

Assessing governance and financing of vocational education strategies

A methodology

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PREFACE

This assessment methodology was designed by the European Training Foundation (ETF), at the request of the European Commission's Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) in 2018, in order to support European Union (EU) decision making regarding financial assistance to vocational education and training (VET) strategies, and to nourish the policy dialogue between the European Commission and the partner countries concerned on the issues of governance and financing, which are now recognised as crucial for the proper implementation of reform strategies, particularly in the field of VET. The methodology has been designed as a complement to the Budget Support Guidelines (European Commission, 2018), to further inform the analysis regarding the credibility of VET strategies. A pilot was undertaken in Montenegro, leading to a specific country assessment report and a refinement of the methodology. Although focused on VET as the thematic field exemplified, the methodology could easily be applied to other policies (starting with the education sector in general, but also employment and other sectors).

The team of experts involved in this exercise comprised ETF's senior specialists Marie Dorléans (lead expert for this assignment) and Abdelaziz Jaouani; Constantin Zaman, international consultant on public finance management issues; and Hans Schustereder, international consultant on governance issues. This methodological development was part of the ETF governance strategic project led by Siria Taurelli.

In addition to comments from ETF colleagues, the document received valuable suggestions and inputs from EU services and partner organisations, including UNESCO's International Institute for Educational Planning (IIEP), the IIEP-Pôle de Dakar in education sector analysis, and the team in charge of public administration reform in DG NEAR. They are all thanked for their contributions.

The document is structured as follows: Section 1 provides background information on the context and purpose, the methodology basics and the resources to be mobilised. Section 2 offers general guidance for the implementation of the assessment, both in terms of content and in terms of process. Section 3 contains the detailed table of assessment indicators, illustrated by concrete examples. Two more technical tools complement this document: the cost calculation tool and the scoring grid (available on [ETF Open Space](#) in the form of excel sheets); both tools are supported by targeted guidelines.

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EXECUTIVE SUMMARY

Background and objectives

At the end of 2017, the European Commission (DG NEAR) asked the European Training Foundation (ETF) to develop a methodology for assessing governance and financing aspects of the VET strategies adopted by partner countries. The analysis was expected to serve as an input for decisions on financial assistance. This methodology has been designed in the form of an Assessment Methodology that combines content and process guidance. This methodology is a further development (tailored to VET) of Annex 3 of the Budget Support Guidelines (European Commission, 2018), which focuses on assessing the credibility of sector policies. It can also be used to identify strengths, risks and areas for improvement in governance and financing, as well as an input to policy dialogue between the EU and partner countries. Finally, it may be used as a method for measuring policy progress over time in these two areas.

Approach and scope

The approach combines both quantitative and qualitative steps:

- a qualitative analysis of the extent to which the governance and financing ‘systemic conditions’ for the strategy’s implementation are met (arrangements, mechanisms and tools in place);
- a quantitative review of the strategy’s costs and financing sources in order to assess whether its financial planning is realistic (affordability and sustainability over time).

In other words, for governance, the assessment checks the consistency between the planned objectives of the strategy and the institutional, organisational as well as human capacity arrangements that are in place to achieve them. For financing, it verifies whether and how the strategy has been costed, if there is a clear and realistic identification of resources to be mobilised to cover these costs, and if the financing mechanisms in place can guarantee effective implementation.

The scope substantially depends on the formulation of the request: it may be limited to a single, or to various strategy documents that contribute to the focus desired by the EU for its support (e.g. youth, covering education and employability).

Outputs

The two key outputs of this assessment are a narrative assessment report and the analytical matrix that supports it.

The **analytical matrix** is the main tool to channel and process the information gathered throughout the exercise. It is structured around the two main domains: governance and financing. Each domain has various dimensions, under which the indicators are clustered.

1. The governance domain is divided into two further dimensions: institutional arrangements, including social partnership; and good multi-level governance principles (alignment, ownership, leadership, transparency and accountability).
2. The financing domain is divided into three dimensions: costs, resources and financing mechanisms.

A scoring method is proposed (not compulsory) to help identify the level of performance of each indicator and achieve an aggregated view of the entire process.

The [assessment report](#), as final output, is an independent narrative report that feeds into the overall assessment of the credibility of national strategy prior to a decision on EU financial assistance, and into the continuing policy dialogue between the EU and the partner country concerned. It builds on the analytical matrix, but goes well beyond. It moves away from the indicators levels (or scores) to focus on the main strengths, risks, possible mitigation measures and makes concrete recommendations.

Target audience

The final ‘beneficiaries’ or users of the methodology’s outputs are primarily institutions of the EU (delegations, European Commission services), to inform financial assistance decisions or policy dialogue. Given its participatory approach, the methodology might also be used directly by partner countries’ governmental teams to analyse their current VET systems and identify areas for improvement, or to conduct a critical examination of their VET strategies from the governance and financing perspectives. In all cases, they will probably need some support expertise. The assessment could also be useful to other international partners and donors intending to participate in the financing of the strategy.

Implementation modalities

The analysis relies on expert work, but also on a participatory approach: VET stakeholders in partner countries are asked to provide data, but also to share their own assessment of the situation, possibly using the same tool, as an input to the overall assessment. Commitment and active involvement from the EU Delegation is essential to ensure the smooth implementation of the exercise and to guarantee that the recommendations are followed through. The average duration for completing a robust assessment is estimated to be four to seven months; it must be agreed in advance between the partner country and the EU Delegation. Resource needs include international expertise (possibly provided by the ETF) and limited operational budget, for an average cost estimated EUR 80,000 per assessment.

Montenegro pilot assessment and future use

In 2018, the assessment methodology was piloted in Montenegro on the VET Strategy 2016–2020. This process led to the following actions: (i) ensure partner country buy-in, and coordinate roles with the EU Delegation; (ii) collect and analyse data; (iii) discuss preliminary findings with the stakeholders; and (iv) share the final results and explore the next operational steps, particularly in view of the forthcoming drafting of the post-2020 VET/skills strategy.

From now on, this methodology is available for use in other partner countries upon DG NEAR or EU delegations’ requests.

Assessment structure (analytical matrix)

Domain	Assessment dimensions	Description
Governance	Institutional arrangements, including social partnership	<p>Institutions' mandate, capacity and resources versus tasks set out in the strategy</p> <p>Mechanisms of cooperation between stakeholders</p> <p>Extent to which the strategy captures all stakeholders who have a potential role in the successful implementation of the strategy</p> <p>Existing social partnership arrangements and their relevance: social partners' participation in decision-making processes; their active involvement in the design of strategic documents; extent and quality of social partners' participation and involvement in these processes</p>
	Good multi-level governance principles	<p>Alignment of VET strategy with the country's other relevant reform measures (conflicting measures/aspects difficult to reconcile)</p> <p>Degree of ownership and commitment of national authorities in strategy implementation</p> <p>Leadership capacities of authorities</p>
Financing	Costs	Are costs calculated through a robust methodology, incorporating reasonable working hypotheses and sound calculation techniques?
	Resources	Financing sources, their adequacy, mobilisation channels and future sustainability
	Financing mechanisms	<p>Comprehensiveness and effectiveness of budgetary rules and procedures at national and local levels</p> <p>Monitoring and evaluation mechanisms in place</p> <p>Mechanisms for prioritisation of financial resources and expenditures</p>
Transversal elements		<p>Legal issues: VET and education in general</p> <p>Education reform context</p> <p>Administration reform context</p> <p>Decentralisation: political (transfer of power from the national to the subnational level); administrative (shift of responsibilities for the delivery of public services); fiscal (assignment of the management of public funds to subnational administrative units)</p> <p>Accountability of stakeholders, in particular, public institutions</p> <p>External support</p>

Indicators

Governance domain

Dimension	Indicators
Institutional arrangements, including social partnership (G1)	G1.1. The strategy sets out the involvement of all stakeholders at the national and subnational levels that is needed for its implementation.
	G1.2. The mandate of these stakeholders allows them to perform all tasks set out in the strategy.
	G1.3. The past performance of these stakeholders allows for proper implementation of their tasks.
	G1.4. The strategy sets out the cooperation between stakeholders that is required for its proper implementation.
	G1.5. Stakeholders at all levels have the human, material and financial resources/capacity needed for the proper implementation of the strategy.
	G1.6. Social partners participate in the design, implementation, and monitoring and evaluation of the strategy.
Good multi-level governance principles (G2)	G2.1. The strategy is aligned with other reform efforts.
	G2.2. Stakeholders demonstrate ownership of the strategy.
	G2.3. There are clear rules and responsibility lines to ensure supervision, accountability and transparency.
	G2.4. The leadership of the institution in charge of the strategy ensures effective donor coordination and proper monitoring and evaluation of the strategy.

Financing domain

Dimension	Indicators
Costs (F1)	F1.1. A budget planning framework exists to capture the strategy.
	F1.2. An adequate methodology for cost calculation is used.
	F1.3. Estimated costs are realistic.
Resources (F2)	F2.1. The resources allocated correspond to the financing needs.
	F2.2. Planned resources are sustainable over time.
	F2.3. The sources of financing and channels of resource allocation are well defined.
	F2.4. Value for money is assured/considered properly.
Financing mechanisms (F3)	F3.1. Adequate budgetary procedures are in place.
	F3.2. Adequate procurement procedures are in place.
	F3.3. A mechanism for prioritisation of expenditures is in place.
	F3.4. Monitoring and evaluation mechanisms are in place.

1. BACKGROUND INFORMATION

1.1 Context and purpose

VET strategies

Governance and financing are two crucial domains for the successful implementation of public policies. This is particularly true for vocational education and training (VET). VET is the policy area that helps to equip various categories of individuals with the skills needed by the labour market, both for their own prospects in terms of employment, earning and inclusion in society, and for the economic growth and competitiveness of companies. As such, the VET system needs to be based on participatory governance involving both public and private actors in order to be able to capture these needs and to steer policy accordingly. This also requires that the financing of reforms should integrate considerations of cost-sharing and resource diversification that are linked to the respective return on investment (ROI) of the main stakeholders.

EU support for VET strategies

The EU has various instruments for supporting partner countries in the implementation of their reform strategies: financial assistance may be channelled through project support, technical assistance, budget support, etc. The EU has also established a framework for structured policy dialogue in priority areas, including employment, VET and skills development in many countries. To benefit from a sectorial budget support, in addition to public finance management and other transversal criteria, the partner country must demonstrate that it has defined a strong, usually mid-term sector strategy, which EU budget support will help to implement. To assess the robustness of this strategy, including its relevance and credibility, EU officers use the Budget Support Guidelines (European Commission, 2018), and in particular Annex 3 of the document, on the eligibility of sector policies.

ETF working framework on governance and financing

Since 2014, the ETF has made governance and financing a key area of its expertise work. The development of this methodology was embedded into the strategic project called 'VET and Skills Governance', and structured around the key concept of 'multi-level governance'.

European Commission request to the ETF on governance and financing aspects of VET strategies

At the end of 2017, the European Commission (DG NEAR) asked the ETF to design a methodology to reinforce the assessment of governance and financing aspects of VET strategies. The present document is the response to this request: it presents the methodology to be followed by those in charge of verifying VET strategies' robustness (the 'assessors') before deciding on supporting them with resources or other types of assistance.

1.2 Methodology basics

Objectives

The methodology presented in this document offers an approach for assessing how realistic – and, hence, from an external partner point of view, how credible – a country's VET strategy is from the governance and financing standpoints. It describes both the content submitted for assessment and the process to be followed to enable such assessment. The main focus of the methodology is a given strategy, not the system as a whole. This distinction is especially important, as the strategy might not encompass the entire system.

