Performance Audit Report

VOCATIONAL EDUCATION SYSTEM IN GEORGIA

Current Reforms and Challenges

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30.12.2013

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Glossary

VET – Vocational Education and Training
EU – European Union
MoES – Ministry of Education and Science
LEPL – Legal Entity under the Public Law
NCEQE – National Centre for Education Quality Enhancement
ETF – European Training Foundation
GeoStat – National Statistics Office of Georgia
GiZ – Deutsche Gesellschaft für Internationale Zusammenarbeit (the German Society for International Cooperation)
IOM – International Organization for Migration
USAID – US Agency for International Development
EQAVET – European Quality Assurance in Vocational Education and Training
ECVET – European Credit System for Vocational Education and Training
ENIC – European Network of Information Centres
NARIC – National Academic Recognition Information Centres
Executive Summary

The recent reforms have triggered significant changes in Vocational Education field. Over the last decade new educational institutions have been constructed, National Qualification Framework and Quality Assurance legal mechanisms have been developed, Informational Centres have been opened in three largest cities of Georgia, etc. Vocational Education system was anticipated to transform essentially, which should have had positive effect on decreasing unemployment and economic growth of the country.

State Audit Office of Georgia has studied the significant reforms implemented in Vocational Education field and enquired how efficiently and effectively they were conducted. In particular, the Government’s measures of matching the skills of re-trained employees to the labour market needs, how learning process is managed and financed, and infrastructural development of the Vocational Education field has been studied.

The Audit has revealed that despite the positive changes that were implemented, the Ministry of Education and Science cannot ensure matching the priority Vocational programs to the labour market needs, due to lack of information about the market.

The reporting system that exists in Georgia is, to some extent, in line with the Copenhagen Process and other international best practices, but it also has some shortcomings: External assessment methodology and indicators are not developed, stakeholders’ involvement in the process of assessment is not ensured and other additional supervising mechanisms are not implemented.

The Vocational standards existing in Georgia differ from the ones operating in European countries, for the reason that they are excessively wide-ranging and do not contain specific information. Moreover, credit system is not standardized and unified, which hinders flexibility of educational process and training equally qualified personnel.

Professional development of teachers is conducted in unsystematic manner, due to being focused on developing general, not specific skills. Access to the information and involvement of private sector is not ensured.

The existing financing scheme is not rational – funds are not allocated optimally. Due to the fixed value of voucher, Vocational institutions were not provided with resources that would meet their actual requirements. Shortcomings of the voucher system have led to inefficient spending of significant sums (approximately 2 million GEL). Infrastructural development of Vocational institutions is handled unsystematically – some of the VET colleges have never been rehabilitated, which results in uneven possibilities for the institutions to develop.

The following report reviews the existing situation in Vocational Education system in Georgia. Based on the audit evidence, analysis and findings, the State Audit Office has issued corresponding recommendations, which are reasonable to be taken under consideration to improve the current position.
1. Introduction

Due to the economic reforms commenced in 2004, the country has undergone perceptible economic growth and the business environment has significantly improved. The growth rate has decelerated in 2008 due to the military events that took place in Georgia, but the economic growth of country continued again in 2011. GDP increased by 7%\(^1\).

Despite this, the country still faces considerable challenges: high unemployment rate, low indicator of new workplaces, low productivity of the self-employed in agricultural field, poverty (especially in villages), etc.\(^2\)

One of the reasons for the high rate of unemployment is structural unemployment, meaning that the professional skills that exist on labour market do not match with the demand, caused by recent changes over the market\(^3\). One of the solutions of this problem is to develop Vocational Education and train qualified professionals. To achieve this, the government has started to implement major reforms, which involved every stakeholder, referred to as social partners (including international organisations and, notably, European Union Delegation in Georgia – which supported the reforms with both material and human resources). In the beginning of the reform, on March 28, 2007 the new Law about Vocational Education was adopted. In about a year and a half after that, the Vocational Education Development Strategy was obtained for 2009-2012. During the implementation of this strategy, Standards were developed for National Qualifications Framework and Quality Assurance system. The infrastructure of vocational colleges was enhanced and new colleges were built.

In 2013, in frames of technical assistance from EU, strategy for 2013-2020 was developed, which aims to support Georgian government in social and economic development, overcoming poverty, increasing accessibility on Vocational Education and developing Vocational skills over the next decade.

To achieve the strategic goals, action plan was developed for 2013-2015, which determines main objectives, activities and performance indicators.

1.1 Audit Motivation

Over the last 5 years, significant sums have been consumed proceeding development and enhancement of Vocational Education system. Expenditure has been made on constructing new buildings for VET colleges as well as rehabilitating the existing ones. Enrolment rates were high during these years as well (in 2011-2012, 22.5 thousand students were enrolled in various Vocational courses, which testifies the society’s interest and demand on Vocational Education and Training).

As preliminary studies conducted by the State Audit Office indicated, despite the implementation of the reforms in Vocational Education field, the problems still exist. Qualified staff is still in shortage in

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\(^1\) National Statistics Office of Georgia
\(^3\) AEAG, dvv international, Vocational Education in Georgia: Problems and Perspectives; 2006
a number of fields in private sector, while there is extra supply of professionals in others. 20% of students enrolled in Vocational Colleges drops out. Out of the 33% of graduates who manage to find jobs, 10% is employed in other field than their professions, and neither the Ministry nor the colleges could provide any information about the rest 47% of Vocational graduates. The grants/vouchers issued to finance their studies do not provide any results, thus can be assessed as ineffective spending. Significant sums of money were expended on renovation of the colleges and constructing new ones. However, student attendance and employment indicators (23% for 2012) are still low in some VET colleges.

Vocational Education and Training is one of the pre-requisites for social and economic growth, solving the problem of unemployment and overcoming poverty. The State Audit Office has studied the issue of Vocational Education management to determine the main features and drawbacks. Vocational Education System was examined in terms of performance audit, which measures how relevant were the implemented management activities to the principles of economy, efficiency and effectiveness.

1.2 Aim and Questions

The Objective of the audit was to assess efficiency of the measures taken by the government in the field of Vocational Education, addressed to develop Vocational skills and create qualified personnel, able to adjust to the continuously changing labour market needs. According to the Audit results, the State Audit Office has drawn conclusions and the relevant bodies were given recommendations, addressed to eliminate deficiencies and improve the management of Vocational Education system.

To achieve the audit objective, in accordance with the audit procedures, the State Audit Office answered the following main audit questions:

1. To what extent are the priorities set by the government in compliance with the labour market needs?
2. To what extent are the measures taken to manage educational processes comprehensive and adequate?
3. To what extent is the financing scheme of Vocational Education system economic and rational?

1.3 Assessment Criteria

The Audit team has used various documents and information as assessment criteria:

1. The Copenhagen Declaration, developed by 33 European countries to make Vocational Education system more structured, advanced and prevalent. The Declaration presents guidelines for developing curricula, credit system and quality management system, re-training teachers and other issues concerning Vocational Education system management.

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4 Law about Vocational Education, 2007, article 1
2. International practice, specifically, main principles and characteristics of Vocational Education systems of various countries. For instance, to assess reporting system of VET institutions to the Ministry of Education and Science, the Audit team used the example of Estonia; access to information and dissemination is assessed according to practices existing in Germany and Australia; credit system and curricula are compared with Finland; etc.

3. Reports of research conducted by Georgian and international organizations (ETF, GIZ, IOM, GeoStat). The reports are mainly used to assess the relevance of the priorities determined by MoES to the labour market needs.

4. Vocational Education development strategy for 2009-2012, Law about Vocational Education in Georgia, other regulatory normative acts and international guidelines.

1.4 Audit Scope and Methodology

The Performance Audit of Vocational Education system in Georgia spans the period from 2010 to 2012. For some purposes, information derived during the audited period (I-III quarters of 2013) is used as well.

To answer the main audit questions, the audit procedures were undertaken to research the main issues concerning the Vocational Education system, such as:

- Defining priority Vocational programs by the MoES;
- Developing infrastructure of Vocational Education institutions;
- Developing Vocational programs and curricula;
- Quality assurance of Vocational Education management;
- Cooperating with the private sector;
- Making information available for every stakeholder and interested individual;
- Financing Vocational Education institutions.

To analyse these issues, the Audit team has used the following audit methods:

- Review of Vocational Education strategy, action plans and reports of agencies responsible for managing Vocational Education field;
- Analysis of legal framework for Vocational Education field;
- Analysis of financial documents;
- Surveys conducted by the Audit team based on questionnaires prepared in advance;
- Interviews in the MoES and subsidiary agencies functioning in Vocational Education field and VET institutions.

The Audit team was communicating with the Ministry of Education and Science, and its subsidiary agencies, involved in managing the Vocational Education system, as well as with vocational education institutions and private sector representatives.
1.5 Audit Limitations

The Ministry and its subsidiary agencies do not hold complete information about employment of graduates of VET colleges (However, it is worth noting that in 2013 research methodology for VET graduates’ employment has been developed with the help of EU delegation in Georgia. The pilot survey will be conducted in 2014). Moreover, according to the information provided by them, a large number of graduates is self-employed; hence, the audit team has not managed to acquire enough evidence to assess effectiveness of Vocational Education institutions, the key criterion of which is the employment rate of VET graduates.

