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**"Lifelong learning: a comprehensive approach to
education and training policies"**

**European Training Foundation parallel session presentation
Monday 29 April 2002, p.m.**

This paper aims to give an idea of the policy context in the European Union for lifelong learning, a clear definition of the principle of lifelong learning and an outline of the lifelong learning framework in the European Commission's *Communication: making a European area of lifelong learning a reality*. The paper provides a case study of one candidate country – Hungary to illustrate how the principle of lifelong learning is steering education and training developments. The paper is divided into two parts: Part 1 concentrates on the European Union's approach to lifelong learning and Part 2 consists of the case study.

Part 1

A. Background

The European Union consists of 15 Member States . It is in the process of enlargement to include 13 candidate countries (when certain economic, democratic and social criteria are met). The population of the European Union, when all the 13 candidate countries* have become members, will amount to 550 million people (more than the combined populations of the USA and Japan). Western Balkan countries are also seeking association with the European Union in the perspective of future membership. The European Union is not just a « commonwealth » of European nations, but a group of European countries pursuing common economic and social policy goals, trading within a single market, using a common currency (for most members), sharing good practice openly and agreeing to certain binding legislation.

The European Union policy objectives are to achieve economic and social cohesion across the different member states and in so doing to eliminate regional economic and social disparities and to achieve full employment. It is important to note that in terms of EU policy the focus is on achieving both economic growth and social inclusion. (In practice, the aim is to anticipate labour market and skill changes, to intervene wherever possible to prevent unemployment arising in the first place and then to prevent

* Czech Republic, Hungary, Poland, Slovenia, Slovakia, Latvia, Lithuania, Estonia, Bulgaria, Romania, Turkey, Cyprus and Malta

unemployment becoming long-term through active labour market measures. Emphasis is given to “curing” unemployment through adopting for example pathways approaches to enable people to return to the labour market and developing very local job creation initiatives often involving territorial employment pacts among the local stakeholders.)

Recent policy priorities at EU level from the Lisbon Summit (March 2000) to the recent Barcelona Summit (March 2002) have served to strengthen further the integration of different policy fields (economic, employment and social). This integration aims to meet economic, technological and social challenges and ensure that the benefits of the emerging knowledge society do not compound the problems faced by people who are already disadvantaged in the labour market and face social exclusion.

At the Lisbon Summit of Heads of State (March 2000), the European Union set itself a strategic goal of becoming « *the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion* ». This is an ambitious and challenging goal that requires integrated action across different policy fields (see the Lisbon Presidency *Conclusions* for the full list of actions and targets). This integrated approach, following the Lisbon Council, is referred to as the 'Lisbon Strategy'.

New impetus given to Lifelong Learning

At the Lisbon Council, lifelong learning was given a new impetus and it has become a basic component of the European social model. The follow-up from Lisbon saw the European Commission's document, *Memorandum on Lifelong Learning* (2000). This was the subject of an intensive consultation process with all European Union Member States, countries of the European Economic Area and the candidate countries. This resulted in the new European Commission's document, *Communication : making a European area of lifelong learning a reality* (2001). This document provides a strategic framework to develop comprehensive lifelong learning strategies that 'combine social and cultural objectives with the economic rationale for lifelong learning' (*Communication, p.8*) and practical measures (“priorities for action”) to embed lifelong learning throughout the education and training systems in Member States. The candidate countries are also encouraged to undertake reforms to their systems in the perspective of lifelong learning. At European level, specific initiatives are being taken forward (through policy action papers (e.g. Action for e-Learning) and European Fora (Transparency Forum dealing with issues such as recognition of non-formal and informal learning and a new Quality Forum that will work on minimum standards).

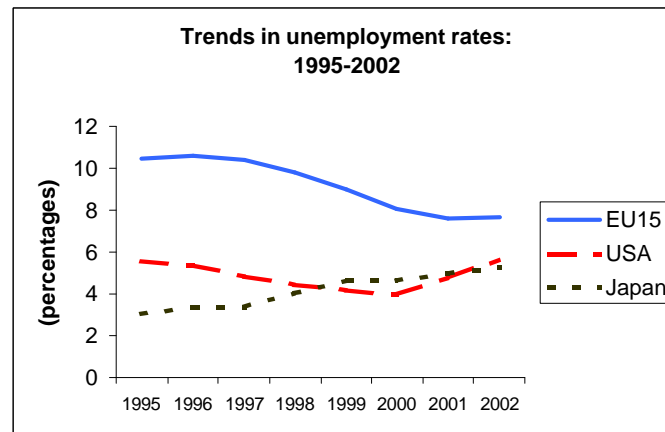
It is clear that these policy changes are recent (dating from March 2000) and that a full evaluation at this stage is not possible. Nevertheless, at each subsequent Council Meeting of Heads of State, reports are made and progress measured against certain targets.

A focus on lifelong learning : Some Comparisons between the European Union, the USA and Japan

The Lisbon strategy was developed during the second part of the 1990s when unemployment levels were higher. Although there has been a reduction and the unemployment statistics show improvement, unemployment levels are still too high and the priorities for action remain the same.

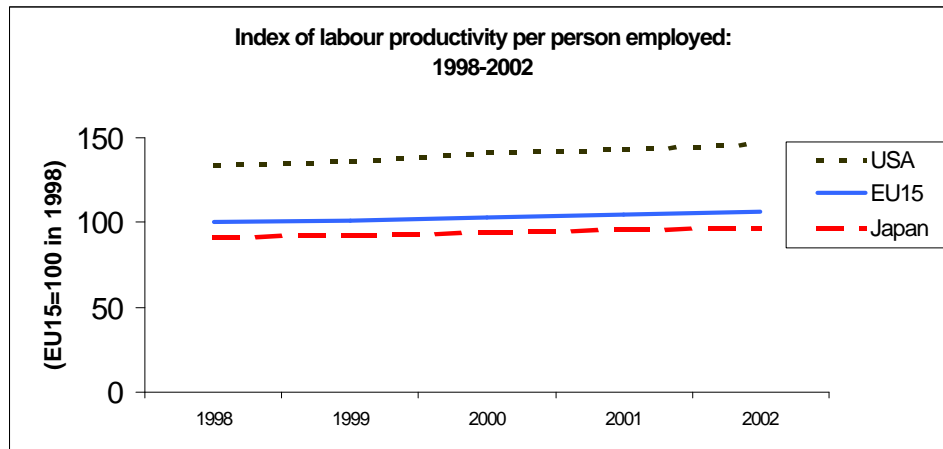
On some economic and educational indicators the European Union lags behind the USA and Japan.