Expected use

By giving credibility to the strategy, the assessment is expected to help leverage funds to support it. It should also help to produce a clearer, evidence-based vision of the VET sector from a governance and financing point of view, and thus help to focus the policy dialogue on these crucial issues. The limited number of action-oriented recommendations should help to concentrate remediation efforts.

Scope and content

The analytical approach is applicable to any VET strategy and combines:

- a qualitative analysis of the extent to which the governance and financing ‘systemic conditions’ for the strategy’s implementation are met (arrangements, mechanisms and tools in place);
- a quantitative review of the strategy’s costs and financing sources, in order to assess the practicality of the strategy’s financial planning in terms of affordability and sustainability over time.

In other words, for governance, the assessment checks the consistency between the planned objectives of the strategy and the institutional, organisational as well as human capacity arrangements that are in place to achieve them. For financing, it verifies whether and how the strategy has been costed, if there is a clear and realistic identification of resources to be mobilised to cover these costs, and if the financing mechanisms in place can guarantee effective implementation.

For both dimensions, it identifies strong and weak points of the governance and financing systems, and checks how the strategy intends to build on and reinforce the strengths and to address the weaknesses.

The scope substantially depends on the formulation of the request: it may be limited to a single, or to various strategy documents that contribute to the focus desired by the EU for its support (e.g. youth, covering education and employability).

Outputs

The two key outputs of this assessment are a narrative assessment report and the analytical matrix that supports it.

The **analytical matrix** is the main tool to channel and process the information gathered throughout the exercise. It is structured around the two main domains: governance and financing. Each domain has various dimensions, under which the indicators are clustered.

1. The governance domain is divided into two further dimensions: institutional arrangements, including social partnership; and good multi-level governance principles (alignment, ownership, leadership, transparency and accountability).
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A scoring method is proposed (not compulsory) to help identify the level of performance of each indicator and achieve an aggregated view of the entire process.

The **assessment report**, as final output, is an independent narrative report that feeds into the overall assessment of the credibility of national strategy prior to a decision on EU financial assistance, and into the continuing policy dialogue between the EU and the partner country concerned. It builds on the analytical matrix, but goes well beyond. It moves away from the indicators levels (or scores) to focus on the main strengths, risks, possible mitigation measures and makes concrete recommendations.

Implementation process

The analysis relies on expert work, but also on a participatory approach: VET stakeholders in partner countries are asked to provide data, but also to share their own assessment of the situation, possibly using the same tool, as an input to the overall assessment. Commitment and active involvement from the EU Delegation is essential to ensure the smooth implementation of the exercise and to guarantee that the recommendations are followed through.

Target audience

The final ‘beneficiaries’ or users of the methodology’s outputs are primarily institutions of the EU (delegations, European Commission services). The assessment is designed to feed into their systematic and comprehensive analysis of partner countries’ VET strategies and policies and, subsequently, should help them to engage in a well-focused and evidence-based policy dialogue about the current state and future reform measures in the governance and financing fields. Given its participatory approach, the methodology might also be used directly by partner countries’ governmental teams to analyse their current VET systems and identify areas for improvement, or to conduct a critical examination of their VET strategies from the governance and financing perspectives. In all cases, they will probably need some support expertise. The assessment could also be useful to other international partners and donors intending to participate in the financing of the strategy.

The operational ‘implementers’ of the methodology are the team of governance and financing experts who will be in charge of carrying out the assessment, following its methodological framework. The next section of this document is primarily addressed to them, providing them with guidance for implementation.

Duration

The duration of the assessment exercise depends very much on (i) the ambition and scope of the VET strategy being assessed; (ii) the quantity of information available in the strategic document and through other easily accessible sources; (iii) the degree of engagement and cooperation of national stakeholders; and (iv) the precise expectations and related budget made available by the ‘client’ of the assessment (European Commission or EU Delegation). Therefore, although theoretically the duration of the assessment could be estimated to be one to three months, a reasonable timeframe that would allow for proper consultation and contribution by the stakeholders would be **four to seven months** in total until the final and quality-assured assessment report is produced. In all instances, this timeframe must be discussed and agreed in advance by the EU Delegation and the partner country (and the ETF if involved), and timetabled accordingly.

Spin-offs and limits

This methodology can easily be adapted for the assessment of other sector strategies, such as the employment strategy, the education strategy, the social inclusion strategy.

It is important to note that the assessment methodology is not aimed at imposing any form of conditionality on the partner country with respect to co-financing of the strategy, or to impose different policy measures and strategic directions to those included in the strategy. The assessment exercise is limited to presenting the situation from an independent point of view, identifying possible risks and weaknesses that may impede the achievement of objectives, suggesting potential solutions to mitigate the risks and eliminate the weaknesses, and making recommendations for more effective and efficient implementation of the VET strategy. The assessment is designed, therefore, as a diagnostic tool that helps national stakeholders to improve their capacities to put into practice the envisaged measures and to fully achieve the planned objectives.

1.3 Required expertise and other resources

Expertise

Experts' profiles

It is difficult to predict with precision and certainty the level and amount of external expertise that will be needed to conduct such an assessment: it will depend on many factors relating to the country context, including the degree of data availability, the amount and availability of expertise in the ministries concerned and in the EU Delegation. In general terms though, the assessment exercise is likely to be based on three pillars of expertise. The first two are:

- a governance specialist, with a strong background in VET, skills development, and/or human capital development policies (including key stakeholders, social and public-private partnership issues); as a governance specialist, s/he should be familiar with issues relating to multi-level governance and decentralisation processes;
- a public finance management specialist, with a strong knowledge of VET financing systems (including schemes and mechanisms such as training levies and training funds); as a public finance management expert, s/he is expected to have strong experience relating to public expenditure reviews and/or public expenditure tracking surveys, budgeting procedures, multi-annual budgeting rules, central versus local budgeting, and the overall framework of public finance.

Both experts should have sufficient experience in assessing government policies and a solid knowledge of EU budget support rules and procedures, as well as excellent analytical skills, and teamwork abilities to make the best of the overlaps between their two areas of assessment. Although they are in charge of an 'assessment', strictly speaking they do not need to be 'evaluators', as this assignment should be approached differently than the classical evaluations of EU technical assistance and budget support. Here, it is not a mechanical exercise that looks at the tangible results achieved in a project already implemented; rather, the assessors are required to look into the future, through the VET strategy, and conclude whether what is planned in that strategy is credible. Thus, in addition to an excellent knowledge of their domain, the assessors should have good analytical skills and the necessary intuition to see beyond the numbers and the standard text of a strategy.

Such experts may be appointed by the ETF upon prior agreement with the EU services asking for this assessment, and/or be recruited from the consultants' international market. If the partner country has strong national consultants, appointing them could also be an option, provided that steps are taken to effectively mitigate any risk associated with a lack of independence or transparency linked to the sensitive nature of the two topics addressed.

The third pillar of expertise is:

- a national resource person, with an excellent hands-on knowledge of the VET institutional landscape and system, including where to find data and who to consult, with excellent communication, networking and organisational skills.

The team leadership and coordination role should be clearly entrusted to one of the two specialists, depending on their exact profile and experience. This role would include ensuring the consistency of the overall assessment across the two thematic domains.

The supervision, guidance, quality assurance and consistency checking of the work should, in principle, be carried out by an expert institution (e.g. the ETF if the assessment is done as part of its work programme). Although it depends on the human resources available and on the implementation arrangements agreed in advance, this role should ideally be broader and also involve presenting the

exercise and securing buy-in from the partner country, launching and sequencing the process (in partnership with the EU Delegation), and sharing and disseminating the results.

Assignment content and volume

The work to be performed by the team of specialists includes desk work (familiarisation with the VET strategy and other related documents, or in other related sectors; analysis of the information collected or provided by the stakeholders); collection of missing information; carrying out interviews *in situ*; assessing the strategy through the scoring method (and filling in the analytical matrix); and elaborating the assessment report.

The number of working days allocated will, again, highly depend on context, but on average (or rather, as a minimum), it could be estimated that the two (possibly international) governance and financing specialists would be mobilised for 25 working days each, including three on-site missions of four full days (five per diems and travel costs), and the national resource person would be mobilised for 20 days. The supervision and quality assurance role of the ETF or other expert institution would imply 20 working days at the very least.

Other resources

Other anticipated resource needs include the cost of:

- translation: key national documents into English to be worked out by experts, draft and final assessment reports into the national language, to enable comments from national stakeholders and, at a final stage, ownership of the recommendations;
- event organisation: at least a launch event and a dissemination event, and eventually one or two workshops during fact-finding and preliminary discussions;
- interpretation: (if relevant) for accompanying experts during fact-finding missions and supporting the organisation of the events.

Table 1.1, which brings together these different types of expertise and resource needs, is purely indicative, and would obviously need to be tailored to countries' individual contexts.

TABLE 1.1 APPROXIMATE COSTS OF THE ASSESSMENT EXERCISE IN ONE COUNTRY – BASED ON THE MONTENEGRO PILOT (EUR)

	Cost (EUR)
International expertise (2 experts in governance and financing: 25 working days including 3 missions each)	51 500
Local expertise (20 working days)	9 000
Operational costs (translation, event organisation, interpretation)	9 000
Total external budget*	69 500
ETF supervision and quality assurance (0.1 FTE)	8 700
ETF missions for buy-in, mid-term sharing of findings and dissemination (3 missions)	4 500
Total ETF budget	13 200
Overall approximate cost	82 700

* Note: Depending on the role and degree of intervention of the ETF, and whether it takes on a limited or substantial part of the expertise provision, these costs could also be considered as either operational budget (for outsourcing to independent consultants) or staff budget (to mobilise full-time equivalents (FTEs) of ETF specialists).

2. GUIDELINES FOR IMPLEMENTATION

The overall objective of this section is to provide guidance to the person(s) who will be in charge of carrying out the assessment (the 'assessor(s)'). It offers instructions on the content and on the process needed for assessing a VET strategy from a governance and financing point of view.

2.1 Assessment content

The content of the assessment is organised around a set of indicators relating to governance and financing, which are consolidated into an analytical grid or matrix of indicators.

BOX 2.1 WHAT IS THE STRATEGY UNDER ASSESSMENT? VET/SKILLS DEVELOPMENT SECTORS COEXIST IN SEVERAL STRATEGIES

VET policy measures are not always presented in a stand-alone strategy, but are included in several documents, such as the employment strategy, the youth strategy, the social inclusion strategy, the education strategy. The economic development strategy and the strategy for supporting private sector investment also often give indications on the skills required. Accordingly, the responsibility for implementation is shared by a diverse range of institutions, which may complicate the coordination and therefore the achievement of planned objectives. At the same time, the existence of several strategic documents dealing with VET issues implies a relative heterogeneity in terms of structures, objectives, levels of details, etc.

In such a situation, the assessor must go through all the documents that include VET issues and select the relevant parts from each of them. In practice, this implies the 'construction' or 'extrapolation' of a unified VET strategy.

The second step is to identify the responsible institution for the VET element in each strategy and assess its effective role, mandate and responsibilities.

The third step is to check whether financing is ensured specifically for the VET sector in each strategic document and thus assess the overall cost by adding up the corresponding amounts. It is important to identify the possible double recording of the same cost in two different documents. For example, the employment strategy may include specific VET measures for young unemployed people; at the same time, the youth strategy could also specify VET actions for enhancing the employability of this population group.

