are actually performing their strategic and operational duties with regard to a wide range of multilevel TVET governance tasks³.

In general, it can be assumed that a newly established governance body with cross-divisional roles and responsibilities has to compete with existing authorities, and its acceptance by all stakeholders involved will only gradually grow, not least depending on a joint acknowledgement to achieve feasible outcomes. Main challenges are to exceed the status of a just formal arrangement and actually achieve effective power and efficient capacity to influence policy design, to actively participate in its implementation and to monitor its concrete impacts.

Particularly for countries being at an early stage of TVET system reforms, the following compilation of recommendations can be derived from theoretical and practical analyses in this field of study (Frommberger 2014):

1. Tripartite National TVET Agencies should become the central institution for collaborative efforts among stakeholders rather than a government driven forum for traditional directive forms of HRD governance. In so far, they should serve a sustained involvement of stakeholders and develop forms of productive dialogue. Initially establishing sectoral, hence more professionally structured and competent organisations may likely increase their acceptance by actors.

³ e.g. ETF/ILO/UNESCO Inter-Agency Working Group on TVET Indicators, April 2012, [http://www.etf.europa.eu/webatt.nsf/0/E112211E42995263C12579EA002EF821/\\$file/Report%20on%20indicators%20April%202012.pdf](http://www.etf.europa.eu/webatt.nsf/0/E112211E42995263C12579EA002EF821/$file/Report%20on%20indicators%20April%202012.pdf); The World Bank (2013), What matters for workforce development: a framework and tool for analysis, <http://documents.worldbank.org/curated/en/2013/04/18070138/matters-workforce-development-framework-tool-analysis>

2. In most countries, various types of training exist side by side. It is important to understand these different approaches with regard to their respective social and economic functions and possibly further develop them. Focusing on a single approach, which will be implemented 'top-down' as a dominant model, could arouse strong resistance due to traditional governance structures. Rather, it appears meaningful to strengthen the links between different approaches within a polyvalent system approach. A National VET agency can take over the function to promote these various structural developments and to facilitate cooperation and coordination.
3. Generally, National VET agencies act on the basis of vocational training laws or alternative education or economic laws. They are built and equipped with responsibilities for vocational training, which, at the same time, fall in the authority of other state institutions (e.g. Ministry of Education, Ministry of Labour and Social Affairs, Ministry of Economy, Industry or Sectoral Ministries). In addition to the national authorities, regional or municipal authorities are sometimes affected. Usually, these traditional bodies have acted much longer in the training field. In order to avoid competition, responsibilities should be clearly delineated, legally determined, and well-coordinated with other state institutions. This process is extremely complicated. In favour of a long-term success, initially a narrow, yet realistic allocation of responsibilities could help this facility to become effective over the years.
4. The establishment of National VET agencies should follow the principle of subsidiarity to make decisions and implementation steps closer to practical relevance⁴. Delegating responsibilities for the implementation and control of TVET to the private sector can increase its willingness to participate.
5. The willingness of companies to participate in industry sector-wide vocational training programmes can be promoted by dual training systems or by trade specific vocational training centres operated by respective industry trade associations. In particular, where the development of broad occupational profiles of trainees cannot be fully covered by on-the-job trainings in individual companies due to their highly specialised production processes and workflows, such composite approaches can systematically provide institutional support to generate (also future) labour market relevant qualifications. This requires, however, school curricula and on-the-job training activities to be aligned with each other.
6. Approaches to quality improvements should build on existing structures. Where an institutional and regulatory infrastructure already exists (occupational standards, curricula, graduate certificates, provider standards, teacher qualifications etc.) this should be enhanced and further developed. In addition, output and outcome-related measures could be initiated. Where such infrastructure does not yet exist or just works in rudimentary form, it first must be developed. Before the outcomes of learning processes (e.g. in terms of competencies) can be captured such processes must be actually enabled. A sole focus on outcome-oriented training approaches, regardless of the existence of respective input- and process-oriented enabling factors, is often foredoomed to fail.

⁴ Subsidiarity is a principle of social organization that is often associated with the idea of political and administrative decentralisation (e.g. in the EU). In its most basic formulation, it means that social problems should be dealt with at the most immediate functional level consistent with their solution. A central authority has a subsidiary (that is, a supporting, rather than a superordinate) function, when it performs only those tasks, which cannot be performed effectively at a more immediate or local level. By this, subsidiary governance structures vary significantly from the neo-liberal paradigm of de-regulation.