Furthermore, the government has not conducted any coordinated labour market research during the audited period, which would enable the Audit Team to evaluate the labour market needs accurately, determine the significant fields and assess the government measures.

1.6 Report Structure

The report structure is the following:

The report starts with Glossary and Executive summary, where the readers are able to see through the main findings of the audit. Executive Summary is followed by the introductory part, where Audit motivation, aim and questions, criteria, scope, methodology and limitations are reviewed.

The following chapter presents general information about regulations, government agencies, responsible for management and financing schemes of Vocational Education system. Moreover, types of VET institutions are reviewed.

In the next chapter, the relevance of the learning priorities defined by the MoES and labour market demand is discussed.

Third chapter is dedicated to administration of Vocational Education process, specifically, Vocational standards, credit system and curricula, re-training of teachers, collaboration with the private sector and access to information.

The last part reviews financing scheme of VET system and infrastructural development.

In the final chapter, all conclusions and recommendations are summarized.
2. General Information

Legislative Basis

Regulations about the Vocational Education are included in numerous legislative acts\(^5\) and international agreements. However, the implementation rules and conditions about conducting Vocational Education, financing and managing schemes, status of vocational education institutions and other issues concerning this field are determined in the Law about Vocational Education in Georgia.

Concept, Types and Levels of Vocational Education

In the existing legislation, there are two types of Vocational Education: formal and informal. Formal Vocational Education can be acquired in Vocational Education institutions. Vocational Education programs include theory as well as practice and in the end, a Vocational Diploma of corresponding level is issued.

An individual acquires informal Vocational education without any interference from VET institutions. Acknowledgement of this type of education is conducted according to the rule determined by the Law about Vocational Education. Its main purpose is to examine knowledge, skills and values of an individual with informal education. Informal learning cannot be acknowledged for levels 4 and 5.

In Vocational Education, there are five levels. They are determined according to education results, in the following way:

- An individual with a Level 1 Diploma can perform their responsibilities in homogenous situations, with help of a supervisor;
- An individual with a Level 2 Diploma can perform their responsibilities with certain independence;
- An individual with a Level 3 Diploma can perform their responsibilities in various situations and act adequately to solve encountered problems;
- An individual with a Level 4 Diploma can use their knowledge to solve the problems encountered in changing situations, supervise the work of others and take certain responsibility for evaluation and improvement of the work done;
- An individual with a Level 5 Diploma can perform such work that includes planning the work of others and supervising it, as well as evaluating the performance and improving it.

Managing Vocational Education

Governing bodies of Vocational Education System are the following:

- The Government of Georgia – determines state policy directions, regulated professions, rules of financing Vocational Education, fees for programs in public VET colleges;

The Ministry of Education and Science of Georgia (MoES) – implements state policies, establishes and supervises public Vocational colleges, creates agencies to gain the status of Vocational Education Institutions, determines rules and conditions for acknowledgement Vocational Education and other responsibilities determined by legislation;

LEPL National Centre for Education Quality Enhancement (NCEQE) – carries out accreditation and authorization of Vocational colleges, provides quality assurance and creates qualification framework, determines professional standards, etc.;

LEPL National Centre for Professional Development of Teachers – carries out re-training and certification of teachers and takes various actions for their professional development;

LEPL Infrastructure Development Agency – conducts rehabilitation of vocational colleges, infrastructure development and equips them with material and technical resources;

National Vocational Council – coordinates collaboration with the social partners (Government, Employers, Trade Unions and Non-Governmental Sector) in the vocational education field. In particular, the Council:

- Prepares ideas and conclusions for the reform strategy of Vocational Education and Vocational Education development action plan;
- Prepares suggestions for creating various commissions and working groups in Vocational Education field;
- Requests necessary information from the state institutions in compliance with the rules determined by Georgian legislation;
- Creates working groups and invites independent experts to study the issues under its competence and prepare corresponding recommendations.

Thematic groups – are subordinated to the National Vocational Council. These groups may be supervised by or composed of employees of the Ministry of Education and Science, as well as by representatives of donor organizations. E.g., the thematic group of monitoring is co-supervised by GIZ employee. There are 7 thematic groups in total and they work in 7 fields, respectively: Professional Qualifications Framework, Quality Enhancement, Partnership and Communication, Professional Development of Teachers, Monitoring of Vocational Education institutions, Career Planning and Vocational Guidance;

Sector Councils – 13 sector councils are working to create and implement Vocational standards and qualifications framework. They provide assistance to VET institutions to improve the quality of their service, and match their programs to the labour market needs.

The agreement among the National Vocational Council members (social partners) is worth noting. They take the responsibility to work together and try to implement all planned or current reforms successfully.
Types of Vocational Education Institutions

**Vocational College** – offers only VET programs of Level 1, 2 and 3.

**Community College** – offers VET programs on every level, as well as preparatory courses in general education, and courses in Georgian language and Liberal Education.

**Financing**

According to Georgian Legislation for 2010-2012, State authorities, their subsidiaries, relevant bodies in Adjara and Abkhazia Autonomous Republics and local authorities can fund Vocational education. These entities are authorized to finance Vocational education institutions in frames or target programs according to the financial needs of the institutions. Although, in practice, finances are mainly provided by the Ministry of Education and Science (*Gori Musical College* is financed by the Ministry of Culture and Monument Protection of Georgia).

Since 2010, these authorities are entitled to finance public, as well as private Vocational Education institutions with funds other than program budget, with a voucher for one Vocational student determined by financial standards.

Moreover, since 2010, it has become possible to finance accredited level 4 and 5 programs of public and private Vocational Education colleges, with a grant for one Vocational student, which can be 2250 GEL at most.
In fact, changing financing scheme to voucher system happened in 2012, and grant system was adopted in 2011. However, authorized private college representatives claim that despite non-existence of any barriers, they still cannot receive funding for the accredited Vocational Education programs they offer, either via program funding or voucher system.

On a scheme 2.2 there are possible financing ways of all five levels of Vocational Education, according to the legislation.

**Scheme 2.2: Financial sources (according to legislation)**

![Diagram of Financing Sources]

However, in fact, financing by the state in done in a following way (levels 1-3, for levels 4 and 5 are financed by the state via grants):

**Scheme 2.2: Financial sources of level I-III**

![Diagram of State Financing Sources]

The following graph shows the funds expended on Vocational Education during 2010-2012. Dynamics show that funds increase year by year (which is more notable in 2012). However, it is worth noting that in 2013, only 62% of funds have been spent in the first 11 months (100% was 16,625,780 GEL).
Graph 2.1: Finances granted during 2010-2012

In Blue, expenses made for supporting VET field are shown, in red – infrastructural development expenditure. Green is sum of these two.
3. Determining Priorities of Vocational Education

3.1 Non-relevance of Vocational Education Priorities with the Labour Market Needs

Until 2013, the Ministry of Education and Science of Georgia financed a Vocational student only if he or she was enrolled in a priority Vocational program. The Minister of Education and Science approved list of priority programs. The Minister set individual priorities for each Vocational college, according to their profile.

Priority learning programs were determined in accordance with the labour market demand in a country or region, therefore, the list of priority programs may have differed across the regions. However, the MoES did not have sufficient and reliable information about the labour market demand, because neither the MoES nor the Ministry of Labour, Health and Social Affairs of Georgia had developed any methodology for market research. Therefore, the priorities set by the MoES are not based on reliable information about labour market needs.

Despite the lack of information, certain activities have been carried out during 2007-2012. Specifically, international organizations (USAID, IOM, GiZ) have conducted several surveys to analyse the condition of Georgian labour market across various regions. However, the MoES has not considered the results of these surveys, because they consider them fragmental and unsystematic.

The audit has estimated that the employers’ demand, identified as a result of the conducted research, partly coincides with the priority programs defined by the MoES. However, there are some inconsistencies.

The Vocational courses that colleges most frequently offered are the following:

**Table 3.1.1: Frequently offered courses**

<table>
<thead>
<tr>
<th>Construction Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism/Hoteling</td>
</tr>
<tr>
<td>Informational Technologies</td>
</tr>
<tr>
<td>Technician (cars and other equipment)</td>
</tr>
<tr>
<td>Restaurant and Meals Service</td>
</tr>
<tr>
<td>Textile</td>
</tr>
</tbody>
</table>

There is also significant demand for office skills, such as using personal computer (IT), accountant, cashier and secretary/receptionist.

GiZ survey, conducted in 2010, presents comparative analysis of learning courses offered by Vocational Education institutions and labour market demand and corresponding conclusions. According to the results of this survey, the most increasingly demanded professions are in *construction, transportation, electricity, catering, water supply, mining, tourism and agricultural*
sectors\textsuperscript{6}. These are partly inconsistent with above-mentioned priorities. Particularly, chemists and pharmacists are not trained (in enough quantities or at all).