2.1.1 Overview

Scope

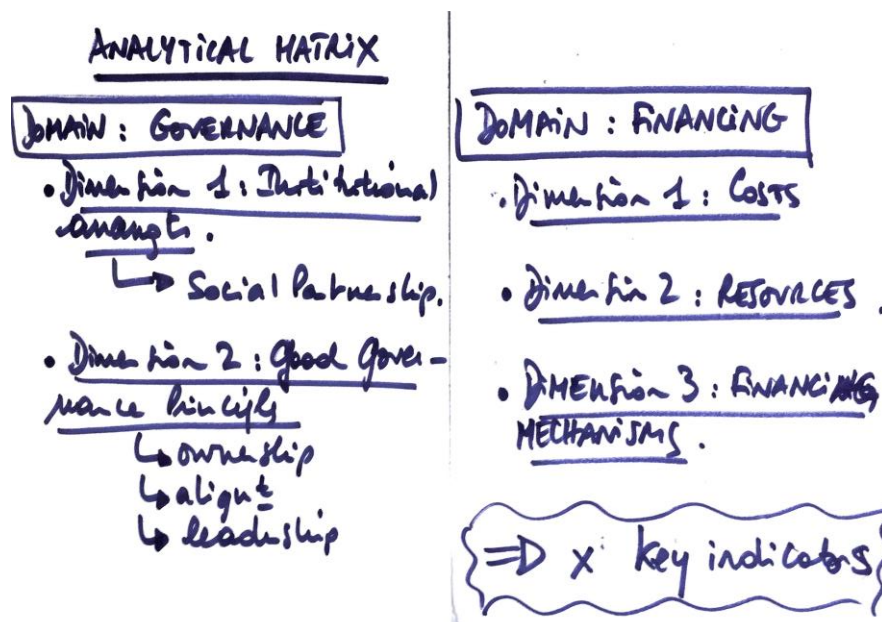
The first thing to determine is which strategy or strategies will be considered and submitted to such an assessment, e.g. VET strategy, employment strategy, education strategy, SMEs development strategy... or a mix, or part of these (see Box 2.1). Once this is clarified, the scope for assessing each domain can be decided. The scope of the assessment is to evaluate two domains that are critical to the successful implementation of a strategy: governance and financing. While the assessment is carried out separately in each domain, their overlap ensures a complete overview of the situation from two different perspectives. For example, the governance features concern not only the institutions responsible for implementing the VET strategy, but also those in charge of ensuring the financing of the strategy (Ministry of Finance, Treasury, budget departments within line ministries involved, etc.). Similarly, the financing aspects of the assessment (budgeting procedures, medium-term fiscal framework, taxation, allocation mechanisms of resources, etc.) include the governance aspects of those procedures, tools and mechanisms. For example, the relationships between the Ministry of

Finance and the budgetary users in the process of budget preparation and execution are governed by specific rules and procedures, which need to be analysed from the governance perspective rather than just from a financial point of view. As a result, the overlap between the two domains is actually a way to reinforce the robustness of the overall assessment.

The scope of the assessment in each domain has been organised around the main dimensions, against which a list of key indicators, reflecting the main topics at stake, has been identified to guide and support the assessment.

- For governance, these dimensions are institutional arrangements, including social partnership; and good governance principles, including ownership, alignment, leadership, transparency and accountability.
- For financing, the three dimensions cover costs, resources, and financing mechanisms.

Each dimension represents a specific perspective for analysis. The assessment is therefore carried out from different angles, an approach that enriches the assessment methodology by pushing beyond a passive diagnosis of the situation towards the identification of strengths, weaknesses, risk areas and ways for improvement. The assessment builds on a scoring methodology for the abovementioned indicators (see p. 20 below), although this scoring may be considered only as a step in the broader process.



Expected outputs

The expected outputs of the assessment, and hence, of these guidelines, result in two final products:

1. an analytical matrix that describes in detail the existing situation with respect to each indicator, based on reported sources of evidence, and may include or not the level or 'score' for each indicator;
2. an assessment report that summarises and analyses the main elements of the analytical matrix and presents the assessor's conclusions on the credibility of the country's VET strategy in terms of governance and financing aspects.

The analytical matrix covers the two domains (governance and financing) and their respective dimensions. For each indicator, three elements are drawn from the analysis of the situation: the main findings, the possible risks that could undermine the achievement of the strategy's objectives, and the main recommendations for improving the situation. An overall assessment summarises these three

elements. The matrix could include the scores attached to the indicators; alternatively, the scores could remain an intermediate, not public, state of assessment. This is optional, depending on the decision of the EU Delegation.

Within each dimension, a number of assessment indicators are defined on the basis of specific criteria. The indicators are described in detail in Section 3 below.

The assessment report builds on the analytical matrix and is organised as follows: Chapter 1 introduces the assessment exercise. Ideally, it first describes briefly the situation of the education sector in general and the VET system in particular, and the context and objectives of the exercise. Although its main purpose is to assess the *credibility* and not the *relevance* of the strategy, some observations on the strategy's relevance in the specific context can be included in order to present a comprehensive framework for the assessment. Chapter 2 presents the main findings by topic (indicator) of the assessment, including the main achievements and elements of risk. It moves successively through the two domains and the five dimensions. When possible, this section should also identify the drivers of change on which progress can be built. Chapter 3 formulates a limited number of key recommendations that may subsume the two domains (governance and financing) and are to be presented in order of strategic importance. There can be a distinction here between recommendations that are important, but that are ambitious or medium to long term, and quick wins to be activated in the short term. These recommendations build and synthesise or combine those of the analytical matrix. A short section on the main conclusions of the assessment may close the report. The analytical matrix should be attached as an annex to the assessment report.

BOX 2.2 OUTLINE OF THE ASSESSMENT REPORT

Chapter 1. Introduction to the assessment exercise

- 1.1 Brief description of the situation of the education sector in general and the VET system in particular
- 1.2 Context and objectives of the assessment exercise, including the scope of the assessment (strategy(ies) under assessment)
- 1.3 Observations on the strategy's relevance in the specific context and other transversal issues (before moving to credibility assessment)

Chapter 2. Main findings of the assessment

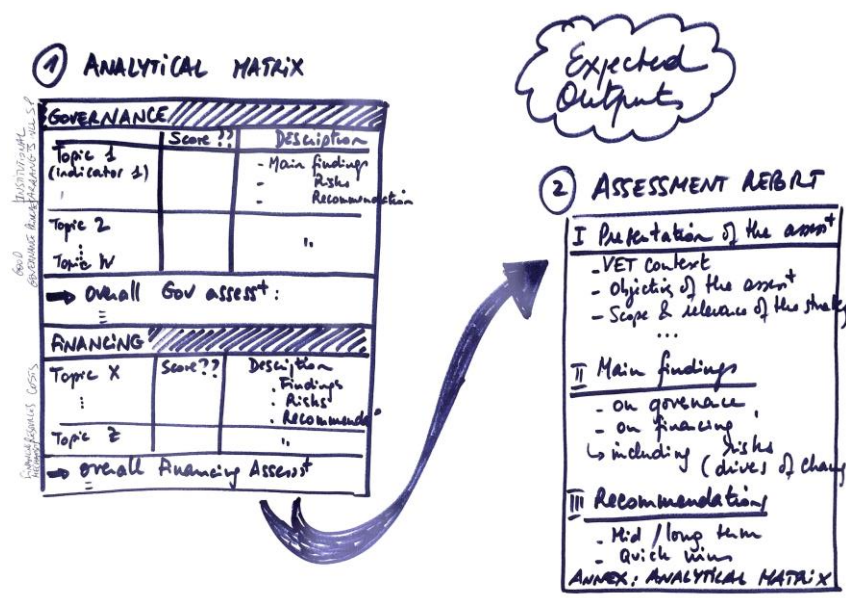
- 2.1 Governance findings
 - 2.2 Financing findings
- including for each domain, by topic (indicator), the main achievements and elements of risk, and possible drivers of change

Chapter 3. Key recommendations

- in order of strategic importance, but possibly combining governance and financing issues
- 3.1 Important, long/mid-term improvement areas
 - 3.2 Short-term recommended actions ('quick wins')

Annexes

- Analytical matrix (with or without the scores of each indicator)
- Other information (assessment process, participants, interview minutes...)



Assessment principles and indicators of credibility

The main assessment principles are the same in both domains: objectivity, impartiality and use of evidence, and avoiding expressing personal opinions. The financing part uses, to a large extent, quantitative information extracted from various public finance management and macroeconomic indicators; it sometimes includes past data on the indicators used in order to extrapolate future developments of those indicators from historical trends. In contrast, the governance domain is assessed almost exclusively using qualitative information on the current situation.

The indicators identified have been derived from the generic guiding questions proposed in Annex 3 of the Budget Support Guidelines (Section 2.3 on policy credibility) (European Commission, 2018, p. 88). Together they are expected to document the ‘credibility’ of the strategy, which can be defined as ‘the likelihood that the planned strategy will indeed be implemented’.

2.1.2 Content of the governance assessment

The governance assessment examines two main dimensions that play an important role in determining the credibility of a strategy:

- institutional arrangements, including the social partnerships that are of key importance in the VET sector;
- effectiveness of good governance principles in mechanisms and procedures throughout the VET policy cycle.

Dimension G1: Institutional arrangements, including social partnerships

This dimension examines the set-up, roles, capacities and interplay of the stakeholders who are expected to implement the VET strategy. An important aspect is whether the strategy captures all the stakeholders required for the successful implementation of the strategy and entrusts them with specific and clear responsibilities. This applies especially to the engagement of social partners, who are particularly essential in a sector such as VET.

Beyond formal entitlement, this dimension compares institutions’ formal or actual mandate, their capacity and their resources for the tasks set out in the strategy. Particular attention is given to the past performance of these stakeholders. Finally, this dimension also studies the mechanisms that are in place for coordination and cooperation between stakeholders.

Dimension G2: Good multi-level governance principles, including ownership, alignment, leadership, transparency and accountability

Under this dimension, the assessment examines the extent to which the principles of good multi-level governance, as defined in the Charter for Multilevel Governance in Europe and in the Budget Support Guidelines (European Commission, 2018), are enforced in the strategy. It includes the strategy's *alignment* with the country's other relevant reform measures; the degree of *ownership* that the national authorities have for its implementation, as well as their current *leadership* capacities, including the capacity to have donors align behind the strategy; and the *accountability* mechanisms in place to ensure that the anticipated *subsidiarity* between stakeholders is effectively implemented. As *participation* and *transparency* in the design and implementation of the strategy are already assessed through the indicators relating to institutional arrangements, they are not repeated in this dimension but are captured in the overall governance assessment. All these principles are indispensable preconditions for successful implementation of the strategy, and thus reflect the credibility of the strategy. *Efficiency* and *coherence* are indirectly captured under the financing assessment.

BOX 2.3 FUNDAMENTAL PRINCIPLES OF GOOD MULTI-LEVEL GOVERNANCE AS SET OUT IN THE CHARTER FOR MULTILEVEL GOVERNANCE IN EUROPE

- Developing a transparent, open and inclusive policy-making process
- Promoting participation and partnership involving relevant public and private stakeholders throughout the policy-making process, including through appropriate digital tools, whilst respecting the rights of all institutional partners
- Fostering policy efficiency, policy coherence and promoting budget synergies between all levels of governance
- Respecting subsidiarity and proportionality in policy making
- Ensuring maximum fundamental rights protection at all levels of governance

Source: <https://portal.cor.europa.eu/mlgcharter/Pages/MLG-charter.aspx>

2.1.3 Content of the financing assessment

The financing assessment examines the consistency between the policy framework (the assessed strategy) and the budget mechanisms in place to mobilise and channel resources towards the achievement of strategy's objectives.

Three dimensions are examined under the financing domain:

- costs, the estimation of which is required to make sure that a strategy is not a 'wish list' disconnected from its economic implications;
- resources, the mobilisation of which is the other side of the same (previous) coin;
- financing mechanisms in place, both at central and decentralised levels, aimed at matching the needs (costs) and the resources, especially for the medium to long term of the strategy, hence ensuring not only immediate affordability but also sustainability over time.