7. Initial expectations on the efficiency of National VET agencies must not be exaggerated. Their options to function well will essentially depend on the acceptance of these institutions in the national education and training context. Their prospects to eventually succeed depend on their ability to actually address multiple stakeholders' needs and thus to promote their active participation. Generally, and in particular in the case of top-down approaches, a "very long wind" will be necessary before the purpose to achieve an improved (i.e. more effective and efficient) governance structure for TVET will be widely recognized and acknowledged. There are some procedural topics that might be taken into account for a successful establishment of a National VET Agency:
- Identify interests in HRD with regard to local and regional needs, investigate expectations of stakeholders in vocational education and training and combine them with policy relevant aspirations.
 - Check who could systematically present and represent such interests based on institutionally legitimized lobbies (e.g. employer and workers associations, chambers of trade and commerce etc.). Avoid the establishment of pseudo committees and political bodies having no real backing of the actual actors responsible for making binding decisions.
 - Where ever possible, focus on options of subsidiary structures for decision making, implementation and controlling. Beneficial are regional and local satellite institutions ('competent bodies') which are able to communicate local needs and can be made accountable for implementing locally appropriate measures.
 - Take care that the central national agency has the capacity to negotiate multiple stakeholder interests, to coordinate multiple TVET approaches and to support respective regional and local activities. This will require appropriate information gathering, PR and adequate research capabilities.
 - Do not underestimate the need for continuous information events, staff trainings and communication between central actors and multiplier bodies. Any new idea needs first to be understood regarding its relevance and implications before it becomes broadly socialized and potentially will make an impact.
 - Be careful in standardising occupational profiles and professional qualifications by just adopting international models. Highly sophisticated drawing board constructs without clear orientation to the actual skills and knowledge required and created with limited consideration of actual training conditions will be perceived as obstructive regulations rather than as constructive means to improve HRD and labour market performance.
 - Avoid subordination of a VET agency to a single ministry. Since a key task of this institution is to balance and coordinate educational, economic and social interests it should be able to act autonomously, notwithstanding the need of having close linkages to the competences of different ministries and government departments.
 - Take into account that it is smarter to start with a vision of becoming a well accepted service provider rather than a competitor to existing regulators and polity bodies. Proving itself in practice may provide a good basis for a stepwise expansion of purview and responsibilities.

Financing TVET

Regarding TVET as a decisive factor for sustained and inclusive economic growth implies that its costs, both in terms of investments and operating expenses, should be equitably shared amongst those who directly and indirectly benefit. This includes governments, individuals, enterprises, training providers and the community.

Unlike for basic compulsory education, which is traditionally financed through state budgets and (sometimes in combination with) tuition fees, this model has become widely questioned to be appropriate for the funding of TVET. It makes the system supply driven, is not strong and flexible enough to fulfil the demand for an varying amount of costly equipment and resources required for specific training areas, and it does not encourage enterprises as the key clients of skilled human resources to pay for training.

However, there are often conflicting interests and perspectives of the private sector, governments and civil society on focus and benefit of public funding. Industries tend to lobby for resources to be spent on demand-driven formal sector training and skills upgrading of employees through trade specific short-term training. Government mandates extend beyond these specific requirements and include skills development addressing (often) huge informal economic sectors and disadvantaged target groups like the pre-employed and unemployed. In many countries formal TVET also competes with general secondary education as an alternative path to higher education.

Given the limited revenues available for a sustained financing, many governments have developed policies that focus on the diversification of TVET funding sources by stimulating more private investments from both private households as well as employers, improving the targeting of public spending, and increasing the income of training institutions through productive activities. Liberalising the training market shall trigger a structural transformation of a supply driven system into a demand driven one.

However, reports evaluating progress and impact of such reform projects show that crucial governance issues are associated with an effective implementation. Often these reforms have to struggle with systemic imperfections and failures, both in the labour market and in the training market (Almeida 2012).

Imperfections in labour markets, for instance, prevent employers to invest in training their future workers since these may be poached by others. Workers, on the other hand, are less likely to invest in training if employers have market power and keep wages down. Another common type of vicious cycle is that employers do not create high-productivity jobs because there are no skilled workers, while workers do not invest in skills because there are no corresponding jobs.