Despite the fact that demand and supply match in some fields, personnel is not trained sufficiently and appropriately, and, as a result, they gain general, not specific skills, which is not enough to perform complicated tasks. E.g., colleges in construction sector offer various Vocational programs, but after analysing employer demand in this sector, it becomes clear that training is either offered for a limited number of students or not conducted at all for the some specific professions, such as:

- Electricians;
- Liquid air transportation and delivery;
- Water supply and sewage;
- Mining and processing\textsuperscript{7};
- Logistics and railway.

Many companies functioning in these fields spend many resources for massive training, re-training and hiring staff\textsuperscript{8}. More sophisticated process of training would contribute to achieving higher employment rate.

### Labour Markets in Regions

Demand on professions differs across the regions. Since the Ministry does not conduct any surveys to identify employer demand on professions in the regions, the priorities\textsuperscript{9} set by the MoES are not relevant with the existing demand on labour market in various regions, identified by the international organizations. For Instance, in Samegrelo-Zemo Svaneti, the priority vocational programs offered by local colleges significantly differ from the existing demand on the labour market\textsuperscript{10} (please see table 3.1.2).

As we see from the table below, the demand identified by researchers of the international organizations and priorities match in only six cases. The other 16 cases do not match.

Regarding the surveys that were conducted by the VET schools themselves, various specializations in the following fields appear to be in demand: technician (vehicles and other machines), construction, hotel management, food and catering, IT and garment industry. These results coincide with the ones mentioned above (of surveys conducted by the international organizations). However, the MoES do not consider these results either. Consequently, the professions that are in low or no demand are being financed by the MoES.

\textsuperscript{6} GIZ, Matching Vocational Education in Georgia with Labour Market Needs; 2010; p. 7-8, 31-32
\textsuperscript{7} GIZ, Matching Vocational Education in Georgia with Labour Market Needs; 2010; p. 8
\textsuperscript{8} GIZ, Matching Vocational Education in Georgia with Labour Market Needs; 2010; p. 8
\textsuperscript{9} The list of priority programs is too general and includes almost all the programs that VET colleges are offering
\textsuperscript{10} IOM (research financed by USAID), Georgian National Labour Market; 2010
Based on above-mentioned analysis, it can be concluded that non-existence of systemic labour market research methodology has caused the fact that only 23% of all graduates manage to get employed with their profession, and 10% of them are employed in other field than their studies, whereas private sector employers have shortage of staff. For comparison, by 2010, on average 79.1% of IVET graduates were employed in EU. Employment among VET graduates is 85% in Belgium and exceeds 90% in China.

Table 3.1.2: Demand and supply on labour market in Samegrelo and Zemo Svaneti

<table>
<thead>
<tr>
<th>Professions</th>
<th>Demand in Samegrelo and Zemo Svaneti</th>
<th>Determined priority professions (Lakada, Tetnuldi)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialist of Foreign Languages</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>Accountant</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>ITC Specialist</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Waiter</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Cook</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Bar-tender</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>Electrician</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Electric Welder</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Plumber</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Hair Stylist</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>Sales/Marketing Manager</td>
<td>√</td>
<td>X</td>
</tr>
<tr>
<td>Technician of Computer Networks and System</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Carpenter</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Guide</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Specialist of Decorative-Applied Textiles</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Hotel Administrator</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Mason</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Engine Repairer</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Zoo technician</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Plant Specialist</td>
<td>X</td>
<td>√</td>
</tr>
</tbody>
</table>

Changes:

In 2013, the MoES has abolished the system of determining priorities for VET institutions. Such system should be based on objective circumstances, such as labour market survey results, conducted by the

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11 The graduates about whom the information is available
12 The analysis is based on data from informational centres. According to the data of VET colleges, employment rate is a little higher
13 Initial Vocational Education and Training
15 LiQian, GaoYinan, Employment Rate of Vocational Graduates up Slightly: Report; 2013
16 VET colleges functioning in Samegrelo and Zemo Svaneti region
MoES, VET schools and international donor organizations; information derived from intensive collaboration with the private sector and other reliable sources. The MoES does not have such sources (except several surveys from international organizations). Abolishing the priority system, the MoES lacks the possibility to motivate the VET schools to offer highly demanded VET courses (VET schools are free to develop and offer any VET courses, but the MoES was able to influence this process via defining the priorities).

On the positive side, the government has adopted labour market research strategy in 2013 (several surveys are to be conducted). This should positively affect the process of developing the VET courses and offering them by the VET colleges.

3.2 Non-existence of Financing Scheme of Maximal Number of Students

The National Vocational Council of Georgia determines the maximal number of students to be enrolled on Vocational programs. The decision is valid for 5 years if it is made during the process of authorisation, or, if later, for the rest of authorised period\(^\text{17}\). For this purpose, the Council is considering of the colleges’ applications. The colleges should justify the number of students by providing information about the specific features of the program, the vocational teachers, their qualifications and competences, material-technical base and infrastructure\(^{18}\).

The Council reviews an application, the conclusion of authorisation group experts, considers stakeholders’ opinions and then makes a decision. The Council can accept the claim of the educational institution or decrease the number.

The VET institution is authorised to get funds for each enrolled students if the program and the students meet the requirements defined by the Law. Due to the lack of information about the labour market, the MoES and the Council lack possibility to consider the reasonability of financing a certain number of students for certain programs, according to the demand on regional markets. Therefore, the VET college may have the resources for training a certain number of students, but the number may not be reasonable, due to the labour market demand characteristics. It is considerable that Vocational students tend to enrol on the courses where they have a higher chance of getting a voucher. Moreover, the maximal number of students is defined once in 5 years, which is a long period, considering the economic situation in the country.

As a result, there is not a financing scheme to train qualified professionals in enough numbers. This causes a mismatch between demand and supply on labour market. Some of the professions in high demand lack qualified professional workers, and for the others, there is extra supply. For example, in Kakheti region, there is a shortage of pharmacists, accountants and car technicians, in Imereti – cook,

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\(^{17}\) Order of Minister of Education and Science of Georgia about authorization of statute and approving of tuition fees, #99/n, 01.10.2010, article 33

\(^{18}\) Order of Minister of Education and Science of Georgia about authorization of statute and approving of tuition fees, #99/n, 01.10.2010, article 33
Vocational Education System in Georgia

baker and electrician is in higher demand than matched by supply, and in Samegrelo and Zemo Svaneti, there is a lack of professional specialists of foreign languages, hair stylists, cooks and waiters.\(^\text{19}\)

The practice of determining maximal number of students is approved in case of higher education institutions. Consequently, this system can be adopted for VET system as well.

### 3.3 Conclusion and Recommendations

As a result of comparative analysis of the priorities determined by the MoES and existing demand on labour market, it has been established that the government and the MoES are not able to arrange that the offered Vocational courses match with the existing labour market demand. Moreover, The MoES lacks the possibility to determine the reasonable number of students for each Vocational course.

Consequently, there is a shortage of qualified staff in private sector and only one fourth of VET graduates manage to find a job relevant to their professions, which indicates on inefficient spending of finances (vouchers and grants).

The following recommendations are essential condition to increase employment among vocational education graduates, which will stimulate students not to drop out and pass the courses. This is crucial for increasing employment rate as well as for effective control of budget resources.

\(^{19}\) IOM (research financed by USAID), Georgian National Labour Market; 2010, p. 37
Recommendations:

To Georgian Government, the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs:

› It should be ensured that the responsibilities taken by the MoES by adopting strategy for 2013-2020 is completed. This implies implementing and further improving labour market research systems and making labour market information accessible and available.

To the Ministry of Education and Science:

› The MoES should advance the process of determining priority vocational education programs, based on labour market research. They should adopt and implement appropriate procedures to adjust priorities to the specific demand that differs across the regions of the country. It is essential that the procedures allow considering the interests and demands of all the stakeholders. For this purpose, the MoES should promote and support coordination and cooperation between vocational colleges and private sector (employers).
› Apart from defining the priority programs, determining optimal maximal number of students to be financed for each profession should also be a subject for improvement. This involves identifying the professions in high demand as well as assessment of infrastructures and material-technical resources of vocational colleges, to ensure their consistency.
4. Management of Education Process

To systematize and popularize Vocational Education, European countries have developed unified framework titled Copenhagen Declaration.

The Copenhagen Process represents cooperation of European countries for popularizing and quality enhancement of Vocational Education and training. The Process has started in 2002 and involves 33 European countries. Based on the Copenhagen process, Copenhagen Declaration was developed. It is subject to be changed and advanced every two years and represents unified European framework for Vocational Education and training, which clearly formulates quality assurance management mechanisms. The main aim of the Process is to create a unified system across the Europe, which will alleviate cooperation of the countries in this regard. Copenhagen Declaration determines Vocational Education standards across the Europe, and each member state adjusts existing regulations to their education systems, standardized for every institution.

One of the points of the Copenhagen Declaration is European Quality Assurance in Vocational Education and Training (EQAVET), which regulates Vocational Education management issues for the country’s education system as well as for Vocational Education institutions.