Dimension F1: Costs

This dimension identifies the planned expenditures relating to the implementation of the strategy and tries to capture the extent to which the stated costs have been adequately calculated using a robust methodology that incorporates reasonable working hypotheses and sound calculation techniques. This allows an assessment of how realistic the estimated costs are in relation to the effective needs. The costs are assessed globally, by the main components of the strategy, as well as in terms of their structure (wage versus non-wage costs, recurrent versus investment costs, etc.).

Dimension F2: Resources

This dimension aims to:

- identify the financing sources (state budget, private sector, external donors, etc.);
- assess the adequacy of the allocated resources (the sufficiency of funds for the actual needs of the sector); this includes comparing the resources set out in the VET budget with the estimated costs to identify the financing gaps;
- evaluate the future sustainability of resources (the funds for implementing the VET strategy are secured in the budget in the medium term) and the possible risks that could undermine the sustainability;
- compare historically the allocated resources and actual spending in order to quantify the absorption capacity of VET budgetary users and identify the possible bottlenecks responsible for underspending.

The first two dimensions – costs and resources – can be assessed through a specific Excel tool complementing this methodology (available on [ETF Open Space](#), together with dedicated guidelines) that allows for an extensive analysis of both past and future perspectives of the two elements, analysis of the coherence between them, and assessment of both resources and costs in terms of other economic indicators (gross domestic product (GDP), budget revenues, etc.).

Dimension F3: Financing mechanisms

The third dimension relates to the financing mechanisms in place that allow appropriate fund raising and adequate channelling of VET resources. This implies the assessment of:

- comprehensiveness and effectiveness of budgetary rules and procedures: budget preparation methodology (annual, multi-annual; top-down, bottom-up); existence of a medium-term budgetary framework (MTBF) and/or a medium-term expenditure framework (MTEF); budgetary classification in use (economic and/or functional); existence of programme and/or performance budgeting; links between central and local budgeting and mechanisms in place for transfer between central and local budgets; decentralised budget autonomy versus administrative autonomy; rules and procedures regarding budget execution and reporting; public procurement procedures;
- monitoring and evaluation mechanisms: the extent to which monitoring is carried out against pre-defined objectives; links between financial monitoring and reporting on spending; specific monitoring and evaluation mechanisms in the VET sector;
- mechanisms for prioritisation of financial resources and expenditures: intersectorial (across the main sectors of the economy) and intrasectorial (within the VET sector);
- VET-specific financing tools in place to achieve the planned mobilisation or diversification of the resources needed to fund the strategy: existence and effectiveness of these tools (e.g. training levy, training fund).

2.1.4 Transversal issues

While the two domains structure the assessment along thematic lines, there are a number of transversal issues that apply to all indicators and contribute also to assessing the overall credibility of the strategy. It is important to note that the relevance of these issues varies from indicator to indicator and from one country context to another. In some cases, they do not apply at all. These issues, which should be documented in the assessment report (in Chapter 1, or wherever the writer deems most appropriate for readers) are listed below.

- **Objective(s) of the VET strategy.** Ideally, the objective(s) of the strategy should be reflected in all its aspects. All proposed measures should constitute a clear contribution to their achievement. The selection of stakeholders should also be guided by the objective(s). None of the necessary stakeholders should be left out and stakeholders who are not able to make a substantial

contribution to achieving the strategy's objective(s) should not be involved. All aspects relating to the costing and financing of the strategy should reflect and clearly contribute to its objective(s).

- **Education reform context.** In the majority of cases, a VET reform is not initiated as an isolated, stand-alone process. Often it is embedded in a reform of secondary education or of the complete education system. Especially in transition countries, VET reform is often closely linked to the reform of higher education, VET being part of so-called tertiary education. The assessment needs to take into account any ongoing or planned reforms in the education system in general and in relevant subsectors.
- **Legal frameworks.** In one way or another, legal issues apply to most of the indicators. Therefore, the assessment requires a thorough study of the country's legal provisions relating to VET and to education in general. The assessment should take into account the extent to which the measures proposed in the strategy can be implemented under the existing legal framework and which measures require adaptation of the legal framework. In this case, it is important to assess the complexity of the adaptations required as well as the approximate timeframe as important elements of feasibility.
- **Administration reform context.** Like any other subsector of a country's education system, the VET system is subject to general administrative rules and regulations. Typical examples are rules on the contracting of staff with the status of civil servants and on the procurement of equipment, and rules and regulations relating to finances. A country's public administration reform initiative is likely to have a substantial impact on the implementation of a VET strategy. Moreover, the measures set out in the strategy should be compatible with the public administration reform plans and should not require additional measures. Therefore, it is essential to thoroughly understand and take into account any ongoing or planned public administration reform initiatives.
- **Decentralisation.** An ongoing or planned decentralisation process inevitably has an impact on education reform, including VET reform. Although decentralisation is addressed in terms of the VET strategy's alignment with other reform efforts, it is also an issue that needs to be kept in mind throughout the assessment process in the following functional dimensions: (i) political (transfer of power from the national to the subnational level); (ii) administrative (shift of responsibilities for the delivery of public services); and (iii) fiscal and financial (assignment of the management of public funds to subnational administrative units, local taxation and budget transfers).
- **Accountability¹.** In many countries in transition, as most partner countries are, the lack of an accountability framework for stakeholders has been shown to be a major issue of concern when it comes to the implementation of reform measures. Therefore, the assessment needs to systematically consider the accountability of stakeholders (in particular, public institutions), especially when measuring past performance or finance issues.
- **External support.** The external support provided by donors and other partners of the government is a factor that is likely to have a positive effect on the credibility of the strategy, as it can greatly contribute to addressing national challenges in terms of institutional or financial capacity. Therefore, it is important to capture the extent to which the current level of feasibility could be increased thanks to these external supports, whether by providing technical assistance or additional predictable funds, by supporting the steering of the strategy, etc.

2.1.5 Scoring method

A simple scoring tool is proposed as a separate Excel file for quantifying the performance relating to a specific area represented by the corresponding indicator. This tool represents an intermediary output of the assessment process, to be used by the team of assessors. The scores attached to the indicators do not necessarily need to be presented in the assessment report, where only the

¹ In the current context, the term 'accountability' is used in the following sense: 'The obligation of an individual or organisation to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money and other entrusted property.' (www.businessdictionary.com)

interpretation of those scores – in the form of comments and findings – are to be included. Whether or not to including the scores is a decision to be taken by the team following discussion with the EU Delegation and taking into account the pros (robust method, possibility of monitoring progress over time) and cons (mistrust by the national stakeholders, excessive focus on scores rather than on content, etc.).

The scoring tool consists of three worksheets that together form the analytical matrix, which may or may not include the scores. There is one worksheet for each of the two domains (governance and financing), and a summary worksheet that presents the overall score of the strategy and the final conclusion.

The scoring procedure is the same for both the governance and financing domains. A score ranging from 1 to 5 is given to each indicator, with 1 representing the minimum and 5 the maximum. Intermediate scoring (1.5, 2.5, 3.5, 4.5) is also possible. The average is then automatically calculated at the level of each domain, depending on a weighting factor that can be decided for each dimension, depending on the importance it has in a specific country context. This level of importance should be discussed in advance by the team and the EU Delegation and/or the leading national institution. The summary worksheet scores the strategy as a whole (as long as this is relevant and meaningful – to be discussed with the EU Delegation). The score is calculated automatically in cell C14 as the average of the two domains. Governance and financing are considered equally important and, consequently, the two domains are not weighted when the overall score is calculated. Some overall explanations can be provided to highlight the strong and weak points of the strategy. When necessary, recommendations can be made for improving the situation in specific domains.

Score	Reliability	Meaning
5	Very reliable	The indicator fully satisfies the assessment criteria
4	Reliable	The indicator satisfies to a large extent the assessment criteria
3	Moderately reliable	The indicator partially satisfies the assessment criteria
2	Insufficiently reliable	The indicator satisfies to a small extent the assessment criteria
1	Unreliable	The indicator does not satisfy the assessment criteria

Important note: There is no weighting attached to indicators. The score of each dimension is simply the average of the indicators' individual score. There is no particular reason to consider that within a specific dimension, an indicator is more important than other indicators and therefore should be given a higher weighting.

When giving a score to a particular indicator, the assessor should provide explanations for his/her decision. This can be done either directly in the Excel scoring tool or – preferably – in the column 'Explanations' of the analytical matrix. A detailed overall assessment of each domain is also required.

Irrespective of the overall score of the strategy, the assessor should not make any direct recommendation in relation to the decision on providing financial assistance to the strategy. This belongs to EU decisional factors and needs to take into account considerations other than just credibility (including relevance and political priority).

2.2 Assessment process

As previously mentioned, the methodology divides the assessment into two broad domains – governance and financing – that build on a number of indicators (clustered respectively into two and three dimensions). For each indicator, a detailed table (see Section 3) explains the criteria to be used for scoring. These criteria guide the user through the assessment process, as they set out the type of information that should be collected and analysed. However, no methodology can capture all the

issues that could potentially arise. For a reliable assessment, it is therefore important to capture and evaluate the relevance of a particular indicator and to incorporate additional information on it, as appropriate. Hence, the assessment should not be seen as a purely mechanical process that is to be worked through, but as a dynamic process requiring responsiveness to additional issues that arise.

In order to complete the assessment, it is therefore essential that countries adapt the methodology to their national context and define a clear and transparent work process involving the different stakeholders concerned, respecting several steps, and tapping into various data and information sources.

2.2.1 Actors involved in the assessment: roles and responsibilities

A successful assessment requires the involvement of several actors, in addition to – and in support of – the assessors' team formally in charge of it.

BOX 2.4 KEY STAKEHOLDERS TO BE INVOLVED

The exact list should be specific to the country's institutional context.

- **National stakeholders:** main source of information for the assessment:
 - central public institutions: Prime Minister's office, Ministry of Education, Ministry of Finance, Ministry of Labour, Ministry of Youth, Ministry of Regional Development, etc. – for each of them the main relevant departments, including for budget and financial affairs;
 - social partners: employers' federations (at national and possibly sectorial level, for the sectors most important to the country) and trade unions;
 - non-governmental organisations, student associations and other civil society organisations.
- **EU Delegation:** ensures the institutional umbrella for the assessment, provides information about developments in the country, as well as about future EU interventions.
- **International actors:** provide information about ongoing and past reform efforts, performance and potential of national actors, and about their own support actions that could increase the national institutional capacity.

National actors

These are the key source of information on the existing VET system. The assessment process implies their direct involvement, particularly the ministry responsible for the VET sector and the key implementing institutions. National actors are expected to provide the relevant strategic documents. They are also asked to provide information primarily during meetings (individual meetings, group meetings, focus groups, etc.). However, prior to the field mission, they may also be asked to complete the analytical matrix with the available information so that assessors can check or complete information. During meetings with national actors, the users of the methodology can form a picture of their understanding of the VET strategy, and their level of responsibility, commitment and ownership. In Box 2.4 are listed the most crucial actors (to be refined to each country institutional context).

EU Delegation

The EU Delegation to the country should play a key role in the assessment process by leading the exercise politically, framing the content to be assessed and facilitating the contacts with governmental agencies of the country. It provides valuable information and key strategic documents (in English translation) about developments in the country, including political developments and past and ongoing reform efforts; guides the assessors, particularly in the initial phase of the assessment; and provides support throughout the assessment process. The Delegation's support may be needed to arrange high-level meetings with national stakeholders and international actors. Therefore, the relevant

Delegation staff (in charge of VET, education and employment, but also public administrative reform) should be well informed and well acquainted with the assessment exercise.