Imperfections in training markets result, for instance, from adverse effects on training quality caused by a situation where training providers, in order to stay profitable, are forced to follow economies of scale (i.e. lowering unit costs per trainee and/or increasing enrolment numbers per course) if uniform tuition fees are their main source of funding. These effects will be worse the less information is provided to students about career prospects and the quality of training offers and the less choice students have to select alternative options.

There is a huge amount of literature describing advanced TVET financing models and instruments and highlighting their respective strengths and weaknesses (e.g. Mitchell 1998; Dohmen 2001; Johanson 2009; Dunbar 2013)⁵. Yet, case studies investigating how they have been proving themselves in practice often report rather mixed results. Inefficiencies and failures

⁵ Key elements and findings of these studies were presented and discussed during the first Regional TVET Conference in Viet Nam in October 2012 (see chapter 5 in the background paper for this conference: <http://www.regional-tvet-conference-vietnam.org>). A synoptic chart from this paper is presented in Figure 1

seem to occur due to a lack of consistent and conducive strategic, regulatory and administrative frameworks. Above all, it often seems not to be sufficiently appreciated that private financing “is intrinsically linked to the expected return in that investment and to greater involvement by those financiers in its development” (Dunbar, 2013: 34).

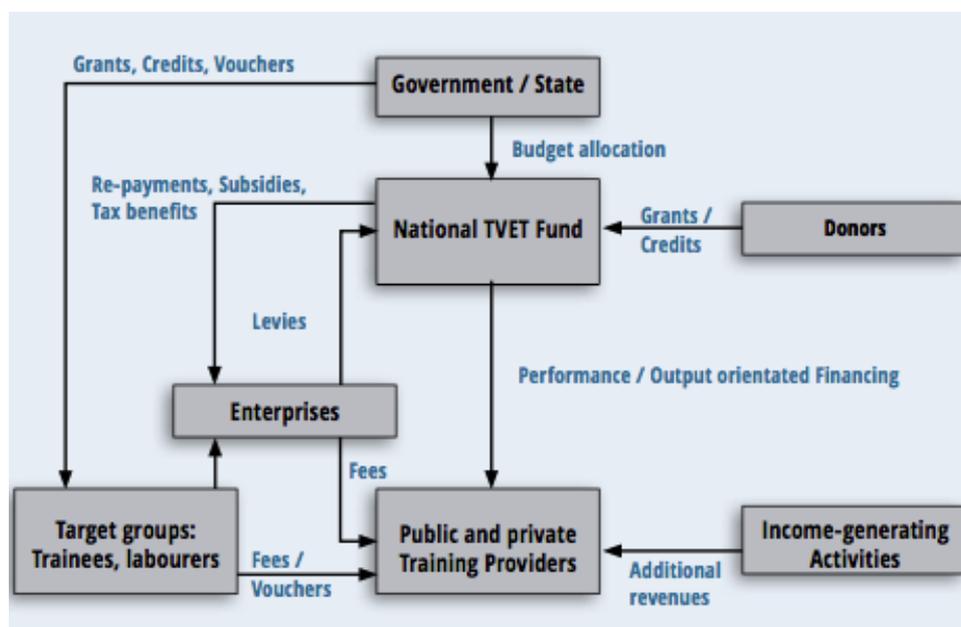


Figure 1: Advanced TVET financing model (Source: GIZ Background Paper Regional TVET Conference 2012)

Experiences from countries with well-functioning TVET systems indicate that advanced collaborative financing schemes require some basic framework conditions, which are indispensable for reconciling the networked complexity of planning processes and other governance areas with the need for efficiency and accountability:

- To attract private financing to TVET, especially private sector financing, the private sector needs to be directly involved in creating a better system. This includes a central role in sourcing and determining the allocation of funds raised from private sector contributions as well as its active involvement in governance.
- TVET and labour market information systems need to be strong enough so that policy makers and stakeholders can understand where the training market (in terms of supply and demand) is not working well, where there are private under-investments or public over-investments and why. In addition, such systems need to be accessible, informative on actual training/qualification cost/benefits and easy to use also for students and parents in order to spur demands and acceptance of vocational training.
- Verifying potential returns on investments in vocational training requires a comprehensive, integrated and fully costed financial blueprint for each sub-sector including differentiated unit cost patterns, credible cost-benefit analyses as well as realistic cost projections for resource generation (including teacher development) and funding of recurrent expenditures. Cost transparency provides a promising starting point for mutual appreciation of and the disposition to financial contributions, particularly in cases where sharing of costs allows an existing system to become more efficient (e.g. in reforms towards a formal dual system approach).
- Any change in the financial framework with a view to create incentives for training providers to deliver quality training (e.g. through performance based budgeting schemes) will only be effective if quality in TVET is defined and outcomes are measured and

monitored. There must be effective sanctions in place to punish non-compliance and also supportive means assisting institutions to improve quality.