The system consists of four steps, which includes determining the aim, planning, implementation and assessment. There are also assessment indicators to be considered for quality assurance, such as:

- Introducing internal control and reporting system, creating a database;
- Identifying market demand;
- Properly functioning system of credits and curricula;
- Vocational re-training of teachers;

Georgia is not a member of this Process but the Ministry of Education and Science and other entities in charge of Vocational Education system management in Georgia are willing to bring existing system close to international principles. For instance, one of the aims of the NCEQE is to bring the reform they are implementing closer to the Copenhagen Declaration, and hence, European standards\(^\text{21}\).\footnote{National Centre for Education Quality Enhancement http://eqe.ge/geo/education/professional_education/copenhagen_process?info=12}

4.1 Deficiencies in the Reporting System of Vocational Colleges

Proper system of reporting is one of the pre-requisites of efficient quality assurance of VET. EQAVET considers a number of issues, which should ensure implementation of efficient reporting system. In particular:

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\(^{21}\) National Centre for Education Quality Enhancement http://eqe.ge/geo/education/professional_education/copenhagen_process?info=12
Vocational Education System in Georgia

- Internal and external (e.g. employers) evaluation methodology of VET colleges should be developed and implemented;
- Stakeholders should be involved in the evaluation process;
- Assessment indicators, which will measure the results, should be determined;
- Complete database should exist, and various methods should be established for acquiring information (IT system, questionnaires, interviews, etc.)
- Additional regular mechanisms for supervision should be developed, such as queries of teachers about education process and environment (this happens only once in 5 years, during the accreditation process)
- Regular monitoring and supervising of updating action plans
- Evaluation and monitoring results should be publicly available.

There are many examples in international practice that are worth considering (considered in EQAVET as well). E.g. in Estonia, system of monitoring of Vocational Education effectiveness involves self-assessment reports, prepared by educational institutions, based on which the Ministry of Education identifies existing problems and establishes development strategy. Colleges describe the achieved results in details, and the Ministry employs the corresponding strategy, to eliminate existing deficiencies and improve the quality of education.

Monitoring effectiveness of VET colleges is direct responsibility of the NCEQE. The mechanisms used in this process are: authorization, accreditation and annual reports prepared by the VET schools, where the yearly changes are described. The VET institutions are given authorization and accreditation every 5 years.

Pre-requisite for accreditation is a self-assessment form, the purpose of which is to assess effectiveness of vocational program in details, identify strengths, weaknesses and developments opportunities. Annual report also includes self-assessment form, which only considers the changes made in the self-assessment form.

NCEQE is authorized to visit VET institutions in order to implement monitoring on standards and authorization/accreditation.

As we see, the Georgian system is compatible with the Copenhagen process and best international practice in certain regards. Specifically, self-assessment system of VET schools is implemented, the NCEQE is monitoring the system, supervising and assessment results are publicly available.

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23 Authorization is external assessment tool, enabling to compare self-evaluation of the institutions to the standards. All types of educational institutions should undergo the authorization process to be able to implement learning programs
24 The purpose for accreditation is to compare relevance of colleges’ vocational programs to the accreditation standards. Accreditation is carried out in order to improve the quality of education, quality assurance and establish regular self-evaluation
Despite the positive sides of the system, there are still some measures to be taken to further improve its functioning and eliminate the discrepancies:

- There is no external assessment methodology and indicators developed for vocational schools and (for example, assessment by employers);
- All interested parties are not involved in the evaluation process; expert involvement is a positive development, but not enough;
- Other additional supervision mechanisms (such as a survey of teachers about learning process and environment) is done by the institutions during the accreditation process, the NCEQE is not involved in this process;
- The existing VET school database in the NCEQE is not complete – there is no information about employment of graduates (in 2013 the NCEQE started to develop complete database, where the information about students is regularly updated). The database that is managed by the information centres, which is intended to be used by the interested parties, does not function properly\(^{25}\);
- Analysis of the collected data and adequate response to identified problems, development of action plan and taking necessary measures are not implemented systematically by the MoES.

Taking effective and meaningful measures in these directions the MoES and the NCEQE will have complete information regarding the VET institutions, simplifying identification of the problems and the response process will be faster and more efficient. As a result, the quality of Vocational Education management system will improve significantly.

### 4.2 Shortcomings of Credit System and Curricula

To enhance education quality, support student mobility and prepare equally qualified\(^{26}\) trained personnel, European Credit System for Vocational Education and Training (ECVET) was developed in framework of the Copenhagen Declaration. Unified and standardized credit system simplifies process of credit accumulation, recognition and transfer, which, in turn, contributes to recognition of VET and gained qualification across Europe\(^{27}\).

According to the Declaration, credits are awarded to students after completing a certain training component. Professional qualification is awarded after accumulating certain number of credits. According to definition by ECVET, each training component should be clearly and properly defined so that knowledge, skills and competence of students are measureable after completing the component\(^{28}\).

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\(^{25}\) Please see chapter 4.4.2 for more details

\(^{26}\) VET graduates that meet the minimal requirements for their specific vocations


Based on ECVET, which applies to EU members, each state develops vocational standards about certain professions on national level. These standards define the number of credits required to master the vocations. Training components that students shall pass to acquire credits are defined in the curricula. According to international practice, vocational standards are to regulate credit system standardization as well as rules to develop curricula\(^\text{29}\). VET schools are obliged to use the standards while developing the curricula. For instance in Finland, like in other EU states, credits required for each vocation are clearly defined. List of obligatory and compulsory subjects as well as capacity of training course\(^\text{30}\) are created according to the vocational standards, which are very precise and detailed, considering every possible matter\(^\text{31}\).

In Georgia, NCEQE is responsible for developing vocational standards and credit system. Considering the standards, each VET institution develops curricula individually\(^\text{32}\).

It is worth noting that the vocational standards developed by NCEQE differ from European standards, due to being too general and not containing specific information\(^\text{33}\). The NCEQE standards merely define the skills that are required for vocational graduates, while European standards consider every detail concerning administration and qualifications: mandatory and optional subjects, number of theoretical and practical classes, detailed descriptions of required qualifications and skills, etc. Moreover, according to international practice, the process of curricula development is centralized, while in Georgia VET colleges are doing it individually, which results in significant differences among the curricula and inconsistency with international practice.

The EU Delegation in Georgia has initiated a project of developing vocational standards using DACUM\(^\text{34}\) methodology in framework of Quality Enhancement and Capacity Building program. 15 Vocational standards in the fields of agriculture, construction, transportation, design and IT have been developed using this methodology. Profile, required skills, necessary tools and future development tendencies of each vocations have been described. Working groups consisted of sector councils, employers, employees and representatives of VET institutions. However, this positive process in on the first stage, many vocational standards are yet to be developed.

Developing vocational standards via DACUM methodology is tested in EU and the rest of the world. All interested parties are involved in the process. Well-defined responsibilities, required skills, etc. will decline the probability that VET colleges will have different curricula for the same vocations. The


\(^{32}\) Curricula includes learning goals and objectives, format, learning schedule, list of coursebooks, assessment principles and expected learning outcome

\(^{33}\) National Centre for Education Quality Enhancement, Vocational Standards

\(^{34}\) DACUM - Developing A Curriculum. A way of developing Vocational standards in working teams, which are completed by the representatives of the MoES, employers and VET colleges, supervised by the experts of the relevant field
standards developed using DACUM methodology will make implementing unified credit system simpler.

Standardized and unified credit system is a pre-requisite for simplified credit accumulation scheme and transfer to European VET colleges as well as training equally qualified personnel. In Georgia, credit system is not standardized – different VET colleges have different credit systems. For example, in two leading VET schools, AISI and NEW WAVE a guide needs different number of credits (36 and 40 respectively) and different practical training courses. Such examples are quite frequent in the system, which hinders training of equally qualified personnel. As a result, qualification of the trained personnel is not proper and relevant, and the quality of their qualifications differ in quality.

Due to non-standardized system, using accumulated credits elsewhere is impossible, which hinders the flexibility of learning process and training equally qualified personnel. Moreover, taking an academic break and moving to another VET school is not possible, which negatively affects competition among colleges.

### 4.3 Professional Development of Teachers

The Copenhagen Declaration considers advanced training of vocational education teachers, which includes pedagogic as well as practical training. Professional development of teachers is one of the EU countries’ priorities. This is confirmed by the strategic document adopted in Bruges, Belgium by the Copenhagen Process participant countries. This document states that the countries should ensure to increase teachers’ qualifications. A pre-requisite for this is their training at factories/ventures, which will improve their skills.

In Georgia, the National Centre for Professional Development of Teachers (NCPDT) is in charge of this issue. Thematic group of the NCPDT, which includes representatives of the MoES, vocational colleges and non-governmental organizations, creates annual plans for trainings to be conducted according to the necessities. In 2010-2012, 8 trainings have been conducted in 2010-2012.

Despite the fact that re-training of teachers is conducted every year, and vocational teachers are represented from a number of colleges, the table above clearly shows that trainings are not specialized and only serve to develop general teaching skills. Only two specialized trainings were conducted during the last 3 years and only seven teachers were participating in them. In contrast, a large group participated in the six other trainings, which were oriented on general teaching methods. Concerning training in factories/ventures, such trainings have not been organized yet.