Unemployment trends



- Unemployment rates, although declining, are still too high – EU15 : 7.6% in 2001 (11% in 1995) compared with 4.8% in the USA in 2001 (6% in 1995) and 5% in Japan in 2001 (3% in 1995). Within individual member states, there can be substantial regional imbalances with pockets of unemployment where the unemployment rate is much higher than the national average (in France – nationally below 10% - but varying between 5% in Alsace and 33% in Réunion; in Italy at the same time – nationally less than 11% but varying between 3% in Trentino-Alto Adige and 28% in Calabria) .
- Employment rates are also below those in the USA and Japan. In 1996 employment rates in the EU were around 60% compared with Japan at nearly 70% and the USA at 73%. (Hungary was at that time just 53%.) Although the gap has narrowed, there is still a difference of at least 5 percentage points with Japan and 10 percentage points with the USA. In 2000, according to OECD figures, employment rates were 64% in the EU; 69% in Japan and 74% in the USA.

Productivity

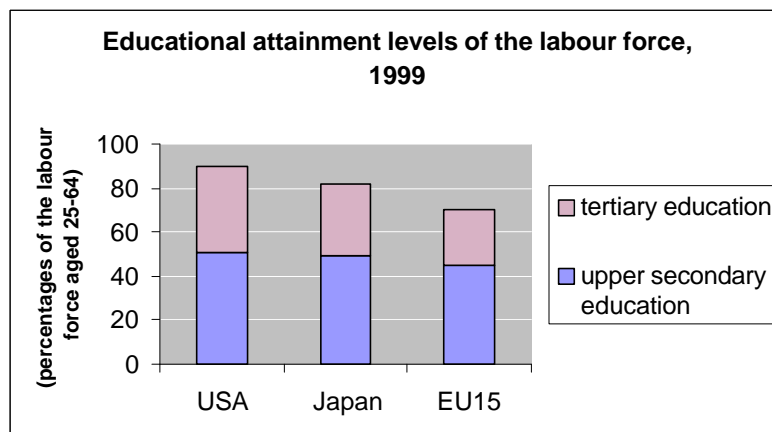


- Productivity levels: Productivity per person employed within the EU between 1998 and 2002 has consistently been well below that of the USA, although it is slightly higher than that for Japan.

Mobility

- Lack of mobility across Europe – although geographical mobility in Europe is increasing, it is still low. About 250 000 people approximately moved to another EU country in 2000 compared with 6.7 million per year in the USA who moved across borders during the 1990s (approximately 2.2% of the population). See the EC's *Employment in Europe Report, 2001*.

Educational attainment levels



- Educational attainment levels – the proportion of 25-64 year-olds in the labour force having attained at least upper secondary education for the EU15 stands at less than 70% compared with 90% for the USA and 82% for Japan. The proportion having attained tertiary education in the EU15 is about 25% compared with 39% in the USA and 33% in Japan.

- The Labour Force Survey in 2001 found only 8% of EU 25-64 year-olds participating in education and training (in the four weeks prior to the survey).

Demographic Change

- An ageing population . The population of the current 15 EU Member States is forecast to fall by about slightly more than 1% by 2020 – a slightly smaller decrease than in the population of the USA. The fall will largely be as a result of falling birth rates (although death rates are also declining slightly) and will result in an ageing population in Europe.

Additional factors include, for example, insufficient participation in the labour market of women and older worker, the services sector needs further development (especially telecommunications and the internet) and there is a widening skills gap, particularly in IT.

B. Lifelong learning : a global approach to change

Lifelong learning is a response to fundamental changes in working and social life. It responds to : (i) **economic, employment and labour market change and skill trends** including, for example, globalisation, building a knowledge society, tackling the digital revolution and addressing labour market uncertainty, adapting to changes in the organisation of work, responding to new or changing occupational skill profiles and to the general upward lift in skills levels in most occupations (ii) **social or cultural change** including structural and long-term unemployment, the widening gap between the « work rich » and the « work poor », changes in lifestyles that impact on the demand for learning related to personal development, individual interests, environment and civic concerns and (iii) the impact of the **rapid pace of change in digital technology** on business practices and organisation of work. For example, in ten years time 80% of the technology that is used to-day will be obsolete, although 80% of the existing workforce will still be working. The need for universal upgrading of information and technology skills for people to benefit from the digital revolution is crucial. Lifelong learning is seen as a **global response to these major changes**.

The need for a comprehensive and integrated approach

Lifelong learning is not a new concept since it was used by UNESCO in the early 1970s. Despite many initiatives and activities, lifelong learning tended to be introduced in the Member States in a piecemeal fashion. Few Member States had an overall holistic and integrated approach to embedding lifelong learning principles in all parts of the education and training system, in the workplace and in society (except for some Nordic countries, e.g. Sweden).

The Position of Lifelong Learning in the European Union Employment Strategy

Lifelong Learning has a central place in the European Employment Strategy where it is a cross-cutting principle underpinning action under four employment pillars (employability, entrepreneurship, adaptability and gender equal opportunities). The funding envelope for the European Employment Strategy is the European Social Fund (one of four European Structural Funds, the main funding instrument for promoting economic and social cohesion in the European Union) which is providing over 60 billion euro for the current programme period.

The return on education and training

Lifelong learning is a basic principle underpinning education and training policy in all EU Member States. It is pertinent, therefore, to ask whether investment in education pays compared with other kinds of economic or social investments and whether there is a return for individuals, employers and economies from such investment.

The evidence, perhaps not entirely conclusive, is mounting to demonstrate that education pays both for economies and individuals in terms of higher GDP growth, increased productivity, reduction in social costs, greater well-being of people and lower rates of criminality.