- Subsidies, loans, funds and training voucher systems can be highly effective means for financing, respectively finetuning demand orientation of TVET and spurring its quality. However, effective implementation requires sophisticated and elaborate concepts that take into account locally specific framework conditions, market forces and social constraints in order to avoid misuse and unintended effects. On the other hand, complex requirements regarding administrative tasks can lead to highly bureaucratic governance structures that may subvert their efficiency and prevent their acceptance. Establishing principles of subsidiary can help mitigating such risks.
- Financing regulations for non-public TVET activities should be closely combined with mandatory accreditation procedures prompting training providers not only to comply to a standard set of minimum input, process and output criteria but preferably giving them impetus to continuously improving their quality and striving to achieve excellence in their training delivery through a multistep certification approach. While this will stimulate competition among training organisations to become eligible, respectively attractive for public and private funding, it also has proven itself as an effective governance measure for clearing the market.⁶
- Recovering a share of institutional costs by productive income generating activities (IGA) of public training providers is a common TVET policy approach in many developing countries. This requires administrative reforms giving training institutes substantial autonomy and operational freedom (including the right to hire competent staff). Yet, issues that need to be addressed are business management capacities of principals and concerns that IGAs may create unfair competition to private businesses and distort local markets. In addition, governance mechanisms should be in place to ensure that business activities will not be conducted at the expense of training quality.

3. Regional perspectives: Contributions, potentials and challenges posed by regional integration processes

With the constitution of the AEC at the end of 2015, the ten countries that make up the Association of Southeast Asian Nations (ASEAN) have even more immediate reasons to give importance to their TVET governance systems. There are strong caveats that the AEC may add to labour market deficits and increase inequality unless it will be properly managed (ADB/ILO 2014).

Particular concerns are related to expected changes in the sectoral distribution of employment leading to shifts in occupations that are in demand and to the challenge to tackle resulting skills shortages and mismatches in the national labour markets. A core issue are the vast structural economic and demographic disparities between the ten ASEAN countries as the main driver for increasing migration of workers⁷.

So far, AEC policies for managing migration have been confined to some high-skill occupations by establishing Mutual Recognition Arrangements (MRAs) in eight occupational categories⁸.

⁶ In Germany, for instance, there are about 3,500 providers for publicly funded CVET accredited; approximately 10,000 providers existed before the system was established. (CEDEFOP 2011)

⁷ Between 1990 and 2013, intra-ASEAN migration increased from 1.5 million to 6.5 million, with Malaysia, Singapore and Thailand emerging as major migration hubs (ADB/ILO 2014: 83)

⁸ Engineering, nursing, architecture, surveying qualifications, medical and dental practitioners, and accountancy services. From these eight MRAs only two (architecture and engineering) prescribe eligibility to apply for a license in another Member State. Seven occupations (excl. tourism) account jointly for only between 0.3 and 1.4 per cent of total

However, as a recent ADB/ILO study on prospective socio-economic impacts of the AEC concludes, *“labour migration within ASEAN is mainly dominated by low- and medium-skilled workers in manufacturing, construction, fishing and domestic work and it is likely to remain so long into the medium term. Recognising additional occupations under multilateral frameworks could provide better channels for such workers, while promoting a more sustainable and legitimate mode of managing labour mobility, offering benefits for both source and destination countries”* (ADB/ILO 2014: 100).

Creating multilateral frameworks for skills recognition is a complex and arduous work as reports on respective regional TVET policies e.g. in the European Union⁹ show. A key success factor, apart from strong commitments required from multiple stakeholders at national levels, is an effective and efficient multilevel governance structure, which may, as in the EU, follow the subsidiary principle but exceeds that required on national levels by its scope and complexity. This has considerable implications on advisory and monitoring tasks, management capacities, and sustained financial needs.