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35 Copenhagen Declaration, 2002, p. 2-3
36 The Bruges Communiqué on enhanced European Cooperation in Vocational Education and Training for the period 2011-2020, Bruges 2010, p. 8
Table 4.3.1: Trainings

<table>
<thead>
<tr>
<th>Training</th>
<th>Number of Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic pedagogic skills</td>
<td>583</td>
</tr>
<tr>
<td>Introduction principles of inclusive education</td>
<td>563</td>
</tr>
<tr>
<td>Extended pedagogic skills</td>
<td>542</td>
</tr>
<tr>
<td>Interactive methods of teaching</td>
<td>472</td>
</tr>
<tr>
<td>Using ICT in teaching process – Level 1</td>
<td>352</td>
</tr>
<tr>
<td>Using ICT in teaching process – Level 2</td>
<td>324</td>
</tr>
<tr>
<td>Specialized training for fitter-plumbers</td>
<td>2</td>
</tr>
<tr>
<td>Specialized training for gypsum – carton specialists</td>
<td>5</td>
</tr>
</tbody>
</table>

Despite the deficiencies, the existing model is consistent with the EU countries’ systems to some extent. Specifically, trainings are being conducted and there is no standardization problem.

4.4 Poor Cooperation with the Private Sector and the Lack of Access to the Information

4.4.1 Poor Cooperation with the Private Sector

In order for the vocational education sector to be developed, close cooperation between the MoES and private sector is necessary. The Copenhagen Declaration as well as the best practices prove this.

Within the framework of the Copenhagen Declaration, the European Council is implementing the project “New Skills for New Jobs”, which aims to help vocational students to gain the education and skills that address labour market needs.

One of the possibilities of achieving this aim is to get employers involved in the process of vocational training, as a provider of finances for education. Despite this, they should be considered as stakeholders, and should be offered to take part in developing professional standards, curricula, establishing quality assurance mechanisms, etc. to ensure the high quality and accountability. For this purpose, the responsible Ministries should as well be involved in this process.

To develop Vocational Education in Georgia and to get governmental bodies, employers, trade unions and non-governmental organizations involved in this process, moreover, to coordinate cooperation of vocational colleges, The MoES has initiated to establish National Vocational Council. One of the priorities of the Council is to get intermediary social partners involved in the process of vocational training.

The Council is completed with intermediary social partners, specifically, employers, government agencies, business associations, business sector associations and professional associations, trade unions and recruitment agencies.
The Audit revealed that functioning of the National Vocational Council is of formal nature, because they have neither created action plan nor carried out any concrete actions in this regard.

The fact that employers do not have information about vocational students and graduates once again proves that there is a lack of communication between the MoES and the private sector representatives. The only effort that the MoES is making to establish the cooperation with the potential employers of vocational graduates is organization of open house days. Vocational colleges are trying to communicate with the private sector using their own resources and connections. The private sector representatives are not involved in any other process as stakeholders, which results in the mismatch of the demand by employers and the supply of inadequately trained staff on labour market.

In this respect, there are recent positive changes. In 2013, the MoES has developed a strategy to raise awareness amongst stakeholders in VET sector. Moreover, the MoES has organized forums, conferences, VET festival; employers and VET colleges have signed memorandums, etc.

4.4.2 Lack of Access to the Information

Issue of access to the information is considered in the Copenhagen Declaration. There are European Network of Information Centres (ENIC) and National Academic Recognition Information Centres (NARIC). The ENIC manages the information Centres across the Europe and the NARIC - on local (national) level. Their main functions are:

- Acknowledgement of foreign diplomas, certificates and qualifications;
- Development of education system via cooperation with partner countries;
- Arranging exchange programs, mobility, assistance in getting loans for education and other issues;
- Administering unified database.

Except for the Copenhagen Declaration, there are other best practices as well:

**Australia:** Unified online portal, where it is possible to find information about any VET college and course existing in Australia and to register for this course\(^{37}\).

**Germany:** Vocational guidance centres, where anyone can get advice about situation on labour market, what profession best suits them according to their interests and background, which direction to choose and what to do in order to achieve their professional goals: which courses to take, where to find internship, etc.\(^{38}\)

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\(^{38}\) Eine Initiative Vom Bundesministerium für Bildung und Forschung: Kompetenzen und Internationale Zusammenarbeit im Bereich der Berufsbildung; http://www.imove-germany.de/cps/rde/xchg/imove.projekt_international/hs.xsl/search_providers.htm
In Georgia, students and interested individuals can get information about Vocational Education, colleges and courses in three information centres that exist in the country: One is located in Tbilisi, and other ones are located in Batumi and Kutaisi. The key functions of these centres are the following:

- Inform an individual about existing vocational programs, enrolment deadlines and conditions;
- Making information about financing conditions of vocational programs and existing placements publicly available;
- Registering willing individuals in the equivalent database.

The audit team has conducted a survey among vocational students. The results of the survey indicated that one of the main problems was no possibility of registering online for vocational courses. The only way to do it was to visit informational centres, which was difficult for students living in the regions. This problem is solved now; however, comparative analysis of international practice and Georgian Vocational Education system shows that there is a functional difference between information centres in Europe and in Georgia. Specifically, Georgian information centres do not have complete information about existing situation on labour market, do not cooperate with neighbouring countries, do not arrange exchange programs, etc.

Moreover, the database created by the MoES is not functioning properly. The database should contain information about students, colleges, teachers, personnel, programs. However, the database currently contains information only about enrolled students and partly about graduates. Apart from that, the information is not revised or monitored. The information is not used for analysis to identify existing problems and eliminate them.

### 4.5 Conclusion and Recommendations

Despite the fact that the aims of the MoES and the NCEQE are approximated to the standards set by the Copenhagen Declaration, are not achieved. Reporting and quality assurance systems functioning in VET field are not comprehensive, curricula of VET courses and credit system is not consistent with international standards and practice, professional development of teachers is not oriented on development of practical skills, access to information and private sector involvement is not ensured.

All above mentioned hinders the performance of the vocational education system. The fact that management mechanisms are not properly implemented creates a risk that education of appropriate quality will not be delivered to the students, which will result in producing unqualified personnel and mismatch between labour market demand and supply (of personnel).
Recommendations:

› It is advisable that the MoES establishes assessment methodology and indicators, according to which the shortcomings will be regularly identified and the strategy will be developed to address the existing issues.

› Based on the best international practice and benchmarks, and with contribution from the Ministry of Education and Science, it is advisable that the NCEQE establish a unified system of credits and curricula. It is reasonable that curricula are more detailed, and qualifications and skills, gained after completing the course are described. The process of developing Vocational standards using DACUM methodology should be completed.

› Professional development of teachers should be arranged to be systematic. Training courses should be oriented on developing practical skills and should be conducted in factories/ventures.

› The newly developed communication strategy should be implemented, considering every point of it. To get business representatives involved in Vocational Education process, they should be able to clearly see the benefits of their involvement in this process, their responsibilities should be clearly defined and there should not be any administrative complications. They should also be involved in arranging internships (practical part of the courses) for the vocational students as the potential employees, and in market surveys, during which they can express their need for employees. Communicating with the employers should be carried out via the most effective communication means, which can be diverse. Furthermore, representatives of private sector should be involved in development process of professional standards.

› In existing situation it is advisable to create a unified database, with high performance, which will enable functioning of the monitoring system. Best international practice is worth considering (if relevant to Georgian reality) when establishing the system of informative centres and managing it.
5. Deficiencies of Financing System of Vocational Education

Introduction

VET system is mainly financed via vouchers and grants, Apart from this, VET institutions get additional resources for administrative expenses, or within the framework of special programs of infrastructure development or some other purpose. Amount of funds to be transferred to the colleges for covering administrative costs is defined by the MoES according to its sole discretion, because it has not developed a special procedure or method yet.

Rule of Using and Financing via Vouchers

The above-mentioned rule of financing was regulated by government regulation\textsuperscript{39}. A voucher of 700 or 1000 GEL was granted to a student to finance a Vocational Education priority program, unconditional of the duration or purpose of the program.

The sum of 500 GEL was transferred twice during the program: after enrolment and in the middle of the program. It was also possible to make only one transfer – at the beginning of the program, the whole value of the voucher would be transferred to the college.

In case a student dropped out, the MoES did not get the sum back. If a student transferred to another college, the voucher would still be transferred to the college the student was originally enrolled in.

Changes

The government regulation\textsuperscript{40} issued on September 19, 2013 has changed rule of financing via vouchers. Vouchers are awarded to Vocational students only if they pass through the minimal competence threshold.

Concerning the value of the voucher, it varies from 400 to 2250 GEL according to levels and programs. Vouchers will be transferred quarterly. If a Vocational student, who holds a voucher changes his or her VET school\textsuperscript{41} (to another public VET school), the voucher will also be transferred from the next quarter.

It is worth noting that this resolution does not modify the list of the institutions, which are entitled to accept the vouchers. Only public VET institutions are able to do this.