The relevant literature indicates that investment in human capital contributes to economic growth, brings societal benefits and that there is “a strong positive relationship ... between educational attainment levels and labour market outcomes”. (See Healy, 'Cost-benefit analysis in Education Projects : internal rates of return, methodologies and theoretical objections', in OECD report, *The Appraisal of Investments in Educational Facilities*, 2000). It has also been demonstrated that people with higher levels of education are better able to engage in social contacts including networking and can often provide better support to their own children's education and learning. Societal benefits can be measured in terms of lower expenditure on welfare, health and crime reduction (Healy, *op.cit.*).

For individuals, educational attainment has a positive impact on their performance in the labour market . Generally, the higher the level of education, the greater the chance of remaining employed and receiving higher earnings and the lower the risk of unemployment. For women a tertiary qualification can increase their chances of employment. If education attainment levels across the entire working life span, people with below upper secondary education can expect to spend more than twice as much time unemployed as tertiary graduates. (See OECD, *Human Capital Investment – an international comparison*, 1998, pages 54-59).

Spanish scholars De La Fuente and Doménech demonstrated that in all OECD countries education was a key factor in economic growth during the past decades. An overall increase in participation in education by one year accounts for an increase in output per capita of about 6% (*Human Capital in Growth regressions : How much difference does quality data make ?* January 2000).

The OECD also compared the impact of human capital on economic growth with the impact of a number of other variables such as investment share, population growth, inflation, size of government and trade exposure and found that human capital was the most important variable with the exception of trade exposure. (See *OECD, Economic Outlook*, December 2000.)

C. Lifelong learning in the European Commission's *Communication : towards a European area of lifelong learning*

Definition of Lifelong Learning

Lifelong learning in the *Communication* is defined as “all learning activity undertaken throughout life, with the aim of improving knowledge, skills and competences within a personal, civic, social and/or employment -related perspective”. This broad definition encompasses the full range of learning activity - formal, non-formal and informal – for all purposes (life-wide) and for the whole lifetime cycle from cradle to grave (*Communication, page 6*). However, this broad EU-level definition represents more an ambitious ideal. In practice, two quite similar approaches to lifelong learning in the EU can be discerned. For example in the UK, France, Germany and Sweden the focus is more on any learning activity that increases job opportunities for individuals and in addition promotes social integration and personal development goals. For others (e.g. Spain, Italy, Belgium) lifelong learning is seen primarily in economic terms linked to greater job opportunities, increased competitiveness, professional promotion, wage increases or mobility (*Making the European area of lifelong learning a reality – contribution of the Spanish Presidency, 2002, pages 4 and 8*).

The Building Blocks and the Priorities for Action of the European Commission's Communication

The renewed focus on lifelong learning and the emphasis given to implementing a holistic approach presents a series of challenges for EU Member States and for the candidate countries who are less advanced in the development of their systems within a lifelong learning perspective. In addition, the concept of lifelong learning is also relatively new.

The EC's *Communication* advocates fundamental reforms to education and training systems to meet the challenges of globalisation and the development of the knowledge society and achieving social inclusion and active citizenship . The framework outlined in the document encompasses six key strategic building blocks and six priorities for action. The six building blocks include :

- Working in partnership across the learning spectrum
- Having insight into the demand for learning
- Providing adequate resources
- Facilitating access to learning for all
- Creating a learning culture
- Striving for excellence

The six building blocks are supported by six cross-cutting priorities listed below :

- Valuing learning
- Information, guidance and counselling
- Investing time and money in learning
- Bringing together learners and learning opportunities
- Basic skills
- Innovative pedagogy

This broad approach does not represent a model, but provides a framework for integrated action. There is no compulsion to adopt all the proposals in the *Communication*. Both Member States and candidate countries have to build on what is already in place, making appropriate reforms to their education and training systems to meet the needs of specific economic, technological, social and institutional contexts. Nevertheless, the broad framework represents a useful guide to steer these reforms.

D. Key Challenges of lifelong learning for the candidate countries

In general, the candidate countries have a greater distance to travel than the countries in the European Union to embed lifelong learning systematically into their education and training systems. They have, however, embarked on a similar process, albeit at a slower pace. An analysis of the responses from the candidate countries to the European Commission's consultation process on the *Memorandum on Lifelong Learning*, revealed the following (see *Cross Country Report: summary and analysis of the feedback from the candidate countries on the Commission's Memorandum on Lifelong learning*, European Training Foundation, November 2001):

1. In general, **people in the candidate countries have yet to appreciate that learning is a lifelong process**. Emphasis tends to be placed primarily on formal education and training even for adults than on non-formal or informal learning and insufficient attention is paid to the acquisition of job skills.
2. There is general acceptance of the need to **involve the key actors** (state, regional and local authorities, companies and individuals – sometimes NGOs) but it is largely up to the state to take the lead in creating appropriate conditions for partnerships and the promotion of lifelong learning. The potential role of enterprises, individuals and other actors is generally underdeveloped (except in respect of Malta and Cyprus).
3. There is **a marked lack of coherent and integrated lifelong learning strategies and practical measures for lifelong learning in the candidate countries**. The consultation process has, however, raised awareness of the need to develop inclusive lifelong learning frameworks and has had an impact in terms of raising the importance of lifelong learning in the debates about education reforms generated by the Ministries.
4. Most candidate countries **recognise the importance of developing learning and information and communication technology**.
5. Together with **inherited cultural patterns, difficulties at both social and economic levels in most countries slow down the development of human resources** and the preparation for a knowledge society. This is because (i) **economic restructuring of state industries and agricultural reforms are still incomplete** in many candidate countries and has even to start in some. New sectors are emerging which are leading the modernising process. Despite this, many of the candidate countries give emphasis to tackling industrial and agricultural restructuring rather than to developing the skills for a knowledge society. Whilst this may have diluted the immediacy of lifelong learning for a

knowledge society, lifelong learning remains a crucial and timely underpinning principle for education and training reforms geared to labour market change. It is an instrument for responding to the skill needs of market economies and to the achievement of employment policy objectives.