In terms of commitment, ASEAN and its member states have jointly declared to *“(d)velop national skills frameworks in ASEAN member States through sharing of experiences and best practices as an important strategy to strengthen HRD and management and to enable member States to raise their respective levels of skills standards, as an incremental approach towards an ASEAN skills recognition framework”*.¹⁰

The ASEAN Secretariat is actively promoting the creation of the ASEAN Qualifications Reference Framework (AQRF) as part of the AEC to facilitate mutual recognition and certification of skills and qualifications region-wide. An incremental approach is applied, starting from the mutual recognition and certification of key occupations, and expanding to all occupations later. The plan is to first establish national qualifications frameworks (NQFs), with the AQRF emerging as a consolidation of national facilities.

However, a recent ILO study assessing the readiness of ASEAN Member States for implementation of this commitment summarizes: *“Clearly not all members will be ready to recognize the skills and professional qualifications of all migrant workers from 2015”*, and it suggests that *“there is still significant work to be done across the countries regarding the understanding of the purpose and functions of a common reference framework”* (ILO 2014:3).

The study puts a broad focus on technical aspects of QF design and implementation by analysing (inter alia) the current skills standards and the national testing and certification systems. It provides, however, also some basic insights on governance issues and challenges related to standardization and quality assurance of TVET qualifications. These are roughly outlined in the following synopsis:

employment in Member States. They thus represent a negligible fraction of the total jobs held in ASEAN (ADB/ILO 2014:91).

⁹ Namely the implementation of European Qualification Framework (EQF) starting in 2008. A recent evaluation of the progress made in the implementation of the EQF states: “Evidence of its outcomes and impact on national education and training systems in participating countries, on the use of learning outcomes and validation of non-formal and informal learning has been scarce so far. This means that the implementation needs to progress further before this impact becomes visible” (Devaux 2013).

¹⁰ Association of South-East Asian Nations (ASEAN). 2010. ASEAN Leaders statement on human resources and skills development for economic recovery and sustainable growth. Available at: <http://www.asean.org/news/item/asean-leaders-statement-on-human-resources-and-skills-development-for-economic-recovery-and-sustainable-growth>

Country	Governance of NQF design and implementation
Brunei- Darussalam, Singapore	Both countries have strong institutional capacity to resolve outstanding policy and implementation qualifications issues and can be ready for ASEAN QRF benchmarking when the requirements and the process are finalized.
Cambodia	The country is in an early stage of institutionalizing effective governance structures for its TVET system. Though an overall policy framework and the architecture of the system required to recognize technical and vocational qualifications are in place, regional recognition will be achievable only after robust implementation. This is unlikely to be fully achieved by 2015.
Indonesia	A lack of coordination and focus of the education and training systems cause significant problems due to by the fact that Indonesian ministries run apprenticeship and training programmes independently, refusing to recognize the legitimacy of each others' certification. Furthermore, the current system is generally not flexible enough to meet industry training needs or the demands of the economy and labour market. The duality of having a vocational secondary education system running alongside a national training system leads to training initiatives being poorly executed.
Lao PDR	A unified national technical and vocational qualifications framework is not yet in place. The first TVET law in Lao PDR was crafted by the MoES with a broad participation of government agencies and other stakeholders in the course of 2012 to 2013 and enacted in 2014. The law will support efforts in order to harmonize a unified TVET system based on industry skills standards setting, technical and vocational qualifications, regulatory quality assurance, and assessment and certification.
Malaysia	Having two separate national agencies responsible for human resources development, quality assurance, and certification is somewhat problematic for Malaysia to have straightforward skills recognition within ASEAN. There appear to be no mechanisms to promote consistency in NQF level assignment of qualifications and accrediting procedures between the two central agencies. Also, unlike those for skills training, competency standards for vocational schools do not yet refer to National Occupational Standards.
Myanmar	In Myanmar, the Ministry of Labour, Employment, and Social Security (MOLES) has taken a lead role in the establishment of a unified skills training system including a National Skills Development Agency to be assigned a wide range of authority. At the moment, however, several ministries and agencies conduct skills training and carry out vocational evaluation, testing, and certification processes in conformity with their own standards and different approaches to meet the needs of the industries they serve. Certification is by the training institutions concerned and is usually at three or four qualification levels. At present, there is no centralized system for skills certification for sub-professional occupations.
The Philippines	Governance of formal TVET in the Philippines is under sole authority of Technical Education and Skills Development Authority (TESDA), which began implementing reforms leading to a quality-assured competency-based TVET system in 1998, and formally established a national qualifications framework