Rule of Financing via Grants

\textsuperscript{39} Resolution of Georgian Government #96, 15.03.2012.
\textsuperscript{40} Resolution of Georgian Government #244, 19.09.2013
\textsuperscript{41} Resolution of Georgian Government #244, 19.09.2013, article 5
A grant is awarded to a student on basis of their scores in Unified National Exams. While awarding grants, only the scores of Vocational students are scaled for this reason. The maximal limit of a grant is 2250 GEL per year. In case a student does not manage to receive a grant, he or she has to finance the course by his or her own funds (unless considered socially disadvantaged). Only the fourth and fifth level programs of vocational education are financed via grants, the first three levels are financed via vouchers, as already mentioned.

In contrast to vouchers, grants are transferred in case a student changes educational institution.

### 5.1 Unevenly Distributed Funding for Vocational Education Institutions

The analysis of international practice shows that educational institutions should not receive significantly different funds per student, if they are offering similar services. For instance, a study of Higher Education institutions in Sweden revealed that for the same professional programs the institutions were getting different amounts of funding, which the Swedish auditors considered a system deficiency\(^42\).

The analysis of funds received by Vocational Education institutions in 2010-2012 has revealed that the same problem exists in Georgia too, because VET colleges, which are offering the same type and number of programs, receive different sums per student\(^43\). The graph 5.1.1 shows the amounts of funds received by VET colleges per student.

**Graph 5.1.1: Financing of vocational colleges per student**

As the graph shows, financing per student significantly dispersed in 2010-2011. For instance, 166 students were enrolled to the programs of vocational college *OPIZARI*, and sum of 328,513 GEL was

\(^{42}\) Analysis of financing of Statistics students in Sweden is presented in Swedish National Audit Office performance audit report: Classified Courses in Higher Education Institutions

\(^{43}\) Allocating funds per student was calculated using sum of received vouchers and administrative expenses. Additional program funds were not considered while making calculations. Received funding was divided by the number of students that were enrolled in the specific VET colleges during one year.
transferred to it, program funding not included. Financing per student was 1,979 GEL\textsuperscript{44}. \textit{ICARUS} received 1,525 GEL per student; \textit{Gori Musical College} – which carried out only non-prioritized programs – received 14,286 GEL\textsuperscript{45}, while VET colleges \textit{GANTIADI}, \textit{LAKADA} and \textit{MODUSI} received only 500-600 GEL\textsuperscript{46}.

The graph 5.1.1 shows that the problem occurred again in 2012. This fact proves that shortcomings of the financing scheme were not eliminated by switching to voucher system (according to the MoES explanation, voucher system started out from April, and the colleges were given additional funds for the first quarter). For instance, in 2012, 2,404 students were enrolled to vocational college \textit{MERMISI} and financing per student was 358 GEL, \textit{Gori Musical College} received 11,053 GEL per student, \textit{HORIZONTI} – 1,352 GEL and \textit{SPEQTRI} – 1,006 GEL.

Uneven financing of vocational colleges have caused significantly uneven administrative spending (remuneration) by the colleges. E.g., \textit{Gori Musical College} (which is subordinated of Ministry of Culture of Georgia, and subsequently, was financed by this Ministry) spent 9,322 gel per student for covering expenses related to studies. \textit{SPEQTRI} and \textit{OPIZARI} spent far less sum for the same purpose – 773 and 602 GEL, respectively. \textit{AISI} spent only 173 GEL, and \textit{FAZISI} – 41 GEL (see graph 5.1.2). The reason for the uneven spending is the different tariffs for teacher remuneration set by these VET colleges.

\textbf{Graph 5.1.2: Remuneration of workers per student (2012).}

\begin{center}
\includegraphics[width=\textwidth]{graph512.png}
\end{center}

Due to the uneven distribution, Vocational Education institutions are not given possibilities and chances to develop and offer relevant quality services to vocational students.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{44} 1,979 GEL = 328,513/166 (funds allocated to VET college \textit{OPIZARI} and the number of students that were enrolled in \textit{OPIZARI} during the year)
\item \textsuperscript{45} \textit{Gori Musical College} is not included on the graph because is is not subordinated to the MoES and the sum allocated to this college was significantly different from the sums allocated to the colleges, so the visualization of the misbalance was not clearly visible
\item \textsuperscript{46} \textit{Education Management Information System} is not included in the analysis, because the LEPL also provides information services to colleges, therefore it was reasonable to compare its remuneration costs with those of the other colleges
\end{itemize}
\end{footnotesize}
5.2 Shortcomings of Existing Voucher System

5.2.1 Non-optimal Value of Vouchers

The basis for Determining the Value of Vouchers

According to the existing financing scheme, a voucher normally amounts to 700 GEL and in some exceptions – to 1000 GEL. While determining the value for voucher, a number of issues should be considered to achieve the optimal result and to ensure that the value of the voucher to meet the actual needs of the colleges. By April 2011, the MoES had received all necessary information about the finances needed per student for each program. This information indicates that sums needed for different programs were significantly different.

Moreover, the MoES has only collected and analysed the information to determine what part of the whole funds was to be paid by the students and what part was to be financed by the state. This was due to the fact that in 2011 only 80% of the program fees was paid by the state, while the students covered the remaining 20%. However, the MoES did not consider the information to determine the voucher values and developed a mono-voucher, which was fixed unconditional of the differences in types and contents of the vocational programs. It is also worth noting that neither the potential employers, LEPLs responsible for Vocational Education management nor any other stakeholders have been involved in the process of determining voucher values. The process was conducted independently by the MoES.

The Fixed Value of the Voucher

One of the significant shortcomings of the financing scheme is the fixed value of the voucher, which implies that students were granted a voucher worth of 700 or 1,000 GEL unconditional of the duration and type of the vocational program. Obviously, variable funds are needed to finance studies on programs of various duration and content. Learning each vocation needs different infrastructure, technical equipment, learning period, etc. Consequently, the costs related to realization of different programs also vary according to the resources needed to implement these programs. Calculations made by the colleges prove this yet again. The MoES was aware of these calculations, therefore, of the funds needed for implementing various programs. For instance, the case of vocational college ERQVANI is analysed below (Table 5.2.1.1). From the table it is obvious that financing all the programs with the identical funds is not advisable.

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47 According to this information the Minister of Education and Science issued three resolutions (#287, #638, #985) concerning the maximal limit of fees for specific vocations in 2012 (summer, spring and autumn sessions respectively)
Table 5.2.1.1: Program fees (GEL)

<table>
<thead>
<tr>
<th>Profession/Program</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine Maker</td>
<td>388.7</td>
</tr>
<tr>
<td>Tractor Driver</td>
<td>530.6</td>
</tr>
<tr>
<td>Specialist of Veterinary Services</td>
<td>380.7</td>
</tr>
<tr>
<td>Bee Keeper</td>
<td>201.1</td>
</tr>
<tr>
<td>Winegrower</td>
<td>197.8</td>
</tr>
<tr>
<td>Enamel Specialist</td>
<td>257.7</td>
</tr>
</tbody>
</table>

The MoES has not considered the issues mentioned above. As a result, a student gets funding with a fixed 700 or 1,000 GEL voucher, unconditional on the fact if he or she is taking a 3-month or 2-year course, in IT or tourism.

Due to the reasons discussed above, the colleges did not receive necessary funding from the state to finance the learning process. For visualization, the audit team has conducted comparative analysis of necessary and received funds. Below there is an example of vocational college AISI.

Table 5.2.1.2: the gap between needed and received funds (VET College AISI, 2012)

<table>
<thead>
<tr>
<th>Profession</th>
<th>Fee (According to 2011 data)</th>
<th>Number of enrolled students</th>
<th>Funds needed⁴⁸</th>
<th>Funds received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialist of Veterinary Services</td>
<td>677.0</td>
<td>24</td>
<td>16248</td>
<td>22800</td>
</tr>
<tr>
<td>Cook (Level 1 and 2)</td>
<td>893.7</td>
<td>22</td>
<td>19662</td>
<td>21400</td>
</tr>
<tr>
<td>Guide</td>
<td>1,154.0</td>
<td>13</td>
<td>15002</td>
<td>12700</td>
</tr>
<tr>
<td>Hotel Administrator</td>
<td>610.3</td>
<td>19</td>
<td>11595</td>
<td>18400</td>
</tr>
<tr>
<td>Carpenter</td>
<td>904.0</td>
<td>17</td>
<td>15368</td>
<td>14000</td>
</tr>
<tr>
<td>Electrician</td>
<td>730.7</td>
<td>14</td>
<td>10230</td>
<td>13400</td>
</tr>
<tr>
<td>Computer Network and Systems Technician</td>
<td>682.1</td>
<td>25</td>
<td>17052</td>
<td>23200</td>
</tr>
<tr>
<td>Plasterer</td>
<td>597.9</td>
<td>15</td>
<td>8969</td>
<td>13800</td>
</tr>
<tr>
<td>Tile Trimmer</td>
<td>673.1</td>
<td>17</td>
<td>11443</td>
<td>15800</td>
</tr>
<tr>
<td>Engine Repairman</td>
<td>730.9</td>
<td>37</td>
<td>27045</td>
<td>32500</td>
</tr>
<tr>
<td>Tractor Driver</td>
<td>714.4</td>
<td>14</td>
<td>10002</td>
<td>11000</td>
</tr>
<tr>
<td><strong>SUM</strong></td>
<td></td>
<td></td>
<td><strong>162616</strong></td>
<td><strong>199000</strong></td>
</tr>
</tbody>
</table>

⁴⁸ 16,248 GEL = 677x24, where 677 is a program fee for Veterinary vocational course, proportional to funds needed to finance the program, 24 is a number of students on a course. Therefore, 16,248 is the sum needed to finance this program. However, the MoES has transferred 22,800 GEL to the college to finance this course. The difference between these sums represents unnecessarily incurred finances.
As it can be concluded from the table, vocational college AISI has received 36,384 GEL extra funding due to switching to the voucher system. This amounts to approximately 18% of the funding received via vouchers. The extra fees are spent mainly for administrative purposes, for which the colleges received additional funding. As a result, the extra funding received via vouchers artificially increases administrative costs. However, it is worth noting that in some cases the funds received by the colleges was not enough.