6. **A partnership culture is not fully developed at national, regional or local levels.** Co-ordination at all levels needs strengthening to enable more joined-up thinking in policy integration and action on the ground. Vertical ways of distributing responsibilities prevail, that constrain the implementation of integrated strategies. Decentralisation is at a very early stage of development (or has not started in some countries) and local partnerships where they exist tend to be embryonic. In many candidate countries the involvement of the social partners in human resources development is limited.
7. **Motivation is an issue.** There is not a strong culture of innovation or taking the initiative in public administration including in education and training institutions and champions to take forward reforms at all levels are generally thin on the ground.
8. In general, **priority has been given to school-based vocational education and training reform and not to continuing vocational training** with the consequence that this gap has been filled in part by private training organisations. There is therefore also a question of quality assurance for private enterprises as well as for public organisations.
9. Many candidate countries **need to develop overall legislation for continuing training**, although this is recognised by many candidate countries.
10. **Formal education and training systems are still rigid**, despite many pilot programmes or projects initiated by the European Union or by international donors (such as the World Bank). There is generally little interface between secondary vocational education institutions and tertiary institutions. In many cases, curricula are not modularised and there is little scope for individuals to change pathways. Participation in tertiary education is often low and higher level vocational training is generally under-developed.
11. The **social status of teachers in most candidate countries is low** and salaries poor compared with EU Member States. There is a strong need to modernise and develop teacher training (both initial and in-service). In general, teachers have yet to adapt to individual learner-centred approaches. Traditional roles are slowly changing with new ICT methodologies, the emergence of modular competence-based curricula and the gradual introduction of quality assurance systems and some upgrading and development of teachers have been undertaken.

In general, there is a **lack of national resources and these are not optimised**. This further hampers appropriate reform. To this can be added the lack of modern equipment that is an obstacle to providing young people with vital up-to-date skills needed in industry. On-the-job training placements have often declined as large state enterprises have disappeared and smaller and micro enterprises have been unable to fill the gap. Schools have compensated by providing school-based workshop provision, but this has contributed to weakening local links with employers and working life.

N.B. For an account of the key messages from the consultation process in the EU Member States, see *Memorandum on Lifelong Learning – Consultation: A Review of Member States and EEA Country Reports*, European Centre for the Development of Vocational Training (CEDEFOP), 2001.

E. Raising awareness of lifelong learning among all the European Training Foundation's partner countries

Following the Lisbon Summit, lifelong learning has become one of the main social policy priorities in different external relations programmes. It is central to the work of the European Training Foundation in the candidate countries as they prepare for joining the European Union. The case study on Hungary illustrates the important place given to lifelong learning in one candidate country. The Foundation is raising awareness of lifelong learning among all its partner countries as a preparation for more concrete action in the future. For the countries of the Western Balkans as they seek closer links with the EU through association agreements, lifelong learning is already emerging as a priority in their proposals for reforms to their education and training systems. For the two other regions – TACIS (New Independent States of Russia and Mongolia) and MEDA (countries of the Mediterranean outside the European Union) – discussions on lifelong learning are developing. In the perspective of establishing a Euro-Mediterranean free trade zone by 2010, a number of economic and social reforms are being introduced in the MEDA countries. In this context, some MEDA countries are adopting lifelong learning as the wide framework for the reform of their education and training systems with the aim of increasing employability and reducing the social effects that economic restructuring will bring in its wake.

The European Training Foundation holds the view that an holistic approach to lifelong learning, incorporating as it does different economic, employment and social policy objectives, can apply more widely. There is a considerable bank of good practice in developing and implementing practical lifelong learning measures in the EU Member States and increasingly in the candidate countries which other countries can draw upon. The EU approach is not, however, a panacea to solve all problems. The comprehensive framework of the *Communication: making a European area of lifelong learning a reality* can provide a useful and relevant guide to education and training reforms in many different countries, although choices will need to be made to take account of specific political, economic, cultural and institutional environments.

Although the approach is potentially relevant to all countries, certain pre-requisites may be necessary. These would include for example:

- understanding the concept, particularly the global approach built on integrated economic and social policies;
- availability of strategic planning capacity, more “joined-up” thinking and co-operation across different ministries;
- a willingness to work in partnership at different levels (national, regional and local) and with different actors.

The availability of adequate resources is always a difficult issue. Nevertheless, it is important to consider how best to maximise existing resources to open up learning to the widest possible number of learners and how to distribute resources (from different sources) more effectively across a lifetime.

Part 2 A Case study – Hungary

Hungary can serve as a good example to illustrate how reforms to all parts of the education and training system over the last decade have laid the foundations for lifelong learning. Reforms do not necessarily need an explicit 'lifelong learning' label to be relevant, although an earlier OECD Report (1998), *Towards Lifelong Learning*, has helped steer education debate and reforms. For the most part, the comments below relate primarily to the vocational education and training system in Hungary.

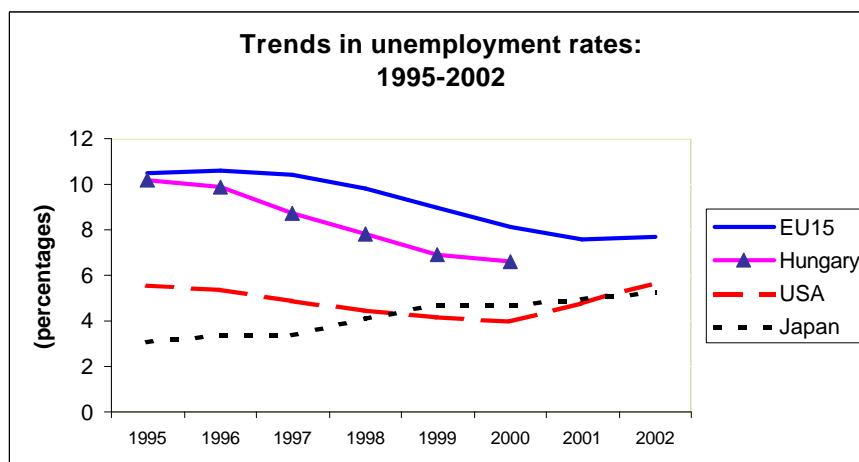
Recently, substantial legislative progress has been made in respect of lifelong learning with the new Adult Education Act (2001). This regulates the provision of training in the public and private sector and provides a framework for the development of lifelong learning in the context of employment. Previous reforms concentrated primarily on the formal education and training system for young people. With the new act, the perspective has widened to focus on the needs of adults. The Act foresees the creation of new structures for finance, research and the development of adult education. It will take time to implement the new legislative framework at the national, county and municipality levels, but its existence is an important step in expanding and developing provision for adults.