International development partners

They can provide information about ongoing and past reform efforts, in particular regarding the performance and potential of national actors. In addition, they can share documents about their respective supports, which often include analyses or considerations of governance and financing aspects of the system. International actors are also a valuable source of information about informal power structures that have a potential impact on the implementation of the VET strategy. Finally, their opinion is of value in terms of potential synergies of the VET strategy with ongoing projects or programmes.

2.2.2 Assessment steps

The assessment process is carried out in two major steps for both domains (governance and financing). These steps are iterative: home-based analysis and field work may be repeated several times.

- **Step 1. Home-based analysis – desk review:**
 - familiarisation with the assessment methodology and indicators;
 - identification of the scope of the assessment, reading of the VET strategy and other relevant national strategic documents, and identification of potential common aspects;
 - studying of relevant reports and technical papers produced by international organisations on the situation in the partner country;
 - analysis of the information provided by stakeholders in the analytical matrix or as additional documents;
 - mapping of the stakeholders to be contacted;
 - tailoring or refining of the methodology according to the specifics of the partner country.
- **Step 2. Field work in the partner country:**
 - meetings with the EU Delegation and national and international stakeholders;
 - information collection and analysis as per the indicators;
 - draft verbalised assessment as per indicator;
 - scoring of the indicator (ensure coherence between verbalised assessment and score);
 - review, evaluation and incorporation of any additional information;
 - cross-checking of information through various sources;
 - completion of the analytical matrix;
 - drafting of the assessment report;
 - presentation/discussion of the report with EU Delegation and main stakeholders;
 - revision/finalisation of the analytical matrix and the assessment report;
 - final dissemination.

As already mentioned, these two steps can be repeated as an iterative process until the level of evidence is deemed sufficient to ensure the robustness of the assessment.

Field missions

The abovementioned field work should be articulated to at least four missions, the main purposes of which would be as follows:

- **Mission 1. Awareness-raising, buy-in and commitment:** presentation of the objectives, expected outcomes and methodology to both the EU Delegation and the ministry in charge of VET. This mission produces an agreement on how to organise the work, preliminary identification of key documents and preliminary mapping of stakeholders to consult. This mission can (should) be

entrusted, as far as possible, to permanent staff rather than consultants (e.g. the ETF or the other institution supervising the work).

- Mission 2. Fact-finding: meetings with identified stakeholders, collection and analysis of evidence, documents and data. This mission provides the raw material for the assessment. If needed, it could be split into two missions (if one is not sufficient).
- Mission 3. Discussion of preliminary results: presentation of the preliminary findings to key national stakeholders for feedback, additional comments, and suggestions for improvement or for the orientation of recommendations. There is still room for discussion and adjustments.
- Mission 4. Dissemination of the assessment outcomes: presentation of the outcomes of the assessment to a broader audience. At this stage, the issue at stake is to discuss not the findings but the way the recommendations could be integrated into future country planning or partners' support.

2.2.3 Data and sources of information

The following information needs to be retrieved from various sources, in addition to the national strategic documents under review.

For the governance domain²:

- Legal provisions, rules and regulations:
 - on the overall education system (Law on Education), the VET system (Law on VET), standards, educational programmes and curricula, the licensing and accreditation of VET institutions, the recognition by accreditation agencies, the categorisation of occupations and VET qualifications, the national qualifications framework, the VET pedagogy, pedagogical councils, student assessments, teacher categories and management, terminology of the education system (definition of terms);
 - on the functioning of specialised institutions, such as the VET agency, the National Academy of Education, methodological centres, and teacher in-service training institutions;
- Strategic documents relating to the country's overall development, public administration reform, education development;
- Project documentation: strategy-related progress reports, updates on ongoing VET reform measures, projects and programmes, reports on completed VET reform measures, projects and programmes;
- Analytical tools developed by the country;
- Assessments, evaluations and data from external stakeholders: Torino Process reports, European Quality Assurance in Vocational Education and Training (EQAVET), Programme for International Student Assessment (PISA), capacity assessment of institutions, Support for Improvement in Governance and Management (SIGMA) analysis performed by the Organisation for Economic Cooperation and Development (OECD) and the EU, statistical data provided by international bodies;
- Donor documentation: ex ante or ex post project evaluations, progress reports.

² This list illustrates the types of data sources to be consulted and is not exhaustive. The terminology is generic and will differ according to the actual country context.

For the financing domain, the information to be retrieved includes:

- Statistical data – two categories of data are necessary:
 - VET indicators: strategy's costs, financial resources, number of students and number of graduates, number of teachers, number of schools, transition rate from primary education to VET, and from VET to higher education, etc.
 - general economic, educational and demographic indicators: GDP (total and per capita), average wage rate (in the economy, in the education sector and in the VET sector), employment and unemployment rates, population per age group and population growth rate, budget revenues, budget expenditures, etc.

The cost estimation tool lists the necessary statistical data for each of these categories.

- Other information: mapping of the VET financial instruments in place (training levy, training fund, tuition fees, income-generating activities for VET schools, etc.), budgeting rules and procedures, allocation mechanisms for resources, methodologies used for estimation and forecasting, type of financial management and information system in place, tools for prioritisation of financial resources and expenditures, etc.

The sources from which statistical data and information can be extracted are:

- VET strategy;
- other programmatic documents of the government;
- national institutions for VET implementation;
- Ministry of Finance;
- international organisations (International Monetary Fund (IMF), World Bank, OECD, Eurostat, United Nations, etc.).

BOX 2.5 LESSONS LEARNT FROM THE PILOTING OF THE METHODOLOGY IN MONTENEGRO

In 2018, a first version of this methodology was designed and used as a pilot in Montenegro. An assessment report was then produced and shared with the Montenegrin partners, and the methodology was adjusted. From this pilot, it was concluded that the following crucial elements are needed for successful assessment.

- Clarify with stakeholders that the system as a whole is not under assessment, but the main focus is the strategy or strategies (the difference between sector performance assessment and strategy credibility assessment should be made clear).
- Define properly the scope of the assessment: VET, skills development, human capital development strategy? What are the main strategic documents under assessment? If the strategy chosen for assessment covers only part of the system (and/or part of the reform), the added value may end up being minimal.
- Listen to but take distance towards the diverse points of view of national stakeholders: the assessment report does not need to be endorsed or validated by national stakeholders. However, depending on the context, an overly critical report could hamper future cooperation, particularly in terms of improving areas of weakness identified in the report. Thus, everything depends on the priority objective for the report.
- Assess the added value of making public the scoring of indicators, instead of simply keeping it as an intermediary step: the risk with public scoring is that it could divert discussions away from the possible problems behind the score to the score itself, and start fruitless negotiations.
- Provide some analytical elements, in the introduction or conclusion, on the relevance of the strategy. These elements are crucial when combined with the credibility assessment for providing more comprehensive support to decision making.
- Formulate recommendations that are strategic but also as action-oriented, concrete, operational and time-bound as possible. Long-term and general recommendations are not helpful.

3. ANALYTICAL MATRIX

3.1 Indicators

Governance (G)

Indicator	Score	Explanation
Dimension G1. Institutional arrangements, including social partnership		
G1.1. The strategy sets out the involvement of all stakeholders at the national and subnational levels that is needed for its implementation.		
G1.2. The mandate of these stakeholders allows them to perform all tasks set out in the strategy.		
G1.3. The past performance of these stakeholders allows for proper implementation of their tasks.		
G1.4. The strategy sets out the cooperation between stakeholders that is required for its proper implementation.		
G1.5. Stakeholders at all levels have the human, material and financial resources needed for the proper implementation of the strategy.		
G1.6. Social partners participate in the design, implementation, monitoring and evaluation of the strategy.		
Overall score dimension G1		
Dimension G2. Good multi-level governance principles (ownership, alignment, leadership, transparency, accountability)		
G2.1. The strategy is aligned with other reform efforts.		
G2.2. Stakeholders demonstrate ownership of the strategy.		
G2.3. There are clear rules and responsibility lines to ensure supervision, accountability and transparency.		
G2.4. The leadership of the institution in charge of the strategy ensures effective donor coordination and proper monitoring and evaluation of the strategy.		
Overall score dimension G2		
Overall assessment – Governance		

Financing (F)

Indicator	Score	Explanation
Dimension F1. Costs		
F1.1. A budget planning framework exists to capture the strategy.		
F1.2. An adequate methodology for cost calculation is used.		
F1.3. Estimated costs are realistic.		
Overall score dimension F1		
Dimension F2. Resources		
F2.1. The resources allocated correspond to the financing needs.		
F2.2. Planned resources are sustainable over time.		
F2.3. The sources of financing and channels of resource allocation are well defined.		
F2.4. Value for money is assured/considered properly.		
Overall score dimension F2		
Dimension F3. Financing mechanisms		
F3.1. Adequate budgetary procedures are in place.		
F3.2. Adequate procurement procedures are in place.		
F3.3. A mechanism for prioritisation of expenditures is in place.		
F3.4. Monitoring and evaluation mechanisms are in place.		
Overall score dimension F3		
Overall assessment – Financing		

3.2 Illustrated analytical matrix for guidance

The following table provides methodological explanations to fill in the analytical matrix. For each indicator, it presents the description, the assessment steps, the sources of information and illustrates by concrete examples.

Indicator	Description/ explanation of the indicator	Approach/assessment steps	Sources of information	Examples
GOVERNANCE (G)				
Dimension G1. Institutional arrangements, including social partnership				
G1.1. The strategy sets out the involvement of all stakeholders at the national and subnational levels that is needed for its implementation.	<p>This indicator examines whether the strategy captures the necessary stakeholders at all levels of implementation. It should also clarify how the consultation process functioned in the design of the strategy.</p>	<ul style="list-style-type: none"> ■ The assessment needs to examine the overall institutional set-up and identify all stakeholders required for the implementation of the strategy. ■ This concerns both stakeholders who are explicitly mentioned and those who are not mentioned, but without whom the strategy cannot be implemented. ■ Particular attention should be given to stakeholders who need to be involved but are not mentioned, as this may point to the fact that the strategy neglects important aspects. ■ A strategy may call for the involvement of stakeholders who are able to contribute little or nothing to its implementation or may even hamper implementation. Among the reasons may be the traditional role of such stakeholders in the education system, or political considerations. These stakeholders need to be identified along with the reasons for their planned involvement. ■ Identifying the reasons why some stakeholders are expected to be involved and others (though no less important) are not requires extensive consultations and a thorough understanding of the political context. ■ The assessment captures a clear overview of: <ul style="list-style-type: none"> • explicitly mentioned stakeholders; • stakeholders required for strategy implementation, but who are not mentioned; • possible explanations for the latter not being mentioned; • potential implications of the latter not being mentioned; • stakeholders mentioned and expected to be involved in strategy implementation, but who are seemingly not able to contribute to implementation, or may even hamper implementation; • possible reasons and explanations for the involvement of the stakeholders mentioned in the previous point. 	<p>VET strategy All VET stakeholders</p>	<p>The selection of stakeholders for the implementation of a strategy reflects, to a certain extent, the conceptual perception of the strategy. For example, if a VET strategy aims to improve, among other things, the quality of teaching and learning and does not explicitly mention the involvement of teacher in-service training institutions, this may point to the fact that improved qualifications of active teachers are not considered a precondition for improved teaching and learning, while clearly, in reality, they are.</p>
G1.2. The mandate of these stakeholders allows them to perform all tasks set out in the strategy.	<p>This indicator examines whether stakeholders' mandates coincide with their tasks.</p>	<ul style="list-style-type: none"> ■ Not all stakeholders might be explicitly mentioned. ■ The strategy might not include a specific description of the tasks of each stakeholder. In this case, the tasks need to be derived from other information in the strategy and/or action/implementation plans. ■ If there is a conflict between a stakeholder's mandate or actual area of activity on the one hand and the responsibilities resulting from the strategy on the other, the assessment juxtaposes them and illustrates potential problems in relation to the implementation of the strategy. 	<p>VET stakeholders relevant for strategy implementation Documents specifying stakeholders' mandates (statutes, etc.) Stakeholders' annual activity reports</p>	<p>The difference between the mandate as stipulated and the actual area of activity will vary from country to country. In some countries, an institution that is under the authority of a ministry (e.g. a National Institute of Education under the Ministry of Education and Science) operates strictly according to its mandate and written requests from the ministry. In other countries, such institutions do not hesitate to embark on activities that they consider to be their responsibility (in some cases, the reason being political influence), unless they are instructed not to do so. Especially in the latter case, understanding a stakeholder's actual area of activity can be quite challenging, especially as it is likely to keep changing. Furthermore, the results of the assessment along this indicator will provide some indication of the degree to which stakeholders were actually consulted during the design of the strategy. For example, for political reasons, a particular stakeholder may have not been consulted properly and could be assigned tasks that are considerably smaller or less significant than its mandate would allow for.</p>