5.2.2 Ineffective Spending Incurred as a Result of the Irrational Rule of Financing via Vouchers

The main principle and aim of switching to financing scheme of vouchers is to distribute funds evenly and justly among the Vocational Education institutions. Colleges should be getting the amount of funds they actually need. As already mentioned, one of the obstacles is the fixed value of the voucher. Moreover, the just financing scheme is hindered by the unsound rule of using vouchers. This implies that the education fees were transferred in lumps sums, mainly once, after enrollment process was finished. In some cases, the voucher was transferred as two tranches (half of the value of voucher each time). However, even in this case, the database of students was not revised – the MoES did not check if the students had dropped out or were still enrolled on the vocational program.

Consequently, a college could have received funding of 1,000 GEL for enrolment of one student and keep it even if a student dropped out or transferred to another college. From the database of dropped out students it becomes clear that the colleges spent quite a large sum in a period when students had already dropped out. Thus, the sum spent by the colleges does not correspond to the period they have served (taught) a student. The table 5.2.2.1 below shows the expenditures made by some colleges while the students who had acquired vouchers had already dropped out and the whole expenditure on students who did not manage to graduate and gain relevant qualifications.

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49 36,384 GEL = 199,000 – 162,616 (difference between allocated funds and necessary amount of funds)
Table 5.2.2.1: Analysis of financing

<table>
<thead>
<tr>
<th>#</th>
<th>Colleges</th>
<th>Sum **</th>
<th>All expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Wave (Kobuleti)</td>
<td>53,825</td>
<td>95,200</td>
</tr>
<tr>
<td>2</td>
<td>Aisi – Kachreti</td>
<td>29,243</td>
<td>72,550</td>
</tr>
<tr>
<td>4</td>
<td>Black Sea</td>
<td>50,383</td>
<td>89,200</td>
</tr>
<tr>
<td>5</td>
<td>Tetnuldi</td>
<td>13,200</td>
<td>161,500</td>
</tr>
<tr>
<td>6</td>
<td>Mermisi</td>
<td>54,996</td>
<td>124,400</td>
</tr>
<tr>
<td>7</td>
<td>Opizari</td>
<td>76,189</td>
<td>48,256</td>
</tr>
<tr>
<td>8</td>
<td>Fazisi</td>
<td>35,069</td>
<td>84,300</td>
</tr>
<tr>
<td>9</td>
<td>Lakada</td>
<td>23,233</td>
<td>110,600</td>
</tr>
<tr>
<td>10</td>
<td>Modusi</td>
<td>11,190</td>
<td>124,000</td>
</tr>
<tr>
<td>11</td>
<td>Speqtri</td>
<td>182,280</td>
<td>280,000</td>
</tr>
<tr>
<td>12</td>
<td>Icarus</td>
<td>138,792</td>
<td>296,452</td>
</tr>
<tr>
<td>13</td>
<td>Prestige</td>
<td>35,338</td>
<td>121,643</td>
</tr>
<tr>
<td>14</td>
<td>Horizon</td>
<td>44,712</td>
<td>86,000</td>
</tr>
<tr>
<td>15</td>
<td>Gantiadi</td>
<td>12,515</td>
<td>50,550</td>
</tr>
<tr>
<td></td>
<td><strong>SUM</strong></td>
<td>866,516</td>
<td>1,970,051</td>
</tr>
</tbody>
</table>

As it becomes clear from the table, only during 2012-2013, after adopting a voucher financing system, Vocational colleges spent 866,515 GEL in the period when the students were no longer enrolled in these colleges. On the whole, the expenditure on the students who received a voucher but could not manage to finish their studies due to dropping out and consequently, did not acquire any vocational qualifications, amounted to approximately 2,000,000 GEL. In 2012, vocational colleges spent approximately 14% (774,884 out of 5,581,300 GEL) of the whole voucher expenditure after the students have already dropped out. The whole expenditure on the students who have been granted a voucher but then dropped out has amounted to 1,406,101 GEL, 25% of the whole expenditure on vouchers.

The expenditure of 1,970,051 GEL (for 2012-2013) on the dropout students should be considered as ineffective, as the aim/goal of equipping students with qualifications was not achieved. Expenditure made after the students had dropped out (866,515 GEL on the whole) should be considered as unreasonable expenses, because according to the current legislation, a voucher is intended for financing learning process of an individual student. Therefore, when a student drops out and the college still spends the sum received by this student’s voucher, it is spending without a purpose (which is financing the specific student who received the voucher).

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**Notes:**

50 For calculations, the duration of the programs, learning periods of the students and funds allocated to the students were considered. E.g., if the duration of the program is 8 months and student drops out after 3 months, the fee of the rest 5 months is to be considered as unreasonable expenses.

51 Sums spent after some students have dropped out.

52 *Law about Vocational Education, 2007, article 4, sub-article ‘Z’*
As the MoES and the colleges explain, the above-mentioned sums were used for infrastructural development and administrative expenses. The MoES claim that the funding was not enough for several colleges to cover all the necessary expenses. It implies that had the students not dropped out, the colleges would not be able to function normally and provide necessary services to their students.

The audit team could not estimate if the initial funding of the colleges was enough to cover all the expenses and whether the additional financial resources freed due to termination of studies from some students was necessary for these colleges. However, the audit has revealed risky circumstances during procurement process made by one of the VET schools (LEPL NEW WAVE). The online portal has revealed that neither the documentation from the procuring entity nor bidders’ proposals have any views. It means that procuring entity executes agreement without checking what the bidders are offering, and the bidders make proposals without checking the procuring entity’s documentation. More than 10 such cases have been identified in the procurements made by the above-mentioned college. Other facts have also been identified, indicating that the procuring entity and the bidder have the common residential and legal address and phone number.

The analysis reveals that the ineffective system of managing and using vouchers has resulted in uneven distribution of finances among the vocational colleges and irrational spending.

The system of financing via vouchers is functioning in public schools to finance secondary education. Consequently, Voucher policy management is not a novelty for the MoES. According to the reports of State Audit Office of Georgia, voucher system of public secondary schools is a lot more flexible and controlled than in vocational sector (for comparison, the audit team used the aspects that are relevant for Vocational field as well, such as regular monitoring of databases, transferring parts of voucher, etc.). This indicates on lack of coordination among the structural units of the MoES.

5.3 Low Efficiency of Funding Provided for Developing Infrastructure

Vocational education reform in Georgia has started in 2004 and is still ongoing. The MoES periodically updates the long-term strategic plan, where Development of Vocational Education system is a considerable part. According to the strategy, one of the priorities of the government is to have at least one vocational college in each region, which will be provided with necessary equipment for workshops, dormitory and material-technical base. In the strategic plan, it is projected to have renovated and equipped all vocational colleges according to modern standards by 2015.

Developing infrastructure in educational institutions is the responsibility of Infrastructure Development Agency, which is subordinated to the MoES and according to its statute, one of the main goals is “Rehabilitation, construction of the educational and scientific institutions within the system

53 The analysis is based on the report received from Competition and State Procurement Agency
54 State Audit Office of Georgia: Compliance Audit Report for General Education Schools, 01.01.2009 – 01.01.2011
55 Strategic Plan of the Ministry of Education and Science for 2001-2015, Development of Vocational Education System, p. 114
of the Ministry of Education and Science, preparation of the expenditure documentation, providing them with inventory and technical equipment.”

During 2008-2012, the MoES and Infrastructure Development Agency rehabilitated 39 colleges, and spent 18,034,723 GEL. The chart below describes the percentage shares of expenditure on colleges that received the funding:

**Chart 5.3.1: Expenditure (GEL)**

The MoES and the Infrastructure Development Agency have not obtained criterion for funding infrastructure development of colleges. Moreover, there is no action plan, according to which the needs for rehabilitation of vocational colleges should be determined and in which region it is reasonable to construct new VET colleges. Initiating of construction, rehabilitation and technical equipment of VET institutions and defining criteria is happening according to each case, by the MoES or the VET colleges. The Agency reviews the information and submits it to the MoES. After the final review in the MoES, the needs are described in action plan and the Minister issues a resolution.