The importance of lifelong learning for Hungary

1. Current economic developments

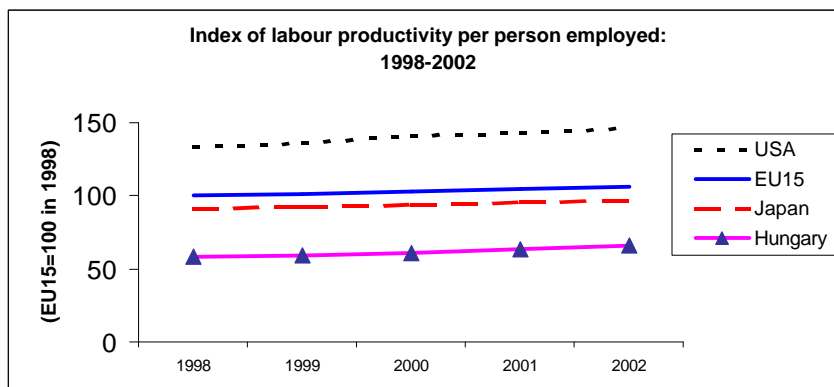
- Hungary has a functioning market economy, sustained economic growth, falling inflation, and a decreasing budget deficit.
- GDP is rising and growing faster than in the EU, but from a much lower base. GDP per capita at 11700 Euro in terms of purchasing power standards is 52% of the EU average.
- Hungary has benefited from substantial foreign direct investment in the early transition years, but this has declined sharply (from 3.7 billion Euro in 1995 to 1.8 billion Euro in 1999). Foreign direct investment has been the engine of economic growth in Hungary, pushing up exports (particularly of manufacturing goods, many with high added value). Exports to the European Union amounted to 78% in 1998. A large segment of exports consists of IT activity and the manufacture of IT goods.

2. Unemployment trends



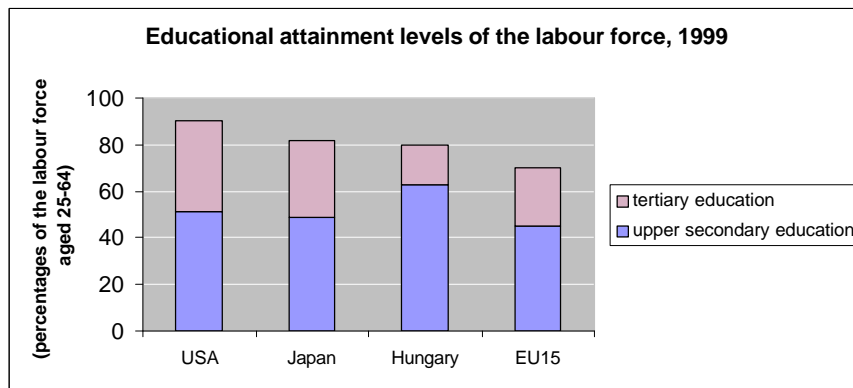
- The ILO unemployment rate declined to 6.6% in 2000 from over 10% in 1995. This compares favourably with the unemployment rate for the EU (EU15) of 8.1% in 2000. Nevertheless, this rate has to be seen in the context of lower activity rates (60% in 2000 compared with 69% in the EU and low female activity rate of 52.3% compared with EU average of 59.6%). The substantial level of activity in the grey economy further confuses the unemployment picture.
- The Hungarian labour market has fundamentally changed with the emergence of structural unemployment resulting from economic restructuring during the early years of transition and a relatively new phenomenon of long-term unemployment (i.e. over 12 months) has emerged with a number of people at risk of permanent exclusion from the labour market. The official long-term unemployment rate of 3.1% in 2000 is nevertheless slightly lower than the EU rate of 3.6% in the same year (but see comment above in respect of lower activity rates).

3. Productivity



The productivity gap between Hungary and the EU is large with, for example, labour productivity per employee standing at only about 60% of the EU average. Although productivity is growing faster than in the EU, there is still a long way to go to catch up.

4. Educational attainment levels



- Average educational attainment rates are relatively high in Hungary. In 1999 80% of the labour force aged 25-64 had attained at least upper secondary level (better than the EU average of about 70% but well below Japan at over 80% and the USA at nearly 90%). However, only 17% of the labour force had a tertiary qualification compared with about 25% in the EU, over 30% in Japan and as nearly 40% in the USA.
- Participation rates are increasing for 17-19 year-olds – and in tertiary education - and educational standards are rising (measured by the increase in the number of students who obtain an upper secondary qualification, enter higher education and the decrease in drop-out from formal education and training).

Yet, in the *International Adult Literacy Survey (IALS)* conducted in Hungary in 1998/99 only one-third of the adult population had prose literacy scores at level 3 or higher compared with the OECD country mean of 53%. Here it is a question of functional literacy not illiteracy. The average participation rates also mask sizeable regional variations and sharp differences in participation rates for some groups, for example the Roma minority who are estimated to represent at least 5% of the population (population estimates vary between (500,000 and 800,000) and older workers.

5. Regional Imbalances

- Considerable regional imbalances exist. There is dynamic growth in Western Transdanubia (near to the Austrian Border) and the capital region whereas the Northern region (borders with Slovakia and the Ukraine) has a much more difficult economic environment.
- There are higher unemployment levels (9.9% in Northern Hungary compared with 4.4% unemployment rate in 2000 in Western Transdanubia), lower educational attainment levels and lower entrepreneurial capacity.

