



European
Commission

FINAL REPORT

Technical Workshop on **VET** [Vocational Education and Training]

Income generating activities within VET (Vocational Education and Training) schools: goods and services production units, unfair competition or an opportunity for entrepreneurial learning?

12 October 2017
Thon EU Hotel, Brussels

1. Background

This workshop was organized by the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO), Sector on Employment and Social Inclusion, and gathered together partners and stakeholders in the area of VET, including academia, NGOs, private sector, VET schools (VETs), international organisations, EU MS development agencies and EU institutions and agencies, to examine VET models and in particular income generating activities within VET schools. The agenda (Annex 1) and participant list (Annex 2) are annexed to this report.

MICHEL CARTON, NORRAG, an expert in the area of VET, moderated the workshop and prepared a discussion paper (Annex 3) to contextualise and guide discussions. A concept note (Annex 4) was also prepared and distributed to participants before the workshop. Finally, the presentations of all the speakers are included as an annex (Annex 5).



The workshop set out to investigate:

- The compatibility of work based learning objectives of any VETs with the income generation ones expected from a production unit within this school;
- Which elements determine the success or the failure of production units in VETs in terms of income generation and market breakthrough;
- Whether and how production units in VETs can support the development of entrepreneurship and entrepreneurial skills;
- Whether (subsidised) VETs producing goods and services are crowding out local private sector entrepreneurs and hence undermine local employment opportunities for graduates;
- What mechanisms can be set up for mitigating the negative effects on the local economy and labour market;
- What innovative approaches (in terms of partnerships, policies and governance mechanisms) can be adopted to secure the above mentioned compatibility objective.

2. Summary of proceedings

Introduction



STEFANO SIGNORE, Head of Unit, DG DEVCO Employment, Social Inclusion and Migration officially opened the workshop. In his opening, Mr Signore placed VET within its wider development context. He reminded participants that while VET doesn't create jobs, it should be an integral part of employment policy and crucially, be in line with labour market needs. He pointed to some of the EC's initiatives in the area of VET, including the European Investment Plan and the EC's VET facility and the VET toolkit that will soon be available.

He acknowledged that given the under-funding of many VET systems, income-generating activities are often considered as a means for contributing to funding. This is mainly due to cuts in public funding and difficulties in obtaining private funding, especially in contexts featured by low dynamism of the private sector. However, the focus of vocational training institutions is learning, and not on generating income, hence all income generating activities should be mainly aimed at providing better training in good work conditions. He pointed to the value of assessing practical experience in order to feed into VET policy, the central aim of the workshop.

MICHEL CARTON presented the discussion paper and outlined the workshop's objectives. He reminded participants that the workshop was intended more to provide a space for knowledge sharing than to issue recommendations. He presented the key concepts outlined in the discussion paper, providing the conceptual framework around the evolution over time and space of the inter-relationship between education, training and work that is necessary to situate the position of production units in VETs.

Session 1 – NGO voices



BARBARA TEREZI of Don Bosco International (DBI)/ Volontariato Internazionale per lo Sviluppo (VIS) presented Don Bosco's approach to VET under a Technical Vocational Skills Development framework. She touched on how VET can be an effective 'bridge to labour', the SDGs, the specific needs of vulnerable groups, including youth and women, the Salesian approach and the rights based approach. She provided some examples of the work of DBI that highlighted the value of partnerships, policy development and public-private partnerships. Burundi, Madagascar, Ethiopia and Dominican Republic were all given as good examples of the integration of productive units in VETs contributing to learning objectives and funding needs.



AMELIE HEUER, Head of Programmes and Impact at Teach a Man to Fish, presented their School Business Model that fosters business, entrepreneurship and soft skills education while generating income in schools. Fees and grants are not sufficient to cover funding needs. Teach a Man to Fish supports the establishment of student-led businesses in schools at all levels, including VETs, from developing business plans to business development and peer learning between schools. Many established businesses are profit making within 3 months and VETs that have received intense support in the past indicate that the school business net profit can contribute up to 50-70% of running costs within 5-7 years.

School businesses contribute to business, entrepreneurial and soft skills, going beyond just technical skill provision. With the 'profit, planet and people' concept strongly engrained in the businesses, the school businesses tend to contribute rather than compete with the local market. She pointed to different approaches and key aspects of a successful model, including getting the governance model right, as well as challenges and mitigation strategies to address those.

Session 2 – International Organisations’ Voices

VIRPI STUCKI of UNIDO referred to some examples of UNIDO’s work, for instance in northern Iraq, Ethiopia and South Africa. She highlighted the importance of understanding the market context and how the provision of training courses can be a ‘product’ of VETs. There is less conflict between education and training, when training is provided as the product, in line with the market, be it for public or private sector needs.