Due to the lack of proper monitoring on enrolment and employment of graduates of vocational colleges, a number of issues are still to be considered, such as which region needs to be developed based on market needs, what is the market demand across the regions and professions, etc. These would be an essential indicator for measuring achievements of vocational colleges, evaluating the existing situation and determining the future needs accordingly.

As a result, rational and efficient financing of the colleges is not ensured. Thus, the colleges that are financed, have less employment rate and is less demanded by the vocational students than the colleges with the similar features. The colleges with the same or better indicators that the rehabilitated colleges are left with less finances and development perspective. Some of such colleges

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56 Order of Minister of Education and Science of Georgia about reorganization and approving of the statute of Educational and Scientific Infrastructure Development Agency, #225/n, 30.12.2011
have not been rehabilitated for the last 40-50 years. For instance, VET college Black Sea has been founded in 1974 and has not been rehabilitated since (its rehabilitation is planned for 2014). VET College Prestige has not been rehabilitated either, after being constructed in 1970. Moreover, the college does not have relevant material-technical base. Subsequently, it can be concluded that the VET colleges are not given equal possibilities for development.

5.4 Shortcomings of Financing Scheme of Private Vocational Colleges

Students enrolled on accredited programs of private authorized vocational colleges are not financed, despite being allowed according to the legislation.

From the information provided by the NCEQE, it appears that there are many private vocational schools, but only four of them have accredited programs (12 programs in total).

Financing scheme of private educational institutions is already tested in case of higher education institutions. A student can use his or her grant in public as well as in private university. Thus, the MoES manages to distribute the funds evenly, which is sensible, because some of the private universities prepare better qualified and, hence, more demanded professional staff. Moreover, one of the main principles of the voucher system is freedom of choice to use the voucher in a public or private VET institution, which meets the standards on country level – is authorized and implements accredited programs. A student should be free to choose an institution, which will benefit him or her, the most.57

This directly relates to the aim of Vocational Education system – to have as many professionals as possible, unconditional of where the student gets educated.

Additionally, according to EQAVET, one of the quality indicators of VET system is accessibility58 of VET programs and increasing competition among VET institutions. The current approach to financing private vocational institutions is one of the hindering factors of the above-mentioned aim. Allocating funds to more VET institutions would make the choice for students more differentiated, because they would not be limited to use the vouchers in private VET schools only. This would positively affect competition, because the VET schools would focus more on increasing quality of their services.

Furthermore, as already mentioned above (chapter 4.1), authorization of the institutions and accreditation of the vocational programs is carried out by the NCEQE, which aims to ensure compliance of the institutions and programs to the defined standards. The study has shown that despite some discrepancies, authorization and accreditation system is mainly compatible with international standards and Copenhagen process. Therefore, if the mentioned shortcomings will be completely eliminated and the system will advance, the risk of allocating finances to the colleges that offer less quality than public VET schools will diminish.

57 GIZ, Financing – Policy Report; 2010
Therefore, according to the current legislation and EQAVET recommendations, it is inappropriate that authorized private vocational colleges are not available to receive funding by the state for their accredited programs. An individual who cannot finance their own studies has a limited choice of only public institutions; therefore, they are deprived of possibility to study in a college, which will help them gain better qualifications and provide them with better perspective of employment. Moreover, financing private colleges will increase competition, like it happened in case of higher education institutions. However, it should be emphasized that financing private VET institutions should take place in a constructive and systemic way after sophisticating authorization and accreditation processes, increasing funding for VET sector and improving monitoring of expenditure of public funds from the MoES.

5.5 Conclusion and Recommendations:
Analysis of various aspects of financing scheme of Vocational Education institutions have shown that the existing system does not ensure optimal and rational spending of funds: financial resources of the state are distributed unevenly and unjustly among the vocational colleges; funds allocated to colleges do not correspond to their needs; significant amount of money is spent inefficiently/without purpose and infrastructure development of vocational schools is not based on principles of economy and efficiency. All of these result in non-optimal and irrational expenditure of the financial resources allocated to fund Vocational Education, which, in turn, hinders the accomplishment of the goals determined in the Law about Vocational Education and the strategic plan.

To optimize financing scheme of Vocational Education system, it is advisable to take the following measures. It should be noted that the MoES has already started working towards completing the recommendations.
Recommendations:

› It is advisable that the MoES develop methodology and determine criteria (for instance, student contingent, college profile, number of teachers, etc.), based on which, the amount of the finances assigned for the administrative costs will be determined. It will contribute to even distribution of funding and equal opportunities for development of the vocational colleges.

› The MoES should improve the voucher financing scheme. Procedures to calculate the value of voucher properly - taking into consideration the duration, type and content of the program, number of students, direct and indirect costs – should be adopted. The voucher should consider differentiated aspects of the provided services (learning process), which ensures even distribution of funds among vocational colleges and properly determined budget. Stakeholders should be provided with a possibility to get involved in the process of calculations.

› The Ministry should adopt a voucher management system, which will imply its rational distribution during the learning process, to provide more possibility of control. The system should also determine the rule of using the unspent part of voucher and other details, which is relevant in regard of economy and efficiency.

› It is advisable that the MoES as well as the Infrastructure Development Agency define indicators and criteria, based on which the needs of colleges for rehabilitation will be determined. Criteria can be diverse oriented on efficient management of colleges, considering their assessment, achievements, region, environment and other factors, so that infrastructural development is available for colleges in equal terms, according to their needs.

› Regarding financing the private VET schools, the financing policy should be structured to ensure efficiency, availability and competition. For this purpose, the methods already tested in general and higher education systems and international practice should be taken into account.
6. Summarizing Conclusion and Recommendations

To the Government of Georgia, the Ministry of Education and Science, the Ministry of Labour, health and Social Affairs:

› It should be ensured that the responsibilities taken by the MoES by adopting strategy for 2013-2020 is completed. This implies implementing and further improving labour market research systems and making labour market information accessible and available.

To the Ministry of Education and Science of Georgia:

› The MoES should advance the process of determining priority Vocational Education programs, based on labour market research. They should adopt and implement appropriate procedures to adjust priorities to the specific demand that differs across the regions of the country. It is essential that the procedures allow considering the interests and demands of all the stakeholders. For this purpose, the MoES should promote and support coordination and cooperation between vocational colleges and private sector (employers).

› Apart from defining the priority programs, determining optimal maximal number of students to be financed for each profession should also be a subject for improvement. This involves identifying the professions in high demand as well as assessment of infrastructures and material-technical resources of vocational colleges, to ensure their consistency.

› It is advisable that the MoES establishes assessment methodology and indicators, according to which the shortcomings will be regularly identified and the strategy will be developed to address the existing issues.

› Based on the best international practice and benchmarks, and with contribution from the Ministry of Education and Science, it is advisable that the NCEQE establish a unified system of credits and curricula. It is reasonable that curricula are more detailed, and qualifications and skills, gained after completing the course are described. The process of developing Vocational standards using DACUM methodology should be completed.

› Professional development of teachers should be arranged to be systematic. Training courses should be oriented on developing practical skills and should be conducted in factories/ventures.

› The newly developed communication strategy should be implemented, considering every point of it. To get business representatives involved in vocational education process, they should be able to clearly see the benefits of their involvement in this process, their responsibilities should be clearly defined and there should not be any administrative complications. They should also be involved in arranging internships (practical part of the courses) for the vocational students as the potential employees, and in market surveys, during which they can express their need for employees. Communicating with the employers should be carried out via the most effective communication means, which can be diverse. Furthermore, representatives of private sector should be involved in development process of professional standards.

› In existing situation, it is advisable to create a unified database, with high performance, which will enable functioning of the monitoring system. Best international practice is worth
considering (if relevant to Georgian reality) when establishing the system of informative centres and managing it.

› It is advisable that the MoES develop methodology and determine criteria (for instance, student contingent, college profile, number of teachers, etc.), based on which, the amount of the finances assigned for the administrative costs will be determined. It will contribute to even distribution of funding and equal opportunities for development of the vocational colleges.

› The MoES should improve the voucher financing scheme. Procedures to calculate the value of voucher properly - taking into consideration the duration, type and content of the program, number of students, direct and indirect costs – should be adopted. The voucher should consider differentiated aspects of the provided services (learning process), which ensures even distribution of funds among vocational colleges and properly determined budget. Stakeholders should be provided with a possibility to get involved in the process of calculations.

› The Ministry should adopt a voucher management system, which will imply its rational distribution during the learning process, to provide more possibility of control. The system should also determine the rule of using the unspent part of voucher and other details, which is relevant in regard of economy and efficiency.

› It is advisable that the MoES as well as the Infrastructure Development Agency define indicators and criteria, based on which the needs of colleges for rehabilitation will be determined. Criteria can be diverse oriented on efficient management of colleges, considering their assessment, achievements, region, environment and other factors, so that infrastructural development is available for colleges in equal terms, according to their needs.

› Regarding financing the private VET schools, the financing policy should be structured to ensure efficiency, availability and competition. For this purpose, the methods already tested in general and higher education systems and international practice should be taken into account.
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