In the context of accession, Hungary has introduced new decentralised administrative regional structures (Regional Development Councils and Regional Development Agencies) and put in place regional planning and programming. In this process there has been an increasing focus on regional human resource development plans and the identification of priority actions.

6. Demographic trends

- Hungary has low and declining live birth rates and high mortality rates leading to a decrease in population of some 4% each year. The decrease in the 5-14 and 15-19 age cohort is forecast to continue and a sharp decrease in young adult people (20-29 age group) is forecast over the next decade, leading to an ageing population pyramid.

Although the phenomenon of an ageing population affects the EU too, the rate of acceleration is much greater in general in the candidate countries, including Hungary. In this context, it will be increasingly important for Hungary to raise participation in learning among all adults (those in work, those seeking work and many people who took early retirement during the transition period). This is foreseen in the Adult Education Act (2001) mentioned above.

The foundations for lifelong learning in Hungary

This section will consider some recent education and training reforms from the perspective of the European Commission's six strategic **Building Blocks** for lifelong learning outlined in the *Communication*.

1. Working in partnership across the learning spectrum

- Hungary has a well-established tri-partite system at national level through the National Vocational Training Council and the different occupational curricular bodies. Although anecdotal evidence suggests that the Council is led primarily by Government, the infrastructure for social dialogue is in place. Hungary has a decentralised vocational school system with a framework for social partner participation at national, regional and local levels in various activities (for example curriculum development, course design and delivery of practical training). The Chambers of Commerce have a formal role in organising trainee placements in companies and in organising master technician examinations.
- However, the effectiveness of the tripartite system can vary region by region and there are indications that considerable institutional capacity building may be necessary to ensure the full, pro-active involvement of the social partners in education and training reforms.
- In terms of ministerial partnerships, different line ministries are responsible for different sectors. Whilst the Ministry of Education has overall responsibility for the National Vocational Qualification Register and for vocational education and training, other ministries (for example the Ministries of Agriculture, Economic Affairs, Defence) have responsibility for their sectors.

Efforts to ensure co-ordination and co-operation between the different line ministries are being made but these need to be strengthened in the interest of greater integration of economic, employment, social and educational reforms. A vertical distribution of responsibilities can constrain effective dialogue at the local level. This situation is reflected at the local level where links between the Regional Labour Market Training Centres and the vocational secondary schools can be limited and where co-operation could be fruitful in sharing good practice.

2. Having insight into the demand for learning

The extent to which the Hungarian education and training system is responsive both to labour market change and to the needs of individual learners is important in the context of lifelong learning. The Hungarian vocational education system is a mixture: the traditional, narrow, single occupational system continues, although it is decreasing, and exists alongside a broader-based modernised vocational education system with later specialisation (piloted with World Bank support) and a growing private training market. A rolling programme to modernise the curriculum in line with changes in occupational profiles is underway which involves the participation of the social partners.

- Hungary is developing rapidly post-secondary advanced technical training at tertiary level in response to labour market need for higher level technician skills.
- The school leaving age has risen to 18 and vocational training specialisation is now made after this point. The secondary vocational training schools offer students the opportunity to take the *maturita* examination and thereby gain entry into higher education.

These reforms have had the effect of increasing participation to the age of 18 and ensuring vertical pathways into tertiary education.

Nevertheless, weaknesses remain. Improvements are needed in the collection and dissemination of labour market data at both the national and local levels. More targeted information is also needed on the employment opportunities and learning needs of more disadvantaged individuals (e.g. people with multiple disadvantages, Roma population), on skill trends and developments in specific sectors and on the skill needs of employees of small enterprises. In the case of the last two points, the active support of enterprises is invaluable.

Initial and in-service teacher training is recognised as an important issue. Teachers are required to update their skills on a regular basis. This is part funded by the Ministry of Education and the individual teacher or trainer who contributes to the costs. Mainly universities provide the in-service training. There is concern that the low salaries and status of teachers do not provide sufficient incentives for teachers to invest more in upgrading their teaching skills. With new tasks emerging connected to the introduction of new curricula and different kinds of learners in the system more individual-learner centred approaches and innovative teaching methodologies using ICT high quality in-service training is vital in helping teachers and managers adjust to rapid economic and social change. On the matter of salaries, the Hungarian Government has set aside funds for increasing teachers' salaries by 25% .

3. Providing adequate finance

- Public and private expenditure on education and training in Hungary in 1998 was 5.0% of GDP compared with an average of 5.5% for OECD countries as a group or 6.4% in the USA, 4.7% in Japan, 6.8% in Sweden and 4.9% in the UK. The allocation for vocational education and training has been increasing year by year and is currently estimated to be 1.0% of GDP.

- Hungary has a Development and Training sub-fund, which is part of the Hungarian Labour Market Fund. The total amount of the sub-fund in 1999 was some 40 million euro. This sub-fund is financed by a levy on companies of 1.5% of their labour costs. The levy may be paid directly into the sub-fund or companies can retain one-third of the levy (i.e. 0.5% of labour costs) towards the costs of training their own employees. The sub-fund is used to subsidise vocational training schools and higher education institutions. Funds are allocated centrally by the Ministry of Education and decentrally through regional administrative units.
- In terms of finance for human resources development from companies, a recent EUROSTAT report (CVTS2, January 2002) indicated that on average Hungarian companies invested 1.2% of their labour costs on continuing vocational training of their employees in 1999, below the “best rates” in the EU (Denmark, Sweden and the Netherlands) of close to 3% of labour costs. (In the Czech Republic it was 1.9% and 1.8% in Estonia.) Other sources indicate that in Hungary this investment in training could range from up to 6% in some sectors (e.g. banking) to 0.5% for others (e.g. agriculture).
- Training for unemployed people is funded from the Employment sub-fund of the Labour Market Fund through tender competition organised by the Labour Centres. 0.07% of GDP was spent on training for the unemployed. However, this is considerably less than in Member States with similar unemployment levels (Belgium 0.25% of GDP, Germany 0.34% of GDP and Sweden 0.31% of GDP).