<p>G1.3. The past performance of these stakeholders allows for proper implementation of their tasks.</p>	<p>This indicator refers to the reliability of the strategy in terms of the quality of stakeholders' past performance.</p>	<ul style="list-style-type: none"> ■ In the assessment of stakeholders' past performance, it is crucial to take into account their past developments. This concerns, in particular, changes in the organisational structure, leadership, and position within the education system in general and the VET system in particular. ■ The results of the assessment of stakeholders' past performance should be viewed in the light of such past developments. ■ The assessment includes the following: <ul style="list-style-type: none"> • a reference to the respective past performance of a stakeholder; • a description of the past performance of a stakeholder; • a description of relevant developments in the organisational structure, leadership, etc.; • the impact of these changes on the stakeholder's performance during strategy implementation. 	<p>VET stakeholders relevant to strategy implementation Evaluations of past projects Staff involved in past projects</p>	<p>For example, a stakeholder may have performed extremely well in a previous reform project, but since then has had a change in leadership; the current leader has a reputation for primarily expanding the stakeholder's area of responsibility to strengthen the leader's own position. If the strategy assigns this stakeholder a primarily operational role, this clearly contradicts the aspirations of the stakeholder's leadership and there must be serious concern as to whether the stakeholder will be able to properly perform the tasks assigned in the strategy.</p>
<p>G1.4. The strategy sets out the cooperation between stakeholders that is required for its proper implementation.</p>	<p>This indicator focuses on planned communication, collaboration and agreement between stakeholders.</p>	<ul style="list-style-type: none"> ■ Cooperation presupposes: <ul style="list-style-type: none"> • a thorough understanding of the institutional set-up; • channels for effective communication; • coordination of activities; • the ability to discuss common issues constructively; • the ability to compromise without losing sight of one's tasks and responsibilities (this concerns, in particular, contentious issues); • the readiness to support other stakeholders with their tasks and responsibilities. ■ Attention needs to be given to intraministerial and interministerial cooperation set out in the strategy. ■ In vertical structures, cooperation includes proper accountability lines between institutions (e.g. between a ministry and an agency under it). ■ The assessment should identify aspects of cooperation that are missing. ■ The assessment includes a chart that shows: <ul style="list-style-type: none"> • stakeholders; • communication structures; • reporting lines; • accountability lines; • potential overlap of stakeholders' tasks and responsibilities; • identified gaps in tasks and responsibilities; • information flow (formal); • information flow (informal); • the role and relevance of institutions in the overall set-up (e.g. through the use of different kinds and sizes of symbols reflecting types and relevance of institutions). 	<p>VET strategy VET stakeholders relevant to strategy implementation</p>	<p>When the Government of Norway proposed to the Government of the former Yugoslav Republic of Macedonia (now North Macedonia) substantial support for the country's reform of its education system, it requested, as a first step, a brief concept paper outlining key areas of reform. The Government of Norway stated that the credibility of the concept paper depended, to a major extent, on its joint development and endorsement by all key stakeholders in the education system of the country. Communication between the country's key stakeholders, agreement on the key areas that needed to be addressed and the drafting of a joint concept paper turned out to be a major challenge owing to political and other reasons.</p>

<p>G1.5. Stakeholders at all levels have the human, material and financial resources/ capacity needed for the proper implementation of the strategy.</p>	<p>This indicator aims to assess the potential of stakeholders' staff to perform the tasks required.</p>	<ul style="list-style-type: none"> ■ Most strategies will not include separate information on the human and material resources required. ■ This information will need to be derived from stakeholders' tasks in the implementation of the strategy. ■ In the majority of cases, it will not be possible to assess the available human, material and financial resources of all stakeholders. ■ It is therefore recommended that the resources of key stakeholders be assessed and a general idea ascertained of the extent to which stakeholders' resources allow them to perform the required tasks. ■ The assessment includes a list of resources that are lacking, where this is likely to have a potential impact on the implementation of the strategy. 	<p>VET stakeholders relevant for strategy implementation HR departments Finance departments Workshops for practical training</p>	<p>In the majority of cases, strategy implementation increases the workload of a stakeholder's staff. Even where a stakeholder has the human resources needed, its staff (or leadership) might be hesitant to take on this additional workload. This can happen, for example, if in the past the stakeholder's staff members were financially rewarded for their contribution to projects or programmes, or if their regular workload does not allow them to engage in additional activities. In many transition economies, public servants work long hours and are also expected to be available during weekends. It is therefore crucial to gain a thorough understanding of the extent to which the available human resources of a stakeholder will be able to perform the activities required for the implementation of a strategy.</p>
<p>G1.6. Social partners participate in the design, implementation and monitoring and evaluation of the strategy.</p>	<p>With the use of this indicator, the significance of social partners for VET is assessed.</p>	<ul style="list-style-type: none"> ■ The assessment should provide a clear picture of the extent to which social partners are involved in the design, implementation, and monitoring and evaluation of VET policies. ■ The analysis describes: <ul style="list-style-type: none"> ● the extent to which social partners participated in the design of the VET policy (e.g. the social partners had a leading role, a supportive role or a consultative role); ● their involvement in the implementation of the strategy; ● their participation in the monitoring and evaluation processes. ■ The assessment studies concrete evidence of the participation of social partners in the design, implementation and monitoring processes, such as: <ul style="list-style-type: none"> ● councils installed and operational; ● descriptions of rights and responsibilities of council members; ● meeting agendas; ● minutes of meetings. 	<p>Social partners Minutes of meetings</p>	<p>'Participation' is a vague term allowing for a wide range of interpretations and it is therefore necessary to probe stakeholders' understanding of the word. Social partners might consider that they are participating in the processes mentioned because they are part of the bureaucratic-administrative system. In other countries, an employers' organisation may have the sole responsibility for the design and official approval of curricula.</p>

Dimension G2. Good multi-level governance principles (ownership, alignment, leadership, transparency, accountability)

<p>G2.1. The strategy is aligned with other reform efforts.</p>	<p>This indicator assesses whether a country's approach to reforms is coherent.</p>	<ul style="list-style-type: none"> ■ The assessment identifies aspects potential conflicts between the VET strategy and other ongoing reform measures. ■ It examines alignment with possible public administration reform, including the strengthening of public sector capacity, the reinforcement of strategic planning, the strengthening of human resource management systems, and the design and use of accountability systems and monitoring and evaluation frameworks. ■ It also examines potential decentralisation reform, in particular the transfer of power from the national to the subnational level and the shift of responsibilities for the delivery of public services, and especially the coherence between the supposed autonomy of institutions and centres and the overall legal framework. ■ The assessment also verifies the VET strategy against a country's overall development strategy. ■ Possible contradictions and conflicts may be difficult to detect. It is therefore important to gain a thorough understanding of other relevant strategies and reform measures. ■ The assessment includes a list of potential conflicts between the VET strategy and other reform efforts, as well as a brief assessment of the implications of such conflicts. 	<p>VET strategy Other strategies or documents on reform efforts SIGMA analyses Economic Reform Programmes (for Western Balkan countries)</p>	<p>Depending on the status of a VET institution, other reform efforts can have varying implications for VET and the alignment of a VET strategy with these reform efforts. For example, a decentralisation strategy may call for the appointment of the heads of legal entities of public law by the head of the local self-government unit (municipality). If the new head of a local self-government unit is from a different party than his or her predecessor, he or she is likely to dismiss the current head of the VET institution and appoint one from his or her party (provided a VET institution is a legal entity of public law). The VET strategy would have to take into account the fact that the heads of VET institutions will change in accordance with changes in the political landscape of the local self-government unit, as this can have implications for the implementation of the strategy.</p> <p>In one country in Central Asia, the lack of alignment of the reform of the VET system with public administration reform led to a situation in which the national institution responsible for curricula design and in-service teacher training for primary VET was unable to clarify its status for more than a year. The institution was given autonomy within the VET sector while also transitioning from the National VET Centre to the Ministry of Education and Science. As a result of the lack of coordination between two parallel reform efforts, the institution (i) was unable to tell what its responsibilities were, (ii) was unable to clarify to whom it was to report, and (iii) could not issue official documents (e.g. training certificates).</p>
<p>G2.2. Stakeholders demonstrate ownership of the strategy.</p>	<p>The strategy's reliability in terms of stakeholders' identification with it is assessed.</p>	<ul style="list-style-type: none"> ■ The assessment identifies indications that the stakeholders that have to implement it are committed to its implementation. ■ It also assesses the extent to which stakeholders own the strategy, i.e. have the feeling that it is theirs rather than others'. Ownership of a strategy is closely related to: <ul style="list-style-type: none"> • participation in its design; • responsibility for its implementation; • control over its implementation. ■ The support of the political leadership at different levels is crucial to creating ownership. ■ The results of a political economy analysis allow for conclusions on ownership. ■ The task of the assessment is to identify signs of commitment and ownership and their degree. These signs can be detected in personal meetings and conversations with stakeholders. ■ A document outlining a stakeholder's tasks and responsibilities in the implementation of a strategy is not a sign of commitment. Commitment and ownership are emotions, feelings and attitudes. ■ The assessment includes a list of signs of ownership and commitment. 	<p>VET stakeholders relevant for strategy implementation</p>	<p>The mere fact that a strategy is implemented for the stakeholders' country does not create commitment on their side. Especially in transition countries, there is a tendency to speak of 'improvement of the VET system' in very general terms. This improvement tends to be ordered by the country's leadership. Apart from being a very general notion, the desire to improve the current state does not create commitment. Rather, commitment is created when stakeholders recognise a clear benefit for themselves. For example, stakeholders commit to the strategy when they realise that a successfully implemented strategy empowers them and strengthens their own position in the VET system. It is therefore important to identify signs of perceived empowerment and participation.</p>