UNIDO has conducted some analysis on the perspective of employers, who identified the value of mobile training units and the wider use of virtual and augmented reality technology, such as simulation. She provided an example of an augmented reality diesel engine training developed in South Africa. Ms Stucki also demonstrated the LKDF (Learning and Knowledge Development Facility) platform, including its website, which is a ‘living laboratory’ for learning and knowledge sharing on public-private development partnerships.

XAVIER MATHEU DE CORTADA of the ETF (European Training Foundation) outlined a number of key considerations for VETs incorporating production units, namely, governance arrangements, equity and measures to prevent child labour. He pointed to a lesson learned from Egypt, where productive units were abandoned. While contributing to funding, they failed to respond to the needs of the private sector. In this context, he underlined the importance of responding to labour market needs, targeting both low and high skills and the need for quality and well paid teachers and managers.



Multi-stakeholder governance models that include private and public sectors are necessary, but difficult to manage and maintain in practice. A multi-stakeholder approach helps assess the impact on the private sector. He also highlighted the importance of striking the right balance between economic and social aims and finding the model best adapted to the context, such as a learning facility within work, traineeship, informal apprenticeships, simulation, etc. The tensions between learning and economic objectives are there in different modalities of work-based learning; hence the crucial role of governance in defining the balance corresponding to learning or working as priorities.



Session 3 – OECD



MALGORZATA KUCZERA of the OECD provided a reaction to the morning sessions, presented a selection of relevant OECD education working papers and took a series of questions. She touched on the availability of different models used across OECD countries, funding, and the involvement of the private sector. Models include work based learning, apprenticeships and integrating disadvantaged people into the labour market. Key issues identified were the need to define the purpose of productive units, understanding the impact on public funding and the need for greater investment to develop certain business models. She acknowledged the value of productive units contributing to entrepreneurship. That said, schools should not be pressurised into generating income.

Ms Kuczera presented different employer contribution models such as levy schemes that can include earmarked and non-earmarked funds. The importance of establishing key funding principles is necessary, such as the public sector funding key educational skills with the private sector funding key employment skills. While work-based learning is beneficial, being more effective and cheaper, it is under utilized in many countries and industries.

Topics covered during the discussions ranged from the importance of ensuring benefits to the trainees, social organisations, preventing exploitation, especially child labour, and taking into account the informal sector, given that the majority of workers in developing countries operate in the informal sector.

Session 4 – VET Institutions' Voices



CARL CALLEWAERT of VDAB – Flanders emphasized that VDAB has only a few income generating activities, and presented some concrete examples of VDAB within their model, which is based on training unemployed workers. He highlighted the need for a governance model that caters and supports productive units. Mr Callewaert pointed to some innovative practices where productive activities are carried out in cooperation with the public sector, such as maintenance of police vehicles in exchange for old police cars used for car bodywork and cleaning services trained in public or private spaces to enhance the reality of the exercise. He underlined the importance of the VET system connecting to the local labour market context.



YVES CHARDONNENS COOK of Espace Enterprise Geneva presented their model, which is based on work-based learning, falling in between a production based approach and a school based approach, developing soft and hard skills. Espace Entreprise's core business is training business assistant apprentices but adds value to the State of Geneva in providing services like community management, call centre, web design, etc. It provides services to over 100 clients, including public administration and utilities. Training is based on real service delivery and is a safe environment for learning. In order to offer individual training paths, the pedagogical engineering includes both internal and external departments and work experience internships.

Both cost structure and apprentice productivity does not allow any return on investment, however, because Espace Entreprise provides services like community management, call centre, web design, etc. to the State of Geneva, it contributes to reduce marginal cost of some services provided to the public.

Session 5 – Working Group

A working group was facilitated to identify the preconditions for a VET school to carry out income generating activities and consequences.

The working group worked and identified the following necessary pre-conditions:

1. Carrying out a context analysis;
2. Autonomy set out in legal framework and ensured in financial, administrative and pedagogical terms, reflecting local needs;
3. Strong sector bodies, facilitated by government;
4. Multi-stakeholder governance;
5. Management capability with skilled managers capable of negotiation;
6. Integrating the concept and entrepreneurship;
7. Core business is training (learning before earning);
8. Skills of trainers;
9. Construction of a data base (1960-2017), for example in Africa, of the different forms of combination of work and learning aiming at an income (for profit) or a revenue (turn-over).

Closing and wrap-up

DONATELLA GOBBI of DG DEVCO's Sector on Employment and Social Inclusion wrapped up the workshop. She identified the key areas of discussion and conclusions, covering legal frameworks, entrepreneurial and business environment, the learning and training focus, integrating the private sector and building and sustaining capacities. She informed the participants that a training will be delivered to EU staff mainly from Delegations working on VET programming and the discussions and outcomes of the workshop will be used to feed into this. The discussion and presentations will be posted on Capacity4Dev in order to provide a platform for continued sharing and exchange of practices and experiences. She also informed the participants that a VET toolkit will soon be available and that the workshop provided some helpful inputs to this.



In closing, Ms Gobbi thanked all the participants and especially the speakers and the moderator of the workshop.