Donor support has been used to modernise and equip some schools in the VET system and the EU Phare Programme has funded action for the disadvantaged including the Roma population, second chance opportunities for the unemployed and action for women to return to the labour market.

The Development and Training sub-fund has provided a **useful source of additional funding** that has supported reform programmes and provided co-finance for EU Phare Programme pilot actions. This together with the practice of combining national, local, private and international funds has meant that Hungary has had greater levels of finance for vocational and educational training reforms than some of the other candidate countries.

4. Facilitating access to learning for all

In terms of continuing vocational training there has been a growth of private training enterprises that have emerged over the decade to meet the needs of the market economy for a skilled workforce. If one takes participation rates as a guide to progress in access to learning, then the situation in Hungary is as follows:

- Participation rates in continuing vocational training (CVT) courses provided by employers are low at 26%, compared with the Czech Republic (49%) or Slovenia (46%).

- The Eurostat CVT2 Survey reports that only 37% of all enterprises in Hungary provided continuing vocational training for their employees. This figure does not compare well even with other candidate countries (for the Czech Republic it was 69%, and Estonia 63%), as only Bulgaria and Romania reported lower levels of provision.
- OECD figures (based on the IAL Survey quoted above) show that participation rates in continuing education and training for the 25-64 age group in Hungary to be only 18% (higher than those in Poland (14%) and Portugal (13%)), but well below the rates in many other OECD countries). Participation in learning reduces considerably, however, with age, level of qualification or disadvantage. For example, 78% of all 15-19 year olds participate in education compared with 77% for the OECD, but the % for older groups tails off rapidly - from just 17% of 20-29 year olds (OECD 21%) and 3% of 30-39 year olds (OECD 5%). For those aged 40 and over expressed as a percentage of the population, the rate was a mere 0.1% (OECD 1.1%).
- If we consider the situation for the unemployed, the labour offices contract for training for the unemployed, but the funding at 0.07% of GDP is low, implying that participation of the unemployed in training is low.

More needs to be done to stimulate demand and open up access to learning for adults, particularly for employees of small enterprises, older workers, the long-term unemployed and disadvantaged people. Re-training courses organised by labour offices provide a pathway to employment for unemployed people, but these do not necessarily lead to a national qualification. Initiatives developed by the National Employment Foundation and voluntary and community organisations also to help counteract social exclusion of disadvantaged people. There is also the Hungarian People's Highschool Society and its network that organised the lifelong learning consultation process in Hungary.

An important challenge for Hungary is the integration of the Roma population both into mainstream education (starting at pre-school age) and into continuing training and employment. Despite a number of specific programmes funded by Phare, only 1.5% of the school age Roma community complete secondary education and a disproportionate number are consigned to schools for children with learning difficulties. Participation of Roma adults in continuing training is also low.

Increasing adult participation in Hungary is a strategic priority. This is recognised in the new Adult Education Act, but it will take time for the Act to be implemented at regional, country and municipality levels. The conclusion is that in common with other candidate countries there is considerable progress yet to be made in respect of opening up access to learning for all and in encouraging individuals to invest in learning.

5. Creating a learning culture

- In Hungary there is a rolling programme to modernise qualifications. When this is complete (progress to date suggests that a third of competence-based modular curricula has been developed), Hungary will have a qualification system that could be adapted to value, recognise and reward experience acquired in the workplace and in social life. At present, this does not exist.

- Counselling and guidance services have been developed in the school system and in the county and local labour centres, but both suffer from a lack of good labour market intelligence and a tendency for student and parental preferences to over-ride market needs .
- In practice, the labour centres also offer these services to employed people, but their market share is small as the employed tend to prefer the services of the private employment agencies. There is limited counselling and guidance for people wanting to become self-employed (although the Government has recognised this gap).

The formal system is still quite rigid and the more flexible provision offered by the Labour Market Training Centres does not necessarily lead to a national vocational qualification. A system to formally recognise the experience or skills acquired in the workplace or even outside work has not been developed yet. Promoting a learning culture will need to go hand in hand with the development of more flexible provision for adults to learn at the local level.

6. Striving for Excellence

- Hungary has a single National Register of Vocational Qualifications for both young people and adults. In 1998 a major modernisation programme of its National Register of Vocational Qualifications (NVQR) began. This has included the development of the frame curricula which includes modularised competence-based profiles, core skills and some flexibility for curricula that responds to the local labour market (these have to be agreed by the Ministry of Education).
- ICT training and entrepreneurial skills training are being embedded into course provision (e.g. the NVQR requires a module on entrepreneurship training for all ISCED 5 level training. At ISCED 3 level, enterprises offering practical training places have to develop an entrepreneurship component with the trainee's school).
- ICT penetration is improving with support from the World Bank and the EU Phare programme. 1300 VET schools had internet access in 2000. There are on average 30 computers per school and OECD figures show 41% of lower secondary school schools have access to or intend to have access to the internet for instructional purposes (same figure as for Belgium), but Hungary is considerably below many other OECD countries.

The continuous updating and development of the National Register of Qualifications aims to improve the skills base of students graduating from post-secondary and tertiary training institutions. The development of a modular competence-based system is an important step in raising the value of vocational qualifications for employers and learners and improving the skills of students. It is expected that these reforms will provide greater transparency and the foundation for the systematic recognition of non-formal and informal learning in the future. In turn, this will be useful in enabling greater occupational or learning mobility in the European Union once Hungary becomes a member.

In the field of continuing vocational training, Hungary has taken a first step in regulating the open market in private training courses. Private providers have to register at their local labour centres, which will issue a certificate. They are able to

operate only if they have a training programme, appropriate facilities and training staff. They are also required to provide statistical returns in respect of training delivered, although not all providers conform. Private institutions wanting to receive state funds must also be accredited. The next step is to introduce a full quality assurance system.

Regional disparities are considerable in terms of education infrastructure (buildings and equipment and training provision in terms of quantity and quality) and in equal opportunities. Targeted actions will be required to reduce these disparities.

The government is taking action to reduce the number of single occupation qualifications, replacing them with broader-based ones, which are designed to increase an individual's employability.