<p>G2.3. There are clear rules and responsibility lines to ensure supervision, accountability and transparency.</p>	<p>This indicator relates to the internal structures and functioning of stakeholders.</p>	<ul style="list-style-type: none"> ■ The assessment studies supervision and accountability lines at all levels of the stakeholder organisation. ■ Proper attention is to be given to matters of accountability and measures that are taken in the case of low performance. ■ It is equally important to analyse recent developments in supervision and accountability structures and their potential impact on policy implementation. ■ It is important to gain a thorough understanding of not only formal supervision and accountability lines but also informal structures. ■ The tasks and responsibilities of a stakeholder required by the strategy are matched against its official and unofficial supervision and accountability structures and an assessment is made of whether or not the existing structures allow the stakeholder to perform the tasks required by the strategy. ■ This includes aspects relating to the management style prevailing in a stakeholder organisation and how this could impact the implementation of the strategy. ■ This indicator includes an assessment of the extent to which processes are likely to be transparent (e.g. the selection of staff involved in project activities). ■ The assessment may include: <ul style="list-style-type: none"> • a clear description of official and unofficial supervision and accountability lines; • an assessment of the extent to which the existing structures allow the stakeholder to perform its tasks; • an identification of the most serious shortcomings in terms of supervision and accountability if these have a potential impact on the quality of strategy implementation. 	<p>VET stakeholders relevant for strategy implementation Head of VET stakeholder organisations Heads of department Staff</p>	<p>In one of the Balkan countries, the tasks set for the various stakeholders fit well with their mandates and the staff of most stakeholder organisations were sufficiently well qualified to perform these tasks. However, the leadership style of one of the stakeholders caused concern. The head of the stakeholder organisation displayed a 'do not do anything unless ordered' attitude. This management style was in stark contrast to the creative and experimental approach that many of the tasks set out in the strategy required. It is also likely to have implications for the transparency of processes.</p>
<p>G2.4 The leadership of the institution in charge of the strategy ensures effective donor coordination and proper monitoring and evaluation of the strategy.</p>	<p>This indicator relates to the capacity of the government/ ministry in charge to lead the strategy politically, including by having donors align behind it, and by having an operational monitoring and evaluation mechanism for the strategy being implemented.</p>	<ul style="list-style-type: none"> ■ The assessment here applies primarily to the institution officially in charge of the strategy. It endeavours to capture evidences of its leadership capacity, as a key success factor for the implementation of the strategy, covering both the recognised legitimacy of the institution, and the personal skills of the high level official in charge. ■ It looks into consultation and discussion frameworks in place to share information and analysis with development partners, including main donors, such as annual joint sector reviews. ■ It also needs to identify the monitoring and evaluation tools put in place, and verify if they are used as actual supports for steering the strategy, defining remediation or risk mitigation measures as the strategy is being implemented. 	<p>Donor interviews Steering committee or other body in charge of the strategy minutes</p>	

Indicator	Description/ explanation of the indicator	Approach/assessment steps	Sources of information	Examples
FINANCING (F)				
Dimension F1. Costs				
F1.1. A budget planning framework exists to capture the strategy.	This assesses the extent to which the strategy is planned for within an MTBF or MTEF and/or in annual budget documents.		MTEF Finance bill	
F1.2. An adequate methodology for cost calculation is used.	This assesses the methodology used in the strategy for cost estimation.	<ul style="list-style-type: none"> ■ The assessment of the reliability of the methodology for costing the strategy will include analysis of the following: <ul style="list-style-type: none"> • whether there is a robust methodology for cost calculation or costs are based on intuition; • whether costs are disaggregated appropriately (some strategies provide the global cost, while others are disaggregated by main components, programmes, actions, etc.); • whether costs are presented for the appropriate time scale (some strategies provide the costs for the entire period of implementation, while others are limited only to the initial years); • the extent to which past evolution with respect to VET costs are considered in calculating future cost trends; • how the costs are estimated (based on outputs, programmes, etc.); • the types of cost that are considered (incremental, main cost drivers, etc.). 	VET strategy	<p>The planned costs of Georgia's VET strategy are calculated according to the institutional funding volume and expenditures ceilings provided by the MTBF, and the annual funding is set within the limit of allocations approved in the state budget.</p> <p>The VET strategy of Albania includes the cost of each strategic priority and, within each strategic priority the cost of each measure. It covers the period 2013–20 and is costed annually for the whole period until 2020.</p> <p>The Serbian strategy on VET disaggregates the costs by components and by each action within a specific component. It covers the period 2009–15, but the annual costs are provided for 2009 and 2010 only, and indicatively for 2011 and 2012. The strategy specifies that a general cost estimation was made for 2009 and 2010. Basic (indicative) projections were made after 2010: the first year, preparation costs; the second year, piloting costs; the third year, implementation costs.</p> <p>The Social Protection Strategy of Senegal calculates the cost of the measures to be implemented on the basis of simulations carried out by the International Labour Organisation, the United Nations Children's Fund (UNICEF) and the World Bank. Some VET elements are included in that strategy.</p> <p>The VET strategy of Senegal is costed on the basis of three major programmes over a period of three years (corresponding to the sectorial MTBF), each programme being additionally costed by actions.</p>
		<ul style="list-style-type: none"> ■ The structure of costs will be assessed on the basis of: <ul style="list-style-type: none"> • recurrent versus investment costs; • wage versus non-wage costs; • costs of ongoing measures versus costs of new measures. 	VET strategy Budgets of institutions involved in the implementation of the strategy	<p>The VET strategy of Albania provides the global costs, without distinction between recurrent and investment costs.</p> <p>The VET strategy of Senegal disaggregates the cost of each programme and each action within the programme by five categories: wages, goods and services, public investment, current transfers, and capital transfers.</p>

<p>F1.3. Estimated costs are realistic.</p>	<p>This indicator is aimed at counterchecking whether the cost estimations provided by the strategy are realistic.</p>	<ul style="list-style-type: none"> Forecasted costs are generally based on a series of working assumptions regarding the future evolution of the main indicators that determine the amount of costs. Two types of such indicators should be checked: <ul style="list-style-type: none"> the forecasted indicators directly related to VET: number of students, number of teachers, number of new classrooms to be built, etc.; the forecasted trends of indirect indicators influencing the future evolution of VET costs: consumer price index (CPI), wage rate increase, demographic trends, etc. <p>Particular case Many strategies do not offer any information regarding the working assumptions listed above, or are limited to the indicators directly related to VET (number of students, etc.).</p>	<p>VET strategy National statistics on VET education National statistics on demography, employment and wage Central bank statistics (CPI) MTBF of the Ministry of Finance IMF forecasts (Article IV of consultations) Alternatively, the indicators can be forecasted by the assessor by using the cost estimation procedure described below</p>	<p>The VET strategy of North Macedonia makes the following general assumptions: number of early school leavers decreased to 10%; number of persons with low skill levels and from other at-risk groups who are in the process of learning and acquire skills increased; inclusive nature of VET schools strengthened; procedure for validation of non-formal and informal learning for persons in need of certification of acquired skills developed and tested. These are very general and unquantified working hypotheses that do not help in assessing the realism of the corresponding costs.</p> <p>The VET strategy of Morocco provides forecasts over the implementation period on the number of VET beneficiaries (students), the number of graduates by sector of activity (agriculture, tourism, etc.), the number of students by type of training (residential, apprenticeship).</p> <p>The VET strategy of Albania makes initial working assumptions for building the 2013–20 scenario relating to enrolment in secondary education: the 'ratio of total enrolment in upper secondary education / births' will be 90%. Based on this assumptions, enrolment in VET education is calculated as a proportion of VET entrants to total enrolment in secondary education, under the working assumption that the 'ratio of enrolment in general schools/ enrolment in VET schools' will be 67% (general schools)/33% (VET schools).</p>
		<ul style="list-style-type: none"> The countercheck of estimated costs provided by the strategy entails comparing those costs with the assessor's own estimations; the percentage difference between the two values indicates whether the strategy's calculated costs are realistic. The counterchecking should follow the cost structure proposed by the strategy (global costs, costs by main components of the strategy, by programmes and/or by activities). When available, the share of recurrent and investment costs in total should also be estimated, as well as the share of wage and non-wage costs. An cost estimation tool (Excel) is proposed for carrying out the assessor's own calculation of the costs and forecasting additional indicators. 	<p>Cost estimation methodology</p>	

Particular cases related to cost estimation

A VET strategy may provide no information on the cost of implementation. In this case, the assessor should search for alternative sources of information:

- other documents relating to the strategy that provide such information; sometimes the costs are presented in a separate document, or the action plan containing the costs is elaborated after the approval of the strategy;
- other related strategies: sometimes the VET strategy overlaps or is included in a wider strategy (such as the education strategy, the entrepreneurial learning strategy, the employment strategy, the youth strategy);
- the multi-annual budgets or plans of activities of the line ministries involved in the implementation of the strategy.

The VET strategy of North Macedonia includes an action plan of measures but provides no costing elements.

The youth strategy of North Macedonia includes an important VET component. However, the document does not provide any information on costs. Nevertheless, the Action Plan on Youth Employment, elaborated in 2015, has a chapter on the financial resources needed (costs) for each component of the strategy; the largest share of costs corresponds to VET (Outcome 2.1): out of the total cost of the strategy (EUR 26.9 million), VET is allocated EUR 5.6 million.

In some countries, there is a specific ministry in charge of VET (ministère de la Formation professionnelle et de l'Emploi in Tunisia, or ministère de l'Emploi, de la Formation professionnelle et de l'Artisanat in Senegal). Those institutions are generally responsible for elaborating the VET strategy, but the action plan including the costs might not be attached to the strategy. Implementation is the responsibility of one of several agencies. In Senegal, for example, this agency is the Office national de formation professionnelle; in Tunisia, several such agencies are in charge of implementation (Agence tunisienne de la formation professionnelle under the ministère de la Formation professionnelle et de l'Emploi, Agence de la vulgarisation et de la formation agricoles, etc.). The action plans and their costs are often with those agencies.

Dimension F2. Resources

F2.1. The resources allocated correspond to the financing needs.

This indicator is aimed at comparing the planned costs of the VET strategy with the budget allocations for that purpose, in order to assess whether the necessary funds are secured and whether financing gaps exist.

Budget provisions for the VET sector

- In the case of multi-annual budgeting, the allocations are generally planned for a three-year period. In principle, the funds are committed for the first year of the period, while for the remaining two years the resource amounts are indicative. However, the existence of a three-year planning cycle should be considered satisfactory.
- In order to check the extent to which the planned allocations are effectively disbursed to the VET sector, it is important to look at the historical evolution of the two elements: the resources initially planned in the budget and the funds actually allocated. Both planned and actual allocations should be compared to the corresponding costs calculated in the strategy.
- In the case of annual budgeting, the budgetary allocations are available for only one year. In this situation, the assessor should look back at past information for each year, at the difference between planned resources in the budget and actual disbursed funds. If no major gaps between the two elements are identified, it can be concluded that the same trend will persist in the future. Annual allocations should also be compared with the corresponding yearly costs estimated in the strategy.
- The assessment of resources should be carried out at various levels: global (total allocations to the VET sector), by the main components of the strategy, by spending components (wage versus non-wage, investment versus recurrent expenditures), and by each ministry carrying out VET activities.

Spending gap: the difference between budget allocations and effective spending

- In some cases, the allocated resources are not entirely spent by an institution responsible for implementing the VET strategy. The assessor should, therefore, look at past information to check whether this has occurred before and identify the causes, which might relate to:
 - overestimation of the resources needed; this is generally the case when the costs in the strategy are overestimated and there is no counterchecking on behalf of the Ministry of Finance regarding whether these costs are realistic;
 - weak spending capacity of the institution: this happens when line ministries have insufficient spending autonomy, when the capacity relating to budget execution is low, when payment and disbursement formalities are cumbersome, etc.;
 - delays in transferring the allocations by the Ministry of Finance, owing to the lack of a financial management information system (FMIS) and/or a Treasury Single Account, discretionary power of the ministry in allocating the funds, insufficiency of resources at treasury level, excessive formalities and bureaucracy, etc.

VET strategy
Budgets of institutions implementing the strategy
Budgetary framework of the Ministry of Finance

The Albanian VET strategy provides information about the VET budget for the current year, as well as for the planned resources for the next 3 years. The figures over the planned period are reasonable when compared with the level of resources allocated in the current year. However, the planned resources are provided globally, for the whole VET sector.