for TVET (PTQF) in 2003. Qualifications promulgated for the PTQF are presumed to meet all requirements for benchmarking with the emerging AQRF. Recently, the Philippine Government has launched an initiative to move towards a wider national qualifications framework (PQF) covering all three sectors of education (General, Higher and TVET) that encourages life-long learning by ensuring that qualifications in the three sectors are strongly connected, with increased opportunities for ladderization. This initiative seems to be well supported by a strong coordinative regime regulating the collaboration between the government agencies for each sector, the Department of Labour and Employment and the Professional Regulations Commission through task oriented technical working groups.

Thailand

Like several other ASEAN countries Thailand has a complex but rather fragmented education and training system governed by different ministries and agencies. To create a consistent approach to national HRD across the institutions involved in technical and vocational skills training, the Ministry of Education has taken the lead in drafting a NQF. The new framework encompasses the three levels of skills assessment and recognition established by the Ministry of Labour as well as the Higher Education Framework more recently applied to Thai universities. However, to manage the challenges related to the development of new occupational standards, competency-based curriculums, staff development and quality assurance systems a new governance structure is required involving not only key ministries and agencies but also industry groups and professional councils.

Viet Nam

Though Viet Nam's TVET system is highly structured by legislation, it includes many different organizations managed by many different ministries. Its management is widely perceived as uncoordinated, inefficient and remaining unsatisfactory with respect to meeting the changing requirements of the economy and the country's socio-economic development goals. There is no NQF allowing to benchmark national qualifications to the emerging AQRF. A significant issue concerning governance capacity is that there are two national regulatory bodies for TVET. Both have their own policies, standards, and general expectations about TVET and its future development. Consequently, it is difficult to achieve unified central leadership for the development of competencies and qualifications, and for their accreditation, assessment, and national certification. Also, articulation between TVET and higher education in Viet Nam has not so far been possible. Though a single national approach to qualifications is strongly supported by the Director General of the Department of Technical and Vocational Education, and the Ministry of Labour, Invalids, and Social Affairs (MOLISA) has made some progress through adopting five levels of occupational skills, which can pave the way towards the development of a NQF including relevant quality assurance measures, improvements are still at an early stage of development and the awareness of benefits among all stakeholders (workers, employers, labour management agencies) is still very low.

4. Five theses (and corresponding questions) on the issue of TVET governance

1. The impact of globalisation on the socio-economic development of countries sharpens the focus on the roles of governments within national, sub-national and regional settings. A question arising in this context is: How can governments define new governance roles and strengthen their governance capacities without being trapped by the unhelpful dichotomy of state interventionism vs. neo-liberal laissez-faire regimen?
2. Making TVET an effective driver for a country's economic and social development requires an expansion of its planning into wider socio-political and economic arenas and active involvement of the private sector. While this requires new collaborative modes of stakeholder involvement it also makes co-ordination all the more difficult. This raises several questions: How can the networked complexity of contemporary planning processes and other multi-level governance areas in TVET be reconciled with a need for greater efficiency and accountability? What speaks pro and contra the subsidiary principle? Which role play comprehensive and reliable management information (and information management) systems?
3. TVET reforms need to focus on the creation of new political and administrative bodies within existing legislative and executive environments. How can a national TVET agency be negotiated and established as a viable "meso level" for TVET governance that is, among other things, endowed with the fiscal autonomy and political authority required to effectively assume decision-making and implementation responsibilities, in particular, with regard to National Qualification Frameworks, quality assurance and financing arrangements?
4. No discussion about TVET governance is complete without a focus on the role of the state as a provider of basic conditions of action and of incentives for stakeholder participation. How can the role of the state and its relations to stakeholders on vertical and horizontal levels be enhanced so as to improve prospects for effective TVET management and financing?
5. Related to the above, debates on TVET reforms shed light on the role of institutions as well as their significance in affecting stakeholder commitment and accountability. With this regard decision-making processes are as important as institutionalised structures of governance. However, path dependencies and informal rules that influence these decision-making processes are often more important and rather less easily modified than formal rules. How can confidence in institutionalisation of new TVET governance structures be promoted and which basic constraints need to be overcome for this?



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