Provision is being made for the refurbishment and upgrading of VET schools under the School of the 21st Century scheme. This remains a priority as the lack of investment in schools over the past 10 years has left many in a state of disrepair.

Key Conclusions

Priority in Hungary in the recent past has been given to improving initial vocational training (especially through the modernisation programme of the qualifications in the National Vocational Qualifications Register). There has been a spill-over effect on continuing training.

With the Adult Education Act the focus on adult learning will intensify. Key challenges will be to develop flexible and high quality provision that is responsive to the labour market and the needs of different learners (young people and adults, employees, small enterprises, older workers, Roma). Provision will need to extend out to local communities in order to stimulate access to learning among the "non-learners" through, for example, the development of local multi-purpose learning centres. Improving market intelligence and information on the learning needs of different learners is essential. Introducing individualised guidance and counselling and training for all, including the self-employed, and contributing to the development of pathways including training to facilitate the integration and reintegration of the disabled and other disadvantaged groups into the labour market remain priorities.

Implementing the Adult Education Act is a challenge for all types of education and training providers. Upgrading the current expertise of teachers and trainers is essential. In addition, significant capacity building of managers throughout the system is called for in order to equip them for new roles both within the region or local area and internally within the organisation, particularly in a period of significant economic and social transformation.

The conclusions of the Lisbon Council identified a number of targets, some of which have already been incorporated into the Hungarian National Employment Action Plan. The targets already included are : to increase investment in HRD, to raise the numbers of students continuing their studies at upper secondary and tertiary level, to improve access to the internet and to develop new basic skills. Progress is being made on all three targets. For many of the lifelong learning building blocks, further developments are needed.

Continuous improvement of the links between employers and education and training institutions through social dialogue at the regional and local level remains a key objective. Education and training institutions need also to optimise their support for meeting regional and local economic development and employment objectives, both through systemic reforms and through working actively with the regional and local actors to promote learning and the development of flexible provision.

Hungary is one of the leaders in the group of candidate countries seeking membership of the European Union to embark on major systemic reforms that together indicate a more integrated approach to education and training reforms to meet lifelong learning objectives. However, with new adult learning structures (for funding and development), it will be important to ensure effective linkages between the different parts of the system both to enable individuals to participate in learning at different points in the lifetime cycle and to cascade good practice widely through the system. There is, of course, a long way to go to implement fully the Adult Education Act. A key message from Hungary is that the country started a process of debate on lifelong learning earlier and has made sound progress. Nevertheless, reforms take time to implement and the full benefit of these reforms are still working through the system.

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Annex 1 – Summary of the six building blocks

- **Working in partnership across the learning spectrum** – embedding lifelong learning requires the active participation at different level (national, regional and local) of all the relevant partners (government, social partners, labour market specialists, employment services, education and training providers, providers of counselling and guidance services, voluntary and community organisations, individual learners)
- **Having insight into the demand for learning** – understanding the learning needs of different learners - citizens, communities, people with disabilities, people in the labour market – and developing systems that put the individual at the centre of the learning process, analysing changing skill trends and occupational skill profiles, identifying the learning needs of employees particularly of small and medium-sized enterprises and responding flexibly to them
- **Providing adequate resources** – it was clear from the consultation process that the overall level of investment in learning had to be raised to meet the challenges of a knowledge society and as a consequence the issue of funding provision was crucial, although there were no easy solutions to increasing resources - clearly optimising existing resources, creating new funding mechanisms (for example Individual Learning Accounts), harnessing and pooling public, private, individual and family resources or even redistributing existing funding across the lifecycle spectrum all need to be considered
- **Facilitating access to learning for all** – opening up access to learning for all (especially for those cannot easily access learning because of work or family commitments, finance or disadvantage or who need to overcome psychological, transport or other barriers – this means for example developing more flexible provision in the evening, in-company learning, opening up user-friendly local learning centres)
- **Creating a learning culture** – valuing and rewarding all learning including learning acquired through non-formal and informal routes, making information, counselling and guidance services readily available, promoting learning including among the « non-learners » through public media campaigns, providing easily accessible information on local learning opportunities, encouraging enterprises to become learning organisations

- **Striving for excellence** – ensuring high quality provision, setting in place total quality management systems, setting ambitious targets, reviewing progress and evaluating impact

The six building blocks are supported by six cross-cutting priorities, which include:

- **Valuing learning** – key issues are (i) setting and achieving quality standards and (ii) valuing, recognising and accrediting learning acquired in non-formal and informal learning ways (at home, in the workplace, through social and cultural activities) outside formal education and training provision – significant work has been and is being undertaken in this field at national and EU levels. The latter is very important in the context of mobility and making the goal of freedom of movement of people to work, live and learn across EU Member States a reality. Various actions in to increase transparency of qualifications across the EU are being vigorously pursued.
- **Information, guidance and counselling** – providing timely, quality information and advice is crucial in the drive to improve access to learning. This depends on dialogue between enterprises, employment services, counselling and guidance providers and training and education providers. In addition the information and guidance needs to be tailored to the specific needs of individuals.
- **Investing time and money in learning** – public investment in learning will still be a key source, but other funding sources need to be tapped (employers, employees, individuals and families) in addition to pooling resources from Europe/donors, national and local funds or offering tax incentives to individuals. Time was also a critical factor – issues of entitlement to learning, creating opportunities to learn within the workplace, developing individual learning pathways
- **Bringing together learners and learning opportunities** – feedback from the consultation process highlighted the need to provide adequate flexible education and training provision at the local level, coupled with access to information and counselling and guidance services. Links between education providers and community and voluntary organisations in touch with individuals with special learning needs could be strengthened. Open and flexible learning opportunities could be further developed in enterprises and in the community.
- **Basic skills** – opening up opportunities for adults and young people who may have insufficient basic skills to acquire traditional foundation skills (literacy and numeracy) and new basic skills (entrepreneurial skills, ICT skills, languages, social skills, team working, problem solving) in user-friendly learning environments
- **Innovative pedagogy** - includes the development of ICT learning tools, elearning, and adopting flexible approaches to learning for different learners