The VET strategy of Senegal provides the budget allocations for VET from a comparable perspective: according to the Budget Law for 2015 (current year), and the commitments for two future years: 2016 and 2017. The allocations are disaggregated by components (programmes) of the strategy, as well as by spending elements (wage fund, goods and services, investment, transfers, etc.). Looking at the figures, it can be observed that the increase in the planned wage fund corresponds to the planned increase of the wage rate plus the increase of the average wage.

Budget execution documents of institutions implementing the strategy
Budgetary framework of the Ministry of Finance

F2.2. Planned resources are sustainable over time.	The aim of this indicator is to assess whether the financial resources are secured over the whole period of strategy implementation.	Consistency between planned expenditures of the strategy and the overall macro-fiscal and budgetary framework of the country <ul style="list-style-type: none"> ■ This examines the extent to which the government explicitly supports and is fully committed to the development and expansion of technical and vocational education and training (TVET) and to the strengthening of TVET links with the labour market. This commitment must be reflected in the country's national development strategies and education sector plans. ■ Another possibility is to calculate VET costs as a share of total state budget expenditures over the past few years and compare it with the same indicator over the next period of implementation. 	Socioeconomic development strategy of the country Government programme Ministry of Finance: MTBF IMF: country projections (Article IV of consultations)	
		Sustainability risks This identifies which spending elements could affect the financing of VET policy: contingent liabilities (potential liability that may occur depending on the outcome of a future event), arrears, etc.	State budget (Ministry of Finance)	
F2.3. The sources of financing and channels of resource allocation are well defined.	This identifies the internal and external sources of financing and the appropriateness of their distribution.	Structure of financing sources <ul style="list-style-type: none"> ■ The assessment examines the percentage of total financing from: <ul style="list-style-type: none"> • external (donors' contributions): grants, technical assistance, budget support; • internal: share of state budget contributions, enterprises' contributions, student fees (households' contributions); the form that firms' contributions take (taxes and/or direct financing). ■ It also considers the following questions: <ul style="list-style-type: none"> • Are VET-related technical assistance and budget support financing included in the overall VET resources? • Where are VET resources located (training fund, state budget, etc.)? • What are the medium-term forecasts of VET resources by main financing sources using the cost estimation methodology? • Is there a training levy on firms? What is its rate, mechanism of collection, effectiveness, etc.? • Does the strategy provide an estimation of the structure of these sources over the period of implementation? 	VET budget State budget Budget/finance law Budgets of institutions involved in strategy implementation	
		Channels of resource distribution <ul style="list-style-type: none"> ■ The assessment examines how resources are distributed: <ul style="list-style-type: none"> • to VET institutions at central level; • to VET institutions at decentralised level; • to VET providers. 	Budget/finance law Budgets of VET institutions	

<p>F2.4. Value for money is assured/ considered properly.</p>	<p>This looks at the balance between:</p> <ul style="list-style-type: none"> ■ economy: reducing the cost of a policy measure, while maintaining the same quality; ■ efficiency: increasing output for a given input or reducing the input for a given output, while maintaining the same quality; ■ effectiveness: successfully achieving the intended outcomes from an activity. 	<ul style="list-style-type: none"> ■ Historical data is used to calculate the ROI of VET. ROI can be calculated through one of the following methods: <ul style="list-style-type: none"> • cost-benefit analysis: assigns monetary value to costs of the training programme to determine the cost-benefit ratio; • net present value (NPV): compares the value of money now with the value in the future. ■ An alternative and easier method of calculating value for money is to compare the present value of future benefits for the state budget from VET education with its costs. The initial calculations should be done per student; results should be multiplied by the number of graduates to obtain the total value for money. The estimation will involve the following steps: <ul style="list-style-type: none"> • calculate the total cost per student (C_i) over the whole period of studies; • using the average wage in the economy, calculate the total wage fund (W_i) that a VET graduate will receive over his/her entire working life (usually 40 years); • since the wage represents essentially a value added for the economy, which is taxed at rate t (say, 20%), the state budget collects from each student a VAT revenue $R = tW_i$ over the whole working period; • the total annual number of VET graduates is N. Assuming that only $n\%$ of them find a job after graduation (say, 80%), with the rest remaining unemployed or leaving the labour market, the present value of future budget revenues will be $PV(R) = nR$ each year; • the annual value for money of VET will therefore be: $PV(R) - NC$. 	<p>Assessor's own calculations</p> <p>See Jackson (2012)</p>	<p>The Adelaide National Centre for Vocational Education Research uses an evaluation framework for measuring ROI in TVET.</p>
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Dimension F3. Financing mechanisms

F3.1. Adequate budgetary procedures are in place.	The indicator aims to assess the budgetary methodology used and the efficiency of budgetary procedures (preparation and execution).	<ul style="list-style-type: none"> ■ The assessment of the type of budget methodology will look at the following: <ul style="list-style-type: none"> • annual budgeting: whether there is a medium-term macroeconomic and/or fiscal framework; whether multi-annual budgets are in place at sectorial/line ministry level; • multi-annual budgeting: whether programme budgeting is in place; whether an MTEF (performance-based budget) is in use; • which budgetary classification(s) of expenditures is/are applied: economic, functional, both; • which approach is used in budget preparation: top-down or bottom-up; • links between central and local budgets: which transfer/allocation mechanism exists between central and local administrations; consistency between financial decentralisation and administrative decentralisation; consistency between budgetary allocations to subnational entities and their spending autonomy; • assessment of human capacity of staff dealing with budgeting. 	Budget/finance law	
		<ul style="list-style-type: none"> ■ The assessment of the effectiveness of budgetary practices will examine: <ul style="list-style-type: none"> • how often budget rectification takes place within a budgetary year; the deviation of rectified from initial allocations (on average, and for VET); • the existence of a Treasury Single Account; • the type of FMIS in use, and whether all direct and indirect beneficiaries /government agencies (central and local) are included in the FMIS; • comprehensiveness: enforcement of financial reporting rules to autonomous bodies and local governments; • budget execution rules and regulations and their enforcement; • accounting and reporting (coverage, comparability, timeliness of reporting); • comparison between historical evolution and forecasts of main indicators relating to budget execution; • human capacity of staff dealing with budgeting. 	State budget reports	
		<ul style="list-style-type: none"> ■ The assessment of VET budgeting will consider: <ul style="list-style-type: none"> • links between public investment budgets and future VET expenditures; • analysis of main VET budget elements; • what happens with unspent VET allocations (and whether they are available for the following year); • human capacity of staff dealing with budgeting. 	VET budget	
F3.2. Adequate procurement procedures are in place.	The indicator assesses the legal rules and their implementation and enforcement.	<ul style="list-style-type: none"> ■ The assessment of the general rules for public procurement examine: <ul style="list-style-type: none"> • whether there is a strategy for public procurement; if so, its main provisions, and how the rules are enforced in practice; • whether e-procurement is in place. ■ VET public procurement is assessed on the basis of: <ul style="list-style-type: none"> • whether there is a specific procurement framework for the VET sector; • how the rules and regulations are enforced in practice. 	Public procurement strategy	The Vocational Education and Training Authority of Tanzania issues a General Procurement Notice for every financial year, in accordance with the Public Procurement Act.

F3.3. A mechanism for prioritisation of expenditures is in place.	The indicator will assess the priority given to VET policy measures versus other strategic policies to be adopted.	<ul style="list-style-type: none"> ■ Intersectorial prioritisation is assessed by considering how the allocation of resources is prioritised at government level (Ministry of Finance). 	Ministry of Finance or institution in charge of prioritisation of expenditures	
F3.4. Monitoring and evaluation mechanisms are in place.	The indicator aims to assess the effectiveness of the monitoring mechanism in place (financial and VET performance).	<ul style="list-style-type: none"> ■ Financial monitoring is assessed by examining: <ul style="list-style-type: none"> ● mechanisms that are in place to monitor the budget execution in general, and the VET budget execution in particular; such mechanisms are usually limited to recording the extent to which the allocated resources were spent; the assessor should enquire whether the financial monitoring is carried out against pre-defined objectives; ● audit and expenditure control tools in place; ● monitoring indicators used; ● human capacity of staff dealing with monitoring and evaluation. 	Ministry of Finance Line ministries in charge of VET implementation	
		<ul style="list-style-type: none"> ■ Assessment of VET performance monitoring considers: <ul style="list-style-type: none"> ● the mechanism in place to monitor and evaluate the achievements against results to be achieved, as set out in the strategy; ● which institution is in charge. 	Line ministries in charge of VET implementation Institutional structure in charge of monitoring the strategy	In Turkey, an inter-ministerial Board of Monitoring and Assessment is in charge of following up the implementation of VET strategy. North Macedonia established a Council for Monitoring the Implementation of the VET Strategy, which is an inter-sectorial body at a high decision-making level and comprises representatives of the key institutions directly responsible (MoES, MoLSP, MoE, MoF, VET Centre and AEC), complemented by the business community.
		<ul style="list-style-type: none"> ■ Intrasectorial prioritisation is assessed on the basis of: <ul style="list-style-type: none"> ● which mechanism is used to prioritise VET resources; ● comparison between VET policy priorities and investment budget; ● how VET measures are ranked, in terms of priority, as compared to other strategic measures; ● whether there is a prioritisation mechanism within each ministry involved in implementing the VET strategy. 	Line ministries implementing the VET strategy	

GLOSSARY

Term	Definition
Financial management information system (FMIS)	The FMIS supports the automation and integration of public financial management processes, including budget formulation, execution (commitment control, cash/debt management, treasury operations), accounting, and reporting. The FMIS can significantly improve the efficiency and equity of government operations and offers great potential for increasing participation, transparency and accountability. Whenever the FMIS and other public finance management information systems (for example, e-procurement, payroll, debt management) are linked with a central data warehouse to record and report all daily financial transactions, offering reliable consolidated platforms, this can be referred to as an integrated FMIS (or IFMIS).
Mandate	This term refers to (i) a stakeholder's explicitly stipulated mandate (e.g. in its statutes); and (ii) its actual field of activity in its everyday work.
Medium-term expenditure framework (MTEF)	The MTEF is annual, rolling, three-year expenditure planning setting out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined. The MTEF also contains outcome criteria for performance monitoring. Together with the annual budget framework, the MTEF is the basis for annual budget planning.
Past performance	This is any activity, task, responsibility, etc. that has already been performed (in a project that was implemented recently or a long time ago, in a project that is still ongoing and in the framework of the stakeholders' regular tasks and responsibilities) and that allows credible conclusions to be drawn about the stakeholders' capacity to perform the assigned tasks.
Proper implementation	In the current context, this refers to the actions of a stakeholder who (i) takes initiative; (ii) communicates constructively; (iii) respects timeframes; (iv) shows a clear interest in the quality of its work and deliverables; (v) contributes to joint outputs and results; and (vi) interacts constructively with other stakeholders so as to enable them to perform as anticipated (does not create obstacles for other stakeholders).
Stakeholder	Depending on the indicator, this is any institution, organisation, individual or administrative body playing an explicit or implicit role in the implementation of the strategy.

ACRONYMS

CPI	Consumer price index
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations (European Commission)
ETF	European Training Foundation
EU	European Union
FMIS	Financial management information system
FTE	Full-time equivalent
GDP	Gross domestic product
IIEP	International Institute for Educational Planning
IMF	International Monetary Fund
MTBF	Medium-term budgetary framework
MTEF	Medium-term expenditure framework
OECD	Organisation for Economic Cooperation and Development
ROI	Return on investment
SIGMA	Support for Improvement in Governance and Management (OECD/EU)
TVET	Technical and vocational education and training
VET	Vocational education and training

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